Strategy Review
2017–2020

Keith Silverang, CEO
June 7, 2017

TECHNOPOLIS
more than squares
The Primary Focus of the Revised Strategy Is Shareholder Value Creation

- Enhancement of the Technopolis service concept
- Accelerated **organic expansion** of current campuses
- Exploiting value-creating **acquisition opportunities** in the Nordic-Baltic region
- Expansion & increasing profitability of our **service business**
- Significant expansion of the **UMA co-working** network
- Execution of the strategy and investments **without new equity issues**
Enhancement of the Technopolis Concept

Technopolis Core Competences

- Customer Experience Management
  - Brand and reputation
  - Deeply embedded in local markets

- Flexible Workspace Solutions
  - Scalable operating model

- Effective Concept Deployment

= Differentiating capability
= Supporting capability

- High occupancy
- Premium customer value and rental rates
- High customer satisfaction
We expect to spend EUR 200–250 million on development by 2020, including 10–15 new projects.
Value-Creating Acquisition Opportunities in the Nordic-Baltic Region

- **We expect to spend EUR 100-200 million on acquisitions by 2020, but only if a compelling value creation opportunity presents itself.**

- New investment criteria framework set up for evaluating acquisition opportunities in different markets.

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**Equity Ratio, %**

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity Ratio</th>
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<tbody>
<tr>
<td>2014</td>
<td>38.5%</td>
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<tr>
<td>2015</td>
<td>39.3%</td>
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<tr>
<td>2016</td>
<td>41.5%</td>
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<tr>
<td>Q1/2016</td>
<td>38.0%</td>
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<tr>
<td>Q1/2017</td>
<td>42.8%</td>
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* Share issue

Target >35%
Expansion & Increasing Profitability of the Service Business

Target is to:

- Increase services like-for-like share of net sales above 20% on all campuses
- Increase EBITDA-margin of services to 20%+ in 2020

Total Income (MEUR) and Service Penetration (%)

- Rental income
- Service income
- Service penetration

Yearly Income (EUR million) and Service Penetration (%):

- 2014: Rental income 16.9 M, Service income 1.0 M, Service penetration 10.4%
- 2015: Rental income 20.3 M, Service income 1.1 M, Service penetration 11.9%
- 2016: Rental income 22.4 M, Service income 1.3 M, Service penetration 13.0%
- Q1/16: Rental income 5.2 M, Service income 0.0 M, Service penetration 12.6%
- Q1/17: Rental income 6.0 M, Service income 0.0 M, Service penetration 13.5%
Significant Expansion of the UMA Concept

- **EUR 30 million capex allocated over the next five years**
- **Expansion in both current Technopolis cities and new ones**
- **A dedicated team will be created for this activity**
New Strategic Financial Targets Set

- EPS Growth of 8-10% p.a. (EPRA earnings basis)
- ROE > 8% p.a. (EPRA basis)
- NAV per Share Growth >5% p.a. (EPRA basis)
- Equity Ratio >35%
The Board’s Perspective

➢ New dividend policy:

Technopolis aims to pay out an increasing annual dividend of 40-60% of the EPRA-based direct result (EPRA earnings).

➢ Execution of the strategy and investments **without new equity issues**

➢ Management incentive schemes – both long-term and short-term – will be updated during the second half of 2017 to reflect the value creation targets
Technopolis
- A World-Class Workspace Provider