JULIUS TALLBERG KIINTEISTÖT

Julius Tallberg Real Estate Corporation's

ANNUAL REPORT 2009

Julius Tallberg Real Estate Corporation
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Julius Tallberg Real Estate Corporation's Annual Report 2009

The company's 22nd year of operations

Contents

ANNUAL GENERAL MEETING

The Annual General Meeting of Julius Tallberg Real Estate Corporation will be held at 4.30 p.m. on April 15, 2010, at the Corporation's head office at the following address: Suomalaistentie 7, 02270 Espoo, Finland. The official notice of the meeting will be published on the company's website at www.jtkoyj.com.

Meeting agenda:
1. Standard business of the Annual General Meeting under article 10 of the Articles of Association.

Right to attend

Shareholders registered no later than April 1, 2010 in the company's shareholder register maintained by Euroclear Finland Ltd have the right to attend the Annual General Meeting.

Notice of attendance

Shareholders wishing to attend the Annual General Meeting must notify the company's offices of their intention to do so by 4.00 p.m. on Monday April 12, 2010. This may be done as follows:

- by telephone to Ritva Savaspuro-Olli on +358 207 420 705
- by letter to Julius Tallberg Real Estate Corporation, Suomalaistentie 7, 02270 Espoo, Finland
- by e-mail to ritva.savaspuro@tallberg.fi or
- on the company's website at www.jtkoyj.com/contactus/contactus_1.html.

In addition to supplying their name, shareholders are requested to state their personal ID number or business code and the name of any assistant attending. Under chapter 5, section 25, of the Limited Liability Companies Act, shareholders present at a General Meeting have the right to request further information on matters dealt with at the meeting.

DIVIDEND PAYMENT

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.11 per share be paid for the financial year 2009. To be entitled to a dividend, shareholders must be registered in the company's shareholder register maintained by Euroclear Finland Ltd on April 20, 2010, the record date for dividend payment. The Board of Directors will propose to the Annual General Meeting that the dividend be paid after the record date, starting on April 27, 2010.

JULIUS TALLBERG REAL ESTATE CORPORATION FINANCIAL REPORTING IN 2010

Julius Tallberg Real Estate Corporation will publish its Financial Statements release for 2009 on February 17, 2010.
The Annual Report and Interim Reports will only be published online, at www.jtkoyj.com. Copies may, however, be ordered by telephone (+358 207 420 705), by e-mail (ritva.savaspuro@tallberg.fi), or via the website.

GROUP IN FIGURES (IFRS)

	31.12.2009	31.12.2008
Market value of the real estate assets, EUR million	**90.7**	94.5
- Change %	**-4.0**	-37.0
Consolidated equity, EUR million	**84.7**	81.1
- Change %	**4.4**	-5.8
Equity per share, EUR	**3.23**	3.07
Equity to assets %	**68.9**	51.8

	1.1.–31.12.2009	1.1.–31.12.2008
Revenue, EUR million	**10.0**	10.2
- Change %	**-2.2**	-10.5
Profit before taxes, EUR million	**8.5**	-0.8
- Change %	**1,142,1**	-105.7
Dividend/share, EUR	**0.11***	0.10

*Proposal by the Board of Directors

MANAGING DIRECTOR'S REVIEW

The company's 22nd year of operation, 2009, was another very challenging one as a result of the global financial crisis and the economic downturn. The uncertainty in the real estate market continued in the early months, but in the latter part of the year real estate values stopped falling. A rapid rise in the real estate market is not expected, however, in the short term.

During 2009, Julius Tallberg Real Estate Corporation sold all its shares in Sponda Plc, and this produced EUR 9 million in sales profit. The sales profit boosted the Group's profit before taxes to EUR 8.5 million. The company is highly solvent (credit rating AAA). A strong financial position has always been a primary strategic goal of the company, and this allows us to respond to the challenges of a weak economy and to make the best of market situation. The company's strong financial position has also enabled it to distribute an increased dividend, of EUR 0.11 per share. A consistent and long-term dividend policy is another important strategic goal. The company's dividend has either risen or remained the same for 14 consecutive years.

Based on third-party appraisal, the value of the Group's investment property was approximately EUR 91 million at the end of the financial year. The value of financial assets was about EUR 24 million. The Group's equity per share rose to EUR 3.23 (EUR 3.07) (5%), although the return on equity (ROE) was burdened by a pre-tax impairment loss of EUR 4.8 million. Profit before taxes came to EUR 8.5 million (EUR -0.8 million in 2008). The Group's equity-to-assets ratio, at 69%, is very high and exceeds the targeted 50% by a wide margin.

The distributable assets of the parent company, Julius Tallberg Real Estate Corporation, were EUR 50.1 million, of which profit for the year was EUR 11.2 million. The Board will propose to the Annual General Meeting that a dividend of EUR 0.11 per share be distributed.

The company has been quoted on the NASDAQ OMX Helsinki Ltd exchange since February 18, 1988. The company's comparable share price on February 18, 1988 was EUR 1.50, and on December 31, 2009 it was EUR 3.18. Since its establishment the company has distributed dividends of about EUR 0.7 per share.

The view of the company's Board published in autumn 2009 is that the benefits of being a publicly quoted company do not accord with the administrative work and costs incurred in being so in relation to the company's size and share turnover. On the basis of the company's application dated January 21, 2010, the NASDAQ OMX Helsinki Ltd exchange decided that trading in the company's shares will cease at the exchange on March 19, 2010.

On the same day, the company will have been operating as a public company for a total of 22 years and one month.

OUTLOOK FOR 2010 AND BEYOND

The financial position and liquidity of Julius Tallberg Real Estate Corporation are expected to remain strong despite the general economic circumstances.

The value of the company's lease agreement portfolio stood at about EUR 21 million on December 31, 2009, with an average duration of 2.1 years. The current high occupancy rate is also expected to remain unchanged. The company will concentrate on serving its customers, i.e. its tenants, well and to this end it has invested in personnel resources and improved the efficiency of service providers.

It is unlikely that Julius Tallberg Real Estate Corporation will increase its real estate assets in the short term through investing in new acquisitions.

I would like to thank all of the Corporation's customers and partners for our successful and long-term collaboration. My warmest thanks also go to our personnel for their valuable efforts, without which the company's success would not have been and will not be possible. We have been in this business for 22 years now and will continue to give our very best in order to further improve our service to customers. I am confident that the efficiency of the company's activities will further improve in the future in the capable hands of my successor, Hannu Vuorela, to whom I shall hand over responsibility on April 30, 2010.

Espoo, February 17, 2010

Martti Leisti

BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR JANUARY 1, 2009 – DECEMBER 31, 2009

OVERVIEW

The operating environment for Julius Tallberg Real Estate Corporation proved challenging during 2009. The sharp downturn in the Finnish economy, which began in 2008, continued as a very steep and rapid decline in the first half of 2009. Uncertainty on the real estate market continued and during the first two quarters, there was a substantial decrease in the value of real estate. The decline came to a stop, however, during the third quarter. The company sold all Sponda Plc shares classified as 'available-for-sale financial assets' for EUR 53.4 million during the year. The company had paid about EUR 10 million for approximately 7.8 million shares in Sponda Plc's share issue, which means that the net sales income totaled EUR 43.4 million. The sum entered as profits from the sale totaled EUR 9 million. As a result of the sales profit, the Group's earnings before taxes rose to EUR 8.5 million (compared with EUR -0.8 million in 2008). The income from the sale of the shares was used for making extraordinary repayments totaling EUR 30 million and new short-term money market investments totaling EUR 8.5 million. In doing so, the company is hoping to increase its investment capacity for future new acquisitions and for its own development projects.

The financial occupancy rate of the Group's real estate stock remains high, at 98% (97%). Consolidated revenue totaled EUR 10.0 million (EUR 10.2), a decline of 2% from the previous year. The Group's profit before the change in value of investment properties and financial items and before taxes was EUR 4,5 million (EUR 5.0 million). Net cash from operating activities per share amounted to EUR 0.15 (EUR 0.15). The decrease in the value of investment properties during the financial year amounted to EUR -4.8 million (EUR -6.0 million).

No investments in or divestments of investment properties were carried out, except for the purchase of a property for EUR 0.8 million at Juuritie 7 in Nummela, which was acquired from Gunnebo Nordic Oy on October 23, 2009. Gunnebo Nordic Oy stayed on as tenant in the premises but will move to the Group's property at Äyritie 4 in spring 2010. During the financial year the Group invested a total of EUR 1 million in real estate and EUR 18.6 million in other investments, bringing total investments for the financial year to EUR 19.7 million, compared with EUR 61.2 million in 2008. Sales of other investments totaled EUR 61.9 million. In 2008, sales of investment properties had amounted to EUR 55.2 million. The Group's equity-to-assets ratio, at 69% (52%), was extremely high and remained well above the 50% target.

The fair value of the Group's real estate assets at the end of the financial year was EUR 90.7 million (EUR 94.5 million). The value of other financial assets was EUR 24.0 million (EUR 22.6 million). In 2008, the Group's balance sheet included indirect real estate investments with a market value of EUR 34.5 million. The balance sheet total was EUR 123.0 million (EUR 156.9 million). The Group's equity per share increased to EUR 3.23 (EUR 3.07), its return on investment was 8.4% (1%) and its return on equity was 7.6% (-0.6%).

MARKET OUTLOOK
INVESTMENT MARKET

The Finnish real estate investment market is still marked by uncertainty and an expectant atmosphere. According to estimates by Catella, some of the foreign real estate investors relying on debt finance will leave Finland. At the same time, Finnish investors have become more active and are looking for interesting properties. There will probably be a slight increase in the volume of transactions in 2010 even though property values are likely to remain unchanged or to rise by only a very modest amount. However, the values of some properties may decline further if the vacancy rate increases and net rental income decreases.

BUSINESS PREMISES MARKET

According to Catella, there is now more vacant office space in the Helsinki region than ever before, at more than one million cubic meters. The vacancy rate of office premises in the Helsinki region is about 12%, and the rate may increase further during 2010. In industrial and warehousing premises, the vacancy rates have risen to about 4%. The vacancy rate of commercial premises remained low.

REVENUE AND EARNINGS

Consolidated rental income for the period January 1 - December 31, 2009, was EUR 10.0 million (EUR 10.2 million). The financial occupancy rate was 98% (97%) and the net rental yield EUR 7.2 million, which was at the previous year's level (EUR 7.2 million). Profit before taxes amounted to EUR 8.5 million (EUR -0.8 million), of which the profit from the sale of Sponda shares accounted for EUR 9 million (EUR 0.0 million) and the change in value of real estate assets accounted for EUR -4.8 million (EUR -6.0 million). The Group's earnings per share were EUR 0.24 (EUR -0.02) for the financial year.

CHANGE IN VALUE OF THE GROUP'S PROPERTIES

The company's real estate assets were revalued as per December 31, 2009. The revaluation was based on Catella Property Oy's statement made on the basis of IVS 2007, in which changes in the market and in the company's real estate-specific return requirements and significant events occurring during the review period are taken into account. The average return requirement for investment properties was 8.9% (8.6%) at the end of the year, based on external assessment. Compared with the figures in the 2008 financial statements, the net return requirement rose by around 0.3%. During the financial year, an expense item of EUR 4.8 million (EUR 6.0 million) was recognized on the change in value.

FINANCIAL POSITION, CASH FLOW AND BALANCE SHEET

The Group's financial position was good throughout the financial year. The equity-to-assets ratio stood at 69% at the end of 2009, which exceeds the long-term target level of 50%.

Cash flow from operations in January - December was EUR 3.9 million (EUR 4.0 million). This figure includes EUR 0.6 million (EUR 0.7 million) in taxes paid during the year.

No disposals of investment properties were carried out. Sponda shares and subscription rights were sold for EUR 53.4 million during 2009, and the profit from the sale, totaling EUR 9 million, was recognized as financial income. Earlier in the year, shares were acquired for EUR 0.2 million, and EUR 9.8 million in new shares were subscribed in a rights offering. A total of EUR 8.5 million was invested in short-term money market instruments during the year. During the previous year, EUR 55.2 million was freed through sales of investment properties, and EUR 34.4 million of this was invested as indirect real estate investment in Sponda shares, EUR 24.1 million in money market investments and EUR 2.6 million in investment properties.

Cash flow from financing activities in January-December was EUR -40.6 million (EUR 14.8 million). The Group repaid EUR 37.2 million (EUR 18.5 million) in debt during 2009, of which EUR 30.0 million was premature repayment of debt carried out with assets obtained from the sale of Sponda shares. Dividends paid amounted to EUR 2.6 million (EUR 2.6 million).

Available-for-sale financial assets include EUR 12.1 million (EUR 11.0 million) in investments in a corporate bond basket. Half of the original corporate bond basket deposit has been hedged from interest rate fluctuations by means of an interest-rate hedging agreement. Hedge accounting is not applied to the hedging of the corporate bond basket, and EUR 55,000 (revenue EUR 154,000) was recognized as valuation difference on the agreement for the financial year. The average interest rate on the corporate bond basket and on subordinated deposits was 4.2% (6.5%).

The change in liquid assets was EUR 3.3 million (EUR 3.9 million).

In anticipation of interest rate rises, the Group has made interest-rate hedging agreements for the period 2010–2017. Their total nominal value on December 31, 2009 was EUR 22.8 million (EUR 18.0 million), and therefore the interest-rate hedging ratio was 93% (35%) when taking into account the company's EUR 5.4 million fixed-interest loan. Due to the extraordinary repayments, the interest-rate hedging ratio is temporarily higher than usual, and exceeds the minimum hedging ratio target of 60% set out in the Group's risk management policy. Consolidated interest-bearing liabilities on December 31, 2009 were EUR 29.4 million (EUR 66.6 million), and the average interest rate for these liabilities was 4.1% (4.6%).

Net financial expenses excluding the profit from the sale of the Sponda shares totaled EUR 1.3 million (EUR 0.3 million) in January - December, or 12.8% (2.8%) of revenue. The costs of engaging outside experts in connection with the delisting and the purchase of the company's own shares amounted to EUR 0.2 million, and this sum is included in net financial expenses.

The balance sheet total at the end of the financial year was EUR 123.0 million (EUR 156.9 million).

NEAR-TERM RISKS AND UNCERTAINTIES

The company regularly assesses its risks in relation to its long-term strategic goals. The company has drawn up risk management strategies for the risks identified. Risk management is outlined in the 2009 annual report and on the company's website.

Even though there are slight signs of economic recovery in some regions of the world, the company still views the general uncertainty in the global economy as its biggest operational risk and uncertainty factor. The danger is that the effects of fiscal and monetary stimulus will start diminishing before the global economy returns to a sustained growth path. This would be particularly harmful to Finland, because in cyclical terms the Finnish economy lags behind the rest of Europe and the rest of the world, and a new fall in demand would also have a negative impact on the Finnish real estate market.

Negative growth could also increase real-estate return requirements, which would lead to a decline in real estate values. A prolonged downturn could also have a negative impact on the business of customer companies, which may, in turn, have an adverse effect on rental income from properties. In an extreme case, a deterioration in the economic environment could even lead to credit losses in the company's money market investments, though the company believes this to be highly unlikely.

SHARES AND SHARE CAPITAL

The issue–adjusted turnover of the company's shares on the NASDAQ OMX Helsinki exchange for the period January 1 - December 31, 2009 was 991,983 shares (3.8% of the average number of shares). The turnover value was EUR 2.8 million (EUR 2.1 million). The trading price varied between EUR 1.94 and EUR 3.19 (EUR 1.61 and EUR 3.03). The final trading price on December 31, 2009 was EUR 3.18 (EUR 1.88 on December 31, 2008). The market capitalization of the company's stock on December 31, 2009 was EUR 83.4 million (EUR 49.6 million on December 31, 2008). At the end of the financial year, Julius Tallberg Real Estate Corporation's share capital was EUR 21,027,300, divided into 26,407,030 fully paid shares. At the end of the year, the number of Julius Tallberg Real Estate Corporation shares held by the company totaled 182,509 (about 0.7% of the company's stock and votes).

Consolidated equity per share was EUR 3.23 (EUR 3.07).

DISCLOSURES

There were no disclosures of significant changes in holdings in the review period.

SHAREHOLDINGS OF BOARD MEMBERS AND MANAGING DIRECTOR

On December 31, 2009, the members of the Board of Directors and the Managing Director held a total of 1,953,082 shares directly, which corresponds to 7.4% of the company's stock and votes. Entities which own shares in the company and are controlled by members of the Board or the Managing Director are as follows: Julius Tallberg Corporation and Oy Montall Ab. These companies held a total of 16,665,162 shares, or 63.1% of the stock and votes.

RELATED PARTY TRANSACTIONS

There were no exceptional business transactions with related parties. The service benefits of the management are at the previous year's level.

DECISIONS OF THE ANNUAL GENERAL MEETING AND BOARD AUTHORIZATIONS

Julius Tallberg Real Estate Corporation's Annual General Meeting of March 18, 2009 approved the company's financial statements for 2008 and discharged the members of the Board of Directors and the Managing Director from liability. In accordance with the Board's proposal, the AGM decided to distribute a dividend of EUR 0.10 per share.

Magnus Bargum, Markus Fogelholm, Kaj Hedvall, Susanna Renlund, Kari Sainio and Thomas Tallberg were elected to the company's Board of Directors. Four of the Board members elected, Magnus Bargum, Markus Fogelholm, Kaj Hedvall and Kari Sainio, are independent of the company and of the company's major shareholders.

The Board elected from among its members Susanna Renlund as Chairman and Thomas Tallberg as Vice Chairman. The Board did not establish any committees.

PriceWaterhouseCoopers Oy, Authorized Public Accountants, was elected as the company's auditor.

The Board of Directors was authorized to decide on the acquisition of a maximum of 1,320,351 of the company's own shares in a manner other than in proportion to the shares held by the shareholders. The authorization is in force until March 18, 2010.

DECISIONS OF THE EXTRAORDINARY GENERAL MEETING AND THE BOARD OF DIRECTORS

Julius Tallberg Real Estate Corporation's Extraordinary General Meeting of November 20, 2009 authorized the company's Board of Directors to use the company's unrestricted equity for acquiring a maximum of 2,600,000 Julius Tallberg Real Estate Corporation shares in one or more lots in such a way that the acquisition price of the shares acquired under the authorization is determined on the basis of the company's equity per share at the time. The minimum and maximum price of the shares to be acquired under the authorization will be within the limits of the company's equity per share. The authorized acquisition of the company's own shares can be carried out as a public tender offer made by the company or in public trading and in stock exchanges whose rules allow companies to trade in their own shares. The authorization does not remove the Board of Directors' right to acquire shares in a manner other than in proportion to the holdings of the shareholders. The number of shares covered by the authorization corresponds to approximately 9.85% of the company's stock and votes. The authorization is in force until December 31, 2010.

