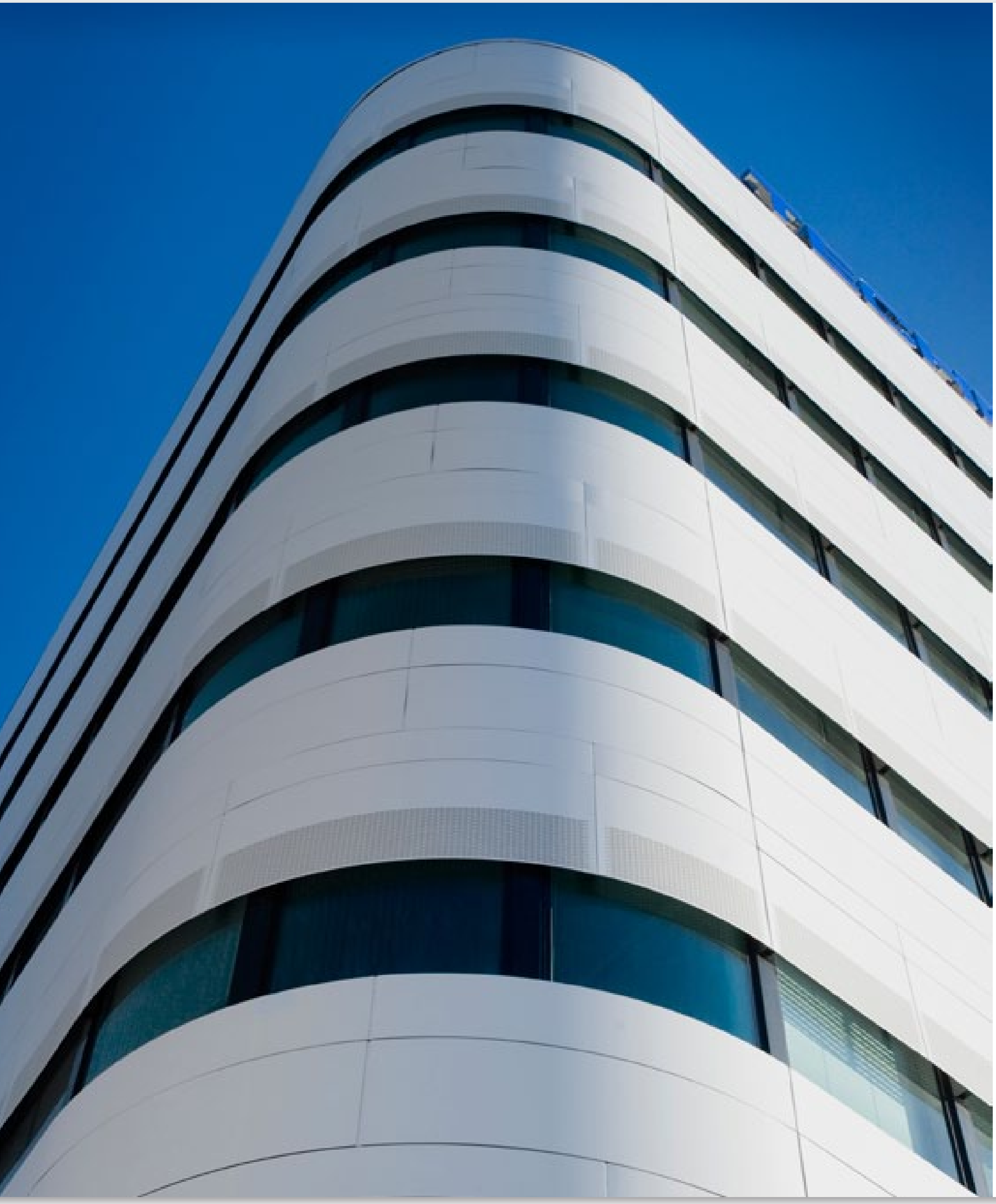
TECHNOPOLIS

Annual Report **2010**



Technopolis Plc

Technopolis Plc is a listed company specializing in business environments and services for knowledge-intensive companies and organizations. The Technopolis service package combines business services and development services and includes modern facilities. Approximately 20,000 people and more than 1,300 companies and organizations currently operate in Technopolis facilities in the Helsinki Metropolitan Area, Jyväskylä, Kuopio, Lappeenranta, Oulu and Tampere in Finland, St. Petersburg in Russia and Tallinn in Estonia. Technopolis Plc is quoted on the NASDAQ OMX Helsinki stock exchange.

Our target is continuous profitable growth, with the aim of being a leading provider of business environments and value-added services. The company's strategy and financial objectives are as follows:

> *The term 'Knowledge-intensiveness' refers to businesses in which knowledge plays a central role and is an essential element in the production, modification and transmission of information."*

"Technopolis wants operations in the premier knowledge-intensive cities in Finland, Russia and one or two other countries by 2015. The aim is to increase Group net sales by an average of 10 % each year. Our goal is to generate 25 % of net sales outside Finland by 2015, both organically and through acquisitions while maintaining an equity ratio of at least 35 %."

Technopolis' aim is to pay regular annual dividends, and the company's Board of Directors observes a stable and active dividend policy: dividends to shareholders amounting to 40 - 50 % of the company profit (excluding changes in fair value) while taking into account capital investment needs and other factors.

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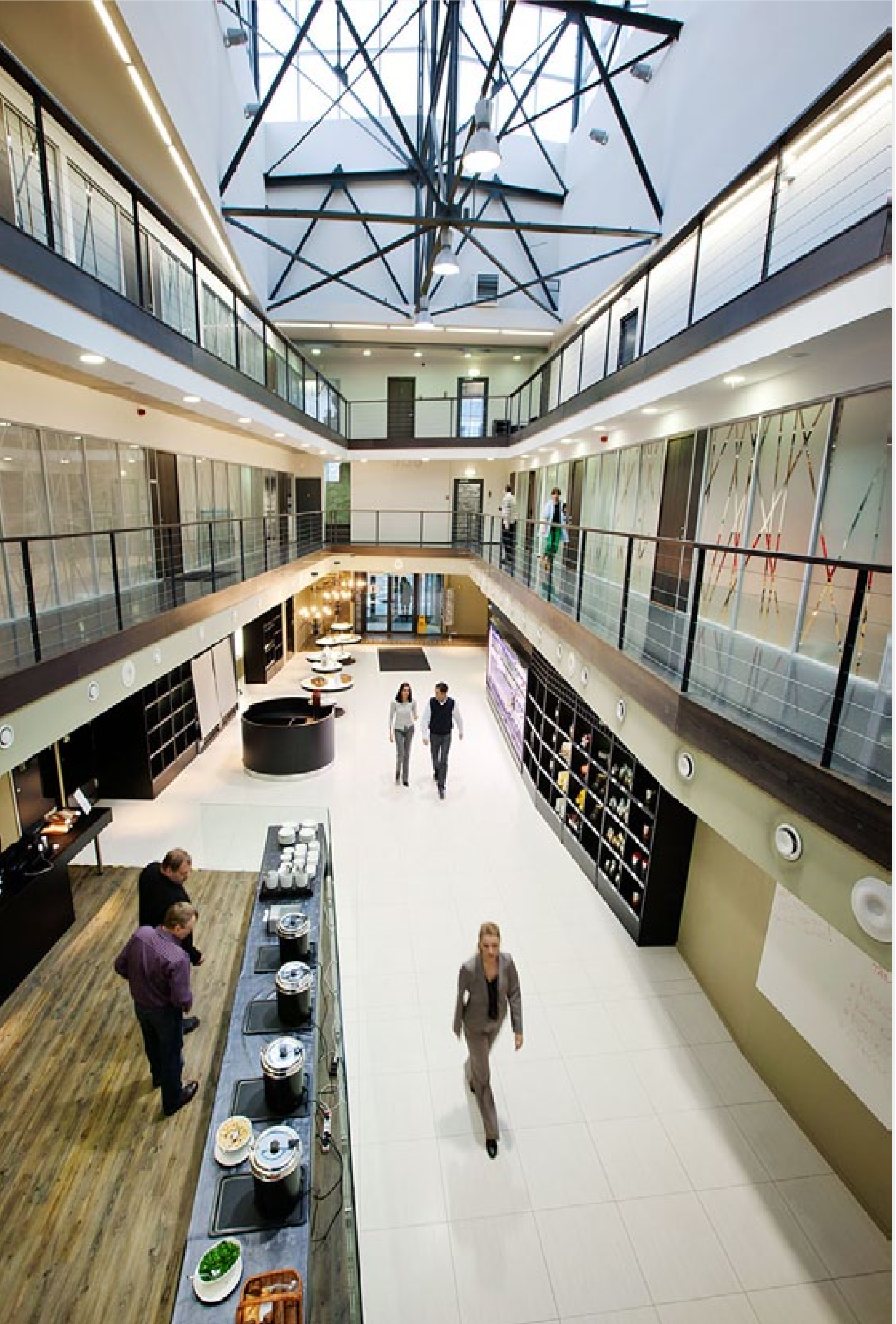


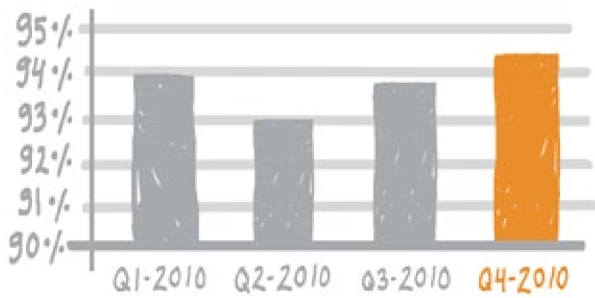
Markets Recovered and Growth Continued

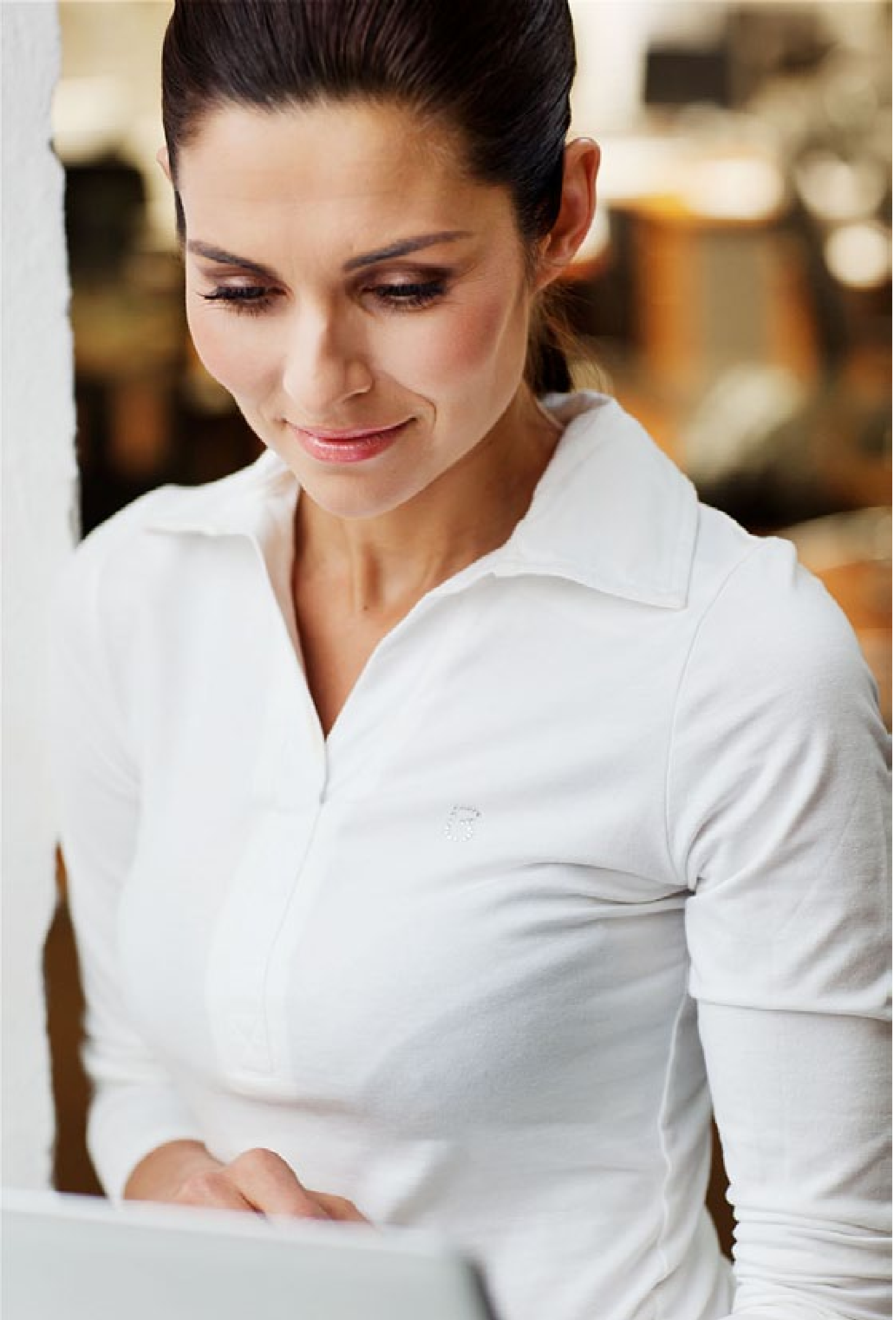
From Technopolis' viewpoint, 2009 and 2010 were very different years. During 2010, the company's operating environment progressed from the turmoil of the financial crisis through stabilization and then to a recovering market. This was particularly evident in occupancy rates, which began to increase during the second half.

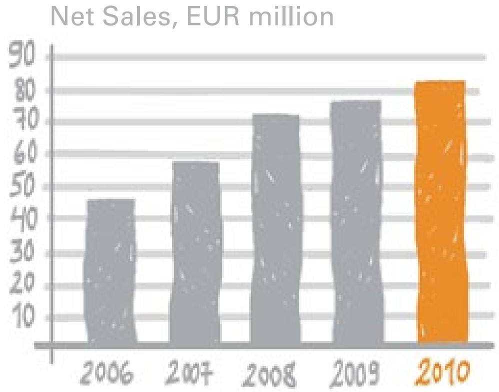
International operations progressed significantly. By the end of 2010, the Pulkovo technology center in St. Petersburg was already partly operational and fit-outs had begun. Our first international acquisition in Tallinn was completed in October 2010, and Technopolis Ülemiste started operating. Organic growth in our existing Finnish centers continued.

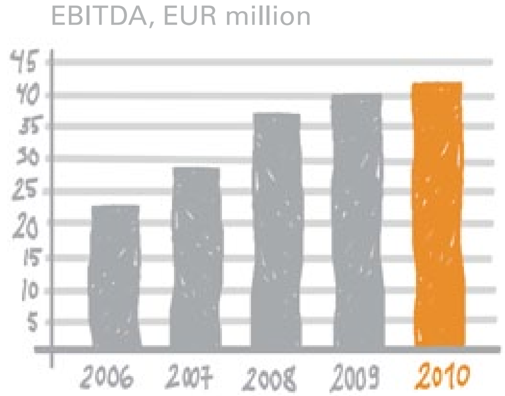
Internal development programs designed to harmonize business practices and processes within Technopolis were completed during 2010. This shared growth platform was put to the test in connection with the acquisition of Technopolis Ülemiste.

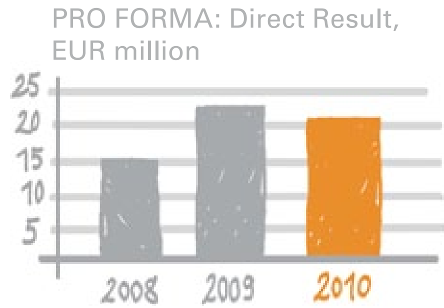
Financial Occupancy Rate, %

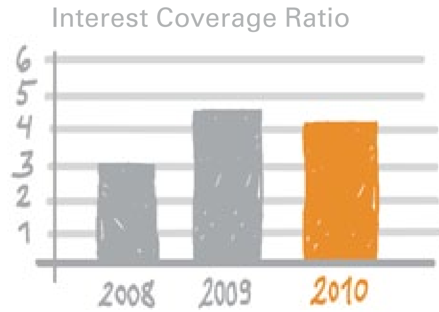





Net Sales, EUR million
90
80
70
60
50
40
30
20
10
2006
2007
2008
2009
2010


EBITDA, EUR million
45
40
35
30
25
20
15
10
5
2006
2007
2008
2009
2010


PRO FORMA: Direct Result, EUR million
25
20
15
10
5
2008
2009
2010


Interest Coverage Ratio
6
5
4
3
2
1
2008
2009
2010

CEO's Review

There is a good chance that we will look back upon 2010 as a turning point for Technopolis. It will be remembered as a year of shifting conditions, dramatic contrasts and important milestones. At the start of the year we had our hands full, and it would have taken a formidable imagination to foresee that we would have to upgrade our guidance in the second half. To begin with, in the aftermath of 2009 terminations our occupancies were falling throughout the first two quarters, even though macroeconomic conditions were improving. We bottomed out at an unprecedented 92.8 % occupancy in June. Boosting that figure by an equally unprecedented 1.6 % during the second half was testimony not only of economic recovery, but proof of our concept and evidence of the drive and skills of our service and sales teams.

That turn-around was itself an achievement that I am proud of, but there was more to come. After months of hard work, exhaustive due diligence and intense negotiations we closed our first international acquisition in Estonia. The establishment of Technopolis Ülemiste was an important milestone for a number of reasons. We landed a high quality asset. At almost 70,000 m^2 it was sufficiently large and offered plenty of growth potential thanks to almost 150,000 m^2 of building rights. The campus brought us an excellent location, modern facilities and a first rate customer mix. We acquired not only real estate properties, but a complete campus with a well differentiated concept, an excellent image, a philosophy very similar to our own and an experienced, skilled team. We paid a lot of attention to due diligence and integration processes, and today we can see that Technopolis Ülemiste is swiftly becoming a full-fledged member of the Technopolis family just as Estonia is emerging from the downturn as a robust, low-debt euro-zone economy.

If our Estonian deal was a watershed event, what was going on in our Russian operation was at least as significant. Early in the year we fought delays in the construction of the building and with technical approvals and inspections, as well as the challenge of closing deals in very difficult economic conditions. But we could see the tide turning as economic conditions began to shift for the better in the first half. We solved problems one by one, winning the technical approvals, working with our contractor to meet our stringent quality standards while overcoming threats to the construction timetable. We refused to compromise on quality or take shortcuts in the approvals process. It cost us some time, but in the end Technopolis Pulkovo received its official commissioning permit and was ultimately registered. At the same time our St. Petersburg team managed to close three major anchor deals and a host of SME leases to close out the year with a 65 % prelet rate, no mean achievement in a building that was still under construction. With move-ins and fit-out works going on throughout the spring of 2011 we have our work cut out for us, but with conditions gradually improving I feel we now have a good chance to profitably fill Pulkovo 1 and put our St. Pete operations in the black in 2011.

While we were boosting occupancy in Finland, acquiring our new site in Tallinn and pushing forward in St. Pete, we were also strengthening our growth platform and resources to enable our growth story to continue. We completed the deployment of a new Group-wide ERP/CRM solution we call Viivi which will create a shared backbone management system for every business unit in the company, as well as every new unit we build or acquire. At the same time we recruited high quality new people to strengthen the Group's centralized management of its real estate, services, sales and international growth operations, as well as its environmental sustainability activities.

