

Annual Review

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17

TECHNOPOLIS





## Technopolis Network

Technopolis is a shared workspace expert. We provide efficient and flexible offices, coworking spaces and everything that goes with them. Our services run from designing the workspace to reception, meeting solutions, restaurants and cleaning. We are obsessed with customer satisfaction and value creation. Our 17 campuses host 1,600 companies with 50,000 employees in six countries within the Nordic and Baltic Sea region. Technopolis Plc (TPS1V) is listed on Nasdaq Helsinki.



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Our annual reporting 2017 consists of four documents. In addition to this Annual Review, you can access the other documents by clicking the icons below.



Financial Statements



Sustainability Report



Corporate Governance Statement

- [Read more on Risk Management](#)
- [Read more on Board of Directors](#)
- [Read more on Group Management Team](#)

# Highlights in 2017

## March

- Technopolis received new LEED certifications in Tampere, Finland and Vilnius, Lithuania

## April

- Office property under construction and land plot acquired for EUR 32 million in Vilnius, Lithuania
- Technopolis first in Finland to launch LEED Volume Program

## May

- Sami Laine started as new CFO
- Organic expansion of EUR 15.1 million in Vantaa, Finland, announced

## June

- Revised strategy and new strategic and financial targets announced

## September

- Technopolis' sustainability recognized with GRESB Green Star and EPRA gold sBPR award

## November

- Divestiture of assets in Jyväskylä, Finland for EUR 104.5 million
- Olofsgård Invest Ab acquired a 15.48% stake in Technopolis Plc

## December

- Organic expansion of EUR 46 million in Tampere, Finland announced
- Technopolis acquired Ilmarinen's minority share in Fornebu campus, Oslo

## Key Figures

		2017	2016	Change, %
(IFRS)				
Net sales	EUR million	179.7	172.1	4.4
EBITDA	EUR million	97.1	93.1	4.3
Equity ratio	%	44.8	39.7	-
Loan-to-value (LTV)	%	50.1	58.2	-
(EPRA)				
EPRA earnings	EUR million	60.6	52.6	15.2
EPRA earnings / share	EUR	0.39	0.40	-4.4 <sup>3)</sup>
Return on equity	%	9.1	8.8	-
EPRA NAV / share	EUR	4.58	4.24	8.0
Dividend / share	EUR	0.09 <sup>2)</sup>	0.12	-
Equity repayment / share	EUR	0.08 <sup>2)</sup>	-	-

<sup>2)</sup> Board's proposal to the AGM.

<sup>3)</sup> Rights issue in the comparison period.

Net Sales, Group



EBITDA, Group<sup>1)</sup>



Fair Value of Investment Properties



<sup>1)</sup> Due to allocations of Group-level expenses and eliminations, the sum of EBITDA for real estate operations and services differs from Group EBITDA.

# CEO's Review

The year 2017 was a strong one for Technopolis. We had robust growth throughout the year.

A macroeconomic tail-wind gave the economy and the office market a welcome boost. Finland, in particular, showed robust economic performance. This was visible in rising occupancy rates supported by higher demand and a decline in market yields. All this had a positive impact on our financial performance.

Group net sales in 2017 increased by 4.4% from the previous year. This was achieved in an environment where rental growth has been fairly modest, especially in Finland. The main operational drivers behind this were service income growth and rising occupancy. Rental growth also had a positive effect on Group net sales. Our financial occupancy rate at the end of the year reached 96.1%, with the greatest improvement in Oulu, Finland.

At the year-end we had five organic growth projects in progress. These investments totaled nearly EUR 140 million. There are also a number of additional projects under design. These forthcoming campus extensions will enable us to continue providing customers with the flexibility they expect from the Technopolis concept.

Services are playing an increasingly important role in our business,

and they continue to grow steadily, with service income reaching EUR 25.4 million in 2017 and EBITDA of EUR 2.7 million. Services now represent 14.1% of the Group's net sales. Our best-performing units

show service penetration figures above 20%. The EBITDA margin for services was 10.5%.

Group EBITDA in 2017 increased by 4.3% from the previous year and reached EUR 97.1 million, a margin of 54.0%. EBITDA grew in line with sales, and the margin was unchanged compared to 2016. Yield compression was the primary driver behind positive fair value changes, which was a significant contributor on the operating profit level.