The acquisition of the company's own shares is connected with the company's plan, announced on October 29, 2009, to make a public tender offer for its own shares. The company's intention is to launch a public tender offer with the purpose of providing its shareholders an opportunity to dispose of their shares. After implementing the planned public tender offer, the company would apply for a cessation in public trading of its shares and for a delisting of its shares.

The Extraordinary General Meeting cancelled the authorization granted to the Board of Directors by the General Meeting of May 31, 2007 to decide on a share issue and on the issuance of special rights giving entitlement to shares and the authorization granted to the Board of Directors by the General Meeting of March 18, 2009 to acquire company shares.

Amendment to the Articles of Association

Section 9 of the company's Articles of Association was amended and is now as follows:

Section 9 Notice of the General Meeting
The invitation to the General Meeting will be posted on the company's website no more than three (3) months and no less than twenty-one (21) days before the Meeting. Shareholders will also be able to view the notice at the company's head office. The Board of Directors will also publish information concerning the notice of the General Meeting in one or more newspapers that are regularly published in the municipality of the company's registered domicile or will send a notification of the General Meeting by mail or in an otherwise verifiable manner to the address recorded for each shareholder in the company's share register.

The Board may decide that, in order for shareholders to participate in the General Meeting they must register with the company no later than the date specified by the Board of Directors and given in the notice of the Meeting, which may be no earlier than ten (10) days before the Meeting. Consideration must also be given to the provisions of the Limited Liability Companies Act concerning the right to participate in a General Meeting of a company belonging to the book-entry system.

The amendment to the Articles of Association comes into force after its entry in the Trade Register on November 25, 2009.

At its meeting held immediately after the Extraordinary General Meeting, the company's Board of Directors decided, on the basis of the authorization granted by the Extraordinary General Meeting and in accordance with the plan published on October 29, 2009, to make a public tender offer covering the acquisition of a maximum of 2,600,000 Julius Tallberg Real Estate Corporation shares in such a way that the cash consideration offered for each share would be EUR 3.19 and the tentative offer period December 14, 2009 - January 15, 2010. The company's Board of Directors approved the offer document concerning the offer and the final terms and conditions of the offer at its meeting on December 8, 2009.

EXECUTIVE MANAGEMENT

Julius Tallberg Real Estate Corporation's Managing Director, Martti Leisti, has notified the Board of Directors of his intention to retire in 2010. Martti Leisti has been the Managing Director of Julius Tallberg Real Estate Corporation ever since its establishment 22 years ago. The Board of Directors of Julius Tallberg Real Estate Corporation has appointed Hannu Vuorela to be the company's new Managing Director as of May 1, 2010.

EVENTS AFTER THE REVIEW PERIOD

On January 20, 2010, the company issued a press release on the overall outcome of the public tender offering of its shares, and on January 26, 2010 the 1,060,864 transactions made in 2010 were cleared. After the clearance of the transactions the company holds 1,243,373 of its own shares. Following the public trading offer, the number of outstanding shares stands at 25,163,657, compared with 26,224,521 on December 31, 2009. The total value of the acquisitions of the company's shares is EUR 3.97 million. The company has placed a buy order in the stock exchange for the acquisition of its own shares as of January 26, 2010, at a price of EUR 3.19/share. The company's shares will be delisted on March 19, 2010.

THE COMPANY'S STOCK EXCHANGE HISTORY

The company was established by Julius Tallberg Corporation in 1987 (Trade Register entry on October 14, 1987). Following issues directed at major investors and the public in autumn 1987, the company was listed in the stock exchange, becoming Finland's first publicly traded property investment company. The company's shares have been traded on NASDAQ OMX Helsinki since February 18, 1988. The comparable price of the company's shares has risen from EUR 1.50 (February 18, 1988) to EUR 3.18 (December 31, 2009).

Since its establishment, the company has paid dividends totaling almost EUR 0.7/share.

In autumn 2009, the company's Board of Directors issued a statement saying that in view of the size of the company and the amount of trading in its shares the benefits of the listing are not in proportion to the administrative work and costs it generates. After considering the company's application dated January 21, 2010, NASDAQ OMX Helsinki decided that trading in the company's shares will end on March 19, 2010.

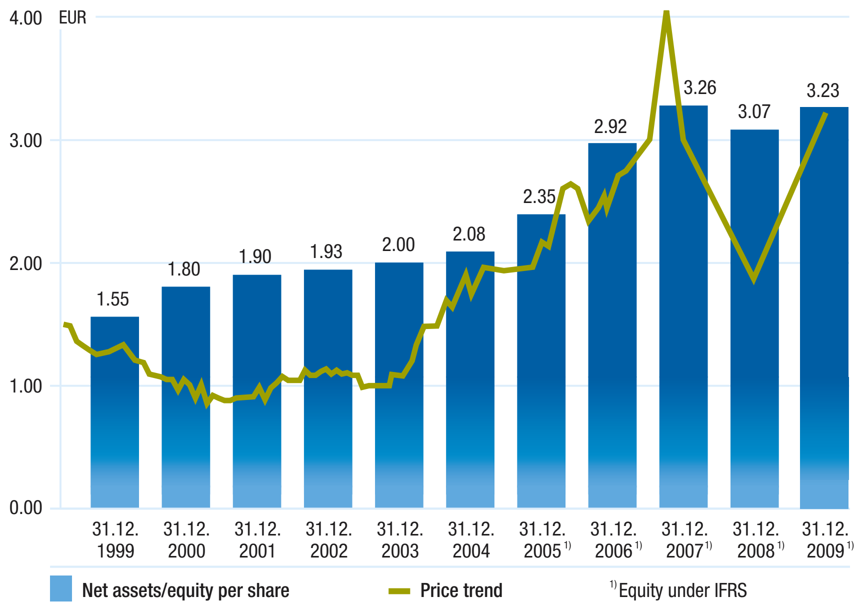
The company will thus leave the stock exchange after 22 years and one month.

OUTLOOK FOR 2010 AND BEYOND

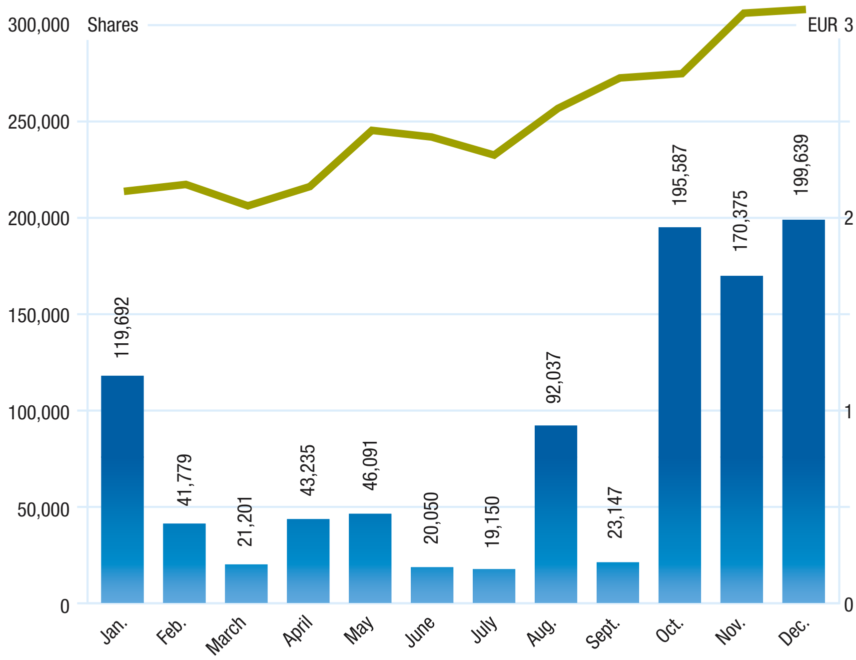
The vacancy rate of office premises in the Helsinki region is expected to increase further, while rents may fall slightly. The rental market for industrial and warehousing premises is expected to decline somewhat.

The company's current high occupancy rate is also expected to remain almost unchanged. The value of the company's lease agreement portfolio stood at EUR 20.7 million (EUR 22 million) on December 31, 2009, with an average duration of 2.1 years (2.2 years).

NET ASSETS/EQUITY PER SHARE AND SHARE PRICE



SHARE PRICES AND SHARE TRADING VOLUMES 2009



The good financial position and liquidity of Julius Tallberg Real Estate Corporation are expected to remain very strong. The sale of the Sponda shares has further strengthened the Group's financial position.

Julius Tallberg Real Estate Corporation's strong financial structure and high occupancy rate mean that the company is very well placed to meet both the challenges of the economic downturn and subsequent challenges.

Julius Tallberg Real Estate Corporation has produced a separate Corporate Governance Statement, which can be viewed on the company's website www.jtkoyj.com.

CONSOLIDATED INCOME STATEMENT

EUR 1,000	Notes	1.1.-31.12. 2009	1.1.-31.12. 2008
REVENUE	1	**10,017**	10,242
Maintenance costs of investment properties	2	**-2,770**	-3,075
NET RENTAL INCOME		**7,247**	7,167
Administrative costs	3,4,5	**-1,635**	-1,678
Profit/loss from fair value measurement	6	**-4,828**	-6,019
OPERATING PROFIT		**784**	-530
Financial income	7	**10,253**	1,877
Financial expenses	7	**-2,566**	-2,160
PROFIT BEFORE TAXES		**8,472**	-813
Income tax	8	**-2,202**	292
PROFIT FOR THE YEAR		**6,270**	-521
STATEMENT OF COMPREHENSIVE INCOME			
Profit for the year		**6,270**	-521
Other items on the statement of comprehensive income:			
Interest rate hedges			
Profit/loss recognized in equity		**-772**	-856
Transferred as an adjustment of financial income		**528**	-173
Taxes on items recognized in equity or transferred from equity		**63**	262
Tax-adjusted interest rate hedges		**-181**	-767
Available-for-sale financial assets			
Profit/loss from fair value measurement		**10,036**	-1,420
Transferred as an adjustment of financial income		**-9,053**	
Taxes on items recognized in equity or transferred from equity		**-256**	369
Tax-adjusted available-for-sale financial assets		**727**	-1,051
Total of other items in the statement of comprehensive income		**547**	-1,818
TOTAL COMPREHENSIVE INCOME		**6,817**	-2,339
Earnings per share			
diluted	9	**0.24**	-0.02
undiluted		**0.24**	-0.02

CASH FLOW STATEMENT

EUR 1,000	1.1.-31.12. 2009	1.1.-31.12. 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**6,270**	-521
Adjustments for;		
Non-cash transactions		
Depreciation	**26**	32
Change in fair value of investment properties	**4,828**	6,019
Financial items	**-7,687**	283
Taxes	**2,202**	-292
Changes in working capital		
Change in trade and other receivables	**-123**	22
Change in trade and other payables	**316**	-555
Interests paid and financial expenses	**-2,597**	-1,858
Interests received	**1,284**	1,539
Taxes paid	**-642**	-696
NET CASH FROM OPERATING ACTIVITIES	**3,877**	3,973
NET CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	**-1**	-9
Disposal of investment properties		55,213
Taxes from sale of investment properties and other investments	**-2,103**	-8,958
Investments in investment properties	**-1,028**	-2,615
Other investments	**-18,648**	-58,549
Disposal of other investments	**61,859**	
NET CASH USED IN INVESTING ACTIVITIES	**40,080**	-14,918
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans withdrawn	**35,500**	36,000
Repayments on loans	**-72,730**	-18,548
Acquisition of own shares	**-742**	
Dividends paid	**-2,641**	-2,641
CASH FLOWS FROM FINANCING ACTIVITIES	**-40,613**	14,811
Change in liquid assets	**3,344**	3,866
Liquid assets at beginning of year	**3,867**	1
LIQUID ASSETS AT END OF YEAR	**7,211**	3,867

The Notes on pages 11–26 are a material part of the Financial Statements.

CONSOLIDATED BALANCE SHEET

EUR 1,000	Notes	31.12. 2009	31.12. 2008	1.1. 2008
ASSETS				
Non-current assets				
Tangible fixed assets	10	**75**	99	120
Intangible assets	11		2	3
Investment properties	12	**90,700**	94,500	98,800
Available-for-sale financial assets	13		45,481	
Loans and other receivables	14	**7,945**	7,671	
Derivatives contracts	15			329
Deferred tax assets	16	**419**	631	
		99,139	148,384	99,252
Current assets				
Trade and other receivables	17	**546**	522	3,745
Available-for-sale financial assets	13	**12,063**		
Loans and other receivables	14	**3,975**	3,977	
Derivatives contracts	15	**104**	156	
Cash and cash equivalents	18	**7,211**	3,867	1
		23,899	8,522	3,746
Long-term assets held for sale		**0**	0	51,100
TOTAL ASSETS		**123,037**	156,906	154,098

EUR 1,000	Notes	31.12. 2009	31.12. 2008	1.1 2008
EQUITY AND LIABILITIES				
Equity attributable to equity holders of parent company	19			
Share capital		**21,027**	21,027	21,027
Own shares		**-582**		
Invested unrestricted equity fund		**11,110**	11,110	11,110
Revaluation reserve		**-324**	-1,051	
Hedge fund		**-834**	-652	116
Retained earnings		**54,337**	50,708	53,869
TOTAL EQUITY		**84,734**	81,142	86,122
NON-CURRENT LIABILITIES				
Deferred tax liabilities	16	**4,317**	4,992	15,226
Financial liabilities	20	**22,775**	29,405	36,806
Derivatives contracts	15	**1,204**	858	149
		28,296	35,255	52,181
CURRENT LIABILITIES				
Trade payables and other liabilities	21	**1,391**	1,454	3,266
Derivatives contracts	15	**32**		
Tax liabilities based on taxable income for the year		**1,954**	1,842	1,552
Financial liabilities	20	**6,630**	37,213	10,977
		10,007	40,509	15,795
TOTAL LIABILITIES		**38,303**	74,985	67,976
TOTAL EQUITY AND LIABILITIES		**123,037**	156,906	154,098

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Revaluation fund	Hedge fund	Invested unrestricted equity fund	Retained earnings	Own shares	Total
Equity, Jan 1, 2008	**21,027**	**0**	**116**	**11,110**	**54,648**		**86,901**
Retroactive adjustment					-779		-779
Adjusted equity, Jan 1, 2008	**21,027**	**0**	**116**	**11,110**	**53,869**	**0**	**86,122**
Total comprehensive income		-1,051	-767		-521		-2,339
Dividends					-2,641		-2,641
Equity, Dec 31, 2008	**21,027**	**-1,051**	**-652**	**11,110**	**50,707**	**0**	**81,142**
Total comprehensive income		727	-181		6,270		6,816
Acquisition of own shares						-582	-582
Dividends					-2,641		-2,641
Equity, Dec 31, 2009	**21,027**	**-324**	**-834**	**11,110**	**54,337**	**-582**	**84,734**

The Notes on pages 11–26 are a material part of the Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

ACCOUNTING POLICIES APPLIED TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION ON THE COMPANY

Julius Tallberg Real Estate is a real estate investment group that is engaged in real estate investment and development in the Helsinki region and other emerging economic centers in Finland.

The Group's parent company is Julius Tallberg Real Estate Corporation, a Finnish public limited company domiciled in Espoo at the registered address Suomalaistentie 7, FI-02270 Espoo. The company's shares are listed on the NASDAQ OMX Helsinki exchange in the "Finance" category.

Julius Tallberg Real Estate Corporation is part of a group whose parent company is Oy Julius Tallberg Ab. The parent company's domicile is Espoo, Finland. Its registered address is Suomalaistentie 7, 02270 Espoo.

The Board of Directors approved these financial statements for release at its meeting on February 17, 2010. Under the Finnish Companies Act, shareholders have the opportunity to approve or reject the financial statements at the shareholders' meeting that follows their release. The shareholders' meeting may also amend the financial statements.

ACCOUNTING BASIS

The consolidated financial statements have been compiled in accordance with the International Financial Reporting Standards (IFRS) approved for use in the EU and in compliance with the standards and interpretations valid on December 31, 2009.

The consolidated financial statements have been prepared based on original acquisition costs, except for investment properties, available-for-sale investments, financial assets and liabilities measured at fair value through profit or loss, derivative contracts and non-current assets held for sale, which are measured at fair value.

Preparation of the financial statements in conformity with the IFRS requires Group management to make certain estimates and judgments with respect to the application of accounting policies. The section "Accounting policies requiring management's judgment and key sources of estimation uncertainty" contains information on the judgments that the management made in applying the Group's accounting policies and that have the greatest impact on the figures presented in the financial statements.

As of January 1, 2009, the Group has applied the following new or amended standards and interpretations:

- IFRS 8: Operating Segments
- IAS23 (amended): Borrowing Costs
- IFRIC 13: Customer Loyalty Programmes
- IAS 1 (amended): Presentation of Financial Statements
- IFRS 7 (amended): Financial Instruments: Disclosures; Improving Disclosures about Financial Instruments
- IFRS 2 (amended): Share-based Payment; Vesting Conditions and Cancellations
- IAS 1 (amended): Presentation of Financial Statements; and IAS 32 (amended): Financial Instruments: Presentation; Puttable Financial Instruments and Obligations Arising on Liquidation - Revisions to IFRS 1: First-time Adoption of International Financial Reporting Standards; and IAS 27: Consolidated and Separate Financial Statements;Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
- IFRS 1 (amended): First-time Adoption of International Financial Reporting Standards
- IAS 39: Financial Instruments: Recognition and Measurement; change of standard: Eligible Hedged Items
- IFRIC 15: Agreements for the Consruction of Real Estate
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation
- Improvements to IFRSs

The application of these standards and interpretations has affected the financial statements primarily through the amendments to IAS 1 and IFRS 7.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared by consolidating the income statements, balance sheets and accompanying notes of the parent company and its subsidiaries.

Subsidiaries are companies in which the Group exercises control. The Group exercises control if it owns more than half of the voting rights or has the right to exercise control over the financial and operating policies of the entity. Internal shareholdings are eliminated by the acquisition cost method. Acquired subsidiaries are consolidated from the date on which the Group gains control until the date on which control ceases. All intra-group transactions, receivables, payables and profits are eliminated in preparing the consolidated financial statements.

Mutually owned real estate companies are consolidated by the proportionate consolidation method, so that the consolidated financial statements include the premises controlled by the Group and the other assets and liabilities related to them.

The consolidated financial statements have been prepared by applying the acquisition cost method, according to which the cost of acquiring subsidiary shares included in the parent company's fixed assets has been eliminated against the subsidiary's equity as per the acquisition date. The portion of the value of the acquired net assets that exceeds their respective carrying amounts is allocated in its entirety to land and buildings. Acquisitions that do not meet the criteria set for business acquisitions are treated as acquisitions of asset items as intended in IAS 40, instead of treating them as business acquisitions as intended in IFRS 3. In the consolidation, individual acquisitions of investment properties are treated as acquisitions of asset items, and no deferred tax liabilities are recognized on the situation prevailing at the time of acquisition.