As we emerge from the Great Recession and enter a new period of growth generated by a robust development pipeline and the addition of high-quality acquired campuses, we will now be in a much better position scale and deploy

the Technopolis concept and create continuous, profitable growth. We are searching earnestly for new, high-quality investment opportunities. And when we find them, we will not hesitate. But nor will we compromise. Technopolis will have a chain of interconnected Nordic-Baltic campuses by 2015, but it is not quantity we are after. It is quality.

Keith Silverang
CEO, Technopolis Plc

Highlights of 2010 - Towards an International Chain

The reorganization within Technopolis Development Services that was initiated during the fourth quarter of 2009 was concluded in January 2010. In this connection, most publicly funded non-profit development programs were transferred to local partners as of January 1, 2010. A total of 16 employees transferred to local partners and the employment of nine employees was terminated. As part of the reorganization of Development Services, local Technopolis Ventures companies were merged into Technopolis Ventures Ltd, the parent company, in February 2010.

In March, the EBDR (The European Bank for Reconstruction and Development) approved a EUR 31.6 million loan to finance the first phase of the Technopolis Pulkovo center.

In April, volcanic ash shut down European air travel, and demand for Technopolis' video conferencing services quadrupled temporarily as a direct consequence. Use of the service ramped up slowly early in the year, but the ash cloud from Iceland made it soar. Video conferencing allows companies to accelerate their decision-making processes and save time and costs while reducing environmental impact. Video conferencing services are available at all Technopolis units: eight cities in Finland, St. Petersburg in Russia and Tallinn in Estonia.

The Finnish Financial Supervision Authority approved the Technopolis plc prospectus at the beginning of May, and a directed share issue to a limited number of Finnish and international institutional investors was successfully executed in the second half of the month. All the 5,700,000 shares offered were subscribed at a price of EUR 3.40 per share. The total amount of capital raised was approximately EUR 19.4 million.

The first phase of Technopolis Yliopistonrinne in downtown Tampere was also completed in May. In addition to traditional high-tech companies, Yliopistonrinne provides a growth and business environment for knowledge-intensive service companies, including organizations which provide financial management and accounting services. Services offered include a world-class meeting and conference center.

The full extent of the life sciences and well-being campus facilities currently under construction at the Finn-Medi campus in Tampere was confirmed in May with the signing of an agreement to build a Patient Hotel for Norlandia Care Oy. This facility will be located in the same new building as the Eye Center and offices of the Joint Municipal Authority of the Pirkanmaa Hospital District (PSHP). A total of approximately EUR 29.6 million is being invested in the Finn-Medi campus project. This is an excellent example of the expansion of Technopolis' customer portfolio from high-tech companies to all players engaged in innovation environments.

In June, Technopolis signed up the first anchor tenant for the Pulkovo technology center in St. Petersburg. This five-year agreement for 5,000 square meters was signed with a Russian international software development company. A second anchor tenant agreement was signed later in the year with one of Russia's largest financial services companies. Also for five years, this agreement covering 3,800 square meters increased the pre-let rate for Technopolis Pulkovo to 60 %. With the signing of a deal with Schneider Electric Pulkovo landed a third anchor and the pre-let rate rose to 65 % by the year end. The first phase at Pulkovo was commissioned in September. By the end of the year, part of the premises were already in use and the fit-outs in the rest of the building had begun.

At the end of March, Technopolis announced an expansion of the company's operations to Tallinn in Estonia. In October, Technopolis Plc, Tallinn-based Smart City Group As and its subsidiary Ülemiste City As established a joint venture. Technopolis invested EUR 10.04 million - a 51 % stake - in Technopolis Ülemiste, the new company. The enterprise value of the company is EUR 63,0 million, including interest bearing debt totaling approximately EUR 41,4 million. The Technopolis Ülemiste property portfolio comprises approximately 70,000 square meters, with approximately 46,000 square meters in modern office buildings.

The Nokia Technopolis Innovation Mill project has been a success. In the 2010 Productive Ideas Competition, which recognizes both innovations and new ideas, the Innovation Mill won “Best Idea” in the Community category. By the end of 2010, the three-year program initiated in the spring of 2009 had created more than 100 new jobs and 19 new companies in Finland while raising more than EUR 10 million in venture capital funding. Technopolis Development Services and Tekes, the Finnish Funding Agency for Technology and Innovation, are currently in the process of preparing similar projects that could result in the creation of new companies to utilize ideas that large companies have decided not to exploit.

In November, growth projects in Finland were announced at Ruoholahti (Helsinki) and at Hermia (Tampere). Both projects consist of expansions at existing centers. The investment in the second phase of the Ruoholahti center amounts to EUR 27.7 million and the investment in the Hermia 15B property will total EUR 10.8 million.

In December, Technopolis won a tender and initiated negotiations on what will be a significant lease agreement with the Savonia University of Applied Sciences in Kuopio (Finland). According to the agreed tender, Savonia will relocate its operations into the Technopolis Kuopio premises on Microkatu in two phases. In the first phase, starting at the end of 2013, Savonia will lease approximately 11,000 square meters from Technopolis for its operations. This phase can be executed without new building construction. In the second phase, starting at the end of 2015, Savonia will lease an additional 22,000 square meters. The total space agreed on is 33,000 square meters and the agreement term for both phases are a minimum of 15 years.

Technopolis Development Services organized six Money Talks® events and two Money Talks Forums® during 2010. At these events, Finnish and international venture capitalists interact with young, innovative and cutting-edge companies from Finland and abroad. Almost 350 matchmaking meetings between investors and entrepreneurs were organized at the November Money Talks Forum. The Money Talks Forum concept for networking events is unique in Finland in terms of its efficiency, scope and continuity. As Technopolis’ international expansion progresses, Money Talks Forum® activities will be held in St. Petersburg and Tallinn to support consolidation of the local innovation environment.

Just before year end, Technopolis signed the third anchor agreement for the Pulkovo technology center in St. Petersburg. This five-year letter of intent with Schneider Electric covers 1,000 square meters. The agreement includes an exit clause that allows the client to terminate the lease by paying penalties. The lease was signed in February 2011. The pre-let rate at Technopolis Pulkovo is now approximately 65 %.

The composition of the Group Management Team changed during the year. As of October 2010, the Management Team included Keith Silverang, CEO; Reijo Tauriainen, Deputy CEO and CFO; Marko Järvinen, Director, Finnish Operations; Satu Eskelinen, Director, Business Services; Jukka Rauhala, Director, Development Services; and Kari Kokkonen, Director, Real Estate Operations. Sami Juutinen's appointment as Director, International Operations and member of the Group Management Team as of February 14, 2011 was announced in December. He has earlier held several positions within the KONE Group, most recently as Director of Service Business and Business Development for KONE's operations in the Middle East.

After the year end in January, the company launched the construction of Innova 2 in Jyväskylä, with an area of 9,200 m² and total investment of EUR 19.8 million. At the end of January 2011 Board of Directors approved the launch of phase 2 of Yliopistonrinne in downtown Tampere. The investment including a parking facility will be approximately EUR 22.5 million and the building will have approximately 7,900 m² of office space.

On January 19, 2011, Varma Mutual Pension Insurance Company announced that its direct holdings of Technopolis Ltd's share capital and votes had exceeded three-twentieths (15 %) and OP-Pohjola Cooperative notified that the proportion of Technopolis Plc's share capital and votes held by OP-Pohjola Group and its related parties as well as OP-Pohjola Group affiliates and the mutual funds managed by them, had fallen below one-twentieth (5 %). The share transactions were carried out on January 18, 2010.

The Technopolis
Concept - Enhancing Occupancy

Technopolis' most significant competitive edge is its service concept. High occupancy rates prove that the concept works. In the aftermath of the recession, the Group's financial occupancy rate remained above the average occupancy rate for office facilities in almost all growth centers in Finland.

Aimed at knowledge-intensive growth companies and their partners, the Technopolis concept combines Premises, Business Services and Development Services. As an effective innovation environment cannot be achieved through buildings alone, services are also required. Technopolis supports its customers' growth and internationalization by providing matchmaking services and helps its customers to find funding, customers and partners. This enables the Group to attract growth companies, grow them internally, hold on to them and sell more services to them.

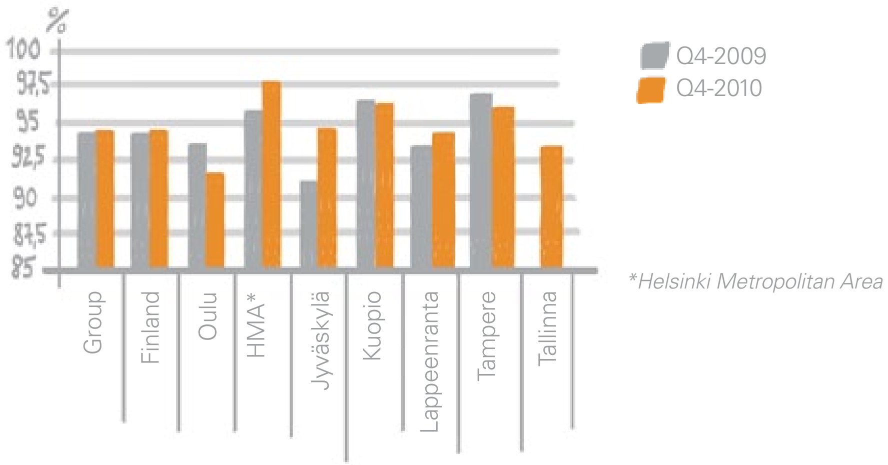
Business Services such as reception services and advanced ICT and video conferencing solutions provide our customers with flexibility in the different phases of a company's lifecycle. They help to make operations more efficient, cut costs and reduce environmental loadings. For Technopolis, such services represent a more logical basis for earnings than the conventional premises offering, and they also support each customer's commitment to the premises.

Internal development programs to harmonize business practices and processes at Technopolis were completed during 2010. The aim of these programs is to create a business concept that can be easily duplicated, enabling Technopolis to continue its rapid and profitable growth and expand internationally.

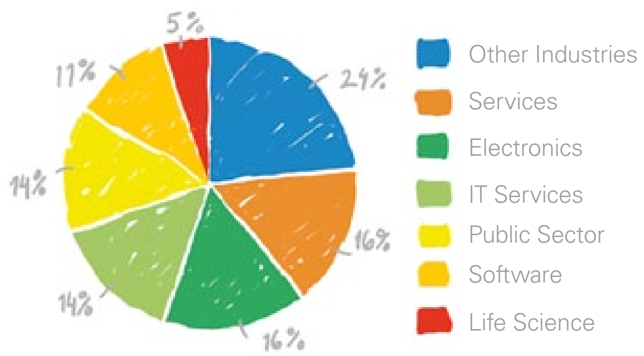
Technopolis currently has 17 centers offering services to knowledge-intensive companies: 15 in Finland, one in St. Petersburg and one in Tallinn. Adding new centers to the Technopolis chain adds value to both the concept and to the networking opportunities we offer our customers and their owners. Our package solutions not only network companies within individual innovation centers – they also connect all our campuses and customers both locally and, through partners, globally.

Our vision is to create a Europe-wide chain of innovation centers in years to come. Growth on a global scale will then be pursued. Successs in doing this requires a scalable concept!

Financial Occupancy Rate



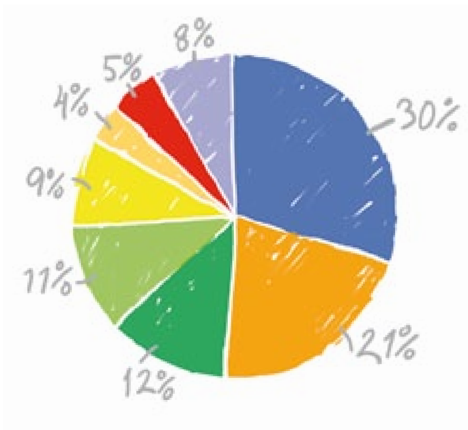
Customer Breakdown



Business Environments - in the Best Locations

Technopolis has 17 centers that offer services to knowledge-intensive companies: 15 in Finland, one in St. Petersburg and one in Tallinn. The centers are located in growth centers, and offer customers modern and flexible premises in the best urban locations, close to main traffic routes, near airports, in the vicinity of universities or connected to other significant innovation centers. The flexibility of Technopolis business environments makes them suitable for small companies with just a few employees and large corporations with thousands of employees, and they are specifically designed to meet the needs of companies whose business involves knowledge-intensive activities.

Technopolis cooperates extensively with the public sector to develop the local innovation ecosystem. Good connections with the municipalities and academic communities are essential to Technopolis operations.



Technopolis Sites by Region:

- Oulu
- Helsinki Metropolitan Area
- Tampere
- Kuopio
- Jyväskylä
- Lappeenranta
- St. Petersburg
- Tallinn

Oulu

The largest Technopolis unit is located in Oulu. Technopolis has operated in Oulu for 28 years and offers business environments on five campuses. Particular strengths in the Oulu area are wireless technology and the development of mobile applications. Future opportunities include the water, environmental and optotechnology sectors. Activities in the Oulu region are also generating increased interest from international companies. An increasing number of our customer companies come from China, Europe, India and the United States.

Technopolis Linnanmaa is one of the most important knowledge-intensive development centers in Finland, with companies located there benefiting not only from the services we offer, but also from the proximity of both the University of Oulu and VTT, the Technical Research Center of Finland. The Linnanmaa campus is being redeveloped to combine premises for companies with residential and retail services. Alterations to the city plan associated with the construction of the innovation campus are being prepared in cooperation with the City of Oulu.

Technopolis City Center, Kontinkangas and Laanila provide business environments for knowledge-intensive companies with expertise on e.g. software development, medical technology, water and environmental sector.

Helsinki Metropolitan Area

The Helsinki Metropolitan Area is Finland's largest and most active market as well as the country's most innovation intensive and international region.

Technopolis centers in the Helsinki Metropolitan Area are located on the university of technology science park campus in Otaniemi in Espoo, in Vantaa next to the Helsinki-Vantaa Airport and in Ruoholahti near downtown Helsinki.

Sectors with a strong presence in the Helsinki Metropolitan Area include mobile technology, game industry and nanotechnology.

Jyväskylä

Jyväskylä is one of Finland's five growth centers and is an attractive location for both companies and professionals. Technopolis business environments can be found in several locations near the university and other important innovation centers.

Sectors with a strong presence in the region include ICT, paper manufacturing, bioenergy, nanotechnology and well-being.

Kuopio

Activity in Kuopio drives growth in Eastern Finland. Developments in the area are based on a solid and versatile competence base to which the University of Eastern Finland, among others, contributes.

Technopolis facilities are within walking distance of each other and centrally located inside the Kuopio Science Park. Strong industries in the Kuopio region include biotechnology and pharmaceuticals. Activity in knowledge-based service companies located in the region is at a high level.

Lappeenranta

As well as being a meeting place for companies from Russia and the West, Lappeenranta is one of the most significant hubs for competence and operations involving business between Russia and Finland. Technopolis centers are located in Vapaudenaukio in the city center and in Skinnarila, right next to the Lappeenranta University of Technology.

Strong industrial performers in Lappeenranta include design and information technology, companies in the energy sector and companies that do business with Russia. Companies offering knowledge-intensive services are an emerging strength.

Tampere

Finland's second-largest student city, Tampere and its surrounding regions form an attractive growth hub. Technopolis centers are in three locations. Technopolis

Hermia, located near the university campus, brings together the ICT, mechanical engineering and automation technology sectors. Finn-Medi is a well-being services and life-science technology cluster. Our Yliopistonrinne facility in the city center offers knowledge-intensive service companies both a business environment and a world-class meeting and conference center.

St. Petersburg

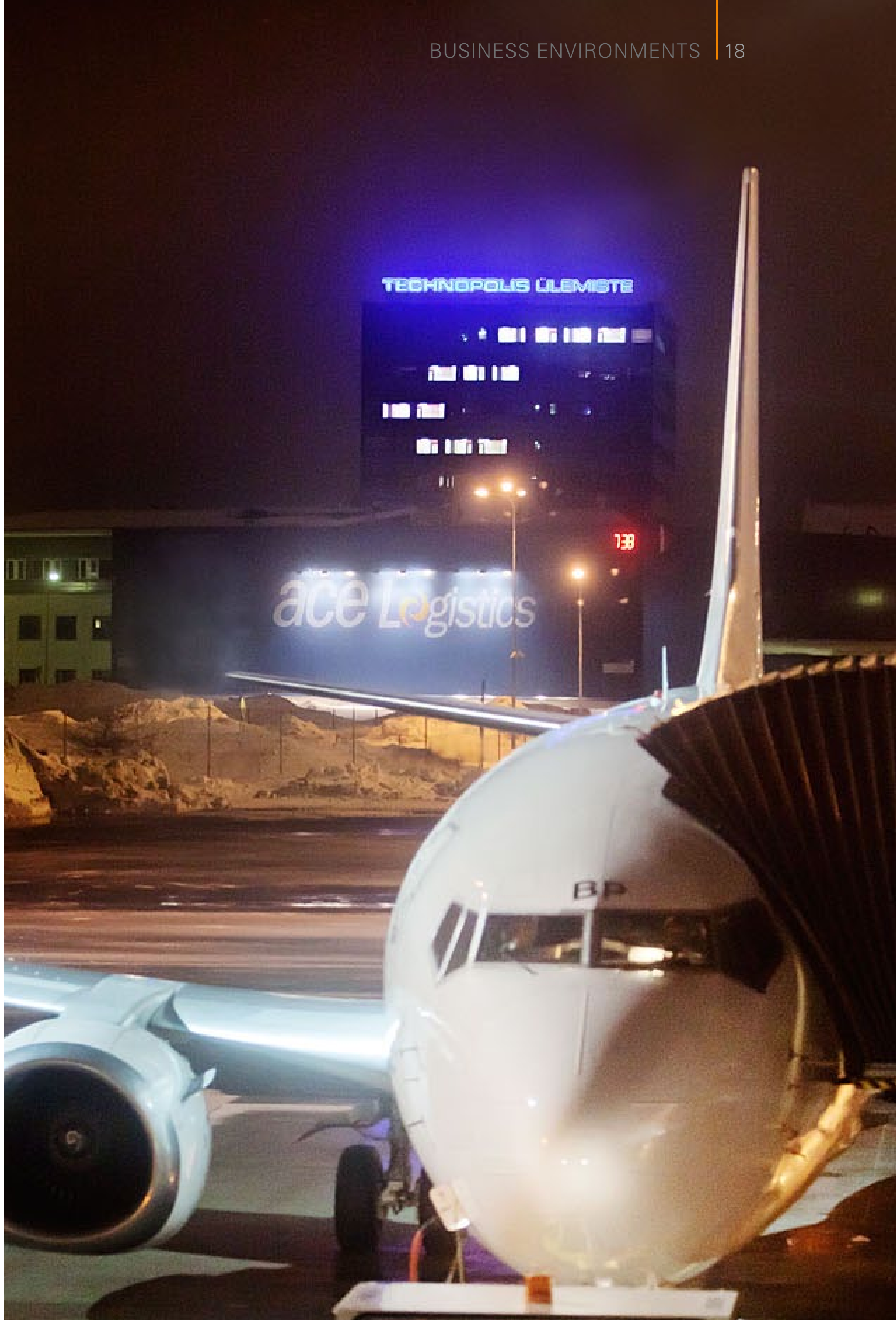
As a rapidly-growing growth center with excellent universities, St. Petersburg is Russia's second-largest city and a gateway for international commerce and software development know-how. The number of Russian and international high-tech companies located here is growing continuously.

