TECHNOPOLIS PLC   INTERIM REPORT   JULY 17, 2009 at 11.55 a.m.

TECHNOPOLIS GROUP INTERIM REPORT JANUARY 1 – JUNE 30, 2009

Highlights for the period 1 – 6/2009 compared with 2008
- Net sales reached EUR 38.2 million (EUR 34.9 million), an increase of 9.4 %
- EBITDA rose 10.1 % to EUR 19.7 million (EUR 17.9 million)
- The direct result rose 38.6 % to EUR 10.1 million (EUR 7.3 million)
- The operating loss was EUR 9.1 million (operating profit EUR 15.5 million), mainly due to a fall of EUR 28.6 million (EUR -1.7 million) in the fair value of investment properties and properties under construction
- The loss before taxes was EUR 15.4 million (profit before taxes EUR 8.7 million) including EUR -28.6 million (EUR -1.7 million) from the fair value of investment properties and properties under construction
- Diluted earnings per share EUR -0.20 (EUR 0.14)
- The Group's financial occupancy rate was 94.2 % (96.6 %)
- The Group's equity ratio was 37.8 % (40.8 %)

Keith Silverang, President and CEO:

Despite the continued downward trend in the global economy, Technopolis' operations performed reasonably during the reporting period. The crisis in the real economy has begun to show in the operations of our clients, as a result of which lease terminations have increased, some clients have requested negotiations in order to reduce space, and price competition has intensified. While the financial occupancy rate has fallen, it remained on a reasonable level, and the Group's net sales and EBITDA improved on 2008.

The above-mentioned developments have had an unfavorable impact on the company's net sales during the reporting period. However, cost-cutting measures launched in 2008 have helped the company protect its profitability, which is reflected in the improvement of its direct result and EBITDA.

The occupancy rates of the premises under construction in Finland are high, and the first binding pre-lease has been signed in St. Petersburg for the Technopolis Pulkovo technology center.

Market yield requirements have increased, which has led to a reduction in the fair value of investment properties and properties under construction.

So far Technopolis has fared reasonably well in the face of the financial crisis. With its current credit facilities of EUR 208.8 million, the Group can meet the funding needs of its normal business operations and approved investments. Despite the increase in loan spreads, the Group's interest expenditure has fallen below the expected level because of the general decline in interest rates.

Business Conditions in Finland and St. Petersburg

The economic crisis already has made itself felt through the increased difficulty in acquiring debt financing for property deals and in higher loan spreads. The problems of the real economy will, however, have a delayed impact on the property market. But it is to be expected that the downward trend in the financial situation of tenant companies will cause an increase in vacancy rates, and rents may come down slightly in 2009 (Source: Catella March 31, 2009).

As the problems of the real economy begin to show up in corporate financials, the rental market, which performed relatively well in 2008, can expect changes (Catella March 31, 2009). During the second quarter, tenants have, in certain areas, requested mid-term rent reductions, pointing to the weakness of the economy. The vacancy rates of operating premises, particularly offices, are expected to rise. With increasing supply, the upward trend in rents will come to a halt and may turn downward, at least partly (Source: Catella June 30, 2009).

There has been a significant fall in property investments on the St. Petersburg property market since the third quarter of 2008. Very few deals have been closed or deals have been postponed. Some increase in activity is forecast for the second and third quarters in 2009. Occupancy rates will go down in office centers as new commercial centers are completed and as companies vacate premises to optimize their rental expenses in existing premises (Source: Colliers 2009).

The deterioration of the global economic environment can be seen in changes in the demand for operating environments among clients in Technopolis' operating sectors. In accordance with its concept, Technopolis offers suitable and flexible operating environment solutions even in times of recession. As expected, the Group's financial occupancy rate has fallen but it remained on a reasonable level of 94.2% at the end of the reporting period (having been 96.6% on June 30, 2008). The uncertainty on the financial markets made itself felt in the rising spreads of loans drawn down by the company and in the availability of funding. Despite the increase in loan spreads, the Group's interest expenditure fell below the expected level because of the general decline in interest rates.

Operations

The Technopolis Group has defined the operating segments required under IFRS 8, which took effect at the beginning of 2009. There are two operating segments based on geographic units: Finland and Russia. The segment division is based on the Group's existing internal reporting procedures and the organization of the Group's operations. The Group will present segment reports from the beginning of the current year.

The Group's net sales for the reporting period reached EUR 38.2 million (EUR 34.9 million in 2008), an increase of 9.4 %. Of this, rental revenue accounted for 85.0 % (81.6 %) and service revenue for 15.0 % (18.4 %). The reduction in the relative proportion of service revenue was mainly due to the discontinuation of the Consulting Unit in the fall of 2008. The Group's Development Services helped clients in obtaining EUR 14.4 million worth of risk capital in the first half. Like for like rental growth was 1.4%. Like for like rental growth, i.e. the growth in rental revenue from comparable sources, was calculated by comparing the rental revenue for the period 1-6/2009 with the corresponding period in 2008. In order to be comparable, the figures do not include properties commissioned or acquired during the year. EBITDA for the year was EUR 19.7 million (EUR 17.9 million), an increase of 10.1%.

