



Technopolis Plc

Quarterly report January-March 2018

April 25, 2018

TECHNOPOLIS
more than squares

SOLID START TO THE YEAR

COMPARABLE SALES AND EBITDA UP BY OVER 5%

Q1/2018

IFRS

- Net sales were EUR 42.9 (44.3) million, down 3.1% y-o-y
- Earnings per share were EUR 0.14 (0.10), up 40.3% y-o-y
- Equity per share was EUR 3.98 (3.76), up 6.1% y-o-y

Alternative Performance Measures

- EBITDA was EUR 23.1 (23.6) million, down 2.2% y-o-y
- Financial occupancy rate rose to 95.8% (93.5%)
- EPRA earnings EUR 14.4 (14.1) million, up 1.5% y-o-y
- EPRA earnings per share were EUR 0.09 (0.09)
- EPRA NAV per share EUR 4.51 (4.26), up 5.9% y-o-y
- Fair value of investment properties at the end of the period was EUR 1,558.3 million (1,644.0 and 1,537.9 million on Dec 31, 2017)

The numbers in brackets refer to a value in the corresponding period a year earlier unless otherwise stated.

Technopolis amended its accounting policy regarding deferred taxes in the fourth quarter of 2017 and restated its financials for 2017. The restated numbers are presented as comparison figures.

KEY INDICATORS

		Q1/ 2018	Q1/ 2017	Change %	2017
IFRS					
Net sales	EURm	42.9	44.3	-3.1	179.7
Equity ratio	%	39.6	40.9	-	44.8
Alternative Performance Measures					
EBITDA	EURm	23.1	23.6	-2.2	97.1
EPRA earnings	EURm	14.4	14.1	1.5	60.6
Loan-to-value (LTV)	%	54.6	53.4	-	50.1
EPRA return on equity (rolling 12m)	%	9.7	9.3	-	9.1
EPRA earnings / share	EUR	0.09	0.09	-	0.39
EPRA NAV / share	EUR	4.51	4.26	5.9	4.58
EPRA NNNNAV / share	EUR	3.95	3.73	5.9	4.05
Financial occupancy rate	%	95.8	93.5	-	96.1
EPRA net rental yield	%	7.1	7.0	-	7.2

EPRA (European Public Real Estate Association) earnings do not include unrealized exchange rate gains and losses, fair value changes or any non-recurring items, such as gains and losses on disposals.

The guidelines of the European Securities and Markets Authority (ESMA) regarding Alternative Performance Measures (APMs, performance measures not based on financial statements standards) entered into force in July, 2016. Technopolis reports APMs, such as EPRA performance measures, to reflect the underlying business performance and to enhance comparability between financial periods. APMs may not be considered as a substitute for measures of performance in accordance with IFRS.

NEAR-TERM OUTLOOK UNCHANGED

Technopolis estimates that the Group net sales in 2018 will be at the same level as it was in 2017. The company expects the Group EBITDA to remain at the same level as in 2017, or slightly below.

The estimates take into account the divestiture of operations in Jyväskylä, Finland in late 2017. The negative effects of the Jyväskylä divestitures on Group Net sales and EBITDA, on an annual level, are approximately EUR 14.5 million and EUR 7.2 million, respectively.

Furthermore, the estimate takes into account the company's view on the planned completion of organic growth projects in progress, as well as its view on economic developments in each Technopolis market, and the development of the company's occupancy and rental rates.

FROM THE CEO

"This year has started off well. The divestiture of our Jyväskylä assets in November 2017, meant that net sales and EBITDA were slightly lower than last year, but when you eliminate the effect of the divestiture, you can see healthy growth. Occupancy rates continued to rise, which supported both net sales development and relative profitability.

Group net sales in the first quarter decreased by 3.1% from the previous year, but excluding the Jyväskylä divestiture, net sales grew by 5.3%. The main operational drivers behind this were service income growth and rising occupancy. Rental growth also had a positive effect on Group net sales. Our financial occupancy rate at the end of March reached 95.8% (93.5%), with the greatest improvement in Oulu, Finland.

We have five organic growth projects in progress. These investments total nearly EUR 140 million. There are also ten additional projects under design. Most of these extensions of our campuses are being driven by the growth of our existing customers. While we expect the pipeline to be growing, we are looking at each case rigorously and will launch when market conditions allow and our strict investment criteria are met.

Services form an increasingly important share of our business, and they continue to grow steadily. Service income reached EUR 6.3 million (5.1% y-o-y growth) in Q1 2018. However, comparable service income growth was 14.8% year-on-year. Services represented 14.7% of the Group net sales. Furthermore, for the first time, our quarterly service EBITDA reached EUR 1 million. The EBITDA margin for services was 16.0% (11.7%). Our target at the end of the strategy period in 2020 is 20%.

Group EBITDA in January–March was half a million euros lower than in the corresponding period a year earlier at EUR 23.1 (23.6) million. The EBITDA margin was 53.7% (53.2%). Excluding the Jyväskylä divestiture, our EBITDA grew 5.2% from the previous year. Yield compression was the primary driver behind positive fair value changes, which brought EUR 9.7 (6.0) million in the first quarter and were a significant contributor at the Operating profit level.

In March, we signed a five-year EUR 518 million refinancing agreement. The package consists of four secured facilities: a EUR 150 million term loan facility for refinancing existing debt, EUR 200 million of back-up facilities and a guarantee facility for our long-term European Investment Bank loans. These facilities replaced the majority of the bilateral secured bank loans the company had in place earlier in Finland, and in addition to improving our maturity profile, the agreement increased Technopolis' unencumbered asset ratio to 25.6% from 13.8% at the year-end 2017.

One of the cornerstones of our strategy is the expansion of our UMA Coworking Network. A new flagship UMA coworking space in Stockholm, Sweden was just opened earlier this week, in April, and another one is set to open in Copenhagen in September. We will continue to expand our UMA footprint in the other major cities and hubs of the Nordic-Baltic Sea area. An UMA-membership gives our customers access to the full Technopolis shared workspace concept in superb CBD locations while enabling Technopolis to grow rapidly and cost-efficiently, but less capital-intensively throughout the Nordic-Baltic Sea region.

Our first quarter results lay a good foundation for the rest of the year and gives us a solid platform from which to continue the step-by-step implementation of the Group's strategy ."

FINANCIAL PERFORMANCE

		Q1/ 2018	Q1/ 2017	Change %	2017
Net sales, Group	EURm	42.9	44.3	-3.1	179.7
Property income ^{*)}	EURm	36.6	38.3	-4.4	154.3
<i>share of net sales</i>	%	85.3	86.5	-	85.9
Service income	EURm	6.3	6.0	5.1	25.4
<i>share of net sales</i>	%	14.7	13.5	-	14.1
EBITDA, Group	EURm	23.1	23.6	-2.2	97.1
<i>EBITDA margin</i>	%	53.7	53.2	-	54.0
EBITDA, property	EURm	24.4	24.8	-1.7	102.7
<i>EBITDA margin</i>	%	66.7	64.8	-	66.5
EBITDA, services	EURm	1.0	0.7	43.6	2.7
<i>EBITDA margin</i>	%	16.0	11.7	-	10.5
Operating profit, Group	EURm	31.8	28.5	11.4	121.4
<i>Operating profit margin</i>	%	74.1	64.4	-	67.5
Net result	EURm	24.6	18.8	31.0	85.2
EPS	EUR	0.14	0.10	40.3	0.46

^{*)} In the audited consolidated financial statements for the year ended December 31, 2017, Technopolis has used the term "rental income." In order to be more precise, however, in the unaudited interim report for Q1/2018, Technopolis has changed the term to "property income," as "service income" also includes items that can be classified as rental income. There is no change in the calculation of the figure.

Note: The Group EBITDA includes Group-level expenses as indicated in the table on page 31.

Net Sales and Income

Q1/2018

The **Group's net sales** for the first quarter were EUR 42.9 (44.3) million, down 3.1% from the corresponding period in the previous year. The reason for the decline was the divestiture of the Jyväskylä operations in November 2017. Changes in foreign exchange rates affected net sales by EUR -0.7 (+0.8) million mainly due to weakening of the Norwegian krone and the Russian ruble. On a constant currency basis net sales were down 1.5%.

Property income amounted to EUR 36.6 (38.3) million, down 4.4% compared to corresponding period in 2017. The reason for the decline was the divestiture of the Jyväskylä operations in November 2017. The **financial occupancy rate** at the end of the period reached 95.8% (93.5%). The largest increase was seen in Oulu, Finland. Rental indexation for 2018 was around 1% on average, and in the majority of the contracts, the increases entered into force as of January 1. Of Technopolis' lease portfolio, nearly 90 percent is linked to consumer price index development.

Service income continued on a positive trend increasing by 5.1% year-on-year and amounting to EUR 6.3 (6.0) million in the first quarter. Service income grew or stayed at the previous year's level in all business units. The largest absolute growth was seen in Kuopio and Tampere in Finland, and in Vilnius, Lithuania. In relative terms, the highest growth came from Kuopio (Finland), Vilnius (Lithuania), and Oslo (Norway). The share of service income in Group net sales, **service penetration**, was 14.7% (13.5%). In the first quarter, service penetration was highest in the Helsinki Metropolitan Area.

Profitability

Q1/2018

Premises expenses in the first quarter were EUR 10.2 (10.1) million. The Group's administrative costs totaled EUR 3.1 (3.6) million. Other operating expenses were EUR 6.8 (7.0) million. Property taxes in the first quarter were EUR 1.8 (2.0) million.

