Technopolis Group Half Year Financial Report January 1 – June 30, 2016

Solid First Half

- Net sales EUR 84.3 (89.1) million, down 5.4% mainly due to 2015 termination fees.
- EBITDA EUR 45.4 (50.2) million, down 9.6% mainly due to 2015 termination fees.
- On a constant currency basis, net sales were down 3.6% and EBITDA was down 7.5%.
- Financial occupancy rate 93.4% (94.1%)
- Earnings per share EUR 0.18 (0.17)
- Direct result (EPRA) EUR 26.3 (27.3) million, down 3.9%
- Direct result per share, diluted (EPRA) EUR 0.25 (0.26)
- Net asset value per share (EPRA) EUR 4.81 (4.59)

Key Indicators	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Net sales, EUR million	43.2	47.9	84.3	89.1	170.6
EBITDA, EUR million	23.5	28.0	45.4	50.2	93.0
Operating profit, EUR million	20.6	23.4	42.0	38.7	88.9
Net result for the period, EUR million	10.1	11.7	23.9	20.9	50.0
Earnings/share, EUR	0.08	0.11	0.18	0.17	0.38
Cash flow from operations/share, EUR			0.33	0.28	0.60
Equity ratio, %			36.5	37.9	39.3
Equity/share, EUR			4.29	4.28	4.36

EPRA-based Key Indicators	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Direct result, EUR million	14.0	14.7	26.3	27.3	55.0
Direct result/share, diluted, EUR	0.13	0.14	0.25	0.26	0.52
Net asset value/share, EUR			4.81	4.59	4.70
Net rental yield, %			7.3	7.7	7.7
Financial occupancy rate, %			93.4*	94.1	94.6*

* 6/2016: 13,500 m² under renovation. 12/2015: 16,700 m² under renovation.

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

The new 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 on July 3, 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 the IFRS.

Future Outlook

Technopolis expects its net sales and EBITDA in 2016 to remain on the same level (+/- 5%) as in 2015.

The Group's financial performance depends on the development of the overall business environment, customers' operations, financial markets, market yields, and exchange rates. Furthermore, any changes in the property portfolio may have an impact on the guidance.

Keith Silverang, CEO:

"The second quarter demonstrated an improving earnings trend from Q1 to Q2: net sales, EBITDA and the EPRA direct result increased quarter-on-quarter. Year-on-year, on a constant currency basis and excluding the revenue from the 2015 termination fees (EUR 5.4 million), net sales were up 1.2% and EBITDA was down 0.9%. Therefore, while it is true that the Group's net sales and EBITDA were lower than they were at this time last year, we have improved our operational cash flow, boosted service penetration and made good progress with organic growth project completions. The completion of Yliopistonrinne and acquisition of Gårda will boost the Group's earnings in the second half.

We ended 2015 with a 94.6% occupancy, which dropped to 92.5% in Q1 but rose to 93.4% in Q2. Service income grew by 10% and penetration reached 13% of total net sales in the first half. We think this is a good demonstration of how our concept and sales power cope with business conditions and structural changes. It also highlights that there are now signs of gradual recovery in the Finnish economy, including declining unemployment.

In May, we took an important step in the execution of our growth strategy with the acquisition of a 34,300 m^2 campus in Gothenburg, our first in Sweden. The Gårda campus has flexible, good quality assets with an excellent location, and it offers good development and expansion potential. We are well underway with the integration process and are deploying the Technopolis concept.

Organic expansion projects continue to play a central role in our growth. In June, the Board approved the expansion of our Ruoholahti campus in Helsinki, which will launch this fall. The new building will have a GLA of 10,300 m^2 and is due for completion in July 2018. The pre-let rate of Ruoholahti 3 was 35.7% at the end of Q2. The pre-let rates of our other organic growth projects, Delta in Vilnius and Yliopistonrinne 3-4 in Tampere, also rose during the quarter, with Yliopistonrinne now complete and move-ins in progress.

In Oslo, we increased our holding in the Fornebu campus by acquiring an additional 30% stake. Technopolis now holds an 81% interest in the campus, while Ilmarinen has a 19% stake.

The Board and management have started preparations for a 125 million euro rights issue in the autumn. The issue will strengthen the company's balance sheet following the Gothenburg acquisition and the Oslo buy-out, as well as provide capital for our current and upcoming organic pipeline and future acquisitions. Technopolis' two largest shareholders, Varma and Ilmarinen, have indicated that they will participate pro rata in the rights issue."

2016 Strategy Review

In the annual review of the company's strategy, the Board noted that the competitive strategy, which is based on the Technopolis concept, is effective. The company has been able to enter the Swedish market and service revenues and earnings are on the rise. Technopolis will continue to expand its campus network in the Nordic-Baltic region, focusing on micro-locations with the optimal strategic fit where the company can add the maximum amount of value by effectively deploying its concept. The core of the Technopolis concept is superior management of the customer experience, targeting to higher occupancy and yields.

The company's strategic targets until 2020 remain the same:

- Average net sales and EBITDA growth of 10% per annum
- Service penetration 15% by 2020 for like-for-like real estate
- Return on capital employed 5.5% per annum excluding fair value changes
- Equity ratio above 35% over the cycle

Operating Environment

There is uncertainty around the global economy, due to phenomena such as Brexit, the US elections and uncertainty surrounding Chinese growth prospects. In the euro area, consumer demand is supported by improved credit supply and overall financing conditions, and investment is also slowly rebounding. The sharpest falls in energy and raw material prices seem to have bottomed out, and the price of oil has shown signs of recovery, at least momentarily.

Finland	2015	2016e	2017e
Gross Domestic Product, change y/y, %	0.2	1.4	1.0
Consumer Price Index, change y/y, %	-0.2	0.5	1.2
Unemployment rate, %	9.4	9.2	9.1

Source: Statistics Finland and Ministry of Finance Economic Survey, Summer 2016

Finland had a GDP growth of 0.2% in 2015 after three years of recession. The Ministry of Finance has revised its GDP growth forecast for 2016 upwards. Considering the current economic situation, private consumption growth is robust. Also, private investment is growing, especially in construction, and the negative trend in unemployment has stopped. (Ministry of Finance Economic Survey, Summer 2016)

The rental market in Finland remained quiet due to the sluggish economy. Office vacancy in Helsinki metropolitan area stayed at a record-high level in the last quarter of 2015 and was 13.3%. In Ruoholahti, office vacancy was 11.5%, with 17.1% vacancy in the Aviapolis area and 21.5% in Espoo. In Oulu, office vacancy was 10.0%, with 10.7% in Tampere and 9.9% in Jyväskylä.

