TECHNOPOLIS PLC INTERIM REPORT July 16, 2010 at 12:20

TECHNOPOLIS GROUP INTERIM REPORT JANUARY 1 – JUNE 30, 2010

Highlights for period 1 – 6/2010 compared with 2009
- Net sales rose to EUR 39.2 million (EUR 38.2 million)
- EBITDA rose to EUR 20.6 million (EUR 19.7 million)
- Net sales and EBITDA were improved by a EUR 0.8 million early capital lease repayment
- Operating profit rose to EUR 20.9 million (EUR -9.1 million) including a change of EUR 0.7 million (EUR -28.6 million) in the fair value of investment properties
- Profit before taxes totaled EUR 15.8 million (EUR -15.4 million)
- The financial occupancy rate was 92.8 % (94.2 %)
- The Group's equity ratio was 38.0 % (37.8 %)
- The direct result rose to EUR 10.5 million (EUR 10.1 million), and direct result per share (diluted) was EUR 0.18 per share (EUR 0.18)
- Earnings per share (undiluted) were EUR 0.17 (EUR -0.20) and diluted EUR 0.17 (EUR -0.20)
- The Group's Management estimates that the growth of net sales and EBITDA will be 0 – 2 %. The earlier estimate was that in 2010 net sales will grow 0 – 2 % and that EBITDA in 2010 will remain at the 2009 level.

Keith Silverang, CEO:

"The business environment has stabilized, but there is intense competition. The competitive advantage of the Technopolis concept has been significant in these challenging conditions.

Growth in the international market is proceeding one step at a time. The pre-occupancy rate of Pulkovo in St. Petersburg increased to nearly 40 % during the second quarter, even before the building has been commissioned. The Technopolis Ülemiste joint venture deal in Tallinn is expected to be closed in the early fall 2010. Organic growth continued in Finland, and approximately 31,000 gross square meters are under construction in the Helsinki Metropolitan Area, Kuopio and Tampere.

The Group's direct result and cost-effectiveness were good. The market yields affecting the fair value of investment properties slightly decreased, and the fair market value of investment properties did not change much during the reporting period.

The Group continues to benefit from low market interest rates. The average interest rate of the Group's loan portfolio was 2.08 % at the end of the reporting period. On the other hand, we are gradually preparing for a rate increase, and the first interest rate swaps have been carried out.

A directed share issue of EUR 19.4 million, carried out successfully in May, has strengthened the Group's capital structure and will facilitate domestic and international growth projects."

Business Conditions in Finland and St. Petersburg

After the economic downturn, European economic growth has continued to be modest, and the pace of growth is clearly slower than in the rest of the world. The gross domestic product in the Euro area increased in January through March by 0.2 % compared to the previous quarter, and by 0.5 % compared to the previous year. The Finnish economy is picking up slightly as a result of the fact that its gross domestic product has grown faster than the Euro area, and that employment in Finland has developed better than forecasted. It is possible that the growth estimates for 2010 will be adjusted in the fall. In Finland, inflation rose in April to 1.6 %. (source: The Research Institute of the Finnish Economy, June 2, 2010). The Bank of Finland predicts that economic growth will be weak until early 2011, and growth in total output will be clearly more sluggish than before the economic crisis. (Source: the Bank of Finland, Economic Outlook 1/2010.)

The office space vacancy rate rose in nearly all Finnish growth centers in spring 2010, but remained below 8%. The vacancy rate for office space in the Helsinki metropolitan area continued to rise, climbing to 12.3 %. The problems of the real economy will be reflected in the rental market. Catella predicts that the vacancy rates for office space will continue to increase in 2010. (Source: Catella, Market Review, spring 2010.)

The office market in St. Petersburg has experienced an upturn since the first quarter, and the rents for class A and class B properties remained stable. The demand is being driven largely by companies relocating to new premises, while the amount of new companies entering the market is low. (Source: Jones Lang LaSalle, St. Petersburg office market, Q1 2010.)

Operations

Technopolis has two operational segments based on two geographic units: Finland and Russia. The segmentation is based on the Group’s existing internal reporting procedures and the organization of the Group’s operations.

In spite of the decline in global economic conditions, the demand for innovation environments in Technopolis’ areas of operation has remained satisfactory, and the Group’s financial occupancy rate has remained on a satisfactory level, standing at 92.8 % at the end of the second quarter (94.0 % on March 31, 2010, and 94.2 % on June 30, 2009).

Over the last 18 months, competition in the office rental market has intensified in the communities where Technopolis operates in Finland. However, the company’s occupancy rates are above average in nearly all domestic growth centers.

The Group’s net sales for the period under review were EUR 39.2 million (EUR 38.2 million in 2009), an increase of 2.7 %, including compensation of EUR 0.8 million for premature lease termination. Rental revenues accounted for 83.8 % (85.0 %) and service revenues for 16.2 % (15.0 %) of sales excluding the capital lease repayment. Like for like rental growth i.e. the rental revenue from comparable properties declined 2.8 %, primarily due to a decrease in the occupancy rates. Like for like is calculated by comparing the rental revenues for January through June 2010 to the same period in 2009. To ensure comparability, the rental revenues from properties commissioned or acquired during the year are excluded.

The Group’s EBITDA was EUR 20.6 million (EUR 19.7 million), an increase of 4.4 %. The Group’s operating profit was EUR 20.9 million (EUR -9.1 million), an increase of 328.8 %. The increase in operating profit mainly resulted from a change of only 0.7 million (EUR -28.6 million) in the fair market value of investment properties due to stabilized market yields. EBITDA is also improved by the compensation of EUR 0.8 million for capital lease repayment. The change in the fair market value of investment properties has no impact on the Group’s net sales, EBITDA or cash flow.

