TECHNOPOLIS PLC INTERIM REPORT August 16, 2012 at 8:05 a.m.

Technopolis Group's Interim Report January 1 - June 30, 2012

Highlights for 1-6/2012 compared to the corresponding period in 2011:

- Net sales rose to EUR 52.1 (45.0) million, up 15.9%
- EBITDA rose to EUR 25.9 (22.4) million, up 15.4%
- Operating profit decreased to EUR 18.8 (37.0) million and profit before taxes to EUR 11.6 (33.2) million; both included a change of EUR -6.2 (15.5) million in the fair value of investment properties
- The equity ratio was 37.3% (36.3)
- The financial occupancy rate was 94.1% (93.6)
- Net rental revenue from investment properties amounted to 7.7% (7.6)
- Earnings per share (undiluted) were EUR 0.13 (0.37) and diluted EUR 0.13 (0.37)
- Cash flow from operations per share was EUR 0.21 (0.23)
- Net assets value per share amounted to EUR 5.38 (5.29)

The increase in net sales and EBITDA was mainly due to an increase of 5.4% in total rentable space and an increase of 4.0% in like-for-like rental income. Operating profit decreased by 49.3% to EUR 18.8 (37.0) million. Profit before taxes decreased by 65.1% to EUR 11.6 (33.3) million. Operating margin excluding changes in fair value was on a par with last year, amounting to 47.9% (47.9). Changes in fair value during the reporting period amounted to EUR -6.2 (15.5) million. The Group's equity ratio was 37.3%, increasing as the result of a EUR 31.8 million rights issue realized in May-June. Diluted earnings per share were EUR 0.13 (0.37), decreasing as the result the declining fair value of investment properties. Cash flow from operations per share was EUR 0.21 (0.23).

Key indicators	4-6/ 2012	4-6/ 2011	1-6/ 2012	1-6/ 2011	1-12/ 2011
Net sales, EUR million	26.7	22.8	52.1	45.0	92.8
EBITDA, EUR million	13.7	12.1	25.9	22.4	47.5
Operating profit, EUR million	5.8	21.0	18.8	37.0	72.0
Net result for the period, EUR million	-0.4	13.4	8.1	24.6	46.7
Earnings/share, EUR (undiluted)	-0.01	0.20	0.13	0.37	0.70
Earnings/share, EUR (diluted)	-0.01	0.20	0.13	0.37	0.70
Cash flow from operations/share, EUR	0.10	0.11	0.21	0.23	0.46
Equity ratio, %	37.3	36.3	37.3	36.3	35.8
Equity/share, EUR	4.71	4.67	4.71	4.67	4.96

Earnings and balance sheet figures per share have been adjusted for the share issue.

Key indicators according to EPRA	4-6/ 2012	4-6/ 2011	1-6/ 2012	1-6/ 2011	1-12/ 2011
Direct result, EUR million	4.8	6.5	12.3	11.6	24.6
Direct result/share, EUR (diluted)	0.07	0.10	0.19	0.17	0.37
Net assets value/share, EUR	5.38	5.29	5.38	5.29	5.65
Net rental revenue, %	7.7	7.6	7.7	7.6	7.8
Financial occupancy rate, %	94.1	93.6	94.1	93.6	95.1

The EPRA-based (European Real Estate Association) direct result for the second quarter amounted to EUR 4.8 (6.5) million. The decrease was due to the weakening of the Russian ruble, which resulted in the recognition of EUR 2.4 million in financial expenses. Key EPRA indicators have been released for the first time in this interim report and their definitions are available on the company's website.

Keith Silverang, CEO:

”The company’s growth continued during the second quarter. In May, the Board of Directors decided on a rights issue to finance current and planned growth investments while ensuring that the company’s equity ratio remains above the target level. In spite of a challenging market situation, the issue was oversubscribed by 168.3%, and the company raised a total of approximately EUR 31.8 million of new capital.

The company’s growth rate remains brisk. Currently, growth investments of more than EUR 100 million are underway, with the company expanding its existing campuses in Jyväskylä, Kuopio, St. Petersburg, Tallinn, and Tampere. In addition to expanding our existing campuses, we are looking for growth from the purchase of multi-user properties where, in accordance with our strategy, we are focusing on good locations, good existing tenant bases, sufficient scale and growth potential. Potential targets have been analyzed all over the Baltic Sea region. In addition, we are investigating opportunities for acting as a part-owner and/or real estate operator in accordance with our own efficient operating model.

The second quarter was overshadowed by the ongoing European debt crisis and the restructuring of Finnish electronics industry. The impact associated with the restructurings has so far materialized as expected, and they will not influence the company’s outlook for 2012. In 2013 the impacts are limited to a maximum of 3% of company’s rentable space. On the other hand, other customers are growing or want to move all of their operations to a single location. Technopolis has succeeded in taking advantage of this, and as a result, our occupancy rates have remained stable and even increased in some units. It has become evident that the foundation of the Finnish economy is rapidly becoming more diversified, particularly in the Oulu region.

We believe that interest rates will remain low in the near future. Although, the company has hedged loans against increasing interest rates by using swaps. The annual interest rate of the company’s loans reached 2.32%.”

Business Environment and Segments

Uncertainty on the global economy has increased in recent months; for example, the IMF announced in July that it will downgrade its global economic growth forecast to 3.5%. In spite of globally lower interest rates, consumption and investment demand has not begun to increase as anticipated; the over-indebtedness of industrialized countries and their private sectors will probably depress economic growth in the near future.

In spite of this uncertainty, the demand for Technopolis office space remained at a favorable level during the first half of the year. The Group’s financial occupancy rate remained stable at 94.1% (93.6).

The Technopolis Group operates in real estate and the service business, in three geographic units: Finland, Russia, and Estonia.

Group financial occupancy rates, %:

	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Group	**94.1**	**94.3**	**95.1**	**95.7**	**93.6**
Finland	**93.9**	**94.4**	**95.1**	**95.8**	**95.4**
Oulu	91.8	92.2	91.8	94.7	92.8
HMA 1)	88.4	95.5	95.3	95.3	96.9
Tampere	98.7	98.6	98.5	98.0	97.3
Kuopio	96.4	96.1	98.2	97.4	97.2
Jyväskylä	98.2	91.4	96.8	96.9	96.2
Lappeenranta	92.3	94.7	92.6	95.6	98.2
Estonia	**92.9**	**90.2**	**90.7**	**94.4**	**93.7**
St. Petersburg	**99.4**	**97.1**	**100.0**	**95.3**	**61.7**

1) Helsinki Metropolitan Area

The largest changes took place in the Helsinki metropolitan area and Jyväskylä. They are associated with temporary decreases in financial occupancy rates emerging in connection with the commissioning of new units. The commissioning of Ruoholahti Phase 2 decreased the financial occupancy rate by 7.1 percentage points in the Helsinki metropolitan area compared to the previous quarter. The occupancy rate of Ruoholahti 2 was 59.5% at the end of the period, and it has increased to 86.4% after the reporting period. The commissioning of Innova 2 in Jyväskylä decreased the financial occupancy rate for the first quarter, but corrected itself as expected during the second quarter. During the second quarter, both rents and occupancy rates have also been increasing in Estonia and St. Petersburg. Overall, the company's occupancy rates have remained strong and are higher than the average occupancy rates of the office rental market.

