TECHNOPOLIS PLC INTERIM REPORT November 2, 2011 at 13:00

Technopolis Group Interim Report January 1 – 30.9.2011

Highlights for 1–9/2011 compared with 2010

- Net sales rose to EUR 68.0 million (EUR 58.4 million)
- EBITDA rose to EUR 34.7 million (EUR 31.1 million)
- Operating profit rose to EUR 59.0 million (EUR 28.6 million) including a change of EUR 25.7 million (EUR -1.8 million) in the fair value of investment properties
- Profit before taxes totaled EUR 49.6 million (EUR 21.3 million)
- The financial occupancy rate was 95.7% (93.7 %)
- The Group's equity ratio was 36.2% (38.8%)
- Net rental revenue from investment properties amounted to 7.7% (7.7%)
- Earnings per share (undiluted) increased to EUR 0.56 (EUR 0.24) and diluted to EUR 0.56 (EUR 0.24)
- Cash flows from operating activities per share amounted to EUR 0.34 (EUR 0.36)
- Equity per share was EUR 5.03 (EUR 4.79)

Keith Silverang, CEO:

”Technopolis' operations developed favorably during the third quarter. The financial occupancy rate improved across all geographical units, reaching 95.7% for the Group as a whole. The first phase of Pulkovo in St. Petersburg has been completely let, and preparations to launch the next phase are in full swing.

Like-for-like rental growth was 6.0%, primarily due to rising occupancy rates and index increases. Technopolis' EBITDA has improved compared with 2010 and the second quarter. This is primarily due to increasing occupancy rates and rental growth.

The company has updated its strategic targets for 2012–2016, and they are ambitious. They include net sales and EBITDA growth averaging at least 15% per annum over the period. I would like to emphasize that we are seeking profitable growth, while continuing the Group's geographic and customer sector diversification.

The work we have done to diversify Technopolis' customer portfolio has made good progress. The relative share of the ICT sector in our customer base will decrease while the proportion of other sectors will increase. Nokia's share of net sales will decline below 3% of the company's net sales at the beginning of 2012."

Business Environment

In Finland, the situation in the office rental market has been stable. Competition has intensified in the Helsinki Metropolitan Area with the completion of new office buildings. The demand for modern premises has developed favorably in the St. Petersburg office rental market, and vacancy rates are declining. With the improved economic situation, vacancy rates in Tallinn have already fallen below 10%. There is demand for high-quality premises in good locations.

The company's view is that the future economic outlook has weakened compared with the previous quarter in terms of both Europe and the global economy. Economic uncertainty has also lowered expectations in Finland, and we expect economic growth to slow down by the end of the year.

Operations

The Group operates in the real estate and service sector. Technopolis Group has three operating segments based on geographic units: Finland, Russia, and Estonia.

During the third quarter of 2011, demand for business environments has remained favorable in the areas in which Technopolis operates. The financial occupancy rates of all geographical units increased compared with the previous quarter. The Group's financial occupancy rate was at 95.7% (93.7% on September 30, 2010). 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 the average in all domestic growth centers.

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 and to 2.7% of Group's net sales at the beginning of 2012.

Net sales and EBITDA in Tallinn were at the expected level, and the financial occupancy rate continued to increase in spite of a high vacancy rate in the office rental market.

Technopolis Pulkovo is fully let. The St. Petersburg unit's EBITDA recorded a loss of EUR 0.5 million, but it is expected to exceed break-even during the fourth quarter. By the end of the period under review, a total of EUR 58.4 million had been committed to operations in St. Petersburg.

