

Technopolis Group Interim Report January 1 – September 30, 2016

Positive Earnings Trend

- Net sales EUR 127.3 (128.9) million, down 1.2% mainly due to 2015 termination fees
- EBITDA EUR 70.7 (72.9) million, down 3.0% mainly due to 2015 termination fees
- On a constant currency basis, net sales were up 0.1% and EBITDA was down 1.4%
- Financial occupancy rate 92.7% (94.5%)
- Earnings per share EUR 0.27 (0.21)
- Direct result (EPRA) EUR 39.9 (38.8) million, up 3.0%
- Direct result per share, diluted (EPRA) EUR 0.33 (0.32)
- Net asset value per share (EPRA) EUR 4.12 (3.98)

Key Indicators	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Net sales, EUR million	43.0	39.8	127.3	128.9	170.6
EBITDA, EUR million	25.3	22.7	70.7	72.9	93.0
Operating profit, EUR million	26.6	24.4	68.5	63.1	88.9
Net result for the period, EUR million	16.5	11.9	40.5	32.8	50.0
Earnings/share, EUR	0.11	0.06	0.27	0.21	0.33
Cash flow from operations/share, EUR			0.43	0.39	0.52
Equity ratio, %			39.5	38.2	39.3
Equity/share, EUR			3.75	3.70	3.79

EPRA-based Key Indicators	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Direct result, EUR million	13.7	11.4	39.9	38.8	55.0
Direct result/share, diluted, EUR	0.11	0.09	0.33	0.32	0.45
Net asset value/share, EUR			4.12	3.98	4.09
Net rental yield, %			7.4	7.7	7.7
Financial occupancy rate, %			92.7*	94.5	94.6*

* 9/2016: 10,000 m² under renovation. 12/2015: 16,700 m² under renovation.

The EPRA-based (European Public Real Estate Association) direct result does not include unrealized exchange rate gains and losses, fair value changes or any non-recurring items, such as gains and losses on disposals.

The new guidelines of the European Securities and Markets Authority (ESMA) regarding Alternative Performance Measures (APMs, performance measures not based on financial statements standards) entered into force on July 3, 2016. Technopolis reports APMs, such as EPRA performance measures, to reflect the underlying business performance and to enhance comparability between financial periods. APMs may not be considered as a substitute for measures of performance in accordance with the IFRS.

Future Outlook

Technopolis expects its net sales and EBITDA in 2016 to remain on the same level (+/- 5%) as in 2015.

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

Keith Silverang, CEO:

"The main event of the third quarter was our rights issue. The issue was successfully completed in September and was 66% oversubscribed. The net proceeds raised through the offering were approximately EUR 124

million. This strengthens our balance sheet after the investments executed in the summer and provides firepower for upcoming organic growth projects, as well as new acquisitions. The equity ratio has already improved to 39.5% and will continue to improve together with LTV as existing debt is paid down. We expect it to take until Q1 next year until the full impact of the proceeds is visible in our solvency indicators.

We got immediately to work with new growth projects, first launching the expansion of our Helsinki Ruoholahti campus, and shortly thereafter our next Tallinn campus expansion project, Löötsa 12. The Ruoholahti project got a boost thanks to falling vacancy in the Ruoholahti district, as well as a sizable anchor agreement. In Tallinn we were encouraged by the rapid take-up of our previous Löötsa project and the continuing robust demand for high-efficiency space and services. We're also looking at opportunities to continue organic expansion in Vilnius, as well as the Greater Helsinki area.

The search for new campuses continues. The deal flow is improving as we work with the pipeline. Our search area covers the entire Nordic-Baltic region and we are concentrating on campuses that provide the optimal strategic fit, the best upside potential and a healthy risk-adjusted yield.

In the field, conditions in the third quarter were relatively stable. Despite the expected drop in occupancy, on a constant currency basis and excluding the contract termination fees earnings were up 3.5%. We expect occupancy overall to rise in the fourth quarter. The main drivers behind the company's rising earnings trend are the high-occupancy completion of our Tampere CBD campus, as well as the July acquisition of the Gårda campus in Gothenburg, Sweden.

Services also continue to play an increasingly important role, with year-on-year service growth now at 10% and the share of services in total revenue at 12.5%. Our service earnings are gradually improving, with the EBITDA margin for services up to 7.6% from 4.8% in Jan-Sept 2015. Our goal is to significantly increase the service margin as the scale of our operations grows.

Improving conditions on the domestic transaction market are also lending support for the execution of our divestiture strategy. Investor sentiment regarding Finland appears to be taking a turn for the better. This, in combination with growing domestic transaction volumes, is driving yield compression also in secondary markets. This is good news for our domestic divestiture portfolio, which ultimately will provide additional resources for the execution of our growth strategy."

Operating Environment

According to the Ministry of Finance Economy Survey (Autumn 2016), the growth outlook for the global economy and trade has deteriorated recently. World GDP is forecasted to grow 3% and world trade 2% in 2016. Growth prospects in China have continued to deteriorate. Also Brexit and the US elections create uncertainty.

The sense of uncertainty is expected to continue also in the financial markets. The European Central Bank has further expanded its exceptional monetary policy operations, and its reference rates will remain at historically low levels. The sharpest falls in energy and raw material prices have bottomed out, and the price of oil is expected to return to very moderate growth. There are no signs of upward pressure on the prices of raw materials. (Ministry of Finance Economic Survey, Autumn 2016)

Finland	2015	2016e	2017e
Gross Domestic Product, change y/y, %	0.2	1.1	0.9
Consumer Price Index, change y/y, %	-0.2	0.4	1.1
Unemployment rate, %	9.4	9.0	8.8

Source: Ministry of Finance Economic Survey, Autumn 2016

Finland had a GDP growth of 0.2% in 2015 after three years of recession. Despite the slight rebound, the Ministry of Finance foresees continued economic weakness for Finland's immediate future. The GDP forecast for 2018 is some 3% lower than in 2008, and industrial output is expected to be around 20% lower than ten years ago.

The office market in Finland continues to be a buyer's market. There is an oversupply of office space, which is a long-term phenomenon. In the spring, the vacancy in Helsinki metropolitan area reached an all-time high of

13.5%, while at the same time new office space is being built. The tenants seek more efficient use of space. In Ruoholahti, vacancy rate in Q2 was 11.2% and prime rents remained unchanged. The Aviapolis area had vacancy of 17.5% and Espoo West 19.2%. In Oulu, office vacancy was 11.1%, with 10.8% in Tampere and 10.3% in Jyväskylä.

Low interest rates have bolstered values in real estate, and strong investor demand has further pressed the yield requirements of the best properties. The yield requirement in the Aviapolis area was 6.9%, in Ruoholahti 5.7% and 7.0% for modern offices in Espoo West. The transaction volume is estimated to remain high. (Catella Market Indicator and Newsec Property Outlook Autumn 2016)

Norway	2015	2016e	2017e
Gross Domestic Product, change y/y, %	1.6	1.2	1.4
Consumer Price Index, change y/y, %	2.2	3.7	2.7
Unemployment rate, %	4.4	4.8	4.8

Source: SEB Nordic Outlook, August 2016.

