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TECHNOPOLIS GROUP FINANCIAL STATEMENTS FOR 2009

Highlights of 2009 compared to 2008:
- Net sales rose 5.3% to EUR 76.4 million (EUR 72.6 million)
- EBITDA rose 8.1% to EUR 40.0 million (EUR 37.0 million)
- Direct result rose 43.2 % to EUR 21.7 million (EUR 15.1 million), and direct result per share was EUR 0.38 per share (EUR 0.29)
- Operating profit fell to EUR 2.3 million (EUR 35.3 million) including a write-down of EUR -37.1 million (EUR -0.7 million) in the fair value of investment properties
- Result before taxes fell 144.2% to EUR -9.4 million (EUR 21.4 million)
- The financial occupancy rate was 94.4% (96.5%)
- The Group's equity ratio was 37.3% (40.5%)
- Diluted earnings per share were EUR -0.13 (EUR 0.31)
- The Board of Directors proposes a dividend of EUR 0.15 per share (EUR 0.12 per share)

Keith Silverang,CEO:

"Despite the challenging business environment, Technopolis' operations developed favorably during the period under review. Cost-cutting measures helped safeguard the company's profitability, which is reflected in the improvement of the direct result and EBITDA compared to the previous year. The financial occupancy rate remained high, and the Group's net sales and EBITDA increased compared to the previous year. Significant new growth projects were completed, most with high occupancy rates. Also, new and profitable growth projects were launched.

The increase in market yield requirements slowed during the second half of the year. The fair value of investment properties and properties under construction continued to decline during the fourth quarter, but more moderately than before. The increase in yield requirements was the primary reason for a decline of EUR 37.1 million in fair values and thus a decrease in the operating profit by the same amount.

Technopolis has come through the financial markets crisis satisfactorily. At the end of the period under review, the average interest rate of the Group's loan portfolio was 2.47%. With its current credit facilities of EUR 188.6 million, the Group is able to meet the funding needs of all of its Board approved investments. Despite the increase in interest rate margins, the Group's interest expenditure fell below the expected level because of the general decline in interest rates, which played a part in contributing to the Group's profitability.

In 2009, we continued our internal development programs with the goal of standardizing and integrating our core processes. The programs also focus on personnel competence development and the exploitation of new technologies. These measures will enable us to improve the Group's cost-effectiveness and operational quality while laying the foundation for a scalable growth platform to support the company's internationalization".

Business Conditions in Finland and St. Petersburg

Global market conditions showed signs of stabilization in the summer of 2009. The decline of global trade and industrial production stopped. In the third quarter of 2009, production started to grow in many developed countries as well. According to the Bank of Finland's forecast, the second quarter of 2009 will remain the low point of the recession in Finland. On an annual level, the amount of GDP declined 7.2% in 2009. (Bank of Finland, Economic Outlook 2.2009, September 25, 2009.)

Financial market conditions improved significantly in the spring of 2009. Risk premiums decreased to their earlier levels of the summer of 2008 before the bankruptcy of the Lehman Brothers investment bank. Rising stock prices are also a sign of positive expectations. Recession in the labor market will still continue in 2010. (Bank of Finland, Economic outlook 2.2009, September 25, 2009.)

In the real estate market, notable changes in 2009 were the collapse of trading volumes and the changes in foreign investors' behavior in the market. According to Catella's forecast, the trading volume remained at approximately EUR 1.6 billion in 2009. (Catella, December 31, 2009.)

Yield requirements increased 0.2-1.5 percentage points during the fall of 2008 and in 2009, depending on the region. Towards the end of 2009, the real estate market became slightly more active, and generally it is expected that the steepest increase in yield requirements is over. (Newsec-Maakanta Oy, December 23, 2009.)

According to Catella (December 31,2009), the vacancy rate for office premises in the Helsinki Metropolitan Area was 10.4% in June 2009, equivalent to 870,000 square meters of vacant space. Regional differences between municipalities in the Helsinki Metropolitan Area and across different office areas are significant. The rents of older office premises started to decline in the Helsinki Metropolitan Area.

In Oulu, the supply of office premises increased and according to preliminary information, the amount of vacant space was less than 35,500 square meters. The vacancy rate increased from approximately 4.6% to about 7.5%. In Tampere and Kuopio, the demand for modern office space remained favorable. The market rents were unchanged. (Catella, December 31, 2009.)

In Jyväskylä, the supply of office premises grew significantly due to a vacant 19,000 square meter building, leading to price competition. In Lappeenranta, the demand for office premises has picked up as a result of the city's strengthening its position as a regional hub. (Catella, December 31, 2009.)

In the office market in St. Petersburg, the demand picked up during the fourth quarter, compared to the previous quarter (Amplion, January 11, 2010). The supply of prime office space in the St. Petersburg office market increased to approximately 1.54 million square meters in September 2009, compared to about 1.38 million square meters at the end of 2008. Construction volumes decreased, and real estate developers suspended construction projects due to a lack of funding. Financing difficulties delayed the completion of construction projects by 6 to 12 months. In the third quarter of 2009, more office premises were absorbed than completed.

Prelets are rare in Russia, and such leases are generally signed by parties needing large, high-quality space at the final stages of construction in order to obtain facilities that meet their needs. The vacancy rate for A and B category office premises rose to 25% and office rents decreased by approximately 40%. (Jones Lang LaSalle Q3/2009.)