The Group’s operating loss was EUR 9.1 million (profit EUR 15.5 million) which included a loss of EUR 28.6 million (EUR -1.7 million) in the fair value of investment properties and properties under construction. The decline in the operating profit was due to a drop in the fair value of investment properties caused by rising yield requirements. This drop had no impact on the net sales, EBITDA or cash flow. The decrease in the operating profit does have a negative impact on the Group’s equity ratio.

The Group’s net finance expenses totaled EUR 6.2 million (EUR 6.8 million). The Group’s loss before taxes was EUR 15.4 million (profit EUR 8.7 million).

As of the beginning of the current year, the company is presenting its direct result, which provides a better picture of the company’s operational financial performance. The Group’s direct result was EUR 10.1 million (EUR 7.3 million), an increase of 38.6 %. The direct result shows the company’s result for the fiscal period *excluding* changes in the fair values of investment properties and financial instruments during the period, any non-recurring items and tax effects relating to the above-mentioned items.

Total assets in the balance sheet were EUR 685.7 million (EUR 655.3 million), an increase of 4.6 %. The Group’s equity ratio at the end of the period was 37.8 % (40.8 %).

The fair value of the Group’s completed investment properties at the end of the period was EUR 584.6 million (EUR 542.6 million). As of January 1, 2009, the company has complied with the amended IAS 40 standard, under which investment properties under construction booked under tangible assets must also be measured at their fair value, provided that fair value can be reliably determined. The fair value of investment properties under construction was EUR 37.4 million at the end of the period. The amendment to the standard was not applied retroactively. The negative earnings impact of the change in the fair values of investment properties and properties under construction was EUR 28.6 million (EUR -1.7 million) during the period. The negative change in the fair value is mainly due to the increased market yield requirements.

Yield requirements are calculated on the basis of an assessment done by two independent appraisal agencies for each individual region. The yields are calculated by taking the average of the upper and lower ranges reported by these organizations. On June 30, 2009, the average net yield requirement for Group properties was 8.0% (7.5% on June 30, 2008). An average occupancy rate of 95.2% was projected for the calculation of the fair values over a ten-year time frame. The Group’s targets concerning the actual occupancy rates are higher than this. Over the period from 2000 to 2008, the Group’s average occupancy rate was 97.5%.

The Group’s total rentable space was 445,621 square meters at the end of the period (415,443 square meters on June 30, 2008). The Group’s average financial occupancy rate at the end of the period was 94.2% (96.6%). 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. At the end of the reporting period, the lease portfolio held by the Group totaled EUR 124.7 million (EUR 119.8 million).

Group Structure

The Technopolis Group includes the parent company, Technopolis Plc, which has operations in Espoo, Helsinki, Jyväskylä, Kuopio, Lappeenranta, Oulu, Tampere and Vantaa, and its subsidiaries Innopoli Ltd and Kiinteistö Oy Innopoli II, both wholly owned and both in Espoo, as well as other subsidiaries.

Technopolis has two Russian companies in St. Petersburg, Technopolis Neudorf LLC and Technopolis St. Petersburg LLC, both wholly owned by Technopolis.

The parent company has a minority interest in the following affiliates: Kiinteistö Oy Hermia (49.3%), Technocenter Kempele Oy (48.5%), Kiinteistö Oy Bioteknia (28.5%), Iin Micropolis Ltd (25.7%), Jyväskylä Innovation Ltd (24%), Kuopio Innovation Ltd (24%), and Lappeenranta Innovation Ltd (20%). Technopolis Plc has a 13% holding in Oulu Innovation Ltd.

The Group also includes Technopolis Ventures Ltd in Espoo, which is wholly owned by Innopoli Ltd. Technopolis Ventures Ltd owns the subsidiaries Technopolis Ventures Lappeenranta Ltd (100%), Technopolis Ventures Jyväskylä Ltd (100%), Technopolis Ventures Oulu Ltd (70%), Technopolis Ventures Professia Ltd in Tampere (50.1%), and Technopolis Ventures Kuopio Ltd (100%). The Technopolis Group has a 35% holding in Otaniemi Development Ltd.

Major Investments and Development Projects

The construction of Phase 5 of the Kontinkangas technology center in Oulu was started in June 2008. The gross floor area of the extension is approx. 4,030 square meters and the total cost of the project is estimated at around EUR 6.7 million. Phase 5 will be completed in June. A total of 94.4% of the extension has been let.

A decision was made to start Phase 1 of the Hermia 15 property in Tampere in April 2008. The estimated cost of the 11,790 square meters project is EUR 14.5 million, which includes a parking facility for 300 vehicles. The Phase 1 premises have been let 100%. Phase 1 is due for completion in August 2009.