The Norwegian economy has suffered from the contraction of oil-related activities due to low oil prices. It now seems that the low point in terms of economic momentum was passed last winter. However, the recovery will be modest in the light of a continued negative contribution from falling petroleum investments and private consumption being squeezed by rising prices. (SEB Nordic Outlook, August 2016)

In the second quarter, central areas in Oslo saw strong increase in rents, while the outer areas east, west and south of the city saw a decrease in rents. The office vacancy in Oslo is now 8.3%. In Fornebu, where Technopolis is located, the vacancy is below 5%. Vacancy is expected to continue on a downward trend throughout the year. (Newsec Property Outlook Autumn 2016, Malling & co Markets August 2016)

Sweden	2015	2016e	2017e
Gross Domestic Product, change y/y, %	4.2	3.7	2.8
Consumer Price Index, change y/y, %	0.0	0.9	1.2
Unemployment rate, %	7.4	6.7	6.1

Source: SEB Nordic Outlook, August 2016.

The outlook for the Swedish economy remains good. Over the next two years, growth will remain clearly faster than in the EU on average. The most important underlying forces are sharply increasing residential investments and public sector consumption. The resettlement of the many refugees is driving public sector spending. There has been a clear drop in the number of unemployed. (SEB Nordic Outlook, August 2016)

The market rent for offices in the inner city of Gothenburg is continuing to rise. The rental market in Gothenburg will continue to be stable, since demand is expected to remain good. (Newsec Property Outlook Autumn 2016)

Estonia	2015	2016e	2017e
Gross Domestic Product, change y/y, %	1.1	1.7	2.4
Consumer Price Index, change y/y, %	0.3	0.5	2.4
Unemployment rate, %	6.1	5.6	5.5

Source: SEB Nordic Outlook, August 2016. Unemployment data: Bloomberg, Oct 14, 2016

In Estonia, growth has been restrained by weak exports and low capital spending, but there are now signs of an economic upturn. High employment and rapid wage growth together with low inflation have boosted private consumption, which will remain one of the main drivers of Estonia's economic growth in the next two years. The outlook for business as well as public sector investments has brightened. (SEB Nordic Outlook, August 2016)

In Tallinn, vacancy in the most popular office areas, as well as in new A-class buildings is still marginal. This situation is expected to change during 2016, however, due to significant new delivery. (Newsec Property Outlook Autumn 2016)

Russia	2015	2016e	2017e
Gross Domestic Product, change y/y, %	-3.7	-0.4	1.0
Consumer Price Index, change y/y, %	15.6	7.3	6.0
Unemployment rate, %	5.6	5.8	5.9

Source: SEB Nordic Outlook, August 2016. Unemployment data: Bloomberg, Oct 14, 2016.

The deep recession is now over in Russia, and the slightly higher global oil prices that have now become established are helping to stabilize growth. However, the recovery will not be quick. EU sanctions have been extended until January 31, 2017. Structural problems include a poor business climate, corruption, heavy central government influence and obsolete infrastructure. (SEB Nordic Outlook, August 2016, Finland's Ministry of Finance Economic Survey, Autumn 2016).

Office vacancy has decreased in St Petersburg: in Q2 the vacancy for class A offices was 8.5%, the lowest since 2007, while it was 11.3% in Q1. Class A office vacancy has been lower than that of Class B offices. Office stock in St. Petersburg has steadily increased over the last several years, but the amount of completions is expected to drop sharply in 2017. In Q2 2016, rental rates in Class A increased by 0.8% in Rubles. (JLL: St. Petersburg Office Market Q2/2016)

Lithuania	2015	2016e	2017e
Gross Domestic Product, change y/y, %	1.6	2.2	2.5
Consumer Price Index, change y/y, %	-0.7	0.8	1.5
Unemployment rate, %	9.1	8.4	7.7

Source: SEB Nordic Outlook, August 2016. Unemployment data: Bloomberg, Oct 14, 2016.

In Lithuania, there is a lack of optimism among companies in exports and construction. Companies operating in the service and retail sectors are more positive, but rapid growth in labor costs is adding stress. The decrease in unemployment, the shortage of skilled labor and an increase in the minimum wage have had a positive impact on average pay. Although wages keep increasing, income inequality remains. (SEB Nordic Outlook, August 2016)

In Vilnius, office vacancy was below 1% for Class A and below 2% for Class B offices in Q3. The office stock is forecast to grow by more than 30% during 2016-2017, but strong demand for modern office space is expected to keep vacancy at a healthy level. However, rents are expected to fall somewhat due to increasing competition. (Newsec Property Outlook Autumn 2016, Colliers Lithuania).

Business Segments

Technopolis has three business segments with a total rentable area of 778,200 m² (730,400 m²).

Finland

Finland	1-9/2016	1-9/2015	Change, %	1-12/2015
Number of campuses *	16	16	0.0	16
Rentable space, m ² *	530,000**	524,400	1.1	526,900**
Average rent, EUR/m ² *	17.34	17.12	1.3	17.02
Financial occupancy rate, % *	90.7**	92.9	-2.2 ppt	92.9**
Net rental income, EUR million	77.3	82.5	-6.3	107.4
Net sales, EUR million	90.6	95.1	-4.8	125.0
EBITDA, EUR million	50.2	55.8	-10.0	69.0
Market yield requirement, average, % *	7.7	7.7	0 ppt	7.8
Fair value of investment properties, EUR million *	1,183.0	1,002.5	18.0	984.8

* At the end of the period.

** 9/2016: 7,200 m² under renovation. 12/2015: 16,700 m² under renovation.

Average rent increased by 1.3% year-on-year owing to the increased share of modern, higher-priced capacity in the portfolio (e.g. new buildings in Vantaa and Tampere), while rental development in the market remained stable. The decrease in net rental income and EBITDA was mainly due to the EUR 5.4 million in contract pre-termination fees in the comparison period, caused by two early termination agreements with customers in Oulu. This year's figures include termination fees worth EUR 1.2 million. The occupancy rate in Oulu is also the main reason for the drop in occupancy. Fair values increased due to market yield compression and the completion of organic investment projects in Tampere and Vantaa.

Baltic Rim

The Baltic Rim segment has three campuses in three countries: Tallinn in Estonia, Vilnius in Lithuania and St. Petersburg in Russia.

Baltic Rim	1-9/2016	1-9/2015	Change, %	1-12/2015
Number of campuses *	3	3	0.0	3
Rentable space, m ² *	148,300	141,150	5.1	147,000
Average rent, EUR/m ² *	14.42	14.32	0.7	15.15
Financial occupancy rate, % *	98.9	99.9	-1 ppt	99.5
Net rental income, EUR million	19.6	18.6	5.5	25.1
Net sales, EUR million	21.6	19.7	9.5	26.8
EBITDA, EUR million	12.0	10.0	19.7	14.2
Market yield requirement, average, % *	8.7	8.7	0 ppt	8.7
Fair value of investment properties, EUR million *	261.8	229.2	14.2	246.7

* At the end of the period.

Rentable space and net sales increased year-on-year due to the completion of the new building in Tallinn. The weakening ruble had a negative impact of 0.9 million in net sales and 0.7 million in EBITDA. Fair value development has been positive in all three cities.