Operations

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

Despite the deterioration of the global economy, demand for knowledge-intensive business environments in the areas in which Technopolis operates remained satisfactory, and the Group’s financial occupancy rate remained a solid 94.4% at the end of 2009.

The Group’s net sales for the period under review were EUR 76.4 million (EUR 72.6 million in 2008), showing growth of 5.3%. Of the net sales, rental revenue accounted for 84.9% (81.4%) and service revenue for 15.1% (18.6%). Decline in the relative proportion of service revenue is primarily due to the discontinuation of the consulting unit in the fall of 2008. Like for like rental growth i.e. the rental revenue from comparable properties declined 0.4%. The development of rental revenue from comparable properties has been calculated by comparing the 2009 rental revenue to that of 2008. In order for the figures to be comparable, they do not include properties commissioned or acquired in 2009.

The Group’s EBITDA was EUR 40.0 million (EUR 37.0 million), an increase of 8.1%. The Group’s operating profit was EUR 2.3 million (EUR 35.3 million), a decrease of 93.4%. The primary reason for the decline in the operating profit was the decline in the fair value of investment properties, resulting from an increase in market yield requirements. This does not affect the Group’s net sales, EBITDA or cash flow. The decline in the operating profit does reduce the Group’s equity ratio.

The Group’s net financial expenses totaled EUR 11.8 million (EUR 13.9 million). The Group’s profit before taxes totaled EUR -9.4 million (EUR 21.4 million).

Since the beginning of 2009, the company has been presenting its direct result, which provides a more precise illustration of the company’s operational financial performance. The Group’s direct result rose to EUR 21.7 million (EUR 15.1 million), an increase of 43.2%. 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 related to these items.

Total assets in the balance sheet were EUR 706.1 million (EUR 683.6 million), an increase of 3.3%. The Group’s equity ratio at the end of the period was 37.3% (40.5%).

The fair value of the Group’s investment properties was EUR 596.7 million (EUR 594.0 million) at the end of the period under review. During the financial period, the company also complied with the amended IAS 40 standard, under which investment properties under construction recognized in tangible assets must also be measured at fair value, provided that the fair value can be reliably determined. The fair value of investment properties under construction was EUR 51.1 million at the end of the financial period. The change in the fair value of investment properties during the period under review was EUR -37.1 million (in 2008, EUR -0.7 million). The net change in the fair value includes gains in the value of completed properties and losses due to rising market yield requirements. The projected long-term inflation rate used in the fair value calculation was 2.0%.

Yield requirements are calculated by means of analyses done by two independent appraisal agencies for each individual region. In the fair value calculations, the yields are calculated by taking the average of the upper and lower ranges reported by these organizations. On December 31, 2009, the average net yield requirement for Group properties was 8.07% (7.68% on December 31, 2008). The average ten-year occupancy rate used in the fair value calculation was 95.5%. The Group’s targets concerning the actual occupancy rates are higher than this. Over the period of 2000-2009, the Group’s average occupancy rate was 97.1%.

The Group’s total rentable space was 453,567 square meters at the end of the period (438,337 square meters on December 31, 2008). The Group’s average financial occupancy rate at the end of the period was 94.4% (96.5%). 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. At the end of the period, the lease portfolio held by the Group totaled EUR 119.3 million (EUR 122.5 million).

In 2009, Technopolis analyzed 14 European countries potentially targeted for the company's international growth in the future. Country analyses aim to assess the growth potential of knowledge-intensive business in the target countries and, on the other hand, to evaluate Technopolis' opportunities to launch operations in accordance with its concept in the countries in question.

On the basis of these studies, four countries were selected for further analysis and investigation of the potential for business and property acquisitions. The key criteria were rapid positive cash flow, potential for growth after the acquisition, as well as the suitability of targeted properties for the Technopolis service concept.

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 established two Russian companies in St. Petersburg, Technopolis Neudorf LLC and Technopolis St. Petersburg LLC, both wholly owned.

The parent company has a non-controlling interest in the affiliated companies Kiinteistö Oy Hermia (49.3%), Technocenter Kempele Ltd (48.5%), Kiinteistö Oy Bioteknia (28.5%), Iin Micropolis Ltd (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, wholly owned by Innopoli Ltd, in Espoo. Technopolis Ventures Ltd owns the subsidiaries Technopolis Ventures Lappeenranta Ltd (100%), Technopolis Ventures Jyväskylä Ltd (100%), Technopolis Ventures Oulu Ltd (100%), Technopolis Ventures Professia Ltd in Tampere (100%) and Technopolis Ventures Kuopio Ltd (100%). The Technopolis Group owns 35% of Otaniemi Marketing Ltd.

Major Investments and Development Projects

	Region	Gross m2	EUR million	Occupancy rate 13/31/2009	Completed
Kontinkangas, Phase 5	Oulu	4,350	7.2	94	6/2009
Ohjelmakaari, Phase 2	Jyväskylä	4,790	7.7	74	6/2009
Hermia 15, Phase 1 (1)	Tampere	11,790	14.5	100	8/2009
Microkatu, Phase 5	Kuopio	857	2.3	100	12/2009

(1) 328 parking spaces in the building

Projects under construction on December 31, 2009:

	Region	Gross m2	EUR million	Occupancy rate 13/31/2009	To be completed
Yliopistonrinne, Phase 1 (2)	Tampere	19,200	33.3	92.6	4/2010
Pulkovo, Phase 1 (3)	St. Petersburg	24,100	52.2	11	6/2010
Viestikatu, Phase 2 (4)	Kuopio	13,400	9.6	74	9/2010

(2) 130 parking spaces in the building
(3) Including land plot
(4) 236 parking spaces in a parking garage

The construction of Phase 1 of Technopolis' Pulkovo technology center in St. Petersburg is progressing according to plan. By the end of the period under review, a total of EUR 38.4 million had been committed to the operations in St. Petersburg.