One of the highlights of the year was the finalization of our strategy review process in summer 2017. One of the cornerstones of the revised strategy is the expansion of our UMA Coworking Network. A new flagship UMA coworking space in Stockholm, Sweden is set to open in April 2018. UMAs will

provide Technopolis with a less capital intensive way to expand its operations with less risk, especially in low-yielding markets. Our intention is to expand the UMA footprint in the other major cities

“On many fronts, 2017 was a turning point for Technopolis.”

and hubs in the Nordic-Baltic Sea area.

On many fronts 2017 was a turning point for Technopolis. We launched our revised strategy and began executing it immediately and with passion. The entire company feels energized, which lays a strong foundation for the coming year.

I would like to take this opportunity to thank our staff for their hard work and dedication, our customers for their loyalty and our Board of Directors for their support.

**Keith Silverang**  
CEO



# Revised Strategy Focuses on Shareholder Value Creation

During the spring 2017, Technopolis carried out a comprehensive review of the Group strategy. The revised strategy, together with new strategic and financial targets, was announced at the beginning of June. The strategy period covers the years 2017–2020, and also sets the direction for the coming years.

In our view the key to success in the future office market is to master the shared workspace environment – to be able to effectively combine coworking, serviced office and a shared service platform into a

consistently world-class customer experience. Technopolis has the capabilities to do this. With an effective concept, sales and service organization, we are well positioned to succeed in this market.

In addition to increasing the profitability of the current real estate and service businesses, we will accelerate organic investments and, in total, expect to spend EUR 200–250 million on development projects over the 2017–2020 timeframe. We also plan to allocate approximately EUR 30 million to the development of the UMA coworking network during the next five years. Furthermore, we currently foresee a EUR 100–200 million spend on acquisitions during 2017–2020, but we will only

act if a compelling value creation opportunity presents itself.

## Accelerated Organic Investments

Technopolis has an extensive building right reserve of some 400,000 m<sup>2</sup>. All building rights are located in connection with existing campuses. This facilitates the timing and decision on when and where to initiate new projects, as the in-depth local knowledge of the market and demand is there. Furthermore, the needed infrastructure, connections and services are already in place. Investment decisions are normally made based on the prevailing market conditions and occupancy rate of the existing campuses. Pre-let requirements depend on location and market conditions.

Technopolis has been successful in its organic projects in the past: the average project gain for all organic projects between 2010 and 2016 is 18% at completion. The minimum target is 10%. The LEED environmental certification system is used as a tool to steer new construction in order to ensure cost and eco-efficiency of buildings.

## New Long-Term Financial Targets

		2017
EPRA EPS growth of 8-10% p.a.	%	-4.4 <sup>1)</sup>
EPRA ROE >8%	%	9.1
EPRA NAV per share growth of at least 5% p.a.	%	8.0
Equity ratio >35%	%	44.8

## New Dividend Policy: An Increasing Annual Dividend of 40-60% of EPRA Earnings

Dividend per share	EUR	0.09 <sup>2)</sup>
Equity repayment per share	EUR	0.08 <sup>2)</sup>
Share of EPRA earnings	%	44.0

<sup>1)</sup> Rights issue in the comparison period.

<sup>2)</sup> Board's proposal to the AGM.

## Megatrends Influence Technopolis' Business

### Shared economy

- > "Not owning" mentality
- > Scarcity of resources
- > Volatile business environment

### Urbanization

- > Centralization of campuses into growth centers
- > Locations with good connections
- > Efficiency of the use of space

### Climate change

- > Energy efficiency
- > Minimizing CO<sub>2</sub> emissions and other environmental impacts
- > Lifecycle thinking

### Digitalization

- > Virtual tools and working environments
- > Data-based services
- > Smart buildings
- > Machine learning and artificial intelligence



## Key Points of the Revised Strategy

- Further enhancement of the Technopolis concept
- Accelerated organic investments to expand current campuses
- Expansion and improved profitability of the service business
- Significant expansion of the UMA coworking network
- Exploiting selected accretive acquisition opportunities in the Nordic-Baltic Sea region
- Execution of the strategy and investments without share issues

At year-end 2017, the Company had four organic growth projects in progress and one approved and set to start in February. The total investment value of all the five projects was EUR 139.9 million, and the rentable area to be constructed 52,100 m<sup>2</sup>. Eight more projects are under design.

