



TECHNOPOLIS

ANNUAL REPORT **2008**



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*Measured by the number
of its client companies,
Technopolis is one of Europe’s
largest science and technology
park chains...*”

CONTENTS

In Brief	4
CEO's Review	6
Highlights of 2008	8
Strategy	10
The Technopolis Concept	14
Localities	16
Investments and Development Projects	22
Personnel	24
To the Shareholders	26
Management and the Board of Directors	28
Corporate Governance	30
Financial Statements	34
Board of Directors' Report, January 1 - December 31, 2008	36
Summary of Consolidated Financial Statements and Share-Related Indicators	42
Consolidated Income Statement, Balance Sheet, Cash Flow Statement and Statement of Changes in Equity	43
Accounting Policies Applied in the Preparation of the Consolidated Financial Statements	47
Notes to the Consolidated Financial Statements	51
Parent Company Income Statement, Balance Sheet and Cash Flow Statement	69
Accounting Policies Applied in the Preparation of Parent Company Financial Statements	72
Notes to the Parent Company Financial Statements	73
Definitions of Key Indicators and Financial Ratios	79
Board of Directors' Proposal for the Distribution of Profits	80
Auditors' Report	81

TECHNOPOLIS PUTS IN A STRONG PERFORMANCE IN CHALLENGING CONDITIONS

Even though 2008 was highly challenging, Technopolis Plc performed well under difficult conditions. During the reporting period, the international financial crisis plunged with surprising speed into a deepening recession. Even so, Technopolis put in a sound financial performance and expanded its operations considerably. During the reporting period, the Group increased its net sales by 27.5 % to close on EUR 72.6 million (EUR 56.9 million in 2007). Over the same period, EBITDA rose to EUR 37 million (EUR 28.6 million). The operating profit was EUR 35.3 million (EUR 42.6 million). Primarily, the fall was due to higher market yield requirements as a result of which the change in the fair value of investment properties was lower than in 2007. The Group's profit before taxes was EUR 21.4 million (EUR 32.9 million). The company took due precautions in good time in view of weakening market conditions in order to ensure profitability and occupancy rates for its properties. The company focused on its core activities while paying special attention to the quality of its services and, specifically, invested in the services designed to boost customer competitiveness and success.

ONE OF THE LEADING SCIENCE AND TECHNOLOGY PARK CHAINS IN EUROPE

In terms of the number of its client companies, Technopolis is one of the largest science and technology park chains in Europe and Finland's leading company specializing in high-tech business environments. It is a service company with a mission to help its customers succeed and thrive. To accomplish it, the company offers a unique concept that combines flexible premises with a full range of business and development services. The real estate acts as a platform upon which Technopolis builds its services. A major goal for the company is to create more favorable operating conditions for the client companies and improve their efficiency. A prime example of this type of service is the video conferencing system introduced in 2008 covering all Technopolis sites. This state-of-the-art system reduces the need for travel, decreases costs and boosts efficiency. Most

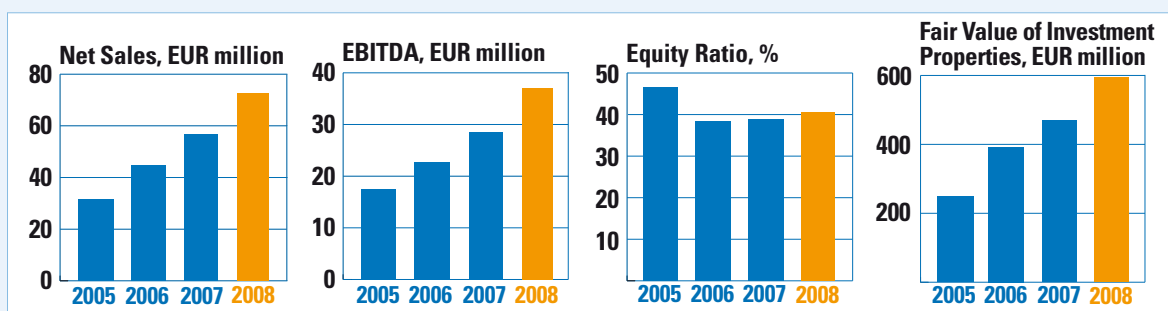
of the business development services are provided through Technopolis Ventures Oy. Last year it put in an excellent performance helping its clients to raise over EUR 53 million in risk capital. All five Finnish growth companies that made the Red Herring Top 100 Global list are or have been clients of the Technopolis Ventures Group.

PURSUIT OF GROWTH CONTINUED

The Technopolis strategy for growth to 2012 is to have a presence in all the major Finnish high-tech hot spots and in two or three other countries in addition to Finland and Russia. Naturally, the general economic downturn, if protracted, may pose a challenge to achieving the average annual growth target of 15 % set for the company. Technopolis operates or is in the process of building technology centers in Espoo, Helsinki, Jyväskylä, Kuopio, Lappeenranta, Oulu, Tampere and Vantaa in Finland, and in St. Petersburg in Russia. Currently, some 1,200 companies with 16,000 employees are working in Technopolis parks. Last year the company purchased a 47,900 m² technology center in Kuopio, opened a new technology center in Ruoholahti, Helsinki, commissioned the Hermia 12 property in Tampere, the Vapaudenaukio center in Lappeenranta, Phase 5 of the technology park in Helsinki-Vantaa, and also the extension to the center in Oulu it started the construction of new projects in downtown, Tampere, and Pulkovo, St. Petersburg. In mid-September Keith Silverang took over as the new CEO of the company. At the same time, former CEO Pertti Huuskonen assumed the position of the Chairman of the Board on a full-time basis.

IMPROVED EFFICIENCY

Technopolis is creating a platform for future growth in a number of ways. Now the ability to understand customer needs and to help them adapt to changing conditions is of even greater importance than before. Equally important for Technopolis is the efficient application of its service con-



cept at every technology center. The aim of the System Technopolis project is to define, standardize and integrate the Technopolis concept. Another aspect associated with this program is the provision of extensive personnel training which, among other things, makes it easy for new employees to adopt the established operating procedures. This ensures that the in-house processes are uniform, scalable and easy to transfer to new technology centers. In the future, Technopolis will place a sharper focus on boosting its internal efficiency and improving customer satisfaction while tightening its investment criteria.



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We still have our sights set on vigorous international expansion and we will always pursue our goals passionately. ”



THE WINDS OF CHANGE

Someone once said that the only constant in the universe is change. The year 2008 was a healthy reminder of this paradox. It was a year of seismic paradigm shifts for the world at large. We witnessed the end of one of the longest economic upturns in history, and the sharpest downturn since the Great Depression. This decline did not catch us by surprise. We had been preparing for it for well over a year. But the scope, depth and speed of this shift was breathtaking, fascinating and terrifying. It was devastating in effect and global in reach.

On a smaller scale another paradigm shift was taking place within Technopolis. Our long-time CEO Pertti Huuskonen stepped down after a 23-year stint to take over as the full-time Chairman of the company. In the summer I discovered that I had been selected to take over from him. On September 15 we both took over our new jobs amid the tumult of the financial crisis. It was the end of one era and the beginning of another, both within the company and without. As Pertti handed me the reigns, I felt both excited and humbled by the challenge before me – but confident too, knowing that I was inheriting a well managed company with a great concept and a strong team. I knew the company inside out and I had the significant advantage of having a full-time Chairman with whom I had worked very closely for many years, and who I knew would support me through thick and thin.

Other big changes were already arriving on our doorstep. The financial crisis meant that an era of very rapid growth was also coming to an end. In February we had acquired the 48,000 m² Teknia technology center, which became Technopolis Kuopio. This completed a spate of acquisitions in Finland just ahead of the credit crunch that left us in possession of the best high-tech hot spots in the country. We also completed a series of green field construction projects in Lappeenranta, Greater Helsinki, Oulu and Tampere, nearly all of which fortunately had very high occupancies upon completion. Our timing was good. We still had major projects going on in Tampere, Jyväskylä, Oulu and St. Petersburg that would be completed in 2009 and 2010. But the slower pace of growth would allow us to focus on fewer new projects, consolidate our acquisitions and develop our internal efficiency ahead of the recession.

We were also very fortunate and skilful where financing is concerned. Thanks to smooth cooperation between the management, Board and owners, our fully subscribed rights issue in May was perfectly timed and brought us almost EUR 60 million euros in new equity, strengthening our balance sheet at just the right time. This successful rights issue, in combination with a balanced loan portfolio, a sensible repayment schedule and good relationships with our Nordic and

European lenders gave me confidence that we could weather the storm if we took good care of our customers and staff, boosted our efficiency and remained focused on our core activities.

The winds of change were already beginning to blow within Technopolis in August, as we began to boost efficiency and productivity. We terminated our non-core consulting and regional development activities in my first week on the job. We then froze non-essential travel and launched a state-of-the-art video conferencing solution that will enable both Technopolis and its customers to save substantial amounts of money and time, boosting productivity, while reducing the environmental impact. In December the Board approved the largest internal development program in Technopolis's history. This System Technopolis project will gather best practices, services and tools from all over the Group, standardize our business practices and integrate them into a coherent, efficient and uniform way of doing business. It will also create a new set of tools and mechanisms to raise the competences of our staff and to transfer knowledge and business practices from site to site. Ultimately, the project will give us a scalable growth platform for our next wave of expansion into international markets as we strive toward our vision of becoming a global science and technology park chain.

But while 2008 was a year of dramatic change some things remain the same. Our customer focus is unchanged. Our company put in yet another good performance. Our concept remains unique and competitive. We still have our sights set on vigorous international expansion and we will always pursue our goals passionately. It's clear that 2009 will be a year of potentially unprecedented challenges in the macroeconomic environment. We have prepared for it too, on the basis of that very assumption. Success is not only a question of how well we cope with the downturn, but of how well we are able to help our customers cope with it, overcome it and even exploit it.

I would like to express my deepest appreciation to our customers, our partners, the Board and our owners for the confidence they have shown in Technopolis. In particular, I would like to thank our Chairman, my management team and our staff for supporting me so strongly in these early days of my tenure, putting up with my eccentricities and especially for putting in a superb performance.



Keith Silverang
CEO, Technopolis Plc

YEAR OF EXPANSION

Technopolis continued to expand its operation during 2008. The new technology center in Ruoholahti, Helsinki, was completed and commissioned. Additionally, the merger of Kuopio Science Park the Technopolis Group was completed. New projects and extensions to existing technology centers were also launched in several localities.

In St. Petersburg, Technopolis signed a contract to build a technology center near Pulkovo International Airport.

In order to finance its future investments, secure growth and maintain its equity ratio, the company organized a successful share issue.

In January the Tampere City Council approved a transaction by which Technopolis acquired a plot of land with an area of 3,950 m² in downtown Tampere, next to the University. The transaction price was approx. EUR 5.6 million. Construction of Phase 1 of the Yliopistonrinne project in downtown Tampere was started in June.

Technopolis Ventures Oy, a business development company belonging to the Technopolis Group, and the New Business Center of the Helsinki School of Economics, announced that they will establish a joint Start-up Center to support growth companies in the Greater Helsinki Area. It will be housed in Technopolis's the new technology center in Ruoholahti, Helsinki.

In February, Kuopion Teknologiaakeskus Teknia Oy became a wholly owned subsidiary of the Group when the City of Kuopio and the Municipality of Siilinjärvi, as sellers, and Technopolis, as buyers, signed an agreement concerning the acquisition of the site, which was worth EUR 67.3 million. As a result of the deal, Teknia was renamed Technopolis Kuopio Oy. A letter of intent on the acquisition had been signed by the parties in November 2007.

In April Technopolis announced a rights issued based on the shareholders' right of first refusal to subscribe shares. The subscription period was from May 7 to May 20 and the subscription price EUR 4.50 per share. The company an-

nounced that it was seeking to raise EUR 59.55 million in new equity in order to finance its future investments, secure growth and safeguard its equity ratio.

A decision was made to expand operations in Tampere and start the construction of Phase 1 of the Hermia 15 property. The gross floor area of the property is 12,150 m² and the estimated cost EUR 14.5 million. The project is due for completion in August 2009.

In May the company successfully completed the share issue that had been announced earlier. All the shares offered in the issue were subscribed. A total of 98.5 % of the shares were subscribed under the primary subscription right while the shares offered in the secondary issue were over-subscribed 37 times. The company raised the EUR 59.55 million targeted through the rights issue.

In June, Technopolis launched Phase 5 of the Kontinkangas technology center in Oulu with a floor area of approximately 4,350 m². The total investment is about EUR 7.2 million and the building is due for completion in summer 2009.

Also, the company announced the start of Phase 1 of the Yliopistonrinne technology center in Tampere. The estimated cost of the 19,200 m² property is EUR 33.3 million. The project is targeted for completion in February 2010.

In June Keith Silverang, formerly Vice-President in charge of the Greater Helsinki Area, was appointed the new Chief Executive Officer of Technopolis Plc. In accordance with a decision by the Annual General Meeting, Pertti Huuskonen, the company's long-serving CEO, stepped down to assume the position of the full-time Chairman of the Board as the new CEO took over on September 15.

In June the company awarded a contract to build the Pulkovo technology center in St. Petersburg to STEP Construction of Russia, which will serve as design-build contractor on the project. The estimated cost of Phase 1 of the 24,100 m² building is EUR 50 million and it is due for completion in spring 2010.

Additionally, Technopolis announced that it would start Phase 2 of the Ohjelmakaari project in Ylistönmäki, Jyväskylä. The estimated cost of the 4,790 m² property is EUR 7.7 million and it will be completed in June 2009.

In September Technopolis opened its first technology center in downtown Helsinki. The center, which is located in the Ruoholahti district, will be built to its full 27,200 m² in three stages. The first phase now completed has a floor area of 6,600 m².

In November Technopolis consolidated its position in Kuopio by buying business premises from Senaatti-kiinteistöt (Senate Properties). The premises acquired by the company are fully let to the University of Kuopio. The transactions will further intensify extensive cooperation between the university and Technopolis.

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... Technopolis will manage an international chain of highly successful technology centers.

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AN INTERNATIONAL CHAIN OF SCIENCE AND TECHNOLOGY PARKS

An international chain of science and technology parks. This is Technopolis' vision and the target it has set its sights on. It is an expression of the company's strong ambition to grow and expand internationally. Progressing towards this vision will take place in stages.

By 2012 Technopolis will have created an efficient and profitable chain of science and technology parks that operates in two or three other countries beside Finland and Russia.

Looking further into the future, Technopolis will eventually manage a world-wide chain of highly successful technology centers. The operations of the centers included in the Group will be based on a flexible and efficient adaptation of the Technopolis concept.

Technopolis' mission is to identify companies whose operations are based on advanced technology and a high level of expertise to support their growth and competitiveness. To do so, Technopolis offers business environment services that generate added value for client companies and contribute to their success.

The tool by which Technopolis translates its mission into reality is the service concept. The underlying idea is to combine premises and business development services into a package that underpins the growth and success of client companies, increasing the competitiveness of the entire area. This concept sets Technopolis apart from its rivals.

A more detailed description of the Technopolis service concept is provided in this Annual Report.

TECHNOPOLIS GROWTH PLATFORM

Technopolis is ready to grow but success calls for efficient implementation. The company needs to select the right targets, press forward at the right time and 'walk the talk' in such a way that supports profitable growth. A key role in

the process will be played by the mechanisms and tools that transplant the Technopolis service concept and operating methods to new locations.

Establishment in new localities can take place through both M & A and green field development. Expansion will call for securing financing both equity and debt. The company's internationalization plan identifies the types of projects it is interested in and determines the steps to be taken to enter these markets. The most attractive targets are the major innovation hubs, or so-called "hot-spots". Currently Technopolis is looking into several promising areas in Europe.

An important competitive edge that Technopolis seeks to ensure is prime locations for its technology centers. This is achieved by being closely involved in the innovation and regional competitiveness policies in the communities in which the company has a presence. Without a strong local team, this cannot be accomplished.

At the same time, the company is also involved in building up an eco-system that supports the growth of local companies and the region. Proper application of the service concepts promotes interaction and helps activate and build networks. At the same time, it creates links between various actors such as investors, growth companies, engines of development and service companies. All this generates growth for the community and as a result Technopolis parks can grow profitably.

CORNERSTONES OF THE STRATEGY

Technopolis will accomplish its growth-driven vision through a well thought-out strategy and its efficient implementation. The strategy rests on four cornerstones.

The company's continued profitable growth is based on the provision of high-quality value added services for customers consisting primarily of technology- and knowledge-based companies.

Efficient deployment of the service concept is the key to success at each technology center. The service palette is highly productized. As a result, the processes are easy to transfer from one location to another and new employees will find it easy to adopt them thanks to systematic training programs. All the processes will be accurately defined and described. A high level of performance, in turn, will stem from skilful customer relationship management, efficient property management, carefully designed service products, excellent service quality, and standardized business practices.

Above all, the implementation of the strategy calls for committed, inspired and highly trained personnel who will thrive in an international environment. Skilled employees are the single-most important element of success and the central vehicle for the implementation of the strategy.

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*...to enable technology-
and expertise-driven
companies to grow and
compete.*”







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*Technopolis' unique service
concept gives it a decisive
edge in competition.*”

THE TECHNOPOLIS SERVICE CONCEPT GENERATES GROWTH AND SUCCESS

The Technopolis service concept. It is a result of sustained effort. It lies at the core of Technopolis' business. It makes the company unique.

The concept explains how Technopolis implements its mission, which is to promote the growth and success of its client companies. The concept is used to identify both technology- and knowledge-based companies to support their growth and competitiveness.

Technopolis' unique service concept gives it a decisive edge in competition.

The concept comprises three elements: premises, business and development services. The concept combines these elements into a seamless and efficient package that offers maximum benefits to client companies.

Technopolis is a service company that sees office space as a platform for the provision of an extensive range of services. High-tech companies and their partners operating on its premises have access to all the services they need.

STATE-OF-THE-ART FACILITIES

The concept starts with the premises.

The technology centers operated by Technopolis offer the customers modern, high-quality, efficient and flexible offices that can be adapted to the development of the business.

The centers are located in Finland's high-tech hot spots: the Oulu region, the Greater Helsinki Area, Jyväskylä, Kuopio, Lappeenranta and Tampere. Additionally, Technopolis has a presence in fast-growing St. Petersburg in Russia.

The technology centers offer a creative and dynamic operating environment for companies. By bringing together companies, research institutes and academic establishments, the

technology centers create innovative communities. At the same time, they engage in an intense interaction with their immediate environment.

CORPORATE SERVICES HELP FOCUS ON CORE BUSINESS

The premises provide the platform for business services as well.

Companies want to focus on their core business - something that the business services offered by Technopolis allow them to do. A full range of first-rate business services gives added flexibility to the customers and improves their cost-efficiency. Technopolis can take care of everything that falls outside their core business.

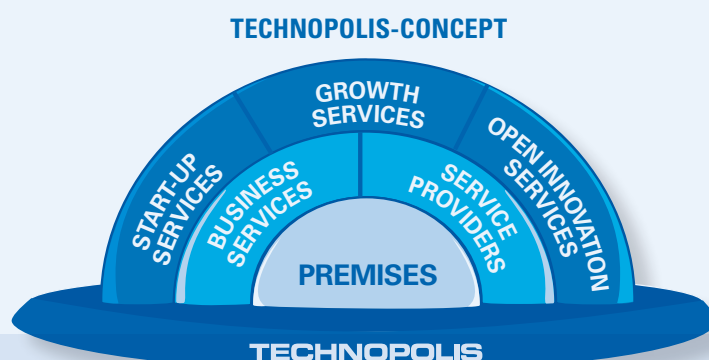
Business services are intended for Technopolis' client companies and their staff. Responsibility for the provision of the services rests with Technopolis and its selected partners.

BUSINESS DEVELOPMENT SERVICES FOR GROWTH AND COMPETITIVENESS

Another key objective for companies is to improve their competitiveness and succeed in the world market. To accomplish this, they need growth financing, expert services and help in attracting new customers.

For this, assistance is provided by Technopolis' business development services and its international network of financiers and service providers. The services are intended for young companies looking for strong growth as well as for well-established leading corporations already operating in the international marketplace.

Most of the business development services offered by Technopolis are provided through its subsidiary Technopolis Ventures Oy.