Scandinavia

Scandinavia	1-9/2016	1-9/2015	Change, %	1-12/2015
Number of campuses *	2	1	100.0	1
Rentable space, m ² *	99,900**	64,800	54.2	66,500**
Average rent, EUR/m ² *	19.52	22.38	-12.8	21.50
Financial occupancy rate, % *	94.8**	97.0	-2.3	97.1**
Net rental income, EUR million	14.3	13.4	6.8	17.8
Net sales, EUR million	15.2	14.1	7.7	18.8
EBITDA, EUR million	8.5	7.1	20.2	9.9
Market yield requirement, average, % *	5.5	6.2	-0.7 ppt	6.1
Fair value of investment properties, EUR million *	334.0	190.5	75.3	194.4

* At the end of the period.

** 9/2016: 2,800 m² under renovation, 12/2015: None.

In addition to the Oslo campus, from July 1, 2016, the Scandinavia segment also includes the Gårda campus in Gothenburg. The decrease in average rent year-on-year was due to Gårda and the weakening of the Norwegian krone, which also burdened net sales by EUR 0.8 million and EBITDA by EUR 0.5 million compared to Jan-Sept 2015.

Financial Performance

The Group's rental income amounted to 111.4 (114.4) million in January-September, down 2.6% compared to the corresponding period in 2015. Contract pre-termination fees improved last year's figure by EUR 5.4 million

and this year's figure by EUR 1.2 million. Net sales from services increased by 10.1% and amounted to EUR 15.9 (14.5) million. The Group's net sales in total reached 127.3 (128.9) million, down 1.2%. Net sales converted into euros were adversely impacted by EUR 1.7 million due to the weakening NOK and RUB. On a constant currency basis and excluding the above mentioned termination fees, net sales were up 3.5%.

Other operating income of EUR 0.9 (0.0) million was mostly generated by a gain on the disposal of shares in a parking garage company (Yrttiparkki in Oulu). Premises expenses totaled EUR 28.7 (29.0) million, down 1.0%. The Group's administrative costs were EUR 9.8 (9.8) million. Other operating expenses increased to EUR 19.1 (17.2) million, up 10.9% mainly due to increased service expenses. Property taxes are periodized evenly over the financial year, and EUR 5.5 million was booked in January-September.

The Group's EBITDA totaled EUR 70.7 (72.9) million, down 3.0%. EBITDA figures were boosted by the same termination fees as net sales, and in addition by a EUR 0.8 million gain on disposal in the first quarter of 2016. The weakening NOK and RUB reduced the EBITDA by EUR 1.2 million. On a constant currency basis, excluding the termination fees and the disposal gain EBITDA was up 3.5%.

EBITDA for real estate operations amounted to EUR 74.8 (77.2) million. EBITDA for services was EUR 1.2 (0.7) million. Due to allocations of Group-level expenses and eliminations, the sum of EBITDA for real estate operations and services differs from Group EBITDA.

The EBITDA margin was 55.5% (56.6%). On a constant currency basis, excluding the termination fees and the disposal gain, EBITDA margin was 54.7% (54.7%).

The Group's operating profit rose to EUR 68.5 (63.1) million. The 8.6% increase was mostly due to change in fair value of investment properties.

Fair value changes during the period totaled EUR 0.7 (-5.5) million. The biggest impact came from the changes in yield requirements. Fair value changes compared to the year end 2015 break down as follows:

EUR million	Yield requirements	Occupancy assumptions	Modernization	Other*	Projects in progress	Total
Finland	13.7	-0.9	-9.1	-7.2	1.5	-2.0
Baltic Rim	3.7	-1.1	-0.2	-2.0	3.9	4.3
Scandinavia	5.0	0.0	-2.2	-4.4	0.0	-1.6
Total	22.4	-2.0	-11.5	-13.6	5.4	0.7

* Contract changes EUR 6.9 million. A write-down in Oulu EUR 5.0 million. In Norway, some revenues were allocated to services and were thus removed from fair value calculation, EUR 1.7 million..

Net financial expenses totaled 19.4 (24.3) million. The comparison figure included the Kuopio joint venture deal's transfer tax of EUR 2.5 million, and the rest of the decrease is mainly attributable to the currency impact. Pre-tax profits totaled EUR 49.5 (38.0) million. The net result for the period was EUR 40.5 (32.8) million.

EPRA-based Result

The EPRA-based (European Public Real Estate Association) direct result does not include unrealized exchange rate gains and losses, fair value changes or any non-recurring items, such as gains and losses on disposals. The direct result amounted to EUR 39.9 (38.8) million. The increase of 3.0% was mainly caused by lower net finance expenses and lower non-controlling interest. Diluted earnings per share from direct result amounted to EUR 0.33 (0.32).

Customers and Lease Stock

Technopolis has a total of approximately 1,750 customers. The ten largest customers let approximately 18.1% of rented space as of September 30, 2016.

Lease stock, % of space Maturity, years	Sept 30, 2016	June 30, 2016	March 31, 2016	Dec 31, 2015	Sept 30, 2015
< 1	18	17	21	22	21
1 - 3	22	22	22	20	21
3 - 5	17	15	14	15	11
> 5	15	18	17	19	23
Open-ended leases	28	28	25	24	24
Average lease term in months	35	36	35	36	37
Lease stock, EUR million	430.0	424.8	407.7	429.7	430.6

Investments

Construction projects in progress at the end of the reporting period, their rentable areas and estimated investment amounts on September 30, 2016 are as follows:

Area	Name	Pre-let rate, %	m ²	EUR million	Stabilized yield, % *	Completion
Vilnius	Delta	79.7	21,600	35.4	9.8	12/2016
Helsinki	Ruoholahti 3	35.7	10,300	33.2	7.0	07/2018

* Stabilized yield = estimated net operating income / cost

Financing

The Group's balance sheet total was EUR 1,841.0 (1,585.1) million, with liabilities accounting for EUR 1,118.6 (982.8) million. The Group's equity per share was EUR 3.75 (3.70), its equity ratio was 39.5% (38.2%) and its loan-to-value ratio (LTV) was 58.7% (61.9%). The increase in the equity ratio was due to the rights issue in September 2016 (For more information on the rights issue, please see section "Stock Related Events and Disclosures of Changes in Holdings"). LTV decreased due to the pay down of debt and the increased fair values of investment properties. Both indicators will keep improving as the excess liquidity is used for the pay-down of debt. At the period-end, the Group's net gearing was 123.6% (135.0%) and its interest coverage ratio was 4.7 (4.4).

The Group's interest-bearing liabilities amounted to EUR 991.2 (896.7) million. The average capital-weighted loan maturity was 5.1 (6.1) years at the end of the period. A total of 44.1% (30.2%) of the Group's interest-bearing liabilities were floating-rate loans and 55.9% (69.8%) were either interest rate hedged or fixed-rate loans with maturities of 13–60 months. The average interest rate on interest-bearing liabilities excluding the hybrid loan was 2.30% (2.56%).