Low interest rates have bolstered values in real estate. Strong investor demand has further pressed the yield requirements of the best properties. In the last quarter of 2015, the yield requirement in the Aviapolis area was 7.0% and 5.7% in Ruoholahti. The transaction volume is estimated to remain high during 2016.
(Catella and Newsec Market Reviews for Finland, Spring 2016)

Norway	2015	2016e	2017e
Gross Domestic Product, change y/y, %	1.6	1.2	1.5
Consumer Price Index, change y/y, %	2.2	3.1	2.2
Unemployment rate, %	4.4	4.8	4.8

Source: SEB Nordic Outlook, May 2016.

The Norwegian economy has suffered from the contraction of oil-related activities due to low oil prices. However, private consumption and employment have strengthened recently, which has mitigated fears of the slowdown spreading to the broader economy. (SEB Nordic Outlook 18.5.2016)

The competition has been tough in the Norwegian office market. However, office rents in Oslo remained unchanged or rose somewhat in 2015, and this trend is set to continue through 2016. The office vacancy rate in Oslo was ca. 8% in the end of 2015. In Fornebu, where Technopolis is located, the vacancy was ca. 5%. (Newsec Property Outlook Spring 2016)

Estonia	2015	2016e	2017e
Gross Domestic Product, change y/y, %	1.2	2.0	2.4
Consumer Price Index, change y/y, %	0.5	0.9	2.7
Unemployment rate, %	6.2	6.2	6.7

Source: Statistics Estonia, SEB Nordic Outlook, May 2016. Unemployment estimates: Bloomberg, Aug 11, 2016.

Estonia has been able to partly replace its exports to Russia with increased exports to Sweden and other EU countries. However, business sector investments remain weak, due to surging labor costs. Unemployment has started to increase. (SEB Nordic Outlook, May 2016)

Tallinn dominates the Estonian office market. The supply of new office premises is growing, and oversupply is starting to show in some segments. Thus, general rent increases are not expected. Vacancy in prime locations in Tallinn is about 3%. (Newsec Property Outlook Spring 2016)

Russia	2015	2016e	2017e
Gross Domestic Product, change y/y, %	-3.7	-0.8	1.0
Consumer Price Index, change y/y, %	15.6	7.3	6.0

Unemployment rate, %	5.6	5.7	5.9

Source: SEB Nordic Outlook, May 2016. Unemployment estimates: Bloomberg, Aug 11, 2016.

The decline in oil prices, sanctions, weak currency and structural problems continue to impact the Russian economy. Structural problems include a poor business climate, corruption, heavy central government influence and obsolete infrastructure. The worst downturn has passed and GDP is forecast to turn into growth in 2017 (SEB Nordic Outlook, May 2016).

Office stock in St. Petersburg has steadily increased over the last several years, but completions are expected to decrease in 2016. In the mid-term, demand for quality space and services is likely to outstrip supply in St. Petersburg as indigenous customers upgrade to higher quality and more efficient facilities. For the first time since 2007, Class A office vacancy has been lower than that of Class B offices in St. Petersburg. In the first quarter, the vacancy rate of Class A offices was 11.3% while Class B office vacancy stood at 12.8%. Rents for Class A offices in St. Petersburg increased by 1.5% in rubles. (JLL: St. Petersburg Office Market Q1/2016)

Lithuania	2015	2016e	2017e
Gross Domestic Product, change y/y, %	1.6	2.8	3.2
Consumer Price Index, change y/y, %	-0.9	0.3	1.2
Unemployment rate, %	9.1	8.0	7.7

Source: Statistics Lithuania, SEB Nordic Outlook, May 2016

In Lithuania, the collapse in Russian trade had a negative impact on the economy. This year, increasing consumer confidence and purchasing power, as well as a pickup in business investments, are expected to boost GDP growth. Also, unemployment is decreasing.

In Vilnius, office vacancy was below 1% for Class A and 3% for Class B offices. The office stock is forecast to grow by more than 30% in 2016 to 2017, but strong demand for modern office space is expected to keep vacancy at a healthy level. Quarter-on-quarter rents increased slightly in January-March (Newsec Quarterly Office Market Overview 2016, Q1).

Business Segments

Technopolis has three business segments with a total rentable area of 740,300 m² (738,100 m²).

Finland

Finland	1-6/2016	1-6/2015	Change, %	1-12/2015
Number of campuses *	16	16	-	16
Rentable space, m² *	527,140**	534,200	-1.3	526,900**
Average rent, EUR/m² *	17.18	16.51	4.1	17.02
Financial occupancy rate, % *	91.7**	92.4	-0,7% ppt	92.9**
Net rental income, EUR million	51.9	57.6	-9.9	107.4
Net sales, EUR million	61.0	66.4	-8.2	125.0
EBITDA, EUR million	33.5	38.1	-12.2	69.0
Market yield requirement, average, % *	7.8	7.9	-0,1% ppt	7.8
Fair value of investment properties, EUR million *	998.2	958.8	4.1	984.8

* At the end of the period.
** 6/2016: 10,500 m² under renovation. 12/2015: 16,700 m² under renovation.

Average rent increased by 4.1% year-on-year owing to the increased share of modern, higher-priced capacity in the portfolio (e.g. completion of the new building in Vantaa). Rental development in the market remained stable. The decrease in net rental income and EBITDA was mainly due to revenue from a EUR 5.4 million contract termination fee in the comparison period, caused by two early termination agreements with customers in Oulu. Fair values increased due to market yield compression and progress in organic investment projects.

Baltic Rim

The Baltic Rim segment has three campuses in three countries: Tallinn in Estonia, Vilnius in Lithuania and St. Petersburg in Russia.

Baltic Rim	1-6/2016	1-6/2015	Change, %	1-12/2015
Number of campuses *	3	3	-	3
Rentable space, m² *	148,650	139,100	6.9	147,000
Average rent, EUR/m² *	14.16	14.42	-1.8	15.15
Financial occupancy rate, % *	99.3	99.6	-0,3% ppt	99.5
Net rental income, EUR million	13.0	12.5	4.1	25.1
Net sales, EUR million	14.4	13.2	9.0	26.8
EBITDA, EUR million	7.5	7.1	5.6	14.2
Market yield requirement, average, % *	8.7	8.9	-0,2% ppt	8.7
Fair value of investment properties, EUR million *	260.1	245.1	6.1	246.7

* At the end of the period.