The market situation in St. Petersburg is extremely challenging, but demand is at a reasonable level. Negotiations are underway with several potential customers on significant amounts of space. Nevertheless, it is difficult to forecast when new leases will be signed. In Russia, the normal market practice is to sign leases only upon completion of the projects. So far, 11% of the premises of Phase one have been let, and the project is estimated to be completed in the summer of 2010.

Planned projects approved by the Board of Directors:

	Region	Gross m2	EUR million	Occupancy rate 13/31/2009
Finn-Medi eye center (5)	Tampere	5,350	14.2	100
Finn-Medi patient hotel (6)	Tampere	6,400	14.2	100
Finn-Medi office facility (7)	Tampere	4,400	14.2	0

(5) 50 parking spaces in the building
(6) 57 parking spaces in the building
(7) 44 parking spaces in the building

Technopolis will build an Eye Center for the Joint Municipal Authority of the Pirkanmaa Hospital District (PSHP) in the Finn-Medi district in Tampere. The final decision to launch the construction project will be made in the spring of 2010 when the decision by the Board of Directors of PSHP to sign the lease will become effective.

Technopolis is planning a patient hotel for Norlandia Care Ltd and an office facility intended for multiple users in the Finn-Medi district in Tampere. The facilities being planned will be constructed in the same complex as the Eye Center.

Technopolis Plc and Norlandia Care Ltd have concluded a binding agreement on the construction and design of the patient hotel and a preliminary agreement on leasing. The patient hotel area will be approximately 6,400 gross square meters, including, for example, a restaurant and 136 patient rooms. The area of the office section will be approximately 4,400 gross square meters. The final decision on the construction of the patient hotel and office facility will be made in the spring of 2010.

As part of a program to improve the efficiency of operations, Technopolis has launched the development of a new Enterprise Resource Planning system. The new system is to be deployed in April 2010. The external costs of the development project will amount to EUR 1.1 million.

Stock-related Events

The company's share capital stands at EUR 96,913,626.29 and the number of shares is 57,345,341. The shares are in a single series, and each share entitles the holder to one vote at the Annual General Meeting. A total of 19,820 shares have not been transferred to the book-entry securities system and lay on joint account of Euroclear Finland ltd. Technopolis Plc's shares are listed on the NASDAQ OMX Helsinki. At the end of the financial period, the company did not own its own shares. Board authorizations granted by the Annual General Meeting are presented in the section "Annual General Meeting" of the Annual Report.

The company did not receive any notices of changes in holdings during the period under review.

Shareholding by sector on December 31, 2009

Sector	No. of shares	% of shares
Private companies	3,178,062	5.5
Financial and insurance institutions	2,592,232	4.5
Public sector organizations	16,972,054	29.6
Non-profit organizations	2,856,209	5.0
Private households	7,500,436	13.1
Foreign and nominee-registered	24,227,068	42.2
Joint account	19,280	0.0
Total	57,345,341	100.0

Shareholding breakdown on December 31, 2009

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 - 100	256	7.0	14,376	0.0
101 - 500	978	26.9	290,131	0.5
501 - 1000	729	20.0	538,535	0.9
1001 - 5000	1,295	35.6	2,874,861	5.0
5001 - 10000	193	5.3	1,320,392	2.3
10001 - 50000	136	3.7	2,519,291	4.4
50001 - 100000	13	0.4	866,558	1.5
100001 - 500000	17	0.5	3,483,139	6.1
500001 -	19	0.5	45,418,778	79.2
Joint account	0	0.0	19,280	0.0
Total	3,636	100.0	57,345,341	100.0

Shareholders on December 31, 2009

Registered shareholders	Number of shares	% of shares
Varma Mutual Pension Insurance Company	5,374,740	9.4
Ilmarinen Mutual Pension Insurance Company	3,737,725	6.5
City of Oulu	3,062,925	5.3
City of Tampere	1,956,649	3.4
OP Life Assurance Company Ltd	1,222,884	2.1

OP Bank Group Pension Fund	885,938	1.5
OP Bank Group Pension Foundation	757,380	1.3
Jyrki Hallikainen	750,000	1.3
Finnish Cultural Foundation	712,693	1.2
ODIN Finland	693,093	1.2
Other registered, total	15,061,843	26.3
Nominee-registered, total	23,129,471	40.3
Total	57,345,341	100.0

Management Holdings, December 31, 2009

On December 31, 2009, the holdings of the Technopolis Plc Board of Directors, CEO and Deputy CEO in the company's shares, pursuant to the Finnish Securities Market Act Chapter 1 Section 5, totaled 179,897 shares, equaling 0.3% of the share capital and votes of the company. The Chairman of the Board of Directors, CEO and Deputy CEO held 1,300,000 options, equaling 2.2% of the company's share capital and votes, provided that all issued option rights will be converted into shares in the future. The total quantity of holdings and options was 1,479,897, equaling 2.5% of the company's share capital and votes, provided that all issued options will be converted into shares in the future.