Construction of Phase 1 of the Yliopistonrinne project in downtown Tampere was started in June 2008. The new technology center will be located on a plot of land bought from the City of Tampere earlier in January, next to the University of Tampere. The price of the plot was EUR 5.6 million. The estimated total cost of the 19,200 square meter project is EUR 33.3 million, which includes a parking facility for 130 vehicles. With 81.4 % of the Phase 1 facilities already let, the project is due for completion in March 2010.

Construction of Phase 2 of the Ohjelmakaari project in Ylistönmäki, Jyväskylä, was started in June 2008. The estimated cost of the project is about EUR 7.7 million, which includes a section of a parking facility to be built at a later date. The gross floor area is about 4,790 square meters. A total of 75.6 % of the Phase 2 facilities has been let in the project, completed in June 2009.

Construction of Phase 1 of the Pulkovo technology center in St. Petersburg has begun. The new center is being constructed on a plot owned by Technopolis St. Petersburg LCC near Pulkovo International Airport. The estimated cost of the 24,100 square meters building is about EUR 50 million. Construction is proceeding according to plan. As of the end of the reporting period, EUR 27.0 million had been committed to the company in St. Petersburg. The market situation is extremely challenging, but there is reasonable demand. In Russia, the normal market practice is to sign leases only upon completion of the projects. However, the first binding pre-lease for the Pulkovo project was signed at the end of the reporting period. Phase 1 of the technology center is due for completion in the spring of 2010.

As part of its program to improve its operational efficiency, Technopolis launched a project to develop its enterprise resource planning system. The new ERP system is to be deployed in April 2010, if not earlier. The external costs of the development project will amount to approx. EUR 0.9 million.

Stock-Related Events

The company’s share capital stands at EUR 96,913,626.29, with 57,345,341 shares outstanding.

The company has not received any notices of changes in ownership during the reporting period.

Financing

With its current credit facilities, Technopolis can finance all approved investments. At the end of the period, Technopolis had EUR 110.0 million worth of untapped binding long-term credit facilities and loans, and cash amounting to EUR 6.0 million. Of the long-term credit facilities, EUR 80.0 million is credit extended by the European Investment Bank to Technopolis for future expansions in Finland. Technopolis has a EUR 90 million domestic commercial paper program to manage its short-term liquidity, which allows the company to issue commercial papers with a maturity of less than one year. At the end of the reporting period, the Group’s issued commercial papers stood at EUR 3.0 million (EUR 4.0 million). Technopolis also has a EUR 15.0 million credit line of which EUR 3.2 million had been used by the end of the reporting period. All in all, Technopolis has a total of EUR 208.8 million in short- and long-term credit facilities.

The Group’s net financial expenses totaled EUR 6.2 million (EUR 6.8 million).

The Group’s interest coverage ratio was 3.3 (2.2). The interest coverage ratio indicates the ratio between EBITDA and accrual-based interest expenses.

The Group’s total assets as indicated in the balance sheet were EUR 685.7 million (EUR 655.3 million), of which liabilities accounted for EUR 428.0 million (EUR 389.2 million). The Group’s equity ratio was 37.8% (40.8%). At the end of the period, the Group’s net gearing was 142.7% (118.5%). The Group’s equity per share was EUR 4.49 (EUR 4.64).

The Group’s interest-bearing liabilities at the end of the reporting period were EUR 373.9 million (EUR 337.6 million). On June 30, 2009, the average interest rate on interest-bearing liabilities was 3.05% (4.83%). At the end of the reporting period, 70.5% (71.2 %) of the interest-bearing liabilities were pegged to the 3 to 12-month Euribor rates and 29.5% (28.8 %) were fixed-rate loans with maturities of 13 to 60 months. The average capital-weighted loan period was 10.1 years (10.8 years).

The Group’s loan to value, i.e., the ratio of interest-bearing debt to the fair value of investment properties and properties under construction, was 58.9% (57.2%).

The Group has long-term interest-bearing loans worth EUR 354.4 million, of which EUR 65.5 million is tied to equity-ratio covenants. With these loans, the decline in the equity ratio may lead to higher interest margins or premature repayment. The margins of some loans and bank guarantees may rise with lower equity ratios as shown in the table below.

Principal of loan (L) or bank guarantee (BG), €m	Spread % 6/30/2009	Equity ratio under 38%	Equity ratio under 33%	Equity ratio under 30%	Other
10.0 (L)	0.65			0.85	
4.1 (L)	0.65		0.70	1.00	
20.0 (L)	1.00	1.50	1.75	2.00	
1.4 (L)	0.45				Spread may be changed or loan terminated if equity ratio falls under 28%
10.0 (BG)	0.40			0.60	
20.0 (BG)	0.265	0.35*)		0.65	*) Covenant takes effect 12/8/2013

Bank guarantees in the amount of EUR 66.0 million have been given as security for the EUR 65.0 million in loans granted by the European Investment Bank. EUR 20.0 million of these guarantees will expire by the end of 2013 and the plan is to extend them. Significant increases in loan margins may be expected when these bank guarantees are extended.