Rentable space increased year-on-year due to the completion of the new building in Tallinn. The weakening ruble had a negative impact of 0.8 million in net sales and 0.6 million in EBITDA, and it also explains the decrease in average rents compared to year end. Fair value development has been positive in all three cities, especially in St. Petersburg.

Scandinavia

Scandinavia	1-6/2016	1-6/2015	Change, %	1-12/2015
Number of campuses *	1	1	-	1
Rentable space, m² *	64,500**	64,800	-0.5	66,500**
Average rent, EUR/m² *	19.56	22.05	-11.3	21.50
Financial occupancy rate, % *	95.6**	97.2	-1.6 ppt	97.1**
Net rental income, EUR million	8.3	9.1	-8.8	17.8
Net sales, EUR million	8.9	9.5	-6.3	18.8
EBITDA, EUR million	4.4	4.9	-9.7	9.9
Market yield requirement, average, % *	6.1	6.3	-0,2% ppt	6.1
Fair value of investment properties, EUR million *	199.6	207.1	-3.6	194.4

* At the end of the period.
** 6/2016: 3,000 m² under renovation, 12/2015: None.

Until end of June, the Scandinavia segment only included the Oslo campus. The decrease in average rent year-on-year was mainly due to the weakening of the Norwegian krone, which also burdened net sales by EUR 0.8 and EBITDA by EUR 0.5 million compared to the first half of 2015. However, the NOK strengthened against the euro from the end of 2015, which explains the improvement in fair values versus the end of 2015.

Financial Performance

The Group's rental income amounted to 73.3 (79.1) million, down 7.3% compared to the corresponding period in 2015. Contract termination fees improved last year's figure by EUR 5.4 million and this year's figure by EUR 1.2 million. Service income increased by 10.0% and amounted to EUR 11.0 (10.0) million. The Group's net sales in total reached 84.3 (89.1) million, down 5.4%. Net sales converted into euros were adversely impacted by EUR 1.6 million due to the weakening NOK and RUB. On a constant currency basis and excluding the above mentioned termination fees, net sales were up 1.2%.

A gain on the disposal of shares in a parking garage company (Yrttiparkki in Oulu) generated other operating income of 0.8 (0.0) million. Premises expenses totaled EUR 19.6 (19.5) million, up 0.6%. The Group's administrative expenses were EUR 7.0 (7.1) million. Other operating expenses increased to EUR 13.1 (12.3) million, up 6.4% mainly due to increased service expenses. Property taxes are periodized evenly over the financial year, and EUR 3.5 million were booked in the first half.

The Group's EBITDA totaled EUR 45.4 (50.2) million, down 9.6%. EBITDA figures were boosted by the same termination fees as net sales, and in addition by a EUR 0.8 million gain on disposal in the first quarter of 2016. The weakening NOK and RUB reduced the EBITDA by EUR 1.1 million. On a constant currency basis, excluding the termination fees and the disposal gain EBITDA was down 0.9%.
EBITDA for real estate operations amounted to EUR 48.5 (53.5) million. EBITDA for services was EUR 0.9 (0.5) million. Due to allocations of Group-level expenses and eliminations, the sum of EBITDA for real estate operations and services differs from Group EBITDA.
The EBITDA margin was 53.8% (56.4%). On a constant currency basis, excluding the termination fees and the disposal gain, EBITDA margin was 52.5% (53.5%).

The Group's operating profit rose to EUR 42.0 (38.7) million. The 8.5% increase was due to the improvement in fair values of investment properties.

Fair value changes during the period totaled EUR -1.5 (-9.5) million. The biggest impact came from the changes in yield requirements. Fair value changes compared to the year end 2015 break down as follows:

EUR million	Yield requirements	Occupancy assumptions	Modernization	Other	Projects in progress	Total
Finland	5.9	-1.1	-6.9	-0.9	0.7	-2.3
Baltic Rim	2.6	-1.1	1.3	-1.2	2.2	3.8
Scandinavia	1.5	0.0	-1.5	-3.0*	0.0	-3.0
Total	10.0	-2.2	-7.1	-5.1*	2.9	-1.5

*Mainly contract changes. In Norway, some revenues were allocated to services and were thus removed from fair value calculation.

Net financial expenses totaled 12.5 (16.5) million. The comparison figure included the Kuopio joint venture deal's transfer tax of EUR 2.5 million. The rest of the decrease is mainly attributable to the currency impact and decreasing interest rates. Pre-tax profits totaled EUR 29.7 (24.6) million. The net result for the period was EUR 23.9 (20.9) million.

EPRA-based Result

The EPRA-based (European Public Real Estate Association) direct result does not include unrealized exchange rate gains and losses, fair value changes or any non-recurring items, such as gains and losses on disposals. The direct result amounted to EUR 26.3 (27.3) million. The decrease of 3.9% was caused by lower net sales. Diluted earnings per share from direct result amounted to EUR 0.25 (0.26).

Customers and Lease Stock

Technopolis has a total of approximately 1,700 customers. The ten largest customers let approximately 18.0% of rented space as of June 30, 2016.

Lease stock, % of space Maturity, years	June 30, 2016	March 31, 2016	Dec 31, 2015	Sept 30, 2015	June 30, 2015
< 1	17	21	22	21	21
1 - 3	22	22	20	21	22
3 - 5	15	14	15	11	11
> 5	18	17	19	23	22
Open-ended leases	28	25	24	24	24
Average lease term in months	36	35	36	37	38
Lease stock, EUR million	437.4	407.7	429.7	430.6	437.4

Investments

Construction projects in progress at the end of the reporting period, their rentable areas and estimated investment amounts on June 30, 2016 are as follows:

Area	Name	Pre-let rate, %	m²	EUR million	Stabilized yield, % *	Completion
Tampere	Yliopistonrinne 3–4	80.5	11,900	40.5	7.2	07/2016
Vilnius	Delta	57.9	21,600	35.4	9.8	12/2016
Helsinki	Ruoholahti 3	35.7**	10,300**	33.2	7.0	07/2018

* Stabilized yield = estimated net operating income / cost
** The rentable area of Ruoholahti 3 has been revised upwards after June 9, 2016, when the investment decision was announced. A larger rentable area has lowered the pre-let rate.