Financing

With its current credit facilities, Technopolis is able to finance all Board approved investments. At the end of the period, Technopolis' available funds consisted of EUR 188.6 million in untapped credit facilities, and cash amounting to EUR 4.5 million. Of the long-term unused credit facilities, EUR 60.0 million is credit extended by the European Investment Bank to Technopolis for future expansion projects in Finland. Technopolis has a EUR 90 million domestic commercial-paper program for managing its short-term liquidity, which allows the company to issue commercial papers with maturities of less than one year. At the end of the period, there were no outstanding commercial papers. Technopolis also has a EUR 15 million checking account overdraft facility of which EUR 6.4 million was in use at the end of the period.

The Group's net financial expenses totaled EUR 11.8 million (EUR 13.9 million). The Group's interest coverage ratio was 3.8 (2.2). The interest coverage ratio indicates the relation between EBITDA and accrual-based interest expenses.

The Group's total assets were EUR 706.1 million (EUR 683.6 million), of which liabilities totaled EUR 444.2 million (EUR 407.9 million). The Group's equity ratio was 37.3% (40.5%) At the end of the period the Group's net gearing was 146.7% (124.5%). The Group's equity per share was EUR 4.57 (EUR 4.80).

At the end of the period, the Group's interest-bearing liabilities amounted to EUR 388.7 million (EUR 350.3 million). On December 31, 2009, the average interest rate on interest-bearing loans was 2.47% (4.76%). At the end of the period, 75.4% (74.3%) of interest-bearing liabilities were variable rate loans and 24.6% (25.7%) were fixed rate loans. The average capital-weighted loan period was 10.3 years (10.8 years).

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 59.1% (55.6%).

The Group has interest-bearing liabilities from credit institutions worth EUR 350.6 million, of which EUR 85.3 million include equity ratio related covenants. With these loans, a decline in the equity ratio may lead to higher interest rate margins or premature repayment. In some loans and bank guarantees, the margins may rise as the equity ratio decreases, as shown in the table below. Potential changes to margins will become effective in accordance with the terms and conditions of each loan.

Loan(L)or bank guarantee (BG) principal, EUR million	Margin % 12/31/2009	Equity ratio under 38 %	Equity ratio under 35 %	Equity ratio under 33 %	Equity ratio under 30 %	Other
10.0(L)	0.65				0.85	
4.1 (L)	0.65			0.70	1.00	
20.0 (L)	1.50			1.75	2.00	Margin may be changed or loan terminated if equity ratio is under 30%
1.2 (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)	0.8	0.9	1.0	1.5		
10.00 (BG)	0.8	0.9	1.0	1.5		

Bank guarantees in the amount of 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. Upon possible extension of the bank guarantees, significant margin increases are possible.

During the 12-month period following the period under review, EUR 28.0 million of the existing interest-bearing loans will mature.

Financing for the duration of the construction project in Russia has been arranged through funding by the parent company and is converted into long-term loans and shareholders' equity in compliance with the thin-capitalization regulations in effect in Russia.

Organization and Personnel

The CEO of Technopolis is Keith Silverang, MBA. Mr. Silverang has dual U.S. and Finnish citizenship. He has an undergraduate degree from Boston University and an MBA from the Helsinki School of Economics. Mr. Reijo Tauriainen is the company's Deputy CEO.

The company's Management Team comprises Mr. Keith Silverang, CEO; Mr. Reijo Tauriainen, CFO and Country Manager, Finland; Ms. Satu Eskelinen, Vice President in charge of the Tampere operations and Business Services; Mr. Jukka Akselin, Chief Development Officer; Mr. Seppo Selmgren, Chief Sales Officer; and Mr. Will Cardwell, Development Services Director.

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.

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 is included as an Appendix to the financial report stock exchange release.

During the financial period, the Group employed an average of 152 (165) people. Facilities operations employed 61 (59) people, Business Services 34 (38) people and Development Services 57 (68) people. At the end of the period under review, the Group's personnel totaled 151 (158).

Technopolis' Development Services were reorganized in the last quarter of the period under review, resulting in mandatory labor negotiations pursuant to the Finnish Act on Cooperation within Undertakings in the companies providing development services. As a result of the negotiations, the number of employees in the Development Services unit fell to 23. Four employees were transferred within the company, 16 people were transferred to public and private partners and seven employees resigned, were dismissed or are on leave. The negotiations concerning the transfer of the Technopolis Ventures operations in Jyväskylä are still in progress and are expected to be finalized at the end of January 2010. The negotiations will affect the employment of two employees. Taking into account the changes in the staffing at the end of the year, the Group's personnel totaled 130 at the beginning of 2010.

The restructuring plan calls for the merger of the local Technopolis Ventures subsidiaries into the parent company Technopolis Ventures Ltd by the end of February 2010. Modern video conferencing systems and web-based technologies will enable the development and production of development services as well as centralization of service delivery. The sales of development services will be organized through Technopolis' local business units. A majority of the publicly funded non-profit programs were transferred to local public and private partners at the end of 2009.

Annual General Meeting

The Annual General Meeting of Technopolis Plc was held on March 26, 2009. The meeting adopted the consolidated and parent company financial statements for fiscal 2008 and released the company management from liability.

