392.5 M€

Market Capitalization

161.7 M€

Net sales

94.7%

Financial Occupancy Rate

53.9%

EBITDA

0.53 €

Direct Result/share

Financial Report 2014

TECHNOPOLIS

more than squares

Technopolis Plc
Financial Report 2014

Contents

CEO's Review

"Technopolis performed well despite the challenges of 2014, and recorded healthy operational earnings. We saw a significant increase in our net sales and EBITDA, and our occupancy rate rose. Our EPRA-based net result, which only contains operational items, grew 38.1%. What's more, our EBITDA margin rose from 50.7% in the last year to 53.9% thanks to effective cost control.

The decline in our IFRS-based earnings resulted from a EUR 40.5 million decrease in the fair value of investment properties and EUR 22.1 million in unrealized exchange rate losses, coming primarily from the devaluation of the Russian ruble. Russian business operations account for 4% of the company's balance sheet.

The equity ratio fell by 1.7% year-on-year, primarily due to weaker currencies. Despite the fall, our equity ratio was 38.5%, remaining well above the 35% target set by the Board.

In 2014, we focused on operational efficiency enhancement and on the integration of campuses acquired in 2013. We were able to raise the occupancy rate of the Peltola campus in Oulu from 54% at the point of acquisition to 90%. In Vilnius, a high occupancy rate and our customers' expansion requirements offer excellent opportunities to invest in further expansion this year. In Oslo, we did more than 12,000m² in new agreements, including 5,400m² in new leases. The Falcon Business Park acquired in Espoo, Finland, was renamed Innopoli 3 and successfully integrated into the Otaniemi Campus.

The Technopolis concept is effective and replicable, as demonstrated by successful integration and higher EBITDA margins. It has enabled us to achieve strong financial occupancy rates in Finland, and robust growth outside the country.

We will continue to invest in international growth. That said, all new investments will still need to meet strict investment criteria, and we will continue to focus sharply on profitability."

Keith Silverang, CEO

Technopolis in Brief

Technopolis is a growth company focused on offices. The company goes back to 1982, when Technopolis began re-letting space of 4,000 square meters in Oulu, Finland, to small growth companies.

Today, more than thirty years later, Technopolis is an international player focused on owning, operating and developing offices and on providing a wide range of services. Technopolis has a presence in 12 locations in five countries, 1,700 customers, and some 47,000 people working on its premises.

Earnings logic and added value

In 2014, rental revenue accounted for 89.5% (in 2013: 88.4%) and service revenue for 10.5% (11.6%) of the company's net sales.

The company collects market price rents on the space it leases. Of the rents, 90% is tied to country-specific consumer price indices, and rent increases are primarily made once a year. In addition to rent, the customers pay a maintenance fee that includes, inter alia, electricity, heating and water expenses. The maintenance fee is also primarily adjusted once a year.

In addition to space, the company offers its customers services that merge spaces and services into a single entity – the Technopolis experience. It combines high-quality space in good locations with services scaled according to customer needs, making it possible for customer companies to free up their own resources and to concentrate on their own business. Cleaning services accounted for 34.4% (33.0%) of service revenues, reception services for 25.0% (24.6%), and meeting services for 20.8% (20.6%). The remaining was generated among others by ICT and office furniture services.

The company generates added value with its properties, natural resources, its personnel and its brand, which are merged into services in the Technopolis concept. The company's slogan,"More than squares", describes the company's identity as a service company and the concept with which added value is generated. The company's real estate stock is comprised of 742,000 sqm of leased properties with an average age of 14 years, and 20 of them are classified as concept-compliant office campuses of the Technopolis chain that are large-scale real estate entities providing services in central locations. On average, Technopolis finances 35% of its real estate investments with equity, the rest primarily with secured loans.

Optimal use of natural resources for property heating, cooling and lighting allows Technopolis to offer comfortable and safe working environments to its customers, without compromising energy efficiency.

At the end of 2014 Technopolis had 220 (187) employees. Of them, 80 (64) worked in real estate services, 84 (80) in the service business and 56 (43) in Group functions. The aim of Technopolis' governance is to support and facilitate the 12 regional independent business units. Skilled and motivated employees support the success of Technopolis. Technopolis' CFO and IR Manager were ranked the best and CEO the second best in the category of mid-sized companies in a study carried out by a research company called Regi. Technopolis as a company achieved the highest ranking in the same category.

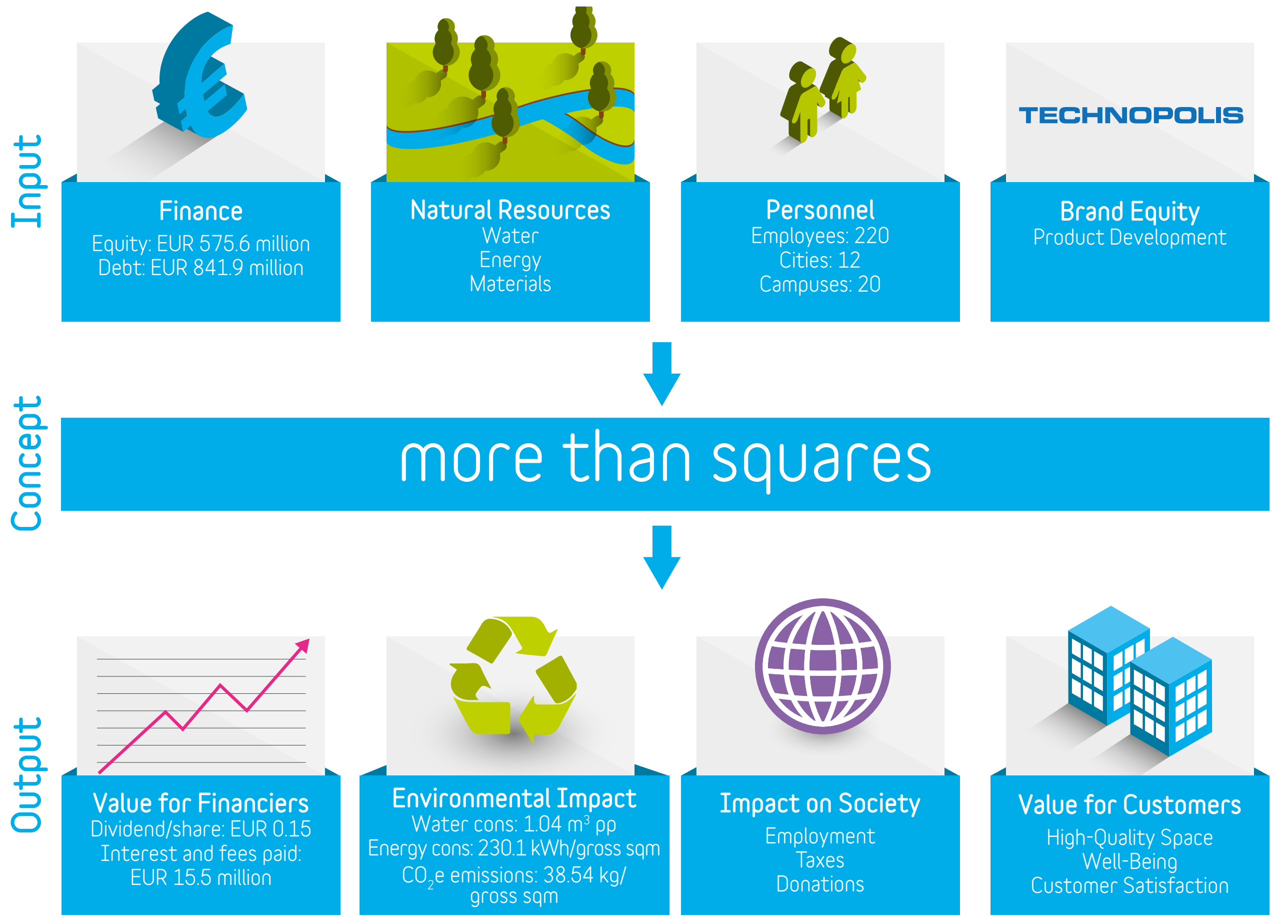
The brand is the result of more than three decades of business. It combines awareness of customers and companies' established operating methods. The aim of the brand reform carried out in 2014 is to support the vision and mission of the company, as well as to create a strong image through clear communications. The value of the brand is considered to be financially significant.

The concept creates value to shareholders and creditors. The Board of Directors has proposed that a dividend of EUR 0.15 per share be paid for 2014, for a total of EUR 15.9 (10.6) million. The previous dividends paid amounted to EUR 0.10 per share. The proposed dividend is 28.5% of direct result per share calculated according to EPRA. The company paid EUR 15.5 (8.4) million in interest and fees to its creditors.

The aim has been to mitigate the environmental impact of operations with environmentally friendly measures and investments. The company has chosen LEED certificates as the tool for managing and minimizing the environmental impact of its properties.

Customers are the company's key stakeholder group, and all of the company's operations aim at continuity and improving customer satisfactions. The purpose of the quarterly customer satisfaction survey is to develop business operations and to keep customer satisfaction at a high level. Customer satisfaction remained on average at the same level as in the previous year.

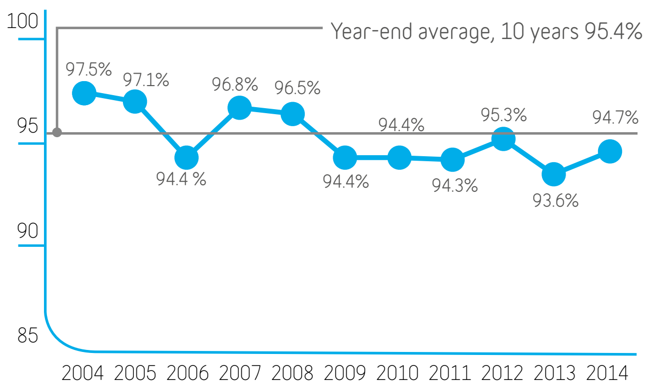
Providing Added Value

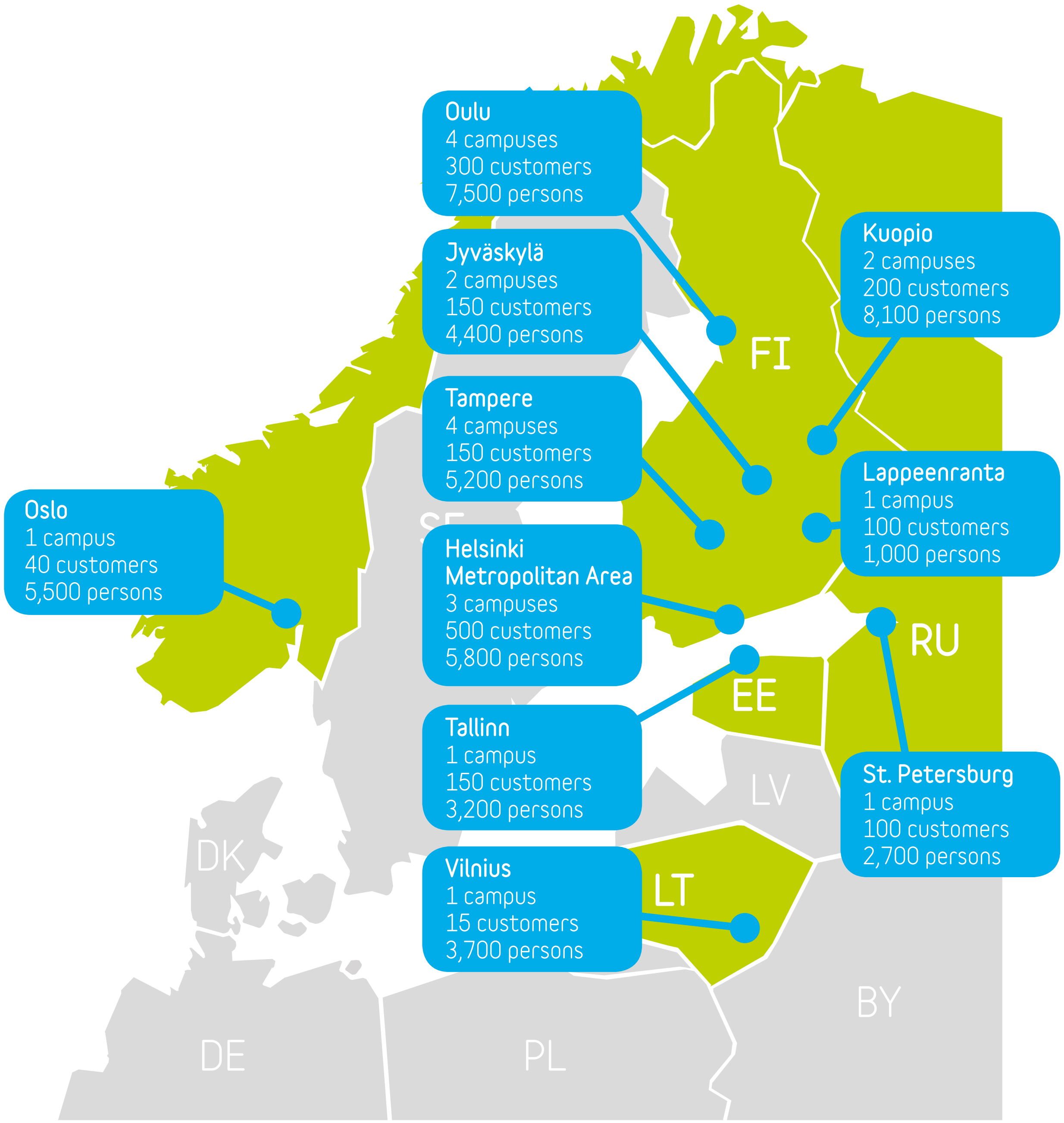


Because customers represent our key stakeholder group, our operations are geared towards achieving higher customer satisfaction. We conduct a customer satisfaction survey four times a year in order to constantly improve our business and maintain a high level of customer satisfaction. On a scale of 1–5, customer satisfaction grew by 0.06 points, from 3.75 in 2013 to 3.82 points in 2014.

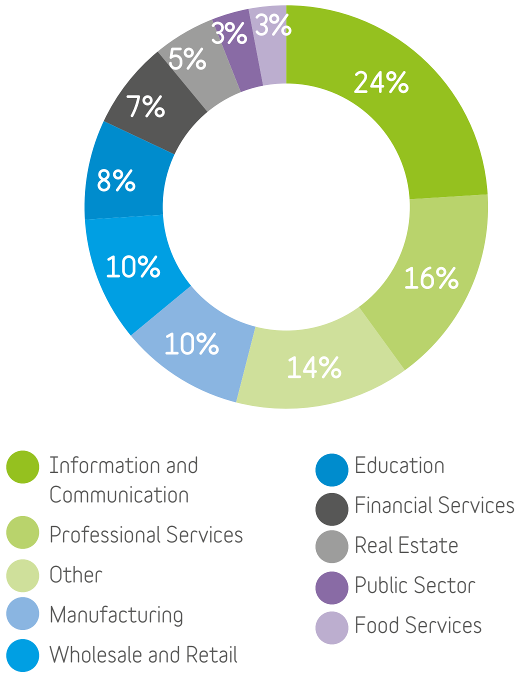
Technopolis is a vital community and 47,000 persons work at its office campuses. A growing independent community is formed around the one or two anchor customers on each campus, allowing customers to find customers and partners within the community. Following the expansion of the Technopolis chain, opportunities for finding customers and business partners have grown from campuses to new cities and countries. For example, 110 Technopolis' customers operate at more than one location. Technopolis is also an exemplary corporate citizen; the Group's total income taxes were EUR 4.8 (4.9) million and property taxes EUR 7.6 (6.2) million in 2014.

Financial Occupancy Rates 2004–2014





Distribution of the Technopolis Customer Base on December 31, 2014:



The values provide a guideline for our business:

Customer Orientation
We work with passion and aim to exceed our customers' expectations.

Innovation
We seek creative solutions to fulfil our customers' needs.

Profitable Growth
We work cost-effectively and aim to continuously improve our operations.

Community Responsibility
We persistently work to maintain and enhance the community spirit at each campus.

Values, Vision and Strategy

The company's vision is to grow to become a major international office chain that offers everyone visiting or working in its space a standardized and comfortable Technopolis experience – the experience of premium real estate, functionality, and friendly service.

Growth will be focused on the Baltic and Nordic countries in the next few years. Primarily, growth will be pursued by building expansions of the existing office campuses and by seeking new suitable office properties to acquire.

In addition, growth is pursued from service sales, which are being increased in three ways: by focusing service sales with regard to certain products, increasing all campus service sale levels to the level of the best campuses and by developing and selling new service products.

The company's strategic financial targets for 2015–2017 are an average growth of 15% in net sales and EBITDA, exceeding 6% return on capital employed (ROCE) per annum without changes in the fair values and keeping the equity ratio above 35% over the cycle.

	2014	2013	2012	2011	2010
Net sales, EUR million	161.7	126.3	107.3	92.8	81.2
Growth, %	28.0	17.7	15.6	14.4	
EBITDA, EUR million	87.2	64.1	55.8	47.5	41.4
Growth, %	35.9	15.0	17.3	14.8	
Return on capital employed, % *)	6.6	4.4	5.5	5.2	4.5
Equity ratio, %	38.5	40.2	36.2	35.8	37.4

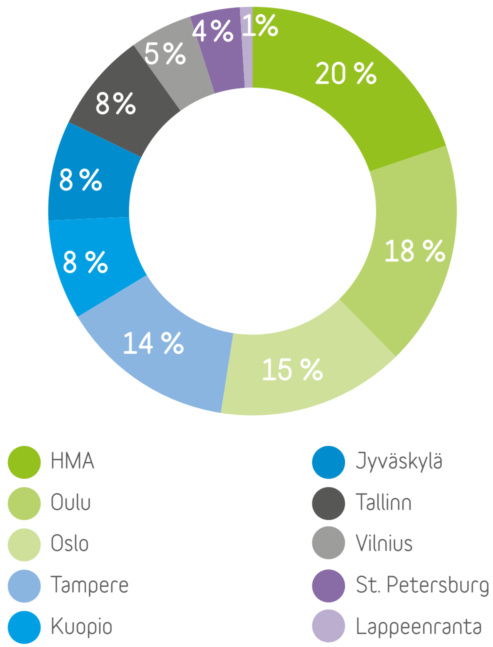
*) EPRA EBIT / (total assets – total current liabilities)

	2014	2013	2012	2011	2010
Dividend/share, EUR*)	0.15**)	0.10	0.18	0.17	0.15

*) Share-issue adjusted
**) Dividend proposed by the Board

According to Technopolis' dividend policy the objective is to annually distribute one third, on average, of the EPRA-based (European Public Real Estate Association) direct result in the form of dividends.

Fair Values, %, December 31, 2014



External Drivers & Strategic Risks

Investment Portfolio Market Risks

Interest rate risk
Portfolio's geographical concentration risk
Currency risk
Portfolio liquidity risk

Risk Concentration

Counterparty Credit Risks

Customer risk
Derivative counterparty
Reinsurance counterparty
Contract counterparty
Partners

Risk Concentration

Operative Risks

Processes
Personnel
Systems
External events
Compliance risk

Risk Concentration

Technopolis' Key Risks

5 Key Risks	Situation on December 31, 2014	Governance
Interest rate	Interest-bearing debt EUR 841.9 million.	57.4% of liabilities were hedged.
Geographical Concentration	The investment portfolio is distributed across five countries and 12 cities. The most significant country is Finland 69.1% and market area is capital region 19.7%.	Distribution and growth of business in new areas.
Currency	EUR 79.3% of net sales and others 20.7%. Of the balance sheet, EUR 78.9% and others 21.1% .	Distribution and hedging of exchange rate risks.
Customer	The 20 largest customers accounted for 29.7% of the company's rented space.	Distribution of individual customers, industries, and geographical concentrations.
Personnel	The company had 220 employees. Employee retention is promoted by monitoring and developing job satisfaction, as well as ensuring competitive remuneration.	The company's appeal as an employer, attracting and retaining skilled employees.

Board of Director's Report 2014

Profitable Growth Continued in 2014

- Net sales up by 28.0% to EUR 161.7 (126.3) million
- EBITDA up 35.9% to EUR 87.2 (64.1) million
- Financial occupancy rate rose to 94.7 (93.6) %
- Earnings per share were EUR -0.15 (0.30), including changes in fair value and unrealized exchange rate losses
- Fair values were down EUR 40.5 (-17.6) million
- Unrealized exchange rate losses totaled EUR -22.1 (-5.7) million
- Direct result (EPRA) grew 38.1% to EUR 55.9 (40.5) million
- Direct result per share (EPRA) was EUR 0.53 (0.47)
- Net asset value per share (EPRA) was EUR 4.52 (4.94)
- The Board of Directors proposes a dividend of EUR 0.15 per share

The acquisitions completed in 2013 and investments in campus expansions accelerated growth significantly, boosting net sales by 28.0%. Technopolis has been able to control its costs, with expenses growing 16.9% compared to EBITDA growth of 35.9%. EBITDA included non-recurring expenses of EUR 1.2 (2.3) million.

Key Indicators

	1-12/2014	1-12/2013
Net sales, EUR million	161.7	126.3
EBITDA, EUR million	87.2	64.1
Operating profit, EUR million	42.9	43.9
Net result for the period, EUR million	-3.0	31.6
Earnings/share EUR	-0.15	0.30
Cash flow from operations/share, EUR	0,63	0.53
Equity ratio, %	38.5	40.2
Equity/share, EUR	4.17	4.66

EPRA-based Key Indicators

	1-12/2014	1-12/2013
Direct result, EUR million	55.9	40.5
Direct result/share, EUR	0.53	0.47
Net asset value/share, EUR	4.52	4.94
Net rental yield, %	7.5	7.6
Financial occupancy rate, %	94.7	93.6

The EPRA-based (European Public Real Estate Association) direct result does not include unrealized exchange rate gains or losses or fair value changes.

Business Conditions and Business Segments

At the end of the reporting period, Technopolis had 742,000 (746,800) m^2 of rentable space, divided between three business segments.

Finland

According to consensus information collected by the Federation of Finnish Financial Services (FK), Finland's GDP is forecast to have decreased by 0.2% in 2014. According to Statistics Finland, unemployment rate was 8.8% and inflation 0.5%. According to the consensus collected by the FK Finnish GDP is expected to rise 0.5% in 2015. The economic sanctions against Russia and the structural problems facing the economies of Finland and Europe will delay prospects for an economic upswing.

Finland	1-12/2014	1-12/2013	Change, %
Number of campuses	16	17	-5.9
Rentable space, m^2	543,200	555,900	-2.3
Average rent, EUR/m^2	16.79	16.21	3.5
Financial occupancy rate, %	93.7	92.9	0.8 pp
Net rental income, EUR million	103.3	94.9	8.8
Net sales, EUR million	118.6	109.4	8.4
EBITDA, EUR million	62.6	56.1	11.7
Market yield requirement, average, %	7.9	7.9	0 pp
Fair value of investment properties, EUR million	951.9	981.0	-3.0

Baltic Rim
This segment includes Estonia, Russia and Lithuania. According to different market sources Estonia's GDP is expected to grow 1.7% in 2014, with the inflation rate at 0.0 % and the unemployment rate at 7.8%. The deteriorating economic prospects in the eurozone and in Russia are clouding the outlook for the export sector. Estonia's GDP is expected to grow 2.2% in 2015. According to Bloomberg the inflation rate in Russia was 7.8%, unemployment rate was 5.2% and GDP growth 0.5%. Growth in Russia was and will continue to be adversely affected by economic sanctions and falling oil prices. According to Bloomberg Russia's GDP is expected to shrink 4.0% in 2015. According to different market sources Lithuania's GDP was projected to grow 2.5% in 2014, while the inflation rate was 0.3% and the unemployment rate 10.8%, with improved productivity driving the growth. The expected GDP growth in Lithuania for 2015 is 2.8%.

Baltic Rim	1-12/2014	1-12/2013	Change, %
Number of campuses	3	3	0.0
Rentable space, m²	135,800	119,500	13.6
Average rent, EUR/m²	14.00	15.04	-6.9
Financial occupancy rate, %	98.4	99.1	-0.7 pp
Net rental income, EUR million	23.6	15.3	54.3
Net sales, EUR million	24.9	15.9	56.3
EBITDA, EUR million	13.4	7.6	77.0
Market yield requirement, average, %	8.7	9.0	-0.3 pp
Fair value of investment properties, EUR million	224.7	212.4	5.8

Following the acquisition of a campus in Vilnius on May 31, 2013, and investments in the expansion of the Tallinn and St. Petersburg campuses, Technopolis recorded strong growth in operations. The Russian ruble weakened 37% against the euro during the year.

