

Technopolis Group Interim Report January 1 – March 31, 2016

Steady Start to Year, Guidance Unchanged

- Net sales EUR 41.1 (41.2) million, down 0.3%. On a constant currency basis, net sales were up 1.4%.
- EBITDA EUR 21.9 (22.2) million, down 1.5%. On a constant currency basis, EBITDA was up 0.5%.
- Financial occupancy rate 92.5% (93.8%). In Oulu, financial occupancy rate dropped 7.3%.
- Earnings per share EUR 0.10 (0.06)
- Direct result (EPRA) EUR 12.3 (12.7) million, down 3.1%
- Direct result per share, diluted (EPRA) EUR 0.12 (0.12)
- Net asset value per share (EPRA) EUR 4.65 (4.47)

Key Indicators	1-3/ 2016	1-3/ 2015	1-12/ 2015
Net sales, EUR million	41.1	41.2	170.6
EBITDA, EUR million	21.9	22.2	93.0
Operating profit, EUR million	21.4	15.3	88.9
Net result for the period, EUR million	13.8	9.2	50.0
Earnings/share, EUR	0.10	0.06	0.38
Cash flow from operations/share, EUR	0.19	0.13	0.60
Equity ratio, %	38.0	37.7	39.3
Equity/share, EUR	4.22	4.15	4.36

EPRA-based Key Indicators	1-3/ 2016	1-3/ 2015	1-12/ 2015
Direct result, EUR million	12.3	12.7	55.0
Direct result/share, diluted, EUR	0.12	0.12	0.52
Net asset value/share, EUR	4.65	4.47	4.70
Net rental yield, %	7.7	7.8	7.7
Financial occupancy rate, %	92.5*	93.8	94.6*

* 3/2016: 15,250 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.

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:

"We had a solid first quarter despite the expected drop in occupancy in Oulu. Without currency impact, net sales grew 1.4% while EBITDA was up 0.5%. EBITDA included a EUR +0.8 million one-off, and the EBITDA margin came in at 53.3% (53.9%). Our financial occupancy declined to 92.5% (93.8%) from 94.6% in Q4 2015. The reason for this is a 7.3 % drop in Oulu occupancy year-on-year. On the other hand, we were able to boost our average rent over the previous quarter in Finland, as well as year-on-year.

In the long term, Oulu is gradually recovering. The challenge now is to find customers for the 15,800 m² of office

space released from the agreements that we prematurely terminated in 2015. To put this into perspective, in 2015 we did 24,000 m² in new deals in Oulu and in 2016 so far another 12,000 m² of new deals. To achieve equilibrium, we must be successful in our sales efforts, but we must also reduce capacity in Oulu. This process may take a couple of years.

There have also been positive developments in the first months of the year. Our service business grew by 14.5% and service penetration reached 12.6%. In Tallinn, we completed the new Lõõtsa 5 building with a 100% occupancy rate. In April, Innopoli 3 in Espoo received a LEED Gold certificate, and our flagship coworking space, UMA Esplanadi, was opened in the heart of Helsinki in May.

We are pleased with the lower loan-to-value ratio and improved operational cash flow. We also paid off the remainder of our EBRD loan, which will reduce currency-related volatility since the euro-denominated loan was funding our Russian operations.

The transaction market shows no signs of cooling down. In Europe interest rates are expected to stay low at least through 2017, which means that a lot of capital is looking for yield from properties. This is having an impact on the execution of our growth strategy. However, there are opportunities on our target markets that offer good strategic fit and risk adjusted returns. We will be disciplined in our pursuit of deals and we will not stray from our investment criteria. As for divestitures, the appetite among both foreign and domestic investors in the Finnish real estate market still appears to be increasing and gradually expanding outside prime locations.

We will keep growing organically. The pre-let rates of our current projects grew nicely in Tampere and Vilnius during the first quarter. In Helsinki, we have started planning the third phase of our Ruoholahti campus.

We will continue to focus on operational excellence, superior customer service and cost-efficiency in order to enhance our competitive advantage in a challenging business environment. We will continue to build our service penetration, and expand our network of shared working environments under the Technopolis brand.”

Operating Environment

In the euro area, consumer confidence is on high levels in most countries. Inflation is likely to remain very low. Lower oil prices strain the fiscal positions and currencies of Norway and Russia and weigh on their growth prospects. The sharpest falls in energy and raw material prices seem to have bottomed out, and the price of oil has already shown signs of recovery.