The shareholders at the Annual General Meeting decided to pay a dividend of EUR 0.12 per share, as proposed by the Board of Directors. The dividend was paid to shareholders who were registered in the company shareholders register kept by Euroclear Finland Ltd on the record date of March 31, 2009. The dividend payment date was April 7, 2009.

The shareholders at the Annual General Meeting decided to amend the company's Articles of Association Section 8 by specifying that the notice of the General Meeting should be served no later than three weeks before the General Meeting.

The number of members on the Board of Directors was confirmed at six. Ms. Teija Andersen, Mr. Jussi Kuutsa, Mr. Matti Pennanen, Mr. Timo Ritakallio and Mr. Erkki Veikkolainen were elected members of the Board for a term that ends at the close of the next Annual General Meeting. In addition to the aforementioned persons, the Board includes Mr. Pertti Huuskonen, full-time Chairman of the Board, who was elected the full-time Chairman of the Board at the Annual General Meeting of March 27, 2008 for a term that began on September 15, 2008 and will end at the close of the Annual General Meeting to be held in fiscal 2010. Mr. Matti Pennanen was elected Deputy Chairman of the Board.

The shareholders at the Annual General Meeting decided that Mr. Huuskonen is to be paid compensation of EUR 288,150 for a period of time starting from the 2009 Annual General Meeting and ending at the Annual General Meeting the following year. The compensation is based on a decision made by the shareholders at the Annual General Meeting of March 27, 2008 and on the basis of a compensation agreement made with Mr. Huuskonen, including a 15% reduction in the compensation for said period of time, in accordance with Mr. Huuskonen's voluntary savings initiative.

The other members of the Board will be paid annual compensation as follows: EUR 30,000 to the Deputy Chairman of the Board and EUR 25,000 to each member of the Board. An additional EUR 600 per meeting will be paid as compensation for attending Board meetings. Travel expenses will be reimbursed in accordance with the company's travel regulations.

The shareholders at the Annual General Meeting further decided to authorize the Board of Directors to extend the compensation agreement with Pertti Huuskonen by one year under the original terms and conditions so that it would terminate at the close of the 2011 Annual General Meeting. In accordance with the original terms and conditions, the annual compensation for the Chairman of the Board is EUR 339,000.

KPMG Oy Ab were appointed auditors for the Group, with Mr. Tapio Raappana, APA, as the Auditor-in-charge. A decision was made to pay the auditor's fee in accordance with a reasonable invoice submitted by the auditor.

The shareholders at the Annual General Meeting authorized the company's Board of Directors to decide on purchasing the company's own shares as follows: The maximum number of shares to be acquired is 5,700,000, equal to approximately 9.94% of the company's shares. Under the authorization, the company's own shares may only be purchased using unrestricted equity.

The company's own shares may be purchased at a price set in public trading on the date of purchase or at a price otherwise determined on the market.

The Board of Directors will make the decision on how the shares will be acquired. Derivatives, among other things, may be used for this purpose. The company's own shares can be acquired using other methods than in proportion to the current holdings of the existing shareholders (directed acquisition).

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 Annual General Meeting resolved to authorize 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 Board of Directors was authorized to decide all terms and conditions of the share issue and of the granting of special rights entitling holders to shares. The authorization applies to both the issuance of new shares and the surrendering of the company's own shares. The share issue and granting of special rights entitling to shares may be carried out in a manner that deviates from the pre-emptive rights of shareholders (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.

At the Annual General Meeting, the Board made the decision to amend its proposal referred to in the notice of the meeting so that the number of shares to be issued pursuant to the authorization may not exceed 11,400,000, which is equivalent to approximately 19.88% of the company's shares.

The shareholders at the Annual General Meeting approved a performance share-based incentive system for key personnel in the Technopolis Group.

The system aims to align the objectives of the owners and key personnel in order to increase the company's value and commitment of key personnel to the company by providing them with a competitive bonus system based on ownership of the company's shares.

The system contains three earnings periods, the calendar years 2010, 2011 and 2012. The company's Board of Directors decides the earnings criteria and targets for each period in December of the previous year. Potential bonuses for the earning periods of 2010, 2011 and 2012 will be paid in 2011, 2012 and 2013, respectively, partly in company shares and partly in cash. The shares may not be disposed of during a commitment period of two and a half years.

The total bonus amounts payable in the system correspond to a maximum value of approximately 800,000 Technopolis Plc's shares (including the portion payable in cash). The calculatory dilution effect of these shares is 1,4 %.

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 will use 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 fiscal 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 December 31, 2009, 18.3% of interest-bearing liabilities were pegged to the under 3-month Euribor rate and 57.1% were pegged to the 3-12 month Euribor rate. Of the interest-bearing liabilities, 24.6% were fixed-rate loans with maturities of 13 to 60 months.

The objective of managing refinancing risks is to ensure that the Group's loan portfolio is sufficiently diversified in terms of repayment schedules and financing instruments. The average principle-weighted outstanding loan period for interest-bearing liabilities was 10.3 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 relatively high degree of solvency.

Extended uncertainty in the financing market may affect the availability of growth financing and refinancing, as well as on their margins in the future.

The differences between Russian and Finnish legislation and administrative procedures may give rise to risks. If the Pulkovo premises let as planned, the technology center will create a financial risk for the Group. Once completed, the Pulkovo technology center will account for approximately 7% of the fair value of the Group's entire investment property portfolio.

