



# Full Year 2016 Results

February 3, 2017

**TECHNOPOLIS**  
more than squares

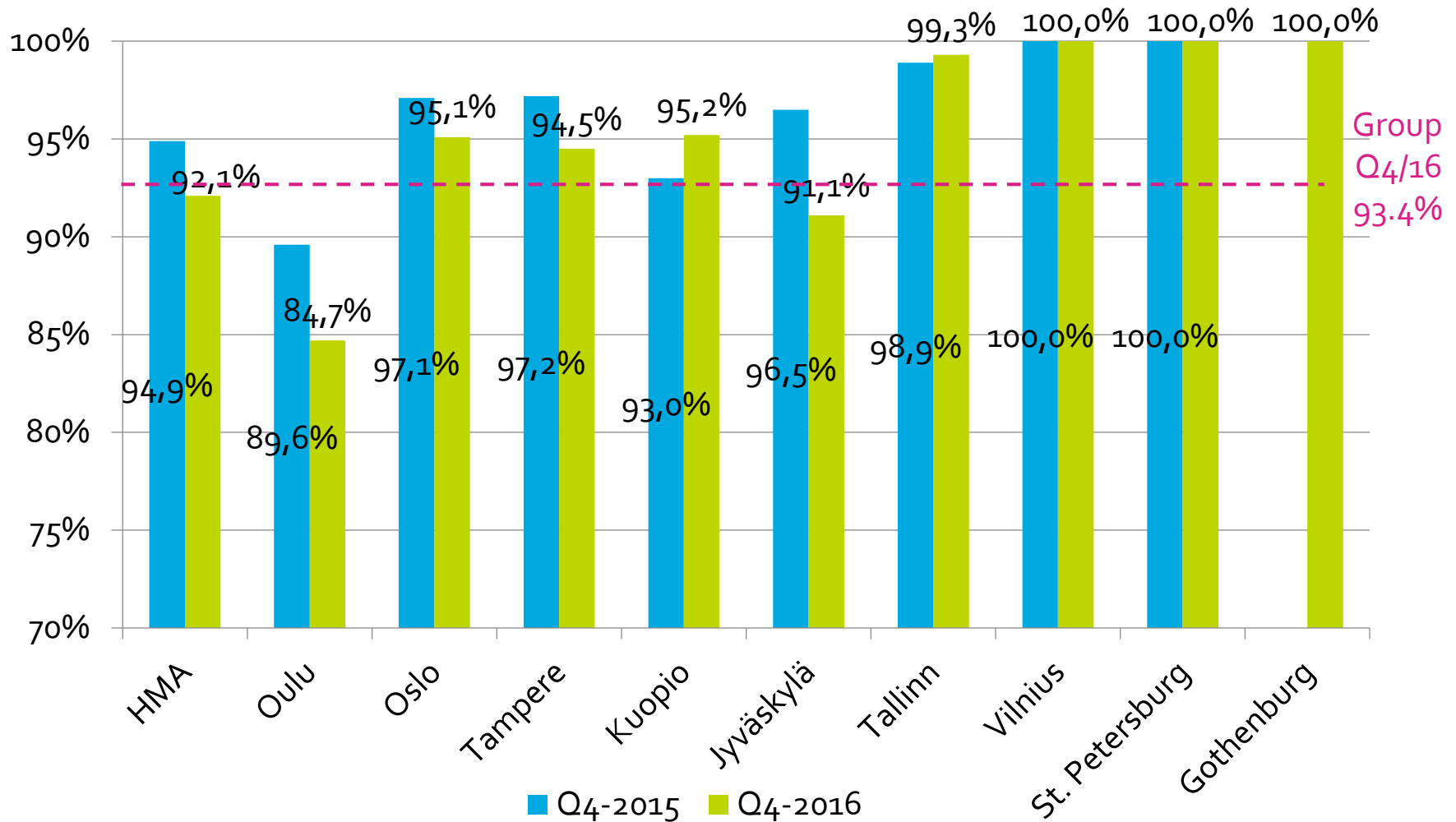
# 2016 in Brief

- > Net sales up 0.9% and EBITDA 0.1%\*
- > Financial occupancy rate at 93.4%
- > Service income up 10.6%, now 13.0% of total sales, margin more than doubled
- > Cash flow from operations EUR 0.46 (0.52) per share
- > ROCE 5.6% (6.1%)
- > New growth projects on target
- > Divestitures at fair value continued
- > Equity ratio up to 41.5% (39.3%) mainly due to rights issue & divestitures