The Group's EBITDA for January–March totaled EUR 23.1 (23.6) million, down 2.2% year-on-year. The reason for the decline was the divestiture of the Jyväskylä operations in November 2017. The EBITDA margin was 53.7% (53.2%). Changes in foreign currency exchange rates decreased EBITDA by EUR 0.5 (+0.6) million mainly due to weakening of the Norwegian krone and the Russian ruble against the Euro. On a constant currency basis, EBITDA declined by 0.3%, and the EBITDA margin was 53.9%.

Property EBITDA amounted to EUR 24.4 (24.8) million, down 1.7% year-on-year. The Property EBITDA margin increased from the comparison period and was 66.7% (64.8%). The margin improvement was mainly due to the positive development in the occupancy compared to the previous year. Service EBITDA was up 43.6% and reached EUR 1.0 (0.7) million. Also the Service EBITDA margin improved and was 16.0% (11.7%). The improvement was mainly generated by scale benefits through higher service income and growth in more profitable services as well as price increases of some services. Service EBITDA included ramp-up costs of EUR 0.1 million for UMA Kungsbron in Stockholm, Sweden.

In addition to property and service EBITDAs, the Group EBITDA includes Group-level expenses and intracompany eliminations as indicated in the table on page 31.

At the end of March 2018, the fair value of Technopolis' investment properties was EUR 1,558.3 (1,644.0) million. The decline was mainly due to the divestment of the Jyväskylä operations in November 2017. In the first quarter 2018, fair value changes totaled EUR 9.7 (6.0) million. The biggest positive impact came from changes in yield requirements but was, to an extent, offset by modernizations.

Fair value changes in Q1/2018:

EURm	Yield requirement	Occupancy assumption	Modernization	Other changes	Projects in progress	Total
Finland	1.8	0.4	-0.9	1.1	0.3	2.7
Baltic Rim	2.7	-0.1	0.1	0.7	0.5	3.9
Scandinavia	3.5	0.0	-0.6	0.3	0.0	3.1
TOTAL	8.0	0.3	-1.4	2.1	0.8	9.7

* Other changes include changes in projected market rents, operating expenses as well as other allocations.

Operating profit in the first quarter rose to EUR 31.8 (28.5) million, mainly due to positive fair value changes in investment properties, which were driven primarily by yield compression. Net financial expenses, including unrealized exchange rate gains and losses, were down from the previous year at EUR 4.2 (6.1) million due to lower interest expenses. Financial income was higher due to proceeds from financial investments and foreign exchange rate gains.

Pre-tax profits rose to EUR 27.6 (22.4) million. Taxes were EUR 3.0 (3.6) million. Current taxes were EUR 1.0 (0.6) million.

The net result for the period increased by 31.0% to EUR 24.6 (18.8) million. EPS increased to EUR 0.14 (0.10).

EPRA earnings (European Public Real Estate Association) in the first quarter increased by 1.5% year-on-year and amounted to EUR 14.4 (14.1) million. The increase was a result of lower net financial expenses and lower taxes. EPRA earnings per share for January–March amounted to EUR 0.09 (0.09). EPRA earnings do not include unrealized exchange rate gains and losses, fair value changes or any non-recurring items, such as gains and losses on disposals.

BALANCE SHEET, FINANCING AND CASH FLOW

Balance Sheet and Financing

		31 Mar'18	31 Mar'17	Change, %	31 Dec'17	Change, %
Balance sheet total	EURm	1,731.5	1,776.5	-2.5	1,719.8	0.7
Interest-bearing debt	EURm	885.1	889.5	-0.5	805.0	10.0
Cash and equivalents	EURm	60.8	62.5	-2.6	71.8	-15.2
Average loan maturity	yrs	4.5	5.1	-12.4	4.5	-1.3
Loan-to-value (LTV)	%	54.6	53.4	-	50.1	-
Equity ratio	%	39.6	40.9	-	44.8	-
Solvency ratio	%	47.6	46.3	-	42.6	-
Secured solvency ratio	%	37.7	38.3	-	35.3	-
Unencumbered asset ratio	%	25.6	12.3	-	13.8	-
Interest coverage	multiple	5.2	3.8	36.8	4.3	20.9

The Group's balance sheet total on March 31, 2018 was EUR 1,731.5 (1,776.5) million, with liabilities accounting for EUR 1,050.8 (1,053.8) million.

The Group's equity attributable to the parent company shareholders was EUR 624.9 million (EUR 711.2 million on December 31, 2017). Equity decreased mainly due to the redemption of a EUR 75 million hybrid loan in March 2018. Equity per share was EUR 3.98 (EUR 4.06 on December 31, 2017) and the [equity ratio](#) was 39.6% (44.8% on December 31, 2017). The [loan-to-value](#) ratio (LTV) was 54.6% (53.4% and 50.1% on December 31, 2017). At the end of the period, the Group's [interest coverage](#) ratio was 5.2 (3.8 and 4.3 on December 31, 2017).

On March 5, 2018, Technopolis signed a five-year EUR 518 million refinancing agreement with three Nordic financial institutions. The agreement has an extension option of up to two years. The package consists of four secured facilities: a EUR 150 million term loan facility for refinancing existing debt, a EUR 100 million committed capex facility, a EUR 100 million committed revolving credit facility and a EUR 168 million guarantee facility. These facilities replaced the majority of Technopolis Plc's bilateral secured bank loans the company had in place earlier in Finland, with the exception of long-term loans from the European Investment Bank, totaling EUR 166 million at year-end 2017.

The facility agreement includes customary [financial covenants](#) that are based on maintaining an equity ratio above 30%, an LTV below 65% and an interest coverage ratio above 2.25.

On March 31, 2018, Technopolis had EUR 240.0 (90.0) million in unused committed long-term credit facilities and a EUR 25.1 (21.2) million short-term credit limit of which none (EUR 3.9 million) was withdrawn at the end of March. In addition, the company has a EUR 150.0 (150.0) million commercial paper program, of which EUR 49.9 (21.0) million was outstanding at the end of the period. Cash and cash equivalents were EUR 60.8 (62.5) million.

At the end of March, the Group's interest-bearing liabilities amounted to EUR 885.1 (889.5) million. Long-term interest bearing liabilities were EUR 685.2 (710.0) million and short-term interest-bearing liabilities EUR 199.8 (179.5) million. Interest-bearing liabilities were composed of EUR 648.0 (652.4) million of bank loans, EUR 150.0 (150.0) million of unsecured senior bond and EUR 49.9 (21.0) million of commercial papers, EUR 7.7 (32.6) million of financial leases, and EUR 29.9 (35.5) of other liabilities. Of the interest bearing liabilities EUR 652.3 million was secured and EUR 233.2 million was unsecured.

[Unencumbered assets](#) totaled EUR 443.8 (218.0) million, which translates into unencumbered asset ratio of 25.6% (12.3%). The [solvency ratio](#) at the end of March was 47.6% (46.3%) and the [secured solvency](#) ratio was 37.7% (38.3%).

The [average interest rate](#) on interest-bearing liabilities was 2.43% (2.54%).

Financial Expenses

		Q1/ 2018	Q1/ 2017	Change %	2017
Financial expenses	EURm	-5.1	-6.4	20.5	-24.4
Financial income	EURm	0.9	0.2	336.3	2.1
Net financial expenses	EURm	-4.2	-6.1	31.5	-22.4
Average interest rate*	%	2.43	2.54	-	2.60

* Excluding hybrid loan.

Net financial expenses in the first quarter 2018 were EUR 1.9 million lower than in the comparison period. Financial expenses were lower mainly due to lower interest expenses, and financial income higher due to proceeds from financial investments and foreign exchange rate gains.

Financial Risk Management

On March 31, 2018, the Group's interest-bearing liabilities amounted to EUR 885.1 (889.5) million. The average capital-weighted loan maturity was 4.5 (5.1). A total of 56.3% (67.8%) of the Group's interest-bearing liabilities were either interest rate hedged or fixed-rate loans. Group's interest fixing period was 4.7 (4.8) years, including forward starting hedges in 2019–2021. A one percentage point increase in market rates would cause a EUR 0.9 (2.1) million increase in interest costs per annum.

The Group is exposed to foreign exchange rate fluctuations in the Norwegian krone, the Russian ruble and the Swedish krona. The direct impact of changes in exchange rates on the Group's operating profit, balance sheet, and equity ratio as of March 31, 2018 are presented below.

Foreign currency % change against the Euro	Transaction difference effect	Translation difference effect	Total effect on the Group's equity	Equity ratio
RUB -10	0.0	-7.0	-7.0	39.3%
RUB +10	0.0	8.6	8.6	39.9%
NOK -10	0.0	-7.7	-7.7	39.3%
NOK +10	0.0	9.4	9.4	39.9%
SEK -10	0.0	-4.7	-4.7	39.4%
SEK +10	0.0	5.7	5.7	39.8%

In Russia, Norway and Sweden, the Group only had liabilities in the local currencies and therefore, it is only vulnerable to translation differences in equity. At the end of the review period, the Russian subsidiary had equity of RUB 5.5 billion, the Norwegian subsidiaries' equity totaled NOK 815.2 million, and the Swedish subsidiaries' equity was SEK 529.1 million.