The Technopolis Pulkovo center near St. Petersburg's international airport was already operational at the end of 2010. Customers include Russian and international IT companies, firms in the mechanical engineering sector and related service companies. Competences range from software development and programming to manufacturing and installation.

Technopolis' aim in Russia is to provide a reliable, world-class business environment for domestic andinternational high-tech companies while laying the foundation for a sustainable innovation ecosystem.

Tallinn

In addition to being the main business hub of Estonia, Tallinn has a dynamic academic community. The Technopolis Ülemiste joint venture established in October 2010 is located next to Tallinn's international airport. Technopolis Ülemiste has approximately 46,000 square meters of modern, high-quality office space, almost 150,000 square meters of undeveloped growth potential and an excellent customer portfolio. With one of the world's most dynamic and wired communities, Tallinn and Estonia make a perfect fit with the Technopolis concept.



Service with a Smile

Technopolis' customers are companies that wish to operate in modern business environments and have confidence in the quality of the services provided. High quality services are often decisive factors in the decision to choose our business environments.

The vast majority of Technopolis deals are done using its own dedicated sales force, rather than brokers. And it is our own dedicated service team, not outsourced partners, that are responsible for interacting with customers and meeting their service needs and expectations.

Technopolis customers can flexibly adapt to changing business conditions, improve their operational efficiency, cut costs and improve their environmental sustainability with a single point of contact – their Technopolis account manager. Companies can choose the additional services they require, and our centralized procurement process allows these to be provided in a cost-effective manner. This enables customers to access the right combination of services from the start-up phase right though rapid growth and maturity in an ecosystem designed to support growth and innovation.

Levels of satisfaction regarding the services provided by Technopolis have remained high year after year. Our personnel offer service with a smile, genuine help, with the aim of continuously exceeding expectations. And because each

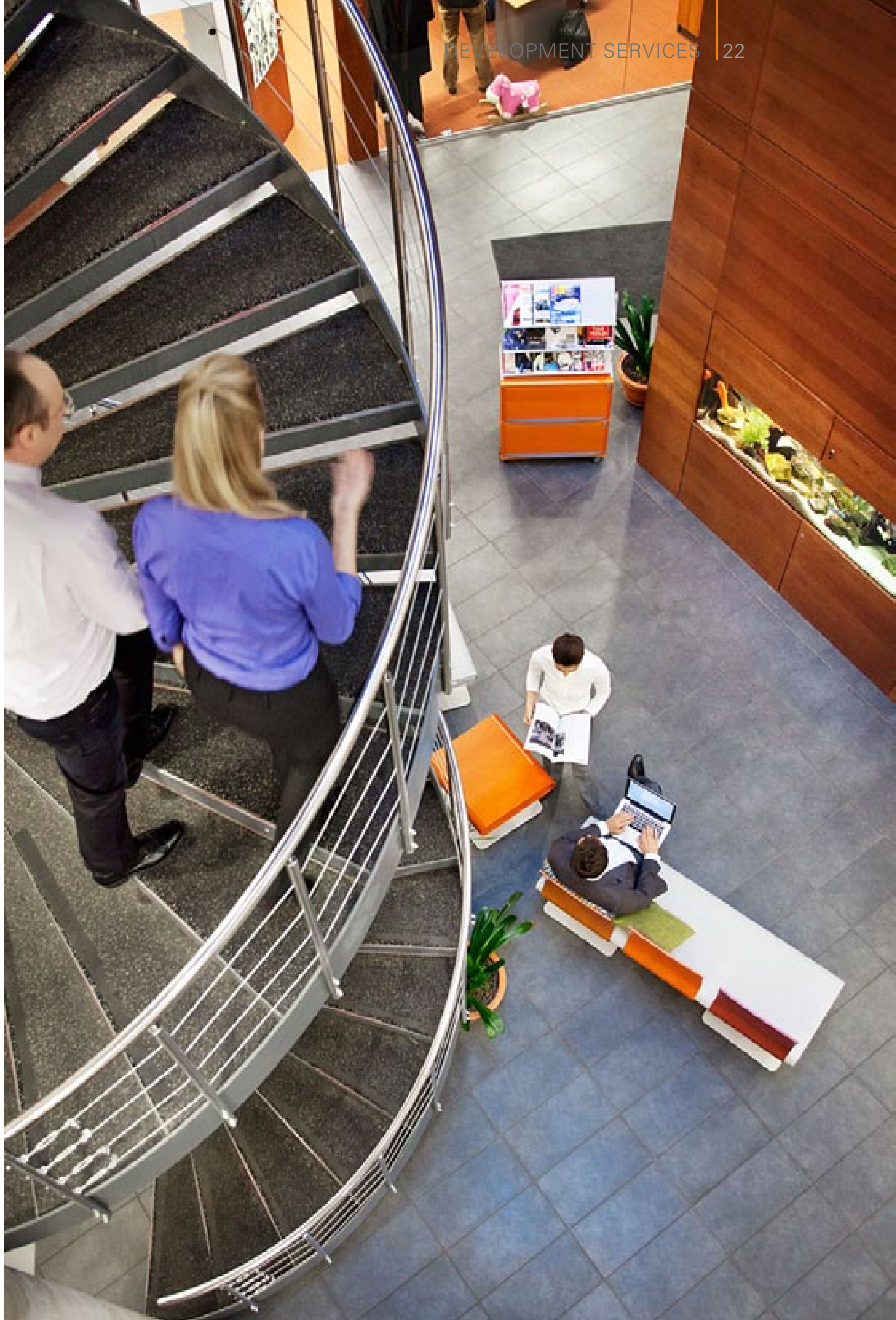
Technopolis campus is also an innovation and growth ecosystem our services and the people who provide them are committed as much to putting clients together with who they need to meet – be they potential partners, customers or financers – as they are to ensuring that service promises are kept.

A New Strategy
in Development Services

A new strategy for Development Services was introduced at the beginning of 2010 with operations now focused on both national and international operations. Rather than providing publicly funded pre-incubation, incubation and acceleration services we have opted to withdraw from these and similar projects. Instead, we are encouraging a multitude of private and public business development organizations to partner with us and become our tenants, as part of an overall strategy to bring increasing numbers of academic and research entities and other innovation system actors directly into our campuses as tenants and service providers to our growth companies. These growth companies ranging from large international players to newly established start-up companies, and we want to offer them world-class services for obtaining finance, for networking and for developing innovations

More and more we will focus on those types of development services that serve and bring together all of Technopolis' core customer groups, rather than focusing only on SMEs. The ambitious Nokia Technopolis Innovation Mill project launched by Technopolis in cooperation with the Finnish municipalities, Nokia and TEKES, the Finnish Funding Agency for Technology and Innovation, is an excellent example of this type of public-private cooperation that supports innovation activity. In this project, unused Nokia ideas are converted into new businesses and products using Technopolis' existing customer and partner network. By the end of 2010, the three-year program initiated in the spring of 2009 had created more than 100 new jobs and 19 new companies in Finland, and raised more than EUR 10 million in venture capital funding.

Technopolis matchmaking services organized more than 50 events in different locations in 2010, bringing together innovation-based growth companies and international venture capitalists, angel investors, financiers and anchor companies on the lookout for promising partners, suppliers or investment targets. These included Money Talks® Forums with a total of nine events organized during 2010 and Technopolis Business Breakfasts, important networking events for our customers. During 2010, more than 2,000 people participated with excellent ratings and numerous inter-client transactions.



Investments and Development Projects

Growth is an essential element in Technopolis' expansion into an international chain, and we continued to implement our growth strategy during 2010 both organically and through acquisitions. Technopolis Ülemiste in Tallinn was the Group's first international acquisition and operations in the first phase of our St. Petersburg innovation center began in September - the first move-ins have taken place and finishing works and fit-outs are currently under way. Organic growth continued in Finland, and projects in the Helsinki Metropolitan Area, Kuopio, and Tampere were either completed or in progress during the year.

Rentable space grew by 74,200 square meters in 2010 and totaled 527,800 square meters at the end of the year. In new construction projects, Technopolis focuses on management of a property's entire lifecycle. In the design phase, the emphasis is on the adaptability of office facilities and high-quality construction, as well as sustainable solutions that improve each building's overall commercial efficiency.

Technopolis has almost 30 years of experience in the design and implementation of new building projects and solid competence in facility management. In new construction, close attention is paid to quality specifications, ensuring that the buildings and space are flexible and that energy efficiency is maximized during the building's entire lifecycle.

Planned projects

Project	Status	Area	Gross-m^2	Estimated launch
Pulkovo 2	planning	St. Petersb.	22 400	2011-2012
Technopolis Ülemiste 1	planning	Tallinn	7 500	2011
Viestikatu 2B	planning	Kuopio	3 600	2011

Technopolis has and will divest properties which do not suit our operations or are not part of the Group's core business. In 2010 Technopolis divested two capital lease properties in Tampere, the Metso rollerplant and the defunct Inion's corporate offices, as well as one non-core investment property in Oulu. These transactions generated EUR 2.0 million revenues.

We continuously analyze potential investments in Europe that could be appropriate for our future growth. Key criteria in such assessments include the scale and growth potential in the innovation environment, achieving rapid positive cash flow when operations are launched, the potential for post-acquisition growth, and the suitability of both the target properties and the potential customer base for the Technopolis concept. All projects, be that acquisitions or organic development initiatives, must be EPS accretive.

Projects completed during 2010 and projects under construction

Project	Status	Area	m²	EUR million	Due for completion	Occupancy rate Dec 31, 2010
Technopolis Ülemiste *	acquisition	Tallinn, Estonia	70 000	10,04	acquired	
Yliopistonrinne 1	completed	Tampere	12 000	32,3	completed	
Viestikatu 2A	completed	Kuopio	5 850	8,9	completed	
Pulkovo 1	comissionde	St. Petersburg, Russia	24 100	52,3	Q2/2011	65 % **
Finn-Medi Campus	under construction	Tampere	12 900	29,6	11/2011	91 %
Ruoholahti 2	under construction	Helsinki Metropolitan Area	9 900	27,7	5/2012	14 %
Hermia 15 B	under construction	Tampere	4 850	10,8	1/2012	54 %
Helsinki-Vantaa 5B	under construction	Helsinki Metropolitan Area	2 700	6,0	5/2011	75 %
Innova 2	under construction	Jyväskylä	9 200	19,8	2/2012	30 %
Yliopistonrinne 2	under construction	Tampere	7 000	22,5	9/2012	25 %
Total			**70 650**	**168,7**		

**) Technopolis Group holding 51 % of the company, 46 000m² of modern office space, additional information in the notes to the consolidated financial statements, note 22.*

***) Pre-let rate*

Environmental Sustainability

The built standing real estate mass accounts for approximately 40 % of energy consumption and carbon dioxide emissions in the European Union. EU energy and environmental policies are aimed at reducing greenhouse gas emissions and an increase in the use of renewable energy sources by 20 % by 2020, together with a zero-energy target for new buildings. Sustainability and environmental responsibility have become important elements in the decisions made by investors in real estate, by our customers and by other Technopolis stakeholders. The demand for obsolete properties with heavy environmental impact is declining as the focus shifts to newer, more-modern premises and services that result in lower environmental stress. An increasing number of tenants and investors are requiring that environmental responsibilities be taken into account and that appropriate certification systems be employed.

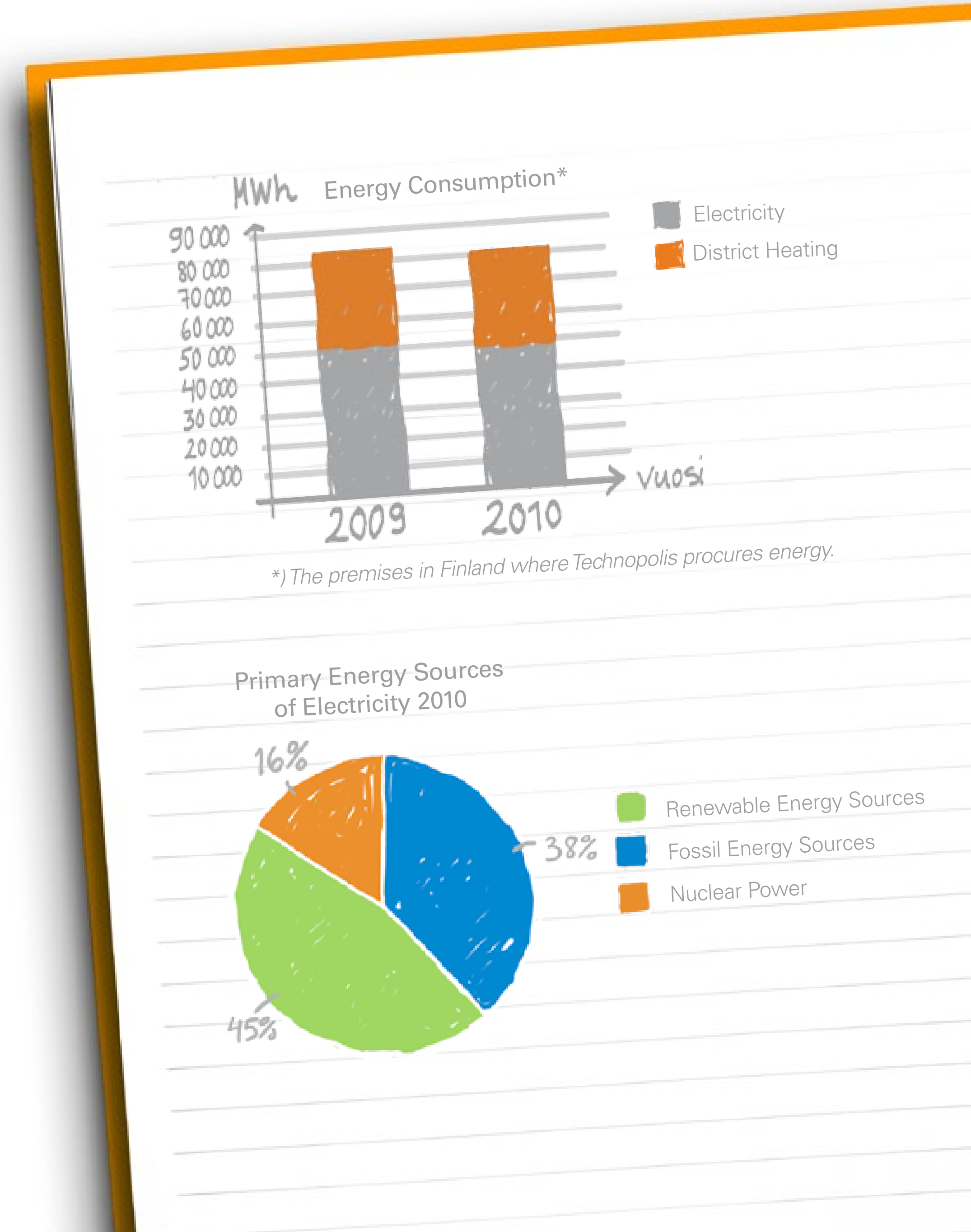
> *All new Technopolis buildings will meet or exceed LEED Silver at minimum.*

For many years, Technopolis has developed environmentally-sound solutions in the design of new building projects in connection with levels of energy consumption, solutions which allow the use of space to be flexible and adaptable, and recycling arrangements. Even though the video conferencing services we provide reduce the need to travel and associated environmental loads, we intend to go much further.

To improve environmental responsibility within the Group, the Green Technopolis project was launched at the end of 2009. This specified our environmental strategy and created an action plan to implement it. Targets include increased levels of energy efficiency and significant reductions in carbon dioxide emissions and other environmental loadings by 2015. All new Technopolis buildings will meet or exceed LEED Silver at minimum, whether or not national or local authorities require the certification. Concrete measures instituted within the Green Technopolis project to reduce environmental impacts during 2010 included:

- LEED pre-analysis of all planned new building projects
- Initiating LEED certification processes at Technopolis Helsinki-Vantaa 5B and Ruoholahti Phase 2
- Assessment of the energy efficiency of our building stock
- Boosting the marketing and the use of the video conferencing system which was implemented in 2009 as a service
- Piloting the Technopolis Tampere office within the "Green Office" environmental system
- Recruiting an Environmental Manager who is responsible for environmental issues within our real estate organization

Data indicating the environmental impact of the Technopolis Group's building stock with regard to energy consumption and flows of energy are presented on the right:

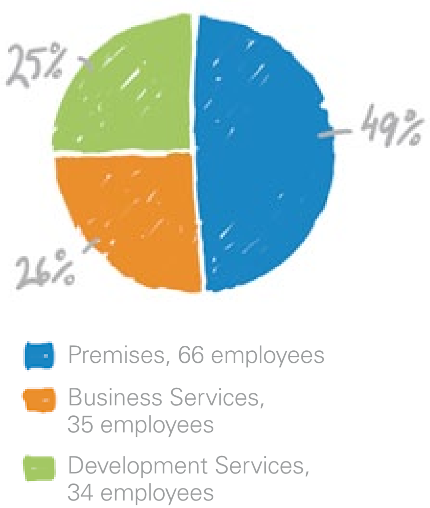


Obsessed with Service

As Technopolis is first and foremost a service company, our personnel must display top-class competence if customer satisfaction is to be maintained at the required level of excellence. Competence in service provision and attitude, elements for which our employees have received excellent feedback in customer surveys, feature among the key factors which make Technopolis stand out. In a company that is growing and becoming more international, providing real service with a smile and striving to exceed expectations is an asset to be cherished. One of the themes of our human resource development during 2010 was therefore ”Service with a Smile.”

Our Management Team and Technopolis personnel are highly-experienced professionals in the fields of real estate and services. On average, members of our Management Team have more than ten year’s experience in different areas of the Technopolis concept. Long-term experience in meeting challenging demands through different phases of the economic cycle has provided Group personnel with excellent insights into our customers’ changing needs.

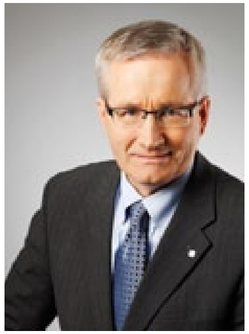
Employees on Average 2010



Technopolis’ values are customer orientation, innovation, profitable growth and community responsibility. This is why we put emphasis on entrepreneurial thinking when recruiting personnel and service providers. If you want to work at Technopolis, you have to work tirelessly to help our customers grow and prosper. We are proactive and innovative. Employees consider Technopolis a good place to work and one which offers opportunities to grow with the company.

Board of Directors

Pertti Huuskonen

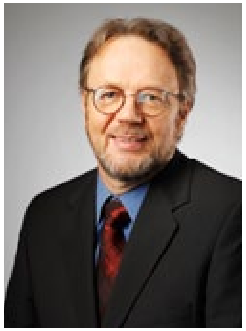


Matti Pennanen

Teija Andersen

Pekka Korhonen

Timo Ritakallio



Erkki Veikkolainen

Board of Directors

The duties of the Technopolis Group Board of Directors include approving the Group strategy and major organizational changes, approving the Group's budget and the guidelines that govern risk management and internal controls, deciding on mission critical issues and matters that could have far-reaching consequences within Technopolis' field of activities, appointing the CEO and the Management Team members and deciding on their salaries and other benefits, establishing succession plans for key personnel, deciding on major investments and the sale of Group assets, making proposals to the Annual General Meeting on the distribution of profits and monitoring the company's financial situation and current risk status.

