Technopolis Plc

Capital Market Day
15-17 May 2013

TECHNOPOLIS

Program

Day 1, Vilnius	
Asset tour	
Technopolis Investment Story	**Keith Silverang,** CEO

Day 2, Tallinn	
International Operations / Lithuania and Vilnius Office Market	**Sami Juutinen**, Director, International Operations
The Technopolis Concept	**Kari Kokkonen**, Director, Real Estate Operations
Financing and Risk Management	**Kim Höijer**, Deputy CFO
Estonia and Tallinn Office Market	**Erkki Malm**, Key Account Manger, Tallinn
Asset tour	

Day 3, St. Petersburg	
Russia and St. Petersburg office market	**Peter Coachman**, Director, St. Petersburg Business Unit
Finland and Finnish Office Market	**Juha Juntunen**, Director, Finnish Operations
Asset tour	
Case: Savonia	**Hannu Eronen**, Director, Kuopio Business Unit
Cases: Tohloppi and Finnmedi	**Satu Eskelinen**, Director, Tampere Business Unit
The Future of the TP Service Concept	**Olli Rasia**, Director, Services
Closing Words	**Keith Silverang**, CEO

The Technopolis Story

Keith Silverang
CEO

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A Nordic Baltic Approach

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The Technopolis Concept

- We develop, own & operate dynamic, smart campuses
- Multi-user facilities, shared, bundled services
- Hands-on sales & account management
- We're a real estate company with service DNA

SPACE

Benefit from flexible space services

Flexi Space
- Office & Special Spaces
- Conference & Meeting Space
- Business Lounge

Workplace Services
- Workplace Design
- Furniture & Move-in Services
- ICT Services
- Facility Services
- Cleaning Services
- Reception Services
- Restaurant & Catering

BUSINESS

Boost your business

Matchmaking Services
- Customers
- Partners
- Financiers
- Talent

Visibility services

Funding Services

EMPLOYEES

Engage your talent

Health and Wellbeing Services
- Gym and massage
- Hair and Beauty
- Occupational health and wellbeing

Restaurant and Cafe Services
- Restaurants and cafes
- Take-out food
- Catering

Travel and Leisure Services
- Accommodation and transportation
- Ticket service

Household Services
- Car wash
- Personal finance
- Groceries

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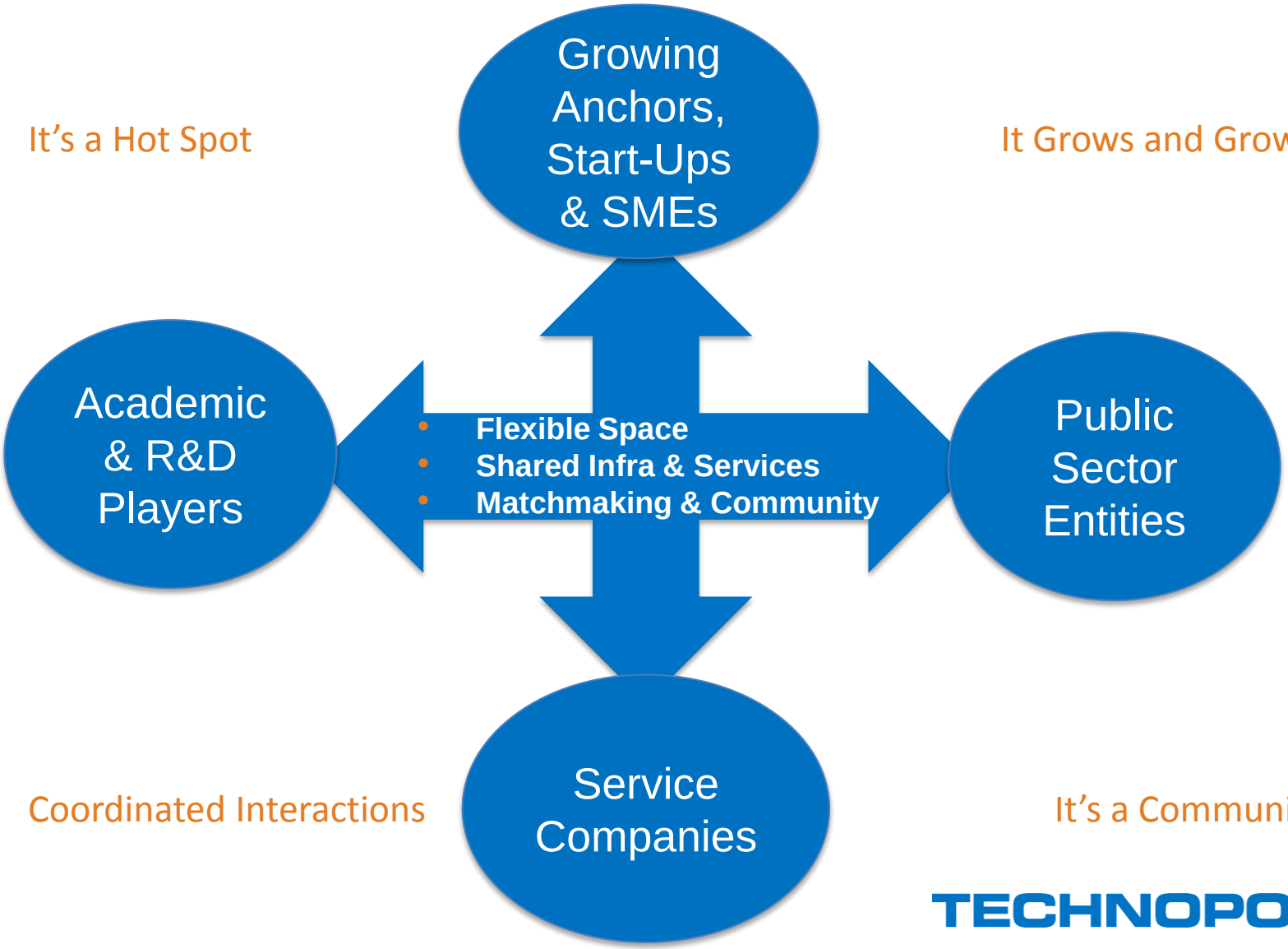
What's a Smart Campus?

It's a Hot Spot

It Grows and Grows



Coordinated Interactions

It's a Community

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A Sales Driven Approach

Traditional Property Investors

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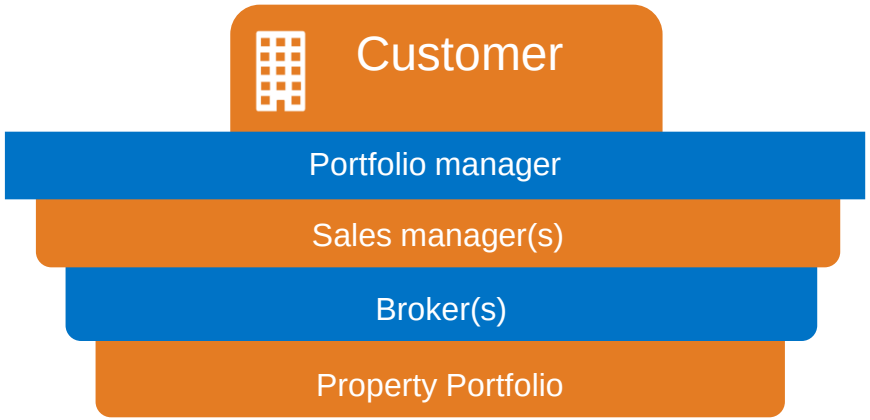

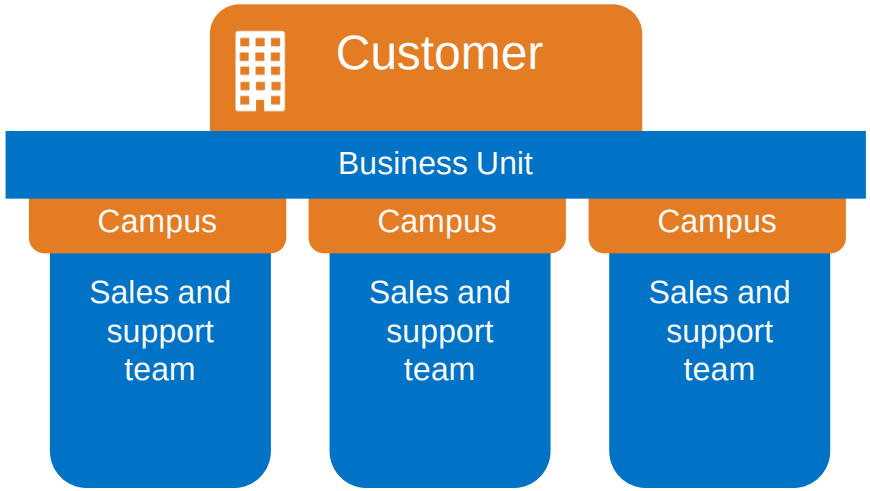

- Hands-on, proactive customer & occupancy management
- Centrally managed business concept & development
- Locally managed customers, stakeholders & assets
- Dedicated account managers for every campus
- Incentives aim to maximize occupancy, revenue/m^2 and customer satisfaction
- Stable, high occupancy over the cycle shows that the concept works

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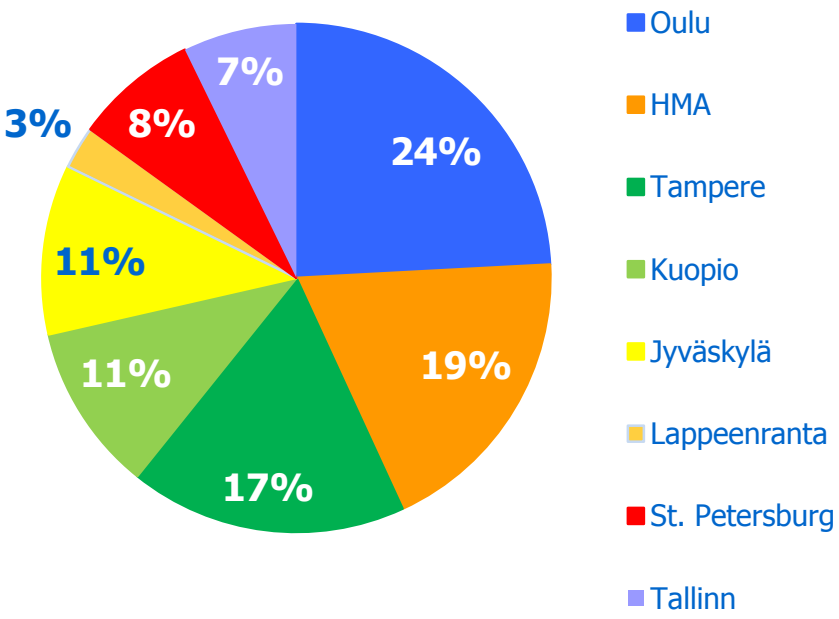
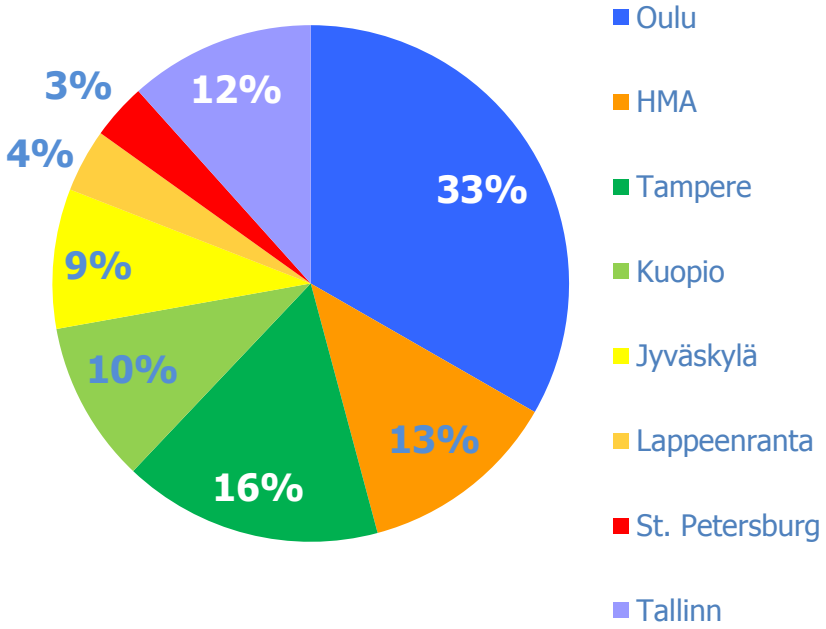
Increasing Geographic Diversification

Fair Values



In Space



Situation: March 31, 2013

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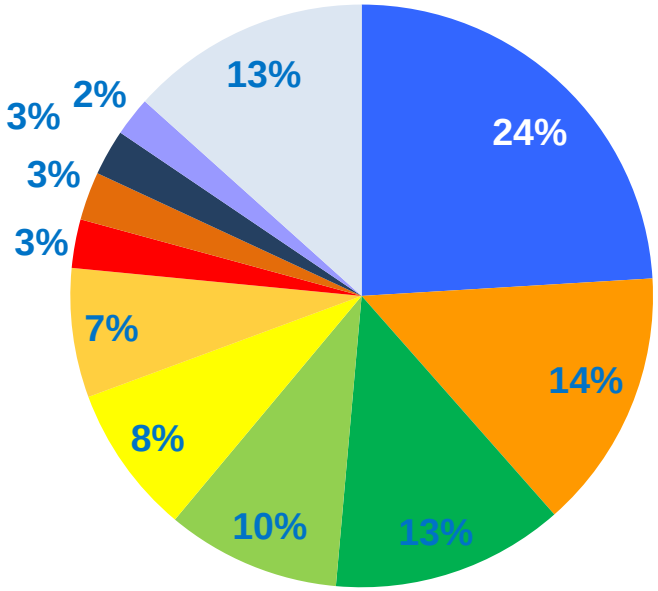
An Increasingly Broad Customer Base

Customer Segments



- Information and Communications
- Services
- Manufacturing
- Wholesale and Retail
- Education
- Other
- Public Sector
- Real Estate
- Healthcare
- Food Services
- Other

Situation: March 31, 2013

Top 20 Customers

The 20 largest customers were renting ca. 33% of the company's space

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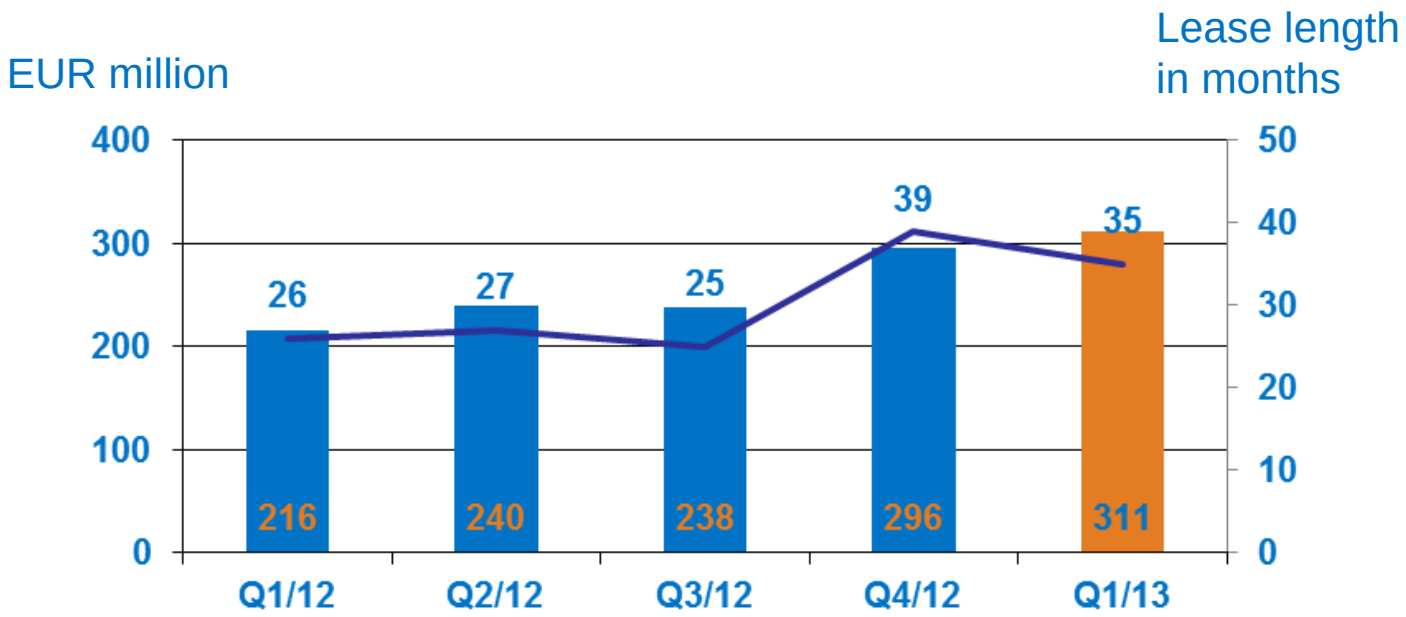
A More Stable Lease Portfolio



Long-term leases with public sector contributed to the average lease length and lease stock

- At the end of the period the average lease period was 35 (26) months
- Lease stock was EUR 311.1 (215.6) million

Situation: March 31, 2013

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Investment Pipeline

Area	Name	Occupancy rate, %	sqm	EUR million	a) Yield, %	Completion
Acquired						
Tampere	Tohloppi	100.0	32,000	23.3	11.9	10/2012
Oulu	Peltola	63.3	37,600	31.7	11.6	02/2013
Completed						
Kuopio	Viestikatu 2B	91.5	3,100	5.0	8.7	01/2012
Tampere	Hermia 15B	100.0	4,500	10.9	7.4	01/2012
Jyväskylä	Innova 2	100.0	8,000	20.5	8.2	03/2012
HMA	Ruoholahti 2	89.2	8,600	26.8	7.0	06/2012
Tampere	Yliopistonrinne 2	93.6	7,500	22.5	7.1	10/2012
Kuopio	Viestikatu 7B&C	82.8	9,300	17.4	9.1	02/2013
Tallinn	Löötsa 8C	100.0	6,200	8.4	9.2	03/2013
Under construction b)						
Tallinn	Löötsa 8B	100.0	8,600	12.1	9.2	10/2013
St. Petersburg	Pulkovo 2	8.8	18,700	42.0	12.6	10/2013
Jyväskylä	Innova 4	45.3	8,900	23.7	8.2	10/2013
Tallinn	Löötsa 8A	5.0	7,800	12.2	9.2	02/2014

a) stabilized yield = estimated net rental revenue / fair value at the end of the period
b) pre-let rate 7 May 2013

Key Figures

	2008	2009	2010	2011	2012
Operating Result (EPRA), MEUR	15.1	21.7	20.9	24.6	29.9
Growth, year on year		43.2%	-3.3%	17.6%	17.2%
Dividend/share, EUR (adjusted)	0.11	0.14	0.16	0.19	0.20e
ROE	6.6%	-2.8%	8.2%	15.0%	7.4%
Financial Occupancy	96.5%	94.4%	94.4%	95.1%	95.3%
Net Rental Yield	7.6%	7.6%	7.7%	7.8%	7.8%
Gross area, 1,000 m²	438.3	453.6	527.8	576.9	644.3

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Execution of Strategy

	2008	2009	2010	2011	2012	y/y
Net sales, MEUR	72.6	76.4	81.2	92.8	107.3	15.6%
EBITDA, MEUR	37.0	40.0	41.4	47.5	55.8	17.6%
Net Sales, International	0.3	0.3	1.3	7.6	9.8	
ROCE)[1]	5.6%	6.0%	5.3%	5.3%	5.7%	
Equity ratio	40.5%	37.3%	37.4%	35.8%	36.2%	
Dividend/net profit)[2]	41.7%	42.9%	50.8%	48.9%	50.6%	

1) Excludes changes in fair value of investment properties
2) Excludes changes in fair value of investment properties & related tax effects

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Technopolis as an Investment

- Proven business concept with competitive advantage
- Specialized but diversified geographically
- Solid cash flow generating business, high occupancy
- Attractive risk adjusted returns, ongoing profitable growth
- Highest market cap ever and rising
- Attractive share price relative to NAV
- Balanced customers and geographic mix

Profitable Growth Opportunities Abound

Markets	Customers
• Buy market share	• Public sector
• New cities and countries	• Growth SME's
• Expand existing campuses	• Health care sector
• Exploit economic crisis	• Educational sector

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International Operations / Lithuanian Office Market

Sami Juutinen
Director

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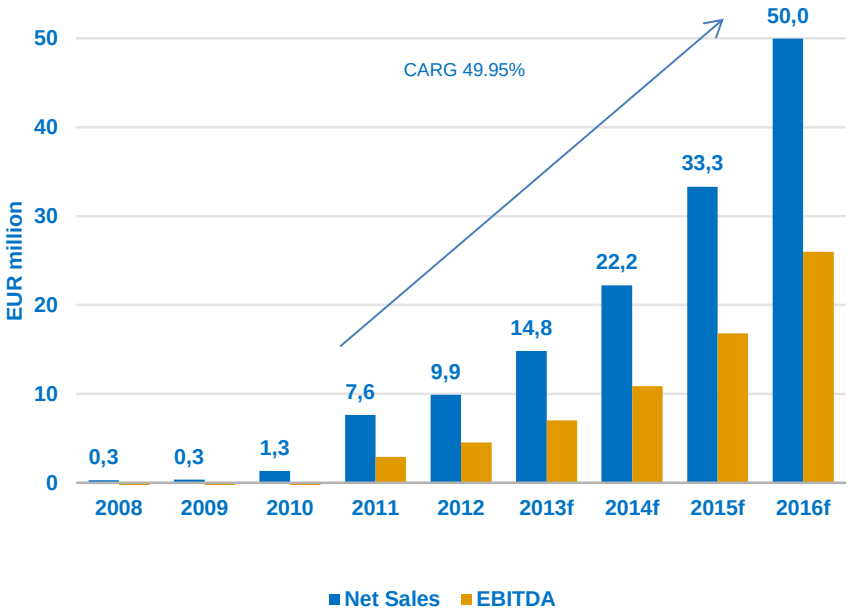
Strategic Targets 2012–2016

- Net sales and EBITDA growth 15% on average per annum
- **Net sales outside Finland over EUR 50 million by 2016**
- At least 6% return on capital employed per annum
- Equity ratio over 35% over the cycle
- Dividend payout 40–50% of net profit

International Growth

Target to attain EUR 50 million net sales by 2016

- Focused investment criteria
- Process for each target >6 months
- Opportunities in Baltic Rim and Scandinavia



What does EUR 50 million mean?

- Net sales growth ca. 50% p.a.
- EBITDA should grow 55% p.a.
- Assuming international operations exceeding EBITDA–% of 52%

NOTE: This is for illustrative purposes only – not guidance!