### Expansion and Improved Profitability of Service Business

Services are an integral part of the Technopolis concept. While the whole real estate industry is experiencing reduced demand for

traditional office space, customers increasingly want efficient, flexible, serviced space for their employees. Technopolis has recognized this trend for many years, and has refined its customer concept to align well with changing customer needs – high flexibility and efficiency combined with motivating environments that support attracting and retaining world-class employees.

Technopolis has, in recent years, focused on building a comprehensive service offering for its customers. This has been successful, and service revenue

## Organic Growth Projects in Progress

Area	Name	Pre-let rate, %	Rentable area, m <sup>2</sup>	Total investment, EURm	Stabilized yield, % <sup>1)</sup>	Completion
Helsinki	Ruoholahti 3	41.8	10,300	33.2	7.0	07/2018
Tallinn	Lõõtsa 12	72.4	9,700	13.6	9.0	07/2018
Vilnius <sup>2)</sup>	Penta	91.5	13,800	32.0 <sup>2)</sup>	8.4	10/2017
Vantaa	Aviapolis Bldg H	0.0	5,100	15.1	8.0	11/2018
<b>TOTAL in Progress</b>			<b>38,900</b>	<b>93.9</b>		
Tampere	City Center	39.4	13,200	46.0	7.5	10/2019
<b>Total in Progress and Approved</b>			<b>52,100</b>	<b>139.9</b>		

<sup>1)</sup> Stabilized yield = estimated net operating income / cost

<sup>2)</sup> Total investment including also the neighboring land plot with an expansion potential of at least 20,000 m<sup>2</sup>.

reached EUR 25.4 million in 2017. Service revenues now comprise 14.1% of the Group's total sales, and more than 20% in the best performing campuses.

In the coming years, we are aiming to increase the share of service revenues to above 20% on all campuses, on average. We will also increasingly focus on the profitability of the service business, targeting an EBITDA margin of at least 20% by 2020.

→ [Read more about services on page 13.](#)

### Expansion of UMA Coworking Network

We believe there is significant potential in the coworking field that Technopolis is well positioned to capture. Technopolis has started to expand its UMA coworking network, which is significantly less capital-intensive than real estate expansion. We believe we have the potential to establish and successfully operate numerous UMA workspaces, both domestically and internationally, in the coming years. The plan is to allocate approximately EUR 30 million to developing the coworking network during the next five years.

UMA Esplanadi, our first flagship UMA coworking workspace in Helsinki, celebrated its first anniversary in April 2017. This space has already been expanded once due to strong customer demand. It has been a success, as demonstrated by increasing customer numbers and growth

in the Nordic–Baltic Sea region suitable for the Technopolis concept. Our key criteria for acquisitions are finding suitable campuses in locations with significant demand for efficient, flexible, serviced office space, and strong potential for added value via the Technopolis concept.

## 2020: A world-class shared workspace provider.

both in occupancy and revenues. In October, we signed a lease on a 2,350 m<sup>2</sup> space in downtown Stockholm and announced plans to open a new coworking space there. UMA Kungsbron will open in April 2018, and it will be Technopolis' first office space in Stockholm. It is located next to the Cityterminal and the Arlanda Express station in the city center.

→ [Read more about the UMA Coworking network on page 15.](#)

### Exploiting Selective Acquisition Opportunities and Divestitures

The company will continue to evaluate acquisition opportunities

Technopolis will also evaluate divestiture opportunities for some of its sites, based on the competitiveness, future prospects and value creation potential of individual campuses and sites. In November, we divested our Jyväskylä operations for EUR 104.5 million. Together with the earlier divestiture of the Viveca campus in Jyväskylä in September, Technopolis no longer has assets or operations in the Jyväskylä region.



# The Technopolis Concept is Proven, and it is the Way We Want Go Forward

The Technopolis concept combines shared and private workspaces with hands-on customer experience management in a scalable format.

We combine highly efficient and flexible space solutions with high-quality services to provide our customers standardized superior workspace experience. The services can be scaled according to customer needs, making it possible for customers to free up their own resources and concentrate on their core business.

The Technopolis slogan – “More than Squares” – underlines our identity as a service company and the concept with which we generate added value. It also reflects the sense of community within Technopolis.

Our aim is to achieve low vacancy, premium rental rates, increasing service revenue and high customer satisfaction. During our strategy review process in the first half of 2017, we tested the entire concept, and came out with solid proof that it works, and enhances shareholder value.