The Group’s net finance expenses totaled EUR 5.0 million (EUR 6.2 million). The Group’s profit before taxes totaled EUR 15.8 million (EUR -15.4 million). During the spring of 2010, the Group started to extend the interest rate fixing period of its loans by carrying out interest rate swaps with a nominal value of EUR 45.0 million.

The company has presented its direct result as of January 1, 2009, which provides a more precise illustration of the company's operational financial performance. The Group's direct result was EUR 10.5 million (EUR 10.1 million), an increase of 3.7 %. The direct result shows the company's result for the financial period, excluding changes in the fair value of investment properties and financial instruments during the period, as well as any non-recurring items and tax effects relating to these items.

Total assets in were EUR 752.0 million (EUR 685.7 million), an increase of 9.7 %. The Group's equity ratio at the end of the period was 38.0 % (37.8 %).

The fair market value of the Group's investment properties at the end of the period was EUR 649.4 million (EUR 584.6 million) and the fair market value of investment properties under construction was EUR 39.9 million (EUR 37.4 million). The earnings impact of the change in the fair market value of investment properties was EUR 0.7 million (EUR -28.6 million in January through June 2009) during the period under review. The change in the fair market value includes an increase in the value due to a slight decline in market yields and a change in the value of properties measured at fair value. The projected long-term inflation rate used in the fair value calculation was 2.0 %.

Net market yields are calculated by taking the average of the upper and lower ranges of net market yield, as reported by two independent appraisal agencies for each individual region. On June 30, 2010, the average net yield for Group properties was 8.01 % (8.0 % on June 30, 2009). The average ten-year occupancy rate used in the fair value calculation was 95.4 %. The Group has set a higher target for the financial occupancy rate than this. Over the period 2000-2009, the Group's average occupancy rate was 97.1 %.

The Group's total rentable space at the end of the period was 460,082 square meters (445,621 square meters on June 30, 2009). The Group's average financial occupancy rate at the end of the period was 92.8 % (94.2 %). The financial occupancy rate depicts rental revenues from the properties as a percentage of the aggregate of the rents for occupied premises and the estimated market rent for vacant space. The lease stock held by the Group totaled EUR 109.4 million (EUR 124.7 million) at the end of the reporting period. The figure does not include the lease stock of buildings under construction.

Technopolis' international growth acquisitions started when an agreement was concluded with a local Estonian technology center operator on March 26, 2010, aiming at establishing a joint venture in Estonia.

Technopolis Ülemiste will hold a property portfolio of approximately 70,000 square meters of space located next to Tallinn International Airport. Approximately 47,000 square meters of the space consists of modern office buildings under five years in age. In addition, building rights totaling approximately 150,000 square meters and suitable for office space, will be transferred to the ownership of Technopolis Ülemiste.

The pro forma enterprise value of the company to be founded, Technopolis Ülemiste, is estimated to be EUR 63.5 million with loans totaling EUR 44 million. The annual projected pro forma net sales of the company is EUR 4.75 million, while the projected EBITDA is approximately EUR 4 million. The pro forma figures have been formulated on the basis of the financial statements from the end of the previous fiscal year. Technopolis' investment in the joint venture totals EUR 9.93 million. The investment includes a EUR 0.5 million earn-out payment which will be based on the achievement of commercial targets over the next two years.

Technopolis' holding in Technopolis Ülemiste will be 51 % and the remaining 49 % will be owned by the Estonian Smart City Group As through its subsidiary

Ülemiste City As. Initially, Technopolis Ülemiste will have a share of approximately 10 % of the market for office premises in Tallinn. The impact of the agreement on the sales and earnings of Technopolis Plc will depend on how long it takes to complete the closing of the deal. Once the deal has been closed, Technopolis Ülemiste will become a subsidiary of Technopolis Plc and a part of the Technopolis Group. The acquisition is expected to be completed in the early fall 2010.

Technopolis has been continuously analyzing potential international investment targets in Europe for future growth. The key criteria are the growth potential of the innovation environment, sufficient initial scale, achieving rapid positive cash flow from operations, potential for post-acquisition growth, as well as the suitability of the targeted properties and customer base for the Technopolis concept, which combines premises with services.

Major Investments and Development Projects

Projects completed by June 30, 2010:

	Area	Gross sqm	EUR million	Occupancy rate June 30, 2010	Completed
Yliopistonrinne Phase 1 (1)	Tampere	19,200	32.3	100.0	May 2010

(1) 130 parking spaces in the building

Projects under construction on June 30, 2010:

	Area	Gross sqm	EUR million	Occupancy rate June 30, 2010	Due for completion
Pulkovo Phase 1 (2)	St. Petersburg	24,100	52.3	38.7	July-August 2010
Finn-Medi campus (3)	Tampere	14,900	29.6	90.9	November 2011
Viestikatu Phase 2 (4)	Kuopio	13,400	9.6	88.0	September 2010
Helsinki-Vantaa Phase 5, Part 2	HMA	2,830	6.0	18.5	April 2011

(2) Including plot. Leases can become binding after commissioning. Completion indicates commissioning.
(3) 43 parking spaces in the building
(4) 236 parking spaces in a garage

Construction of Phase 1 of the Technopolis Pulkovo center in St. Petersburg is proceeding according to plan. It is expected that the building will be commissioned by the authorities in the summer of 2010. Commissioning is significant, since only after the commissioning will it be possible to sign final official leases with customers. As of the end of the period under review, a total of EUR 48.5 million had been committed to the operations in St. Petersburg.