Finland

The short-term outlook for the Finnish office rental market is overshadowed by some degree of uncertainty. This is mainly attributable to three factors: the uncertain outlook of the export industry, personnel reductions by company's customers and the increasing office vacancy rates in some locations. Finland's gross domestic product has been estimated to grow at a rate of under 1% in 2012 in real terms. Part of electronics industry's personnel reductions concern cities where Technopolis operates. This is not expected to have any significant impact on the company's operations during 2012.

The decrease in office vacancy rates has stopped in the Helsinki metropolitan area, but gross rents have increased slightly. Increasing property maintenance costs have created pressure to increase rents. Outside prime locations, the competitive situation has not allowed rental growth in excess of index increases. The office vacancy rate in the Helsinki metropolitan area was 10.6%. In Oulu, vacancy rates were 6.5%, and demand for rental and purchase is focused on the downtown area where there is little space available. The situation for office space in fringe areas is unchanged, but vacancy rates may increase as a result of customers' downsizing. In Tampere, the vacancy rates of areas outside the city center and net market yields have slightly increased.

The net sales and EBITDA of operations in Finland developed favorably. Net sales amounted to EUR 47.3 (41.7) million and EBITDA to EUR 24.1 (21.1) million. Net sales increased by 13.4% and EBITDA by 14.2% compared to the first half of the previous year. In particular, investments in the healthcare and education segments generated growth. The financial occupancy rate in Finland was 93.9% (95.4%).

Russia

The Russian economy which is dependent on raw material exports has remained relative stable, and is expected to grow at a rate of approximately 4% in real terms this year. The St. Petersburg region is expected to outgrow this figure.

The Technopolis unit in St. Petersburg is in the Pulkovo area, close to the international airport. Office construction activity is high in the area, and 32% of on-going office investments in St. Petersburg are taking place there. Year-on-year occupancy rates for the St. Petersburg area have increased by two percentage points to 90.4% (88.4%), and rents have been increasing slightly.

In St. Petersburg, the net sales of the Technopolis Pulkovo Airport campus were EUR 2.4 (0.9) million and EBITDA was EUR 0.6 (-0.4) million. Rents increased markedly as the result of lease renegotiations held early in 2012. The financial occupancy rate was 99.4% at the end of the period, up from 97.1% in March. Pulkovo 1 was completed in June 2011.

Estonia

Estonia's gross domestic product is expected to increase by approximately 2% in real terms in 2012. The country's economy, which depends on export and retail, is burdened by the uncertain outlook of the global economy.

In Tallinn, where the Technopolis Ülemiste subsidiary is located, office occupancy rates for the city have stabilized at approximately 93%, but they are expected to decrease slightly in the future. In spite of the possible decrease in occupancy rates, rents are expected to remain stable. Construction costs have recently been on the rise due to the poor availability of labor.

The Net sales and EBITDA of Technopolis Ülemiste remained at a good level. Net sales were EUR 2.4 (2.3) million and EBITDA was EUR 1.4 (1.6) million. The decrease in EBITDA was mainly due to increased marketing expenses. The company renegotiated leases with some of its customers which led to the termination of some leases, and the occupancy rate decreased to 92.9% (93.7%) from last year. Occupancy has been rising again from the first quarter to the second quarter. The growth compared to the first quarter amounted to 2.7 percentage points. Technopolis Plc owns 51% of the Technopolis Ülemiste.

Financial Performance

The Group's net sales for the period under review were EUR 52.1 (45.0) million, an increase of 15.9%. Rental revenue accounted for 86.7% (86.7%) and service revenue for 13.3% (13.3%) of net sales. Like-for-like rental growth was 4.0% (3.5%), primarily due to index increases.

Breakdown of net sales and EBITDA by business type (EUR million, unless otherwise specified, figures excluding eliminations):

	4-6/2012	4-6/2011	1-6/2012	1-6/2011	1-12/2011
Space					
Net sales	22.9	19.8	45.2	39.1	80.7
EBITDA	15.5	13.5	29.4	25.1	52.9
EBITDA %	67.7	68.1	65.0	64.2	65.6
Services					
Net sales	3.7	3.0	6.9	5.9	12.1
EBITDA	0.4	0.6	0.6	1.1	2.0
EBITDA %	11.6	21.5	9.4	18.6	16.4

The EBITDA margin for the office rental business was on a par with the first half of the previous year. The EBITDA margin decreased to 9.4% (18.3%) in the service business. This was mainly due to a change in the allocation of operating expenses in internal accounting. Excluding the change EBITDA margin would have been 14.5%. The Group's EBITDA was EUR 25.9 (22.4) million, an increase of 15.4%. This was mainly due to an increase in the Group's rental space.

The Group's operating result totaled EUR 18.8 (37.0) million. The decrease in operating profit is mainly due to a decrease in the fair value of investment properties. Changes in fair value amounted to EUR -6.2 (15.5) million for the period.

The Group's net financial expenses totaled EUR 7.2 (3.8) million. EUR 1.7 million of unrealized interest swap income was recognized in the comprehensive statement of income for the comparison period 2011. As of May 1, 2011, the company has recorded interest rate swaps in accordance with the IAS 39 criteria for hedge accounting, in order to eliminate the effect of the changes in the fair value of derivative instruments on the Group's result and to reduce fluctuation in the fiscal results. Most of the Group's current interest rate swaps satisfy the criteria for hedge accounting. The Group's interest fixing period was 1.6 (1.5) years. The Group's result before taxes totaled EUR 11.6 million (EUR 33.2 million).

The Group's EPRA-based direct result EPRA increased by 6.0% to EUR 12.3 (11.6) million. The increase in direct result and net sales was due to an increase of 5.4% in the property portfolio and like-for-like rental growth of 4%. Direct result per share was EUR 0.19 (0.17).

Cash flow from operations per share totaled EUR 0.21 (0.23).

Customers and Lease Stock

The Group has a total of approximately 1,400 customers across a wide range of sectors. Service companies make up the company's largest customer segment, accounting for approximately 23% of the company's rentable space.

Lease stock of rentable	June 30,	March 31,	December 31,	September 30,	June 30,

space	2012	2012	2011	2011	2011
Notice period in months					
0-3	16.1	16.7	13.1	15.8	12
3-6	30.5	29.4	28.7	28.1	20.9
6-9	4.9	5.8	6.2	7.6	3.3
9-12	7.7	5.6	5.7	6.5	5.6
< 12 months, total	59.2	57.5	53.7	58.0	41.8
Average lease term in months	27	26	26	21	17
Lease stock, EUR million	239.7	215.6	215.4	149.3	141.8

The increase in the share of leases that could be terminated within the next 12 months is due to the expiry of certain long-term leases by the year-end 2012. The average lease period and lease stock have begun to increase. They will increase due to long fixed-term leases signed by the company with, for example, Savonia University of Applied Sciences and Estonian government's Foundation Innove.