INVESTMENT PROPERTIES

Investment properties are properties that the Group holds in order to gain rental income or appreciation of assets, or both. The value of investment properties is measured by applying the fair value model, according to which changes in value are recognized through profit or loss. Changes in the fair value of investment properties are presented as a separate item in the income statement.

Investment properties are originally measured at acquisition cost and thereafter by using the fair value model. The fair value determined by an external property valuer is requested at the end of the first full quarter-year that follows the acquisition. The fair value of investment properties is determined by an external property valuer in compliance with the IVS (International Valuation Standards) at least once per year.

The fair value corresponds with the market value on active markets, and it has been determined using capitalized return and commercial valuation methods together with the market knowledge of real estate agents. The commercial valuation method has been used in determining the value of undeveloped plots of land and unused building rights. The capitalized return method has been emphasized with respect to properties that are clearly investment properties by nature. The current net capitalized return requirements of property investments can be concluded not only from theoretical examinations, but also by comparing actual transactions made by investors concerning similar properties. Each property's return requirement is defined separately, taking account of the risks specific to each property and market.

Costs arising after the acquisition of an investment property from additions made to the property, replacement of its part or property maintenance are included in the property investment's carrying amount only if it is probable that future financial benefit will flow to the entity and that the cost can be reliably determined. An investment property's carrying amount shall not include property servicing costs (repair and maintenance); these will be recognized through profit or loss after they have occurred.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through sales transactions rather than from continuing use. For this to be the case, the sale must be highly probable, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets, the management must be committed to sell the asset and the sale should be expected to occur within one year of the date of classification.

Immediately before classification, assets held for sale are measured in accordance with the applicable IFRSs. After classification, assets held for sale are measured at the lower of their carrying amounts or their fair value less costs to sell. If the asset's fair value less costs to sell increases later, the entity must recognize this as profit.

TANGIBLE FIXED ASSETS

Tangible fixed assets include office equipment and fixtures and vehicles used by the Group and the costs of renovating rental properties used by the Group.

Tangible fixed assets are measured at original cost less depreciation. Depreciation according to plan is applied to the assets over their useful lives.

The estimated useful lives are:

- Machinery, equipment and motor vehicles: 3–10 years.
- Renovations made in rented premises are entered in the balance sheet and recognized as an expense over the term of the lease.

INTANGIBLE ASSETS

Intangible assets include software licenses that are entered in the balance sheet at cost and depreciated in the income statement on a straight-line basis through their useful lives (5 years).

IMPAIRMENT

On each balance sheet date, the Group assesses whether there are any indications that the value of a tangible or intangible asset has decreased. If so, the recoverable amount of the asset will be estimated. If the carrying amount is higher than the recoverable amount, an impairment loss will be recognized in the income statement.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group's financial assets have been classified under IFRS into the following categories:

- Loans and other receivables
- Available-for-sale financial assets
- Financial assets recognized at fair value through profit or loss

Financial assets are classified on the basis of the purpose for which they were acquired, at the time of original acquisition. Transaction costs arising directly from an acquisition and clearly related to a certain asset are included in the original carrying amount with respect to an asset that is not measured at fair value through profit or loss. All purchases and sales of financial assets are recognized at the date of the transaction.

Loans and other receivables

Loans and other receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the company is not keeping for trading purposes. This category includes the Group's financial assets that have been gained by transferring money, goods or services to a debtor. They are measured at amortized cost and are included in current financial assets because they mature within 12 months. Receivables maturing after 12 months are recognized under non-current items.

The company has also classified in this category the subordinated loan deposits transferred from assets recognized at fair value through profit or loss, to which it has applied reclassification, as allowed by the IAS 39 and IFRS 7 amendments "Reclassification of Financial Assets," retroactively from July 1, 2008.The items will be reclassified at the fair value as of the reclassification date. The fair value will be their new acquisition cost or amortized cost. Profit or loss due to changes in fair value recognized before the reclassification will not be cancelled.

The effective interest rates of investments reclassified as loans and other receivables and held-to-maturity investments will be determined on the reclassification date. Any later changes in cash flow forecasts will be taken into account non-retroactively in effective interest rates.

Available-for-sale financial assets

Available-for-sale financial assets comprise non-derivative financial assets that are designated as available-for-sale and are not classified in any other category. Shares are classified as available-for-sale financial assets and are measured at fair value. Changes in the fair value of available-for-sale financial assets are entered in the revaluation fund in equity. The changes in fair value are transferred from equity to profit or loss when the assets are sold or when an impairment loss is recognized.

Financial assets recognized at fair value through profit or loss

A financial asset is classified as a financial asset recognized at fair value through profit or loss if it has been acquired for trading purposes or if it is classified in this category when initially recognized. Derivatives that do not meet the conditions of IAS 39 hedge accounting or to which hedge accounting is not applied fall into this category. The Group has an interest rate hedge to which hedge accounting is not applied. A change in the fair value of this derivative is recognized in the income statement for the financial year during which it arose.

Liquid assets

Liquid assets comprise cash in hand and in demand bank deposits, as well as other current highly liquid investments whose maturity is no more than three months.

Financial liabilities

Financial liabilities are recognized in the balance sheet originally at their fair value including transaction costs. After the original recognition, they are measured at amortized acquisition cost using the effective interest rate method. The used portion of the overdraft facility is included in current liabilities.

OWN SHARES

If the company or its subsidiaries acquire their own shares, the company's equity is reduced by an amount consisting of the consideration paid less transaction costs after taxes until the own shares are cancelled. No gain or loss is entered in the income statement for the sale, issue or cancellation of own shares; instead, the consideration received is presented as a change in equity.

DERIVATIVES AND HEDGE ACCOUNTING

The Group has treated derivative contracts as defined in IAS 39 "Financial Instruments: Recognition and Measurement. "Derivative contracts are recognized at original cost, which corresponds to their fair value. The fair value of interest rate swaps is determined by discounting the expected ash flows of the swaps with the interest rates prevailing at the balance sheet date. The Group applies cash flow hedge accounting to hedge the exposure to variable rate loans by using interest rate swaps. Derivatives to which hedge accounting is not applied are financial assets kept for trading purposes.

When a hedging relationship is formed, the Group documents the relationship between the hedged item and the hedging instruments as well as the Group's risk management objectives and the strategy for inception of a hedge. When initiating hedging and continuously thereafter, the Group documents its estimate of whether the change in the fair value of hedging instruments corresponds very effectively to the underlying cash flows or the change in fair value of other hedged items.

The change in fair value of the effective portion of derivative instruments fulfilling the conditions of a cash flow hedge is recognized directly in the hedge fund in equity. The gains and losses recognized in equity are transferred to the income statement for that period in which the hedged item is entered in the income statement. When a hedging instrument acquired to hedge a cash flow matures, is sold or no longer fulfils the criteria of hedge accounting, the profit or loss accumulated through the hedging instrument is left in equity until the forecast transaction occurs. However, if it is assumed that the forecast transaction will no longer occur, the profit or loss left in equity is recognized in the income statement. The fair value of derivatives maturing within a year is presented in current assets or liabilities.

The Group does not apply hedge accounting to the hedging of a deposit in a corporate bond basket (half of the capital, i.e., EUR 6.25 million). The derivative is classified as recognized at fair value through profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

The recoverable amount of financial assets is either the fair value or the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed if the circumstances have changed. The Group recognizes an impairment loss arising from trade receivables, when there is objective evidence suggesting that the receivables cannot be collected in their full amount.

Stock exchange listed shares included in available-for-sale financial assets are measured in the financial statements at the buying price of the balance sheet date. If the fair value of share investments is substantially less than their acquisition cost and the impairment is expected to be permanent (at least one year), the loss in the fair value reserve is recognized through profit or loss.

The corporate bond basket included in available-for-sale financial assets is measured at the repurchase value of the balance sheet date. If the risk of a credit event related to the corporate bond basket materializes, the impairment loss will be recognized through profit or loss. However, the company does not consider the materialization of such a risk to be probable.

Impairment losses relating to equity investments classified in available-for-sale financial assets are not reversed through profit or loss, whereas a subsequent reversal of an impairment loss relating to fixed income instruments is recognized through profit or loss.

BORROWING COSTS

Borrowing costs are recognized as an expense for the period in which they are incurred. According to the revised IAS 23 standard, as of January 1, 2009, borrowing costs will be capitalized as part of projects that fulfill the requirements. Such projects are not currently in progress in the company.

INCOME TAXES

The income statement's tax expense comprises the current tax for the period and deferred taxes. The current tax for the period is calculated on taxable revenue in accordance with the valid tax rate, adjusted by any taxes related to previous periods. Deferred taxes are calculated on all temporary differences between the tax bases and carrying amounts of assets and liabilities. The most significant temporary differences arise from measurement at fair value of investment properties and derivative contracts. Changes in deferred taxes are recognized in the income statement, except when they relate to items that are credited or charged directly to equity. A deferred tax asset is recognized if it is probable that it can be utilized against future profit. Deferred taxes are calculated using the tax rates enacted by the balance sheet date. If the business combination criteria defined in IFRS 3 are not met, acquisitions of investment properties are interpreted as acquisitions of assets, and in accordance with IAS 12.15, no deferred tax liabilities are recognized on the situation at the acquisition date.

REVENUE RECOGNITION

The Group's revenue mainly consists of rent incomes from investment properties. Revenue from leases is recognized in accordance with the monthly rents defined in the leases. A lump-sum compensation received on the jointly agreed termination of a valid lease is amortized over the shorter of the outstanding terminated lease period or the useful life.

MAINTENANCE COSTS

Maintenance costs are service and annual repair costs incurred from the regular and continual maintenance of properties. They are recognized in the income statement immediately.

NET RENTAL INCOME

The Group defines net rental income as the net total that remains after maintenance costs have been deducted from the revenue.

OPERATING PROFIT

The Group defines operating profit as the net total that remains after administrative costs have been deducted from the net rental income and after the profit/loss from the fair value measurement of investment properties has been added to/deducted from the net rental income.

LEASES

Julius Tallberg Real Estate Corporation is the lessor in all leases related to the premises of mutual real estate companies included in investment properties, because it controls the leased out apartments as a shareholder of the mutual real estate companies. Rent income is recognized on the income statement on a straight-line basis over the lease term. Contingent rent incomes tied to the revenue are recognized based on the lessee's actual revenue. Brokerage fees related to lease assignments are amortized over the lease periods. Rents are tied to the cost-of-living index.

Leases for which the company is the lessee and for which the risks and rewards essentially related to ownership remain with the lessee are treated as other leases.

Rents paid based on other leases are recognized as expenses on a straight-line basis over the lease period. The Group has no leases classified as finance leases in which it would be the lessor or the lessee.

EMPLOYEE BENEFITS

The Group's personnel have statutory and voluntary pension insurance with a Finnish pension insurance company. Contributions made for defined contribution plans are recognized in the income statement for the period in which they are incurred. The Group has an incentive system for the entire staff. Payment of bonuses requires that certain long-term and short-term financial targets are met.

Any bonuses paid are annually recognized as expenses based on the achievement of the financial targets set.

ACCOUNTING POLICIES REQUIRING MANAGEMENT'S JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, it is necessary to make forward-looking estimates and assumptions that may not turn out to be true. In addition, it is necessary to use judgment in applying accounting policies to the financial statements. With respect to the Group, the estimates are mainly related to the measurement of investment properties at fair value and recognition of deferred taxes.

The fair value of investment assets represents the cash sum of the assets that would change ownership on the value date in an arm's length transaction between a willing buyer and seller, following appropriate marketing and with the parties acting competently, with discretion and without force.

The most significant variables in the fair value of investment properties are the return requirement, occupancy rate, market rents and maintenance expenses.

At the same time, management is required to provide estimates on various matters, such as expected inflation, cash flows, modernization expenses, investments and the probabilities of continuing current agreements.

The management are also required to make significant estimates relating to the recognition of deferred tax liabilities and assets.

For the Julius Tallberg Real Estate Corporation, the most significant deferred tax liability is recognized with respect to the difference between the fair value and the tax base of investment properties.

SEGMENT INFORMATION

The Group's business comprises the leasing of investment properties and their related value increase, which are monitored as a whole. As the investment properties are located in the Helsinki region, geographical segmentation is not needed.

NEW OR AMENDED STANDARDS AND INTERPRETATIONS

IASB has published the following new or amended standards and interpretations that are not yet in force and have not yet been applied by the Group.

Standards and interpretations approved by the European Union for adoption in 2010:

- IFRS 3 (Amendment): Business Combinations
- IAS 27 (Amendment): Consolidated and Separate Financial Statements
- Amendments to IFRIC 9 ja IAS 39: Embedded Derivatives
- IFRIC 17: Distributions of Non-Cash Assets to Owners
- IFRIC 18: Transfers of Assets from Customer

The Group's management currently estimates that the interpretations and amendments approved by the European Union for adoption in 2010 will not be significant for the consolidated financial statements.

Standards and interpretations not yet approved by the European Union for adoption in 2010:

- Amendment to IFRS 2: Share-based Payment; Group Cash-settled Share-based Payment Transactions
- Amendment to IFRS 1: First-time Adoption of IFRS; Additional Exemptions for First-time Adopters
- Amendment to IAS 32: Financial Instruments: Presentation; Classification of Rights Issues
- Improvements to IFRSs

The Group's management currently estimates that the interpretations and amendments not yet approved by the European Union for adoption in 2010 will not be significant for the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EUR 1,000	2009	2008
1. Revenue		
Rental income from investment properties	10,001	10,236
Other revenue	16	6
	10,017	10,242
2. Maintenance costs of investment properties		
Maintenance costs:		
Direct maintenance costs		
On investment properties that have accumulated rental income during the year	2,625	2,901
On investment properties that have not accumulated rental income during the year	145	174
	2,770	3,075

Property repair costs included in maintenance costs amounted to EUR 7,000 in 2009 (EUR 87,000 in 2008). Costs arising from tenant repairs were EUR 819,000 in 2009 (EUR 935,000 in 2008).

EUR 1,000	2009	2008
3. Employee expenses		
Salaries, fees and commissions	758	664
Pension costs, defined contribution plans	114	101
Other indirect employee expenses	79	62
Total	951	827

Information on the management's employment benefits is presented in Note 28: "Insiders".

EUR 1,000	2009	2008
Average number of Group personnel during the year	7	6
Number of Group personnel at the end of the year	7	7
4. Depreciation and impairment		
Intangible assets		
Software	2	1
	2	1
Tangible fixed assets		
Machinery and equipment	10	12
Motor vehicles	14	19
	24	31
5. Other operating expenses		
Sales and marketing expenses	98	247
External services	126	136
Computer expenses	43	52
Other administrative expenses	391	384
	658	819
Principally responsible auditor's fees and services:		
Auditing services	51	49
Assignments	7	13
Tax planning	7	8
Other fees	13	23
	78	93
6. Profit/loss from fair value measurement		
Change in the fair value of investment properties	-4,828	-6,868
Change in the value of non-current assets held for sale	0	849
	-4,828	-6,019
7. Financial income and financial expenses		
Interest income		
Interest income from loans and other receivables	419	518
Interest income from available-for-sale liquid assets	508	677
Interest income from short-term bank deposits	30	344
Gains from sales of available-for-sale liquid assets	8,974	
Change in the fair value of financial assets		
- Interest rate swaps, not included in hedge accounting	155	155
Change in the fair value of financial liabilities		
- Interest rate swaps, included in hedge accounting, transferred from equity	5	183
- Interest rate swaps, not included in hedge accounting	162	
Financial income	10,253	1,877
Interest expenses from liabilities recognized in amortized acquisition cost	-1,529	-2,067
Change in the fair value of financial assets		
- Interest rate swaps, not included in hedge accounting	-55	-37
Change in the fair value of financial liabilities		
- Interest rate swaps, included in hedge accounting, transferred from equity	-533	-10
- Interest rate swaps, not included in hedge accounting	-233	
Other financial expenses		
- Expenses related to delisting and acquisition of own shares	-215	
Changes in the value of financial assets recognized at fair value through profit or loss		-46
Financial expenses	-2,566	-2,160
Net financial expenses	7,687	-283
8. Income tax		
Tax based on taxable income for the year	2,857	10,031
Tax from prior periods		-87
Deferred taxes		
Deferred tax liability or asset from the creation or cancellation of temporary differences	-655	-10,236
Total	2,202	-292
Reconciliation of tax liability in the income statement and taxes assessed for the Group;		
Profit before taxes	8,472	-813
Taxes at 26% tax rate	2,202	-211
Taxes from previous years		-87
Others		6
Taxes in the income statement	2,202	-292
Effective tax rate %	26	36
9. Earnings per share		
Profit for year attributable to equity holders of parent company, EUR	6,270,019.50	-520,881.18
Average number of parent company's shares in the financial year	26,406,030	26,407,030
Undiluted earnings per share, EUR	0.24	-0.02

When calculating the dilution-adjusted earnings per share, the diluting effect of possible conversions into shares is taken into account in the weighted number of shares. The Group has no diluting instruments that would increase the number of shares.

EUR 1,000	Machinery and equipment	Motor vehicles	Other tangible assets	Total
10. Tangible fixed assets				
Acquisition cost, Jan 1, 2009	88	85	65	238
Increases	1			1
Decreases	0			
Acquisition cost, Dec 31, 2009	89	85	65	239
Accumulated depreciation, Jan 1, 2009	-47	-27	-65	-139
Depreciation	-10	-15		-25
Reversal of depreciation	0			
Accumulated depreciation, Dec 31, 2009	-57	-42	-65	-164
Carrying amount, Jan 1, 2009	41	58		99
Carrying amount, Dec 31, 2009	32	43	0	75
Acquisition cost, Jan 1, 2008	78	85	65	228
Increases	10			10
Decreases	0			
Acquisition cost, Dec 31, 2008	88	85	65	238
Accumulated depreciation, Jan 1, 2008	-35	-8	-65	-108
Depreciation	-12	-19		-31
Reversal of depreciation	0			
Accumulated depreciation, Dec 31, 2008	-47	-27	-65	-139
Carrying amount, Jan 1, 2008	43	77		120
Carrying amount, Dec 31, 2008	41	58	0	99

EUR 1,000	Software	Total
11. Intangible fixed assets		
Acquisition cost, Jan 1, 2009	24	24
Increases		0
Decreases		0
Acquisition cost, Dec 31, 2009	24	24
Accumulated depreciation, Jan 1, 2009	-22	-22
Depreciation	-2	-2
Reversal of depreciation		0
Accumulated depreciation, Dec 31, 2009	-24	-24
Carrying amount, Jan 1, 2009	2	2
Carrying amount, Dec 31, 2009	0	0
Acquisition cost, Jan 1, 2008	24	24
Increases		0
Decreases		0
Acquisition cost, Dec 31, 2008	24	24
Accumulated depreciation, Jan 1, 2008	-21	-21
Depreciation	-1	-1
Reversal of depreciation		0
Accumulated depreciation, Dec 31, 2008	-22	-22
Carrying amount, Jan 1, 2008	3	3
Carrying amount, Dec 31, 2008	2	2

EUR 1,000	**2009**	2008
12. Investment properties		

Investment properties are properties that the Group holds in order to gain rental income or appreciation of assets. In measuring property values, the Group applies the fair value model. Catella Property Oy is used as a third-party valuer in measuring investment property values.

