TECHNOPOLIS PLC INTERIM REPORT August 11, 2011 at 13:00

Technopolis Group Interim Report January 1–June 30, 2011

Highlights for 1 – 6/2011 compared with 2010

- Net sales rose to EUR 45.0 million (EUR 39.2 million)
- EBITDA rose to EUR 22.4 million (EUR 20.6 million)
- Operating profit rose to EUR 37.0 million (EUR 20.9 million) including a change of EUR 15.5 million (EUR 0.7 million) in the fair value of investment properties
- Financial items include EUR 1,7 million in unrealized interest rate swap-related earnings
- Profit before taxes totaled EUR 33.2 million (EUR 15.8 million)
- The financial occupancy rate was 93.6% (92.8%)
- The Group's equity ratio was 36.3% (38.0%)
- Earnings per share (undiluted) rose to EUR 0.39 (EUR 0.17) and diluted EUR 0.39 (EUR 0.17)
- The Group's Management estimates that both net sales and EBITDA will grow 11–13% in 2011 from the previous year. The previous forecast was that both net sales and EBITDA would grow 9 – 11 %.

Keith Silverang, CEO:

"The financial occupancy rate of Technopolis reached 95.3% in Finland and 95.3% in Tallinn (March 31, 2011 94.5%). The positive trend on the facilities market in St. Petersburg has continued, and as of the publishing date of this Interim Report, the agreements signed will increase the occupancy rate of Pulkovo to 98.8% by the end of this year.

Like-for-like rental growth was 3.5%, primarily due to rising occupancy and index increases. EBITDA improved relative to both the same period in 2010 and the first quarter of 2011, mainly as a result of a higher occupancy and a relatively high inflation rate. The same trend will looks likely to continue for the rest of 2011.

The operations of Technopolis Ülemiste have developed favorably. Occupancy rates are good and, owing to the recovery of the Estonian market, the rental and service revenues, as well as EBITDA, are improving. We have made the decision to invest in the first growth project in Technopolis Ülemiste and submitted the building permit application.

In Oulu, the changes affecting one major customer, Nokia Plc, will not affect our earnings outlook for 2011. During the first half of the year, new business opportunities have emerged in Oulu and Tampere, totaling some 5,500 square meters. Based on our current information, we believe that the impact of the mobile sector restructuring on Technopolis will be relatively minor."

Business Environment in Finland, St. Petersburg, and Tallinn

Forecasts for economic growth in Finland in 2011 vary between 3.0 and 4.0% and for inflation between 2.7 and 3.5%. Notwithstanding the relatively positive outlook for the Finnish economy and economic growth in the eurozone, apart from the countries suffering from a financial crisis, the threats related to the Eurozone economy have increased considerably since the year end. (Source: The Research Institute of the Finnish Economy)

Since the beginning of 2011, the situation on the facilities market has been stable. In Finland, based on the preliminary data for June, vacancy rates in the Helsinki Metropolitan Area are declining and there is demand for modern office premises. The situation in domestic growth centers regarding the office space market varies from city to city. In Oulu, vacancy rates decreased a little during the first half of the year. Office premises, especially in the city center, are in demand, whereas in the fringe areas there is some price erosion (Source: Catella).

In St. Petersburg, the vacancy rate declined to 12.5% at the end of the second quarter. Rents went up slightly in ruble terms, but increased considerably in USD terms following the strengthening of the ruble. Supply and demand are expected to balance gradually by the end of 2012. (Source: Jones Lang LaSalle)

The yield requirements for high-quality properties with high occupancy rates, located in good areas and with good transportation connections are expected to decline in St. Petersburg's Pulkovo area to 10.0–10.5% by the beginning of 2012 (Source: Jones Lang LaSalle).

In the facilities market in Tallinn, vacancy rates for class A and B premises have been declining during the first half of 2011 Demand is strongest for premises in the city center. (Source: Jones Lang LaSalle) The vacancy rate for class A office premises was 8.8% in June 2011. (Source: Colliers)

Operations

Technopolis Group has three operating segments based on geographic units: Finland, Russia, and Estonia.

During the second quarter of 2011, demand for innovation environments remained favorable in the areas in which Technopolis operates. In Finland and Tallinn, the financial occupancy rate reached 95.3%, an increase of 0.8 percentage points from the first quarter. The Group's financial occupancy rate, now for the first time including St. Petersburg's Technopolis Pulkovo, was 93.6% (June 30, 2010 92.8%). The figures for the Group's financial occupancy rates are not comparable, as the lease stock of the Estonian subsidiary has been included in the figures from December 31, 2010, and the lease stock of the St. Petersburg subsidiary from June 30, 2011.

The competitive situation in Finnish growth centers remained stable during the period under review. The company's occupancy rates are still above average in all domestic growth centers. In the second quarter, financial occupancy rates increased in Oulu, Jyväskylä, and Kuopio.