## Shared Workspace

We want to be a world-class shared workspace provider by 2020! In our concept, a shared workspace translates into shared offices, shared service infrastructure, and other shared office areas, like cafés and conference rooms. The shared economy is the new normal, which first started with e.g. music and video streaming, peer-to-peer accommodation, lending, car rental and online staffing. The same trend of “not owning” applies to offices as well, and Technopolis has been an ambassador of this approach since its inception. The very idea of people sharing the same space comfortably, efficiently and sustainably goes to the heart of our sustainable thinking.

## A Scalable Concept

The Technopolis concept is fully scalable. Our scalability stems first from campus design, then goes further to floor planning

## The Technopolis Concept



and to the office concept, and lastly, we finalize it by giving the spaces a common look and feel. Furthermore, scalability extends throughout our business model,

## Less square meters – more earnings.

as we operate our campuses like a centralized chain, from development to sales, procurement and service deployment.

### Customer Experience Management

Hands-on customer experience management is the beating heart of our business. We have some 50 account managers in-house, whose job it is to take care of our customers. All our clients have only a single contact person for any service or any other request they may have.

→ [Read more about customer experience management on page 16.](#)

### Low Vacancy

Technopolis has been able to sustain low vacancy in its properties over a variety of economic cycles. We think this is one of the factors that proves that our concept works. In all of our business units at the end of 2017, the vacancies were

lower than in the local markets, on average. The vacancy rate at the Group level was 3.9%. The ten-year average vacancy rate is 5.8%.

### Premium Rental Rates

One of the key fundamentals of the Technopolis concept is to offer our customers fewer square meters per person and more flexibility. Therefore, in addition to rent, the customers pay for the services they use, as well as a maintenance fee that includes electricity, heating and water expenses.

Almost 90% of our leases are tied to country-specific consumer price indices, and rents are primarily increased once a year. The maintenance fee is also adjusted in correlation with cost changes once a year.

### High Customer Satisfaction

Technopolis' customers are happy customers. We measure customer satisfaction on several different fronts, but in terms of the annually measured NPS (Net Promoter Score), Technopolis is clearly above relevant reported business-to-business industry averages. At the end of 2017, Technopolis' NPS, on average, was 38. Decision makers normally rate Technopolis slightly higher than the practical contact persons in our customers' organizations. Workspaces are increasingly a competitive advantage to attract the best talent.



# Rental Operations

Approximately 50,000 people and 1,600 companies and institutions operate in our campuses. We have flexible workspaces that are just as suitable for small companies with only a few employees as they are for major corporations with thousands of employees.



Number of Campuses

17

Rentable Area, m<sup>2</sup>

701,900



Financial Occupancy Rate, %

96.1

Average Age of Properties

14  
years

## Trust Between Partners Makes a Great Office

According to Christian Ullrich, Senior Facilities Manager at [HERE Technologies](#), investing in the work environment and all its details is one of the most important factors in attracting the best talent to the company. Ullrich is in charge of 88 offices, one of which is located in Technopolis Yliopistorinne in Tampere.

When you move an office to a new location, you need local people you can trust to ensure everything runs smoothly. "For us, it was also the small things that distinguished Technopolis from its competitors. Being able to use the gym, to book an additional meeting room, and knowing that there's someone to turn to if the copying machine runs out of paper. These may not sound like big things, but they affect people's lives every single day."

The office warming party of HERE Technologies was held in late summer 2017. According to the survey carried out by the company, the employee satisfaction with regard to the work environment, after the move to Technopolis premises, increased over 10%.

→ [Read the full story on our web-pages.](#)

Technopolis focuses on shared workspaces: a multi-user environment is a single property or campus used by several customers. Flexibility means that the size and the purpose of the space are easily adaptable. This is a key part of our concept.

Technopolis offers its customers eco-efficient, healthy, and resilient spaces. We aim to mitigate our

In 2017, our rental income was EUR 154.3 million, and the EBITDA of rental operations was EUR 102.7 million, representing an EBITDA margin of 66.5%.

According to our revised strategy, we will pursue growth mainly organically by expanding our existing campuses, and through service expansion, but also through acquisitions. At the end of 2017,

Great work environments  
are built to satisfy  
the real needs of people, not trends.

environmental impact while improving cost efficiency. E.g. LEED certificates are used as the tool for managing the sustainability of our buildings.

Technopolis campuses are located in growth centers. We often build our campuses around one or two anchor customers, i.e. large companies or public sector players. Agile SMEs then have an important role as engines of growth.