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Focused Growth Effort

- Concentration on St. Petersburg, Baltics and Scandinavia
- Aim to expand briskly and balance Technopolis portfolio geographically
- We look for quality, scale and sustainable growth
- Growth targets are ambitious but clearly defined investment criteria will be upheld

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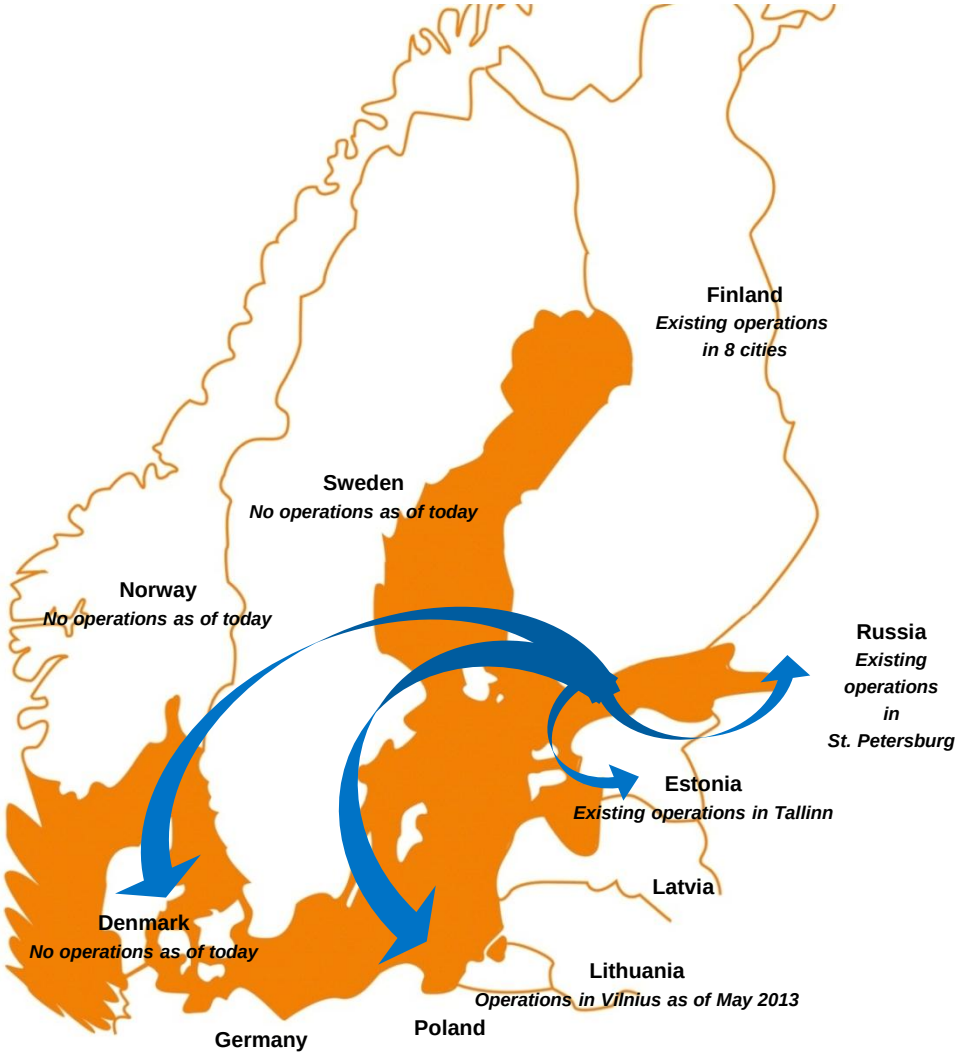
Markets Are Holding Up and Growing

Finland	2013E
GDP growth	0.3%
Unemployment	8.1%
Credit rating	AAA

Sweden	2013E
GDP growth (%)	1.3%
Unemployment	8.3%
Credit rating	AAA

Norway	2013E
GDP growth (%)	2.8%
Unemployment	3.1%
Credit rating	AAA

Denmark	2013E
GDP growth (%)	1.5%
Unemployment	6.5%
Credit rating	AAA



Russia	2013E
GDP growth (%)	3.1%
Unemployment	5.8%
Credit rating	BBB+

Estonia	2013E
GDP growth (%)	3.0%
Unemployment	9.6%
Credit rating	AA-

Latvia	2013E
GDP growth (%)	2.5%
Unemployment	13.6%
Credit rating	BBB

Lithuania	2013E
GDP growth (%)	3.0%
Unemployment	12.0%
Credit rating	BBB

Source: Bloomberg, Etla, Eurostat, Nordea Research, Standard & Poors

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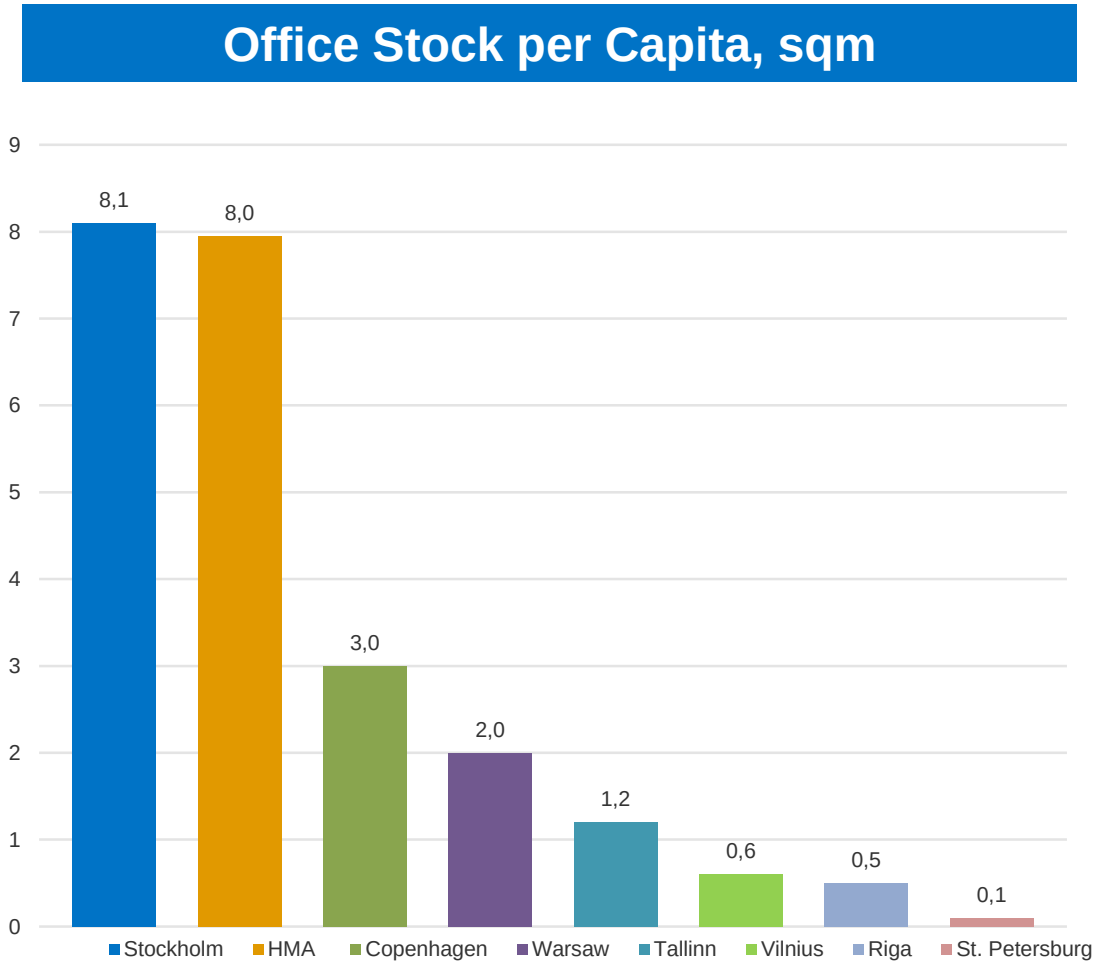
Investment Criteria

Property
- Excellent locations in local growth hubs
- Additional building rights to allow customer expansion
- Quality, flexible assets
- 40,000 sqm at minimum

Customers
- Corporate, public sector or academic anchor
- Balanced customer mix

Management and Financials
- Experienced, skilled and connected local teams
- Positive cash flow and EPS impact

Office Market Maturity in Baltic Rim



Source: Newsec, LaSalle and Catella situation December 31, 2012

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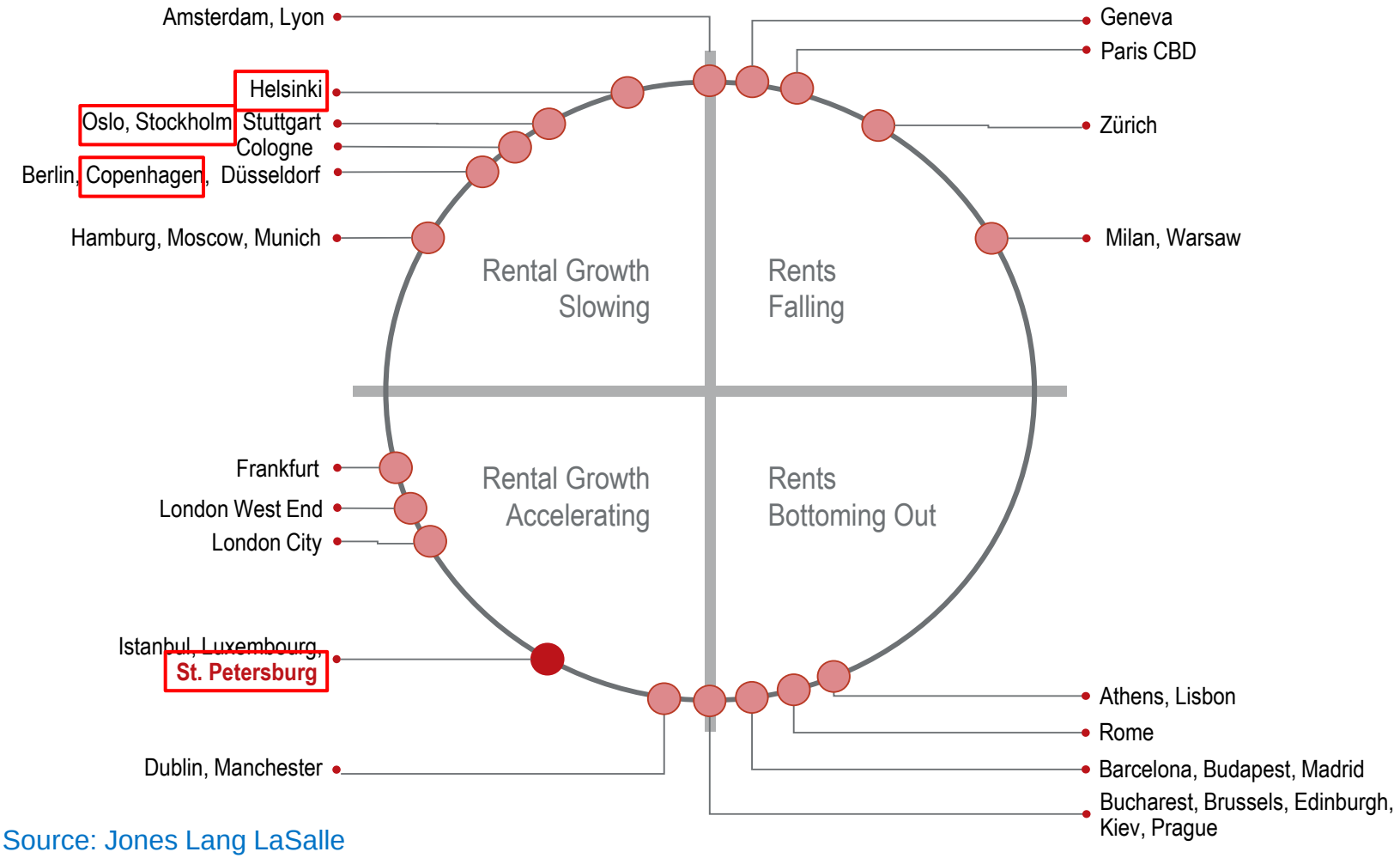
European Office Property Clock, Q1/2013



Source: Jones Lang LaSalle

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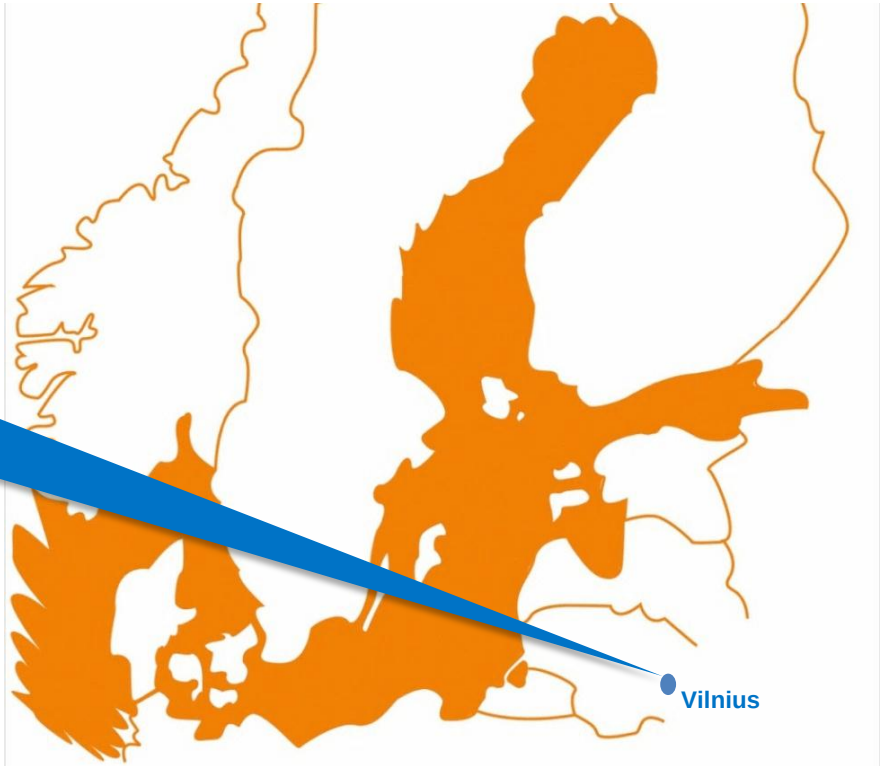
Lithuanian Economics

Vilnius, Lithuania
Space 42,300 sqm:
Purchase price, MEUR: 61.0
Market yield 8,1%
Occupancy: 100%



	2010	2011	2012	2013e	2014e
GDP, y/y	1.5	5.9	3.6	3.0	3.3
Inflation, y/y	1.2	4.1	3.2	2.1	2.5
Unemployment, %	17.8	15.2	13.2	12.0	11.0

Source: IMF, April 2013

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Q4/2012 Vilnius Office Market Snapshot

	Total
Modern office stock	474,300
Yield, prime CBD	8.5%
Vacancy rate	10.4%
Prime rents (EUR/sqm/month)	8–14

Source: Newsec

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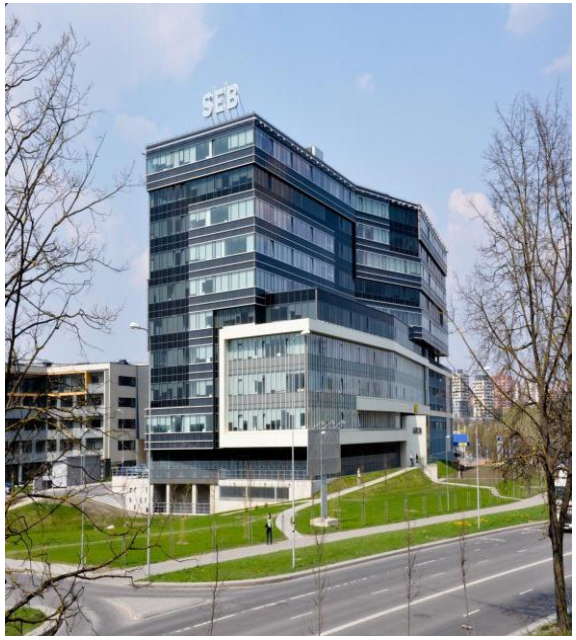
Acquisition in Vilnius



- Technopolis' entry in to Lithuania
- 42,300 sqm of new quality offices
- Signed mid-March, 2013
- Closing by end of May 2013
- Attractive location, good fit with Technopolis concept
- 30,000 sqm expansion potential for the future growth
- 100% occupancy in two of the buildings
- Third building under construction with 46% pre-let rate
- Advanced negotiations to attain 90% occupancy at construction completion in November 2013

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Acquisition Process

Acquisition process phase	Preparation	Transaction	Integration
Time Schedule	**0-2 months**	**2-4 months**	**4-6 months**
Analyze the demand based on strategy and market conditions			
Analyse the supply based on the demand			
Select a short-list of suitable targets			
Establish contact with the target (Management, Board, Main owners)			
Negotiate conditional term-sheet			
Carry out a thorough due diligence of the selected target			
Arrange the require financing			
Integration and operation plan			
Signing subject to CPs			
Closing after CPs have been met			
Integration			
Normalized operation			

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Integration Process Description

Acquisition process phase	Preparation	Transaction	Integration
Time Schedule	**0-2 months**	**2-4 months**	**4-6 months**
Sales and marketing			
Legal actions			
Business premises			
Business services			
Facility managemet			
Facility development and costruction			
Finance (loan, equity, collaterals)			
Accounting			
ICT			
Personnel (commitment and reqruiment)			
Business development services			
Areal and national development services			

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Summary and Q&A

- 50% net sales growth p.a. needed to fulfill 2016 target
- Both growth and stable markets in the Baltic Rim
- Lithuania is a new country for Technopolis
- Vilnius campus has good customer base and growth prospects
- Thought-out investment and integration plan for acquisitions

- **Growth pace in international operations is gaining momentum**

The Technopolis Concept - Innovative Working Environments

Kari Kokkonen
Director,
Real Estate Operations

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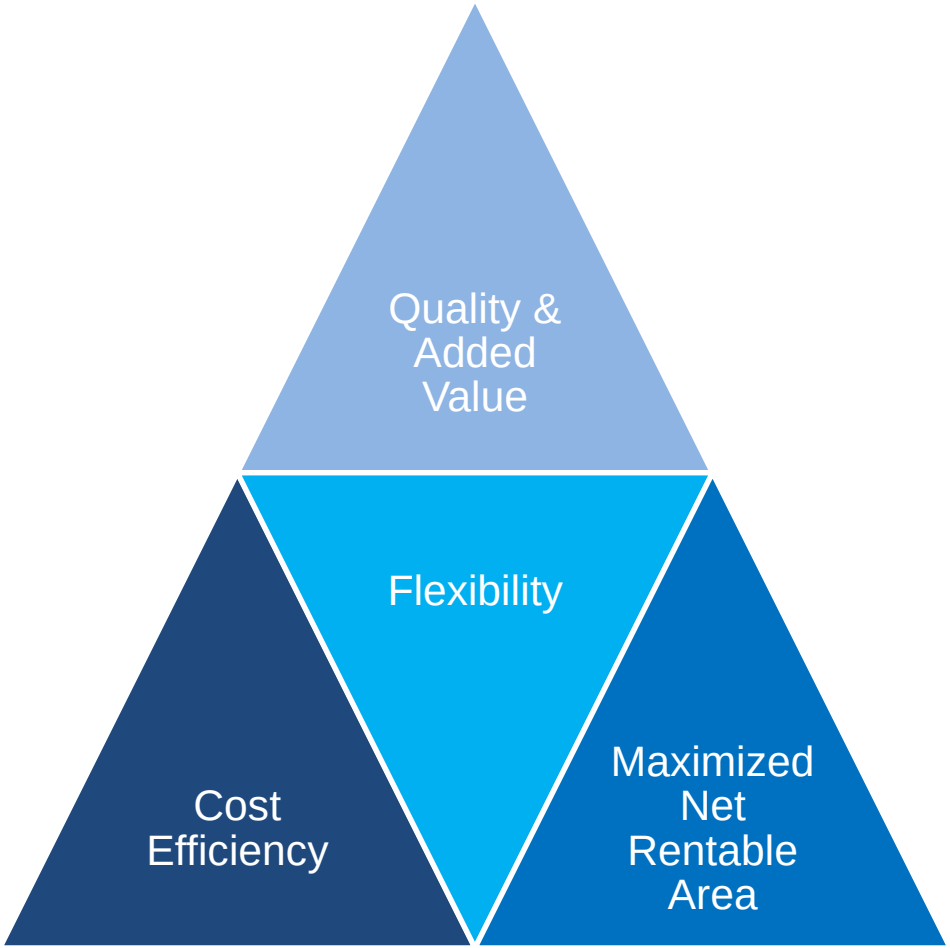
Corner Stones in Premises Development



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Campuses – Technopolis Smart Parks

18 campuses in 10 cities

- Near universities and technology hubs
- Close to airports
- In City centers

Target for campus size min. 30–40 000 sqm for cost effective operations, services and networking

Good development and growth potential on all sites

Local facility and maintenance management

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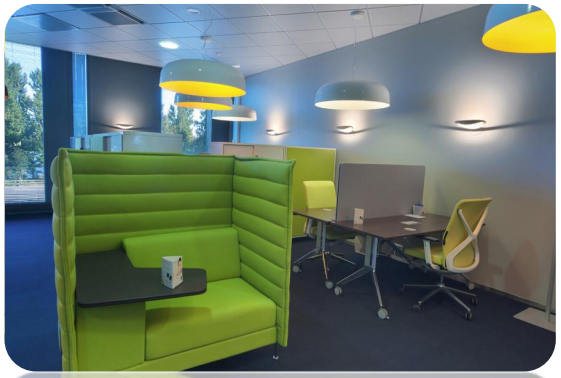
Space Concept Components

Flexible office → Business Lounge → Public Space

Level of commitment



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Flexible Office Floor

- Optimal floor area 800–1,000 sqm
- Divisibility for 4–6 users per floor
- Flexibility through standardized room grid
- System partitions

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Public Ground Floor

- Main entrance
- Lobby
- Restaurant
- Maintenance area
- Post lockers
- Coat racks

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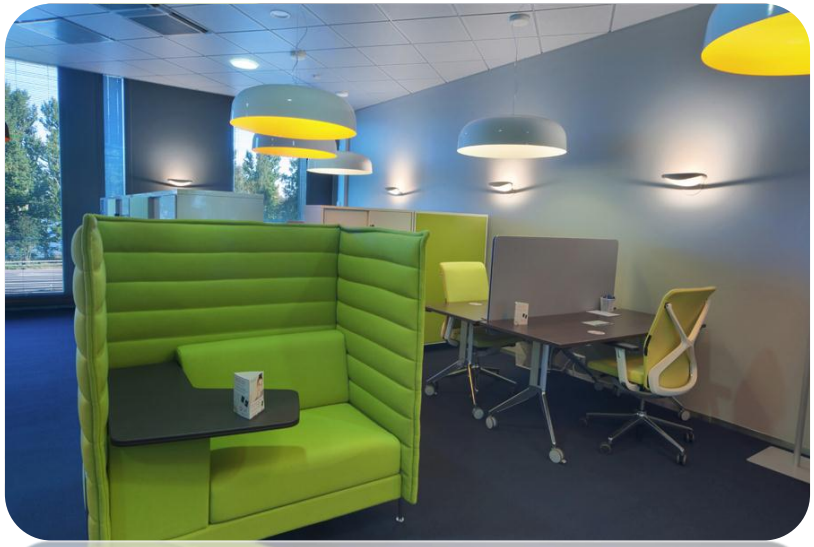
Business Lounge



- Located near main lobby and services
- For 8–12 working stations
- Free wireless connection
- Hourly rates

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Public Space and Service Zone

Restaurants and Cafes

- Campus living room
- Wireless connection
- Services after working hours

Conferencing

- Fully equipped and catering services
- 4–200 persons
- From video conferences to fairs

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Environmental Goals 2011–2015

Climate change, CO2 reduction

Energy saving

Water saving

Waste reduction

Leed sertification

GRI Reporting

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Summary and Q&A

- Flexibility is the cornerstone of Technopolis concept
- Space is divided into private, semi-public and public
- Spaces differ in fee structures and usage profile
- Size is needed for efficient services, sales and real estate management