In Oulu, the share of one major customer, Nokia Plc, of the company's net sales will fall from 6% to less than 4% by the year end. During the first part of the year, Technopolis entered into new rental and service agreements for 5,500 square meters with mobile service and e-sales businesses in Oulu and Tampere.

In Kuopio, Technopolis and Savonia University of Applied Sciences proceeded with an important pre-agreement, according to which Savonia will move its operations into Technopolis premises in phases. The first lease in connection with the pre-agreement was signed on April 13, 2011. Savonia University of Applied Sciences leased approximately 2,000 square meters from June 30, 2011, for a rental period of twenty-five years. In addition to the premises, the agreement also covers a variety of services.

Net sales and EBITDA in Tallinn were at the expected level, and the financial occupancy rate remained good in spite of the high vacancy rate of 12% in the office rental market.

Technopolis Pulkovo premises have been let out swiftly, the pre-occupancy rate having now reached 98.8% as of the publishing date of this report. The St. Petersburg unit's EBITDA recorded a loss of EUR 0.4 million, but it is expected to exceed break-even during the second half of the year. By the end of the period under review, a total of EUR 56.1 million had been committed to operations in St. Petersburg.

The Group's financial occupancy rates*:

Financial Occupancy Rate	June 30, 2011	March 31, 2011	December 31, 2010	June 30, 2010
Group	**93.6%**	**94.5%**	**94.4%**	**92.8%**
Finland	**95.4%**	**94.6%**	**94.5%**	**92.8%**
Oulu	92.8%	92.3%	91.7%	91.9%
HMA	96.9%	97.1%	98.0%	95.5%
Jyväskylä	96.2%	94.1%	94.6%	86.0%
Kuopio	97.2%	94.4%	96.3%	95.3%
Lappeenranta	98.2%	98.4%	94.4%	94.1%
Tampere	97.3%	97.3%	96.1%	95.7%
Estonia	**93.7%**	**92.9%**	**93.5%**	**-**
St. Petersburg	**61.7%**	**-**	**-**	**-**

*) The figures for the Group's financial occupancy rates are not comparable, as the lease stock of the Estonian subsidiary has been included in the figures from December 31, 2010, and the lease stock of the St. Petersburg subsidiary from June 30, 2011.

The Group operates in real estate and service sector. Net sales for the period under review were EUR 45.0 million (EUR 39.2 million), showing an increase of 14.8%. Rental revenues accounted for 86.7%

(83.8% excluding the capital release repayment) and service revenues for 13.3% (16.2%). Like-for-like rental growth, that is, the rental revenue from comparable properties, was 3.5%, primarily due to increasing occupancy rates and index increases.

The Group’s EBITDA was EUR 22.4 million (EUR 20.6 million), an increase of 8.9% over 2010. EBITDA increased less than net sales primarily due to the slower than expected start in the rental operations of the St. Petersburg subsidiary and growth investments.

Breakdown of net sales and EBITDA by business function: (Figures from internal reporting, excluding eliminations.)

Premises	1–6/2011	1–6/2010	1–12/2010
Net sales	39,1	34.1	70.3
EBITDA	25,1	23.0	47.1
EBITDA %	64,2%	67.4%	67.1%

Services	1–6/2011	1–6/2010	1–12/2010
Net sales	5,9	5.3	11.2
EBITDA	1,1	0.7	1.1
EBITDA %	18,3%	13.1%	10.2%

The Group's operating profit totaled EUR 37.0 million (EUR 20.9 million). The increase in operating profit is, to a significant extent, due to a change of EUR 15.5 million (EUR 0.7 million) in the fair market value of investment properties. 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 financial expenses totaled EUR 3.8 million (EUR 5.0 million). Financial items in comprehensive income include EUR 1.7 million in unrealized interest rate swap-related earnings from period January 1 – April 30, 2011. As of May 1, 2011 Technopolis Group has recorded interest rate swaps in accordance with the IAS 39 criteria for hedge accounting, in order to eliminate the effect of the changes in the fair value of derivative instruments on the Group’s result and to reduce volatility in the fiscal year results. Most of the Group’s current interest rate swaps meet the criteria for hedge accounting. By carrying out interest rate swaps, the Group has extended the interest rate fixing period of its loans to 1.5 years (June 30, 2010 1.0 years). The Group’s profit before taxes totaled EUR 33.2 million (EUR 15.8 million).

The Group’s direct result was EUR 11.6 million (EUR 10.5 million), an increase of 11.2%. The direct result shows the company’s result for the financial period, excluding changes in the fair market value of investment properties and financial instruments during the period, as well as any non-recurring items and tax effects related to these items. The increase of the direct result is primarily due to growing rental revenues and diminishing operative taxes.

Total assets in the balance sheet were EUR 891.6 million (EUR 752 million), an increase of 18.6%. The Group’s equity ratio at the end of the period was 36.3% (38.0%).

The fair market value of the Group’s investment properties at the end of the period was EUR 789.9 million (EUR 649.4 million) and the fair market value of investment properties under construction was EUR 50.4 million (EUR 39.9 million). The earnings impact of the change in the fair value of investment properties was EUR 15.5 million (EUR 0.7 million) during the period under review.