Finland	2015	2016e	2017e
Gross Domestic Product, change y/y, %	0.5	0.9	1.2
Consumer Price Index, change y/y, %	-0.2	0.3	1.3
Unemployment rate, %	9.4	9.3	9.0

Source: Statistics Finland and Ministry of Finance, Apr 19, 2016

Finland had a GDP growth of 0.5% in 2015, after three years of recession. The Ministry of Finance foresees sluggish recovery for the Finnish economy (Economic Survey, April 14, 2016). Investments are expected to return to clear growth in 2016 and private consumption growth will be supported by moderate price trends. The number of persons employed is estimated to turn to growth of 0.3% in 2016.

However, the economy is still practically at a standstill. The difficulties in exports as well as the lack of confidence and growth prospects foreshadow difficulties relating to domestic demand. There is a difference between the economic development of Finland and that of rest of the Western world, and the gap seems to be getting wider.

The rental market in Finland remained quiet due to the weak 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 rate was 11.5%, with 17.1% vacancy at 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 supported the values in real estate. The strong investor demand has further pressed yield requirements of the best properties. In the last quarter of 2015, yield requirement at the Aviapolis area was 7.0% and 5.7% in Ruoholahti. The transaction volume is estimated to stay high during 2016. (Catella and Newsec Market Reviews for Finland, Spring 2016)

Norway	2015	2016e	2017e
Gross Domestic Product, change y/y, %	1.6	0.9	1.7
Consumer Price Index, change y/y, %	2.2	2.8	2.3
Unemployment rate, %	4.4	4.7	4.5

Source: Statistics Norway and Bloomberg, May 2, 2016.

In Norway, oil-related activities have contracted sharply and the decline is set to continue. As unemployment increases, the slowdown may spread to the broader economy. On the other hand, the weaker krone has improved competitiveness, however, so far non-oil-related manufacturing shows no signs of upswing. Households may be capable of sustaining their consumption level fairly well.

The competition has been tough in the Norwegian office market. However, rents rose steadily in all markets in 2015, and this trend is set to continue through 2016. (Newsec Property Outlook Spring 2016)

Estonia	2015	2016e	2017e
Gross Domestic Product, change y/y, %	1.1	2.4	3.0
Consumer Price Index, change y/y, %	-0.5	1.3	2.2
Unemployment rate, %	6.2	6.0	6.6

Source: Statistics Estonia and Bloomberg, May 2, 2016

Estonia has been able to replace its exports to Russia with increased exports to Sweden and other EU countries. European demand is expected to strengthen this year, which should have a positive impact on investments.

Tallinn dominates the Estonian office market. The supply of new office premises is growing, and oversupply is starting to show. Thus, 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	-1.5	1.2
Consumer Price Index, change y/y, %	15.6	8.0	6.7
Unemployment rate, %	5.6	6.3	6.0

Source: Bloomberg, May 2, 2016

The decline in oil prices, sanctions, weak currency and structural problems will continue to impact the Russian economy. Structural problems include a poor business climate, corruption, heavy central government influence and an obsolete infrastructure. The heaviest direct economic impact comes from falling investments and consumption.

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 rate has been lower than that of Class B offices in St. Petersburg. In the first quarter, 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	3.0
Consumer Price Index, change y/y, %	-0.9	1.5	2.0
Unemployment rate, %	9.1	8.5	8.0

Source: Statistics Lithuania & Bloomberg, May 2, 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 pickup in business investments are expected to boost

GDP growth.

The demand for modern office space remains strong in Vilnius. Office vacancy was below 1% for Class A and 3% for Class B offices. 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 742,950 m² (744,600 m²).

Finland

Finland	1-3/2016	1-3/2015	Change, %	1-12/2015
Number of campuses	16	16	-	16
Rentable space, m ²	530,650*	542,000	-2.0	526,900*
Average rent, EUR/m ²	17.23	17.08	0.9	17.02
Financial occupancy rate, %	90.5*	92.2	-1.7 ppt	92.9*
Net rental income, EUR million	25.2	26.3	-4.0	107.4
Net sales, EUR million	29.6	30.4	-2.7	125.0
EBITDA, EUR million	15.8	16.0	-1.4	69.0
Market yield requirement, average, %	7.8	7.9	-0.1 ppt	7.8
Fair value of investment properties, EUR million	994.1	958.8	3.7	984.8

* 3/2016: 11,800 m² under renovation. 12/2015: 16,700 m² under renovation.