Of the existing interest-bearing loans, a total of EUR 19.5 million will mature during the 12-month period following the reporting period.

Financing for the Pulkovo construction project in Russia will be provided by funding acquired by the parent company, which will be converted into long-term loans and shareholders' equity with due regard for the Russian thin-capitalization rules.

Organization and Personnel

The President and CEO of Technopolis is Keith Silverang, MBA. Mr. Silverang has dual US and Finnish citizenship. He took his undergraduate degree at Boston University and completed an MBA at the Helsinki School of Economics. Mr. Reijo Tauriainen serves as the Deputy CEO of the company.

The Executive Board comprises President and CEO Keith Silverang, Finnish Country Manager and CFO Reijo Tauriainen, Director of Tampere operations Satu Eskelinen and Chief Development Officer Jukka Akselin.

The Technopolis line organization now consists of three business units: Finland, Russia and New Markets. Furthermore, the Group organization has matrix support functions for its real estate development, business services, business development and support activities. The New Markets Unit has no net sales or operating profit and its expenses are included in administrative expenses.

The Group employed an average of 152 (162) people during the period. There were 59 (56) employees in real estate operations, 34 (38) in business services and 59 (68) in development services. At the end of the reporting period, the total number of Group personnel was 156 (181).

Annual General Meeting

The Annual General Meeting of Technopolis Plc shareholders (AGM) was held on March 26, 2009. The AGM adopted the Group and Parent Company financial statements for fiscal year 2008 and released the company management from liability.

The AGM decided to pay a dividend of EUR 0.12 per share as proposed by the Board. The dividend was to be paid to the shareholders who were registered in the share register kept by Euroclear Finland Oy on the record date March 31, 2009. The dividends were paid on April 7, 2009.

The Annual General Meeting decided to amend section 8 of the Articles of Association by specifying that notices of the AGM should be served no later than three weeks before the AGM.

The number of members on the Board of Directors was confirmed at six. Teija Andersen, Jussi Kuutsa, Matti Pennanen, Timo Ritakallio and Erkki Veikkolainen were elected to the Board for the term ending at the conclusion of the next Annual General Meeting. In addition to the above members, the Board includes Pertti Huuskonen, who was elected full-time Chairman of the Board by the AGM on March 27, 2008, for a term that began on September 15, 2008, and will end with the conclusion of the 2010 Annual General Meeting. Matti Pennanen was elected Deputy Chairman of the Board.

The Annual General Meeting decided that Pertti Huuskonen be paid compensation according to the decision made thereon by the AGM of March 27, 2008, and in compliance with the agreement made with Pertti Huuskonen, for the period beginning with the conclusion of the 2009 AGM and ending with the conclusion of the following AGM, taking into account, however, that the monetary compensation payable to Mr. Huuskonen will be reduced by 15 percent to EUR 288,150 in accordance with his own savings initiative.

The other members of the Board will be paid annual compensation as follows: EUR 30,000 to the Deputy Chairman of the Board and EUR 25,000 to Board members. A further EUR 600 will be paid as a per-meeting fee for participation in Board meetings. Travel costs will be reimbursed to Board members in accordance with the company’s travel regulations.

The AGM further authorized the Board to extend the compensation agreement made with Pertti Huuskonen by one year under the original terms so that it will end with the conclusion of the 2011 AGM. In accordance with the original terms of contract, the annual fee payable to the Chairman of the Board of Directors is EUR 339,000.

KPMG Oy Ab was appointed auditor for the Group, with Tapio Raappana, APA, as the auditor-in-charge. It was decided that the auditors be paid auditing fees on the basis of reasonable invoicing.

The Annual General Meeting decided to authorize the Board of Directors to decide on purchasing the company’s own shares as follows. The maximum number of shares to be acquired pursuant to this authorization is 5,700,000, which is equivalent to approximately 9.94% of the company’s issued shares. Under the authorization, the company’s own shares may only be purchased using its unrestricted equity.

The company’s own shares may be purchased at a price derived through public trading on the date of acquisition or at a price otherwise determined by the market.

The decision on how the shares are to be acquired will be made by the Board of Directors. Derivatives may be used for this purpose. Shares need not necessarily be acquired in proportion to the current holdings of the existing shareholders (directed acquisition).

This authorization to purchase the company’s own shares replaces the authorization granted by the Annual General Meeting of March 27, 2008.

The authorization will expire on September 26, 2010.

The AGM authorized the Board to decide on share issues and on granting options and other stock-related incentives as referred to in Chapter 10, section 1, of the Limited Liability Companies Act as follows.

The maximum number of shares to be issued pursuant to this authorization is 11,400,000, which is equivalent to approximately 19.88% of the company's outstanding shares.