The increase in the fair market value of investment properties is mainly the result of a slight decline in market yields. 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, 2011, the average net yield for Group properties was 8.1% (8.0% on June 30, 2010 and 8.0% on December 31, 2010). The average ten-year occupancy rate used in the fair value calculation was 95.8%. The Group has set a higher target for the financial occupancy rate than this. Over the period of 2001–2010, the Group’s average occupancy rate was 96.7%.

The Group’s total rentable space at the end of the period was 564,000 square meters (460,082 square meters), with 47,200 square meters under construction. The Group’s financial occupancy rate at the end of the period was 93.6% (92.8%). 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 141.8 million (EUR 109.4 million) at the end of the reporting period. The figure does not include the lease stock of buildings under construction.

The Group's property portfolio is geographically diversified with the portfolio comprising Oulu, the Helsinki Metropolitan Area, Jyväskylä, Kuopio, Lappeenranta, Tampere, St. Petersburg in Russia, and Tallinn in Estonia. No single customer accounts for more than 6% of the Group's net sales. The Group has a total of approximately 1,300 customers across a wide range of sectors.

Investment properties June 30, 2011		Fair value, EUR million	Net yield, %	m2
Finland	Oulu	236.4	8.3	192,900
	HMA	170.9	6.8	77,600
	Jyväskylä	71.0	8.2	47,100
	Kuopio	85.8	8.3	53,900
	Lappeenranta	29.5	8.8	27,300
	Tampere	84.3	7.4	52,400
Finland	**Finland, total**	**677.9**	**7.9**	**451,200**
Russia	**St. Petersburg**	**49.5**	**10.6**	**24,100**
Estonia (share of ownership 51%)	**Tallinn**	**62.5**	**8.6**	**79,200**
Group's investment properties total		**789.9**	**8.1**	**554,500**
Investment properties under construction*		50.4	several	47,200
Other properties (holdings, rented)				9,500

* Investment properties under construction have been valued at fair value and recognized on the basis of their rate of completion on the balance sheet date.

Major Investments and Development Projects

Projects completed during the quarter:

	Area	m2	EUR million	Occupancy rate % June 30, 2011	Net yield	Completed
Pulkovo Phase 1	St. Petersburg	24,100	52.8	61,7	10.6	6/2011
Helsinki-Vantaa 5, Part 2	HMA	2,900	6.0	100.0	7.0	5/2011

At the end of the reporting period, Technopolis had office space under construction in Finland in the Helsinki Metropolitan Area, Tampere, Kuopio, and Jyväskylä. The projects expand existing centers.

Projects under construction on June 30, 2011:

	Area	m2	EUR million	Occupancy rate % June 30, 2011	Net yield	Due for completion
Finn-Medi campus	Tampere	12,900	31.5	96.1	7.3	11/2011
Ruoholahti 2	HMA	9,000	27.7	14.0	6.5	5/2012
Yliopistonrinne 2	Tampere	7,900	22.5	31.1	6.9	9/2012
Innova 2	Jyväskylä	9,200	19.8	42.0	7.6	2/2012
Hermia 15 B	Tampere	4,800	10.8	87.7	7.3	1/2012
Viestikatu 2B	Kuopio	3,400	3.9	61.1	8.3	1/2012

Planned projects:

	Status	Area	m2	Estimated launch

Pulkovo 2	Planning	St. Petersburg	22,400	2011–2012
Ülemiste Lõõtsa 8	Investment decision	Tallinn	7,200	9/2011

The decision to invest in the first growth project in Technopolis Ülemiste has been taken and the construction license application has been submitted.

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

Strategy

In accordance with its strategy, Technopolis aims to operate in the best knowledge-intensive cities in Finland, Russia, Estonia, 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 with growth generated through both organic expansion and acquisitions. The Group's equity ratio target is a minimum of 35%.

Technopolis has been continuously analyzing potential international investment targets in Europe for growth. The key criteria for potential acquisitions are the sufficient size and growth potential of the target, excellent location in growth centers, high-quality and flexible property portfolio, and positive cash flow. The customer base of the targeted property must be suitable for the Technopolis concept. In addition, the project must have a positive effect on earnings per share.

Financing

At the end of the reporting period, funds available to Technopolis consisted of EUR 58.1 million in untapped credit facilities, and cash amounting to EUR 11.6 million. The credit facilities contained an EUR 45.0 million credit line and an EUR 13.1 million revolving credit facility. Use of the available credit limit facilities requires collateral arrangements. In addition, Technopolis has an EUR 120 million commercial-paper program, of which EUR 10.0 million was issued at the end of the reporting period.