During the term of office that began at the end of the Annual General Meeting in the 2010 financial year and will terminate at the end of the Annual General Meeting that will be held in the 2011 financial year, the Board comprised the following individuals:

Pertti Huuskonen

M.Sc. (Eng.), MKT, eMBA, born 1956. Full-time Chairman of the Board of Directors since September 15th, 2008. President and CEO of Technopolis Plc from 1985 to 2008. Previously served as Managing Director of Vakote Ltd, a machine-automation company that he founded. Mr Huuskonen is a member of the Board of Directors of LapTi-Invest Oy.

Matti Pennanen

M.Sc. (Civil Engineering), born 1951. Vice Chairman of the Board since 2005. Mayor of Oulu, having previously held the office of Deputy Mayor. Previously served in several positions at Palmberg-Rakennus Ltd and YIT Corporation Ltd both in Finland and abroad. Currently Chairman of the Oulu Regional Government and a board member of the Oulu University Scholarship Foundation and of the Finnish Port Association.

Teija Andersen

M.Sc. (Agriculture and Forestry), eMBA, born 1957. Board Member since spring 2009. Strategic Marketing, Brand and Development Director of the Fazer Group and member of the company's group executive board . Previously served as Business Director of Fazer Amica. Ms. Andersen is a board member of Diacor Terveyspalvelut Ltd, of the Association of Finnish Advertisers and of Paletti Ltd.

Pekka Korhonen

LL.M, M.Sc. (Theol.), born 1952. CEO of NV Kiinteistösijoitus Oy and NV Property Fund I Ky. Served as Managing Director and Investment Manager of the OP Bank Group Pension Fund and the OP Bank Group Pension Foundation from 1986 to 2010. He has been Board Member of Technopolis Plc 2007 - 2008.

Timo Ritakallio

LL.M, MBA, born 1962. Board Member since spring 2008. Deputy CEO of Ilmarinen Mutual Pension Insurance Company. Previously served as Deputy CEO of Pohjola Bank Plc, Vice Chairman of the Pohjola Group Executive Committee, Vice Chairman of the OKO Group Executive Committee and a member of the OKO Group Management Board. Mr Ritakallio is a board member of the NASDAQ OMX Nordic Exchange Ltd.

Erkki Veikkolainen

M.Sc. (Electronic Engineering), eMBA, born 1952. Board Member since 2005. CEO of MEVita Invest Ltd. Served as Deputy CEO and Business Unit Director at Elektrobit Group Plc, and as CEO, Business Development Director and Business Director at Elektrobit Ltd. Chairman of the Board of Directors of Elcoflex Ltd and a board member at Aplicom Ltd., at Elektrobit Plc, at Elcoflex (Suzhou) Co. Ltd, at Maustaja Ltd. and at Mecanova Ltd.

With the exception of Pertti Huuskonen, all members of the Technopolis Board are independent of the company and its main shareholders.
In 2010 the Board met 13 times and the average attendance rate was 96.6 %.

Including the value of shares received as annual compensation, board remuneration and meeting fees totaled EUR 535 thousand in 2010. As long-term and growing shareholdings by board members benefit all the company's shareholders, part of the annual compensation for board members is paid in the form of shares purchased from the market. Decisions regarding the compensation paid to members of the Technopolis Board of Directors are made by the Annual General Meeting.

Detailed information of shareholdings of the Members of the Board can be found from "Management Shareholdings".

Detailed information of the board remuneration and meeting fees can be found from notes to the consolidated financial statements in note 24, "Related party transactions" (page 67).

Group Management Team

December 31, 2010

Keith Silverang

Reijo Tauriainen

Satu Eskelinen

Jukka Rauhala

Kari Kokkonen

Marko Järvinen

CEO and Group Management Team

CEO

The CEO handles the company's on-going administrative tasks in accordance with the Finnish Companies Act, the company's Articles of Association and other rules and instructions issued by the Board of Directors. The CEO is appointed by the Board of Directors.

Keith Silverang, BA, MBA, born 1961, has served as CEO of Technopolis Plc since September 15th, 2008. Employed by the Group since 2004, he has served, among other positions, as Director of HMA operations and CEO of Technopolis Ventures. Mr Silverang's previous positions include, among others, Deputy CEO of AAC Global Ltd., a management role in the Hackman Group and CEO of Oy ICS Ltd, a company founded by him.

CEO Silverang received a basic salary of EUR 202 thousand in 2010. This sum includes EUR 14 thousand in bonuses earned in the period from January 1 to December 31, 2009. In year 2011 Keith Silverang has been paid EUR 73 thousand bonuses that he earned in the period from January 1 to December 31, 2010.

Group Management Team on December 31, 2010

Technopolis has a Management Team which assists the CEO. Members of this team are appointed by the Board of Directors following proposals of the CEO. The Management Team prepares draft resolutions for the Board in connection with company strategy, development projects and investments, and is responsible fro executing Board decisions within the Technopolis organization. The Management Team also handles, among other issues, matters connected with the company's personnel policy and public relations activities. The Technopolis Management

Team comprises the following individuals:

Reijo Tauriainen, M.A., born 1956. Chief Financial Officer and Deputy CEO. Mr Tauriainen joined Technopolis in 2004. Previous positions include CFO of Flextronics ODM Finland Ltd.

Marko Järvinen, M.Sc., born 1970. Director, Finnish Operations. Mr Järvinen's previous positions include directing the Group's HMA operations, as well as working as an HR Development Consultant for Mercuri International and in a variety of roles in domestic and international sales.

Satu Eskelinen, M.Sc. (Eng.), born 1961. Director, Business Services. Joined Technopolis in 2007. Ms Eskelinen's previous positions include Head of the Consulting and Technology Unit at Solteq Plc, Regional Director at the Elisa Corporation and Marketing Director and Managing Director at Soon Com Ltd.

Jukka Rauhala, M.Sc., born 1959. Director, Development Services. Joined Technopolis in the spring of 2010. Mr Rauhala previously worked as Operational Director at Hewlett-Packard, Nokia Networks and other companies. His extensive experience in venture financing was gained while he was a partner at Nordic Venture Partners.

Kari Kokkonen, M.Sc. (Eng.), born 1963. Director, Real Estate Operations. Joined Technopolis in 2008. Mr Kokkonen's previous positions include being a partner and consultant at Saraco D & M Ltd, and he also worked on development projects and challenging construction projects at NCC.

Group Management Team as of February 14, 2011

Sami Juutinen was appointed to the position of Director of International Operations in December 2010 and joined the Group Management Team as of February 14, 2011. Juutinen will take up his duties as Mr. Huuskonen relinquishes his New Markets responsibilities.

Sami Juutinen, LL.M., ML, born 1972. Director, International Operations. Director, International Operations and member of the Technopolis Group Management Team as of February 14, 2011. Mr Juutinen's previous positions include several roles within the KONE Group, most recently as Director with responsibility for Service Business and Business Development in the company's operations in the Middle East.

Management Shareholdings, December 31, 2010

Shares and options in Technopolis Plc held by members of the Board of Directors on December 31, 2010 were as follows:

	Shares	Options 2007A	Options 2007B	Options 2007C
Huuskonen Pertti	125,000	170,000	170,000	140,000
Pennanen Matti	15,422			
Andersen Teija	8,727			
Korhonen Pekka	8,630			
Ritakallio Timo	10,840			
Veikkolainen Erkki	32,872			
Total	**201,491**	170,000	170,000	140,000

Shares and options in Technopolis Plc held by the CEO and members of the Group Management Team (GMT) on December 31, 2010 were as follows:

	Shares	Options 2007A	Options 2007B	Options 2007C
Silverang Keith, CEO	0	50,000	70,000	120,000
GMT	16,009	87,500	95,000	143,000
Total	**16,009**	**137,500**	**165,000**	**263,000**

On December 31, 2010, members of the Board of Directors, the CEO, members of the Group Management Team and entities under their control held a total of 217,500 shares in Technopolis Plc, 0.3 % of the total number of shares outstanding. Up-to-date information on the number of shares held by members of the Management Team and the Board of Directors is available in the "For Investors" section of the Technopolis website at ***www.technopolis.fi/for_investors***

Personnel Incentive Programs

Bonuses based on the company's financial and personal performance may be paid to members of the management team and to personnel. If shares or instruments entitling employees to shares are used as an incentive, decisions on their use, terms and conditions are approved by the Annual General Meeting. Decisions on other bonuses for the CEO and members of the Executive Board, including annual bonuses, are approved by the Board of Directors. The CEO decides on bonuses awarded to other personnel. Incentive programs must support the Technopolis strategy and their terms and conditions must be competitive.
Up-to-date information on the company's current incentive schemes is available in the "Remuneration Statement" at ***www.technopolis.fi/for_investors***

Corporate Governance

Technopolis Plc complies with the Finnish Corporate Governance Code issued by the Securities Market Association which came into force on October 1, 2010. The code can be examined by members of the public on the Securities Market Association website at ***www.cgfinland.fi***

In accordance with Recommendation 54 of the code, Technopolis has prepared a Corporate Governance Statement separately from the report by the Board of Directors. The statement includes a description of the main features of the company's internal control and risk management systems, a description of the duties of the Board of Directors and its activities, and information regarding the CEO and his duties. This statement is updated annually.

The Corporate Governance Statement issued on January 28, 2011 can be viewed on the company's website at ***www.technopolis.fi/for_investors***

Risk management and the company's internal controls are also discussed in this Annual Report in the Report by the Board of the Directors on page 35 and in the Notes to the Consolidated Financial Statements on page 54. During the on-going accounting period, detailed information on risk management in Technopolis Plc can be obtained from the most-recent Interim Report.

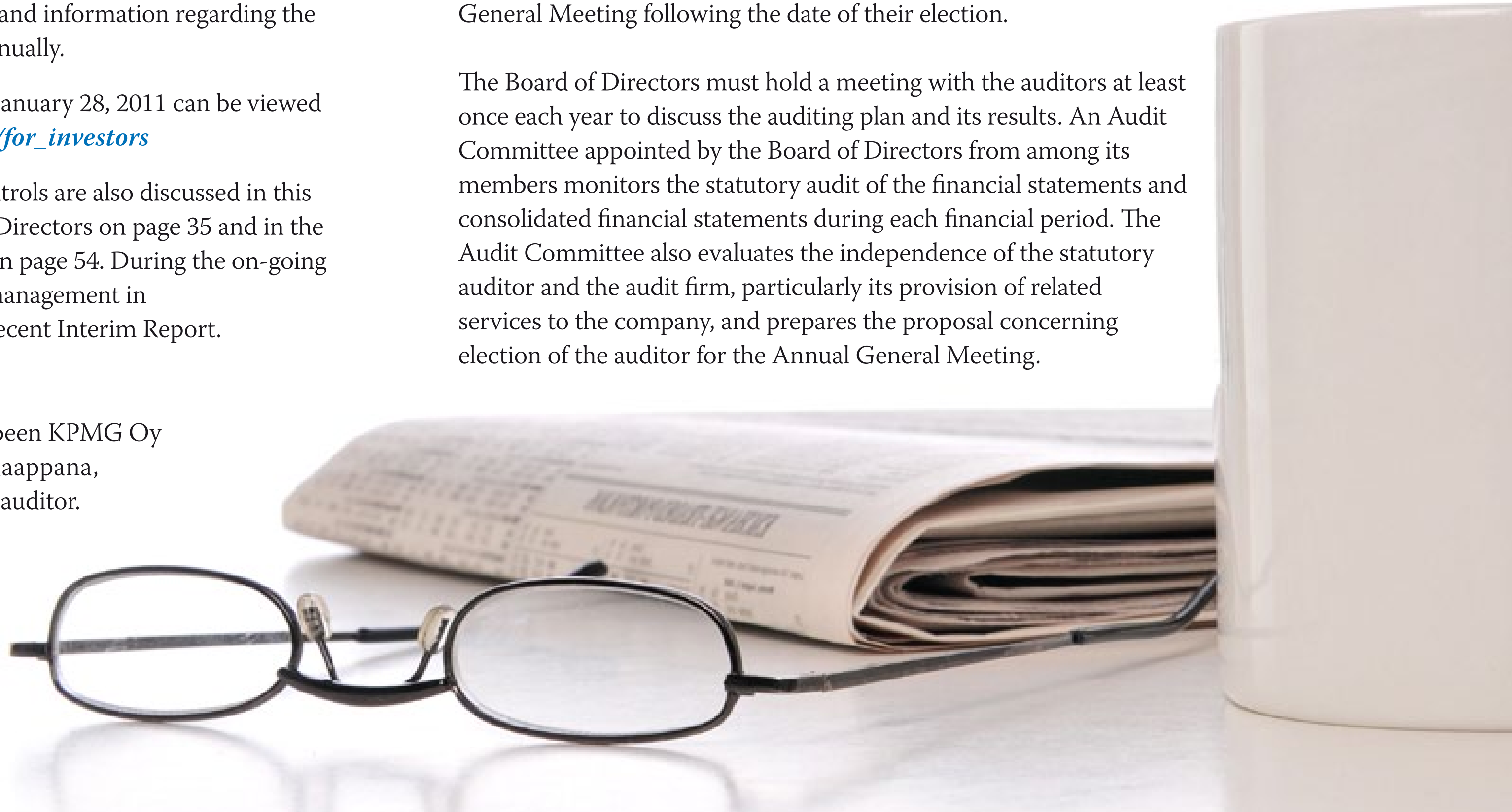
Auditor

Since March 2006, Technopolis Plc's auditor has been KPMG Oy Ab, authorized public accountants, and Tapio Raappana, Authorized Public Accountant is the responsible auditor.

In 2010, payments to the company's auditors totaled EUR 29 thousand in auditing fees and EUR 153 thousand in other fees.

According to the company's Articles of Association, Technopolis Plc has one auditor appointed by the Annual General Meeting. If the auditor is not an auditing firm, a deputy auditor must also be appointed. Both the auditor and any possible deputy auditor must be auditors or audit firms authorized by Finland's Central Chamber of Commerce. The terms of office of the auditor and any deputy auditor expire at the end of the first Annual General Meeting following the date of their election.

The Board of Directors must hold a meeting with the auditors at least once each year to discuss the auditing plan and its results. An Audit Committee appointed by the Board of Directors from among its members monitors the statutory audit of the financial statements and consolidated financial statements during each financial period. The Audit Committee also evaluates the independence of the statutory auditor and the audit firm, particularly its provision of related services to the company, and prepares the proposal concerning election of the auditor for the Annual General Meeting.



Information for Shareholders

Financial information in 2011

Technopolis Plc will publish three interim reports in 2011:

- The Interim Report for January-March will be published on May 4, 2011
- The Interim Report for January-June will be published on August 11, 2011
- The Interim Report for January-September will be published on November 2, 2011

Technopolis Plc has a silent period of 14 days prior to the publication of interim reports and the company's annual financial statements. During this period, Technopolis Plc does not engage in discussion of the results or any factors influencing them with representatives of the capital markets.

Annual General Meeting

Time: Wednesday, March 30, 2011 at 1:00 p.m.
Place: Elektroniikkatie 3 (auditorium), 90590 Oulu

Each shareholder registered in the company's shareholders' register held by Euroclear Finland Ltd on March 18, 2011, the record date of the general meeting, has the right to participate in the general meeting. Shareholders wishing to attend the AGM must notify the company by 10:00 on March 25, 2011 using one of the following methods:

- by calling +358 46 712 0028,
- by sending e-mail to *katja.backman@technopolis.fi*, or
- by sending written notice to Yhtiokokous/Technopolis Oyj, Hiilikatu 3, 00180 Helsinki.

Any letter of attendance provided in hardcopy format must be received by Technopolis Plc before the time limit specified for registration has expired. Possible proxies should be provided in connection with advance registration. Both proposals regarding the agenda of the general meeting and the notice announcing the general meeting will be available on the Technopolis Plc website at ***www.technopolis.fi.*** The company's annual report and financial statements, the report by the Board of Directors and the auditor's report will be made available on the same website no later than three weeks prior to the date of the general meeting. Copies of these documents and the notice announcing the general meeting will be sent to shareholders on request. The same set of documents will be available at the general meeting.

Payment of Dividends

Technopolis' target is regular annual dividend payments. The Board of Directors' aim is to observe a stable and active dividend policy in which annual dividend payments to shareholders total 40% to 50% of Technopolis Plc's net profit excluding changes in fair value, while taking into account the need for capital investment and other related factors.

The Board will be proposing to the AGM to be held on March 30, 2011 that a dividend of EUR 0.17 per share be paid from the parent company's distributable equity. The dividend will be paid to shareholders registered in the company's shareholder register maintained by Euroclear Finland Ltd on the dividend record date of April 4, 2011. The dividend payments will be made on April 11, 2011.

Basic share data

Listing: NASDAQ OMX Helsinki
Trading code: TPSV1
ISIN code: FI0009015796
Segment: Finacials, Real Estate
Sector: Real Estate Operating Companies
Number of shares on December 31, 2010: 63,385,044

Board of Directors' report

JANUARY 1 - DECEMBER 31, 2010

Highlights of 2010 compared to 2009:

- Net sales rose to EUR 81.2 million (EUR 76.4 million)
- EBITDA rose to EUR 41.4 million (EUR 40.0 million)
- Operating profit rose to EUR 43.0 million (EUR 2.3 million) including a change of EUR 2.7 million (EUR - 37.1 million) in the fair value of investment properties
- Profit before taxes totaled EUR 33.6 million (EUR -9.4 million)
- The financial occupancy rate was 94.4% (94.4%)
- The Group's equity ratio was 37.4% (37.3%)
- Earnings per share (undiluted) were EUR 0.38 (EUR -0.13) and diluted EUR 0.38 (EUR -0.13)
- The Board of Directors proposes a dividend of EUR 0.17 per share (EUR 0.15 per share)

Keith Silverang, CEO:
In 2010, the business environment recovered which could be seen in the company's strengthening financial performance in the second half of the year. Our investments in customer service, efficiency and scalability generated profitable growth during the year and laid a good foundation for continued growth in 2011.

In the second half of the year, our occupancies rose 1.6 % and the to 94.4% (94.4%) at the end of the year. We sought profitable growth through both green field investments and acquisitions. During the year, approximately 60,000 square meters of office space was under construction in the Helsinki Metropolitan Area, Kuopio and Tampere in Finland. Technopolis Yliopistonrinne 1 in Tampere and Technopolis Viestikatu in Kuopio were completed.

Technopolis Pulkovo in St. Petersburg has opened and will be commissioned gradually. The occupancy rate at the year end was 65%.

The establishment of Technopolis Ülemiste in Tallinn was completed on October 7, 2010, and the operations have started smoothly. The financial occupancy rate in Estonia was 93.5% at the end of the review period, and the operations were profitable.