Scandinavia
According to Bloomberg the inflation rate in Norway was 2.0% in 2014, while GDP growth was projected at 2.5% and the unemployment at 3.5%. GDP growth was fueled by the low unemployment rate and private consumption. Bloomberg consensus forecasts Norway's GDP to grow by 2.1% in 2015.

Scandinavia	1-12/2014	1-12/2013*)	Change, %
Number of campuses	1	1	0.0
Rentable space, m²	63,000	71,400	-11.8
Average rent, EUR/m²	22.03	21.16	4.1
Financial occupancy rate, %	95.6	89.5	6.1 pp
Net rental income, EUR million	18.0	1.0	1695.2
Net sales, EUR million	18.2	1.0	1807.2
EBITDA, EUR million	12.0	0.6	2044.0
Market yield requirement, average, %	6.4	6.5	-0.1 pp
Fair value of investment properties, EUR million	201.8	217.0	-7.0

*) December 11 – 31, 2013

As the acquisition of the IT Fornebu campus in Oslo was completed on December 11, 2013, no comparison data for the first three quarters of 2013 is available. Rentable space decreased due to the expansion of service areas by 3,800m² and an increase in unrentable space.

Financial Performance

The Group's total net sales were up by 28.0% to EUR 161.7 (126.3) million. The Group's rental revenue amounted to EUR 144.8 (111.1) million; an increase of 30.3% compared to the corresponding period in 2013. This was primarily due to an increase in rentable space. Service revenue grew by 10.8% to EUR 16.9 (15.2) million. The acquisition of new campuses without service revenue contributed to the growth in the service business being slower than growth in rental revenue. Depending on the campus, service operations are expected to reach their net sales targets within one to three years of acquisition.

In January–December, the The Group's EBITDA was up 35.9% to EUR 87.2 (64.1) million. New sales grew faster than expenses, and the EBITDA margin rose to 53.9% (50.7%).

Top line growth resulted in a 16.9% year-on-year increase in expenditure. Property maintenance expenses rose by 25.8% to EUR 41.2 (32.8) million. The Group's administrative costs were up 24.8% to EUR 13.8 (11.1) million, and included non-recurring expenses in the amount of EUR 1.2 (2.3) million. Other operating expenses decreased by 1.5% to EUR 20.0 (20.4) million.

The fair values of investment properties fell by EUR 40.5 (-17.6) million during the reporting period.

Changes in fair values are result of:

EUR million	Change in net yield require-ment	Change in occupancy rate assumption	Moder-nization	Projects in progress	Total
Finland	-2.6	-9.4	-39.1	0.5	-50.6
Baltic Rim	2.9	0.1	1.3	1.5	5.8
Scandinavia	3.4	-3.5	4.4	-	4.3
Total	**3.7**	**-12.8**	**-33.4**	**2.0**	**40.5**

The Group's operating profit was EUR 42.9 (43.9) million.

The Group's net financial expenses were EUR 42.2 (21.2) million. Unrealized exchange rate losses of EUR -22.1 (-5.7) million were booked under financial items. The Group's pre-tax profit totaled EUR 0.6 (22.6) million. The net result for shareholders of the parent company was EUR -11.7 (28.8) million.

The EPRA-based direct result increased by 38.1% to EUR 55.9 (40.5) million. Financial expenses in the EPRA-based direct result were EUR 20.2 (15.0) million. The financial expenses included EUR 1.8 million in realized exchange rate losses. Taxes on operating items decreased to EUR 3.9 (4.0) million. Earnings per share rose to EUR 0.53 (0.47).

Customers and Lease Stock

Technopolis currently has a total of approximately 1,700 customers, and roughly 47,000 people work in its facilities. The twenty largest customers had leased approximately 29.7% of the company's rented space by December 31, 2014.

Lease stock, % of space

Maturity, years	Dec 31, 2014	Sept 30, 2014	June 30, 2014	March 31, 2014	Dec 31, 2013
< 1	17	17	14	17	22
1-3	23	25	24	21	22
3-5	12	12	9	12	13
> 5	22	21	24	22	26
Open-ended leases	26	25	28	28	17
Average lease term in months	39	40	40	37	35
Lease stock, EUR million	455.9	463.5	468.2	478.6	470.5

Investments

The investment projects in progress during the reporting period, their rentable areas and estimated costs on December 31, 2014 are as follows:

Area	Name	Pre-let rate, %	m^2	EUR million	Stabilized yield, % *)	Completion
Tallinn	Lõõtsa 5 **)	8.6	9,200	17.0**)	8.8	09/2015
Vantaa	G-talo	32.6	5,300	18.3	8.0	09/2015
Tampere	Yliopistonrinne 3-4	28.9	11,900	39.0	7.2	03/2016

*) Stabilized yield = estimated net operating income / cost
**) Technopolis' share 51%

Financing

The Group's balance sheet total was EUR 1,502.9 (1,560.4) million, with liabilities accounting for EUR 927.3 (936.1) million. The Group's equity per share was EUR 4.17 (4.62), its equity ratio was 38.5% (40.2%) and its loan-to-value ratio was 59.7% (59.5%). At the period-end, the Group's net gearing was 141.4% (129.4%) and its interest coverage ratio was 4.8 (5.3).

The Group's interest-bearing liabilities amounted to EUR 841.9 (861.9) million and the average capital-weighted loan maturity was 6.1 years (7.0 years) at the end of the period. The average interest rate on interest-bearing liabilities excluding the hybrid loan was 2.43% (2.46%).

At the end of the period, 40.0% (49.7%) of the Group's interest-bearing liabilities were floating-rate loans and 60.0% (50.3%) were fixed-rate loans with maturities of 13–60 months. Of all interest-bearing liabilities, 2.5% (2.5%) were pegged to the under-3-month Euribor rate and 37.5% (47.2%) to Euribor rates from 3 to 12 months. The Group's interest fixing period was 2.7 (2.2) years at the end of the period. At the end of the reporting period, interest rate swaps covered EUR 482.9 (400.4) million of principal. The hedging ratio for interest-bearing liabilities was 57.4% (46.5%) and the average hedging period was 5.3 (5.2) years. A one percentage point change in market rates would cause a EUR 2.2 (3.5) million change in interest costs per annum.

At the end of the reporting period, Technopolis had EUR 156.5 (87.5) million in untapped credit facilities, and cash reserves amounting to EUR 28.3 (54.1) million. The credit facilities contained a EUR 151.1 (62.4) million credit line and a EUR 5.4 (25.1) million revolving credit facility. In addition, the company has a EUR 150.0 (120.0) million commercial paper program, of which EUR 56.5 (55.7) million was outstanding at the end of the reporting period.

During the 12-month period following the reporting period, EUR 182.2 (145.6) million in existing interest-bearing loans will mature.

The company's five largest creditors at the end of the period were the European Investment Bank, Handelsbanken, Nordea, Skandinaviska Enskilda Banken, and Swedbank, whose total lending to Technopolis amounted to EUR 605.5 million.

Technopolis had interest-bearing liabilities with covenants worth EUR 626.2 (671.6) million, with loans in the amount of EUR 360.7 (393.5) million including equity ratio-linked covenants. Of these loans, EUR 292.5 (219.2) million include a call provision. If the equity ratio falls below 33%, EUR 90.9 million of the loan principal could be called in. If the equity ratio falls below 30%, the amount could increase by EUR 201.6 million. The principal of EUR 158.5 (172.3) million includes an interest margin revision term. If the equity ratio falls below 33%, the additional impact on the interest expenses of these loans with the interest margin revision term would be EUR 0.8 (0.7) million per annum.

Organization and Personnel

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

The Group Management Team comprises Keith Silverang, Reijo Tauriainen, Juha Juntunen, Kari Kokkonen, and Outi Raekivi.

The Technopolis line organization consists of three geographical units: Finland, the Baltic Rim, and Scandinavia. The Group organization also has matrix support functions for the Group's real estate development, services, sales, marketing, and support services.

During the period, the Group employed an average of 214 (187) people. The increase in personnel is attributable to acquisitions and organic growth. Rental operations employed 75 (64) people, the service business 90 (80) people and the Group's administration 49 (43) people. The number of personnel at the period end was 220 (200).

Corporate Responsibility

In September 2014 Technopolis expanded its environmental strategy to become a sustainability strategy, which assumes a more comprehensive approach to the areas of responsibility that are important to Technopolis and its stakeholders.

The objective of this strategy is to decrease consumption in like-for-like properties and emissions generated by these properties by 2016 from the baseline year 2011.

	2014	2011	Change, %	Target 2016
Energy consumption, kWh/gross m^2	230.1	242.9	-5.3	-10%
Water consumption,m^2/ person	1.0	1.4	-24.5	-8%
Carbon dioxide emissions, kg CO_2e/gross m^2	38.5	77.2	-50.1	-50%

Measures such as property energy audits, use-related technical adjustments, and facility maintenance target setting designed to support energy efficiency have improved eco-efficiency and thereby reduced energy and water consumption in properties. However, in some properties energy consumption rose following the installation of cooling systems to improve indoor air quality in older premises, and the warm weather in the summer and fall. Similarly, changes in tenants, space efficiency, occupancy rates and a type of space use, for instance the use of premises as a data center, affect consumption. Reductions in emissions are primarily achieved with energy savings and the use of green electricity in all campuses in Finland.

During the reporting period, Technopolis achieved Green Star status in the GRESB (Global Real Estate Sustainability Benchmark) survey, and its Corporate Social Responsibility report was awarded the EPRA Bronze award. In the GRESB (Global Real Estate Sustainability Benchmark) survey, Technopolis scored the highest points of all Nordic property companies in the office category.

Furthermore, Technopolis achieved five new LEED certifications during the year, one of which was the first international Technopolis site in St. Petersburg. Two new building projects seeking LEED certification were launched during the year, and LEED certification projects were initiated for three existing sites.

Strategic Financial Targets

In August 2014, Technopolis' Board of Directors approved the financial targets for 2015–2017 as follows:

- average annual growth in net sales and EBITDA of 15%
- at least a 6% return on capital employed per annum excluding fair value changes
- equity ratio at least 35% above the cycle

In addition to updating its strategic targets, Technopolis also revised its dividend policy calculation method. According to the revised policy, the objective is to annually distribute one third, on average, of the EPRA-based (European Public Real Estate Association) direct result in the form of dividends.

Technopolis seeks growth in the Nordic countries and in the Baltic Rim, and in its service business.

During 2014 the company achieved all its strategic financial targets: net sales rose by 28%, EBITDA increased by 35.9%, return on capital employed was at 6.6% and equity ratio at 38.5%.

Evaluation of Operational Risks and Uncertainties

The most significant risks affecting Technopolis' business have to do with general economic conditions, translating into financing and customer 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 objective of the company's interest rate risk policy is also to diversify the interest rate risk of loan contracts over different loan periods based on the prevailing market situation.

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. In order to manage financing risks, Technopolis draws upon the resources of a wide range of financers, a variety of financing instruments, and maintains a sufficient degree of solvency.

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

The differences between legislation and administrative procedures in Finland and abroad may create risks.

Changes in exchange rates may affect the company's financial performance and operations. Foreign currency items are recorded at the exchange rate on the transaction date. Any translation differences are entered in the income statement under other operating expenses or financial income and expenses, according to the type of transaction involved.

In accordance with its foreign exchange hedging policy, the company does not hedge balance sheet items. Instead, it hedges part of the transaction risk affecting cash flows in foreign currencies. The Group's Russian and Norwegian subsidiaries generate its foreign currency-related effects. Any translation differences from investments made in Russian rubles (RUB) or Norwegian krone (NOK) are recorded in the income statement. In addition, unrealized financial income and expenses arising from the translation of the euro-denominated portion of the Russian subsidiary's borrowings are entered in the income statement.

The exchange rates used in the 2014 financial statements for operations were 8.36 for the Norwegian krone and 51.02 for the Russian ruble. The euro exchange rates used in the balance sheet were 9.0 for the Norwegian krone and 72.3 for the Russian ruble.

Foreign exchange % change against euro	Income statement effect	Translation difference effect	Total effect on the Group's equity	Equity ratio
RUB +10	EUR -3.6 million	EUR -1.8 million	EUR -5.4 million	38.1%
RUB -10	EUR 4.4 million	EUR 2.2 million	EUR 6.6 million	38.6%
NOK +10	-	EUR -7.9 million	EUR -7.9 million	38.3%
NOK -10	-	EUR 9.6 million	EUR 9.6 million	38.3%

The direct effect of changes in exchange rates on the Group's operating profit, balance sheet and equity ratio as at December 31, 2014:

Changes in loans denominated in Norwegian krone are proportionate to changes in shareholders' equity. As a result, changes have no effect on the equity ratio.

The sensitivity of changes in exchange rates in the Group's net sales and EBITDA as at December 31, 2014 can be illustrated as follows:

Foreign exchange % change against euro	Net sales	EBITDA
RUB +10	EUR -0.7 million	EUR -0.3 million
RUB -10	EUR 0.9 million	EUR 0.3 million
NOK +10	EUR -1.7 million	EUR -1.1 million
NOK -10	EUR 2.0 million	EUR 1.3 million

The objective of customer risk management is to minimize the negative impact of potential changes in customers' financial positions on the company's business and financial performance. Customer risk management focuses on having a solid understanding of the customer's business and active monitoring of customer information. Customer risks are diversified by acquiring customers from all sectors, including the public sector. As part of customer risk management, the leases signed by Technopolis include rental security arrangements.

Leases fall into two categories: fixed-term and open-ended. Both lease types are used as applicable, depending on the market situation, the property in question, and the sector in which the customer operates.

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 size of their premises 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, long-term experience and competence in this business model in different stages of the economic cycle.

In new construction projects, Technopolis focuses on quality and on the manageability of properties over their 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 acquiring any 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 values of investment properties. As the yields increase, the fair value of properties decreases, and, 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, the covenant terms of the loans may be met. In this case, the change in value may have an impact on the cash flow and earnings for the period.

Group Structure

Technopolis Group comprises the parent company Technopolis Plc, whose subsidiaries have operations in Finland, Norway, Estonia, Russia, and Lithuania. The parent company has several subsidiaries and associates in Finland.

Annual General Meeting 2014

The Annual General Meeting of Shareholders (AGM) of Technopolis was held in Espoo on March 26, 2014.

Resolutions of the Annual General Meeting

Financial Statements and Dividend
The AGM 2014 adopted the Group and Parent Company's financial statements for the fiscal year 2013 and discharged the company's Board of Directors and CEO from liability. The AGM decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.10 per share. The dividend was paid to shareholders who were registered by Euroclear Finland Ltd on the record date of March 31, 2014. The dividend payment date was April 8, 2014.

Board of Directors and Remuneration of the Members of the Board of Directors
The number of members of the Board of Directors was confirmed at six. Sari Aitokallio, Carl-Johan Granvik, Jorma Haapamäki, Pekka Korhonen, Pekka Ojanpää, and Timo Ritakallio were elected members of the Board for a term of office expiring at the end of the next Annual General Meeting. Carl-Johan Granvik was elected Chairman of the Board of Directors and Jorma Haapamäki was elected Vice Chairman.

It was resolved to pay the members of the Board of Directors annual remuneration as follows: EUR 50,000 to the Chairman of the Board, EUR 30,000 to the Vice Chairman of the Board, and EUR 25,000 to each of the other members of the Board. In addition, it was decided that, for participation in meetings of the Board of Directors, each member of the Board of Directors shall, in addition to the annual remuneration, be paid a fee of EUR 600 and the Chairman of the Board of Directors a fee of EUR 1,200 for each Board meeting, and the chairmen of the committees a fee of EUR 800 and each member of the committees a fee of EUR 600 for each meeting of the committees, and that the travel expenses of the members of the Board of Directors and the members of the committees shall be compensated in accordance with the company's travel policy.

The AGM decided that the annual remuneration will be paid on the condition that the Board member commits to using 50% of their annual remuneration to acquire Technopolis Plc shares on the market at the price determined in public trading. The shares are to be acquired within three weeks of the publication of the Interim Report for the period January 1 – March 31, 2014. If the shares cannot be purchased during this period due to insider regulations, they will be acquired on the first occasion possible according to valid insider regulations. Board members are not allowed to transfer the shares obtained as annual remuneration before their membership of the Board has ended.

In the first organizational meeting of the Board of Directors following the AGM, the Board appointed an Audit Committee and a Remuneration and HR Committee from among its members. The Audit Committee consists of Carl-Johan Granvik (Chair), Sari Aitokallio, and Pekka Korhonen. The Remuneration and HR Committee consists of Timo Ritakallio as Chairman and Jorma Haapamäki and Pekka Ojanpää as members. The Board of Directors' view is that all of the Board members are independent of the company and, with the exception of Timo Ritakallio, of its significant shareholders.

Auditor
KPMG Oy Ab, authorized public accountants, were re-elected as the auditors of the company, with Mr. Ari Eskelinen, APA, as the Auditor-in-Charge.

Board Authorizations
The AGM authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledges of treasury shares, as detailed below.

The amount of treasury shares to be repurchased and/or accepted as pledge shall not exceed 10,625,000 shares, which corresponds to approximately 10% of all the shares in the company. Under the authorization, the treasury shares may only be purchased using unrestricted equity. Treasury shares may be purchased at a price set in public trading on the date of purchase or at a price otherwise determined on the market. The Board of Directors decides how treasury shares will be repurchased and/or accepted as a pledge. Treasury shares can be repurchased using financial instruments such as derivatives, and in proportion other than the shareholdings of the shareholders (directed repurchase). The authorization will be valid until the end of the next Annual General Meeting; however, no later than June 30, 2015.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Limited Liability Companies Act as follows:

The maximum number of shares to be issued pursuant to the authorization is 10,625,000, equaling approximately 10% of the company's shares. The Board of Directors shall decide 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 will be valid until the end of the next Annual General Meeting; however, no later than June 30, 2015.

Unused Board Authorizations
The Board of Directors was authorized by the Annual General Meeting of 2014 to decide on the issue of shares and special rights referred to in the Limited Liability Companies Act, and on the repurchase and/or on the acceptance as pledge of treasury shares.

On October 30, 2014, the Board of Directors decided to acquire a maximum of 1,000,000 Technopolis Plc shares on the open market. As of December 31, 2014, the company held 428,553 treasury shares, which means the company may, pursuant to the authorization regarding treasury shares, repurchase and/or accept as pledge another 10,196,447 shares.

The Board of Directors has not exercised the rights of the 2014 AGM authorization to decide on a share issue and on special rights entitling to shares.

Stock-Related Events and Disclosures of Changes in Holdings

In January 2014, a total of 20,860 new Technopolis Plc shares were subscribed based upon 2007C stock options. The shares were entered into the Trade Register on February 19, 2014.

In March 2014, a total of 118,474 new Technopolis Plc shares were subscribed based upon 2007C stock options and entered into the Trade Register on March 20, 2014.

In April 2014, a total of 103,891 new Technopolis Plc shares were subscribed based upon 2007C stock options and entered into the Trade Register on May 15, 2014.

The share subscription period for the 2007C stock options ended on April 30, 2014, and the company has no other stock option plans in effect.

Pursuant to the authorization of the AGM 2014, Technopolis acquired a total of 428,553 treasury shares in the period between November 4 and December 31, 2014.

Shareholders' Nomination Board

The Nomination Board is responsible for preparing future proposals concerning the election and remuneration of the members of the Board of Directors to the General Meetings.

Based on shareholding on September 1, 2014, members of the Nomination Board were Risto Murto, President and CEO of Varma Mutual Pension Insurance Company as the Chairman; Harri Sailas, President and CEO of Ilmarinen Mutual Pension Insurance Company, and Matti Pennanen, Mayor, City of Oulu. Carl-Johan Granvik, Chairman of the Board of Technopolis Plc, participates in the Nomination Board's work as an adviser.

Proposals of the Shareholders' Nomination Board to the Annual General Meeting 2015 regarding the election of members of the Board of Directors were published by a stock exchange release on January 30, 2015.

Post-Fiscal Events

Technopolis resumed its share buyback program launched on October 30, 2014. On January 19, 2015 when the program was suspended pending the company's silent period, the company held 700,000 treasury shares.

Board of Directors' Proposal for Distribution of Profit

At the end of the period, distributable funds totaled EUR 19,445,385. The Board will propose that a dividend of EUR 0.15 (0.10) per share be paid, totaling EUR 15,902,374.35. The Board will further propose that the remainder be left in the retained earnings account. The proposed dividend represents approximately 28.5% of the EPRA-based direct result per share. As a part of profit sharing the company acquired 428,553 treasury shares in the period from November 4 to December 31, 2014 for a total of EUR 1.6 million.

There have been no significant changes to the company's financial status since the end of the financial period. In the opinion of the Board of Directors, the company's liquidity is good and the proposed dividend will not risk its solvency.

Annual General Meeting 2015

The Annual General Meeting of 2015 will be held in Espoo on March 27, 2015. Shareholders can make resolution proposals at the meeting in matters relevant to the Annual General Meeting and included on the agenda. Shareholders who wish to include items on the agenda of the Annual General Meeting should submit their requests, with reasoning, or their resolution proposals by e-mail to legal@technopolis.fi by February 15, 2015.

Future Outlook

Technopolis expects its net sales and EBITDA in 2015 to be at the same level or slightly higher than in 2014.

The Group's financial performance depends on the development of the overall business environment, customer operations, financial markets, market yields, and currency exchange rates. Furthermore, any changes in the property portfolio may have an impact on the guidance.

Five-Year Review

Currency unit, EUR 1,000

Summary of income statement	2014	2013	2012	2011	2010
Net sales	161,678	126,335	107,330	92,835	81,181
Other operating income	536	1,996	1,609	1,223	1,565
EBITDA	87,169	64,125	55,750	47,539	41,404
Operating profit	42,865	43,854	48,031	71,990	43,015
Profit before taxes	630	22,649	34,476	60,015	33,587
Net profit for the year attributable to parent company shareholders	-11,737	28,832	25,821	46,700	23,254
Summary of balance sheet					
Total assets	1,502,929	1,560,368	1,082,734	962,879	827,611
Completed investment properties	1,378,360	1,410,418	956,520	843,778	727,672
Investment properties under construction	26,453	26,390	57,559	61,698	54,058
Cash and bank	28,270	54,095	15,676	12,507	4,485
Shareholders' equity	575,610	624,289	389,527	343,167	307,602
Interest-bearing liabilities	841,909	861,863	608,140	547,712	457,868
Key indicators and financial ratios					
Change in net sales, %	27.98	17.71	15.61	14.35	6.26
Change in EBITDA, %	35.94	15.02	17.27	14.82	3.60
Operating profit/net sales, %	26.51	34.71	44.75	77.55	52.99
Return on equity (ROE), %	-0.50	6.23	7.36	15.00	8.24
Return on investment (ROI), %	3.33	3.56	5.46	8.95	6.15
Equity ratio, %	38.50	40.21	36.19	35.84	37.38
Net debt/equity (gearing), %	141.35	129.39	152.10	155.96	147.39
Interest coverage ratio	4.84	5.34	4.49	3.67	4.87
Loan to value, %	59.70	59.47	59.47	59.98	58.04
Cash flow from operations/share, EUR	0.63	0.53	0.50	0.41	0.35
Gross capital expenditure on non-current assets	69,061	466,727	115,766	105,256	134,387
Employees in Group companies, average	214	187	178	158	135

Share-related indicators 1)	2014	2013	2012	2011	2010
Earnings/share, undiluted, EUR	-0.15	0.30	0.33	0.63	0.33
Earnings/share, adjusted for dilutive effect, EUR	-0.15	0.30	0.33	0.63	0.33
Equity/share, EUR	4.17	4.66	4.46	4.47	4.03
Issue-adjusted no. of shares, basic, average	106,015,829	85,352,432	77,452,917	73,767,027	71,038,733
Issue-adjusted no. of shares, diluted, average	106,015,829	85,531,524	77,710,463	73,966,877	71,208,585
Issue-adjusted no. of shares, at Dec 31	106,083,079	106,268,407	83,709,282	73,767,027	73,767,027
Market capitalization of shares, EUR	392,507,392	462,267,570	284,865,826	212,339,897	258,610,980
Share turnover	28,389,026	22,095,150	18,994,144	30,084,022	22,547,191
Share turnover/ average number of shares, %	26.78	25.89	27.17	47.46	36.94
Share prices, EUR					
Highest price	4.70	5.16	3.67	3.80	3.65
Lowest price	3.40	3.72	2.64	2.24	2.55
Average price	4.23	4.39	3.25	3.09	3.09
Price at Dec 31	3.70	4.35	3.40	2.88	3.50
Dividend/share, EUR	0.15 2)	0.10	0.18	0.17	0.15
Dividend payout ratio, %	- 2)	33.46	54.15	27.15	44.62
Effective dividend yield, %	4.05 2)	2.30	5.31	5.97	4.17
Price/earnings (P/E) ratio	-24.16	14.55	10.21	4.55	10.70

1) Share-related indicators have been adjusted for the rights issue in spring 2012 and fall 2013
2) Proposal for distribution of dividends

Currency unit, EUR 1,000

EPRA and property key figures	2014	2013	2012	2011	2010
Rentable area, sqm	742,000	746,800	644,300	576,900	527,800
Direct result (EPRA Earnings)	55,901	40,479	29,860	25,467	20,941
Change in direct result, %	38.10	35.57	17.25	17.59	-3.30
Direct result per share (EPRA Earnings per share)	0.53	0.47	0.38	0.34	0.29
Financial occupancy rate, %	94.70	93.60	95.34	95.06	94.44
EPRA Vacancy Rate	5.30	6.40	4.66	4.94	5.56
EPRA Like-for-like rental growth	-1.71	-0.41	2.35	6.80	-1.85
Net rental income of property portfolio (EPRA Net Initial Yield), %	7.50	7.60	7.80	7.80	7.65
Net asset value (EPRA Net Asset Value)	479,345	521,056	428,292	376,298	333,221
Nettovarallisuus/osake Net asset value per share (EPRA NAV per share)	4.52	4.94	5.12	5.10	4.52

The method of calculating the rentable floor area was revised as of the beginning of the fiscal year 2014; the comparison 2010–2012 figures have not been updated.