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The technology centers operated by Technopolis create a strong chain that covers the hot spots of high-tech business and research in Finland.

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A STRONG CHAIN OF SCIENCE AND TECHNOLOGY PARKS

The technology centers operated by Technopolis create a strong chain that covers nearly all the hot spots of high-tech business and innovation in Finland. Additionally, the company has a presence in Russia.

The technology centers operate in the Oulu region, the Greater Helsinki Area, Jyväskylä, Kuopio, Lappeenranta, Tampere and St. Petersburg.

OULU

The Largest Technopolis Community

The Technopolis community in Oulu is the largest with some 7,000 people working for companies and other entities in the premises operated by Technopolis. The Linnanmaa area in Oulu is also Technopolis' biggest single site.

As a result of its size and the diversity of the community, cooperation between the Technopolis clients in the Oulu region is very active and successful. It also goes back a long way as Technopolis has been operating in Oulu for over a quarter of a century.

On the whole, this type of extensive cooperation has been, and still is, an important driver of development in the region. Many educational and research institutes and the municipal sector have also been involved in these joint efforts.

For a long time, the Oulu region has been a hot spot of wireless technology in Finland. Over the past few years, the range of companies and expertise has expanded to include wellness and environmental technologies as well as the gaming industry.

Oulu offers companies an abundance of qualified, enthusiastic and highly motivated employees. The availability and cost of labor is exceptionally well balanced in the area.

Strong areas of expertise in the Oulu region include:

- Wireless technology
- Wellness sector
- Software

GREATER HELSINKI AREA

Finland's Largest Markets

The Greater Helsinki Area offers Finland's largest and busiest market and the best potential for rapid growth. At the same time, the area is the most international in Finland: the number of international companies is by far the greatest in the country and is constantly increasing. From the point of view of Technopolis' clients, the Greater Helsinki Area can be divided into three different operating environments.

The Helsinki-Vantaa area is characterized by the proximity of the airport and has an unusually high concentration of Finnish companies with international operations as well as being home to Finnish units of foreign companies. It is also a major hub for firms specializing in logistics and environmental technology.

A major concentration of business, research and education, even by international standards, is found in Otaniemi, Espoo just around the corner from Nokia's world HQ. Its special strengths lie in research and development related to mobile and software technology. Otaniemi is the base to a number of leading Finnish companies, the Technical Research Centre of Finland VTT and the Helsinki University of Technology, which is soon to be integrated with the Aalto University. This will offer excellent opportunities for innovative development from basic research to commercialized products.

Ruoholahti, Helsinki, is an ideal site for companies that value a visible location, the benefits offered by the city centre, easy accessibility as well as its proximity to other actors. At the same time, the area is a center for the knowledge intensive business services cluster (KIBS). An important innovation eco-system has also been jointly established by Technopolis and the Helsinki School of Economics.

Strong areas of expertise in the Greater Helsinki Area include:

- Mobile technology
- Gaming technology
- Nanotechnology

JYVÄSKYLÄ

Joining the Big League

Jyväskylä is one of Finland's five growth centers of national importance. The municipal amalgamation, completed in early 2009, was the final step that elevated Jyväskylä to the ranks of the major cities in the country. With the merger of Jyväskylä City, the Rural Municipality of Jyväskylä, and the Municipality of Korpilahti, a bustling city with a population of 130,000 was created. Jyväskylä is an attractive, business-friendly urban centre that offers excellent conditions for transacting and developing businesses. Important and thriving industries in the area are wood-processing, information technology, nanotechnology, and sports and health sciences. Of great importance is the interdisciplinary approach: new solutions, innovations and products are sought through a creative fusion of the knowledge accumulated in individual sectors.

Highly skilled employees are being trained by the University of Jyväskylä, the University of Applied Sciences and other institutes of education, creating a youthful atmosphere in the city.

Jyväskylä is also an ideal place for people – not just for companies! It offers a pleasant living environment, great natural surroundings and excellent opportunities for free-time pursuits from culture to sports.

Strong areas of expertise in the Jyväskylä region include:

- Nanotechnology
- Energy technology
- ICT

KUOPIO

Increasing Attraction

During the past few years, Kuopio has done extremely well in the competition for companies and residents. Aside from its highly advanced fields of activity – such as biology and medicine – the city offers an excellent living environment. Pleasant neighborhoods, short distances, a wide range of opportunities for free-time activities and a highly efficient infrastructure have greatly enhanced Kuopio's appeal. An important contribution to this development is

given by the University of Kuopio and the Savonia University of Applied Sciences. Even though relatively small in size, the university has gained a leading position through its focus on environmental sciences and life sciences. Savonia, in turn, is one of Finland's largest universities of applied sciences with a wide selection of degree programs. Both institutes turn out highly qualified professionals willing to seek employment in local companies. The business base is continually diversifying and a considerable number of large corporations have relocated part of their operations to the city. Additionally, the retention rate of high-tech jobs has remained good.

Strong areas of expertise in the Kuopio region include:

- Life sciences
- Metrology and sensor technology
- Wellness technology

LAPPEENRANTA

Close Links to Russia

Although Lappeenranta has had close ties with the Russian economy for many years, it continually seeks to build on its already deep-rooted position as a rendezvous for Russian and western companies. The main reason for this is the rise of small and medium-size enterprises in Russia – exactly the types of companies who take a special interest in the services offered by Lappeenranta and the possibilities to work with Finnish firms. As Russia will remain a growth market for new Finnish businesses in the future, Lappeenranta will offer the best access to cross-border areas in terms of location and the availability of services.

Lappeenranta's strongest areas of expertise are ICT, energy, environmental and electrical engineering and wood-processing – an industry currently undergoing a renewal process. A considerable number of growing companies operate in the area, supported by an efficient network of service companies. The University of Technology and the University of Applied Sciences provide a highly-educated workforce for industry and commerce.

Vapaudenaukio, the downtown Technopolis technology center completed in 2008, is fully let. Phase 2 of the proj-





TECHNOPOLIS

HERMIA

ect is now being marketed to new customers. Currently, the company's most important development project is to upgrade the Skinnarila Technology Center located on the university campus.

Strong areas of expertise in the Lappeenranta region include:

- Business with Russia
- Energy and environment
- Business services

TAMPERE

A Steady Pull

Tampere has been developing at a steady pace. Together with the surrounding regions, it forms a diversified operating environment based on the creation of an efficient framework and solid knowledge base.

In a survey conducted by Taloustutkimus, a polling agency, Tampere was ranked as the most attractive city in Finland. In particular, it scored high marks for its leisure facilities, the commercial services available in the city center, its location and transport services.

Tampere is also a very popular place to study. The University of Tampere, the University of Technology and the University of Applied Sciences ensure a high standard of research, excellent opportunities for cooperation between companies and the scientific community, and a high availability of labor.

The city can boast a wide range of cutting-edge expertise and world-class clusters in areas such as intelligent machines, ICT, and health and biotechnology. Another rising field is optoelectronics. Additionally, there is a lot of activity, research and training focusing on knowledge-intensive business services.

Strong areas of expertise in the Tampere region include:

- ICT and laser technology
- Biology and health technology
- Knowledge-intensive business services

ST. PETERSBURG

The Center for R&D in Russia

Russia's second largest city, St. Petersburg, is a major scientific, educational and economic center. In 2008, Technopolis launched a project to build the Pulkovo technology center. Phase 1 of the center, with a floor area of 24,100 m², is due for completion in late April 2010. When fully completed, the Pulkovo technology center will have a total floor area of 80,000 m² and offer highly modern and flexible facilities tailored to the needs of international high-tech companies.

The center will be constructed in the immediate vicinity of Pulkovo international airport. It will create a unique hub for high-tech business in a highly accessible location. Technopolis will provide first-rate operating environments for high-tech and knowledge-driven companies to serve as a platform for growth and international expansion.

Technopolis is also actively involved in developing St. Petersburg's innovation eco-system. With St. Petersburg Technopark OJSC, Technopolis Plc has launched the new Technopolis-Ingria start-up center. It offers business development services for new knowledge-driven companies as well as internationalization and growth services for promising young entrepreneurs.

The plan is to create an efficient innovation eco-system in St. Petersburg that will grow innovative companies through all the stages of development from concept to commercialization before being unleashed on the world market.

Strong areas of expertise in the St. Petersburg region include:

- Software
- ICT
- Energy technology

INVESTMENTS AND DEVELOPMENT PROJECTS

During 2008 Technopolis expanded its operations in of its sites and continued to pursue its growth strategy. The Group's rentable space increased by 72,292 m², reaching a total of 438,337 m² at the end of the reporting period.

New technology centers or extensions to existing centers were completed in Helsinki, Lappeenranta, Oulu, Tampere, and Vantaa in 2008. On the whole, the occupancies of the properties were very high upon completion. At the end of the reporting period, the Group's financial occupancy rate was 96.5 % and the lease portfolio EUR 122.5 million.

OULU

Phase 3 of the Kontinkangas technology center in Oulu saw completion in August and Phase 4 in September. Phases 3 and 4 cover 3,090 m² and 3,900 m² of space respectively. Both new phases are fully let.

The construction of Phase 5 of the Kontinkangas technology center in Oulu was started in June. The gross area of the extension is approx. 4,350 m² and the total cost of the project approx. EUR 7.2 million. Phase 5 is due for completion in the summer of 2009. Approx. 66 % of the extension has been let.

GREATER HELSINKI AREA

Phase 1 of the technology center in Ruoholahti, Helsinki, was completed in August. The property has 6,600 m² of space and is fully let. Binding leases have been signed for 98 % of the building.

Phase 5 of the Helsinki-Vantaa technology center was completed in December. A little over 68 % of the 6,700 m² space has been let.

JYVÄSKYLÄ

Construction of Phase 2 of the Ohjelmakaari project was started in June. The estimated cost of the project is EUR 7.7 million, which includes a section of a parking facility to be built at a later date. The gross area is about 4,790 m². With 63 % of the Phase 2 facilities already let, the project is due for completion in June 2009.

TAMPERE

The Hermia 12 property in Tampere was completed in February. The building has space totaling 5,000 m² and is fully let.

A decision was made to start Phase 1 of the Hermia 15 property in Tampere in April. The estimated cost of the project is EUR 14.5 million and its gross area 12,150 m², which includes a parking facility for 300 vehicles. 70 % of the Phase 1 premises have been let. Phase 1 is due for completion in August 2009.

Construction of Phase 1 of the Yliopistonrinne project in downtown Tampere was started in June. The new technology center will be erected on a plot of land bought from the City of Tampere earlier in January, located next to the University of Tampere. The price of the plot was EUR 5.6 million. The estimated total cost of the project is EUR 33.3 million, and its gross area is 19,200 m², which includes a parking facility for 130 vehicles. With 41 % of the Phase 1 facilities let, the project is due for completion in February 2009.

KUOPIO

The agreement to acquire the share capital of Kuopion Teknologiaakeskus Teknia Oy (now Technopolis Kuopio) was signed with the City of Kuopio on February 21, 2008. The price paid for the shares in cash was EUR 18.7 million based on the company's net-debt position on February 21, 2008. Following the transaction and the simultaneous purchase of the shares held by the Municipality of Siilinjärvi, Technopolis Kuopio became wholly owned by Technopolis. During the last quarter, Technopolis Kuopio Oy was merged with the parent company. As a result of this acquisition, Technopolis now has a 50,705 m² modern technology center in Kuopio.

LAPPEENRANTA

Phase 1 of the Lappeenrannan Vapaudenaukio project was completed in May 2008. The building has space totaling 3,150 m² and is fully let.

ST. PETERSBURG

In June 2008, Technopolis signed a contract to build Phase 1 of the Pulkovo technology center in St. Petersburg. The new center will be erected on a plot owned by Technopolis St. Petersburg LCC near Pulkovo International Airport. The contract for Phase 1 was awarded to STEP Construction, a Russian company that will serve as the design-build contractor on the project. Aside from actual construction, the contract includes the design and planning required for the building permit and the execution of the works. The estimated cost of Phase 1 is about EUR 50 million and the gross area about 24,100 m². It is due for completion in the spring of 2010.

OUTLOOK FOR 2009

In accordance with its growth strategy for 2012, Technopolis' objective is to have a presence in all the major Finnish high-tech hot spots and in two or three other countries, in addition to Finland and Russia. The Group aims to increase its net sales at an average annual rate of 15 % through both organic expansion as well as acquisitions.

PROJECTS TO BE COMPLETED DURING 2009 – 2010

PROJECT		REGION	YEAR	GROSS AREA M ²	INVESTMENTS/ EUR MILLION
Kontinkangas, Phase 5	Under construction	Oulu	2009	4 350	7.2
Hermia 15, Phase 1*	Under construction	Tampere	2009	12 150	14.5 *
Ohjelmakaari, Phase 2	Under construction	Jyväskylä	2009	4 790	7.7
Yliopistonrinne Phase 1**	Under construction	Tampere	2010	19 200	33.3**
Pulkovo, St. Petersburg, Phase 1	Under construction	Russia	2010	24 100	50.0
TOTAL				64 590	112.7

* Includes parking for 300 cars

** Includes cost of land EUR 5.6 million

PERSONNEL CRUCIAL TO SUCCESS

Technopolis Plc is a service company.

Ultimately, its success and ability to respond to customer needs are always determined by the staff. Therefore Technopolis is focusing increasingly on employee competence and skill development. At the same time, the company finds it important to ensure occupational wellbeing and a high level of job satisfaction.

Most Technopolis employees work in sales and marketing, administration and services. During 2008, the Technopolis Group employed an average of 165 people. The corresponding figure for the previous year was 142.

Technopolis's personnel has put in a good performance, as indicated by the latest customer satisfaction survey. In particular, the employees received high scores for service-mindedness and professional competence.

INCREASING DEMANDS

More and more is being required of Technopolis staff to enable the company's growth and international expansion. Customer expectations are growing as well. To respond to these challenges, Technopolis is developing its procedures and is providing training – something that surveys show employees too find important.

COACHING BY TECHNOPOLIS ACADEMY

A completely new training scheme is being introduced in the form of the Technopolis Academy.

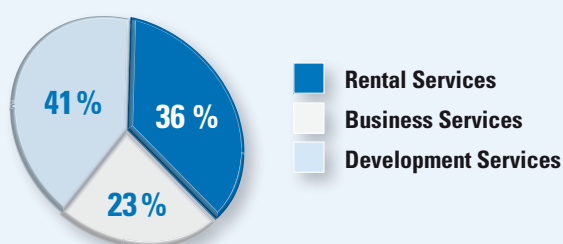
Preparations for its introduction were made last year and its modus operandi will be finalized this year. The primary purpose of the TP Academy is to improve awareness of the Technopolis concept, services and processes among the staff members and provide training for the implementation of the concept. Additionally, the TP Academy will offer a wide range of other training important to skills development and competence enhancement.

Most of the training will be provided in a virtual environment through e-learning courses and distance learning. This will make it possible to transfer the company's core competence to any part of the world.

As well as improving the training opportunities, Technopolis is preparing a new compensation and incentive system for the personnel.

”
More and more is being required of the staff to enable the company's growth and international expansion.”

DISTRIBUTION OF PERSONNEL





Palvelu

- Palvelukomppania Visual Conference Group (VCG)
- VCG avaa tilaisuuksien mukaisesti videoneuvottelun valmiiksi yhteyden sovitusta alkaen
- Lisäpalvelut tuotteet erillisinä:
 - Valokuvapalvelu: Tilaisuuksien mukainen valokuvapalvelu ja videotiedoston luovutus
 - Palvelu: VCG:n avustamana videoneuvottelun palveluun

TECHNOPOLIS





TO THE SHAREHOLDERS

ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders (AGM) of Technopolis Plc will be held in the Technopolis auditorium at Elektroniikkatie 3, 90570 Oulu, on March 26 at 13.00. Shareholders are entitled to attend if their holdings have been registered by the company's share register as shareholders kept by the Finnish Central Securities Depository. Those shareholders who wish to attend the AGM must notify the company by 16.00 on March 17, 2009, either by phone at 046 712 0011, by e-mail at ludmilla.johans@technopolis.fi or by way of a written notice addressed to Ludmilla Johans, Technopolis Oyj, Hiilikatu 3, 00180 Helsinki. Any letter of attendance filed in hardcopy format must be received before the expiry of the time limit specified for registration. Any proxies should be provided in connection with advance registration. Copies of the company's financial statements, the Board's annual report and the auditor's report as well as the proposals of the Board of Directors will be available at the company's head office at Elektroniikkatie 8, 90570 Oulu, and at the company website at www.technopolis.fi/for_investors/general_meeting_2009 as of March 16, 2009. After the said date, the company will dispatch copies of the said documents to the shareholders upon request. The documents will also be on display at the venue of the AGM.

PAYMENT OF DIVIDENDS

The Board proposes to the AGM that a dividend of EUR 0.12 per share be paid for the fiscal year ending December 31, 2008, and that the remainder be transferred to the company's retained earnings account. Dividends will be paid to the shareholders who are registered in share register kept by the Finnish Central Securities Depository on the record date March 31, 2009. The Board proposes that the dividend be paid on April 7, 2009.

INTERIM REPORTS

In 2009 Technopolis Plc will publish three interim reports. The interim report for the period from January to March will be published on April 23, 2009; the interim report for January to June on July 17, 2009; and the interim report for January to September on October 29, 2009.

MANAGEMENT AND BOARD OF DIRECTORS

Mr. PERTTI HUUSKONEN,

M.Sc.(Eng.), MKT, eMBA, born in 1956, has served as Chairman of the Board of Directors since September 15. Before that he was President and CEO of the parent company, Technopolis Plc, since 1985. Before joining Technopolis, he had served as Managing Director of Vakote Oy, a machine automation company that he founded. As of December 31, 2008, he held 93,500 shares in Technopolis Plc.



Mr. MATTI PENNANEN,

M.Sc. (Civil Engineering), born 1951, has served as Deputy Chairman of the Board since 2005. He is the Mayor of Oulu, having been Deputy Mayor earlier. Previously he served in various positions with Palmberg-Rakennus Ltd and YIT Corporation Ltd in Finland and abroad. He is currently Chairman of the Oulu Regional Government, Chairman of the Executive Board of the Oulu Regional Business Agency, and a member of the Board of the Oulu University Scholarship Foundation and the Finnish Port Association. As of December 31, 2008, he held 4,950 shares in Technopolis Plc.



Mr. JUSSI KUUTSA,

M.Sc.(Econ.), born in 1964, has served as a Board member since spring 2008. He is Director of International Operations and a member of the Management Committee of the Stockmann Group. Previously, he used to serve as Stockmann's Regional Director in Moscow and a member of the Management Committee of the Department Store. As of December 31, 2008, he held 2,113 shares in Technopolis Plc.



Mr. TIMO RITAKALLIO,

LL.M MBA, born in 1962, has served as a Board member since spring 2008. He is Deputy CEO of the Ilmarinen Mutual Pension Insurance Company. Previously, he served as the Deputy CEO of Pohjola Bank plc, Vice-Chairman of the Group's Executive Committee, and prior to that as Vice Chairman of the OKO Group's Executive Committee and member of the Management Board. As of December 31, 2008, he held 2,113 shares in Technopolis Plc.



Mr. ERKKI VEIKKOLAINEN,

M.Sc. (Electronic Engineering), eMBA, born 1952, has been a Board member since 2005. He is CEO of MEVita Invest Oy, and previously served as Deputy CEO and business unit director of Elektrobit Group Plc, and as CEO, business development director and business director of Elektrobit Oy. He



is Chairman of the Board of Directors of Elcoflex Oy and Pancompl International Oy, and a Board member of Aplicom Oy, Elcoflex (Suzhou) Co. Ltd, Maustaja Oy, Mecanova Oy, and Newtest Oy. As of December 31, 2008, he held 24,145 shares in Technopolis Plc.

Mr. JUHA YLI-RAJALA,

M.Sc. (Admin.), born 1964, has been a Board member since spring 2007. He is Director of Finance and Strategy at the Mayor's Office, of the city of Tampere, and previously served the City of Tampere as head of finance and financial planning manager. He is a Board member of Yhteishotelli Oy. As of December 31, 2008, he held 4,125 shares in Technopolis Plc.