Capital Expenditure and Cash Flow

CAPEX, EUR million	Q1/ 2018	Q1/ 2017	Change %	2017
Acquisition of properties	0.0	0.0	-	5.8
Organic growth projects	10.1	4.1	147.6	61.7
Modernizations	1.6	4.7	-65.6	8.5
Other investments	1.1	0.6	97.8	1.5
Total CAPEX incl. acquisitions	12.9	9.4	37.2	77.5
CAPEX by segment:				
Finland	8.2	5.5	48.6	29.8
Baltic Rim	4.1	2.7	50.3	47.8
Scandinavia	0.6	1.2	-46.9	-0.1
Total CAPEX incl. acquisitions	12.9	9.4	37.2	77.5
Divestitures	0.0	0.0	-	87.7

In the first quarter of 2018, **cash flow from operations** was EUR 9.5 (17.4) million. Cash flow **from investments** was EUR -10.3 (-9.3) million, of which investments in investment properties were EUR -10.0 (-8.5) million. **Financing cash flow** was EUR -9.8 (-74.1) million. **Cash and cash equivalents** on March 31, were EUR 60.8 (62.5) million. The **net change in cash** in January–March was EUR -10.9 (-65.5) million.

PROPERTY PORTFOLIO, LEASING, OCCUPANCY AND CUSTOMER BASE

Property Portfolio

At the end of March 2018, the **fair value** of Technopolis' investment properties was EUR 1,558.3 (1,644.0) million. Technopolis had a total **rentable area** of 699,400 (751,550) m², of which 12,600 (16,050) m² was under renovation. The decline in both the fair value and rentable area was mainly due to divestiture of operations in Jyväskylä, Finland in November 2017. Nearly all properties are office properties. In addition, 52,100 (33,800) m² was under construction at the end of the period. Technopolis holds some further 400,000 m² of building rights, of which nearly 50% are located in Finland, over 40% in the Baltic Rim and less than 10% in Scandinavia. Acquisition and divestitures as well as organic development projects in progress are described in more detail in the section "Group Strategy and Financial Targets".

Leasing, Occupancy and Customer Base

On March 31, 2018, Technopolis had a total of approximately 1,600 customers. The ten largest customers let approximately 22.9% of rented space and the single largest customer 4.4%. In January–March, the ten largest customers accounted for 20.9% of rental income and the single largest customer 5.2%.

The financial occupancy rate at the end of the period was 95.8% (93.5%) and the technical occupancy rate was 95.0% (92.3%).

At the end of March 2018 Technopolis had a total of approximately 3,000 existing rental agreements. During the first quarter, the Company agreed on 106 (129) new contracts (including extended or renewed contracts) covering a rentable area of 19,400 (55,900) m². During the same time period, 77 (57) contracts ended, covering a rentable area of 15,900 (8,800) m².

Lease stock, % of space	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017
Maturity, years					
< 1	18	15	16	16	21
1–3	29	28	21	21	20
3–5	13	12	19	19	18
> 5	17	17	16	16	15
Open-ended leases	24	26	29	29	25
Average lease term in months	34	34	34	34	34
Lease stock, EUR million	360.7	372.0	389.9	397.6	389.1

BUSINESS SEGMENTS

Technopolis has three business segments: Finland, the Baltic Rim and Scandinavia.

Finland

From December 1, 2017, the Finland segment comprised the Helsinki Metropolitan Area (HMA), Tampere, Kuopio and Oulu business units. Operations in Jyväskylä were divested at the end of November 2017. Jyväskylä is included in the numbers for January–November 2017.

Finland		Q1/ 2018	Q1/ 2017	Change %	2017
Net sales	EURm	26.8	28.7	-6.5	117.7
Property income	EURm	22.1	23.9	-7.7	97.5
Service income	EURm	4.7	4.8	-0.6	20.2
EBITDA	EURm	13.4	14.7	-9.1	61.5
<i>EBITDA margin</i>	%	50.1	51.5	-	52.2
Fair value of investment properties*	EURm	891.4	997.6	-10.6	890.9
Number of campuses*		12	15	-	12
Rentable area*	m ²	421,000	483,700	-13.0	425,000
Average rent*	EUR/m ² /month	17.5	17.3	1.2	17.7
Financial occupancy rate*	%	95.0	91.3	-	94.5
Market yield requirement, average*	%	7.3	7.6	-	7.3

* At the end of the period.

Note: 3/18: 7,100 m² under renovation, 3/17: 10,350 m² under renovation.

Rentable area, property income and EBITDA decreased mainly due to divestitures in Jyväskylä. Average rent was EUR 17.5 (17.3) per m² per month. The financial occupancy rate clearly increased, mainly due to an improvement in Oulu. Fair values decreased mainly due to divestitures of properties in Jyväskylä in November 2017.

Baltic Rim

The Baltic Rim segment comprises three business units: Tallinn in Estonia, Vilnius in Lithuania and St. Petersburg in Russia.

Baltic Rim		Q1/ 2018	Q1/ 2017	Change %	2017
Net sales	EURm	9.7	8.9	8.3	36.0
Property income	EURm	8.6	8.0	7.8	32.5
Service income	EURm	1.1	1.0	12.2	3.6
EBITDA	EURm	6.1	5.3	15.2	21.5
<i>EBITDA margin</i>	%	62.5	58.8	-	59.6
Fair value of investment properties*	EURm	341.1	312.0	9.3	325.2
Number of campuses*		3	3	-	3
Rentable area*	m ²	176,300	168,550	4.6	176,000
Average rent*	EUR/m ² /month	15.8	15.6	1.0	15.7
Financial occupancy rate*	%	99.7	99.3	-	99.7
Market yield requirement, average*	%	8.0	8.4	-	8.1

* At the end of the period.

Note: 3/18: 5,500 m² under renovation, 3/17: 2,900 m² under renovation.

Rentable area, net sales and EBITDA in the first quarter increased year-on-year, mainly due to the completion of new buildings in Vilnius, Lithuania. Rental growth also had a positive effect. The depreciating Russian ruble had an impact of EUR -0.3 (+0.6) million on net sales and EUR -0.2 (+0.4) million on EBITDA compared to the same time period in the previous year. Occupancy remained at very high levels. Fair values increased due to the new properties in Vilnius and market yield compression.

Scandinavia

At the end of March 2018, the Scandinavia segment included business units in Oslo, Norway and Gothenburg, Sweden.

Scandinavia		Q1/ 2018	Q1/ 2017	Change %	2017
Net sales	EURm	6.4	6.7	-3.6	26.0
Property income	EURm	6.0	6.3	-5.0	24.4
Service income	EURm	0.5	0.4	19.6	1.6
EBITDA	EURm	3.6	3.6	0.7	14.1
EBITDA margin	%	55.7	53.3	-	54.4
Fair value of investment properties*	EURm	325.9	333.1	-2.2	321.9
Number of campuses*		2	2	-	2
Rentable area*	m ²	102,100	99,300	2.8	100,900
Average rent*	EUR/m ² /month	19.3	20.9	-7.8	19.5
Financial occupancy rate*	%	93.9	95.4	-	97.5
Market yield requirement, average*	%	5.3	5.5	-	5.3

* At the end of the period.

Note: 3/18: 0 m² under renovation, 3/17: 2,800 m² under renovation.

In the first quarter of 2018, property income decreased by 5.0% year-on-year and EBITDA was flat. The depreciating Norwegian krone and Swedish krona had an impact of EUR -0.4 (+0.2) million on net sales and EUR -0.2 (+0.1) million on EBITDA compared to the corresponding period a year earlier. The average rent in euros decreased year-on-year, mainly due to depreciating local currencies against the euro.

Furthermore, in Gothenburg, there was a rental guarantee in place by the seller of the campus, which expired at the end of 2017, and this negatively affected the occupancy rate.

The Gothenburg campus, in practice, is almost a single tenant campus for the time being, which also explains the low level of service income in Scandinavia. Service income growth was generated in the Oslo campus.

GROUP STRATEGY AND FINANCIAL TARGETS

In summer 2017, Technopolis completed a comprehensive review of the Group's strategy, and its strategic and financial targets and announced them on June 2, 2017. The revised strategy covers the years 2017–2020, and also sets the direction for the coming years. The key elements include:

- Enhancement of the Technopolis concept, which generates high occupancy, premium customer value and rent levels, as well as high customer satisfaction
- Accelerated organic expansion of current campuses
- Significant expansion of the UMA coworking network
- Expansion and increasing profitability of the service business
- Exploiting value-creating acquisition opportunities in the Nordic-Baltic Sea region
- Execution of the strategy and investments without new equity issues

The new long-term financial targets and dividend policy are:

- EPRA earnings per share growth of 8–10% per annum
- Return on equity over 8% per annum on an EPRA earnings basis
- EPRA net asset value per share growth of at least 5% per annum
- Equity ratio over 35%
- Aim to pay out an increasing annual dividend of 40–60% of EPRA earnings

In addition to increasing the profitability of the current real estate and service businesses, the company will accelerate organic investments and, in total, expects to spend EUR 200–250 million on development projects over the 2017–2020 timeframe. The Company also plans to allocate approximately EUR 30 million to the development of the UMA coworking network by the end of 2022. Furthermore, Technopolis currently foresees a EUR 100–200 million spend on acquisitions during 2017–2020, but will only act if a compelling value creation opportunity presents itself.

Technopolis aims to execute this strategy without new equity issues, assuming there is no sudden, unforeseen event that would require a capital injection.