Average rent increased by 0.9% due to changes in the property portfolio, while rental development in the market remained stable. The vacant space in Oulu caused the decline in the financial occupancy rate. Fair values increased due to market yield compression and progress in organic investment projects. The increase in rentable space compared to Q4 2015 was solely due to changes in space under renovation.

Baltic Rim

Baltic Rim	1-3/2016	1-3/2015	Change, %	1-12/2015
Number of campuses	3	3	-	3
Rentable space, m ²	148,100	139,100	6.5	147,000
Average rent, EUR/m ²	14.18	14.26	-0.6	15.15
Financial occupancy rate, %	99.1	99.7	-0.6 ppt	99.5
Net rental income, EUR million	6.4	6.0	6.4	25.1
Net sales, EUR million	7.0	6.3	10.4	26.8
EBITDA, EUR million	3.9	3.3	21.2	14.2
Market yield requirement, average, %	8.6	8.9	-0.3 ppt	8.7
Fair value of investment properties, EUR million	254.8	242.3	5.2	246.7

The Baltic Rim segment has three campuses in three countries: Tallinn in Estonia, Vilnius in Lithuania and St. Petersburg in Russia. Rentable space increased due to new building in Tallinn. Occupancy decreased in Tallinn and Vilnius. The weakening Ruble had an impact of -0.2 million in EBITDA. The decrease in average rent compared to Q4 2015 was caused mostly by RUB currency changes. Fair value development has been positive in all three cities.

Scandinavia

Scandinavia	1-3/2016	1-3/2015	Change, %	1-12/2015
Number of campuses	1	1	-	1
Rentable space, m ²	64,200*	63,500	1.1	66,500*
Average rent, EUR/m ²	20.13	22.61	-11.0	21.50
Financial occupancy rate, %	95.8*	96.2	-0.4 ppt	97.1*
Net rental income, EUR million	4.2	4.4	-4.1	17.8
Net sales, EUR million	4.5	4.5	0.7	18.8
EBITDA, EUR million	2.2	2.3	-7.8	9.9
Market yield requirement, average, %	6.1	6.3	-0.2 ppt	6.1
Fair value of investment properties, EUR million	198.3	209.9	-5.5	194.4

* 3/2016: 3,440 m² under renovation, 12/2015: None.

Scandinavia currently includes the company's Oslo campus. Compared to the first quarter in 2015, the decrease in average rent was caused by the weakening of the Norwegian krone, which also burdened the EBITDA by EUR 0.2 million. However, the NOK strengthened against euro during the beginning of 2016, which explains the improvement in fair values against Q4 2015.

Financial Performance

The Group's rental income amounted to 35.8 (36.6) million, down 2.2% compared to the first quarter in 2015. Service income amounted to EUR 5.2 (4.6) million, an increase of 14.5%. The Group's net sales in total reached 41.1 (41.2) million, down 0.3%. Net sales converted into euros were adversely impacted by EUR 0.7 million due to the weakening NOK and RUB. On a constant currency basis, net sales were up 1.4%.

A gain on disposal of shares in a parking garage company (Yrttiparkki in Oulu) resulted in other operating income of 0.8 (0.0) million. Premises expenses totaled EUR 10.4 (10.1) million, up 3.6%. The increase is mainly due to an increase in heating expenses due to the colder winter this year as well as property taxes. Technopolis has not changed the booking principles for property taxes. As before, property taxes are periodized evenly over the financial year, and EUR 1.7 million was booked in the first quarter. Other expenses increased to EUR 6.2 (5.0) million, up 23.3%. The increase is mainly due to investments in our service operations.

The Group's EBITDA totaled EUR 21.9 (22.2) million, down 1.5%. The EBITDA margin was 53.3% (53.9%). The weakening NOK and RUB reduced the EBITDA by EUR 0.4 million. On a constant currency basis, EBITDA was up 0.5%. EBITDA for real estate operations amounted to 23.5 (24.0) million. EBITDA for services was 0.5 (0.4) 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 Group's operating profit rose to EUR 21.4 (15.3) million. The 40.0% increase was due to improvement in fair values of investment properties. Changes in fair values during the quarter totaled EUR 0.5 (-5.9) million. The biggest impact came from changes in net yield requirements. Changes in fair values compared to the fourth quarter in 2015 break down as follows:

EUR million	Net yield requirements	Occupancy rate assumptions	Modernization	Other	Projects in progress	Total
Finland	3.4	-0.6	-4.5	-0.8	0.8	-1.7
Baltic Rim	2.0	-1.0	1.9	-1.0	0.9	2.8
Scandinavia	2.5	0.0	-0.6	-2.5	0.0	-0.6
Total	7.9	-1.6	-3.2	-4.3*	1.7	0.5

*Mainly contract changes

Finance income and expenses totaled -5.2 (-7.2) million. The change is mainly attributable to currency impact. Pre-tax profits totaled EUR 16.3 (10.2) million. The net result for the period was EUR 13.8 (9.2) 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 12.3 (12.7) million. A decrease of 3.1% was caused by increased other operating expenses and non-controlling interest (40% of Kuopio-based business was sold in April 2015). Diluted earnings per share amounted to EUR 0.12 (0.12).

Customers and Lease Stock

Technopolis has a total of approximately 1,700 customers. The ten largest customers let approximately 18.7% of rented space as of March 31, 2016.

Lease stock, % of space Maturity, years	March 31, 2016	Dec 31, 2015	Sept 30, 2015	June 30, 2015	March 31, 2015
< 1	21	22	21	21	21
1 - 3	22	20	21	22	22
3 - 5	14	15	11	11	10
> 5	17	19	23	22	22
Open-ended leases	25	24	24	24	25
Average lease term in months	35	36	37	38	38
Lease stock, EUR million	407.7	429.7	430.6	437.4	452.2

Lease stock in EUR decreased by EUR 22.0 million from Q4 2015. Of this, 7.5 million was due to NOK and RUB exchange rates.

Investments

Construction projects in progress at the end of the reporting period, their rentable areas and estimated investment amounts on March 31, 2016 are as follows:

Area	Name	Pre-let rate, %	m ²	EUR million	Stabilized yield, % *)	Completion
Tampere	Yliopistonrinne 3-4	62.8	11,900	40.5	7.2	07/2016
Vilnius	Delta	52.7	21,600	35.4	9.8	12/2016

*) Stabilized yield = estimated net operating income / cost

Financing

The Group's balance sheet total was EUR 1,581.2 (1,532.1) million, with liabilities accounting for EUR 983.7 (957.3) million. The Group's equity per share was EUR 4.22 (4.15), its equity ratio was 38.0% (37.7%) and its loan-to-value ratio (LTV) was 56.7% (59.1%). LTV improved due to pay down of debt and increased fair values of investment properties. At the period-end, the Group's net gearing was 138.7% (143.4%) and its interest coverage ratio was 4.6 (5.5).

The Group's interest-bearing liabilities amounted to EUR 851.6 (852.4) million. The average capital-weighted loan maturity was 5.8 (6.1) years at the end of the period. A total of 27.3% (38.9%) of the Group's interest-bearing liabilities were floating-rate loans and 72.7% (61.1%) were fixed-rate loans with maturities of 13-60 months. The average interest rate on interest-bearing liabilities excluding the hybrid loan was 2.55% (2.35%). The increase was mainly due to a higher hedging ratio and interest rates on the EUR 150 million bond issued in May 2015.

A total of 3.2% (2.3%) of all interest-bearing liabilities were pegged to the under-3-month Euribor rate and 24.1% (36.6%) to the Euribor rates from 3 to 12 months. The Group's interest fixing period was 2.6 (2.7) years at the end of the period. At the end of the reporting period, interest rate swaps covered EUR 588.4 (498.4) million of the principal. The hedging ratio for interest-bearing liabilities was 57.3% (58.5%) and the average hedging period was 5.4 (5.3) years.

At the end of the reporting period, Technopolis had EUR 103.1 (135.3) million in untapped credit facilities. The credit facilities included a EUR 92.3 (128.6) million credit line and a EUR 10.8 (6.7) million revolving credit facility. In addition, the company has a EUR 150.0 (150.0) million commercial paper program, of which EUR 26.5 (76.5) million was outstanding at the end of the reporting period. At the same time, the Group had cash and cash equivalents worth EUR 23.1 million.

During the 12-month period following the reporting period, EUR 128.2 (166.9) million in existing interest-bearing loans will mature.

Technopolis had interest-bearing liabilities with covenants amounting to EUR 671.3 (623.0) million. Of this total, EUR 448.5 (369.3) million had equity ratio-linked covenants. Of these loans, EUR 393.8 (303.6) million include a call provision. If the equity ratio falls below 33%, EUR 54.7 (85.3) million of the loan principal could be called in. If the equity ratio falls below 30%, EUR 243.8 (303.6) million of the loan principal could be called in. The principal of EUR 116.1 (154.8) 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 0.6 (0.8) 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 851.6 (852.4) million. A one percentage point increase in market rates would cause a EUR 1.3 (2.1) million increase in interest costs per annum.