Financing

The Group's balance sheet total was EUR 1,602.8 (1,610.3) million, with liabilities accounting for EUR 1,021.8 (1,004.0) million. The Group's equity per share was EUR 4.29 (4.28), its equity ratio was 36.5% (37.9%) and its loan-to-value ratio (LTV) was 59.4% (63.1%). The decrease in the equity ratio was mainly due to the acquisition of the additional 30% stake in the Fornebu campus and negative fair value changes in hedging instruments. LTV decreased due to the pay down of debt and the increased fair values of investment properties. At the period-end, the Group's net gearing was 151.3% (135.0%) and its interest coverage ratio was 4.8 (4.4).

The Group's interest-bearing liabilities amounted to EUR 905.0 (917.2) million. The average capital-weighted loan maturity was 5.5 (6.2) years at the end of the period. A total of 38.2% (26.5%) of the Group's interest-bearing liabilities were floating-rate loans and 61.8% (73.5%) were either interest rate hedged or fixed-rate loans with maturities of 13–60 months. The average interest rate on interest-bearing liabilities excluding the hybrid loan was 2.39% (2.63%).

A total of 2.6% (0.04%) of all interest-bearing liabilities were pegged to the under-3-month Euribor rate and 35.6% (26.4%) to the Euribor rates from 3 to 12 months. The Group's interest fixing period was 2.2 (3.0) years at the end of the period. At the end of the reporting period, interest rate swaps covered EUR 578.8 (564.9) million of the principal. The hedging ratio for interest-bearing liabilities was 47.4% (61.6%) and the average hedging period was 5.4 (5.4) years. The company has entered into three different EUR 50 million bullet-type hedging agreements with forward starts, which are excluded in the hedging ratio. The first will start in year 2019, the second in 2020 and the last in 2021. The maturity of each is 15 years.

At the end of the reporting period, Technopolis had EUR 116.5 (152.2) million in untapped credit facilities. The credit facilities included a EUR 91.4 (127.1) million credit line and a EUR 25.1 (25.1) million revolving credit facility. In addition, the company has a EUR 150.0 (150.0) million commercial paper program, of which EUR 71.5 (42.5) million was outstanding at the end of the reporting period. At the same time, the Group had cash and cash equivalents worth EUR 26.1 (98.7) million.

During the 12-month period following the reporting period, EUR 133.7 (95.9) million in existing interest-bearing loans will mature.

Technopolis had interest-bearing liabilities with covenants amounting to EUR 695.0 (730.4) million. Of this total, EUR 463.2 (478.6) million had equity ratio-linked covenants. Of these loans, EUR 412.3 (416.9) million include a call provision. If the equity ratio falls below 33%, EUR 73.7 (70.7) million of the loan principal could be called in. If the equity ratio falls below 30%, EUR 188.6 (196.1) million of the loan principal could be called in. The principal of EUR 116.1 (122.6) million includes an interest margin revision term. If the equity ratio falls below 33%, the additional impact on the interest expenses of these loans with the interest margin revision term would be EUR 0.7 (0.6) million per annum. The bond of EUR 150 million has a minimum equity ratio covenant of 28%.

Evaluation of Risks and Uncertainties in the Company's Operations

The four most significant near term risks affecting Technopolis' business are related to interest rates, geographical concentrations, currencies and customers.

The Group's interest-bearing liabilities amounted to EUR 905.0 (917.2) million. A one percentage point increase in market rates would cause a EUR 2.2 (1.8) million increase in interest costs per annum.

Finland represents 68.5% of the Group's assets (fair values of investment properties) and 72.4% of net sales. Country-related matters such as slow economic growth could have an impact on the Group's financial performance.

The Group is exposed to changes in the Norwegian krone, Russian ruble and from July 1, 2016 onwards also Swedish krona. The direct impact of changes in exchange rates on the Group's operating profit, balance sheet and equity ratio as of June 30, 2016 are presented below. The table does not include conversion impacts of FX changes on net sales and EBITDA. The impact of the change in Swedish krona against euro is based on the estimated pro forma figures and exchange rate on July 1, 2016.

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	-6.6	-6.6	36.2%
RUB +10	0.0	8.0	8.0	36.8%
NOK -10	0.0	-7.7	-7.7	36.5%
NOK +10	0.0	9.4	9.4	36.5%
SEK -10	0.0	-4.0	-4.0	36.5%
SEK +10	0.0	4.9	4.9	36.5%

At the end of the period, the Group's currency exposure towards the Russian ruble was EUR 0.0 million in liabilities and RUB 5.1 billion in equity. In Norway the Group had liabilities only in the Norwegian krone and thus it is only vulnerable to translation differences in equity. Norwegian subsidiaries equity totaled NOK 781.7 million.

In June, the ten largest customers accounted for 16.4% of rental income. The single largest customer accounted for 4.0% of rented space and 2.2% of rental income.

For a more detailed outline of the risks, please see the company's Financial Report 2015. It is the opinion of the Board of Directors that there have been no material changes to the near term risks outlined in the 2015 Financial Report.

Group Financial Targets

The targets for the 2015–2020 strategy period are as follows:
- average net sales and EBITDA growth of 10% per annum
- service penetration 15% by 2020 for like-for-like real estate
- 5.5% return on capital employed per annum excluding fair value changes
- equity ratio above 35% over the cycle

Technopolis will continue to explore expansion opportunities throughout the Nordic-Baltic region. It will also continue to divest selected non-core properties and campuses in the Finnish market.

GOVERNANCE

Organization and Personnel

The CEO of Technopolis is Keith Silverang and the deputy-CEO is Reijo Tauriainen. The Group Management Team comprises Keith Silverang, Reijo Tauriainen, Juha Juntunen, Kari Kokkonen and Outi Raekivi.

The Technopolis line organization consists of three geographical units: Finland, the Baltic Rim and Scandinavia. The Group organization also has centralized real estate development, services, marketing and support services.

During the period, the Group employed an average of 249 (232) people. On average, rental operations employed 81 (85) people, service operations 113 (94) people and Group administration 55 (53) people. The number of personnel at the period end was 250 (243).