The Group's net financial expenses totaled EUR 3.8 million (EUR 5.0 million). Financial items in comprehensive income include EUR 1.7 million in unrealized interest rate swap-related earnings from period January 1 – April 30, 2011. As of May 1, 2011 Technopolis Group registers interest swaps in accordance with the IAS 39 criteria for hedge accounting, in order to eliminate the effects of the changes in the fair value of derivative instruments on the Group's result and to reduce volatility in the result of the fiscal year. Most of the Group's current interest rate swaps meet the criteria for hedge accounting.

The Group's interest coverage ratio was 4.0 (5.6). The interest coverage ratio indicates the relation between EBITDA and accrual-based interest expenses.

The Group's total assets were EUR 891.6 million (EUR 752.0 million), of which liabilities totaled EUR 569.7 million (EUR 467.9 million). The Group's equity ratio was 36.3% (38.0%). At the end of the period, the Group's net gearing was 152.4% (136.7%). The Group's equity per share was EUR 4.90 (EUR 4.84).

At the end of the period, the Group's interest-bearing liabilities amounted to EUR 502.2 million (EUR 405.8 million), and the average capital-weighted loan period was 9.2 years (9.6 years). The bank guarantees for the loans granted by the European Investment Bank, amounting to EUR 123.3 million, have been covered with shorter agreements than the actual loan period. If the bank guarantees cannot be renewed, it will be necessary to rearrange the loans. The average interest rate on interest-bearing liabilities was 2.83% (2.08%) on June 30, 2011. Of interest-bearing liabilities, 61.7% (75.0%) were floating rate loans and 38.3% (25.0%) were fixed rate loans at the end of the period.

Technopolis has prepared for a potential increase in interest rates by increasing the number of interest swaps and by decreasing the 12-month market rate dependency. By carrying out interest rate swaps, the Group has extended the interest rate fixing period to 1.5 years (June 30, 2010 1.0 years). A one percentage point change in market rates would cause an EUR 2.3 million change in the interest costs per annum. At the end of the reporting period, there were interest rate swaps covering EUR 157.9 million.

The Group's loan-to-value ratio, that is, the ratio of interest-bearing liabilities to the fair value of investment properties and properties under construction, was 59.3% (57.9%). The Group has interest-bearing liabilities from credit institutions worth EUR 502.2 million, of which EUR 222.3 million include covenants related to equity ratio, debt service ratio or loan-to-value.

The covenant relating to debt service ratio and loan-to-value rate is included in the EUR 40.5 million borrowing of Technopolis Ülemiste (share of ownership 51%). In terms of the aforementioned loan amount, the subsidiary's debt service ratio must be at a minimum 1.1 and its loan-to-value rate 70% at a maximum. If the covenants are breached, the lender may terminate the loan.

Loans amounting to EUR 181.8 million include covenants relating to the equity ratio. 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. Potential changes in the margins take effect in accordance with the contractual provisions of each loan. Of these loans, EUR 40.8 million includes a repayment term. The repayment term is met if the equity ratio falls below 30%.

If the Group's equity ratio at the end of the reporting period was 35% or less, and the covenant equity ratio covenant took effect immediately, the impact on the Group's interest rate expenses would be EUR 0.1 million per annum. Correspondingly, if the equity ratio was 33% or less, the impact on the Group's interest rate expenses would be EUR 0.4 million per annum.

Bank guarantees to the amount of EUR 126.0 million have been given as security for the EUR 123.3 million in loans granted by the EIB. EUR 10.0 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 loan guarantee margins.

During the 12-month period following the period under review, EUR 56.0 million in existing interest-bearing loans will mature.

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

On May 11, 2011, the Finnish Financial Supervisory Authority approved Technopolis' registration document. The registration document is valid for 12 months following its publication. The details of the registration are provided in a stock exchange release published on May 13, 2011.

Organization and Personnel

The CEO of Technopolis Plc is Keith Silverang, MBA. Mr. Reijo Tauriainen, CFO, is the company's Deputy CEO.

The Group Management Team comprises Keith Silverang, Reijo Tauriainen, Satu Eskelinen, Marko Järvinen, Kari Kokkonen, Jukka Rauhala, and Sami Juutinen. The Technopolis line organization consists of three units: Finland, Russia, and Estonia. The Group organization also has matrix support functions for the Group's real estate development, business services, business development, and support services.

During the period, the Group employed an average of 146 (133) people. Facilities operations employed 86 (63) people, Business Services 43 (35) people and Development Services 17 (35) people. At the end of the period under review, the Group's personnel totaled 144 (146).

Technopolis key personnel have a share incentive program decided on by the Board of Directors, authorized by the Annual General Meeting, offering the key personnel the opportunity to earn a maximum of 150,000 shares in 2011. The earning criteria for the performance shares are weighted and consist of the growth of the company's earnings per share (60% weight) and the increase in the like-for-like rental income (40% weight).

Group Structure

Technopolis Group comprises the parent company Technopolis Plc, which has operations in Espoo, Helsinki, Jyväskylä, Kuopio, Lappeenranta, Oulu, Tampere, and Vantaa, mutual real estate company Innopoli II in Espoo (wholly owned), mutual real estate company Finnmedi 6-7 (wholly owned), and mutual real estate company Hermia (63.9%) in Tampere 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. In Estonia, Technopolis has Technopolis Baltic Holding OÜ (wholly owned), which manages the holdings in Technopolis Ülemiste AS (51%).

