OVERVIEW OF TECHNOPOLIS' REVISED 2017-2020 STRATEGY

Industry Trends, Technopolis Concept and Customer Value Add

While the whole real estate industry is experiencing reduced demand for traditional office space, customers increasingly want flexible, serviced premises for their employees. Technopolis has for many years recognized this trend, and has refined its customer concept to align well with changing customer needs – high flexibility & efficiency combined with motivating environments that support the attraction and retention of world-class employees.

The company's view is that the key to success in the future office market is to master the shared workspace environment – to be able to effectively combine co-working, serviced office and a shared service platform into a consistently world-class customer experience. Technopolis has the differentiating capabilities required to do this. The shared workspace market operates at a faster pace than traditional offices, which requires significant sales capabilities and resources from workspace providers. Technopolis, with an effective sales and service organization, is well positioned to succeed in this market.

The business strategy is based on the proven Technopolis concept featuring:

- High occupancy (10-year average financial occupancy rate of 94%)
- Premium customer value and rental rates
- High customer satisfaction (4.2/5) and Net Promoter Score (36)

We can demonstrate that value creation through higher occupancy, rent premiums and service business profits can clearly outweigh the concept's costs.

Technopolis aims to execute this strategy without new equity issues, assuming there is no sudden, unforeseen event that would require a capital injection.

Accelerated Organic Investments

Our growth approach has always included a view that there are expansion opportunities on our campuses from the initial site or acquisition. These investments have consistently been successful and significantly accretive. For the revised strategy, we are accelerating these organic investments and in total, expect to spend EUR 200-250 million on development projects over the 2017-2020 timeframe, including 10-15 new properties.

Service Business Profitability

We have in the recent years focused on building a comprehensive service offering for our customers. This has been successful and service business revenue reached EUR 22 million in 2016. The share of services in total sales is now 13% on average, but more than 20% in the best performing campuses. In the coming years, we are targeting to increase the like-for-like share of services above 20% on all campuses. We will also increasingly focus on the profitability of the service business (EUR 2.1 million EBITDA in 2016), and see an opportunity to generate stronger service EBITDA over the next few years, targeting a margin of at least 20% by 2020 on top of our real estate business.

UMA Co-working Network Expansion

Our UMA co-working workspace in Helsinki celebrated its first anniversary in April 2017. It has been a success as demonstrated by increasing customer numbers and growth both in occupancy and revenues. Customer satisfaction (measured by the Net Promoter Score) was 71, a very high score by both Technopolis and industry standards.

While large-scale Technopolis serviced offices remain our core business, after evaluating the market potential for co-working spaces, we believe there is significant potential that Technopolis is well-positioned to capture. We will start building a second pillar by expanding UMA in both current Technopolis cities as well as new ones. UMA expansion is significantly less capital-intensive than real estate expansion. We believe we have the potential to establish and successfully operate numerous UMA workspaces domestically and internationally in the coming years. We will establish a dedicated team for this activity. The plan is to allocate approximately EUR 30 million to development of co-working network during the next five years.

Value Creating Acquisitions and Divestitures

The company will continue to evaluate acquisition opportunities in the Nordic-Baltic Sea region suitable for the Technopolis concept when we can create significant value post-acquisition. For this purpose, we have developed a new method for assessing investment attractiveness and risk in different countries. Our key criteria for acquisitions are finding suitable campuses in locations with significant demand for flexible, serviced office space and strong potential for value add via the Technopolis concept.

Technopolis will also evaluate divestiture opportunities for some of its sites, based on the competitiveness, future prospects and value creation potential of individual campuses and sites.

We currently foresee EUR 100-200 million spend on acquisitions during 2017-2020, but will only act if a compelling value creation opportunity presents itself.

New Strategic and Financial Targets

The company will adopt new strategic targets and performance management metrics focused on shareholder value creation:

- Earnings Per Share growth of 8-10% per annum on an EPRA earnings basis.
- Return on Equity over 8% per annum on an EPRA basis.
- Net Asset Value per share growth of at least 5% per annum on an EPRA basis.
- Equity ratio of more than 35%

Management incentive schemes – both long-term and short-term – will be updated during the second half of 2017 to reflect these value creation targets.

Revised Dividend Policy

Technopolis will aim to pay out an increasing annual dividend of 40-60% of EPRA-based direct result (EPRA earnings).