All Board members are independent of the Company, except for the Chairman.

In 2008, the Board met 14 times. The average attendance was 99 %. The remuneration and meeting fees of the Board total EUR 305,372 in 2008. The Board decides on the company's strategy and major organizational solutions, appoints the CEO and Management Team members, decides on their salaries and other benefits, decides on succession plans for key personnel, major investments and sales of assets, proposes profit distribution to the Annual General Meeting and monitors the company's financial and risk position. The Board evaluates its own performance on an annual basis.

PRESIDENT AND CEO

Mr. Keith Silverang, BA, MBA, born in 1961, formerly Vice-President in charge of the Greater Helsinki Area and CEO of Technopolis Ventures Ltd, took up the position of the CEO of the parent company Technopolis Plc on September 15. He joined the Group in 2004. Previously he has been Vice President and Director of the Training Division of AAC Global and CEO of Oy ICS Ltd.

In 2008, President and CEO Pertti Huuskonen was paid a basic salary of EUR 184,239 including fringe benefits for the period from January 1 to September 14, 2008, and EUR 94,408 in annual bonuses. His individual pension insurance contributions in 2008 amounted to EUR 6,048. When CEO Pertti Huuskonen stepped down on September 14, 2008, he held a total of 91,000 shares in Technopolis Plc and 265,000 options under the 2005 option program and 340,000 options under the 2007 option program.

CEO Keith Silverang was paid a basic salary of EUR 49,601 for the period from September 15 to December 31, 2008. As of December 31, 2008, CEO Keith Silverang held a total 1,000 shares in Technopolis Plc and 70,000 options under the 2005 option program and 120,000 options under the 2007 option program.

MANAGEMENT TEAM

Keith Silverang, President and CEO

Mr. Jukka Akselin, M.Sc. (Eng.), born in 1961, serves as Chief Development Officer. He joined the Group in 2006.



Members of the Management Team Reijo Tauriainen, Keith Silverang, Satu Eskelinen and Jukka Akselin.

Previously he served as CEO of the JSP Group and as CEO of JSP Facilities Oy.

Ms. Satu Eskelinen, M.Sc. (Eng.), born 1961, serves as Vice President in charge of the Group's Tampere operations and Corporate Services. She joined the Group in January 2007. Previously she worked in Solteq Oyj as head of the consulting and technology unit, Elisa Corporation as regional director, and Soon Com Oy as marketing director and managing director.

Mr. Reijo Tauriainen, M.A., born in 1956, serves as Chief Financial Officer and Director of Finnish Operations. He also serves as Deputy CEO. He joined the Group in 2004. Previously he was CFO of Flextronics ODM Finland Oy.

MANAGEMENT SHAREHOLDINGS

On December 31, 2008, the Members of the Board of Directors, the President and CEO, members of the Executive Board and their controlled entities held a total of 148,905 shares outstanding in Technopolis Plc, equivalent to 0.26 % of the total capital stock. On December 31, 2008, the members of the Management Board held a total of 17,959 shares in Technopolis Plc, a total of 195,000 options under the 2005 option program, and a total of 330,000 options under the 2007 option program.

STAFF INCENTIVE PROGRAMS

Bonuses based on the company's financial performance and personal work performance may be paid to the management and personnel. If the incentives consist of shares or instruments entitling the holders to acquire shares, the decision on their adoption and related terms and conditions will be made by the Annual General Meeting. Decisions on other

bonuses payable to the CEO and the Management Team (based on annual performance, etc.,) will be made by the Board of Directors.

AUDITOR

The Group's auditor is KPMG Oy Ab, Authorized Public Accountants, and the auditor in charge is Tapio Raappana, APA. In 2008, the auditors were paid EUR 28,625 in auditing fees and EUR 162,379 in fees for non-auditing services.

Under the Articles of Association, Technopolis Plc is to have a single auditor elected by the Annual General Meeting. Both the auditor and alternate auditor, if any, shall be chartered public accountants or chartered public accounting firms approved by the Central Chamber of Commerce of Finland. The term of the auditor and any alternate auditor shall expire at the end of the Annual General Meeting following the Annual General Meeting at which they were elected. Once a year, the Board of Directors holds a meeting with the auditor to discuss the auditing plan and results.

INTERNAL CONTROL AND RISK MANAGEMENT

Responsibility for the organization of internal control and the reporting systems to be applied within the Group rests with the Board of Directors and the CEO. The performance of the systems for internal control and risk management are evaluated by the Board on a regular basis. The business risks are spread because the company's clients operate in several different fields of technology and because the Group's property portfolio is geographically distributed in different localities. In order to minimize the risks associated with individual clients, the company seeks to ensure that several major leases do not expire during the same year. Risk management is also discussed in the Board of Directors' report on pages 36 – 41.

CORPORATE GOVERNANCE

IN TECHNOLIS PLC, APPROVED ON 29 JANUARY 2009

Technopolis complies with the Corporate Governance Recommendation for Listed Companies issued by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers.

According to the Companies Act and the Articles of Association of Technopolis Plc, the company's management is supervised by General Meetings of Shareholders, the company's Board of Directors and the President and CEO.

These guidelines are aimed at ensuring that good corporate governance practices are employed at all levels of the company. It is thus important to ensure that the members of the Board, the corporate management and personnel are aware of their contents.

The Board of Directors will update these guidelines as necessary to meet any changed circumstances. These may include changes in official regulations, significant changes in the company's operations, or other changes.

1. BOARD OF DIRECTORS

The Board of Directors is responsible for supervising the management and proper organization of the company's operations. According to the Articles of Association, the Board comprises at least four and at most seven members. The Board must always promote the company's interests and comply with legislation, official regulations and the norms of society.

1.1. Electing Board Members

The Annual General Meeting elects the Board members. According to the Articles of Association, the term of Board members expires at the end of the AGM that first follows their election.

A working group comprising the Chairman and Vice Chairman prepare a proposal concerning the election of the Board after consulting the largest shareholders. It must be ready in good time for the proposed composition of the Board to be attached to the Notice of AGM. Personal information and information concerning the business interests of the proposed members must be presented at the AGM.

An account of the Board election procedures as well as the background information of the Board members must be included in the Annual Report.

1.2. Composition of the Board

Board members will be elected in accordance with the required qualifications stated in the Companies Act. The composition of the Board must fulfil the requirements set by the business sector and market situation. Board members must be professionals, independent of the company. Apart from the full-time Chairman of the Board, the members will be independent of the company. The membership of the Board will comprise representatives of both genders. The President and CEO cannot be a Board member.

1.3. Chairman and Vice Chairman

Under the Articles of Association, the Annual General Meeting elects the Chairman and Vice Chairman of the Board.

1.4. Compensation of Board Members

The Annual General Meeting will decide on the fees to be paid to Board members when electing them.

To maintain the independence of the Board members, the company may order paid consulting or other such services from them only in exceptional circumstances, with the Board's special permission. The fees paid to the Board members must be published in the company's Annual Report.

1.5. Operations of the Board

The Board makes its decisions subject to the Companies Act and the Articles of Association, and has a quorum when over half of the members are present. Under special circumstances, a Board meeting may be arranged as a telephone conference. The Board plans an annual schedule for its meetings.

The Board's duties have been determined in the Companies Act and in the Articles of Association. All matters with far-reaching consequences for the company's operations must be considered by the Board. The Board's duties include:

- Determining company strategy
- Decisions on major organizational changes

- Appointing the President and CEO and Executive Board members, and decisions concerning their salaries and other benefits, and decisions concerning continuity plans for key personnel
- Decisions on major capital expenditure and divestments of assets
- Making a proposal to the AGM on the distribution of profits
- Monitoring the company's financial situation and risk position

The Board will conduct an annual evaluation of its work and performance.

The Board's decisions are recorded in minutes signed by the Chairman, the Secretary and one member chosen each time. The company has taken liability insurance to cover the operations of the Board of Directors.

1.6. Board Committees and Groups

To prepare matters properly, the Board may appoint special committees and groups consisting of Board members. The Board will provide the committees and groups with appropriate instructions and information on their duties, and they will report back to the Board. Even if the preparation of a specific matter is delegated to a committee or group, the Board makes all decisions collectively. The Board has appointed the Technopolis Audit Committee to monitor the internal operations of the Group and related issues.

1.7. Disqualification of Board Members

The provisions of the Companies Act concerning the disqualification of Board members apply to the Board's decision-making process. Board members must always act in accordance with the interests of the company and its shareholders.

2. PRESIDENT AND CEO

According to the Articles of Association, the company has a President and CEO.

2.1. Appointing and Discharging the President and CEO

The Board appoints the President and CEO and, if necessary, discharges him/her of his/her duties.

The company and the President and CEO will sign a written service contract.

2.2. Duties of the President and CEO

The President and CEO manages the day-to-day affairs of the company in accordance with the Companies Act, the Articles of Association, other rules and regulations, and the Board's instructions.

The Board of Directors sets annual operational and financial goals for the President and CEO. In these discussions, the Chairman represents the Board.

The President and CEO will report to the Board on all matters significant to the company and its operations.

The President and CEO must obtain the Board's approval before accepting any key positions of trust or secondary positions.

The company has taken liability insurance to cover the operations of the President and CEO.

3. EXECUTIVE BOARD

The company has an Executive Board to assist the President and CEO. The Board of Directors appoints the members of the Executive Board based on a proposal from the President and CEO.

The President and CEO is responsible for the decisions made by the Executive Board.

4. COMPANY REPRESENTATION

According to the company's Articles of Association, the company's business name may be signed by the Chairman of the Board and the President and CEO, each alone, or by two Board members together.

The Board may also authorize proxies.

5. DIVIDEND POLICY

The AGM will decide on dividends based on the Board of Directors' proposal concerning the distribution of profits. According to the resolution in force, the aim of the Board of Directors is to follow a stable and active dividend policy. The



target is to distribute 40 – 50 percent of the annual profit, while taking into account the company's capital targets and other factors.

6. MANAGEMENT BONUSES AND INCENTIVE SCHEMES

The Board of Directors will decide on the general principles concerning the bonuses and incentive schemes for the company's management.

6.1. Executive Salaries and Other Benefits

The Board of Directors will decide on the President and CEO's and Executive Board members' salaries.

6.2. Incentive Schemes

Corporate management and personnel may be paid bonuses based on corporate and personal performance. The AGM will decide if the company's shares or instruments entitling to subscribe for the company's shares can be used as incentives. The AGM will also determine the terms and conditions of such incentives. The Board will make decisions on additional bonuses to the President and CEO and Executive Board members (e.g. corporate performance-based bonuses during the financial year). The President and CEO will decide on other bonuses for the personnel.

The incentive schemes must support company strategy and their terms and conditions must be competitive.

6.3. Reporting Salaries and Bonuses

All valid share-based incentive schemes must be stated in the company's Annual Report.

The Annual Report must also report the salaries and bonuses paid to the President and CEO within the last financial year, specifying the proportions of the total sum formed by the basic salary and other bonuses.

The Annual report must also state all other significant terms and conditions of the President and CEO's service contract with the company, such as retirement age and criteria used for determining pension, terms and conditions of terminating employment, and any share options granted.

7. CONTROL AND REPORTING SYSTEMS

7.1. Auditors

According to the Articles of Association, Technopolis Plc has one auditor elected by the AGM. Both the auditor and

his deputy, if any, must be public accountants or accounting firms authorized by the Central Chamber of Commerce of Finland.

The terms of the auditor and deputy auditor expire at the close of the AGM that first follows their election.

The Board of Directors meets the auditors once a year to discuss the auditing plan and results.

7.2. Internal Control

According to the Companies Act, the Board of Directors and the President and CEO are responsible for arranging the internal control and reporting systems for the company.

The Board of Directors must, at regular intervals, evaluate the efficiency of the company's internal control.

8. SUBSIDIARIES

The Board of Directors decides how to elect company representatives to attend general meetings and to sit on the boards of the company's subsidiaries. The Board also authorizes the representatives to make decisions regarding the subsidiaries if necessary.

The fees received by the company's employees for their memberships in boards of subsidiaries are taken into account when determining their total remuneration.

9. INTERNAL GUIDELINES

The company has a number of rules for its personnel to follow in their day-to-day operations. The company abides by and applies the valid insider guidelines.

Most of these policies are related to daily activities, such as travelling, procurement of goods and services, administration of leases, maintenance of the insider register, etc.

The company's operations involve a significant degree of cooperation with other companies, public sector bodies and other parties. This requires high standards in terms of the ethics applied to such cooperation. The guidelines related to such situations are included in the company's Code of Conduct.





FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT, JANUARY 1 - DECEMBER 31, 2008

HIGHLIGHTS OF 2008 COMPARED 2007:

- Net sales hit EUR 72.6 million (EUR 56.9 million), an increase of 27.5 %
- EBITDA rose 29.2 % to EUR 37.0 million (EUR 28.6 million)
- Operating profit fell to EUR 35.3 million (EUR 42.6 million) mainly due to a fall of EUR -0.7 million (EUR 14.6 million) in the fair value of investment properties
- Profit before taxes fell 35.0 % to EUR 21.4 million (EUR 32.9 million)
- Financial occupancy rate 96.5 % (96.8 %)
- Diluted earnings per share EUR 0.31 (EUR 0.58)
- The Board will propose a dividend of EUR 0.12/share (EUR 0.15/share)

KEITH SILVERANG, PRESIDENT AND CEO:

"Despite the global economic downturn in the second half of the year, Technopolis's operations developed favorably during the reporting period without the financial crisis having a substantial impact on the Group's rental or service operations. The financial occupancy ratio remained high, and the Group's net sales and EBITDA improved on 2007.

Growth continued in accordance with company's strategy, with the Group's property portfolio increasing by a 72,292 m² gross. The most significant development was the acquisition of Kuopion Teknologiaakeskus Teknia Oy (Teknia Technology Park) and the expansion of operations in Kuopio. New technology centers or extensions to existing centers were completed in Helsinki, Lappeenranta, Oulu, Tampere, and Vantaa during the reporting period. Overall, the occupancy rates of the completed properties were high when commissioned and positive changes in their fair value were recorded. In 2008, we were able to raise approx. EUR 59.6 million in new share capital through a successful rights issue for the purpose of financing the Group's investments and growth, and securing its solvency.

Towards the end of 2008, we launched a number of internal development programs designed to standardize and integrate key processes, to invest in developing staff competences, and to make efficient use of new technologies. Through these actions we seek to enhance the Group's cost efficiency, improve quality and create a platform for international expansion."

OVERVIEW

Measured by the number of clients, Technopolis Plc is one of Europe's largest science and technology park chains. The Technopolis Group is Finland's largest specialized provider of business environment services for high tech companies, offering a comprehensive range of services combining modern premises with business and business development services. Technopolis operates or is in the process of building technology centers in Espoo, Helsinki, Jyväskylä, Lappeenranta, Oulu, Tampere and Vantaa in

Finland, and in St. Petersburg in Russia. Currently, some 1,175 companies with 16,000 employees are working in the Technopolis technology centers.

BUSINESS CONDITIONS IN FINLAND AND ST. PETERSBURG

According to the Finnish Institute for Real Estate Economics KTI, the crisis originating in the financial market has also spread uncertainty in the property market, and the volume of transactions fell considerably from the earlier years. The weakening of general economic conditions is also expected to be reflected in the property market and to affect the demand for premises. Yield requirements are increasing and risk premiums growing at a time when the availability of funding is declining and lending spreads are increasing.

According to KTI's fall 2008 bulletin, occupancy rates in areas just outside downtown Helsinki have slightly declined, while rent levels in high-end properties are increasing. For some time now, the increased supply of premises has been reflected in relatively low occupancies in Espoo. In Vantaa, demand for office space has remained strong. In Tampere, the supply and demand for business premises in equilibrium. Of the other big cities, the office premises markets have been strongest in Kuopio and Oulu.

According to a survey conducted by Statistics Finland, construction costs in Finland increased by 1.6 % from December 2007 to December 2008. However, this trend peaked, and from November to December 2008, the construction cost index fell by 0.8 %.

During the latter half of 2008, the office premises market in St. Petersburg was unstable. There was an increasing supply of new, high-end offices while at the same time the rental market stagnated. The markets are expecting office rents and real estate values to fall substantially from the current level. As a result of the ailing financial markets, a number of property deals closed earlier in the fall have been cancelled and several projects frozen (source: Catella).

Despite the deterioration of the global economy, demand for high-tech business environments in the areas in which Technopolis operates has been satisfactory, and the Group's financial occupancy rate has remained a solid 96.5 % at the end of 2008. Increases in rent levels have primarily followed the changes in the cost-of-living index. To some extent, the uncertainty in the financial markets has been reflected in the spreads on the loans drawn down by the company and in the availability of funding.

OPERATIONS

The Group's net sales for the reporting period reached EUR 72.6 million (EUR 56.9 million in 2007), an increase of 27.5 %. Of this, rental income accounted for 81.4 % (80.9 %) and service income

for 18.6 % (19.1 %). EBITDA for the year was EUR 37.0 million (EUR 28.6 million), an increase of 29.2 %. Other operating income includes a non-recurring capital gain of EUR 0.4 million and non-recurring compensation of EUR 0.5 million for the premature termination of a lease. The Group's profit after depreciation and valuation items was EUR 35.3 million (EUR 42.6 million), a decrease of 17.0 %. The fall in profits was due to a decline in the fair value of investment properties which, however, had no impact on net sales, EBITDA or cash flow. Planned depreciation includes a non-recurring item of EUR 0.4 million. The Group's net financial expenses totaled EUR 13.9 million (EUR 9.7 million). The Group's profit before taxes was EUR 21.4 million (EUR 32.9 million).

The balance sheet total was EUR 683.6 million (EUR 534.2 million), an increase of 28.0 %. The Group's equity ratio at the end of the period was 40.5 % (39.0 %).

The fair value of the Group's investment property at the end of 2008 was EUR 594.0 million (EUR 468.8 million). The earnings impact of the change in fair values was EUR -0.7 million (EUR 14.6 million in 2007). The net change in fair value includes both a positive effect on profit from an increase in market rents in some properties together with the appreciation of properties acquired and completed during the reporting period, and a negative effect caused by an increase in the yield requirements. Additionally, the change in fair value was affected by an adjustment to fair value calculation principles with respect to the first-year inflation rate and long-term inflation expectations. The projected long-term inflation rate used in the fair value calculation was 2.00 %.

Yield requirements are calculated by analyzing by two independent appraisal agencies for each individual region. The yields are calculated by taking the average of the upper and lower ranges reported by these organizations. On December 31, 2008, the average net yield requirement for Group properties was 7.68 % (7.26 % on December 31, 2007). A conservative average occupancy rate of 95.5 % was projected for the calculation of the fair values over a ten-year time frame. The Group's targets concerning the actual occupancy rates have been consistently higher than that. Over the period from 2000 to 2008, the Group's average occupancy rate was 97.5 %.

The Group's total rentable space was 438,337 m² at the end of 2008 (366,045 m² on December 31, 2007). The Group's average financial occupancy rate at the end of the year was 96.5 % (96.8 %). The financial occupancy rate depicts rental revenues from the properties as a percentage of the aggregate of market rents for occupied premises and the estimated market rent for vacant space. At the end of the reporting period, the lease portfolio held by the Group totaled EUR 122.5 million (EUR 111.0 million).

GROUP STRUCTURE

The Technopolis Group includes the parent company, Technopolis Plc, which has operations in Espoo, Helsinki, Jyväskylä, Kuopio, Lappeenranta, Oulu, Tampere and Vantaa, and its subsidiaries Innopoli Oy and Kiinteistö Oy Innopoli II, both fully owned and both in Espoo, and other subsidiaries. Technopolis Kuopio Oy has been merged with the parent company.

Technopolis has established two Russian companies in St. Petersburg, Technopolis Neudorf LLC and Technopolis St. Petersburg LLC, both wholly owned by Technopolis.

The parent company has a minority holding in the affiliated companies Kiinteistö Oy Hermia (49.3 %), Technocenter Kempele Oy (48.5 %), Kiinteistö Oy Bioteknia (28.5 %), Iin Micropolis Oy (25.7 %), Jyväskylä Innovation Ltd (24 %), Kuopio Innovation Oy (24 %) and Lappeenranta Innovation Ltd (20 %). Technopolis Plc has a 13 % holding in Oulu Innovation Ltd.