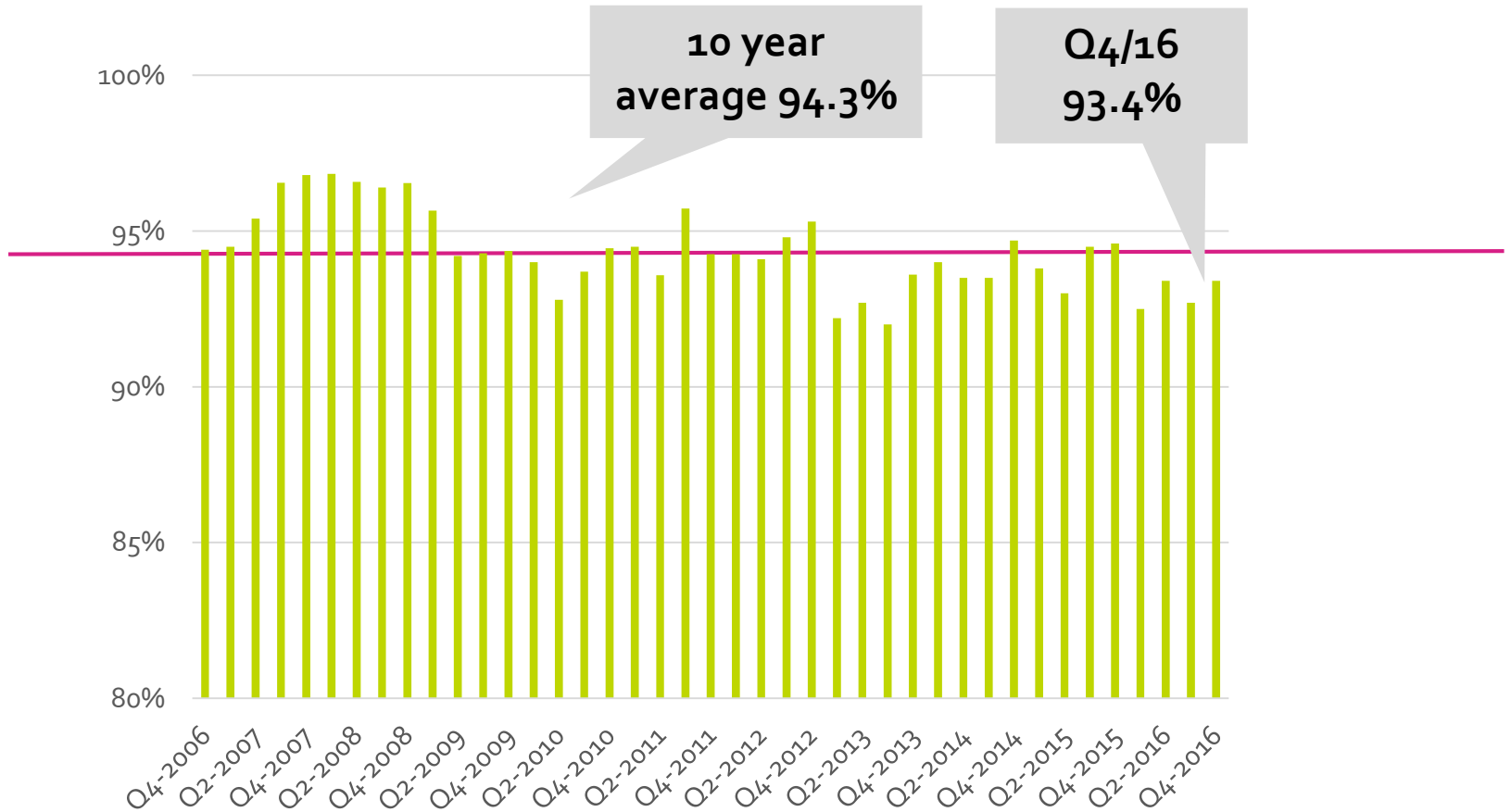
*\* Net sales up 1.8 % and EBITDA 1.2%  
on a constant currency basis*