	2009	2008
On Jan 1	**94,500**	98,800
Investments in investment properties	**196**	396
Acquired investment properties	**832**	2,216
Disposals		-44
Profit/loss from fair value measurement	**-4,828**	-6,868
On Dec 31	**90,700**	94,500

The capitalized return method has been emphasized with respect to properties that are clearly investment properties by nature. The capitalized return is formed from the present value and the terminal value of cash flows over ten years. Rental income, taking into account the assumed vacancy rate, and maintenance cost, including modernization costs, are taken into account in cash flows.

	2009	2008
Average return requirement used in calculating the fair value of investment properties	**8.9 %**	8.6 %

The commercial valuation method has been used in measuring the value of land and unused building rights.

	2009	2008
Recognized through profit/loss		
Rental income from investment properties	**10,001**	10,236
Direct maintenance costs that have generated rental income during the year	**-2,625**	-2,901
Direct maintenance costs that have not generated rental income during the year	**-145**	-174

The figures of investment properties transferred to assets held for sale are included in rental income from the above investment properties.

	2009	2008
Rental income		706
Direct maintenance costs from premises that have generated rental income		-195

INSURANCE VALUES ON DECEMBER 31, 2009 The investment properties are insured at full value, with the exception of Koy Liukumäentie 15, which has real estate insurance totaling EUR 21.3 million, and the industrial buildings/warehouse of Oy Soffcon Kiinteistö Ab, which are insured against fire for EUR 1.2 million. The parent company has loss-of-profits insurance regarding rental income (12 months). The Group's insurance policies have been with Fennia and Pension Fennia since January 1, 2004.

13. Available-for-sale financial assets

The Group has classified a EUR 12.5 million investment in a basket of corporate bonds made in spring 2008 as 'Available-for-sale financial assets'. The Nordic corporate bond basket is a bond issued by Nordea Bank Finland Plc, maturing in 2010. It has a variable interest rate (reference rate Euribor 3 months) and its return comprises the reference rate plus the reference companies' average credit risk premium for the loan period. Each of the five reference companies has the same weighting (20%) in the reference portfolio. Half of the original deposit in the corporate bond basket (EUR 6.25 million) has been hedged with an interest-rate hedge contract. Hedge accounting is not applied to the hedging of the corporate bond basket, and an expense of EUR 0.1 million was recognized on it in 2009 (EUR -0.2 million in 2008). The fair value of the corporate bond basket is based on the repurchase value at the balance sheet date, as announced by Nordea. A return of EUR 1.1 million has been entered in the equity fund in 2009 from the measurement of the corporate bond basket at fair value (EUR -1.5 million in 2008). The investment's average interest rate in 2009 was 5.3% (6.9% in 2008).

An indirect property investment in the shares of Sponda Plc, a property investment company, is also classified in available-for-sale financial assets. During the financial year, the company subscribed for 7.8 million new shares, worth EUR 9.8 million, in Sponda's share issue and purchased shares worth EUR 0.2 million. However, the company sold all its shares in Sponda during 2009. With this measure, the company seeks to increase its investment capacity both for development projects and new acquisitions. A total of EUR 9 million of proceeds from the disposal of shares was recognized as financial income.

EUR 1,000	2009	2008
Non-current		
Available-for-sale financial assets	**0**	45,481
Current		
Available-for-sale financial assets	**12,063**	0
On Jan 1	**45,481**	0
Increases:		
- Sponda Plc's shares	**9,984**	34,401
- corporate bond basket (bond issued by Nordea)		12,500
Decreases:		
- Sponda Plc's shares	**-44,385**	
Change in fair value (recognized in equity)	**983**	-1,420
On Dec 31	**12,063**	45,481

14. Loans and other receivables

	2009	2008
Non-current		
Loans and other receivables	**7,945**	7,671
Current		
Loans and other receivables	**3,975**	3,977
	11,920	11,648

Note 14. continued

EUR 1,000	2009	2008
On Jan 1	**11,648**	0
Increases:		
- Transfer from "Financial assets recognized at fair value through profit or loss"		11,596
- Subordinated loan (Svensk Exportkredit)	**2,963**	
- Bond issued by Rautaruukki	**201**	
- Bank deposits	**1,000**	
- Recognized in the income statement	**86**	52
Decreases:		
- Subordinated loan (SEB)	**-3,977**	
On Dec 31	**11,920**	11,648

The Group has reclassified subordinated loan deposits as "Loans and other receivables" retroactively as of July 1, 2008. They were previously classified as "Financial assets recognized at fair value through profit or loss." The receivables have been reclassified as of July 1, 2008 to their balance sheet value EUR 11,596,000. The Group considers the global deterioration of the financial markets in the third quarter of 2008 to have been the kind of rare event that justifies this reclassification. Additionally, the Group fully intends and is able to retain the subordinated loan deposits until their maturities. The deposits comprise subordinated loans from three Nordic banks (Sampo, SEB, Handelsbanken). One of these loans (SEB), with a nominal value of EUR 4 million, matured in 2009. On December 31, 2009, the fair values of the reclassified liquid assets were EUR 7,470,000 (EUR 10,579,000 on December 31, 2008) and the carrying amounts EUR 7,744,000 (EUR 11,648,000 on December 31, 2008). The subordinated loans have variable interest rates (Euribor 3 months). Their effective interest rate in 2009 was 2.9% (5.7% in 2008).

Excluding the reclassification of the subordinated loan deposits away from "Financial assets recognized at fair value through profit or loss" to "Loans and receivables," the Group would have recognized a change in value in the income statement as follows:

EUR 1,000	2009	2008
Financial expenses/income (+/-)	**-888**	1,016
- Change in deferred tax assets	**231**	-264
Total	**-657**	752

In addition, EUR 37,000 from the subordinated loan that matured during the financial year could have been entered in valuation difference.

Bank deposits and an investment (EUR 3 million) made in 2009 in a subordinated loan issued by Svensk Exportkredit (Call June 30, 2010) were also recognized in "Loans and receivables". The effective interest rate of these receivables was 3.1% in 2009.

15. Derivative contracts

Interest rate derivatives included in hedge accounting are entirely non-current assets/liabilities if the interest rate swaps mature after 12 months, and they are current assets/liabilities if they mature within 12 months. The change in fair value of the effective portion of derivative instruments fulfilling the conditions of a cash flow hedge is recognized directly in the hedge fund in equity. The gains and losses recognized in equity are transferred to the income statement for that period in which the hedged item is entered in the income statement.

	2009		2008	
Interest rate swaps included in hedge accounting	Assets	Liabilities	Assets	Liabilities
Non-current component:				
Positive (assets) / negative (liabilities) fair value	**0**	**1,204**	0	858

The Group has interest rate swaps linked to non-current financial loans whose fixed interest rates on December 31, 2009 ranged between 2.23% and 4.82% (3.68%–4.82%). The interest rates of variable rate loans are mainly tied to the 3-month Euribor. The nominal value of the interest rate swaps of the loans on December 31, 2009 was EUR 22,805,000 (EUR 18,035,000). The maturing of interest rate swaps is shown in Note 25.

Note 15. continued

In addition, the Group has interest rate swaps that are related to changing the interest rate from a 3-month to a 1-month Euribor. A total of EUR 5 million of these interest rate swaps are related to an existing loan and EUR 30 million to loans that were repaid during the financial year. These interest rate swaps will mature in 2010. They are not included in hedge accounting and are measured at fair value and recognized through profit or loss. EUR 5,000 on these interest rate swaps was entered in valuation differences in the financial year, and current liabilities include a total of EUR 32,000 in valuation difference and interest accruals.
The Group does not apply hedge accounting to the hedging of the corporate bond basket investment, but the derivative is classified as recognized at fair value through profit or loss. These types of derivatives are recognized in current assets or liabilities.

	2009		2008	
Interest rate swaps not included in hedge accounting	Assets	Liabilities	Assets	Liabilities
Current component:				
Positive (assets) / negative (liabilities) fair value	**104**	**0**	156	0

The nominal value of the corporate bond basket's interest rate derivative is half of the initial capital (EUR 6,250,000). The fixed interest rate of the interest rate swap is 4.05%. The corporate bond basket's interest rate is tied to the 3-month Euribor.

16. Deferred tax assets and liabilities

Deferred tax assets	1.1.2009	Recognized in income statement	Recognized in equity	Bought/sold investment properties	31.12.2009
Available-for-sale investments at fair value	390		-277		114
Financial items at fair value	12	1			13
Derivatives at fair value	229		64		293
	631	**1**	**-213**	**0**	**419**
Deferred tax liabilities	**1.1.2009**				**31.12.2009**
Available-for-sale investments at fair value	20	12			32
Financial items at fair value	18	-18			0
Investment properties at fair value	4,914		-655		4,259
Derivatives at fair value	40	-14			27
	4,992	**-20**	**-655**	**0**	**4,317**
Deferred tax assets	**1.1.2008**				**31.12.2008**
Available-for-sale investments at fair value			390		390
Financial items at fair value		12			12
Derivatives at fair value			229		229
	0	**12**	**619**	**0**	**631**
Deferred tax liabilities	**1.1.2008**				**31.12.2008**
Available-for-sale investments at fair value			20		20
Financial items at fair value		18			18
Investment properties at fair value	15,196	-1,189		-9,093	4,914
Derivatives at fair value	30	40	-30		40
	15,226	**-1,131**	**-10**	**-9,093**	**4,992**

Amendment to an error concerning prior periods

The amount of deferred tax liabilities for investment properties has been adjusted by EUR 779,000 retroactively in accordance with IAS 8. This entry increases the total amount of deferred tax liabilities and decreases the amount of equity. The adjustment is related to the initial recognition of an asset, as specified in IAS 12.15.b. The adjustment will not affect earnings per share and will be of equal amount in every comparative period. The adjustment will have the following effect on reference data:

EUR 1,000	1.1.2008	31.12.2008
Equity		
Original value	86,901	81,921
Amended value	86,122	81,142
Difference	-779	-779
Deferred tax liability		
Original value	14,447	4,213
Amended value	15,226	4,992
Difference	779	779

Key figures have been adjusted accordingly.

EUR 1,000	2009	2008
17. Trade and other receivables		
Loans and other receivables		
Trade receivables	**65**	120
Prepaid expenses and accrued income	**275**	248
Receivables deriving from items comparable to tax	**206**	154
	546	522

Note 17. continued

EUR 1,000	2009	2008
Prepaid expenses and accrued income:		
Other interests and financial items	**49**	135
Insurance compensation	**0**	25
Others	**226**	88
	275	248

'Others' includes mainly prepaid expenses. No receivables were impaired during the year. All receivables are in euros.

	2009	2008
Non-matured	**49**	26
Matured	**16**	94
Under 30 days	**10**	92
30–60 days	**6**	0
Over 60 days	**0**	2
Total	**65**	120

EUR 1,000	2009	2008
18. Cash and cash equivalents		
Cash and cash equivalents comprise the following:		
Cash in hand and at bank	**211**	367
Short-term bank deposits	**7,000**	3,500
	7,211	3,867

19. Notes on equity	**Number of shares**	**Share capital**	**Share premium fund**	**Invested unrestricted equity fund**	**Own shares**	**Total**
Jan 1, 2007	4,123,000	21,027	6,109			27,136
Share issue and consolidation	56,505					
Bonus share issue 1:5	20,897,525					
Directed share issue	1,330,000			5,001		5,001
Transfer			-6,109	6,109		
Dec 31, 2007	26,407,030	21,027	0	11,110		32,137
Dec 31, 2008	26,407,030	21,027	0	11,110		32,137
Dec 31, 2009 Acquisition of own shares	-182,509				-582	-582
Dec 31, 2009	26,224,521	21,027	0	11,110	-582	31,555

In 2007, the company's A and B shares were combined, and the company decided to offer a share issue of 56,505 shares to holders of the company's A shares. The Board of Directors decided at its meeting on March 21, 2007 to use its authorization to execute a bonus share issue, in which the shareholders would be offered a total of 20,897,525 new shares. After the combination, the company has one share category whose trading code on the Nasdaq OMX Helsinki stock exchange is JTK1V. The share has no nominal value and there is no maximum number of shares. All issued shares have been paid in full.

Note 19. continued

Share premium fund

At a special meeting on May 31, 2007, shareholders decided to decrease the company's share premium fund by transferring the EUR 6,109,000 recognized in the fund by the December 31, 2006 financial statements to the invested unrestricted equity fund.

Invested unrestricted equity fund

The invested unrestricted equity fund includes EUR 6,109,000 transferred from the share premium fund during the year and the counter value of 1.33 million shares (subscription price EUR 3.76/share) issued in a share offering to Hannu Sohlberg as part payment in a real estate company transaction.

Own shares

The own shares fund includes the acquisition cost of the company's own shares held by the company. In 2009, the company acquired 182,509 of its own shares at the purchase price of EUR 3.19/share, which was based on a public tender offer on the company's own shares. The acquisition cost of the purchased shares was EUR 582,203.71. The public tender offer ended on January 15, 2010.

Revaluation reserve

The revaluation reserve includes changes in the fair value of available-for-sale investments.

Hedge fund

The hedge fund includes the measurement at fair value of derivative instruments used as a cash flow hedge.

EUR 1,000	**2009**	2008
Dividends		
Dividends distributed, EUR	**2,640,703**	2,640,703
Dividend per share, EUR	**0.10**	0.10

After the balance sheet date, the Board has proposed the distribution of a dividend of EUR 0.11 per share.

20. Financial liabilities

Non-current financial liabilities measured at amortized cost		
Bank loans	**22,775**	29,405
Current financial liabilities measured at amortized cost		
Bank loans	**0**	35,983
Repayments on long-term loans	**6,630**	1,230
	6,630	37,213
Loans classified as non-current liabilities will mature in over 5 years:	**7,350**	10,290

The fair values of liabilities are presented in Note 24.

Note 20. continued

The Group's bank loans have both fixed and floating interest rates. The Group's average interest rate was 4.1% in 2009 (4.6% in 2008). EUR 5.4 million of the loans (EUR 5.4 million on December 31, 2008) have fixed interest rates and EUR 24.0 million (EUR 61.2 million on December 31, 2008) have floating rates. Through interest rate swaps, 93% of the loans had been converted into fixed interest rate loans on December 31, 2009 (35% on December 31, 2008). The bank loans mature by 2017 (see Note 25). All bank loans – excluding the EUR 5.4-million fixed-rate loan maturing in 2010 and the EUR 5.0-million loan that has been tied to the 1-month Euribor and will mature in 2011 – have been tied to the 3-month Euribor. The interest rate is reviewed every 3 months.

21. Trade and other payables

EUR 1,000	**2009**	2008
Current financial liabilities measured at amortized cost		
Advances received	**110**	146
Trade payables	**330**	101
Accrued liabilities	**514**	846
Liabilities based on social security and other items comparable to tax	**437**	361
	1,391	1,454

Advances received comprise advance payments made on available-for-sale investments. Current advances received also include advance rents of EUR 10,000 (EUR 48,000) and advance rents paid as deposits totaling EUR 100,000 (EUR 98,000).

Main items included in accrued liabilities:		
From interests and financial items	**76**	479
From employee expenses	**151**	126
Others	**287**	241
Total	**514**	846

Other accrued liabilities include mainly accrued expenses.

22. Management of financial risks

In undertaking its normal business, the Group is exposed to various financial risks: market risk (mainly fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The objective of the Group's risk management is to minimize the variations in the income statement, balance sheet and cash flow and to secure an efficient and competitive financial situation for the Group. The general risk management principles are approved by the board of directors, and their practical implementation is the responsibility of the Group's managing director.

Note 22. continued

Market risk – interest rate risk relating to cash flow and fair value

Financial liabilities

The Group is exposed to interest rate risk through its interest-bearing liabilities. Floating-rate loans expose the Group to cash flow interest rate risk. Fixed-rate loans expose the Group to fair value interest rate risk. According to the company's general risk management principles, at least 60% of the loan portfolio should have fixed interest rates. On December 31, 2009, the interest rate hedging rate was 93% (35% on December 31, 2008). The Group may draw loans with either fixed or floating interest rates and apply interest rate swaps to meet the policy's target. On the balance sheet date, the Group had 6 open euro-denominated interest rate swaps relating to loans (3 on December 31, 2008). Interest rate swaps and loans have been treated in accordance with the cash flow hedging principles specified in IAS 39.

On the balance sheet date, the Group had various euro-denominated interest rate swaps, based on which the Group receives on average 3.8% fixed interest (4.2% on December 31, 2008) and pays interest tied to the 3-month Euribor. The average 3-month Euribor in 2009 was 1.2% (4.6% in 2008). The average maturity of loans was 4.5 years on December 31, 2009 (4.1 years on December 31, 2008) and the average interest rate was 4.1% in 2009 (4.6% in 2008).

The effect of a one-percentage point rise in the market rates on the Group's net interest expenses would be EUR 9,000 during the following 12 months (EUR 305,000). A corresponding rise in interest would increase the equity by EUR 0.8 million (EUR 0.7 million) due to the change in the market value of the interest rate swaps. The other variables are assumed to stay constant, and the effects are shown after taxes.

Interest rate swaps, which have been defined for the cash flow hedging ratio, are recognized in the hedge fund in equity and will be entered as income by 2017 (Note 25). Cash flow hedging was efficient in 2009, and the change in fair value has been entered in equity in its entirety.

The Group's bank loans have both fixed and floating interest rates. EUR 5.4 million of the loans (EUR 5.4 million on December 31, 2008) have fixed rates and EUR 25.0 million (EUR 43.2 million in December 31, 2008) have floating rates. Including the effect of interest rate swaps, EUR 28.2 million of the loans had fixed interest rates (EUR 23.4 million in 2008). Thus, on December 31, 2009, 93% of the loan portfolio was, or had been converted to, fixed rate loans (35% on December 31, 2008). The whole check account overdraft facility of EUR 1 million (EUR 1 million) was calculated as a floating rate loan. All loans are denominated in euros.

The breakdown of interest-bearing liabilities on the balance sheet date is as follows:

EUR 1,000	**2009**	2008
Fixed interest rate financial liabilities		
Bank loans	**28,205**	23,435
Variable interest rate financial liabilities		
Bank loans	**2,200**	43,183
Total	**30,405**	66,618

Financial receivables

In the financial year, the Group was exposed to interest rate risk relating to cash flow and fair value also through interest-bearing receivables. The Group has invested funds from the disposal of investment properties in various financial instruments; for this reason, the significance of risks related to financial receivables has increased during the financial period.