Corporate Responsibility

The Company's key focus areas in corporate responsibility include reducing carbon dioxide emissions, energy consumption, water use and amount of waste, increasing sorting and waste utilization, improving profitability, and supporting the competence and satisfaction of personnel. The corporate responsibility targets that are being followed quarterly include reduction in consumption and emissions of like-for-like real estate from base year 2011 to year 2020.

	1–6/2016	1-6/2011	Change, %	Target 2020
Energy consumption, kWh/m²	125.7	129.9	-3.2%	-12%
Water consumption, m³/person	2.0	2.6	-22.1%	-35%
CO_2 emissions, CO_2e kg/m²	23.1	41.3	-44.0%	-60%

For more information, please see Corporate Social Responsibility Report.

Group Structure

Technopolis Group comprises the parent company Technopolis Plc, whose subsidiaries have operations in Finland, Norway, Estonia, Russia, Lithuania and, as of July 1, 2016, Sweden. The parent company has several subsidiaries and associates in Finland.

Board of Directors

The Technopolis Board of Directors consists of six members: Carl-Johan Granvik, Jorma Haapamäki, Juha Laaksonen, Pekka Ojanpää, Reima Rytsölä and Annica Ånäs. Carl-Johan Granvik serves as the Chairman of the Board and Jorma Haapamäki as the Vice Chairman.

Annual General Meeting 2016

The Annual General Meeting (AGM) of Technopolis Plc took place on March 30, 2016 in Espoo. The AGM decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.17 per share. The dividend was paid on April 8, 2016. The AGM also authorized the Board to decide on the repurchase and/or on the acceptance as a pledge of the company's own shares, as well as on the issue of shares and special rights entitling holders to shares referred to in the Limited Liability Companies Act. The resolutions of the AGM can be found on the company's website.

Stock-Related Events and Disclosures of Changes in Holdings

On January 18, 2016, 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 BNP Paribas Investment Partners S.A. (BNP) had decreased to 5,318,506 shares thus totaling 4.99 per cent of all shares in Technopolis Plc.

The share buyback program announced by Technopolis Plc on September 1, 2015 was completed on February 3, 2016. During the time period September 2, 2015 to February 3, 2016 the company acquired through public trading in accordance with the rules of Nasdaq Helsinki a total of 1,329,397 of the company's own shares at an average price per share of EUR 3.5821. The total value of the acquired shares was EUR 4,762,050.48.
On August 26, 2016 Technopolis Plc holds a total of 1,947,571 own shares corresponding to approximately 1.8% of the company's total number of shares.

On April 25, 2016, the Board of Directors decided on a directed share issue to the key personnel of the company for the payment of share rewards in accordance with the Performance Share Plan 2013–2017. In the share issue, 104,990 treasury shares were issued without consideration to the key personnel entitled to share rewards. The share issue is based on the authorization granted to the Board of Directors by the company's General Meeting of Shareholders held on March 30, 2016.

On May 30, 2016, 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

BNP Paribas Investment Partners S.A. (BNP) had increased to 5,415,714 shares thus totaling 5.08 per cent of all shares in Technopolis Plc.

Unused Board Authorizations

The Board of Directors was authorized by the Annual General Meeting of 2016 to decide on the repurchase and/or on the acceptance as a pledge of the company's own shares, as well as on the issue of shares and special rights entitling holders to shares referred to in the Limited Liability Companies Act. The Board has used the authorization to issue shares for the rewards of the Performance Share Plan (see previous paragraph). The company may, pursuant to the authorization regarding issue of shares and special rights entitling holders to shares, issue 10,545,010 shares.

Post-Fiscal Events

On July 1, 2016, Technopolis announced that it has completed the acquisition of an office campus in the Gårda district of Gothenburg, Sweden. The company announced the signing of the deal on May 24, 2016.

On August 4, 2016, Technopolis announced that the Board of Directors has decided to convene an Extraordinary General Meeting to resolve on authorizing the Board of Directors to decide on an approximately EUR 125 million rights issue pursuant to the shareholders' pre-emptive subscription right. The proceeds from the offering will be used to improve the solvency of the company following the acquisition of the Gårda campus and to finance future organic growth projects and potential acquisitions.

The Board of Directors proposes that the EGM authorizes the Board of Directors to decide on the issuance of a maximum of 75,000,000 new shares in the offering. Should the authorization proposed by the Board of Directors be used in full, the shares to be issued in the offering would represent a maximum of approximately 70.4 percent of the total shares and voting rights in the company prior to the offering. Technopolis' two largest shareholders, Varma Mutual Pension Insurance Company and Ilmarinen Mutual Pension Insurance Company, have preliminarily indicated that they will participate pro rata in the rights issue. Nordea will act as the sole arranger in the offering. The detailed terms and conditions of the offering are expected to be decided by the Board of Directors in accordance with market conditions, provided that the EGM authorizes the Board to execute the Offering.

The EGM is scheduled to be held on August 31, 2016 at Technopolis, Innopoli 3, Vaisalantie 6, Espoo, Finland. The notice to the EGM was published on August 4, 2016. The proposal for the authorization on the issuance of new shares and other information relating to the EGM are available on the company's website.

Helsinki, August 25, 2016

Technopolis Plc
Board of Directors

Additional information:
Keith Silverang
CEO
tel. +358 40 566 7785

Technopolis' interim report for January – September 2016 will be published on October 28, 2016.

Tables

The accounting policies applied in the half year financial report are the same as in the latest annual report. The formulas for calculating key indicators are available on the company website.

The half year financial report has been prepared in accordance with the IFRS recognition and valuation principles; the IAS 34 requirements have also been complied with.

The figures are unaudited.