Consolidated Income Statement

	Note	2014	2013
Rent income	1, 2	144,823	111,114
Service income	1, 2	16,855	15,221
Net sales total	1, 2	**161,678**	**126,335**
Other operating income	2	536	1,996
Premises expenses	3	-41,208	-32,764
Administration costs	4	-13,825	-11,077
Other operating expenses	6	-20,012	-20,365
Depreciation	5	-3,782	-2,660
Change in fair value of investment properties	12	-40,522	-17,611
Operating profit		**42,865**	**43,854**
Finance income, total	7	7,436	1,868
Finance costs, total	7	-49,651	-23,021
Share in associate profits	15	-20	-52
Profit before taxes		**630**	**22,649**
Income tax	8, 17	-3,611	8,909
Net result for the period		**-2,981**	**31,558**
Distribution of earnings for the year			
To parent company shareholders		-11,737	28,832
To non-controlling interests	14	8,756	2,725
Total		**-2,981**	**31,558**
Earnings per share, basic, EUR		-0.15	0.30
Earnings per share, diluted, EUR		-0.15	0.30

Statement of Comprehensive Income

	Note	2014	2013
Net result for the period		-2,981	31,558
Other comprehensive income items			
Items that may be reclassified subsequently to profit or loss			
Translation differences	8, 20	-20,643	-3,517
Available-for-sale financial assets	7, 8, 16	-16	29
Derivatives	8	-10,849	3,024
Taxes related to other comprehensive income items	8	2,498	-740
Other comprehensive income items after taxes		**-29,010**	**-1,204**
Comprehensive income for the period, total		**-31,991**	**30,354**
Distribution of comprehensive earnings for the period			
To parent company shareholders		-36,615	27,629
To non-controlling interests	14	4,624	2,725
Total		**-31,991**	**30,354**

Currency unit, EUR 1,000

Consolidated Balance Sheet

ASSETS	Note	2014/12/31	2013/12/31
Non-current assets			
Intangible assets	10	6,808	6,303
Tangible fixed assets	11	14,134	6,122
Completed investment properties	12	1,378,360	1,410,418
Investment properties under construction	12	26,453	26,390
Advance payments and projects in progress	13	5,416	12,447
Holdings in associates	15	5,966	5,986
Investments and receivables	16	4,803	6,123
Deferred tax assets	17	17,780	15,825
Total non-current assets		**1,459,719**	**1,489,614**
Current assets			
Sales receivables	18	6,988	6,278
Other current receivables	18	7,951	10,381
Cash and cash equivalents	19	28,270	54,095
Total current assets		**43,210**	**70,754**
ASSETS, TOTAL		1,502,929	1,560,368
EQUITY AND LIABILITIES			
Equity	20		
Share capital		96,914	96,914
Premium fund		18,551	18,551
Invested unrestricted equity fund		215,627	215,513
Other reserves		-11,117	-3,758
Equity related bond		74,221	74,221
Translation differences		-20,303	-3,218
Retained earnings		153,918	142,207
Net profit for the year		-11,737	28,832
Parent company's shareholders' share of equity		**516,073**	**569,261**
Share of non-controlling interests in equity	14	59,537	55,027
Total equity		**575,610**	**624,289**
Liabilities			
Deferred tax liabilities	17	34,711	32,799
Non-current finance lease liabilities	21, 22	32,870	34,199
Other non-current liabilities	21, 22	627,470	682,630
Non-current liabilities, total		695,050	749,628
Current finance lease liabilities	21, 22	2,683	2,450
Accounts payable	21, 22	8,051	8,632
Other current financial liabilities	21, 22	221,535	175,369
Current liabilities, total		232,269	186,451
Total liabilities		**927,319**	**936,079**
EQUITY AND LIABILITIES, TOTAL		1,502,929	1,560,368

Consolidated Statement of Cash Flows

	2014	2013
Cash flows from operating activities		
Net result for the period	-2,981	31,558
Adjustments:		
Change in value of investment properties	40,522	17,611
Depreciation	3,782	2,660
Share in associate profits	20	52
Gains from disposals	133	-4
Other adjustments for non-cash transactions	487	290
Financial income and expenses	42,215	21,153
Taxes	3,611	-8,909
Change in working capital	1,797	1,227
Interest received	265	224
Dividends received	3	16
Interest paid and fees	-15,495	-8,431
Other financial items in operating activities	-5,164	-10,244
Taxes paid	-2,576	-2,041
Cash flows from operating activities	**66,619**	**45,162**
Cash flows from investing activities		
Investments in investment properties	-53,221	-114,417
Investments in tangible and intangible assets	-11,149	-4,195
Loans granted	0	-1,590
Repayments of loan receivables	1,340	250
Proceeds from sale of investments	869	0
Proceeds from sale of tangible and intangible assets	6,702	5,913
Acquisition of subsidiaries	-4,621	-65,462
Acquisition of associates		0
Shares in associate companies sold	0	12
Cash flows from investing activities	**-60,080**	**-179,488**
Cash flows from financing activities		
Equity related bond issue	0	75,000
Increase in long-term loans	83,045	285,039
Decrease in long-term loans	-94,750	-291,170
Dividends paid	-11,105	-15,474
Paid share issue	305	100,416
Acquisition of own shares	-1,648	
Capital investment of non-controlling interests	0	10,580
Interest from equity related bond	-5,625	
Acquisition of subsidiary shares, no change in control	-390	
Change in short-term borrowings	1,353	9,689
Cash flows from financing activities	**-28,814**	**174,081**
Change in cash and cash equivalents	**-22,276**	**39,755**
Impact of exchange rate changes	-3,549	-1,336
Cash and cash equivalents at period-start	54,095	15,676
Cash and cash equivalents at period-end	**28,270**	**54,095**

Currency unit, EUR 1,000

Statement of Changes in Equity

Currency unit, EUR 1,000

	Equity attributable to owners of the parent											
	Share capital	Premium fund	Invested unrestricted equity fund	Hedging instrument reserve	Fair value reserve	Equity re-lated bond	Translation differences	Own shares	Retained earnings	Equity attributable to owners of the parent	Share of non-controlling interests	Total share-holders' equity
Equity, Jan 1, 2013	**96,914**	**18,551**	**116,274**	**-6,245**	**175**		**299**		**147,489**	**373,455**	**16,071**	**389,526**
The effect of changes in recognition principle of deferred taxes, IAS 8									9,473	9,473		**9,473**
Equity, Jan 1, 2013	**96,914**	**18,551**	**116,274**	**-6,245**	**175**		**299**		**156,962**	**382,928**	**16,071**	**399,000**
Comprehensive income												
Net result for the period									28,832	28,832	2,725	**31,558**
Other comprehensive income												
Translation differences							-3,517			-3,517		**-3,517**
Derivatives				2,283						2,283		**2,283**
Available-for-sale financial assets					30					30		**30**
Comprehensive income for the period, total				**2,283**	**30**		**-3,517**		**28,832**	**27,629**	**2,725**	**30,354**
Related party transactions												
Dividend									-15,129	-15,129	-358	**-15,488**
Share issue			98,715							98,715		**98,715**
Share options exercised			524							524		**524**
Share-based compensation									301	301		**301**
Equity related bond issue						74,221				74,221		**74,221**
Investment of non-controlling interests											36,589	**36,589**
Other changes									73	73		**73**
Related party transactions			**99,239**			**74,221**			**-14,755**	**158,705**	**36,231**	**194,936**
Equity, Dec 31, 2013	**96,914**	**18,551**	**215,513**	**-3,962**	**204**	**74,221**	**-3,218**		**171,039**	**569,261**	**55,027**	**624,289**
Equity, Jan 1, 2014	**96,914**	**18,551**	**215,513**	**-3,962**	**204**	**74,221**	**-3,218**		**171,039**	**569,261**	**55,027**	**624,289**
Comprehensive income												
Net result for the period									-11,737	-11,737	8,756	**-2,981**
Other comprehensive income												
Translation differences							-17,085		-434	-17,519	-3,124	**-20,643**
Derivatives				-7,343						-7,343	-1,008	**-8,351**
Available-for-sale financial assets					-16					-16		**-16**
Comprehensive income for the period, total				**-7,343**	**-16**		**-17,085**		**-12,171**	**-36,615**	**4,624**	**-31,991**
Related party transactions												
Dividend									-10,641	-10,641	-466	**-11,107**
Acquisition of own shares								-1,648		-1,648		**-1,648**
Interest paid to equity related bond									-4,305	-4,305		**-4,305**
Other changes			114						-94	20	352	**372**
Related party transactions			**114**					**-1,648**	**-15,040**	**-16,574**	**-114**	**-16,688**
Equity, Dec 31, 2014	**96,914**	**18,551**	**215,627**	**-11,305**	**188**	**74,221**	**-20,303**	**-1,648**	**143,828**	**516,073**	**59,537**	**575,610**

Accounting Policies Applied in the Preparation of the Consolidated Financial Statements

Company Information

Technopolis is a company that specializes in providing operating environments for high-tech enterprises, utilizing a service concept that combines premises, business services and development services. Technopolis operates in Finland in the Oulu region, the Helsinki Metropolitan Area, Jyväskylä, Kuopio, Lappeenranta, and Tampere; in St. Petersburg in Russia, in Tallinn in Estonia, in Vilnius in Lithuania and in Oslo in Norway. The Group's parent company is Technopolis Plc. The company is domiciled in Oulu, Finland, and its registered address is Elektroniikkatie 8, FI-90590 Oulu.

The Board of Directors of Technopolis Plc approved the publication of the consolidated financial statements on February 10, 2015. A copy of the consolidated financial statements is available on the website of Technopolis Plc at www.technopolis.fi/investors. Under the Finnish Companies Act, shareholders have the option to accept, amend or reject the financial statements at the Annual General Meeting, which is held after the publication of the financial statements.

Accounting Policies Applied in the Preparation of the Consolidated Financial Statements

The consolidated financial statements of Technopolis Plc have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements comply with the IAS (International Accounting Standards) and IFRS effective as of December 31, 2014, together with the interpretations of the SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) adopted by European Union. All figures in the financial statements are presented in thousands of euros.

In the consolidated financial statements, investment properties, available-for-sale financial assets, derivatives and the cash portion of the share incentive scheme are measured at fair value. In other respects, the consolidated financial statements were produced on the historical cost basis.

The Group has amended the recognition principle of deferred taxes as of the beginning of 2013 in accordance with IAS 8 paragraph 14(b). The Company estimates that it will liquidate its shareholdings in real estate companies by selling the shares it holds. The effect of the change in the accounting policy amounts to EUR 6.0 million. In addition, a change in Group structure in which the parent company incorporated the property portfolio into the regional mutual real estate companies during fiscal year 2013 also resulted in a change of EUR 3.5 million in deferred taxes. The changes have been recognized in the opening balance of January 1, 2013 as an increase in retained earnings and decrease in deferred taxes.

The Group has applied the following revised standards and amended interpretations as of January 1, 2014: IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, revised IAS 28 *Investments in Associates and Joint Ventures* and the amended IAS 32 *Financial Instruments: Presentation*, IAS 36 *Impairment of Assets* and IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 12 requires the reporting entity to disclose information with which the users of the financial statements can assess the nature of its holdings in other entities, related risks, and the impact of these holdings on the entity's financial position, result, and cash flows. The changes in other standards do not have any major effect on the Group's consolidated financial statements.

Scope of Consolidated Financial Statements

The consolidated financial statements include the parent company, Technopolis Plc, and those subsidiaries in which the parent company directly or indirectly controls more than 50% of the voting power of the shares or otherwise exercises control. The Group has control over an investment when it has the right and ability to control the significant functions of the investment, and when it has exposure or rights to the investee's variable returns and the ability to affect those returns through power over an investee. Technopolis Plc has control over all consolidated subsidiaries on the basis of voting power. Associated companies are companies in which the Technopolis Group exerts significant influence. Significant influence exists when the Group owns more than 20% of the company's voting power or when it otherwise exerts significant influence but not control.

The purchase method has been used in eliminating the mutual shareholdings of Group companies. Pursuant to an exemption permitted under IFRS 1, the Group has elected not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that predate the transition to IFRS (January 1, 2004). Business combinations subsequent to the transition date implemented prior to January 1, 2010, comply with the IFRS 3 standard in force at the time, and as of January 1, 2010, the Group has applied the revised IFRS 3 standard in accordance with which all acquisition-related expenses are recognized in the statement of income as expenses. A conditional additional purchase price must be recognized at fair value, even if the materialization of the additional purchase price is not assumed to be probable at the time of the acquisition. Any changes in the conditional purchase price liability that have taken place after the time of acquisition are recognized through profit or loss. With regard to acquisitions to which the IFRS 3 standard has been applied, the identifiable assets, liabilities and contingent liabilities are measured at fair value on the acquisition date. If the cost of an acquired company on the acquisition date exceeds the Group's share of the fair value of the acquired company's net assets, the difference is recognized as goodwill. All subsidiaries established or acquired during the fiscal year have been consolidated from the point in time when control over them was established. Changes in ownership of subsidiaries, associated companies or joint ventures are recognized directly in the Group's shareholders' equity. As a result of the standard revision, losses of a subsidiary can be allocated to non-controlling owners even when they exceed the value of their investments.

If the Group has acquired an investment property that is not a business combination referred to in IFRS 3, the investment property has been measured at acquisition cost at the time of acquisition. The acquisition cost of the acquired investment property includes the purchase price and direct expenses of the acquisition, such as related expert fees, asset transfer taxes and other transaction costs.

All intra-group transactions, balances and profit distribution have been eliminated. The distribution of net profit for the period between parent company shareholders and non-controlling interest is presented in the income statement, and the equity attributable to non-controlling interests is presented separately under equity. The distribution of comprehensive income between parent company shareholders and non-controlling interests is presented in the statement of comprehensive income.

Associates have been consolidated using the equity method of accounting. The Group's portion of the net profit/loss for the year of associates, less depreciation, is presented in the income statement under financial income. If the Group's portion of an associate's loss exceeds the carrying amount, any losses in excess of the carrying amount are not consolidated unless the Group is committed to fulfilling the obligations of the associates.

Mutual real estate companies have been consolidated by proportional consolidation, with the balance sheets, income statements and statements of comprehensive income of the mutual property companies being consolidated proportionally to the Group's holding, line by line, with the corresponding lines in the consolidated financial statements. If the income statements or statements of comprehensive income and the balance sheets of subsidiaries consolidated by proportional consolidation contain items that are exclusively attributable to the Group or to other owners, they have also been taken into account accordingly in the consolidated financial statements. These cases do not constitute a non-controlling interest.

Foreign Currency-Denominated Business Transactions
The figures concerning the result and financial position of the Group's unit are denominated in the currency of each unit's main business environment (the "functional currency"). The consolidated financial statements are disclosed in euros, which is the functional and presentation currency of the Group's parent company. In addition to the euro, the Group has items denominated in U.S. dollars, Russian rubles, Lithuanian litai and Norwegian kroner.

Foreign currency-denominated business transactions are recognized in the functional currency, using the exchange rate of the transaction date. Foreign currency-denominated monetary balances are converted to euros using the exchange rates of the balance sheet date. Foreign currency-denominated non-monetary items are valued using the exchange rate of the transaction date, except for items at fair value, which are converted to euros using the exchange rates of the valuation date.

Gains and losses arising from foreign currency-denominated business transactions and from the translation of monetary items have been recognized in the income statement under financial income and expenses. Exchange rate gains and losses from business operations are included in the corresponding items before operating profit.

Income and expense items of the Group companies' income statements are converted to euros using the average rate of the financial period and balance sheets using the exchange rate of the balance sheet date, which results in translation differences recognized in shareholders' equity on the balance sheet, with the result recognized in other comprehensive income. Translation differences from the elimination of foreign subsidiaries' acquisition cost and equity items accumulated after acquisition are recognized in other comprehensive income. Translation differences from the sale of a subsidiary or loss of control are recognized in the income statement as part of the capital gain or loss.

The Group has a Russian subsidiary in St. Petersburg that uses the Russian ruble as its functional currency, four Lithuanian subsidiaries in Vilnius that use the Lithuanian litas as their functional currency, and seven subsidiaries in Oslo that use the Norwegian krone as their functional currency.

Recognition Principles
The Group's net sales primarily consist of real estate rental revenues and service revenues derived from business operations. Net sales are adjusted for indirect taxes, sales adjusting items and the translation difference of foreign currency-denominated sales. The Group's income is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity. Most of the rental revenues from investment properties have been recognized as income in accordance with IAS 17 through profit or loss on a straight-line basis over the entire lease term. The rents paid by some customers are

"contingent rents," with the rent based on the lessee's net sales. Because the final rent based on net sales is confirmed only after the financial period has ended, rents tied to net sales are recognized during the financial period based on contracts and balanced according to the actual rents at the end of the financial period. Service revenues are recognized according to IAS 18 upon completion of the service performance.

Public subsidies
Public subsidies are recognized when there is reasonable assurance that the entity complies with the conditions attaching to them and that the subsidies will be received. The subsidies received for various development programs have been recognized in other operating income. The expenses relating to development programs are recognized under other operating expenses and personnel expenses.

Intangible Assets and Tangible Fixed Assets
Intangible assets and items of property, plant and equipment are measured at the original acquisition cost, less accumulated depreciation, and they are depreciated over their useful lives according to pre-established depreciation plans. Intangible rights are depreciated on a 20% straight-line basis, and machinery and equipment on a 25% straight-line basis. Depreciation is included in the income statement under depreciation according to plan.

Additional expenses arising later are capitalized if it is likely that they will cause future economic benefit to flow to the company and they can be reliably determined and allocated to an asset. Otherwise, they are recognized as an expense in the income statement.

R&D expenditure is recognized in the income statement as expenses. Development expenses arising from the planning of new and significantly enhanced products are capitalized as intangible assets on the balance sheet when the development phase expenditure can be reliably determined, finishing the product is technically feasible, the Group is able to use or sell the product, the Group can show how the product will probably generate future economic benefit and the Group has both the intent and resources to finish the development work and use or sell the product. Development expenses are mainly related to the development of software customized for the Group and the development of new service packages pursuant to the Technopolis concept. Capitalized R&D expenditure includes material, work and testing expenses and any capitalized borrowing costs that are directly due to finishing the product for the intended use. R&D expenditure previously recognized as expenses will not be subsequently capitalized.

The useful lives of intangible assets and tangible fixed assets are reviewed annually and their carrying amounts are assessed for possible depreciation. If there is any indication of depreciation, the recoverable amount of the asset involved is evaluated. The recoverable amount of unfinished intangible assets is additionally estimated annually regardless of whether there are indications of impairment.

The recoverable amount is the higher of the fair value of the asset less sales-related expenses or service value. Service value refers to the estimated future net cash flows from the asset or cash-generating unit discounted to their current value. The discount rate applied is the interest rate before tax, which illustrates the market view of the time value of money and special risks related to the asset.

If the carrying amount of an asset is found to be higher than the cash it will generate in the future, a depreciation loss will be recognized as an expense for the period. If a depreciation loss later proves unwarranted, it can be reversed by recognizing it in profit or loss. However, the reversal of a depreciation loss cannot exceed the depreciation of the asset recognized previously, and in cases where goodwill is recognized, a depreciation loss made in goodwill is irreversible.

On the balance sheet date, the Group has no intangible assets with indefinite useful lives or goodwill that would need to be subjected to annual depreciation testing.

Investment properties
Investment properties are those that the Group holds in order to obtain rental revenues or an increase in asset value. They include buildings and developed/undeveloped land owned by the Group. They also include properties held under a capital lease. Properties held under other than a capital lease are not classified as investment properties. Investment properties are measured at fair value. The Technopolis Group keeps for its own use only small offices in buildings that can otherwise be defined as investment properties, for which reason the premises in Technopolis' own use have not been recognized separately at acquisition cost, but are included in the fair value calculation.

Changes in the value of investment properties are entered into the income statement as a separate item. Aside from the change in the value of properties owned throughout the year, the change in the fair value of investment properties was due to the determination of properties completed during the fiscal year at fair value and the increases in acquisition cost recognized by special purpose entities during the fiscal year. Increases in acquisition costs consist of the capitalization of renovation investments in the properties.

Fair Value Accounting Model and valuation process
In calculating the fair value of investment properties, the aim is to determine the prices paid on an active market at the time of the review for properties that are equivalent in terms of type, location, condition or lease structure. If comparable prices cannot be found on active markets, the fair value can be determined by adapting the prices of active markets to correspond to the time of the review and the situation at hand, or by determining the prices from cash flows based on estimated future revenues.

The fair value accounting model applied by the Group is based on the cash flow analysis determined specifically for each property, in which the fair value of an investment property is determined by discounting the net cash flow of future income and expenses to the present day. The net cash flow consists of future rental revenues. All future income is based on existing agreements. Existing agreements are assumed to terminate upon expiry of the notice period following the first possible date for giving notice of termination. After this, the premises are assumed to be leased at market rates. The market rate is a rent defined by the company itself specifically for each of the premises and properties. Market rents are also defined for premises that are vacant at the valuation date. A vacancy rate is defined specifically for each property annually over the entire accounting period. In addition to income from the rental of premises, site-specific income is considered to include payments for usage, income from car parking and income from conference room rentals. Rents and market rents are raised annually by the expected inflation rate.

The net cash flow consists of future rental revenues adjusted by the vacancy rate, less annual management and maintenance costs. A long-term maintenance plan has been specified for each company and included annually in the calculation of net cash flow. The net cash flows from estimated future income and expenses are discounted to the present day using a discount rate derived from the net yield requirement and the expected inflation rate. The yield requirements are calculated by two independent appraisal agencies for each individual region quarterly. The yields are calculated by taking the average of the upper and lower ranges reported by these organizations. The current value of the residual value at the end of the fiscal year is added to the net present value of the net cash flow.

Undeveloped land areas are primarily measured at acquisition cost. If the acquisition cost is essentially different from the value of building rights, the land area is measured on the basis of the building rights.

The Company analyses the property-specific calculations internally and assesses the parameters used both with the regional manager and the Group administration. The valuation model and the parameters applied therein have been audited by a third-party property assessor (AKA). Additionally, the Group may, at its discretion, request appraisals from its most significant properties and undeveloped land areas from third-party assessors to support its own calculations.

Investment properties under construction
Acquisition costs related to the construction of an investment property accumulated during the construction period, any related plot rents, interest expenses and costs of employee benefits are capitalized on investment properties under construction on the balance sheet. Investment properties under construction are then valued at their fair value according to the degree of completion, provided that the fair value can be reliably determined. The fair value of investment properties under construction is determined using the same fair value accounting model as the fair value of completed investment properties. Changes in the fair value of investment properties under construction are recognized in the income statement. Investment properties under construction are presented separately from completed investment properties and transferred to completed investment properties at their fair value upon commissioning.

Fair Value Measurement
In the consolidated financial statements, investment properties, available-for-sale financial assets, derivative contracts, and the cash portion of the share-based incentive scheme are measured at fair value.

Assets measured at fair value categorized into hierarchy level 1 are based on the quoted (unadjusted) prices in active markets for identical assets at the measurement date, such as share prices on the NASDAQ OMX Helsinki stock exchange. The fair values of level 2 assets or liabilities are measured using other input data than quoted prices on level 1, for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly. The fair value of these instruments is measured on basis of generally accepted valuation techniques that primarily use inputs based on observable market data. The fair values of level 3 assets, on the other hand, are based on inputs concerning the asset which are not based on observable market data (non-observable inputs) but to a significant extent on assumptions made by the management and their use in generally accepted valuation techniques.