Organic Expansion

Organic expansion projects in progress, their rentable areas and estimated investment amounts on March 31, 2018 were as follows:

Area	Name	Pre-let rate, %	Rentable area, m ²	Total investment, EURm	Stabilized yield, % ¹⁾	Completion
Helsinki	Ruoholahti 3	47.3	10,300	33.2	7.0	7/2018
Tallinn	Lõõtsa 12	81.3	9,700	13.6	9.0	7/2018
Vilnius ²⁾	Penta	93.0	13,800	32.0 ²⁾	8.4	10/2017
Vantaa	Aviapolis Bldg H	4.9	5,100	15.1	8.0	11/2018
Tampere	City Center	41.7	13,200	46.0	7.5	10/2019
TOTAL in progress			52,100	139.9		

1) Stabilized yield = estimated net operating income / cost

2) Total investment including also the neighboring land plot with an expansion potential of at least 20,000 m²

Expansion and Profitability of the Service Business

Service business growth and profitability improvement are progressing as planned. In the first quarter of 2018, service income grew 5.1% year-on-year and reached EUR 6.3 (6.0) million. Service penetration was 14.7% (13.5%). Some campuses in Finland already had service penetration rate of over 20%. Campuses in the Baltic Rim and Scandinavia are behind the penetration rates in Finland, but there was an impressive year-on-year service income growth of over 20% in the international business units, on average. The fastest-growing service areas in the first quarter were workplace solutions & moving services as well as conference services.

Service EBITDA was up 43.6% year-on-year and reached EUR 1.0 (0.7) million, with a margin of 16.0% (11.7%). Service business profitability benefited from economies of scale and an increase in the relative share of higher-margin services as well as price increases of some services.

Development of UMA Coworking Network

On March 27, 2018 Technopolis announced its UMA expansion into the Danish market. The company is opening a new coworking space in downtown Copenhagen in September 2018. The UMA Workspace-branded facility will be built into a leased 1,950 m² space with 33 small offices, 60 hot desks and five shared conference rooms. It will be located in the very center of the city next to Strøget, Copenhagen's main shopping street, and the City Hall. The space will be named UMA Vestergade.

UMA Kungsbron opened in Stockholm, Sweden in April 2018. The rentable area is around 2,350 m².

Technopolis continues to actively scout new locations to expand the network both in the existing Technopolis countries, and in other locations in the Nordic-Baltic Sea region.

SUSTAINABILITY AT TECHNOPOLIS

At Technopolis, sustainability is a day-to-day activity reflected in eco-efficient premises, motivated employees, and services that support customer success and a sense of community. Technopolis categorizes the impacts and measures of its corporate sustainability under three themes.

The themes – Shared Workspace, Sustainable Efficiency, and Skills and Integrity – all include a set of focus areas, targets and actions designed to guide the work. The Shared Workspace theme focuses on creating communities that support success, well-being and productivity. Technopolis' key focus areas under this theme include customer satisfaction and well-being, activity in communities and generation of economic value-add for its stakeholders. The Sustainable Efficiency actions focus on offering Technopolis' customers eco-efficient,

healthy, and resilient spaces and services that enhances Technopolis' competitive advantage within the industry. The Skills and Integrity theme focuses on ensuring compliance with responsible business practices and satisfaction of personnel. An inspiring and positive corporate culture and purposeful work are at the center of Technopolis' talent engagement. Strong core values and ethics lay the foundation for the company's responsible business practices and ensure compliance with its Code of Conduct and other key governance practices.

In the first quarter of 2018, Technopolis was recognized as one of the most inspiring workplaces in Finland by the personnel survey provider Corporate Spirit. The acknowledgement was based on the excellent results received in the personnel survey carried out in 2017, and is given only to the best performing companies taking part in the survey.

The Corporate Sustainability targets which were renewed in 2017, include reduction in consumption and emissions from the base year 2016 to 2025. The development is reviewed quarterly.

Key Sustainability Indicators	Q1/ 2018	Q1/ 2016	Change %	Target 2025
CO ₂ emissions, CO ₂ e kg/m ²	11.6	11.6	0.0	-30%
Energy consumption, total, kWh/m ²	66.7	69.6	-4.2	-10%
Energy consumption, building energy, (kWh/m ²)	51.8	53.4	-3.0	-10%

For more information, see the [Sustainability Report 2017](#).

OPERATING ENVIRONMENT

Macro Environment

%	Finland	Norway	Sweden	Estonia	Lithuania	Russia
GDP growth forecast						
Y-o-y change '17–18	+2.5	+1.9	+2.8	+3.3	+3.0	+1.9
Y-o-y change '18–19	+2.0	+1.8	+2.3	+3.0	+2.8	+1.5
CPI growth forecast						
Y-o-y change '17–18	+1.7	+1.6	+2.1	+3.3	+2.9	+3.8
Y-o-y change '18–19	+2.0	+1.9	+2.3	+2.8	+3.0	+4.0

Source: OECD, November 2017

Commercial Office Market

Finnish Market

%	HMA	Oulu	Tampere	Kuopio
MARKET				
Office vacancy rate				
CBD	10.0	n/a	n/a	n/a
City average	13.4	10.1	14.8	n/a
Market yield				
CBD	4.1	7.5	6.75	8.0–9.0
City average	4.1–6.5	7.5–8.5	6.75–8.0	8.5–10.0*
TECHNOPOLIS				
Office vacancy rate	6.5	7.5	1.4	2.7

Source: Catella

* Fringe area, not city average.

Note: Market information as of 12/17, Technopolis numbers as of 3/18.

On average, the annual investment volume in 2006–2016 in [Finland](#) has been worth EUR 3.75 billion. The year 2017 saw an exceptionally high investment volume that reached over EUR 10 billion. The transaction volume increased by 41% from the previous record year of 2016. The activity was driven by a couple of very large deals and international demand. Approximately 73% of the investments were made by non-Finnish investors, and the international demand was also evident outside of the Helsinki Metropolitan Area (HMA). The share of office properties represented 42% of the total transaction volume in 2017.

In the [HMA](#), economic growth translated into vacant office space reducing for the first time since fall 2015. Yet, there is still a total of 1.15 million m² of vacant office space and the vacancy rate was 13.4% at the year-end 2017. In addition to new leasing, the conversions of office space into residential and hotels were reducing vacant space. In 2017, approximately 70,000 m² of new office space was completed in the HMA, which was double the amount of that in 2016. Yields are on the decline and this trend seems to have expanded outside downtown Helsinki as well. At the year-end, there were some 148,000 m² of new office space under construction. In December 2017, the upper gross rental levels on average, were at EUR 32.5, EUR 23 and EUR 18.75 per square meter per month in the CBD, Ruoholahti and Aviapolis areas, respectively.

In [Oulu](#), the market situation has basically remained stable for the past year. Even though the vacancy rate is relatively high, there is demand. Demand is supported by the recovery of the IT sector, especially, and the strong increase in the number of jobs in that sector. Due to efficiency in the use of office space as well as new construction, the office supply has not diminished. The demand is geared more towards high quality premises. The rents, on average, are between EUR 12 and EUR 15 per m² per month.

In [Tampere](#), the vacancy rate was still record-high at 14.8% at the year-end 2017, and it is estimated to remain high for some time. Office demand has increased slightly, but at the same time, space has become vacant. Office yields vary between 6.75% and 8.0%. Rental levels are between EUR 14 and EUR 19 per m² per month.

[Kuopio](#) is one of Finland's growing cities, where the number of residents has been rising moderately for the past 30 years. The market sentiment is that there is sufficiently office space to meet the demand, or a slight oversupply situation. The rent level in offices in Kuopio is EUR 15–18 per m² per month for modern offices.

The source for information on the Finnish office market is Catella.

Other Markets

%	SWE Gothenburg	NOR Oslo	EST Tallinn	LIT Vilnius	RUS St. Petersburg
MARKET					
Office vacancy rate					
Class A / CBD*	3.0-4.0	n/a	4.5	1.6	5.5
Class B / city average*	9.0-10.0 [†]	12.1 [†]	9.5/9.0*	3.9/3.0*	8.2
Market yield					
Class A / CBD*	4.0	3.75**	<7.0	n/a	9.5–11.5***
Class B / city average*	4.5 [†]	4.5–5.25	8.0–9.25	6.5**	n/a
TECHNOPOLIS					
Office vacancy rate	4.8	6.7	0.3	0.4	0.0

Sources: Gothenburg, CBRE; Oslo: Cushman&Wakefield; St. Petersburg: JLL; Tallinn & Vilnius: Newsec

[†] Average vacancy rate /yield of Gårda-area in Gothenburg and Fornebu-area in Oslo.

** Prime office and retail yield.

*** Prime office and shopping mall yields at 3/18.

Note: Market information as of 9/17, 12/17 and 3/18, Technopolis numbers as of 3/18.