Investment Properties

The fair value of the Group's investment properties totaled EUR 944.0 (789.9) million at the end of the period, of which completed investment properties accounted for EUR 902.6 (789.9) million and properties under construction for EUR 41.4 (50.4) million. Net market yields on investment properties and properties under construction are calculated by taking the average of the upper and lower ranges of net market yield, as reported by two independent appraisal agencies for each individual region. On June 30, 2012, the average net yield for Group properties was 8.0% (8.1%). Excluding Ruoholahti 2 which was commissioned in July the net market yield would have been 8.1%. The average ten-year financial occupancy rate used in fair value calculations was 94.9% (95.8%). The Group has set a higher target for the financial occupancy rates than this. Over the period 2002-2011, the Group's average occupancy rate was 96.2% (96.7%).

The Group's total rentable space at the end of the period was 604,200 (564,000) square meters, with 52,500 (47,200) square meters under construction. The Group's financial occupancy rate at the end of the period was 94.1% (93.6%). The financial occupancy rate depicts rental revenues from the properties as a percentage of the aggregate of the rents for occupied premises and the estimated market rent for vacant space. The lease stock held by the Group totaled EUR 239.7 (141.8) million at the end of the reporting period.

Geographically, the Group's property portfolio is diversified between the Oulu region, the Helsinki Metropolitan Area, Jyväskylä, Kuopio, Lappeenranta, Tampere, St. Petersburg, and Tallinn. Technopolis facilities are located next to good transport connections, primarily comprising university, airport, and downtown campuses.

Investment properties June 30, 2012		Fair value, EUR million	Net yield requirement, %	m2
Finland		786.3	7.8	491,300
	Oulu	224.9	8.5	192,900
	HMA	206.9	7.0	86,600
	Tampere	133.9	7.4	70,300
	Kuopio	94.5	8.3	57,500
	Jyväskylä	96.7	7.9	56,700
	Lappeenranta	29.4	8.8	27,300
Estonia	**Tallinn**	64.5	8.4	79,200
Russia	**St. Petersburg**	51.8	10.4	24,100
Completed investment properties	**Total**	**902.6**	**8.0**	**594,600**
Investment properties under construction	**Total 5 properties**	**41.4**	**6.9-10.1**	**52,500**

1)		
Investment properties completed and under construction, total	**944.0**	**647,100**
Other properties (holdings and rented)		9,600

1) Investment properties under construction have been appraised at fair value and recognized on the basis of their rate of completion as of the balance sheet date.

Major Investments and Development Projects

At the end of the period under review, Technopolis had office space under construction in the Helsinki Metropolitan Area, Tampere, Kuopio, and Jyväskylä in Finland as well as in Tallinn, Estonia and St. Petersburg, Russia. The projects are expanding existing centers.

Projects completed during 2012:

	Campus	Area	Occupancy rate %	m2	EUR million	Initial yield, %	Completed
Ruoholahti 2 1)	Downtown	HMA	59.6	9,000	27.7	6.3	06/2012
Innova 2	Downtown	Jyväskylä	100.0	9,200	20.1	8.1	03/2012
Hermia 15 B	University	Tampere	99.5	4,800	10.9	7.9	01/2012
Viestikatu 2B	University	Kuopio	83.0	3,400	5.0	9.6	01/2012

1) Occupancy rate 86.4% at the end of July.

Projects under construction on June 30, 2012:

	Campus type	Area	m2	EUR million	Pre-occupancy rate % 30.06.12	Initial yield %	Due for completion
Yliopistonrinne 2	Downtown	Tampere	7,900	22.5	55.4	6.7	10/2012
Viestikatu 7B	University	Kuopio	4,800	8.5	60.3	7.5	12/2012
Innova 4	Downtown	Jyväskylä	8,900	23.1	24.6	7.6	10/2013
Pulkovo 2	Airport	St. Petersburg	22,700	42.0	-	10.6	09/2013
Löötsa 8C	Airport	Tallinn	8,200	8.3	75.6	8.4	01/2013

Planned projects as of June 30, 2012:

	Campus type	Area	m2	EUR million	Due for completion
Viestikatu 7C	University	Kuopio	4,800	8.2	01/2013
Löötsa 8A	Airport	Tallinn	8,900	11.9	10/2013
Löötsa 8B	Airport	Tallinn	8,900	12.4	10/2013

Financing

The Group’s balance sheet was EUR 1,000.7 (891.6) million, of which liabilities totaled EUR 629.6 (569.7) million. The Group’s equity ratio was 37.3% (36.3%). The increase was mainly due to the rights issue with a net intake of EUR 31.8 million during the second quarter. At the end of the period, the Group’s net gearing was 147.7% (152.4%). The Group’s equity per share was EUR 4.71 (EUR 4.67).

At the end of the period, the Group’s interest-bearing liabilities amounted to EUR 555.1 million (EUR 502.2 million), and the average capital-weighted loan period was 8.8 years (9.2 years). The average interest rate on interest-bearing liabilities was 2.32% (2.83%) on June 30, 2012. Of interest-bearing liabilities, 65.2% (61.7%) were floating rate loans and 34.8% (38.3%) were fixed rate loans at the end of the period.

At the end of the reporting period, Technopolis had EUR 137.9 (58.1) million in untapped credit facilities and cash amounting to EUR 6.9 (11.6) million. The credit facilities contained a EUR 114.7 (45.0) million credit line and a EUR 23.2 (13.1) million revolving credit facility. Use of the available credit limit facilities requires collateral arrangements. In addition, the company has a EUR 120.0 (120.0) million commercial paper program, of which EUR 21.0 (10.0) million was issued at the end of the reporting period.

During the 12-month period following the period under review, EUR 82.0 (56.0) million in existing interest-bearing loans will mature.

The company's five largest creditors on June 30, 2012 were the European Investment Bank, OP-Pohjola Group, Sampo, Nordea and Handelsbanken. The total principal lent to the company by them was EUR 409.6 million.

Technopolis has prepared for a potential increase in interest rates by extending rate fixing periods using interest rate swaps. The Group's interest fixing period was 1.6 (1.5) years at the end of the period. A one percentage point change in market rates would cause a EUR 2.7 (2.3) million change in interest costs per annum. At the end of the reporting period, there were interest rate swaps covering EUR 162.0 (157.9) million of principal.

The Group's interest coverage ratio was 3.9 (4.0). The interest coverage ratio indicates the relation between EBITDA and accrual-based interest expenses.

The Group's loan-to-value ratio, that is, the ratio of interest-bearing liabilities to the fair value of investment properties and properties under construction, was 60.8% (59.3%). The Group had interest-bearing liabilities from credit institutions worth EUR 496.5 (502.2) million, of which EUR 371.4 (222.3) million include covenants related to the equity ratio, debt service ratio or loan-to-value.

The Group's equity ratio at the end of the reporting period was 37.3% (36.3%). Loans amounting to EUR 331.9 (181.8) million include covenants relating to the equity ratio. A decline in the equity ratio may lead to higher interest rate margins or premature repayment of these loans. Potential changes in the margins take effect in accordance with the contractual provisions of each loan. Of these loans, EUR 144.0 (40.8) million include a repayment covenant. The repayment covenant is breached if the equity ratio falls below 30%. With an equity ratio level of 33%-35% the equity ratio covenant impact on the Group's interest rate expenses is EUR 0.1 (0.1) million per annum. If the equity ratio falls below 33%, the impact on the Group's interest expenses will be EUR 0.4 (0.4) million per annum.