Pulkovo’s first anchor agreement was signed in June 2010. The five-year agreement concerns facilities of 5,000 square meters. As a result of the agreement, the occupancy rate of Phase 1 increased to 38.7 %

The market situation in St. Petersburg continues to be challenging, but demand is at a reasonable level. Negotiations are underway with several potential customers for a significant amount of space. At the moment, the list of prospects includes almost 95 customers, representing a space demand of approximately 100,000 square meters. It is difficult to forecast when new leases will be signed, since the normal market practice in Russia is to sign leases only upon completion of the projects.

Technopolis will build a campus for well-being services and life sciences in the Finn-Medi area in Tampere. The location will include the Eye Center of the Pirkanmaa Hospital District, a Patient Hotel for Norlandia Care Oy and a multi-user office facility for. The Eye Center and the Patient Hotel premises are leased with long-term agreements covering 84 % of the space.

Technopolis also has premises under construction in Kuopio and Helsinki-Vantaa. Both projects are expansions of existing innovation centers.

Technopolis is planning to divest properties that do not suit the innovation center operations, or are not part of the core business.

As part of a program to improve the efficiency of operations, Technopolis launched the development of a new Enterprise Resource Planning system in 2009. The new system was introduced at the beginning of April 2010. The system provides better support for the management's decision-making and daily operations. The external costs of the development project were EUR 1.7 million.

Financing

Technopolis is able to finance all of the investments approved by the Board using its current credit facilities. At the end of the reporting period, funds available to Technopolis consisted of EUR 196.4 million in untapped credit facilities, and cash amounting to EUR 17.6 million. Use of available credit limit facilities, excluding commercial paper, requires collateral arrangements. Of the long-term unused credit facilities, EUR 60.0 million is credit that has been extended by the European Investment Bank to Technopolis for future expansion projects in Finland, and EUR 31.6 million has been extended by the European Bank for Reconstruction and Development to Technopolis for Technopolis Pulkovo in Russia.

Technopolis has a EUR 90 million domestic commercial-paper program for managing its short-term liquidity, which allows the company to issue commercial paper with maturities of less than one year. The commercial paper market has recovered and the value of commercial paper issued by Technopolis after the end of the reporting period totals EUR 12.7 million. Furthermore, Technopolis has a EUR 15.0 million revolving credit account with an overdraft facility, which was not in use at the end of the reporting period.

Technopolis carried out a directed share issue for a limited number of Finnish and international institutional investors after the middle of May. All 5,700,000 shares offered were subscribed for in the issue. The subscription price was EUR 3.40 per share, and the issue raised capital totaling approximately EUR 19.4 million.

The issue had significant financial reasons because its purpose is to strengthen the company's capital structure, finance investments according to the company's investment plan, and support the company's growth.

The Group's net financial expenses totaled EUR 5.0 million (EUR 6.2 million). The Group's interest coverage ratio was 5.6 (3.3). The interest coverage ratio indicates the relation between EBITDA and accrual-based interest expenses.

The Group's total assets were EUR 752.0 million (EUR 685.7 million), of which liabilities totaled EUR 467.9 million (EUR 428.0 million). The Group's equity ratio was 38.0 % (37.8 %) The Group's net gearing was 136.7 % (142.7 %) at the end of the period. The Group's equity per share was EUR 4.84 (EUR 4.49).

At the end of the period, the Group’s interest-bearing liabilities amounted to EUR 405.8 million (EUR 373.9 million). The average interest rate on interest-bearing liabilities was 2.08 % (3.05 %) on June 30, 2010. Of interest-bearing liabilities, 75.0 % (70.5 %) were floating rate loans and 25.0 % (29.5 %) were fixed rate loans at the end of the period. The average capital-weighted loan period was 9.6 years (10.1 years). During the spring of 2010, the Group has extended the interest rate fixing period of its loans by carrying out interest rate swaps with a nominal value of EUR 45.0 million.

The Group’s loan to value ratio, i.e., the ratio of interest-bearing liabilities to the fair value of investment properties and properties under construction, was 57.9 % (58.9 %).

The Group has interest-bearing liabilities worth EUR 405.8 million, of which EUR 102.2 million include equity ratio related covenants. A decline in the equity ratio may lead to higher interest rate margins or premature repayment in these loans. The margins of some loans and bank guarantees may rise as the equity ratio falls, as shown in the table below. Potential changes in the margins take effect in accordance with the contractual provisions of each loan.

Loan (L) or bank guarantee (BG) pricipal, EUR million	Margin % on June 30, 2010	Equity ratio under 38 %	Equity ratio under 35 %	Equity ratio under 33 %	Equity ratio under 30 %	Other
10,0(L)	0,82				0,85	
3,67 (L)	0,65			0,70	1,00	
37,5 (L)	1,50			1,75	2,00	Margin may be changed or loan terminated, if equity ratio is under 30%
1,0 (L)	0,45					Margin may be changed or loan terminated, if equity ratio is under 28 %
10,0 (BG)	0,365			0,40	0,60	
20,0 (BG)	0,26	0,35*)			0,65	*)Covenant becomes effective 12/8/2013
10,00 (BG)	0,9	0,9	1,0	1,5		
10,00 (BG)	0,9	0,9	1,0	1,5		

Bank guarantees totaling EUR 86.0 million have been given as security for the EUR 84.3 million in loans granted by the European Investment Bank. EUR 31.0 million of these bank guarantees will expire by the end of 2013 and the plan is to extend them. The extension of these bank guarantees may result in increased guarantee margins.

During the 12-month period following the period under review, EUR 48.7 million of the existing interest-bearing loans will mature.

The financing of Technopolis Pulkovo, Phase 1, is arranged through the parent company’s investments in shareholders’ equity and with an EBRD loan of EUR 31.6 million.

Organization and Personnel

The CEO of Technopolis is Keith Silverang, MBA. Mr. Silverang has dual U.S. and Finnish citizenship. He has completed a Bachelor of Arts degree at Boston University and an MBA at the Helsinki School of Economics. Reijo Tauriainen acts as Deputy CEO of the company.