Prime office yields have been declining in all the [Nordic countries](#) since the end of 2013. Stockholm has the lowest market yields in the Nordics, only 3.5% in the CBD. Oslo, Norway has the second-lowest cap rates, at 3.75%. In Stockholm, prime office property rents have risen rapidly in recent years, which clearly distinguishes Sweden from the other Nordic countries. In 2017, the tables turned with regards to international investment volumes: the transaction volume in Sweden (excl. residential) was EUR 10.8 billion (down approximately 25% year-on-year) and the corresponding figure in Finland was just under EUR 9 billion. This is an exceptionally small

difference. Investment volumes in Sweden declined especially towards year-end. Furthermore, foreign investors represented only 14% of the volume in Sweden (equaling approximately EUR 2 billion) compared to 73% in Finland (equaling approximately EUR 7 billion). (Source: Catella)

In [Gothenburg](#), Sweden, the investment volume in 2017 reached approximately SEK 12.6 billion, of which SEK 4.6 billion was office premises. The current office stock is approximately 3.1 million m², of which 800,000 m² is in the CBD. The vacancy in the CBD is estimated at 3–4% and around 9–10% in Gårda. High demand in central Gothenburg has pushed up market rents in more external locations such as Gårda and Lindholmen. The annual prime rent in Gårda is currently at SEK 2,700 per m². In Gothenburg, the yield requirements have been declining for a long time and are now at 4.0% in the CBD-area and at around 4.25% in the rest of the inner city area. Prime yields in Gårda are around 4.5%. (Source: CBRE)

In [Oslo](#), Norway, the transaction volume was the second highest ever and reached NOK 87 billion in 2017. International investors represented over 20% of the total volume. By the March 23, 2018, the transaction volume reached nearly NOK 15 billion. In all areas of the Oslo market, there are reports of increased rental rates on newly concluded contracts. Average rent in contracts signed in Q4/2017 were NOK 2,010 per m², slightly down from the previous quarter. Rents for prime offices in CBD are NOK 4,400 per m². For new buildings in Fornebu, rents are typically around NOK 2,050 per m². Vacancy rates decreased significantly in Fornebu during 2017, and were around 12.1%, at the year-end. Prime yields are historically low at 3.75% in the Oslo CBD, but there are indications of further downward pressure. Yields in the Fornebu-area are around 5.25%. The yield gap between the CBD and fringe is getting smaller due to limited supply of centrally located assets. (Source: Cushman and Wakefield)

The office market in [Tallinn](#) can be characterized by slight oversupply. The delivery of new office space in 2017, was 23,500 m² (59,000 m²) however, only some 5% will belong to A class compared to 30% in 2016. This is due to low availability of development land in the CBD Tallinn. In 2018, some 70,000 m² is expected to be delivered to the market, most of it in the second half of the year. The average vacancy rate for contemporary office space is at 8.5%. In the Class A segment, the vacancy is 4.5%. Vacancies in the most sought-after areas and new Class A buildings however, are still marginal, but expected to change due to significant new deliveries in 2018. Rent levels in the Class A+ segment range between EUR 15 and EUR 18 per m² per month and EUR 13.5–17.0 in A class. The price gap between old and new offices is expected to widen. Average yields for prime properties have lowered and are currently slightly below 7%. (Source: Newsec)

At the end of March 2018, the gross leasable area (GLA) of office stock in [Vilnius](#), Lithuania stood at 604,400 m². It is estimated that during 2018–2019, the office stock will grow by another 148,050 m² of modern office space, of which over 70% is estimated to be A class offices. Despite the active development, the average vacancy of A class properties was 1.6% and 3.92% for B class, in Q1/2018. Prime yields are facing downward pressure and reached 6.5% for office and retail properties. The most attractive properties are being bought at up to 50 bps lower. The rental rates for prime offices are increasing slightly for both the A and B class, and are expected to continue growing. In the first quarter, the average office rent for A class office space in the Vilnius CBD was EUR 14 and EUR 16 per m² per month. (Source: Newsec)

At the end of March 2018, the office stock in [St. Petersburg](#), Russia, stood at 3.14 million m², of which Class A premises represented 29.7%. In 2017, the IT sector represented 41% of all rental activity and the mining/exploration sector 17%. The average vacancy rate in St. Petersburg at the end of March was 5.5% in Class A offices and 0.8% in Class B offices. Rental rates in rubles in Q1/18 increased by 1.3% in the Class A segment and 0.8% in B-class offices. The average rental rate was around RUB 1,713 per m² per month for Class A offices and RUB 1,199 per m² per month for Class B. Prime yields remained flat. (Source: JLL)

RISKS AND UNCERTAINTIES

The purpose of corporate risk management is to ensure the achievement of the company's business objectives and to identify, evaluate, measure and mitigate significant risks and uncertainties, as well as to monitor them as part of the day-to-day management of business operations. Technopolis' risk management process is described more in detail in the [Corporate Governance Statement for 2017](#).

The purpose of financial risk management is to secure efficient and competitive funding for its operations and to reduce the negative impact of financial market fluctuations on its operations. Financial risks and financial risk

management are further described in the notes section (Note 22) of the [Financial Statements 2017](#), as well as in the Financial Risk Management -section of this report and on the [Company's web pages](#).

In the latest corporate risk review in late fall 2017, the company's management evaluated the most significant risks affecting Technopolis' business to be the financial, strategic and external risks. The operational risks were evaluated to be the least significant. The Board of Directors reviewed this evaluation, and in the view of the Board of Directors, there are no changes to this evaluation.

The most significant risks are described in more detail in the report by the Board of Directors of the Financial Statements 2017 and the mitigating actions for key corporate risks are described on the company's website.

CORPORATE GOVERNANCE

More detailed information on Technopolis' governance related matters can be found on the company's [Corporate Governance Statement 2017](#) on the company's website.

Organization and Personnel

The CEO of Technopolis is Keith Silverang. During the review period, the Group Management Team comprised Keith Silverang, CEO; Juha Juntunen, COO; Kari Kokkonen, Chief Real Estate Officer; Sami Laine, CFO and Outi Raekivi, Chief Legal Officer.

In January–March 2018, the Group employed an average of 221 (238) people. On average, property operations employed 69 (79) people, service operations 102 (106) and Group administration 50 (53). The number of personnel at end of the period was 221 (236).

Remuneration

On February 15, 2018, the Board of Directors of Technopolis Plc has resolved to establish a new share-based incentive plan directed at the Group's key employees. The aim of the plan is to align the objectives of the shareholders and the key employees in order to increase the value of the Company in the long-term, to keep the key employees at the company, and to offer them a competitive reward plan based on earning and accumulating the company's shares.

The Board of Directors further resolved that the earning period 2018–2020 under the existing Performance Share Plan 2016–2020 will not be effectuated, but the earning periods 2016–2018 and 2017–2019 will continue according to the terms and conditions of the plan.

Performance Share Plan 2018–2020

The new performance share plan includes three 1-year performance periods; the calendar years 2018, 2019 and 2020. For each performance period, the Board of Directors will separately resolve on key employees to be invited to join the plan, and the maximum reward for each employee. In addition, at the beginning of each earning period, the Board of Directors will resolve on the plan's performance criteria and the required performance levels of each criterion. The amount of the reward to be paid to each key employee depends on the attainment of the set levels for the performance criteria. The plan is directed at approximately 20 key employees, including the members of the Group Management Team.

The potential reward from the performance period 2018 will be based on the Technopolis Group's EPRA net asset value (EPRA NAV) per share.

The potential reward from the plan will be paid partly in Technopolis shares and partly in cash. The payment will be after the end of each performance period by the end of April 2019, 2020 and 2021. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to a key employee. The shares paid as reward may not be transferred during a restriction period of approximately two years established for the shares. The rewards to be paid on the basis of the entire plan, correspond to approximately 900,000 Technopolis Plc

shares, in total, including also the proportion to be paid in cash.

Annual General Meeting 2018

The Annual General Meeting (AGM) of Technopolis Plc was held on March 20, 2018, in Espoo, Finland. The AGM adopted all the proposals to the General Meeting by the Board of Directors and the Shareholders' Nomination Board, approved the annual accounts for the financial year 2017 and discharged the company's management from liability.

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.09 per share from the distributable profits of the parent company, and to return EUR 0.08 per share from the invested unrestricted equity fund, totaling EUR 0.17 per share. The dividend and the equity return were paid to shareholders who were recorded in the shareholders' register of the company held by Euroclear Finland Ltd on the dividend and equity return record date of March 22, 2018. The dividend and equity return were paid on April 4, 2018.

KPMG Oy Ab, authorized public accountants, was re-elected as the auditor of the company. KPMG Oy Ab has announced that Lasse Holopainen, APA, will act as the auditor in charge. The auditor's term of office will expire at the end of the next Annual General Meeting. The remuneration to the auditor will be paid against the auditor's reasonable invoice.

Board of Directors

The Annual General Meeting decided that the Board of Directors shall comprise seven (7) members. Kaj-Gustaf Bergh, Juha Laaksonen, Hannu Leinonen, Helena Liljedahl, Pekka Ojanpää, Christine Rankin and Reima Rytsölä were elected members of the Board of Directors for a term of office expiring at the end of the next Annual General Meeting. Juha Laaksonen was elected Chairman of the Board of Directors. Reima Rytsölä was elected Vice Chairman of the Board of Directors.

Board Committees

The Board of Directors of Technopolis Plc has elected the following Board members to the Board of Directors' committees at the Board meeting that took place after the AGM:

Technopolis has two Board committees. The members of the committees are:

- Audit Committee: Christine Rankin (Chairman), Hannu Leinonen, Helena Liljedahl and Pekka Ojanpää
- Remuneration and HR Committee: Juha Laaksonen (Chairman), Kaj-Gustaf Bergh and Reima Rytsölä

Remuneration of the Board and Its Committees

The members of the Board of Directors will be paid annual remuneration as follows: EUR 57,800 to the Chairman of the Board, EUR 33,100 to the Vice Chairman of the Board and the Chairman of the Audit Committee (in case he/she is not simultaneously acting as Chairman or Vice Chairman of the Board) and EUR 27,600 to the other members of the Board of Directors. For participation in the meetings of the Board of Directors and its committees each member of the Board of Directors will, in addition to the annual remuneration, be paid a fee of EUR 600 and the Chairman of the Board of Directors a fee of EUR 1,200 for each Board meeting. Each member of a committee of the Board of Directors shall be paid a fee of EUR 600 and the chairmen of the committees a fee of EUR 800 for each committee meeting. For meetings held outside the country of residence of the member and provided that the member is physically present at the meeting venue, each member of the Board of Directors shall, however, be paid a fee of EUR 900 and the Chairman of the Board of Directors a fee of EUR 1,800 for each Board meeting, and each member of a committee will be paid a fee of EUR 900 and the chairs of the committees a fee of EUR 1,200 for each committee meeting. The travel expenses of the members of the Board of Directors and the members of the committees will be compensated for in accordance with the company's travel policy.