- **Flexible space and services makes us Technopolis**

Kim Höijer,
Deputy CFO

Financing and Risk Management

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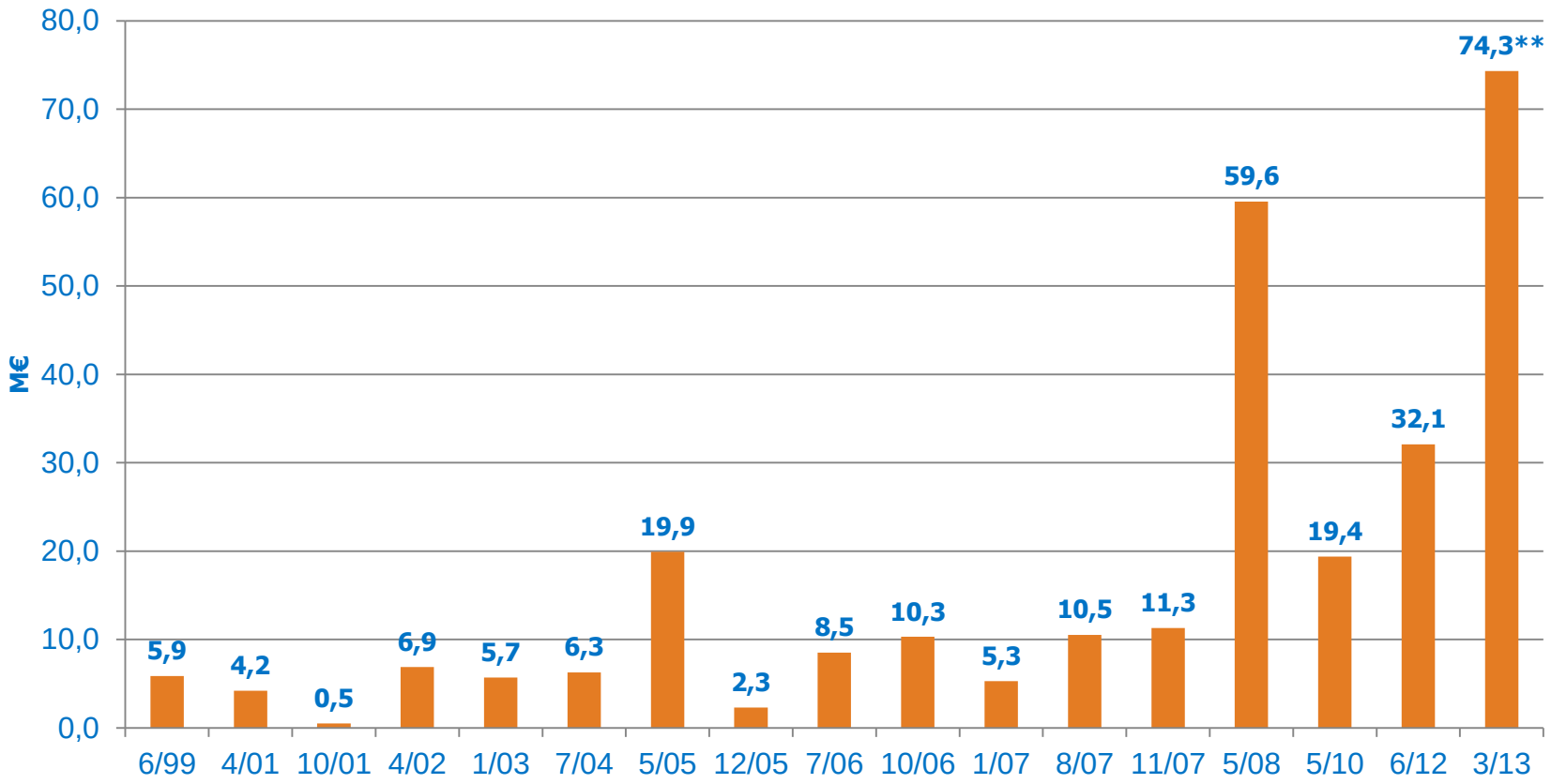
Equity Issues* from IPO to Date



*) Excludes minor compensation share issues and option subscriptions
**) Hybrid bond issue

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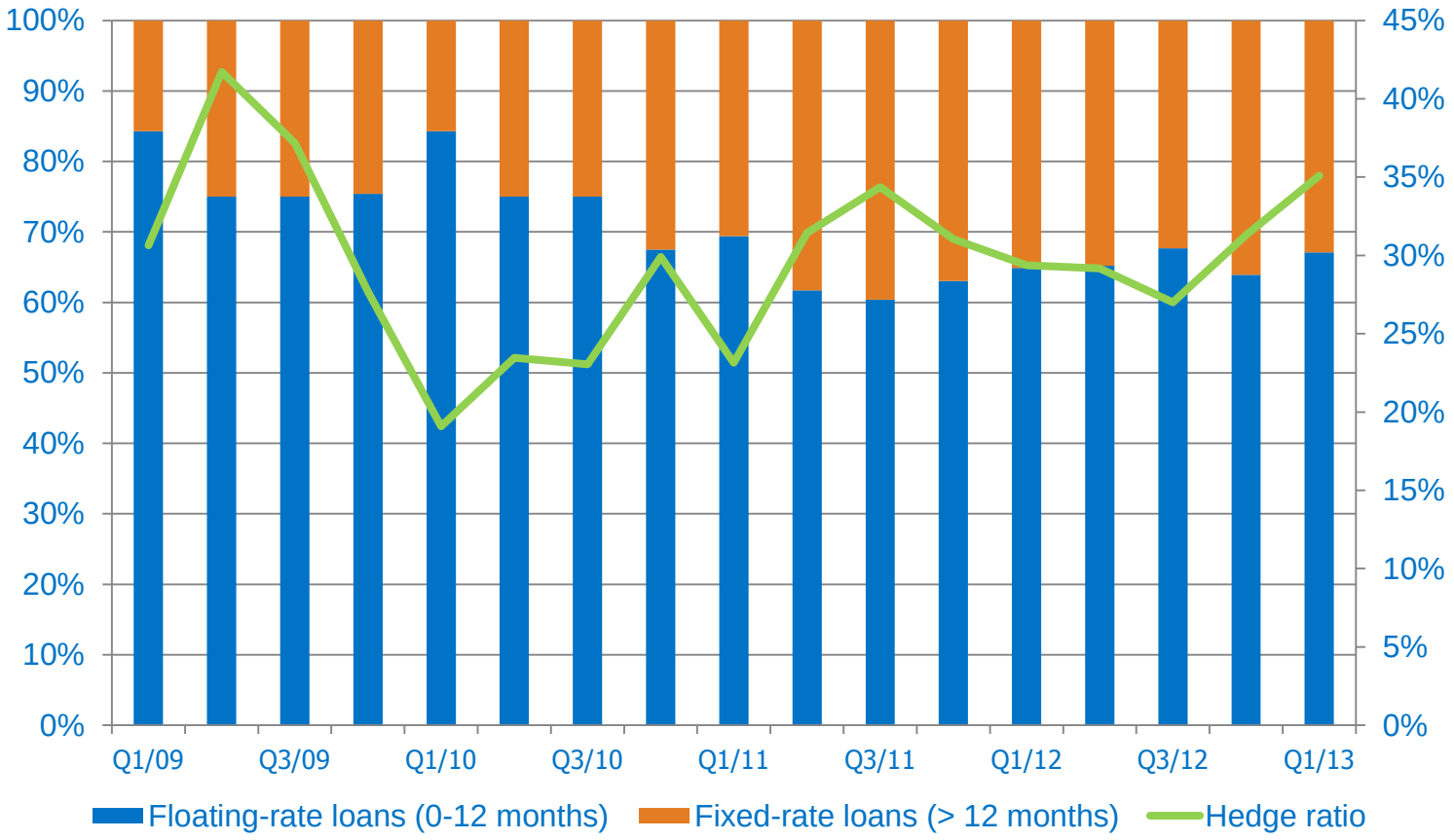
Breakdown of Debts



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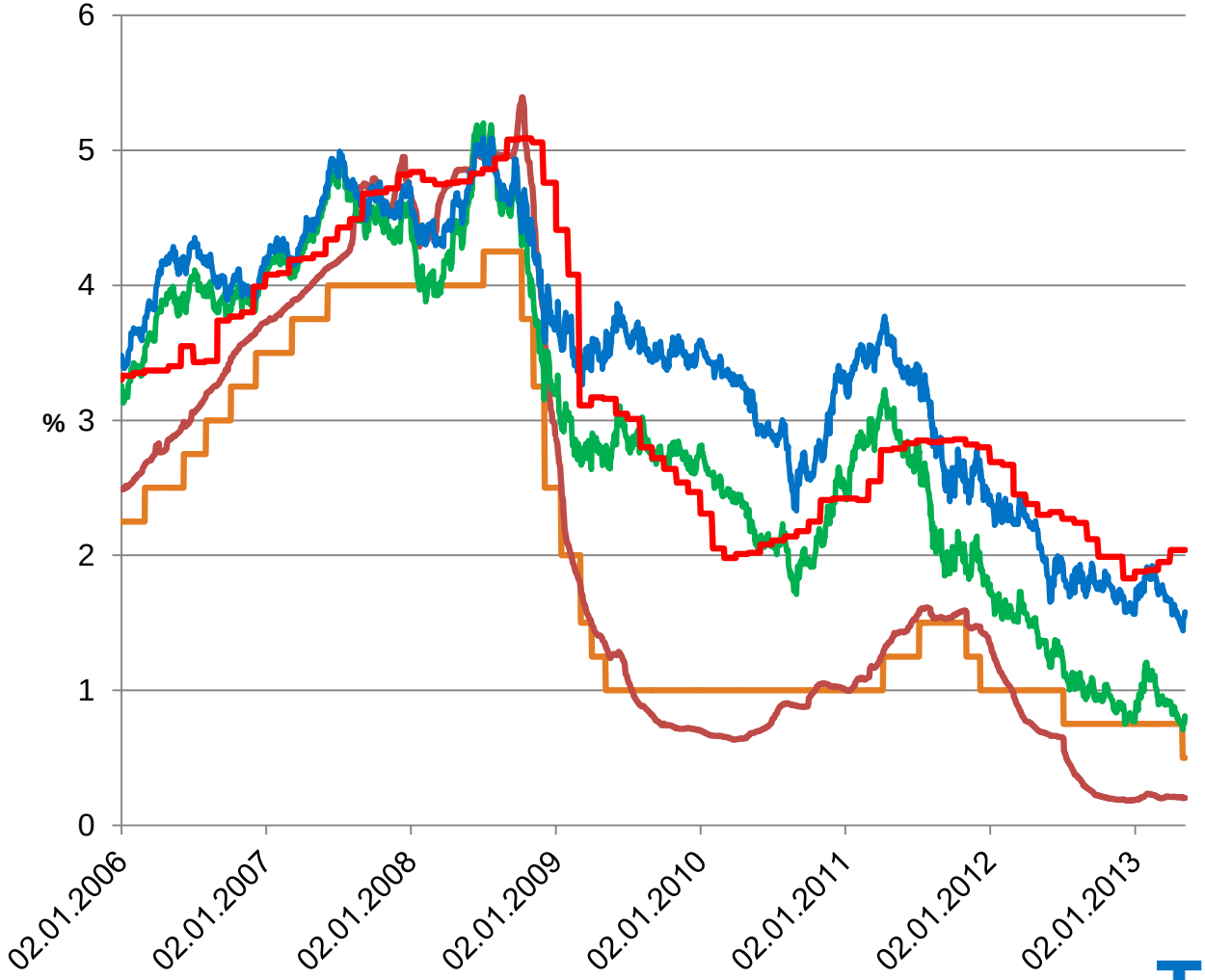
Key Eurozone Interest Rate vs. Technopolis Average



Averages (1/2006 – 4/2013)

ECB	2,0596 %
Euribor 3mt	2.4880 %
5v swap	3.2569 %
10v swap	3.4418 %
Technopolis	3,2354 %

- ECB-main refinancing rate
- 3-month euribor
- 5-year SWAP
- 10-year SWAP
- TP average rate

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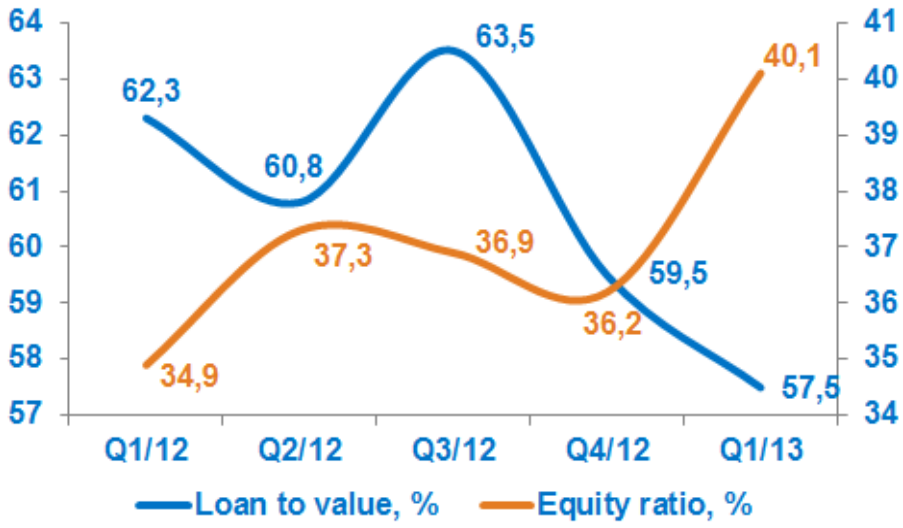
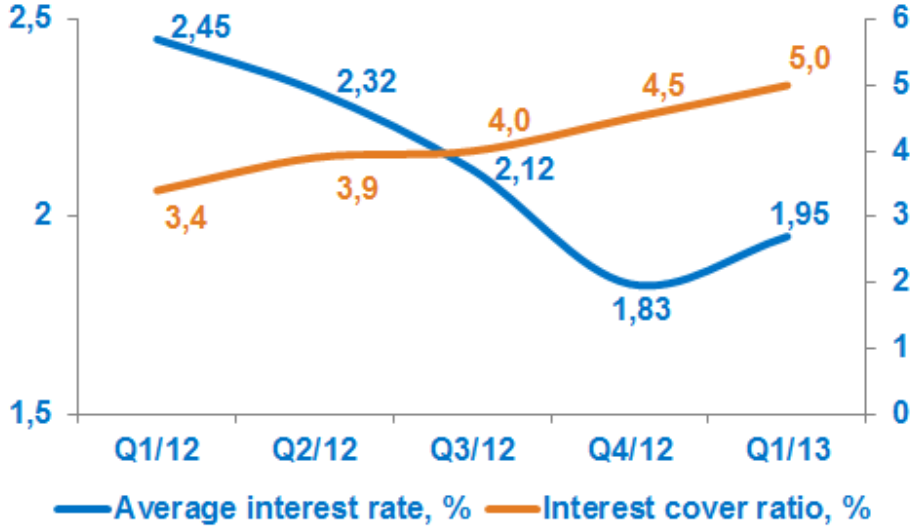
Equity and Debt – Ratios

Loan to Value and Equity Ratio



Interest Rate and Interest Coverage Ratio



- LTV down thanks to positive change in fair value
- Equity ratio was boosted by EUR 75 million hybrid bond
- Average interest rate stayed under 2%
- Rising fair value and strong operational performance boosted ICR

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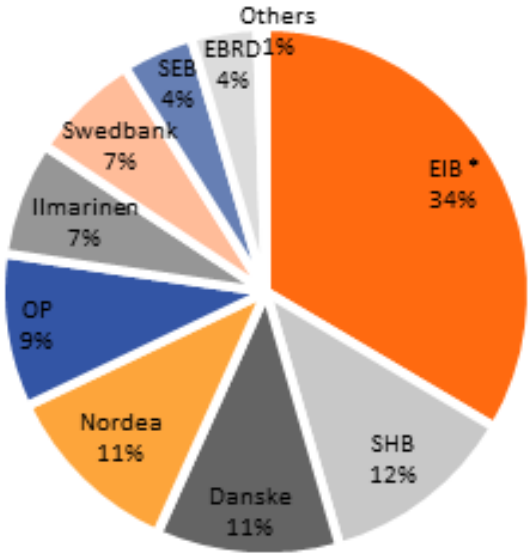
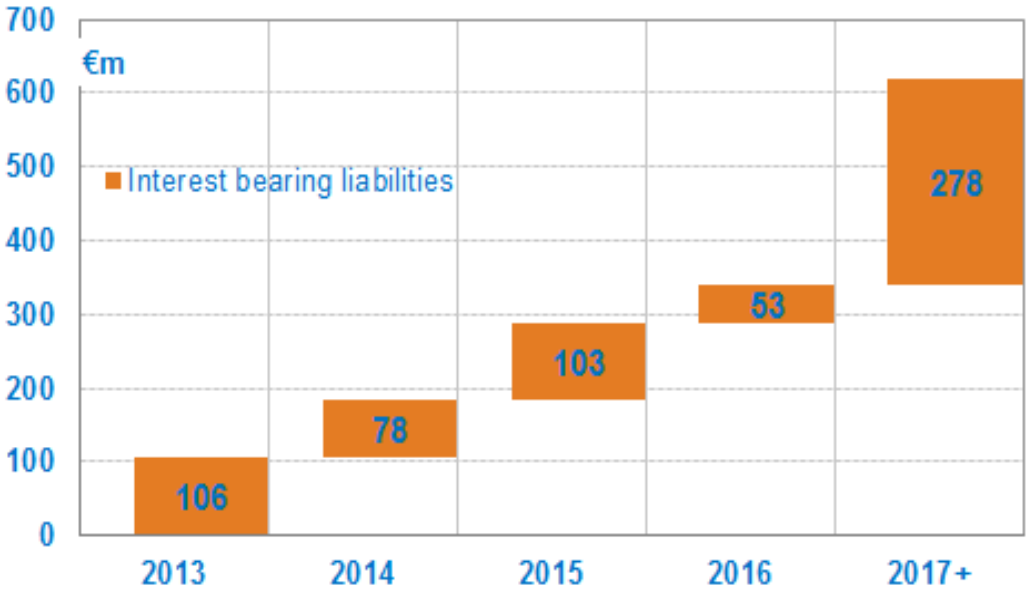
Breakdown of Debts



*) Funding includes bank guarantees



- Total IBD €618,9m at Q1/2013
- Banks are main IBD funding source, but the loan portfolio is well-diversified
- The capital weighted loan maturity is 8.5 years
- Annual amortization are well-diversified easing the refinancing

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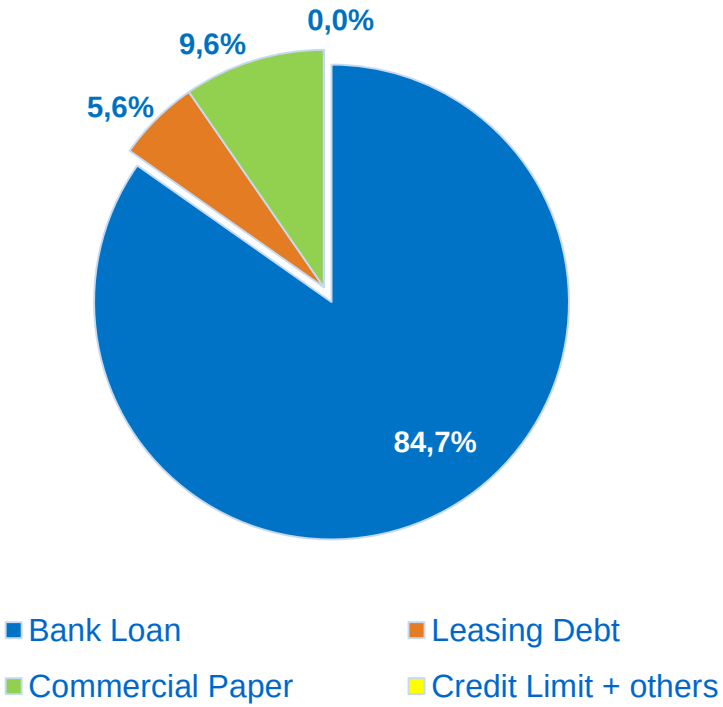
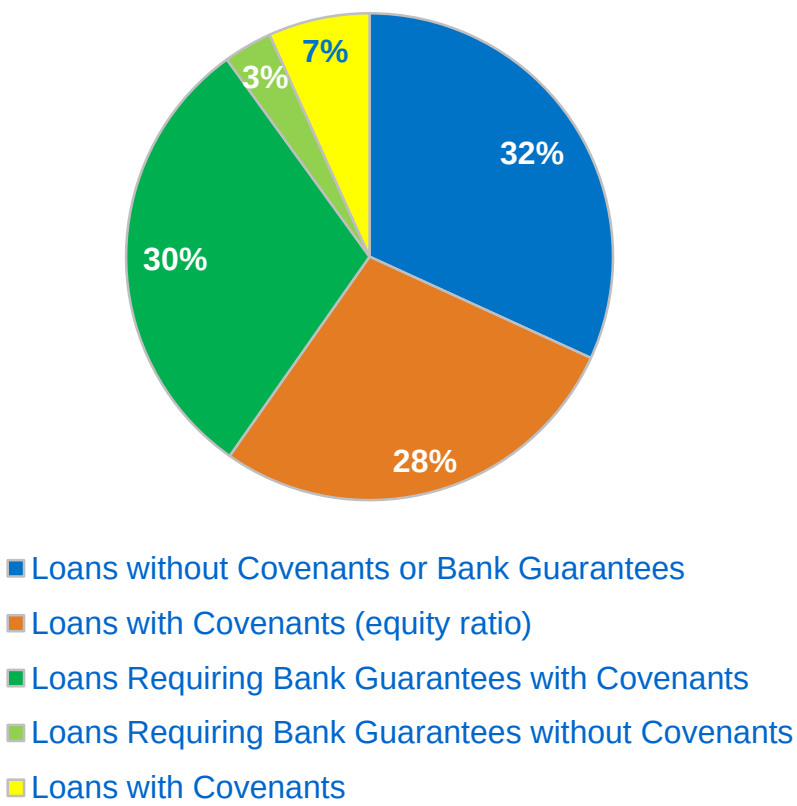
Breakdown of Debts





- ~90% of IBD funding is based on bank loans and the rest are covered by CP's and financial leases
- Share of collateralized funding is significant (~84% or €521,3m of total funding in Q1/2013)

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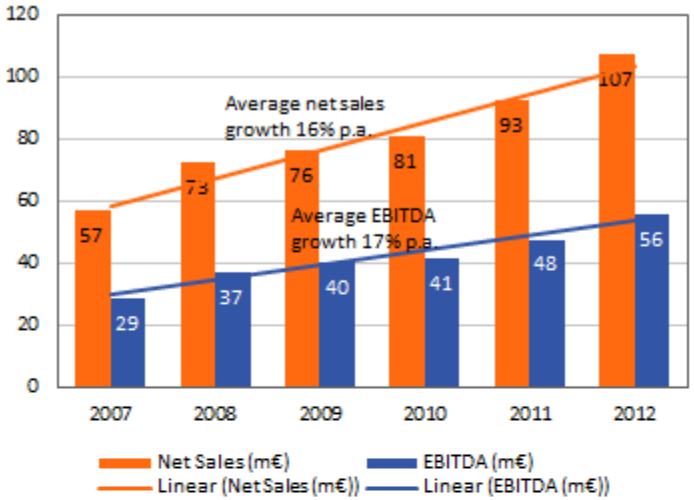
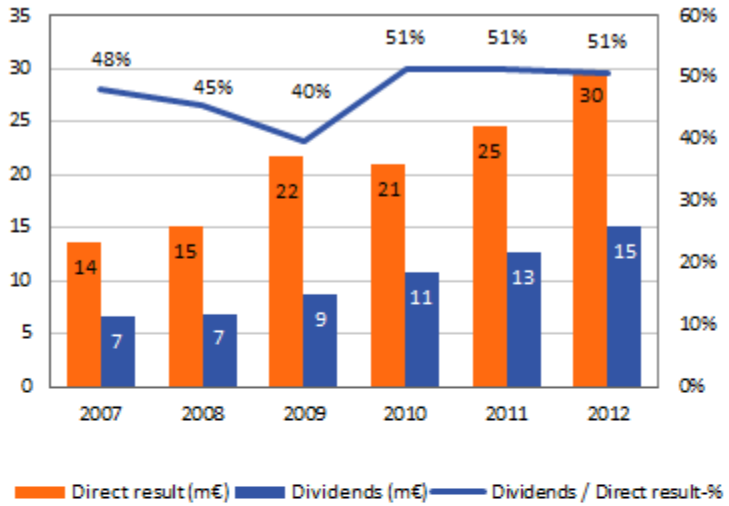
Financials in Brief

Long track record of profitable growth

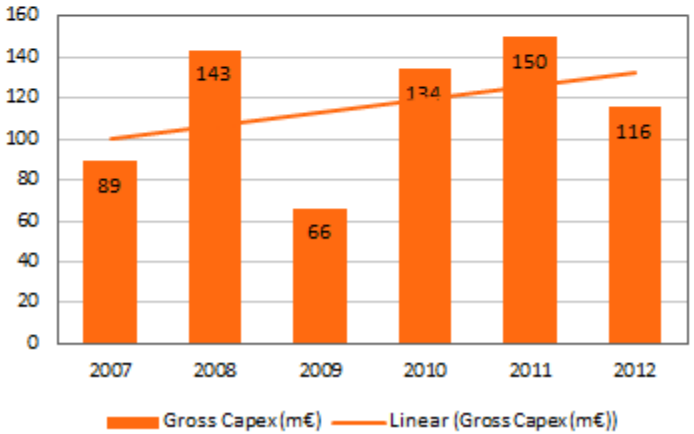
Increasing profits with stable dividend payout ratio

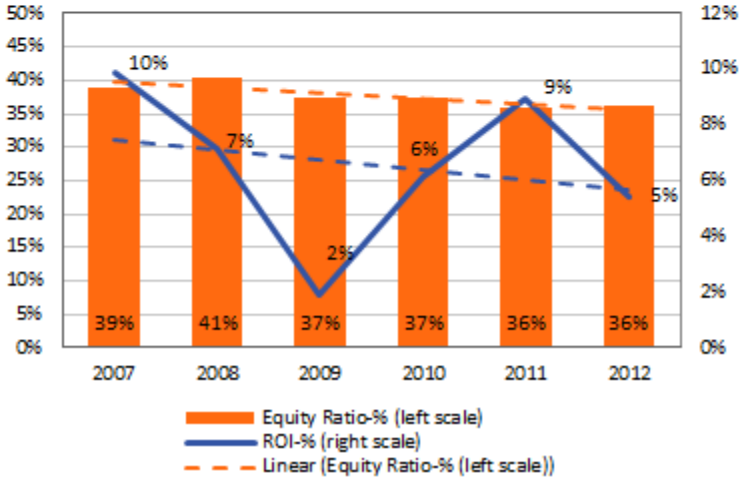




Average capex for 2007-2012 has been ~€116m

Solid balance sheet structure with healthy equity ratio





TECHNOPOLIS

Strategy and Financials

NOTE:
This is for illustrative purposes only – not a guidance!