The company's management team comprises Keith Silverang, CEO; Reijo Tauriainen, Country Manager (Finland) and CFO; Satu Eskelinen, Director of Tampere operations and Business Services; Marko Järvinen, Director of Helsinki Metropolitan Area operations and Development Services; and Seppo Selmgren, Chief Sales Officer.

The Technopolis line organization consists of three units: Finland, Russia, and New Markets. The Group organization also has matrix support functions for the Group's real estate development, business services, business development and support services. The New Markets unit does not yet generate net sales or operating profit, and its expenses are included in the expenses of the Group administration.

During the reporting period, the Group employed an average of 133 (152) people. Facilities operations employed 63 (59) people, Business Services 35 (34) people and Development Services 35 (59) people. At the end of the reporting period, the Group's personnel totaled 146 (156).

Technopolis Plc adheres to the Finnish Corporate Governance Code for listed companies, issued by the Securities Market Association on October 20, 2008 and effective as of January 1, 2009. The Corporate Governance Statement dated January 29, 2010, is publicly available on the company's website at http://www.technopolis.fi/for_investors/corporate_governance.

Group Structure

The Technopolis Group comprises the parent company, Technopolis Plc, which has operations in Espoo, Helsinki, Jyväskylä, Kuopio, Lappeenranta, Oulu, Tampere and Vantaa, and its subsidiaries, Innopoli Ltd and Kiinteistö Oy Innopoli II, both wholly owned and located in Espoo, as well as other subsidiaries.

Technopolis has two companies in St. Petersburg, Russia: Technopolis Neudorf LLC and Technopolis St. Petersburg LLC, both wholly owned by Technopolis.

The parent company has non-controlling interests in the affiliated companies Technocenter Kempele Oy (48.5 %), Kiinteistö Oy Bioteknia (28.5 %), Iin Micropolis Oy (25.7 %), Jyväskylä Innovation Ltd (24 %), Kuopio Innovation Ltd (24 %), and Lappeenranta Innovation Ltd (20 %). Technopolis Plc has a 13 % holding in Oulu Innovation Ltd.

The Group also includes Technopolis Ventures Ltd in Espoo, wholly owned by Innopoli Ltd. Technopolis Group has a 35 % holding in Otaniemi Development Ltd.

Annual General Meeting

On March 26, 2010, the Annual General Meeting of Shareholders (AGM) of Technopolis Plc adopted the Group and parent company's financial statements for fiscal 2009 and released the company management and Board from liability for the period. The AGM approved a dividend of EUR 0.15 as proposed by the Board. The dividends were paid on April 9, 2010.

The AGM decided to amend a section in the Articles of Association that concerns the terms of Board members by specifying that the term of a member of the Board ends when the next Annual General Meeting following the election has concluded. The AGM also decided to amend the section concerning the notice of the AGM so that it should be distributed no later than three weeks before the AGM but no later than nine days before the record date of the AGM. Furthermore, the notice of the AGM may be alternatively delivered by publishing it on the company’s website.

Other decisions by the AGM are covered in the company’s previous Interim Report, published on April 29, 2010, and a release published on March 26, 2010, concerning the decisions of the AGM.

Board Authorizations

The agenda of the AGM of 2010 did not contain any share related authorizations to the Board.

The AGM of 2009 authorized the Board to decide on the acquisition of its own shares and on a share issue, as well as on granting options and other special rights that give an entitlement to shares, as referred to in Chapter 10, Section 1, of the Companies Act. Furthermore, the AGM decided to adopt a performance share incentive plan for key personnel in the Technopolis Group.

The maximum number of shares to be acquired is 5,700,000, equal to approximately 9.94 % of the company’s shares. This authorization supersedes the authorization on purchasing company shares granted by the Annual General Meeting of March 27, 2008. The authorization expires on September 26, 2010.

The AGM of 2009 also authorized the Board of Directors to decide on a share issue and on granting options and other special rights entitling to shares as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act as follows: Pursuant to this authorization, the maximum number of shares to be issued will be 11,400,000, equaling approximately 19.88 % of the company’s shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders’ pre-emptive rights (directed issue). The authorization supersedes the authorizations granted by the General Meeting of November 29, 2007 and the Annual General Meeting of March 27, 2008 regarding a share issue and granting of special rights entitling to shares. The authorization expires on March 26, 2012, and as of the situation on June 30, 2010, the maximum number of shares yet to be issued pursuant to the authorization is 5,700,000, equaling approximately 9.0 % of the company’s shares. For issuing a number of shares exceeding the above, the company would require a new authorization from the AGM.

The AGM of 2009 decided to adopt a performance share incentive plan for key personnel in the Technopolis Group. The total reward payable in the system corresponds to a maximum value of approximately 800,000 Technopolis Plc’s shares (including the portion payable in cash). The nominal dilution effect of these shares is 1.3 %.

Stock-related Events

On May 6, 2010, the Finnish Financial Supervisory Authority approved Technopolis Plc’s registration document, which complies with the Finnish Securities Market Act and contains information on the company, its business operations and its financial condition. The registration document is valid for 12 months following its publication.

Technopolis carried out a directed share issue for a limited number of Finnish and international institutional investors after the middle of May. The share issue was implemented by virtue of a Board authorization of the Annual General Meeting of 26 March 2009. All 5,700,000 shares offered were subscribed for in the share issue, which accounts for approximately 9.9 per cent of all the Company’s shares and voting rights immediately prior to the share issue. The subscription price was EUR 3.40 per share, and the issue gathered capital with a gross amount of approximately EUR 19.4 million. Trading in the shares together with the other shares in the Company has taken place on the Official List of NASDAQ OMX Helsinki Ltd as of May 24, 2010.