Finland represents 68.7% of the Group's assets (fair values of investment properties) and 72.0% 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 and Russian ruble. The direct impact of changes in exchange rates on the Group's operating profit, balance sheet and equity ratio as March 31, 2016 are presented below. The table does not include conversion impacts of FX changes on net sales and EBITDA.

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	-5.9	-5.9	37.8%
RUB +10	0.0	7.2	7.2	38.3%
NOK -10	0.0	-7.5	-7.5	38.0%
NOK +10	0.0	9.2	9.2	38.0%

At the end of the period, the Group's currency exposure towards the Russian ruble was EUR 0.1 million in liabilities and RUB 4.95 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 776 million.

In March, the ten largest customers accounted for 16.3% 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 [Annual Report](#). 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 247 (221) people. The increase in personnel is mainly due to insourcing of reception personnel and recruitment of other service personnel. On average, rental operations employed 82 people, service operations 111 people and Group administration 54 people. The number of personnel at the period end was 246 (227).

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.

	1-3/2016	1-3/2011	Change, %	Target 2020
Energy consumption, kWh/m ²	77.2	81.5	-5.3%	-12%
Water consumption, m ³ /person	1.0	1.3	-23.4%	-35%
CO ₂ emissions, CO ₂ e kg/m ²	15.5	25.5	-38.9%	-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, and Lithuania. 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 was held on March 30, 2016 in Espoo.

Annual Accounts and Payment of Dividends

The Annual General Meeting approved the annual accounts for the financial year 2015 and discharged the company's management from liability. 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 to shareholders who were recorded in the shareholders' register of the company held by Euroclear Finland Ltd on the dividend record date of April 1, 2016. The dividend was paid on April 8, 2016.

Election and Remuneration of the Board of Directors

The AGM decided that the Board of Directors shall comprise six members. Carl-Johan Granvik, Jorma Haapamäki, Juha Laaksonen, Pekka Ojanpää, Reima Ryttsölä and Annica Ånäs were elected members of the Board of Directors for a term of office expiring at the end of the next Annual General Meeting. Carl-Johan Granvik was elected Chairman of the Board of Directors. Jorma Haapamäki was elected Vice Chairman of the Board of Directors.

The members of the Board of Directors shall be paid annual remuneration as follows: EUR 55,000 to the Chairman of the Board, EUR 31,500 to the Vice Chairman of the Board and EUR 26,250 to each of the other members of the Board. For participation in the meetings of the Board of Directors each member of the Board of Directors shall, 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. Each member of the Board of Directors whose place of residence is outside of Finland 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 a fee of EUR 900 and the chairmen of the committees a fee of EUR 1,200 for each committee meeting, provided that the member of the Board of Directors is physically present at the meeting venue. The travel expenses of the members of the Board of Directors and the members of the committees shall be compensated in accordance with the company's travel policy.

40% of the annual remuneration shall be paid in Technopolis Plc shares acquired on the market 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 shall 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.

Election and Remuneration of the Auditor

KPMG Oy Ab, authorized public accountants, was re-elected auditor of the company. KPMG Oy Ab has notified that Ari Eskelinen, APA, will act as responsible auditor. The remuneration to the auditor shall be paid against the auditor's reasonable invoice.

Authorizations of the Board of Directors

The AGM 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 10,650,000 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, 2017.

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 10,650,000 shares, which corresponds to approximately 10% 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,

2017.

Stock-Related Events and Disclosures of Changes in Holdings

On 18 January 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) has 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 May 10, 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 and votes.

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. After the reporting period, the Board used the authorization to issue shares for the rewards of the Performance Share Plan (see next paragraph). After this, the Board authorization to issue or give special rights entitling holders to shares referred to in the Limited Liability Companies Act is valid for 10,545,010 shares.

Post-Fiscal Events

On 25 April 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 30 March 2016.

Helsinki, May 10, 2016

Technopolis Plc
Board of Directors

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

Technopolis' interim report for January - June 2016 will be published on August 26, 2016.