A total of 2.6% (2.7%) of all interest-bearing liabilities were pegged to the under-3-month Euribor rate and 41.5% (27.5%) to the Euribor rates from 3 to 12 months. The Group's interest fixing period was 1.9 (2.9) years at the end of the period. At the end of the reporting period, interest rate swaps covered EUR 648.4 (506.1) million of the principal. The hedging ratio for interest-bearing liabilities was 42.8% (56.4%) and the average hedging period was 4.7 (5.4) years. The company has entered into three different EUR 50 million bullet-type hedging agreements with forward starts, which are excluded in the hedging ratio. The first will start in year 2019, the second in 2020 and the last in 2021. The maturity of each is 15 years.

At the end of the reporting period, Technopolis had EUR 116.5 (116.4) million in untapped credit facilities. The credit facilities included a EUR 91.4 (100.9) million credit line and a EUR 25.1 (15.6) million revolving credit facility. In addition, the company has a EUR 150.0 (150.0) million commercial paper program, of which EUR 91.5 (34.0) million was outstanding at the end of the reporting period. At the same time, the Group had cash and cash equivalents worth EUR 98.7 (83.4) million.

During the 12-month period following the reporting period, EUR 154.3 (130.3) million in existing interest-bearing loans will mature.

Technopolis had interest-bearing liabilities with covenants amounting to EUR 763.4 (711.3) million. Of this total, EUR 449.2 (469.2) million had equity ratio-linked covenants. Of these loans, EUR 401.9 (409.9) million include a

call provision. If the equity ratio falls below 33%, EUR 66.8 (65.1) million of the loan principal could be called in. If the equity ratio falls below 30%, EUR 251.9 (259.9) million of the loan principal could be called in. The principal of EUR 114.4 (120.9) 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 0.7 (0.6) million per annum. The bond of EUR 150 million has a minimum equity ratio covenant of 28%.

Evaluation of Risks and Uncertainties in the Company's Operations

The four most significant near term risks affecting Technopolis' business are related to interest rates, geographical concentrations, currencies and customers.

The Group's interest-bearing liabilities amounted to EUR 991.2 (896.7) million. A one percentage point increase in market rates would cause a EUR 2.6 (1.7) million increase in interest costs per annum.

Finland represents 66.5% of the Group's assets (fair values of investment properties) and 71.1% of net sales. Country-related matters such as slow economic growth could have an impact on the Group's financial performance.

The Group is exposed to changes in the Norwegian krone, the Russian ruble and, from July 1, 2016 onwards, also the Swedish krona. The direct impact of changes in exchange rates on the Group's operating profit, balance sheet and equity ratio as of September 30, 2016 are presented below. The table does not include the conversion impacts of FX changes on net sales and EBITDA.

Foreign currency % change against the Euro	Transaction difference effect	Translation difference effect	Total effect on the Group's equity	Equity ratio
RUB -10	0.0	-6.7	-6.7	39.3%
RUB +10	0.0	8.2	8.2	39.8%
NOK -10	0.0	-8.1	-8.1	39.5%
NOK +10	0.0	9.9	9.9	39.6%
SEK -10	0.0	-4.0	-4.0	39.6%
SEK +10	0.0	4.8	4.8	39.5%

At the end of the period, the Group's currency exposure towards the Russian ruble was EUR 0.0 million in liabilities and RUB 5.1 billion in equity. In Norway and Sweden, the Group had liabilities only in the local currencies, and thus it is only vulnerable to translation differences in equity. Norwegian subsidiaries' equity totaled NOK 800.3 million, and Swedish subsidiaries' equity was SEK 420.2 million.

In September, the ten largest customers accounted for 16.5% of rental income. The single largest customer accounted for 4.0% of rented space and 2.2% of rental income.

For a more detailed outline of the risks, please see the company's [Financial Report 2015](#). It is the opinion of the Board of Directors that there have been no material changes to the near term risks outlined in the 2015 Financial Report.

Group Strategy and Financial Targets

In the annual review of the company's strategy in August, the Board noted that the competitive strategy, which is based on the Technopolis concept, is effective. The company has been able to enter the Swedish market and service revenues and earnings are on the rise. Technopolis will continue to expand its campus network in the Nordic-Baltic region, focusing on micro-locations with the optimal strategic fit where the company can add the maximum amount of value by effectively deploying its concept. The core of the Technopolis concept is superior management of the customer experience, targeting to higher occupancy and yields. The company will also continue to divest selected non-core properties and campuses in the Finnish market.

The company's strategic targets until 2020 remain the same:

- Average net sales and EBITDA growth of 10% per annum
- Service penetration 15% by 2020 for like-for-like real estate

- Return on capital employed 5.5% per annum excluding fair value changes
- Equity ratio above 35% over the cycle

GOVERNANCE

Organization and Personnel

The CEO of Technopolis is Keith Silverang and the deputy-CEO is Reijo Tauriainen. 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 centralized real estate development, services, marketing and support services.

During the period, the Group employed an average of 249 (237) people. On average, rental operations employed 82 (86) people, service operations 112 (97) people and Group administration 55 (54) people. The number of personnel at the period end was 249 (251).

Corporate Sustainability

At Technopolis, sustainability is a day-to-day activity that is reflected in the form of eco-efficient premises, motivated employees, services that support success, and a sense of community.

In September, Technopolis received the prestigious Green Star status in the Global Real Estate Sustainability Benchmark (GRESB) survey for the third year in a row. The survey measures environmental, social and governance-related factors. Technopolis also received the EPRA silver sBPR award, an acknowledgment of its sustainability data disclosure.

The Corporate Sustainability targets that are being followed quarterly include reductions in consumption and emissions of like-for-like real estate from the base year 2011 until 2020.

	1-9/2016	1-9/2011	Change, %	Target 2020
CO2 emissions, CO2e kg/m ²	28.2	55.7	-49.3%	-60%
Energy consumption, kWh/m ²	164.6	173.3	-5.0%	-12%
Water consumption, m ³ /person	3.0	4.3	-31.0%	-35%

For more information, please see [Corporate Social Responsibility Report](#).

Group Structure

Technopolis Group comprises the parent company Technopolis Plc, whose subsidiaries have operations in Finland, Norway, Estonia, Russia, Lithuania and, as of July 1, 2016, Sweden. The parent company has several subsidiaries and associates in Finland.

Board of Directors

The Technopolis Board of Directors consists of six members: Carl-Johan Granvik, Jorma Haapamäki, Juha Laaksonen, Pekka Ojanpää, Reima Rytsölä and Annica Ånäs. Carl-Johan Granvik serves as the Chairman of the Board and Jorma Haapamäki as the Vice Chairman.

Annual General Meeting 2016

The Annual General Meeting (AGM) of Technopolis Plc was held in Espoo on March 30, 2016. The AGM decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.17 per share. The dividend was paid on April 8, 2016. The AGM also authorized the Board to decide on the repurchase and/or on the acceptance as pledge of the company's own shares, as well as on the issue of shares and special rights entitling holders to shares referred to in the Limited Liability Companies Act. The resolutions of the AGM can be found on the company's [website](#).