The issue had significant financial reasons, because its purpose is to strengthen the company's capital structure, finance investments according to the company's investment plan, and support the company's growth.

On June 2, 2010, Technopolis issued 339,703 new shares pursuant to the subscriptions made by 2005A option rights. The subscription price when subscribed for pursuant to option right was EUR 3.266 per share. Trading in the shares together with the other shares in the Company has taken place on the Official List of NASDAQ OMX Helsinki Ltd as of June 3, 2010.

The new shares issued pursuant to the share issue and the subscriptions made by 2005A option rights have been registered in the trade register and the company shareholders' register. They entitle the holder to a dividend for fiscal 2010 and to other shareholder rights.

The number of the company's shares after subscription is 63,385,044 shares. Share capital remained unchanged, totaling EUR 96,913,626.29, because the subscription price of the new shares has been registered in the company's unrestricted equity reserve. The shares are in a single series, and each share entitles the holder to one vote at the Annual General Meeting.

Technopolis 2007A Stock Options were listed on the trading list of the OMX Nordic Exchange on May 3, 2010. The share subscription price with the 2007A stock options is EUR 7.119 per share. The share subscription period begins on May 1, 2010 and will end on April 30, 2012. The total number of 2007A stock options is 500,000. The maximum number of new shares to be subscribed for by the options is 521,500, with a nominal dilution effect of 0.8 %. The details of the 2007A stock options are provided in a stock exchange release published on April 30, 2010.

Disclosures of Changes in Holdings

On June 6, 2010, BNP Paribas Investment Partners announced that the proportion of Technopolis Plc's share capital and votes held by the mutual funds managed by BNP Paribas Investment Partners exceeded one-tenth (10 %) as a result of a share transaction carried out on June 1, 2010. The proportion of Technopolis Plc's share capital and votes indirectly controlled by BNP Paribas Investment Partners was 6,597,296 and 10.41 % respectively.

On May 26, 2010, OP-Pohjola Group Central Cooperative announced that the proportion of Technopolis Plc's share capital and votes held by OP-Pohjola Group and its related parties as well as OP-Pohjola Group affiliates and the mutual funds managed by them, had exceeded one-twentieth (5 %) as a result of a share transaction carried out on May 19, 2010. The proportion of Technopolis Plc's share capital and votes indirectly controlled by OP-Pohjola Group was 3,912,443 shares and 6.206 % respectively.

On May 20, 2010, Henderson Global Investors Limited notified that its indirect holding in Technopolis shares and votes had gone below one twentieth (5%) as a result of a transaction completed on September 25, 2010. The indirect holding of Henderson Global Investors Limited in Technopolis share capital and votes was 2,800,049 and 4.88 % respectively.

On May 20, 2010, the City of Oulu notified that its direct holding in Technopolis' share capital and votes would go below one twentieth (5 %) as a result of the share issue. As of May 21, 2010, the direct holding of the City of Oulu in Technopolis' share capital and votes was 3,062,925 and 4.86 % respectively.

Varma Mutual Pension Insurance Company announced on February 17, 2010, that its direct holding in Technopolis' share capital and its number of votes has exceeded one tenth (10 %) as a result of a purchase of shares that was completed on February 16, 2010. Following this transaction, the direct holding of Varma in Technopolis' share capital and its number of votes was 6,856,980 shares and 11.96 %.

Evaluation of Operational Risks and Uncertainties

Technopolis' most significant risks are primarily those associated with financing and customers, as well as operational and business risks in Russia.

The objective of interest rate risk management is to mitigate the negative impact of market rate fluctuations on the Group's earnings, financial position and cash flow. If necessary, the company uses forwards, interest rate swaps and interest rate options to hedge interest rate risks. The company's policy concerning interest rate risks also aims to diversify the interest rate risk of loan contracts over different loan periods based on the prevailing market situation and the interest rate forecast created by the company.

Indicative of the structure of Technopolis' loan portfolio at the end of the period is the equation that a one percentage point change in the money market rates would change interest rate costs by EUR 2.3 million per annum.

Because of the interest rate risk associated with loans, a policy of diversifying interest bases is pursued. On June 30, 2010, 15.6 % of interest-bearing liabilities were pegged to the under 3-month Euribor rate and 59.3 % were pegged to the 3-12 month Euribor rate. Of the interest-bearing liabilities, 25.0 % were fixed-rate loans with maturities of 13 to 60 months.

The objective of refinancing risk management is to ensure that the Group's loan portfolio is sufficiently diversified with regard to repayment schedules and financing instruments. The average capital-weighted outstanding loan period was 9.6 years. In order to manage financing risk, Technopolis draws upon the resources of a wide range of financers and a variety of financing instruments, and maintains a sufficient degree of solvency.

Extended uncertainty in the financial markets may adversely affect the availability of growth financing and refinancing and their margins in the future.

The differences between Russian and Finnish legislation and administrative procedures may create risks. If the Pulkovo premises cannot be leased as planned, the Pulkovo technology center will pose a financial risk for the Group. Once completed, the Pulkovo technology center will account for approximately 6 % of the fair value of the Group's entire investment property portfolio. The acquisition in Estonia is not yet included in the fair market value of investment properties, because the deal has not been completed.

Fluctuations in the exchange rates between the Russian ruble and the euro may have an effect on the company's financial standing and operations. Ruble-denominated transactions are recorded at the exchange rate of the transaction date. Any translation differences are entered in the income statement under other operating expenses or finance income and expenses depending on the nature of the transaction.

The general weakening of the economic environment, if prolonged, may have an adverse effect on the company's clients and hence on the Group's business operations.