The Group's financial occupancy rates*:

Financial Occupancy Rate, %	Sept 30, 2011	June 30, 2011	March 31, 2011	Dec 31, 2010	Sept 30, 2010
Group	**95.7**	**93.6**	**94.5**	**94.4**	**93.7**
Finland	**95.8**	**95.4**	**94.6**	**94.5**	**93.7**
Oulu	94.7	92.8	92.3	91.7	91.7
HMA	95.3	96.9	97.1	98.0	96.8
Jyväskylä	96.9	96.2	94.1	94.6	88.2
Kuopio	97.4	97.2	94.4	96.3	97.2
Lappeenranta	95.6	98.2	98.4	94.4	94.7
Tampere	98.0	97.3	97.3	96.1	96.5
Estonia	**94.4**	**93.7**	**92.9**	**93.5**	**-**
St. Petersburg	**95.3**	**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's net sales for the period under review were EUR 68.0 million (EUR 58.4 million), an increase of 16.5%. Rental revenues accounted for 87.1% (86.2%) and service revenues for 12.9% (13.8%) of net sales. Like-for-like rental growth was 6.0%, primarily due to increasing occupancy rates and index increases.

The Group's EBITDA was EUR 34.7 million (EUR 31.1 million), an increase of 11.5%. EBITDA increased less than net sales primarily due to the slower than expected rental revenue uptake of the St. Petersburg subsidiary and growth investments.

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

Premises	1–9/2011	1–9/2010	1–12/2010
Net sales	59.3	50.7	70.3
EBITDA	38.7	34.9	47.1
EBITDA %	65.3%	68.7%	67.1%

Services	1–9/2011	1–9/2010	1–12/2010
Net sales	8.6	7.9	11.2
EBITDA	1.4	0.9	1.1
EBITDA %	16.2%	11.0%	10.2%

The Group's operating profit totaled EUR 59.0 million (EUR 28.6 million), including a positive change of EUR 25.7 million (EUR -1.8 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 9.5 million (EUR 7.2 million). The net financial expenses include EUR 2.3 million of unrealized exchange rate losses due to the weakening of the Russian ruble. Financial items in comprehensive income include EUR 1.7 million in unrealized interest rate swap-related earnings from the 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 (September 30, 2010 0.9 years). The Group's profit before taxes totaled EUR 49.6 million (EUR 21.3 million).

The Group's direct result was EUR 14.8 million (EUR 17.0 million), a decrease of 12.9%. The decrease is mainly due to higher interest paid compared with the comparison period and unrealized exchange rate losses. 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.

Cash flows from operating activities per share amounted to EUR 0.34 (EUR 0.36).

Total assets in the balance sheet were EUR 917.9 million (EUR 747.9 million), an increase of 22.7%. The Group's equity ratio at the end of the period was 36.2% (38.8%).

The fair market value of the Group's investment properties at the end of the period was EUR 793.7 million (EUR 651.3 million) and the fair market value of investment properties under construction was EUR 69.6 million (EUR 49.8 million). The earnings impact of the change in the fair value of investment properties was EUR 25.7 million (EUR -1.8 million) during the period under review.

The increase in the fair market value of investment properties is mainly the result of a decline in market yields and a consequential increase in the value of investment properties under construction due to nominal recognition of project gains at the rate of completion and increasing occupancy rates. 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 September 30, 2011, the average net yield for Group properties was 8.0%. The average ten-year occupancy rate used in the fair value calculation was 95.7%. 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 (460,290 square meters), with 47,200 square meters under construction. The Group's financial occupancy rate at the end of the period was 95.7% (93.7%). 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 149.3 million (EUR 110.5 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, and Tampere in Finland, St. Petersburg in Russia, and Tallinn in Estonia. The Group has a total of approximately 1,300 customers across a wide range of sectors.

Investment properties September 30, 2011		Fair value, EUR million	Net market yield, %	Floor-m2
Finland	Oulu	237.1	8.3%	192,900
	HMA	171.4	6.8%	77,600
	Kuopio	85.6	8.3%	53,900
	Tampere	84.5	7.4%	52,400
	Jyväskylä	74.0	7.9%	47,100
	Lappeenranta	29.6	8.8%	27,300
Finland	**Finland, total**	**682.1**	**7.8%**	**451,200**
Estonia	Tallinn	**63.9**	**8.4%**	**79,200**
Russia	St. Petersburg	**47.7**	**10.1%**	**24,100**
Group investment properties	total	**793.7**	**8.0%**	**554,500**
Investment properties under construction*	total	**69.6**	several	**47,200**
Other properties (rented,	holdings)		**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.

