

The Board of Aleksia Plc decided on 24 August 1999 to seek listing in HEX Helsinki Exchanges immediately following the public offering of Aleksia's shares by MeritaNordbanken Plc. The Board of MeritaNordbanken Plc has decided to commence the offering this autumn subject to market conditions.

Aleksia was established in October 1998 following MeritaNordbanken's strategic decision relinquish assets not required in the core banking operations. The strategy for Aleksia is to create a commercial real estate company with a focused, high quality property portfolio, and offer the shares to both domestic and international investors in conjunction with a listing on the HEX Helsinki Stock Exchanges. Once listed, Aleksia is expected to be one of the largest publicly quoted Nordic real estate companies.

Helsinki 25 August 1999

ALEKSIA PLC
Board of Directors

Additional information

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ALEKSIA PLC INTERIM REPORT 1-6/1999:

Aleksias financial performance was favourable during the first six months of operations. The group's operating profit for the review period was FIM 132.9 million (109.1) and turnover FIM 314.9 million (272.6). The economic occupancy rate for the company's commercial premises was 93.6 % and their net rental income 6.2 %. The solvency ratio at the end of the period was 36.5 %.

ALEKSIA MAKES A START

Aleksia Ltd was founded on October 20, 1998 and entered in the trade register on October 27, 1998, Operations commenced at the beginning of 1999, when most of the prime real estate holdings of Merita Real Estate Ltd passed to Aleksia Ltd in a transfer of business operations. The company was converted into a public company, Aleksia Plc, by decision of the meeting of shareholders on April 21, 1999.

In addition to 134 real estate companies, the Aleksia Plc group (Aleksia) also includes the wholly owned Osakeyhtiö Kämp, which engages in hotel and restaurant operations, and the marketing company Kämp Galleria Oy. Properties are located in the Helsinki metropolitan area, Turku, Tampere, Jyväskylä, and Oulu. Many of Aleksia's properties are part of Finland's cultural heritage. The best known are the Kämp Block, the World Trade Center, Aleksi 13 and the Grönqvist Building. Aleksia owns a substantial number of the commercial properties on Aleksanterinkatu in Helsinki.

Aleksia's business idea is to increase shareholder value by leasing and developing high-quality commercial and office properties for the needs of customers in the Helsinki metropolitan area and other growth centres in Finland. This aim will be achieved by cost-effective management and by active development of the real estate portfolio through investment, acquisition and sale, Aleksia pursues a client orientation, seeking long-term, mutually profitable client relations.

THE OPERATING ENVIRONMENT

Rapid economic growth and stabilisation of the basic economic factors in Finland have also been reflected in the market for commercial and office premises in the areas where Aleksia has chosen to operate. Especially in the Helsinki metropolitan area, but also in other growth centres, strong demand for commercial and office premises has continued and the rent levels have risen. Nevertheless, rent levels for office and commercial premises are still relatively low in international comparison. Vacant premises of high quality and building plots in areas covered by a town plan are in short supply, and new construction has not been able to meet the growing demand.

The latest market surveys indicate that there is little free capacity, particularly in the Helsinki metropolitan area.

Aleksia has a significant market position in its area of operations. Its more than 1,400 customers broadly represent both the private and the public sectors in Finland.

ADMINISTRATION AND PERSONNEL

During the review period Sven-Åke Johansson served as chairman of Aleksia's Board of Directors . Göte Dahlin, Jakob Grinbaum, Martti Huhtamäki, Heikki Hyppönen, Kari Suominen, and Pertti Voutilainen were members. A shareholders' meeting chose a new Board of Directors, which took office on July 1, 1999. It comprises Matti Honkala, Heikki Hyppönen, Sven-Åke Johansson, Håkan Lennersand, Juha Rantanen and Kari Suominen. Sven-Åke Johansson will continue as chairman. Aleksia's managing director is Heikki Hyppönen, B.Sc., (Econ.).

At the end of the review period, Aleksia had a staff of 86. In addition, Kämp, the hotel and restaurant operation, employed 112 persons. Aleksia outsources its real estate management services.

SHAREHOLDERS AND SHARES

Aleksia Plc is part of the MeritaNordbanken Group and is wholly owned by Merita Real Estate Ltd. The company's share capital was increased from FIM 50,000 to FIM 1 billion by decision of the meeting of shareholders on January 1, 1999. At that time the number of company shares was also increased by 39,998,000 to 40,000,000 shares with a nominal value of FIM 25 each. The increase in share capital was entered in the trade register on January 15, 1999. Merita Real Estate Ltd paid for the increase with non-cash assets in a transfer of business made in accordance with the Act on business taxation, making the issue premium fund total FIM 4.2 billion.