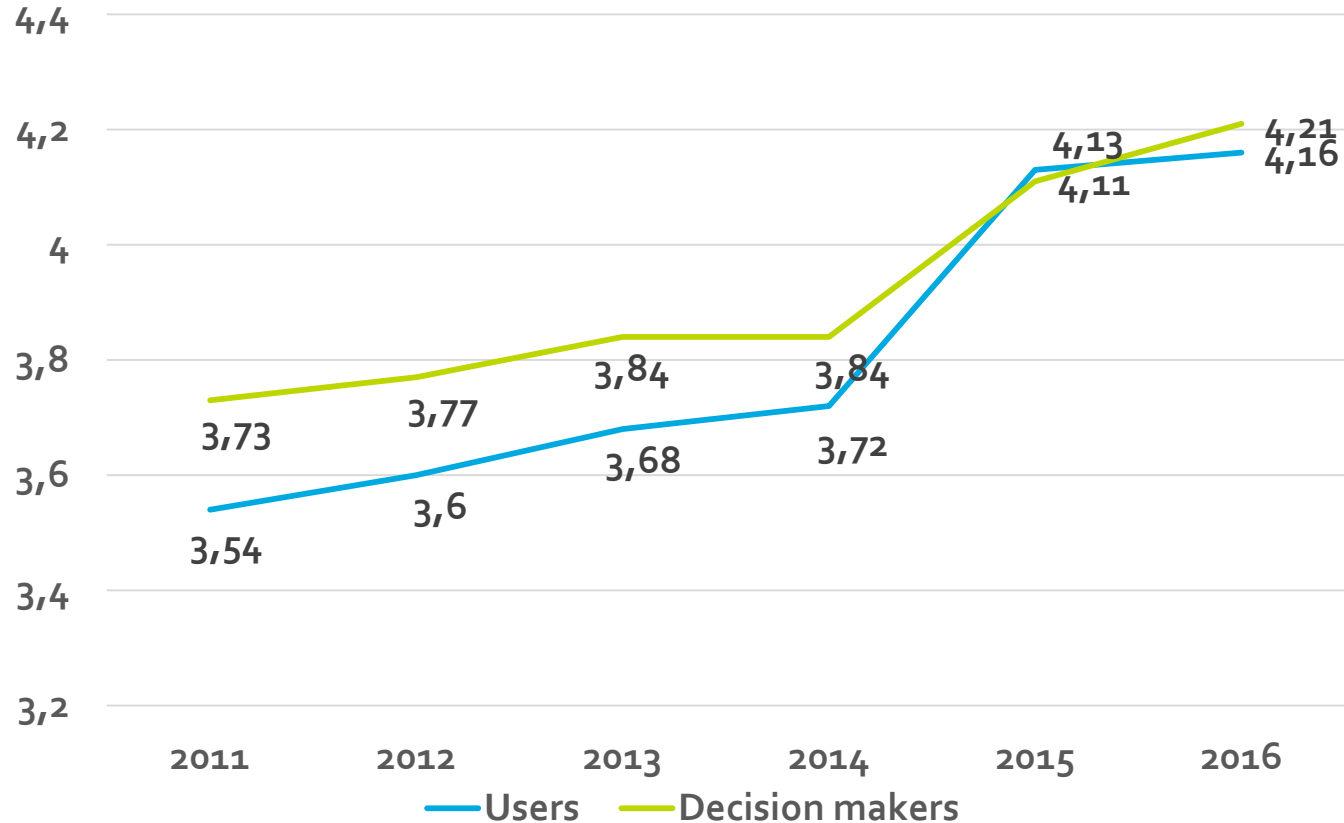
# Unit Occupancy



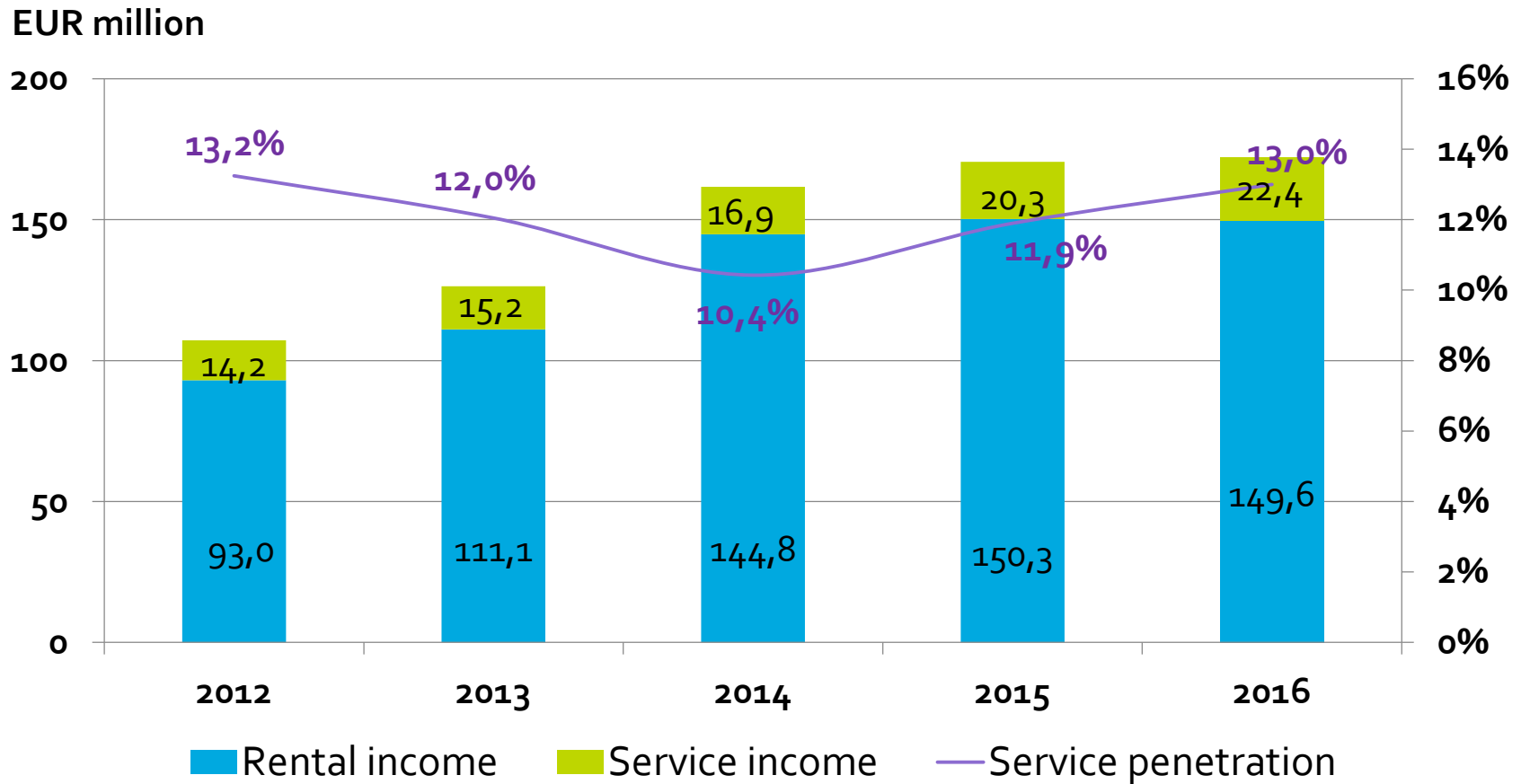
# Long-Term Group Occupancy



# Customer Satisfaction at Record Level



# Service Business Growth 10.6%



# The Shared Economy Meets the Office Market

- > Coworking globally\*
  - > The number of coworking spaces has increased from 8,700 in 2015 to 11,300 in 2016
  - > 835,000 members in 2016, less than 510,000 in 2015
  - > 7,000 operators in 2016
- > Square meters/person falling constantly toward the benchmark level of 8 m<sup>2</sup>/person
- > Share of services has increased substantially in Technopolis' net sales: from 10.4% in 2014 to 13.0% in 2016

*\*Source: Deskmag and Forbes*



# Financing

|                                       | 2016  | 2015  | 2014  |
|---------------------------------------|-------|-------|-------|
| Interest bearing debt, EUR million    | 959.9 | 864.8 | 841.9 |
| Fixed rate, %                         | 56.7  | 71.3  | 60.0  |
| Average interest rate, % *            | 2.34  | 2.60  | 2.43  |
| Capital weighted loan maturity, years | 5.1   | 5.9   | 6.1   |
| Interest cover ratio, %               | 4.6   | 4.3   | 4.8   |
| Loan to value, %                      | 58.2  | 58.8  | 59.7  |
| Equity ratio, %                       | 41.5  | 39.3  | 38.5  |
| Cash and equivalents, EUR million     | 128.0 | 39.4  | 28.3  |

\* Excluding the hybrid loan



# Organic Growth Projects in 2016

| Area     | Name          | m <sup>2</sup> | EUR million | Stabilized yield, % * | Financial OCR/ Pre -OCR, % | Completion |
|----------|---------------|----------------|-------------|-----------------------|----------------------------|------------|
| Tallinn  | Lõõtsa 5      | 9,200          | 17.0        | 8.8                   | 100                        | 1/2016     |
| Tampere  | Yliopist. 3&4 | 11,900         | 39.3        | 7.2                   | 86.2                       | 7/2016     |
| Vilnius  | Delta         | 21,900         | 35.4        | 9.8                   | 85.8                       | 12/2016    |
| Helsinki | Ruoholahti 3  | 10,300         | 33.2        | 7.0                   | 35.7                       | 07/2018    |
| Tallinn  | Lõõtsa 12     | 9,700          | 13.6        | 9.0                   | 18.8                       | 07/2018    |