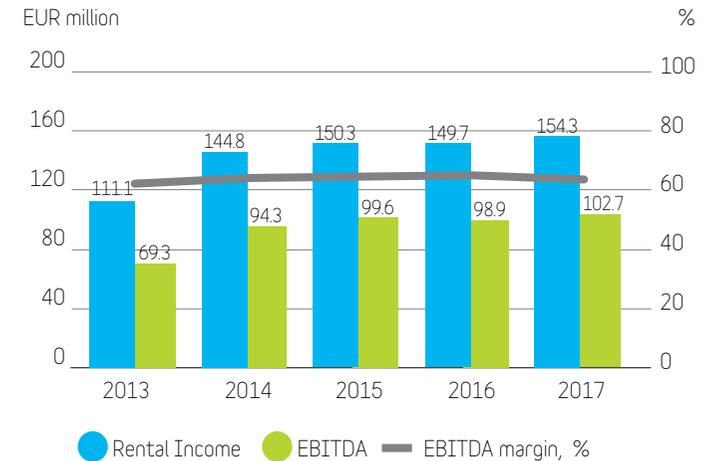
We want to offer a consistent, instantly identifiable, and attractive Technopolis experience to everyone working in and visiting our campuses. In order to scale up our business concept, Technopolis is seeking international expansion in the Nordic-Baltic Sea region.

we had organic expansion projects in progress in four different cities located in three countries, and one approved set to start in February 2018.

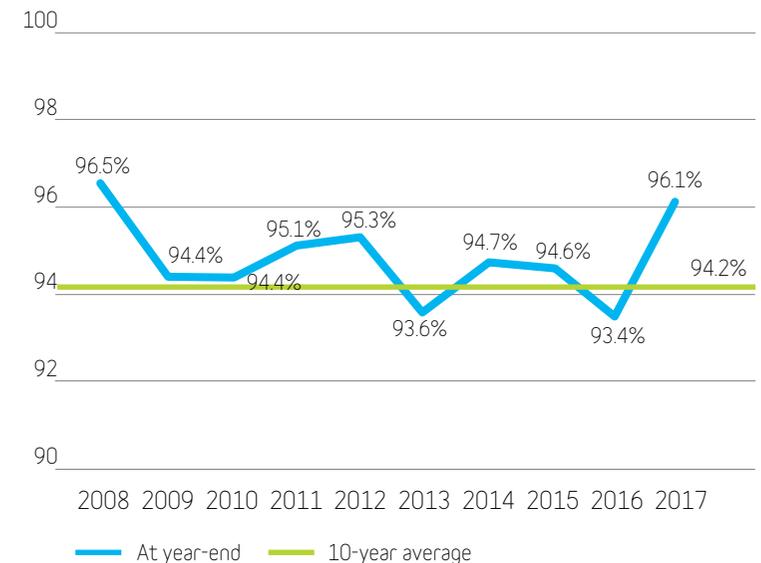
In 2017, we divested our Jyväskylä operations and we will also continue to divest selected, older, non-core properties, primarily in the Finnish market.

→ [Read more on our campuses on our webpages.](#)

## Rental Income and EBITDA of Rental Operations



## Financial Occupancy Rate 2008-2017, %



# Services – an Integral Part of the Technopolis Concept

Our customers' needs are the drivers behind Technopolis Services. As the square meters per person go down, the need for services increases.

The goal of service deployment and delivery is to enable our customers to get the efficiency and flexibility they need, while increasing customer satisfaction and helping customers' business to grow. Our aim is to continuously outstrip customer expectations.

The Technopolis concept combines high-quality space with various services to provide customers an instantly recognizable, high-

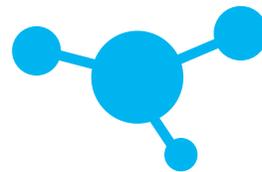
quality Technopolis experience. To complement efficient and flexible workspace, we offer a variety of different services. As a result, our customers only pay for what they really need. It is the cost per person – not the euros per square meter – that counts.

We have been building and refining our service offering for many years, and now we believe we have a good mix of services that our customers



14.1%

Service Income's Share  
of Group Net Sales



Service Income Growth  
+13.2%



Distribution of Service  
Income in 2017

- Cleaning 29%
- Conference 23%
- Reception 22%
- Other 26%

really value and are willing to pay for. Our most important service areas are:

- Meeting Rooms & Catering
- Cleaning & Maintenance
- Reception
- Workplace Solutions
- ICT
- Community & Wellbeing

The aim of this service palette is to enable customers to focus energy on their core business operations.