The Group also includes Technopolis Ventures Oy in Espoo which is wholly owned by Innopoli Oy. Technopolis Ventures Oy owns the subsidiaries Technopolis Ventures Lappeenranta Oy (100 %), Technopolis Ventures Jyväskylä Oy (100 %), Technopolis Ventures Oulu Oy (70 %), Technopolis Ventures Professia Oy in Tampere (50.1 %), and Technopolis Ventures Kuopio Oy (100 %). Technopolis Ventures Oy has a 25 % holding in Otaniemi Development Ltd.

MAJOR INVESTMENTS AND DEVELOPMENT PROJECTS

The agreement to acquire the share capital of Technopolis Kuopio (formerly Kuopion Teknologiaakeskus Teknia Oy) was signed with the City of Kuopio on February 21, 2008. The price paid for the shares in cash was EUR 18.7 million based on Kuopion Teknologiaakeskus Teknia Oy's net debt position on February 21, 2008. Following the transaction and the simultaneous purchase of the shares held by the Municipality of Siilinjärvi, Technopolis Kuopio became wholly owned by Technopolis. During the last quarter, Technopolis Kuopio Oy was merged with the parent company. As a result of this acquisition, Technopolis now has a 50,705 m² of modern office space in Kuopio.

The Hermia 12 property in Tampere was completed in February. The building has space totaling 5,000 m² and is fully let.

Phase 1 of the Lappeenrannan Vapaudenaukio project was completed in May. The property has a 3,150 m² of space and is fully let.

Phase 1 of the new technology center in Ruoholahti, Helsinki, was completed in August. The property has a 6,600 m² of space. Binding leases have been signed for 98 % of the building.

Phase 3 of the Kontinkangas technology center in Oulu saw completion in August and Phase 4 in September. Phases 3 and 4 have 3,090 m² and 3,900 m² of space, respectively. Both new phases are fully let.

The construction of Phase 5 of the Kontinkangas technology center in Oulu was launched in June. The extension is approx. 4,350 m² and the total cost of the project projected at EUR 7.2 million. Phase 5 is due for completion in the summer of 2009. Approx. 66 % of the extension has already been let.

Phase 5 of the Helsinki-Vantaa technology center was completed in December. A little over 68 % of the 6,700 m² phase has been let.

A decision was made to start the Phase 1 of the Hermia 15 property in Tampere in April. The estimated cost of the 12,150 m² project is EUR 14.5 million, which includes a parking facility for 300 vehicles. 70 % of the Phase 1 premises have been let. Phase 1 is due for completion in August 2009.

Construction of Phase 1 of the Yliopistonrinne project in downtown Tampere was launched in June. The new technology center will be erected on a plot of land bought from the City of Tampere earlier in January, located next to the University of Tampere. The price of the plot was EUR 5.6 million. The estimated total cost of the 19,200 m² project is EUR 33.3 million, which includes a parking facility for 130 vehicles. With 41 % of the Phase 1 facilities already let, the project is due for completion in February 2010.

Construction of Phase 1 of the Ohjelmakaari project in Ylistönmäki, Jyväskylä, was started in June. The estimated cost of the 4,790 m² project is EUR 7.7 million, which includes a section of a parking facility to be built at a later date. With 63 % of the Phase 1 facilities already let, the project is due for completion in June 2009.

In June 2008, Technopolis signed a contract on to build Phase 1 of the Pulkovo technology center in St. Petersburg. The new center will be erected on a plot owned by Technopolis St. Petersburg LLC near Pulkovo International Airport. The contract for Phase 1 was awarded to STEP Construction, a Russian company that will serve as the design-build contractor on the project. Aside from actual construction, the contract includes the design and planning required for the building permit and the execution of the works. The estimated cost of the 24,100 m² building is EUR 50 million and it is due for completion in the spring of 2010.

STOCK-RELATED EVENTS

On April 27, 2008, the Board of Technopolis Plc decided to launch a 59.6 million euro rights issue. The equity raised in the rights issue will be used to finance the Group's investments and secure growth and solvency. The decision was based on the authorizations granted by the Annual General Meeting of March 27, 2008 and the Extraordinary General Meeting of November 29, 2007.

The subscription period started on May 7, 2008, and ended on May 20, 2008. The subscription price was EUR 4.50 per share. Each Technopolis shareholder was entitled to subscribe three (3) new shares for every ten (10) shares held on the record date, May 2, 2008.

All 13,233,540 shares offered for subscription in the rights issue ending on May 20, 2008, were subscribed. A total of 13,029,489 shares, or 98.5 % of the shares offered, were subscribed pursuant

to the primary subscription. A total of 7,855,625 shares were subscribed in the issue based on the secondary subscription rights, meaning that the number of shares available in the secondary issue was over-subscribed 37 times. The company raised approx. EUR 59.6 million in new equity through the rights issue.

The new shares allocated in the rights issue, totaling 13,233,540, were registered on May 26, 2008. The new shares were began public trading on the Office List of the OMX Nordic Exchange Helsinki Oy on May 27, 2008. The new shares will be entitled to full dividends and carry all the rights conferred by the shares as of the date of registration.

The amendments to the 2005 and 2007 stock option plans due to the rights issue took effect on May 26, 2008, following Trade registration.

In December 2007, a total of 4,300 Technopolis shares were subscribed under the 2005A option plan. The increase in share capital of EUR 7,267 was registered on February 6, 2008. The new shares will be entitled to dividends for fiscal 2007 and carry all the shareholder rights as of the date of registration. The shares began trading on February 7, 2008.

Technopolis Plc's 2005B options were accepted for trading on the OMX Nordic Exchange Helsinki on June 2, 2008. The total number of 2005B options is 436,000. Each option entitles its holder to subscribe 1,043 Technopolis shares. The share price under option plan 2005B is EUR 6.188 per share. The subscription period started on June 1, 2008 and will end on April 30, 2010. A full disclosure of the terms and conditions of the option program was made in Technopolis's stock exchange bulletin dated March 2, 2005. A disclosure of the amendment to the terms of the option program was made in Technopolis's stock exchange bulletin dated April 28, 2005.

After the increases, the company's share capital stands at EUR 96,913,626.29, with 57,345,341 shares outstanding.

The registration document of Technopolis Plc pursuant to the Finnish Securities Market Act approved by the Finnish Financial Supervision Authority on April 14, 2008, which contains information on the company, its operations and financial position, is available, for as long as it remains valid, in the Finnish language on the company's website and in printed form in Finnish and English at the company's offices and at OMX Way, the customer service outlet of NASDAQ OMX Helsinki Ltd. at Fabianinkatu 14, FI-00100 Helsinki, Finland.

DISCLOSURE OF CHANGES IN HOLDINGS

According to a notification received by the company, the proportion of Technopolis Plc's share capital and votes directly held by the Ilmarinen Mutual Pension Insurance Company (Business ID Code 0107638-1), Helsinki, Finland, has exceeded one twentieth (5 %) as a result of a transaction concluded on December 11, 2008.

According to a notification received by the company, the proportion of Technopolis Plc's share capital and votes directly held by the

Varma Mutual Pension Insurance Company (Business ID Code 0533297-9), Helsinki, Finland, has exceeded one twentieth (5 %) as a result of a transaction concluded on December 12, 2008.

According to a notification received by the company, the proportion of Technopolis Plc's share capital and votes held by Gazit-Globe Ltd (registration number 52-0033234), Tel Aviv, Israel, has fallen below one tenth (10 %) as a result of a transaction concluded on December 11, 2008 and below one twentieth (5 %) as a result of a share transaction concluded on December 12, 2008. At its highest, the proportion of share capital and votes held by Gazit-Globe Ltd. in Technopolis Plc was three-twentieths (15 %) during the reporting period.

According to a notification received on March 25, 2008, the proportion of Technopolis Plc's share capital and votes held by ABN AMRO Asset Management Holding N.V. has exceeded one twentieth (5 %) as a result of a transaction concluded on November 7, 2006.

FINANCING

The Group's net financial expenses totaled EUR 13.9 million (EUR 9.7 million). The Group's balance sheet total was EUR 683.6 million (EUR 534.2 million), of which liabilities accounted for EUR 407.9 million (EUR 327.0 million). The Group's equity ratio was 40.5 % (39.0 %). At the end of the period, the Group's net gearing was 124.5 % (133.6 %). The Group's equity per share was EUR 4.80 (EUR 4.69).

The Group's interest-bearing liabilities at the end of the reporting period were EUR 350.3 million (EUR 277.9 million). On December 31, 2008, the average interest rate on interest-bearing liabilities was 4.76 % (4.82 %). At the end of the period, 74.3 % (65.2 %) of the interest-bearing liabilities were variable rate loans and 25.7 % (34.8 %) were fixed rate loans. The average capital-weighted loan period was 10.8 years (11.1 years).

Of the existing interest-bearing liabilities, a total of EUR 20.4 million will mature during the 12-month period following the reporting period. At the time of the review, Technopolis had untapped long-term credit facilities and loans amounting to EUR 146.8 million and cash in the amount of EUR 7.1 million. Of the long-term credit facilities, EUR 80.0 million consists of credit extended by the European Investment Bank to Technopolis for future extension projects in Finland.

Technopolis has a EUR 90 million domestic commercial paper program to manage its short-term liquidity which allows the company to issue commercial papers with a maturity of less than one year. At the end of the reporting period, the Group's outstanding commercial papers stood at EUR 4.0 million (EUR 35.2 million). Technopolis also has an untapped EUR 15.0 million checking account overdraft facility. All in all, Technopolis has a total of EUR 249.8 million in short- and long-term credit facilities.

Financing for the Pulkovo construction project in Russia will be provided by parent company funding, which will be converted into long-term loans and shareholders' equity with due regard to the Russian thin capitalization rules.

ORGANIZATION AND PERSONNEL

Pertti Huuskonen, who had been President and CEO of the company since 1985, became full-time Chairman of the Board of Directors of the Technopolis Group on September 15, 2008, in accordance with the decision of the Annual General Meeting. In this role, he will focus on international growth and new investment opportunities.

The new Technopolis President and CEO is 48-year-old Keith Silverang, who took up the post on September 15, 2008. Silverang has dual US and Finnish citizenship. He took his undergraduate degree at Boston University and completed an MBA at the Helsinki School of Economics. Keith Silverang joined Technopolis in 2004. His earlier posts include internationalization and executive positions with AAC Global Oy, Oy Hackman AB and his own company, Oy ICS Ltd.

On September 23, 2008, the Board of Directors of Technopolis decided to transfer its consulting services and regional development program operations to Technopolis Ventures Oy and Oulu Innovation Ltd. This transfer will enable the company to focus on its core businesses. Instead, the company will focus on national and international 'Open Innovation' services with the aim of helping Technopolis's anchor clients benefit from the innovation expertise possessed by the Group's SME clients.

The Technopolis Ventures Group put in a good performance during the reporting period under its new President and CEO Will Cardwell. The company helped its clients to raise a record amount of new venture capital in excess of EUR 53 million. All five Finnish growth companies that made the Red Herring Top 100 Global list are or have been clients of the Technopolis Ventures Group.

At its meeting on October 21, 2008, the Technopolis Board of Directors decided to change its organizational structure and to reduce the number of members on the Group Management Team. The Technopolis line organization now consists of three business units: Finland, Russia and New Markets. Furthermore, the Group organization will have matrix support functions for its sales and marketing, real estate development, business services, business development and support activities.

The company's CFO Jarkko Ojala resigned on December 14, 2008. Reijo Tauriainen, the Finnish Country Manager, who was the company's CFO from 2004 to 2007, has taken over as Acting CFO until further notice.

The Group Management Board comprises President and CEO Keith Silverang, Finnish Country Manager and Acting CFO Reijo Tauriainen, Director of Tampere operations Satu Eskelinen and Chief Development Officer Jukka Akselin.

The Group employed an average of 165 (142) people during the fiscal year. There were 59 (49) employees in real estate operations, 38 (33) in business services and 68 (60) in development services. At the end of the reporting period, the total number of Group personnel was 158 (138).

ANNUAL GENERAL MEETING

The Annual General Meeting of March 27, 2008 adopted the Group and Parent Company financial statements for fiscal 2007, the company management from liability and decided to pay a dividend of EUR 0.15 per share for the period ending December 31, 2007, as proposed by the Board of Directors.

The Annual General Meeting decided to amend the section of the Articles of Association specifying the term of the members of the Board of Directors such that the term of a member of the Board of Directors ends with the conclusion of the Annual General Meeting held during the second fiscal year following his/her appointment at the latest.

It was resolved that the Board of Directors would have six members. Jussi Kuutsa, Matti Pennanen, Timo Ritakallio, Erkki Veikolainen and Juha Yli-Rajala were elected to the Board of Directors for a term beginning at the conclusion of the Annual General Meeting that elected them and ending with the conclusion of the next Annual General Meeting. Pertti Huuskonen, the then President and CEO of the company, was elected full-time Chairman of the Board for a term beginning when the next President and CEO has been officially registered and ending with the conclusion of the Annual General Meeting held in the second fiscal year following the Chairman's election. Timo Parmasuo was elected Chairman of the Board for a term beginning at the conclusion of the Annual General Meeting that elected him and ending when Pertti Huuskonen's term begins. Matti Pennanen was elected Deputy Chairman of the Board.

KPMG Oy Ab, Authorized Public Accountants, were appointed as the Group auditors, the auditor-in-charge is Tapio Raappana, APA.

The Annual General Meeting authorized the Board of Directors to decide on the acquisition of a maximum of 4,000,000 of the company's own shares, representing approx. 9.07 % of the company's issued shares. Pursuant to the authorization, these shares may only be acquired using the company's unrestricted equity, either at the price set in public trading on the date of acquisition or at a price otherwise determined on the market. The Board of Directors will decide how to acquire the shares; derivatives may be used along with other means for the purpose of acquisition. Shares need not necessarily be acquired in proportion to the current holdings of the existing shareholders (directed acquisition). This authorization cancels the authorization granted by the Annual General Meeting of March 29, 2007 and will expire on May 31, 2009 at the latest.

The Annual General Meeting further authorized the Board of Directors to decide on a share issue and on option rights and other special rights entitling holders to shares as defined in chapter 10, section 1, of the Limited Liability Companies Act, the maximum number of shares to be issued pursuant to the authorization being 8,000,000, equivalent to approx. 18.14 % of the company's issued shares. The Board of Directors was authorized to decide on all the terms of the share issue and the granting of special rights

giving entitlement to shares. The authorization concerns both the issuance of new shares and conveyance of the company's own shares. The share issue and the granting of special rights giving entitlement to shares may be offered to specific parties. This authorization does not revoke the authorization granted to the Board by the Annual General Meeting of November 29, 2007, to decide on a share issue and on granting special rights giving entitlement to shares. The authorization will expire on May 31, 2009 at the latest.

EVALUATION OF OPERATIONAL RISKS

The most significant risks in the operations of Technopolis are financial risks and client risks.

The objective of interest rate risk management is to mitigate the negative impact of market rate fluctuations on the Group's performance, financial position and cash flow. If necessary, the company will make use of forwards, interest rate swaps and interest rate options to hedge interest rate risks. Another aim of the company's interest rate risk policy is to diversify the interest rate risk of loan contracts over various loan periods on the basis of the market situation prevailing at any given time and the interest rate forecast created by the company. The interest rate risk policy was updated in September 2008.

It is indicative of the structure of Technopolis's loan portfolio at the end of the financial year that a one point change in money market rates would change interest rate costs by EUR 1.9 million per annum.

Because of the interest rate risk associated with loans, a policy of diversifying interest bases is pursued. On December 31, 2008, 74.3 % of the company's interest-bearing loans were pegged to the 3-12 month Euribor rate. Of all interest-bearing liabilities, 25.7 % were fixed-rate loans with a maturity of 13 to 60 months.

The objective of refinancing risk management is to ensure that the Group loan portfolio is sufficiently diversified with regard to repayment schedules and financing instruments. The average capital-weighted outstanding loan period was 10.8 years. In order to manage financing risk, Technopolis draws upon the resources of a wide range of financiers, makes use of a variety of financing instruments and maintains strong solvency.

Extended uncertainty on the financing market may adversely affect the availability of growth financing and refinancing and their spreads in the future.

Changes in the exchange rates between the Russian ruble and the euro may have an effect on the company's financial performance and operations. Transactions denominated in rubles are recorded at the exchange rate applied 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. The acquisition of land in St Petersburg has been financed in the local currency, and the related exchange rate risk has been hedged using a currency swap.

The general weakening of economic conditions, if prolonged, may have an adverse effect on the company's clients and hence on the Group's operations.

Client risk management aims to minimize the negative impact of any changes in the client's financial position on the company's business and its financial performance. Client risk management is based on a close understanding of the business the client is engaged in and on active monitoring of client information. As part of client risk management, Technopolis leases include rental security arrangements. All the properties have full value insurance.

Geographically, the Group's property portfolio is diversified between the Helsinki metropolitan area, Jyväskylä, Lappeenranta, Tampere and the Oulu region. No single client accounts for more than 9.1 % of the Group's net sales. All in all, the Group has some 1,175 client operating in several different sectors.

The company's leases fall into two categories: fixed-term leases and open-ended leases. The company aims to employ both types of lease depending on the market situation, the property involved and the tenant's business.

At the end of the period under review, the open-ended leases that could be terminated and renegotiated during the following 12 months covered a total of 227,467 m² of space, or 57 % of the entire property portfolio. The notice periods for these leases are as follows: three months or less: 24 %, three to six months: 52 %, six to nine months: 16 %, and more than nine months: 8 % of the leases. At the end of the period, the average term of leases was 24 months.

The current lease structure allows clients to change the premises they occupy flexibly as their business changes. This is a key element of the Technopolis service concept, and the company has solid long-term expertise in employing this approach under varying economic conditions.

In new building projects, Technopolis focuses on quality specifications and the manageability of the property's entire lifecycle. In the design phase, due consideration is given to all the maintenance and repair requirements in order to implement environmentally friendly solutions in terms of energy consumption, the adaptability of office facilities and recycling potential. When real estate deals are closed, Technopolis carries out the standard property and environmental audits before committing to the transaction.

Changes in the yield requirements may have a significant impact on financial performance. When the yield requirements increase, the fair value of properties fall. Conversely, when the yield re-

quirements decrease, the fair value of properties increase. Such changes have an equivalent impact on the Group's operating profit.

BOARD OF DIRECTORS PROPOSAL FOR DISTRIBUTION OF PROFITS

The distributable funds at the disposal of the Annual General Meeting of the parent company Technopolis Plc amount to EUR 9,159,372. The Board of Directors proposes that a dividend of EUR 0.12 per share be paid out, totaling EUR 6,881,441. The rest is to remain in the retained earnings account.

OUTLOOK FOR THE FUTURE

Technopolis management expects the demand for its high-tech facilities and services to remain at a reasonable level in 2009. The management anticipates that the economic downturn, if protracted, may pose a challenge to the Group's growth targets. The company will continue to pursue measures aimed at safeguarding its financial performance also under difficult market conditions. The Group management expects the net sales and EBITDA to increase by 5 % to 8 % in 2009.

In accordance with its growth strategy for 2012, Technopolis's objective is to have a presence in all the major Finnish high-tech hot spots and in two or three other countries, in addition to Finland and Russia. The Group aims to increase its net sales by an average annual rate of 15 through both organic expansion as well as acquisition.

The Group's financial performance is determined by the general macroeconomic trends, client operations, financial markets and the yield requirements for properties. Developments in these areas may affect the Group's financial performance through changes in occupancy rates, the use of services, financing costs, the fair values of properties and office rent levels.