The Board of Directors will decide on all the terms of the share issue and on the granting of special rights giving entitlement to shares. The authorization concerns both the issuance of new shares and the conveyance of the company's own shares. A share issue may be floated and special rights giving entitlement to shares granted in derogation to the pre-emptive right of shareholders (directed issue).

This authorization replaces the authorizations granted by the Extraordinary General Meeting of November 29, 2007, and by the Annual General Meeting of March 27, 2008, to decide on share issues and on granting special rights giving entitlement to shares.

The authorization will expire on March 26, 2012.

At the AGM, the Board made the decision to amend its proposal referred to in the notice of the meeting so that the number of shares to be issued pursuant to the authorization may not exceed 11,400,000, which is equivalent to 19.88% of the company's issued shares.

The AGM decided to approve a share ownership plan for key personnel in the Technopolis Group.

The purpose of the plan is to harmonize the goals of the owners and the key personnel in order to increase the company's value, to commit the key personnel to the company and to offer them a competitive remuneration plan based on share ownership.

The plan consists of three earning periods: the calendar years 2010, 2011 and 2012. The Board of Directors will decide on the criteria and targets for each earning period in December of the previous year. Rewards for the earning periods 2010, 2011 and 2012 will be paid in 2011, 2012 and 2013 partly in cash and partly in company shares. Shares may not be disposed of during a commitment period of two and a half years.

Maximum rewards payable under the plan usually correspond to the value of some 800,000 Technopolis Plc shares (including the proportion payable in cash).

Evaluation of Operational Risks

The most significant risks in the business operations of Technopolis are financial and customer risks as well risks related to the operations in Russia.

The objective of interest rate risk management is to mitigate the negative impact of market rate fluctuations on the Group's performance, financial position and cash flow. If necessary, the company will make use of forwards, interest rate swaps and interest rate options to hedge interest rate risks. Another aim of the company’s interest rate risk policy is to diversify the interest rate risk of loan contracts over various loan periods on the basis of the market situation prevailing at any given time and the interest rate forecast created by the company.

It is indicative of the structure of Technopolis’ loan portfolio at the end of the fiscal period that a one point change in money market rates would change interest rate costs by EUR 1.8 million per annum.

Because of the interest rate risk associated with loans, a policy of diversifying interest bases is pursued. On June 30, 2009, 70.5% of the company’s interest-bearing loans were pegged to the 3-12 month Euribor rate. Of all interest-bearing loans, 29.5% were fixed-rate loans with a maturity of 13 to 60 months.

The objective of refinancing risk management is to ensure that the Group loan portfolio is sufficiently diversified in terms of repayment schedules and financing instruments. The average capital-weighted outstanding loan period for interest-bearing loans was 10.1 years. In order to manage financing risk, Technopolis draws upon the resources of a wide range of financers, makes use of a variety of financing instruments and maintains a relatively high level of solvency.

Sustained uncertainty on financial markets may affect the availability of growth financing, refinancing and their spreads in the future.

The differences between Russian and Finnish legislation and administrative procedures may give rise to risks. If premises cannot be let as planned, the Pulkovo technology center will pose a financial risk to the Group. Once completed, Pulkovo will represent approximately 7% of the combined fair value of the Group’s investment properties.

Fluctuations in the exchange rate between the Russian ruble and the euro may have an effect on the company’s financial position and operations. Transactions denominated in rubles are recorded at the exchange rate applied on the transaction date. Any translation differences are entered in the income statement under other operating expenses or financial income and expenses based on the type of transaction involved. The acquisition of land in St. Petersburg has been financed in the local currency, and the related exchange rate risk has been hedged using a currency swap.

The deterioration of general economic conditions, if prolonged, may have an adverse effect on the company’s clients and hence on the Group’s operations.

Client risk management aims to minimize the negative impact of potential changes in the client’s financial position on the company’s operations and financial performance. Client risk management focuses on a deep understanding of the business that the client is engaged in and on the active monitoring of client-related information. As part of client risk management, Technopolis leases include rental security deposit arrangements. All the properties have full-value insurance.

Geographically, the Group's property portfolio is diversified among the Helsinki Metropolitan Area, Jyväskylä, Kuopio, Lappeenranta, Tampere, the Oulu region, and St. Petersburg. No single client accounts for more than 8.8 % of the Group's net sales. All in all, the Group has some 1,180 clients operating in a wide range of sectors.

The company's leases fall into two categories: fixed-term and open-ended. The company employs both types of leases depending on the market situation, the property involved and the tenant's business.

At the end of the period under review, open-ended leases that could be terminated and renegotiated during the following 12 months covered a total of 191,160 square meters of space, or 47% of the entire property portfolio. The notice periods for these leases are as follows: three months or less 8%; three to six months 25%; six to nine months 48%; and more than nine months 19% of the leases. At the end of the period, the average term of leases was 23 months.