The covenant relating to interest coverage ratio and loan-to-value is included in the EUR 39.5 (40.5) million borrowings of Technopolis Ülemiste (Group share of ownership 51%). In terms of the aforementioned loan amount, the subsidiary's interest cover ratio must be at a minimum of 1.1 and its loan-to-value must not exceed 70%. If the covenants are breached, the lender may call in the loan. At the end of the reporting period, Technopolis Ülemiste's interest cover ratio was 1.9 (1.2) and loan-to-value was 50.6% (53.9%).

Bank guarantees amounting to EUR 171.0 million have been given as security for the EUR 165.7 million in loans granted by the European Investment Bank (EIB). Of the loans granted by the EIB, EUR 105.7 million has been covered with shorter bank guarantee agreements than the actual loan period. If the bank guarantees cannot be renewed, it will be necessary to rearrange the loans. EUR 10.0 million of the bank guarantees will expire by the end of 2013, and the plan is to extend them.

The financing of Technopolis Pulkovo has been arranged through the European Bank for Reconstruction and Development (EBRD) with a loan of EUR 56.3 (31.6) million and the parent company's investments in shareholders' equity.

Strategy and Financial Targets

In September 2011, the company's Board of Directors approved the company's financial targets for the period 2012-2016 as follows:

- increase in net sales and EBITDA by an annual average of 15%

- over EUR 50 million net sales outside Finland
- at least 6% return on capital employed annually
- equity ratio over 35% over the cycle
- the aim is to distribute 40%-50% of net profit excluding changes in fair value and their tax effects as dividends

The company aims to strengthen the contribution of the health and education sectors in its customer portfolio by investing in these segments and specific services employed by them. Technopolis aims to diversify its customer portfolio geographically and by sector.

As a part of its international growth targets Technopolis has been analyzing potential international investment targets in the Nordic and Baltic Sea region. The key criteria for potential acquisitions are the sufficient size and growth potential of the target, excellent locations in growth centers, a high-quality and flexible property portfolio, and positive cash flow. In addition, the acquisition must have a positive impact on earnings per share, and the customer base of the property must match the Technopolis concept. The company is also investigating opportunities to sell locations that are not suitable for its concept. All new Technopolis buildings and potential existing properties will apply for LEED environmental certification.

Evaluation of Operational Risks and Uncertainties

Technopolis' most significant business risks relate primarily to general economic development associated with financing and customers as well as international business risks.

The objective of interest rate risk management is to mitigate the negative impact of market rate fluctuations on the Group's earnings, financial position and cash flow. If necessary, the company uses forwards, interest rate swaps and interest rate options to hedge interest rate risks. The company's policy concerning interest rate risks also aims to diversify the interest rate risk of loan contracts over different loan periods based on the prevailing market situation and the interest rate forecast created by the company.

It is indicative of the structure of Technopolis' loan portfolio at the end of the period that a one percentage point change in the money market rates would change interest rate costs by EUR 2.7 million per annum.

Because of the interest rate risk associated with loans, a policy of diversifying interest bases has been pursued. Some 6.6% of interest-bearing liabilities were pegged to the under 3-month Euribor rate and 58.6% were pegged to the 3–12 month Euribor rate. Of the interest-bearing liabilities, 34.8% were fixed-rate loans with maturities of 13–60 months.

The objective of refinancing risk management is to ensure that the Group's loan portfolio is sufficiently diversified in regard to repayment schedules and financing instruments. The average capital-weighted outstanding loan period was 8.8 years. In order to manage financing risk, Technopolis draws upon the resources of a wide range of financers and a variety of financing instruments, and maintains a sufficient degree of solvency.

Uncertainty in the financial markets may adversely affect the availability of growth financing, refinancing and loan margins in the future. Also, the possible breakup of the Eurozone could result in considerable increases in financial expenses in the short term.

The differences between Russian, Estonian, and Finnish legislation and administrative procedures may create risks.

Changes in the exchange rates between the Russian ruble and the euro may have an effect on the company's financial performance and operations. Ruble-denominated transactions are recorded at the exchange rate of the transaction date. Any translation differences are entered in the comprehensive income statement under other operating expenses or finance income and expenses according to the type of transaction involved.

Customer risk management aims to minimize the negative impact of potential changes in the customers' financial position on the company's business and financial performance. The company estimates that its risks relating to electronics industry's restructurings in Finland concerns a maximum of 3% of the space leased to customers. Customer risk management focuses on having a profound understanding of the customer's business and active monitoring of customer information. Customer risks are diversified by acquiring customers from all sectors and the public sector. As part of client risk management, Technopolis leases include rental security arrangements.

The company's leases fall into two categories: fixed-term and open-ended. The company aims to apply both lease types depending on the market situation, the property in question, and the sector in which the internal customer operates.

Declining financial occupancy rates may reduce rental and service revenue and profit, and reduce the fair value of investment properties and thus, the equity ratio. The current lease structure allows customers to flexibly adjust the space they need as their business needs change. Although the flexibility of the lease structure may pose a risk to the Group, it is an essential element of Technopolis' service concept. The company has solid and long-term experience in this business model over a wide variety of economic cycles.

In new construction projects, Technopolis focuses on quality and the management of the property's entire life cycle. In the design phase, consideration is given to the property's maintenance and repair requirements in order to implement environmentally sustainable solutions for energy consumption, adaptability of premises, and recycling potential. When purchasing properties, Technopolis carries out standard property and environmental audits before committing to the transaction. All properties are covered by full value insurance.

Changes in market yields may have a significant impact on the company's financial performance through the fair value of investment properties. As the yields increase, the fair value of properties decreases. Conversely, as the yields decrease, the fair value of properties increases. Such changes either decrease or increase the Group's operating profit. Changes in market yields do not have any direct impact on the company's net sales, EBITDA or cash flow, but a negative change in the value of investment properties may reduce the company's equity ratio and, as a result of this, covenant terms of the leases may be affected. In that case, the change in value can have an impact on the cash flow and result for the period.

Organization and Personnel

The CEO of Technopolis Plc is Keith Silverang. Reijo Tauriainen, CFO, is the company's Deputy CEO.

The Group Management Team comprises Keith Silverang, Reijo Tauriainen, Marko Järvinen, Satu Eskelinen, Sami Juutinen, Kari Kokkonen, and Jukka Rauhala. The Technopolis line organization consists of three geographic units: Finland, Russia, and Estonia. The Group organization also has matrix functions for the Group's real estate development, services, and support functions.

During the period, the Group employed an average of 177 (146) people. Rental operations employed 97 (86) people and the service business 80 (60) people. At the end of the period under review, the Group's personnel totaled 180 (144). The increase in the number of personnel is mainly due to strengthening the central corporate functions and services.