After the year end in January, the company launched the construction of Innova 2 in Jyväskylä, with an area of 9,200 m² and total investment of EUR 19.8 million. Today, the Board of Directors approved the launch of phase 2 of Yliopistonrinne in downtown Tampere. The investment including a parking facility will be approximately EUR 22.5 million and the building will have approximately 7,900 m² of office space.

In 2010, we completed essential internal development programs aimed at creating a platform which can be copied and pasted for the Group's international growth. We are actively seeking new targets for investment.

Business Environment in Finland, St. Petersburg and Tallinn

The Finnish economy was in recovery throughout 2010, with the exception of the first quarter of the year. Forecasts for the 2010 economic growth vary between 2.1% and 3.7%. By the end of October, exports had increased by 16% compared to the corresponding period in the previous year (Catella December 31, 2010). Sampo Bank estimates that total production in Finland has grown by 3.3% in 2010 and will grow 2.8% in the current year (Sampo Bank, Suhdanteet ja rahoitusmarkkinat Q4, December 14, 2010).

The upward turn in the economy has halted the decline in the office rental market, which can be seen in the launch of as many as fifteen new office building projects in the Helsinki Metropolitan Area, with 100,000 square meters of office space under construction (Catella December 31, 2010). The situation in domestic growth centers regarding leased office space varies by city. The most favorable outlook in the leasing market is in the office space market in Jyväskylä and the retail space market in Oulu (Pohjola, Kiinteistösijoitus January 13, 2011).

In 2010, the vacancy rate in the St. Petersburg office market declined to the level of approximately 19.7% (Jones Lang LaSalle, St. Petersburg City Profile 10/2010). Supply and demand are expected to balance gradually by the end of 2012. The rents of office buildings remained stable throughout 2010. The rents are not expected to increase significantly in 2011. (Jones Lang LaSalle, St. Petersburg, Office market, Q3/2010.)

The yield requirements of high-quality properties with high occupancy rates, located in good areas and with good transportation connections are expected to decline in the Pulkovo area from the current level of 12.0%–12.5% to 10.0%–10.5% by the beginning of 2012 (Jones Lang LaSalle Q4-2010).

The Estonian economy is a positive exception among the other Baltic countries, and after the country joined the euro, the interest of foreign investors in the Estonian market increased. According to the reliability indicator on the Tallinn real estate market, the situation has remained favorable but the expectations in the market vary. Nearly half of the companies in the industry believe that within the next three months they will be able to increase sales and, at the same time, only one in eight companies are forecasting a decline in demand. The average vacancy rate in terms of class A offices decreased and the rent level slightly increased in 2010. There is in particular demand for office space of under one hundred square meters (Colliers, December 2010).

Operations

The Technopolis Group has three operating segments based on geographic units: Finland, Russia and Estonia. The segmentation presented is based on the Group's existing internal reporting procedures and the organization of the Group's operations.

During the second half of the year, demand recovered in the areas in which Technopolis operates and the Group's financial occupancy rate increased to a favorable level of 94.4% at the end of 2010 (June 30, 2010 92.8%, September 30, 2010 93.7% and December 31, 2009 94.4%). The Group's financial occupancy rate on December 31, 2010 also includes the lease stock of the Estonian subsidiary for the first time.

The competitive situation in Finnish growth centers stabilized in the second half of 2010. The company's occupancy rates are still above the average in all domestic growth centers. In St. Petersburg, the occupancy rate of the Technopolis Pulkovo technology center has increased, and the first tenants have moved in.

The unit in Tallinn was launched on October 7, 2010, and its operations have started according to plan.

The Group's financial occupancy rates, December 31, 2010:

Financial Occupancy Rate,%	Q4-2010	Q4-2009
Group	94.4%	94.4%
Finland	94.5%	94.4%
Oulu	91.7%	93.5%
HMA	98.0%	95.7%
Jyväskylä	94.6%	91.0%
Kuopio	96.3%	96.6%
Lappeenranta	94.4%	93.4%
Tampere	96.1%	96.8%
Estonia	93.5%	-

The commissioning of Technopolis Pulkovo (St. Petersburg) will be carried out in phases during the first half of 2011, after which the property will begin to influence the Group's financial occupancy rate.

The Group's net sales for the period under review were EUR 81.2 million (EUR 76.4 million in 2009), showing an increase of 6.3%. Net sales include EUR 2.0 million of non-recurring items. Rental revenues accounted for 85.8% (84.9%) and service revenues for 14.2% (15.1%) of net sales excluding non-recurring items. Like-for-like rental growth (i.e., the rental revenue from comparable properties) declined 1.8%, primarily due to lower than average occupancy rates compared to the previous year. The development of rental revenue from comparable properties has been calculated by comparing the 2010 and 2009 rental revenue. To ensure comparability, the rental revenues from properties commissioned or acquired during 2010 are excluded.

The Group's EBITDA was EUR 41.4 million (EUR 40.0 million), an increase of 3.6%. The EBITDA includes EUR 2.0 million of non-recurring items. The relative decline in EBITDA was due primarily to the lower average occupancy rate relative to the previous year, as well as investments in international operations and internal development programs. The EBITDA margins for rental operations exceed 55% and for service operations 10%. Service operations are a key factor in maintaining higher occupancy than competitors' and tying customers to Technopolis . The service concept will also be deployed in Estonia.

The Group's operating profit totaled EUR 43.0 million (EUR 2.3 million). The increase in operating profit is due to the change in the fair market value of investment properties, which was EUR 2.7 million (EUR -37.1 million). The change in the fair market value of investment properties has no impact on the Group's net sales, EBITDA or cash flow.

The Group's net financial expenses totaled EUR 9.4 million (EUR 11.8 million). The Group has extended the interest rate fixing period of its loans with interest rate swaps. The Group's result before taxes totaled EUR 33.6 million (EUR -9.4 million).

The Group's direct result was EUR 20.9 million (EUR 21.7 million), a decrease of 3.3%. The direct result shows the company's result for the financial period, excluding changes in the fair market value of investment properties and financial instruments during the period, as well as any non-recurring items and tax effects related to these items. The proportionate weakening of the direct result is due primarily to the lower average financial occupancy rate compared to the previous year and to investments in international operations and internal development programs.

Total assets were EUR 827.6 million (EUR 706.1 million), an increase of 17.2%. The Group's equity ratio at the end of the period was 37.4% (37.3%).

The fair market value of the Group's investment properties at the end of the period was EUR 727.7 million (EUR 596.7 million) and the fair market value of investment properties under construction was EUR 54.1 million (EUR 51.1 million). The change in the fair market value of investment properties during the period under review had a EUR 2.7 million (in 2009, EUR -37.1 million) impact on earnings. The change in the fair market value includes an increase in values due to a slight decline in market yields. Uncertainties concerning the development of the Russian market have been taken into account in the fair market value of the property under construction in Russia.

Net market yields on investment properties and properties under construction are calculated by taking the average of the upper and lower ranges of net market yield, as reported by two independent appraisal agencies for each individual region. On December 31, 2010, the average net yield for Group properties was 7.99% (8.07 on December 31, 2009). The average ten-year occupancy rate used in the fair value calculation was 95.7%. The Group has set a higher target for the financial occupancy rate than this. Over the period of 2001 - 2010, the Group's average occupancy rate was 96.7%.

The Group's total rentable space was 527,800 square meters at the end of the period (453,600 square meters on December 31, 2009) and 66,300 square meters were under construction. The Group's financial occupancy rate at the end of the year was 94.4% (94.4%). The Group's average financial occupancy rate in 2010 was 93.7% and in 2009, 94.6%. The financial occupancy rate depicts rental revenues from the properties as a percentage of the aggregate of the rents for occupied premises and the estimated market rent for vacant space. The lease stock held by the Group totaled EUR 135.3 million (EUR 118.3 million) at the end of the reporting period.

Geographically, the Group's property portfolio is diversified between the Oulu region, the Helsinki Metropolitan Area, Jyväskylä, Kuopio, Lappeenranta, Tampere, St. Petersburg in Russia, and Tallinn in Estonia. No single customer accounts for more than 6.0% of the Group's net sales. The Group has a total of approximately 1,300 customers across a wide range of sectors.

Investment properties December 31, 2010:

	Fair market value EUR million	Net yield requirement,%	m2
Finland	658.4	8.00%	448,300
Oulu	236.4	8.40%	192,900
HMA	161.6	6.90%	74,700
Jyväskylä	70.4	8.30%	47,100
Kuopio	78.2	8.30%	53,900
Lappeenranta	29.4	8.90%	27,300
Tampere	82.4	7.50%	52,400
Russia, St. Petersburg (land plot)	7.1		
Estonia, Tallinn (share of ownership 51%)	62.2	8.80%	70,000
Group's investment properties total	727.7	8.00%	518,300
Investment properties under construction*	54.1	several	66,300
Other properties (holdings)			9,500

* Investment properties under construction have been valued at fair value and recognized based on their rate of completion in the balance sheet date.

Technopolis has been continuously analyzing potential international investment targets in Europe for future growth. The key criteria are the growth potential of the innovation environment, sufficient initial scale, achieving rapid positive cash flow from operations, potential for post-acquisition growth, as well as the suitability of the targeted properties and customer base for the Technopolis concept.

Major Investments and Development Projects

Projects completed during 2010:

	Area	m²	EUR million	Net yield	Completed
Yliopistonrinne Phase 1 (1)	Tampere	12,000	32.3	6.95	5/2010
Viestikatu Phase 2	Kuopio	5,850	8.9	8.30	10/2010

(1) 130 parking spaces in the building

Projects under construction on December 31, 2010:

	Area	m²	EUR million	Occupancy rate Dec 31, 2010	Net yield	Due for completion
Pulkovo Phase 1 (2)	St. Petersb.	24,100	52.3	65.0	11.75	Q2/2011
Finn-Medi campus (3)	Tampere	12,900	29.6	90.9	7.35	11/2011
Ruoholahti 2 (4)	Helsinki	9,900	27.7	14.4	6.65	5/2012
Hermia 15 B (5)	Tampere	4,850	10.8	54.0	7.40	1/2012
Helsinki-Vantaa Phase 5, Part 2	HMA	2,700	6.0	75.0	7.00	5/2011

2) Including plot. Completion indicates commissioning.
(3) 43 parking spaces in the building
(4) and (5) including parking

Phase 1 of Technopolis Pulkovo in St. Petersburg was issued a commissioning permit by the St. Petersburg governmental building control agency in September. A commissioning permit makes it possible to sign final official leases with the customers. The property is not yet finished and has not been handed over by the contractor. Technopolis Pulkovo (St. Petersburg) will be gradually brought on line during the first half of 2011, after which the property will begin impacting the Group's financial occupancy rate. The occupancy of Phase 1 with pre-leases now stands at 65%. In terms of the development of the lease stock, Pulkovo has succeeded well among the class A office properties in St. Petersburg. By the end of the period under review, a total of EUR 47.9 million had been committed to the operations in St. Petersburg.

Technopolis is building a campus for well-being services and life sciences in the Finn-Medi area in Tampere. The location includes the Eye Center of the Pirkanmaa

Hospital District, a Patient Hotel for Norlandia Care Oy and a multi-user office facility for other parties. Approximately 84% of the facilities have been leased to the Eye Center and the Patient Hotel with long-term leases. The occupancy rate of the campus under construction is 90.9%.

At the end of the reporting period, Technopolis had office space under construction also in Helsinki-Vantaa and Ruoholahti in the Helsinki Metropolitan Area and in Hermia in Tampere. The projects are expansions of existing innovation centers.

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

Planned projects:

	Status	Area	Gross sqm	Estimated launch
Pulkovo 2	Planning	St. Petersb.	22,400	2011-2012
Technopolis Ülemiste 1	Planning	Tallinn	7,500	2011
Viestikatu 2B	Planning	Kuopio	3,600	2011

Strategy

In accordance with its strategy, Technopolis aims to operate in the best knowledge-intensive cities in Finland, Russia, Estonia and two or three other countries by 2015. The Group aims to increase net sales by an annual average of 10%. The goal is that 25% of the net sales will be generated outside of Finland by 2015 With growth generated through both organic expansion and acquisitions. The Group's equity ratio target is a minimum of 35%.

Financing

Technopolis can finance all Board approved investments with existing credit facilities,. At the end of the reporting period Technopolis' available funds consisted of EUR 219.0 million in untapped credit facilities, and cash amounting to EUR 4.5 million. These contained a EUR 108.0 million of commercial paper program, a EUR 100.8 million credit line and a EUR 10.2 million revolving credit facility. Use of the available credit limit facilities requires collateral arrangements. At the end of the reporting period, the value of commercial paper issued by Technopolis totaled EUR 12.0 million.

Technopolis carried out a directed share issue for a limited number of Finnish and international institutional investors after the mid-May. All 5,700,000 shares offered were subscribed for in the issue. The subscription price was EUR 3.40 per share, and the issue raised capital totaling approximately EUR 19.4 million.

There were significant financial reasons for executing the issue as its aim was to strengthen the company's capital structure, finance investments according to the company's investment plan, and support the company's growth.

The Group's net financial expenses totaled EUR 9.4 million (EUR 11.8 million). The Group's interest coverage ratio was 4.9 (3.8). The interest coverage ratio indicates the relation between EBITDA and accrual-based interest expenses.

The Group's total assets were EUR 827.6 million (EUR 706.1 million), of which liabilities totaled EUR 520.0 million (EUR 444.2 million). The Group's equity ratio was 37.4% (37.3%). At the end of the period, the Group's net gearing was 147.4% (146.7%). The Group's equity per share was EUR 4.69 (EUR 4.57).

At the end of the period, the Group's interest-bearing liabilities amounted to EUR 457.9 million (EUR 388.7 million). The average interest rate on interest-bearing liabilities was 2.42% on December 31, 2010 (2.47%). Of interest-bearing liabilities, 67.5% (75.4%) were floating rate loans and 32.5% (24.6%) were fixed rate loans at the end of the period. The average capital-weighted loan period was 8.8 years (10.3 years).

Technopolis has prepared for a potential increase in interest rates by increasing the number of interest swaps and by decreasing the 12-month market rate dependency. A one percentage point change in market rates would cause a EUR 2.3 million change in the interest costs per annum.

The Group's loan-to-value ratio, i.e., the ratio of interest-bearing liabilities to the fair value of investment properties and properties under construction, was 58.0% (59.1%).

The Group has interest-bearing liabilities from credit institutions worth EUR 457.9 million, of which EUR 185.5 million include covenants related to equity ratio, debt service ratio or loan-to-value.

The covenant relating to debt service ratio and loan-to-value rate is included in the EUR 41.4 million borrowing of Technopolis Ülemiste (share of ownership 51%). In terms of the aforementioned loan amount, the subsidiary's debt service ratio must be at a minimum 1.1 and its loan-to-value rate 70% at a maximum. If the covenants are breached, the lender may terminate the loan.

Loans amounting to EUR 144.1 million include covenants relating to the equity ratio. A decline in the equity ratio may lead to higher interest rate margins or premature repayment in these loans. The margins of some loans and bank guarantees may rise as the equity ratio falls. Potential changes in the margins take effect in accordance with the contractual provisions of each loan.

If the Group's equity ratio would be 35% and the covenant equity ratio covenant would take effect immediately, the impact on the Group's interest rate expenses would be EUR 0.1 million. Correspondingly, if the equity ratio would be 33% or less, the impact on the Group's interest rate expenses would be EUR 0.4 million.

Bank guarantees in the amount of EUR 86.0 million have been given as security for the EUR 83.7 million in loans granted by the European Investment Bank. EUR 21.0 million of these bank guarantees will expire by the end of 2013, and the plan is to extend them. The extension of these bank guarantees may result in increased loan guarantee margins.

During the 12-month period following the period under review, EUR 48.0 million in existing interest-bearing loans will mature.

The financing of Technopolis Pulkovo, Phase 1, has been arranged through the parent company's investments in shareholders' equity and with an EBRD loan of EUR 31.6 million. At the end of the period under review, EUR 15.8 million of the EBRD loan had been drawn down.

Organization and Personnel

The CEO of Technopolis is Keith Silverang, MBA. Mr. Silverang has dual U.S. and Finnish citizenship. He has an undergraduate degree from Boston University and an MBA from the Helsinki School of Economics. Mr. Reijo Tauriainen is the company's Deputy CEO.

A decision was made in August to restructure the Technopolis organization. The organizational changes became effective in October 2010. The Group Management Team comprises Keith Silverang, CEO; Reijo Tauriainen, CFO; Satu Eskelinen, Marko Järvinen, Kari Kokkonen and Jukka Rauhala.

In December, Sami Juutinen, Master of Laws, was appointed Technopolis' Director of International Operations and member of the Group Management Team as of February 14, 2011. He joins Technopolis from Kone where he has held various positions in past ten years, most recently as Director of Service Business and Business Development for Kone's Middle Eastern operations.

The Technopolis line organization consists of three units: Finland, Russia, and Estonia. The Group organization also has matrix support functions for the Group's property development, business services, business development and support services.

During the financial period, the Group employed an average of 135 (152) people. Facilities operations employed 66 (61) people, Business Services 35 (34) people and Development Services 34 (57) people. At the end of the period under review, the Group's personnel totaled 134 (151).

Technopolis Plc adheres to the Finnish Corporate Governance Code for listed companies of the Securities Market Association, effective as of October 1, 2010. The Corporate Governance Statement is included as an Appendix to this release.

Group Structure

The Technopolis Group comprises the parent company Technopolis Plc, which has operations in Espoo, Helsinki, Jyväskylä, Kuopio, Lappeenranta, Oulu, Tampere and Vantaa, and its subsidiaries, Innopoli Ltd and Kiinteistö Oy Innopoli II, both wholly owned and located in Espoo, as well as other subsidiaries.

During the financial period a mutual real estate company, Finnmedi 6-7 (100%), was established in Tampere. The mutual real estate company Hermia 1 became a subsidiary (63,9%) after Technopolis increased its holdings in the company.

Technopolis has established two Russian companies in St. Petersburg, Technopolis Neudorf LLC and Technopolis St. Petersburg LLC, both wholly owned. In Estonia, Technopolis has Technopolis Baltic Holding AS (wholly owned), which manages the holdings in Technopolis Ülemiste AS (51%).

The parent company has non-controlling interests in the affiliated companies Technoenter Kempele Oy (48.5%), Kiinteistö Oy Bioteknia (28.5%), Iin Micropolis Oy (25.7%), Jyväskylä Innovation Ltd (24%), Kuopio Innovation Ltd (24%), and Lappeenranta Innovation Ltd (20%). Technopolis Plc has a 13% holding in Oulu Innovation Ltd. The Technopolis Group owns 35% of Otaniemi Marketing Ltd.

The Group also includes Technopolis Ventures Ltd, wholly owned by Innopoli Ltd, in Espoo. The Group plans to merge Innopoli Ltd. and Technopolis Ventures Ltd. into the parent company Technopolis Ltd by the end of May 2011. The mergers will not affect the personnel.

Annual General Meeting

On March 26, 2010, the Annual General Meeting of Shareholders (AGM) of Technopolis Plc adopted the Group and parent company's financial statements for fiscal 2009 and released the company management and Board from liability for the period. The AGM approved a dividend of EUR 0.15 as proposed by the Board. The dividend payment date was April 9, 2010.