Any reduction in the financial occupancy rate may decrease rental and service revenues and thus reduce the fair value of investment properties and, subsequently, the equity ratio. The current lease structure allows clients to change the premises they occupy flexibly as their business changes. While the flexibility of the lease system poses a risk to the Group, it is an essential element of the Technopolis service concept. The company has solid long-term experience of this business model over many business cycles.

In new building projects, Technopolis focuses on quality specifications and the management of the property's entire lifecycle. In the design phase, due consideration is given to all the maintenance and repair requirements in order to implement environmentally sustainable solutions for energy consumption, the adaptability of office facilities and recycling potential. When properties are bought, Technopolis carries out the standard property and environmental audits before finally committing itself to the transaction.

Changes in market yield requirements may have a significant impact on financial performance. When the yield requirements increase, the fair values of properties fall. Conversely, when the yield requirements decrease, the fair values of properties rise. While the changes increase or decrease the company's operating profit, they do not affect its EBITDA or direct result but they do have an impact on its equity ratio.

Outlook

Technopolis management expects the demand for its facilities and services to decline in 2009. The management expects there to be a considerable risk that the financial occupancy rate will fall, which may have an adverse impact on the company's net sales and EBITDA in 2009 and 2010.

The management anticipates that the economic downturn, if protracted, could pose a challenge to the Group's growth targets. The company will continue to pursue measures aimed at safeguarding profitability even under difficult market conditions. The Group management expects the Group’s net sales and EBITDA to increase by 5% to 8% in 2009.

In accordance with its updated growth strategy, Technopolis’ objective is to operate in all the leading Finnish knowledge-intensive cities as well as Russia and two to three other countries by 2014. The Group will aim at increasing its net sales at an average annual rate of 10%, with 25% of net sales coming from outside Finland by 2014. The company will target growth through both organic expansion and acquisitions. The Group’s equity ratio target is 35%.

The Group’s financial performance is determined by general macroeconomic trends, client operations, financial markets and the market yield requirements for properties. Developments in these areas may affect the Group’s financial performance through changes in occupancy rates, the use of services, financing costs, the fair values of properties and office rent levels.

Oulu, July 17, 2009

TECHNOPOLIS PLC
Board of Directors

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Technopolis provides an online information bulletin service that can be subscribed to on the company website. Subscribers will receive the company’s information bulletins by email.

The accounting policies applied in the interim report and the formulas for calculating key indicators are basically the same as in the 2008 annual report. Since January 1, 2009, the company has applied the revised IAS 1 and IAS 40 standards as well as the IFRS 8 regulations. 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 Technopolis Group has two operating segments based on geographical units: Finland and Russia. With the expansion of the operations, a third operating segment, New Markets, may also be reported. 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. This is the first year when the Group presents the information on the operating segments complete with comparative data.

Investment properties are valued in accordance with the fair value model. The company has complied with the amended IAS 40 standard, under which investment properties under construction must be measured at fair value, provided that fair value can be reliably determined. The company has applied the amended standard since the beginning of 2009.

The figures are unaudited.

Technopolis Group:

STATEMENT OF COMPREHENSIVE INCOME Currency unit: EUR million	4-6/ 2009	4-6/ 2008	1-6/ 2009	1-6/ 2008	1-12/ 2008
Net sales	18.76	18.50	38.16	34.88	72.57
Other operating income 1)	0.58	1.08	1.06	3.15	5.48
Other operating expenses	-9.56	-10.47	-19.48	-20.11	-41.07
Change in fair value of investment properties	-14.55	-4.31	-28.59	-1.73	-0.69
Depreciation 2)	-0.13	-0.12	-0.26	-0.67	-0.98
Operating profit/loss	-4.90	4.68	-9.12	15.52	35.31
Financial income and expenses	-2.55	-3.65	-6.24	-6.80	-13.93
Profit before taxes	-7.45	1.04	-15.36	8.72	21.38
Income taxes	1.83	-0.13	4.03	-2.28	-5.56
Net profit for the period	-5.62	0.91	-11.38	6.44	15.85
Other comprehensive income items					
Available-for-sale financial assets	0.03	0.00	0.03	-0.03	-0.04
Taxes related to other comprehensive income items	-0.01	0.00	-0.01	0.01	0.01
Other comprehensive income items after taxes for the period	0.02	0.00	0.02	-0.02	-0.03
Comprehensive income for the period, total	-5.60	0.91	-11.36	6.42	15.82
Distribution of earnings for the period:					
To parent company shareholders	-5.62	0.94	-11.35	6.59	15.99
To non-controlling shareholders	-0.01	-0.03	-0.03	-0.15	-0.14
	-5.62	0.91	-11.38	6.44	15.85
Distribution of comprehensive earnings					

for the period:

To parent company shareholders	-5.59	0.94	-11.33	6.57	15.96
To non-controlling shareholders	-0.01	-0.03	-0.03	-0.15	-0.14
	-5.60	0.91	-11.36	6.42	15.82

Earnings per share based on result of flows to the parent company shareholders:

Earnings/share, basic (EUR)	-0.10	0.02	-0.20	0.14	0.31
Earnings/share, adjusted for dilutive effect (EUR)	-0.10	0.02	-0.20	0.14	0.31

BALANCE SHEET, ASSETS

Currency unit: EUR million	6/30/2009	6/30/2008	12/31/2008
Non-current assets			
Intangible assets	1.94	2.05	2.02
Tangible assets	52.58	49.48	37.94
Investment property	584.62	542.59	594.02
Investments	26.14	26.31	26.70
Deferred tax assets	2.21	2.39	1.89
Non-current assets	667.49	622.82	662.57
Current assets	18.25	32.52	20.99
Assets, total	685.74	655.33	683.56

BALANCE SHEET, SHAREHOLDERS' EQUITY AND LIABILITIES

Currency unit: EUR million			
Shareholders' equity			
Share capital	96.91	96.91	96.91
Premium fund	18.55	18.55	18.55
Other funds	63.91	63.84	63.82
Other shareholders' equity	0.27	0.35	0.55
Retained earnings	89.21	79.61	79.62
Net profit for the period	-11.35	6.59	15.99
Parent company's shareholders' interests	257.50	265.85	275.44
Non-controlling interests	0.23	0.25	0.26
Shareholders' equity, total	257.73	266.10	275.70
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	354.38	316.58	329.84
Non-interest-bearing liabilities	1.32	1.44	1.38

Deferred tax liabilities	32.09	36.48	38.11
Non-current liabilities, total	387.79	354.51	369.33
Current liabilities			
Interest-bearing liabilities	19.48	21.05	20.43
Non-interest-bearing liabilities	20.75	13.68	18.10
Current liabilities, total	40.22	34.73	38.53
Liabilities, total	428.01	389.24	407.86
Shareholders' equity and liabilities, total	685.74	655.33	683.56

CASH FLOW STATEMENT Currency unit: EUR million	1-6/ 2009	1-6/ 2008	1-12/ 2008
Cash flow from operating activities			
Net profit for the period	-11.38	6.44	15.85
Adjustments:			
Change in fair value of investment properties	28.59	1.73	0.69
Depreciation	0.26	0.67	0.98
Other adjustments for non-cash transactions	0.27	-0.07	0.11
Interest and other financial expenses	7.93	7.60	18.26
Interest income	-1.69	-0.79	-4.30
Dividend yield			-0.01
Taxes	-3.98	2.28	5.53
Increase / decrease in working capital	3.17	0.59	0.24
Interest received	1.80	0.36	2.41
Dividends received	0.01	0.01	0.01
Interest paid and fees	-8.60	-6.26	-17.12
Taxes paid	-1.12	-1.29	-2.47
Net cash from operations	15.25	11.25	20.19
Cash flow from investing activities			
Investments in other securities	-0.01	-0.11	-1.11
Investments in investment properties	-33.41	-36.64	-70.21
Investments in tangible and intangible assets	-0.10	-0.09	-0.27
Repayments of loan receivables	0.00	0.01	0.01
Gains from disposals of other investments	0.00	2.30	2.33
Acquisition of subsidiaries		-19.95	-22.21
Net cash used in investing activities	-33.52	-54.48	-91.46
Cash flow from financing activities			

Increase in long-term loans	35.16	50.21	70.21
Decrease in long-term loans	-10.61	-7.12	-14.46
Dividends paid	-6.88	-6.68	-6.60
Paid share issue		58.79	58.48
Repayments of capital leasing receivables	0.40	0.45	0.95
Change in short-term loans	-0.97	-31.20	-31.24
Net cash from financing activities	17.10	64.45	77.34
Net increase/decrease in cash assets	-1.16	21.21	6.07
Cash and cash equivalents at period-start	7.15	1.08	1.08
Cash and cash equivalents at period-end	5.98	22.29	7.15

STATEMENT OF CHANGES IN EQUITY

Currency unit: EUR million	Share capital	Premium fund	Other funds	Retained earnings	Non-controlling shareholders	Shareholders' equity
EQUITY 12/31/2007	74.54	18.55	27.38	86.29	0.40	207.17
Share capital increase	0.01		0.01			0.02
Directed share issue	22.36		36.40			58.76
Dividend distribution				-6.62		-6.62
Comprehensive income for the period			-0.02	6.59	-0.15	6.42
Other changes			0.06	0.28		0.35
EQUITY 6/30/2008	96.91	18.55	63.84	86.55	0.25	266.10
Comprehensive income for the period			-0.01	9.40	0.02	9.40
Other changes			-0.01	0.21		0.20
EQUITY 12/31/2008	96.91	18.55	63.82	96.16	0.26	275.70
Dividend distribution				-6.88		-6.88
Comprehensive income for the period			0.02	-11.35	-0.03	-11.36
Other changes			0.06	0.20		0.27
EQUITY 6/30/2009	96.91	18.55	63.91	78.13	0.23	257.73

Financial Information by Segment

The Group’s net sales or EBITDA do not include inter-segment items. Items after the EBITDA, such as depreciation, financing items and taxes, are not presented in the segment information because they are not allocated to segments.