Technopolis facilities are located next to good traffic connections, comprising university, airport and downtown campuses and other innovation campuses.

Major Investments and Development Projects

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

Projects under construction on September 30, 2011:

	Campus type	Area	Floor-m2	EUR million	Occupancy rate % Sept 30, 0211	Initial yield %	Due for completion
Finn-Medi campus	Campus	Tampere	12,900	31.5	100.0	7.6	11/2011
Ruoholahti 2	Downtown	HMA	9,000	27.7	20.0*	6.3	5/2012
Yliopistonrinne 2	Downtown	Tampere	7,900	22.5	39.0	7.0	9/2012
Innova 2	Downtown	Jyväskylä	9,200	19.8	61.0	7.5	2/2012
Hermia 15 B	Campus	Tampere	4,800	10.8	88.0	7.5	1/2012
Viestikatu 2B	Campus	Kuopio	3,400	3.9	78.0	8.3	1/2012

* Occupancy rate after the end of the period under review on November 1, 2011 was 44.0%.

Planned projects on September 30, 2011:

	Campus type	Status	Area	m2	Estimated launch
Pulkovo 2	Airport campus	No investment decision	St. Petersburg	22,400	2011–2012
Ülemiste Lõõtsa 8	Airport campus	Investment decision made	Tallinn	7,200	11/2011
Viestikatu 3	Campus	No investment decision	Kuopio	10,200	12/2011

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

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

Strategy

In September, the company’s Board of Directors confirmed the company’s strategic targets for the period 2012–2016 as follows:
- increase net sales and EBITDA by an annual average of 15% (previous target 10% annually)
- generate over EUR 50 million net sales outside Finland by 2016
- at least 6% return on capital employed annually
- equity ratio over 35% over the cycle
- distribute 40%–50% of net profit excluding changes in fair value as dividends

The company aims to strengthen the share of the health and education sector in its customer portfolio by investing in these segments and specific services employed by them. Technopolis aims to diversify its customer portfolio both between business sectors and regionally.

Technopolis has been continuously analyzing potential international investments 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 sufficiently positive impact on earnings per share.

Financing

At the end of the reporting period, funds available to Technopolis' consisted of EUR 74.9 million in untapped credit facilities, and cash amounting to EUR 5.6 million. The credit facilities contained a EUR 60.0 million credit line and a EUR 14.9 million revolving credit facility. Use of the available credit limit facilities requires collateral arrangements. In addition, Technopolis has a EUR 120 million commercial paper program, of which EUR 25.0 million was issued at the end of the reporting period.

The Group’s net financial expenses totaled EUR 9.5 million (EUR 7.2 million). The net financial expenses include EUR 2.3 million of unrealized exchange rate losses due to the weakening of the Russian ruble. The result for the period includes EUR 1.7 million in unrealized interest rate swap-related earnings from period January 1 – April 30, 2011. Financial items recognized directly in shareholders’ equity and the income statement of comprehensive income include EUR -2.8 million in changes in the fair value of interest rate swaps from the period May 1 – September 30, 2011, taking tax effects into consideration. 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 3.8 (5.3). The interest coverage ratio indicates the relation between EBITDA and accrual-based interest expenses.

The Group’s total assets were EUR 917.9 million (EUR 747.9 million), of which liabilities totaled EUR 587.1 million (EUR 459.4 million). The Group’s equity ratio was 36.2% (38.8%). At the end of the period, the Group’s net gearing was 154.7% (136.9%). The Group’s equity per share was EUR 5.03 (EUR 4.79).