Currency unit: 1 000 euros

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS AND SHARE-RELATED INDICATORS

	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS
Summary of income statement					
Net sales	72 571	56 899	44 837	31 730	28 840
Other operating income	5 480	5 237	3 863	2 418	6 024
EBITDA	36 985	28 631	22 670	17 486	15 932
Operating profit	35 312	42 558	38 213	18 533	10 521
Profit before taxes	21 379	32 893	33 047	15 110	6 796
Net profit for the year attributable to parent company shareholders	15 987	24 039	23 736	12 679	7 297
Summary of balance sheet					
Total assets	683 564	534 156	431 394	270 162	219 728
Investment properties ¹⁾	594 022	468 760	392 160	249 325	203 006
Cash and bank	7 146	1 076	2 803	2 397	1 659
Shareholders' equity	275 704	207 167	165 276	124 807	93 113
Interest-bearing liabilities	350 272	277 851	229 488	125 176	108 554
Key indicators and financial ratios					
Change in net sales, %	27.54	26.90	41.31	10.02	1.27 ²⁾
Operating profit/net sales, %	48.66	74.80	85.23	58.41	36.48
Return on equity (ROE), %	6.57	12.93	16.95	11.77	8.04
Return on investment (ROI), %	7.14	9.87	11.94	8.26	5.46
Equity ratio, %	40.52	38.96	38.49	46.44	42.59
Net debt/equity (gearing), %	124.45	133.60	137.14	98.31	114.71
Interest margin, %	217.07	412.57	708.78	527.22	273.45
Employees in Group companies, average	165	142	113	74	95
Share-related indicators					
Earnings/share, basic, EUR	0.31	0.58	0.63	0.38	0.26
Earnings/share, adjusted for dilutive effect, EUR	0.31	0.58	0.63	0.38	0.26
Equity/share, EUR	4.80	4.69	4.03	3.39	3.04
Dividend/share, EUR	0.12 ³⁾	0.15	0.14	0.13	0.12
Issue-adjusted no. of shares, average	52 029 796	41 407 380	37 472 329	33 358 468	28 075 286
Issue-adjusted no. of shares, at Dec 31	57 345 341	44 107 501	39 833 582	35 852 046	29 469 481
Other key indicators and financial ratios					
Net rental revenues from property portfolio, % ¹⁾	7.60	7.45	7.73	8.56	8.75
Gross capital expenditure on non-current assets	143 273	88 962	137 974	46 011	14 399
Price/earnings (P/E) ratio	9.37	10.01	12.16	13.16	12.16
Dividend payout ratio, %	39.05 ³⁾	25.84	22.10	34.20	46.17
Effective dividend yield, %	4.17 ³⁾	2.58	1.82	2.60	3.80
Market capitalization of shares, EUR	165 154 582	256 264 581	306 718 581	179 260 230	93 123 560
Share turnover	33 013 701	21 519 642	23 293 922	21 690 055	6 126 353
Share turnover/average number of shares, %	63.45	51.97	62.16	65.02	21.82
Share prices, EUR					
Highest price	6.48	8.31	7.99	5.23	3.31 ⁴⁾
Lowest price	2.26	4.55	4.41	3.17	2.30 ⁴⁾
Average price	4.84	6.85	6.01	4.10	2.75 ⁴⁾
Price at Dec 31	2.88	5.81	7.70	5.00	3.16

1) The balance sheet values are IFRS fair values.

2) The change in net sales % for 2004 was calculated by comparing the IFRS net sales in 2004 with the FAS net sales in 2003. There is no difference between FAS and IFRS net sales.

3) Proposal for distribution of dividends

4) Bonus issue-adjusted

CONSOLIDATED INCOME STATEMENT

	Note	2008	2007
Net sales	1	72 571	56 899
Other operating income	1	5 480	5 237
Costs of employee benefits	2	-10 188	-8 992
Depreciation and impairment	3	-983	-623
Changes in fair value of investment properties	7	-690	14 550
Other operating expenses	4	-30 877	-24 513
Operating profit		35 312	42 558
Finance income, total	5	1 164	846
Finance expenses, total	5	-15 118	-10 523
Share of profits of associates	9	21	13
Profit before taxes		21 379	32 893
Income taxes	11	-5 528	-8 809
Net profit for the year		15 852	24 084
Distribution of profit for the year			
To parent company shareholders		15 987	24 039
To non-controlling shareholders		-135	45
Average issue-adjusted number of shares		52 029 796	41 407 380
Earnings per share, basic, EUR		0,31	0,58
Average number of shares adjusted for dilutive effect		52 118 705	41 469 091
Earnings per share, diluted, EUR		0,31	0,58

Currency unit: 1 000 euros

CONSOLIDATED BALANCE SHEET

	Note	31.12.2008	31.12.2007
ASSETS			
Non-current assets			
Intangible assets	6	2 019	2 486
Investment properties	7	594 022	468 760
Tangible fixed assets	8	37 939	26 902
Holdings in associates	9	16 976	12 343
Investments and receivables	10, 13	9 724	9 879
Deferred tax assets	11	1 890	2 414
Non-current assets, total		662 570	522 784
Current assets			
Current receivables	12, 13	13 845	8 420
Available-for-sale investments	12	2	4
Cash and bank		7 146	1 076
Current assets, total		20 993	9 500
Non-current assets held for sale	14		1 872
ASSETS, TOTAL		683 564	534 156
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		96 914	74 542
Premium fund		18 551	18 551
Revaluation fund		43	72
Invested unrestricted equity fund		63 777	27 311
Share-based compensation		550	553
Retained earnings		79 621	61 702
Net profit for the year		15 987	24 039
Shareholders' equity before non-controlling interests, total		275 442	206 769
Non-controlling interests		262	398
Shareholders' equity, total		275 704	207 167
Liabilities			
Non-current liabilities	15	331 214	229 367
Deferred tax liabilities	11	38 113	35 080
Current liabilities	15	38 533	62 542
Liabilities, total		407 860	326 989
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		683 564	534 156

CONSOLIDATED CASH FLOW STATEMENT

	Note	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		35 312	42 558
Change in fair value of investment properties		690	-14 550
Depreciation		983	623
Other adjustments for non-cash transactions		136	518
Increase/decrease in working capital		241	333
Interests received		2 413	818
Interests paid and fees		-17 122	-11 155
Dividends received		12	19
Taxes paid		-2 474	-2 915
Net cash provided by operating activities		20 191	16 249
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in other securities		-1 109	-1 645
Investments in investment properties		-70 207	-27 564
Investments in tangible and intangible assets		-271	-377
Repayments of loan receivables		13	18
Gains from disposal of other investments		2 330	342
Acquisition of subsidiaries	17	-22 214	-48 928
Net cash used in investing activities		-91 457	-78 154
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long-term loans		70 214	67 886
Decrease in long-term loans		-13 392	-15 658
Decrease in finance lease liabilities		-1 071	-4 430
Decrease in finance lease receivables		946	809
Dividends paid		-6 597	-5 677
Paid share issue		58 478	16 786
Change in short-term loans		-31 242	462
Net cash provided by financing activities		77 337	60 178
Net increase/decrease in cash assets		6 070	-1 727
Cash and cash equivalents, January 1		1 076	2 803
Cash and cash equivalents, December 31		7 146	1 076

The notes to the cash flow statement are presented in the notes to the consolidated financial statements.

Currency unit: 1 000 euros

STATEMENT OF CHANGES IN EQUITY

	Share capital	Premium fund	Revaluation fund	Invested unrestricted equity fund	Retained earnings	Shareholders' equity before non-controlling interests	Non-controlling interests	Shareholders' equity total
Equity, 31.12.2006	67 319	18 551	48	7 322	67 460	160 700	4 576	165 276
Share issue	7 012					7 012		7 012
Issue premium				19 914		19 914		19 914
Stock options exercised	210					210		210
Dividend distribution					-5 677	-5 677		-5 677
Own shares acquired				75	-82	-6		-6
Share-based compensation					553	553		553
Net profit for the year					24 039	24 039	45	24 083
Other changes			24			24	-1	23
Business combinations						0	225	225
Acquisition of non-controlling holding						0	-4 447	-4 447
Equity, 31.12.2007	74 542	18 551	72	27 311	86 294	206 769	398	207 167
Share issue	22 365					22 365		22 365
Issue premium				37 186		37 186		37 186
Stock options exercised	7			9		17		17
Dividend distribution					-6 617	-6 617		-6 617
Own shares acquired				76	-67	9		9
Share-based compensation					550	550		550
Net profit for the year					15 987	15 987	-135	15 852
Other changes			-29	-806	11	-823		-823
Equity, 31.12.2008	96 914	18 551	43	63 777	96 158	275 442	262	275 704

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 Espoo, Helsinki, Jyväskylä, Kuopio, Lappeenranta, Oulu, Tampere and Vantaa in Finland and in St. Petersburg in Russia. The Group's parent company is Technopolis Plc. The company is domiciled in Oulu, Finland, and its registered address is Elektroniikkatie 8, FI-90570 Oulu.

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, 2008, together with the interpretations of the SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee). All figures in the financial statements are presented in thousands of euros.

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 exercises control otherwise. Associates 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.

Principles of consolidation

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. All business combinations subsequent to the transition date comply with IFRS 3. In the purchase cost calculations, all identifiable assets, liabilities and contingent liabilities related to the acquired sites are measured at fair value on the acquisition date. If the cost of an acquired company at 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 financial year have been consolidated from the point in time when control over them was established.

All intragroup transactions, margins on fixed assets, balances and profit distribution have been eliminated. The portion attributable to non-controlling interests has been separated from consolidated equity and profit and is presented separately under equity.

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 impairment, is presented in the income statement under finance 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.

Subsidiaries that are mutual property companies have been consolidated by proportional consolidation, with the balance sheets and income statements 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. These cases do not constitute a non-controlling interest.

Translation of foreign currency items

The consolidated financial statements are disclosed in euros, which is the functional and presentation currency of the Group's parent company. Foreign currency transactions are stated at the rate of exchange prevailing on the date of each transaction. At the end of the financial year, unsettled monetary items denominated in a foreign currency are valued using the rates of the balance sheet date. Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. Gains and losses arising from foreign currency denominated business transactions and from the translation of monetary items have been recognized in the income statement. The Group has a Russian subsidiary in St. Petersburg that uses the Russian ruble as the presentation currency.

Segment reporting

On the balance sheet date, the risks and profitability related to the products and services of the Group's various businesses and geographical areas were not materially different from one another, and the business in St. Petersburg was still limited in scope.

The Technopolis Group has defined the operating segments required under the IFRS 8 standard that took effect at the beginning of 2009. There are two operating segments based on geographical units: Finland and Russia. The segment division is based on the Group's existing internal reporting procedures and the organization of the Group's operations. The Group will be presenting information on the operating segments as of the first interim report for year 2009.

Policies for income recognition

The Group's net sales primarily consist of the real estate rental revenues, service revenues and business development income 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 the risks and rewards of ownership are transferred to the buyer and when it is probable that the economic benefits associated with the transaction will flow to the entity. Service revenues are recognized upon completion of the service performance.

Government grants

Government grants are recognized when there is reasonable assurance that the entity complies with the conditions attaching to them and that the grants will be received. The grants 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.

Income taxes

Current taxes include the tax based on taxable income for the period, adjustments for previous years and changes in deferred taxes. Deferred tax liabilities arise when the carrying amount of an item in the consolidated balance sheet exceeds the taxation value. Deferred tax liabilities are recognized in their entirety under non-current liabilities. Deferred tax assets arise when the carrying amount of an item in the consolidated balance sheet falls below the taxation value. Deferred tax assets are recognized to the extent it is probable they can be utilized against future taxable income. Deferred tax assets are recognized under long-term receivables.

Deferred taxes arise from e.g. investment properties, fixed assets, available-for-sale financial assets, confirmed losses, financial instruments, and the measurement of asset at fair value in conjunction with business acquisitions. The corporate tax rate confirmed on the balance sheet date has been used in calculating deferred taxes.

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 impairment, 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 % residual value 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.

The useful lives of intangible assets and tangible fixed assets are reviewed annually and their carrying amounts are assessed for possible impairment. If there is any indication of impairment, the recoverable amount of the asset involved is evaluated. If the carrying amount of an asset is found to be higher than the cash it will generate in the future, an impairment loss will be recognized as an expense for the period. If an impairment loss later proves unwarranted, it can be reversed by recognizing it in profit or loss. However, a reversal of an impairment loss cannot exceed the impairment of the asset recognized previously, and an impairment 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 impairment testing.

Investment properties

Investment properties are those that the Group holds in order to obtain rental revenues or an increase in asset value. Investment properties are measured at fair value. They include buildings and developed/undeveloped land owned by the Group. They also include properties held under a finance lease. Properties held under other than a finance lease are not classified as investment properties. 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's own use have not been recognized separately at acquisition cost, but are included in the fair value calculation.

Fair value accounting model

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 adjusted by the under-utilization rate, less annual management and maintenance costs. The current value of the residual value at the end of the financial year is added to the current value of the net cash flow. Undeveloped land areas are measured on the basis of the building rights, if the latter is essentially different from the land acquisition cost.

All future income is based on existing agreements. Existing agreements are assumed to be terminated 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 rents. The market rent 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. An under-utilization 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 expenses attributed to a property include the cost of management, small repairs and facility maintenance allocated to the property or the proportional holding in it for the entire accounting period. These expenses are increased annually by the expected inflation rate. The facility maintenance costs used in the calculation of residual value are based on internal site-specific estimates.

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 the each individual region. The yields are calculated by taking the average of the upper and lower ranges reported by these organizations.

The valuation model and the parameters applied in it have been audited by a third-party property assessor (AKA). Additionally, the Group may, at its discretion, request appraisals from third-party assessors to support its own calculations.

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 financial year at fair value and the increases in acquisition cost recognized by special purpose entities during the financial year.

Advance payments and projects in progress

The item "Advance payments and projects in progress" presents the actual total acquisition cost of properties under construction at the end of the financial year. Advance payments include those made in relation to the properties – e.g. for acquisition of land.

Undeveloped land areas are classified as investment properties until the commencement of construction, at which point they are transferred to projects in progress at fair value as per the transfer date. The purchase cost model is applied to properties that are under construction and are to be classified later as investment properties. Projects in progress include, in addition to land areas under construction, the purchase costs of buildings under construction and connection fees and the borrowing costs directly related to these. Projects in progress also include capitalized personnel expenses and land lease rents for the construction period. Upon completion of the property, a sum corresponding to the building's purchase cost, the land area, the connection fees as well as the borrowing costs, personnel expenses and land lease rents capitalized during the construction period is transferred in its entirety to investment properties, and its fair value is determined. The difference between the portion transferred from projects in progress and the fair value is recognized in profit or loss for the period.

The company has duly complied with the amended IAS 40 standard, under which investment properties under construction must be measured at fair value, provided that fair value can be reliably determined. The company will apply the amended standard as of the beginning of 2009.

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

Lessors recognize assets held under a finance lease at their commencement date in the balance sheet and state them at their net investment value. Lessors treat the receivable lease income as repayment of capital and finance income. The recognition of financial income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease. Leasing payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

Group companies lease premises under 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 lessee. Leases in which the risks and rewards incidental to ownership remain with the lessor are treated as operating leases. The majority of rental income is entered in the income statement on a straight-line basis during the term of the lease. Contingent rents are applied in the case of a few customers, in which the rent is based on the lessee's net sales. All rental revenues are recognized in net sales.

Group as a lessee

Lessees recognize finance leases at the commencement as balance sheet assets 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 used. The rents to be paid are divided between finance 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 lessee.

Borrowing costs

During the financial year, the Group voluntarily adopted the revised IAS23, Borrowing Costs, which requires that borrowing costs arising during the construction period be attributed to the acquisition cost of investment properties. Those borrowing costs that are not directly attributable to such long-term construction projects are recognized as expenses for the financial year during which they arise.

Financial instruments

Financial instruments are grouped as financial assets and financial liabilities recognized at fair value through profit or loss, or as loans and other receivables, available-for-sale financial assets and financial liabilities recognized at amortized cost. Available-for-sale financial assets and financial assets and financial liabilities recognized at fair value through profit or loss are measured at fair value by using quoted market prices and exchange rates or the valuation methods of third-party assessors.

Interest rate and currency swaps have been classified under financial assets and financial liabilities recognized at fair value in profit or loss. They are initially entered in the accounts at their acquisition cost equivalent to their fair value. After the acquisition, the swaps are measured at fair value. The fair value of interest rate and currency swaps is determined by discounting all future cash flows related to the swaps to the valuation date in accordance with the counterparty's pricing systems and methods. As the Group's current interest rate and currency swaps do not meet the requirements of hedge accounting, the positive and negative changes in fair value have been recognized in profit or loss.

Loans and other receivables and all financial liabilities, excluding derivatives, are presented in the balance sheet at the amortized cost by applying the effective interest method. Transaction costs are included at their initial purchase cost.

Sales receivables are measured at their initial value, less their estimated impairment. The situation with doubtful receivables and credit losses is estimated regularly on a case-by-case basis.

Equity investments are classified under available-for-sale financial assets. Available-for-sale financial assets are measured at fair value by applying quoted market prices. Any unlisted shares whose fair value cannot be reliably determined are recognized at their acquisition cost, less impairment. Changes in the fair values of available-for-sale financial assets are recognized directly in equity under the revaluation fund, less the tax consequences. When this type of asset is sold, the accumulated changes in fair value are transferred from shareholders' equity to profit.

Interest-bearing liabilities are recognized in the balance sheet at amortized cost by applying the effective interest method. Current interest-bearing liabilities include the commercial papers issued by the company.

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.

Non-current assets held for sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sales transaction, rather than through continued use. Such an asset is available for immediate sale in its present condition and its sale is highly probable. Non-current assets held for sale are measured at their carrying amounts or at their fair value less the costs of sale, whichever lower. Non-current assets classified as held for sale will not be depreciated after classification.

Employee benefits

The pension security paid by the Technopolis Group as the employer is primarily based on the Finnish pension security system (TyEL). All of the Group's employees are included in a defined contribution plan, and all contributions resulting from pension arrangements are recognized in the income statement for financial year to which the contribution relates.

Voluntary pension arrangements of key individuals have been treated as defined contribution plans because the Group's legal and constructive obligation is limited to the amount which the Group contributes to the plan concerning post-employment benefits.

Share-based payments

The Group has applied IFRS 2, Share-based Payments, to all those option programs under which options have been granted after November 7, 2002 and to which no right has arisen prior to January 1, 2005. No costs related to any option programs that pre-date the above have been presented in the income statement. 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 determined on the option granting date 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 long-term interest rate is used as the risk-free interest rate. The Group updates the assumptions concerning the final number of options at 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.

Operating profit

The Group has defined operating profit as follows: Operating profit is the net sum formed when the net sales figure is increased by operating income, and decreased by employee benefits expense, depreciation and amortization expense and any impairment losses, changes

in the fair value of investment properties and other operating expenses. All income statement items other than those listed above are presented under operating profit. Exchange rate differences are included in the 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 dilutive effects. The basic earnings per share are calculated using the parent company's average number of shares for the financial year. 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.

Related party transactions

A related party relationship exists if one of the parties exerts 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 the Group management and their next of kin and companies in which such individuals exert control, joint control or significant influence. 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 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.

Application of new or amended International Financial Reporting Standards

When preparing the financial statements, the Group has given due consideration to the new standards and interpretations issued by the IASB during the financial year and will adopt the same in the forthcoming reporting periods as soon as they become effective. Of the amendments published during the financial year, IFRS 3 Business Combinations and IAS 40 Investment Property will affect the future consolidated financial statements. The other amended standards released during the reporting period (IFRS 2 Share-based Payment, IAS 1 Presentation of Financial Statements and the annual improvements process) and interpretations (IFRIC 16 and IFRIC 17) will not have any substantial impact on the Group's future consolidated financial statements. The Group has voluntarily applied the revised IAS 23 Borrowing Costs since the 2007 financial year. The transition to the use of the IFRS 8 in financial reporting will be implemented during the financial year starting January 1, 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NET SALES AND OTHER OPERATING INCOME

The Group's total rentable gross floor area was 438,337 square meters at the end of 2008 (366,045 square meters on December 31, 2007). The Group's average financial occupancy ratio at the end of the year was 96.5 % (96.8 %).

At the end of the year, the Group's lease portfolio totaled EUR 122.5 million (EUR 111.0 million).

	2008	2007
Net sales	72 571	56 899
Other operating income	5 480	5 237

A contingent rent, based on the lessee's net sales, has been applied to some customers. Contingent rents totaling EUR 1,356 thousand were recognized in net sales for the year (EUR 1,038 thousand in 2007).

Net sales include rental revenues from premises, service revenues and income from business development services. Net sales have been adjusted for indirect taxes, adjusting entries for sales and exchange rate differences from sales in foreign currencies.