Fluctuations in the exchange rate between the Russian ruble and the euro may have an effect on the company's financial position 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 financial income and expenses depending on the nature of the transaction.

The deterioration of general economic conditions, if prolonged, may have an unfavorable effect on the company's customers and, thus, on the Group's 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 customer risk management, Technopolis' leases include lease deposit arrangements. All properties are covered by full value insurance.

Geographically, the Group's property portfolio is diversified between the Helsinki Metropolitan Area, Jyväskylä, Kuopio, Lappeenranta, Tampere, the Oulu region and St. Petersburg. No single customer accounts for more than 9% 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 188,190 (227,467 on December 31,2008) square meters of allocated space, equaling 46% (57%) 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.

	2009		2008	
Notice period, months	Allocated square meters	% of lease stock	Allocated square meters	% of lease stock
0 - 3	13,035	7	54,592	24
3 - 6	54,134	28	118,283	52
6 - 9	83,971	45	36,395	16
9 - 12	37,048	20	18,197	8
Total	188,188	100	227,467	100

At the end of the period, the average lease period was 21 (24) months.

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 specifications 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 office facilities and recycling potential. When purchasing properties, Technopolis carries out standard property and environmental audits before committing to the transaction.

Changes in the market yield requirements may have a significant impact on the company's financial performance. As the yield requirements increase, the fair value of properties decrease. Conversely, as the yield requirements decrease, the fair value of properties increase. While the changes either decrease or increase the company's operating profit, they do not have an impact on the company's direct result, but do affect the equity ratio.

Board of Directors' Proposal for Distribution of Profit

The distributable funds of the parent company Technopolis Plc at the disposal of the Annual General Meeting amount to EUR 11,531,267. The Board proposes a dividend of EUR 0.15 per share to be paid out, totaling EUR 8,601,802. The rest is to remain in the retained earnings account. The proposed dividend is 43.0% of the earnings per share excluding changes in the fair value of investment properties.

There have not been essential changes to the company's financial status after the end of the financial period. The company's liquidity is good and according to the Board of Directors' opinion, the proposed distribution of profit will not endanger the company's solvency.

Future Outlook

The Technopolis Management view 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 concerning 2010, which could have an impact on the development of the company's net sales and EBITDA.

The Management estimates that a prolonged general decline of the economy could make it difficult for the Group to achieve its growth targets. The company will continue measures aimed at safeguarding its profitability also under difficult economic conditions. The Group's Management estimates that in 2010 net sales will grow 0-2% and that EBITDA in 2010 will remain at the 2009 level.

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 2014. 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 2014. The aim is to generate this growth through both organic growth and acquisitions. The Group's long-term equity ratio target is 35%.

Technopolis estimates that in 2010, it will be possible to carry out one acquisition in a new country, in accordance with the company's strategy and financial objectives. Nevertheless, this estimate includes a significant schedule risk, and there are no guarantees that the set time table will be met as planned.

The Group's financial performance depends of the development of the overall business environment, customer operations, as well as the yield requirements from the financial markets and properties. Developments in these areas and resulting changes in the occupancy rate, use of services, financing costs, the fair value of properties and facilities rents can have an impact on the Group’s sales and earnings.

Oulu, January 29, 2010

TECHNOPOLIS PLC
Board of Directors

Keith Silverang
CEO

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The Financial Report Stock Exchange Release is available in PDF format on the company’s website at www.technopolis.fi. To request a paper copy of the document, please call +358 46 712 0000/Technopolis info.

Technopolis provides an online bulletin service that you can join by visiting the company’s website. Individuals who sign up with the service will receive the company’s bulletins electronically.

The company’s Annual Report will be published on the week of March 15 (week 11) on the company’s website.

The accounting policies applied in the financial statement release and the formulas for calculating key indicators are basically the same as in the 2008 annual report. Since January 1, 2009, the company has applied the revised IAS 1 and IAS 40 standards as well as the IFRS 8 regulations. 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 two geographic units: Finland and Russia. The segmentation presented in this interim report is based on the Group’s existing internal reporting procedures and the organization of the Group’s operations. The Group presents the information on the operating segments complete with comparative data since the beginning of 2009.

Investment properties are valued in accordance with the fair value model. The company has complied with the amended IAS 40 standard, under which investment properties under construction must be measured at fair value, provided that fair value can be reliably determined. The company has applied the amended standard since the beginning of 2009.

The figures are unaudited.

Technopolis Group:

STATEMENT OF COMPREHENSIVE INCOME Currency unit: EUR million	10-12/ 2009	10-12/ 2008	1-12/ 2009	1-12/ 2008
Net sales	19.66	19.54	76.40	72.57
Other operating income (8)	0.92	1.11	2.43	5.48
Other operating expenses	-10.65	-11.79	-38.86	-41.07