Customer risk management aims to minimize the negative impact of potential changes in the customers' financial position on the company's business and financial performance. Customer risk management focuses on having a profound understanding of the customer's business and active monitoring of customer information. Customer risks are diversified by acquiring customers from all technology sectors, knowledge-intensive operations, and the public sector. As part of client risk management, Technopolis leases include rental security arrangements. All properties are covered by full value insurance.

Geographically, the Group's property portfolio is diversified between the Oulu region, the Helsinki Metropolitan Area, Jyväskylä, Kuopio, Lappeenranta, Tampere, and St. Petersburg in Russia. No single customer accounts for more than 8.5 % of the Group's net sales. The Group has a total of approximately 1,190 customers across a wide range of sectors.

The company's leases fall into two categories: fixed-term and open-ended. The company aims to apply both lease types depending on the market situation, the property in question and the sector in which the internal customer operates.

At the end of the period under review, open-ended leases in the lease portfolio that could be terminated and renegotiated within the next 12 months covered approximately 187,593 (191,162 on June 30, 2009) square meters of allocated space, equaling 44.3 % (47.1 % on June 30, 2009) of the weighted area in the entire property portfolio. The term of notice for these agreements is broken down as shown in the table below.

	June 30, 2010		June 30, 2009	
Notice period months	Allocated sq m	% of lease stock	Allocated sq m	% of lease stock
0-3	9,731	2.3	16,212	4.0
3-6	45,128	10.7	46,921	11.6
6-9	93,964	22.2	90,840	22.4
9-12	38,769	9.2	37,189	9.2
Total	187,593	44.3	191,162	47.1

The average lease term was 19 (23) months at the end of the period. The figure does not include the lease stock of properties under construction.

Declining financial occupancy rates may decrease rental and service revenue and earnings, and reduce the fair value of investment properties and, thus, the equity ratio. The current lease structure allows customers to flexibly adjust the space they need as their business needs change. Although the flexibility of the lease structure may pose a risk to the Group, it is an essential element of Technopolis' service concept. The company has solid and long-term experience in this business model over a wide variety of economic cycles.

In new construction projects, Technopolis focuses on quality and the management of the property's entire lifecycle. In the design phase, consideration is given to the property's maintenance and repair requirements in order to implement environmentally sustainable solutions for energy consumption, adaptability of premises and recycling potential. When purchasing properties, Technopolis carries out standard property and environmental audits before committing to the transaction.

Changes in the market yields may have a significant impact on the company's financial performance through the fair value of investment properties. As the yields increase, the fair value of properties decrease. Conversely, as the yields decrease, the fair value of properties increases. Such changes either decrease or increase the Group's operating profit. Changes in the market yields do not have any direct impact on the company's net sales, EBITDA, or cash flow, but a negative change in the value of investment properties may decrease the company's equity ratio and, as a result of this, covenants of the leases may be triggered. In that case, the change in value has an impact on the cash flow and result for the period.

Future Outlook

The view of Technopolis' management is that the recession hit bottom in the last quarter of 2009 and that a recovery has begun. Despite this recovery, there are still uncertainties which could have an impact on the development of the company's net sales and EBITDA in 2010.

The Group's Management estimates that the growth of net sales as well as EBITDA will be 0 - 2 %. The management estimates that the financial occupancy rates at the end of the year will be at least on the same level as in June 2010. The earnings forecast does not include the impact of the acquisition in Estonia because the closing schedule of the acquisition is still open.

In accordance with its strategy, Technopolis aims to operate in the best knowledge-intensive cities in Finland, Russia and two or three other countries by 2015. The Group aims to increase net sales by an annual average of 10 %. The goal is that 25 % of the net sales will be generated outside of Finland by 2015. The aim is to generate this growth through both organic growth and acquisitions. The Group's minimum equity ratio target is 35 %.

The Group's financial performance depends on the development of the overall business environment, customer operations, as well as the market yields from the financial and real estate markets. Developments in these areas and resulting changes in the occupancy rate, use of services, financing costs, the fair value of properties and the rent levels of premises can have an impact on the Group's sales and earnings.

July 16, 2010

TECHNOPOLIS PLC
Board of Directors

Keith Silverang
President and CEO

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A pdf-presentation of the interim report is available at the company's website at www.technopolis.fi/for_investors/presentations.

Technopolis provides an online bulletin service that you can join by visiting the company's website at http://www.technopolis.fi/for_investors/releases_service. Individuals who sign up with the service will receive the company's bulletins electronically.

The accounting policies applied in the interim report and the formulas for calculating key indicators are the same as in the 2009 annual report. The interim report has been prepared in accordance with the IFRS recognition and valuation principles; the IAS 34 requirements have also been complied with.

The Technopolis Group has two operating segments based on geographical units: Finland and Russia. The segment division presented in this interim report is based on the Group’s existing internal reporting procedures and the organization of the Group’s operations.

The figures are unaudited.