Key Indicators	2012A	2013F	2014F	2015F	2016F	
Turnover Growth, %	15,6 %	15,5 %	15,0 %	15,0 %	15,1 %	
EBITDA Growth	17,3 %	15,1 %	15,3 %	15,2 %	15,4 %	
EBITDA-%	51,9 %	51,8 %	51,9 %	52,0 %	52,2 %	1
Equity Ratio-%	36%	39%	37%	39%	39%	
Gearing, %	156%	146%	156%	143%	144%	
Loan to Value, %	60%	60%	62%	60%	60%	
Avg. Int. rate for debts	1,8 %	2,4 %	2,5 %	2,7 %	2,8 %	
ROE-%	7,4 %	7,4 %	7,9 %	7,6 %	7,7 %	2

Income statement (m€)	2012A	2013F	2014F	2015F	2016F	
Turnover	107,3	123,9	142,5	163,9	188,6	
EBITDA	55,8	64,2	74,0	85,2	98,4	
FV Gains/Losses (Inv. Prop.)	-5,7	,0	,0	,0	,0	3
Depreciations	2,0	2,7	3,2	3,6	4,1	
EBIT	48,0	61,5	70,8	81,6	94,3	
Net Financial Expenses	13,6	16,5	20,0	23,2	27,3	
Profit (loss) before taxes	34,4	44,9	50,8	58,4	67,0	
Taxes	7,5	9,0	10,2	11,7	13,4	
Net loss/profit	26,9	36,0	40,7	46,7	53,6	

Cash Flow (m€)	2012A	2013F	2014F	2015F	2016F	
EBITDA	55,8	64,2	74,0	85,2	98,4	
Net Financial Expenses	13,6	16,5	20,0	23,2	27,3	
Taxes	7,5	9,0	10,2	11,7	13,4	
Other adjustements	4,5	-2,0	-1,9	-2,2	-2,6	
Operating CF	**39,2**	**36,6**	**41,9**	**48,1**	**55,1**	
Net Investments	116,6	184,5	114,0	183,4	212,7	
CF After Investments	**-77,4**	**-147,9**	**-72,1**	**-135,3**	**-157,6**	4
Chage in IB Liabilities	59,0	80,0	89,5	77,4	123,5	
"Capital injection"	34,5	75,0	,0	70,0	50,0	
Dividends	-12,7	-15,1	-14,4	-16,3	-18,7	5
Change in cash	**3,3**	**-8,0**	**3,0**	**-4,2**	**-2,8**	

Balance Sheet (m€)	2012A	2013F	2014F	2015F	2016F
Investment properties	1014,1	1194,1	1303,1	1481,0	1687,7
Other Non-Current Assets	34,5	36,4	38,2	40,1	42,0
Current Assets	18,4	21,3	24,2	27,4	31,3
Cash	15,7	7,7	10,7	6,5	3,8
Total assets	**1082,7**	**1259,4**	**1376,1**	**1555,0**	**1764,7**
Equity	389,5	485,4	511,7	612,1	697,0
IB Liabilities	637,5	717,5	807,0	884,4	1007,9
Non IB Liabilities	55,7	56,6	57,5	58,5	59,8
Total Equity and Liabilities	**1082,7**	**1259,4**	**1376,1**	**1555,0**	**1764,7**

1 Net Sales and EBITDA growth rates according to strategy plan. Equity ratio assumption >35%

2 Interest rates are assumed to increase moderately

3 No FV-changes in investment properties are assumed for the forecast period

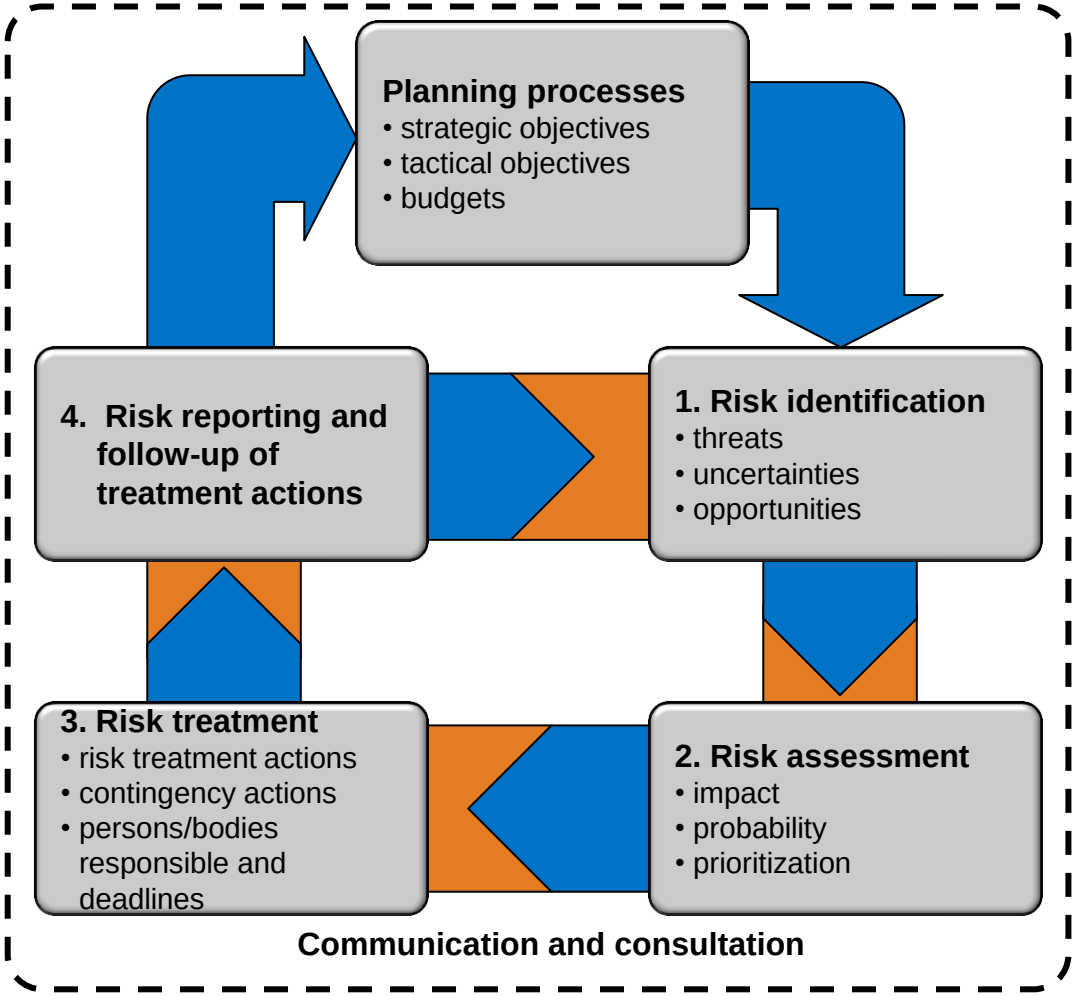
4 Net CAPEX €150m/y in average. Dividend pay-out 50% => 40%

5 Solid financial outstanding requires capital injection

**) FV changes of investment properties may cause significant fluctuations to ROE-%*

TECHNOPOLIS

Risk Management Process



- Risks are identified against objectives from the annual planning processes
- Risk identification and assessment workshops done annually, facilitated by risk manager
- Continuous follow-up of risks and risk treatment done by line managers (or controllers), supported by risk manager
- Risk report update to board and management quarterly in connection with normal business reporting
- Risk management cycle to be synchronized with the Technopolis annual planning cycle

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Key Financial Risks

- Capital adequacy risk
  - Annual IBD amortizations are in average approximately 90 m€ until 2016
  - Successful implementation of growth strategy relies heavily on adequacy of external funding

  => Technopolis business model is dependent on adequate external financing

- Interest rate risk
  - Some 67% of the total IBD of €619m is based on floating interest rates
  - €2,8m effect on interest expenses from an increase of 100bps change in short term interest rates

  => Historical low market interest rates may rise in future, which may increase financing costs

- Operational risk
  - Net rental yield has remained 7-8% level in the past years due to stable high occupancy rate
  - +/- 1% change in net rental yield results approximately +€10m/-€10m€ increase/decrease in net rents

  => High and stable occupancy rates are crucial in controlling operational risk, which has direct implications in cash flow and fair values of properties

- Property fair values
  - Value of completed investment properties €883m with a weighted yield requirement of 8,0% at Q4/2012.
  - +/- 1% change in yield requirement results to -€95m/+123m€ decrease/increase in fair value.

  => The balance sheet leverage ratios are sensitive to the applied yield requirement

- Exchange rate risk
  - Expansion to outside the euro-zone has made the Group more exposed to FX rate risks.
  - The true risk at the moment lies in RUB due to growing exposure and possible increase in volatility

  => The increase of foreign operations will increase the significance of exchange rate risks in future

TECHNOPOLIS

Summary

- The Group's long term strategic target is a strong growth in business implemented by organic investment and acquisitions
- The future growth prospects looks attractive at the moment
  - Adequately interesting acquisition and organic investment targets available
  - Rare negative real interest rate environment
- However, many challenges arise when planning financing for investments:
  - Currently, the financing is strongly based on bank lending and bank guarantees with mortgages
  - Financing policy implementation does not reflect the business strategy time span
- In the future the Group:
  - Utilises widely all available funding sources to ensure availability of funding and adequate liquidity reserves
  - Maintains current efficient capital structure to keep WACC at a competitive level
- **Targeting to a cost effective and well balanced financing structure that enables shareholder value adding growth**

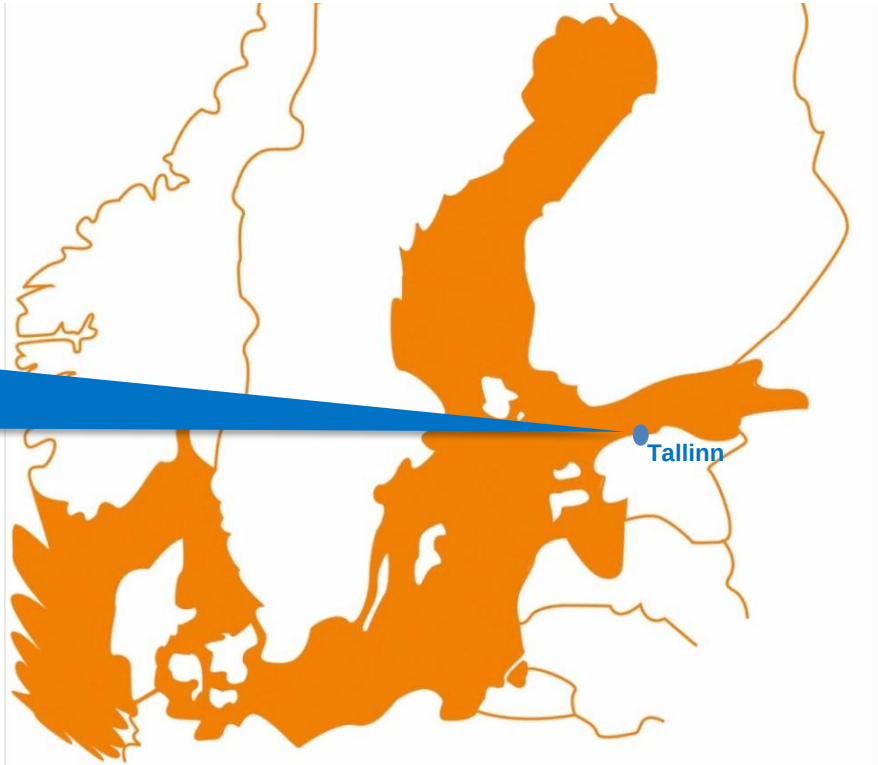
Estonia and Tallinn Office Market

Erkki Malm
Key Account Manager, Tallinn

TECHNOPOLIS

Overview on Estonia

Tallinn
Space 1,000 sqm: 80.2
Fair value, MEUR: 65.6
Market yield: 8.4%
Occupancy: 96.1%
Market share: 14%



	2010	2011	2012	2013e	2014e
GDP, y/y	3.3	8.3	3.2	3.0	3.2
Inflation, y/y	2.9	5.1	4.2	3.2	2.8
Unemployment, %	17.3	11.7	9.8	7.8	6.2

Source: IMF, April 2013

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Q4/2012 Tallinn Office Market Snapshot

	Class A	Class B	Total
Modern office stock	52,650	435,500	488,150
Completions (speculative), 2013	8,230	13,300	21,530
Availability	2,843	44,421	47,264
Vacancy rate	5.4%	10.2%*	
Prime rents (EUR/sqm/month)	13-15	8-12	

Source: Colliers
* B1 class

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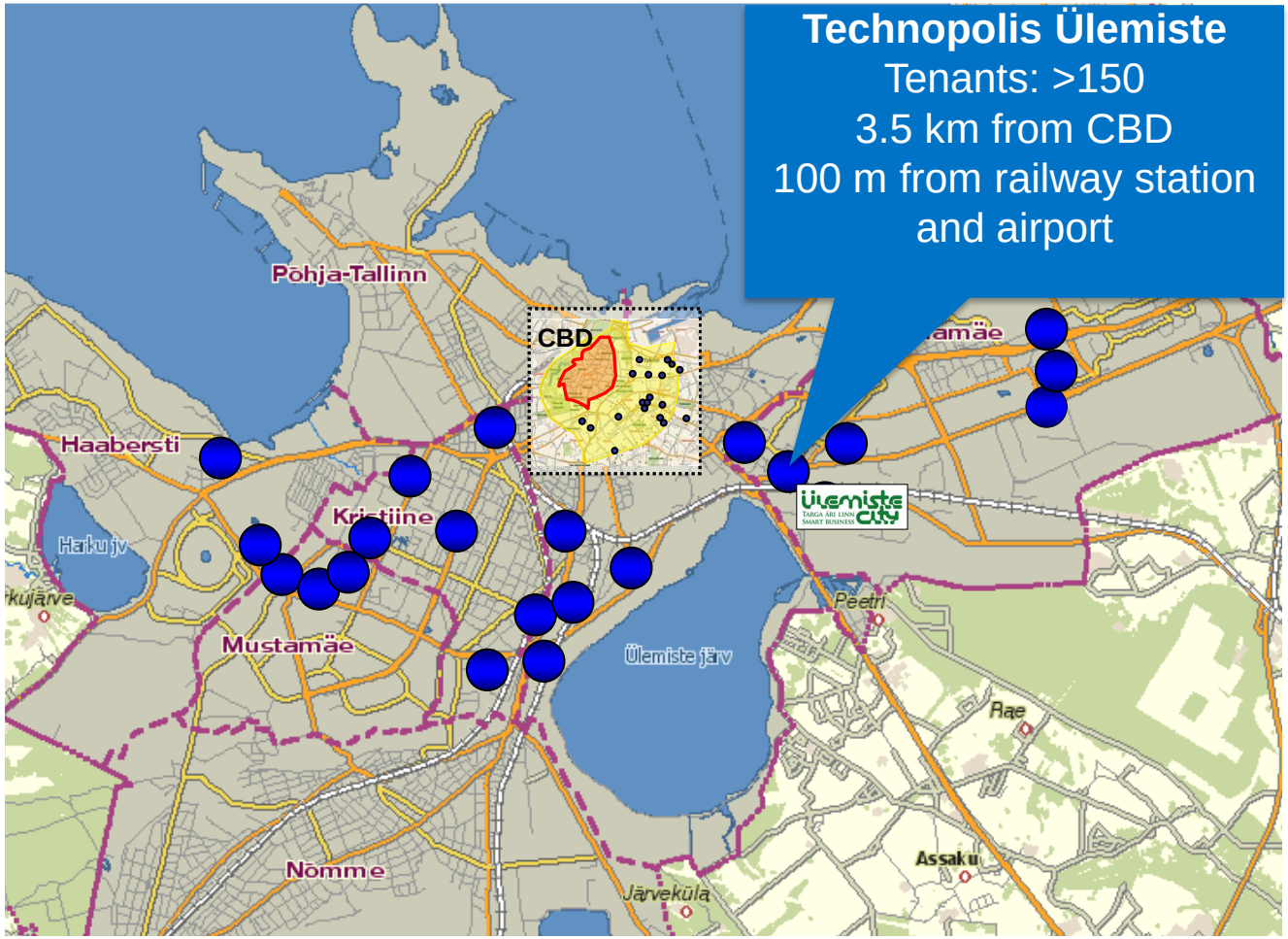
Tallinn Office Map



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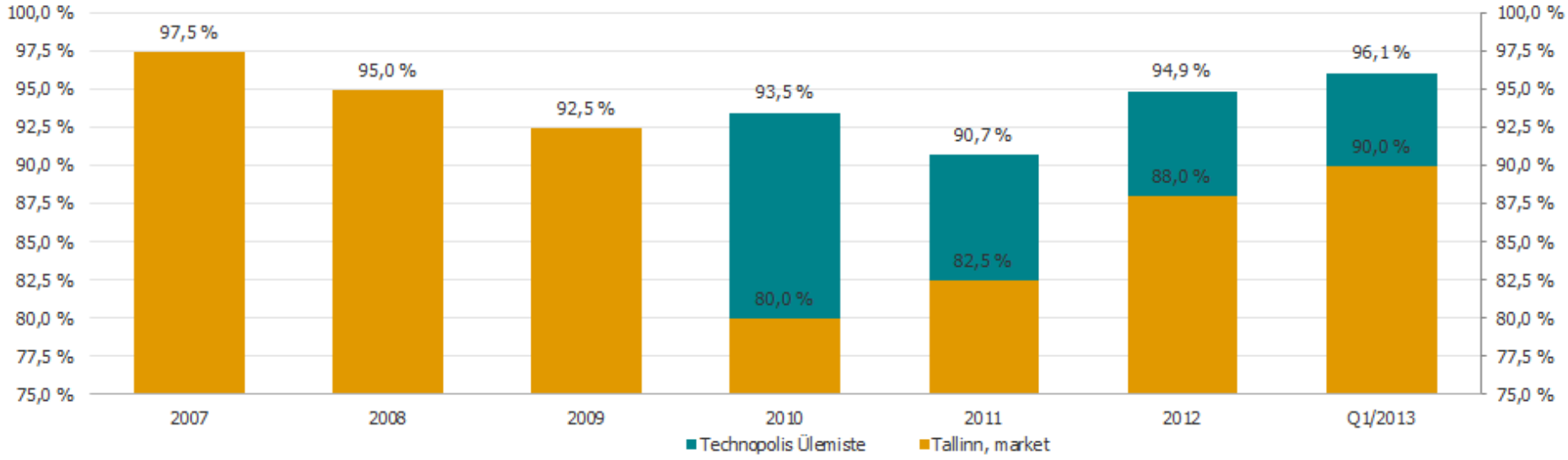
Occupancy Rates



Source: Colliers International
Note: Market vacancy rates are B class offices

- Technopolis Ülemiste has been continuously above the market
- Excellent sales team and campus location and quality have been the drivers

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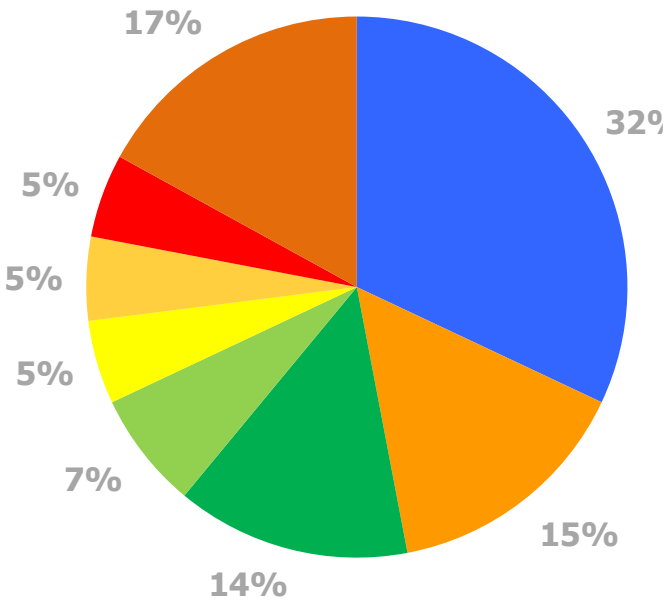
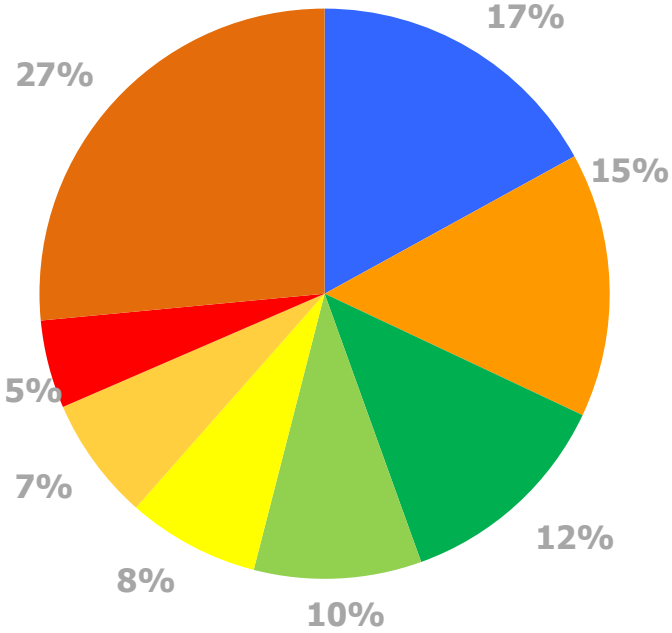
Market Tenant Structure