Change in fair value of investment properties	-5.98	0.63	-37.13	-0.69
Depreciation (9)	-0.13	-0.16	-0.52	-0.98
Operating profit/loss	3.82	9.32	2.31	35.31
Financial income and expenses	-2.48	-3.92	-11.76	-13.93
Profit before taxes	1.34	5.39	-9.45	21.38
Income taxes	-0.61	-1.22	1.95	-5.53
Net profit for the period	0.73	4.17	-7.50	15.85
Other comprehensive income items				
Available-for-sale financial assets	0.01	-0.02	0.08	-0.04
Taxes related to other comprehensive income items	0.00	0.01	-0.02	0.01
Other comprehensive income items after taxes for the period	0.01	-0.01	0.06	-0.03
Comprehensive income for the period, total	0.74	4.16	-7.44	15.82
Distribution of earnings for the period:				
To parent company shareholders	0.74	4.15	-7.44	15.99
To non-controlling shareholders	-0.01	0.02	-0.05	-0.14
	0.73	4.17	-7.50	15.85
Distribution of comprehensive earnings for the period:				
To parent company shareholders	0.75	4.14	-7.38	15.96
To non-controlling shareholders	-0.01	0.02	-0.05	-0.14
	0.74	4.16	-7.44	15.82

Earnings per share based on result of flows to the parent company shareholders:

Earnings/share, basic (EUR)	0.01	0.08	-0.13	0.31
Earnings/share, adjusted for dilutive effect (EUR)	0.01	0.08	-0.13	0.31

BALANCE SHEET, ASSETS

Currency unit: EUR million	12/31/2009	12/31/2008
Non-current assets		
Intangible assets	2.81	2.02
Tangible assets	62.79	37.94
Investment property	596.73	594.02

Investments	25.61	26.70
Deferred tax assets	2.81	1.89
Non-current assets	690.75	662.57
Current assets	15.34	20.99
Assets, total	706.09	683.56

BALANCE SHEET, SHAREHOLDERS' EQUITY AND LIABILITIES

Currency unit: EUR million

Shareholders' equity		
Share capital	96.91	96.91
Premium fund	18.55	18.55
Other funds	63.94	63.82
Other shareholders' equity	0.65	0.55
Retained earnings	89.21	79.62
Net profit for the period	-7.44	15.99
Parent company's shareholders' interests	261.83	275.44
Non-controlling interests	0.01	0.26
Shareholders' equity, total	261.84	275.70
Liabilities		
Non-current liabilities		
Interest-bearing liabilities	360.67	329.84
Non-interest-bearing liabilities	1.25	1.38
Deferred tax liabilities	32.62	38.11
Non-current liabilities, total	394.55	369.33
Current liabilities		
Interest-bearing liabilities	28.03	20.43
Non-interest-bearing liabilities	21.67	18.10
Current liabilities, total	49.70	38.53
Liabilities, total	444.25	407.86
Shareholders' equity and liabilities, total	706.09	683.56

CASH FLOW STATEMENT Currency unit: EUR million	1-12/ 2009	1-12/ 2008
Cash flow from operating activities		
Net profit for the period	-7.50	15.85
Adjustments:		
Change in fair value of investment properties	37.13	0.69
Depreciation	0.52	0.98
Other adjustments for non-cash transactions	-0.01	-0.02
Interest and other financial expenses	0.67	0.14
Interest income	11.77	13.95

Dividend yield	-1.95	5.53
Taxes	1.85	0.24
Increase/decrease in working capital	0.57	1.24
Interest received	0.01	0.01
Dividends received	-10.54	-16.41
Interest paid and fees	-1.74	0.46
Taxes paid	-1.79	-2.47
Net cash from operations	28.99	20.19
Cash flow from investing activities		
Investments in other securities	-0.02	-1.11
Investments in investment properties	-62.96	-70.21
Investments in tangible and intangible assets	-1.05	-0.27
Repayments of loan receivables	1.06	0.96
Gains from disposals of other investments	0.01	2.33
Acquisition of subsidiaries	-0.21	-22.21
Net cash used in investing activities	-63.17	-90.51
Cash flow from financing activities		
Increase in long-term loans	58.41	70.21
Decrease in long-term loans	-15.98	-14.46
Dividends paid	-6.88	-6.60
Paid share issue		58.48
Repayments of capital leasing receivables	-4.00	-31.24
Change in short-term loans	31.55	76.39
Net cash from financing activities		
Net increase/decrease in cash assets	-2.63	6.07
Cash and cash equivalents at period-start	7.15	1.08
Cash and cash equivalents at period-end	4.52	7.15

STATEMENT OF CHANGES IN EQUITY

Currency unit: EUR million	Share capital	Premium fund	Other funds	Retained earnings	Non-controlling shareholders	Share-holders' equity
EQUITY 12/31/2007	74.54	18.55	27.38	86.29	0.40	207.17
Share capital increase	0.01		0.01			0.02
Directed share issue	22.36		36.38			58.75
Dividend distribution				-6.62		-6.62

Comprehensive income for the period			-0.03	15.99	-0.14	15.82
Other changes			0.08	0.49		0.57
EQUITY 12/31/2008	96.91	18.55	63.82	96.16	0.26	275.70
Dividend distribution				-6.88		-6.88
Comprehensive income for the period			0.06	-7.44	-0.05	-7.44
Other changes			0.06	0.59	-0.20	0.46
EQUITY 12/31/2009	96.91	18.55	63.94	82.42	0.01	261.84

Financial Information by Segment

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

SEGMENT INFORMATION Currency unit: EUR million	10-12/ 2009	10-12/ 2008	1-12/ 2009	1-12/ 2008
Net sales				
Finland	19.58	19.53	76.13	72.43
Russia	0.10	0.07	0.34	0.27
Unallocated	-0.02	-0.07	-0.06	-0.13
Total	19.66	19.54	76.40	72.57
EBITDA				
Finland	10.54	10.55	43.81	42.32
Russia	-0.08	-0.14	-0.43	-0.54
Unallocated	-0.53	-1.48	-3.41	-4.80
Total	9.93	8.93	39.97	36.98
Assets				
Finland			691.46	675.22
Russia			38.41	19.14
Eliminations			-23.78	-10.80
Total			706.09	683.56

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, this is the first year when the company presents its direct result, which better reflects its actual performance.