Technopolis Group:

STATEMENT OF COMPREHENSIVE INCOME Currency unit: EUR million	4-6/ 2010	4-6/ 2009	1-6/ 2010	1-6/ 2009	1-12/ 2009
Net sales	19.83	18.76	39.20	38.16	76.40
Other operating income	0.27	0.58	0.59	1.06	2.43
Other operating expenses	-9.49	-9.56	-19.18	-19.48	-38.86
Change in fair value of investment properties	0.23	-14.55	0.69	-28.59	-37.13
Depreciation	-0.27	-0.13	-0.43	-0.26	-0.52
Operating profit/loss	10.57	-4.90	20.87	-9.12	2.31
Finance income and expenses	-2.47	-2.55	-5.02	-6.24	-11.76
Result before taxes	8.10	-7.45	15.85	-15.36	-9.45
Income taxes	-3.23	1.83	-5.66	3.98	1.95
Net result for the period	4.87	-5.62	10.18	-11.38	-7.50
Other comprehensive income items					
Available-for-sale financial assets	-0.01	0.03	0.01	0.03	0.08
Taxes related to other comprehensive income items	0.00	-0.01	0.00	-0.01	-0.02
Other comprehensive income items after taxes for the period	0.00	0.02	0.01	0.02	0.06
Comprehensive income for the period, total	4.86	-5.60	10.19	-11.36	-7.44
Distribution of profit for the period:					
To parent company shareholders	4.87	-5.62	10.18	-11.35	-7.44
To non-controlling shareholders	0.00	-0.01	0.00	-0.03	-0.05
	4.87	-5.62	10.18	-11.38	-7.50
Distribution of comprehensive income for the period:					
To parent company shareholders	4.86	-5.59	10.19	-11.33	-7.38
To non-controlling shareholders	0.00	-0.01	0.00	-0.03	-0.05
	4.86	-5.60	10.19	-11.36	-7.44

Earning per share based on result of flowing to parent company shareholders:

Earnings/share, basic (EUR)	0.08	-0.10	0.17	-0.20	-0.13
Earnings/share, adjusted for dilutive effect (EUR)	0.08	-0.10	0.17	-0.20	-0.13

STATEMENT OF FINANCIAL POSITION, ASSETS

Currency unit: EUR million	6/30/2010	6/30/2009	12/31/2009
Non-current assets			
Intangible assets	4.02	1.94	2.81
Tangible assets	53.71	52.58	62.79
Investment property	649.40	584.62	596.73
Investments	11.71	26.14	25.61
Deferred tax assets	2.78	2.21	2.81
Non-current assets	721.62	667.49	690.75
Current assets	30.39	18.25	15.34
Assets, total	752.00	685.74	706.09

Currency unit: EUR million	30.6.2010	30.6.2009	31.12.2009
Shareholders’ equity			
Share capital	96.91	96.91	96.91
Premium fund	18.55	18.55	18.55
Other funds	84.26	63.91	63.94
Other shareholders’ equity	0.31	0.27	0.65
Retained earnings	73.81	89.21	89.21
Net result for the period	10.18	-11.35	-7.44
Parent company’s shareholders’ interests	284.04	257.50	261.83
Non-controlling interests	0.01	0.23	0.01
Shareholders’ equity, total	284.05	257.73	261.84
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	357.08	354.38	360.67
Non-interest-bearing liabilities	1.20	1.32	1.25
Deferred tax liabilities	37.66	32.09	32.62
Non-current liabilities, total	395.94	387.79	394.55
Current liabilities			
Interest-bearing liabilities	48.72	19.48	28.03
Non-interest-bearing liabilities	23.29	20.75	21.67
Current liabilities, total	72.01	40.22	49.70
Liabilities, total	467.95	428.01	444.25
Shareholders’ equity and liabilities, total	752.00	685.74	706.09

STATEMENT OF CASH FLOWS	1-6/	1-6/	1-12/
Currency unit: EUR million	2010	2009	2009

Cash flows from operating activities			
Net result for the period	10.18	-11.38	-7.50
Adjustments:			
Change in fair value of investment properties	-0.69	28.59	37.13
Depreciation	0.43	0.26	0.52
Share in affiliate profits	0.01	0.00	-0.01
Other adjustments for non-cash transactions	0.37	0.27	0.67
Financial income and expenses	5.01	6.24	11.77
Taxes	5.66	-3.98	-1.95
Increase / decrease in working capital	-1.51	3.17	1.85
Interests received	0.21	1.00	0.57
Dividends received	0.01	0.01	0.01
Interests paid and fees	-3.55	-7.25	-10.54
Other financial items in operating activities	-1.21	-0.54	-1.74
Taxes paid	-3.33	-1.12	-1.79
Net cash provided by operating activities	11.60	15.25	28.99
Cash flows from investing activities			
Investments in other securities	-0.41	-0.01	-0.02
Investments in investment properties	-23.85	-33.41	-62.96
Investments in tangible and intangible assets	-2.22	-0.10	-1.05
Granted loans	-0.04		
Repayments of loan receivables	3.07	0.40	1.06
Gains from disposals of other investments	0.01	0.00	0.01
Acquisition of subsidiaries	-2.38		-0.21
Net cash used in investing activities	-25.82	-33.12	-63.17
Cash flows from financing activities			
Increase in long-term loans	17.50	35.16	58.41
Decrease in long-term loans	-14.44	-10.61	-15.98
Dividends paid	-8.60	-6.88	-6.88
Paid share issue	20.20		
Change in short-term loans	12.68	-0.97	-4.00
Net cash provided by financing activities	27.34	16.70	31.55
Net increase/decrease in cash assets	13.12	-1.16	-2.63
Cash and cash equivalents at period-start	4.52	7.15	7.15
Cash and cash equivalents at period-end	17.64	5.98	4.52

STATEMENT OF CHANGES IN EQUITY

Currency unit: EUR million	Share capital	Premium fund	Other funds	Retained earnings	Non-controlling shareholders	Shareholders' equity
EQUITY Dec 31, 2008	96.91	18.55	63.82	96.16	0.26	275.70

Share capital increase						
Directed share issue						
Dividend distribution				-6.88		-6.88
Comprehensive income for the period			0.02	-11.35	-0.03	-11.36
Other changes			0.06	0.20		0.27
EQUITY June, 30, 2009	96.91	18.55	63.91	78.13	0.23	257.73
EQUITY Dec 31, 2009	96.91	18.55	63.94	82.42	0.01	261.84
New shares to issue in deviation			20.24			20.24
Dividend distribution				-8.60		-8.60
Comprehensive income for the period			0.01	10.18	0.00	10.19
Other changes			0.06	0.31		0.37
EQUITY June 30, 2010	96.91	18.55	84.26	84.31	0.01	284.05

Financial Information by Segment

The Group’s net sales or EBITDA do not include inter-segment items. Items after the EBITDA, such as depreciation, financing items and taxes, are not presented in the segment information because they are not allocated to segments.