The AGM decided to amend a section in the Articles of Association that concerns the terms of Board members by specifying that the term of a member of the Board ends when the next Annual General Meeting following the election has concluded. The AGM also decided to amend the section concerning the notice of the AGM so that it should be distributed no later than three weeks before the AGM but no later than nine days before the record date of the AGM. Furthermore, the notice of the AGM may be alternatively delivered by publishing it on the company's website.

The number of members on the Board of Directors was confirmed at six. Teija Andersen, Pertti Huuskonen, Pekka Korhonen, Matti Pennanen, Timo Ritakallio and Erkki Veikkolainen were elected members of the Board for a term that ends at the close of the next Annual General Meeting. Pertti Huuskonen was elected the full-time Chairman of the Board and Matti Pennanen the Vice Chairman of the Board.

The AGM decided that, for a period beginning at the close of the 2010 AGM and ending at the close of the following AGM, Pertti Huuskonen will be paid remuneration in accordance with the decision made by the March 26, 2009 AGM and the agreement made regarding the extension of the remuneration agreement with Pertti Huuskonen. Pertti Huuskonen's monetary compensation is EUR 339,000 per year.

The other members of the Board are paid annual remuneration as follows: EUR 30,000 to the Vice Chairman of the Board and EUR 25,000 to each member of the Board. An additional EUR 600 per meeting is paid as compensation for attending Board meetings or the meetings of the Board committees. Travel expenses are reimbursed in accordance with the company's travel policy.

Fifty percent of the annual remuneration is paid in Technopolis Ltd shares to be purchased in the market. The shares were purchased in May 2010. A Board member may not dispose of the shares received in annual remuneration before the expiry of his or her term.

KPMG Oy Ab was re-elected the auditor, and it announced that Tapio Raappana, APA, will continue as the Auditor-in-Charge. A decision was made to pay the auditor's fee in accordance with a reasonable invoice submitted by the auditor.

Other decisions by the AGM are covered in the company's previous Interim Report, published on April 29, 2010, and a release published on March 26, 2010, concerning the decisions of the AGM.

Board Authorizations

The agenda of the AGM of 2010 did not contain any share related authorizations.

The AGM of 2009 authorized the Board of Directors to decide on a share issue and on granting options and other special rights entitling to shares as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act as follows: Pursuant to this authorization, the maximum number of shares to be issued will be 11,400,000, equaling approximately 19.88% of the company's shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization supersedes the authorizations granted by the General Meeting of November 29, 2007 and the Annual General Meeting of March 27, 2008 regarding a share issue and granting of special rights entitling to shares. The authorization expires on March 26, 2012, and as of the situation on September 30, 2010, the maximum number of shares yet to be issued pursuant to the authorization is 5,700,000, equaling approximately 9.0% of the company's shares.

The AGM of 2009 decided to adopt a performance share incentive plan for key personnel in the Technopolis Group. Based on the plan, a maximum of 390,000 shares may be given as remuneration.

The share incentive plan has been implemented, and in 2011, the company key personnel have the opportunity to earn a maximum of 150,000 shares. If the total of 150,000 shares are earned, the nominal dilution effect will be 0.2%.

Stock-Related Events

Technopolis carried out a directed share issue for a limited number of Finnish and international institutional investors after mid- May 2010. The share issue was implemented on the basis a Board authorization given at the Annual General Meeting of March 26, 2009. All 5,700,000 shares offered were subscribed in the share issue, which accounts for approximately 9.9% of all the Company's shares and voting rights immediately prior to the share issue. The subscription price was EUR 3.40 per share, and the issue gathered capital totaling approximately EUR 19.4 million.

Trading in the shares together with the other shares in the Company has taken place on the Official List of NASDAQ OMX Helsinki Ltd as of May 24, 2010.

On June 2, 2010, Technopolis issued 339,703 new shares pursuant to the subscriptions of 2005A option rights. The subscription price when subscribed pursuant to the option was EUR 3.266 per share. Trading in these shares together with the other shares in the Company has taken place on the Official List of NASDAQ OMX Helsinki Ltd as of June 3, 2010.

The new shares issued pursuant to the share issue and the subscriptions of 2005A option rights have been registered in the trade register and the company shareholders' register. They entitle the holder to a dividend for fiscal 2010 and to other shareholder rights.

The number of the company's shares after subscription is 63,385,044 shares. Share capital remained unchanged, totaling EUR 96,913,626.29, because the subscription price of the new shares has been registered in the company's unrestricted equity reserve. The shares are in a single series, and each share entitles the holder to one vote at the Annual General Meeting.

Technopolis 2007A Stock Options were listed on the trading list of the OMX Nordic Exchange on May 3, 2010. The subscription price of 2007A stock options is EUR 7.119 per share. The subscription period begins on May 1, 2010 and ends on April 30, 2012. The total number of 2007A stock options is 500,000. The maximum number of new shares that can be subscribed using the options is 521,500 with a nominal dilution effect of 0.8%. The details of the 2007A stock options were provided in a stock exchange release published on April 30, 2010.

Disclosures of Changes in Holdings

On June 6, 2010, BNP Paribas Investment Partners announced that the proportion of Technopolis Plc's share capital and votes held by the mutual funds managed by BNP Paribas Investment Partners exceeded one-tenth (10%) as a result of a share transaction carried out on June 1, 2010. The proportion of Technopolis Plc's share capital and votes indirectly controlled by BNP Paribas Investment Partners was 6,597,296 and 10.41% respectively.

On May 26, 2010, OP-Pohjola Group Central Cooperative announced that the proportion of Technopolis Plc's share capital and votes held by OP-Pohjola Group and its related parties as well as OP-Pohjola Group affiliates and the mutual funds managed by them, had exceeded one-twentieth (5%) as a result of a share transaction carried out on May 19, 2010. The proportion of Technopolis Plc's share capital and votes indirectly controlled by OP-Pohjola Group was 3,912,443 shares and 6.206% respectively. On May 20, 2010, Henderson Global Investors Limited notified that its indirect holding in Technopolis shares and votes had gone below one twentieth (5%) as a result of a transaction completed on September 25, 2010. The indirect holding of Henderson Global Investors Limited in Technopolis share capital and votes was 2,800,049 and 4.88% respectively.

On May 20, 2010, the City of Oulu notified that its direct holding in Technopolis' share capital and votes would go below one twentieth (5%) as a result of the share issue.

As of May 21, 2010, the direct holding of the City of Oulu in Technopolis' share capital and votes was 3,062,925 and 4.86% respectively.

Varma Mutual Pension Insurance Company notified on February 17, 2010, that its direct holding in Technopolis' share capital and its number of votes had exceeded one tenth (10%) as a result of a purchase of shares that was completed on February 16, 2010. Following this transaction, the direct holding of Varma in Technopolis' share capital and votes was 6,856,980 shares and 11.96% respectively.

Shareholders on December 31, 2010

Registered shareholders	**Number of shares**	**% of shares**
Varma Mutual Pension Insurance Company	7,979,371	12.6
Ilmarinen Mutual Pension Insurance Company	5,272,725	8.3
City of Oulu	3,062,925	4.8
City of Tampere	1,956,649	3.1
OP Life Assurance Company Ltd	1,222,884	1.9
OP-Suomi Pienyhtiöt Fund	998,589	1.6
OP Bank Group Pension Fund	885,938	1.4
OP-Suomi Arvo Fund	815,197	1.3
OP Bank Group Pension Foundation	757,380	1.2
Jyrki Hallikainen	750,000	1.2
Other registered, total	19,581,783	30.9
Nominee-registered, total	20,101,603	31.7
Total	63,385,044	100.0

After the year end Varma Mutual Pension Insurance Company and OP-Pohjola co-operative flagged changes in holdings. The specific information of these changes can be found from paragraph "Post-Fiscal Events".

Shareholding breakdown on December 31, 2010

Number of shares	Shareholders	% of shareholders	Number of shares	% of shares
1 – 100	307	7.3	17,770	0.0
101 – 500	1,204	28.8	361,115	0.6
501 – 1000	851	20.4	651,885	1.0
1001 – 5000	1,419	33.9	3,167,811	5.0
5001 – 10000	207	5.0	1,449,882	2.3
10001 – 50000	134	3.2	2,508,268	4.0
50001 – 100000	15	0.4	968,982	1.5
100001 – 500000	21	0.5	4,559,975	7.2
500001 -	23	0.6	49,680,076	78.4
Joint account	0	0.0	19,280	0.0
Total	4,181	100.0	63,385,044	100.0

Shareholding by sector on December 31, 2010

Sector	**Number of shares**	**% of shares**
Private companies	3,581,271	5.7
Financial and insurance institutions	5,618,050	8.9
Public sector organizations	21,014,686	33.1
Non-profit organizations	3,109,037	4.9
Private households	8,620,942	13.6
Foreign and nominee-registered	21,421,778	33.8
Joint account	19,280	0.0
Total	63,385,044	100.0

Management Holdings, December 31, 2010

On December 31, 2010, the holdings of the Technopolis Plc Board of Directors, CEO and Deputy CEO in the company's shares, pursuant to the Finnish Securities Market Act Chapter 1 Section 5, totaled 179,897 shares, equaling 0.3% of the share capital and votes of the company. The Chairman of the Board of Directors, CEO and Deputy CEO held 1,300,000 options, equaling 2.2% of the company's share capital and votes, provided that all issued options are converted into shares in the future. The total quantity of holdings and options was 1,479,897, equaling 2.5% of the company's share capital and votes, provided that all issued options are converted into shares in the future.

Technopolis has executed a a share incentive plan for key personnelbased on the the authorization of the AGM and by the decision by the Board of Directors. These key persons have an opportunity to earn a total of 150,000 shares in 2011. The earning criteria forthe performance shares are weighted and consist of the growth of the company's earnings per share (60% weight) and the increase in the like-for-like rental income (40% weight).

Evaluation of Operational Risks and Uncertainties

Technopolis' most significant risks are primarily those associated with financing and customers, as well as operational and international business risks.

The objective of interest rate risk management is to mitigate the negative impact of market rate fluctuations on the Group's earnings, financial position and cash flow. If necessary, the company uses forwards, interest rate swaps and interest rate options to hedge interest rate risks. The company's policy concerning interest rate risks also aims to diversify the interest rate risk of loan contracts over different loan periods based on the prevailing market situation and the interest rate forecast created by the company.

Indicative of the structure of Technopolis' loan portfolio at the end of the period is the equation that a one percentage point change in the money market rates would change interest rate costs by EUR 2.3 million per annum.

Because of the interest rate risk associated with loans, a policy of diversifying interest bases is pursued. On December 31, 2010, 12.0% of interest-bearing liabilities were pegged to the under 3-month Euribor rate and 55.5% were pegged to the 3 - 12 month Euribor rate. Of the interest-bearing liabilities, 32.5% were fixed-rate loans with maturities of 13–60 months.

The objective of refinancing risk management is to ensure that the Group's loan portfolio is sufficiently diversified with regard to repayment schedules and financing instruments. The average capital-weighted outstanding loan period was 6.9 years. In order to manage financing risk, Technopolis draws upon the resources of a wide range of financers and a variety of financing instruments, and maintains a sufficient degree of solvency.

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

The differences between Russian, Estonian and Finnish legislation and administrative procedures may create risks. If the Pulkovo premises cannot be leased as planned, the Pulkovo technology center will pose a financial risk for the Group. Once completed, the Pulkovo technology center will account for approximately 5.1% of the fair value of the Group's entire investment property portfolio.

Changes in the exchange rates between the Russian ruble and the euro may have an effect on the company's financial performance and operations. Ruble-denominated transactions are recorded at the exchange rate of the transaction date. Any translation differences are entered in the income statement under other operating expenses or finance income and expenses according to the type of transaction involved.

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

Customer risk management aims to minimize the negative impact of potential changes in the customers' financial position on the company's business and financial performance. Customer risk management focuses on having a profound understanding of the customer's business and active monitoring of customer information. Customer risks are diversified by acquiring customers from all technology sectors, knowledge-intensive operations, and the public sector. As part of client risk management, Technopolis leases include rental security arrangements.

The company's leases fall into two categories: fixed-term and open-ended. The company aims to apply both lease types depending on the market situation, the property in question and the sector in which the internal customer operates.

At the end of the period under review, open-ended leases in the lease portfolio that could be terminated and renegotiated within the next 12 months covered approximately 206,800 (188,200 on December 31, 2009) square meters of allocated space, equaling 43.3% (46.1% on December 31, 2009) of the weighted area in the entire property portfolio. The term of notice for these agreements is broken down as shown in the table below.

	Dec 31, 2010	Dec 31, 2010	Dec 31, 2009	Dec 31, 2009
Notice period months	Allocated space m²	% of lease stock	Allocated space m²	% of lease stock
0 - 3	12,400	2.6	13,000	3.2
3 - 6	44,300	9.3	54,100	13.3
6 - 9	110,600	23.2	84,000	20.6
9 - 12	39,500	8.27	37,100	9.1
Total	206,800	43.3	188,200	46.1

At the end of the period, the average lease period was 23 (21) months. The figure does not include the lease stock of properties under construction.

Declining financial occupancy rates may decrease rental and service revenues and profit, and reduce the fair value of investment properties and, thus, the equity ratio. The current lease structure allows customers to flexibly adjust the space they need as their business needs change. Although the flexibility of the lease structure may pose a risk to the Group, it is an essential element of Technopolis' service concept. The company has solid and long-term experience in this business model over a wide variety of economic cycles.

In new construction projects, Technopolis focuses on quality and the management of the property's entire lifecycle. In the design phase, consideration is given to the property's maintenance and repair requirements in order to implement environmentally sustainable solutions for energy consumption, adaptability of premises and recycling potential. When purchasing properties, Technopolis carries out standard property and environmental audits before committing to the transaction. All properties are covered by full value insurance.

Changes in the market yields may have a significant impact on the company's financial performance through the fair value of investment properties. As the yields increase, the fair value of properties decrease. Conversely, as the yields decrease, the fair value of properties increases. Such changes either decrease or increase the Group's operating profit. Changes in the market yields do not have any direct impact on the company's net sales, EBITDA, or cash flow, but a negative change in the value of investment properties may decrease the company's equity ratio and, as a result of this, covenants of the leases may be triggered. In that case, the change in value will have an impact on the cash flow and result for the period.

Post-Fiscal Events

After the end of the reporting period in January 2011, the construction of Phase 2 of Innova was launched in the vicinity of the city center in Jyväskylä. The area of the office space in Phase 2 is approximately 9,200 square meters and the investment, including parking facility, is approximately EUR 19.8 million. Thirty percent of the facilities in Phase 2 have been leased.

On January 28, 2011, the Technopolis Board of Directors in its meeting approved an investment proposal in Tampere to launch construction of Phase 2 of the Yliopistonrinne center in downtown Tampere. The investment is approximately EUR 22.5 million, including a parking garage, and the rentable area of the office facilities is approximately 7,900 square meters.

On January 19, 2011, Varma Mutual Pension Insurance Company announced that its direct holding of Technopolis Ltd's share capital and votes had exceeded three-twentieths (15%) as a result of a purchase of shares that was completed on January 18, 2011. Following this transaction, the direct holdings of Varma in Technopolis' share capital and votes was 10,279,371 shares and 16.22% respectivey.

On January 19, 2011, OP-Pohjola Cooperative notified that the proportion of Technopolis Plc's share capital and votes held by OP-Pohjola Group and its related parties as well as OP-Pohjola Group affiliates and the mutual funds managed by them, had fallen below one-twentieth (5%) as a result of a share transaction carried out on January 18, 2010. The proportion of Technopolis Plc's share capital and votes indirectly controlled by OP-Pohjola Cooperative was 2,649,543 shares and 4.180% respectively.

Board of Directors' Proposal for Distribution of Profit

Distributable funds of the parent company Technopolis Plc, totaling EUR 13,827,652, will be available at the Annual General Meeting. The Board of Directors proposes that a dividend of EUR 0.17 per share be paid, totaling EUR 10,775,457. The Board proposes that the remainder be left in the retained earnings account. The proposed dividend is 49% of the earnings per share excluding changes in the fair value of investment properties.

There have been no significant changes to the company's financial status after the end of the financial period. The company's liquidity is good and, according to the opinion of the Board of Directors, the proposed distribution of profit will not negatively influence the company's solvency.

Future Outlook

The Group's Management estimates that both the net sales and EBITDA will grow 9 - 11% in 2011.

The Group's financial performance depends of the development of the overall business environment, customer operations, as well as the yield requirements from the financial markets and properties. Developments in these areas and resulting changes in the occupancy rate, use of services, financing costs, the fair value of properties and facilities rents may have an impact on the Group's sales and earnings.

	2010	2009	2008	2007	2006
Summary of income statement					
Net sales	81 181	76 401	72 571	56 899	44 837
Other operating income	1 565	2 426	5 480	5 237	3 863
EBITDA	41 404	39 965	36 985	28 631	22 670
Operating profit	43 015	2 315	35 312	42 558	38 213
Profit before taxes	33 587	-9 446	21 379	32 893	33 047
Net profit for the year attributable to parent company shareholders	23 254	-7 443	15 987	24 039	23 736
Summary of balance sheet					
Total assets	827 611	706 090	683 564	534 156	431 394
Investment properties	727 672	596 729	594 022	468 760	392 160
Cash and bank	4 485	4 519	7 146	1 076	2 803
Shareholders' equity	307 602	261 843	275 704	207 167	165 276
Interest-bearing liabilities	457 868	388 702	350 272	277 851	229 488
Key indicators and financial ratios					
Direct result [1]	20 941	21 656	15 121		
Change in direct result, % [1]	-3,30	43,22			
Change in net sales, %	6,26	5,28	27,54	26,90	41,31
Change in EBITDA, %	3,60	8,06	29,18	26,13	29,82
Operating profit/ net sales, %	52,99	3,03	48,66	74,80	85,23
Return on equity (ROE), %	8,24	-2,79	6,57	12,93	16,95
Return on investment (ROI), %	6,15	1,87	7,14	9,87	11,94
Equity ratio, %	37,38	37,30	40,52	38,96	38,49
Net debt/equity (gearing), %	147,39	146,72	124,45	133,60	137,14
Interest margin, %	438,52	55,88	217,07	412,57	708,78
Interest coverage ratio [1]	4,87	3,78	2,23		
Loan to value, % [1]	58,04	59,11	55,62		
Employees in Group companies, average	134,57	152	165	142	113

	2010	2009	2008	2007	2006
Share-related indicators					
Earnings/share, undiluted, EUR	0,38	-0,13	0,31	0,58	0,63
Earnings/share, adjusted for dilutive effect, EUR	0,38	-0,13	0,31	0,58	0,63
Equity/share, EUR	4,69	4,57	4,80	4,69	4,03
Dividend/share, EUR	0,17 2)	0,15	0,12	0,15	0,14
Issue-adjusted no. of shares, average	61 040 730	57 345 341	52 029 796	41 407 380	37 472 329
Issue-adjusted no. of shares, at Dec 31	63 385 044	57 345 341	57 345 341	44 107 501	39 833 582
Other key indicators and financial ratios					
Financial occupancy rate, %	94,44	94,36	96,54	96,80	94,35
Net rental income of property portfolio, %	7,65%	7,60	7,60	7,45	7,73
Gross capital expenditure on non-current assets	134 387	66 029	143 273	88 962	137 974
Like for like rental growth 1)	-1,85	-0,43			
Price/earnings (P/E) ratio	10,71	-23,88	9,37	10,01	12,16
Dividend payout ratio, %	44,62 2)	-115,57	39,05	25,84	22,10
Effective dividend yield, %	4,17 2)	4,84	4,17	2,58	1,82
Market capitalization of shares, EUR	258 610 980	177 770 557	165 154 582	256 264 581	306 718 581

	2010	2009	2008	2007	2006
Share turnover	22 547 191	18 870 550	33 013 701	21 519 642	23 293 922
Share turnover/average number of shares, %	36,94	32,91	63,45	51,97	62,16
Share prices, EUR					
Highest price	4,24	3,96	6,48	8,31	7,99
Lowest price	2,96	1,95	2,26	4,55	4,41
Average price	3,59	3,01	4,84	6,85	6,01
Price at Dec 31	4,08	3,10	2,88	5,81	7,70

1) These key figures have been presented since the beginning of 2009. The complete comparative data is applicable only from the beginning of 2008.