In accordance with the decisions of the shareholder's meeting held in April 1999, the issue premium fund was reduced so that FIM 2,3 billion was returned to the shareholder and FIM 963 million was transferred to an established fund. The meeting of shareholders also decided to convert the share capital to euros and to transfer EUR 8.2 million from share capital to the issue premium fund, thereby reducing the nominal value of shares to EUR 4.00. The changes were recorded in the trade register on April 26, 1999 and May 25, 1999. After the changes, share capital fell to FIM 3.0 billion and solvency ratio was 36.5 per cent.

The shares of Aleksia Plc were included in the book entry system on May 11, 1999.

OPERATIONS, JANUARY 1 - JUNE 30, 1999

The assets transferred to Aleksia when it began operations on January 1, 1999 had a book value of FIM 7.7 billion. Liabilities totalled FIM 2.6 billion. In connection with the transfer of business Aleksia also acquired 12 properties in January, 1999 from Merita Real Estate's subsidiary PMA-Invest Oy for FIM 296 million.

At the end of the review period, Aleksia's real estate assets included 170 properties with a book value of FIM 8.0 billion. Leased commercial properties accounted for FIM 6.9 billion and development projects for FIM 1.1 billion.

With respect to book value, 92 per cent of the commercial premises are located in the Helsinki metropolitan area.

During the first quarter of the year, Kiinteistö Oy Haapaniemenkatu 6 in Helsinki and Kiinteistö Oy Keilarannanpuisto office building in Espoo were sold. Both are current development projects that Aleksia will see through to completion. In addition, Aleksia exchanged office premises in Pasila for commercial premises at the Kaisaniemi Metro Station. The premises obtained by Aleksia in the exchange are related to the development of the Fennia block and almost all of them have been leased. In the second quarter, Aleksia relinquished its holding in Helsingin Vihertukku Oy, which manages office and warehouse facilities, and sold the industrial property company Kiinteistö Oy Järvenpään Roclantie 1. The book value of these transfers totalled some FIM 170 million.

Aleksia's gross investments, excluding acquisitions connected with the transfer of business totalled FIM 348 million. They concentrated mainly on real estate development ventures with the exception of the above mentioned exchange. The greatest investment was the Kämp block, worth some FIM 150 million.

Catella Property Consultants updated its estimate of Aleksia's real estate assets in April 1999. Taking into account the investments made after that, the market value of Aleksia's real estate at the end of the review period exceeded the book value by over FIM 650 million.

LEASING ACTIVITIES

The total floor area of Aleksia's commercial premises is about 790,000 sq. metres. The economic occupancy rate for commercial premises was 93.6 per cent. The occupancy rate based on floor area was 91.2 per cent.

During the review period, several significant new lease contracts were signed, and previous leases were extended or expanded. All in all, new or renegotiated contracts covered a total surface area of 170,000 sq. metres. The Kämp block accounted for a significant part of the new leasing.

DEVELOPMENT PROJECTS

As a result of Aleksia's development activity, the new Kämp Galleria shopping centre and Hotel Kämp were opened in the core centre of Helsinki. The shopping centre opened in April comprises nearly 50 businesses and service outlets; the commercial premises total 11,500 sq. metres. There have been around 15,000 visitors per day. At the end of May, a five star hotel, Hotel Kämp, began operations. The hotel has 179 rooms and high quality conference facilities. The hotel and restaurant operations have been outsourced.

In April, work on Aleksia's largest development project to date, in Matinkylä, Espoo, began. A shopping center called "Iso Omena" (the Big Apple), with shops and cultural, leisure-time and public services, will also, when completed, form the new city centre of the Matinkylä-Olari area. The planning of the project has involved extensive co-operation between the City of Espoo, the Housing Foundation, the Finnish National Road Administration and several regional interested parties. The total area of leasable premises in the shopping centre is 51,000 sq. metres, over 40 per cent of which has already been leased. Completion of the Big Apple is scheduled for 2001.

Other major projects under construction are office properties in Helsinki Valimotie 21 and Mikonkatu 9 - which will be completed in the autumn - and the Jumbo shopping centre in Vantaanportti and the Kluuvi parking garage in the centre of Helsinki, both of which are owned in part by Aleksia.

THE ENVIRONMENTAL PROGRAMME

Aleksia is preparing its environmental programme to improve its readiness and methods for taking environmental issues and sustainable development principles into account.