The grants received for certain development programs have been recognized under other operating income. The expenses relating to the development programs are recognized under other operating expenses and personnel expenses. Additionally, gain on disposal of an asset classified as a non-current asset held for sale in 2007 has been recognized in other operating income.

2. COSTS OF EMPLOYEE BENEFITS

Salaries and fees	7 932	6 934
Pension costs, defined contribution plans	1 221	1 194
Share options granted	550	553
Indirect employee costs	486	311
Costs of employee benefits, total	10 188	8 992
Average number of employees	165	142

The employment benefits of the management are presented in note 19.

3. DEPRECIATION AND IMPAIRMENT

Depreciation by asset group		
Intangible assets	562	194
Tangible fixed assets: Machinery and equipment	421	429
Depreciation and impairment, total	983	623

4. OTHER OPERATING EXPENSES

Premises expenses	14 528	10 965
Service expenses	13 642	11 010
Other expenses arising from operations	2 707	2 538
Other operating expenses, total	30 877	24 513
Auditor's fees		
Audit	29	26
Certificates and reports	7	
Other services	155	120
Auditor's fees, total	191	146

Auditor's fees are included in other operating expenses.

5. FINANCE INCOME AND EXPENSES

Dividend income	12	19
Interest income	1 152	828
Interest expense	-15 868	-10 665
Impairment	-33	-2
Foreign exchange losses	-478	
Change in fair value of derivatives	1 260	143
Finance income and expenses, total	-13 954	-9 678

Foreign exchange losses have arisen as a result of the conversion of ruble-denominated transactions into euros.

Currency unit: 1 000 euros

	2008	2007
Finance income and expenses are divided into groups of financial instruments as follows:		
Interest-bearing liabilities and receivables	-12 785	-8 469
Finance lease liabilities and receivables	-1 736	-1 428
Derivative contracts	1 041	140
Other receivables and debts	-473	79
Finance income and expenses (net), total	-13 954	-9 678

As the Group's current interest rate and currency swaps do not meet the criteria for hedge accounting, the positive and negative changes in fair value have been recognized in profit or loss for the period.

6. INTANGIBLE ASSETS

Intangible assets		
Acquisition cost, Jan 1	2 975	2 926
Increases	94	2
Increases from business combinations		47
Acquisition cost, Dec 31	3 069	2 975
Accumulated depreciation, Jan 1	-489	-294
Depreciation for the year	-562	-194
Intangible assets, Dec 31	2 019	2 486
Carrying amount, Jan 1	2 486	2 632
Carrying amount, Dec 31	2 019	2 486

7. INVESTMENT PROPERTIES

Changes in fair value of investment properties		
Fair value of investment properties, Jan 1	468 760	392 160
Cost of investment properties acquired during the year	6 626	2 603
Investment properties from business combinations	65 162	60 666
Transfers from projects in progress	61 414	
Transfers to projects in progress	-9 413	-1 084
Transfers to other balance sheet items		-1 872
Change in fair value	1 472	16 288
Fair value of investment properties, Dec 31	594 022	468 760
Change in value of investment properties		
Change in fair value excluding change in net yield requirements	35 845	3 344
Change caused by change in net yield requirements	-34 373	12 944
Change in fair value	1 472	16 288
Changes in acquisition costs of investment properties in financial year	-2 163	-1 737
Effect on profit of change in value of investment properties	-690	14 550
Net rental revenues for investment properties		
Rental revenues	47 434	42 380
Direct expenses for properties owned by Group	-13 848	-13 492
Net rental revenues	33 586	28 888

The net rental revenues do not include properties commissioned or acquired during the year.

8. TANGIBLE FIXED ASSETS

Machinery and equipment		
Original acquisition cost	4 921	4 551
Accumulated depreciation	-3 448	-3 056
Net expenditures, Jan 1	1 473	1 495
Increases	227	354
Increases from business combinations	930	99
Decreases	-57	-83
Depreciation accumulated on decreases		38
Depreciation for the year	-421	-429
Machinery and equipment, Dec 31	2 152	1 473
Carrying amount, Jan 1	1 473	1 495
Carrying amount, Dec 31	2 152	1 473

	2008	2007
Other tangible assets		
Acquisition cost, Jan 1	56	28
Increases		2
Increases from business combinations	0	27
Other tangible assets, Dec 31	57	56
Carrying amount, Jan 1	56	28
Carrying amount, Dec 31	57	56
Advance payments and projects in progress		
Projects in progress, Jan 1	25 372	920
Increases/decreases	62 360	23 368
Transfers from investment properties	9 413	1 084
Transfers to investment properties	-61 414	
Advance payments and projects in progress, Dec 31	35 730	25 372

9. HOLDINGS IN ASSOCIATES

Holdings in associates, Jan 1	12 343	10 769
Increases/decreases	37	1 551
Increases from business combinations	4 574	10
Group share of profit/loss for year	21	13
Holdings in associates, Dec 31	16 976	12 343

Holdings in associates	Holding, %	Original acquisition cost	Group share of accumulated profit/loss	Total
Kiinteistö Oy Hermia, 9,692 shares, Tampere	49.3	11 372	0	11 372
Technocenter Kempele Oy, 501 shares, Kempele	48.5	588	359	947
Kiinteistö Oy Bioteknia, 31,121 shares, Kuopio	28.5	4 574	0	4 574
Iin Micropolis Oy, 500 shares, Ii	25.7	84	-84	0
Otaniemen kehitys Ltd, 35 shares, Espoo	35.0	35	-1	34
Jyväskylä Innovation Ltd, 1,200 shares, Jyväskylä	24.0	12	-2	10
Kuopio Innovation Oy, 24 shares, Kuopio	24.0	37	0	37
Lappeenranta Innovation Ltd, 1,000 shares, Lappeenranta	20.0	10	-10	0
Total		16 713	262	16 976

The fair values of the shares of associates do not materially differ from their carrying amounts.

Technopolis Plc has recognized losses accumulated from its interest in the results of its associates only up to the acquisition cost of the shares. EUR 8 thousand (EUR 21 thousand in 2007) was left unrecognized for Iin Micropolis Oy, and EUR 9 thousand (EUR 6 thousand) was left unrecognized for Lappeenranta Innovation Ltd.

Information on associates	Assets	Liabilities	Net sales	Profit for the year
2008				
Kiinteistö Oy Hermia	8 237	199	940	0
Technocenter Kempele Oy	2 866	391	496	54
Kiinteistö Oy Bioteknia	12 426	40	729	-675
Iin Micropolis Oy	362	394	0	49
Otaniemen kehitys Ltd	308	209	176	0
Jyväskylä Innovation Ltd	896	859	3 581	-6
Kuopio Innovation Oy	1 065	990	354	-2
Lappeenranta Innovation Ltd	1 038	1 084	136	-18

Currency unit: 1 000 euros

	Assets	Liabilities	Net sales	Profit for the year
<i>2007</i>				
Kiinteistö Oy Hermia	8 485	188	886	0
Technocenter Kempele Oy	3 011	582	448	26
lin Micropolis Oy	332	413	38	0
Otaniemen kehitys Ltd	348	249	70	-1
Jyväskylän Innovation Ltd	968	925	3 215	0
Lappeenranta Innovation Ltd	1 177	1 204	153	-5

2008

2007

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets, Jan 1	4 651	4 840
Increases	1 072	47
Increases from business combinations	28	
Decreases	-34	-268
Change in fair value of assets recognized at fair value	-39	32
Impairments	-30	
Available-for-sale financial assets, Dec 31	5 649	4 651
Available-for-sale quoted financial assets	964	1 013
Available for sale non-quoted financial assets	4 685	3 638
Available-for-sale financial assets 31.12.	5 649	4 651

EUR 3.9 million (EUR 3.9 million in 2007) has been recognized at fair value and EUR 1.8 million (EUR 0.7 million) has been recognized at cost.

Revaluation fund

Revaluation fund, Jan 1	72	48
Change in fair value of assets recognized at fair value	-39	32
Amount transferred to income statement		-1
Deferred taxes	10	-8
Revaluation fund, Dec 31	43	72

The changes in the fair value of available-for-sale financial assets are recognized in the revaluation fund, less the tax effect. When such an asset is sold, the accumulated changes in fair value are transferred from shareholders' equity to profit or loss.

11. INCOME TAXES AND DEFERRED TAXES

Current taxes	-1 975	-2 680
Change in deferred taxes	-3 553	-6 129
Tax expense in income statement	-5 528	-8 809
Reconciliation of income taxes		
Profit before taxes	21 379	32 893
Taxes calculated at the tax rate 26 % on the balance sheet date	-5 559	-8 552
Non-tax-deductible expenses	-119	-108
Tax-exempt income	44	41
Effects of the differing tax rates of foreign subsidiaries	2	42
Previously unrecognized deductible differences	-10	31
Unrecognized deferred tax assets	-62	-192
Income tax for previous years	62	-46
Others	113	-26
Tax expense in income statement	-5 528	-8 809

	2008	2007
Deferred tax liabilities		
Investment properties	35 541	27 005
Other temporary differences	2 572	8 074
Deferred tax liabilities, total	38 113	35 080
Deferred tax assets		
Investment properties	1 741	2 187
Unused losses confirmed in taxation	43	101
Other temporary differences	105	125
Deferred tax assets, total	1 890	2 414

Deferred tax assets from temporary differences and confirmed losses for which there is no certainty that they can be utilized in the future have not been recognized in the consolidated financial statements. These temporary differences totaled EUR 0.3 million in 2008 (EUR 0.2 million in 2007).

The taxes and deferred taxes related to items recognized directly in shareholders' equity have been recognized directly in shareholders' equity.

12. CURRENT RECEIVABLES

Sales receivables	2 524	2 376
Receivables from associates		5
Loan receivables	99	94
Adjusting entries for assets	6 396	3 492
Finance lease receivables (breakdown in note 13.)	1 050	876
Derivatives	2 166	282
Other receivables	1 314	1 228
Income tax receivables	297	66
Current receivables, total	13 845	8 420
Available-for-sale investments		
Other securities	2	4
Maturities of sales receivables		
Non-matured	1 657	1 781
under 30 days	622	361
30 - 90 days	129	199
3 - 6 months	80	11
6 - 12 months	28	3
over 12 months	8	20
Total	2 524	2 376

13. FINANCE LEASE RECEIVABLES

The finance leases recognized in the consolidated financial statements are property leases and fixtures and fittings leases (Group as lessor). Non-current finance lease receivables have been recognized in non-current assets under investments and receivables.

Leases of fixtures and fittings

Maturities of finance lease receivables

Not later than one year	14	34
Later than one year and not later than five years		17
Gross investment in finance leases	14	50

Present value of minimum lease receivables

Not later than one year	14	31
Later than one year and not later than five years		16
Present value of minimum lease receivables, total	14	47
Non-accumulated finance income		3
Gross investment in finance leases of fixtures and fittings	14	50

Currency unit: 1 000 euros

	2008	2007
Finance leases of properties		
Maturities of finance lease receivables		
Not later than one year	1 487	1 395
Later than one year and not later than five years	3 788	4 369
Later than five years	2 077	2 544
Gross investment in finance leases	7 351	8 309
Present value of minimum lease receivables		
Not later than one year	1 036	845
Later than one year and not later than five years	2 846	3 062
Later than five years	1 228	2 116
Present value of minimum lease receivables, total	5 110	6 023
Non-accumulated financial income	2 242	2 285
Gross investment in finance leases of properties	7 351	8 309

14. NON-CURRENT ASSETS HELD FOR SALE

During the first quarter of 2008, the Group sold a production building in Hepolamminkatu, Tampere. The building was spun off in the last quarter of 2007 to form an independent property company. On December 31, 2007, the Group owned all the share capital of the property company that was recognized in non-current assets held for sale. On December 31, 2007, the balance sheet value of the share capital stood at EUR 1.9 million. The property company was sold because it was not part of the Group's core business. A capital gain of EUR 423 was recognized in other income.

	2008	2007
15. LIABILITIES		
Non-current interest-bearing liabilities		
Bank loans	291 664	188 692
Non-current finance lease liabilities	38 175	39 259
Non-current interest-bearing liabilities, total	329 838	227 952
Current interest-bearing liabilities		
Repayments on non-current loans	15 300	13 538
Commercial papers	3 965	35 248
Other current interest-bearing liabilities	42	
Current finance lease liabilities	1 127	1 113
Current interest-bearing liabilities, total	20 434	49 899
Interest-bearing liabilities		
Fixed rate	89 838	84 373
Floating rate	260 434	193 478
Interest-bearing liabilities	350 272	277 851
Fair value of interest-bearing liabilities	388 420	276 073

Interest-bearing liabilities (excluding finance lease liabilities) are all denominated in euros, and will mature as follows:

2008		48 795
2009	19 307	11 940
2010	24 786	22 000
2011	30 553	20 992
2012	31 418	22 452
2013	29 504	
Later	175 403	111 299
Total	310 970	237 478

The weighted averages of the effective interest rates of interest-bearing liabilities, %

Bank loans	4.29	4.65
Bank loans including interest rate and currency swaps	4.71	4.64
Finance lease liabilities	5.25	5.62
Commercial papers	3.59	4.97

	2008	2007
Non-current non-interest-bearing liabilities		
Deferred tax liabilities	38 113	35 080
Other liabilities	1 375	1 416
Non-current non-interest-bearing liabilities, total	39 489	36 496
Current non-interest-bearing liabilities		
Advances received	3 172	2 466
Accounts payable	2 833	3 911
Adjusting entries for liabilities	10 018	5 414
Derivatives	1 601	
Other liabilities	403	360
Income tax liabilities	73	492
Current non-interest-bearing liabilities	18 099	12 643

16. RISK MANAGEMENT

1) Management of financial risks

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 financing risk, Technopolis draws upon the resources of a wide range of financiers, makes use of a variety of financing instruments and maintains strong solvency. 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. Technopolis uses derivative instruments exclusively for the purpose of reducing or eliminating financial risks in the balance sheet. Extended uncertainty on the financing market may adversely affect the availability of growth financing and refinancing and their spreads in the future.

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 was last updated in September 2008. The objective of interest rate risk management is to mitigate the negative impact of market rate fluctuations on the Group's performance, financial position and cash flow. If necessary, the company makes use of forwards, interest rate swaps and interest rate options to hedge interest rate risks. Another aim of the company's interest rate risk policy is to diversify the interest rate risk of loan contracts over various loan periods on the basis of the market situation prevailing at any given time and the interest rate forecast created by the company.

The company's borrowing arrangements include standard security instruments and covenants. The company employs collateral in its borrowing, and insists on standard pledge restrictions. It is indicative of the structure of Technopolis's loan portfolio at the end of 2008 that a one-point change in money market rates would change interest rate costs by EUR 1.9 million per annum (EUR 1.2 million in 2007).

Because of the interest rate risk associated with loans, a policy of diversifying interest bases is pursued. On December 31, 2008, 74.3 % of the company's interest-bearing loans were pegged to the 3-12 month Euribor rate. Of all interest-bearing liabilities, 25.7 % were fixed-rate loans with a maturity of 13 to 60 months. The average capital-weighted outstanding loan period was 10.8 years.

Currency risk

As the operations have expanded outside the euro zone, the company has become exposed to exchange rate risks. The objective of currency risk management is to reduce the uncertainties relating to cash flows, profit and the balance sheet. Changes in the exchange rates between the Russian ruble and the euro may have an effect on the company's financial performance and operations. Transactions denominated in rubles are recorded at the exchange rate applied on the transaction date. Any translation differences are entered in the income statement under other operating expenses or finance income and expenses according to the type of transaction involved. The acquisition of land in St. Petersburg has been financed in the local currency. The related exchange rate risk has been hedged using a currency swap which, however, does not meet the criteria for hedge accounting. Financing for the Pulkovo construction project in Russia will be provided by parent company funding. The building contract signed with the Russian general contractor is in euros which is also the currency in which payments are made.

The company is also exposed to the currency risk through a ruble-denominated loan extended to the subsidiary. The inter-company loan and the net investment made in the subsidiary are hedged using a currency swap.

	2008	2007
Ruble exposure		
Inter-company loan receivable	2 360	4 839
Currency swap	-7 277	-7 277
Net exposure	-4 917	-2 438
Sensitivity analysis for change in the exchange rate for the ruble +/-10 % (impact on profit before taxes)	+/- 492	+/- 244

With regard to the financing instruments, the open net exposure in rubles is equivalent to the investment made in the subsidiary to which hedge accounting has not been applied. In 2008, part of the ruble-denominated loan was converted into shareholders' equity.

Currency unit: 1 000 euros

Credit risk

Credit risk management at Technopolis focuses on managing client risks. The clients' credit standing is evaluated before leases are signed and new leases usually include rental security arrangements. Leases for properties rented under finance leases contain a termination clause that the lessor can invoke if the lessee defaults on its obligations.

The Group does not have uncertain receivables. The amount of outstanding sales receivables is low and closely monitored. Credit losses recognized in loss for the financial year amounted to EUR 139 (EUR 25 in 2007). At the end of the year, the Group's maximum credit risk is equivalent to the carrying amount of financing assets.

Liquidity risk

The Group's financial 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 the repaying loans when due. In order to manage financial risk, 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 contracts and maturity. Additionally, the company has domestic commercial paper programs with three Finnish financial institutions to manage its short-term liquidity. For short-term financing needs, the Group also has overdraft credit facilities.

Repayments of interest-bearing liabilities and finance costs:	Less than one year	1 - 5 years	over 5 years	Total
Bank loans	28 000	158 860	198 612	385 472
Commercial papers	3 970			3 970
Finance lease liabilities	3 177	12 626	44 784	60 587

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.

2008	Note	Loans and other receivables	Financial assets and liabilities recognized at fair value in profit or loss	Available-for- sale financial assets	Financial liabilities recognized at amortized cost	Total finan- cial assets/ liabilities
Non-current financial assets						
Available-for-sale investments	10			5 649		5 649
Non-current finance lease receivables	13	4 073				4 073
Non-current other receivables		2				2
Total		4 076		5 649		9 724
Current assets						
Sales receivables and other receivables	12	11 679	2 166			13 845
Available-for-sale investments				2		2
Total		11 679	2 166	2		13 847
Non-current liabilities						
Non-current interest-bearing liabilities, total	15				329 838	329 838
Non-current non-interest-bearing liabilities, total					1 375	1 375
Total					331 214	331 214
Current liabilities						
Commercial papers	15				3 965	3 965
Other current interest-bearing liabilities					16 469	16 469
Accounts payable and other liabilities			1 601		16 425	18 026
Income tax liabilities					73	73
Total			1 601		36 932	38 533

2007	Note	Loans and other receivables	Financial assets and liabilities recognized at fair value in profit or loss	Available-for-sale financial assets	Financial liabilities recognized at amortized cost	Total financial assets/liabilities
Non-current financial assets						
Available-for-sale investments	10			4 651		4 651
Non-current finance lease receivables	13	5 194				5 194
Non-current other receivables		34				34
Total		5 228		4 651		9 879
Current assets						
Sales receivables and other receivables	12	8 138	282			8 420
Available-for-sale investments				4		4
Total		8 138	282	4		8 424
Non-current liabilities						
Non-current interest-bearing liabilities, total	15				227 952	227 952
Non-current non-interest-bearing liabilities, total					1 416	1 416
Total					229 367	229 367
Current liabilities						
Commercial papers	15				35 248	35 248
Other current interest-bearing liabilities					14 652	14 652
Accounts payable and other liabilities					12 150	12 150
Income tax liabilities					492	492
Total					62 542	62 542

II) Yield requirement risks associated with investment properties

The market yield requirements are reflected in the fair value of the Group's investment properties. When the yield requirements increase, the fair value of properties fall. Conversely, when the yield requirements decrease, the fair value of properties increases. The change in the fair value of investment properties is recognized as a separate item in the income statement. Such changes either decrease or increase the Group's operating profit. Changes in yield requirements do not have any impact on the Group's net sales, EBITDA or cash flow. Because Technopolis does not trade in the properties it owns, the risk arising out of changes in market yield requirements has not been hedged.

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

	31.12.2008	Change in yield requirement	
		+1 %	-1 %
Fair value of investment properties	594 022	526 506	682 353

III) Risk concentrations

Technopolis's focus on technology centers and high tech companies creates a business risk that is mitigated by the fact its clients operate in several different fields of technology.