Technopolis Group:

CONSOLITATED INCOME STATEMENT Currency unit: EUR million	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Rent income	37.4	42.5	73.3	79.1	150.3
Service income	5.8	5.4	11.0	10.0	20.3
Net sales total	43.2	47.9	84.3	89.1	170.6
Other operating income	0.0	0.0	0.8	0.0	0.1
Premises expenses	-9.2	-9.5	-19.6	-19.5	-38.9
Administration costs 1)	-3.6	-3.8	-7.0	-7.1	-13.9
Other operating expenses	-6.9	-6.7	-13.1	-12.3	-24.8
EBITDA	23.5	28.0	45.4	50.2	93.0
Change in fair value of investment properties	-2.0	-3.7	-1.5	-9.5	1.3
Depreciation	-0.9	-0.9	-1.9	-2.0	-5.4
Operating profit/loss	20.6	23.4	42.0	38.7	88.9
Unrealized exchange rate profit/loss	0.1	0.4	0.2	2.4	-3.2
Finance income and expenses	-7.2	-9.4	-12.5	-16.5	-30.5
Result before taxes	13.4	14.4	29.7	24.6	55.1
Deferred taxes	-2.0	0.1	-1.5	1.2	-0.5
Current taxes	-1.3	-2.8	-4.2	-4.9	-4.6
Net result for the period	10.1	11.7	23.9	20.9	50.0
Distribution:					
To parent company shareholders	9.5	12.2	21.2	20.1	44.8
To non-controlling shareholders	0.6	-0.6	2.7	0.8	5.3
	10.1	11.7	23.9	20.9	50.0
Earnings per share, basic, EUR	0.08	0.11	0.18	0.17	0.38
Earnings per share, diluted, EUR	0.08	0.11	0.18	0.17	0.38

STATEMENT OF COMPREHENSIVE INCOME					
Net result for the period	10.1	11.7	23.9	20.9	50.0
Other comprehensive income items					
Items that may be reclassified subsequently to profit or loss:					
Translation difference	4.6	-1.6	8.8	10.4	-9.1
Available-for-sale financial assets	0.0	0.0	0.0	0.0	0.0
Derivatives	-7.5	3.7	-17.5	3.9	2.5

Taxes related to other comprehensive income items	1.5	-1.1	3.5	-1.2	-0.6
Other comprehensive income items after taxes for the period	-1.4	1.0	-5.3	13.1	-7.1
Comprehensive income for the period, total	8.7	12.7	18.7	34.0	42.9
Distribution:					
To parent company shareholders	8.4	13.7	15.7	32.0	39.6
To non-controlling shareholders	0.3	-1.0	3.0	2.0	3.3
	8.7	12.7	18.7	34.0	42.9

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

STATEMENT OF FINANCIAL POSITION, ASSETS

Currency unit: EUR million	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Non-current assets			
Intangible assets	5.3	6.6	5.4
Tangible assets	13.9	11.6	12.0
Completed investment properties	1,457.9	1,410.6	1,426.0
Investment properties under construction	57.3	38.7	40.4
Investments	6.8	7.5	6.8
Deferred tax assets	21.1	18.5	15.9
Non-current assets	1,562.3	1,493.4	1,506.5
Current assets	40.5	116.8	55.6
Assets, total	1,602.8	1,610.3	1,562.1

STATEMENT OF FINANCIAL POSITION,
SHAREHOLDERS' EQUITY AND LIABILITIES

Currency unit: EUR million	Jun 30, 2016	Jun 30, 2015	Dec 31, 2015
Shareholders’ equity			
Share capital	96.9	96.9	96.9
Premium fund	18.6	18.6	18.6
Equity related bond	74.2	74.2	74.2
Other funds	187.6	207.2	202.7
Translation difference	-18.9	-11.3	-27.4
Retained earnings	143.6	121.2	121.3
Net profit for the period	21.2	20.1	44.8
Parent company’s shareholders’ interests	523.2	526.9	531.0
Non-controlling interests	57.9	79.4	79.7
Shareholders’ equity, total	581.0	606.3	610.8
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	771.2	821.3	725.8
Non-interest-bearing liabilities	2.3	0.6	0.7

Deferred tax liabilities	36.7	34.3	33.9
Non-current liabilities, total	810.2	856.2	760.5
Current liabilities			
Interest-bearing liabilities	133.7	95.9	139.0
Non-interest-bearing liabilities	77.8	51.8	51.9
Current liabilities, total	211.6	147.8	190.9
Liabilities, total	1,021.8	1,004.0	951.4
Shareholders' equity and liabilities, total	1,602.8	1,610.3	1,562.1

STATEMENT OF CHANGES IN EQUITY
Currency unit: EUR million

	Equity attributable to owners of the parent						
	Share capital	Premium fund	Other reserves	Translation differences	Retained earnings	Share of non-controlling interests	Total shareholders' equity
Equity January 1, 2015	96.9	18.6	278.7	-20.3	142.2	59.5	575.6
Comprehensive income							
Net profit for the period					20.1	0.8	20.9
Other comprehensive income items							
Translation difference				9.0		1.1	10.1
Derivatives			2.6			0.1	2.7
Available-for-sale financial assets			0.0				0.0
Other changes					0.3		0.3
Comprehensive income for the period			2.6	9.0	20.4	2.0	34.0
Related party transactions							
Dividend					-15.9	-2.4	-18.3
Acquisition of own shares			-1.1				-1.1
Interest paid to equity related bond					-4.5		-4.5
Investment of non-controlling interests						20.3	20.3
Other changes		0.0	0.1		0.1	0.0	0.2
Related party transactions		0.0	-1.0		-20.2	17.9	-3.3
Equity June 30, 2015	96.9	18.6	280.3	-11.3	142.4	79.4	606.3
Equity January 1, 2016	96.9	18.6	276.9	-27.4	166.1	79.7	610.8
Comprehensive income							
Net profit for the period					21.2	2.7	23.9
Other comprehensive income items							
Translation difference				8.5		0.3	8.8
Derivatives			-14.0			0.0	-14.0
Available-for-sale financial assets			0.0				0.0
Other changes					0.0		0.0
Comprehensive income for the period			-14.0	8.5	21.2	3.0	18.7
Related party transactions							
Dividend					-17.8	-0.9	-18.6
Acquisition of own shares			-1.1		0.0		-1.1
Interest paid to equity related bond					-4.5		-4.5
Investment of non-controlling interests					0.0	0.0	0.0
Changes in subsidiary shares						-24.0	-24.0
Other changes			0.0		-0.2		-0.2

Related party transactions			-1.1		-22.5	-24.9	-48.4
Equity June 30, 2016	96.9	18.6	261.8	-18.9	164.8	57.9	581.0