Forty percent of the annual remuneration will be paid in Technopolis Plc shares acquired at a price determined in public trading. The shares will be acquired based on an acquisition program prepared by the company. If the remuneration cannot be paid in shares due to insider regulations, termination of the Board member's term of

office, or other reasons relating to the company or the member of the Board, the annual remuneration will be paid fully in cash. Board members are not allowed to transfer any shares obtained as annual remuneration before their membership of the Board has ended.

Nomination Board

Technopolis' Nomination Board consists of three members nominated by three major shareholders of the company. In addition, the Chairman of the Board of Directors of the company participates in the work of the Nomination Board as an expert. The Nomination Board is responsible for preparing proposals to the General Meeting concerning the election and remuneration of the members of the Board of Directors.

The members of the Nomination Board are Risto Murto, President and CEO of Varma Mutual Pension Insurance Company; Päivi Laajala, Mayor of City of Oulu; and Kaj-Gustaf Bergh, Member of the Board of Directors of Mercator Capital Ab. The Chairman of Technopolis Plc's Board of Directors, Juha Laaksonen, participates in the work of the Nomination Board as an expert. Risto Murto acts as the Chairman of the Nomination Board.

SHARES, SHARE CAPITAL AND TRADING

At the end of March 2018, Technopolis Plc's share capital amounted to EUR 96,913,626.29 (96,913,626.29) and the total number of shares was 158,793,662 (158,793,662). The number of shares held by the company was 1,903,373 (1,947,571), which represents 1.20% (1.23%) of all the shares and voting rights.

A dividend and an equity repayment totaling EUR 0.17 per share for the fiscal year 2017 was paid on April 4, 2018. This corresponded to a payout ratio of 44.4% on EPRA earnings. The effective dividend yield based on EPRA earnings was 3.83%. Effective dividend yield based on net result for the period was 4.07%.

Authorizations of the Board of Directors

The Annual General Meeting 2018 authorized the Board of Directors to decide [on the repurchase and/or on the acceptance as pledge of the company's own shares](#) as follows:

The amount of own shares to be repurchased and/or accepted as pledge shall not exceed 15,850,000 shares, which corresponds to approximately 10% of all the shares in the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorization.

The company's own shares can be repurchased at the price prevailing in public trading on the date of the repurchase or otherwise at the price prevailing on the market.

The Board of Directors decides how the company's own shares will be repurchased and/or accepted as pledge. They can be repurchased using, inter alia, derivatives. They can also be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

The authorization is effective until the end of the next Annual General Meeting; however, no later than June 30, 2019.

Further, the Annual General Meeting authorized the Board of [Directors to decide on the issuance of shares and the issuance of special rights entitling to shares](#) referred to in Chapter 10 Section 1 of the Companies Act as follows:

The amount of shares to be issued shall not exceed 400,000 shares, which corresponds to approximately 0.3% of all the shares in the company.

The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling the holder to shares. The issuance of shares and of special rights entitling the holder to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

The authorization is effective until the end of the next Annual General Meeting; however, no later than June 30, 2019.

Trading

Share trading		Q1/ 2018	Q1/ 2017	Change %	2017
Lowest price	EUR	3.64	2.96	23.0	2.96
Highest price	EUR	4.29	3.19	34.5	4.20
Closing price (end of period)	EUR	3.67	3.03	21.1	4.18
Volume weighted average price	EUR	3.98	3.08	29.2	3.73
Share turnover	million shares	15.1	12.7	18.9	72.0
Share turnover	EURm	60.1	39.2	53.3	268.2
Market capitalization (end of period)	EURm	582.8	481.1	21.1	663.8

* Market capitalization is based on 158,793,662 shares.

Source: Nasdaq Helsinki

According to Fidessa, in January–March 2018, trading on the Nasdaq Helsinki represented 82.5% (73.2%) of the total trading in Technopolis share. The remaining 17.5% (26.8%) was traded on alternative markets like Cboe and Turquoise.

Shareholders

The latest detailed information on Technopolis shareholders and shareholdings can be found on the [company's website](#).

Liquidity Guarantee

There is no liquidity guarantee in effect for the shares of Technopolis Plc.

Disclosures of Changes in Holdings in Q1/2018

On January 2, 2018, Technopolis Plc received a flagging notification pursuant to Chapter 9 Section 5 of the Finnish Securities Markets Act. According to the flagging notification, the total ownership in Technopolis Plc held by BlackRock, Inc., based on the total sum which consists of the indirect holding and the total number of financial instruments referred to in Chapter 9, Section 6a of the Securities Markets Act, increased on December 29, 2017 to 7,945,353 shares thus totaling 5.00% of all shares in Technopolis Plc.

EVENTS AFTER THE REVIEW PERIOD

There were no significant events taking place after the review period.

in Helsinki
April 25, 2018,

Technopolis Plc
Board of Directors

FINANCIAL STATEMENTS

The accounting policies applied in the interim report are the same as in the latest annual report. The formulas for calculating key indicators are available on the company website. The financial report has been prepared in accordance with the IFRS recognition and valuation principles; the IAS 34 requirements have also been complied with.

IFRS *Financial Instruments* 9 replaced the IAS 39 *Financial Instruments: Recognition and Measurement* standard as of January 1, 2018. It includes revised guidance on the classification and measurement of financial instruments as well as a revised credit loss model for calculating impairment on financial assets, and the requirements for general hedge accounting. The amendment does not have a substantial impact on the consolidated financial statements.

IFRS 15 *Revenue from contracts with Customers* replaced the IAS 18 and IAS 11 standards and related interpretations. The standard was adopted as of January 1, 2018. Based on an analysis, the amendment does not have a substantial impact on the Group's recognition principles and consolidated financial statements.

Technopolis amended its accounting policy regarding deferred taxes in the fourth quarter of 2017 and restated its financials for 2017. The restated numbers are presented as comparison figures.

The figures are unaudited.

Technopolis Group:

CONSOLIDATED INCOME STATEMENT

EUR million	1-3/ 2018	1-3/ 2017	1-12/ 2017
Property income ¹⁾	36.6	38.3	154.3
Service income	6.3	6.0	25.4
Net sales total	42.9	44.3	179.7
Other operating income	0.2	0.0	0.0
Premises expenses	-10.2	-10.1	-39.4
Administration costs ²⁾	-3.1	-3.6	-14.7
Other operating expenses	-6.8	-7.0	-28.5
EBITDA	23.1	23.6	97.1
Change in fair value of investment properties	9.7	6.0	28.3
Depreciation	-1.0	-1.0	-4.1
Operating profit/loss	31.8	28.5	121.4
Unrealized exchange rate profit/loss	0.3	0.0	-0.5
Finance income and expenses	-4.5	-6.1	-21.9
Result before taxes	27.6	22.4	99.0
Deferred taxes	-2.0	-3.0	-9.3
Current taxes	-1.0	-0.6	-4.5
Net result for the period	24.6	18.8	85.2
Distribution:			
To parent company shareholders	22.6	16.5	76.5
To non-controlling shareholders	2.0	2.3	8.7
	24.6	18.8	85.2
Earnings per share, basic, EUR	0.14	0.10	0.46
Earnings per share, diluted, EUR	0.14	0.10	0.46

STATEMENT OF COMPREHENSIVE INCOME

EUR million	1-3/ 2018	1-3/ 2017	1-12/ 2017
Net result for the period	24.6	18.8	85.2
Other comprehensive income items			
Items that may be reclassified subsequently to profit or loss:			
Translation difference	-2.9	4.6	-12.3
Available-for-sale financial assets	-0.3	0.0	0.0
Derivatives	0.5	4.0	8.1
Taxes related to other comprehensive income items	0.0	-0.8	-1.7
Other comprehensive income items after taxes for the period	-2.8	7.8	-5.8
Comprehensive income for the period, total	21.8	26.6	79.4
Distribution:			
To parent company shareholders	19.8	24.3	70.9
To non-controlling shareholders	2.0	2.2	8.5
	21.8	26.6	79.4

¹⁾ In the audited consolidated financial statements for the year ended December 31, 2017, Technopolis has used the term "rental income." In order to be more precise, however, in the unaudited interim report for Q1/2018, Technopolis has changed the term to "property income," as "service income" also includes items that can be classified as rental income. There is no change in the calculation of the figure.

²⁾ Administration costs includes group expenses from key resources and administration.