SEGMENT INFORMATION	4-6/	4-6/	1-6/	1-6/	1-12/
Currency unit: EUR million	2010	2009	2010	2009	2009
Net sales					
Finland	19.83	18.71	38.88	38.05	76.13
Russia	0.01	0.08	0.34	0.15	0.34
Unallocated and eliminations	-0.02	-0.04	-0.02	-0.04	-0.06
Total	19.83	18.76	39.20	38.16	76.40
EBITDA					
Finland	10.45	11.07	20.72	22.01	43.81
Russia	-0.44	-0.13	-0.47	-0.29	-0.43
Unallocated and eliminations	0.59	-1.16	0.36	-2.00	-3.41
Total	10.60	9.78	20.61	19.73	39.97
Assets					
Finland			740.45	678.94	691.46
Russia			48.47	27.03	38.41
Eliminations			-36.92	-20.23	-23.78
Total			752.00	685.74	706.09

Direct and Indirect Result

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 financial result for the period excluding the change in the fair value of investment properties, the change in the fair value of financial instruments and any non-recurring items, such as gains and losses on disposals. As the company has interest rate and currency swaps that do not satisfy the IFRS criteria for hedge accounting, the changes in the fair value of these financial instruments are recognized in the statement of comprehensive income. Additionally, the statement of comprehensive income showing the direct result presents the related taxes and deferred tax assets and liabilities.

Items excluded from the direct result and their tax effects are presented in the statement of income showing the indirect result. Earnings per share have been calculated both from the direct and indirect results in accordance with the instructions issued by the European Public Real Estate Association EPRA. The direct and indirect result and the earnings per share calculated from them are consistent with the company's financial result and earnings per share for the period.

Technopolis Group

DIRECT RESULT Currency unit: EUR million	4-6/ 2010	4-6/ 2010	1-6/ 2010	1-6/ 2009	1-12/ 2009
Net sales	18.99	18.76	38.36	38.16	76.40
Other operating income	0.25	0.58	0.51	1.04	2.24
Other operating expenses	-9.49	-9.56	-19.18	-19.48	-38.86
Depreciation	-0.27	-0.13	-0.43	-0.26	-0.52
Operating profit/loss	9.48	9.64	19.26	19.45	39.26
Finance income and expenses, total	-1.88	-2.43	-3.83	-5.92	-9.75
Result before taxes	7.60	7.21	15.43	13.53	29.51
Taxes for direct result items	-2.51	-1.96	-4.96	-3.47	-7.91
Non-controlling interests		0.01		0.03	0.05
Direct result for the period	5.10	5.26	10.46	10.09	21.66
INDIRECT RESULT					
Non-recurring items	0.85	0.01	0.92	0.02	0.18
Change in fair value of investment properties	0.23	-14.55	0.69	-28.59	-37.13
Operating profit/loss	1.08	-14.54	1.61	-28.57	-36.95
Change in fair value of financial instruments	-0.59	-0.12	-1.19	-0.32	-2.01
Result before taxes	0.49	-14.66	-0.42	-28.89	-38.96
Taxes for indirect result items	-0.72	3.79	-0.70	7.44	9.86
Indirect result for the period	-0.23	-10.88	-0.28	-21.45	-29.10
Result for the period to the parent company shareholders, total	4.87	-5.62	10.18	-11.35	-7.44

Earnings per share, diluted *)

From direct result	0.09	0.09	0.18	0.18	0.38
From indirect result	-0.00	-0.19	-0.00	-0.37	-0.51
From net result for the period	0.08	-0.10	0.17	-0.20	-0.13

*) Earnings per share calculated according to EPRA's instructions.

KEY INDICATORS	1-6/ 2010	1-6/ 2009	1-12/ 2009
Change in net sales, %	2.7	9.4	5.3
Operating profit/loss / net sales, %	53.2	-23.9	3.0
Interest coverage ratio	5.6	3.3	3.8
Equity ratio, %	38.0	37.8	37.3
Loan to value, %	57.9	58.9	59.1
Group company personnel during the period, average	133	152	152
Gross expenditure on assets, EUR 1,000	44 269	34 035	66 029
Net rental revenue of investment properties, % 2)	7.5	7.8	7.6
Financial occupancy rate, %	92.8	94.2	94.4
Earnings/share			
basic, EUR	0.17	-0.20	-0.13
diluted, EUR	0.17	-0.20	-0.13
Equity/share, EUR	4.84	4.49	4.57
Average issue-adjusted number of shares			
basic	58 690 929	57 345 341	57 345 341
diluted	58 814 950	57 345 341	57 345 341

CONTINGENT LIABILITIES

Currency unit: EUR million	6/30/2010	6/30/2009	12/31/2009
Pledges and guarantees on own debt			
Mortgages of properties	353.90	389.82	353.90
Book value of pledged securities	157.06	158.31	162.10
Other guarantee liabilities	12.90	46.95	12.70
Collateral given on behalf of associates	0.50	0.5	0.50
Leasing liabilities, machinery and equipment	3.10	1.4	2.21
Project liabilities	0.15	0.15	0.15
Interest rate and currency swaps			

Nominal values	95.20	155.99	107.70
Fair values	-1.91	-0.36	-0.99

1) Other operating income consists of operating subsidies received for development services; an equal amount is recorded under operating expenses for development services.

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

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