Tables

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

The financial review 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:

CONSOLIDATED INCOME STATEMENT	1-3/ 2016	1-3/ 2015	1-12/ 2015
Currency unit: EUR million			
Rent income	35.8	36.6	150.3
Service income	5.2	4.6	20.3
Net sales total	41.1	41.2	170.6
Other operating income	0.8	0.0	0.1
Premises expenses	-10.4	-10.1	-38.9
Administration costs 1)	-3.4	-3.9	-13.9
Other operating expenses	-6.2	-5.0	-24.8
EBITDA	21.9	22.2	93.0
Change in fair value of investment properties	0.5	-5.9	1.3
Depreciation	-1.0	-1.1	-5.4
Operating profit/loss	21.4	15.3	88.9
Unrealized exchange rate profit/loss	0.1	2.1	-3.2
Finance income and expenses	-5.2	-7.2	-30.5
Result before taxes	16.3	10.2	55.1
Deferred taxes	0.5	1.1	-0.5
Current taxes	-3.0	-2.1	-4.6
Net result for the period	13.8	9.2	50.0
Distribution:			
To parent company shareholders	11.7	7.9	44.8
To non-controlling shareholders	2.1	1.4	5.3
	13.8	9.2	50.0
Earnings per share, basic, EUR	0.10	0.06	0.38
Earnings per share, diluted, EUR	0.10	0.06	0.38
STATEMENT OF COMPREHENSIVE INCOME			
Net result for the period	13.8	9.2	50.0
Other comprehensive income items			
Items that may be reclassified subsequently to profit or loss:			
Translation difference	4.1	12.0	-9.1
Available-for-sale financial assets	0.0	0.0	0.0
Derivatives	-10.0	0.2	2.5
Taxes related to other comprehensive income items	2.0	-0.1	-0.6
Other comprehensive income items after taxes for the period	-3.9	12.1	-7.1
Comprehensive income for the period, total	9.9	21.3	42.9
Distribution:			
To parent company shareholders	7.2	18.3	39.6
To non-controlling shareholders	2.7	3.0	3.3
	9.9	21.3	42.9

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

STATEMENT OF FINANCIAL POSITION, ASSETS

Currency unit: EUR million	March 31, 2016	March 31, 2015	Dec 31, 2015
Non-current assets			
Intangible assets	5.4	6.6	5.4
Tangible assets	13.7	12.7	12.0
Completed investment properties	1,447.2	1,410.9	1,426.0
Investment properties under construction	48.7	26.2	40.4
Investments	6.8	10.8	6.8
Deferred tax assets	19.7	19.5	15.9
Non-current assets	1,541.4	1,486.7	1,506.5
Current assets	39.8	45.4	55.6
Assets, total	1,581.2	1,532.1	1,562.1

STATEMENT OF FINANCIAL POSITION, SHAREHOLDERS' EQUITY AND LIABILITIES

Currency unit: EUR million	March 31, 2016	March 31, 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	193.6	204.5	202.7
Translation difference	-23.9	-9.8	-27.4
Retained earnings	143.9	120.8	121.3
Net profit for the period	11.7	7.9	44.8
Parent company's shareholders' interests	515.1	513.0	531.0
Non-controlling interests	82.4	61.8	79.7
Shareholders' equity, total	597.5	574.8	610.8
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	723.4	685.5	725.8
Non-interest-bearing liabilities	0.7	0.6	0.7
Deferred tax liabilities	34.9	34.5	33.9
Non-current liabilities, total	759.0	720.7	760.5
Current liabilities			
Interest-bearing liabilities	128.2	166.9	139.0
Non-interest-bearing liabilities	96.5	69.8	51.9
Current liabilities, total	224.7	236.6	190.9
Liabilities, total	983.7	957.3	951.4
Shareholders' equity and liabilities, total	1,581.2	1,532.1	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					7.9	1.4	9.2
Other comprehensive income items							
Translation difference				10.5	0.0	1.5	12.0
Derivatives			0.0			0.1	0.1
Available-for-sale financial assets			0.0				0.0
Comprehensive income for the period			0.0	10.5	7.9	3.0	21.3
Related party transactions							
Dividend					-15.9	-0.7	-16.6
Acquisition of own shares					-1.1		-1.1
Interest paid to equity related bond					-4.5		-4.5
Other changes			0.0		0.1	0.0	0.1
Related party transactions			0.0		-21.4	-0.7	-22.1
Equity March 31, 2015	96.9	18.6	278.7	-9.8	128.7	61.8	574.8
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					11.7	2.1	13.8
Other comprehensive income items							
Translation difference				3.6		0.6	4.1
Derivatives			-8.0			0.0	-8.0
Available-for-sale financial assets			0.0				0.0
Other changes							0.0
Comprehensive income for the period			-8.0	3.6	11.7	2.7	9.9
Related party transactions							
Dividend					-17.8	0.0	-17.8
Acquisition of own shares			-1.1				-1.1
Interest paid to equity related bond					-4.5		-4.5
Investment of non-controlling interests						0.0	0.0
Other changes			0.0		0.1		0.1
Related party transactions			-1.1		-22.1	0.0	-23.2
Equity March 31, 2016	96.9	18.6	267.9	-23.9	155.6	82.4	597.5