At the end of the period, the Group’s interest-bearing liabilities amounted to EUR 517.6 million (EUR 399.7 million), and the average capital-weighted loan period was 8.6 years (9.4 years). The bank guarantees for the loans granted by the European Investment Bank (EIB), 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 2.85 % (2.18 %) on September 30, 2011. Of interest-bearing liabilities, 60.4% (75.0%) were floating rate loans and 39.6% (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 its less-than-12-month market rate dependency. By carrying out interest rate swaps, the Group has extended the interest rate fixing period to 1.5 years (September 30, 2010 0.9 years). A one percentage point change in market rates would cause a EUR 2.2 million change in the interest costs per annum. At the end of the reporting period, there were interest rate swaps covering EUR 177.9 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 59.2% (56.2%). The Group has interest-bearing liabilities from credit institutions worth EUR 517.6 million, of which EUR 230.4 million include covenants related to equity ratio, debt service ratio or loan-to-value.

A covenant relating to the debt service ratio and loan-to-value rate is included in the EUR 40.3 million borrowings of Technopolis Ülemiste (share of ownership 51%). In terms of the aforementioned loan amount, the subsidiary’s debt service coverage 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. At the end of the period under review the debt service ratio was 1.4 and loan-to-value rate 54%.

Loans amounting to EUR 190.1 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 40.6 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 33 - 35%, 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 less than 33%, 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 122.8 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 73.5 million in existing interest-bearing loans will mature.

The financing of Technopolis Pulkovo, Phase 1, has been arranged through a European Bank for Reconstruction and Development (EBRD) loan of EUR 31.6 million and the parent company's investments in shareholders' equity.

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. 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 154 (134) people. Facilities operations employed 89 (65) people, Business Services 56 (34) people and Development Services 20 (34) people. At the end of the period under review, the Group's personnel totaled 165 (136).

Technopolis has 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 in Finland.

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%), and Kuopio Innovation Ltd (24%). In addition, the parent company owns 35% of Otaniemi Marketing Ltd.

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 company's Board of Directors 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, Carl-Johan Granvik, and Pekka Korhonen. The remuneration committee consists of Mr. Pertti Huuskonen, chair, 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 nomination committee will continue until a new nomination committee is appointed, unless the general meeting resolves otherwise. The nominating committee prepares the above-mentioned proposals also for extraordinary general meetings, if needed. A person who cannot, according to the applicable Finnish Corporate Governance Code, be appointed to a nominations committee of the Board of Directors, cannot be appointed to the 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 stock exchange release 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 performance share 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.

On August 26, 2011, Varma Mutual Pension Insurance Company announced that its direct holding of Technopolis Plc's share capital and votes had increased above one-fifth (20%) as a result of a share transaction carried out on August 25, 2011. After the transaction, the proportion of Technopolis Plc's share capital and votes controlled directly by Varma Mutual Pension Insurance Company was 12,834,529 shares and 20.25%, respectively. Varma's previous disclosure concerning a change in holding was published in January 2011, at which time it declared that its holding had increased to above 15%.

Technopolis 2007B Stock Options were listed on the trading list of NASDAQ OMX Helsinki 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, 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 business 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 2.2 million per annum.

Because of the interest rate risk associated with loans, a policy of diversifying interest bases is pursued. On September 30, 2011, 9.7% of interest-bearing liabilities were pegged to the under 3-month Euribor rate and 50.7% were pegged to the 3–12 month Euribor rate. Of the interest-bearing liabilities, 39.6% 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 8.6 years. In order to manage financing risk, Technopolis draws upon the resources of a wide range of financers and a variety of financing instruments, and maintains a sufficient degree of solvency.

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 58.0% (47.2%) of the lease stock. The term of notice for these agreements is broken down as shown in the table below.

Notice period months	September 30, 2011 % of lease stock	September 30, 2010 % of lease stock
0–3	15.8	3.5
3–6	28.1	10.8
6–9	7.6	24.2
9–12	6.5	8.7
Total	58.0	47.2

At the end of the period, the average lease period was 21 (19) months. The figure does not include the lease stock of buildings 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, covenant terms 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 estimates that net sales and EBITDA will grow 11%–13% in 2011 over the previous year.