Environment

The key objectives of the company's environmental strategy for 2011-2015 include reducing comparable energy consumption by 10%, water consumption by 8%, and carbon dioxide emissions by 20% compared to 2010. As part of this, the company has adopted quarterly reporting of allocated consumption. The initial quarterly comparison includes the Finnish units, and comparison is made to the previous year. Technopolis publishes an extensive environmental report once a year.

	1-6/2012	1-6/2011	% change
Energy consumption, kWh/gross m2	124.4	117.3	6.0
Water consumption, m3/person	3.1	2.5	24.0
Carbon dioxide emissions, CO2e kg/gross m2	14.7	42.0	-64.9

The reasons for the 6% increase in energy consumption include an increase in the number of users and the months of April and May being colder than during the comparison period. In addition, the shift of the company's customer base towards the health care and educational sector has increased the operational opening hours of the properties, the number of people working there and changed the nature of operations taking place in the properties. These reasons have also contributed to the increase in water and energy consumption. The significant decrease in carbon dioxide emissions is primarily due to the company adopting energy produced by renewable sources such as wind and water power as of January 1, 2012.

Group Structure

Technopolis Group comprises the parent company Technopolis Plc, whose subsidiaries have operations in Finland, Russia, and Estonia. The parent company has several subsidiaries and associates in Finland. Technopolis has established two companies in Russia, Technopolis Neudorf LLC and Technopolis St. Petersburg LLC, both wholly owned. The Estonian subsidiary Technopolis Baltic Holding OÜ (wholly owned) manages the holdings in Technopolis Ülemiste AS (51%). The more detailed group structure is presented in the company's annual report on page 84.

The utual real estate companies Innopoli 3 and Viestikatu 7 were established during the financial period.

Annual General Meeting 2012

The Annual General Meeting of Shareholders (AGM) of Technopolis Plc was held in Espoo on March 27, 2012.

Resolutions of the Annual General Meeting

The AGM 2012 adopted the Group and parent company's financial statements for the financial year 2011 and discharged the company's Board of Directors and CEO from liability. The AGM decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.20 per share. The dividend was paid to shareholders who were registered in the company shareholders register kept by Euroclear Finland Ltd on the record date of March 30, 2012. The dividend payment date was April 11, 2012.

Board of Directors and remuneration of the members of the Board of Directors

The number of members on the Board of Directors was confirmed at six. Carl-Johan Granvik, Matti Pennanen, Teija Andersen, Pertti Huuskonen, Pekka Korhonen, and Timo Ritakallio were elected members of the Board for a term of office expiring at the end of the next Annual General Meeting. Carl-Johan Granvik was elected Chairman of the Board of Directors and Matti Pennanen was elected Vice Chairman.

It was resolved to pay the members of the Board of Directors annual remuneration as follows: EUR 50,000 to the Chairman of the Board, EUR 30,000 to the Vice Chairman of the Board and EUR 25,000 to each of the other members of the Board. In addition, it was decided that for participation in meetings of the Board of Directors each member of the Board of Directors shall, in addition to the annual remuneration, be paid a fee of EUR 600 and the Chairman of the Board of Directors a fee of EUR 1,200 for each Board meeting and the chairmen of the committees a fee of EUR 800 and each member of the committees a fee of EUR 600 for each meeting of the committees, and that the travel expenses of the members of the Board of Directors and the members of the committees shall be compensated in accordance with the company's travel policy.

The AGM decided that the annual remuneration is paid on the condition that the Board member commits to using 50% of his or her annual remuneration to acquire Technopolis Plc shares on the market at the price determined in public trading. The shares are to be acquired within three weeks of the publication of the Interim Report for the period January 1–March 31, 2012. If the remuneration cannot be paid as shares in the company, it will be paid fully in cash. Board members are not allowed to transfer the shares obtained as annual remuneration before their membership in the Board has ended.

In the first organizational meeting of the Board of Directors following the AGM, the Board appointed an audit committee and a remuneration committee from among its number. The Audit Committee consists of Carl-Johan Granvik, chair, and Pertti Huuskonen and Pekka Korhonen. The remuneration committee consists of Timo Ritakallio, chair, and Teija Andersen and Matti Pennanen. The Board of Director's opinion is that all of the Board members, apart from Pertti Huuskonen, are independent of the company, and excluding Timo Ritakallio, of its major shareholders.

Auditor

KPMG Oy Ab, authorized public accountants, was elected as auditor of the company, with Mr. Ari Eskelinen, APA, as the Auditor-in-Charge.

Shareholders' Nominating Committee

The Annual General Meeting decided to form a shareholders' nominating committee to prepare proposals for the next Annual General Meeting on the composition and remuneration of the Board of Directors. The Nominating Committee is composed of three members representing the three largest shareholders, who may not be members of the Board of Directors of the company, and the Chairman of the Board of Directors as an expert member and secretary to the committee. The member appointed by the largest shareholder acts as Chairman of the Committee. The term of office of the Nominating Committee will continue until a new nomination committee is appointed, unless the general meeting resolves otherwise. The Nominating Committee prepares the aforementioned proposals also for extraordinary general meetings, if needed. A person who could not, according to the applicable Finnish Corporate Governance Code, be appointed to a nominations committee of the Board of Directors, cannot be appointed to the nominating committee. The shareholders' nominating committee will also fulfill the requirements of independence in relation to the company as set out in the Code.

Based on shareholding on October 1, 2011, members of the Nominating Committee are Risto Murto, Vice President of Varma Mutual Pension Insurance Company as the chairman, and Harri Sailas, President and CEO of Ilmarinen Mutual Pension Insurance Company and Timo Kenakkala, Deputy Mayor of the City of Oulu. In addition, Carl-Johan Granvik, Chairman of the Board of Directors of Technopolis Plc, acts as the Nominating Committee's expert member and secretary.

Board Authorizations

The AGM authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares as follows.

The amount of own shares to be repurchased and/or accepted as pledge shall not exceed 6,338,500 shares, which corresponds to approximately 10 per cent of all the shares in the company. Under the authorization, the company's own shares may only be purchased using unrestricted equity. The company's own shares may be purchased at a price set in public trading on the date of purchase or at a price otherwise determined on the market. The Board of Directors decides how own shares will be repurchased and/or accepted as a pledge. Own shares can be repurchased using, inter alia, derivatives. The company's own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The authorization is effective until the end of the next Annual General Meeting; however, no longer than until June 30, 2013.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and other special rights entitling holders to shares referred to in Chapter 10 Section 1 of the Limited Liability Companies Act as follows:

Pursuant to this authorization, the maximum number of shares to be issued will be 12,677,000, equaling approximately 20% of the company's shares. The Board of Directors decides on all the terms and conditions of the issuance of shares and of special rights entitling holders to shares. The issuance of shares and of special rights entitling holders to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The Board of Director's may decide on the company's share-based incentive schemes. However, no more than 350,000 shares may be issued on the basis of the authorization for the purpose of implementing incentive schemes decided upon by the General Meeting or the Board of Directors. The authorization is effective until the end of the next Annual General Meeting, however, no longer than until June 30, 2013, and it cancels the authorization given to the Board of Directors by the General Meeting on March 30, 2011 to decide on the issuance of shares as well as the issuance of other special rights entitling holders to shares.