As customers embrace the shared workspace philosophy and we get more traction, both the sales and profitability of services has

increased from the previous year. In 2017, our service income was EUR 25.4 million, and the service EBITDA was EUR 2.7 million,

## Less square meters – more services.

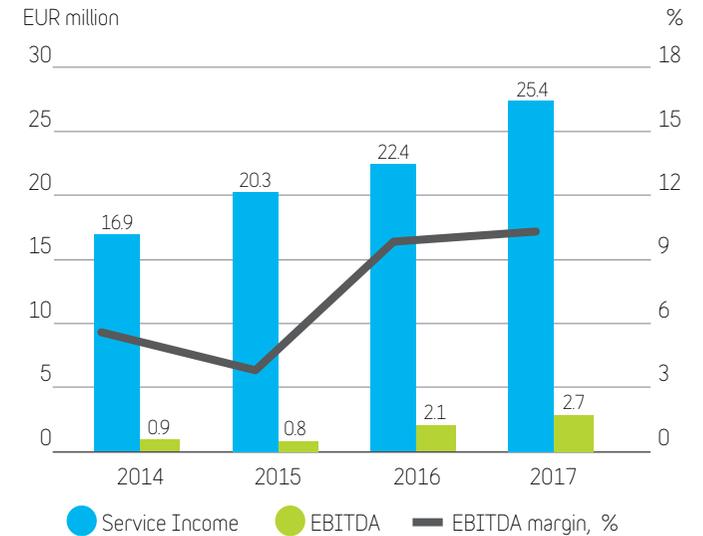
representing an EBITDA margin of 10.5%. Service penetration (i.e. service income's share of Group net sales) was 14.1%. Our target is to reach 20% by the year 2020.

Technopolis promotes a sense of community on its campuses by arranging a wide variety of

networking events. We encourage customer companies to utilize each other's services, and also provide our customers visibility within the

campuses. In 2017, we organized a total of 190 networking events on our campuses. For us, it is a key priority to create and to maintain the feeling of Technopolis as a community.

## Service Income and EBITDA of Services



## How Can We Grow Services and Increase Profitability?

One of the main drivers behind service income is the low vacancy rates in our premises. We have now refined our service palette and can continue to build up and harmonize the service offering in line with the most in-demand and profitable services. As our service business grows, we are also in a position to increasingly leverage our purchasing power. For example, in 2017, we made a deal for cleaning services that covers both Finland and Norway with only

one service provider. This kind of deal simplifies our internal processes and brings scale benefits through both cost and quality.

As our existing campuses grow organically, the service income grows along with them. In addition, in our new buildings, we can also leverage the existing service platforms and personnel, which will further increase the efficiencies of our service operations.



# UMA Coworking Network

UMA Workspace is Technopolis' network of coworking spaces. UMA offers efficient and flexible workspace for companies of all sizes. They range from large and medium size businesses to small enterprises and self-employed people.

Modern work no longer revolves purely around fixed premises and locations. Coworking is a flexible way to work in a space shared by people from companies of all sizes and fields. UMA offers a five-star shared workspace experience in central business district (CBD) locations, where customers can work efficiently and flexibly, either in the privacy of their own serviced offices, or as part of the UMA open working community or combinations of both.

Although UMA is an excellent solution for all workspace users our core segment is mature corporate users. An UMA membership can also complement our customers' other workspaces. For example, a customer may have its main office in Oulu, but they use hot desks and meeting rooms at UMA in Helsinki and Stockholm when traveling.

In our revised strategy, we allocated EUR 30 million for the development of the UMA Coworking Network over the next five years. At present, in addition to our 11 on-campus

UMA lounges, we have one flagship UMA in downtown Helsinki, and another one opening in downtown Stockholm in April 2018. For the expansion, we are looking at all of the major business hubs within the

UMA is  
Technopolis in  
miniature.

Nordic-Baltic Sea region. We are aiming to open 20 UMAs by the end of 2020. In the largest cities, like Stockholm, there could be several UMAs.

The UMA Coworking Network has the potential to provide healthy revenue streams and margins once sufficient scale is achieved. The shared workspace market is growing rapidly. UMA offers Technopolis a less capital-intensive means to grow, and it will allow us to enter low-yield CBD locations without necessarily needing to tie up equity in acquisitions.