STATEMENT OF FINANCIAL POSITION

ASSETS

EUR million	March 31, 2018	March 31, 2017	Dec 31, 2017
Non-current assets			
Intangible assets	6.1	5.9	5.4
Tangible assets	19.4	7.9	16.3
Completed investment properties	1,558.3	1,644.0	1,537.9
Investment properties under construction	49.9	19.2	58.0
Investments	5.9	6.4	6.4
Deferred tax assets	13.4	14.0	13.1
Non-current assets	1,653.1	1,697.5	1,637.1
Current assets	78.4	79.0	82.7
Assets, total	1,731.5	1,776.5	1,719.8

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR million	March 31, 2018	March 31, 2017	Dec 31, 2017
Shareholders' equity			
Share capital	96.9	96.9	96.9
Premium fund	18.5	18.5	18.5
Equity related bond	0.0	74.2	74.2
Other funds	316.7	325.8	329.1
Translation difference	-26.3	-6.6	-23.3
Retained earnings	196.5	137.8	139.2
Net profit for the period	22.6	16.5	76.5
Parent company's shareholders' interests	624.9	663.2	711.2
Non-controlling interests	55.7	59.5	53.7
Shareholders' equity, total	680.6	722.6	764.9
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	685.2	710.0	620.5
Non-interest-bearing liabilities	3.4	2.7	3.3
Deferred tax liabilities	80.4	73.2	77.9
Non-current liabilities, total	769.0	785.8	701.7
Current liabilities			
Interest-bearing liabilities	199.8	179.6	184.5
Non-interest-bearing liabilities	82.0	88.5	68.7
Current liabilities, total	281.8	268.0	253.2
Liabilities, total	1,050.8	1,053.8	954.9
Shareholders' equity and liabilities, total	1,731.5	1,776.5	1,719.8

STATEMENT OF CHANGES IN EQUITY

Equity attributable to owners of the parent

EUR million	Share capital	Premium fund	Other reserves	Translation differences	Retained earnings	Share of non-controlling interests	Total shareholders' equity
Equity January 1, 2017 ³⁾	96.9	18.5	396.8	-11.3	161.0	57.2	719.3
Comprehensive income							
Net profit for the period					16.5	2.3	18.8
Other comprehensive income items							
Translation difference				4.6		-0.1	4.6
Derivatives			3.2				3.2
Available-for-sale financial assets			0.0				0.0
Other changes					0.0		0.0
Comprehensive income for the period			3.2	4.6	16.5	2.2	26.6
Related party transactions							
Dividend					-18.8		-18.8
Interest paid to equity related bond					-4.5		-4.5
Other changes					0.1		0.1
Related party transactions					-23.2		-23.2
Equity March 31, 2017	96.9	18.5	400.1	-6.6	154.3	59.5	722.6
Equity January 1, 2018	96.9	18.5	403.3	-23.3	215.8	53.7	764.9
Comprehensive income							
Net profit for the period					22.6	2.0	24.6
Other comprehensive income items							
Translation difference				-2.9			-2.9
Derivatives			0.4				0.4
Available-for-sale financial assets			-0.2				-0.2
Comprehensive income for the period			0.1	-2.9	22.6	2.0	21.8
Related party transactions							
Dividend					-14.1		-14.1
Return of capital			-12.6				-12.6
Interest paid to equity related bond					-4.5		-4.5
Redemption of hybrid bond			-74.2		-0.8		-75.0
Other changes					0.1		0.1
Related party transactions	0.0	0.0	-86.8	0.0	-19.3	0.0	-106.1
Equity March 31, 2018	96.9	18.5	316.7	-26.3	219.1	55.7	680.6

³⁾ Technopolis amended its accounting policy regarding deferred taxes in the last quarter of 2017. The change has been applied to comparison figures.

STATEMENT OF CASH FLOWS

EUR million	1-3/ 2018	1-3/ 2017	1-12/ 2017
Cash flows from operating activities			
Net result for the period	24.6	18.8	85.2
Adjustments:			
Change in fair value of investment properties	-9.7	-6.0	-28.3
Depreciation	1.0	1.0	4.1
Share of profits of associates	0.0	0.0	0.0
Gains from disposals	-	0.0	0.4
Other adjustments for non-cash transactions	-0.8	0.1	0.9
Financial income and expenses	4.5	6.1	21.9
Taxes	3.2	3.6	13.8
Increase / decrease in working capital	-5.8	-1.7	2.6
Interests received	0.2	0.1	0.8
Dividends received	-	-	0.1
Interests paid and fees	-2.5	-2.3	-16.8
Other financial items in operating activities	-1.2	-1.8	-7.6
Taxes paid	-4.4	-0.5	-2.6
Net cash provided by operating activities	9.5	17.4	74.4
Cash flows from investing activities			
Investments in investment properties	-10.0	-8.5	-73.7
Investments in tangible and intangible assets	-1.4	-0.9	-1.2
Granted loans	-	-0.1	-
Repayments of loan receivables	-	0.0	0.0
Proceeds from sale of investments	1.1	0.0	0.0
Proceeds from sale of tangible and intangible assets	0.0	0.2	39.1
Acquisition of subsidiaries	-	-	-5.8
Sale of subsidiaries	-	-	56.9
Net cash used in investing activities	-10.3	-9.3	15.4
Cash flows from financing activities			
Redemption of hybrid bond	-75.0	-	-
Increase in long-term loans	151.1	-	16.0
Decrease in long-term loans	-107.1	-35.1	-89.2
Sale of own shares	-	0.0	1.1
Dividends paid and return of capital	-	-	-20.4
Hybrid bond interest paid	-5.6	-5.6	-5.6
Acquisition of subsidiaries, no change in command	-12.6	-	-
Sale of subsidiaries, no change in command	-	1.1	-
Change in short-term loans	39.5	-34.5	-48.3
Net cash provided by financing activities	-9.8	-74.1	-146.4
Net increase/decrease in cash assets:	-10.5	-66.0	-56.7
Effects of exchange rate fluctuations on cash held	-0.4	0.5	0.4
Cash and cash equivalents at period-start	71.8	128.0	128.0
Cash and cash equivalents at period-end	60.8	62.5	71.8

FINANCIAL INFORMATION BY SEGMENTS

On the closing date, Technopolis Group had three reporting segments: Finland, Baltic Rim and Scandinavia. The Group has combined its operating segments into reporting segments based on geographic location. The operating segments combined into the Finland segment are the Helsinki Metropolitan Area, Tampere, Kuopio and Oulu business units. Jyväskylä business unit was divested in November 2017. The operating segments combined into the Baltic Rim reporting segment are the St. Petersburg, Vilnius and Tallinn business units, whereas the Scandinavian reporting segment is comprised of the Oslo and Gothenburg business units. The combined operating segments all have similar financial characteristics and performance. The operating segments have similar space and service businesses. The segmentation is based on the Group's existing internal reporting and the organization of its business operations. The net sales of the segments are comprised of rental and service revenue.

SEGMENT INFORMATION

EUR million	1-3/ 2018	1-3/ 2017	1-12/ 2017
Net sales			
Finland	26.8	28.7	117.7
Baltic Rim	9.7	8.9	36.0
Scandinavia	6.4	6.7	26.0
Total	42.9	44.3	179.7
EBITDA			
Finland	13.4	14.7	61.5
Baltic Rim	6.1	5.3	21.5
Scandinavia	3.6	3.6	14.1
Total	23.1	23.6	97.1
Assets			
Finland	1,075.6	1,128.9	1,056.7
Baltic Rim	389.7	345.0	383.4
Scandinavia	345.2	350.8	340.7
Eliminations	-79.0	-48.2	-60.9
Total	1,731.5	1,776.5	1,719.8

EPRA EARNINGS

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, the company presents its EPRA result, which better reflects its actual result.

The EPRA Earnings presents the company's net result for the period excluding the change in the fair value of investment properties, the change in the fair value of non-hedge financial instruments, unrealized exchange rate gains and losses and other items, such as gains and losses on disposals. Additionally, EPRA Earnings presents the related taxes and share of non-controlling interests.

EPRA EARNINGS

EUR million	1-3/ 2018	1-3/ 2017	1-12/ 2017
Net result to parent company shareholders	22.6	16.5	76.5
Adjustments to calculate EPRA Earnings, exclude:			
Changes in value of investment properties, development properties held for investment and other interests	-9.7	-6.0	-28.3
Profits or losses on disposal of investment properties, development properties held for investment and other interests	-1.4	-0.1	0.4
Changes in fair value of financial instruments and other financial income and expenses	0.0	0.0	0.5
Deferred tax in respect of EPRA adjustments	2.4	3.1	10.0
Non-controlling interests in respect of the above	0.5	0.7	1.6
EPRA Earnings	14.4	14.1	60.6
Basic number of shares	156,890,289	156,836,159	156,873,264
EPRA Earnings per Share (EPS)	0.09	0.09	0.39

KEY INDICATORS

	March 31, 2018	March 31, 2017	Dec 31, 2017
Change in net sales, %	-3.1	7.8	4.4
Operating profit/loss/net sales, %	74.1	64.4	67.5
Change in EBITDA, %	-2.2	7.7	4.3
Service revenue of Net Sales, %	14.7	13.5	14.1
Interest coverage ratio	5.2	3.8	4.3
Equity ratio, %	39.6	40.9	44.8
Loan-to-value, %	54.6	53.4	50.1
Group company personnel during the period, average	221	238	234
Gross expenditure on assets, MEUR	10.8	7.7	77.5
Net rental yield of investment properties, % ⁴⁾	7.1	7.0	7.2
Financial occupancy rate, %	95.8	93.5	96.1
Earnings/share			
basic, EUR	0.14	0.10	0.46
diluted, EUR	0.14	0.10	0.46
Cash flows from operating activities/share, EUR	0.06	0.11	0.47
Equity/share, EUR	3.98	3.76	4.06
Average issue-adjusted number of shares ⁵⁾			
basic	156,890,289	156,836,159	156,873,264
diluted	156,890,289	156,836,159	156,873,264
Issue-adjusted number of shares at the end of period	156,890,289	156,834,917	156,890,289

⁴⁾ The figure does not include properties commissioned and acquired during the fiscal year.

⁵⁾ Own shares held by the company (1,903,373 shares) are excluded from the number of shares.