Stock-Related Events and Disclosures of Changes in Holdings

The number of the company's shares is 75,555,227 shares. The shares are in a single series, and each share entitles the holder to one vote at the Annual General Meeting. The company's share capital is EUR 96,913,626.29. The number of shares in the company was 63,385,044 shares on March 31, 2012. The number of shares increased by 81,347 shares as the result of the Performance Share Plan without consideration to the key employees realized on April 26, 2012, and the number of shares increased with a further 12,088,836 new shares with the rights issue that ended on June 18, 2012. The dilution effect of these share issues totaled 19.2%. The share issues were implemented by virtue of a Board authorization of the Annual General Meeting of March 27, 2012.

On February 2, 2012, Ilmarinen Mutual Pension Insurance Company announced that its direct holding of Technopolis Plc's share capital and votes had increased above one tenth (10%) as a result of a share transaction carried out on February 2, 2012. After the transaction, the proportion of Technopolis Plc's share capital and votes controlled directly by Ilmarinen Mutual Pension Insurance Company is 6,372,725 shares and 10.05%, respectively.

According to information received on March 13, 2012 from BNP Paribas Investment Partners, the proportion of Technopolis Plc's shares and votes held by its funds had decreased below one tenth (10%) on October 20, 2010 and below one twentieth (5%) on January 17, 2012. The proportion of Technopolis Plc's shares and votes directly and indirectly controlled on March 9, 2012 by BNP Paribas Investment Partners and its funds was 2,653,086 shares and 4.19%, respectively. Indirect holdings were 70,717 shares, which represents 0.11% of shares and votes.

The subscription period for 2007C stock options decided upon by the Annual General Meeting of Technopolis Plc on March 22, 2005 commenced in accordance with the option program's terms and conditions on May 1, 2012 and Technopolis applied for entry of the 2007C stock options on the trading list of the NASDAQ OMX Helsinki exchange. The trading of 2007C stock options on the NASDAQ OMX Helsinki exchange commenced on May 2, 2012.

On April 26, 2012, the company's Board of Directors approved a directed share issue of 81,347 new shares in the company without consideration to key employees participating in the Performance Share Plan on the basis of the authorization granted by the Annual General Meeting held on March 27, 2012. A total of 18 people belonging to the management and personnel of the company received shares in the issue. The shares were registered with the Trade Register on April 30, 2012 and listed on the trading list of NASDAQ OMX Helsinki on May 2, 2012.

On May 15, 2012, the company's Board of Directors decided on a rights issue based on the authorization granted by the Annual General Meeting on March 27, 2012, and to issue a maximum of 12,088,836 new shares, representing approximately 19.05% of all shares in the company. The final result of the rights issue was published on June 18, 2012. All 12,088,836 new shares offered were subscribed in the share issue. A total of 11,874,720 shares were subscribed in the primary subscription, which is approximately 98.2% of the shares offered. 8,470,366 shares were subscribed in the secondary subscription, of which the subscription of 214,116 shares was approved. Thus, 168.3% of the shares offered were subscribed. The subscription price was EUR 2.70 per share, and the company raised approximately EUR 31.8 million with the share issue after expenses and fees. The shares were registered with the Trade Register on June 19, 2012. They were listed on the trading list of Nasdaq OMX Helsinki on June 20, 2012.

Board Authorizations

The Board of Directors has been authorized by the Annual General Meeting of 2012 to decide on the issuance of shares as well as the issuance of special rights entitling holders to shares referred to in the

Limited Liability Companies Act as well as on the repurchase and/or on the acceptance as pledge of the company's own shares.

Following the share issues conducted during the reporting period, the Board may decide on the issuance of a further 506,817 new shares, conveyance of treasury shares held by the company or issuance of option and other special rights. The company's Board of Directors has not exercised the authorization to repurchase and/or accept as pledge the company's own shares, and the company did not hold any treasury shares at the end of the reporting period.

Post-Fiscal Events

The company announced on July 2, 2012 that it will launch the expansion of the Viestikatu campus in Kuopio. Viestikatu 7C investment is estimated to cost approximately EUR 8.0 million. The expansion is associated with the January 1, 2012 announced Viestikatu 7B investment. Both properties are scheduled for completion in January 2013.

Technopolis Plc's subsidiary, Technopolis Ülemiste, signed on July 12, 2012 a five year lease extension with the Estonian State-owned entity Foundation Innove for 4,800 square meters.

Future Outlook

The Group's management estimates that net sales and EBITDA will grow 12%-15 % in 2012 from the previous year.

The Group's financial performance depends on the development of the overall business environment, customer operations, as well as the yield requirements from the financial markets and properties.

Espoo, August 16, 2012

TECHNOPOLIS PLC

Board of Directors

Additional information:
Keith Silverang
CEO
tel. +358 40 566 7785

APPENDICES:

The Interim Report and the presentation are available on the company's website at www.technopolis.fi. To request a hardcopy of the document, please call +358 46 712 000 /Technopolis info.

Technopolis offers a service for receiving reports and releases at the company's website at www.technopolis.fi. Individuals who sign up with the service will receive the company's bulletins electronically.

Tables

The accounting policies are the same as in the 2011 annual report. The formulas for calculating key indicators are available on company website. Earnings and balance sheet figures per share have been adjusted due to the executed share issue during the fiscal period.

Technopolis Group employs derivative instruments (mainly interest rate swaps) for hedging risks relating to market rate fluctuations. As of May 1, 2011, the Group implemented hedge accounting in accordance with IAS 39. Consequently, changes in the fair value of derivative instruments designated as effective hedges are recognized directly as comprehensive income in the consolidated financial statements.

Changes in the fair value of ineffective hedges are recognized immediately in the income statement. Most of the Group's current interest rate swaps meet the criteria for hedge accounting.

The interim report has been prepared in accordance with the IFRS recognition and valuation principles; the IAS 34 requirements have also been complied with.

The figures are unaudited.

Financial Reports

The accounting policies applied in the Financial Report and the formulas for calculating key indicators are the same as in the 2011 annual report.

Technopolis Group employs derivative instruments (mainly rate swaps) for hedging risks relating to market rate fluctuations. As of May 1, 2011, the Group has implemented hedge accounting in accordance with IAS 39. Consequently, changes in the fair value of derivative instruments designated as effective hedges are recognized directly as comprehensive income in the consolidated financial statements. Changes in the fair value of ineffective hedges are recognized immediately in the income statement. Most of the Group's current interest rate swaps meet the criteria for hedge accounting.

The financial report has been prepared in accordance with the IFRS recognition and valuation principles; the IAS 34 requirements have also been complied with.

The figures are unaudited.