We do not need to own UMA premises, instead we typically lease them for up to five years at a time, often with options to extend. We target 2,000 square meter spaces optimally, and the classic UMA layout consists of approximately 50% private offices and 25% hot desks, with the rest being allocated for other common areas, like meeting rooms, lounge areas and a café. In the future, our new UMA app will make it possible to get totally new revenues from third parties in the form of revenue sharing.

→ [Read more on our webpages.](#)



# Customer Experience Management is in Our DNA

Technopolis is a customer-centric company: It is in our DNA, it is in our values. Customer-centricity is what makes us different.

We believe that the only way to improve the customer experience is to consistently measure it in all relevant encounters. By measuring, we know – rather than assume – what our customers really need and want. Then we can learn

customer experience directly from the first contact through the entire lifetime of the relationship. Every contact is meticulously recorded in one of the most advanced CRM systems in our field. We have, all in all, around 50 account managers

Customer experience management is the beating heart of our business.

and act, striving to continuously improve and outstrip expectations.

## Why Do We Do It?

Without hands-on customer experience management, the Technopolis concept and operating model would not work: the concept requires constant juggling between flexibility, efficiency and service provisioning, to deliver the optimal mix of each of these to every customer. We manage the

who look after our customers, and every customer has only one contact person, no matter what the request or need is. All leads, prospects, deals, cases won and cases lost are reviewed in every unit on a weekly basis. The same rigorous approach applies to service management. We monitor every complaint from its registration to its resolution, and we link customer satisfaction strongly to employee performance bonuses, as well as supplier performance

rewards. All of this is designed to build Technopolis and its partners' ability to learn, remember and continuously improve.

At the end of the day we do this to attract new customers and keep the old ones. Happy customers are loyal, and that translates into lower vacancy, higher rents and more cash flow per square meter over the cycle.

## How Do We Measure It?

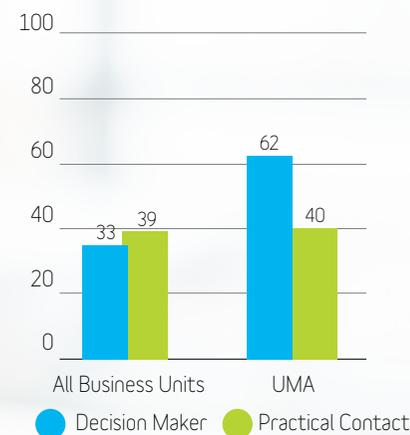
We have carefully studied our customer journey, and we

measure customer satisfaction at all critical touchpoints along this path. Overall customer satisfaction, on a scale of one to five, has been above four for three years in a row, reaching 4.13 in 2017. Our customers are also very loyal to us according to NPS (Net Promoter Score), which was as high as 38 in 2017.

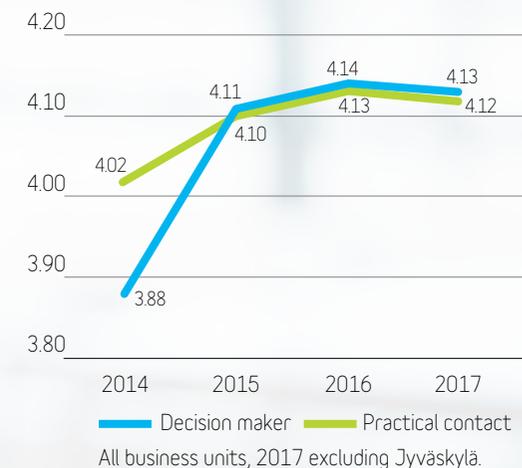
What particularly stood out in the survey this year was that our customers feel that it is easy to cooperate with Technopolis. We measure customer satisfaction

on several different levels and use several channels. We follow customer satisfaction through real-time dashboards, and notifications are sent to relevant persons if something alarming comes up.

Net Promoter Scores in 2017



Customer Satisfaction





## Our Customers and Leases

We have come a long way from when Nokia and Microsoft represented over 60% of our Group net sales. Nowadays, we have a well-diversified customer base. Altogether, we have around 1,600 customers. IT services is the largest segment, measured by the number of customers, followed by wholesales. The five largest customer industry sectors represent 43% of our clients, and the remaining 57% is divided between some 70 different sectors. The average space rented is around 400 m<sup>2</sup> per customer.