Extraordinary General Meeting 2016

Technopolis Plc's Extraordinary General Meeting (EGM) was held in Espoo on August 31, 2016. The EGM decided, in accordance with the proposal by the Board of Directors, to authorize the Board of Directors to decide on the issuance of new shares against payment. The authorization entitled the Board of Directors to issue an aggregate maximum of 75,000,000 shares by virtue of one or several decisions. The maximum amount of the authorization corresponded to approximately 70.4 per cent of all the shares in the company. The new shares are offered to the company's shareholders for subscription in proportion to their current shareholding (rights issue). The Board of Directors was authorized to decide on any other matters related to the share issue.

The authorization is valid until the end of next Annual General Meeting, however, no later than until June 30, 2017. The authorization does not revoke the authorization to decide on the issuance of shares as well as the issuance of special rights entitling to shares given by the Annual General Meeting on March 30, 2016.

More information relating to the EGM is available on the company's [website](#).

Stock-Related Events and Disclosures of Changes in Holdings

On January 18, 2016, Technopolis Plc received a flagging notification pursuant to Chapter 9 Section 5 of the Finnish Securities Markets Act. According to the flagging notification, the total ownership in Technopolis Plc held by BNP Paribas Investment Partners S.A. (BNP) had decreased to 5,318,506 shares thus totaling 4.99 per cent of all shares in Technopolis Plc.

The share buyback program announced by Technopolis Plc on September 1, 2015 was completed on February 3, 2016. During the time period September 2, 2015 to February 3, 2016 the company acquired through public trading in accordance with the rules of Nasdaq Helsinki a total of 1,329,397 of the company's own shares at an average price per share of EUR 3.5821. The total value of the acquired shares was EUR 4,762,050.48.

On October 28, 2016 Technopolis Plc holds a total of 1,947,571 own shares corresponding to approximately 1.2% of the company's total number of shares.

On April 25, 2016, the Board of Directors decided on a directed share issue to the key personnel of the company for the payment of share rewards in accordance with the Performance Share Plan 2013–2017. In the share issue, 104,990 treasury shares were issued without consideration to the key personnel entitled to share rewards. The share issue was based on the authorization granted to the Board of Directors by the company's General Meeting of Shareholders held on March 30, 2016.

On May 30, 2016, Technopolis Plc received a flagging notification pursuant to Chapter 9 Section 5 of the Finnish Securities Markets Act. According to the flagging notification, the total ownership in Technopolis Plc held by BNP Paribas Investment Partners S.A. (BNP) had increased to 5,415,714 shares thus totaling 5.08 per cent of all shares in Technopolis Plc.

On August 31, 2016, the Board of Directors of Technopolis decided on an approximately EUR 125 million rights offering in accordance with the shareholder's pre-emptive subscription right based on authorization granted by the Extraordinary General Meeting on August 31, 2016. Technopolis Plc offered its shareholders a maximum of 52,282,030 new shares in proportion to their holding of existing shares in the company at a subscription price of EUR 2.40 per each share. The company granted each of its shareholders one subscription right for every share they owned on the record date of the offering on September 2, 2016. Every two subscription rights entitled its holder to subscribe for one share. The share subscription period started on September 7, 2016 and ended on September 21, 2016.

On September 28, 2016 Technopolis Plc announced the final results of the rights offering. A total of 87,034,926 shares were subscribed for, representing approximately 166 percent of the 52,282,030 shares offered. Net proceeds raised through the offering totaled approximately EUR 124.3 million. The company will use the proceeds to improve the solvency following the acquisition of the Gårda campus and the minority share of the Oslo campus and to finance future organic growth projects and potential acquisitions. The total number of shares in Technopolis increased to 158,793,662 shares in the rights offering.

Unused Board Authorizations

The Board of Directors was authorized by the Annual General Meeting on March 30, 2016 to decide on the repurchase and/or on the acceptance as pledge of the company's own shares, as well as on the issue of shares and special rights entitling holders to shares referred to in the Limited Liability Companies Act. The Board used the authorization on April 25, 2016 to issue shares for the rewards of the Performance Share Plan (see previous section). The company may still, pursuant to the authorization regarding the issue of shares and special rights entitling holders to shares, issue a maximum of 10,545,010 shares in total.

The Extraordinary General Meeting on August 31, 2016 authorized the Board of Directors to issue an aggregate maximum of 75,000,000 shares against payment by virtue of one or several decisions. The Board used the authorization on August 31, 2016 to organize a rights issue (see previous section). The company may still, pursuant to the authorization, issue against payment a maximum of 22,717,970 shares in total.

Post-Fiscal Events

On October 5, 2016, Technopolis Plc received two flagging notifications pursuant to Chapter 9 Section 5 of the Finnish Securities Markets Act. According to the first flagging notification, the total ownership in Technopolis Plc held by BNP Paribas Investment Partners Luxembourg S.A. increased on September 29, 2016 to 7,942,283 shares thus totaling 5.002 per cent of all shares in Technopolis Plc. According to the second flagging notification, the total ownership in Technopolis Plc held by BNP Paribas Investment Partners Luxembourg S.A. decreased on October 4, 2016 to 7,935,717 shares thus totaling 4.998 per cent of all shares in Technopolis Plc. BNP Paribas Investment Partners Luxembourg S.A. is a controlled entity of BNP Paribas Investment Partners S.A. The total ownership of the controlling entity BNP Paribas Investment Partners S.A. in Technopolis Plc did not cross a flagging threshold and remained above 5 per cent.

On October 12, 2016, Technopolis Plc received a flagging notification pursuant to Chapter 9 Section 5 of the Finnish Securities Markets Act. According to the flagging notification, the total ownership in Technopolis Plc held by BNP Paribas Investment Partners Luxembourg S.A. increased on October 4, 2016 to 7,946,087 shares thus totaling 5.004 per cent of all shares in Technopolis Plc.

On October 20, 2016, Technopolis Plc received a flagging notification pursuant to Chapter 9 Section 5 of the Finnish Securities Markets Act. According to the flagging notification, the total ownership in Technopolis Plc held by BNP Paribas Investment Partners Luxembourg S.A. decreased on October 19, 2016 to 7,814,489 shares thus totaling 4.92 per cent of all shares in Technopolis Plc.

Helsinki, October 27, 2016

Technopolis Plc
Board of Directors

Additional information:
Keith Silverang
CEO
tel. +358 40 566 7785

Tables

The accounting policies applied in this interim report are the same as in the latest annual report. The formulas for calculating key indicators are available on the company website.

The interim report has been prepared in accordance with the IFRS recognition and valuation principles; the IAS 34 requirements have also been complied with.

The figures are unaudited.