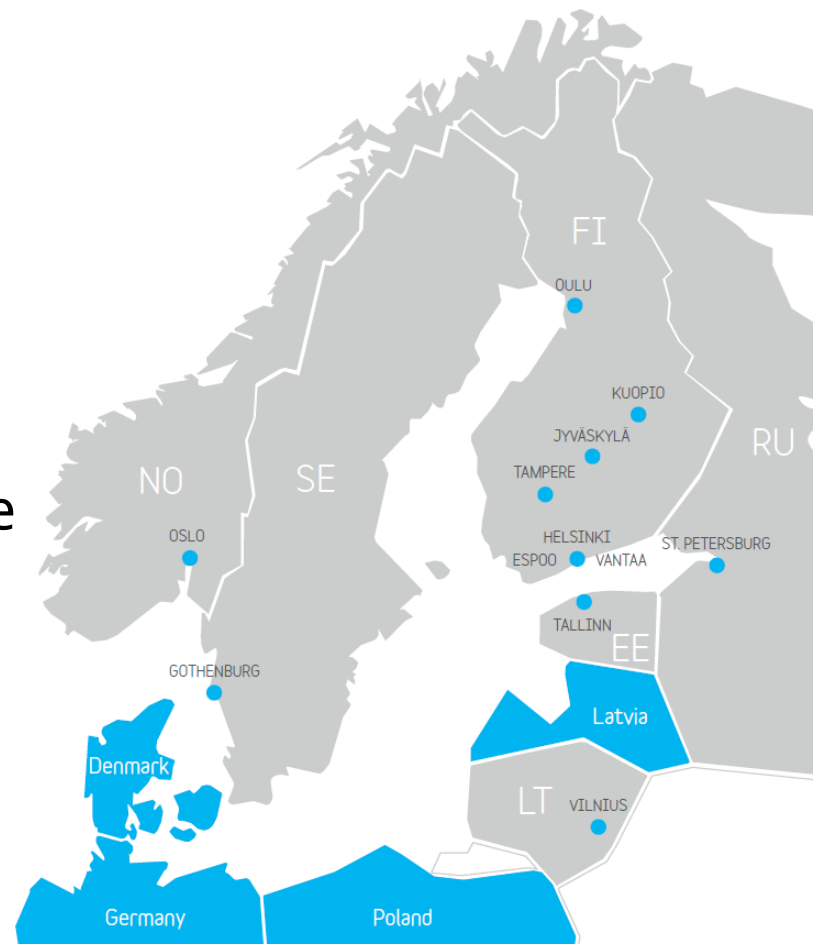
Projects in **grey** are not completed as per Dec 31, 2016 i.e. financial occupancy is pre-let rate. On Dec 31, 2016, the financial occupancy rate of Delta was 57.9%, the rest of the building was still under construction.

\* Stabilized yield = estimated net operating income / cost

➤ On December 31, 2016, the projects in progress totaled EUR 82.2 million

# Future Expansion Strategy

- > Our territory is the Nordic-Baltic region
- > Focus is on value creation
  - > Optimal strategic fit
  - > Best upside potential
  - > Healthy risk-adjusted yield
- > Divestitures in Finland to continue



# Guidance for 2017

Technopolis expects its net sales and EBITDA to improve from 2016 based on the company's current investment property portfolio and foreign exchange rates.



Yliopistonrinne Campus in Tampere

# Thank you

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# Appendices: Additional Data

# Fair Value Changes in 2016

| EUR million  | Market Yield Related | Occupancy Assumption ** | Modernization | Other Changes * | Projects in Progress | Total      |
|--------------|----------------------|-------------------------|---------------|-----------------|----------------------|------------|
| Finland      | 18.8                 | -13.9                   | -5.4          | -6.0            | 2.5                  | -4.0       |
| Baltic Rim   | 4.4                  | -1.8                    | -2.8          | 0.5             | 5.8                  | 6.1        |
| Scandinavia  | 5.5                  | -1.9                    | -3.6          | -1.9            | 0.0                  | -1.9       |
| <b>Total</b> | <b>28.7</b>          | <b>-17.6</b>            | <b>-11.8</b>  | <b>-7.4</b>     | <b>8.3</b>           | <b>0.2</b> |

\* Other changes include contract and budget changes, maintenance expenses as well as changes in revenue allocations. Contract changes EUR 6.9 million. A write-down in Oulu EUR 5.0 million. In Norway, some revenues were allocated to services and were thus removed from fair value calculation, EUR 1.7 million.

\*\* In Oulu and HMA, occupancy assumptions were adjusted to correspond to actualized occupancy and modernization capital expenditures.

# Group

|  | 2016      | 2015      | 2014    |
|--|-----------|-----------|---------|
| Rentable space, m <sup>2</sup> *                   | 746,400** | 740,400** | 742,000 |
| Rent, €/m <sup>2</sup> /mo. avg.*                  | 17.12     | 16.99     | 16.67   |
| Financial occupancy rate, %*                       | 93.4**    | 94.6**    | 94.7    |
| Rental income, EUR million                         | 149.4     | 150.3     | 144.8   |
| Net sales, EUR million                             | 172.1     | 170.6     | 161.7   |
| EBITDA, EUR million                                | 93.1      | 93.0      | 87.2    |
| Market yield requirement, avg., % *                | 7.17      | 7.73      | 7.80    |
| Fair value of investment properties, EUR million * | 1,624.2   | 1,426.0   | 1,378.4 |

\* At the end of the period.