The Big Apple project is participating in the ProGresS environmental programme of the Finnish Association of Building Owners and Construction Clients (RAKLI) and the Herttoniemi office and commercial premise project in Helsinki now being planned is part of the Healthy Building technology programme of the same organisation.

GROUP FINANCES

Aleksia commenced operations at the beginning of 1999 and the first half-year accounts were for the period January 1 to June 30, 1999. In order to depict the development of its operations Aleksia has prepared "historical" income statement and balance sheet data for 1998. These have been derived from Merita Real Estate Ltd's and its subsidiaries' audited financial statements, as explained below in connection with the tables. In the following, finances during the review period are compared with the historical items.

EARNINGS DURING THE REVIEW PERIOD

Aleksia's operations generated operating profit of FIM 133 million during the first six months of operations. Operating profit increased by 24 million, or 22 per cent, compared with the corresponding period of the previous year.

Rental income generated turnover of FIM 315 million, which was FIM 42 million more than in the previous year. Real estate expenses amounted to FIM 94 million, or around FIM 10 million more than in the previous year. Hence, net rental income increased by some 17 per cent, to FIM 221 million.

Completion of real estate development projects increased net rental income by FIM 13 million. Occupancy of formerly vacant premises and the rise in the rent level increased income by some FIM 11 million. The rest of growth was due to an increase in the real estate portfolio.

Rental income from commercial premises, calculated on the book value at the end of the review period, was 6.2 per cent. The corresponding yield on the entire real estate portfolio was 5.5 per cent.

FIM 13 million in other income from operations during the review period came from the sale of real estate.

Personnel costs and other operating costs amounted to FIM 24 million. The clear growth in costs on the same period of 1998 was due to the beginning of Aleksia's operations as an independent company. Non-recurrent costs were incurred for example from development of the company's own information systems, inclusion of company shares in the book-entry system and moving the main office to its own premises.

As part of the change in the real estate strategy of MeritaNordbanken, Merita Real Estate made write-downs of FIM 2.2 billion on Aleksia's present real estate before the transfer of properties to Aleksia. As a result, Aleksia's depreciation according to plan of FIM 58 million during the review period was 6 per cent below the previous year's figure.

The financial statements of the wholly owned Hotel Kämp's are consolidated using the equity method. The non-recurrent expenditure related to start-up of hotel operations, FIM 18 million, was entered as an expense for the review period.

Financial expenses for the review period totalled FIM 68 million. Reorganisation of the capital and financing structure, which is described below, increased financial expenses by nearly FIM 8 million over the previous year.

Taxes corresponding to the result for the review period are entered as taxes in the financial statement. The result for the period after taxes was FIM 48 million.

Net rental income

	Jan.1- March 31 1999	April 1- June 30 1999	Jan. 1.- June 30 1999	Jan. 1- June 30 1998
Turnover	153	162	315	273
Real estate expenses	-48	-45	-94	-84
Net rental income	105	116	221	189

FINANCING

Aleksia's equity when it commenced operations was FIM 5.2 billion. The equity ratio was 65 per cent. Considering Aleksia's area of operations and the composition of its real estate portfolio, an equity ratio of 35-40 per cent was set as the target.

In accordance with the decision of the meeting of shareholders, the issue premium fund was reduced in May by returning FIM 2.3 billion from it to the shareholder.

Aleksia agreed in June with MeritaNordbanken on a credit facility for FIM 6.2 billion. The earlier liability was replaced with credit drawn within the framework of this facility. At the end of June, FIM 5.1 billion of the facility was in use and Aleksia's equity ratio was 36.5 per cent.

Aleksia's financing is based on loans with market interest rates with the exception of a project financing item of FIM 1.6 billion, which is non-interest bearing initially but will gradually begin to adopt market interest rates by the end of 2001. After the interest swap agreements, the average interest period will be 1.7 years.

	Maturation Schedule for the credit facility FIM million	Interest maturity FIM million	Drawn credits Average interest rate %
1999		2.600	2,52
2000		500	0,0
2001		500	0,0
2002	600	500	4,17
2003	500	500	4,46
2004	2.000	500	4,68
2006	3.100		
Total	6.200	5.100	2,59

IMPORTANT EVENTS AFTER THE REVIEW PERIOD

Aleksia Plc's Board of Directors decided on August 24, 1999 to apply for entry of the company shares on the Main List of Helsinki Exchanges. Listing, however, calls for a decision by the owner to sell shares.

Co-operation agreements to implement the planned business and leisure centre project in Leppävaara in Espoo were concluded in late August. The size of the shopping centre project corresponds to the one currently under construction in Matinkylä, "Iso Omena" (the Big Apple). According to the plan, Aleksia will be one of four owners and investors. The final decision to implement the project can be taken after the approval by the Helsinki and Espoo City Councils.