Technopolis Group:

CONSOLIDATED INCOME STATEMENT

Currency unit: EUR million	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Rent income	38.1	35.2	111.4	114.4	150.3
Service income	4.9	4.5	15.9	14.5	20.3
Net sales total	43.0	39.8	127.3	128.9	170.6
Other operating income	0.1	0.0	0.9	0.0	0.1
Premises expenses	-9.0	-9.5	-28.7	-29.0	-38.9
Administration costs ¹⁾	-2.8	-2.8	-9.8	-9.8	-13.9
Other operating expenses	-6.0	-4.9	-19.1	-17.2	-24.8
EBITDA	25.3	22.7	70.7	72.9	93.0
Change in fair value of investment properties	2.2	4.1	0.7	-5.5	1.3
Depreciation	-1.0	-2.4	-2.9	-4.3	-5.4
Operating profit/loss	26.6	24.4	68.5	63.1	88.9
Unrealized exchange rate profit/loss	0.2	-3.1	0.4	-0.7	-3.2
Finance income and expenses	-6.9	-7.9	-19.4	-24.3	-30.5
Result before taxes	19.8	13.4	49.5	38.0	55.1
Deferred taxes	-2.7	-0.5	-4.3	0.7	-0.5
Current taxes	-0.6	-1.1	-4.8	-5.9	-4.6
Net result for the period	16.5	11.9	40.5	32.8	50.0
Distribution:					
To parent company shareholders	14.7	8.3	35.9	28.4	44.8
To non-controlling shareholders	1.9	3.6	4.6	4.4	5.3
	16.5	11.9	40.5	32.8	50.0
Earnings per share, basic, EUR ²⁾	0.11	0.06	0.27	0.21	0.33
Earnings per share, diluted, EUR ²⁾	0.11	0.06	0.27	0.21	0.33

STATEMENT OF COMPREHENSIVE INCOME

Net result for the period	16.5	11.9	40.5	32.8	50.0
Other comprehensive income items					
Items that may be reclassified subsequently to profit or loss:					
Translation difference	2.2	-14.7	11.0	-4.3	-9.1
Available-for-sale financial assets	0.0	0.0	0.0	0.0	0.0
Derivatives	-1.9	-1.6	-19.4	2.3	2.5
Taxes related to other comprehensive income items	0.3	0.7	3.8	-0.5	-0.6
Other comprehensive income items after taxes for the period	0.7	-15.6	-4.6	-2.5	-7.1
Comprehensive income for the period, total	17.2	-3.7	35.9	30.3	42.9
Distribution:					
To parent company shareholders	15.1	-4.4	30.7	27.6	39.6

To non-controlling shareholders	2.1	0.7	5.1	2.7	3.3
	17.2	-3.7	35.9	30.3	42.9

- 1) Administration costs includes group expenses from key resources and administration.
- 2) Share related indicators have been adjusted for the rights issue in fall 2016.

STATEMENT OF FINANCIAL POSITION, ASSETS

Currency unit: EUR million	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Non-current assets			
Intangible assets	5.4	5.1	5.4
Tangible assets	15.8	13.3	12.0
Completed investment properties	1,652.9	1,410.8	1,426.0
Investment properties under construction	26.3	31.6	40.4
Investments	6.6	7.2	6.8
Deferred tax assets	20.2	17.8	15.9
Non-current assets	1,727.2	1,485.8	1,506.5
Current assets	113.8	99.2	55.6
Assets, total	1,841.0	1,585.1	1,562.1

STATEMENT OF FINANCIAL POSITION, SHAREHOLDERS' EQUITY AND LIABILITIES

Currency unit: EUR million	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Shareholders' equity			
Share capital	96.9	96.9	96.9
Premium fund	18.6	18.6	18.6
Equity related bond	74.2	74.2	74.2
Other funds	310.6	205.4	202.7
Translation difference	-17.0	-22.9	-27.4
Retained earnings	143.6	121.5	121.3
Net profit for the period	35.9	28.4	44.8
Parent company's shareholders' interests	662.7	522.0	531.0
Non-controlling interests	59.7	80.3	79.7
Shareholders' equity, total	722.4	602.3	610.8
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	836.9	766.4	725.8
Non-interest-bearing liabilities	2.4	0.6	0.7
Deferred tax liabilities	38.1	34.4	33.9
Non-current liabilities, total	877.4	801.4	760.5
Current liabilities			
Interest-bearing liabilities	154.3	130.3	139.0
Non-interest-bearing liabilities	87.0	51.1	51.9
Current liabilities, total	241.3	181.4	190.9
Liabilities, total	1,118.6	982.8	951.4

Shareholders' equity and liabilities, total 1,841.0 1,585.1 1,562.1

STATEMENT OF CHANGES IN EQUITY

Equity attributable to owners of the parent

Currency unit: EUR million

	Share capital	Premium fund	Other reserves	Translation differences	Retained earnings	Share of non-controlling interests	Total shareholders' equity
Equity January 1, 2015	96.9	18.6	278.7	-20.3	142.2	59.5	575.6
Comprehensive income							
Net profit for the period					28.4	4.4	32.8
Other comprehensive income items							
Translation difference				-2.6		-1.8	-4.3
Derivatives			1.8			0.0	1.9
Available-for-sale financial assets			0.0				0.0
Other changes							0.0
Comprehensive income for the period			1.9	-2.6	28.4	2.7	30.3
Related party transactions							
Dividend					-15.9	-0.7	-16.6
Acquisition of own shares			-1.0		-1.1		-2.1
Interest paid to equity related bond					-4.5		-4.5
Investment of non-controlling interests						18.6	18.6
Other changes			0.0		0.8	0.1	0.9
Related party transactions			-1.0		-20.6	18.0	-3.6
Equity September 30, 2015	96.9	18.6	279.6	-22.9	149.9	80.2	602.3
Equity January 1, 2016	96.9	18.6	276.9	-27.4	166.1	79.7	610.8
Comprehensive income							
Net profit for the period					35.9	4.6	40.5
Other comprehensive income items							
Translation difference				10.4		0.5	11.0
Derivatives			-15.6			0.0	-15.6
Available-for-sale financial assets			0.0				0.0
Other changes							0.0
Comprehensive income for the period			-15.5	10.4	35.9	5.1	35.9
Related party transactions							
Dividend					-17.8	-1.2	-18.9
Share issue			125.5				125.5
Acquisition of own shares			-1.1		0.0		-1.1
Interest paid to equity related bond					-4.5		-4.5
Investment of non-controlling interests						0.0	0.0
Changes in subsidiary shares						-24.0	-24.0
Other changes			-0.9 ³⁾		-0.3	0.0	-1.2
Related party transactions			123.4		-22.5	-25.2	75.8
Equity September 30, 2016	96.9	18.6	384.8	-17.0	179.4	59.7	722.4

3) Direct cost related to share issue in fall 2016.

STATEMENT OF CASH FLOWS

	1-9/ 2016	1-9/ 2015	1-12/ 2015
Currency unit: EUR million			
Cash flows from operating activities			
Net result for the period	40.5	32.8	50.0
Adjustments:			
Change in fair value of investment properties	-0.7	5.5	-1.3
Depreciation	2.9	4.3	5.4
Share of profits of associates	0.0	0.0	0.0
Gains from disposals	-0.9	0.0	0.0
Other adjustments for non-cash transactions	-0.6	1.1	3.4
Financial income and expenses	19.7	24.3	30.5
Taxes	9.1	5.2	5.2
Increase / decrease in working capital	5.4	-4.2	-2.4
Interests received	0.4	0.2	0.3
Dividends received	0.0	0.1	0.0
Interests paid and fees	-12.9	-10.2	-14.0
Other financial items in operating activities	-5.8	-10.7	-10.5
Taxes paid	-4.9	-3.0	-3.4
Net cash provided by operating activities	52.2	45.4	63.6
Cash flows from investing activities			
Investments in investment properties	-50.0	-48.2	-67.7
Investments in tangible and intangible assets	-6.5	-3.4	-2.5
Investments in other securities	-0.5		
Granted loans	0.0		
Repayments of loan receivables	0.0		
Proceeds from sale of investments	0.1	0.0	0.0
Proceeds from sale of tangible and intangible assets	1.0	0.0	0.3
Acquisition of subsidiaries	-53.1		
Sale of subsidiaries	1.4		
Net cash used in investing activities	-107.6	-51.6	-69.9
Cash flows from financing activities			
Increase in long-term loans	144.5	285.2	278.9
Decrease in long-term loans	-189.9	-192.9	-210.6
Dividends paid and return of capital	-19.8	-16.6	-18.7
Paid share issue	125.5		
Acquisition of own shares	-1.1	-2.1	-4.8
Capital investment by the minority		18.6	20.3
Hybrid bond interest paid	-5.6	-5.6	-5.6
Change in short-term loans	60.3	-25.0	-41.3
Net cash provided by financing activities	113.9	61.7	18.3
Net increase/decrease in cash assets	58.5	55.4	12.0