2) Proposal for distribution of dividends

Consolidated Statement of Comprehensive Income Balance Sheet, Cash Flow and Changes in Equity

Currency unit, EUR 1 000

STATEMENT OF COMPREHENSIVE INCOME

	Note	2010	2009
Net sales	**1, 2**	**81 181**	**76 401**
Other operating income	**2**	1 565	2 426
Costs of employee benefits	**3**	-9 136	-9 792
Depreciation	**4**	-1 132	-520
Changes in fair value of investment properties	**10**	2 743	-37 130
Other operating expenses	**5**	-32 207	-29 069
Operating profit		**43 015**	**2 315**
Finance income, total	**6**	440	772
Finance expenses, total	**6**	-9 840	-12 540
Share of profits of associates	**13**	-27	7
Profit before taxes		**33 587**	**-9 446**
Income taxes	**7**	-10 127	1 949
Net profit for the year		**23 461**	**-7 497**
Other comprehensive income items	**6, 7**		
Available-for-sale financial assets		24	79
Taxes related to other comprehensive income items		-6	-21
Other comprehensive income items after taxes for the year		**18**	**59**
Comprehensive income for the year, total		**23 479**	**-7 439**
Distribution of earnings for the year			
To parent company shareholders		23 254	-7 443
To non-controlling shareholders		206	-54
Total		**23 461**	**-7 497**
Distribution of comprehensive earnings for the period			
To parent company shareholders		23 272	-7 384
To non-controlling shareholders		206	-54
Total		**23 479**	**-7 439**
Earnings per share based on result of flows to the parent company shareholders	**8**		
Average issue-adjusted number of shares		61 040 730	57 345 341
Earnings per share, basic, EUR		0,38	-0,13
Average number of shares adjusted for dilutive effect		61 186 677	57 345 341
Earnings per share, diluted, EUR		0,38	-0,13

Currency unit, EUR 1 000

CONSOLIDATED BALANCE SHEET

ASSETS	Note	12/31/2010	12/31/2009
Non-current assets			
Intangible assets	**9**	4 049	2 805
Investment properties	**10**	727 672	596 729
Tangible fixed assets	**11**	3 940	1 951
Advance payments and projects in progress	**12**	61 235	60 840
Holdings in associates	**13**	5 584	16 983
Investments and receivables	**14**	7 466	8 625
Deferred tax assets	**15**	4 414	2 812
Non-current assets, total		**814 359**	**690 746**
Current assets			
Current receivables	**16, 17**	8 766	10 823
Available-for-sale investments	**16**		3
Cash and bank	**18**	4 485	4 519
Current assets, total		**13 252**	**15 345**
ASSETS, TOTAL		**827 611**	**706 090**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	**19**		
Share capital		96 914	96 914
Premium fund		18 551	18 551
Revaluation fund		120	102
Invested unrestricted equity fund		84 100	63 842
Share-based compensation		664	653
Retained earnings		73 750	89 212
Net profit for the year		23 254	-7 443
Shareholders' equity before non-controlling interests, total		**297 352**	**261 830**
Non-controlling interests		10 250	13
Shareholders' equity, total		**307 602**	**261 843**
Liabilities			
Non-current liabilities	**20**	411 216	361 925
Deferred tax liabilities	**15**	41 436	32 624
Current liabilities	**20**	67 357	49 698
Liabilities, total		**520 009**	**444 247**
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**827 611**	**706 090**

Currency unit, EUR 1 000

CONSOLIDATED CASH FLOW STATEMENT

	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		23 461	-7 497
Adjustments:			
Change in fair value of investment properties		-2 743	37 130
Depreciation		1 132	520
Share in associates profits		27	-7
Gains from disposals		-2 015	
Other adjustments for non-cash transactions		697	671
Financial income and expenses		9 401	11 768
Taxes		10 127	-1 949
Increase / decrease in working capital		1 651	1 849
Interests received		397	573
Dividends received		8	7
Interests paid and fees		-7 162	-10 542
Other financial items in operating activities		-3 094	-1 743
Taxes paid		-6 839	-1 786
Net cash from operations		**25 045**	**28 993**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in other securities		-475	-17
Investments in investment properties		-54 166	-62 959
Investments in tangible and intangible assets		-2 413	-1 049
Repayments of loan receivables		4 071	1 060
Gains from disposals of other investments		1 520	7
Proceeds from sale of tangible and intangible assets		2 210	
Acquisition of subsidiaries	**22**	-11 881	-213
Net cash used in investing activities		**-61 134**	**-63 171**
CASH FLOWS FROM FINANCIANG ACTIVITIES			
Increase in long-term loans		43 742	58 410
Decrease in long-term loans		-31 556	-15 980
Dividends paid		-8 601	-6 879
Paid share issue		20 489	
Change in short-term loans		11 980	-4 001
Net cash from financing activities		**36 055**	**31 551**
Net increase/decrease in cash assets		**-34**	**-2 627**
Cash and cash equivalents, January 1		4 519	7 146
Cash and cash equivalents, December 31		**4 485**	**4 519**

Currency unit, EUR 1 000

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, 12/31/2008	**96 914**	**18 551**	**43**	**63 777**	**96 158**	**275 442**	**262**	**275 704**
Dividend distribution					-6 881	-6 881		**-6 881**
Own shares acquired				65	-64	1		**1**
Share-based compensation					653	653		**653**
Comprehensive income for the year			59		-7 443	-7 384	-54	**-7 439**
Other changes							-195	**-195**
Equity, 12/31/2009	**96 914**	**18 551**	**102**	**63 842**	**82 422**	**261 830**	**13**	**261 843**
Dividend distribution					-8 602	-8 602		**-8 602**
Issue premium				20 193		20 193		**20 193**
Own shares acquired				65	-71	-6		**-6**
Share-based compensation					664	664		**664**
Comprehensive income for the year			18		23 254	23 272	206	**23 479**
Other changes							10 031	**10 031**
Equity, 12/31/2010	**96 914**	**18 551**	**120**	**84 100**	**97 668**	**297 352**	**10 250**	**307 602**

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 Oulu region, Helsinki Metropolitan Area, Jyväskylä, Kuopio, Lappeenranta, and Tampere in Finland, in St. Petersburg in Russia and in Tallinn in Estonia. The Group's parent company is Technopolis Plc. The company is domiciled in Oulu, Finland, and its registered address is Elektroniikkatie 8, FI-90590 Oulu.

The Board of Directors of Technopolis Plc approved the publication of the consolidated financial statements on 3 March 2011. Copy of the consolidated financial statements is available on the website of Technopolis Plc at www.technopolis.fi/for_investors. Under the Finnish Companies Act, shareholders have the option to accept, change or reject the financial statements at the Annual General Meeting, which is held after the publication of the financial statements.

ACCOUNTING POLICIES APPLIED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Technopolis Plc have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements comply with the IAS (International Accounting Standards) and IFRS effective as of December 31, 2010, together with the interpretations of the SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee), adopted by European Union. All figures in the financial statements are presented in thousands of euros.

The Group has given due consideration to the new standards and interpretations that became effective on January 1, 2010. Of those, IFRS 3 standard had an effect on accounting policies and the reporting period. The Group has also given due consideration to IAS 27 standard but it does not affect fiscal year 2010. The other amended standards and interpretations released during the reporting period do not have any substantial impact on the Group's future consolidated financial statements.

Scope of Consolidated Financial Statements

The consolidated financial statements include the parent company, Technopolis Plc, and those subsidiaries in which the parent company directly or indirectly controls more than 50 % of the voting power of the shares or 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 parent company Technopolis Plc and all of its subsidiaries have been consolidated in the consolidated financial statements. The subsidiaries are companies in which the Group has a controlling interest. A controlling interest exists when the Group has more than half of the voting power or otherwise has a controlling interest. The purchase method has been used in eliminating the mutual shareholdings of Group companies. Pursuant to an exemption permitted under IFRS 1, the Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations that predate the transition to IFRS (January 1, 2004). Business combinations subsequent to the transition date implemented prior to January 1, 2010, comply with the IFRS 3 standard in force at the time, and as from January 1, 2010, the Group has applied the revised IFRS 3 standard in accordance with which all acquisition-related expenses are recognized in the statement of comprehensive income as expenses.
A conditional additional purchase price must be recognized at fair value, even if the materialization of the additional purchase price is not assumed to be probable at the time of the acquisition. Any changes in the conditional purchase price liability that have taken place after the time of acquisition are recognized through profit or loss.
With regard to acquisitions to which the IFRS 3 standard has been applied, the identifiable assets, liabilities and contingent liabilities are measured at fair value on the acquisition date. If the cost of an acquired company 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 fiscal year have been consolidated from the point in time when control over them was established. The Group has also observed the revised IAS 27 standard, according to which effects of changes in ownership of subsidiaries, associated companies or joint ventures are recognized directly in the Group's shareholders' equity. As the result of the standard revision, losses of a subsidiary can be allocated to non-controlling owners even when they exceed the value of their investments.

All intra-group 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 depreciation, is presented in the statement of comprehensive income under financial income. If the Group's portion of an associate's loss exceeds the carrying amount, any losses in excess of the carrying amount are not consolidated, unless the Group is committed to fulfilling the obligations of the associates.

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 fiscal 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 statement of comprehensive income. The Group has a subsidiary in Tallinn Estonia that has Estonian crown as the presentation currency. Crowns have been converted to Euros by using the fixed exchange rate 15.6466EEK = 1 EUR. The Group has also Russian subsidiary in St. Petersburg that uses the Russian ruble as the presentation currency.

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. Rental revenues from investment properties have been recognized as income in accordance with IAS 17 through profit or loss on a straight-line basis over the entire lease term. Service revenues are recognized upon completion of the service performance according to IAS 18.

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

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 its 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 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 or basis or on straight-line basis. Depreciation is included in the statement of comprehensive income 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 statement of comprehensive income.

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

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

Investment Properties
Investment properties are those that the Group holds in order to obtain rental revenues or an increase in asset value. 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 capital lease. Properties held under other than a capital 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 vacancy rate, less annual management and maintenance costs. The current value of the residual value at the end of the fiscal year is added to the net present value of the net cash flow. Undeveloped land areas are 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 rates. The market rate is a rent defined by the company itself specifically for each of the premises and properties. Market rents are also defined for premises that are vacant at the valuation date. A vacancy rate is defined specifically for each property annually over the entire accounting period. In addition to income from the rental of premises, site-specific income is considered to include payments for usage, income from car parking and income from conference room rentals. Rents and market rents are raised annually by the expected inflation rate.

The expenses attributed to a property include the cost of management, minor 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 statement of comprehensive income as a separate item. Aside from the change in the value of properties owned throughout the year, the change in the fair value of investment properties was due to the determination of properties completed during the fiscal year at fair value and the increases in acquisition cost recognized by special purpose entities during the fiscal year.

Advance Payments and Projects in Progress
Properties under construction are measured at fair value, provided that fair value can be reliably determined. The item "Advance payments and projects in progress" presents the fair value of investment properties under construction. The fair value of investment properties under construction is determined with the same fair value accounting model as the fair value of investment properties.

Leases
Leases are classified as 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. 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 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 financial 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 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 financial income.

Group companies had on year of comparison lease premises under long-term leases that are classified as leases. In these cases, the risks and rewards incidental to ownership of the premises have substantially been transferred to the lessee. These leases have ended during 201 and on December 31, 2010 Group has no longer receivable lease income from those.

Leases in which the risks and rewards incidental to ownership remain with the lessor are treated as operating leases. The majority of rental revenues are entered in the income statement on a straight-line basis during the term of the lease. Few customer have contingent rents, 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 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 capitalized. The rents to be paid are divided between financial expenses and a decrease in liabilities.

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

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, disposable financial assets and financial liabilities recognized at amortized cost. Disposable 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. The Group estimates at the closing date of each reporting period whether there are indications of impairment of any financial assets.

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.

Receivables are measured at their initial value, less their estimated depreciation. The situation with doubtful receivables and credit losses is estimated regularly.

Equity investments are classified under disposable financial assets. Disposable 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 depreciation. Changes in the fair values of available-for-sale financial assets deducted by tax effect are recognized in other comprehensive income items and in revaluation fund in shareholder's equity. 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.

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.

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

Voluntary pension arrangements of key personnel 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 predate the above have been presented in the statement of comprehensive income. Options are measured at fair value at the granting date and are recognized in the statement of comprehensive income 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 Group updates the assumptions concerning the final number of options at each balance sheet date. Changes in the estimates are entered in the statement of comprehensive income. 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.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)
EBITDA presents the net income of the company before interests, taxes, depreciation and amortization. The EBITDA margin is calculated by dividing EBITDA by turnover.

Direct Result
The direct result presents the company's financial performance for the period excluding the change in the fair value of investment properties, the change in the fair value of financial instruments and any non-recurring items, such as gains and losses on disposals. As the company has interest rate and currency swaps that do not satisfy the IFRS criteria for hedge accounting, changes in the fair value of these financial instruments are recognized in the statement of comprehensive income. Additionally, the statement of comprehensive income showing the direct result presents the related taxes and deferred tax assets and liabilities.

Items excluded from the direct result and their tax effects are presented in the statement of income showing the indirect result. Earnings per share have been calculated both from the direct and indirect results in accordance with the instructions issued by the European Public Real Estate Association EPRA. The direct and indirect result and the earnings per share calculated from them are consistent with the company's financial result and earnings per share for the period.

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 depreciation 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 dilution. The basic earnings per share are calculated using the parent company's average number of shares for the fiscal 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 to 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 fiscal year and will adopt the same in the forthcoming reporting periods as soon as they become effective.

Amendments to IFRS 3 Business Combinations, which are effective for the periods after January 1, 2010, affected the Group's financial statements and will also affect the future consolidated financial statements. The result of the Group will be affected on the period that acquisitions are made and the recognition of goodwill on business combinations will change. The revised IAS 27 Consolidated and Separate Financial Statements and IFRS 9 Financial Instruments (effective January 1, 2013) may also affect the future consolidated financial statements of the Group.

Improvements to IFRSs (May 2010), vary by standard, but the amendments are not significant in terms of the future consolidated financial statements. The amendments to the standards have not yet been approved for application in the EU. Other standard revisions published during the financial period, such as IFRIC 14 and IFRIC 19, revised IAS 24, amended IAS 32, and interpretations are not expected to have material effects on the future financial statements of the Group.

Currency unit, EUR 1 000

1. SEGMENT REPORTING

The Technopolis Group has three operating segments based on three geographic units: Finland, Russia and Estonia. Estonia became the third segment when joint venture was founded in October 2010. The segmentation presented in is based on the Group's existing internal reporting procedures and the organization of the Group's operations.

Group management monitors segment's revenue and EBITDA levels.The Group's net sales or EBITDA do not include relevant inter-segment items. Items after EBITDA, such as depreciation, financial items and taxes, are not presented in the segment information, because they are not allocated to segments.

	2010	2009
Net sales		
Finland	79 916	76 125
Russia	273	340
Estonia	1 043	
Unallocated and eliminations	-51	-64
Total	**81 181**	**76 401**
EBITDA		
Finland	42 222	43 814
Russia	-1 965	-435
Estonia	775	
Unallocated and eliminations	372	-3 414
Total	**41 404**	**39 965**
Assets		
Finland	728 734	691 462
Russia	47 867	38 408
Estonia	73 644	
Eliminations	-22 635	-23 780
Total	**827 611**	**706 090**

Eliminations contain group eliminations and unallocated items arise from the group administration.

2. NET SALES AND OTHER OPERATING INCOME

Net sales	**81 181**	**76 401**

A contingent rent, based on the lessee's net sales, has been applied to some customers. Contingent rents totaling EUR 1 179 thousand were recognized in net sales for the year (EUR 1 207 thousand 2009).

Net sales include rental revenues from premises, and 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.

Currency unit, EUR 1 000

The Group's total rentable gross floor area was 527 800 square meters (453 600 square meters on December 31, 2009).
The Group's average financial occupancy ratio at the end of the year was 94,4 % (94,4%).

At the end of the year, the Group's lease portfolio totaled EUR 135,3 million (EUR 118,3 million).

	2010	2009
Other operating income	**1 565**	**2 426**

The subsidies 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.

3. COSTS OF EMPLOYEE BENEFITS

Salaries and fees	7 077	7 383
Pension costs, defined contribution plans	1 076	1 292
Share options granted	664	653
Indirect employee costs	319	464
Costs of employee benefits, total	**9 136**	**9 792**
Average number of employees on the Group	135	152

The employment benefits of the management are presented in note 24.

4. DEPRECIATION

Depreciation by asset group		
Intagible assets	483	158
Tangible fixed assets: Machinery and equipment	648	362
Depreciation, total	**1 132**	**520**

5. OTHER OPERATING EXPENSES

Premises expenses	18 882	18 177
Service expenses	6 885	6 980
Other expenses arising from operations	6 440	3 911
Other operating expenses, total	**32 207**	**29 069**
Other operating expenses include fees paid to the auditor as follows:		
Audit	24	31
Certificates and reports	5	4
Other services	153	61
Auditor's fees, total	**181**	**97**

Currency unit, EUR 1 000

6. FINANCE INCOME AND EXPENSES	2010	2009
Finance income		
Dividend income from available-for-sale financial assets	8	7
Profit from assignment of available-for-sale financial assets		0
Interest income from finance lease receivables	209	459
Other interest income	223	146
Foreign exchange gains		161
Total	**440**	**772**
Finance expenses		
Impairments from available-for-sale financial assets		-13
Interest expenses from commercial papers	-192	-52
Other interest expenses	-8 036	-10 226
Change in fair value of derivatives	-261	-1 711
Foreign exchange losses	-101	
Other finance expenses	-1 251	-539
Total	**-9 840**	**-12 540**

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

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.