The direct result presents the company’s financial performance 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, 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 Currency unit: EUR million DIRECT RESULT	10-12/ 2009	10-12/ 2008	1-12/ 2009	1-12/ 2008
Net sales	19.66	19.54	76.40	72.57
Other operating income	0.84	1.06	2.24	4.45
Other operating expenses	-10.65	-11.79	-38.86	-41.07
Depreciation	-0.13	-0.16	-0.52	-0.56
Operating profit/loss	9.72	8.65	39.26	35.40
Finance income and expenses. total	-0.91	-4.95	-9.75	-15.19
Result before taxes	8.81	3.69	29.51	20.21
Taxes for direct result items	-2.81	-0.92	-7.91	-5.22
Non-controlling interests	0.01	-0.02	0.05	0.14
Direct result for the period	6.01	2.76	21.66	15.12
				0.00
INDIRECT RESULT				
Non-recurring items	0.08	0.05	0.18	1.03
Change in fair value of investment properties	-5.98	0.63	-37.13	-0.69
Non-recurring depreciation				-0.42
Operating profit/loss	-5.90	0.68	-36.95	-0.08
Change in fair value of financial instruments	-1.57	1.03	-2.01	1.25
Result before taxes	-7.48	1.71	-38.96	1.17
Taxes for indirect result items	2.20	-0.30	9.86	-0.30
Indirect result for the period	-5.27	1.40	-29.10	0.87
Result for the period to the parent company shareholders, total	0.74	4.15	-7.44	15.99
Earnings per share, diluted *)				
From direct result	0.10	0.06	0.38	0.29
From indirect result	-0.09	0.02	-0.51	0.02
From net result for the period	0.01	0.08	-0.13	0.31

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

KEY INDICATORS

KEY INDICATORS	1-12/ 2009	1-12/ 2008
Change in net sales, %	5.3	27.5
Operating profit/loss / net sales, %	3.0	48.7
Interest coverage ratio	3.8	2.2
Equity ratio, %	37.3	40.5
Loan to value, %	59.1	55.6
Group company personnel during the period, average	152	165
Gross expenditure on assets, EUR 1,000	66 029	143 273
Net rental revenue of investment properties, % (10)	7.6	7.6
Financial occupancy rate, %	94.4	96.5
Earnings/share		
Basic, EUR	-0.13	0.31
Diluted, EUR	-0.13	0.31
Equity/share, EUR	4.57	4.80
Average issue-adjusted number of shares		
basic	57 345 341	52 029 796
diluted	57 345 341	52 118 705
Issue-adjusted number of shares at year-end	57 345 341	57 345 341
P/E ratio	-23,88	9,40
Dividend/share, EUR (11)	0,15	0,12
Dividend payout ratio, %	-115,6	39,1
Effective dividend yield	4,84	4,20

OTHER KEY INDICATORS

Market value of shares, EUR million, Dec 31	177,77	165,15
Share turnover, shares	18 870 550	33 013 701
Share turnover out of average number of shares, %	32,91	63,50
Share prices, EUR		
Highest price	3,96	6,48
Lowest price	1,95	2,26
Average price	3,01	4,84
Price Dec 31	3,10	2,88

CONTINGENT LIABILITIES

Currency unit: EUR million	12/31/2009	12/31/2008
Pledges and guarantees on own debt		
Mortgages of properties	353.9	261.9
Book value of pledged securities	162.1	162.4

Other guarantee liabilities	12.7	13.24
Collateral given on behalf of associates	0.50	0.50
Leasing liabilities, machinery and equipment	2.21	0.94
Project liabilities	0.15	0.21
Interest rate and currency swaps		
Nominal values	107.7	112.00
Fair values	-0.99	0.56

Value added tax (VAT) adjustment liability on property investments

	5 -year adjustment period		10-year adjustment period		
Year	2006	2007	2008	2009	Total
Property investment expense (net)	43.90	4.80	57.45	32.35	138.49
VAT on property investment	9.66	1.06	12.64	7.12	30.47
Annual share of VAT on investment	1.93	0.21	1.26	0.71	4.12
VAT deducted	9.26	1.05	12.57	7.08	29.96
Annual share of the VAT deducted	1.85	0.21	1.26	0.71	4.03
Number of years remaining in the adjustment period	1	2	8	9	
Refundable amount of deduction 12/31/2009	1.85	0.42	10.06	6.37	18.70
VAT adjustment liability 12/31/2009					18.70
VAT adjustment liability 12/31/2008					16.36
Change					2.34

(8) Other operating income consists of operating subsidies received for development services; an equal amount is recorded under operating expenses for development services. The 2009 figures include non-recurring items of EUR 0.2 million and the 2008 cumulative figures EUR 0.9 million.

(9) The 2008 cumulative figures include non-recurring depreciation of EUR 0.4 million.

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

(11) Proposal for distribution of 2009 dividends

APPENDICES:
Corporate Governance Statement

Distribution:
Nasdaq OMX Helsinki
Major news media
www.technopolis.fi