The Group's financial performance depends on 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 the 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.

Espoo, November 2, 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	7-9/ 2011	7-9/ 2010	1-9/ 2011	1-9/ 2010	1-12/ 2010
Net sales	22.99	19.16	67.97	58.36	81.18
Other operating income	0.13	0.25	0.66	0.84	1.57
Other operating expenses	-10.86	-8.91	-33.93	-28.09	-41.34
Change in fair value of investment properties	10.22	-2.48	25.69	-1.79	2.74
Depreciation	-0.47	-0.31	-1.35	-0.74	-1.13
Operating profit/loss	22.01	7.71	59.03	28.58	43.01
Finance income and expenses	-5.64	-2.23	-9.47	-7.25	-9.43
Result before taxes	16.37	5.48	49.56	21.33	33.59
Current taxes	-4.29	-1.13	-12.41	-6.79	-10.13
Net result for the period	12.08	4.35	37.16	14.54	23.46
Other comprehensive income items					
Translation difference	-0.87		-0.62		
Available-for-sale financial assets	0.00	0.02	0.05	0.03	0.02
Derivatives	-2.86		-3.79		
Taxes related to other comprehensive income items	0.74	-0.01	0.97	-0.01	-0.01
Other comprehensive income items after taxes for the period	-2.99	0.02	-3.38	0.02	0.02
Comprehensive income for the period, total	9.09	4.37	33.77	14.56	23.48
Distribution of profit for the period:					
To parent company shareholders	11.16	4.35	35.74	14.54	23.25
To non-controlling shareholders	0.92		1.41		0.21
	12.08	4.35	37.16	14.54	23.46
Distribution of comprehensive income for the period:					
To parent company shareholders	8.17	4.37	32.36	14.56	23.27
To non-controlling shareholders	0.92		1.41		0.21
	9.09	4.37	33.77	14.56	23.48

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

Earnings/share, basic (EUR)	0.18	0.07	0.56	0.24	0.38
Earnings/share, adjusted for dilutive effect (EUR)	0.18	0.07	0.56	0.24	0.38

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

STATEMENT OF FINANCIAL POSITION, ASSETS

Currency unit: EUR million	09/30/2011	09/30/2010	12/31/2010
Non-current assets			
Intangible assets	3.90	4.07	4.05
Tangible assets	84.72	62.94	65.17
Investment property	793.65	651.32	727.67
Investments	11.77	11.72	13.05
Deferred tax assets	2.36	3.79	4.41
Non-current assets	896.41	733.83	814.36
Current assets	20.67	14.10	13.25
Assets, total	0.86		