STATEMENT OF CASH FLOWS

Currency unit: EUR million	1-3/ 2016	1-3/ 2015	1-12/ 2015
Cash flows from operating activities			
Net result for the period	13.8	9.2	50.0
Adjustments:			
Change in fair value of investments properties	-0.5	5.9	-1.3
Depreciation	1.0	1.1	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	-0.4	-2.0	3.4
Financial income and expenses	5.6	7.1	30.5
Taxes	2.5	1.0	5.3
Increase / decrease in working capital	4.0	0.3	-2.4
Interests received	0.1	0.0	0.3
Dividends received	0.0	0.0	0.0
Interests paid and fees	-2.4	-3.9	-14.0
Other financial items in operating activities	-1.1	-3.7	-10.5
Taxes paid	-3.5	-0.8	-3.4
Net cash provided by operating activities	18.2	14.3	63.6
Cash flows from investing activities			
Investments in investment properties	-13.4	-12.2	-67.7
Investment in tangible and intangible assets	0.0	0.0	-2.5
Investments in other securities		0.0	0.0
Granted loans	0.0		
Proceeds from sale of investments	0.0		0.0
Proceeds from sale of tangible and intangible assets	0.0	0.0	0.3
Sale of subsidiaries	1.4		
Net cash used in investing activities	-12.1	-12.2	-69.9
Cash flow from financing activities			
Increase in long-term loans	14.3	47.5	278.9
Decrease in long-term loans	-30.9	-62.7	-210.6
Dividends paid and return of capital			-18.7
Acquisition of own shares	-1.1	-1.1	-4.8
Capital investment by the minority	0.0		20.3
Hybrid bond interest paid	-5.6	-5.6	-5.6
Change in short-term loans	0.9	18.7	-41.3
Net cash provided by financing activities	-22.4	-3.2	18.3
Net increase/decrease in cash assets	-16.3	-1.2	12.0
Effects of exchange rate fluctuations on cash held	0.1	2.3	-0.9
Cash and cash equivalents at period-start	39.4	28.3	28.3
Cash and cash equivalents at period-end	23.1	29.3	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	1-3/ 2016	1-3/ 2015	1-12/ 2015
Net sales			
Finland	29.6	30.3	125.0
Baltic Rim	7.0	6.3	26.8
Scandinavia	4.5	4.5	18.8
Total	41.1	41.2	170.6
EBITDA			
Finland	15.8	16.0	69.0
Baltic Rim	3.9	3.3	14.2
Scandinavia	2.2	2.3	9.9
Unallocated	0.0	0.6	0.0
Total	21.9	22.2	93.0

Assets			
Finland	1,136.8	1,060.5	1,111.5
Baltic Rim	285.1	281.1	286.6
Scandinavia	212.8	229.0	208.6
Eliminations	-53.5	-38.5	-44.5
Total	1,581.2	1,532.1	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 any non-recurring 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	1-3/ 2016	1-3/ 2015	1-12/ 2015
Currency unit: EUR million			
Net sales	41.1	41.2	170.6
Other operating income	0.0	0.0	0.0
Other operating expenses	-20.0	-19.0	-77.6
Depreciation	-1.0	-1.1	-3.9
Operating profit/loss	20.1	21.1	89.1
Finance income and expenses, total	-5.3	-5.8	-24.9
Result before taxes	14.8	15.3	64.2
Taxes for direct result items	-0.7	-1.5	-3.5
Non-controlling interests	-1.9	-1.1	-5.7
Direct result for the period	12.3	12.7	55.0
INDIRECT RESULT			
Non-recurring items	0.8	0.0	-1.5
Change in fair value of investment properties	0.5	-5.9	1.3
Operating profit/loss	1.3	-5.9	-0.2
Other indirect financial expenses	0.2	0.8	-8.8
Result before taxes	1.5	-5.1	-9.0
Taxes for indirect result items	-1.8	0.5	-1.6
Non-controlling interests	-0.3	-0.2	0.4
Indirect result for the period	-0.6	-4.8	-10.2
Result for the period to the parent company shareholders, total	11.7	7.9	44.8
Earnings per share, diluted			
From direct result	0.12	0.12	0.52
From indirect result	-0.01	-0.05	-0.10
From net result for the period	0.11	0.07	0.42
Effect of the interest expenses from equity related bond	-0.01	-0.01	-0.04
From adjusted net result for the period	0.10	0.06	0.38