In 2008, the Group invested EUR 12.5 million in a basket of corporate bonds arranged by Nordea, maturing on June 20, 2010. The corporate bond basket has been recognized in "Available-for-sale financial assets." The corporate bond basket's interest rate is tied to the 3-month Euribor. Half of the initial capital (EUR 6.25 million) has been hedged against interest rate fluctuations by an interest rate swap. Hedge accounting is not applied to the hedging of the corporate bond basket, and an expense of EUR 55,000 was recognized on it in 2009 (EUR -155,000 in 2008). Based on the hedging made, the Group will gain fixed interest of 4.05% on the EUR 6.25 million capital and will pay interest tied to the 3-month Euribor. The interest rate swap matures at the corporate bond basket's maturity in 2010. The credit basket's effective interest rate return in 2009 was 5.3% (6.9% in 2008). The interest rate period is three months.

The Group invested a total of EUR 11.9 million in banks' subordinated loans (Sampo, SEB, Handelsbanken) in 2008. The deposit on SEB's subordinated loan matured in 2009; the other deposits will mature in 2011 and 2012. Upon acquisition, the Group classified the subordinated loans in "Financial assets recognized at fair value through profit or loss" but applied retroactive to July 1, 2008 the reclassification allowed by the IAS 39 and IFRS 7 amendments and reclassified the subordinated loan deposits away from "Financial assets recognized at fair value through profit or loss" to "Loans and receivables." Loans and receivables are recognized at the amortized acquisition cost using the effective interest rate method. The new acquisition cost is the fair value of the subordinated loans as of July 1, 2008, totaling over EUR 11.6 million. In 2009, the effective interest rate of the subordinated loans was 2.9% (5.7% in 2008). Their interest rate is the 3-month Euribor + margin, and the interest rate period is 3 months.

An investment of EUR 3 million made in 2009 in a subordinated loan by Svensk Exportkredit (Call June 30, 2010), an investment of EUR 0.2 million in a bond issued by Rautaruukki and a fixed-period bank deposit of EUR 1 million have also been recognized in "Loans and receivables." The subordinated loan by Svensk Exportkredit has been tied to the 3-month Euribor, and the bond issued by Rautaruukki has a fixed interest rate (5.25% p.a.). The effective interest rate of these other receivables was 3.1% in 2009.

Liquid assets include a total of EUR 7 million in demand bank deposits and short-term deposits (EUR 3.5 million in 2008).

The effect of a one-percentage point rise in the market rates on the Group's net interest income would be EUR 30,000 during the following 12 months. A corresponding rise in interest rates would decrease equity by EUR 22,000, owing to the change in the market value of the interest rate swap. The other variables are assumed to stay constant, and the effects are shown after taxes.

Market risk – price risk

During the financial year, the Group abandoned the indirect investment it made mainly in 2008 by acquiring shares in the property investment company Sponda Plc. For this reason, the Group is no longer exposed to the price risk arising from fluctuation of the market prices of quoted shares, and the Group's price risk has decreased considerably.

Through the corporate bond basket, the Group is also exposed to another price risk. The Group has classified the basket as "Available-for-sale investments," and so changes in its fair value are recognized in equity. The fair value of the corporate bond basket fluctuates depending on changes in market prices. The Group applies the repurchase price announced by Nordea as the fair value of the basket.

Credit risk

The Group's policy determines the creditworthiness requirements for customers, investment transactions and derivative contracts as well as the investment policy. Leases will only be made with companies that have no payment defaults in their borrowing history. The Group has no significant credit risk concentrations because most of the leases incorporate deposits, the payment of receivables is continuously monitored and even minor deviations in cash flow are immediately identified for each tenant.

The counterparts of derivative contracts and investment transactions are companies with good credit. The Group's maximum credit risk is the carrying amount of financial assets on December 31, 2009.

In 2008, the Group invested EUR 24.4 million of gains from sales of investment properties in money market instruments. The Nordic corporate bond basket of EUR 12.5 million matures on June 20, 2010 and is targeted at five Nordic reference companies (UPM, M-Real, SAS, Teliasonera and Metso), each of which has the same weighting in the reference basket (EUR 2.5 million). The company's management does not consider the materialization of this so-called default risk related to the corporate bond basket to be probable. The Group invested EUR 11.9 million of its assets in subordinated loans issued by three banks (Sampo, SEB, Handelsbanken). The subordinated loan issued by SEB matured in 2009; the other two will mature in 2011 and 2012.

The 10 largest tenants represent 55.2% (55.8% in 2008) of the company's total monthly rental income and 76.0% (57.9% in 2008) of the lease portfolio. The rent collateral received amounted to EUR 100,000 in the balance sheet on December 31, 2009 (EUR 98,000 on December 31, 2008). EUR 35,000 was

Note 22. continued

received in rent collateral during 2009 (EUR 46,000 in 2008). EUR 10,000 in rent advances were recognized in the balance sheet on December 31, 2009 (EUR 48,000 on December 31, 2008).

Liquidity risk and refinancing risk

The cautious management of liquidity risks involves ensuring that sufficient liquid funds and marketable securities are available and that the accessibility of finance is secured through sufficiently binding credit limits. Management continuously monitors the cash flow forecasts and the Group's liquidity position, which includes the undrawn credit limits and liquid assets. In accordance with the Group's strategy, the basic premise in securing funding is that the Group's equity-to-assets ratio must be over 50%.

The intention is to ensure the availability and flexibility of funding through undrawn bank overdraft facilities. On December 31, 2009, the undrawn bank overdraft facilities totaled EUR 7 million (EUR 5 million on December 31, 2008). The overdraft facility agreement is valid indefinitely. The cash surpluses will be invested in the markets in money market instruments or short-term bank deposits.

The company subscribed for 7.8 million shares, worth EUR 9.8 million, in Sponda Plc's share issue, but eventually sold all its shares in Sponda during the financial year. With this measure, the company seeks to increase its investment capacity for both development projects and new acquisitions. Of the gains from sales of shares and subscription rights (a total of EUR 53.4 million), EUR 30 million were used to pay off debts incurred in the previous year to acquire shares and EUR 8.5 were used to make new money market investments.

The following table shows the Group's financial liabilities and net derivative liability positions divided in accordance with the contractual due dates on the balance sheet date. The maturities of derivatives are presented in Note 25. The figures shown in the table are undiscounted cash flows based on the contracts.The maturity analysis only concerns financial instruments and, thus, does not include statutory liabilities.

Dec 31, 2009	Balance sheet value	Contract-based cash flows	Under 1 year	1–5 years	Over 5 years
Bank loans	29,405	-33,198	-7,658	-17,745	-7,795
Trade and other payables	954	-954	-954		
Derivative contracts					
Interest rate swaps	1,236	-1,370	-342	-874	-154
Dec 31, 2008					
Bank loans	66,635	-76,000	-9,874	-46,837	-19,289
Trade and other payables	1,093	-1,093	-1,093		
Derivative contracts					
Interest rate swaps	858	-945	-171	-609	-165

The estimated undiscounted cash flows from money market investments included in financial assets:

Dec 31, 2009	Balance sheet value	Contract-based cash flows	Under 1 year	1–5 years	Over 5 years
Loans and other receivables					
Subordinated loan investments	10,920	11,100	3,000	8,100	0
Bank deposits	1,000	1,000	1,000		
Available-for-sale financial assets					
Corporate bond basket	12,063	12,500	12,500	0	0
Dec 31, 2008					
Loans and other receivables					
Subordinated loan investments	11,648	11,900	4,000	7,900	0
Available-for-sale financial assets					
Corporate bond basket	11,000	12,500	0	12,500	0

Maturity analyses are based on the management's assumptions at the balance sheet date.

Capital management

The purpose of capital management is to maintain an optimal capital structure as defined in the Group's strategy. The Group's objective is to increase the Group's real estate portfolio in a balanced and profitable way through direct or indirect property investments within the framework of the company's equity-to-assets ratio. Capital structure is affected not only by profit, but by dividends, share issues, investments and asset disposals, for example. The managed capital is the equity in the consolidated balance sheet.

The equity-to-assets ratio compares equity to the total balance sheet assets (less advances received). The equity-to-assets ratio varies according to the stage of the business cycle, and the Group is currently targeting an equity-to-assets ratio of at least 50%. The target reflects the Group's optimal capital structure and risk level.

The Group's capital structure and equity-to-assets ratio were as follows:

EUR 1,000	**2009**	2008
Interest-bearing liabilities	**29,405**	66,618
Interest-bearing receivables	**-11,920**	-11,648
Other liquid assets *)	**-19,274**	-14,867
Net liabilities	**-1,789**	40,103
Equity	**84,734**	81,921
Total balance sheet assets	**123,037**	156,906
Advances received	**110**	146
Equity-to-assets ratio	**68.9%**	52.3%

*) Other liquid assets include cash at the bank, short-term deposits and the investment in the corporate bond basket managed by Nordea.

23. Carrying amounts of financial assets and liabilities, classified according to IAS 39

Dec 31, 2009	Loans and other receivables	Recongnized at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Financial assets					
Available-for-sale financial assets				12,063	12,063
Derivative contracts		104			104
Loans and other receivables	11,920				11,920
Trade and other receivables	340				340
Cash and cash equivalents	7,211				7,211
Total financial assets	19,471	104	0	12,063	31,638
Financial liabilities					
Bank loans				29,405	29,405
Trade and other payables				954	954
Derivative contracts		32	1,204		1,236
Total financial liabilities		32	1,204	30,359	31,595
Dec 31, 2008					
Financial assets					
Available-for-sale financial assets				45,481	45,481
Derivative contracts		156			156
Loans and other receivables	11 648				11,648
Trade and other receivables	368				368
Cash and cash equivalents	3,867				3,867
Total financial assets	15,883	156	0	45,481	61,520
Financial liabilities					
Financial liabilities				66,618	66,618
Bank overdraft facilities				0	0
Trade and other payables				1,093	1,093
Derivative contracts			858		858
Total financial liabilities		0	858	67,711	68,569

24. Carrying amounts of financial assets and liabilities

The table shows each of each financial asset and liability item's fair values and carrying amounts which correspond with the consolidated balance sheet values:

Financial assets	Note	Carrying amount 2009	Fair value 2009	Carrying amount 2008	Fair value 2008
Non-current financial assets					
Available for sale financial assets	13	**0**	**0**	45,481	45,481
Loans and other receivables	14	**7,945**	**7,670**	7,671	6,755
Current financial assets					
Available-for-sale financial assets	13	**12,063**	**12,063**	0	0
Derivative contracts	15	**104**	**104**	156	156
Loans and other receivables	14	**3,975**	**3,970**	3,977	3,824
Trade and other receivables	17	**340**	**340**	368	368
Cash and cash equivalents	18	**7,211**	**7,211**	3,867	3,867
Total financial assets		**31,638**	**31,358**	61,520	60,451
Financial liabilities					
Non-current financial liabilities					
Bank loans	24	**22,775**	**22,775**	29,405	29,410
Derivative contracts	15	**1,204**	**1,204**	858	858
Current financial liabilities					
Bank loans	24	**6,630**	**6,630**	37,213	37,213
Derivative contracts	15	**32**	**32**	0	0
Trade and other liabilities	25	**954**	**954**	1,093	1,093
Total financial liabilities		**31,595**	**31,595**	68,569	68,574

25. Maturities of financial liabilities and interest rate swaps

The following table shows the maturities of bank loans and derivatives contracts (nominal values).

	Maturities of bank loans	Maturities of interest rate swaps
2010	6,630	1,230
2011	6,230	6,230
2012	2,700	4,380
2013	3,555	2,915
2014	2,940	3,300
2015-	7,350	4,750
Total	29,405	22,805

Hierarchy-based information on each class of financial instruments

Assets measured at fair value	Fair values at the end of the reporting period: 31.12.2009	Level 1 Quoted prices	Level 2 Observable inputs	Level 3 Unobservable inputs
Financial assets recognized at fair value through profit or loss				
Derivatives	104		104	
Available-for-sale financial assets				
Corporate bond basket	12,063		12,063	
Total	12,167	0	12,167	0

26. Operating leases

EUR 1,000	2009	2008
Group as lessor		
The minimum rental income based on non-cancellable leases		
For up to one year	**9,670**	6,826
For more than one year, but less than five years	**9,882**	11,563
For more than five years	**1,119**	3,345
Total	**20,671**	21,734
Total amount of variable rents entered as income during the year	**13**	24

The Group leases out its properties as office, production, sales and warehousing premises. The properties are classified as investment properties. The average maturity of the lease portfolio is 2.1 years (2.2 years on December 31, 2008).

Note 26. continued

EUR 1,000	2009	2008
Group as lessee		
The minimum rent payable based on non-cancellable leases		
For up to one year	**170**	165
For more than one year, but less than five years	**676**	658
For more than five years	**2,440**	2,547
	3,286	3,370

Three of the Group's investment properties are located on land leases from the City of Helsinki. The leases are long-term and include an index condition (the leases are tied to the cost-of-living index). The income statement for 2009 includes EUR 170,000 in rents paid on the basis of operating leases (EUR 159,000 in 2008).

27. Contingent liabilities

Pledges given as collateral for own debts, and liabilities secured by mortgages on properties:

	2009	2008
Bank loans	**29,405**	66,618
	29,405	66,618
Mortgages		20,361
Investment property shares pledged	**32,919**	23,565
Financial securities pledged, carrying amount		57,129
Rent and leasing liabilities on own behalf	**258**	268
Other financial liabilities		
VAT verification liability for property investments	**382**	731

The Group's property companies are obliged, according to Chapter 11 of the amended VAT Act, to verify the VAT deductions made on property investments and capitalized expenditure on basic improvements, if the property's taxable use decreases during the verification period (5–10 years).

28. Insiders

The Julius Tallberg Real Estate Group is part of a Group whose parent company is Oy Julius Tallberg Ab. (Julius Tallberg Real Estate Corporation = JTREC. The parent company, Oy Julius Tallberg Ab = JT.)

Susanna Renlund, Chairman of the Board, JTREC and member of the Board, JT
Thomas Tallberg, member of the Board, JTREC and Chairman of the Board, JT
Markus Fogelholm, member of the Board, JTREC
Magnus Bargum, member of the Board, JTREC
Kaj Hedvall, member of the Board, JTREC
Kari Sainio, member of the Board, JTREC
Martin Tallberg, member of the Board, JT and Managing Director, JT
Marja Tallberg, member of the Board, JT
Nina Tallberg, member of the Board, JT
Tuomas Särkilahti, member of the Board, JT
Kaj-Gustaf Bergh, member of the Board, JT
Jenny Renlund, deputy member of the Board, JT
Kari Arra, deputy member of the Board, JT
Martti Leisti, Managing Director, JTREC.

Julius Tallberg Real Estate Corporation's parent and subsidiary relationships are:

Company	Domicile	Holding of Group	Holding of parent company
Parent company Julius Tallberg Real Estate Corporation	Espoo		
Koy Espoon Suomalaistentie 7	Espoo	100%	100%
Koy Gyldenintie 2	Helsinki	100%	100%
Koy Helsingin Valimotie 2	Helsinki	100%	100%
Koy Tiilitie 8	Vantaa	100%	100%
Koy Tiilitie 10	Vantaa	100%	100%
Koy Petikon Palvelutalo	Vantaa	100%	100%
Koy Sirrikujan Teollisuustalo	Helsinki	100%	100%
Koy Kivensilmänkuja 2	Helsinki	100%	100%
Koy Helsingin Höyläämötie 2	Helsinki	100%	100%
Koy Helsingin Rälssintie 10	Helsinki	100%	100%
Koy Tietäjäntie 12 Espoo	Espoo	100%	100%
Koy Luomannotko 3	Espoo	100%	100%
Koy Kappelitie 6	Espoo	100%	100%
Oy Soffcon Kiinteistö Ab	Espoo	100%	100%
Koy Liukumäentie 15 Helsinki	Helsinki	100%	100%
Koy Suutarilan Huoltokeskus	Helsinki	100%	100%
Koy Suutarilan Lamppupolku	Helsinki	100%	100%
Koy Nummelan Juuritie 7	Vihti	100%	100%
Koy Äyritie 4 Vantaa	Vantaa	100%	100%
Koy Vantaan Äyri	Vantaa	100%	100%

The Oy Julius Tallberg Ab Group includes other companies:

Oy Soffco Ab
Tallberg Roboma Oy Ab
The Institute for Bio-Immunotherapy Helsinki Ltd
Oy Neurofood Ab
Ekomans Oy
Riverbank Oü

The following transactions were carried out with insiders:	2009	Purchases	Sales	Receivables	Liabilities
Oy Julius Tallberg Ab		20	43		
The Institute for Bio-Immunotherapy Helsinki Ltd			27		
Oy Soffco Ab			0		
	Total	20	70	0	0

	2008	Purchases	Sales	Receivables	Liabilities
Oy Julius Tallberg Ab		22	42		
The Institute for Bio-Immunotherapy Helsinki Ltd			26		
Oy Soffco Ab			32		
	Total	22	100	0	0

The transactions with insiders resulted no credit losses.

EUR 1,000	2009	2008
Service benefits of management		
Salaries and other short-term service benefits	**260**	277
Board members	**90**	94
No pension liabilities, contingent liabilities or collateral		
Managing Director's salary including fringe benefits	**170**	183
Voluntary pension insurance, defined contribution plans	**11**	10
No contingencies or collateral		

Martti Leisti, managing director of Julius Tallberg Real Estate Company, has informed the Board of Directors that he will retire in 2010. The Board has appointed Hannu Vuorela, M.Sc. (Eng.), as managing director as of May 1, 2010.

29. Events after the balance sheet date

On January 20, 2010, the company issued a stock exchange release about the overall result of the public tender offer on its own shares. The 1,060,864 transactions made in 2010 were completed on January 26, 2010. After the completion of transactions, the company has a total of 1,243,373 of its own shares. After the public tender offer, the number of outstanding shares is 25,163,657 (26,224,521 shares on December 31, 2009). The total value of the acquisitions of own shares is EUR 3.97 million.The company submitted a purchase order to the Helsinki Stock Exchange concerning the acquisition of own shares as of January 26, 2010 at the price of EUR 3.19/share. The company's share will be delisted on March 19, 2010.