Advance payments and projects in progress
Capitalized additions of non-current assets in progress have been recognized under advance payments and projects in progress. These include modernizations of investment properties and any other projects that are to be recognized as being in progress until they are completed.

Leases
Leases are classified as finance leases and operating leases, depending on the extent to which the risks typically related to the ownership of the leased asset are to be carried by the lessee or the lessor. Finance leases are those that substantially transfer all of the risks and rewards incidental to the ownership of the asset to the lessee. If the risks and rewards incidental to the ownership of the asset are not transferred, the lease is classified as an operating lease. Operating leases are recognized through profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the lease's actual nature.

Group as a Lessor
Leases in which the risks and rewards incidental to ownership remain with the lessor are treated as operating leases. All of the Group's leases are operating leases. The majority of rental revenues are entered in the income statement on a straight-line basis during the term of the lease. The rents paid by some customers are based on the lessee's net sales. All rental revenues are recognized in net sales.

The Group does not have lease premises under long-term leases that are classified as leases.

Group as a Lessee
Leases in which the risks and rewards incidental to ownership are not transferred to the lessee are treated as operating leases. Most of the leases in which the Group is the lessee are operating leases. The rental expenses arising from such leases are entered in the income statement on a straight-line basis during the term of the lease.

Lessees recognize finance leases at their commencement as balance sheet assets and liabilities at their fair value or at the current value of minimum leases, whichever is lower, and they are removed from the balance sheet at the time when the assets are expected to be capitalized. The rents to be paid are divided between financial expenses and a decrease in liabilities.

Group companies are lessees of premises on long-term leases that are classified as finance leases. In these cases, the risks and rewards incidental to ownership of the premises have substantially been transferred to the Group.

Shareholders' Equity
Shares issued before 2010 are presented as share capital. Assets received as consideration for shares issued after this are registered in the company's unrestricted equity reserve. Expenses related to the issue or purchase of equity instruments are presented as a reduction of shareholders' equity. The parent company has repurchased equity instruments, and the acquisition cost of the instruments has been deducted from shareholders' equity.

The equity bond, or hybrid bond, is a liability presented under shareholder's equity in the Group's financial statements. The hybrid bond is subordinate to other debt obligations. The bondholders have no rights belonging to shareholders, and it does not dilute the shareholdings of the existing shareholders. Costs associated with the issuance or acquisition of equity instruments are recognized as a decrease in shareholders' equity less tax effects.

Financial Assets and Liabilities
Technopolis Group's financial assets are classified into the following categories in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification is made according to the purpose of the acquisition of the financial assets and liabilities, and they are classified in connection with the original acquisition. Financial instruments are initially recognized at fair value based on the consideration received or paid. Transaction costs are included in the initial accounting value of financial assets and liabilities for items that are not measured at fair value through profit or loss. All purchases and sales of financial assets and liabilities are recognized on the transaction date.

Financial assets are derecognized from the balance sheet when the Group has lost its contractual right to cash flows or it has substantially transferred the risks and rewards to a non-Group party.

Financial assets at fair value through profit or loss include available-for-sale assets. Available-for-sale financial assets have mainly been acquired in order to generate profits from short-term changes in market prices. Available-for-sale assets also include derivatives not eligible for hedge accounting according to IAS 39 *Financial Instruments: Recognition and Measurement*. Available-for-sale financial assets maturing within 12 months are included in current assets.

The items in this group are recognized at fair value, and the fair values of all of the investments in this category are determined on the basis of quoted prices in active markets or generally approved option pricing models. Both realized and unrealized gains and losses from changes in fair value and related taxes are recognized in the income statement for the period during which they were incurred.

Fees related to borrowings and other receivables are fixed or can be determined and not quoted in an active market, and the company does not hold them for trading purposes. This group includes the Group's financial assets generated by conveying money, goods, or services to the debtor. They are measured at amortized costs and included in current and non-current financial assets; in the latter if they mature after more than 12 months. The Group recognizes an impairment loss for an individual receivable when there are objective indications that it will not be possible to collect the receivable in full.

Available-for-sale financial assets are non-derivative assets that are specifically classified into this group or not classified into any other group. They are included in non-current financial assets if the aim is to hold them for more than 12 months after the closing date; otherwise, they are included in current financial assets.

Changes in the fair values of available-for-sale financial assets are recognized in other comprehensive income items and in the revaluation fund, taking tax effects into account. Changes in fair value are transferred from shareholders' equity to the income statement when the investment is sold or its value has decreased so that an impairment loss must be recognized.

Interest-bearing liabilities are recognized on the balance sheet at amortized cost by applying the effective interest method. Current interest-bearing liabilities include all interest-bearing liabilities maturing within 12 months, including commercial papers issued by the company.

Impairment of Financial Assets
The Group estimates on the closing date of each reporting period whether there are indications of impairment of any individual items or group of financial assets. If the fair value of share investments has fallen considerably under the acquisition cost, this is an indication of the impairment of the available-for-sale instrument. If there are indications of impairment, the loss accumulated in the revaluation fund is recognized through profit or loss. Impairment losses from equity investments classified into available-for-sale financial assets are not cancelled through profit or loss, while the subsequent cancellation of impairment losses concerning fixed-income instruments is recognized through profit or loss.

The Group recognizes an impairment loss for individual receivables when there are objective indications that it will not be possible to collect the receivable in full. The debtor having considerable financial difficulties, probability of bankruptcy, default on payments or delay of payment by more than 90 days are indications of the impairment of a receivable. The amount of impairment loss through profit or loss is determined as the difference between the book value of the receivable and estimated future cash flows. If the amount of the impairment loss decreases during a subsequent period and the decrease can be objectively considered to be related to an event taking place after the recognition of the impairment, the recognized loss is cancelled through profit or loss.

Derivative Contracts and Hedge Accounting
The Group uses derivative contracts mainly to hedge interest rate risks. Interest rate derivatives are classified as hedging instruments of future interest flows, and the Group applies hedge accounting of cash flows to the contracts when the criteria for hedge accounting according to IAS 39 are met. A change in the fair value of a derivative contract is recognized in other comprehensive income items to the extent that the hedging is effective. The non-effective proportion of hedging is immediately recognized in the income statement in financial items. If a derivative contract used as a hedging instrument is matured, sold or terminated prematurely but the generation of the interest flows of the hedged loans is still very probable, the gains and losses from interest rate swaps remain in shareholders' equity and are recognized in the income when the hedged interest flows are realized as income. If the generation of the hedged cash flows is no longer very probable, the gains and losses from interest rate swaps are immediately recognized from shareholders' equity to the comprehensive income under financial income and expenses.

Derivative contracts that do not meet the criteria for hedge accounting are recognized through profit or loss. Such contracts are measured at fair value, and changes in their fair value are recognized in the income statement.

Borrowing Costs
Borrowing costs are recognized as expenses for the financial period during which they were incurred. Borrowing costs arising directly from the acquisition, construction or manufacturing of an item meeting specific criteria are included in the acquisition cost of the item in question. Borrowing costs that are capitalized include expenses due to loans raised for construction costs related to real estate development or expenses of construction projects multiplied by a financial expense factor if there is no separate loan allocated to the construction project in question. The financial expense factor is the weighted average interest rate of the Group's interest-bearing liabilities during the financial period, determined by quarter.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash, demand deposits and other current, extremely liquid investments. Items classified as cash and cash equivalents have a maximum maturity of three months from the acquisition date.

Credit accounts related to consolidated accounts are included in current financial liabilities and they are presented as net value.

Employee Benefits
Short-term employee benefits
Salaries and bonuses are short-term employee benefits, and they are recognized as expenses for the financial period during which the work was performed.

Post-employment benefits
All of the Group's employees are included in defined contribution plans, and all contributions resulting from pension arrangements are recognized in the income statement for the fiscal year to which the contribution relates.

Share-based Payments
Options are measured at fair value at the granting date and are recognized in the income statement as expenses on a straight-line basis during the period in which the right arises. The cost related to options is based on the Group's estimate of the number of options for which a right is estimated to arise at the end of the period.

Fair value is determined on the basis of the Black–Scholes option pricing model. The fair value of an option is determined by the issue price, the share option's life, the price of the underlying shares at grant date, the expected volatility of the share price, and the risk-free interest rate. The expected volatility of the share price is primarily based on its historical volatility. The Group updates the assumptions concerning the final number of options on each balance sheet date. Changes in the estimates are entered in the income statement. When options are exercised, all money payments received on the basis of share subscriptions (adjusted for the transaction costs, if any) are entered in the share capital (counter book value) and in the invested unrestricted equity fund.

The company also has two current share incentive schemes. First incentive scheme was decided by the Annual General Meeting in 2009 and the second one was decided by the board of the company in 2013. The bonuses under the share incentive scheme are paid partly in shares and partly in cash. The terms and conditions of the share incentive scheme are presented in more detail in the notes to the consolidated financial statements. The portion paid in shares is recognized as expenses for employee benefits incurred during the period the benefits were created, and is also recognized in Group equity. The portion paid in cash is recognized as expenses for employee benefits incurred during the period the benefits were created, and also as a liability.

Provisions and contingent liabilities
A provision is recognized when the Group has a legal or actual obligation based on an earlier event, when materialization of the payment obligation is probable and the amount of the obligation can be reliably determined. The provisions are measured at the present value of the expenses required to cover them. If there is a possibility of obtaining compensation from a third party for part of the obligation, the compensation is recognized as a separate asset when its receipt is virtually certain. The amount of provisions is assessed on each balance sheet date and adjusted to correspond to the best estimate available at the time of assessment. The Group does not have such provisions.

A contingent liability is a potential liability resulting from earlier events, the existence of which only becomes certain when an uncertain event outside the control of the Group materializes.

An existing obligation that probably does not require a payment obligation to be fulfilled or whose amount cannot be reliably determined is also classified as a contingent liability. Contingent liabilities are presented in the notes to the financial statements.

Taxes
Current taxes include the tax based on taxable income for the period, adjustments for previous years and changes in deferred taxes. The Group has amended the recognition principle of deferred taxes as of the beginning of 2013 in accordance with IAS 8 paragraph 14(b). The company estimates that it will liquidate its shareholdings in real estate companies by selling the shares it holds. The value of the shares is determined by measuring them at fair value and comparing the fair value of the shares with their acquisition cost. The effect of the change in the accounting policy on the January 1, 2013, figures amounts to EUR 6.0 million. A change in Group structure, where the parent company incorporated the property portfolio to the regional mutual real estate companies, also resulted in a change of EUR 3.5 million in deferred taxes. The changes have been recognized in the opening balance of January 1, 2013 as an increase in retained earnings and decrease in deferred taxes.

Deferred tax assets arise also when a Group company has losses confirmed in taxation. Deferred tax assets are recognized to the extent it is probable they can be utilized against future taxable income. The amounts of deferred tax assets resulting from losses are estimated annually upon the preparation of the financial statements. The estimates are based on the future yield expectations of the companies in question.

Changes in deferred taxes during the financial period are recognized in comprehensive income. Taxes related to other comprehensive income are presented in other comprehensive income. The corporate tax rate confirmed on the balance sheet date has been used in calculating deferred taxes.

Operating Profit
The Group has defined operating profit as follows: Operating profit is the net sum of the net sales figure, plus operating income, minus property maintenance expenses, administrative expenses, other operating expenses, depreciation and amortization expenses and any depreciation losses, as well as changes in the fair value of investment properties. All income statement items other than those listed above are presented under operating profit. Exchange rate differences are included in operating profit if they arise from business-related items; otherwise they are recognized in financial items.

Earnings per Share
The earnings per share figure is presented as basic earnings per share and adjusted for dilution. In calculating both basic and diluted earnings per share, the accrued interest of the equity bond less tax effects has been deducted from the net result for the period. The basic earnings per share is calculated using the parent company's average number of shares for the fiscal year. When the diluted earnings per share is calculated, the parent company's average number of shares for the year has been adjusted for the dilutive effect of additional shares resulting from the expected exercise of options. The exercise of options is excluded from the earnings per share calculations if the subscription price of an option-based share exceeds the shares' average market value during the year. If the company has had a share issue during the current or preceding financial period, the average number of shares during the financial periods has been adjusted for the share issue in calculating earnings per share.

Related Party Transactions
A related party is a person or entity that is a party related to the reporting entity. A related party relationship exists if one of the parties exerts control or joint control or significant influence over the decision-making of the other party. In the Group, the related parties include the parent company, subsidiaries, associates and joint ventures. Additionally, related parties include board of Directors of the parent company and the members of the Group management team and their next of kin and companies in which such individuals exert control or joint control. The Group management includes the members of the Board of Directors and CEO and the members of the Group's Management Team.

Use of Estimates
When preparing financial statements, the Group management is required to apply the accounting policies at its discretion and make assumptions and estimates that affect the contents of the financial statements. The most important estimates are related to the parameters used in calculating the fair value of properties. The single most important variable that may have an essential impact on the fair value of investment properties is the market yield requirement. The yield requirement applied by the company in the fair value model is the average of the upper and lower ranges reported by two independent appraisal agencies for each individual region. When determining the fair value of investment properties, the management is also required to make assumptions concerning land rents, occupancy rates and facility maintenance costs. When doing so, the management makes use of the best knowledge available at the time when the accounts are closed. Actual future values may differ from current projections. For additional information on changes in fair value, see Note 11.

In preparing the financial statements, the Group management also needs to assess the amount of deferred tax assets resulting from losses on the consolidated balance sheet. The amount of recorded deferred tax assets is based on an assessment of the expected taxable future revenues of the loss-making subsidiaries.

Application of new or amended International Financial Reporting Standards
When preparing the financial statements, the Group has given due consideration to the new standards issued by the IASB which have not, however, yet been applied in preparing the financial statements for 2014, such as IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*, as well as the revised IAS 28 *Investments in Associates*, IAS 38 *Intangible Assets*, and IFRIC 21 *Levies*. The new standards do not have any major effect on the Group's consolidated financial statements.

1. SEGMENT REPORTING

At the closing date, Technopolis Group has three operating segments that are geographically divided into units: Finland, the Baltic Rim, and Scandinavia. The segment division is based on the Group's existing internal reporting procedures and operational organization. The net sales of the segments are comprised primarily of rental and service revenue. The Group amended the division of its operating segments as of the beginning of the fiscal year 2014. During the comparison period 2013, the Group reported that its operating segments were Finland, Norway, Estonia, Russia and Lithuania.

The Group management monitors the net sales and EBITDA levels of the segments. EBITDA presents the company's profit for the period before depreciation, changes in the value of investment properties, finance income and expenses, and income tax. The Group's net sales or EBITDA do not include significant inter-segment items.

Unallocated items are shown in the "Others" column, which includes items created in Group administration as well as items common to the whole Group and inter-segment loans under assets. Segment assets include items that can be directly allocated to the reported segments, such as investment properties and receivables. The investments include increases in tangible and intangible assets and investments related to the investment properties.

The Group has amended its income statement reporting. As of the beginning of the fiscal year 2014, the consolidated income statement and consolidated statement of comprehensive income have been reported separately. The comparison data has been amended to correspond with the new disclosure method.

2014	Finland	Baltic Rim	Scandinavia	Segments	Others	Group
Revenues from rental operations	103,375	23,694	17,754	144,823	0	144,823
Revenues from services	15,204	1,193	458	16,855	0	16,855
Net sales	**118,579**	**24,887**	**18,212**	**161,678**	**0**	**161,678**
Other operating income	251	46	-3	294	243	536
Operating expenses	-56,060	-11,548	-6,237	-73,845	-1,200	-75,045
EBITDA	**62,636**	**13,370**	**11,972**	**87,978**	**-809**	**87,169**
Changes in fair value of investment properties	-50,769	5,865	4,382	-40,522		-40,522
Depreciation						-3,782
Operating profit						*42,865*
Finance income and expenses						-42,235
Profit before taxes						*630*
Income taxes						-3,611
Net result for the period						*-2,981*
Assets	1,060,177	257,171	220,846	1,538,194	-35,265	1,502,929
Investments	46,410	16,693	1,266	64,370		64,370

2013	Finland	Baltic Rim	Scandinavia	Segments	Others	Group
Revenues from rental operations	94,824	15,313	977	111,114	0	111,114
Revenues from services	14,603	607	12	15,221	0	15,221
Net sales	**109,426**	**15,920**	**989**	**126,335**	**0**	**126,335**
Other operating income	939	60	23	1,022	973	1,996
Operating expenses	-54,312	-8,389	-419	-63,121	-1,085	-64,206
EBITDA	**56,082**	**7,556**	**558**	**64,196**	**-71**	**64,125**
Changes in fair value of investment properties	-17,180	-373	-59	-17,611		-17,611
Depreciation						-2,660
Operating profit						*43,854*
Finance income and expenses						-21,205
Profit before taxes						*22,649*
Income taxes						8,909
Net result for the period						*31,558*
Assets	1,147,909	282,688	231,875	1,662,471	-102,103	1,560,368
Investments	74,939	43,556	117	118,495		118,495

2. NET SALES AND OTHER OPERATING INCOME

	2014	2013
Revenues from rental operations	144,823	111,114
Revenues from services	16,855	15,221
Total net sales	**161,678**	**126,335**

Most of the rental revenue from investment properties has been recognized as revenue according to IAS 17 through profit or loss as equal items allocated over the entire lease term. A few customers pay rent based on the lessee's net sales. Such variable rents totaling EUR 1,956 thousand were recognized in net sales for the year (EUR 2,185 thousand in 2013).

The Group's total rentable space at the end of the year was 742,000 sqm (746,800 sqm on December 31, 2013). The Group's average financial occupancy ratio at the end of the year was 94.7 % (93.6 %). The method of calculating the rentable floor area was revised as of the beginning of the fiscal year 2014; the comparison figures have been updated.

At the end of the year, the Group's lease portfolio totaled EUR 455.9 million (EUR 470.5 million). The accumulated rents are calculated on the basis of current lease agreements without any index-linked increases. The agreements valid indefinitely are taken into account until the end of the notice period specified in the agreements.

Currency unit, EUR 1,000

	2014/12/31	2013/12/31
Lease stock, % of space		
Maturity, years		
< 1	17	22
1-3	23	22
3-5	12	13
> 5	22	26
Open-ended leases	26	17
Total	**100.0**	**100.0**

Lease stock, % of space		
Notice period in months		
0-3	9.7	15.6
3-6	19.6	19.0
7-9	3.4	2.8
10-12	7.8	6.4
> 12 months	59.5	56.2
Total	**100.0**	**100.0**

Average lease term in months	39	35
Lease stock, EUR million	455.9	470.5

Other operating income	2014	2013
Subsidies received for development programs	289	1,333
Sales gain from fixed assets	0	4
Other income	248	659
Other operating income, total	**536**	**1,996**

Other operating income primarily includes subsidies received for certain development programs as well as penalties received from lease agreements. The expenses related to the development projects are recognized in service for business expenses under other operating expenses and administration costs.

3. PREMISES EXPENSES

Rents	3,225	2,749
Other real estate expenses	37,983	30,014
Premises expenses total	**41,208**	**32,764**

Rents include plot rents, property rents and space rents. Other fixed space expenses include general expenses related to space, such as water, electricity and heating expenses.

4. ADMINISTRATION COSTS

	2014	2013
Salaries and fees	5,268	4,057
Pension costs, defined contribution plans	650	545
Capitalized costs of employee benefits	-89	-72
Share options granted		
Share incentive scheme, portion paid out in shares	287	281
Share incentive scheme, portion paid out in cash	262	241
Administrative services costs	4,798	4,387
Other administration costs	2,648	1,683
Administration costs, total	**13,825**	**11,077**

Costs of employee benefits		
Salaries and fees	11,188	9,535
Pension costs, defined contribution plans	1,709	1,637
Capitalized costs of employee benefits	-409	-447
Share incentive scheme, portion paid out in shares	287	281
Share incentive scheme, portion paid out in cash	262	241
Indirect employee costs	769	620
Costs of employee benefits, total	**13,806**	**11,867**

Of the employee benefits, EUR 6,378 thousand is included in administration costs on the income statement and EUR 7,427 thousand in other operating expenses.

Average number of employees in the Group	214	187

The employment benefits of the management are presented in Note 25.

5. DEPRECIATION

Depreciation by asset group		
Intangible assets	1,251	1,135
Machinery and equipment	2,498	1,492
Other tangible assets	33	33
Depreciation, total	**3,782**	**2,660**

6. OTHER OPERATING EXPENSES

Premises expenses	6,684	6,461
Other operating expenses, total	13,329	13,903
Other operating expenses, total	**20,012**	**20,365**

Other operating expenses include fees paid to the auditor as follows:		
Auditing	182	89
Certificates and reports	8	12
Other services	464	449
Auditor's fees, total	**654**	**550**

Of the employee benefits, EUR 6,378 thousand is included in administration costs on the income statement and EUR 7,427 thousand in other operating expenses.

Currency unit, EUR 1,000

7. FINANCE INCOME AND EXPENSES

Finance income	2014	2013
Dividend income from available-for-sale financial assets	3	16
Other interest income	4,481	461
Foreign exchange gains	2,952	1,391
Total	**7,436**	**1,868**

Finance expenses	2014	2013
Interest expenses from commercial papers	797	840
Interest expenses from financial leases	414	505
Other interest expenses	19,784	10,942
Negative change in fair value of derivatives	64	843
Foreign exchange losses	26,759	8,293
Impairments from the tangible assets	-0	17
Other finance expenses	2,150	2,373
Total	**49,968**	**23,814**
Capitalized interest expenses	-318	-793
Finance costs, total	**49,651**	**23,021**

Group's current derivative financial instruments satisfy the criteria for hedge accounting.

Foreign exchange gains and losses have arisen as a result of the conversion of currency-denominated transactions and monetary items into euros.

Other comprehensive income items related to financial instruments	2014	2013
Available-for-sale financial assets	-16	29
Derivatives	-10,849	3,024
Total	**-10,865**	**3,053**
Tax effect	2,498	-740
Other comprehensive income items related to financial instruments after the tax effect	**-8,367**	**2,313**

Available-for-sale financial assets have been recognized at fair value and there have not been any changes in classification during the fiscal year.

8. INCOME TAXES

	2014	2013
Current taxes	-4,836	-4,861
Change in deferred taxes	1,225	13,770
Total for income taxes	**-3,611**	**8,909**

Reconciliation between income tax and taxes calculated using the parent company's tax rate:	2014	2013
Profit before taxes	630	22,649
Taxes calculated at the parent company's tax rate on the balance sheet date	-126	-5,549
Tax rate on the balance sheet date	20.0%	24.5%
Non-tax-deductible expenses and tax-exempt income	217	-264
Effects of the differing tax rates of foreign subsidiaries *)	-961	1,526
Effect of tax rate change on deferred taxes in the beginning of the year	0	7,613
Effect of tax rate change on deferred taxes in the income statement	0	-586
Unrecognized taxes from losses	-1,282	-146
Income tax for previous years	-2	
The effect of recognition principle to the taxes recognized from Investment properties	-1,455	5,205
Foreign subsidies tax effect	0	1,111
Total for income taxes	**-3,611**	**8,909**

Other comprehensive income items before taxes	2014	2013
Translation differences	-20,643	-3,517
Available-for-sale financial assets	-16	29
Derivatives	-10,849	3,024
Total	**-31,508**	**-464**

Tax effect of other comprehensive income items during the period	2014	2013
Tax effect of available-for-sale financial assets	21	1
Tax effect of derivatives	2,477	-741
Total	**2,498**	**-740**

Other comprehensive income items after taxes	2014	2013
Translation differences	-20,643	-3,517
Available-for-sale financial assets	4	30
Derivatives	-8,371	2,283
Total	**-29,010**	**-1,204**

*) Tax rates of foreign subsidiaries	2014	2013
Tax rate in Russia	20%	20%
Tax rate in Estonia	0%	0%
Tax rate in Lithuania	15%	15%
Tax rate in Norway	27%	28%

9. EARNINGS PER SHARE

	2014	2013
Net profit for the period attributable to parent company shareholders	-11,737	28,832
Interest expenses on an equity related bond	-5,625	-4,330
Tax effect	1,125	1,061
Adjusted net profit	**-16,237**	**25,563**

Currency unit, EUR 1,000

	2014	2013
Earnings per share, basic	-0.15	0.30
Earnings per share, diluted	-0.15	0.30
Number of shares, basic	106,015,829	85,352,432
Number of shares, diluted	106,015,829	85,531,524

When the diluted earnings per share are calculated, the parent company's average number of shares for the year has been adjusted for the dilutive effect of additional shares resulting from the expected exercise of options. The exercise of options is excluded from the earnings per share calculations if the subscription price of an option-based share exceeds the shares' average market value during the year.

The company carried out a share issue in November 2013, whereby 30,362,402 new shares were issued. The number of shares in the periods preceding the share issue and the per-share figures calculated with it have been adjusted for the share issue. The share issue factor was 1.1078.