CHANGE IN VALUE OF INVESTMENT PROPERTIES

EUR million	1-3/ 2018	1-3/ 2017	1-12/ 2017
Change in fair value, Finland	3.3	2.6	10.7
Change in fair value, Baltic Rim	3.5	3.2	6.9
Change in fair value, Scandinavia	3.8	0.4	10.1
Change in fair value	10.6	6.2	27.7
Changes in acquisition costs of investment properties in financial year	-1.6	-4.7	-8.5
Changes in fair value of projects in progress	0.8	4.5	9.1
Effect on profit of change in value of investment properties	9.7	6.0	28.3

CONTINGENT LIABILITIES

EUR million	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
Pledges and guarantees on own debt			
Mortgages of properties	905.3	1,004.0	931.5
Pledged securities and investment properties	672.3	739.0	717.0
Pledges for land lease payments	3.6	3.6	3.6
Other guarantee liabilities	145.5	152.1	149.6
Leasing liabilities, land+locations	86.2	78.5	86.7
Leasing liabilities, machinery and equipment	0.2	0.2	0.2
Derivatives			
Nominal values	526.3	627.3	574.9
Fair values	-10.4	-15.8	-11.4

BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES March 31, 2018

The following table provides a list of the groups of financial assets and liabilities used for valuation in accordance with IAS 39.

EUR million	Available-for-sale financial assets	Financial assets and liabilities measured at amortized purchase price	Financial assets/ liabilities measured at fair value	Total	Fair value of financial assets/ liabilities
Non-current financial assets					
Assets measured at fair value					
Available-for-sale investments					
Available for sale non-quoted financial assets (level 3)	0.4			0.4	0.4
Other non-current receivables		0.4		0.4	0.4
Total	0.4	0.4		0.7	0.7
Current assets					
Trade and other receivables					
Sales receivables		7.1		7.1	7.1
Other current receivables		10.5		10.5	10.5
Cash and cash equivalents		60.8		60.8	60.8
Total		78.4		78.4	78.4
Non-current liabilities					
Financial liabilities recognized at amortized cost					
Non-current finance lease liabilities (level 2)		6.0		6.0	6.0
Non-current interest-bearing liabilities (level 2)		679.2		679.2	684.8
Non-current non-interest-bearing liabilities (level 2)		3.4		3.4	3.4
Other non-current liabilities		80.4		80.4	80.4
Total		769.0		769.0	774.6
Current liabilities					
Financial liabilities at fair value through profit or loss					
Derivatives					
Interest rate swaps, meeting the criteria for hedge accounting (level 2)			9.8	9.8	9.8
Interest rate swaps, not meeting the criteria for hedge accounting (level 2)			0.6	0.6	0.6
Financial liabilities recognized at amortized cost					
Current finance lease liabilities		1.6		1.6	1.6
Other current interest-bearing liabilities		198.2		198.2	198.2
Trade and other payables		68.3		68.3	68.3
Purchase price liabilities		3.3		3.3	3.3
Total		271.4	10.4	281.8	281.8

ALTERNATIVE PERFORMANCE MEASURES USED IN TECHNOPOLIS FINANCIAL REPORTING

The guidelines of the European Securities and Markets Authority (ESMA) regarding Alternative Performance Measures (APMs) entered into force on July 3, 2016. This had no impact on the performance measures used by Technopolis, but in compliance with the ESMA guidelines, Technopolis publishes a list of the APMs that the company reports, their definitions and reconciliations to IFRS line items.

Technopolis reports APMs to reflect the underlying business performance and to enhance comparability between financial periods. APMs i.e. performance measures not based on financial statements standards provide notable supplemental information to management, investors, securities analysts and other interested parties by excluding items that may not be indicative of Technopolis' operating result or cash flows. APMs may not be considered as a substitute for measures of performance in accordance with the IFRS.

Certain items that are not related to normal business operations but that have a significant impact on the income statement of the reporting period have been classified as items affecting comparability. Items affecting comparability include e.g. fair value changes of investment properties and non-hedge financial instruments, unrealized currency exchange rate gains and losses as well as gains and losses on disposals.

Net sales on a constant currency basis, EBITDA, EBITDA on a constant currency basis, EBITDA margin and EBITDA by business area are presented as alternative performance measures as the Company believes they enhance understanding of its operative performance.

EPRA (European Public Real Estate Association) is an organization of listed real estate companies that publishes recommendations for the industry on the presentation of financial information, for instance, aiming to create uniform calculation models for real estate investment companies. Technopolis reports the following APMs based on EPRA recommendation: EPRA earnings and EPRA earnings per share, net rental yield, net asset value per share and triple net asset value per share. The Company's management monitors these performance measures regularly. They are also of interest to investors and analysts familiar with the real estate industry, and make comparison between real estate companies easier.

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

Net sales on a constant currency basis

Net sales - impact of currency exchange rate changes

EBITDA on a constant currency basis

EBITDA - impact of currency exchange rate changes

EBITDA by business area

EBITDA, property + EBITDA, services
- group-level expenses

EPRA Direct result

See paragraph "EPRA Earnings" in the Tables section of this report.

EPRA Net rental yield

Property income from Group-owned properties
100 \times $\frac{\text{Property income from Group-owned properties} - \text{Direct expenses from Group-owned properties}}{\text{Fair value of completed investment properties that have been Group-owned for the whole fiscal year on reporting date}}$

EPRA Net asset value/share

Equity to parent company shareholders
- Hedging reserve
+ Deferred taxes from investment properties
- Equity related bond

Issue-adjusted number of shares, basic, on reporting date

ROE (based on EPRA earnings, rolling 12 months)

EPRA earnings before taxes
 - taxes from EPRA Earnings

 Equity + non-controlling interests for year,
 average

EPRA Triple net asset value/share

EPRA Net asset value
 + Hedging reserve

 - Deferred taxes from investment properties
 -/+ Difference between fair value and balance
 sheet value of liabilities

 Issue-adjusted number of shares, basic, on
 reporting date

RECONCILIATIONS

For the APMs that include items affecting comparability, the reconciliations to the most directly reconcilable line item or sum presented in the IFRS financial statements can be found in the tables below. The reconciliation of direct result is presented elsewhere in the Tables section of this interim report.

Net sales on a constant currency basis

Items affecting comparability (currency impact) consist of the impact of the Norwegian krone, the Russian ruble and Swedish krona exchange rate changes against euro on net sales. The currency impact has been calculated by deducting from net sales the net sales of the reporting period calculated using the NOK, RUB and SEK exchange rates of the comparison period.

EUR million	1-3/ 2018	1-3/ 2017	1-12/ 2017
Net sales	42.9	44.3	179.7
Items affecting comparability (currency impact)	0.7	-0.8	-0.9
Net sales on a constant currency basis	43.6	43.4	178.8

EBITDA on a constant currency basis

Items affecting comparability (currency impact) consist of the impact of the Norwegian krone, the Russian ruble and Swedish krona exchange rate changes against euro on EBITDA. The currency impact has been calculated by deducting from EBITDA the EBITDA of the reporting period calculated using the NOK, RUB and SEK exchange rates of the comparison period.

EUR million	1-3/ 2018	1-3/ 2017	1-12/ 2017
EBITDA	23.1	23.6	97.1
Items affecting comparability (currency impact)	0.5	-0.6	-0.7
EBITDA on a constant currency basis	23.5	23.0	96.4

EBITDA and EBITDA margin by business area

The items affecting comparability in EBITDA by business area include Group-level expenses.

EUR million	1-3/ 2018	1-3/ 2017	1-12/ 2017
EBITDA, property	24.4	24.8	101.0
EBITDA %, property	66.7	64.8	65.5
EBITDA, services	1.0	0.7	2.7
EBITDA %, services	16.0	11.7	10.5
Items affecting comparability in EBITDA	-2.4	-2.0	-6.6
EBITDA in total	23.1	23.6	97.1

EPRA Net rental yield

EUR million	March 31, 2018	March 31, 2017	Dec 31, 2017
Property income	36.6	38.3	154.3
Items affecting comparability in property income	-0.3	-0.8	-15.0
Property income used in net rental yield calculation	36.3	37.5	139.3
Premises expenses	-10.2	-10.1	-39.4
Items affecting comparability in premises expenses	-0.1	-0.5	8.6
Premises expenses used in net rental yield calculation	-10.3	-10.6	-30.8
Fair value of completed investment properties	1,558.3	1,644.0	1,537.9
Building rights	-64.4	-69.2	-64.5
Other items affecting comparability	-26.8	-36.7	-55.4
Fair value of investment properties used in net rental yield calculation	1,467.1	1,538.2	1,418.0

EPRA Net asset value

EUR million	March 31, 2018	March 31, 2017	Dec 31, 2017
Equity to parent company shareholders	624.9	663.2	711.2
Adjustments to EPRA Net asset value:			
Hedging reserve	6.2	9.7	6.5
Deferred taxes from investment properties	76.4	70.1	74.5
Equity related bond	0.0	-74.2	-74.2
Net asset value	707.5	668.7	718.0

EPRA Triple net asset value

EUR million	March 31, 2018	March 31, 2017	Dec 31, 2017
Net asset value	707.5	668.7	718.0
Adjustments to EPRA Triple net asset value:			
Hedging reserve	-6.2	-9.7	-6.5
Deferred taxes from investment properties	-76.4	-70.1	-74.5
Difference between fair value and balance sheet value of liabilities	-5.6	-3.7	-1.3
EPRA NNAV	619.3	585.3	635.6

ROE (based on EPRA earnings, rolling 12 months)

EUR million	March 31, 2018	March 31, 2017	Dec 31, 2017
EPRA earnings before taxes	71,8	65,7	71,6
- taxes from EPRA earnings	-3,9	-5,7	-3,8
EPRA earnings, rolling 12 months	67,9	59,9	67,8
Equity + non-controlling interests for year, average	701,6	643,3	742,1

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

For more information, please visit our [website](#).

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