Technopolis Group:

STATEMENT OF COMPREHENSIVE INCOME Currency unit: EUR million	4-6/ 2012	4-6/ 2011	1-6/ 2012	1-6/ 2011	1-12/ 2011
Net sales	26.68	22.77	52.11	44.98	92.83
Other operating income 1)	0.49	0.13	0.70	0.53	1.22
Other operating expenses	-13.51	-10.81	-26.92	-23.08	-46.52
Change in fair value of investment properties	-7.39	9.34	-6.18	15.47	26.28
Depreciation	-0.48	-0.45	-0.94	-0.88	-1.83
Operating profit/loss	5.79	20.98	18.76	37.03	71.99
Finance income and expenses	-5.74	-3.28	-7.19	-3.83	-11.98
Result before taxes	0.06	17.70	11.58	33.20	60.01
Current taxes	0.30	-4.14	-2.38	-8.12	-11.22
Net result for the period	0.36	13.55	9.20	25.08	48.80
Other comprehensive income items					
Translation difference	-1.22	-0.07	0.15	0.25	0.06
Available-for-sale financial assets	0.00	0.03	0.03	0.05	0.05
Derivatives	-1.52	-0.93	-2.46	-0.93	-4.39
Taxes related to other comprehensive income items	0.37	0.23	0.60	0.23	1.13
Other comprehensive income items after taxes for the period	-2.37	-0.74	-1.68	-0.40	-3.15
Comprehensive income for the period, total	-2.01	12.82	7.51	24.68	45.64
Distribution of profit for the period:					
To parent company shareholders	-0.36	13.41	8.15	24.58	46.70
To non-controlling shareholders	0.72	0.14	1.05	0.50	2.10
	0.36	13.55	9.20	25.08	48.80
Distribution of comprehensive income for the period:					
To parent company shareholders	-2.73	12.67	6.47	24.19	43.55

To non-controlling shareholders	0.72	0.14	1.05	0.50	2.10
	-2.01	12.82	7.51	24.68	45.64
Earnings per share based on result of flowing to parent company shareholders:					
Earnings/share, basic (EUR)	-0.01	0.20	0.13	0.37	0.70
Earnings/share, adjusted for dilutive effect (EUR)	-0.01	0.20	0.13	0.37	0.70

1) Other operating income consists of operating subsidies received for development services; an equal amount is recorded under operating expenses for development services.

STATEMENT OF FINANCIAL POSITION, ASSETS

Currency unit: EUR million	06/30/2012	06/30/2011	12/31/2011
Non-current assets			
Intangible assets	4.80	3.95	6.72
Tangible assets	14.58	10.72	12.02
Completed investment properties	902.62	789.94	843.78
Investment properties under construction	41.36	50.37	61.70
Investments	12.69	13.09	12.21
Deferred tax assets	2.58	2.64	2.57
Non-current assets	978.63	870.71	938.99
Current assets	22.10	20.92	23.89
Assets, total	1,000.73	891.63	962.88

STATEMENT OF FINANCIAL POSITION,
SHAREHOLDERS' EQUITY AND LIABILITIES

Currency unit: EUR million	06/30/2012	06/30/2011	12/31/2011
Shareholders’ equity			
Share capital	96.91	96.91	96.91
Premium fund	18.55	18.55	18.55
Other funds	111.41	84.35	81.10
Translation difference	-0.39	0.25	-0.64
Other shareholders’ equity	121.58	86.23	87.42
Retained earnings	8.15	24.58	46.70
Parent company’s shareholders’ interests	356.21	310.87	330.04
Non-controlling interests	14.96	11.04	13.13
Shareholders’ equity, total	371.18	321.91	343.17
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	473.11	446.26	468.84
Non-interest-bearing liabilities	0.70	1.18	1.04
Deferred tax liabilities	46.17	45.36	45.97
Non-current liabilities, total	519.98	492.80	515.85
Current liabilities			
Interest-bearing liabilities	81.97	55.98	78.87
Non-interest-bearing liabilities	27.61	20.95	24.99
Current liabilities, total	109.57	76.93	103.86
Liabilities, total	629.55	569.72	619.71
Shareholders’ equity and liabilities, total	1,000.73	891.63	962.88

STATEMENT OF CASH FLOWS Currency unit: EUR million	1-6/ 2012	1-6/ 2011	1-12/ 2011
Cash flows from operating activities			
Net result for the period	9.20	25.08	48.80
Adjustments:			
Change in fair value of investment properties	6.18	-15.47	-26.28
Depreciation	0.94	0.88	1.83
Share of profits of associates	0.00	-0.11	-0.03
Gains from disposals			0.03
Other adjustments for non-cash transactions	0.21	0.32	0.60
Financial income and expenses	7.19	3.94	12.01
Taxes	2.38	8.12	11.22
Increase / decrease in working capital	-2.31	0.70	-1.06
Increase / decrease in provisions	-0.16	0.13	0.16
Interests received	0.06	0.09	0.18
Dividends received	0.01	0.01	0.01
Interests paid and fees	-5.81	-4.41	-10.24
Other financial items in operating activities	-2.19	-1.01	-2.40
Taxes paid	-2.15	-2.79	-4.35
Net cash provided by operating activities	13.55	15.47	30.47
Cash flows from investing activities			
Investments in other securities		-0.01	-0.01
Investments in investment properties	-42.57	-41.31	-98.13
Investments in tangible and intangible assets	-1.77	-0.50	-4.36
Granted loans		-0.03	-0.08
Repayments of loan receivables	0.01	0.06	0.13
Proceeds from sale of investments	0.00		0.41
Proceeds from sale of tangible and intangible assets	0.00	0.05	0.16
Acquisition of subsidiaries	-0.66		
Acquisition of associates	-0.67		-0.72
Proceeds from sales of associates			0.87
Net cash used in investing activities	-45.66	-41.74	-101.74
Cash flows from financing activities			
Increase in long-term loans	45.00	62.90	113.32
Decrease in long-term loans	-35.22	-17.06	-36.83
Dividends paid	-12.67	-10.77	-10.77
Paid share issue	32.64		
Capital investment by the minority	0.78	0.29	0.78
Change in short-term loans	-3.92	-2.01	12.87
Net cash provided by financing activities	26.62	33.35	79.38
Net increase/decrease in cash assets	-5.49	7.08	8.10
Effects of exchange rate fluctuations on cash held	-0.15	-0.01	-0.08
Cash and cash equivalents at period-start	12.51	4.49	4.49
Cash and cash equivalents at period-end	6.87	11.56	12.51

STATEMENT OF CHANGES IN EQUITY

Currency unit: EUR million

Equity attributable to owners of the parent

	Share capital	Premium fund	Other funds	Translation difference	Retained earnings	Non-controlling shareholders	Shareholders' equity
Equity January 1, 2011	96.91	18.55	84.22		97.67	10.25	307.60
Comprehensive income							
Net profit for the period					24.58	0.50	25.08
Other comprehensive income items							
Translation difference				0.25			0.25
Available-for-sale financial assets			0.04				0.04
Comprehensive income for the period			0.04	0.25	24.58	0.50	25.37
Related party transactions							
Dividend					-10.78		-10.78
Other changes			0.09		-0.67	0.29	-0.29
Related party transactions			0.09		-11.45	0.29	-11.06
Equity June 30, 2011	96.91	18.55	84.35	0.25	110.81	11.04	321.91
Equity January 1, 2012	96.91	18.55	81.10	-0.64	134.12	13.13	343.17
Comprehensive income							
Net profit for the period					8.15	1.05	9.20
Other comprehensive income items							
Translation difference				0.15			0.15
Derivatives			-1.86				-1.86
Available-for-sale financial assets			0.03				0.03
Comprehensive income for the period			-1.83	0.15	8.15	1.05	7.51
Related party transactions							
Dividend					-12.68		-12.68
Share issue			32.15				32.15
Change in ownership interests in subsidiaries 2)					0.16		0.16
Other changes					0.07	0.78	0.86
Related party transactions			32.15		-12.44	0.78	20.49
Equity June 30, 2012	96.91	18.55	111.41	-0.49	129.83	14.96	371.18

2) Acquisition of non-controlling interests without change in control

Financial Information by Segment

Technopolis Group has three operating segments based on geographical units: Finland, Russia and Estonia. The segment division presented in this interim report is based on the Group's existing internal reporting procedures and the organization of the Group's operations. The Group's net sales or EBITDA do not include significant inter-segment items.