STATEMENT OF FINANCIAL POSITION, SHAREHOLDERS' EQUITY AND LIABILITIES

Currency unit: EUR million	09/30/2011	09/30/2010	12/31/2010
Shareholders’ equity			
Share capital	96.91	96.91	96.91
Premium fund	18.55	18.55	18.55
Other funds	81.54	84.22	84.22
Translation difference	-1.61	0.00	0.00
Other shareholders’ equity	0.32	0.46	0.66
Retained earnings	87.39	73.81	73.75
Net result for the period	35.74	14.54	23.25
Parent company’s shareholders’ interests	318.85	288.50	297.35
Non-controlling interests	11.96	0.01	10.25
Shareholders’ equity, total	330.81	288.51	307.60
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	444.06	346.72	409.92
Non-interest-bearing liabilities	1.09	1.17	1.30
Deferred tax liabilities	48.34	39.30	41.44
Non-current liabilities, total	493.49	387.20	452.65
Current liabilities			
Interest-bearing liabilities	73.50	53.01	47.95
Non-interest-bearing liabilities	20.13	19.22	19.41
Current liabilities, total	93.63	72.22	67.36
Liabilities, total	587.12	459.42	520.01
Shareholders’ equity and liabilities, total	917.93	747.93	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	1-9/ 2011	1-9/ 2010	1-12/ 2010
Cash flows from operating activities			
Net result for the period	37.16	14.54	23.46
Adjustments:			
Change in fair value of investment properties	-25.69	1.79	-2.74
Depreciation	1.35	0.74	1.13
Share of profits of associates	-0.12	0.01	0.03
Gains from disposals			-2.01
Other adjustments for non-cash transactions	0.44	0.55	0.70
Financial income and expenses	9.59	7.23	9.40
Taxes	12.41	6.79	10.13
Increase / decrease in working capital	0.12	2.34	1.65
Interests received	0.11	0.24	0.40
Dividends received	0.01	0.01	0.01
Interests paid and fees	-7.42	-5.30	-7.16
Other financial items in operating activities	-1.84	-2.56	-3.09
Taxes paid	-4.22	-4.70	-6.84
Net cash provided by operating activities	21.90	21.69	25.05
Cash flows from investing activities			
Investments in other securities	-0.01	-0.40	-0.47
Investments in investment properties	-69.41	-40.03	-54.17
Investments in tangible and intangible assets	-1.36	-2.85	-2.41
Granted loans	-0.03		
Repayments of loan receivables	0.12	3.14	4.07
Proceeds from sale of investments	0.40	0.01	1.52
Proceeds from sale of tangible and intangible assets	0.18		2.21
Acquisition of subsidiaries		-2.38	-11.88
Acquisition of associates	-0.02		
Proceeds from sales of associates	0.01		
Net cash used in investing activities	-70.11	-42.51	-61.13
Cash flows from financing activities			
Increase in long-term loans	77.20	17.50	43.74
Decrease in long-term loans	-29.83	-27.44	-31.56
Dividends paid	-10.77	-8.60	-8.60
Paid share issue		20.49	20.49
Capital investment by the minority	0.29		
Change in short-term loans	12.78	19.13	11.98
Net cash provided by financing activities	49.68	21.09	36.05
Net increase/decrease in cash assets	1.46	0.27	-0.03
Effects of exchange rate fluctuations on cash held	-0.30		
Cash and cash equivalents at period-start	4.49	4.52	4.52
Cash and cash equivalents at period-end	5.64	4.79	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			20.19				20.19
Dividend distribution					-8.60		-8.60
Comprehensive income for the period			0.02		14.54		14.56
Other changes			0.06		0.45		0.52
EQUITY September 30, 2010	96.91	18.55	84.22		88.81	0.01	288.51
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			-2.77	-0.62	35.74	1.41	33.77
Other changes			0.09		-0.17	0.29	0.21
EQUITY September 30, 2011	96.91	18.55	81.54	-0.62	122.46	11.96	330.81