Risk concentrations related to customer relationships are avoided through efficient client risk management. The objective is to minimize the negative impact of any changes in the client's financial position on the company's business and financial performance. Client risk management is based on a close understanding of the business the client is engaged in and on active monitoring of client information. As part of client risk management, Technopolis leases include rental security arrangements.

The company's policy is to ensure that no single client accounts for more than 12 % of net sales. The Group's leases fall into two categories: fixed-term leases and open-ended leases. Both types of lease are used depending on the market conditions and property involved. The portfolio on fixed-term leases adds stability in business cycle fluctuations.

The current lease structure allows clients to change the premises they occupy flexibly as their business changes. This is a key element of the Technopolis service concept, and the company has solid long-term expertise in employing this approach under varying economic conditions.

The general weakening of the economic environment, if prolonged, may have an adverse effect on the company's clients and hence on the Group's business operations.

Currency unit: 1 000 euros

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 and share issues. 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.

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, 2008, the Group's equity ratio was 40.5 % (39.0 % on December 31, 2007). The long-term target equity ratio is 38 %.

17. ACQUIRED BUSINESSES

An agreement was signed with the City of Kuopio on February 21, 2008, to acquire the share capital of Kuopion Teknoliakeskus Teknia Oy. The final price paid for the shares in cash was EUR 18.7 million based on Teknia Oy's net debt position on February 21, 2008. Following the transaction and the simultaneous purchase of the shares held by the Municipality of Siilinjärvi, Teknia became wholly owned by Technopolis. After the acquisition, Kuopion Teknoliakeskus Teknia Oy was renamed Technopolis Kuopio Oy and merged with the parent company on October 31, 2008.

Assets and liabilities arising from the acquisition of Kuopion Teknoliakeskus Teknia Oy

	Fair values	Carrying amount
<i>Assets</i>		
Intangible assets and tangible fixed assets	874	1 223
Investments and deferred tax assets	62 728	60 964
Receivables	5 205	4 713
Cash and cash equivalents	1 588	1 588
<i>Assets, total</i>	1 337	1 337
	71 732	69 824
<i>Liabilities</i>		
Non-current liabilities	44 886	44 886
Deferred tax liabilities	906	
Current liabilities	4 848	4 259
<i>Liabilities, total</i>	50 640	49 145
Net asset value		
Non-controlling interests in net asset value	0	0
Net asset value remaining for Group	21 092	20 679
Transaction price paid in cash	18 709	
Transaction price paid otherwise	2 400	
<i>Goodwill</i>	-17	
Transaction price paid in cash	21 109	
Acquired company's cash and cash equivalents	1 337	
Effect on cash flow	19 772	

The EUR 2.4 million transaction price paid otherwise includes the estimated asset transfer tax and expert fees as well as the EUR 1.9 million subordinated loan paid by Technopolis to the City of Kuopio on behalf of Teknia.

The net sales and profit of the entity created as a result of the transaction have not been shown for the year as if the entity had been acquired at the beginning of the period because it is not of substantial significance as the acquisition took place early in the year and the acquired company was merged with the acquirer during the year.

	2008	2007		
18. ASSETS PLEDGED, CONTINGENT LIABILITIES AND OTHER LIABILITIES				
Mortgages of properties				
Loans from financial institutions	346 265	242 532		
Mortgages given	261 930	201 719		
Land lease liabilities				
Mortgages given	1 172	1 056		
Other mortgage liabilities	925	925		
Mortgages, total	264 027	203 700		
Pledged property shares				
Pledged investment properties	162 417	97 768		
Collateral given on behalf of associates				
Guarantees	505	505		
Other guarantee liabilities	13 240	100		
Interest rate and currency swaps	Nominal value	Fair value	Nominal value	Fair value
Interest rate swaps in 2007 (fixed interest 1 year)			10 000	-15
Interest rate swaps in 2008 (fixed interest 1 year)	104 722	-1 568		
Currency swap	7 277	2 133	7 277	298
Interest rate and currency swaps, total	111 999	565	17 277	282

OTHER LIABILITIES**Liability to adjust value added tax (VAT) on property investments**

	5-year adjustment period		10-year adjustment period		Total
	2005	2006	2007	2008	
Property investment expense (net)	16 374	43 899	4 796	57 448	122 517
VAT on property investment	3 602	9 658	1 055	12 639	26 954
VAT deducted	3 556	9 261	1 049	12 572	26 439
Annual amount to be re-adjusted	711	1 852	210	1 257	4 031
Liability to readjust Dec 31 2008	711	3 704	630	11 315	16 360
Liability to adjust Dec 31, 2007					7 819
Change					8 541

The adjustment period for property investments was five years from 2004 to 2007 and 10 years as of 2008.

	2008	2007
Project liabilities		
Project liabilities		6 100
Collateral deposits	206	40
Project liabilities, total	206	6 139

Currency unit: 1 000 euros

	2008	2007
Lease liabilities from fixtures and fittings leases		
Current lease liabilities	434	232
Non-current lease liabilities	504	248
Lease liabilities from fixtures and fittings leases, total	938	480
Lease liabilities from investment properties (Technopolis as the lessee)		
Total value of minimum lease payments		
Not later than one year	3 177	3 319
Later than one year and not later than five years	12 626	13 228
Later than five years	44 784	49 222
Total	60 587	65 770
Present value of minimum lease payments		
Not later than one year	1 127	1 113
Later than one year and not later than five years	5 092	4 851
Later than five years	33 083	34 409
Present value of minimum lease payments, total	39 301	40 373
Future financial expenses, total	21 285	25 397
Total amount of finance lease liabilities from investment properties (Technopolis as the lessee)	60 587	65 770
Carrying amount of investment properties leased by Technopolis on a finance lease, Dec 31	58 523	56 716

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

19. RELATED PARTY TRANSACTIONS

The Group's related parties comprise the parent company, Technopolis Plc, and its subsidiaries and associates and their key management personnel.

Holdings in Group companies	Holding, %
Innopoli Oy, 1 414 280 shares, Espoo	100.00
Kiinteistö Oy Innopoli II, 15 862 shares, Espoo	100.00
Technopolis Ventures Oy, 15 000 shares, Espoo	100.00
Technopolis Ventures Jyväskylä Oy, 1 000 shares, Jyväskylä	100.00
Technopolis Ventures Oulu Oy, 70 shares Oulu	70.00
Technopolis Ventures Lappeenranta Oy, 1 000 shares, Lappeenranta	100.00
Technopolis Ventures Kuopio Oy, 1 000 shares, Kuopio	100.00
Technopolis Ventures Professia Oy, 1 445 shares, Tampere	50.07
Technopolis Hitech Oy, 500 shares, Oulu	100.00
Oulun Teknoparkki Oy, 122 shares, Oulu	84.14
Oulun Ydinkeskustan Parkki Oy, 122 shares, Oulu	62.24
Kiinteistö Oy Oulun Ydinkeskusta, 12 252 shares, Oulu	98.77
Technopolis St. Petersburg LLC, St. Petersburg, Russia	100.00
Kiinteistö Oy Technopolis Viestikatu 1-3, 8 500 shares, Kuopio	100.00
Kiinteistö Oy Technopolis Mikrokatu 1, 4 737 shares, Kuopio	91.24

The subsidiary Tekno-Tennis Oy was dissolved during 2008. Technopolis Neudorf LLC, St. Petersburg, Russia, a subsidiary, has not been included in the consolidated financial statements because of the limited scope of its activities.

	2008	2007
Associates		
Sales to associates	317	182
Receivables from associates		5

Associates and the holdings in them have been presented in note 9. The transactions undertaken with associates comprise sale of services and leasing of premises.

	2008	2007
Salaries and benefits of the parent company's management		
<i>CEO and President</i>		
Silverang Keith	50	
Huuskonen Pertti	279	322
	328	322
<i>Members of the Board</i>		
Huuskonen Pertti, Chairman	104	
Pennanen Matti, Deputy Chairman	37	40
Kuutsa Jussi	31	
Ritakallio Timo	31	
Veikkolainen Erkki	32	36
Yli-Rajala Juha	33	32
Total	269	108
<i>Previous members of the Board</i>		
Korhonen Pekka	2	31
Paajanen Juhani		5
Parmasuo Timo	35	63
Voutilainen Pertti		10
Total	37	109

The Annual General Meeting of 2008 decided that Board members will be paid meeting fees in addition to the annual compensation. The annual compensation of the Chairman of the Board is EUR 46 thousand and meeting fee EUR 1,200 per meeting. This compensation plan was applied until September 15, 2008 when the former CEO and President assumed the position of full-time Chairman of the Board. His annual fee will be EUR 339 thousand per year in accordance with the decision of the Annual General Meeting. In 2008, his annual compensation was EUR 104 thousand in proportion to his term of office. The annual compensation of the Deputy Chairman of the Board is EUR 30 thousand and meeting fee EUR 600 per meeting. The annual compensation of Board members is EUR 25 thousand and meeting fee EUR 600 per meeting. Half of the annual compensation of the Board members other than the Chairman is paid in cash and half in company shares. A Board member may not dispose of the shares received in annual compensation before the expiry of his or her term. Technopolis acquired its own shares in the spring and fall of 2008 for this purpose. All the shares so acquired were surrendered to the Board members on the acquisition date.

	Number of shares	Acquisition price
Acquired Technopolis shares		
Shares granted as compensation	14 690	-84
Shares acquired and granted	14 690	76
Treasury shares, Dec 31, 2008	-	

The retirement age and pension of the CEO will be determined by the general pension provisions. The period of notice for the CEO is 6 months and the severance pay equivalent to 6 months' salary in addition to the regular pay for the notice period.

In voluntary pension plans for key personnel, the Group's legal and constructive obligation is limited to the amount which the Group contributes to the plan with respect to post-employment benefits. Voluntary pension contributions made for key personnel during the financial year totaled EUR 14 thousand (EUR 11 thousand in 2007).

The terms of the option program are presented in note 20.

20. SHARE-BASED PAYMENTS

2005 option program

The Annual General Meeting of March 22, 2005 made a decision on an option program and the issuance of options to key personnel. A total of 1,208,000 options rights were issued as part of the incentive compensation plan for key individuals.

At the time of issue, all the options rights under option plans 2005B and 2005C and the option rights under 2005A that were not distributed to key individuals were given to Technopolis Hitech Oy which may, by the decision of the Technopolis Board of Directors, issue said option rights to the present or future key individuals within the Technopolis Group. The Annual General Meeting of March 29, 2007, decided to cancel the 436,000 options rights issued under plan 2005C authorized by the Annual General Meeting of March 22, 2005.

Under option plan 2005A, the subscription price of the share is the average share price at the NASDAQ OMX Helsinki Stock Exchange during April 1 to April 30, 2005, weighted by the trading volume of the Technopolis share plus 10 % and under option plan 2005B, the average share price at the NASDAQ OMX Helsinki Stock Exchange during April 1 to April 30, 2006, weighted by the trading volume of the

Currency unit: 1 000 euros

Technopolis share plus 10 %. The subscription prices of shares subscribed under the option plans 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. The subscription period for shares under option plan 2005A is June 1, 2007 to April 30, 2010, and under option plan 2005B from June 1, 2008 to April 30, 2010.

According to the original terms, each option right entitled the holder to subscribe 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 2005 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 2005 option rights were changed such that now one option right entitles the holder to subscribe 1.043 Technopolis shares. 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.

If the employment or position of the option holder with the Technopolis Group ends for reasons other than death or statutory retirement, he or she shall immediately offer, without consideration, the option rights to the company or order in respect of which the share subscription period has not commenced by the date of expiry of employment or position. However, the Board may, at its discretion, decide to allow the option holder to keep the option rights, or part of them, subject to such obligation to offer.

	2008		2007	
Changes during the year, 2005A	Weighted subscription price, EUR/share	Number of options	Weighted subscription price, EUR/share	Number of options
At beginning of year	3.84	301 000	3.97	316 000
New options granted	3.84	29 000		
Lost options			3.97	-10 000
Exercised options	3.84	-4 300	3.97	-5 000
Outstanding at end of year	3.54	325 700	3.84	301 000
Exercisable at end of year		325 700		301 000
Changes during the year, 2005B	Weighted subscription price, EUR/share	Number of options	Weighted subscription price, EUR/share	Number of options
At beginning of year	6.73	426 000	6.87	421 000
New options granted			6.87	25 000
Lost options			6.87	-20 000
Outstanding at end of year	6.19	426 000	6.73	426 000
Exercisable at end of year		426 000		-

2007 option program

The Annual General Meeting of March 29, 2007 made a decision 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 during 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 during 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 during 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. The subscription period for shares under option plan 2007A is 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 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 1.043 Technopolis shares. 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.

If the employment or position of the option holder with the Technopolis Group ends for reasons other than death or statutory retirement, he or she shall immediately offer, without consideration, the option rights to the company or order in respect of which the share subscription period has not commenced by the date of expiry of employment or position. However, the Board may, at its discretion, decide to allow the option holder to keep the options rights, or part of them, subject to such obligation to offer.

	2008		2007	
Changes during the year, 2007A	Weighted subscription price, EUR/share	Number of options	Weighted subscription price, EUR/share	Number of options
New options granted	7.85	488 500	7.85	488 500
Lost options	7.39	-40 000		
Outstanding at end of year	7.39	448 500	7.85	488 500
Exercisable at end of year		-		-
Changes during the year, 2007B	2008		2007	
	Weighted subscription price, EUR/share	Number of options	Weighted subscription price, EUR/share	Number of options
New options granted	5.37	542 000		
Lost options	5.37	-25 000		
Outstanding at end of year	5.37	517 000		
Exercisable at end of year		-		-

21. SHARES AND SHAREHOLDERS

The company's business name is Technopolis Oyj in Finnish and Technopolis Plc in English, and its registered office is located in Oulu, Finland. It was entered in the Trade Register on September 16, 1982 under the name Oulun Teknologia 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 NASDAQ OMX Helsinki. The ISIN code is FI0009006886, and the trading code is TPS1V.

Shares and share capital

According to its Articles of Association, Technopolis Plc's minimum share capital is EUR 15,000,000 and maximum share capital EUR 300,000,000, within which limits it may be increased or decreased without amending the Articles of Association. The minimum number of shares in the company is 5,000,000 and maximum number 600,000,000. The company's registered, fully paid-up share capital on January 1, 2008 was EUR 74,541,676.69 and on December 31, 2008 EUR 96,913,626.29, divided into 57,345,341, shares with a counter-book value of EUR 1.69. Changes in the share capital 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.

Increases in share capital

Share capital, EUR	Nominal value/ counter book value of shares	Number of shares	Entered in the register
74 541 676,69	1,69	44 107 501	13.11.2007
74 548 943,69	1,69	44 111 801	6.2.2008
96 913 626,29	1,69	57 345 341	26.5.2008

Increases in share capital based on options

By December 31, 2007, a total of 4,300 Technopolis shares were subscribed under option plan 2005A, with the resulting increase in share capital of EUR 7,267.00 being registered on February 6, 2008.

Annual General Meeting of March 27, 2008

The Annual General Meeting decided to pay out EUR 0.15 per share in dividends. The Annual General Meeting authorized the Board of Directors to decide on purchasing the company's own shares. The maximum number of such shares to be purchased is 4,000,000, equivalent to approximately 9.07% of all the shares in the company at that time. Under the authorization, the company's own shares may only be purchased using its unrestricted equity. The company's own shares may be purchased at a price arrived at in public trading on the date of acquisition or at a price otherwise determined in the market. The decision on how the shares are to be acquired will be made by the Board of Directors. Among others, derivatives may be used for this purpose. Shares need not necessarily be acquired in proportion to the current holdings of the existing shareholders (directed acquisition). The authorization will expire on May 31, 2009 at the latest.

Currency unit: 1 000 euros

The General Meeting authorized the Board of Directors to decide on a share issue and the granting of options and other special rights giving entitlement to shares as provided in chapter 10, section 1, of the Limited Liability Companies Act. The maximum number of shares to be issued pursuant to this authorization is 8,000,000, equivalent to approximately 18.14% of the company's issued shares at that time. The Board of Directors was authorized to decide on all the terms of the share issue and the granting of special rights giving entitlement to shares. The authorization concerns both the issuance of new shares and conveyance of the company's own shares. The share issue and the granting of special rights giving entitlement to shares may be offered to specific parties. This authorization does not revoke the authorization granted to the Board by the Annual General Meeting of November 29, 2007, to decide on a share issue and the granting of special rights giving entitlement to shares. The authorization will expire on May 31, 2009 at the latest

Rights issue May 7 to May 20, 2008

Under the authorizations given by the Annual General Meeting of March 27, 2008 and the Extraordinary General Meeting of November 29, 2007, the Board of Directors decided, on April 27, 2008, on a EUR 59.6 million rights issue for a maximum of 13,233,540 new shares. The shares issued in the rights issue represented a maximum of approximately 30.0% of the total number of outstanding shares and votes carried by said shares before the share issue, and a maximum of approximately 23.1% of the total number of outstanding shares and votes carried by said shares after the share issue. The shares offered in the rights issue were issued primarily under the authorization given by the Annual General Meeting of March 27, 2008, and to the extent the offered shares exceed the maximum number under said authorization, the remaining shares were issued under the authorization given by the Extraordinary General Meeting of November 29, 2007.

The subscription period started on May 7, 2008, and ended on May 20, 2008, and all the 13,233,540 shares offered were subscribed. The company raised approximately EUR 59.6 million in new equity through the rights issue. The new shares related to the rights issue were registered on May 26, 2008. The new shares were began public trading on the at the NASDAQ OMX Helsinki Ltd on May 27, 2008. After registration, the total of registered shares in Technopolis Plc is 57,345,341.

Share-based incentive systems

The company operates two share-based incentive systems for key individuals, namely the 2005 and 2007 share option programs. The terms of the option programs are presented in note 20 to the consolidated financial statements.