SEGMENT INFORMATION Currency unit: EUR million	4-6/ 2012	4-6/ 2011	1-6/ 2012	1-6/ 2011	1-12/ 2011
Net sales					
Finland	24.22	20.97	47.27	41.69	85.19
Russia	1.24	0.62	2.43	0.94	2.93
Estonia	1.21	1.17	2.39	2.33	4.67
Unallocated	0.01	0.01	0.01	0.02	0.04

Total	26.68	22.77	52.11	44.98	92.83
EBITDA					
Finland	12.76	11.03	24.11	21.11	44.82
Russia	0.28	0.19	0.60	-0.37	-0.23
Estonia	0.88	0.82	1.42	1.63	3.13
Unallocated	-0.26	0.03	-0.24	0.04	-0.18
Total	13.66	12.06	25.89	22.41	47.54
EBITDA					
Finland			874.96	772.07	840.19
Russia			74.26	56.06	62.52
Estonia			83.10	74.79	79.04
Eliminations			-31.59	-11.30	-18.87
Total			1,000.73	891.63	962.88

Direct and Indirect Result

Technopolis presents its official financial statements by applying the IFRS standards. The statement of comprehensive income includes a number of items unrelated to the company's actual business operations. Therefore, the company presents its direct result, which better reflects its real result.

The direct result presents the company's financial result for the period excluding the change in the fair value of investment properties, the change in the fair value of financial instruments and any non-recurring items, such as gains and losses on disposals. As the company had interest rate and currency swaps in 2011 that did not satisfy the IFRS criteria for hedge accounting, the changes in the fair value of these financial instruments are recognized in the statement of comprehensive income. Additionally, the statement of comprehensive income showing the direct result presents the related taxes and deferred tax assets and liabilities.

Items excluded from the direct result and their tax effects are presented in the statement of income showing the indirect result. Earnings per share have been calculated both from the direct and indirect results in accordance with the instructions issued by the European Public Real Estate Association EPRA. The direct and indirect result and the earnings per share calculated from them are consistent with the company's financial result and earnings per share for the period.

Technopolis Group

DIRECT RESULT Currency unit: EUR million	4-6/ 2012	4-6/ 2011	1-6/ 2012	1-6/ 2011	1-12/ 2011
Net sales	26.68	22.77	52.11	44.98	92.83
Other operating income	0.40	0.12	0.59	0.51	1.12
Other operating expenses	-13.51	-10.81	-26.92	-23.08	-46.49
Depreciation	-0.48	-0.45	-0.94	-0.88	-1.83
Operating profit/loss	13.09	11.63	24.84	21.53	45.64
Finance income and expenses, total	-5.74	-3.13	-7.19	-5.54	-13.68
Taxes for direct result items	7.35	8.50	17.66	15.99	31.95
Result before taxes	-1.83	-1.90	-4.28	-3.87	-5.23
Non-controlling interests	-0.72	-0.14	-1.05	-0.50	-2.10
Direct result for the period	4.80	6.45	12.33	11.63	24.62
INDIRECT RESULT					
Non-recurring items	0.09	0.01	0.11	0.03	0.07
Change in fair value of investment properties	-7.39	9.34	-6.18	15.47	26.28
Operating profit/loss	-7.29	9.35	-6.08	15.50	26.36
Change in fair value of financial instruments	0.00	-0.15	0.00	1.71	1.71
Result before taxes	-7.29	9.20	-6.08	17.20	28.06
Taxes for indirect result items	2.13	-2.24	1.90	-4.26	-5.99

Indirect result for the period	-5.16	6.95	-4.18	12.95	22.08
Result for the period to the parent company shareholders, total	-0.36	13.41	8.15	24.58	46.70
Earnings per share, diluted 3)					
From direct result	0.07	0.10	0.19	0.17	0.37
From indirect result	-0.08	0.10	-0.06	0.19	0.33
From net result for the period	-0.01	0.20	0.13	0.37	0.70

3) Earnings per share calculated according to EPRA's instructions.

CHANGE IN VALUE OF INVESTMENT PROPERTIES	4-6/ 2012	4-6/ 2011	1-6/ 2012	1-6/ 2011	1-12/ 2011
Change in fair value, Finland	-9.10	3.55	-10.10	10.83	15.45
Change in fair value, Russia	0.55	0.07	1.16	0.07	4.67
Change in fair value, Estonia	0.63	0.07	0.58	0.28	2.45
Change in fair value	-7.92	3.68	-8.36	11.18	22.57
Changes in acquisition costs of investment properties in financial year	-2.18	-0.75	-3.22	-1.03	-9.21
Changes in fair value of projects in progress	2.72	6.41	5.39	5.32	12.93
Effect on profit of change in value of investment properties	-7.39	9.34	-6.18	15.47	26.28

KEY INDICATORS	1-6/ 2012	1-6/ 2011	1-12/ 2011
Change in net sales, %	15.9	14.8	14.4
Operating profit/loss / net sales, %	36.0	82.3	77.5
Interest coverage ratio	3.9	4.0	3.7
Equity ratio, %	37.3	36.3	35.8
Loan to value, %	60.8	59.3	60.0
Group company personnel during the period, average	177	146	158
Gross expenditure on assets, EUR million	45.7	44.3	150.0
Net rental revenue of investment properties, % 4)	7.7	7.6	7.8
Financial occupancy rate, %	94.1	93.6	95.1
Earnings/share			
basic, EUR	0.13	0.37	0.70
diluted, EUR	0.13	0.37	0.70
Cash flows from operating activities/share, EUR	0.21	0.23	0.46
Equity/share, EUR	4.71	4.67	4.96
Average issue-adjusted number of shares			
basic	64,209,375	66,586,727	66,586,727
diluted	64,448,523	66,794,748	66,767,124

4) The figure does not include properties commissioned and acquired during the fiscal year.

CONTINGENT LIABILITIES

Currency unit: EUR million	06/30/2012	06/30/2011	12/31/2011
Pledges and guarantees on own debt			
Mortgages of properties	538.14	431.42	472.49
Book value of pledged securities	203.51	193.44	208.24
Other guarantee liabilities	56.83	61.13	60.87
Leasing liabilities, machinery and equipment	4.74	3.78	4.30
Project liabilities	0.18	0.33	0.18
Interest rate and currency swaps			
Nominal values	161.95	157.87	169.96
Fair values	-6.48	-0.59	-3.87

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