\*\* Under renovation Q4/2016: 13,000 m<sup>2</sup>, 12/2015: 16,700 m<sup>2</sup>

# Finland

|  | 2016      | 2015      | 2014    |
|--|-----------|-----------|---------|
| Rentable space, m <sup>2</sup> *                   | 486,500** | 526,900** | 543,200 |
| Rent, €/m <sup>2</sup> /mo. avg.*                  | 17.0      | 17.0      | 16.8    |
| Financial occupancy rate, % *                      | 90.7**    | 92.9**    | 93.7    |
| Rental income, EUR million                         | 102.0     | 107.4     | 103.3   |
| Net sales, EUR million                             | 120.5     | 125.0     | 118.6   |
| EBITDA, EUR million                                | 64.3      | 69.0      | 62.6    |
| Market yield requirement, avg., % *                | 7.6       | 7.8       | 7.9     |
| Fair value of investment properties, EUR million * | 997.6     | 984.8     | 951.9   |

\* At the end of the period.

\*\* 12/2016: 9,700 m<sup>2</sup> under renovation, 12/2015: 16,700 m<sup>2</sup>.



# Baltic Rim

|  | 2016    | 2015    | 2014    |
|--|---------|---------|---------|
| Rentable space, m <sup>2</sup> *                   | 161,200 | 147,000 | 135,800 |
| Rent, €/m <sup>2</sup> /mo. avg. *                 | 14.9    | 15.2    | 14.00   |
| Financial occupancy rate, % *                      | 99.7    | 99.5    | 98.4    |
| Rental income, EUR million                         | 26.7    | 25.1    | 23.6    |
| Net sales, EUR million                             | 29.5    | 26.8    | 24.9    |
| EBITDA, EUR million                                | 16.6    | 14.2    | 13.4    |
| Market yield requirement, avg., % *                | 8.7     | 8.7     | 8.7     |
| Fair value of investment properties, EUR million * | 292.3   | 246.7   | 224.7   |

\* At the end of the period.

On December 31, 2016 the new property in Vilnius has still 8,600 m<sup>2</sup> of space, which is not yet completed.

# Scandinavia

|  | 2016     | 2015     | 2014   |
|--|----------|----------|--------|
| Rentable space, m <sup>2</sup> *                   | 98,700** | 66,500** | 63,000 |
| Rent, €/m <sup>2</sup> /mo. avg. *                 | 22.3     | 21.5     | 22.03  |
| Financial occupancy rate, % *                      | 96.8**   | 97.1**   | 95.6   |
| Rental income, EUR million                         | 20.7     | 17.8     | 18.0   |
| Net sales, EUR million                             | 22.0     | 18.8     | 18.2   |
| EBITDA, EUR million                                | 12.2     | 9.9      | 12.0   |
| Market yield requirement, avg., % *                | 5.5      | 6.1      | 6.4    |
| Fair value of investment properties, EUR million * | 334.3    | 194.4    | 201.8  |

\* At the end of the period.

\*\* 12/2016: 3,300 m<sup>2</sup> under renovation, 12/2015: None.

# Leases

| Lease stock, % of space<br>Maturity in years | 2016   | 2015  | 2014  |
|--|--------|-------|-------|
| <1   | 19     | 22    | 17    |
| 1-3  | 21     | 20    | 23    |
| 3-5  | 17     | 15    | 12    |
| >5   | 16     | 19    | 22    |
| Open-end leases                              | 27     | 24    | 26    |
| Av. lease term in months                     | 35     | 36    | 39    |
| Lease stock, EUR million                     | 392.7* | 429.7 | 455.9 |

\* Main reason for the decreasing contract value is the divestitures.

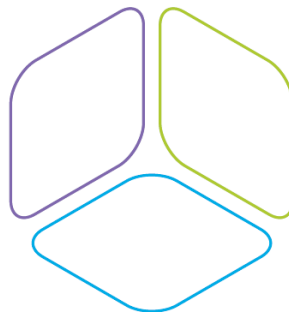
The ten largest customers let approximately 17.6 % of rented space and accounted for 17.7% of rental income.

One single largest customer accounted for 3.9% of rented space and one for 3.1% of rental income.