Share of Tenants



- Information and Communications
- Professional Scientific and Technical
- Financial
- Wholesale and Retail
- Public Sector
- Transportation and Storage
- Administration and Support Functions
- Other

Tenant Take-up



Source: Colliers International

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Customers of Technopolis Ülemiste

Key customers:

Elion	Integrated IT services provider, affiliate of TeliaSonera, the major Europan telecom company
Helmes	Estonia's largest software developer and consultant, major supplier for Swedish TELE2
NORTAL	Leading Baltic software developer, with offices and development centres in Baltics, Nordics and CEE
gsk GlaxoSmithKline	GlaxoSmithKline Estonian office, part of the world's leading pharmaceutical company
Haridus- ja Teadusministeerium Estonian Ministry of Education and Research	Estonian Ministry of Education and Science, part of the Government of Estonia

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Summary and Q&A

- Unemployment rate in Estonia has been decreasing steadily
- Majority of the office stock is lower B class and there is a good demand for higher B and A class
- Technopolis Ülemiste is located next to the railway station and airport
- Technopolis occupancy rates have been above the market

- **Possibilities in Finnish companies establishing subsidiary to Estonia and among public sector**

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Russia and St. Petersburg Office Market

Peter Coachman
Business Unit Director
St. Petersburg

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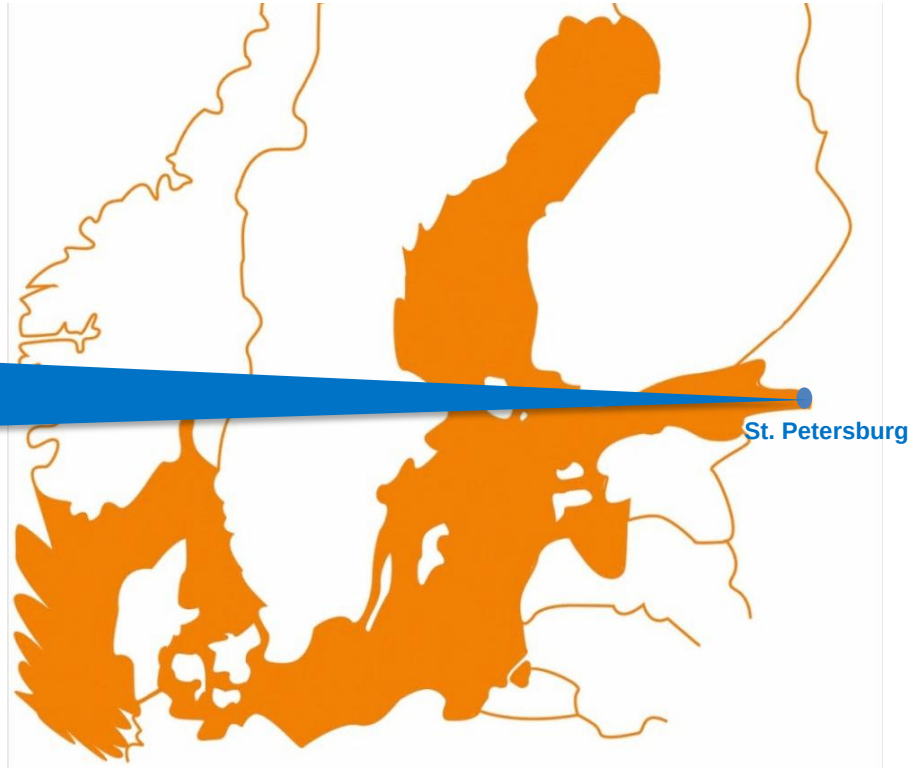
Overview on Russia

St. Petersburg
Space 1,000 sqm: 24.1
Fair value, MEUR: 56.6
Market yield 10.4%
Occupancy: 100%
Market share: 1%



	2010	2011	2012	2013e	2014e
GDP, y/y	4.5	4.3	3.4	3.4	3.8
Inflation, y/y	6.9	8.4	5.1	6.9	6.2
Unemployment, %	7.5	6.6	6.0	5.5	5.5

Source: IMF, April 2013

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Q1/2013 St. Petersburg Office Market Snapshot

	Class A	Class B	Total
Modern office stock	593,860	1,604,390	2,198,250
Completions	14,440	14,540	28,980
Availability	69,350	104,110	173,460
Vacancy rate	11.7%	6.5%	7.9%
Prime rents* (USD/sqm/year)	450–550		
Base rents* (USD/sqm/year)	350–430	270–350	
Operating expenses (USD/sqm/year)	70–120	60–100	

Source: Jones Lang LaSalle
* Excluding VAT and operating expenses

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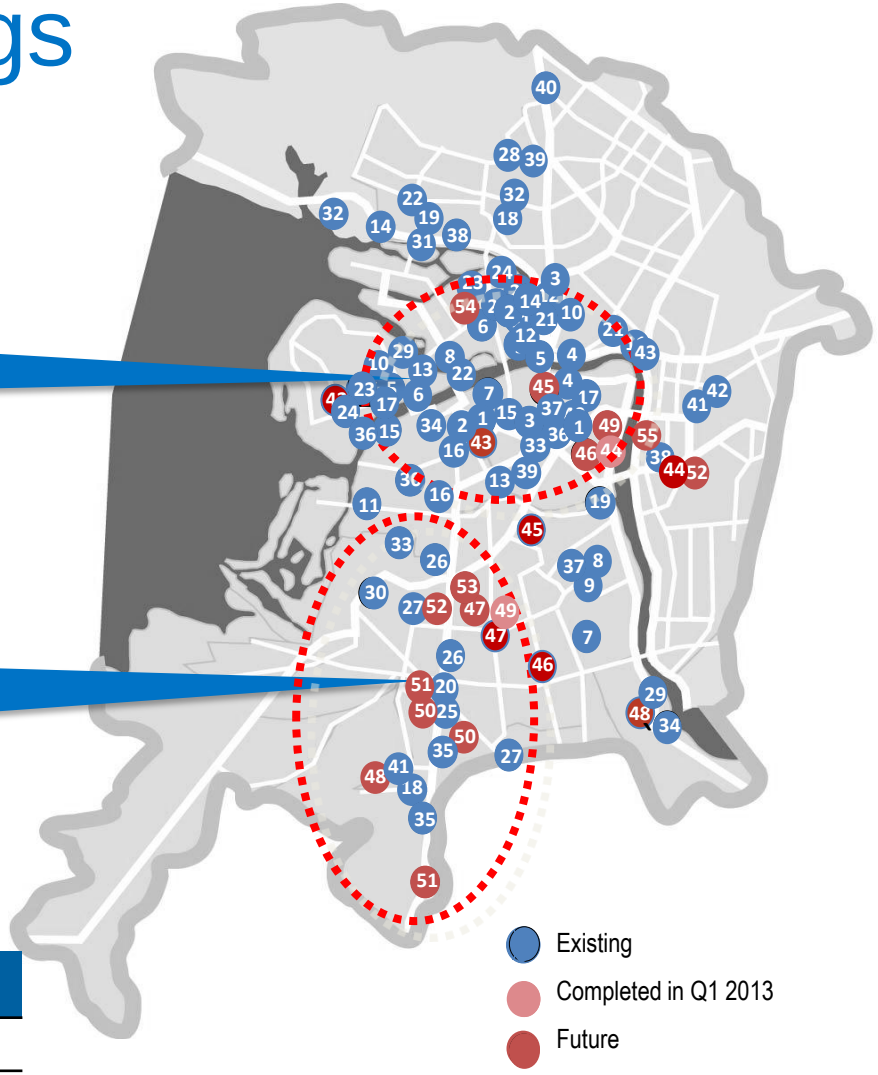
Major Office Buildings

CBD
Office stock 1,143,090 sqm
Occupancy: 88.3%

Moskovskiy District
Office stock 280,000 sqm
Ca. 40% of new projects
Market yield 10-10.5%
Occupancy: 98.7%



Main trends on office market, Q1 2013		
Completions	28,980 sqm	➡
Vacancy rate	7.9%	⬆
Net absorption	26,310 sqm	⬇
Prime base rent	USD450–550 sqm/year	➡

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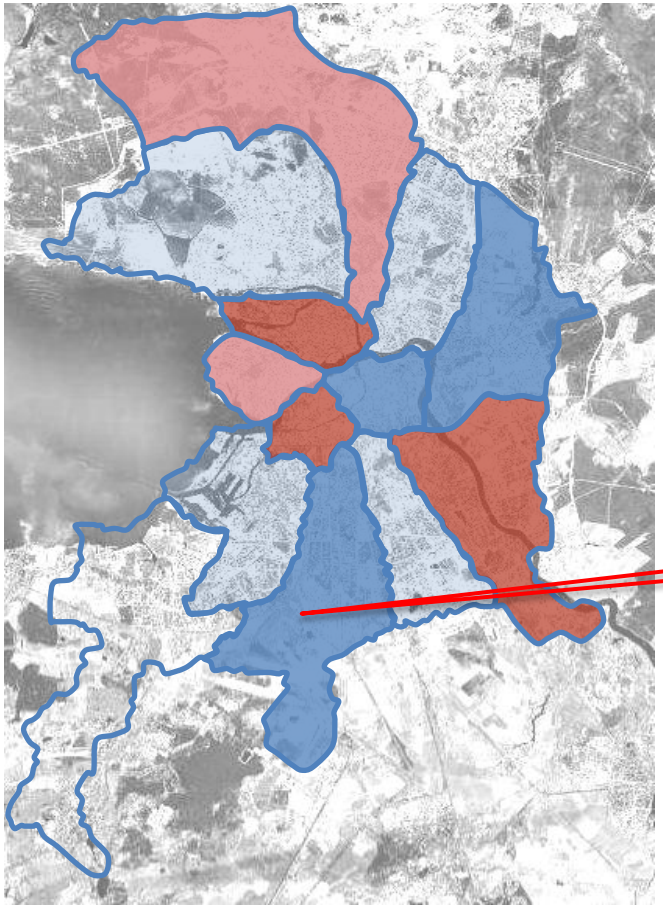
* Class A offices over 10,000 sqm and smaller Class A offices in the Central District

Vacancies by District



Available space ('000 sq m): <10 | 10-15 | 15-20 | >20

- The overall vacancy rate in St. Petersburg in Q1 2013 was 7.9%
- Vacancy rates have increased in the locations of new completions

Vacancy Rate: Distribution by District

<10%	10-15%	>15%
Frunzenskiy	Vyborgskiy	Krasnogvardeiskiy
Moskovskiy	Admiralteyskiy	Nevskiy
Central		
Petrogradskiy		
Vasileostrovskiy		
Primorskiy		
Kalininskiy		
Kirovskiy		

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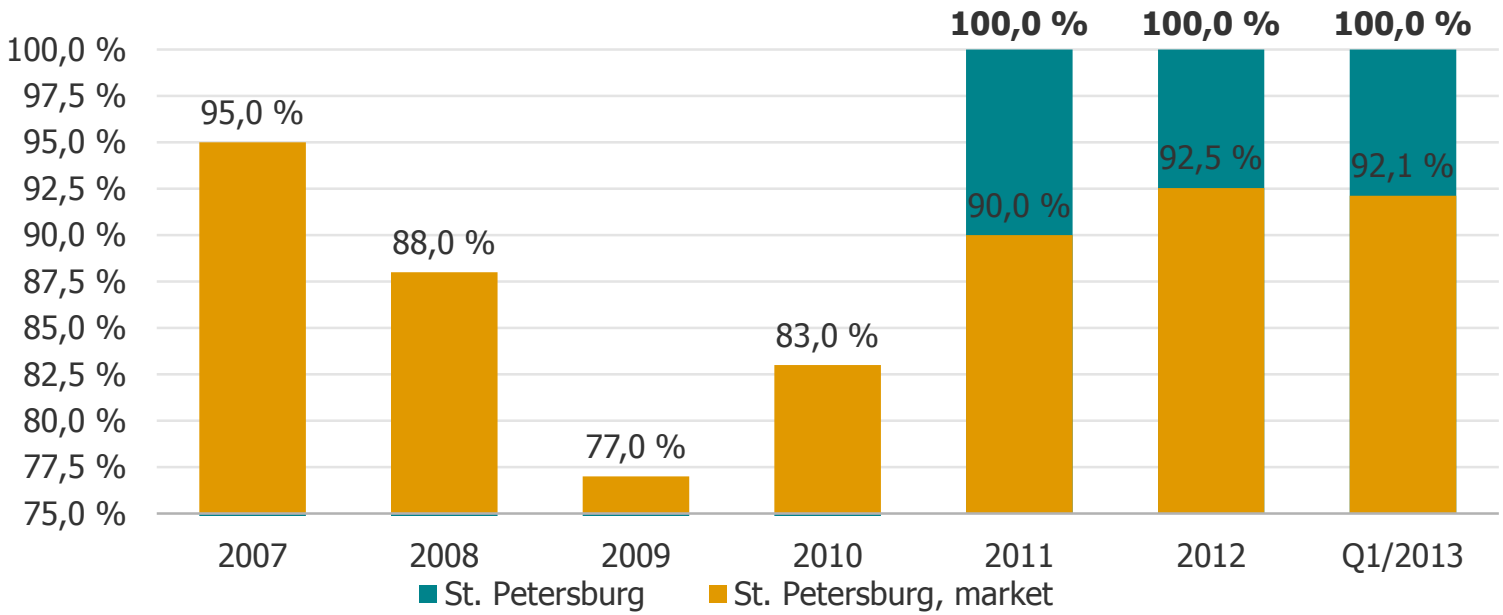
Occupancy Rates



Source: Jones Lang LaSalle Q1/2013 and Technopolis

- Technopolis Pulkovo airport campus was commissioned in June, 2011
- Despite the low prelet rate it was fully let by the year-end

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Leasing Practice

Lease term	11 months–3 years; 5 years agreements become more widely-used
Payment conditions	Rental rates are denominated in RUB. Only a few landlords offer rents denominated in USD or EUR
Deposit	Deposit is 1 month. An additional advance payment for the 1st month is required by the landlord after signing leasing agreement
Rent indexation	Annual indexation rates vary depending on the payment currency (10% for rents denominated in RUB, 3–6% for EUR or USD rents)
Fit-out	Landlords offer fitted-out delivery or fixed compensation for fit-out

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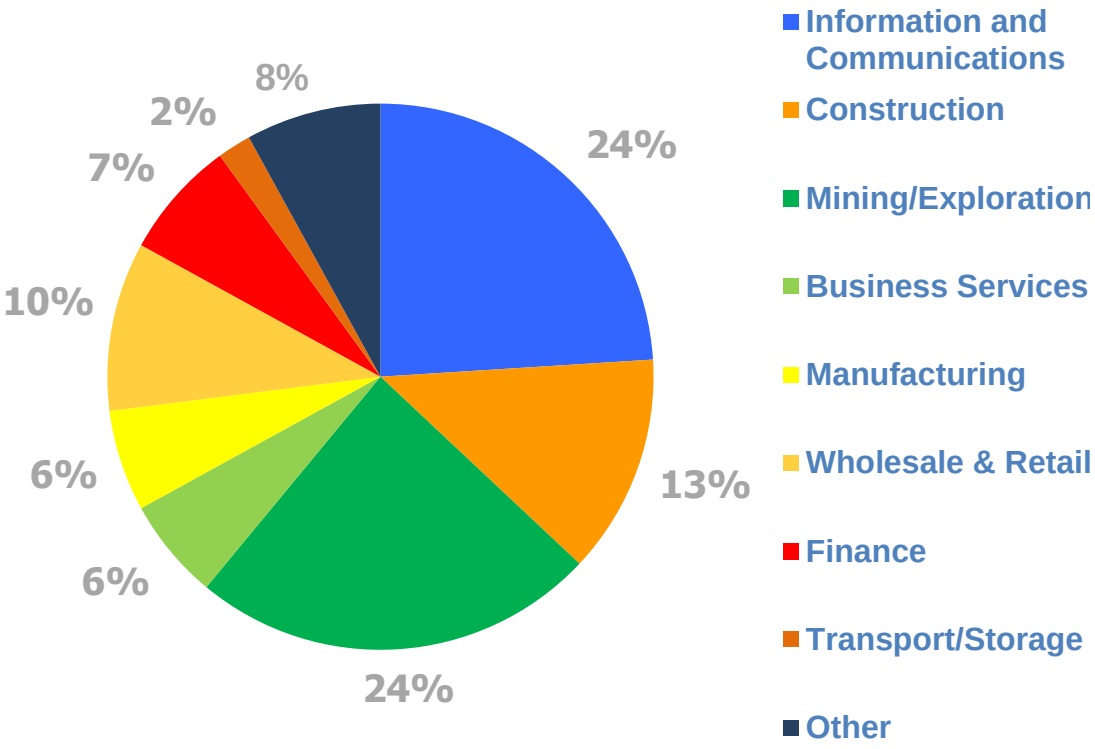
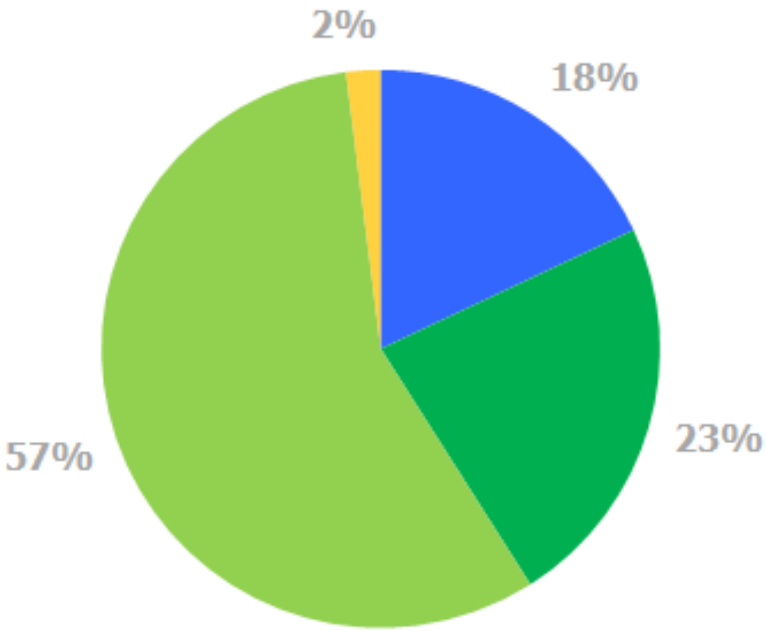
Market Tenant Structure

Share of Tenants



Tenant Take-up



Source: Jones Lang LaSalle

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Customers of Technopolis

Schneider Electric

EXIGEN services

VACON DRIVEN BY DRIVES

группа компаний ООО "ЭКОЛАЙН"

ФЕРТОИНГ

origio

Ренессанс страхование

aeroexpress

Konsu ACCOUNTOR GROUP

FlexLink

CARGLASS

Wiggert + Co. KABAG

metso

YASKAWA Mechatronics Solutions

sodexo Решения Для Качества Повседневной Жизни

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Summary and Q&A

- Construction pipeline will influence market vacancies
- Vacancy rate in Class A segment has increased
- Prime rents remain stable
- Completions level in 2013 is expected to be high

- **Excellent growth prospects**

Finland and Finnish Office Market

Juha Juntunen
Director, Finland

TECHNOPOLIS

Finnish Economics

	2010	2011	2012	2013e	2014e
GDP, y/y	3.3	2.8	-0.2	0.3	1.8
Inflation, y/y	1.7	3.3	3.2	2.9	2.5
Unemployment, %	8.4	7.8	7.7	8.1	8.1

Source: Etla, March 20 and IMF, April 2013

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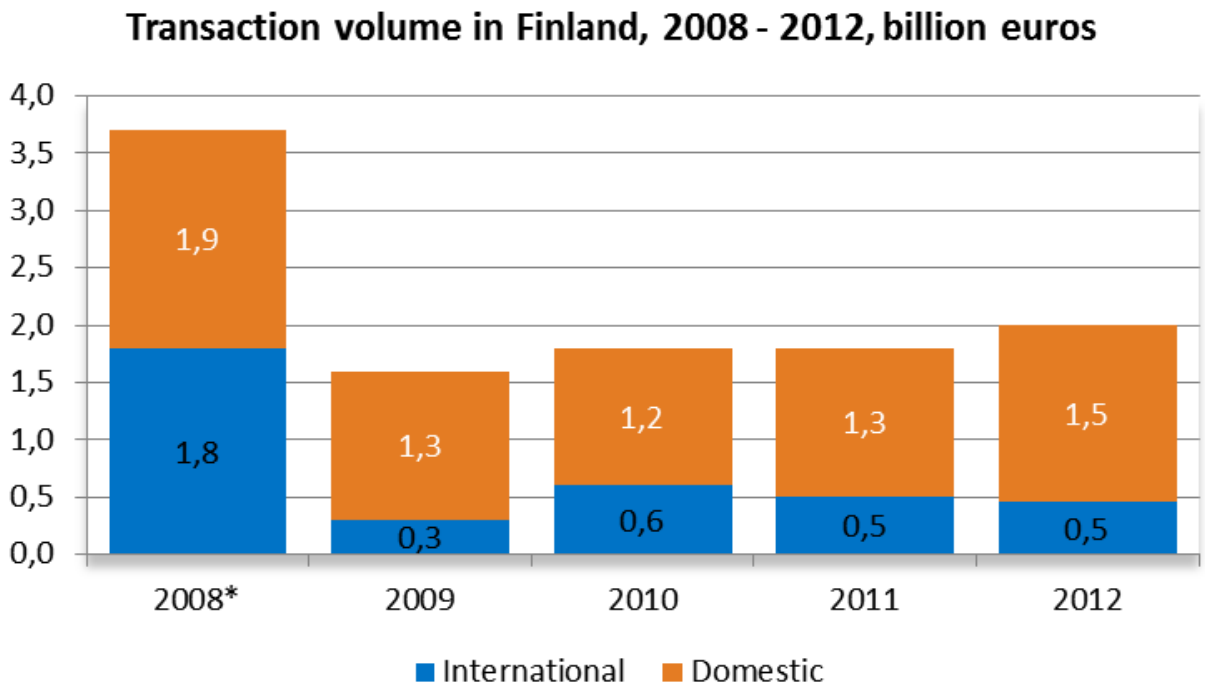
Transactions in Finland



- Swedish investors are most active foreign investors
- Ca. 75% of transactions are done by Finnish investors