Financial Information by Segment

On September 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	7-9/ 2011	7-9/ 2010	1-9/ 2011	1-9/ 2010	1-12/ 2010
Net sales					
Finland	21.04	19.23	62.73	58.11	79.92
Russia	0.77	-0.05	1.71	0.29	0.27
Estonia	1.17		3.51		1.04
Unallocated and eliminations	0.00	-0.02	0.02	-0.04	-0.05
Total	22.99	19.16	67.97	58.36	81.18
EBITDA					
Finland	11.54	10.95	32.65	31.67	42.22
Russia	-0.14	-0.23	-0.52	-0.70	-1.97
Estonia	0.82		2.45		0.78
Unallocated and eliminations	0.07	-0.23	0.11	0.14	0.37
Total	12.29	10.50	34.69	31.11	41.40
Assets					
Finland			799.87	742.35	728.73
Russia			58.36	47.56	47.87
Estonia			76.38		73.64
Eliminations			-16.69	-41.98	-22.63
Total			917.93	747.93	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	7-9/ 2011	7-9/ 2010	1-9/ 2011	1-9/ 2010	1-12/ 2010
Net sales	22.99	19.16	67.97	57.52	79.17
Other operating income 1)	0.10	0.24	0.61	0.75	1.53
Other operating expenses	-10.86	-8.91	-33.93	-28.09	-41.34
Depreciation	-0.47	-0.31	-1.35	-0.74	-1.13
Operating profit/loss	11.76	10.18	33.29	29.44	38.22
Finance income and expenses, total	-5.64	-2.34	-11.18	-6.17	-8.88
Taxes for direct result items	6.12	7.85	22.11	23.27	29.34
Result before taxes	-2.05	-1.34	-5.92	-6.30	-8.20
Non-controlling interests	-0.92		-1.41	0.00	-0.21
Direct result for the period	3.15	6.51	14.78	16.97	20.94
INDIRECT RESULT					
Non-recurring items	0.02	0.01	0.05	0.93	2.05
Change in fair value of investment properties	10.22	-2.48	25.69	-1.79	2.74
Operating profit/loss	10.25	-2.47	25.74	-0.86	4.79
Change in fair value of financial instruments		0.11	1.71	-1.08	-0.55
Result before taxes	10.25	-2.36	27.45	-1.94	4.24
Taxes for indirect result items	-2.23	0.21	-6.49	-0.49	-1.93
Indirect result for the period	8.01	-2.16	20.96	-2.44	2.31
Result for the period to the parent company shareholders, total	11.16	4.35	35.74	14.54	23.25
Earnings per share, diluted *)					
From direct result	0.05	0.11	0.23	0.28	0.34
From indirect result	0.13	-0.04	0.33	-0.04	0.04
From net result for the period	0.18	0.07	0.56	0.24	0.38

CHANGE IN VALUE OF INVESTMENT PROPERTIES	7-9/ 2011	7-9/ 2010	1-9/ 2011	1-9/ 2010	1-12/ 2010
Change in fair value, Finland	4.2	1.9	15.0	10.2	18.8
Change in fair value, Russia	1.6	0.0	1.7	0.0	-2.7
Change in fair value, Estonia	1.4	0.0	1.7	0.0	2.7
Change in fair value	7.2	1.9	18.4	10.2	18.8
Changes in acquisition costs of investment properties in financial year	-0.3	-1.0	-1.3	-4.9	-8.8
Changes in fair value of projects in progress	3.3	-3.4	8.6	-7.1	-7.3
Effect on profit of change in value of investment properties	10.2	-2.5	25.7	-1.8	2.7

KEY INDICATORS	1-9/ 2011	1-9/ 2010	1-12/ 2010
Change in net sales, %	16.5	2.9	6.3
Operating profit/loss/net sales, %	86.9	49.0	53.0
Interest coverage ratio	3.8	5.3	4.9
Equity ratio, %	36.2	38.8	37.4
Loan to value, %	59.2	56.2	58.0
Group company personnel during the period, average	154	134	135
Gross expenditure on assets, EUR million	107.5	58.2	134.4
Net rental revenue of investment properties, % 2)	7.7	7.7	7.7
Financial occupancy rate, %	95.7	93.7	94.4
Earnings/share			
basic, EUR	0.56	0.24	0.38
diluted, EUR	0.56	0.24	0.38
Cash flows from operating activities/share, EUR	0.34	0.36	0.41
Equity/share, EUR	5.03	4.79	4.69
Average issue-adjusted number of shares			
basic	63.385.044	60.250.705	61.040.730
diluted	63.563.705	60.383.248	61.186.677

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

CONTINGENT LIABILITIES

Currency unit: EUR million	09/30/2011	09/30/2010	12/31/2010
Pledges and guarantees on own debt			
Mortgages of properties	448.60	352.70	351.90
Book value of pledged securities	197.72	157.90	171.52
Other guarantee liabilities	61.13	12.90	46.50
Collateral given on behalf of associates	0.00	0.50	0.50
Leasing liabilities, machinery and equipment	4.01	3.40	3.78
Project liabilities	0.33	0.15	0.15
Interest rate and currency swaps			
Nominal values	177.87	92.10	136.89
Fair values	-3.20	-1.66	-1.27

Distribution:
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