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%). The Group owns 35% of Otaniemi Marketing Ltd.

In May 2011, Innopoli Ltd. and Technopolis Ventures Ltd. were merged into Technopolis Plc. The mergers did not affect the personnel.

Annual General Meeting

The Annual General Meeting of Shareholders (AGM) of Technopolis Plc was held on March 30, 2011. The AGM 2011 adopted the Group and parent company's financial statements for the financial year 2010 and discharged the Board and CEO from liability. The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.17 per share. The dividend was paid to shareholders who were registered in the company shareholders register kept by Euroclear Finland Ltd on the record date of April 4, 2011. The dividend payment date was April 11, 2011.

The number of members on the Board of Directors was confirmed at six. Teija Andersen, Carl-Johan Granvik, Pertti Huuskonen, Pekka Korhonen, Matti Pennanen, and Timo Ritakallio were elected members of the Board for a term that ends at the close of the next Annual General Meeting. Pertti Huuskonen was elected the Chairman of the Board and Carl-Johan Granvik the Vice Chairman of the Board. KPMG Oy Ab, authorized public accountants, was elected as auditor of the company, with Mr. Tapio Raappana, APA, as the Auditor-in-Charge.

Following the AGM, the Board appointed within itself an audit committee and a remuneration committee. The audit committee consists of Mr. Timo Ritakallio, chair, and Carl-Johan Granvik, and Pekka Korhonen. The remuneration committee consists of Mr. Pertti Huuskonen, chair, and Teija Andersen and Matti Pennanen.

The Annual General Meeting held on March 30, 2011, decided to form a shareholders' nominating committee to prepare proposals for the next Annual General Meeting on the composition and remuneration of the Board of Directors. The nominating committee will be composed of the Chairman of the Board of Directors and three members representing the three largest shareholders, who may not be members of the Board of Directors of the company. The member appointed by the largest shareholder will act as Chairman of the Committee. The term of office of the shareholders' nominating committee will continue until a new nominating committee is appointed, unless the general meeting resolves otherwise. The shareholders' nominating committee prepares the above-mentioned proposals also for extraordinary general meetings, if needed. A person who could not, according to the applicable Finnish Corporate Governance Code, be appointed to a nominating committee of the Board of Directors, cannot be appointed to the shareholders' nominating committee. The shareholders' nominating committee will also fulfill the requirements of independence in relation to the company as set out in the Code.

The other resolutions of the general meeting are presented in the release on the resolutions of the Annual General Meeting published on March 30, 2011.

Board Authorizations

The company's Annual General Meeting held on March 30, 2011, authorized the Board of Directors to decide on the issuance of shares and special rights entitling to shares as referred to 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 12,677,000, equaling approximately 20% of the company's shares. The Board of Directors decides on all the terms and conditions of the issuance of shares and of special rights entitling to 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). However, the authorization cannot be used for incentive schemes. The authorization supersedes the authorizations given to the Board of Directors by the General Meeting of March 26, 2009, to decide on the issuance of shares and of special rights entitling to shares. The authorization is effective until the end of the next Annual General Meeting; however, no longer than until June 30, 2012. If the authorization regarding the issuance of shares is exercised in full, the nominal dilution effect will be 20%.

The AGM of 2009 decided to adopt a performance share incentive plan for key personnel in Technopolis Group. Based on the plan, a maximum of 390,000 shares may be given as remuneration.

The share incentive plan has been implemented and, in 2011, the company key personnel have the opportunity to earn a maximum of 150,000 shares. If the total of 150,000 shares is earned, the nominal dilution effect will be 0.2%.

Stock-Related Events and Disclosures of Changes in Holdings

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

Technopolis 2007B Stock Options were listed on the trading list of the OMX Nordic Exchange on May 2, 2011. The details of the registration are provided in a stock exchange release published on April 19, 2011.

On January 19, 2011, Varma Mutual Pension Insurance Company announced that its direct holding of Technopolis Plc's share capital and votes had increased above two twentieths (15%) as a result of a share transaction carried out on January 18, 2011. After the transaction, the proportion of Technopolis Plc's share capital and votes controlled directly by Varma Mutual Pension Insurance Company is 10,279,371 shares and 16.22%, respectively.

On January 19, 2011, 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 decreased by under one twentieth (5%) as a result of a share transaction carried out on January 18, 2011. After the transaction, the proportion of Technopolis Plc's share capital and votes indirectly controlled by OP-Pohjola Group is 2,649,543 shares and 4.180%.

Evaluation of Operational Risks and Uncertainties

Technopolis' most significant risks relate primarily to financial development associated with financing and customers as well as international business risks.