Largest shareholders, Dec 31, 2008

Shareholder	Number of shares	% of shares and votes
Varma Mutual Pension Insurance Company	5 374 740	9.37
Ilmarinen Mutual Pension Insurance Company	3 737 725	6.52
City of Oulu	3 062 925	5.34
City of Tampere	1 956 649	3.41
OP Life Assurance Company	1 222 884	2.13
OP Bank Group Pension Fund	885 938	1.54
Jyrki Hallikainen	839 612	1.46
OP Bank Group Pension Foundation	757 380	1.32
Finnish Cultural Foundation	712 693	1.24
Odin Finland	707 200	1.23
Total of 10 largest shareholders	19 257 746	33.58
Foreign and nominee-registered	25 461 358	44.40
Other	12 626 237	22.02
Total	57 345 341	100.00

Disclosures of a change in ownership in 2008

Shareholder	Date of change in ownership	New holding no. of shares	% of shares and votes at time of change
Varma Mutual Pension Insurance Company	12.12.2008	5 374 740	9.37
Gazit-Globe Ltd	12.12.2008	-	under 5.00
Ilmarinen Mutual Pension Insurance Company	11.12.2008	3 737 725	6.52
Gazit-Globe Ltd	3.7.2008	8 620 000	15.03
Gazit-Globe Ltd	15.5.2008	4 429 690	10.04
ABN AMRO Asset Management Holding N.V.	25.3.2008	2 524 000	5.72
Gazit-Globe Ltd	12.2.2008	3 126 959	7.09

Currency unit: 1 000 euros

Shareholding breakdown, Dec 31, 2008

	Shareholders	%	Shares/votes	%
1 – 100	211	6.35	11 367	0.02
101 – 500	860	25.87	247 119	0.43
501 – 1 000	684	20.57	488 584	0.85
1 001 – 5 000	1 229	36.96	2 718 366	4.74
5 001 – 10 000	174	5.23	1 191 370	2.08
10 001 – 50 000	124	3.73	2 337 270	4.08
50 001 – 100 000	12	0.36	835 249	1.46
100 001 – 500 000	12	0.36	2 383 624	4.16
500 001 –	19	0.57	47 113 112	82.16
Total,	3 325	100.00	57 326 061	99.97
of which nominee-registered	7		24 603 402	42.90
Joint account			19 280	0.03
Number of shares issued			57 345 341	100.00

Shareholdings by sector, Dec 31, 2008

	Shareholders	%	Shares/votes	%
Private companies	186	5.59	3 004 772	5.24
Finance & insurance institutions	26	0.78	26 532 332	46.27
Public bodies	22	0.66	16 940 919	29.54
Households	3 029	91.10	7 091 106	12.37
Non-profit institutions	46	1.38	2 756 389	4.81
Foreign investors	16	0.48	1 000 543	1.75
Total,	3 325	100.00	57 326 061	99.97
of which nominee-registered	0		24 603 402	42.90
Joint account			19 280	0.03
Number of shares issued			57 345 341	100.00

2008

2007

Share-related Indicators

Number of shares

On Dec 31	57 345 341	44 107 501
Issue-adjusted average during year	52 029 796	41 407 380
Dilution-adjusted average during year	52 118 705	41 469 091

Share-related indicators

Earnings/share, basic, EUR	0.31	0.58
Earnings/share, diluted, EUR	0.31	0.58
Equity/share, EUR	4.80	4.69
Dividend/share, EUR (proposal)	0.12	0.15
Dividend payout ratio, %	39.1	25.8
Price/earnings (P/E) ratio	9.4	10.0
Effective dividend yield, %	4.2	2.6

Currency unit: 1 000 euros

	2008	2007
<i>Share prices, EUR</i>		
Highest price	6,48	8,31
Lowest price	2,26	4,55
Trade weighted average price	4,84	6,85
Price on Dec 31	2,88	5,81
Market capitalization, Dec 31, EUR	165 154 582	256 264 581
Share turnover, EUR	137 765 193	146 751 976
Shares traded	33 013 701	21 519 642
Breakdown of Group equity		
<i>Restricted equity</i>		
Share capital	96 914	74 542
Premium fund	18 551	18 551
Revaluation fund	43	72
Restricted equity, Dec 31	115 507	93 164
<i>Unrestricted equity</i>		
Invested unrestricted equity fund	63 777	27 311
Share-based compensation	550	553
Retained earnings	79 621	61 702
Net profit for the year	15 987	24 039
Unrestricted equity, Dec 31	159 935	113 605
Parent's distributable unrestricted equity		
Invested unrestricted equity fund	64 750	27 479
Parent's retained earnings	10 567	7 785
Dividends distributed	-6 617	-5 677
Expired options	11	
Acquisition of Technopolis shares	-76	-75
Parent's net profit for the year	5 274	8 534
Parent's distributable unrestricted equity, Dec 31	73 910	38 046

PARENT COMPANY INCOME STATEMENT

	Note	2008	2007
Net sales	1	58 413	39 665
Other operating income	2	1 262	2 046
Personnel expenses	3	-5 935	-5 094
Depreciation and impairment	4	-8 238	-5 844
Other operating expense	5	-24 149	-14 780
Operating profit		21 353	15 993
Income from holdings in Group companies	6	1 443	405
Finance income, total	6	578	168
Finance expenses, total	6	-11 900	-7 558
Profit before extraordinary items and taxes		11 473	9 009
Extraordinary items	7	-335	
Profit before taxes		11 139	9 009
Appropriations	8	-4 343	1 410
Income taxes	9	-1 522	-1 884
Net profit for the year		5 274	8 534

Currency unit: 1 000 euros

PARENT COMPANY BALANCE SHEET

	Note	31.12.2008	31.12.2007
ASSETS			
Non-current assets			
Intangible assets	10	1 907	1 817
Tangible assets	11	319 889	263 665
Holdings in Group companies	12	141 970	89 352
Holdings in associates	12	12 546	7 824
Investments	12	15 351	10 077
Non-current assets, total		491 663	372 735
Current assets			
Short-term receivables	13	8 309	5 010
Cash and bank		6 818	898
Current assets, total		15 128	5 908
ASSETS, TOTAL		506 791	378 643
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	14		
Share capital		96 914	74 542
Premium fund		18 943	18 943
Invested unrestricted equity fund		64 750	27 479
Retained earnings		3 885	2 033
Net profit for the year		5 274	8 534
Shareholders' equity, total		189 766	131 530
Accumulated appropriations	15	17 276	12 933
Liabilities			
Non-current liabilities	16	268 340	175 870
Current liabilities	17	31 409	58 310
Liabilities, total		299 749	234 179
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		506 791	378 643

PARENT COMPANY CASH FLOW STATEMENT

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	21 353	15 993
Depreciation according to plan	8 238	5 844
Other adjustments for non-cash transactions	-423	-1 543
Increase/decrease in working capital	1 198	635
Interest received	2 268	565
Interests paid and fees	-13 526	-7 884
Income from other investments in non-current assets	8	8
Taxes paid	-2 153	-1 884
Net cash provided by operating activities	16 963	11 734
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in other securities	-3 969	-4 912
Investments in tangible and intangible assets	-88 163	-66 950
Net cash used in investing activities	-92 131	-71 863
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term loans	70 214	55 000
Decrease in long-term loans	-10 617	-8 724
Dividends paid	-6 597	-5 677
Paid share issue	59 567	16 786
Change in short-term loans	-31 283	415
Group account	-236	-61
Net cash provided by financing activities	81 048	57 738
Cash and cash equivalents transferred in mergers	41	977
Net increase/decrease in cash assets	5 921	-1 413
Cash and cash equivalents, January 1	898	2 311
Cash and cash equivalents, December 31	6 818	897

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, service revenues and consulting revenues related to business operations. 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 fixed 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:

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

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 as-

set. 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.

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.

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 or 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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The figures for the 2007 and 2008 financial years are not comparable. In 2007, the following subsidiaries were merged with Technopolis Plc:

Kiinteistö Oy Oulun Teknologiaatalot, Kiinteistö- ja Sijoitusyhtiö Joreco Oy, Kiinteistö Oy Oulun Moderava,
Kiinteistö Oy Oulun Mediaani, Oulu, May 1, 2007
Technopolis Kareltek Oy, Lappeenranta, May 1, 2007
Technopolis JSP Oy, Jyväskylä, August 1, 2007
Technopolis TSP Oy, Tampere, August 1, 2007
Medipolis Oy, Oulu, November 1, 2007
Technopolis Kuopio Oy was merged with Technopolis Plc during the financial year 2008.

	2008	2007
1. NET SALES		
Rental revenues	50 451	33 121
Service revenues	7 962	6 544
Net sales, total	58 413	39 665
2. OTHER OPERATING INCOME		
Development projects	253	521
Other income from operations	1 009	1 526
Other operating income, total	1 262	2 046
Other operating income includes gains on disposals in 2007 and 2008.		
3. PERSONNEL EXPENSES		
Salaries and fees	4 856	4 213
Pension costs	699	722
Indirect employee costs	380	159
Personnel expenses, total	5 935	5 094
Average number of employees	108	95
Salaries of CEO and Board members		
President and CEO	417	322
Members of the Board of Directors	305	216
Salaries of CEO and Board members, total	723	538
4. DEPRECIATION ACCORDING TO PLAN AND IMPAIRMENT		
Depreciation on intangible assets	319	198
Merger difference in depreciation	1 054	453
Depreciation on tangible assets	6 865	5 194
Depreciation according to plan and impairment, total	8 238	5 844
5. OTHER OPERATING EXPENSE		
Other operating expense includes fees paid to auditors as follows:		
Audit	25	15
Certificates and reports	7	
Other services	87	73
Auditor's fees, total	119	88
6. FINANCE INCOME AND EXPENSES		
Dividend income from Group companies	800	
Dividend income from others	8	8
Other interest income from Group companies	643	405
Other interest income from others	570	160
Interest expenses and other finance expenses to Group companies	-1 058	-59
Interest expenses and other finance expenses to others	-12 105	-7 498
Change in fair value of derivatives	1 263	
Finance income and expenses, total	-9 879	-6 985

Currency unit: 1 000 euros

	2008	2007
7. EXTRAORDINARY ITEMS		
Extraordinary items	335	
Extraordinary expenses consist of the loss incurred on the merger of Technopolis Kuopio Oy with Technopolis Plc.		
8. APPROPRIATIONS		
Difference between planned depreciation and depreciation for tax purposes	4 343	-1 410
9. INCOME TAXES		
Income tax from actual operations	1 522	1 884
Income taxes, total	1 522	1 884
10. INTANGIBLE ASSETS		
Intangible rights		
Acquisition cost, Jan 1	434	371
Increases	94	62
Acquisition cost, Dec 31	528	434
Accumulated depreciation, Jan 1	-290	-214
Depreciation for the year	-81	-75
Intangible rights, Dec 31	157	144
Other long-term expenditure		
Acquisition cost, Jan 1	2 173	580
Increases	315	1 593
Acquisition cost, Dec 31	2 488	2 173
Accumulated depreciation, Jan 1	-500	-377
Depreciation for the year	-239	-122
Other long-term expenditure, Dec 31	1 750	1 673
11. TANGIBLE ASSETS		
Land areas		
Acquisition cost, Jan 1	24 872	15 829
Increases	5 847	9 043
Decreases	-128	
Land areas, Dec 31	30 591	24 872
Connection fees		
Acquisition cost, Jan 1	2 170	1 727
Increases	1 036	444
Connection fees, Dec 31	3 207	2 170
Land areas, total, Dec 31	33 798	27 043
Buildings and structures		
Acquisition cost, Jan 1	221 851	160 031
Increases	60 129	61 820
Acquisition cost, total, Dec 31	281 980	221 851
Accumulated depreciation, Jan 1	-28 627	-23 675
Depreciation for the year	-6 552	-4 952
Buildings and structures, Dec 31	246 801	193 224
Construction-period interest		
Construction-period interest, Jan 1	413	413
Increases	939	
Construction-period interest, Dec 31	1 352	413
Accumulated depreciation, Jan 1	-30	-22
Depreciation for the year	-16	-8
Construction-period interest, Dec 31	1 306	383

Currency unit: 1 000 euros

	2008	2007
Merger difference, Jan 1	19 438	
Increases	1	19 438
Decreases	-71	
Merger difference, Dec 31	19 369	19 438
Accumulated depreciation, Jan 1	-453	
Depreciation for the year	-1 054	-453
Merger difference, Dec 31	17 862	18 986
Buildings and structures, Dec 31	265 970	212 593

The depreciation of capitalized construction-period interest pertaining to completed buildings and the merger difference in depreciation are included in depreciation according to plan in the income statement.

Machinery and equipment		
Original acquisition cost	1 778	1 126
Accumulated depreciation	-690	-456
Net expenditures, Jan 1	1 088	670
Increases	193	681
Decreases	-47	-29
Depreciation for the year	-298	-234
Machinery and equipment, Dec 31	937	1 088
Other tangible assets		
Acquisition cost, Jan 1	23	18
Increases during the year	0	6
Other tangible assets, Dec 31	24	23
Advance payments and projects in progress		
Projects in progress, Jan 1	22 918	896
Increases/decreases	-3 757	22 022
Advance payments and projects in progress, Dec 31	19 161	22 918

12. INVESTMENTS

Holdings in Group companies		
Acquisition cost, Jan 1	89 352	94 648
Increases	73 804	59 103
Decreases	-21 186	-64 399
Holdings in Group companies, Dec 31	141 970	89 352
Holdings in associates		
Acquisition cost, Jan 1	7 824	635
Increases/decreases	4 722	7 190
Holdings in associates, Dec 31	12 546	7 824
Other shareholdings		
Acquisition cost, Jan 1	3 479	120
Increases/decreases	1 046	3 359
Other shareholdings, Dec 31	4 525	3 479
Receivables from Group companies		
Receivables, Jan 1	6 598	11 569
Increases	15 795	7 474
Decreases	-11 568	-12 445
Receivables from Group companies, Dec 31	10 826	6 598

Currency unit: 1 000 euros

Holdings in Group companies, Dec 31, 2008

	Holding, %	Carrying amount
Innopoli Oy, 1 414 280 shares, Espoo	100.00	6 068
Technopolis Hitech Oy, 500 shares, Oulu	100.00	63
Oulun Teknoparkki Oy, 122 shares, Oulu	84.14	50
Oulun Ydinkeskustan Parkki Oy, 122 shares, Oulu	62.24	12
Kiinteistö Oy Oulun Ydinkeskusta, 12 252 shares, Oulu	98.77	24 548
Kiinteistö Oy Innopoli II, 15 862 shares, Espoo	100.00	55 216
Kiinteistö Oy Technopolis Microkatu, 4 737 shares, Kuopio	91.24	51 108
Kiinteistö Oy Technopolis Viestikatu 1-3, 8 500 kpl, Kuopio	100.00	529
Technopolis Neudorf LLC, St. Petersburg, Russia	100.00	17
Technopolis St. Petersburg LLC, St.Petersburg, Russia	100.00	4 359
Total		141 970

Holdings in associates

Iin Micropolis Oy, 500 shares, Ii	25.64	24
Technocenter Kempele Oy, 501 shares, Kempele	48.50	588
Jyväskylän Innovation Ltd, 1 200 shares, Jyväskylä	24.00	12
Lappeenranta Innovation Ltd, 1 000 shares, Lappeenranta	20.00	10
Kiinteistö Oy Hermia, 9 692 shares, Tampere	49.30	7 190
Kuopio Innovation Oy, 24 shares, Kuopio	24.00	37
Kiinteistö Oy Bioteknia, 31 121 shares, Kuopio	28.51	4 685
Total		12 546

Other holdings

	2008	2007
Listed shares	8	8
Other shares	814	652
Apartment shares	2 937	2 052
Sampo mutual fund units	766	766
Total	4 525	3 479

13. SHORT-TERM RECEIVABLES

Sales receivables from Group companies	202	151
Loan receivables from Group companies	70	
Adjusting entries for assets from Group companies	167	44
Other Group receivables	1 956	1 253
Sales receivables from associates		5
Sales receivables	1 779	1 230
Adjusting entries for assets	3 862	1 104
Other receivables	274	1 224
Short-term receivables, total	8 309	5 010

14. CHANGES IN SHAREHOLDERS' EQUITY

Share capital, Jan 1	74 542	67 319
Share capital increase	22 372	7 223
Share capital, Dec 31	96 914	74 542
Share issues, Jan 1	0	0
Increases	59 643	27 380
Transfer to share capital	-22 372	-7 223
Transfer to invested unrestricted equity fund	-37 271	-20 157
Share issues, Dec 31	0	0
Premium fund, Jan 1	18 943	18 943
Issue premium		
Premium fund, Dec 31	18 943	18 943
Restricted equity, Dec 31	115 857	93 485
Invested unrestricted equity fund, Jan 1	27 479	7 322
Issue premium	37 271	20 157
Invested unrestricted equity fund, Dec 31	64 750	27 479

Currency unit: 1 000 euros

	2008	2007		
Distributable funds, Jan 1	10 567	7 785		
Dividends distributed	-6 606	-5 677		
Paid for own shares	-76	-75		
Net profit for the year	5 274	8 534		
Distributable funds, Dec 31	9 159	10 567		
Unrestricted equity, Dec 31	73 910	38 046		
Shareholders' equity, Dec 31	189 766	131 530		
Distributable unrestricted equity, Dec 31	73 910	38 046		
15. ACCUMULATED APPROPRIATIONS				
Depreciation difference, Jan 1	12 933	13 498		
Transferred from merged companies		746		
Increase during the year	4 427	1 736		
Decrease during the year	-85	-3 047		
Depreciation difference, Dec 31	17 276	12 933		
16. NON-CURRENT LIABILITIES				
Loans from financial institutions	266 964	174 454		
Other liabilities	1 375	1 416		
Non-current liabilities, total	268 340	175 870		
Liabilities with a maturity of five years or longer	161 871			
17. CURRENT LIABILITIES				
Loans from financial institutions	12 621	12 137		
Advances received	2 186	1 490		
Accounts payable	678	3 431		
Liabilities to Group companies	1 331	1 028		
Other current liabilities	4 167	35 429		
Adjusting entries for liabilities	10 427	4 795		
Current liabilities, total	31 409	58 310		
18. ASSETS PLEDGED, CONTINGENT LIABILITIES AND OTHER LIABILITIES				
Mortgages of properties				
Loans from financial institutions	279 585	186 561		
Mortgages given	231 010	170 800		
Other mortgage liabilities	925	925		
Land lease liabilities				
Mortgages given	1 172	1 056		
Mortgages, total	233 107	172 781		
31.12.2008				
Interest rate and currency swaps				
Nominal value	Fair value	Nominal value	Fair value	
Interest rate swaps, Nordea	65 013	-1 428	10 000	-15
Interest rate swaps, Sampo	33 209	9		
Currency swaps, Nordea	7 277	2 133	7 277	298
Interest rate and currency swaps, total	105 499	714	17 277	282
2008			2007	
Pledged real estate shares				
Pledged real estate shares	162 417			97 768

Currency unit: 1 000 euros

				2008	2007
GUARANTEES					
Collateral given on behalf of Group companies					
Guarantees				13 240	100
Collateral given on behalf of associates					
Guarantees				505	505
OTHER LIABILITIES					
Liability to adjust value added tax (VAT) on property investments					
	5-year adjustment period		10-year adjustment period		
	2005	2006	2007	2008	Total
Property investment expense (net)	10 390	5 144	888	56 648	73 069
VAT on property investment	2 286	1 132	195	12 463	16 075
Annual share of VAT on investment	457	226	39	1 246	1 969
VAT deducted	2 240	872	190	12 397	15 699
Annual share of VAT deducted	448	174	38	1 240	1 900
Number of years remaining of the adjustment period	1	2	3	9	
Refundable amount of the deduction Dec 31, 2008	448	349	114	11 158	12 068
Liability to adjust VAT 31.12.2007					7 266
Change					4 802
				2008	2007
Project liabilities				206	6 139
Lease liabilities for fixtures and fittings					
To be paid in the current financial year				376	184
To be paid later				432	170
Lease liabilities for fixtures and fittings, total				808	354

DEFINITIONS OF KEY INDICATORS AND FINANCIAL RATIOS

RETURN ON EQUITY (ROE), %

$$100 \times \frac{\text{Profit or loss before taxes} - \text{Taxes}}{\text{Equity} + \text{Average non-controlling interests for year}}$$

RETURN ON INVESTMENT (ROI), %

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

EQUITY RATIO, %

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

NET DEBT/EQUITY (GEARING), %

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

INTEREST MARGIN, %

$$100 \times \frac{\text{Profit before extraordinary items} + \text{Financial expenses}}{\text{Financial expenses}}$$

EARNINGS/SHARE, BASIC

$$\frac{\text{Profit before extraordinary items} - \text{Taxes} \pm \text{Non-controlling interests}}{\text{Average issue-adjusted number of shares during year}}$$

EARNINGS/SHARE, DILUTED

$$\frac{\text{Profit before extraordinary items} - \text{Taxes} \pm \text{Non-controlling interests}}{\text{Average number of shares adjusted for dilutive effect during year}}$$

EQUITY/SHARE

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

DIVIDEND/SHARE

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

DIVIDEND PAYOUT RATIO, %

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

PRICE/EARNINGS (P/E) RATIO

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

EFFECTIVE DIVIDEND YIELD, %

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

NET RENTAL REVENUE OF PROPERTY PORTFOLIO, %

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

FINANCIAL OCCUPANCY RATIO, %

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

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The distributable funds of the parent company Technopolis Plc, totaling EUR 9,159,372, are available to the Annual General Meeting. The Board of Directors proposes that a dividend of EUR 0.12 per share be paid, totaling EUR 6,881,441. The Board proposes that the remainder be left in the retained earnings account.

Helsinki, January 29, 2009

Pertti Huuskonen
Chairman of the Board

Matti Pennanen
Deputy Chairman of the Board

Jussi Kuutsa
Member of the Board

Timo Ritakallio
Member of the Board

Erkki Veikkolainen
Member of the Board

Juha Yli-Rajala
Member of the Board

Keith Silverang
President and CEO

AUDITOR'S REPORT

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 on 31 December, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity 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.

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with 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 perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and the Managing Director have complied with the Limited Liability Companies Act.

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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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.

The audit was performed in accordance with good auditing practice in Finland. 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, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company 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, January 29, 2009

KPMG Oy Ab

Tapio Raappana

Authorised Public Accountant



TECHNOPOLIS

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