At the end of 2017, we had 3,248 lease agreements in total, and even though our lease stock is relatively short (the average lease term is 34 months), the existing customer relationships have lasted much longer. The average duration of existing customer relationships weighted by contract value is nearly nine years in Finland, reaching over ten in Oulu. In other locations, the relationships are shorter, but this is due to the fact that the campuses have been owned by Technopolis for a shorter period of time.



# Sustainability Approach

Sustainability is incorporated into Technopolis' corporate strategy and DNA – in a nutshell, our strategy is to create a sustainable competitive advantage by selling less space per person, but more efficiency, flexibility and services to customers. For us, sustainability is a day-to-day activity that is reflected in eco-efficient premises, motivated employees, services that support success, and a sense of community.

We aim to focus our efforts on those items that are most relevant to us, and to convey the message in a framework that is easy to grasp for internal and external stakeholders, in order to better steer and motivate actions.

This strategic approach takes into account the long-term perspective, the megatrends in our sector, and the customer experience philosophy that is at the heart of

our operations. We sustain our competitiveness over the long term by adapting to relevant social and environmental demands and the requirements of the community.

Driven by changes in work and growing demands from stakeholders, we cooperate with our customers and partners to find meaningful measures to support their success, workspace well-being, and productivity. With

this approach, we aim to enhance our own and our customers' competitive advantage through sustainability.

## Focus Areas

Technopolis categorizes the impacts and measures of its Corporate Sustainability under three themes. The aim is to continuously develop the issues related to these themes.

*Shared Workspace – Communities that support success, well-being and productivity*

Technopolis offers smart business environments focused on offering quality workspaces, versatile services and an inspiring community, that make the customer's business more flexible and efficient. This way, Technopolis contributes to the profitable long-term growth of its business and the community.

Energy Consumption:

**-1.7%**

Change 2016-2017

Amount of Green  
Electricity:

**85 GWh**  
in 2017



**Sustainable Efficiency** – *Eco-efficient, healthy and resilient spaces*

Technopolis offers its customers eco-efficient, healthy, and resilient spaces and services, by which it enhances its competitive advantage within the industry.

**Skills and Integrity** – *Motivated and competent people with integrity*

An inspiring and positive corporate culture and purposeful work are at the center of Technopolis' talent engagement. Strong core values and ethics lay the foundation for the company's responsible business practices and ensure compliance with its Code of Conduct, robust corporate governance, risk management, and responsibility for the well-being and satisfaction of personnel. By operating ethically, Technopolis ensures transparent value creation for stakeholders in the long term.

The focus areas – Shared Workspaces, Sustainable Efficiency, and Skills and Integrity – all include a set of targets and actions designed to guide the work. There is more information about these available in our [Sustainability Report](#).

**Sustainability Highlights and Main Efforts of the Year**

One of the highlights of the year was that we were first in Finland to launch and complete the LEED Volume Program for Existing Buildings. The program enables cost-effective environmental certification of multiple buildings and spreads sustainability best practices across the real estate portfolio. The prototype received a Platinum precertification level, the highest level possible.

We also took steps to find new ways to develop customer well-being and productivity, including feasibility studies of WELL certification and similar frameworks. In 2017, we did not carry out any certification processes in this area, but we developed our workspace solution services to better match the trend. In 2018, we will continue our work to find meaningful measures to improve customer wellbeing and productivity.

During the year, as a thorough strategy review process was carried out, we were able to hire new people for key positions as we resourced for this strategic growth. In 2018, we will continue to seek the best people to support our growth path. When hiring new employees, we pay extra attention to finding

people who share our values and are committed to working towards our strategic goals.

**New target setting**

During 2017, we updated our energy, water, and carbon targets to match recent updates to regulations, our ambition level, and portfolio performance. The new targets are presented in our [Sustainability Report 2017](#).

**External Recognition**

We participated in the GRESB (Global Real Estate Sustainability Benchmark) survey for the fourth year in a row, and were again awarded prestigious Green Star status. We also received the EPRA gold sBPR award, acknowledgment of our sustainability data disclosure. In addition, we participated in the CDP questionnaire for the first time and received a rating of B.

More information about our sustainability performance can be found in our [Sustainability Report 2017](#).

More information about our board and Corporate Governance is available in our [Corporate Governance Statement](#).

**Our Values: Drive, Service, Integrity**





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# TECHNOPOLIS

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