Effects of exchange rate fluctuations on cash held	0.8	-0.3	-0.9
Cash and cash equivalents at period-start	39.4	28.3	28.3
Cash and cash equivalents at period-end	98.7	83.4	39.4

FINANCIAL INFORMATION BY SEGMENTS

Technopolis Group has three operating segments based on geographical units: Finland, Baltic Rim and Scandinavia. The Group's net sales or EBITDA do not include significant inter-segment items.

SEGMENT INFORMATION

Currency unit: EUR million	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Net sales					
Finland	29.6	28.7	90.6	95.1	125.0
Baltic Rim	7.2	6.5	21.6	19.7	26.8
Scandinavia	6.3	4.6	15.2	14.1	18.8
Total	43.0	39.8	127.3	128.9	170.6
EBITDA					
Finland	16.8	17.6	50.2	55.8	69.0
Baltic Rim	4.5	2.9	12.0	10.0	14.2
Scandinavia	4.1	2.2	8.5	7.1	9.9
Total	25.3	22.7	70.7	72.9	93.0
Assets					
Finland			1,255.0	1,110.9	1,111.5
Baltic Rim			307.4	298.3	286.6
Scandinavia			349.2	220.5	208.6
Eliminations			-70.5	-44.6	-44.5
Total			1,841.0	1,585.1	1,562.1

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 net result for the period excluding the change in the fair value of investment properties, the change in the fair value of non-hedge financial instruments, unrealized exchange rate gains and losses and other items, such as gains and losses on disposals. Additionally, the direct result presents the related taxes, deferred tax assets and liabilities and share of non-controlling interests.

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

DIRECT RESULT

Currency unit: EUR million	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Net sales	43.0	39.8	127.3	128.9	170.6
Other operating income	0.0	0.0	0.0	0.0	0.0
Other operating expenses	-17.8	-17.1	-57.5	-56.0	-77.6
Depreciation	-1.0	-2.4	-2.9	-4.3	-3.9
Operating profit/loss	24.3	20.4	66.9	68.5	89.1

Finance income and expenses, total	-6.9	-6.9	-18.1	-22.1	-24.9
Result before taxes	17.4	13.4	48.7	46.4	64.2
Taxes for direct result items	-2.5	-0.4	-4.9	-2.9	-3.5
Non-controlling interests	-1.2	-1.6	-3.9	-4.7	-5.7
Direct result for the period	13.7	11.4	39.9	38.8	55.0
INDIRECT RESULT					
Indirect income and expenses	0.1	0.0	0.9	0.0	-1.5
Change in fair value of investment properties	2.2	4.1	0.7	-5.5	1.3
Operating profit/loss	2.3	4.1	1.7	-5.4	-0.2
Other indirect financial income and expenses	0.1	-4.1	-0.9	-3.0	-8.8
Result before taxes	2.4	0.0	0.8	-8.4	-9.0
Taxes for indirect result items	-0.8	-1.1	-4.2	-2.3	-1.6
Non-controlling interests	-0.7	-2.1	-0.7	0.3	0.4
Indirect result for the period	1.0	-3.2	-4.1	-10.4	-10.2
Result for the period to the parent company shareholders, total	14.7	8.3	35.9	28.4	44.8
Earnings per share, diluted ⁴⁾					
From direct result	0.11	0.09	0.33	0.32	0.45
From indirect result	0.01	-0.03	-0.03	-0.09	-0.08
From net result for the period	0.12	0.07	0.30	0.23	0.37
Effect of the interest expenses from equity related bond	-0.01	-0.01	-0.03	-0.03	-0.04
From adjusted net result for the period	0.11	0.06	0.27	0.21	0.33

4) Share related indicators have been adjusted for the rights issue in fall 2016.

KEY INDICATORS	Sep 30,2016	Sep 30,2015	Dec 31,2015
Change in net sales, %	-1.2	7.1	5.5
Operating profit/loss/net sales, %	53.8	49.0	52.1
Change in EBITDA, %	-3.0	11.7	6.7
Service revenue of Net Sales, %	12.5	11.2	11.9
Interest coverage ratio	4.7	4.4	4.3
Equity ratio, %	39.5	38.2	39.3
Loan to value, %	58.7	61.9	58.8
Group company personnel during the period, average	249	237	239
Gross expenditure on assets, MEUR	201.5	83.0	89.0
Net rental yield of investment properties, % ⁵⁾	7.4	7.7	7.7
Financial occupancy rate, %	92.7	94.5	94.6
Earnings/share ⁷⁾			
basic, EUR	0.27	0.21	0.33
diluted, EUR	0.27	0.21	0.33
Cash flows from operating activities/share, EUR ⁷⁾	0.43	0.39	0.52
Equity/share, EUR	3.75	3.70	3.79
Average issue-adjusted number of shares ^{6,7)}			
basic	121,316,031	121,526,685	121,293,778
diluted	121,316,031	121,526,685	121,293,778
Issue-adjusted number of shares at the end of period	156,846,091	121,185,182	120,392,306

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

- 6) Own shares held by the company (1,947,571 shares) are excluded from the number of shares.
7) Share related indicators have been adjusted for the rights issue in fall 2016.