KEY INDICATORS	March 31,2016	March 31,2015	Dec 31,2015
Change in net sales, %	-0.3	3.8	5.5
Operating profit/loss/net sales, %	52.1	37.1	52.1
Change in EBITDA, %	-1.5	7.9	6.7
Service revenue of Net Sales, %	12.6	11.1	11.9
Interest coverage ratio	4.6	5.5	4.3
Equity ratio, %	38.0	37.7	39.3
Loan to value, %	56.7	59.1	58.8
Group company personnel during the period, average	247	221	239
Gross expenditure on assets, MEUR	14.7	32.7	89.0
Net rental yield of investment properties, % 2)	7.1	7.8	7.7
Financial occupancy rate, %	92.5	93.8	94.6
Earnings/share			
basic, EUR	0.10	0.06	0.38
diluted, EUR	0.10	0.06	0.38
Cash flows from operating activities/share, EUR	0.19	0.13	0.60
Equity/share, EUR	4.22	4.15	4.36
Average issue-adjusted number of shares 3)			
basic	104,471,130	105,788,468	105,553,364
diluted	104,471,130	105,788,468	105,553,364
Issue-adjusted number of shares at the end of period	104,459,071	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 (2,052,561 shares) are excluded from the number of shares.

	1-3/ 2016	1-3/ 2015	1-12/ 2015
CHANGE IN VALUE OF INVESTMENT PROPERTIES			
Change in fair value, Finland	0.5	-6.3	7.5
Change in fair value, Baltic Rim	2.0	1.6	7.3
Change in fair value, Scandinavia	0.0	0.3	4.8
Change in fair value	2.5	-4.4	19.6
Changes in acquisition costs of investment properties in financial year	-3.7	-5.3	-29.8
Changes in fair value of projects in progress	1.7	3.9	11.5
Effect on profit of change in value of investment properties	0.5	-5.9	1.3

CONTINGENT LIABILITIES	March 31, 2016	March 31, 2015	Dec 31, 2015
Currency unit: EUR million			
Pledges and guarantees on own debt			
Mortgages of properties	920.4	1,036.2	956.1
Pledged securities and investment properties	709.8	773.9	712.1
Pledges for land lease payments	3.6	3.6	3.6
Other guarantee liabilities	57.5	112.5	97.2
Leasing liabilities, machinery and equipment	4.3	4.9	4.6
Project liabilities	0.2	0.2	0.2
Interest rate and currency swaps			
Nominal values	588.4	498.4	546.5
Fair values	-25.7	-17.1	-15.3

BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES March 31, 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)		0.7			0.7
Available for sale non-quoted financial assets (level 3)		0.8			0.8
Other non-current receivables	0.1				0.1
Total	0.1	1.5			1.6
Current assets					
Trade and other receivables					
Sales receivables	5.5				5.5
Other current receivables	11.1				11.1
Cash and cash equivalents	23.1				23.1
Derivatives					
Interest rate swaps (level 2)				0.0	0.0
Total	39.8			0.0	39.8
Non-current liabilities					
Financial liabilities recognized at amortized cost					
Non-current finance lease liabilities (level 2)			31.1		31.1
Non-current interest-bearing liabilities (level 2)			692.3		692.3
Non-current non-interest-bearing liabilities (level 2)			0.7		0.7
Other non-current liabilities			34.9		34.9
Total			759.0		759.0
Current liabilities					
Financial liabilities at fair value through profit or loss					
Derivatives					
Interest rate swaps, not meeting the criteria for hedge accounting (level 2)				25.7	25.7
Financial liabilities recognized at amortized cost					
Current finance lease liabilities			3.3		3.3
Other current interest-bearing liabilities			99.1		99.1
Trade and other payables			85.8		85.8
Purchase price liabilities			10.7		10.7
Total			199.0	25.7	224.7