STATEMENT OF CASH FLOWS

Currency unit: EUR million	1-6/ 2016	1-6/ 2015	1-12/ 2015
Cash flows from operating activities			
Net result for the period	23.9	20.9	50.0
Adjustments:			
Change in fair value of investment properties	1.5	9.5	-1.3
Depreciation	1.9	2.0	5.4
Share of profits of associates	0.0	0.0	0.0
Gains from disposals	-0.8	0.0	0.0
Other adjustments for non-cash transactions	-0.3	-2.3	3.4
Financial income and expenses	12.8	16.6	30.5
Taxes	5.8	3.7	5.3
Increase / decrease in working capital	5.9	-1.3	-2.4
Interests received	0.1	0.1	0.3
Dividends received	0.0	0.1	0.0
Interests paid and fees	-10.6	-7.6	-14.0
Other financial items in operating activities	-3.0	-9.8	-10.5
Taxes paid	-2.7	-2.0	-3.4
Net cash provided by operating activities	34.7	29.9	63.6
Cash flows from investing activities			
Investments in investment properties	-26.7	-28.6	-67.7
Investments in tangible and intangible assets	-5.8	-4.2	-2.5
Investments in other securities	-0.1		0.0
Granted loans	0.0		
Repayments of loan receivables	0.3		
Proceeds from sale of investments	0.0	0.0	0.0
Proceeds from sale of tangible and intangible assets	0.7	0.1	0.3
Acquisition of subsidiaries	-25.7		
Sale of subsidiaries	1.4		
Net cash used in investing activities	-55.9	-32.7	-69.9
Cash flows from financing activities			
Increase in long-term loans	60.3	273.1	278.9
Decrease in long-term loans	-70.6	-180.6	-210.6
Dividends paid and return of capital	-18.9	-18.3	-18.7
Acquisition of own shares	-1.1	-1.1	-4.8
Capital investment by the minority	0.0	20.3	20.3
Hybrid bond interest paid	-5.6	-5.6	-5.6
Change in short-term loans	43.3	-15.6	-41.3
Net cash provided by financing activities	7.5	72.2	18.3

Net increase/decrease in cash assets	-13.7	69.4	12.0
Effects of exchange rate fluctuations on cash held	0.5	1.1	-0.9
Cash and cash equivalents at period-start	39.4	28.3	28.3
Cash and cash equivalents at period-end	26.1	98.7	39.4

FINANCIAL INFORMATION BY SEGMENTS

Technopolis Group has three operating segments based on geographical units: Finland, Baltic Rim and Scandinavia. The Group's net sales or EBITDA do not include significant inter-segment items.

SEGMENT INFORMATION

Currency unit: EUR million	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Net sales					
Finland	31.4	36.0	61.0	66.4	125.0
Baltic Rim	7.4	6.8	14.4	13.2	26.8
Scandinavia	4.4	5.0	8.9	9.5	18.8
Total	43.2	47.9	84.3	89.1	170.6
EBITDA					
Finland	17.7	21.5	33.5	38.1	69.0
Baltic Rim	3.5	3.9	7.5	7.1	14.2
Scandinavia	2.3	2.6	4.4	4.9	9.9
Total	23.5	28.0	45.4	50.2	93.0
Assets					
Finland			1,121.8	1,145.3	1,111.5
Baltic Rim			302.9	283.6	286.6
Scandinavia			214.1	226.4	208.6
Eliminations			-35.9	-45.0	-44.5
Total			1,602.8	1,610.3	1,562.1

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 direct result, which better reflects its real result.

The direct result 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, the direct result presents the related taxes, deferred tax assets and liabilities and share of non-controlling interests.

Items excluded from the direct result and their tax effects and share of non-controlling interests are presented in the statement of income showing the indirect result.

DIRECT RESULT Currency unit: EUR million	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Net sales	43.2	47.9	84.3	89.1	170.6
Other operating income	0.0	0.0		0.0	0.0
Other operating expenses	-19.8	-19.9	-39.8	-38.9	-77.6
Depreciation	-0.9	-0.9	-1.9	-2.0	-3.9
Operating profit/loss	22.5	27.1	42.6	48.2	89.1
Finance income and expenses, total	-6.0	-9.4	-11.2	-15.2	-24.9

Result before taxes	16.5	17.7	31.3	33.0	64.2
Taxes for direct result items	-1.7	-1.0	-2.4	-2.5	-3.5
Non-controlling interests	-0.9	-2.0	-2.7	-3.2	-5.7
Direct result for the period	14.0	14.7	26.3	27.3	55.0
INDIRECT RESULT					
Indirect income and expenses	0.0	0.0	0.9	0.0	-1.5
Change in fair value of investment properties	-2.0	-3.7	-1.5	-9.5	1.3
Operating profit/loss	-1.9	-3.7	-0.6	-9.5	-0.2
Other indirect financial income and expenses	-1.2	0.4	-1.0	1.1	-8.8
Result before taxes	-3.1	-3.3	-1.6	-8.4	-9.0
Taxes for indirect result items	-1.6	-1.7	-3.4	-1.2	-1.6
Non-controlling interests	0.2	2.6	0.0	2.4	0.4
Indirect result for the period	-4.5	-2.4	-5.1	-7.2	-10.2
Result for the period to the parent company shareholders, total	9.5	12.2	21.2	20.1	44.8
Earnings per share, diluted					
From direct result	0.13	0.14	0.25	0.26	0.52
From indirect result	-0.04	-0.02	-0.05	-0.07	-0.10
From net result for the period	0.09	0.12	0.20	0.19	0.42
Effect of the interest expenses from equity related bond	-0.01	-0.01	-0.02	-0.02	-0.04
From adjusted net result for the period	0.08	0.11	0.18	0.17	0.38

KEY INDICATORS	June 30, 2016	June 30, 2015	Dec 31, 2015
Change in net sales, %	-5.4	11.3	5.5
Operating profit/loss/net sales, %	49.8	43.4	52.1
Change in EBITDA, %	-9.6	17.8	6.7
Service revenue of Net Sales, %	13.0	11.2	11.9
Interest coverage ratio	4.8	4.4	4.3
Equity ratio, %	36.5	37.9	39.3
Loan to value, %	59.4	63.1	58.8
Group company personnel during the period, average	249	232	239
Gross expenditure on assets, MEUR	29.3	84.3	89.0
Net rental yield of investment properties, % 2)	7.3	7.7	7.7
Financial occupancy rate, %	93.4	94.1	94.6
Earnings/share			
basic, EUR	0.18	0.17	0.38
diluted, EUR	0.18	0.17	0.38
Cash flows from operating activities/share, EUR	0.33	0.28	0.60
Equity/share, EUR	4.29	4.28	4.36
Average issue-adjusted number of shares 3)			
basic	104,503,751	105,788,468	105,553,364
diluted	104,503,751	105,788,468	105,553,364
Issue-adjusted number of shares at the end of period	104,564,061	105,788,468	104,768,877

2) The figure does not include properties commissioned and acquired during the fiscal year.
3) Own shares held by the company (1,947,571 shares) are excluded from the number of shares.