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, 2011, 9.4% of interest-bearing liabilities were pegged to the under 3-month Euribor rate and 52.4% were pegged to the 3–12 month Euribor rate. Of the interest-bearing liabilities, 38.3% were fixed rate loans with maturities of 13–60 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 9.2 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.

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, Estonian, and Finnish legislation and administrative procedures may create risks.

Changes in the exchange rates between the Russian ruble and the euro may have an effect on the company's financial performance 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 according to the type of transaction involved.

Changes in the general economic environment 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.

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 198,300 (187,600 on June 30, 2010) square meters of allocated space, equaling 41.8% (44.3% on June 30, 2010) 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.

Notice period months	June 30, 2011 Allocated sq m	June 30, 2011 % of lease stock	June 30, 2010 Allocated sq m	June 30, 2010 % of lease stock
0–3	57,000	12.0	9,700	2.3
3–6	99,300	20.9	45,100	10.7
6–9	15,600	3.3	94,000	22.2
9–12	26,400	5.6	38,800	9.2
Total	198,300	41.8	187,600	44.3

At the end of the period, the average lease period was 17 (19) months. The figure does not include the lease stock of properties under construction.

Declining financial occupancy rates may reduce rental and service revenue and profit, 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 life cycle. 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. All properties are covered by full value insurance.

Changes in 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 decreases. Conversely, as the yields decrease, the fair value of properties increases. Such changes either decrease or increase the Group's operating profit. Changes in 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 reduce 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 will have an impact on the cash flow and result for the period.

Future Outlook

The Group's Management has reviewed the guidance for 2011 and estimates that both net sales and EBITDA will grow 11–13% in 2011 from the previous year. The previous forecast was that both net sales and EBITDA would grow 9 – 11 %.

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 may have an impact on the Group's sales and earnings.

Oulu, August 11, 2011

TECHNOPOLIS PLC

Board of Directors

Keith Silverang
CEO
tel. +358 40 566 7785

APPENDICES:

Financial Reports

A presentation on the details of the Interim Report is publicly available on the company's website at http://www.technopolis.fi/for_investors/presentations. The Interim Report 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 (0)46 712 0000/Technopolis info.

Technopolis provides a newsletter service that you can subscribe to at http://www.technopolis.fi/for_investors/releases_service. Anyone subscribing to the service will be sent company's reports and releases electronically.

Financial Reports

The accounting policies applied in the Interim Report and the formulas for calculating key indicators are the same as in the 2010 annual report, apart from hedge accounting in accordance with the IAS 39 standard. The accounting policy has been changed as follows:

Technopolis Group employs derivative instruments (mainly rate swaps) for hedging risks relating to market rate fluctuations. As of May 1, 2011, the Group implements hedge accounting in accordance with IAS 39. Consequently, changes in the fair value of derivative instruments designated as effective hedges are recognized directly as comprehensive income in the consolidated financial statements. Changes in the fair value of ineffective hedges are recognized immediately in the income statement. Most of the Group's current interest rate swaps meet the criteria for hedge accounting.

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 figures are unaudited.

Technopolis Group:

STATEMENT OF COMPREHENSIVE INCOME Currency unit: EUR million	4-6/ 2011	4-6/ 2010	1-6/ 2011	1-6/ 2010	1-12/ 2010
Net sales	22.77	19.83	44.98	39.2	81.18
Other operating income	0.13	0.27	0.53	0.59	1.57
Other operating expenses	-10.81	-9.49	-23.08	-19.18	-41.34
Change in fair value of investment properties	9.34	0.23	15.47	0.69	2.74
Depreciation	-0.45	-0.27	-0.88	-0.43	-1.13
Operating profit/loss	20.98	10.57	37.03	20.87	43.01

Finance income and expenses	-3.28	-2.47	-3.83	-5.02	-9.43
Result before taxes	17.7	8.1	33.20	15.85	33.59
Current taxes	-4.14	-3.23	-8.12	-5.66	-10.13
Net result for the period	13.55	4.87	25.08	10.18	23.46
Other comprehensive income items					
Translation difference	-0.07	0.00	0.25	0.00	0.00
Available-for-sale financial assets	0.03	-0.01	0.05	0.01	0.02
Derivatives	-0.93	0.00	-0.93	0.00	0.00
Taxes related to other comprehensive income items	0.23	0.00	0.23	0.00	-0.01
Other comprehensive income items after taxes for the period	-0.74	0.00	-0.4	0.01	0.02
Comprehensive income for the period, total	12.82	4.86	24.68	10.19	23.48
Distribution of profit for the period:					
To parent company shareholders	13.41	4.87	24.58	10.18	23.25
To non-controlling shareholders	0.14	0.00	0.50	0.00	0.21
	13.55	4.87	25.08	10.18	23.46
Distribution of comprehensive income for the period:					
To parent company shareholders	12.67	4.86	24.19	10.19	23.27
To non-controlling shareholders	0.14	0.00	0.5	0.00	0.21
	12.82	4.86	24.68	10.19	23.48