10. INTANGIBLE ASSETS

	2014	2013
Intangible assets		
Acquisition cost, Jan 1	10,241	8,411
Business combinations	0	368
Increases	1,756	1,485
Decreases	0	-23
Exchange rate differences	-30	
Acquisition cost, Dec 31	**11,967**	**10,241**
Accumulated depreciation, Jan 1	-3,938	-2,803
Depreciation for the year	-1,251	-1,135
Exchange rate differences	30	0
Intangible assets, Dec 31	**6,808**	**6,303**
Carrying amount, Jan 1	6,303	5,558
Carrying amount, Dec 31	6,808	6,303

11. TANGIBLE FIXED ASSETS

	2014	2013
Land areas		
Acquisition cost, Jan 1	0	0
Increases	5,965	0
Acquisition cost, Dec 31	**5,965**	**0**
Carrying amount, Jan 1	0	0
Carrying amount, Dec 31	5,965	0
Machinery and equipment		
Acquisition cost, Jan 1	8,766	8,468
Business combinations	4	444
Increases	1,949	169
Decreases	-1,721	-315
Acquisition cost, Dec 31	**8,995**	**8,766**
Accumulated depreciation	-5,883	-5,478
Adjustment of accumulated depreciation	1,354	136
Depreciation for the year	-1,255	-567
Exchange rate differences	249	26
Machinery and equipment, Dec 31	**3,459**	**2,883**
Carrying amount, Jan 1	2,883	2,989
Carrying amount, Dec 31	3,459	2,883
Machinery and equipment, finance leases		
Acquisition cost, Jan 1	5,804	4,076
Increases	3,478	1,729
Decreases	-1	
Acquisition cost, Dec 31	**9,282**	**5,804**
Accumulated depreciation	-2,768	-1,843
Depreciation for the year	-1,242	-925
Exchange rate differences	-709	
Machinery and equipment, finance leases, Dec 31	**4,562**	**3,036**
Carrying amount, Jan 1	3,036	2,232
Carrying amount, Dec 31	4,562	3,036
Other tangible assets		
Acquisition cost, Jan 1	203	57
Business combinations	0	1
Increases	22	6
Decreases	-20	170
Depreciation for the year	-33	-33
Exchange rate differences	-24	2
Other tangible assets, Dec 31	**148**	**203**
Carrying amount, Jan 1	203	57
Carrying amount, Dec 31	148	203

Currency unit, EUR 1,000

12. INVESTMENT PROPERTIES

2014

	Finland	Norway	Estonia	Russia	Lithuania	Group total
Fair value of the investment properties						
Fair value of the investment properties 1.1.	980,999	217,003	85,183	67,162	60,072	1,410,418
Impact of exchange rate changes		-16,381		-24,989		-41,370
Acquisition of a individual investment properties	2,758					2,758
Sold investment properties during the financial period	-6,700					-6,700
Tranfers to investment properties under construction			13,756	13,850	4,706	32,313
Changes in fair value	-25,127	1,129	5,649	-309	-400	-19,059
Fair value of the investment properties 31.12.	**951,929**	**201,751**	**104,587**	**55,714**	**64,379**	**1,378,360**

	Finland	Norway	Estonia	Russia	Lithuania	Group total
Investment properties under construction						
Fair value of investment properties under construction, Jan 1			10,604	13,211	2,575	26,390
Increases/decreases				-4,933		-4,933
Transfers from investment properties	19,805		-5,307	-8,278	-3,262	2,959
Change in fair value	487		863		687	2,038
Fair value of investment properties under construction, Dec 31	**20,293**	**0**	**6,160**	**0**	**0**	**26,453**

	Finland	Norway	Estonia	Russia	Lithuania	Group total
Effect on profit of change in value of investment properties						
Change in fair value excluding change in net yield requirements	-22,540	-2,237	3,203	642	-1,792	-22,725
Change caused by change in net yield requirements	-2,587	3,367	2,446	-951	1,392	3,666
Changes in fair value of completed investment properties	-25,127	1,129	5,649	-309	-400	-19,059
Changes in acquisition costs of completed investment properties	-26,129	3,252	-495	-323	194	-23,501
Changes in fair value of investment properties under construction	487	0	863	0	687	2,038
Effect on profit of change in value of investment properties, total	**-50,769**	**4,382**	**6,016**	**-633**	**481**	**-40,522**

Information on the acquired individual investment properties and business combinations during the financial period and their consolidation is presented in Note 24.

2013

	Finland	Norway	Estonia	Russia	Lithuania	Group total
Fair value of the investment properties						
Fair value of the investment properties 1.1.	838,949		63,926	53,645		956,520
Impact of exchange rate changes				-6,108		-6,108
Acquisition of a individual investment properties	108,623					108,623
Acquisition of investment properties		215,390			47,266	262,656
Sold investment properties during the financial period	-5,100					-5,100
Tranfers to investment properties under construction	44,275		22,700	16,665	12,997	96,637
Transfers from investment properties under construction			-2,323			-2,323
Changes in fair value	-5,748	1,613	880	2,959	-191	-487
Fair value of the investment properties 31.12.	**980,999**	**217,003**	**85,183**	**67,162**	**60,072**	**1,410,418**

	Finland	Norway	Estonia	Russia	Lithuania	Group total
Investment properties under construction						
Fair value of investment properties under construction, Jan 1	29,131		8,269	20,160		57,559
Increases/decreases	15,527		19,918	14,729	10,434	60,608
Transfers from investment properties			2,323	0	0	2,323
Change in fair value	-382		2,794	-5,012	5,137	2,537
Transfers to completed investment properties	-44,275		-22,700	-16,665	-12,997	-96,637
Fair value of investment properties under construction, Dec 31	**0**		**10,604**	**13,211**	**2,575**	**26,390**

	Finland	Norway	Estonia	Russia	Lithuania	Group total
Effect on profit of change in value of investment properties						
Change in fair value excluding change in net yield requirements	11,456	1,613	149	2,959	90	16,267
Change caused by change in net yield requirements	-17,204	0	730	0	-280	-16,754
Changes in fair value of completed investment properties	-5,748	1,613	880	2,959	-191	-487
Changes in acquisition costs of completed investment properties	-11,049	-1,672	-2,381	382	-4,942	-19,662
Changes in fair value of investment properties under construction	-382		2,794	-5,012	5,137	2,537
Effect on profit of change in value of investment properties, total	**-17,180**	**-59**	**1,293**	**-1,670**	**5**	**-17,611**

Currency unit, EUR 1,000

The Group determines the fair values of investment properties itself. The fair value accounting model applied by the Group is based on the cash flow analysis determined specifically for each property, and are thus categorized as being level 3. Investment properties completed and under construction are measured using the same cash flow analysis model in all coutries. Additional information on the accounting policy is provided in accounting policies applied in the preparation of the consolidated financial statements.

The valuation model and the parameters applied in it have been audited by a third-party property assessor (AKA). The statement of expert opinion by Realia Management Oy regarding the valuation of Technopolis Plc's investment properties December 31, 2014, is appended to the financial statements and is also available on the company's website at www.technopolis.fi/for_investors.

The company has applied the following average parameters to the cash flow calculations for investment properties:

2014	Finland	Norway	Estonia	Russia	Lithuania	Group total
Completed investment properties						
Inputs not based on observable data:						
Range of net yield requirements, %	6.5-9.3	6.0-6.7	8.0	10.9	8.0	6.0-10.9
Net yield requirement, weighted, %	8.2	6.5	8.0	10.9	8.0	8.1
Estimated inflation rate, %	2.0	2.0	3.0	10.0	2.0	
Range of market office rents, EUR/sqm/month	7.0-34.6	7.6-33.4	7.7-12.2	24.5-52.9	10.8-11.7	7.0-52.9
Floor area-weighted market rent, EUR/sqm/month	14.3	17.5	10.5	26.1	11.0	14.7
Maintenance expenses, EUR/sqm/month	4.6	4.6	2.8	7.5	4.0	4.5
Modernizations, EUR/sqm/year	0.8	0.7	0.5	0.2	0.5	0.7
Other significant data:						
Rentable floor area, sqm	543,200	63,000	61,800	32,400	41,600	742,000
Average first-year financial occupancy rate, %	92.4	96.4	97.4	97.5	99.7	93.8
Average 10-year financial occupancy rate, %	94.3	95.7	97.0	98.7	99.7	94.9
Investment properties under construction						
Inputs not based on observable data:						
Range of net yield requirements, %	6.9-8.6		8.0			
Net yield requirement, weighted, %	7.1		8.0			
Estimated inflation rate, %	2.0		3.0			
Range of market office rents, EUR/sqm/month	18.0-18.5		13.0			
Floor area-weighted market rent, EUR/sqm/month	18.3		13.0			
Maintenance expenses, EUR/sqm/year	4.4		2.1			
Other significant data:						
Rentable floor area, sqm	17,310		10,012			
Average first-year financial occupancy rate, %	80.3		67.5			
Average 10-year financial occupancy rate, %	97.7		97.0			

2013	Finland	Norway	Estonia	Russia	Lithuania	Group total
Completed investment properties						
Inputs not based on observable data:						
Range of net yield requirements, %	6.7-10.2	6.0-6.7	8.3	10.6	8.2-8.3	6.0-10.6
Net yield requirement, weighted, %	7.9	6.5	8.3	10.6	8.2	7.8
Estimated inflation rate, %	2.0	2.0	3.0	10.0	2.0	
Range of market office rents, EUR/sqm/month	7.6-24.7	7.2-27.0	7.7-12.2	26.0-29.8	10.9-11.7	7.2-29.8
Floor area-weighted market rent, EUR/sqm/month	15.5	17.7	10.3	27.9	11.0	15.4
Maintenance expenses, EUR/sqm/month	4.5	4.9	2.9	8.8	3.5	4.6
Modernizations, EUR/sqm/year	0.7	0.2	0.5	0.1	0.1	0.5
Other significant data:						
Rentable floor area, sqm	555,900	71,400	55,100	24,700	39,700	746,800
Average first-year occupancy rate, %	87.8	89.5	95.2	87.2	97.1	88.9
Average 10-year occupancy rate, %	93.4	92.9	97.1	94.8	97.1	93.8
Investment properties under construction						
Inputs not based on observable data:						
Range of net yield requirements, %			8.3	10.6	8.3	
Net yield requirement, weighted, %			8.3	10.6	8.3	
Estimated inflation rate, %			3.0	10.0	2.0	
Range of market office rents, EUR/sqm/month			12.1	26.0-30.0	11.7-12.5	
Floor area-weighted market rent, EUR/sqm/month			12.1	28.3	11.8	
Maintenance expenses , EUR/sqm/year			2.5	8.0	3.7	
Other significant data:						
Rentable floor area, sqm			4,000	18,700	11,000	
Average first-year occupancy rate, %			85.0	74.6	92.0	
Average 10-year occupancy rate, %			95.6	93.0	94.7	

The fair values of investment properties are affected by estimated future income, expenses and discount rate. An increase in estimated yields and occupancy rates increases the fair value of investment properties, and a corresponding decrease decreases them. Maintenance expenses and the modernization of properties have an effect on fair value, decreasing it in proportion to the negative cash flow allocated to the property in the future. When market net yield requirements or estimated inflation rates increase, the fair values of investment properties decrease, while their fair values increase as net yield requirements and estimated inflation rates decrease. Additional information on the market yield requirement risk associated with investment properties is presented in Note 22 II). The method of calculating the rentable floor area was revised as of the beginning of the fiscal year 2014; the comparison figures have been updated.

Currency unit, EUR 1,000

A one-point change in yield requirements would affect the fair value of investment properties as follows:

		Change in yield requirement	
	2014/12/31	+1%	-1%
Fair value of investment properties	1,378,360	1,221,452	1,583,289

13. ADVANCE PAYMENTS AND PROJECTS IN PROGRESS

Advance payments and projects in progress	2014	2013
Projects in progress, Jan 1	12,447	8,453
Increases/decreases	-7,031	3,994
Advance payments and projects in progress, Dec 31	**5,416**	**12,447**

Capitalized increases in non-current assets in progress have been recognized under advance payments and projects in progress. These include modernization of investment properties and other modification operations carried out on the premises for customers, which are recognized as projects in progress until their completion. After completion, they are recognized through profit or loss in "Changes in acquisition costs of completed investment properties" under the change in the fair value of investment properties.

14. SUBSIDIARIES AND SIGNIFICANT SHARES OF MINORITYT

Holdings in Group companies	Holding, %
Finland	
Kiinteistö Oy Innopoli II, Espoo	100.00
Kiinteistö Oy Technopolis Innopoli 3, Espoo	100.00
Technopolis Kiinteistöt Espoo Oy, Espoo	100.00
Kiinteistö Oy Falcon Gentti, Espoo	100.00
Kiinteistö Oy Falcon Hali, Espoo	100.00
Kiinteistö Oy Falcon Lago, Espoo	100.00
Kiinteistö Oy Falcon Tinnu, Espoo	100.00
Technopolis Kiinteistöt Pääkaupunkiseutu Oy, Helsinki	100.00
Technopolis Kiinteistöt Jyväskylä Oy, Jyväskylä	100.00
Kiinteistö Oy Technopolis Innova 4, Jyväskylä	100.00
Kiinteistö Oy Technopolis Viestikatu 7, Kuopio	100.00
Kiinteistö Oy Technopolis Viestikatu 1-3, Kuopio	100.00
Technopolis Kiinteistöt Lappeenranta Oy, Lappeenranta	100.00
Kiinteistö Oy Technopolis Peltola, Oulu	100.00
Kiinteistö Oy Yrttiparkki, Oulu	100.00
Technopolis Hitech Oy, Oulu	100.00
Technopolis Kiinteistöt Oulu Oy, Oulu	100.00
Kiinteistö Oy Finn-Medi 6-7, Tampere	100.00
Kiinteistö Oy Technopolis Tohloppi Oy, Tampere	100.00
Technopolis Kiinteistöt Tampere Oy, Tampere	100.00
Kiinteistö Oy Oulun Ydinkeskusta, Oulu	98.77
Kiinteistö Oy Technopolis Microkatu 1, Kuopio	91.37
Oulun Teknoparkki Oy, Oulu	84.14
Kiinteistö Oy Hermia, Tampere	71.96
Oulun Ydinkeskustan Parkki Oy, Oulu	62.24
Kiinteistö Oy Oulun Kansankatu 53, Oulu	57.14
Norway	
Technopolis Holding AS, Oslo	100.00
Technopolis Holding 2 AS, Oslo	51.00
Technopolis AS, Oslo	51.04
Campus H AS, Oslo	51.04
Campus T AS, Oslo	51.04
Campus X AS, Oslo	51.04
Campus P AS, Oslo	51.04
Estonia	
Technopolis Baltic Holding OÜ, Tallinn	100.00
Technopolis Ülemiste AS, Tallinn	51.00
Russia	
Technopolis Neudorf, St Petersburg	100.00
Technopolis St Petersburg LLC, St Petersburg	100.00
Lithuania	
Technopolis Lietuva UAB, Vilnius	100.00
UAB Domestas, Vilnius	100.00
UAB Urban Housing, Vilnius	100.00
UAB Gama Projektai, Vilnius	100.00

Significat shares of minority

The Group has non-controlling owners in the companies listed in the below. Companies in Norway form a subgroup and required notes are presented from the subgroup's figures.

		Share of non controlling interest in control	
Subsidiary	Country	2014	2013
Technopolis Ülemiste AS	Estonia	49.00%	49.00%
Technopolis Holding 2 AS	Norway	49.00%	49.00%
Technopolis AS	Norway	48.96%	48.96%
Campus H AS	Norway	48.96%	48.96%
Campus T AS	Norway	48.96%	48.96%
Campus X AS	Norway	48.96%	48.96%
Campus P AS	Norway	48.96%	48.96%

Currency unit, EUR 1,000

		Share of non controlling interest in net result for the period		Share of non controlling interest in equity	
		2014	2013	2014	2013
Technopolis Ulemiste AS	Estonia	5,142	2,112	41,011	17,816
Technopolis Holding AS -group	Norway	3,613	612	18,514	37,201
*) Other non significat shares of minority		2,	2	12	11
Total		**8,756**	**2,725**	**59,537**	**55,027**

*) Includes Koy Oulun Ydinkeskusta, Oulu

Financial information from significant minority shares

	Technopolis Ülemiste AS		Technopolis Holding AS Group	
	2014	2013	2014	2013
Assets	111,544	99,498	221,068	231,543
Liabilities	65,644	63,139	139,920	168,328
Net profit for the period	10,493	4,310	7,286	2,464
Share of non controlling interest in net result of the period	5,142	2,112	3,613	-612
Divident distribution to non controlling interest		358	-	-
Cash flow from operating activities	4,567	3,595	6,201	
Cash flow from investing activities	-8,473	-22,582	4,035	
Cash flow from finacing activities	1,686	19,061	-8,213	

As the acquisition of the IT Fornebu campus in Oslo was completed on December 11, 2013, no corresponding cash flow figures for the year 2013 are available.

15. HOLDINGS IN ASSOCIATES

	2014	2013
Holdings in associates, Jan 1	5,986	6,056
Increases	0	-17
The Group's share of profit/loss for the year	-20	-52
Holdings in associates, Dec 31	**5,966**	**5,986**

Holdings in associates	Holding, %	Original acquisition cost	The Group's holding Retained earnings	Total
Iin Micropolis Oy, Ii, Finland	25.7	84	-84	0
Kiinteistö Oy Bioteknia, Kuopio, Finland	28.5	4,574	0	4,574
Kuopio Innovation Oy, Kuopio, Finland	24.0	37	0	37
Otaniemen kehitys Oy, Espoo, Finland	35.0	35	1	36
Rehaparkki Oy, Oulu, Finland	28.4	1,392	-73	1,319
Total		**6,123**	**-157**	**5,966**

Technopolis Plc has recognized losses accumulated from its interest in the results of its associates only up to the acquisition cost of the shares.

Information on associates

	Assets	Liabilities	Net sales	Earnings for the financial period
2014				
Iin Micropolis Oy	438	443	37	-11
Kiinteistö Oy Bioteknia	12,028	65	808	25
Kuopio Innovation Oy	554	479	819	-
Otaniemen kehitys Oy	136	86	76	-64
Rehaparkki Oy	4,317	3	99	-124
Total	**17,473**	**1,075**	**1,839**	**-174**
2013				
Iin Micropolis Oy	406	422	83	-17
Kiinteistö Oy Bioteknia	12,144	83	764	0
Kuopio Innovation Oy	590	515	2,267	0
Otaniemen kehitys Oy	221	94	118	0
Rehaparkki Oy	4,421	1	43	-137
Total	**17,782**	**1,115**	**3,275**	**-154**

Associates	2014	2013
Sales to associates	312	351
Receivables from associates	3	7

Associates and the holdings in them have been presented in Note 15. Transactions undertaken with associates comprise the sale of services and leasing of premises.

Currency unit, EUR 1,000

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014	2013
Available-for-sale financial assets, Jan 1	5,766	5,737
Increases	0	0
Decreases	-998	0
Change in fair value of assets recognized at fair value	22	29
Available-for-sale financial assets, Dec 31	**4,789**	**5,766**

Fair value reserve		
Fair value reserve, Jan 1	204	175
Change in fair value of assets recognized at fair value	-37	29
Deferred taxes	21	1
Fair value reserve, Dec 31	**188**	**204**

The available-for-sale financial assets include individual apartment shares, units in interest funds and shares in publicly listed companies as well as other shares. Available-for-sale financial assets are categorized in hierarchy levels 1 and 3 and are presented in Note 20 in the Breakdown of financial assets and liabilities table. The changes in the fair value of available-for-sale financial assets less the tax effect are recognized in the fair value reserve. Changes in the fair value of assets recognized in the fair value reserve are all categorized as level 1 value changes. When such an asset is sold, the accumulated changes in fair value are transferred from shareholders' equity to profit or loss.

17. DEFERRED TAXES

Deferred tax assets	Opening balance 2014/01/01	Recognized through profit or loss	Recognized as other comprehensive income	Recognized in shareholders' equity	Translation differences	Acquired/divested businesses	2014/12/31
Measurement of investment properties at fair value	4,690	3,946					8,636
Unused losses confirmed in taxation	10,600	-432					10,168
Other items	535	-309		1,149	-2,398		-1,024
Total	**15,825**	**3,204**		**1,149**	**-2,398**		**17,780**

Deferred tax assets	Opening balance 2013/01/01	Recognized through profit or loss	Recognized as other comprehensive income	Recognized in shareholders' equity	Translation differences	Acquired/divested businesses	2013/12/31
Measurement of investment properties at fair value	0	2,405	0	2,285	0	0	4,690
Unused losses confirmed in taxation	2,370	0	0	0	0	8,230	10,600
Other items	370	510	0	0	-345	0	535
Total	**2,740**	**2,915**		**2,285**	**-345**	**8,230**	**15,825**

Deferred tax liabilities	Opening balance 2014/01/01	Recognized through profit or loss	Recognized as other comprehensive income	Recognized in shareholders' equity	Translation differences	Acquired/divested businesses	2014/12/31
Measurement of investment properties at fair value	30,907	1,876		0			32,783
Other items	1,892	103	-21		-48	0	1,928
Total	**32,799**	**1,980**	**-21**	**0**	**-48**	**0**	**34,711**

Deferred tax liabilities	Opening balance 2013/01/01	Recognized through profit or loss	Recognized as other comprehensive income	Recognized in shareholders' equity	Translation differences	Acquired/divested businesses	2013/12/31
Measurement of investment properties at fair value	48,591	-10,498		-7,187			30,907
Other items	1,144	-357	-1		-88	1,196	1,892
Total	**49,735**	**-10,855**	**-1**	**-7,187**	**-88**	**1,196**	**32,799**

The Group additionally has EUR 65.5 (50.1) million in confirmed losses for which no deferred tax assets have been recognized; of this amount, EUR 27.3 (11.8) million is related to losses made in the Russian subsidiary and EUR 38.3 (38.3) million to losses in the Norwegian companies. The Group does not have sufficient certainty of the timing of future profits, and therefore the deferred tax assets have not been recognized.

Currency unit, EUR 1,000

18. CURRENT RECEIVABLES

	2014	2013
Sales receivables	6,988	6,278
Sales receivables from associates	3	7
Loan receivables	455	1,667
Accrued income	3,295	5,548
Derivatives	0	270
Other receivables	4,102	2,885
Income tax assets	96	3
Short-term receivables, total	**14,939**	**16,659**

Maturities of sales receivables		
Not matured	5,391	4,180
less than 30 days	812	1,127
30 - 60 days	312	313
2 - 3 months	145	289
3 - 4 months	59	182
over 4 months	272	195
Total	**6,991**	**6,285**

Sales receivables by currency		
Euro	5,960	5,300
Russian ruble	479	317
Lithuanian liti	318	325
Norwegian crown	233	343
Total	**6,991**	**6,285**

19. CASH AND CASH EQUIVALENTS

Cash on hand and at bank	28,270	54,095
Total for cash and cash equivalents	**28,270**	**54,095**

20. SHAREHOLDERS' EQUITY

Share capital
Technopolis Plc has one class of shares. The company's share capital was EUR 96,913,626 on December 31, 2014. At the closing date, the company had 106,511,632 shares of which 428,553 shares were held by the company. Changes in the number of shares during the financial year are shown in the following section. Each share carries one vote at a General Meeting of Shareholders. The shares have no nominal value. In 2014, EUR 0.10 per share from fiscal year 2013 was paid in dividends, EUR 10,640,774 in total.

Reserves
Premium fund
In cases where the decision on option rights and share issues has been made while the previous Limited Liability Companies Act (29.9.1978/734) was in force, money payments received on the basis of share subscriptions less transaction expenses have been entered in share capital and premium fund in accordance with the terms and conditions of the arrangement.

Invested unrestricted equity fund
The unrestricted equity reserve includes other equity investments and share subscriptions to the extent that there has been no express decision to record them in share capital.

Equity related bond
The equity related bond (hybrid bond) includes the unsecured EUR 75 million equity bond issued in March 2013 less borrowing costs. The annual fixed coupon rate of the loan is 7.5% and is due for payment if the Annual General Meeting decides to pay out dividends. If the company does not pay interest, the unpaid interest is accumulated. It is perpetual, but the company may exercise an early redemption option after five years. If the company does not repay the bond after five years, the coupon rate of the bond increases by 3.0 percentage points.

Other reserves
Other reserves include the fair value reserve and the hedging instrument reserve. The changes in the fair value of available-for-sale financial assets less the tax effect are recognized in the fair value reserve. When such an asset is sold, the accumulated changes in fair value are transferred from shareholders' equity to profit or loss. Changes in the fair value, less tax effects, of derivative instruments that meet the criteria for hedge accounting are recognized in the hedging instrument reserve.