# 2015-2020 Strategic Financial Targets

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- > Average net sales and EBITDA growth 10% p.a.
- > Service penetration 15% by 2020 for like-for-like real estate
- > 5.5% return on capital employed p.a.
- > Equity ratio above 35% over the cycle

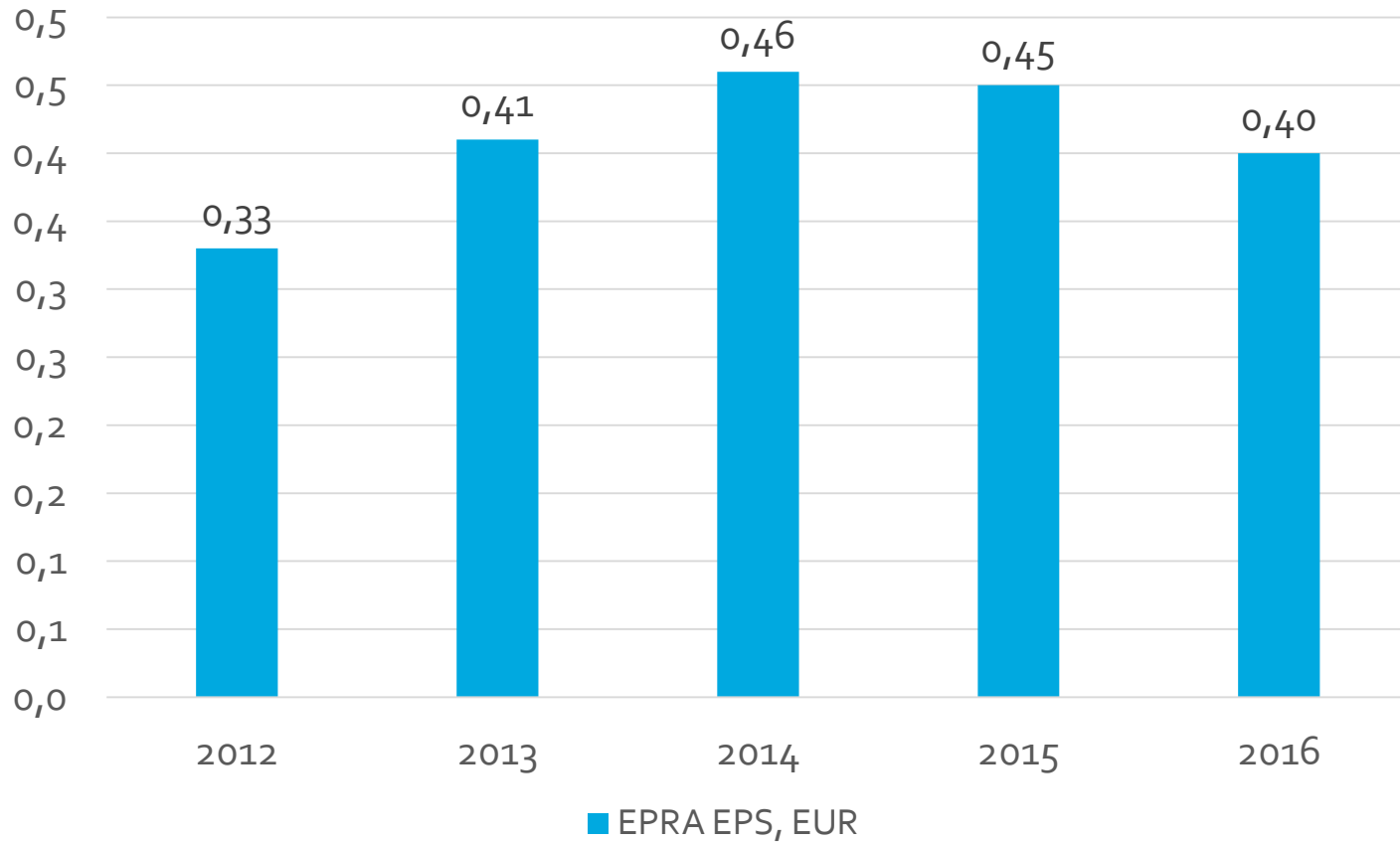


# Investment Criteria

- Sufficient scale
- Good quality assets
- Flexibility & adaptability
- Location & connections
- Service infrastructure potential
- Customer mix potential
- Competitive valuation with attractive risk-adjusted return