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

Earnings/share, basic (EUR)	0.21	0.08	0.39	0.17	0.38
Earnings/share, adjusted for dilutive effect (EUR)	0.21	0.08	0.39	0.17	0.38

STATEMENT OF FINANCIAL POSITION, ASSETS

Currency unit: EUR million	06/30/2011	06/30/2010	12/31/2010
Non-current assets			
Intangible assets	3.95	4.02	4.05
Tangible assets	61.09	53.71	65.17
Investment property	789.94	649.4	727.67
Investments	13.09	11.71	13.05
Deferred tax assets	2.64	2.78	4.41
Non-current assets	870.71	721.62	814.36
Current assets	20.92	30.39	13.25
Assets, total	891.63	752.00	827.61

STATEMENT OF FINANCIAL POSITION, SHAREHOLDERS' EQUITY AND LIABILITIES

Currency unit: EUR million	06/30/2011	06/30/2010	12/31/2010
Shareholders’ equity			
Share capital	96.91	96.91	96.91
Premium fund	18.55	18.55	18.55
Other funds	84.35	84.26	84.22
Translation difference	0.25	0.00	0.00
Other shareholders’ equity	0.24	0.31	0.66

Retained earnings	85.98	73.81	73.75
Net result for the period	24.58	10.18	23.25
Parent company's shareholders' interests	310.87	284.04	297.35
Non-controlling interests	11.04	0.01	10.25
Shareholders' equity, total	321.91	284.05	307.60
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	446.26	357.08	409.92
Non-interest-bearing liabilities	1.05	1.20	1.30
Deferred tax liabilities	45.36	37.66	41.44
Non-current liabilities, total	492.80	395.94	452.65
Current liabilities			
Interest-bearing liabilities	55.98	48.72	47.95
Non-interest-bearing liabilities	20.95	23.29	19.41
Current liabilities, total	76.93	72.01	67.36
Liabilities, total	569.72	467.95	520.01
Shareholders' equity and liabilities, total	891.63	752.00	827.61

Since the beginning of 2011, the Russian subsidiary has reported to the parent company in rubles. Because of this, translation differences occur for the first time in 2011. Translation differences arise when converting foreign subsidiary's financial statements in the reporting currency of the parent company.

STATEMENT OF CASH FLOWS Currency unit: EUR million	1-6/ 2011	1-6/ 2010	1-12/ 2010
Cash flows from operating activities			
Net result for the period	25.08	10.18	23.46
Adjustments:			
Change in fair value of investment properties	-15.47	-0.69	-2.74
Depreciation	0.88	0.43	1.13
Share in affiliate profits	-0.11	0.01	0.03
Gains from disposals			-2.01
Other adjustments for non-cash transactions	0.32	0.37	0.70
Financial income and expenses	3.94	5.01	9.40
Taxes	8.12	5.66	10.13
Increase / decrease in working capital	0.83	-1.51	1.65
Interests received	0.09	0.21	0.40
Dividends received	0.01	0.01	0.01
Interests paid and fees	-4.41	-3.55	-7.16
Other financial items in operating activities	-1.01	-1.21	-3.09
Taxes paid	-2.79	-3.33	-6.84
Net cash provided by operating activities	15.47	11.60	25.05
Cash flows from investing activities			
Investments in other securities	-0.01	-0.41	-0.47
Investments in investment properties	-41.31	-23.85	-54.17
Investments in tangible and intangible assets	-0.50	-2.22	-2.41
Granted loans	-0.03	-0.04	
Repayments of loan receivables	0.06	3.07	4.07
Proceeds from sale of investments		0.01	1.52
Proceeds from sale of tangible and intangible assets	0.05		2.21
Acquisition of subsidiaries		-2.38	-11.88
Net cash used in investing activities	-41.74	-25.82	-61.13
Cash flows from financing activities			

Increase in long-term loans	62.90	17.50	43.74
Decrease in long-term loans	-17.06	-14.44	-31.56
Dividends paid	-10.77	-8.60	-8.60
Paid share issue		20.20	20.49
Capital investment by the minority	0.29		
Change in short-term loans	-2.01	12.68	11.98
Net cash provided by financing activities	33.35	27.34	36.05
Net increase/decrease in cash assets	7.08	13.12	-0.03
Effects of exchange rate fluctuations on cash held	-0.01		
Cash and cash equivalents at period-start	4.49	4.52	4.52
Cash and cash equivalents at period-end	11.56	17.64	4.49

STATEMENT OF CHANGES IN EQUITY

Currency unit: EUR million	Share capital	Premium fund	Other funds	Translation difference	Retained earnings	Non-controlling shareholders	Shareholders' equity
EQUITY Dec 31, 2009	96.91	18.55	63.94		82.42	0.01	261.84
Share issue			20.24				20.24
Dividend distribution					-8.60		-8.60
Comprehensive income for the period			0.01		10.18		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
EQUITY Dec 31, 2010	96.91	18.55	84.22		97.67	10.25	307.60
Dividend distribution					-10.78		-10.78
Comprehensive income for the period			0.04	0.25	23.90	0.50	24.68
Other changes			0.09		0.02	0.29	0.40
EQUITY June 30, 2011	96.91	18.55	84.35	0.25	110.81	11.04	321.91