Own shares
The Board of Directors of Technopolis Plc launched a share repurchase program to repurchase a maximum of 1,000,000 shares. The repurchase is based on the authorization granted by the Annual General Meeting of Technopolis Plc on March 26, 2014, to the Board of Directors. Pursuant to the authorization, a maximum of 10,625,000 shares may be purchased at a price set in public trading on the date of purchase, or at a price otherwise determined on the market. The Board of Directors decided to commence the share buyback no earlier than November 3, 2014. The authorization is effective until the end of the next Annual General Meeting, however, no longer than 30 June 2015. A total of 428,553 shares were acquired during the financial period for a total of EUR 1,647,600. The share buyback resulted in transaction costs of a total of EUR 3,295. The treasury shares are recognized under shareholders' equity to decrease the Group's unrestricted equity. The transaction costs have been recognized as a decrease in unrestricted equity.

Translation differences
Translation differences include translation differences created in the conversion of the financial statements of foreign business units.

Changes in the number of shares and equity	Number of shares and votes	Share capital	Premium fund	Invested unrestricted equity fund	Retained earnings	Total
2012/12/31	**75,561,227**	**96,914**	**18,551**	**116,274**		**231,738**
Share issue	30,362,402			98,715		98,715
Compensation paid in shares to key employees	69,379					
Exercised options	275,399			524		524
2013/12/31	**106,268,407**	**96,914**	**18,551**	**215,513**		**330,977**
Share issue				-198		-198
Acquisition of own shares	-428,553				-1,648	-1,648
Transaction costs				-19		-19
Exercised options	243,225			331		331
2014/12/31	**106,083,079**	**96,914**	**18,551**	**215,627**	**-1,648**	**329,444**

Currency unit, EUR 1,000

21. LIABILITIES

	2014	2013
Non-current liabilities		
Deferred taxes	34,711	32,799
Bank loans	607,136	676,172
Non-current finance lease liabilities	32,870	34,199
Other liabilities	20,334	6,458
Non-current liabilities, total	**695,050**	**749,628**
Fair value of non-current liabilities	**625,083**	**671,664**
Current liabilities		
Repayments on non-current loans	122,433	87,691
Commercial papers	56,289	55,420
Other current interest-bearing liabilities	496	13
Current finance lease liabilities	2,683	2,450
Advances received	7,345	7,314
Accounts payable	8,051	8,632
Adjusting entries for liabilities	13,240	11,984
Derivatives	17,375	6,657
Other liabilities	4,244	6,183
Deferred tax liabilities	112	107
Current liabilities, total	**232,269**	**186,451**
Liabilities, total		
Fixed rate	505,145	428,863
Floating rate	336,764	433,000
Non-interest bearing liabilities	85,410	74,217
Liabilities, total	**927,319**	**936,079**
Fair value of liabilities	**925,264**	**925,631**
Finance lease liabilities		
Non-current finance lease liabilities	32,870	34,199
Current finance lease liabilities	2,683	2,450
Finance lease liabilities, total	**35,552**	**36,649**
Investment properties held under a finance lease		
Total value of minimum lease payments		
Within one year	1,896	1,895
Later than one year and not later than two years	1,948	1,941
Later than two years and not later than five years	8,352	8,275
Later than five years	22,103	24,340
Total	**34,299**	**36,451**

	2014	2013
Present value of minimum lease payments		
Within one year	1,594	1,531
Later than one year and not later than two years	1,660	1,594
Later than two years and not later than five years	7,362	7,066
Later than five years	21,766	23,719
Present value of minimum lease payments, total	**32,381**	**33,909**
Future financial expenses, total	1,918	2,541
Total amount of finance lease liabilities from investment properties	**34,299**	**36,451**
Carrying amount of investment properties leased by Technopolis on a financial lease, Dec 31	**54,416**	**59,321**

Technopolis Group has leased investment properties on finance leases. A majority of the leases include an option to buy. The terms and conditions of the leases vary with respect to indexes and lease periods.

	2014	2013
Other assets held under a finance lease		
Total value of minimum lease payments		
Within one year	1,241	1,009
Later than one year and not later than five years	2,062	1,854
Total	**3,304**	**2,863**
Present value of minimum lease payments		
Within one year	1,172	920
Later than one year and not later than five years	2,000	1,820
Present value of minimum lease payments, total	**3,171**	**2,740**
Future financial expenses, total	132	124
Total amount of finance lease liabilities from other leased assets	**3,304**	**2,863**

Other assets held under a finance lease primarily include machinery and equipment leased under finance leases.

22. RISK MANAGEMENT

I) Financial risk management
By pursuing an active policy to manage financial risks, the Group seeks to secure efficient and competitive funding for its operations and to reduce the negative impact of financial market fluctuations on its operations. In order to manage the financing risk, the Group draws upon the resources of a wide range of financiers, makes use of a variety of financing instruments and maturities, and maintains strong solvency. The objective of refinancing risk management is to ensure that the Group's loan portfolio and unused credit facilities are sufficiently diversified and high with regard to repayment schedules and other financing needs. Technopolis uses derivative instruments exclusively for the purpose of reducing or eliminating financial risks in the balance sheet. Uncertainty in the financial markets may adversely affect the availability of growth financing and refinancing and finance costs in the future.

Currency unit, EUR 1,000

Interest rate risk
The main financial risk Technopolis is exposed to is the interest rate risk affecting its loan portfolio. The policy for managing interest rate risk is approved by the Board. 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 aims to match the interest fixing period of its debt financing to the durations of its customers' leases. 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.

With Technopolis' loan portfolio at the end of 2014, a one-point change in money market rates would change interest rate costs by EUR 2.2 (3.5) million per year. Correspondingly, the change of 0.5 point in the fair value of interest rate swaps included in the scope of hedge accounting would affect shareholders' equity by EUR 2.4 million. Because of the interest rate risk associated with loans, a policy of diversifying interest bases is pursued. Some 2.5% of interest-bearing liabilities were pegged to the under 3-month Euribor rate and 37.5% were pegged to the 3 - 12 month Euribor rate. Of interest-bearing liabilities, 60.0% were fixed-rate loans with maturities of 13 - 60 months. The interest fixing period, which describes the average interest rate adjustment period, was 2.7 years. The objective of refinancing risk management is to ensure that the Group's loan portfolio and unused credit facilities are sufficiently diversified and high with regard to repayment schedules and financing instruments. The average capital-weighted outstanding loan period was 6.1 years.

Loan covenants
The company's borrowing arrangements include standard security instruments and covenants. The company employs collateral in its borrowing and insists on standard pledge restrictions. The Group has interest-bearing liabilities amounting to EUR 841.9 (861.9) million, of which the loan capital of EUR 626.2 million includes covenants related to equity ratio, debt service ratio or loan-to-value. Loans amounting to EUR 360.7 (393.5) million include covenants relating to the equity ratio. A decline in the equity ratio may lead to higher interest rate margins or premature repayment of 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 292.5 million includes a repayment term. The repayment term is met if the equity ratio falls below 30%. The equity ratio decreasing to below 33% would increase interest rate expenses by EUR 0.8 (0.7) million per annum.

The Group's equity ratio was 38.5% (40.2%) on December 31, 2014. More detailed information about covenants is given in the Board of Directors' Report under the heading "Financing".

Foreign currency exchange rate risks
As the operations have expanded outside the Eurozone, the company has become exposed to exchange rate risks. The objective of currency risk management is to reduce uncertainties relating to cash flow, profit and the balance sheet. Changes in the exchange rates between the Russian ruble, Lithuanian liti, Norwegian crown and the euro may have an effect on the company's financial performance and operations. Currency-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. The currency risk sensitivity means that a weakening of the exchange rate by 10% would result in costs of EUR 3.6 million in the income statement, and it strengthening by 10% would improve the company's net profit by EUR 4.4 million. If the company keeps expanding its operations outside the Eurozone, it will also be exposed to foreign currency exchange rates risk regarding its new countries of operation.

Credit risk
Credit risk management at Technopolis Group focuses on managing client risks. Clients' credit standing is evaluated before leases are signed and new leases usually include rental security arrangements. Any outstanding receivables are initially targeted by internal collection measures. If these do not yield a favorable result, the collection of the outstanding receivable is transferred to a specialist outsourcing partner.

The Group does not have uncertain receivables. The amount of outstanding sales receivables is low and closely monitored. Credit losses recognized in losses for the financial year amounted to EUR 221.5 (172) thousand. At the end of the year, the Group's maximum credit risk is equivalent to the carrying amount of financial assets.

Liquidity risk and counterparty risk
The Group management evaluates and monitors the financing required for running the operations in order to ensure adequate reserves of liquid funding for financing the operations and repaying loans when due. Financial counterparty risk is created when the counterparty to the financial contract cannot necessarily meet its contractual obligations. In order to manage liquidity and counterparty risks, Technopolis draws upon the resources of a wide range of financiers and maintains strong solvency. Long-term financing for the company is provided by several Finnish and foreign financial institutions and the loans have been diversified both in terms of type of contract and maturity. Additionally, the company has domestic commercial paper programs with three Finnish financial institutions. For short-term financing needs, the Group also has a revolving credit facility and sufficient credit facilities estimated to cover loan repayments during the next 12 months. Technopolis continuously monitors and assesses the reliability of the counterparties as part of its risk management policy.

At the closing date, the Group had EUR 156.5 (87.5) million in untapped credit facilities and cash amounting to EUR 28.3 (54.1) million. The credit facilities contained a EUR 151.1 (62.4) million credit line and a EUR 5.4 (24.1) million revolving credit facility. In addition, the company has a EUR 150.0 million (EUR 120.0 million) commercial paper program, of which EUR 56.5 million (EUR 55.7 million) was issued at the end of the reporting period. The company has a strong cash flow from operations and control over its own investment decisions, allowing the company to react to changes in cash flows from financing activities. In spring 2013, the company issued an unsecured hybrid loan of EUR 75.0 million aimed at investors, with a fixed annual coupon rate of 7.5% for an exercise period of five years. This instrument is perpetual, as its repayment depends on the issuer's ability and willingness to pay. However, after five years from the issuance, the annual coupon rate increases by 3.0%. More detailed information about liquidity risk is given in the Board of Directors' Report under the headings "Financing" and "Evaluation of Operational Risks and Uncertainties".

Currency unit, EUR 1,000

Repayments of interest-bearing liabilities and finance costs

2014				Contractual cash flow		
	Less than one year	1-2 years	3- years	Over 5 years	Total	Carrying amount
Bank loans	182,770	205,404	266,606	146,885	801,666	749,251
Commercial papers	56,500				56,500	56,289
Finance lease liabilities	3,138	1,948	10,414	22,103	37,603	35,552
Derivatives	4,459	8,623	3,473	502	17,057	17,056
Accounts payable	8,051				8,051	8,051
Other liabilities	13,248				13,248	13,248
Total	**268,165**	**215,975**	**280,494**	**169,491**	**934,124**	**879,448**

2013				Contractual cash flow		
	Less than one year	1-2 years	3- years	Over 5 years	Total	Carrying amount
Bank loans	104,805	223,403	335,155	159,620	822,983	763,911
Commercial papers	55,700		0		55,700	55,420
Finance lease liabilities	2,904	1,941	10,129	24,340	39,314	36,649
Derivatives	1,777	3,006	1,862	11	6,657	6,657
Accounts payable	8,632				8,632	8,632
Other liabilities	20,104				20,104	20,104
Total	**193,922**	**228,351**	**347,147**	**183,961**	**953,390**	**891,373**

	2014	2013
Weighted averages of the effective interest rates of liabilities, %		
Bank loans	1.86	2.03
Bank loans including interest rate and currency swaps	2.56	2.58
Finance lease liabilities	0.91	1.09
Commercial papers	1.64	1.62

The rising average interest rate is mainly due to the Norwegian krone denominated liabilities and an increased interest rate hedging ratio.

	2014/12/31			2013/12/31		
Interest rate swaps	**Weighted maturity**	**Nominal value**	**Fair value**	**Weighted maturity**	**Nominal value**	**Fair value**
Interest rate swaps (liabilities)	4.2	482,910	-17,057	4.2	349,856	-6,657
Interest rate swaps (assets)	0	0	0	6.4	50,556	270
Interest rate swaps, total	4.5	482,910	-17,057	4.5	400,411	-6,386

The Group do not have swaps which could net each other.

Breakdown of financial assets and liabilities

The following table provides a list of the groups of financial assets and liabilities used for valuation in accordance with IAS 39.

2014	Note	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortized financial liabilities	Financial assets/liabilities, total	Total
Non-current financial assets						
Assets measured at fair value						
Available-for-sale investments	16					
Available-for-sale quoted financial assets (level 1)			1,075			1,075
Available for sale non-quoted financial assets (level 3)			3,714			3,714
Other non-current receivables		13				13
Total		**13**	**4,789**			**4,803**
Current assets						
Trade and other receivables						
Sales receivables	18	6,988				6,988
Other current receivables		7,951				7,951
Cash and cash equivalents	19	28,270				28,270
Derivatives						
Interest rate swaps, meeting the criteria for hedge accounting	16				0	0
Total		**43,210**			**0**	**43,210**
Non-current liabilities	21					
Financial liabilities recognized at amortized cost						
Non-current finance lease liabilities (level 2)				32,870		32,870
Non-current interest-bearing liabilities (level 2)				626,818		626,818
Non-current non-interest-bearing liabilities (level 2)				652		652
Other long term liabilities				34,711		34,711
Total				**695,050**		**695,050**
Current liabilities	21					
Financial liabilities at fair value through profit or loss						
Derivatives						
Interest rate swaps, meeting the criteria for hedge accounting	21				17,056	17,056
Financial liabilities recognized at amortized cost						
Current finance lease liabilities				2,683		2,683
Other current interest-bearing liabilities				179,219		179,219
Trade and other payables				32,879		32,879
Income tax liability				112		112
Total				**214,893**	**17,056**	**231,949**

Currency unit, EUR 1,000

2013	Note	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortized financial liabilities	Financial assets/liabilities, total	Total
Non-current financial assets						
Assets measured at fair value						
Available-for-sale investments	16					
Available-for-sale quoted financial assets (level 1)			1,147			1,147
Available for sale non-quoted financial assets (level 3)			4,619			4,619
Other non-current receivables		358				358
Total		**358**	**5,766**			**6,123**
Current assets						
Trade and other receivables						
Sales receivables	18	6,278				6,278
Other current receivables		10,381				10,381
Cash and cash equivalents	19	54,095				54,095
Interest rate swaps, meeting the criteria for hedge accounting					270	270
Total		**70,753**			**270**	**71,024**
Non-current liabilities	21					
Financial liabilities recognized at amortized cost						
Non-current finance lease liabilities (level 2)				34,199		34,199
Non-current interest-bearing liabilities (level 2)				682,078		682,078
Non-current non-interest-bearing liabilities (level 2)				518		518
Other long term liabilities				32,799		32,799
Total				**749,594**		**749,594**
Current liabilities	21					
Financial liabilities at fair value through profit or loss						
Derivatives						
Interest rate swaps, meeting the criteria for hedge accounting (level 2)	21				6,657	6,657
Financial liabilities recognized at amortized cost						
Current finance lease liabilities				2,450		2,450
Other current interest-bearing liabilities				143,125		143,125
Trade and other payables				32,248		32,248
Unpaid purchase price				1,865		1,865
Income tax liability				107		107
Total				**179,794**	**6,657**	**186,451**

Fair value of long term liabilities at the end of the period was EUR 625,082 thousand (EUR 671,664 thousand in 2013).

There have been no transfers or changes between levels 1 and 2 during the financial period. The fair value of level 2 instruments has been measured on the basis of generally accepted valuation techniques which primarily use inputs based on observable market data. The level 3 available-for-sale financial assets are apartment shares measured at fair value applying the same model as for investment properties.

Changes during the financial period in the values of other items presented on level 3 and measured at acquisition cost are as follows:

	2014	2013
Available-for sale financial assets measured at acquisition cost, opening balance	4,619	4,619
Decreases	-904	0
At end of year	**3,714**	**4,619**

II) Yield requirement risks associated with investment properties

In new construction projects, Technopolis focuses on quality and the management of the property's entire lifecycle. In the design phase, consideration is given to the property's maintenance and repair requirements in order to implement environmentally sustainable solutions for energy consumption, adaptability of premises, and recycling potential. When purchasing properties, Technopolis carries out standard property and environmental audits before committing to the transaction. 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 yields increase, the fair value of properties decreases. Conversely, as yields decrease, the fair value of properties increases. Such changes either decrease or increase the Group's operating profit and net profit. Changes in market yields do not have any direct impact on the company's net sales, EBITDA, or cash flow, because changes in taxes are imputed. 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 loans may be triggered. In that case, the change in value will have an impact on the cash flow and result for the period via finance income. Because Technopolis does not trade in the properties it owns, the risk arising out of changes in market yield requirements has not been hedged.

III) Risk concentrations

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 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 43% (32%) of the lease stock. At the end of the period, the average lease period was 39 (35) months. 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.

Changes in the general economic environment may have an adverse effect on the company's customers and hence on the Group's business operations.

Currency unit, EUR 1,000

IV) Capital management

The Group management and Board of Directors monitor the company's capital structure on a regular basis in order to ensure solid financial performance and growth as foreseen in the corporate strategy. For instance, the capital structure can be modified through dividend distribution, share issues or equity related bond issue. The Board of Directors seeks to pursue a predictable and active dividend policy. The Group's objective is to maintain shareholders' equity at a level that allows regular dividend payments to shareholders every year. The aim is also to ensure the position of the debt financier with regard to liquidity and prevent breaches of the covenant terms.

Expanding the property portfolio through construction or acquisitions calls for borrowing or equity financing. Maintaining an optimum capital structure is of great importance because changes in financing costs and the availability of external funding affect the company's operations, profit and financial position.

The Group's capital structure is monitored by means of the equity ratio. On December 31, 2014, the Group's equity ratio was 38.5% (40.2% on December 31, 2013). The long-term target equity ratio is at least 35% over the cycle. The loan-to-value rate for the corresponding periods was 59.7% (59.5%).

23. ASSETS PLEDGED, CONTINGENT LIABILITIES AND OTHER LIABILITIES

	2014	2013
Mortgages of properties		
Loans from financial institutions	730,771	771,022
Mortgages given	1,009,529	1,051,039
Land lease liabilities		
Mortgages given	3,616	3,616
Other mortgage liabilities	**0**	**925**
Mortgages, total	**1,013,145**	**1,055,581**
Pledged real estate shares		
Pledged investment properties	758,451	782,534
Other guarantee liabilities	**133,850**	**173,330**

OTHER LIABILITIES

Liability to adjust value added tax on property investments

	10-year adjustment period						
	2008 - 2009	2010	2011	2012	2013	2014	Total
Property investment expense (net)	104,126	38,561	53,285	81,685	45,930	22,280	345,867
VAT on property investment	22,908	8,364	12,099	18,787	10,885	5,337	78,380
Annual share of VAT on investment	2,291	836	1,210	1,879	1,089	534	7,838
VAT deducted	22,888	8,475	12,062	18,515	10,505	5,063	77,508
Annual share of VAT deducted	2,289	847	1,206	1,852	1,051	506	7,751
Number of years remaining in the adjustment period	4 or under	5	6	7	8	9	
Refundable amount of the deduction on Dec 31, 2014	8,090	4,237	7,237	12,961	8,404	4,557	45,487
Liability to adjust VAT on Dec 31, 2014							**45,487**
Liability to adjust VAT on Dec 31, 2013							48,292
Change							-2,806

	2014	2013
Project liabilities		
Collateral deposits	350	349
Project liabilities, total	**350**	**349**
Liabilities associated with the equity bond		
Accrued unpaid interest	4,330	4,330
Repayment of principal	0	0
Total	**4,330**	**4,330**

Interest payment from the equity related bond in fiscal period is EUR 5.6 million. Additional information concerning the equity loan and its terms and conditions is disclosed in Note 20.

Currency unit, EUR 1,000

24. BUSINESS COMBINATIONS AND ACQUISITIONS OF INDIVIDUAL ASSETS

BUSINESS COMBINATIONS

The IFRS 3 standard has been applied to business acquisitions, with all of the identifiable assets, liabilities and contingent liabilities of the acquisition measured at fair value on the acquisition date, and all costs associated with the acquisition have been recognized through profit or loss. No business combinations pursuant to IFRS 3 took place during the fiscal period 2014.

Assets and liabilities arising from the acquisition of Lithuania, Vilnius property 2013

On May 31, 2013 Technopolis and Lithuanian ICOR Group closed a deal to acquire an office campus in Vilnius, Ozas. Technopolis bought 100% of the shares. Final acquisition cost of the property was EUR 31.8 million and it includes EUR 1.9 million conditional additional purchase price. The additional purchase price has been recognized as an accrual in the financial statement and it was paid in January 2014. The rentable area of the two premises is 31,200 square meters and the financial occupancy rate is 100%. Third building included in the acquisition was completed in October 2013 and the rentable area of this building is 11,000 square meters.

Acquired assets and liabilities	Fair value
Assets	
Non-current assets	25
Completed investment properties	47,266
Investment properties under construction	10,307
Current assets	99
Cash and cash equivalents	7,361
Assets, total	*65,057*
Liabilities	
Non-current liabilities	32,820
Current liabilities	388
Liabilities, total	*33,207*
Net asset value	31,850
Net asset value remaining for Group	*31,850*
Transaction price to be paid by cash (estimate)	31,850
Transaction price paid by cash	29,985
Additional transaction price	1,865
Acquired company's cash	7,361
Effect on cash flow	*24,489*

Total of 291 thousand euros of costs associated with the acquisition have been recognized through profit or loss.

Assets and liabilities arising from the acquisition of the Oslo property, Norway 2013

Technopolis Plc acquired a modern multiuser campus in the Greater Oslo area. The company owns the campus with the seller, IT Fornebu Properties AS (ITFP) and Ilmarinen Mutual Pension Insurance Company. Total value of the transaction was NOK 1,800 million and Technopolis' share of the deal is 51%. The transaction was financed with 35 % own equity and 65 % with syndicated loan from SEB, Nordea and Swedbank.

Acquired assets and liabilities	Fair value
Assets	
Completed investment properties	215,390
Deferred tax assets	8,230
Current assets	795
Cash and cash equivalents	4,355
Assets, total	*228,770*
Liabilities	
Deferred tax liabilities	1,196
Non-current liabilities	135,613
Current liabilities	23,042
Liabilities, total	*159,851*
Net asset value	68,919
Share of non-controlling interest (49%) from net asset value	-33,745
Net asset value remaining for Group	*35,174*
Transaction price paid by cash	35,174
Acquired company's cash	4,355
Effect on cash flow	*30,819*

Aquisition costs from the Oslo campus aquisition booked to income statement were EUR 953 thousand.

Had the business acquisitions above been carried out at the beginning of the financial period, the Group's net sales would have been approximately EUR 150.0 million and EBITDA EUR 80.0 million.

ACQUISITIONS OF INDIVIDUAL ASSETS

The Group acquired a 57.14% holding in the real estate company Kiinteistö Oy Oulun Kansankatu 53 during the fiscal period. The investment property was measured at cost at the time of acquisition, including the purchase price and direct costs related to the acquisition.

The fair value of the investment properties acquired during the comparison period includes Peltola and Espoo properties. The investment property was measured at acquisition cost at the time of acquisition. The acquisition cost of the acquired investment property includes the purchase price and direct expenses of the acquisition.

Currency unit, EUR 1,000

25. RELATED PARTY TRANSACTIONS

Related parties refer to persons or entities that are in a related party relationship with the disclosing entity. A related party relationship exists if one of the parties exerts control, joint control or significant influence over the decision-making of the other party. The company's related parties include associated companies and key members of the management and their next kin, as well as companies in which such individuals exert control, joint control or significant influence. Key members of the management include the members of the Board of Directors and the members of the Group's Management Team.

Salaries and service benefits of the parent company's management

The key employees who comprise the management include the company's Board of Directors, President and CEO, Deputy CEO, and members of the Management Team.

	2014	2013
Salaries and service benefits to key employees included in the management:		
Salaries and other current employee benefits	1,157	1,102
Share-based benefits	274	261
Total	**1,431**	**1,363**

No persons included in the related parties were paid any employee benefits due to end of employment contract or other non-current employee benefits in 2014 or 2013.

Salaries and other current employee benefits paid to the CEO and Deputy CEO:		
Silverang Keith, CEO	263	240
Tauriainen Reijo, Deputy CEO	145	141
Total	**408**	**381**

Employee benefits paid to members of the Management Team other than the CEO and Deputy CEO	487	460

Also, as described below, in 2014, key employees were paid bonuses EUR 187 thousand that they earned during the period from January 1, 2013, to December 31, 2013 and in 2013 there were paid EUR 233 thousand from period January 1, 2012, to December 2012. Bonuses were recognized as expenses during the period in which they were earned.