SEGMENT INFORMATION Currency unit: EUR million	4-6/ 2009	4-6/ 2008	1-6/ 2009	1-6/ 2008	1-12/ 2008
Net sales					
Finland	18.71	18.42	38.05	34.78	72.43
Russia	0.08	0.07	0.15	0.13	0.27
Unallocated	-0.04	0.02	-0.04	-0.02	-0.13
Total	18.76	18.50	38.16	34.88	72.57
EBITDA					
Finland	11.07	10.57	22.01	20.75	42.32
Russia	-0.13	-0.10	-0.29	-0.31	-0.54
Unallocated	-1.16	-1.36	-2.00	-2.52	-4.80
Total	9,78	9,11	19,73	17,92	36,98
Assets					
Finland			678.94	650.58	671.47
Russia			27.03	12.67	19.14
Eliminations			-20.23	-7.92	-7.05
Total			685.74	655.33	683.56

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, this is the first year when 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 has interest rate and currency swaps that do 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 Currency unit: EUR	4-6/	4-6/	1-6/	1-6/	1-12/

million					
DIRECT RESULT	2009	2008	2009	2008	2008
Net sales	18.76	18.50	38.16	34.88	72.57
Other operating income	0.58	1.03	1.04	2.17	4.45
Other operating expenses	-9.56	-10.47	-19.48	-20.11	-41.07
Depreciation	-0.13	-0.12	-0.26	-0.25	-0.56
Operating profit/loss	9.64	8.94	19.45	16.69	35.40
Finance income and expenses, total	-2.43	-3.67	-5.92	-7.04	-15.19
Result before taxes	7.21	5.28	13.53	9.66	20.21
Taxes for direct result items	-1.96	-1.23	-3.47	-2.53	-5.53
Non-controlling interests	0.01	0.03	0.03	0.15	0.14
Direct result for the period	5.26	4.08	10.09	7.28	14.82
INDIRECT RESULT					
Non-recurring items	0.01	0.05	0.02	0.98	1.03
Change in fair value of investment properties	-14.55	-4.31	-28.59	-1.73	-0.69
Non-recurring depreciation				-0.42	-0.42
Operating profit/loss	-14.54	-4.26	-28.57	-1.18	-0.08
Change in fair value of financial instruments	-0.12	0.02	-0.32	0.24	1.25
Result before taxes	-14.66	-4.24	-28.89	-0.94	1.17
Taxes for indirect result items	3.79	1.10	7.44	0,24	
Indirect result for the period	-10.88	-3.14	-21.45	-0.69	1.17
Result for the period, total	-5.62	0.94	-11.35	6.59	15.99

Earning per share, diluted *)	1-6/ 2009	1-6/ 2008	1-12/ 2008
From direct result	0.18	0.16	0.28
From indirect result	-0.37	-0.01	0.02
From net result for the period	-0.20	0.14	0.31
Number of shares adjusted for dilutive effect	57,345,341	46,752,905	52,118,705

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

KEY INDICATORS	1-6/ 2009	1-6/ 2008	1-12/ 2008
Change in net sales, %	9.4	25.4	27.5
Operating profit/loss / net sales, %	-23.9	44.5	48.7
Interest coverage ratio	3.3	2.2	2.2
Equity ratio, %	37.8	40.8	40.5
Loan to value, %	58.9	57.2	55.6
Group company personnel during the period, average	152	162	165
Gross expenditure on assets, EUR 1,000	34,035	103,114	143,273
Net rental revenue of investment properties, % 3)	7.8	7.5	7.6
Financial occupancy rate, %	94.2	96.6	96.5
Earnings/share			
basic, EUR	-0.20	0.14	0.31
diluted, EUR	-0.20	0.14	0.31
Equity/share, EUR	4.49	4.64	4.80
Average issue-adjusted number of shares			
basic	57,345,341	46,655,838	52,029,796
diluted	57,345,341	46,752,905	52,118,705

CONTINGENT LIABILITIES

Currency unit: EUR million	6/30/2009	6/30/2008	12/31/2008
Pledges and guarantees on own debt			
Mortgages of properties	389.82	245.5	264.03
Book value of pledged securities	158.31	166.09	162.42
Other guarantee liabilities	46.95	47.51	13.24
Collateral given on behalf of associates	0.50	0.50	0.50
Leasing liabilities, machinery and equipment	1.40	1.03	0.94
Project liabilities	0.15	0.02	0.21
Interest rate and currency swaps			
Nominal values	155.99	96.15	112.00
Fair values	-0.36	0.55	0.56

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

expenses for development services. The 2008 cumulative figures include non-recurring items of EUR 0.9 million.

2) The 2008 cumulative figures include non-recurring depreciation of EUR 0.4 million.

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

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