CHANGE IN VALUE OF INVESTMENT PROPERTIES

Currency unit: EUR million	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Change in fair value, Finland	3.2	0.9	5.3	-3.0	7.5
Change in fair value, Baltic Rim	-0.4	8.4	1.6	9.1	7.3
Change in fair value, Scandinavia	1.3	2.3	0.2	1.9	4.8
Change in fair value	4.1	11.6	7.1	8.1	19.6
Changes in acquisition costs of investment properties in financial year	-4.4	-7.9	-11.7	-19.9	-29.8
Changes in fair value of projects in progress	2.5	0.4	5.4	6.4	11.5
Effect on profit of change in value of investment properties	2.2	4.1	0.7	-5.5	1.3

CONTINGENT LIABILITIES

Currency unit: EUR million	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Pledges and guarantees on own debt			
Mortgages of properties	1,020.3	961.4	956.1
Pledged securities and investment properties	777.7	746.5	712.1
Pledges for land lease payments	4.4	3.6	3.6
Other guarantee liabilities	146.2	98.5	97.2
Leasing liabilities, machinery and equipment	5.4	4.6	4.6
Project liabilities	0.0	0.2	0.2
Interest rate and currency swaps			
Nominal values	648.4	506.1	546.5
Fair values	-34.8	-15.5	-15.3

BREAKDOWN OF FINANCIAL ASSETS AND LIABILITIES September 30, 2016

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

	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortized purchase price	Financial assets/ liabilities measured at fair value	Total
Assets measured at fair value					
Available-for-sale investments					
Available-for-sale quoted financial assets (level 1)		0.8			0.8
Available for sale non-quoted financial assets (level 3)		0.8			0.8
Other non-current receivables	-0.2				-0.2
Total	-0.2	1.6			1.3
Current assets					
Trade and other receivables					
Sales receivables	5.5				5.5

Other current receivables	9.7		9.7
Cash and cash equivalents	98.7		98.7
Derivatives			0.0
Interest rate swaps (level 2)		0.0	0.0
Total	113.8	0.0	113.8
Non-current liabilities			
Financial liabilities recognized at amortized cost			
Non-current finance lease liabilities (level 2)	30.1		30.1
Non-current interest-bearing liabilities (level 2)	806.8		806.8
Non-current non-interest-bearing liabilities (level 2)	0.7		0.7
Other non-current liabilities	38.1		38.1
Total	875.7		875.7
Current liabilities			
Financial liabilities at fair value through profit or loss			
Derivatives			
Interest rate swaps, meeting the criteria for hedge accounting (level 2)		34.8	34.8
Financial liabilities recognized at amortized cost			
Current finance lease liabilities	3.3		3.3
Other current interest-bearing liabilities	116.2		116.2
Trade and other payables	80.0		80.0
Purchase price liabilities	7.0		7.0
Total	206.5	34.8	241.3

ALTERNATIVE PERFORMANCE MEASURES USED IN TECHNOLIS FINANCIAL REPORTING

The new guidelines of the European Securities and Markets Authority (ESMA) regarding Alternative Performance Measures (APMs) entered into force on July 3, 2016. This had no impact on the performance measures used by Technopolis, but in compliance with the ESMA guidelines, Technopolis publishes a list of the APMs that the company reports, their definitions and reconciliations to IFRS line items.

Technopolis reports APMs to reflect the underlying business performance and to enhance comparability between financial periods. APMs i.e. performance measures not based on financial statements standards provide notable supplemental information to management, investors, securities analysts and other interested parties by excluding items that may not be indicative of Technopolis's operating result or cash flows. APMs may not be considered as a substitute for measures of performance in accordance with the IFRS.

Certain items that are not related to normal business operations but that have a significant impact on the income statement of the reporting period have been classified as items affecting comparability. Items affecting comparability include e.g. fair value changes of investment properties and non-hedge financial instruments, unrealized currency exchange rate gains and losses as well as gains and losses on disposals.

Net sales on a constant currency basis, EBITDA, EBITDA on a constant currency basis, EBITDA margin and EBITDA by business area are presented as alternative performance measures as the Company believes they enhance understanding of Technopolis's operative performance. Equity per share and loan to value are presented as alternative performance measures as the Company believes they are useful indicators of the Technopolis's ability to obtain financing and service its debts.

EPRA (European Public Real Estate Association) is an organization of listed real estate 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. Technopolis reports the following APMs based on EPRA recommendation: direct result, direct result per share, net rental yield and net asset value per share. The Company's management monitors these performance measures regularly. They are also of interest to investors and analysts familiar with the real estate industry, and make comparison between real estate companies easier.

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

Net sales on a constant currency basis

Net sales - impact of currency exchange rate changes

EBITDA by business area

EBITDA from rental operations + EBITDA from services
- group-level expenses and eliminations

Net rental yield % (EPRA)

100
x
$$\frac{\text{Rental income from Group-owned properties} - \text{Direct expenses from Group-owned properties}}{\text{Fair value of completed investment properties that have been Group-owned for the whole fiscal year on reporting date}}$$

EBITDA on a constant currency basis

EBITDA - impact of currency exchange rate changes

Direct result (EPRA)

See paragraph "EPRA Earnings" in the Tables section of this report.

Net asset value/share (EPRA)

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

Issue-adjusted number of shares, basic, on reporting date

RECONCILIATIONS

For the APMs that include items affecting comparability, the reconciliations to the most directly reconcilable line item or sum presented in the IFRS financial statements can be found in the tables below. The reconciliation of direct result is presented elsewhere in the Tables section of this half year report.

Net sales on a constant currency basis

Items affecting comparability (currency impact) consist of the impact of the Norwegian krone and the Russian ruble exchange rate changes against euro on net sales. The currency impact has been calculated by deducting from net sales the net sales of the reporting period calculated using the NOK and RUB exchange rates of the comparison period.

	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
Net sales	43.0	39.8	127.3	128.9	170.6
Items affecting comparability (currency impact)	0.1	1.1	1.7	3.2	4.0
Net sales on a constant currency basis	43.1	40.9	129.0	132.1	174.6

EBITDA on a constant currency basis

Items affecting comparability (currency impact) consist of the impact of the Norwegian krone and the Russian ruble exchange rate changes against euro on EBITDA. The currency impact has been calculated by deducting from EBITDA the EBITDA of the reporting period calculated using the NOK and RUB exchange rates of the comparison period.

	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
EBITDA	25.3	22.7	70.7	72.9	93.0
Items affecting comparability (currency impact)	0.1	0.8	1.2	2.2	2.8
EBITDA on a constant currency basis	25.5	23.5	71.9	75.1	95.8

EBITDA by business area

The items affecting comparability in EBITDA by business area include Group-level expenses and eliminations.

	7-9/ 2016	7-9/ 2015	1-9/ 2016	1-9/ 2015	1-12/ 2015
EBITDA					
EBITDA from rental operations	26.3	23.7	74.8	77.2	99.6
EBITDA from services	0.3	0.2	1.2	0.7	0.8
Items affecting comparability in EBITDA	-1.2	-1.2	-5.3	-5.0	-7.4
EBITDA in total	25.3	22.7	70.7	72.9	93.0

Net rental yield % (EPRA)

	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Rent income	111.4	114.4	150.3
Items affecting comparability in rent income	-1.2	-7.5	-8.3
Rent income used in net rental yield calculation	110.2	106.9	142.0
Premises expenses	-28.7	-29.0	-38.9
Items affecting comparability in premises expenses	-3.3	-2.3	-1.4
Premises expenses used in net rental yield calculation	-31.9	-31.2	-40.3
Fair value of completed investment properties	1,652.9	1,410.8	1,426.0
Building rights	-69.8	-45.4	-41.4
Other items affecting comparability	-170.9	-55.4	-69.7
Fair value of investment properties used in net rental yield calculation	1,412.1	1,310.0	1,314.9

Net asset value/share (EPRA)

	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Equity to parent company shareholders	662.7	522.0	531.0
Items affecting comparability:			
- Hedging reserve	-25.0	-9.5	-9.4
+ Deferred taxes from investment properties	33.2	24.9	26.0
- Equity related bond	74.2	74.2	74.2
Net asset value	646.7	482.2	492.3