Source: Catella, Finnish Real Estate Market, Spring 2013

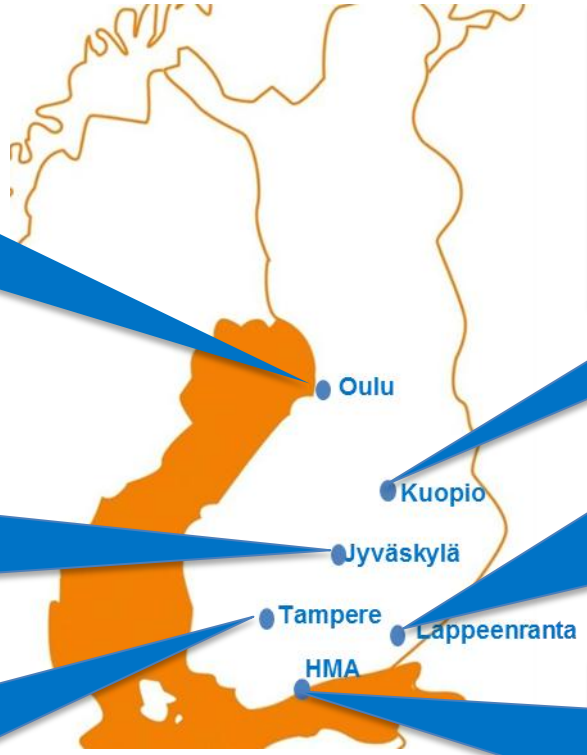
TECHNOPOLIS

Technopolis in Finland

Oulu
Space 1,000 sqm: 229.8
Fair value, MEUR: 259.5
Yield 8.5%
Occupancy 85.9%

Jyväskylä
Space 1,000 sqm: 60.4
Fair value, MEUR: 98.4
Yield 7.9%
Occupancy 98.9%

Tampere
Space 1,000 sqm: 112.1
Fair value, MEUR: 186.4
Yield 7.3%
Occupancy 97.1%



Kuopio
Space 1,000 sqm: 69.8
Fair value, MEUR: 110.5
Yield 8.3%
Occupancy 87.6%

Lappeenranta
Space 1,000 sqm: 27.3
Fair value, MEUR:29.3
Yield 8.9%
Occupancy 93.6%

Helsinki Area (HMA)
Space 1,000 sqm: 86.6
Fair value, MEUR: 203.9
Yield 7.0%
Occupancy 94.1%

Situation In March 31, 2013

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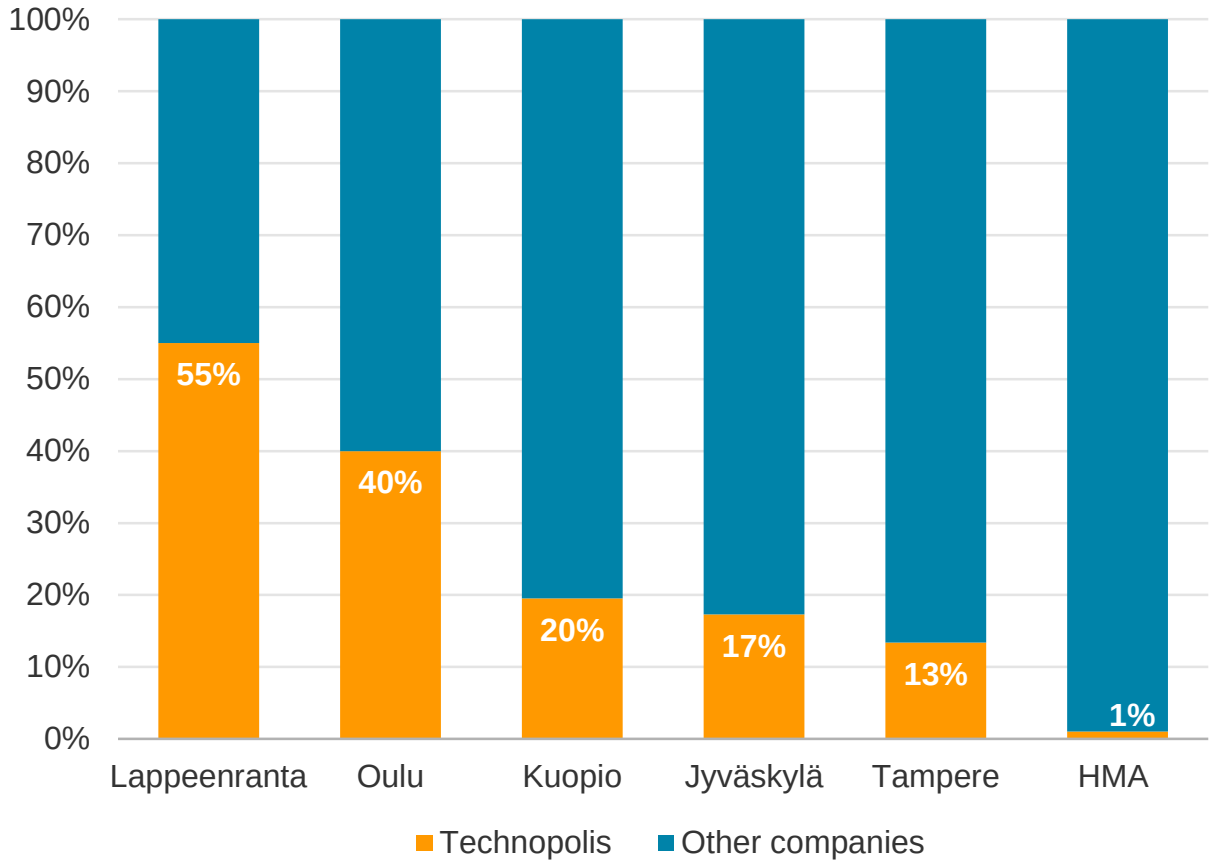
Market Share



Source: Catella Spring 2013, situation December 31, 2012
Lappeenranta figure is based on company estimate
Note: Acquisition and completions in Q1/2013 not included

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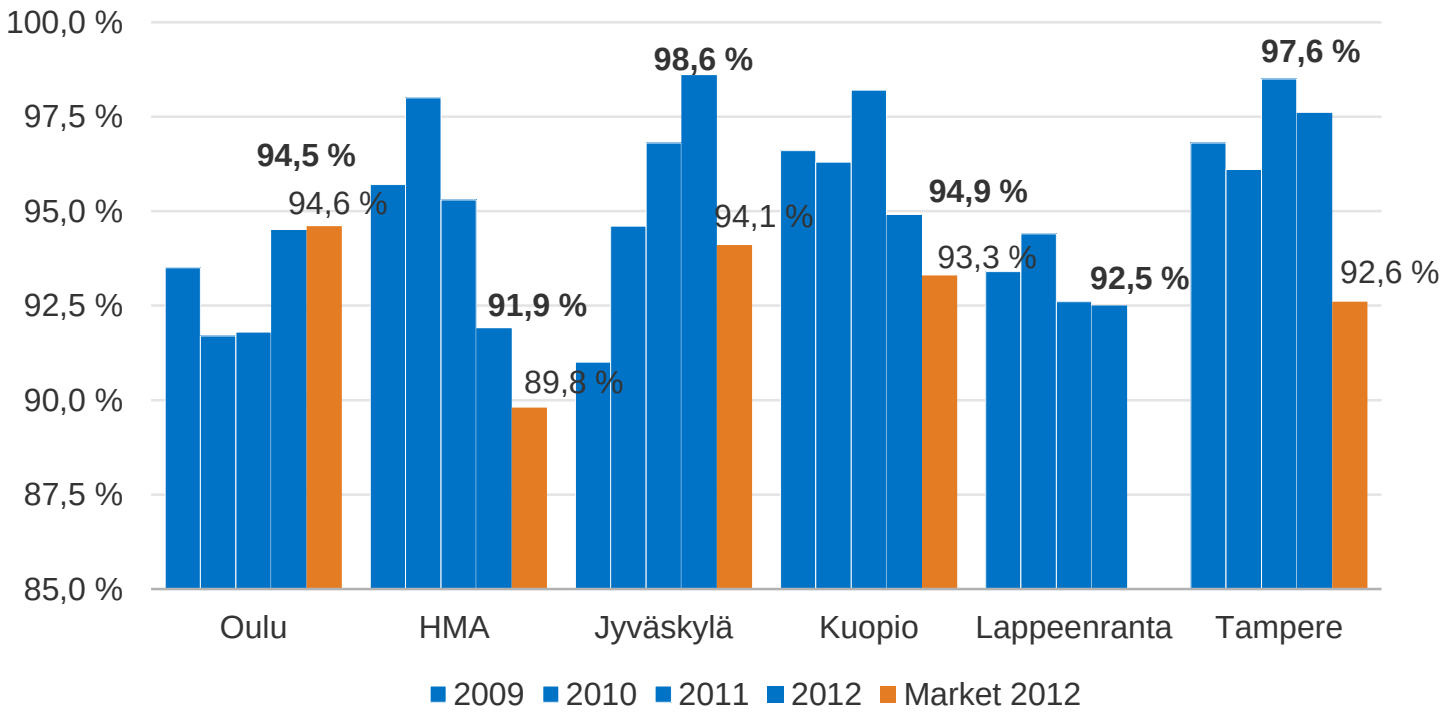
Occupancy Rates



- Technopolis occupancy rates have held up
- In almost all markets above market rates in Q4/12

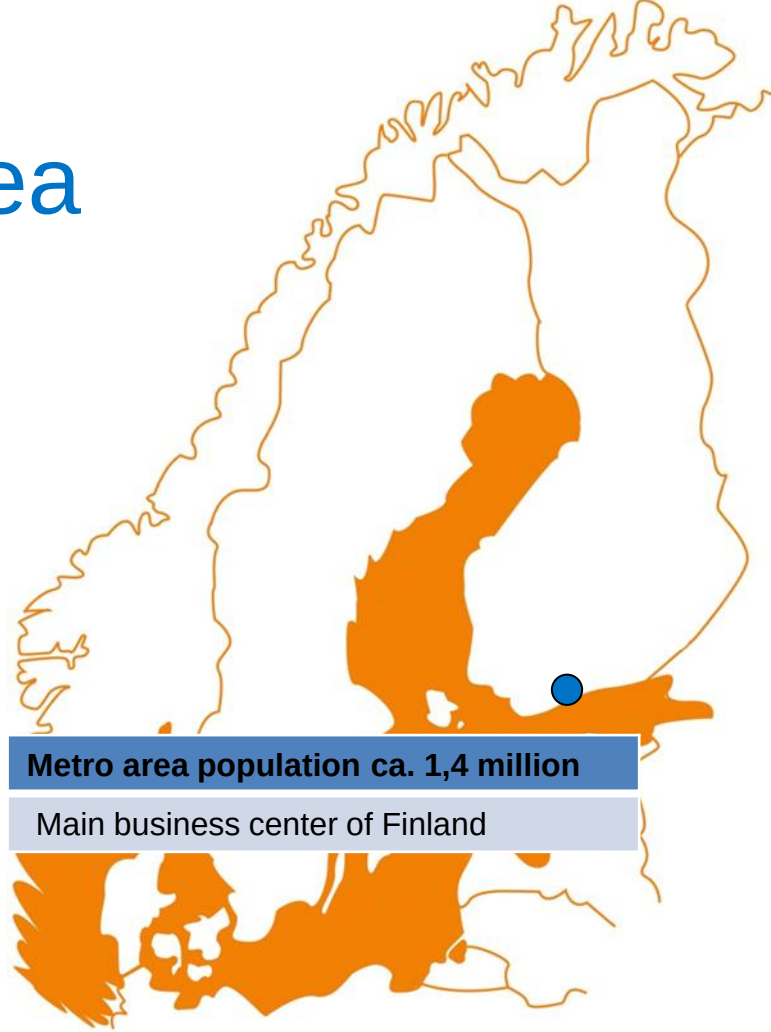
Source: Catella, Finnish Real Estate Market, Spring 2013 and company data
Additional information: Time is year-end and no market data available on Lappeenranta

TECHNOPOLIS

Helsinki Metropolitan Area

Three business environments in the heart of capital of business

- **Technopolis Innopoli**, an innovative business environment in the core of the largest technology community in Finland: Otaniemi, Espoo
- **Technopolis Helsinki-Vantaa**, location next to the international airport offers easy connections abroad
- **Technopolis Ruoholahti**, a new and stylish business environment next to good traffic connections



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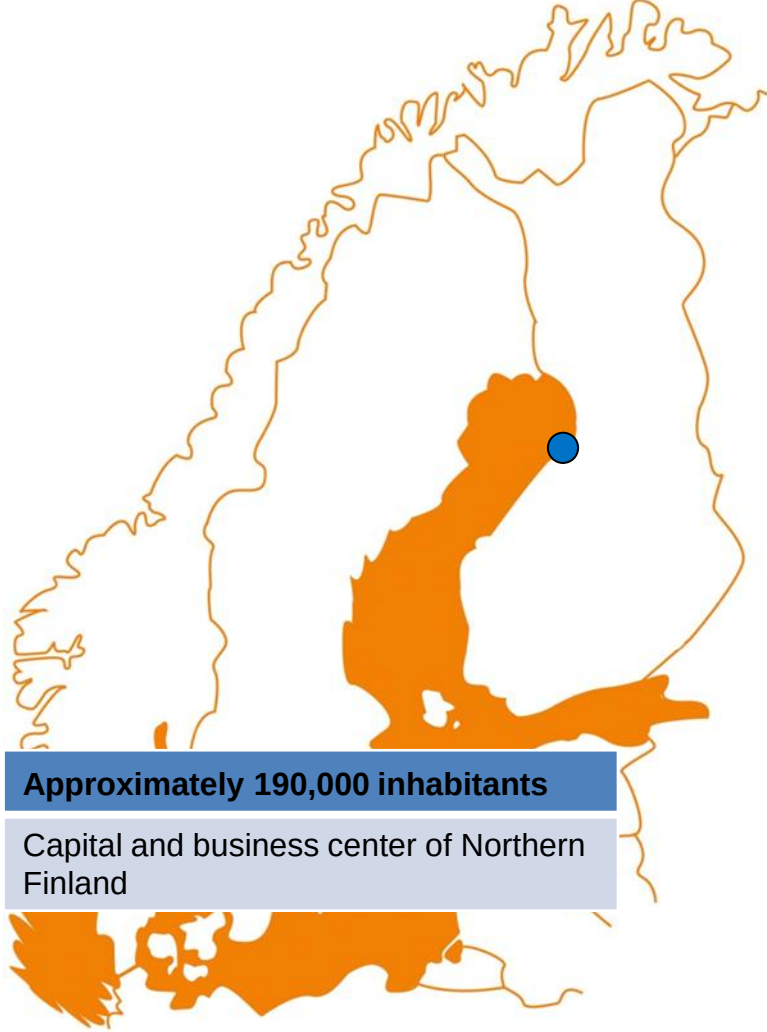
Oulu

Oulu is the largest Technopolis business unit with 229 800 m2 , and its five unique business environments

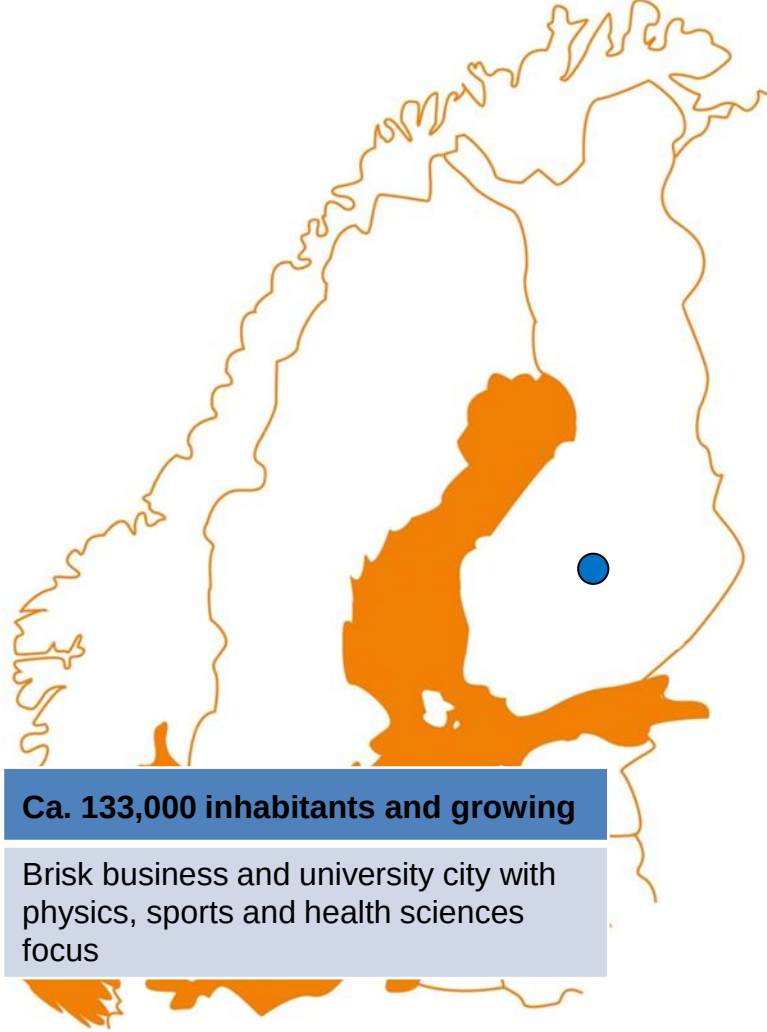
- **Technopolis Linnanmaa**, one of the most significant development centers of technology in Finland
- **Technopolis Lentokentäntie**, a dynamic technology center in the immediate vicinity of the airport
- **Technopolis Ydinkeskusta**, a modern operating environment in the heart of the city
- **Technopolis Kontinkangas**, a unique medicine and software development growth center
- **Technopolis Laanila**, a growing water and environment sector competence center



Jyväskylä

Versatile portfolio of premium premises and services in eight locations close to the city center

- **Technopolis Innova**, in the immediate vicinity of the travel center and the city center
- **Technopolis Ohjelmakaari** and **Ylistönmäentie** locations feature good and quiet premises for start-ups and mature companies
- **Technopolis Agora**, a research center for humane information technology and meeting place for companies and the university
- **Technopolis Survontie**, office space with a magnificent lakeside view in close connection with the University of Jyväskylä
- **Technopolis Viveca**, center for wellbeing and sports research companies



Ca. 133,000 inhabitants and growing

Brisk business and university city with physics, sports and health sciences focus

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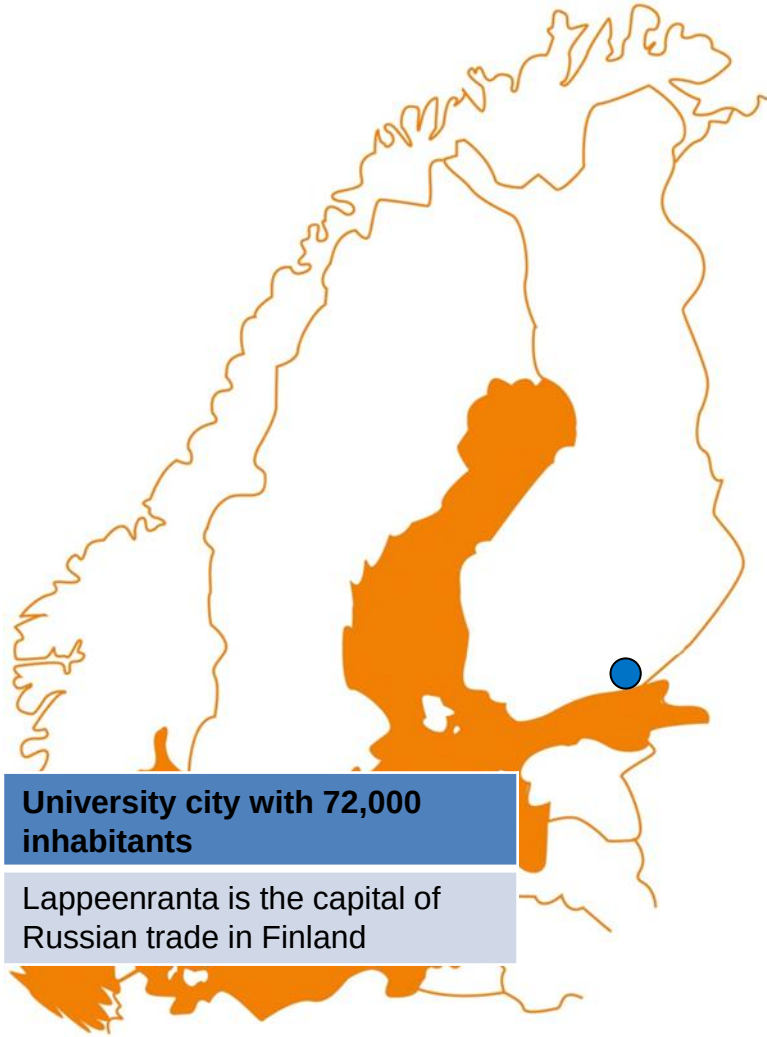
Lappeenranta

Two business environments in the most central locations in the city

- **Technopolis Skinnarila** Next to the Lappeenranta University of Technology and the Saimaa University of Applied Sciences. More than 8,000 students in total, and extensive resources in R&D and recruiting experts

- **Technopolis Vapaudenaukio**, the best location for companies in the city center



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Summary and Q&A

- Technopolis has strong presence in major Finnish cities with a good growth possibilities
- Concept works and occupancies are in or above market levels
- Diversified customer base with strong foothold in public sector

- **Operations in excellent shape giving good position for future success**

Case Savonia

Hannu Eronen
Director, Kuopio

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Technopolis Kuopio in Brief

- **Technopolis Microkatu**
  - 150 companies
  - Over 4,700 employees

- **Technopolis Viestikatu**
  - 45 companies
  - Over 1,200 employees
  - Estimated 1,000 more employees in year 2014

Kuopio University Hospital, Geological Survey of Finland (GTK) and National Institute for Health and Welfare (THL) increases habitation in Kuopio in the future.