Silverang Keith, CEO	74	103
Tauriainen Reijo, Deputy CEO	23	32
Other members of the Management Team	90	98
Total	**187**	**233**

The retirement age and pension of the CEO and the Deputy CEO will be determined by the general pension provisions. The period of notice for the CEO is six months and the severance pay equivalent to 12 months' salary in addition to the regular pay for the notice period.

On the basis of CEO salaries and benefits EUR 79.8 thousand has bee recognized in the income statement as a pension costs in the financial year 2014 due to TyEL requirements (EUR 79 thousand in the year 2013) and on the basis of the CFO salaries and benefits EUR 39.4 thousand in the financial year 2014 (EUR 40 thousand in year 2013). TyEL is part of the Finnish social security and it is a collective arrangement, where the employer does not have a straight responsibility from the pension, thus the responsibility is on the whole pension system. According to TyEL the financing of the pension is based on two points: part from the pensions paid in the future is hedged beforehand and part is financed trough a distribution system only when the pensions are paid.

The 2013 General Meeting of Shareholders resolved that members of the Board will be paid annual compensation as follows: EUR 50,000 to the Chairman of the Board, EUR 30,000 to the Vice Chairman of the Board and EUR 25,000 to each of the other members of the Board. In addition to the annual compensation, the members of the Board will be paid compensation for attending the meetings as follows: EUR 600 to the members and EUR 1,200 to the Chairman for each Board meeting, and EUR 800 is paid to the chairmen of the committees and EUR 600 to the members of committees for each committee meeting. In addition, meeting fees will be paid for committee work as agreed in advance.

	2014	2013
Members of the Board of Directors		
Granvik Carl-Johan, Chairman of the Board of Directors	71	74
Haapamäki Jorma, Deputy Chairman	44	29
Aitokallio Sari	36	33
Korhonen Pekka	36	38
Ojanpää Pekka	32	0
Ritakallio Timo	37	37
Total	**256**	**212**
Former members of the Board		
Pennanen Matti	5	41
Huuskonen Pertti	0	5
Andersen Teija	0	4
Total	*5*	*49*

The annual remuneration is paid on the condition that the Board member commits to using 50% of his or her annual remuneration to acquire Technopolis Plc shares on the market at the price determined in public trading. A Board member may not dispose of the shares received in annual compensation before the expiry of his or her term.

Annual compensation paid in shares and in cash to Board members:	Compensation paid in shares	Compensation paid in cash	Meeting fees	Total annual compensation
Granvik Carl-Johan, Chairman	25	25	21	71
Haapamäki Jorma, Deputy Chairman	15	15	14	44
Aitokallio Sari	13	13	11	36
Korhonen Pekka	13	13	11	36
Ojanpää Pekka	13	13	7	32
Ritakallio Timo	13	13	12	37
Grand total for annual compensation	**90**	**90**	**76**	**256**

The terms of the option programs are presented in Note 26.

26. SHARE-BASED PAYMENTS

2007 option program

The Annual General Meeting of March 29, 2007 decided on an option program and the issuance of option rights to key personnel. A total of 1,650,000 option rights were issued as part of the incentive compensation plan for key individuals.

Under option plan 2007A, the subscription price of the share is the average share price at the Nasdaq OMX Helsinki Stock Exchange from April 1 to April 30, 2007, weighted by the trading volume of the Technopolis share; under option plan 2007B, the average share price at the Nasdaq OMX Helsinki Stock Exchange from April 1 to April 30, 2008, weighted by the trading volume of the Technopolis share; and under option plan 2007C, the average share price at the Nasdaq OMX Helsinki Stock Exchange from April 1 to April 30, 2009, weighted by the trading volume of the Technopolis share. If the company distributes dividends or funds from the invested unrestricted equity fund, the subscription price of the share subscribed under the option plan will be reduced by the amount of dividends paid out after the expiry of the period determining the subscription price and by the amount of dividends decided before subscription on the record date for each dividend distribution or return of capital on the record date. The subscription period for shares under option plan 2007A is from May 1, 2010, to April 30, 2012; under option plan 2007B from May 1, 2011, to April 30, 2013; and under option plan 2007C from May 1, 2012 to April 30, 2014.

According to the original terms, each option right entitled the holder to subscribe to one (1) Technopolis share. When making the decision on the rights issue on April 27, 2008, the Board of Directors amended the terms of the 2007 option plans in order to ensure equal treatment of option holders and shareholders. The amendments to the option terms took effect on May 26, 2008. The subscription ratio and price of the 2007 option rights were changed such that now one option right entitles the holder to subscribe to 1.043 Technopolis shares. Also the subscription price was changed due to the right issues in 2012 and 2013 according to the issue factor. When the shares are subscribed, the total number of shares subscribed by the option right holder will be rounded to the nearest full share and the subscription price will be calculated using the rounded number of shares and rounded to the nearest full cent.

	2014		2013	
Changes during the year, 2007B	Weighted subscription price, EUR/share	Number of options	Weighted subscription price, EUR/share	Number of options
At beginning of year			4.93	424,500
Outstanding at end of year			4.55	424,500
Exercisable at end of year		-		424,500

The share subscription period for option rights 2007B is May 1, 2011 to April 30, 2013.

	2014		2013	
Changes during the year, 2007C	Weighted subscription price, EUR/share	Number of options	Weighted subscription price, EUR/share	Number of options
At beginning of year	1.40	243,225	2.09	507,272
Exercised options	1.36	-243,225	1.89	-264,047
Outstanding at end of year		0	1.40	243,225
Exercisable at end of year		0		243,225

The share subscription period for option rights 2007C was May 1, 2012, to April 30, 2014.

Parameters used in defining the fair value of the option program	2007B	2007C
Share price at the date of issue, EUR	4.50	3.72
Original subscription price, EUR	5.37	2.80
Duration (years)	2.5	2.7
Expected volatility, %	33	33
Risk-free interest rate, %	3.59	2.67
Fair value of option at the date of issue, EUR	1.21	1.62

The expected volatility of the share price is primarily based on its historical volatility. The risk-free interest rate is obtained from a five-year government bond interest rate on the grant date.

The expenses recognized on granted options are disclosed in Note 4.

Share incentive scheme 2010–2012

The Annual General Meeting of March 26, 2009 decided to adopt a share incentive scheme for key personnel in Technopolis Group. The scheme aims to align the objectives of the owners and key personnel in order to increase the company's value and the commitment of key personnel to the company by providing them with a competitive bonus system based on ownership of the company's shares. The maximum amount of incentives available under the scheme is 390,000 shares plus a cash incentive equal to the amount required for the taxes and tax-like levies to be imposed on key personnel due to the incentive as at the date the shares are recorded on the book-entry system account. However, the maximum amount of the cash incentive is the amount corresponding to the value of the shares on the record date. The shares may not be surrendered, pledged or otherwise deployed during the commitment period set for them. No incentive will be payable to a key employee in case his/her employment is terminated by the Group company or the employee him/herself before payment of the incentive is due. However, the Board may in these cases decide on the key employee's right to the incentive accumulated by the end of their employment or position.

If shares are given as an incentive under the scheme, the company's CEO must keep half of the shares received under the scheme for as long as his/her term in office continues, and members of the company's Management Team must keep half of the shares received under the scheme for two years after the expiry of the respective commitment period.

The share incentive scheme was introduced in 2011, and the key employees have a possibility to earn a maximum total of 150,000 shares during 2011. The earning criteria for the incentive shares are weighted and consist of growth in the company's earnings per share (60% weight) and an increase in the like-for-like rental income (40% weight). In 2012, the maximum number of shares was 160,000 and the earning criteria consisted of the increase in the like-for-like rental income (50% weight) and share price trend during January–February 2013 (50% weight). From the earning period 2012 69,379 shares was delivered and from the earning period 2011 81,347 shares was delivered. New shares will no longer share in this scheme.

Share-based incentive scheme 2013–2017

The Board of Directors of Technopolis Plc decided on a long-term share-based incentive scheme for the Group's key personnel on February 12, 2013. The aim of the incentive scheme is to support the implementation of the company's strategy, align the goals of the shareholders and key personnel to increase the value of the company, and commit the key personnel by way of a reward scheme based on shareholding. The incentive scheme has three earning periods of three years each, which constitute of the calendar years 2013–2015, 2014–2016 and 2015–2017. The company's Board of Directors will separately decide on the key personnel of the Group to be covered by the scheme for each earning period and the maximum reward for each key employee. The Board of Directors also decides on the earning criteria of the scheme and related objectives separately for each earning period. The amount of the reward paid to a key employee depends on achieving the goals set in the earning criteria. The maximum reward of a key employee comprises company shares and cash. All in all, a total of 780,000 shares and a maximum amount of cash corresponding to the value of all shares conveyed at the time of registration can be issued under the scheme. The cash part aims to cover the taxes and tax-related charges incurred to the key employees due to the reward. The reward will be paid to the key employees after the end of the earning period by the end of April 2016, 2017 and 2018.

Parameters used for recognizing the share incentive scheme	2015–2017 scheme	2014–2016 scheme	2013–2015 scheme
Date of granting the shares	12/17/2014	2/13/2014	2/13/2013
Number of shares granted	260,000	260,000	260,000
Value of the shares, EUR	3.71	4.52	3.98
Qualifying period	1.1.2015-31.12.2017	1.1.2014-31.12.2016	1.1.2013-31.12.2015
Expected success rate, %	39.00	40.00	48.00
Actual success rate, %			

The expenses recognized through profit or loss for the options are disclosed in Note 4.

Parent Company Income Statement and Balance Sheet

Currency unit, EUR 1,000

	Note	2014	2013
Net sales	1	**106,528**	**103,932**
Other operating income	2	488	1,779
Personnel expenses	3	-10,638	-10,542
Depreciation and impairment	4	-2,749	-4,213
Other operating expenses	5	-63,881	-64,332
Operating profit		**29,748**	**26,624**
Income from holdings in Group companies	6	6,368	3,148
Finance income, total	6	1,581	380
Finance expenses, total	6	-26,026	-17,125
Profit before extraordinary items and taxes		**11,672**	**13,026**
Profit before taxes		**11,672**	**13,026**
Change in depreciation difference	7	0	867
Income taxes	8	-1,730	-3,452
Net profit for the year		**9,942**	**10,441**

ASSETS	Note	2014/12/31	2013/12/31
Non-current assets			
Intangible assets	9	16,754	11,162
Tangible assets	10	10,983	14,124
Holdings in Group companies	11	796,456	705,846
Holdings in associates	11	6,164	6,164
Investments	11	43,869	100,383
Total non-current assets		**874,225**	**837,680**
Current assets			
Non-current receivables	12	5,992	6,267
Current receivables	13	149,656	154,647
Cash and bank		4,593	21,719
Total current assets		**160,241**	**182,633**
ASSETS, TOTAL		1,034,466	1,020,313
EQUITY AND LIABILITIES			
Equity	14		
Share capital		96,914	96,914
Premium fund		18,943	18,943
Invested unrestricted equity fund		218,859	218,528
Retained earnings		9,503	11,350
Net profit for the year		9,942	10,441
Equity, total		**354,161**	**356,177**
Accumulated appropriations	15	643	643
Liabilities			
Non-current liabilities	16	468,322	476,045
Current liabilities	17	211,340	187,448
Total liabilities		**679,662**	**663,493**
EQUITY AND LIABILITIES, TOTAL		1,034,466	1,020,313

Parent Company Cash Flow Statement

Currency unit, EUR 1,000

	2014	2013
Cash flows from operating activities		
Net profit for the year	9,942	10,441
Adjustments:		
Depreciation	2,749	4,213
Gains (-) and losses (+) of non-current assets	133	0
Other adjustments for non-cash transactions	6,843	-3,048
Financial income and expenses	11,233	15,779
Taxes	1,730	3,452
Increase/decrease in working capital	-5,950	-13,464
Interest received	3,616	1,002
Dividends received	0	13
Interest paid and fees	-12,453	-6,303
Other financial items in operating activities	-5,372	-8,830
Taxes paid	-1,823	-1,548
Cash flows from operating activities	**10,648**	**1,708**
Cash flows from investing activities		
Investments in investment properties	-3,405	-3,912
Investments in tangible and intangible assets	-1,881	-1,443
Proceeds from sale of tangible and intangible assets	2	90
Loans granted	-20,015	-232,038
Repayments of loan receivables	7,890	22,447
Increase/decrease in cash equivalents	-9,202	10
Gains from disposals of other investments	869	0
Acquisition of subsidiaries	-384	-113
Shares in associate companies sold	0	12
Cash flows from investing activities	**-26,126**	**-214,946**
Cash flows from financing activities		
Increase in long-term loans	79,682	166,075
Decrease in long-term loans	-80,453	-52,356
Dividends paid	-10,638	-15,115
Paid share issue	331	100,416
Acquisition of own shares	-1,648	
Change in short-term loans	11,077	29,981
Cash flows from financing activities	**-1,649**	**229,001**
Change in cash and cash equivalents	**-17,127**	**15,763**
Cash and cash equivalents, January 1	21,719	5,957
Cash and cash equivalents, December 31	**4,593**	**21,719**

Accounting Policies Applied in the Preparation of Parent Company Financial Statements

Technopolis Plc's financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

Net sales and other operating income

Net sales consist primarily of the rental revenues from premises and service revenues. Revenues are recognized on an accrual basis.

The operating grants received for various development projects are recognized in other operating income. Similarly, the expenses related to the development projects are recognized in other operating expenses and personnel expenses.

Measurement of non-current assets

Intangible and tangible assets are measured at original cost and are depreciated over their estimated useful life according to pre-determined depreciation plans. Depreciation according to plan is presented in the income statement. The depreciation based on estimated useful life is as follows:

Intangible rights	20%, straight-line depreciation
Other long-term expenditure	10%, straight-line depreciation
Buildings and structures (stone and similar)	2.0–2.5%, straight-line depreciation
Buildings and structures (wood and similar)	3%, straight-line depreciation
Machinery and equipment	25%, depreciation from book value

Additional expenses arising later will be capitalized if it is likely that they will inure additional economic benefit to the company and if they can be reliably determined and allocated to an asset. Otherwise, they will be recognized as an expense in the income statement. Existing and unfinished buildings also include interest expenses capitalized during the financial year. Projects in progress also include capitalized personnel expenses and land lease rents for the construction period.

Other long-term expenditures mainly include alteration work on leased premises, depreciated over the duration of the alteration work rent or the term of the lease. With regard to long-term leases, alteration work is, however, depreciated using a maximum annual depreciation rate of 10%.

In the parent company financial statements, the depreciation difference is presented in the income statement as appropriations, while the accumulated depreciation difference is presented in the balance sheet as accumulated appropriations.

Research & development costs

Research & development costs are expensed in the year in which they are incurred. R&D expenses that will generate revenue over three or more years are capitalized as development costs and amortized over 3–5 years.

Translation of foreign currency items

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of each transaction. At the end of the financial year, unsettled foreign currency transaction balances are valued at the average rates of the balance sheet date.

Valuation of financial instruments

Interest rate and currency swaps have been recognized at fair value and the changes in fair value are recognized in profit of loss for the period.

Income taxes

The direct income taxes for the financial year are accrued and recognized in the income statement. Deferred tax liabilities and assets are not entered in the parent company balance sheet.

1. NET SALES

	2014	2013
Revenue from rental operations	91,527	89,468
Revenue from services	15,002	14,463
Net sales, total	**106,528**	**103,932**

2. OTHER OPERATING INCOME

Development projects	289	1,288
Other income from operations	200	491
Other operating income, total	**488**	**1,779**

3. PERSONNEL EXPENSES

Salaries and fees	9,036	8,900
Pension costs	1,529	1,555
Indirect employee costs	422	477
Capitalized personnel expenses	-349	-390
Personnel expenses, total	**10,638**	**10,542**
Average number of employees	164	167

Salaries of CEO and Board members		
President and CEO	454	475
Members of the Board of Directors	172	260
Salaries of CEO and Board members, total	**626**	**736**

4. DEPRECIATION ACCORDING TO PLAN AND IMPAIRMENT

Depreciation on intangible assets	2,492	2,160
Merger difference in depreciation	0	174
Depreciation on tangible assets	257	1,880
Depreciation according to plan and impairment, total	**2,749**	**4,213**

5. OTHER OPERATING EXPENSES

Premises expenses	46,178	47,429
Service expenses	6,858	7,334
Other operating expenses	10,845	9,570
Other operating expenses, total	**63,881**	**64,332**

Auditor's fees and services		
Other operating expenses includes fees paid to auditors as follows:		
Audit	96	53
Certificates and reports	8	12
Other services	372	366
Auditor's fees, total	**476**	**431**

6. FINANCE INCOME AND EXPENSES

	2014	2013
Dividend income from Group companies	3,085	
Dividend income from others	0	13
Other interest income from Group companies	3,284	3,148
Other interest income from others	1,581	367
Interest expenses and other finance expenses to Group companies	-824	-67
Interest expenses and other finance expenses to others	-18,863	-19,239
Change in fair value of derivatives	-6,338	2,181
Finance income and expenses, total	**-18,076**	**-13,598**

7. APPROPRIATIONS

Difference between planned depreciation and depreciation for tax purposes	0	-867

8. INCOME TAXES

Income tax from actual operations	1,730	3,452
Income taxes, total	**1,730**	**3,452**

9. INTANGIBLE ASSETS

Intangible rights		
Acquisition cost, Jan 1	7,238	8,597
Acquisition costs transferred in merger	0	-2,752
Increases	1,859	1,417
Decreases	0	-23
Acquisition cost, Dec 31	9,097	7,238
Accumulated depreciation, Jan 1	-2,975	-1,992
Depreciation transferred in merger	0	50
Depreciation for the year	-1,132	-1,034
Intangible rights, Dec 31	**4,990**	**4,263**

Other long-term expenditure		
Acquisition cost, Jan 1	11,806	11,788
Increases	15	0
Decreases	0	0
Changes between assets items	6,211	18
Acquisition cost, Dec 31	18,031	11,806
Accumulated depreciation, Jan 1	-4,907	-3,781
Depreciation for the year	-1,360	-1,125
Other long-term expenditure, Dec 31	**11,764**	**6,899**
Intangible assets, total, Dec 31	**16,754**	**11,162**

Currency unit, EUR 1,000

10. TANGIBLE ASSETS

	2014	2013
Land areas		
Acquisition cost, Jan 1	3,927	42,691
Acquisition costs transferred in merger	0	-38,764
Increases		0
Decreases		0
Land areas, Dec 31	**3,927**	**3,927**
Connection fees		
Acquisition cost, Jan 1	0	4,405
Acquisition costs transferred in merger	0	-4,405
Increases		
Connection fees, Dec 31	**0**	**0**
Land areas, total, Dec 31	**3,927**	**3,927**
Buildings and structures		
Acquisition cost, Jan 1	8,222	452,488
Acquisition costs transferred in merger	0	-444,336
Increases	118	71
Acquisition cost, total, Dec 31	8,340	8,222
Accumulated depreciation, Jan 1	-1,562	-71,460
Accumulated depreciation for items transferred in merger	0	71,672
Depreciation for the year	-174	-1,774
Buildings and structures, Dec 31	**6,604**	**6,660**
Construction-period interest, Jan 1		2,942
Construction-period interests transferred in merger		-2,942
Increases		
Construction-period interest, Dec 31		
Accumulated depreciation, Jan 1		-214
Accumulated depreciation for items transferred in merger		214
Depreciation for the year		
Construction-period interest, Dec 31		**0**
Merger difference, Jan 1		19,369
Decreases transferred in merger		-19,369
Merger difference, Dec 31		0
Accumulated depreciation, Jan 1		-5,685
Accumulated depreciation for items transferred in merger		5,860
Depreciation for the year		-174
Merger difference, Dec 31		**0**
Buildings and structures, Dec 31	**6,604**	**6,660**

	2014	2013
Machinery and equipment		
Original acquisition cost	2,833	2,807
Accumulated depreciation	-2,506	-2,400
Net expenditures, Jan 1	327	407
Increases	8	26
Decreases	-2	-1
Depreciation for the year	-83	-106
Machinery and equipment, Dec 31	**250**	**327**
Other tangible assets		
Acquisition cost, Jan 1	33	33
Other tangible assets, Dec 31	**33**	**33**
Advance payments and projects in progress		
Projects in progress, Jan 1	3,178	6,539
Projects in progress transferred in merger	0	-4,208
Increases/decreases	3,320	935
Changes between assets items	-6,328	-88
Advance payments and projects in progress, Dec 31	**169**	**3,178**
Tangible assets, total Dec 31	**10,983**	**14,124**

11. INVESTMENTS

	2014	2013
Holdings in Group companies		
Acquisition cost, Jan 1	705,846	287,288
Increases	90,610	418,559
Holdings in Group companies, Dec 31	**796,456**	**705,846**
Holdings in associates		
Acquisition cost, Jan 1	6,164	6,176
Increases/decreases	0	-12
Holdings in associates, Dec 31	**6,164**	**6,164**

Information on the associates' shareholders' equity and results for the period is presented in Note 13 to the consolidated financial statements.

	2014	2013
Other shareholdings		
Acquisition cost, Jan 1	4,529	4,529
Increases/decreases	-919	0
Other shareholdings, Dec 31	**3,611**	**4,529**
Receivables from Group companies		
Loan receivables, Jan 1	95,848	32,359
Increases	11,457	86,433
Decreases	-67,053	-22,944
Receivables from Group companies, Dec 31	**40,253**	**95,848**

Currency unit, EUR 1,000

Holdings in Group companies, December 31, 2012

	Holding, %	Book value
Kiinteistö Oy Finnmedi 6-7, Tampere, Finland	100.00	28,670
Kiinteistö Oy Hermia, Tampere, Finland	71.96	10,664
Kiinteistö Oy Innopoli II Espoo, Finland	100.00	55,216
Kiinteistö Oy Oulun Ydinkeskusta, Oulu, Finland	98.77	24,548
Kiinteistö Oy Technopolis Innopoli 3, Espoo, Finland	100.00	10,495
Kiinteistö Oy Technopolis Innova 4, Jyväskylä, Finland	100.00	13,929
Kiinteistö Oy Technopolis Microkatu 1, Kuopio, Finland	91.37	54,636
Kiinteistö Oy Technopolis Peltola, Oulu, Finland	100.00	29,925
Kiinteistö Oy Technopolis Tohloppi, Tampere, Finland	100.00	23,293
Kiinteistö Oy Technopolis Viestikatu 1-3, Kuopio, Finland	100.00	16,529
Kiinteistö Oy Technopolis Viestikatu 7, Kuopio, Finland	100.00	9,020
Kiinteistö Oy Yrttiparkki, Oulu, Finland	100.00	3
Oulun Teknoparkki Oy, Oulu, Finland	84.14	50
Oulun Ydinkeskustan Parkki Oy, Oulu, Finland	62.24	12
Technopolis Baltic Holding Oü, Estonia	100.00	13,357
Technopolis Hitech Oy, Oulu, Finland	100.00	63
Technopolis Holding AS, Oslo, Norway	100.00	39,174
Technopolis Kiinteistöt Espoo Oy, Espoo, Finland	100.00	3
Technopolis Kiinteistöt Jyväskylä Oy, Jyväskylä, Finland	100.00	36,772
Technopolis Kiinteistöt Lappeenranta Oy, Lappeenranta, Finland	100.00	28,429
Technopolis Kiinteistöt Oulu Oy, Oulu, Finland	100.00	120,295
Technopolis Kiinteistöt Pääkaupunkiseutu Oy, Helsinki, Finland	100.00	129,296
Technopolis Kiinteistöt Tampere Oy, Tampere, Finland	100.00	89,667
Technopolis Lietuva UAB, Vilna, Lithuania	100.00	1,683
Technopolis Neudorf LLC, St. Petersburg, Russia	100.00	17
Technopolis St Petersburg LLC, St. Petersburg, Russia	100.00	60,712
Total		**796,456**

Holdings in associates

Iin Micropolis Oy, 500 shares, Ii, Finland	25.64	24
Kiinteistö Oy Bioteknia, 31 121 shares, Kuopio, Finland	28.51	4,685
Kuopio Innovation Oy, 24 shares, Kuopio, Finland	24.00	37
Otaniemen Kehitys Oy, 25 shares, Espoo, Finland	28.40	1,392
Rehaparkki Oy, 142 shares, Oulu, Finland	25.00	25
Total		**6,164**

	2014	2013
Other holdings		
Listed shares	0	14
Other shares	793	813
Apartment shares	2,052	2,937
Sampo mutual fund units	766	766
Total	**3,611**	**4,529**
Other receivables		
Other receivables, Jan 1	5	140
Other receivable transferred in merger	0	-135
Other receivables, Dec 31	**5**	**5**

12. NON-CURRENT RECEIVABLES

	2014	2013
Other long-term receivables from group companies	5,992	5,992
Other long-term receivables	0	275
Other long-term receivables, total	**5,992**	**6,267**

13. CURRENT RECEIVABLES

	2014	2013
Sales receivables from Group companies	1,975	1,067
Loan receivables from Group companies	118,299	139,008
Adjusting entries for assets from Group companies	9,813	2,372
Other Group receivables	14,724	5,590
Sales receivables	2,562	3,295
Sales receivables from associates	3	7
Other loan receivables	0	1,340
Adjusting entries for assets	1,987	1,614
Other receivables	293	354
Short-term receivables, total	**149,656**	**154,647**
Essential items included in adjusting entries for assets		
Taxes	96	3
Others	1,891	1,612
Total	**1,987**	**1,614**

Other adjusting entries for assets include project receivables, interest receivables, and other amortized receivables.