OUTLOOK

According to market reviews in the real estate sector, the favourable market for Aleksia's commercial and office premises is expected to continue. Completed real estate development projects are also expected to have a positive effect on the company's business operations during the second half of the year.

YEAR 2000 AND INTRODUCING THE EURO

Aleksia's financial control systems and data processing environment came on stream during the review period, hence they are Y2K-compatible. The need for change in the information systems used for

real estate management has been charted and the necessary action will be completed during the autumn. The costs are expected to be some FIM 1 million.

The markka will remain Aleksia's bookkeeping currency during 1999. Changes to Aleksia's systems caused by euro-denominated transactions have been completed during the review period.

Aleksia Plc, Interim Report January 1 to June 30, 1999

The financial statements of Aleksia Plc and its subsidiaries are consolidated using the acquisition method as of the date of acquisition. Exceptionally, Kämp Galleria Oy and Osakeyhtiö Kämp, whose operations differ essentially from Aleksia's other operations, and the associated companies are consolidated using the equity method. Fixed assets are depreciated according to plans made before the transfer of business, based on economic life. Computed deferred tax assets deriving from periodical differences in accounting and taxation are entered in the consolidated balance sheet.

Aleksia's first accounting period includes the period October 20, 1998 - December 31, 1999. The half-year 1999 figures in the following income statement table include Aleksia Plc's loss for the period October 20, 1998 to December 31, 1998, FIM 0,1 million.

The historical financial statements for 1998 are compiled assuming that the transfer of business was already realised on January 1, 1998. The figures were obtained from the audited consolidated financial statements of Merita Real Estate Ltd and its subsidiaries by consolidating the income statement and balance sheet items related to the transfer of business to Aleksia such as they were consolidated in the financial statements of MeritaNordbanken. Turnover, real estate expenses, depreciation and writedowns were compiled per property. Aleksia's share of administrative and other operating expenses and financial expenses included in the financial statements of Merita Real Estate Ltd were calculated in proportion to the balance sheet values of the real estate properties or liabilities transferred to Aleksia and those remaining in the Merita Real Estate Group. Aleksia's share of the Merita Real Estate Ltd balance sheet items that could not be distinguished clearly to the business transferred to Aleksia were entered in the Aleksia balance sheet as proportions calculated in the manner described above.

CONSOLIDATED INCOME STATEMENT	Jan.1- June 30 1999 EUR million	Jan.1- June 30 1999 FIM million	Jan.1- June 30 1998 FIM million	Jan.1- Dec.31 1998 FIM million
TURNOVER	53.0	314.9	272.6	561.0
Other operating income	2.2	13.0		0.6
Real estate expenses	-15.8	-93.7	-84.0	-176.6
Personnel expenses	-2.4	-14.1	-12.4	-21.2
Depreciation	-9.8	-58.0	-61.7	-127.8
Other operating expenses	-1.7	-10.2	-5.8	-17.5
Share of companies consoli- dated by the equity method	-3.2	-18.9	0.4	-2.1
OPERATING PROFIT	22.4	132.9	109.1	216.4
Financial income and expenses	-11.4	-67.6	-59.9	-122.5
PROFIT BEFORE EXTRAORDINARY ITEMS	11.0	65.3	49.2	93.9
Extraordinary expenses 1)				-2,236.5
PROFIT/LOSS BEFORE TAXES	11.0	65.3	49.2	-2,142.5
Direct taxes 2)	-2.9	-17.4	-13.8	91.1
Minority share	0.0	0.2	7.5	23.2
PROFIT/LOSS FOR THE FINANCIAL PERIOD	8.1	48.1	42.9	-2,028.3
CONSOLIDATED BALANCE SHEET	June 30 1999 EUR million	June 30 1999 FIM million	June 30 1998 FIM million	Dec. 31 1998 FIM million
ASSETS				
Non-current assets	1,352.0	8,038.8	9,408.0	7,908.4
Current assets 2)	59.7	355.0	115.4	240.4
Total assets	1,411.7	8,393.8	9,523.4	8,148.8
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity	505.4	3,005.2	6,795.8	5,257.1
Minority share	10.2	60.5	84.4	76.7
Statutory provisions	0.1	0.5	0.4	0.5
Liabilities				
Long-term	873.6	5,194.0	2,518.3	2,041.9
Short-term	22.5	133.6	124.6	772.5
Total liabilities	1,411.7	8,393.8	9,523.4	8,148.8
Interest-bearing liabilities	875.1	5,203.3	2,518.3	2,728.4
Non-interest-bearing Liabilities	20.9	124.3	124.5	86.1

- 1) Write-downs of real estate properties made before their transfer to Aleksia
- 2) Includes the deferred tax assets per December 31, 1999 (EUR 15.4m). This derives from write-downs of real estate properties not deducted in taxation.