KEY FIGURES **FIGURES FOR FIVE YEARS**	**2009** **IFRS**	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS
Revenue, EUR million	**10.0**	10.2	11.4	10.4	9.8
Operating profit, EUR million	**0.8**	-0.5	16.2	22.2	10.6
% of revenue	**7.8**	-5.2	141.6	212.2	108.5
Profit before taxes, EUR million	**8.5**	-0.8	14.2	20.7	9.3
% of revenue	**84.6**	-7.9	124.4	197.9	94.7
Profit for the year	**6.3**	-0.5	10.5	15.3	6.7
% of revenue	**62.6**	-5.1	91.4	146.7	68.9
Return on equity (ROE), %	**7.6**	-0.6	13.2	23.3	12.3
Return on investment (ROI), %	**8.4**	1.0	13.1	21.2	11.6
Equity-to-assets ratio, %	**68.9**	51.8	56.5	57.2	53.9
Gross capital expenditure, EUR million	**1.0**	2.6	37.7	5.3	7.2
% of revenue	**10.3**	25.5	329.6	50.4	79.5
Lease portfolio, EUR million	**20.7**	21.7	31.8	36.0	41.0
Average personnel	**7**	6	5	4	4
Earnings per share, EUR	**0.24**	-0.02	0.41	0.62	0.28
Equity per share, EUR	**3.23**	3.07	3.26	2.92	2.35
Dividends, EUR 1,000 *)	**2,885**	2,641	2,641	1,402	1,278
Dividend per share, EUR *)	**0.11**	0.10	0.10	0.06	0.05
Dividend per profit, %	**44.9**	-507.0	25.3	9.1	13.1
Effective dividend yield, %	**3.5**	5.3	3.3	1.8	2.3
P/E ratio	**13.39**	-95.31	7.38	5.03	8.07
Highest price of share, EUR	**3.19**	3.03	4.10	3.28	2.35
Lowest price of share, EUR	**1.94**	1.61	2.80	2.17	1.57
Average share price for year, EUR	**2.53**	2.38	3.50	2.56	1.96
Share price on Dec 31	**3.18**	1.88	3.00	3.12	2.23
Market value of share portfolio, EUR 1,000	**83,394**	49,645	79,221	77,100	55,248
Share turnover, EUR 1,000	**2,767**	2,138	2,842	1,771	6,577
Share turnover, no.	**991,983**	946,056	826,869	689,670	3,733,830
Share turnover, %	**3.8**	3.6	3.2	2.8	15.1
Weighted average of share issue-adjusted number of shares during year (1,000 shares)	**26,406**	26,407	25,717	24,738	24,738
Share issue-adjusted number of shares at end of year (1,000 shares)	**26,225**	26,407	26,407	24,738	24,738

*) Board proposal for 2009

CALCULATION OF KEY FIGURES

Return on equity (ROE), %	=	Profit/loss for the year / Equity + minority interests + reserves (average for year) x100
Return on investment (ROI), %	=	Profit before taxes + interest and other financial expenses / Balance sheet total - non-interest bearing liabilities (average for year) x100
Equity-to-assets ratio, %	=	Equity + minority interests + reserves / Balance sheet total - advances received x100
Earnings/share, EUR	=	Profit for the year attributable to parent company shareholders / Weighted average number of issue-adjusted shares
Equity/share, EUR	=	Oma pääoma + varaukset / Osakkeiden osakeantioikaistu lukumäärä tilikauden päättyessä
Dividend/share, EUR	=	Dividend paid for the financial year / Issue-adjusted number of shares at end of year
Dividend payout ratio, %	=	Dividend per share / Earnings per share x100
Effective dividend yield, %	=	Dividend per share / Issue-adjusted trading price of share (average) at end of year x100
Price/earnings (P/E) ratio	=	Issue-adjusted trading price of share (average) at end of year / Earnings per share
Average share price	=	Total turnover of shares, EUR / Average number of shares traded
Market value of share portfolio	=	Total number of shares x final trading price of share
Net cash from operating activities / share, EUR	=	Net cash from operating activities / Weighted average number of issue-adjusted shares

SHARE CAPITAL STRUCTURE

	Number	%	Votes	%
Shares	26,407,030	100	26,407,030	100

SHAREHOLDERS BY SECTOR DEC. 31, 2009

	Shareholders		Shares	
Sector	Number	%	Number	%
Private companies	31	6.78 %	20,550,970	77.82 %
Financial and insurance institutions	5	1.09 %	196,894	0.75 %
Households	415	90.81 %	5,552,354	21.03 %
Not-for-profit entities	1	0.22 %	6	0.00 %
Abroad	2	0.44 %	32,600	0.12 %
Nominee register	3	0.66 %	74,206	0.28 %
	457	100.00 %	26,407,030	100.00 %

SHAREHOLDING BREAKDOWN BY SIZE CLASS DEC. 31, 2009

	Shareholders		Shares	
Number of shares	Number	%	Number	%
1 - 100	75	16.52	3,995	0.02
101 - 1,000	223	48.89	102,868	0.39
1,001 - 10,000	119	26.21	377,520	1.43
10,001 - 100,000	28	5.73	665,113	2.52
100,001 - 1,000,000	8	1.77	3,063,400	11.6
1,000,001 - 99,999,999	4	0.88	22,194,134	84.04
	457	100.00	26,407,030	100.00

On December 31, 2009, the members of the Board of Directors and the Managing Director held directly a total of 1,953,082 shares, carrying 7.39% of the shareholding and of the votes in the company. Entities under the control of the members of the Board and the Managing Director which held company shares were Julius Tallberg Corporation and Oy Montall Ab. These entities held a total of 16,665,162 shares, carrying 63.1% of the shareholding and of the votes in the company.

LARGEST SHAREHOLDERS DEC 31, 2009

Shareholder	Shares and votes kpl	Shares and votes %
Julius Tallberg Corporation	16,654,242	63.07
Oy Mogador Ab	2,704,000	10.24
Tallberg Thomas	1,505,892	5.70
Sohlberg Hannu	1,330,000	5.04
Tallberg Martin	916,044	3.47
Rosaco Oy Ab	592,010	2.24
Renlund Susanna	426,936	1.61
Tallberg Nina	341,820	1.29
UB Finance Oy Ab	274,081	1.04
Julius Tallberg Real Estate Corporation	182,509	0.69
Helsinki Investment Trust Oy	180,000	0.68
Nieminen Jorma	150,000	0.57
Other	1,149,496	4.36
	26,407,030	100.00

PARENT COMPANY INCOME STATEMENT

EUR 1,000	Notes	1.1.-31.12. 2009	1.1.-31.12. 2008
REVENUE	1	**10,017**	10,223
Other operating income	2	**8,974**	31,763
Salaries and wages	3	**-951**	-827
Depreciation and impairment	4	**-26**	-32
Other operating expenses		**-6,948**	-7,882
OPERATING PROFIT		**11,066**	33,245
Financial income and expenses	5		
Interest and financial income		**2,202**	3,355
Interest and other financial expenses		**-2,434**	-2,162
		-232	1,192
INCOME BEFORE EXTRAORDINARY ITEMS		**10,833**	34,437
Extraordinary items +/-	6	**3,152**	0
INCOME BEFORE APPROPRIATIONS AND TAXES		**13,985**	34,437
Income taxes	7	**-2,818**	-8,867
PROFIT FOR THE FINANCIAL YEAR		**11,167**	25,570

PARENT COMPANY CASH FLOW STATEMENT

EUR 1,000	1.1.-31.12. 2009	1.1.-31.12. 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**11,167**	25,570
Adjustments for		
Non-cash transactions		
Other operating income	**-8,974**	-31,763
Extraordinary income	**-3,152**	
Depreciation and impairment	**26**	32
Financial items	**232**	-1,192
Taxes	**2,818**	8,867
Changes in working capital		
Change in trade and other receivables	**-140**	-852
Change in trade and other payables	**719**	-156
Interest paid and financial expenses	**-2,721**	-1,945
Interest received and financial income	**2,327**	3,222
Taxes paid	**-485**	-696
NET CASH FROM OPERATING ACTIVITIES	**1,819**	1,088
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in tangible and intangible assets	**-1**	-10
Investments in other investments	**-18,668**	-59,044
Sales income from investments	**61,828**	47,634
Tax on sales of investments	**-1,181**	-8,958
NET CASH USED IN INVESTMENT ACTIVITIES	**41,978**	-20,378
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans withdrawn	**35,500**	43,504
Repayments on loans	**-72,730**	-17,706
Purchases of own stocks	**-582**	
Dividends paid	**-2,641**	-2,641
NET CASH FROM FINANCING ACTIVITIES	**-40,453**	23,157
Change in liquid assets	**3,344**	3,867
Liquid assets on Jan. 1	**3,867**	0
Liquid assets on Dec. 31	**7,211**	3,867

PARENT COMPANY BALANCE SHEET

EUR 1,000	Notes	31.12. 2009	31.12. 2008
ASSETS			
NON-CURRENT ASSETS			
INTANGIBLE ASSETS	8		
Intangible rights		**0**	2
TANGIBLE ASSETS	9		
Machinery and equipment		**75**	99
		75	99
INVESTMENTS	10		
Interests in Group companies		**38,644**	39,650
Receivables from Group companies		**33,698**	35,013
Other shares and participations		**0**	34,401
		72,342	109,065
TOTAL NON-CURRENT ASSETS		**72,417**	109,165
CURRENT ASSETS			
Non-current receivables	11		
Other non-current receivables		**7,874**	20,172
Current receivables			
Trade receivables		**17**	96
Other receivables		**209**	133
Prepaid expenses and accrued income	12	**234**	215
Financial assets		**16,483**	3,970
Cash and bank balances		**7,211**	3,867
TOTAL CURRENT ASSETS		**32,027**	28,454
TOTAL ASSETS		**104,443**	137,619

EUR 1,000	Notes	31.12. 2009	31.12. 2008
LIABILITIES			
EQUITY	13		
Share capital		**21,027**	21,027
Share premium fund		**0**	0
Invested unrestricted equity fund		**10,528**	11,110
Retained earnings		**28,437**	5,508
Net profit for the year		**11,167**	25,570
		71,159	63,215
LIABILITIES			
Non-current liabilities	14		
Loans from financial institutions		**22,775**	29,405
		22,775	29,405
Current liabilities	15		
Loans from financial institutions		**6,630**	37,230
Accounts received		**10**	48
Accounts payable		**117**	47
Payables to Group companies		**1,050**	6,127
Accrued liabilities		**2,490**	1,380
Other current liabilities		**212**	168
		10,510	44,999
TOTAL LIABILITIES		**33,285**	74,404
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**104,443**	137,619

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

EUR 1,000	2009	2008
1. Revenue		
Rental income	10,002	10,216
Other revenue	15	7
	10,017	10,223
2. Other operating income		
Capital gain from sale of investments (Sponda Plc)	8,974	31,740
Other	0	23
	8,974	31,763
3. Salaries and wages		
Salaries, fees and commissions	758	664
Pension contributions	114	101
Other indirect employee expenses	79	62
	951	827
Average number of personnel in year	7	6
Executive compensation		
Fees paid to Board of Directors	90	94
Salary and fees paid to Managing Director	171	183

Pension commitments
The personnel have a voluntary pension plan with an annual cost of EUR 48,732.29. Apart from this and the statutory TyEL pension insurance, there are no other pension plans for management or personnel.

EUR 1,000	2009	2008
4. Depreciation and writedowns		
Other non-current expenditure	1	2
Machinery and equipment	25	30
	26	32
5. Financial income and expenses		
Other interest and financial income		
From Group companies	1,001	1,683
From subordinated deposits and credit basket	850	1,138
From others	351	533
Interest and financial expenses		
To Group companies	-152	-41
To others	-2,282	-2,121
Total financial income and expenses	-232	1,192
6. Extraordinary items		
Merger profit	3,152	0
	3,152	0
7. Taxes		
Tax on sales of investments	2,333	8,171
Tax on income from operations	485	696
	2,818	8,867

EUR 1,000	2009	2008
NON-CURRENT ASSETS		
8. Intangible assets		
Intangible rights		
Acquisition cost, Jan. 1	24	24
Increase, Jan. 1 - Dec. 31	0	0
Acquisition cost, Dec. 31	24	24
Accumulated depreciation, Jan. 1	-23	-21
Depreciation, Jan. 1 - Dec. 31	-1	-2
Carrying amount, Dec. 31	0	1
9. Tangible assets		
Machinery and equipment, acquisition cost, Jan. 1	172	162
Increases, Jan. 1 - Dec. 31	1	10
Decreases, Jan. 1 - Dec. 31	0	0
Acquisition cost, Dec. 31	173	172
Accumulated depreciation, Jan. 1	-73	-42
Depreciation recapture on retired assets	0	0
Depreciation, Jan. 1 - Dec. 31	-25	-31
Carrying amount, Dec. 31	75	99
10. Investments		
Equity in subsidiaries		
Acquisition cost, Jan. 1	39,650	39,823
Increases, Jan. 1 - Dec. 31	3	500
Decreases, Jan. 1 - Dec. 31	-1,009	-673
Acquisition cost, Dec. 31	38,644	39,650

The carrying amount of the equity in subsidiaries totals EUR 38.6 million. The difference between the fair value and the carrying amount is EUR 19.4 million.The carrying amount of eight real estate companies is EUR 23.9 million lower than the fair value, while the carrying amount of twelve companies is EUR 4.5 million higher than the fair value. The overvaluation is not expected to be permanent or significant.

EUR 1,000	2009	2008
Other equity investments		
Acquisition cost, Jan. 1	34,401	0
Increases, Jan. 1 - Dec. 31		
Sponda Plc	0	34,401
Decreases, Jan. 1 - Dec. 31		
Sponda Plc	-34,401	0
	0	34,401

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

EUR 1,000	2009	2008
11. Non-current receivables		
Rautaruukki corporate bond	202	0
Nordea credit basket	0	12,500
Sampo Bank subordinated deposit	3,825	3,825
Svenska Handelsbanken subordinated deposit	3,847	3,847
	7,874	20,172
Non-current receivables from Group companies are loan receivables (Group account)		
12. Current receivables		
Main items included in prepaid expenses and accrued income:		
Interest receivable from investments and deposits	29	135
Receivables from derivative contracts	11	31
Insurance compensation	0	25
Deferred changes in tenants	192	18
Other receivables	2	6
	234	215

13. Equity

	Number of shares	Carrying amount EUR 1,000
2008		
Shares total	26,407,030	21,027
Own shares, December 31, 2008	0	
2009		
Shares total	26,407,030	21,027
Own shares, December 31, 2009	182,509	

EUR 1,000	2009	2008
Share capital, Jan. 1	21,027	21,027
Share capital, Dec. 31	21,027	21,027
Invested unrestricted equity fund, Jan. 1	11,110	11,110
Redemption of own shares	-582	0
Invested unrestricted equity fund, Dec. 31	10,528	11,110
Retained earnings, Jan. 1	31,077	8,148
Dividends paid	-2,641	-2,641
Profit for the financial year	11,167	25,570
Retained, earnings, Dec. 31	39,603	31,077
Total equity	71,158	63,215
Distributable funds	50,131	42,187

EUR 1,000	2009	2008
14. Non-current liabilities		
Liabilities that mature after 5 or more years		
Loans from credit institutions	7,350	10,290
15. Current liabilities		
Non-interest bearing current liabilities	2,830	1,642
Interest-bearing current liabilities	7,680	43,357
	10,510	44,999
Payables to Group companies		
Short-term loans from subsidiaries	1,050	6,127
Main items of accrued liabilities		
Taxes	1,948	765
Interests	76	479
Hedging debts (swap)	121	0
Employee expenses	144	126
Deferred items (such as Arinatie)	185	0
Others	16	10
	2,490	1,380
16. Exposures from derivative contracts		
Interest-rate swaps		
Nominal value of interest-rate swap liabilities	28,420	18,035
Fair value of interest-rate swaps	-1,236	-858
Nominal value of interest-rate swap receivables	6,250	6,250
Fair value of interest-rate swaps	104	156
Value of underlying instrument	57,805	18,035
Market value	-1,132	-858
17. Pledged assets		
Debt secured by liens on real estate		
Loans from credit institutions		
Loans	29,405	66,635
Collateral		
- real estate company shares	32,919	23,566
- pledged financial securities	0	58,543
Collateral, total	32,919	82,109

18. Insurance values on december 31, 2009

The company has loss-of-profits insurance regarding rental income (12 months). The company's insurance policies have been with Fennia and Pension Fennia since January 1, 2004.

The parent company's distributable funds amount to EUR 50,131,497.60, of which EUR 11,167,076.83 constitutes the profit for the year.

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.11 per share be distributed.

It is the Board's opinion that the proposed distribution of dividends will not endanger the company's solvency.

SIGNATURES TO THE BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Espoo, February 17, 2010

Susanna Renlund Thomas Tallberg Magnus Bargum

Markus Fogelholm Kaj Hedvall Kari Sainio Martti Leisti
Managing Director

A report on the audit conducted has been issued today.

Espoo, February 17, 2010

PricewaterhouseCoopers Oy
Authorized Public Accountants
Kim Karhu, Authorized Public Accountant

AUDITOR'S REPORT
to the Annual General Meeting of Julius Tallberg Real Estate Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Julius Tallberg Real Estate Corporation for the financial year January 1–December 31, 2009. The financial statements comprise the consolidated statement of financial position (balance sheet), statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the true and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the true and fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations in Finland governing the preparation of the financial statements and the report of the Board of Directors. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director is responsible for ensuring that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's responsibilities

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance of whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the parent company's Board of Directors and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to be sure about the accuracy of the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected are based on the auditor's judgment and an assessment of the risks of material misstatement in the financial statements or in the report of the Board of Directors as a result of fraud or error. In designing the necessary audit procedures, an assessment is also made of the internal control concerning preparation and presentation of the financial statements and the report of the Board of Directors. We also evaluate the overall presentation of the financial statements and the report of the Board of Directors, the accounting policies for the financial statements, and the estimates applied by the management in drafting the financial statements.

The audit was performed in accordance with good auditing practice in Finland. We believe that we have performed the necessary amount of audit procedures appropriate for the purpose as a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the financial statements and on the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations in Finland governing the preparation of the financial statements and the report of the Board of Directors. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, February 17, 2010

PricewaterhouseCoopers Oy
Authorized Public Accountants

Kim Karhu
Authorized Public Accountant

CORPORATE GOVERNANCE OVERVIEW

The company complies with the Guidelines for Insiders issued by NASDAQ OMX Helsinki Ltd and with the Finnish Corporate Governance Code approved by the Securities Market Association, effective as of January 1, 2009.

The administration and operations of Julius Tallberg Real Estate Corporation are governed by its general meeting, board of directors and managing director.

GENERAL MEETING

The highest decision-making body of Julius Tallberg Real Estate Corporation is its general meeting, through which the shareholders participate in the supervision and control of the company. The annual general meeting is held before the end of June each year, and extraordinary general meetings are convened as required. At these general meetings, shareholders can exercise their right to speak and vote. General meetings must be attended by the managing director, the chairman of the board and a sufficient number of board directors. New nominees to the board of directors are required to attend the general meeting that decides on their election, unless they can present a well-founded reason for their absence.