14. CHANGES IN SHAREHOLDERS' EQUITY

	2014	2013
Share capital, Jan 1	96,914	96,914
Share capital, Dec 31	**96,914**	**96,914**
Premium fund, Jan 1	18,943	18,943
Premium fund, Dec 31	**18,943**	**18,943**
Restricted equity, Dec 31	**115,857**	**115,857**

Currency unit, EUR 1,000

	2014	2013
Invested unrestricted equity fund, Jan 1	218,528	118,112
Share issue	0	99,892
Exercised options	331	524
Invested unrestricted equity fund, Dec 31	**218,859**	**218,528**
Distributable funds, Jan 1	21,791	26,479
Dividends distributed	-10,641	-15,129
Consideration paid for own shares	-1,648	
Net profit for the year	9,942	10,441
Distributable funds, Dec 31	**19,445**	**21,791**
Unrestricted equity, Dec 31	**238,304**	**240,320**
Shareholders' equity, Dec 31	**354,161**	**356,177**
Distributable unrestricted equity, Dec 31	**238,304**	**240,320**

15. ACCUMULATED APPROPRIATIONS

	2014	2013
Depreciation difference, Jan 1	643	33,165
Transferred from merged companies	0	-31,655
Increase during the year	-0	-867
Depreciation difference, Dec 31	**643**	**643**

16. NON-CURRENT LIABILITIES

	2014	2013
Bonds		
Hybrid bond	75,000	75,000
Loans from financial institutions	384,292	390,968
Loans fron group companies	9,030	10,077
Non-current liabilities, total	**468,322**	**476,045**
Liabilities with a maturity of five years or longer		
Bank loans	152,495	176,320
Commercial papers	56,500	55,700
Financial leasing	24,132	26,003
Current derivatives at fair value	793	11

17. CURRENT LIABILITIES

	2014	2013
Loans from financial institutions	83,991	77,104
Advances received	5,750	5,618
Accounts payable	1,239	1,258
Accounts payable to Group companies	1,551	1,386
Loans to Group companies	32,788	22,581
Adjusting entries for liabilities to Group companies	4,345	5,180
Other current liabilities	59,390	56,484
Adjusting entries for liabilities	22,286	17,837
Current liabilities, total	**211,340**	**187,448**

	2014	2013
Essential items included in adjusting entries for assets		
Interest	5,500	5,470
Derivatives	12,653	6,657
Other	4,133	5,691
Total	**22,286**	**17,818**

Other adjusting entries for liabilities include personnel expense liabilities and other amortizations of costs.

18. ASSETS PLEDGED, CONTINGENT LIABILITIES AND OTHER LIABILITIES

	2014	2013
Loans from financial institutions	**448,600**	**468,073**
Pledged real estate shares		
Pledged real estate shares, carrying amount	674,191	643,986

	2014/12/31		2013/12/31	
Interest rate and currency swaps	**Nominal value**	**Fair value**	**Nominal value**	**Fair value**
Interest rate swaps, Nordea	155,395	-6,070	104,405	-2,260
Interest rate swaps, Sampo	17,000	-788	19,000	-685
Interest rate swaps, Pohjola	122,964	-3,130	105,998	-1,184
Interest rate swaps, Handelsbanken	79,587	-2,665	66,082	-2,258
Interest rate and currency swaps, total	**374,946**	**-12,653**	**295,485**	**-6,386**

	2014	2013
Collateral given on behalf of Group companies		
Guarantees	57,776	60,029

OTHER LIABILITIES

Liability to adjust value added tax on property investments

	10-year adjustment period				
	2009	2010	2012	2014	Total
Property investment expense (net)	6,579	76	41	118	6,814
VAT on property investment	1,447	17	9	28	1,503
Annual share of VAT on investment	145	2	1	3	150
VAT deducted	1,447	17	9	28	1,503
Annual share of VAT deducted	145	2	1	3	150
Number of years remaining of the adjustment period	4	5	7	9	
Refundable amount of the deduction Dec 31, 2014	579	9	7	25	620
Liability to adjust VAT Dec 31, 2014					**620**
Liability to adjust VAT Dec 31, 2013					742
Change					-123

Currency unit, EUR 1,000

	2014	2013
Project liabilities	350	349
Leasing liabilities for fixtures and fittings		
To be paid in the current financial year	1,645	1,329
To be paid later	3,063	2,532
Leasing liabilities for fixtures and fittings, total	**4,708**	**3,860**
Lease liabilities from investment properties, total value of minimum lease payments		
Not later than one year	1,896	1,895
Later than one year and not later than two years	1,948	1,941
Later than two year and not later than five years	8,352	8,275
Later than five years	22,103	24,340
Total	**34,299**	**36,451**
Present value of minimum lease payments of investment properties		
Not later than one year	1,594	1,531
Later than one year and not later than two years	1,660	1,594
Later than two year and not later than five years	7,362	7,066
Later than five years	21,766	23,719
Present value of minimum lease payments, total	**32,381**	**33,909**
Future financial expenses, total	1,918	2,541
Total amount of finance lease liabilities	**34,299**	**36,451**

19. RELATED PARTY TRANSACTIONS

Related party transactions are presented in Note 23 to the consolidated financial statements.

20. SHARES AND SHAREHOLDERS

The company's business name is Technopolis Oyj in Finnish and Technopolis Plc in English, and its registered office is in Oulu, Finland. It was entered into the Trade Register on September 16, 1982 under the name Oulun Teknologiakylä Oy (reg. no. 309.397). It became a public limited company on November 5, 1997, changing its name to Technopolis Oulu Oyj on April 15, 1988, and again to Technopolis Oyj on April 7, 2000. Its business code is 0487422-3. Technopolis shares are quoted on the mid cap list of the OMX Nordic Exchange Helsinki. The ISIN code is FI0009006886, and the trading code is TPS1V.

Annual General Meeting March 26,2014

The Annual General Meeting (AGM) 2014 adopted on March 26, 2014 the Group and parent company's financial statements for the fiscal year 2013 and discharged the company's management. The AGM decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.10 per share. The dividend was paid to shareholders on the record date of March 31, 2014. The dividend payment date was April 8, 2014.

The AGM authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledges of the company's own shares as follows: The amount of treasury shares to be repurchased and/or accepted as pledge shall not exceed 10,625,000 shares, which corresponds to approximately 10 per cent of all the shares in the company. Under the authorization, the company's own shares may only be purchased using unrestricted equity. The company's own shares may be purchased at a price set in public trading on the date of purchase or at a price otherwise determined on the market. The Board of Directors decides how treasury shares will be repurchased and/or accepted as a pledge. Treasury shares can be repurchased using, inter alia, derivatives. The company's own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The authorization will be valid until the end of the next Annual General Meeting; however, no later than June 30, 2015.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Limited Liability Companies Act as follows:

Pursuant to the authorization, the maximum number of shares to be issued is 10,625,000, equaling approximately 10% of the company's shares. The Board of Directors shall decide 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 will be valid until the end of the next Annual General Meeting; however, no later than June 30, 2015.

Shares and share capital

The company's registered, fully paid-up share capital on December 31, 2014, was EUR 96,913,626.29 (EUR 96,913,626.29), divided into 106,511,632 shares. Changes in shares during the financial year are shown in the following section. The company's shares have been in the book-entry securities system since March 7, 1998. The company has one class of shares. Each share carries one vote at a General Meeting of Shareholders.

Repurchase of Own Shares

During the fiscal year of 2014 the company acquired 428,553 of own shares, totaling 1,647,600 euros. Transaction costs of repurchased own shares were 3,295 euros. The repurchase of own shares and transaction costs are booked in equity.

Stock-related Events

	Share capital, EUR	Change, shares, No	Shares, No	Entered in the register
Shares, Jan 1, 2014	**96,913,626.29**		**106,268,407**	
Subscription using stock options		20,860	106,289,267	2014/2/19
Subscription using stock options		118,474	106,407,741	2014/3/20
Subscription using stock options		103,891	106,511,632	2014/5/15
Acquired own shares			428,553	
Shares, Dec 31, 2014	**96,913,626.29**	**243,225**	**106,083,079**	

Currency unit, EUR 1,000

Technopolis 2007C Stock Options were listed on the trading list of the OMX Nordic Exchange on May 1, 2012. The share subscription price with the 2007C stock options is EUR 1.402 per share. The share subscription period began on May 1, 2012 and ended on April 30, 2014.

Largest shareholders, December 31, 2014	Shares, number	Holding of shares and votes, %
Shareholder		
Keskinäinen työeläkevakuutusyhtiö Varma	25,448,192	23.89
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	11,089,647	10.41
Oulun kaupunki	3,511,211	3.30
OP Ryhmä	1,615,224	1.52
Jyrki Hallikainen/Kickoff Oy	1,233,236	1.16
Laakkonen Mikko	1,226,184	1.15
Suomen Kulttuurirahasto	1,188,042	1.12
Odin Finland	1,119,944	1.05
Tampereen kaupunki	960,577	0.90
Jenny ja Antti Wihuri rahasto	738,398	0.69
Total for ten largest	48,130,655	45.19
Foreign and nominee-registered	35,080,146	32.94
Other	23,300,831	21.88
Grand total	106,511,632	100.00

On the December 31, 2014 the company held in aggregate 428,553 own shares.

Shareholding breakdown on December 31, 2014	Number of shareholders	%	Number of shares and votes	%
1-100	568	7.67	29,932	0.0
101-500	2,135	28.82	629,615	0.6
501-1 000	1,448	19.54	1,115,579	1.0
1 001-5 000	2,508	33.85	5,635,669	5.3
5 001-10 000	418	5.64	2,931,356	2.8
10 001-50 000	251	3.39	5,138,663	4.8
50 001-100 000	37	0.50	2,570,958	2.4
100 001-500 000	26	0.35	5,996,006	5.6
500 001-	18	0.24	82,444,574	77.4
Joint account	0	0.00	19,280	0.0
Total	7,409	100.00	106,511,632	100.0

On the December 31, 2014 the company held in aggregate 428,553 own shares.

Shareholdings by sector, December 31, 2014	Number of shares and votes	%
Private companies	5,522,671	5.2
Financial and insurance institutions	3,825,731	3.6
Public sector organizations	42,236,654	39.7
Private households	16,643,446	15.6
Non-profit organizations	3,585,272	3.4
Foreign and nominee-registered	34,678,578	32.6
Joint account	19,280	0.0
Total	106,511,632	100.0
Number of outstanding shares	106,511,632	100.0

On the December 31, 2014 the company held in aggregate 428,553 own shares.

Share data	2014	2013
Number of shares		
On Dec 31	106,083,079	106,268,407
Issue-adjusted average during year	106,015,829	85,352,432
Dilution-adjusted average during year	106,015,829	85,531,524
Share-related Indicators		
Earnings/share, basic, EUR	-0.15	0.30
Earnings/share, diluted, EUR	-0.15	0.30
Equity/share, EUR	4.71	4.62
Dividend/share, EUR, proposal	0.15	0.10
Dividend Payout Ratio, %	-	33.5
P/E ratio	-34.16	14.60
Effective dividend yield, %	4.05	2.3
Share prices, EUR		
Highest price	4.70	5.16
Lowest price	3.40	3.72
Trade-weighted average price	4.23	4.37
Price Dec 31	3.70	4.35
Market capitalization, Dec 31	392,507,392	462,267,570
Share turnover, shares	119,767,998	96,114,771
Share turnover, shares	28,389,026	22,095,150

The share data for the comparison year has been adjusted for the share issues of fall 2013.

Definitions of Key Indicators and Financial Ratios

Equity/share

$$\frac{\text{Equity - equity related bond}}{\text{Issue-adjusted number of shares on Dec 31}}$$

Return on Equity (ROE), %

$$100 \times \frac{\text{Result before taxes - taxes}}{\text{Equity + non-controlling interests for year, average}}$$

Earnings/share, basic

$$\frac{\text{Profit to parent company shareholders - interest expenses on an equity related bon}}{\text{Average issue-adjusted number of shares during year}}$$

Dividend/share

$$\frac{\text{Dividend}}{\text{Issue-adjusted number of shares on Dec 31}}$$

Equity Ratio, %

$$100 \times \frac{\text{Equity + Non-controlling interests}}{\text{Total assets - Advances received}}$$

Effective Dividend Yield, %

$$100 \times \frac{\text{Issue-adjusted dividend/share}}{\text{Issue-adjusted share price on Dec 31}}$$

Loan to Value, %

$$100 \times \frac{\text{Interest-bearing liabilities}}{\text{Fair value of investment properties (completed + under construction) on Dec 31}}$$

Return on Investment (ROI), %

$$100 \times \frac{\text{Result before taxes + Interest expenses and other financial expenses}}{\text{Total assets - Non-interest-bearing liabilities}}$$

Earnings/share, diluted

$$\frac{\text{Profit to parent company shareholders - interest expenses on equity related bond}}{\text{Average number of shares adjusted for dilutive effect during year}}$$

Dividend Payout Ratio, %

$$100 \times \frac{\text{Dividend/share}}{\text{Earnings/share}}$$

Price/earnings (P/E) Ratio

$$\frac{\text{Issue-adjusted share price on Dec 31}}{\text{Earnings/share}}$$

Interest Coverage Ratio

$$\frac{\text{EBITDA}}{\text{Accrual-based interest expenses}}$$

Cash flow from operations/share

$$\frac{\text{Cash flow from operations}}{\text{Issue-adjusted number of shares, diluted, on Dec 31}}$$

EBITDA

Operating profit + depreciation
+/- change in fair values of investment properties

Net Rental Revenue of Property Portfolio, %
(EPRA Net Initial Yield)

$$100 \times \frac{\text{Rental income from Group-owned properties} - \text{Direct expenses from Group-owned properties}}{\text{Fair value of completed investment properties on Dec 31}}$$

EPRA Net Asset value (NAV)

Equity to parent company shareholders
- Hedging reserve
+ Deferred taxes from investment properties
- Equity related bond

Financial Occupancy Ratio, %

$$100 \times \frac{\text{Rental income of leased space}}{\text{Estimated market rent of vacant space} + \text{Rental income of leased space}}$$

Net Debt/equity (Gearing), %

$$100 \times \frac{\text{Interest-bearing debt} - \text{Cash, bank and financial securities}}{\text{Equity} + \text{Non-controlling interests}}$$

EBITDA %

$$100 \times \frac{\text{EBITDA}}{\text{Net sales}}$$

EPRA Like for like rental growth, %

$$100 \times \frac{\text{Rental revenue from comparable properties}}{\text{Rental revenue from comparable properties in previous period}}$$

EPRA Net Asset value/share

$$\frac{\text{EPRA Net Asset Value}}{\text{Issue-adjusted number of shares, basic, on Dec 31}}$$

EPRA Vacancy Rate

100% - Financial occupancy rate, %

Board of Directors' Proposal for the Distribution of Profits

The distributable funds of the parent company Technopolis Plc, totaling EUR 19,445,386, are available to the Annual General Meeting. The Board of Directors proposes that a dividend of EUR 0.15 per share be paid, totaling EUR 15,902,374.35. The Board proposes that the remainder of distributable funds be left in the retained earnings account.

Signatures of the Board of Directors and CEO for the report by the Board of Directors and for the financial statements

Helsinki, February 09, 2015

Carl-Johan Granvik
Chairman of the Board

Jorma Haapamäki
Deputy Chairman of the Board

Sari Aitokallio
Member of the Board

Pekka Korhonen
Member of the Board

Pekka Ojanpää
Member of the Board

Timo Ritakallio
Member of the Board

Keith Silverang
President and CEO

The Auditor's Note

Our auditor's report has been issued today.

Helsinki, February 9, 2015

KPMG Oy Ab

Ari Eskelinen
Authorised Public Accountant

Auditor's Report

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Technopolis Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Technopolis Plc for the year ended 31 December 2014. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 9 February 2015

KPMG Oy Ab

ARI ESKELINEN
Authorized Public Accountant

EPRA Indicators

EPRA (European Public Real Estate Association) is an organization of listed real estate investment companies that publishes recommendations for the industry on the presentation of financial information, for instance, aiming to create uniform calculation models for real estate investment companies.

This section of the financial statements presents the EPRA-compliant figures monitored regularly by the company. For additional information on EPRA and EPRA recommendations, visit www.epra.com.

EPRA EARNINGS

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, unrealized exchange rate gains and losses, and any non-recurring items, such as gains and losses on disposals. Additionally, the statement of comprehensive income showing the direct result presents the related taxes and deferred tax assets and liabilities and the share attributable to non-controlling interests.

Items excluded from the direct result and their tax effects and share attributable to non-controlling interests are presented in the statement of income showing the indirect result. As the company has interest 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 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 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.

Currency unit, EUR 1,000

Technopolis Group	2014	2013
DIRECT RESULT		
Net sales	161,678	126,335
Other operating income	290	1,333
Other operating expenses	-74,718	-63,979
Depreciation	-3,782	-2,660
Operating profit/loss	83,468	61,030
Finance income and expenses, total	-20,156	-15,014
Profit before taxes	**63,312**	**46,016**
Taxes for direct result items	-3,895	-4,031
Share of non-controlling interests	-3,517	-1,506
Direct result for the period	**55,901**	**40,479**
INDIRECT RESULT		
Non-recurring items	-81	435
Changes in fair value of investment properties	-40,522	-17,611
Operating profit/loss	-40,603	-17,176
Changes in fair value of financing instruments	-22,079	-6,191
Profit before taxes	**-62,683**	**-23,368**
Taxes for indirect result items	284	12,940
Share of non-controlling interests	-5,240	-1,219
Indirect result for the period	**-67,638**	**-11,647**
Result for the period, total	**-11,737**	**28,832**
Earnings per share, diluted (EPRA Earning per share)		
From direct result	0.53	0.47
From indirect result	-0.64	-0.14
From net result for the period	**-0.11**	**0.34**
Interest effect of the equity related bond	-0.04	-0.04
From adjusted net result	**-0.15**	**0.30**

Currency unit, EUR 1,000

NET RENTAL INCOME OF INVESTMENT PROPERTIES (EPRA NET INITIAL YIELD)

The company monitors the net rental income from its properties and the net rental income percentage calculated from it as follows:

	2014	2013
Rental income from properties owned by the Group	137,207	97,766
Direct expenses for properties owned by Group	-41,312	-30,877
Net rental income	**95,894**	**66,889**
Net rental income percentage	**7.50**	**7.60**

The net rental income figures do not include properties commissioned and acquired during the financial period.

NET ASSET VALUE (EPRA Net Asset Value, NAV)

In calculating the EPRA net asset value, shareholders' equity is adjusted for the fair value entries of financial instruments, equity related bond and deferred taxes due to investment properties.

Net asset value/share is calculated by dividing net assets by the number of shares at the closing date.

	2014	2013
Shareholders' equity attributable to shareholders	516,073	569,261
- Hedging instrument reserve	11,305	3,962
- Equity related bond	-74,221	-74,221
+ Deferred taxes from investment properties	26,188	26,383
Net asset value, EPRA	**479,345**	**525,386**
Net asset value/share	**4.52**	**4.94**

FINANCIAL OCCUPANCY RATE (EPRA Vacancy Rate)

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.

Group's financial occupancy rate	**94.7%**	**93.6%**
Finland	93.7%	92.9%
Baltic Rim	98.4%	99.1%
Norway	95.6%	89.5%

The vacancy rate depicts the loss of rental revenues as a percentage of the aggregate of the rents for occupied premises and the estimated market rent for vacant space.

EPRA Vacancy Rate	**5.3 %**	**6.4 %**
Finland	6.3%	7.1%
Baltic Rim	1.6%	0.9%
Norway	4.4%	10.5%

CHANGE IN LIKE-FOR-LIKE RENTAL INCOME, % (Like-for-like rental growth)

The change in like-for-like rental income depicts rental income from comparable properties during the financial period compared to rental income from corresponding properties during the previous financial period.

Group	**-1.7%**	**-0.4%**

To the Shareholders

Annual General Meeting

Time: Wednesday, March 27, 2015 at 1:00 p.m.
Venue: Tekniikantie 12 (auditorium), FI-02150 Espoo, Finland

Every shareholder who is registered by March 17, 2015 in the shareholders' register of the company held by Euroclear Finland Ltd. has the right to participate in the General Meeting. Shareholders whose shares are registered in their personal Finnish book-entry accounts are registered in the shareholders' register of the company.

Shareholders who are registered in the shareholders' register of the company and want to participate in the General Meeting should register for the meeting no later than Tuesday, March 24, 2015 by 10:00 a.m. by sending notice of participation, which must be received by the company no later than the above-mentioned time. Such notice can be given:

a) on the company's website at www.technopolis.fi/registration;
b) by e-mail to legal@technopolis.fi;
c) by telephone to +358 46 712 0000, Monday–Friday between 9:00 a.m. and 4:00 p.m.;
d) by regular mail to Technopolis Plc/AGM, Energiakuja 3, FI-00180 Helsinki, Finland.

When they register, shareholders must provide their name, personal identification number or business identity code, address, telephone number, the name of any assistant or proxy representative, and the personal identification number of any proxy representative. The personal data given to Technopolis Plc is used only in connection with the General Meeting and with the processing of related registrations.

Shareholders, their authorized representatives or proxy representatives must, where necessary, be able to prove their identity and/or right of representation at the General Meeting.

Holders of nominee-registered shares
Holders of nominee-registered shares have the right to participate in the General Meeting by virtue of holding shares which would entitle them to be registered on Tuesday, March 17, 2015 in the shareholders' register of the company held by Euroclear Finland Ltd. The right to participate in the General Meeting additionally requires that shareholders on the basis of such shares are registered by 10:00 a.m. on Tuesday, March 24, 2015 at the latest in the temporary shareholders' register held by Euroclear Finland Ltd. As regards nominee-registered shares, this constitutes due registration for the General Meeting.

Holders of nominee-registered shares are advised to request without delay the necessary instructions regarding registration in the temporary shareholder's register, the issuing of proxy documents, and registration for the General Meeting from their custodian bank. The account management organization of the custodian bank must register holders of nominee-registered shares who want to participate in the Annual General Meeting in the temporary shareholders' register of the company by the time stated above at the latest.

Further information on the General Meeting and participation in the General Meeting is available on the company's website at www.technopolis.fi/AGM2015.

Proxy representatives and power of attorney
Shareholders may participate in the General Meeting and exercise their rights at the meeting by way of proxy representation. Proxy representatives shall produce a dated power of attorney or otherwise in a reliable manner demonstrate their right to represent the shareholder. If a shareholder participates in the General Meeting by means of several proxy representatives representing the shareholder with shares in different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration for the General Meeting.

The original versions of any powers of attorney should be delivered to the address Technopolis Plc/AGM, Energiakuja 3, FI-00180 Helsinki, Finland, before the end of the registration period.

Dividend payout

Technopolis aims to pay dividend regularly each year. Technopolis aims to distribute on average one-third of its EPRA-based direct result annually in the form of dividends, taking the company's need for capital and other factors into account.

The Board of Directors proposes to the Annual General Meeting of March 27, 2015, that a dividend of EUR 0.15 per share be paid from the distributable profits of the parent company. The dividend shall be paid to shareholders who are registered in the shareholders' register of the company held by Euroclear Finland Oy on the dividend record date of March 31, 2015. The Board of Directors proposes that the dividend be paid on April 9, 2015.

Financial information in 2015

Technopolis will publish three interim reports in 2015:
- Interim Report for January–March on May 7, 2015
- Interim Report for January–June on August 20, 2015
- Interim Report for January–September on October 29, 2015

The company has a silent period of 21 days prior to the publication of annual financial statements and interim reports. During this period, the company does not engage in discussion of the results or any factors influencing them with representatives of the capital markets.

Basic share data
Listing: NASDAQ OMX Helsinki
Trading code: TPSV1
ISIN code: FI0009006886
Segment: Financing
Sector: Real Estate
Number of shares on December 31, 2014: 106,511,632

TECHNOPOLIS

www.technopolis.fi