CONSOLIDATED CONTINGENT LIABILITIES AND OTHER COMMITMENTS	June 30, 1999 EUR million	June 30, 1999 FIM million	June 30, 1998 FIM million	Dec. 31, 1998 FIM million
Debts for which mortgages given as security				
Debts to credit institutions	8.5	50.5	90.1	90.1
for which mortgages given as security 1)	22.3	132.7	211.8	211.8
Land lease commitments	2.2	13.3	14.0	14.0
for which mortgages given as security 1)	2.2	13.3	14.0	14.0
Securities on behalf of others				
Mortgages given as security 2)			260.7	260.7
Other own contingent liabilities				
Construction commitments	4.0	23.6	23.1	26.7
Total				
Mortgages given	24.6	146.0	486.5	486.5
Other own contingent Liabilities	4.0	23.6	23.1	26.7
Leasing liabilities 3)				
Interest rate swaps 4)				
3 years fixed interest rate swaps, nominal value	84.1	500.0		
4 years fixed interest rate swaps, nominal value	84.1	500.0		
5 years fixed interest rate swaps, nominal value	84.1	500.0		

- 1) Mortgages given as security for real estate subsidiaries' debts and land leases
- 2) Mortgages given for debts of Merita Real Estate Ltd companies
- 3) The Group's leasing contracts include only insignificant copying machine and car leasing contracts
- 4) Interest rate swaps are made to hedge interest rate risks. Their current value was -FIM 2.1 million on June 30, 1999.

THE GROUP'S KEY FIGURES		June 30, 1999 EUR	June 30, 1999	June 30, 1998	Dec 31, 1998
Operating profit, % of turnover			42.2 %	40.0 %	38.6 %
Profit before extraordinary items, % of turnover			20.7 %	18.0 %	16.7 %
Net rental margin, %	1)		70.2 %	69.2 %	68.5 %
Net rental income, %	2)		5.5 %	4.0 %	4.4 %
Return on investment, %	3)		3.3 %	2.4 %	2.6 %
Return on equity, %	4)		2.3 %	1.0 %	1.5 %
Solvency, %	5)		36.5 %	72.2 %	65.5 %
Gearing	6)		1.7	0.4	0.5
Interest coverage	7)		2.8	2.7	2.6
Gross investments in fixed assets					
(EUR/FIM million)	8)	58.5	347.9	321.3	1,093.4
% of turnover			110.5 %	117.9 %	194.9 %
Personnel, average	9)				
Real estate operations			83	79	79
Hotel and restaurant operations			112	-	-
Earnings per share (EUR/FIM)	10)	0.20	1.20	1.07	2.45
Shareholders' equity per share (EUR/FIM)	11)	12.64	75.13	169.89	131.43
Number of shares (in millions)			40.0	40.0	40.0

- 1) Net rental income, % = turnover (=rental income)/real estate expenses
Net rental margin, % = net rental income / turnover (=rental income)
- 2) Net rental income, %
(Net yield from properties) = net rental income / book value of real estate adjusted by minority shares, average
- 3) Return on investment, % = (profit before extraordinary items + financial expenses) / (balance sheet total - non-interest-bearing liabilities) average
- 4) Return on equity, % = (profit before extraordinary items - taxes) / (shareholders' equity + minority share), average
- 5) Solvency, % = (shareholders' equity + minority share) / balance sheet total
- 6) Gearing = (interest-bearing liabilities - cash in hand and at banks) / (shareholders' equity + minority share)
- 7) Interest coverage = (operation profit + depreciation)/financial expenses
- 8) Gross investments in fixed assets do not include the assets acquired by Aleksia in the transfer of business or those

acquired in connection with the transfer of business from PMA Invest Oy (totalling FIM 7.9 million)

- 9) The figure was calculated as an average, using the number of personnel at the end of each month

- 10) $\text{Earnings per share} = (\text{profit before extraordinary items} - \text{taxes} + \text{minority share}) / \text{number of shares}$. Tax corresponding to the result for the review period is entered as taxes.
- 11) $\text{Shareholders' equity per share} = \text{shareholders' equity} / \text{number of shares}$

August 24, 1999

ALEKSIA PLC
Board of Directors

The interim report is based on Aleksia Plc's audited interim financial statements.

Translations are based on the interim report in Finnish.

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