Financial Information by Segment

On June 30, 2011, Technopolis Group has three operating segments based on geographical units: Finland, Russia and Estonia. Estonia became the third segment due the establishment of the new subsidiary in Tallinn in October 2010.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 Group's net sales or EBITDA do not include significant 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 Currency unit: EUR million	4-6/ 2011	4-6/ 2010	1-6/ 2011	1-6/ 2010	1-12/ 2010
Net sales					
Finland	20.97	19.83	41.69	38.88	79.92
Russia	0.62	0.01	0.94	0.34	0.27
Russia	1.17	0.00	2.33	0.00	1.04
Unallocated and eliminations	0.01	-0.02	0.02	-0.02	-0.05
Total	22.77	19.83	44.98	39.20	81.18
EBITDA					

Finland	11.03	10.45	21.11	20.72	42.22
Russia	0.19	-0.44	-0.37	-0.47	-1.97
Russia	0.82	0.00	1.63	0.00	0.78
Unallocated and eliminations	0.03	0.59	0.04	0.36	0.37
Total	12.06	10.60	22.41	20.61	41.40
Assets					
Finland			772.07	740.45	728.73
Russia			56.06	48.47	47.87
Russia			74.79	0.00	73.64
Eliminations			-11.30	-36.92	-22.63
Total			891.63	752.00	827.61

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/ 2011	4-6/ 2010	1-6/ 2011	1-6/ 2010	1-12/ 2010
Net sales	22.77	18.99	44.98	38.36	79.17
Other operating income	0.12	0.25	0.51	0.51	1.53
Other operating expenses	-10.81	-9.49	-23.08	-19.18	-41.34
Depreciation	-0.45	-0.27	-0.88	-0.43	-1.13
Operating profit/loss	11.63	9.48	21.53	19.26	38.22
Finance income and expenses, total	-3.13	-1.88	-5.54	-3.83	-8.88
Taxes for direct result items	8.50	7.60	15.99	15.43	29.34
Result before taxes	-1.90	-2.51	-3.87	-4.96	-8.20
Non-controlling interests	-0.14	0.00	-0.50	0.00	-0.21
Direct result for the period	6.45	5.10	11.63	10.46	20.94
INDIRECT RESULT					
Non-recurring items	0.01	0.85	0.03	0.92	2.05
Change in fair value of investment properties	9.34	0.23	15.47	0.69	2.74
Operating profit/loss	9.35	1.08	15.50	1.61	4.79
Change in fair value of financial instruments	-0.15	-0.59	1.71	-1.19	-0.55
Result before taxes	9.20	0.49	17.20	0.42	4.24
Taxes for indirect result items	-2.24	-0.72	-4.26	-0.70	-1.93
Indirect result for the period	6.95	-0.23	12.95	-0.28	2.31

Result for the period to the parent company shareholders, total	13.41	4.87	24.58	10.18	23.25
Earnings per share, diluted *)					
From direct result	0.10	0.09	0.18	0.18	0.34
From indirect result	0.11	0.00	0.20	0.00	0.04
From net result for the period	0.21	0.08	0.39	0.17	0.38

KEY INDICATORS	1-6/ 2011	1-6/ 2010	1-12/ 2010
Change in net sales, %	14.8	2.7	6.3
Operating profit/loss/net sales, %	82.3	53.2	53
Interest coverage ratio	4.0	5.6	4.9
Equity ratio, %	36.3	38	37.4
Loan to value, %	59.3	57.9	58
Group company personnel during the period, average	146	133	135
Gross expenditure on assets, EUR million	44.3	44.3	134.4
Net rental revenue of investment properties, % 2)	7.6	7.5	7.7
Financial occupancy rate, %	93.6	92.8	94.4
Earnings/share			
basic, EUR	0.39	0.17	0.38
diluted, EUR	0.39	0.17	0.38
Equity/share, EUR	4.90	4.84	4.69
Average issue-adjusted number of shares			
basic	63.385.044	58.690.929	61.040.730
diluted	63.583.063	58.814.950	61.186.677

CONTINGENT LIABILITIES

Currency unit: EUR million	06/30/2011	06/30/2010	12/31/2010
Pledges and guarantees on own debt			
Mortgages of properties	431.42	353.9	351.9
Book value of pledged securities	193.44	157.06	171.52
Other guarantee liabilities	61.13	12.9	46.5
Collateral given on behalf of associates	0.00	0.5	0.5
Leasing liabilities, machinery and equipment	3.78	3.10	3.78
Project liabilities	0.33	0.15	0.15
Interest rate and currency swaps			
Nominal values	157.87	95.20	136.89
Fair values	-0.59	-1.91	-1.27

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.

Distribution:
NASDAQ OMX Helsinki
Main news media
www.technopolis.fi