CHANGE IN VALUE OF INVESTMENT PROPERTIES	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Change in fair value, Finland	1.6	2.5	2.1	-3.9	7.5
Change in fair value, Baltic Rim	0.0	-0.9	2.0	0.7	7.3
Change in fair value, Scandinavia	-1.1	-0.7	-1.1	-0.4	4.8
Change in fair value	0.4	0.9	3.0	-3.6	19.6
Changes in acquisition costs of investment properties in financial year	-3.6	-6.7	-7.3	-12.0	-29.8
Changes in fair value of projects in progress	1.2	2.1	2.9	6.0	11.5
Effect on profit of change in value of investment properties	-2.0	-3.7	-1.5	-9.5	1.3

CONTINGENT LIABILITIES

Currency unit: EUR million	June 30, 2016	June 30, 2015	Dec 31, 2015
Pledges and guarantees on own debt			
Mortgages of properties	928.4	1,015.7	956.1
Pledged securities and investment properties	742.3	796.8	712.1
Pledges for land lease payments	4.4	3.6	3.6
Other guarantee liabilities	64.6	101.4	97.2
Leasing liabilities, machinery and equipment	5.3	5.0	4.6
Project liabilities	0.0	0.2	0.2
Interest rate and currency swaps			
Nominal values	623.3	564.9	546.5
Fair values	-32.8	-13.2	-15.3

BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES June 30, 2016

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

	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortized purchase price	Financial assets/ liabilities measured at fair value	Total
Assets measured at fair value					
Available-for-sale investments					
Available-for-sale quoted financial assets (level 1)		0.8			0.8
Available for sale non-quoted financial assets (level 3)		0.8			0.8
Other non-current receivables	0.0				0.0
Total	0.0	1.6			1.6
Current assets					
Trade and other receivables					
Sales receivables	6.3				6.3
Other current receivables	8.1				8.1
Cash and cash equivalents	26.1				26.1
Derivatives					0.0
Interest rate swaps (level 2)				0.0	0.0
Total	40.5			0.0	40.5
Non-current liabilities					
Financial liabilities recognized at amortized cost					

Non-current finance lease liabilities (level 2)	30.9		30.9
Non-current interest-bearing liabilities (level 2)	740.3		740.3
Non-current non-interest-bearing liabilities (level 2)	0.7		0.7
Other non-current liabilities	36.7		36.7
Total	808.6		808.6
Current liabilities			
Financial liabilities at fair value through profit or loss			
Derivatives			
Interest rate swaps, meeting the criteria for hedge accounting (level 2)		32.8	32.8
Financial liabilities recognized at amortized cost			
Current finance lease liabilities	3.3		3.3
Other current interest-bearing liabilities	97.6		97.6
Trade and other payables	67.1		67.1
Purchase price liabilities	10.7		10.7
Total	178.8	32.8	211.6

ALTERNATIVE PERFORMANCE MEASURES IN TECHNOPOLIS FINANCIAL REPORTING

The new 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 Technopolis' 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: direct result, direct result per share, net rental yield and 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 from rental operations + EBITDA from services
- Group-level expenses and eliminations

Direct result (EPRA)

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

Net rental yield % (EPRA)

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

Net asset value/share (EPRA)

$$\frac{\text{Equity to parent company shareholders} - \text{Hedging reserve} + \text{Deferred taxes from investment properties} - \text{Equity related bond}}{\text{Issue-adjusted number of shares, basic, on reporting date}}$$

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 half-yearly report.

Net sales on a constant currency basis

Items affecting comparability (currency impact) consist of the impact of the Norwegian krone and the Russian ruble 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 and RUB exchange rates of the comparison period.

	4-6/ 2016	4-6/ 2015	1-6/ 2016	1-6/ 2015	1-12/ 2015
Net sales	43.2	47.9	84.3	89.1	170.6
Items affecting comparability (currency impact)	0.9	0.7	1.6	1.6	4.0
Net sales on a constant currency basis	44.1	48.6	85.9	89.1	174.6

EBITDA on a constant currency basis

Items affecting comparability (currency impact) consist of the impact of the Norwegian krone and the Russian ruble 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 and RUB exchange rates of the comparison period.

EBITDA	23.5	28.0	45.4	50.2	93.0
Items affecting comparability (currency impact)	0.6	0.5	1.1	1.2	2.8
EBITDA on a constant currency basis	24.1	28.5	46.4	51.4	95.8

EBITDA by business area

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

EBITDA					
EBITDA from rental operations	25.3	29.8	48.5	53.5	99.6
EBITDA from services	0.5	0.2	0.9	0.5	0.8
Items affecting comparability in EBITDA	-2.3	-1.9	-4.1	-3.8	-7.4

EBITDA in total	23.5	28.0	45.4	50.2	93.0

Net rental yield % (EPRA)	1-6/ 2016	1-6/ 2015	1-12/ 2015
Rent income	73.3	79.1	150.3
Items affecting comparability in rent income	0.7	-6.8	-8.3
Rent income used in net rental yield calculation	74.0	72.3	142.0
Premises expenses	-19.6	-19.5	-38.9
Items affecting comparability in premises expenses	-2.4	-1.9	-1.4
Premises expenses used in net rental yield calculation	-22.1	-21.4	-40.3
Fair value of completed investment properties	1,457.9	1,410.6	1,426.0
Building rights	-43.6	-46.3	-41.4
Other items affecting comparability	0.0	-41.9	-69.7
Fair value of investment properties used in net rental yield calculation	1,414.3	1,322.4	1,314.9

Net asset value/share (EPRA)			
Equity to parent company shareholders	523.2	526.9	531.0
Items affecting comparability:			
- Hedging reserve	-23.5	-8.7	-9.4
+ Deferred taxes from investment properties	30.3	24.2	26.0
- Equity related bond	74.2	74.2	74.2
Net asset value	502.7	485.6	492.3