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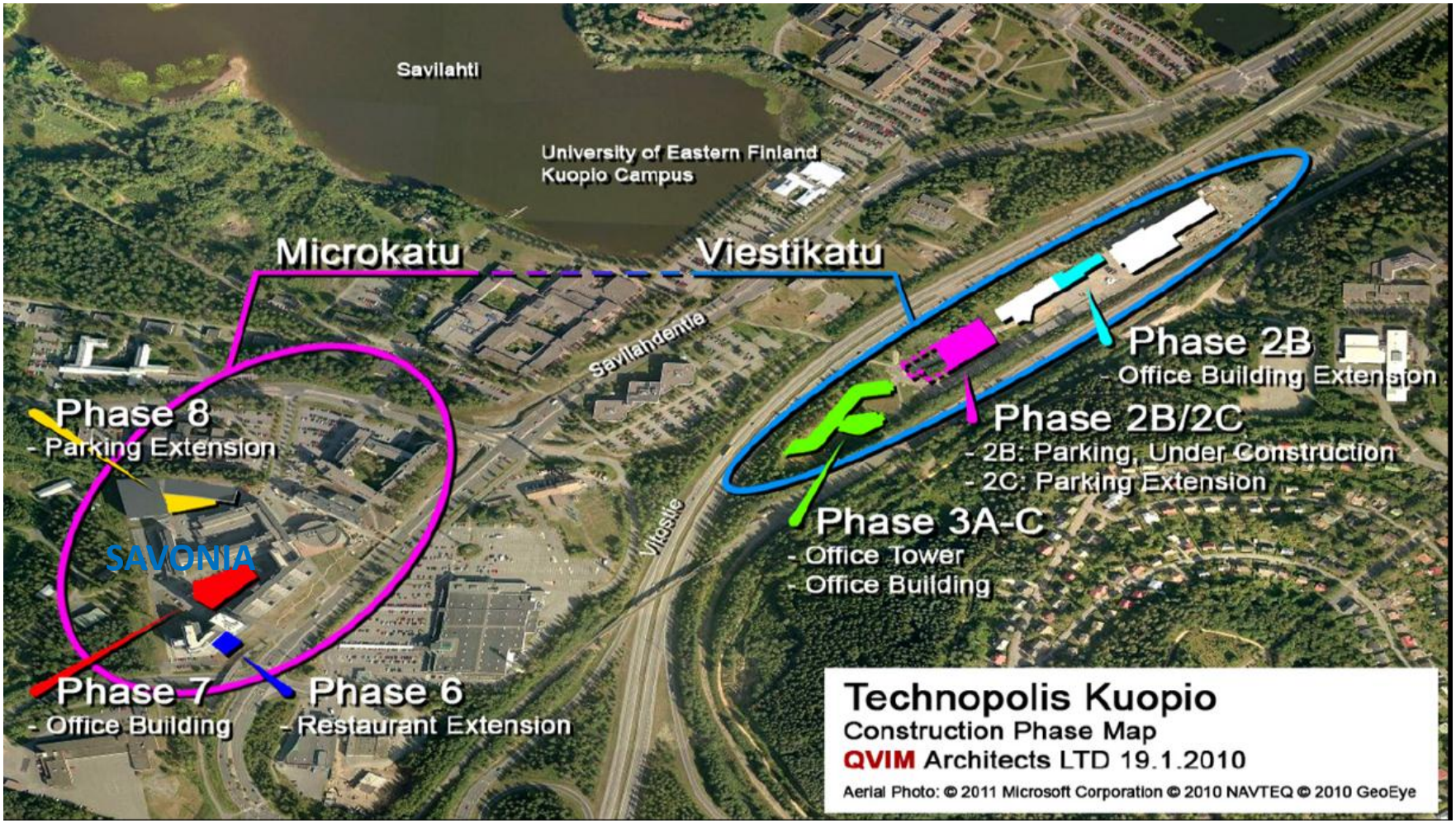
Over 20,000 students and employees



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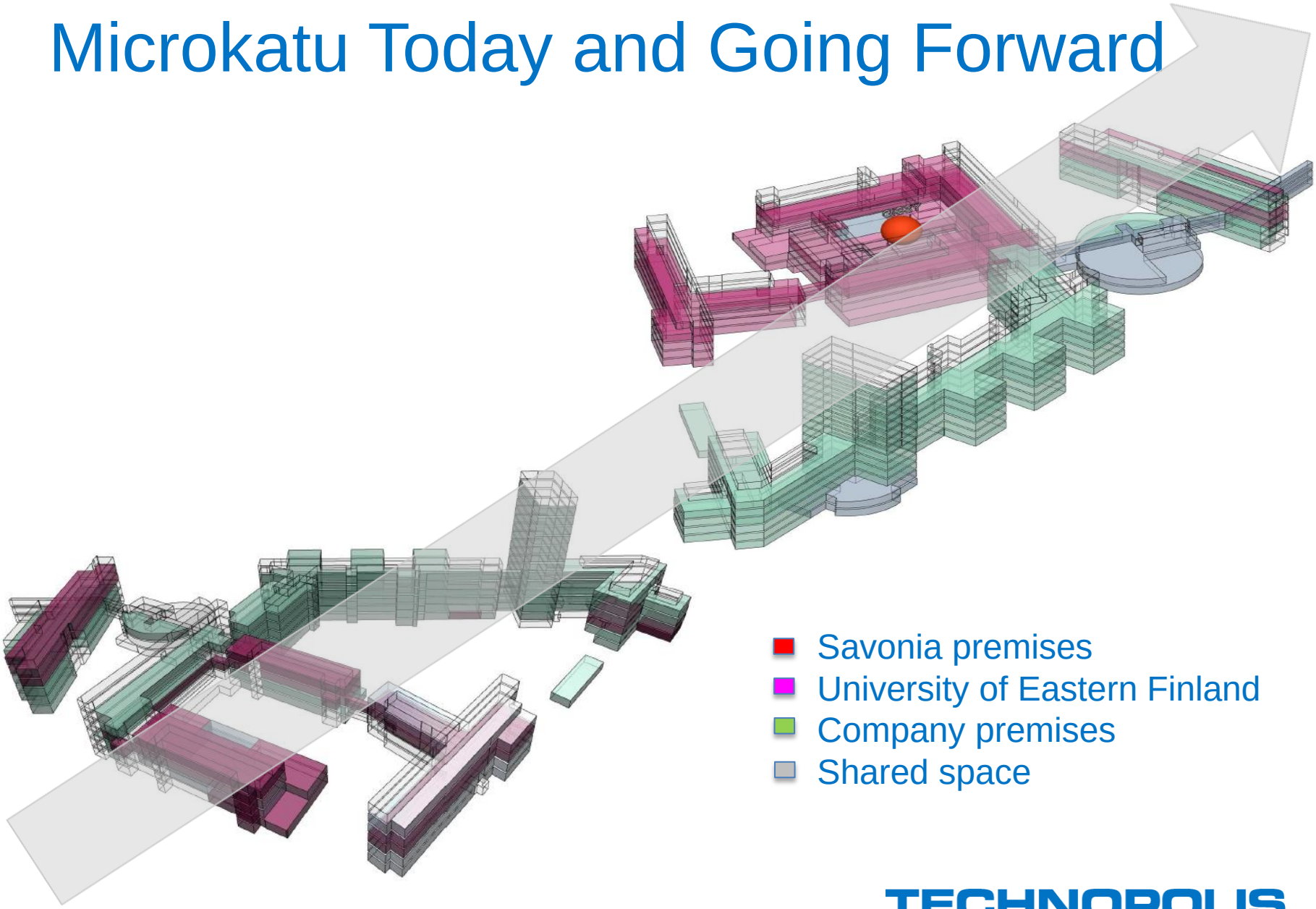
Microkatu Today and Going Forward



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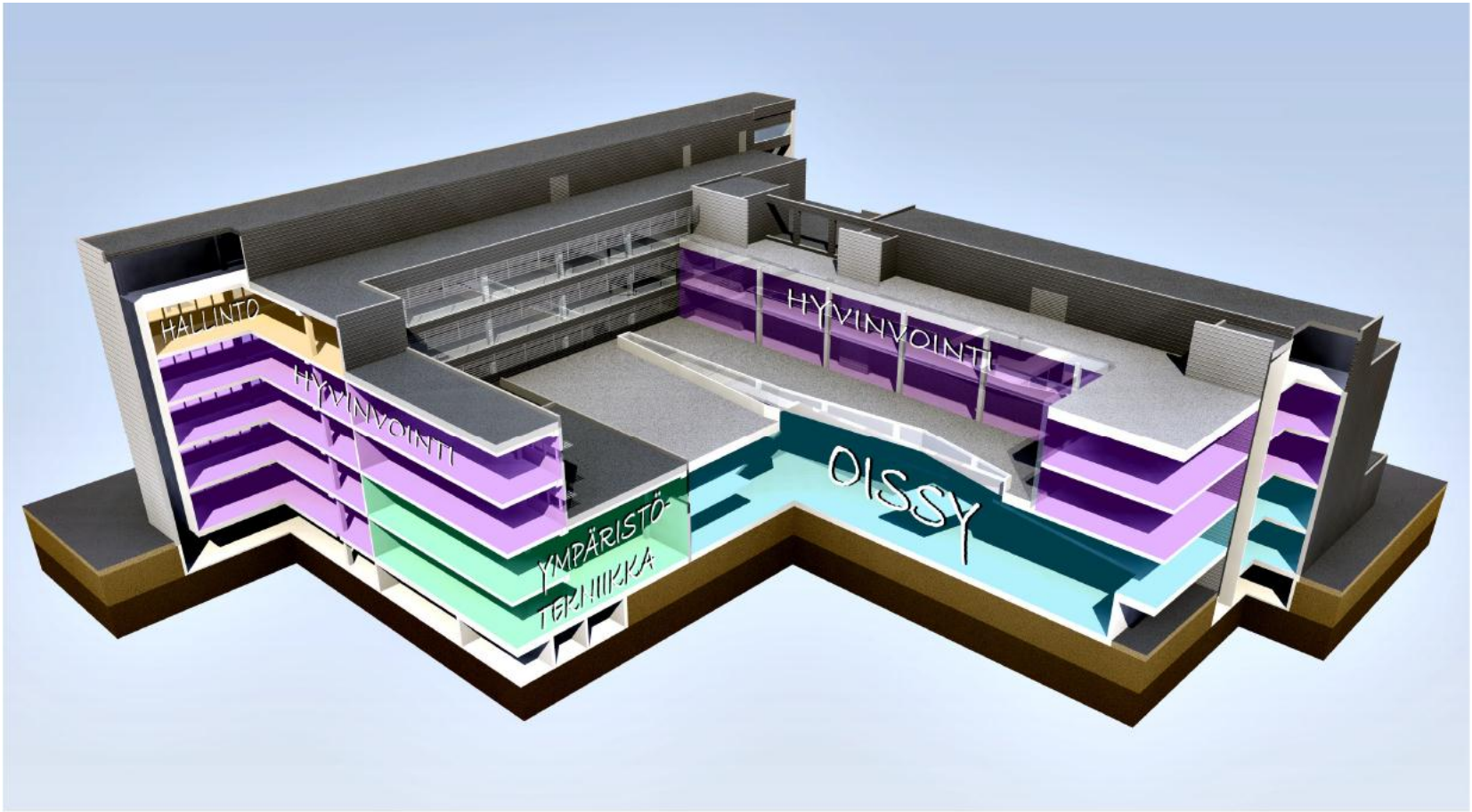
Open Innovation Space - OIS



1441 SAVONIA AMK MICROKADUN KAMPUS VAIHE 1
Tilakaavio, 3D-leikkaus 17.1.2012

ARKKITEHDIT OY
QVIM
QVICK VEHREÄVESA ILMARINEN MITRUNEN

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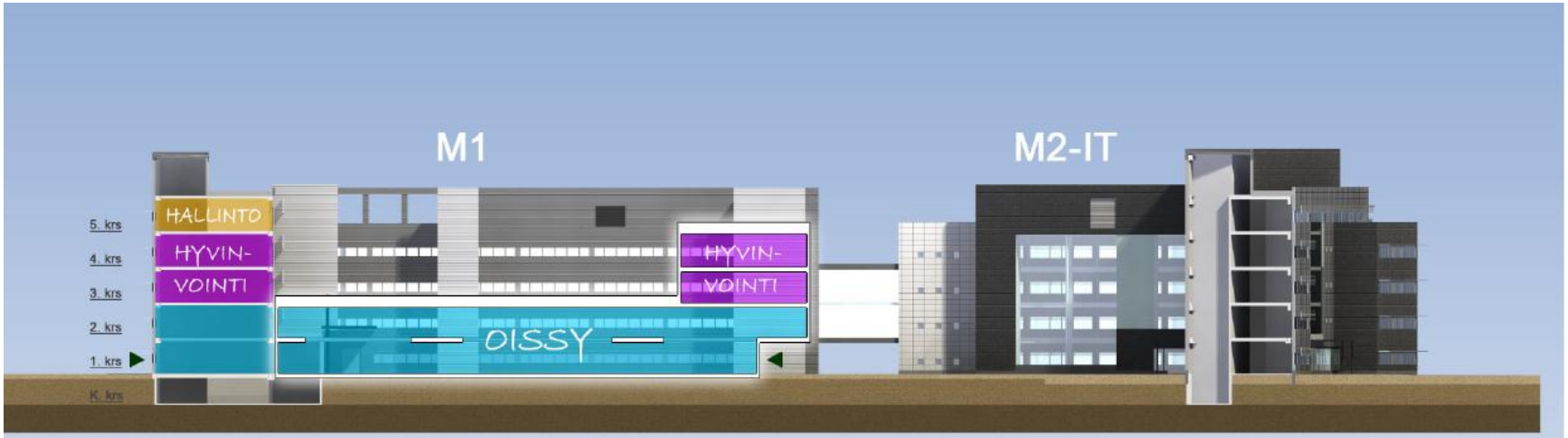
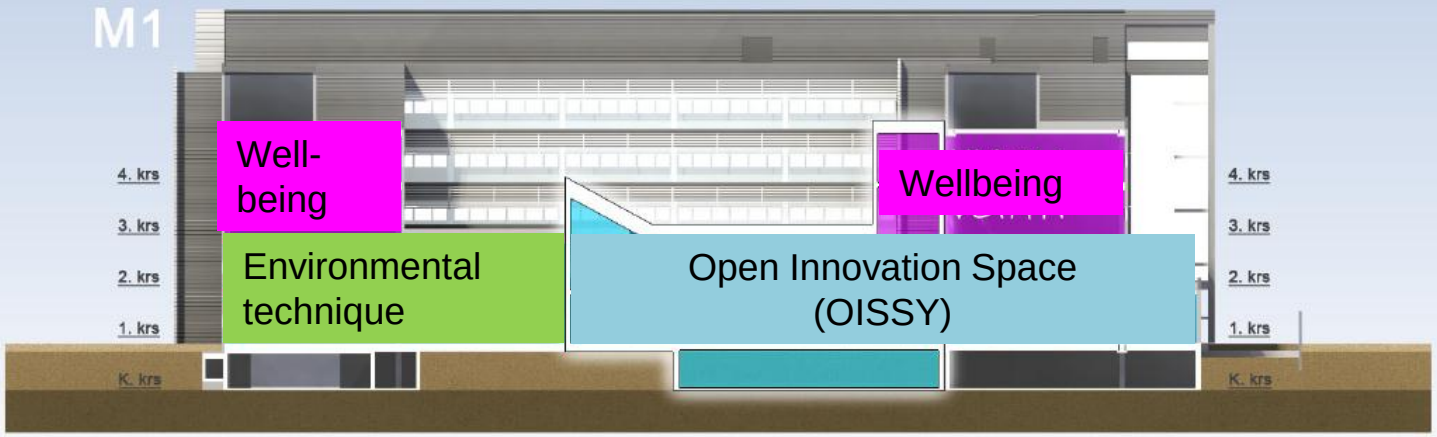
Multipurpose Creates Freedom





Summary and Q&A

- One of a kind – first academic campus in Nordics to be fully integrated into business campus
- Long-term customer, academic anchor
- Located in university and hospital district
- Decision to move in has been postponed until second half of 2013

- **Long-term customer and growth prospects in healthcare**

Cases: Mediapolis and Finnmedi

Satu Eskelinen
Director, Tampere

TECHNOPOLIS

Mediapolis
Space 32,000 sqm
Built 1972–2003
Yle & TAMK

Finnmedi
Space 14,000 sqm
Built 2012
Eye hospital, Patient Hotel, Companies

Yliopistonrinne
Space 17,400 sqm
Built: 2010–2012
> 50 companies and KIBS

Hermia
Space 32,000 sqm:
Built 1988–2012
>100 companies and
> 1,000 employees

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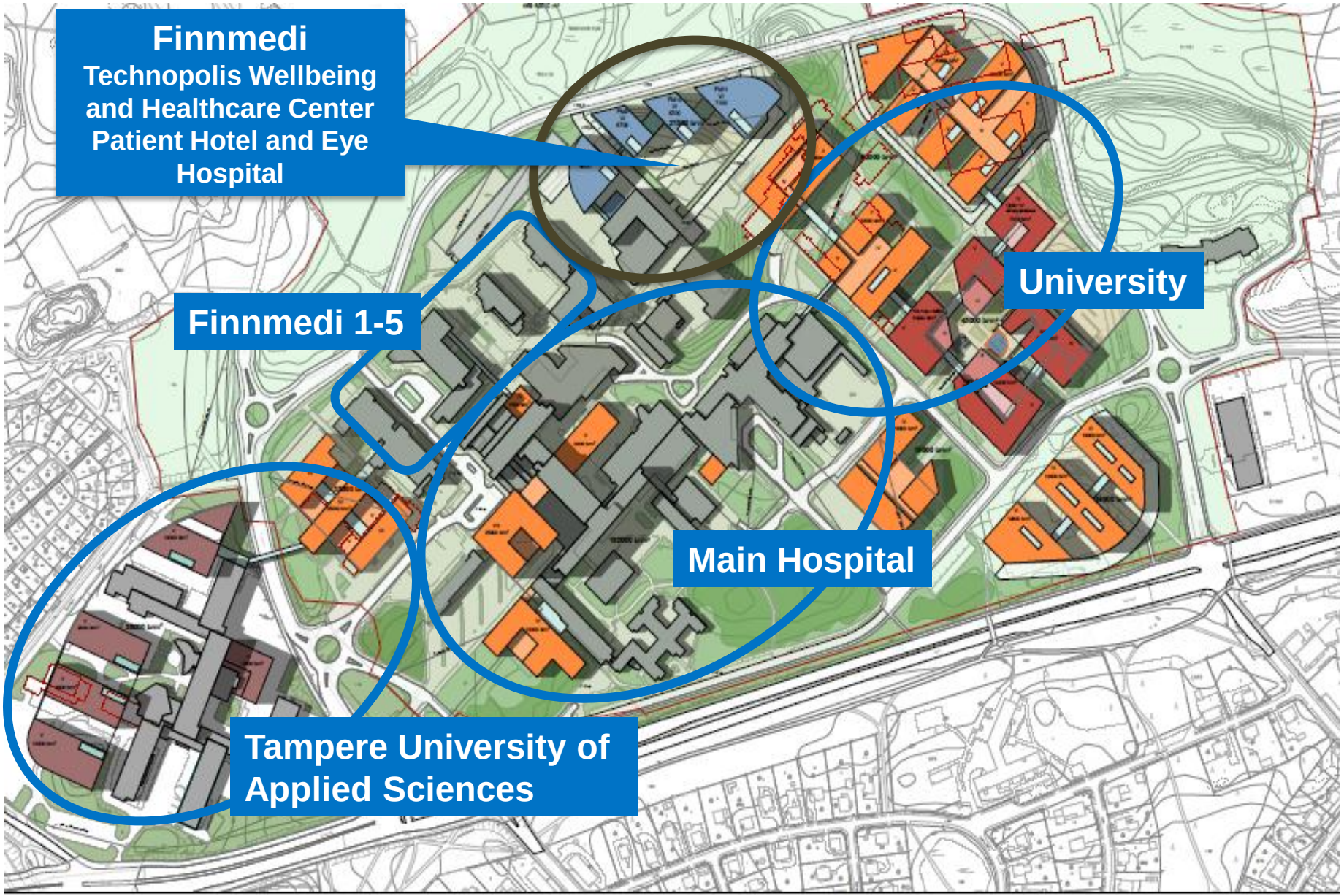
Finnmedi:
Combines functions of a hospital, university and health care companies

mediapolis

TECHNOPOLIS



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Case Finnmedi Summary

- Expanding the Technopolis portfolio into new customer segments
- Apply office environment know-how to hospitals
  - Flexibility
  - Multi-user environment
- First hospital managed by Technopolis
- First full service patient hotel in Finland

- **Opens new growth pathways for Technopolis**

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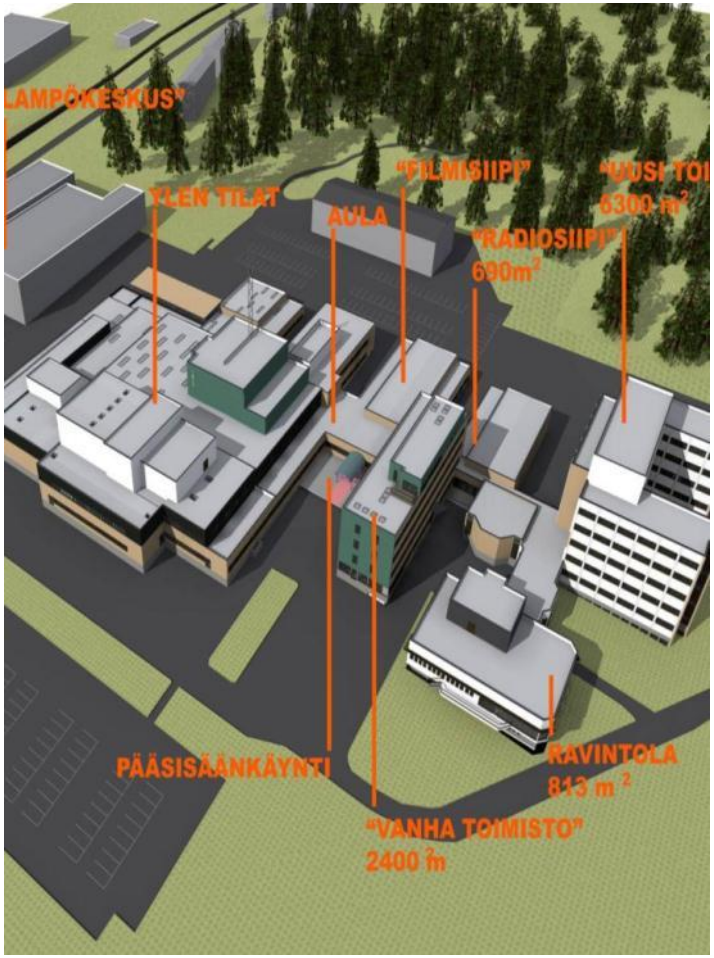
Mediapolis:
Industrial Center of Storytelling

mediapolis

TECHNOPOLIS

Mediapolis Background



- Technopolis acquired Finnish Broadcasting Company's (Yle) Tohloppi campus on October 17, 2012
- 32,000 sqm + new building permits 15,000 sqm
- Yle and Tampere University of Applied Sciences, Art and Media as anchors with 20 years lease agreements
- Strong commitment from the anchors and City of Tampere

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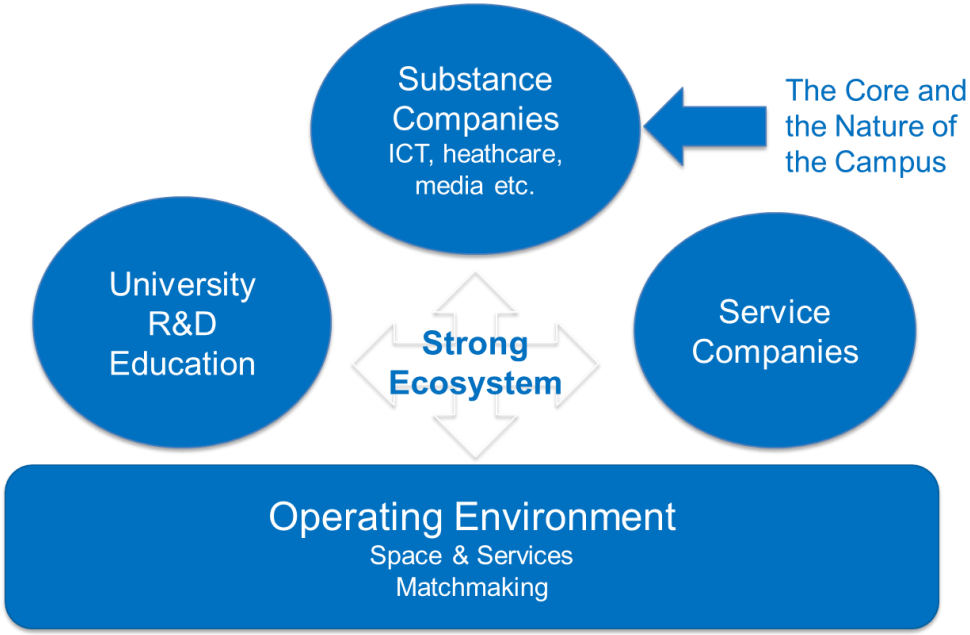
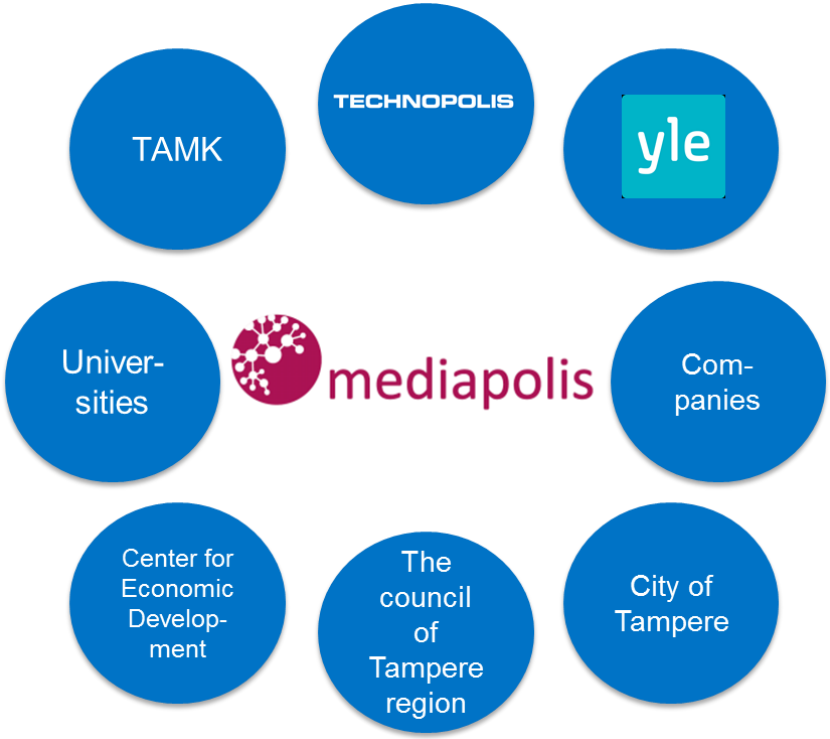
Building Blocks