The principal matters decided by annual general meetings include:

- determining the number of directors on the board
- electing directors to the board
- determining the fees and financial benefits of the board's directors and committees
- electing the auditor and deciding the auditor's fee
- adopting the financial statements
- discharging the board and the managing director from liability
- amending the articles of association
- deciding on increasing share capital
- distributing the company's assets, such as profit sharing

Article 9 of the company's articles of association requires notices of general meetings to be published on the company's website no more than three (3) months and no less than twenty-one (21) days before the meeting date. Notice of meetings is also provided either by publication in a newspaper that is regularly published in the municipality of the company's registered domicile or by mail sent to the address recorded for each shareholder in the company's share register. The notice of a general meeting includes the following:

- time and place
- proposal for the agenda of the general meeting
- proposal for board directors and personal information about nominees
- proposal for the auditor
- description of the procedure that shareholders must observe to attend and vote at the general meeting
- the right to participate in the general meeting and the so-called record date which determines the right to vote
- the place at which annual general meeting documents and proposed decisions are available
- the address of the company's website

The information above and below is made available to the shareholders on the company's website no later than twenty-one (21) days before the general meeting:

- the total number of shares and voting rights per share class on the day of the meeting notice
- documents to be presented to the general meeting
- proposed decision of the board or other competent body
- matters included on the agenda of the general meeting but on which no decision is proposed

BOARD OF DIRECTORS

The company's board of directors consists of five to eight directors.

The presence of more than half of the directors constitutes a quorum.

Each director is required to supply the board with sufficient information about his or her qualifications and independence to be evaluated and also to report any changes in such information.

The directors of the board are elected to serve for one year at a time. Their term begins upon the conclusion of the general meeting that elected them and ends when the following annual general meeting is concluded. The current board consists of six directors, none of whom serves full-time.

The board of directors elects a chairman and a vice chairman from among its members for a one-year term.

All persons elected to the board must be appropriately qualified and be able to devote sufficient time to these duties. A majority of the directors must be independent of the company. At least two of these majority directors must also be independent of the company's major shareholders.

The board considers four of the directors elected by the annual general meeting held on March 18, 2009 to be independent of the company and of the company's major shareholders. These directors are Magnus Bargum, Markus Fogelholm, Kaj Hedvall and Kari Sainio.

The managing director, who is not a member of the board of directors, shall regularly attend board meetings as a representative of the company's operating management. The managing director serves as the secretary of the board.

The board of directors supervises the general management of the company and the proper organization of its operations. The board oversees and gives instructions to the company's operating management, appoints and discharges the managing director, approves the company's strategic objectives, risk management policies and reward system, and ensures the functioning of the company's management system. The board also approves guidelines for the management of financial risks. The board is charged with advancing the best interests of the company and all its shareholders. The directors do not represent within the company those parties who nominated them for the board.

In addition to the duties specified by law and in the articles of association, the board of directors approves the company's operating plans and budget, and decides on major single investments, corporate and real estate acquisitions, and other strategically significant undertakings.

The company is expected to supply the board's directors with all required information on its activities. Such information includes the company's organizational structure, business operations and markets. Each new director must become familiar with the operations of the company.

The board of directors adopts a written charter describing its work.

In 2009, the board of directors met 13 times, with an average attendance rate of 92%.

The board of directors conducts an annual self-evaluation of its operations.

BOARD COMMITTEES

At its organizational meeting on March 18, 2009, the board of directors did not form any committees. The board is responsible for the duties of the audit committee, as specified in Recommendation 27 of the Corporate Governance Code.

BOARD OF DIRECTORS

Chairman

Susanna Renlund, Helsinki, Finland
Born 1958
M.Sc. (Agric.)
- Vice chairman of the board of directors of Julius Tallberg Corporation
- Vice chairman of the board of directors of Ramirent Plc, member of the working committee
- Director on the board of Julius Tallberg Real Estate Corporation since 1997, vice chairman 2005-2006, chairman since 2006
- Direct ownership interest in Julius Tallberg Real Estate Corporation on 31 December 2009: 426,936 shares

Vice chairman

Thomas Tallberg, Docent, Helsinki, Finland
Born 1934
MD
- Chairman of the board of directors of Julius Tallberg Corporation
- Vice chairman of the board of directors of Julius Tallberg Real Estate Corporation 1987-1997, chairman 1998-2005, and vice chairman from 2006
- Direct ownership interest in Julius Tallberg Real Estate Corporation on 31 December 2009: 1,505,892 shares.
- Docent of Immunology at Helsinki University Hospital since 1967, Staff Specialist in Immunology 1971-1997, director of the Institute for Bio-Immunotherapy Helsinki Ltd since 1994.

Directors

Magnus Bargum, Commercial Counsellor, Helsinki
Born 1947
M.Sc. (Econ.)
- Managing director of Algol Oy since 1985 and board director since 1976
- Director on the board of directors of Julius Tallberg Real Estate Corporation since 2005
- No direct ownership of any Julius Tallberg Real Estate Corporation shares
- Member of the Supervisory Board of the Finnish Fair Corporation
- Member of the board of directors of the Confederation of Finnish Industries (EK) 2005-2009
- Chairman of the Federation of Finnish Commerce 2007-2009
- Board member of a number of foundations and trusts
- Magnus Bargum is independent of the company and of major shareholders

Kaj Hedvall, Director, Helsinki
Born 1960
Pd.D. (Econ.), M.Sc. (Eng)
- Business Development Director of Senate Properties
- Member of the board of directors of a Finnish investment trust and foundation
- Director on the board of directors of Julius Tallberg Real Estate Corporation since 2005
- No direct ownership of any Julius Tallberg Real Estate Corporation shares
- From 1984 to 1998 Kaj Hedvall held teaching and research positions at the Department of Finance and Statistics of the Swedish School of Economics and Business Administration in Helsinki. From 1998 to 2002 he served as Development Director for the Finnish Association of Building Owners and Construction Clients. Since 2002 Kaj Hedvall has been a Director and member of the Executive Board of Senate Properties in charge of business development.
- Kaj Hedvall is independent of the company and of major shareholders

Markus Fogelholm, Espoo, Finland
Born 1946
M.Sc. (Politics)
- Director on the board of directors of Julius Tallberg Real Estate Corporation since 2008
- No direct ownership of any Julius Tallberg Real Estate Corporation shares
- Managing director of the Finnish Bankers' Association 2001-2006, head of the Bank of Finland's Market Operations Department 1991-2001, IMF board member (Nordic representative) 1989-1991, vice member 1987-1989
- Appointed to a position of trust in a number of companies
- Markus Fogelholm is independent of the company and of major shareholders

Kari Sainio, Managing Director, Espoo, Finland
Born 1959
M.Sc. (Econ.), M.Sc. (Eng.)
- Managing Director of Hadrianus Development Ltd since 2004
- Managing Director of Kiinteistökomppania Oy 2005-2008
- Managing Director of K. Trading UAB (Lithuania) since 2006.
- Director on the board of directors of Julius Tallberg Real Estate Corporation since 2007
- No direct ownership of any Julius Tallberg Real Estate Corporation shares
- Mainly responsible for the international construction contracting and property development business lines in Polar Construction Ltd, living abroad for several years in the USA and Latvia. From 1994 to 1998, he was responsible for the Baltic and Polish contracting and property development business of Lemcon Ltd. From 1998 to 2004 he acted as Export Director for Lemminkäinen Corporation's Paving Division (Nordic countries, Baltic countries, CIS, Poland and Zambia).
- Kari Sainio is independent of the company and of major shareholders

Managing director

The managing director is appointed by the board of directors, which also determines the terms of his or her service. The managing director's terms of service are specified in a written service contract approved by the board.

The managing director is in charge of the daily management of the company in accordance with Finland's Limited Liability Companies Act, the company's articles of association and the instructions and orders given by the board of directors. Only with the authorization of the board of directors may the managing director undertake acts that are unusual or extensive in relation to the scope and nature of the company's operations. The managing director must ensure that the accounting practices of the company comply with the law and that management of assets is arranged in a reliable manner.

Managing director
Martti Leisti, Espoo, Finland
Born 1947
M.Sc. (Econ.)

- Managing director of Julius Tallberg Real Estate Corporation since 1987 and board chairman of its subsidiaries
- Member of the Advisory Board of the Finnish Association of Building Owners and Construction Clients
- Before 1987, Martti Leisti worked for 10 years at YIT Corporation, six and a half years of which were in export management positions dealing with the Middle East and Spain
- Direct ownership interest in Julius Tallberg Real Estate Corporation on 31 December 2009: 20,254 shares. No holdings or rights based on any equity incentive plans.

The managing director's 2009 salary amounted to EUR 137,232.60 and other cash compensation EUR 33,100.44. Voluntary retirement insurance premiums paid in 2009 totaled EUR 10,660.36. The managing director's service contract is terminable upon four (4) months notice. If the service contract is terminated by the company, the managing director will be entitled to severance pay amounting to twelve (12) months' salary, unless terminated for "grievous cause" as described in Finland's Employment Contracts Act. The managing director shall reach retirement age when he or she is 65 years old, but shall nevertheless be entitled to retire earlier if he or she so wishes, but not before reaching the age of 62.

The managing director has announced his retirement as of April 30, 2010.

The board of directors has appointed Hannu Vuorela, M.Sc. (Eng.), as managing director as of May 1, 2010.

Vuorela has worked for the Julius Tallberg Real Estate Company for more than 19 years, first as a construction manager and, since 2004, as the director responsible for real estate development and marketing.

Compensation arrangements

The managing director has no separate reward system but is instead covered by the personnel's incentive plan.

OTHER EXECUTIVE MANAGEMENT

Julius Tallberg Real Estate Corporation has no other executive management.

SALARIES AND FEES

The fees of the board directors are set annually in advance by the general meeting. The board approves the managing director's salary and other benefits.

In 2009, the members on the board of Julius Tallberg Real Estate Corporation were compensated as follows:

	Annual fee, EUR	Meeting fee, EUR
Susanna Renlund	17,000	3,600
Thomas Tallberg	13,000	2,700
Magnus Bargum	10,000	3,600
Markus Fogelholm	10,000	3,300
Kaj Hedvall	10,000	3,300
Kari Sainio	10,000	3,300
Total	70,000	19,800

The members on the board of directors of Julius Tallberg Real Estate Corporation are not compensated through options or other incentive plans.

PERSONNEL INCENTIVE PLANS

The company operates a personnel bonus plan confirmed on December 8, 2008, which supports the company's objectives. The basis of the managing director's and personnel's incentive compensation and the size of bonus payments are confirmed annually by the board of directors. Both the managing director's and personnel's option arrangements have been discontinued. The managing director and personnel are covered by a voluntary retirement plan with an annual cost of EUR 48,732.29 in 2009.

FINANCIAL AUDITS AND AUDITORS

Financial audits

The company has one auditor and one deputy auditor. If the company's auditor is an authorized public accounting firm, the appointment of a deputy is not necessary. The company's accounts must be audited by an authorized public accountant or accounting firm. In 2009, the fees paid to the auditors were as follows: auditing EUR 50,550.04 (EUR 48,565 in 2008), audit-related services EUR 6,802.33 (EUR 12,542 in 2008), tax advice EUR 7,422.34 (EUR 8,357 in 2008), other services EUR 13,048.46 (EUR 23,141 in 2008), total EUR 77,823.17 (EUR 92,605 in 2008).

Auditors

Auditor: PricewaterhouseCoopers Oy, Authorized Public Accountants, represented by chief auditor Kim Karhu, APA.

Insider administration

The company complies with the insider administration guidelines endorsed by NASDAQ OMX Helsinki Ltd. The statutory insiders of Julius Tallberg Real Estate Corporation consist of the company's board of directors, managing director and auditors. Persons performing certain tasks determined by the managing director at any given time are also deemed permanent insiders. The company makes use of the insider register service of Euroclear Finland Oy, which tracks the current share holdings of insiders.

All insiders have been provided with written rules. They are also notified in writing of any times when they are not permitted to trade in the company's shares.

According to insider register information, the board's members and the companies under their control, and the personnel of Julius Tallberg Real Estate Corporation, held 18,630,844 shares on December 31, 2009, which entitled them to 70.55% of the votes and ownership in the company.

CONTROL SYSTEMS

The business operations of Julius Tallberg Real Estate Corporation are managed and controlled by means of the governance and control systems described above. The company employs appropriate and reliable accounting and other information systems to track its business operations and to control the management of its assets.

The company's accounting system facilitates the tracking of actual and forecast figures in one-, three- and twelve-month periods, and the preparation of budget variance analyses for the corresponding period. The system also serves as a long-term planning and budgeting tool.

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDITING

The internal control system of Julius Tallberg Real Estate Corporation covers both financial and other controls. Internal control is carried out by the company's board of directors, managing director and all company personnel. The objectives of internal control are:

- meeting the approved operating plan and budget targets and objectives
- using the company's resources economically and effectively
- managing operational risks
- ensuring the reliability and accuracy of financial and other management information
- complying with external regulations and internal procedures, including appropriate customer relationship practices
- securing the company's operations, information assets and physical assets and complying with insurance policies
- ensuring appropriate information systems and work processes to support operations

The organization and maintenance of sufficient and well-functioning internal controls are the responsibility of the board of directors. The managing director is in charge of the practical implementation of internal control measures.

The managing director is responsible for ensuring compliance with the objectives, procedures and strategic plans established by the board of directors. The managing director is required to maintain an organizational structure that defines the responsibilities, authorities and reporting relationships of personnel clearly, comprehensively and in writing.

The managing director is responsible for ensuring that the company's daily operations conform to applicable laws and related regulations, and to the company's operating principles and the decisions of the board of directors.

Auditors' reports prepared for the board of directors and the managing director during the year also include an administrative review and, when appropriate, internal auditing.

RISK MANAGEMENT

The risk management principles of Julius Tallberg Real Estate Corporation were updated in 2008. According to these principles, risk management is an integral part of strategic and operational planning, the decision-making process and the internal control system.

The company relates to risks conservatively and risk taking is kept within the limits of the business strategy. The aim is to constantly develop and balance the structure of the investment portfolio from different perspectives by diversifying properties according to their use, avoiding excessively large tenants and focusing on the Helsinki region, to name a few examples.

The strategic principles of real estate investment have been defined, and a key consideration in assessing new projects or disposals is their impact on the company's strategic goals.

The company considers the most important risk areas currently to be the key employee risk and the general climate of uncertainty about the global economy, which may affect the company indirectly. These and other risk areas identified by the management, together with the measures taken by the management to counter them, are described below.

Strategic risks

Uncertainty about the global economy

The uncertainty about the global economy strongly affects the company's business. This concern was reflected in investors' return requirements in the second half of 2009. With respect to the business of Julius Tallberg Real Estate Corporation, uncertainty about the global economy may affect the business of tenants and, thereby, indirectly, the company's returns.

The company has attempted to manage these uncertainties by selling real estate assets that have been in the company's long-term investment portfolio, but for which it considers it was offered a good price in view of the uncertain situation.

Geographical location of real estate investments

Investing in properties in geographical locations where the company has less opportunity to influence or less market expertise may be a risk.

The company has focused its real estate investments in the Helsinki region where the company's expertise and the general predictability of the market are at acceptable levels.

Real estate investments based on shared ownership

The company considers that, in real estate investments with shared ownership, there is a risk that the parties involved will have differing views on the development and potential of the property.

The company will continue to manage the risk related to shared ownership by investing only in land and buildings that it owns exclusively.

Lack of diversity in clientele

An excessive dependence on customers of one type or in one field may be a risk.

The company's policy is to obtain tenants from different business sectors so that a recession causing a reduced need for premises in one sector will not decisively and suddenly affect the company's returns.

Development of Aviapolis district

The company has a major development under way at the Econia Business Park at Äyritie 4-6 in the Aviapolis district of Vantaa. There is a strategic risk that the Aviapolis district will not develop as planned or that the growth rate will be slower than expected.

The company is managing this risk by constructing the building in stages, in accordance with the number of leases signed.

Operational risks

Key employee risk

Due to the company's small number of personnel (seven employees), the key employee risk is great. The company manages the key employee risk partially through overlapping job descriptions.

Risks related to the real estate acquisition and disposal process

There is a risk related to real estate investments if the company does not assess the future return potential correctly.

The company seeks to manage the risks related to major projects by using a specified process in which the projects (acquisitions/disposals) are examined before being presented to the board of directors. The company has devised various indicators by which management can simulate and monitor the impact of the investment on the more important key figures.

External service providers

Property maintenance involves operational risks, such as the risks related to the quality of the work done by external service providers.

The company has taken more responsibility for property management and maintenance.

Information systems

Even brief interruptions in information systems and data communications complicate the company's operation. Julius Tallberg Real Estate Corporation relies on the information management of the Tallberg Group, and contingency plans have been drawn up for information systems.

Financial risks

The possible financial risks concern liquidity, interest rates and prices and the risks related to receivables and credit.

Liquidity

More information on the management of liquidity risks can be found in Note 23 of the Notes to the Financial Statements ('Management of financial risks: Liquidity and refinancing risks').

Interest rate and price risks

The Group is susceptible to market risks mainly in the form of interest rate and price risks. More information on the management of interest rate and price risks can be found in Note 23 of the Notes to the Financial Statements ('Management of financial risks: Market risk').

Risks related to receivables and credit

The Group's policy determines the credit requirements for customers, investment transactions, derivative contracts and investment policy.

More information on the management of risks related to receivables and credit can be found in Note 23 of the Notes to the Financial Statements ('Management of financial risks: Credit risk').

Damage and liability risks

The risks of damage or loss include risks related to fire and premises security and questions of management liability.

Almost without exception, the company has full value insurance and loss-of-rent insurance covering 12 months' rental income on the premises it owns. The managing director and board of directors have general liability insurance.

Operational risks are tracked by the board of directors and managing director of Julius Tallberg Real Estate Corporation. The purpose of risk management is to reduce the likelihood or threat of an unexpected loss. Risk management needs to cover all internal as well as external risks, whether quantifiable or non-quantifiable and whether within or outside the control of the company.

Tenant-specific risk has been diversified by expanding the company's real estate base and, thereby, increasing the number of leases.

Julius Tallberg Real Estate Corporation carries out an annual risk management process resulting in an updated risk map and annual action plan that are presented to the board of directors each fall.

REDEMPTION PROVISIONS

The company's articles of association contain no redemption provisions.

SHAREHOLDERS' AGREEMENTS

The company is not aware of any shareholders' agreements.