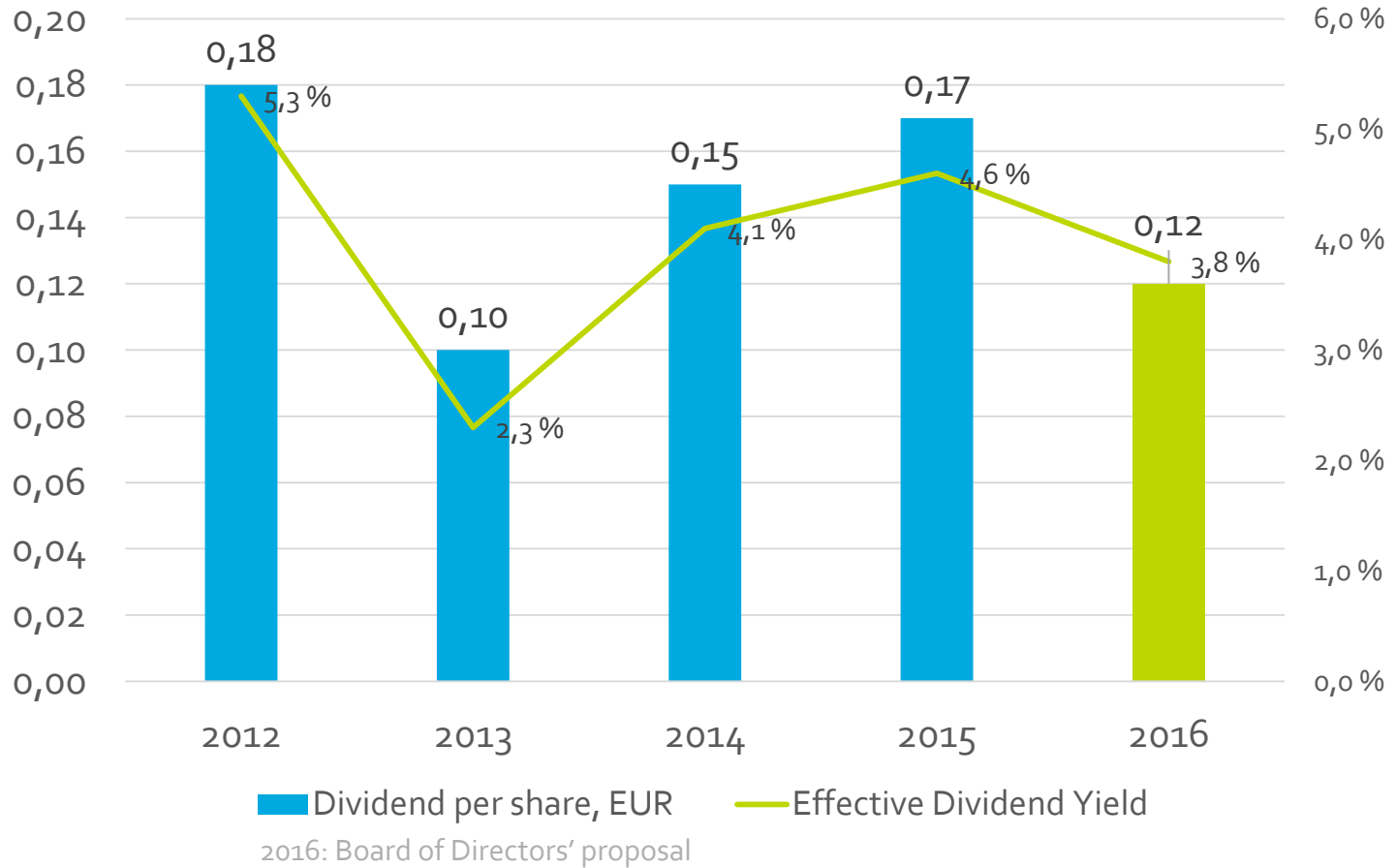


# Earnings per Share, EUR (EPRA)



Share related indicators have been adjusted for the rights issue in fall 2016.

# Dividend per Share, EUR



# Technopolis Investment Story

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- Technopolis concept brings both higher yields & lower operational risk
- Proven track record of building & sustaining high occupancy
- Consistently high rental yield relative to cost of capital
- Upside to build service revenue & earnings
- Effective end-to-end control of the customer experience
- Well positioned to exploit trend toward shared working life



# Shareholders

| December 31, 2016                        | # of shares | % of shares |
|--|-------------|-------------|
| Varma Mutual Pension Insurance Comp.     | 38,172,288  | 24.0        |
| Ilmarinen Mutual Pension Insurance Comp. | 16,634,470  | 10.5        |
| City of Oulu                             | 3,917,926   | 2.5         |
| Technopolis Plc                          | 1,947,571   | 1.2         |
| Laakkonen Mikko                          | 1,939,276   | 1.2         |
| The Finnish Cultural Foundation          | 1,782,063   | 1.1         |
| OP-Pohjola Group                         | 1,660,235   | 1.1         |
| Odin Eiendom                             | 1,450,000   | 0.9         |
| Jenny and Antti Wihuri's Foundation      | 1,107,597   | 0.7         |
| Jyrki Hallikainen and company            | 1,000,000   | 0.6         |
| 10 largest shareholders, total           | 69,762,210  | 43.8        |
| Foreign and nominee registered, total    | 53,796,934  | 33.9        |
| Others, total                            | 35,920,518  | 22.3        |
| Total amount of shares                   | 158,793,662 | 100         |