- Replicate the success of Technopolis ecosystems in media sector
- Technopolis is the ecosystem engine

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Goals and Vision for Growth

Years 1–2 (2013–2014)	**Anchor companies 90% occupancy** • Yle, TAMK, restaurant • Innovation center for start-ups	400 Yle employees 50 TAMK employees and 400 students
Years 3–6 (2015–2018)	**Ecosystem grows and goes international** • TV, movies & video, animation, music production. • ICT: Software & games • TV technology (hardware) • Service providers (legal, marketing, financial, translation etc.)	300–400 new employees and 100 - 300 new students 700–900 new employees
Years 7 → (2019 →)	**>50% of space occupied by new tenants** • Need for new space (15,000 sqm building rights)	Total 1,900–2,400 employees

mediapolis

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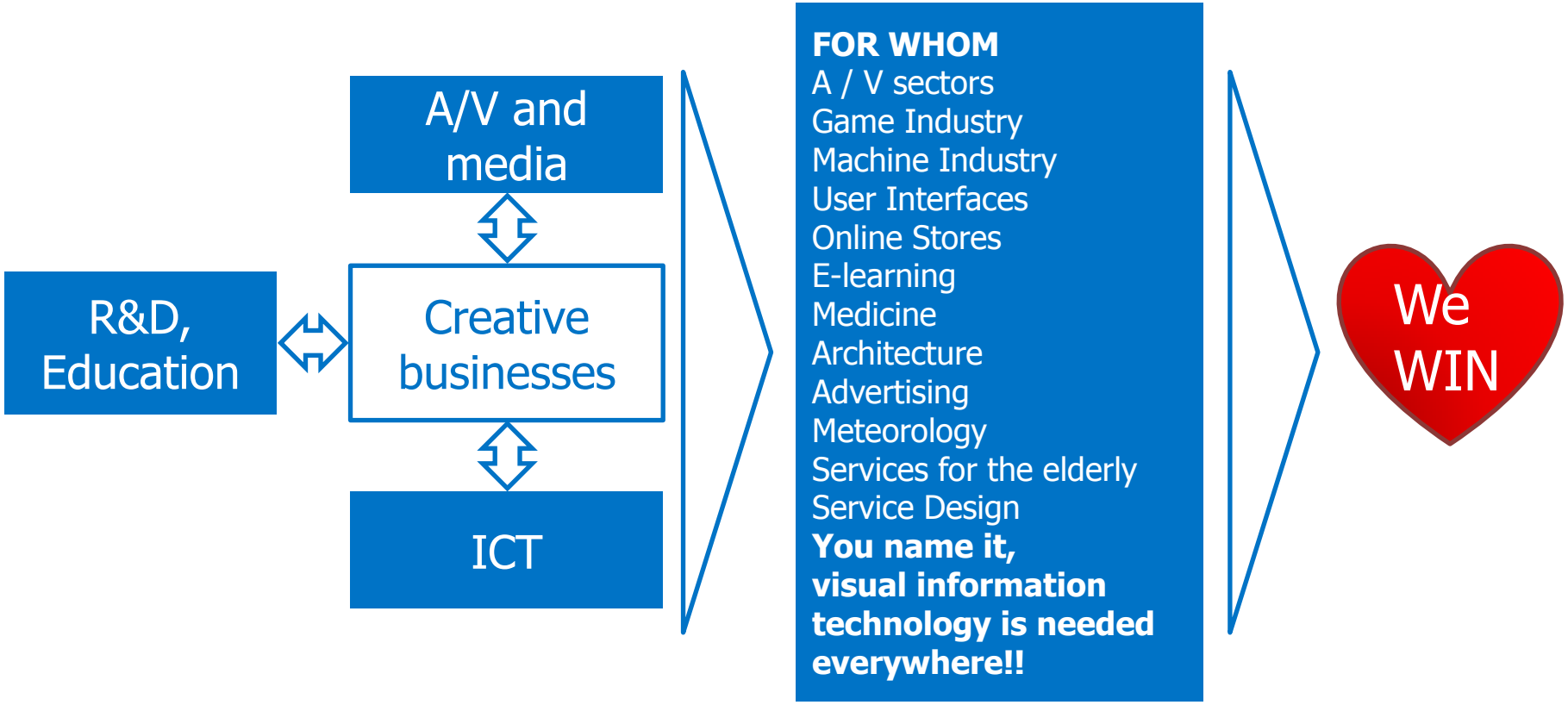
Mediapolis – Where Storytellers Meet Technologists



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Case Mediapolis - Summary

- Another “first” for Technopolis – we’re building the best Mediacluster in Finland
- Structural change ongoing in Tampere region
  - Mediapolis is the growth enabler for Technopolis & Tampere
- The best possible partners (Yle + TAMK)
- Huge initial demand

- **Execution is the key - now it’s time to ROCK!**

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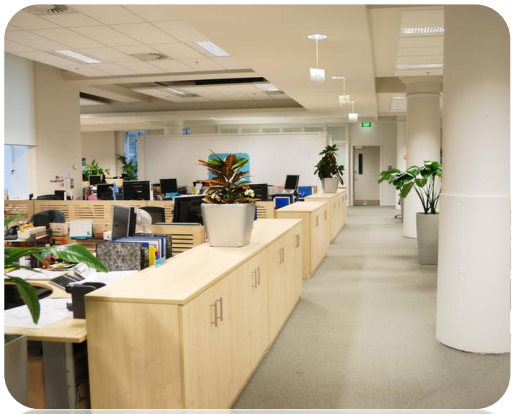
The Future of the Technopolis Service Concept

Olli Rasia
Director, Services

TECHNOPOLIS

Why Services?

Flexible Premises



+

World-class Services

=

Successful Working Environment

+ own premises
+ own sales and customer management organization

→ UNIQUE CONCEPT

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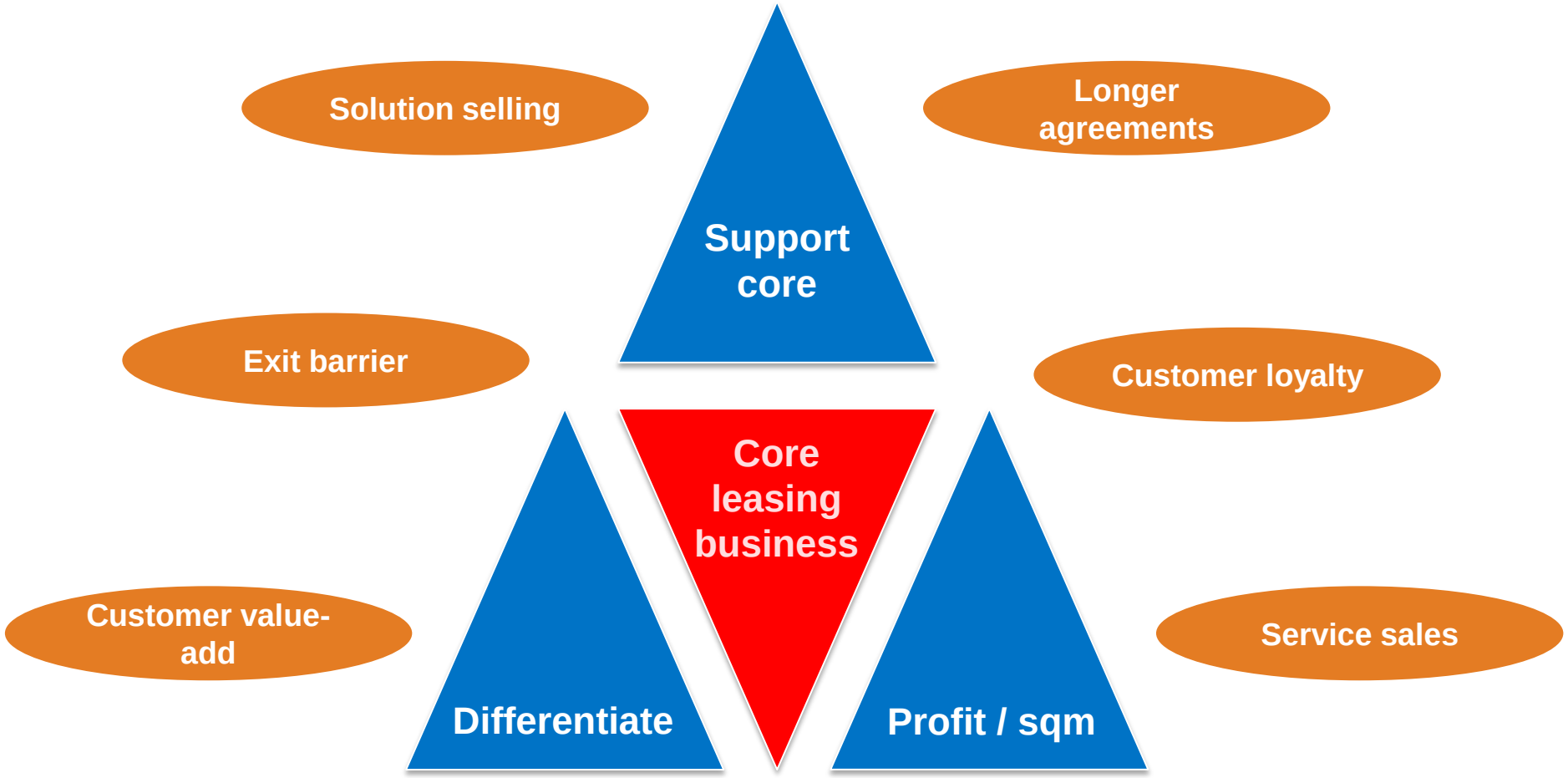
Strategic Perspective



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Service Portfolio

SPACE

Benefit from flexible Space Services

Flexi Space
- Office & Special Spaces
- Conference & Meeting Space
- Business Lounge

Workplace Services
- Workplace Design
- Furniture & Move-In Services
- ICT Services
- Facility Services
- Cleaning Services
- Reception Services
- Restaurant & Catering

BUSINESS

Boost your Business

Matchmaking Services
- Customers
- Partners
- Financiers
- Talent

Visibility Services

Growth & Productivity Services

EMPLOYEES

Engage your Talent

Health and Well-being Services
- Gym and Massage
- Hair and Beauty
- Occupational Health and Well-being

Restaurant and Café Services
- Restaurants & Cafés
- Take-out food
- Catering

Travel and Leisure Services
- Accommodation and Transportation
- Ticket Service

Household Services
- Car Wash
- Personal Finance
- Groceries

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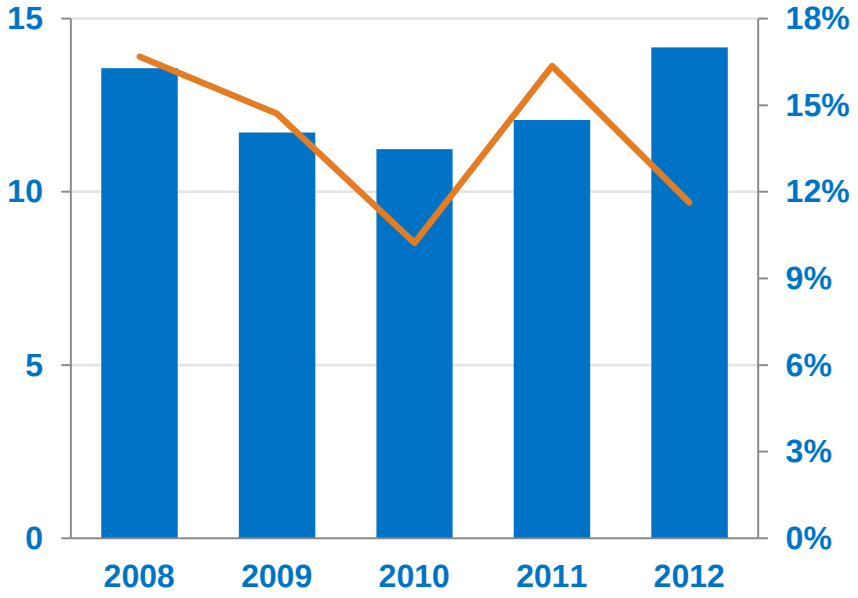
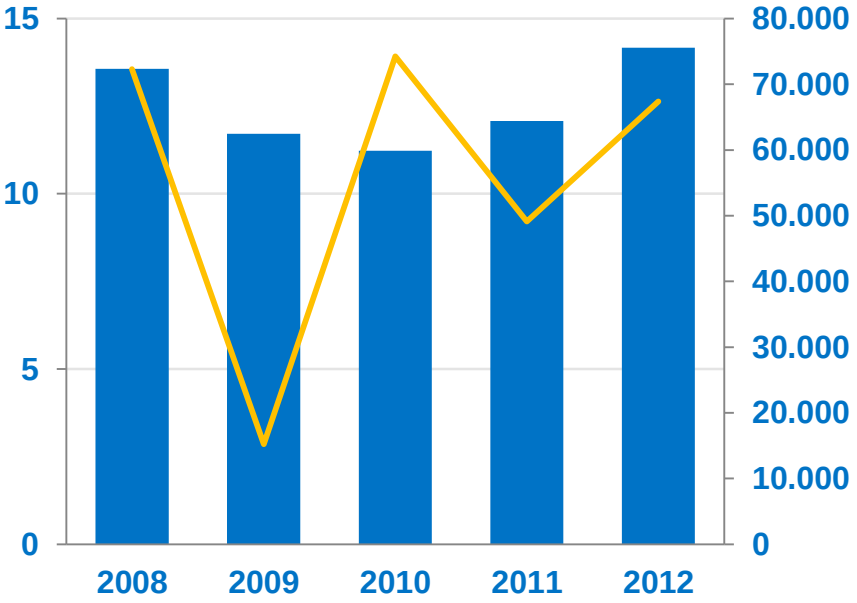
Key Figures

Net Sales and EBITDA-%



Net Sales and sqm addition p.a.



- Group allocations and reorganization of services effected on EBITDA-%
- Services grow with a lag to sqm

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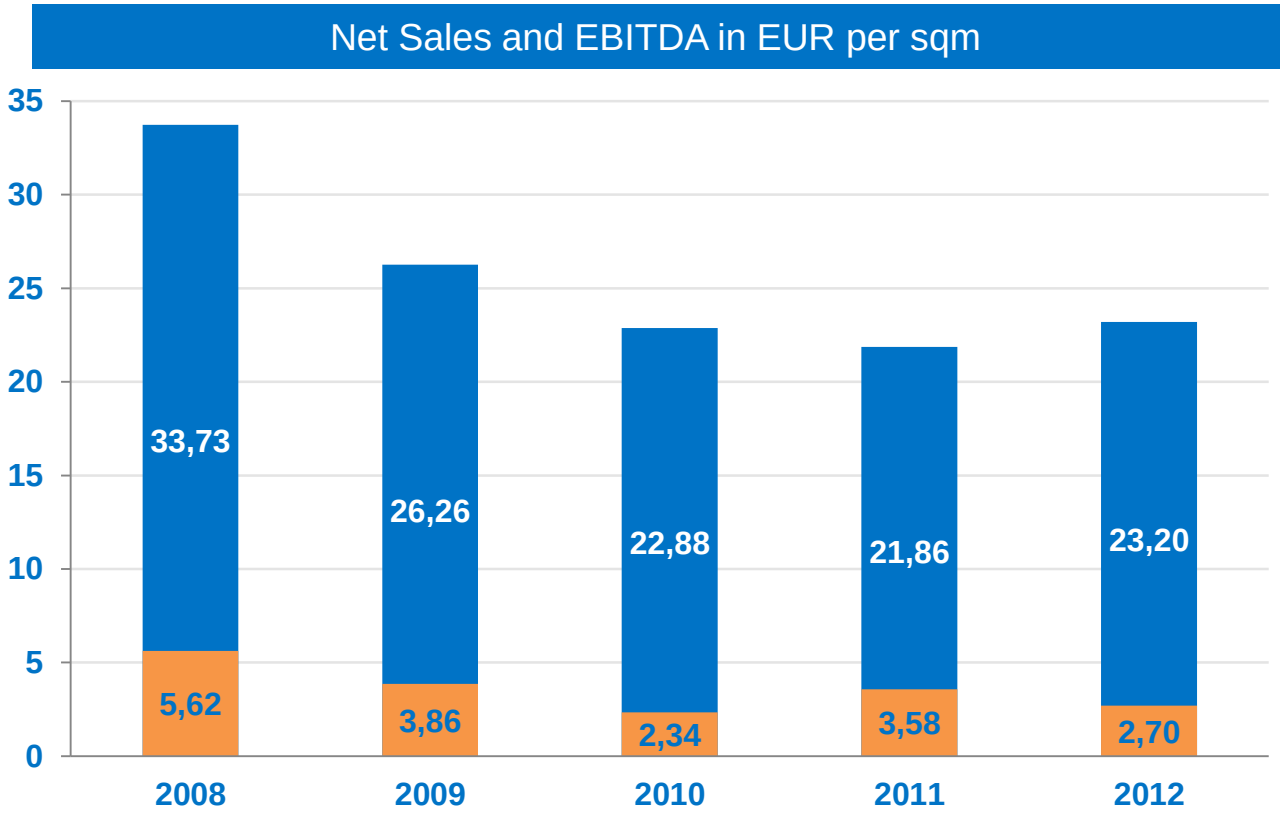
Key Figures



- 2008–2011 the net sales declined due to reorganization of the portfolio
- Profitability has held up

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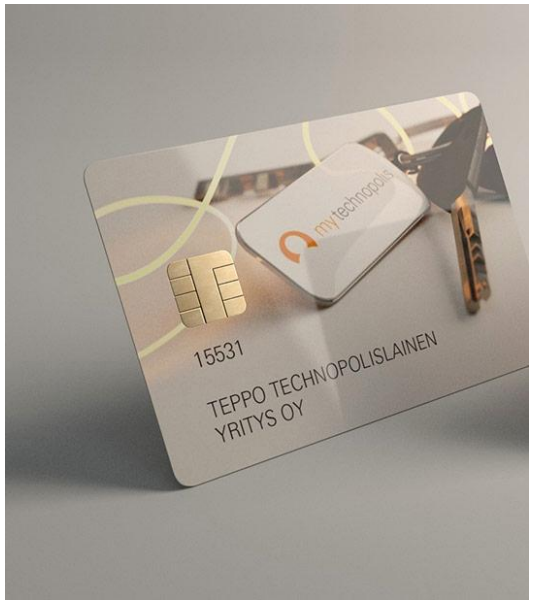
Technopolis Services in the Future

Technopolis
ICT READY OFFICE



my technopolis

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Example: Versatile ICT Service Offering

Technopolis

ICT READY OFFICE

MyOffice

TP Connect • TP Print • TP Call Care

MyTools

Computers • Mobile Devices • Tablets • Helpdesk & On-site support

MySolutions

Teamwork • Business Applications • Capacity • IT Management

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Multichannel Customer Care

Personally

Customer Service & Reception

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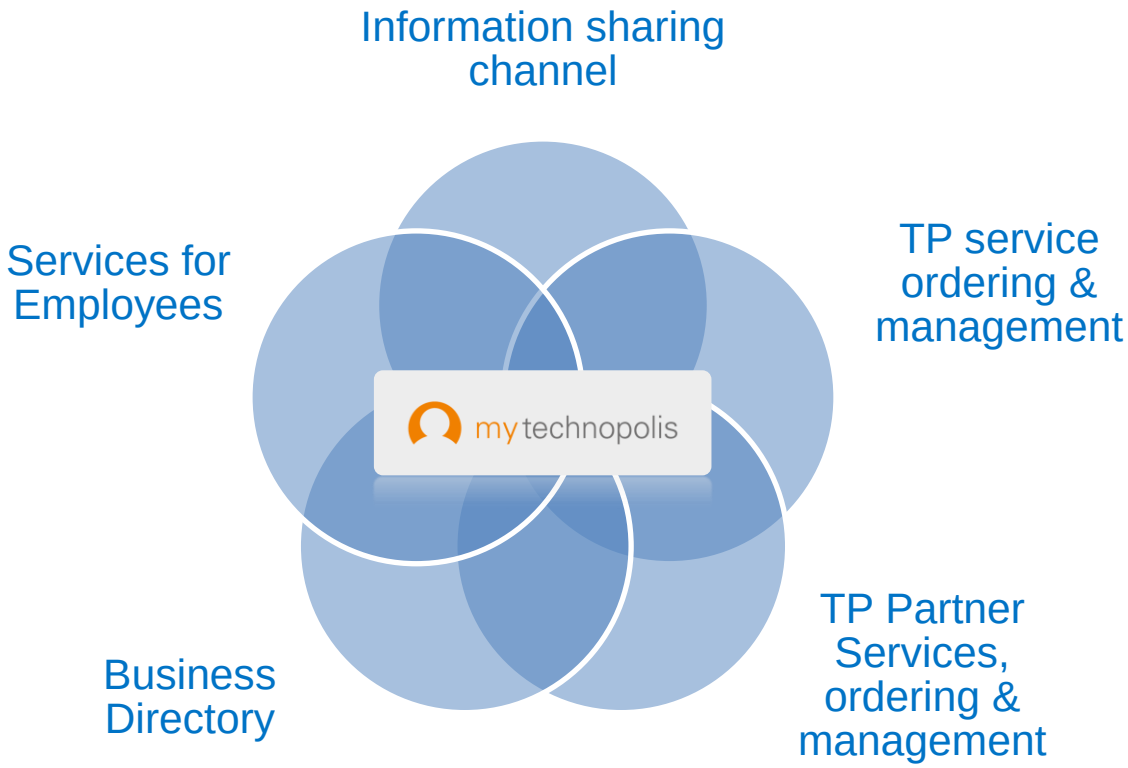
Service Desk

TECHNOPOLIS

my technopolis Self-Service Channel



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Summary and Q&A

- Services help our customers to focus on their core
- Positive impact on Technopolis net sales and EBITDA
- Acts also as an exit barrier and differentiator
- Space growth will contribute to service growth with a lag

- **The ultimate goal is more & more service revenue/m2**