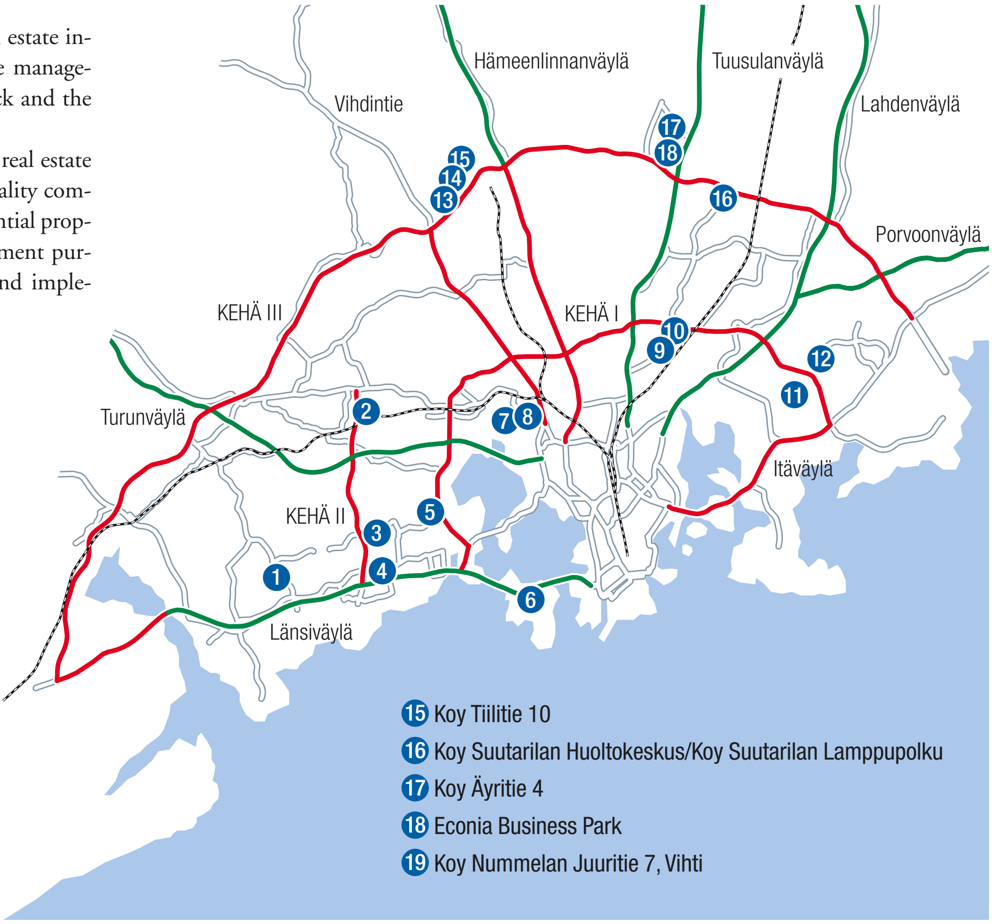
INFORMATION DISCLOSURES

The following information is provided on the company's website: www.jtkoyj.com/investor:

- Corporate governance
- General meeting
  - notice of general meeting
  - total number of shares and voting rights by share series on the date of the notice of general meeting
  - documents to be presented at the general meeting
  - proposed decisions by the board of directors
  - matters included on the agenda of the general meeting but on which no decision is proposed
  - minutes of the general meeting, including attachments
- Shares, share capital and principal shareholders
- Annual report and interim reports
- Calendar of events
- Other points to be reported in accordance with these recommendations

The objective of the company's real estate investment operations is the effective management of the existing real estate stock and the development of tenancy relations.

The objective of the company's real estate development is to produce high-quality commercial, office, industrial and residential properties for sale and long-term investment purposes through efficient planning and implementation.



1. Koy Espoon Suomalaistentie 7
2. Oy Soffcon Kiinteistö Ab
3. Koy Luomannotko 3
4. Koy Kappelitie 6
5. Koy Tietäjäntie 12 Espoo
6. Koy Gyldénintie 2
7. Koy Helsingin Valimotie 2
8. Koy Helsingin Höyläämötie 2
9. Koy Liukumäentie 15 Helsinki
10. Koy Helsingin Rälssintie 10
11. Koy Kivensilmänkuja 2
12. Koy Sirrikujan Teollisuustalo
13. Koy Petikon Palvelutalo
14. Koy Tiilitie 8
15. Koy Tiilitie 10
16. Koy Suutarilan Huoltokeskus/Koy Suutarilan Lamppupolku
17. Koy Äyritie 4
18. Econia Business Park
19. Koy Nummelan Juuritie 7, Vihti

1 Espoo/Suomenoja, Suomalaistentie 7

Office and warehouse property
Rentable area approx. 11,300 m²

Principal tenants:
- Oy Agfa-Gevaert Ab
- A.I.N.A Mainos Oy
- Carpentum Oy
- Espoon Urheiluhierontakeskus
- Fischer Finland
- Förlagssystem Finland Oy
- Oy Julius Tallberg Ab
- Kajon Oy
- MyBody (Xtravaganza)
- Oy Norstar Ab
- Oy Senseware Ltd
- Suomen Polkupyörätukku Oy

2 Espoo/Kilo, Karapellontie 11–13

Office, production and warehouse property
6,800 m²

Principal tenants:
- Oy Albarossa Ab
- Espoon kaupunki
- Evolvit Oy
- Microtieto Suomi Oy
- HSG-Package Oy
- Oy Prime Development Ltd

3 Espoo/Olarinluoma, Luomannotko 3

Office and warehouse property
4,300 m²

Principal tenants:
- Lassila & Tikanoja Oyj

4 Espoo/Niittykumpu, Kappelitie 6

Office property
8,700 m²

Principal tenants:
- Atmel Oy
- Espotel Oy
- Futuremark Oy
- Nordic Cosmetics Ltd Oy
- Office Innovations Finland Oy
- Space Systems Finland Oy

5 Espoo/Tapiola, Tietäjäntie 12

Office property
2,100 m²

Principal tenants:
- Oy Indmeas Industrial Measurements Ab
- Sito Oy

6 Helsinki/Lauttasaari , Gyldénintie 2

Office and commercial property
3,500 m²

Principal tenants:
- D & T Ravintolat Oy
- Suomen Terveystalo Oy Helsinki Lauttasaari

7 Helsinki/Pitäjänmäki, Valimotie 2

Office and commercial property
1,300 m²

Principal tenants:
- Normomedical Oy
- Samtext Finland Oy Ab
- Video Film Town Oy

8 Helsinki/Pitäjänmäki, Höyläämötie 2

Office and commercial property
2,700 m²

Principal tenants:
- Fin-Albakos Oy
- Kopio Niini Oy

9 Helsinki/Oulunkylä, Liukumäentie 15

Warehouse property
23,600 m²

Principal tenants:
- Rented entirely to Schenker oy

10 Helsinki/Pukinmäki, Rälssintie 10

Office property
3,130 m²

Principal tenants:
- Kalle Media Oy
- Kiinnike-Kolmio Oy
- NHK Rakennus Oy
- Oy Netmedia Finland Ab
- Oy Sandman-Nupnau Ab

11 Helsinki/Myllypuro, Kivensilmänkuja 2

Office property
3,000 m²

Principal tenants:
- Helsingin kaupunki
- Non Fighting Generation Ry
- Myllypuron Huolto Oy

12 Helsinki/Kontula, Sirrikuja 1

Office and warehouse property
4,500 m²

Principal tenants:
- Itella Oyj

13 Vantaa/Petikko, Petikontie 6

Commercial property
5,900 m²

Principal tenants:
- Eurokangas Oy
- Suomen Polkupyörätukku Oy

14 Vantaa/Petikko, Tiilitie 8

Office and warehouse property
2,200 m²

Principal tenants:
- Heidelberg Finland Oy
- KLT-Tiimi Oy
- Scalen Maiorov Oy

15 Vantaa/Petikko, Tiilitie 10

Office and warehouse property
1,840 m²

Principal tenants:
- Oy Finnohm Ab
- Scalen Maiorov Oy

16 Helsinki/Suutarila, Tapulikaupungintie 37 ja Lamppupolku 3

Office, production and warehouse property
5,800 m²

Principal tenants:
- Rented entirely to Ramirent Plc

17 Vantaa/Aviapolis, Äyritie 4

Office and production property
8,744 m²

Principal tenants:
- Philips Oy
- Gunnebo Nordic Oy

18 Econia Business Park, Äyritie 6

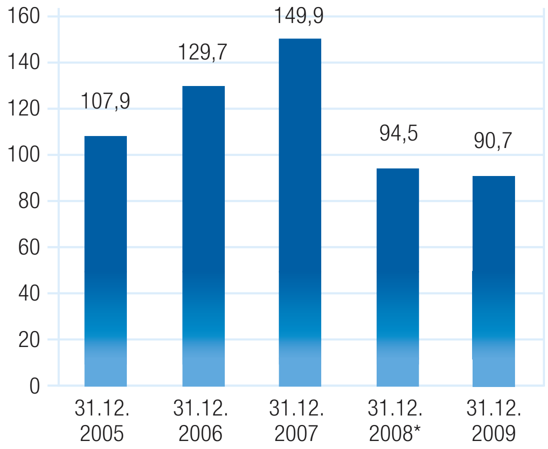
- rentable total surface area approx. 23,000 m²
- rentable area/building 5,500 m²
- floor areas 1,300 – 3,500 m²
- premises beginning at approx. 80 m²
- parking for approx. 550 cars
- a comprehensive range of services is available to tenants

Econia will be developed and built in collaboration with the construction firm Hartela. Conditions to go ahead with building have not yet been met, but active marketing of Econia's premises continues, and if marketing efforts meet with sufficient success, possibilities to commence the Econia Business Park construction will be realistic.

19 Vihti/Nummelan Juuritie 7

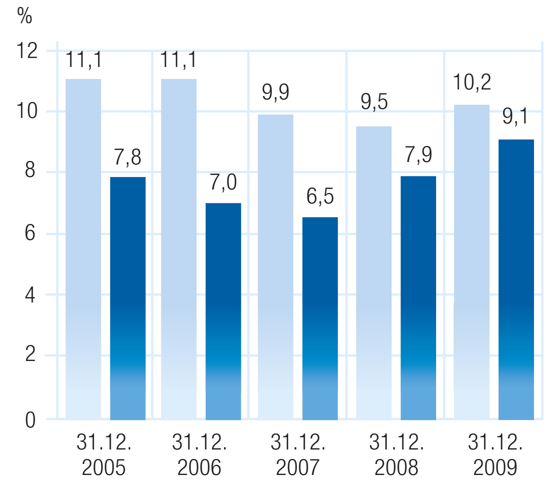
- Gunnebo Nordic Oy

MARKET VALUE OF REAL ESTATE ASSETS, EUR MILLION



* The total value of indirect real estate assets is to be added EUR 34.5 million (Market value of Sponda Plc shares).

NET RENTAL INCOME %

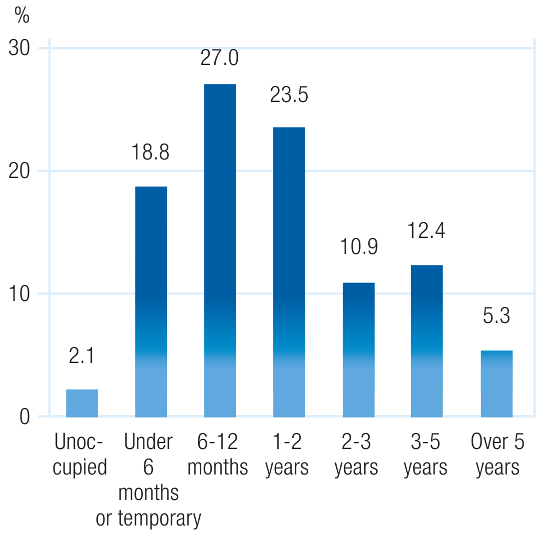


FAS Net Rental Income -% = $\frac{\text{Annual net rental income (=rental income - maintenance costs)}}{\text{Acquisition or FAS balance sheet value of completed real estate assets including capital transfer tax}} \times 100$

IFRS Net Rental Income -% = $\frac{\text{Annual net rental income (=rental income - maintenance costs)}}{\text{Market value of completed investment property assets}} \times 100$

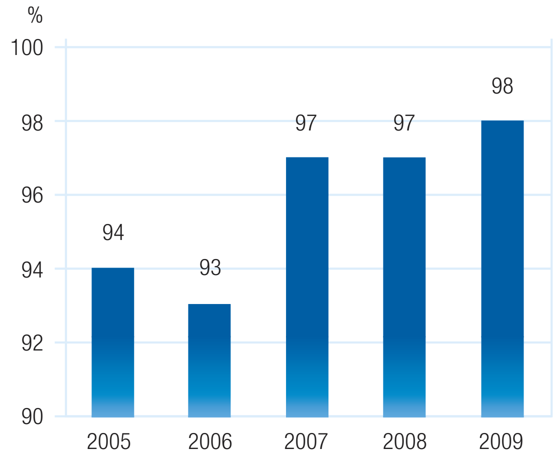
RENTAL INCOME ANALYSIS ON DECEMBER 31, 2009

Average length of rental agreements 2.1 years (2008: 2.2 years)

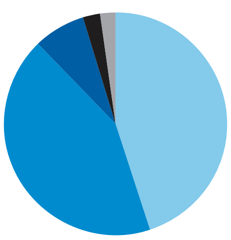


Tenancy agreement stock, total value (vat 0%) EUR 20.7 million (2008: EUR 21.7 million).
As for agreements valid until further notice, rent for term of notice recognized.

YIELD-WEIGHTED OCCUPANCY RATE 2005–2009

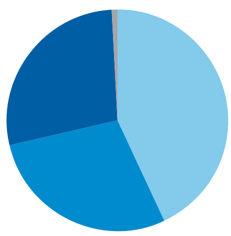


RENTAL INCOME PROPERTY SPECIFICATION AND RENTS EUR/M²/MONTH (VAT 0 %)



- Offices 45.1 % 11.53 EUR/m²/mo
- Warehouses and production 42.6 % 6.49 EUR/m²/mo
- Commercial 7.5 % 9.64 EUR/m²/mo
- Other 2.7 % 11.78 EUR/m²/mo
- Unoccupied 2.1 % 8.32 EUR/m²/mo

GEOGRAPHICAL DISTRIBUTION OF REAL ESTATE OWNINGS BY MARKET VALUE



- Helsinki 43.1 %
- Espoo 28.3 %
- Vantaa 27.7 %
- Vihti 0.9 %

REAL ESTATE SUMMARY DEC. 31, 2009

Real estate	Holding	Rentable floorspace, m² Total	Commercial	Office	Storage/ production	Other	Unused building rights m²	Year of acquisition
HELSINKI								
Koy Gyldenintie 2	100	3,507	630	2,401	406	70	0	1987
Lauttasaari								
Koy Suutarilan Huoltokeskus	100	5,776	0	1,441	4,335	0	10,845	2000
Suutarila								
Koy Suutarilan Lamppupolku	100	0	0	0	0	0	8,838	2000
Suutarila								
Koy Liukumäentie 15 Helsinki	100 [1]	23,634	0	0	23,634	0	0	2000
Oulunkylä								
Koy Helsingin Valimotie 2	100	1,299	704	294	251	50	1,900	2007
Pitäjänmäki								
Koy Helsingin Höyläämötie 2	100	2,711	0	200	2,511	0	4,860	2007
Pitäjänmäki								
Koy Sirrikujan Teollisuustalo	100 [2]	4,620	0	2,683	1,834	103	0	2007
Kontula								
Koy Kivensilmänkuja 2	100 [3]	2,876	0	2,416	460	0	1,000	2007
Myllypuro								
KOy Helsingin Rälssintie 10	100	2,508		1,596	912	0	0	2008
Pukinmäki								
Total		46,931	1,334	11,031	34,343	223	27,443	
ESPOO								
Oy Soffcon Kiinteistö Ab	100	6,697	0	3,649	2,868	380	7,564	1988
Kilo								
Koy Espoon Suomalaistentie 7	100	11,195	207	4,992	5,749	247	970	2005
Suomenoja								
Koy Kappelitie 6	100	8,591	783	7,460	288	120	0	2007
Niittykumpu								
Koy Luomannotko 3	100	4,671	0	1,871	2,505	295	0	2007
Olarinluoma								
Koy Tietäjäntie 12 Espoo	100	2,239	0	1,983	172	84	0	2007
Tapiola								
Total		33,393	990	19,955	11,340	1,126	8,534	
VANTAA								
Koy Äyritie 4 Vantaa	100	8,744	0	2,267	5,899	578	4,068	1997
Veromies								
Koy Vantaan Äyri	100	0	0	0	0	0	24,144	1997
Veromies								
Koy Petikon Palvelutalo	100	5,905	4,361	0	1,544	0	0	2007
Petikko								
Koy Tiilitie 8	100	2,190	0	900	1,290	0	0	2007
Petikko								
Koy Tiilitie 10	100	1,760	100	760	900	0	0	2007
Petikko								
Total		18,599	4,461	3,927	9,633	578	28,212	
VIHTI								
Koy Nummelan Juuritie 7	100	1,400	0	350	1,050	0	1,386	2009
GRAND TOTAL		100,323	6,785	35,263	56,366	1,927	65,575	

[1] The lot has been leased from the City of Helsinki. The lease is valid until December 31, 2030.
[2] The lot has been leased from the City of Helsinki. The lease is valid until December 31, 2020.
[3] The lot has been leased from the City of Helsinki. The lease is valid until December 31, 2030.

CATELLA PROPERTY GROUP

APPRAISAL REPORT ON JULIUS TALLBERG REAL ESTATE CORPORATION'S REAL ESTATE STOCK

The Valuation Service of Catella Property Oy has, at the request of the Julius Tallberg Real Estate Corporation, estimated the debt-free market value of the real estate owned by the company on December 31, 2009. The market value is determined as the cash amount, estimated in accordance with IVS 2007 5.2, at which the asset would, on the value date, change hands between a seller and a buyer who are willing participants in a commercial transaction and independent of each other, after appropriate marketing and with the parties acting in full knowledge, prudently and without coercion. Any subjective special interests of the buyer parties in regard to the properties are not taken into account in the valuation. Debt-free value means that no deductions have been made for any company debts, value added tax debts or similar liabilities. The appraisal covers 17 of the same properties as the prior appraisal of December 31, 2008. Eight of the properties were in Helsinki, at Gyldenintie 2, Tapulikaupungintie 37 / Lamppupolku 3, Liukumäentie 15, Rälssintie 10, Sirrikuja 1, Kivensilmänkuja 2, Höyläämötie 2 and Valimotie 2; five were in Espoo, at Karapellontie 11-13, Suomalaistentie 7, Tietäjäntie 12, Luomannotko 3 and Kappelitie 6; and four were in Vantaa, at Tiilitie 8, Tiilitie 10, Petikontie 6 and Äyritie 4–6.

The investment properties in the valuation are 98% leased (calculated in terms of their rental yield potential). This figure was obtained by calculating the rental yield potential of vacant premises on the basis of the unit rents used by the owner. During the year, the length of the average lease term in the lease agreement portfolio remained more or less unchanged. Rental rates used in new lease agreements correspond well with current market rates. The rental status of the properties is generally good. The properties at Lamppupolku 3, Karapellontie 13 and Äyritie 6 have a considerable amount of unutilized building rights. In the case of the property at Juuritie 7 in Nummela, Vihti, the market value (total EUR 800,000) is included in the market value of the real estate stock presented below on the basis of the net transaction price calculated by the owner with reference to the deed of sale signed in October 2009.

We have estimated the debt-free market value of the aforementioned Julius Tallberg Real Estate Corporation properties to be a total of ninety million seven hundred thousand euros (EUR 90,700,000) on December 31, 2009. The real estate stock is wholly comprised of investment assets.

Helsinki, January 13, 2010

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