Other comprehensive income items		
Other comprehensive income items related to financial instruments		
Available-for-sale financial assets	24	79
Total	**24**	**79**

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

Currency unit, EUR 1 000

7. INCOME TAXES	2010	2009
Current taxes	-5 254	-4 483
Change in deferred taxes	-4 872	6 432
Tax expense in income statement	**-10 127**	**1 949**
Reconciliation of income taxes		
Profit before taxes	33 587	-9 446
Taxes calculated at the parent company's tax rate on the balance sheet date 26 %	-8 733	2 456
Non-tax-deductible expenses	-778	-233
Tax-exempt income	10	3
Effects of the differing tax rates of foreign subsidiaries *)	-564	-398
Effect of tax rate change on deferred taxes at the start of period		109
Unrecognized deferred tax assets	-57	-84
Income tax for previous years	-33	116
Others	29	-20
Tax expense in income statement	**-10 127**	**1 949**
Taxes related to other comprehensive income items		
Available-for-sale financial assets	24	79
Tax effect	-6	-21
Other comprehensive income items after taxes	**18**	**59**
*) Tax rates of foreing subsidiaries		
Tax rate in Russia	20 %	20 %
Tax rate in Estonia	0 %	

8. EARNINGS PER SHARE	2010	2009
Result attributable to parent company shareholders	23 254	-7 443
Earnings per share, basic, EUR	0,38	-0,13
Earnings per share, diluted, EUR	0,38	-0,13
Average issue-adjusted number of shares	61 040 730	57 345 341
Average number of shares adjusted for dilutive effect	61 186 677	57 345 341

Currency unit, EUR 1 000

	2010	2009
9. INTANGIBLE ASSETS		
Intangible assets		
Acquisition cost, Jan 1	4 013	3 069
Increases	1 719	944
Increases from business combinations	8	
Acquisition cost, Dec 31	5 740	4 013
Accumulated depreciation, Jan 1	-1 208	-1 050
Depreciation for the year	-483	-158
Intangible assets, Dec 31	**4 049**	**2 805**
Carrying amount, Jan 1	2 805	2 019
Carrying amount, Dec 31	4 049	2 805

10. INVESTMENT PROPERTIES		
Changes in fair value of investment properties		
Fair value of investment properties, Jan 1	596 729	594 022
Fair value of investment properties sold during the year	-1 694	
Investment properties from business combinations	76 303	
Transfers from projects in progress	37 544	28 613
Change in fair value	18 790	-25 907
Fair value of investment properties, Dec 31	**727 672**	**596 729**
Change in value of investment properties		
Change in fair value excluding change in net yield requirements	17 506	2 912
Change caused by change in net yield requirements	1 283	-28 818
Change in fair value	**18 790**	**-25 907**
Changes in acquisition costs of investment properties in financial year	-8 786	-5 184
Changes in fair value of projects in progress	-7 261	-6 040
Effect on profit of change in value of investment properties	**2 743**	**-37 130**
Net rental revenues fo investment properties		
Rental revenues	62 234	60 565
Direct expenses for properties owned by Group	-17 148	-18 371
Net rental revenues	**45 086**	**42 194**

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

Currency unit, EUR 1 000

	2010	2009
11. TANGIBLE FIXED ASSETS		
Machinery and equipment		
Original acquisition cost	6 126	6 021
Accumulated depreciation	-4 231	-3 869
Book value, Jan 1	1 895	2 152
Increases	2 358	121
Increases from business combinations	61	
Decreases	-10	-16
Depreciation for the year	-648	-362
Machinery and equipment, Dec 31	**3 654**	**1 895**
Carrying amount, Jan 1	1 895	2 152
Carrying amount, Dec 31	3 654	1 895
Other tangible assets		
Acquisition cost, Jan 1	57	57
Increases	229	
Other tangible assets, Dec 31	**285**	**57**
Carrying amount, Jan 1	57	57
Carrying amount, Dec 31	285	57

12. ADVANCE PAYMENTS AND PROJECTS IN PROGRESS		
Advance payments and projects in progress		
Projects in progress, Jan 1	60 840	35 730
Increases/decreases	45 082	59 763
Increases from business combinations	117	
Change in fair value	-7 261	-6 040
Transfers to investment properties	-37 544	-28 613
Advance payments and projects in progress, Dec 31	**61 235**	**60 840**

13. HOLDINGS IN ASSOCIATES		
Holdings in associates, Jan 1	16 983	16 976
Decreases	-4 183	
Transfers between balance sheet items	-7 190	
Group share of profit/loss for year	-27	7
Holdings in associates, Dec 31	**5 584**	**16 983**

Currency unit, EUR 1 000

Holdings in associates	Holding, %	Orginal acquisition cost	Group share of accu-mulated profit/ loss	Total
Technocenter Kempele Oy, 501 shares, Kempele	48,5	588	335	923
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	-0	35
Jyväskylä Innovation Ltd, 1 200 shares, Jyväskylä	24,0	12	3	15
Kuopio Innovation Oy, 24 shares, Kuopio	24,0	37	0	37
Lappeenranta Innovation Ltd, 1 000 shares, Lappeenranta	20,0	10	-10	0
Total		**5 341**	**243**	**5 584**

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 19 thousand (EUR 13 thousand in 2009) was left unrecognized for Lappeenranta Innovation Ltd.

Kiinteistö Oy Hermia became the Group's subsidiary due to additional acqusition carried out in 2010.

Information on associates	Assets	Liabilities	Net sales	Profit of the year
2010				
Technocenter Kempele Oy	2 530	149	346	-60
Kiinteistö Oy Bioteknia	12 064	125	728	0
Iin Micropolis Oy	419	408	309	14
Otaniemen kehitys Ltd	198	97	547	2
Jyväskylä Innovation Ltd	1 064	992	2 632	11
Kuopio Innovation Oy	992	916	2 450	1
Lappeenranta Innovation Ltd	1 529	1 623	1 704	-29
Total	**18 795**	**4 311**	**8 715**	**-61**
2009				
Kiinteistö Oy Hermia	8 112	161	888	-0
Technocenter Kempele Oy	2 731	263	355	4
Kiinteistö Oy Bioteknia	11 986	77	682	-453
Iin Micropolis Oy	406	410	238	29
Otaniemen kehitys Ltd	253	155	605	-1
Jyväskylä Innovation Ltd	963	902	3 305	10
Kuopio Innovation Oy	868	793	2 231	-1
Lappeenranta Innovation Ltd	1 318	1 382	346	-5
Total	**26 637**	**4 144**	**8 648**	**-418**

Currency unit, EUR 1 000

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS	**2010**	**2009**
Available-for-sale financial assets, Jan 1	5 704	5 649
Increases	8	17
Decreases	-11	-28
Change in fair value of assets recognized at fair value	24	79
Impairments	-2	-13
Available-for-sale financial assets, Dec 31	**5 723**	**5 704**
Available-for-sale quoted financial assets	1 051	1 029
Available-for-sale non-quoted financial assets, recognized at acquisition cost	1 745	1 748
Available-for-sale non-quoted financial assets, fecognized at fair value	2 927	2 927
Available-for-sale financial assets, Dec 31	**5 723**	**5 704**
Revaluation fund		
Revaluation fund, Jan 1	102	43
Change in fair value of assets recognized at fair value	24	79
Deferred taxes	-6	-21
Revaluation fund, Dec 31	**120**	**102**

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.

15. DEFERRED TAXES

	2010	2009
Deferred tax liabilities		
Investment properties	39 134	30 441
Other temporary differences	2 303	2 183
Deferred tax liabilities, total	**41 436**	**32 624**
Deferred tax assets		
Investment properties	3 265	2 154
Unused losses confirmed in taxation	673	311
Other temporary differences	477	347
Deferred tax assets, total	**4 414**	**2 812**

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 0.01 million in 2010 (EUR 0.3 million in 2009).

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

16. CURRENT RECEIVABLES

	2010	2009
Sales receivables	3 270	2 146
Receivables from associates	23	11
Loan receivables	93	94
Loan receivables from associates	70	
Adjusting entries for assets	3 117	4 480
Finance lease receivables (breakdown in note 17)		1 150
Other receivables	2 193	2 887
Income tax receivables		55
Current receivables, total	**8 766**	**10 823**
Available-for-sale investments		
Other securities, quoted		3
Available-for-sale investments, total		**3**
Maturities of sales receivables		
Non-matured	1 943	1 452
under 30 days	838	447
30 - 60 days	171	106
61 - 90 days	82	62
91 - 120 days	28	45
over 120 days	231	45
Total	**3 294**	**2 157**

17. FINANCE LEASE RECEIVABLES

The finance leases recognized in the consolidated financial statements of the year in comparison were property leases (Group as a lessor). The finance leases recognized in the earlier years have ended during the period under review and Group no longer has finance lease receivables in Dec 31, 2010 from those.

	2010	2009
Non-current finance lease receivables		2 921
Current finance lease receivables		1 150
Finance lease receivables, total		**4 071**
Finance leases of properties		
Maturities of finance lease receivables		
Not later than one year		1 492
Later than one year and not later than five years		2 943
Later than five years		1 465
Gross investment in finance leases		**5 899**
Present value of minimum lease receivables		
Not later than one year		1 150
Later than one year and not later than five years		2 238
Later than five years		683
Present value of minimum lease receivables, total		**4 071**
Non-accumulated financial income		1 829
Gross investment in finance leases of properties		**5 899**

18. CASH AND BANK

	2010	2009
Cash and cash equivalents	4 485	4 519
Cash and bank total	**4 485**	**4 519**

Currency unit, EUR 1 000

19. SHAREHOLDERS' EQUITY

Share capital

Technopolis Plc. has one class of shares. The company's share capital was EUR 96,913,626.29, divided into 63,385,044 shares. Changes in the share capital during the financial year are shown in the following section. Each share carries one vote at a General Meeting of Shareholders.

Funds

Premium fund

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

Unrestricted equity reserve

The unrestricted equity reserve includes other equity investments and share subscriptions to the extent that they have not expressly been decided to be recorded in share capital.

Revaluation fund

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.

Currency unit, EUR 1 000

	Number of shares	Share capital	Funds	Retained earnings	Non-controlling interests	Total
Shareholders' equity Dec 31, 2008	**57 345 341**	**96 914**	**82 371**	**96 158**	**262**	**275 704**
Dividend distribution				-6 881		-6 881
Acquired own shares			65	-64		1
Share-based compensation				653		653
Comprehensive income for the year			59	-7 443	-54	-7 439
Other changes					-195	-195
Share holders' equity Dec 31, 2009	**57 345 341**	**96 914**	**82 494**	**82 422**	**13**	**261 843**
Dividend distribution				-8 602		-8 602
Issue premium	6 039 703		20 193			20 193
Acquired own shares			65	-71		-6
Share-based compensation				664		664
Comprehensive income for the year			18	23 254	206	23 479
Other changes					10 031	10 031
Shareholders' equity Dec 31, 2010	**63 385 044**	**96 914**	**102 770**	**97 668**	**10 250**	**307 602**

	2010	2009
Breakdown of Group Shareholders' equity		
Restricted equity		
Share capital	96 914	96 914
Premium fund	18 551	18 551
Revaluation fund	120	102
Restricted equity Dec, 31	**115 584**	**115 566**
Unrestricted equity		
Unrestricted equity reserve	84 100	63 842
Share-based compensation	664	653
Retained earnings	73 750	89 212
Profit/loss for the period	23 254	-7 443
Unrestricted equity Dec, 31	**181 768**	**146 264**
Distributable unrestricted equity of the parent company		
Unrestricted equity reserve	85 370	64 815
Retained earnings of the parent	11 531	9 159
Dividend distribution	-8 602	-6 881
Acquisition of own shares	-65	-65
Parent's profit/loss for the period	10 963	9 318
Distributable unrestricted equity of the parent company Dec, 31	**99 197**	**76 346**

Currency unit, EUR 1 000

	2010	2009
20. LIABILITIES		
Non-current interest-bearing liabilities		
Bank loans	373 568	323 786
Non-current finance lease liabilities	36 348	36 885
Non-current interest-bearing liabilities, total	**409 916**	**360 671**
Current interest-bearing liabilities		
Repayments on non-current loans	34 132	26 783
Commercial papers	11 979	
Other current interest-bearing liabilities	9	6
Current finance lease liabilities	1 832	1 242
Current interest-bearing liabilities, total	**47 951**	**28 031**
Interest-bearing liabilities		
Fixed rate	148 368	95 568
Floating rate	309 500	293 134
Interest-bearing liabilities	**457 868**	**388 702**
Fair value of interest-bearing liabilities	**460 791**	**393 608**

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

	2010	2009
2010		26 777
2011	46 111	37 234
2012	48 712	36 311
2013	43 363	34 980
2014	52 005	41 435
2015	83 740	
Later	145 758	173 831
Total	**419 688**	**350 568**

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

	2010	2009
Bank loans	2,17	2,17
Bank loans including interest rate and currency swaps	2,49	2,18
Finance lease liabilities	1,89	1,71
Commercial papers	1,77	

	2010	2009
Non-current non-interest-bearing liabilities		
Deferred tax liabilities	41 436	32 624
Other liabilities	1 299	1 255
Non-current non-interest-bearing liabilities, total	**42 736**	**33 879**

Currency unit, EUR 1 000

	2010	2009
Current non-interest-bearing liabilities		
Advances received	4 348	3 699
Accounts payable	6 186	7 475
Adjusting entries for liabilities	5 512	6 273
Derivatives	1 272	994
Other liabilities	1 400	794
Income tax liabilities	688	2 432
Current non-interest-bearing liabilities	**19 406**	**21 667**

	12/31/2010		12/31/2009	
Interest rate and currency swaps	Nominal value	Fair value	Nominal value	Fair value
Interest rate swaps in 2008 (fixed interest 1 year)			2 742	-40
Interest rate swaps in 2009 (fixed interest 6 months)			30 000	-94
Interest rate swaps in 2009 (fixed interest 1 year)			30 000	-318
Interest rate swaps in 2009 (fixed interest 4 years)	43 333	-1 007	45 000	-542
Interest rate swaps in 2010 (fixed interest 6 months)	23 333	-80		
Interest rate swaps in 2010 (fixed interest 2 years)	221	-9		
Interest rate swaps in 2010 (fixed interest 3 years)	25 000	-61		
Interest rate swaps in 2010 (fixed interest 5 years)	45 000	-115		
Interest rate and currency swaps, total	**136 888**	**-1 272**	**107 742**	**-994**

	2010	2009
Non-current finance lease liabilities	36 348	36 885
Current finance lease liabilities	1 832	1 242
Finance lease liabilities, total	**38 180**	**38 127**

Lease liabilities from investment properties (Technopolis as the lessee)

Total value of minimum lease payments		
Not later than one year	2 596	1 888
Later than one year and not later than five years	9 502	8 247
Later than five years	32 589	34 303
Total	**44 687**	**44 438**

Currency unit, EUR 1 000

	2010	2009
Present value of minimum lease payments		
Not later than one year	1 833	1 242
Later than one year and not later than five years	6 718	5 763
Later than five years	29 630	31 122
Present value of minimum lease payments, total	**38 180**	**38 127**
Future financial expenses, total	6 506	6 311
Total amount of finance lease liabilities from Total amount of finance lease liabilities from investment properties (Technopolis as the lessee)	**44 687**	**44 438**
Carrying amount of investment properties leased by Technopolis on a financial lease, Dec 31	**55 791**	**56 007**

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.

21. RISK MANAGEMENT

I) 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 is approved by the board. The objective of interest rate risk management is to mitigate the negative impact of market rate fluctuations on the Group's earnings, financial position and cash flow. If necessary, the company makes use of forwards, interest rate swaps and interest rate options to hedge interest rate risks. The company's policy concerning interest rate risks also aims to diversify the interest rate risk of loan contracts over different loan periods based on the prevailing market situation and the interest rate forecast created by the company.

The company's borrowing arrangements include standard security instruments and covenants. The company employs collateral in its borrowing, and insists on standard pledge restrictions. As of December 31, 2010, the Group held interest-bearing liabilities from credit institutions worth EUR 457.9 million, of which EUR 185.5 million include covenants related to equity ratio, debt service ratio or loan-to-value. The covenant relating to debt service ratio and loan-to-value rate is included in the EUR 41.4 million borrowing of Technopolis Ülemiste (share of ownership 51 %). Loans amountin to EUR 144.1 million include covenants relating to the equity ratio.

Currency unit, EUR 1 000

With these loans, a decline in the equity ratio may lead to higher interest rate margins or premature repayment in these loans. Potential changes to margins will become effective in accordance with the terms and conditions of each loan. More detailed information about covenants is given on the Board of Directors' Report under the heading "Financing".

It is indicative of the structure of Technopolis's loan portfolio at the end of 2010 that a one-point change in money market rates would change interest rate costs by EUR 2.3 million per annum (EUR 2.3 million in 2009). Because of the interest rate risk associated with loans, a policy of diversifying interest bases is pursued. On December 31, 2010, 64.5% of the company's interest-bearing loans were pegged to the 3-12 month Euribor rate. Of all interest-bearing liabilities, 32.5% were fixed-rate loans with a maturity of 13 to 60 months. The average capital-weighted outstanding loan period was 8.8 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 companys 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. If the company continues to expand outside the euro area in the future, it will also be exposed to currency risks in terms of these new countries.

The subsidiary of St. Petersburg has no ruble-denominated loan (EUR 2.3 million in year 2009) extended by the parent company. By the end of the year 2010, a total of 47.9 million had been committed to the operations in St. Petersburg.

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.

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 198 thousand (EUR 122 thousand in 2009). At the end of the year, the Group's maximum credit risk is equivalent to the carrying amount of financing assets.

Liquidity risk and counterparty 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. The counterparty risk in financing arises when the contracting party of a financial event not necessarily is able to fulfill its obligations. In order to manage liquidity and counterparty risks, Technopolis draws upon the resources of a wide range of financiers and maintains strong solvency. Long-term financing for the company is provided by several Finnish and foreign financial institutions and the loans have been diversified both in terms of type of contracts and maturity. Additionally, the company has domestic commercial paper programs with three Finnish financial institutions to manage its short-term liquidity. For shortterm financing needs, the Group also has overdraft credit facilities. More detailed information about liquidity risk is given on the Board of Directors' Report under the headings "Financing" and "Evaluation of Operational Risks an Uncertainties".

Currency unit, EUR 1 000

Repayments of interest-bearing liabilities and finance costs:

2010	Contractual cash flow				Carrying amount
	Less than 1 year	1-5 years	Over 5 years	Total	
Bank loans	50 562	273 575	166 183	490 320	407 700
Commercial papers	12 000			12 000	11 979
Finance lease liabilities	2 596	9 095	32 996	44 687	38 180
Derivatives	533	739		1 272	1 272
Accounts payable	6 186			6 186	6 186
Other liabilities	11 957	1 299		13 256	13 256
Total	**83 834**	**284 707**	**199 179**	**567 720**	**478 573**

2009	Contractual cash flow				Carrying amount
	Less than 1 year	1-5 years	Over 5 years	Total	
Bank loans	33 690	169 925	185 230	388 846	350 568
Finance lease liabilities	1 888	7 860	34 690	44 438	38 127
Derivatives	607	387		994	994
Accounts payable	7 475			7 475	7 475
Other liabilities	13 712	746		14 458	14 458
Total	**57 372**	**178 919**	**219 921**	**456 211**	**411 623**

Currency unit, EUR 1 000

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.

2010	Note	Loans and other receiv-ables	Financial assets and liabilities recognized at fair value in profit or loss	Avail-able-for-sale finan-cial assets	Financial liabilities recog-nized at amor-tized cost	Total financial assets/li-abilities	Fair value
Non-current financial assets							
Available-for-sale investments	14			5 723		5 723	5 723
Non-current other receivables		1 744				1 744	1 744
Total		**1 744**		**5 723**		**7 466**	**7 466**
Current assets							
Sales receivables and other receivables		8 766				8 766	8 766
Total		**8 766**				**8 766**	**8 766**
Non-current liabilities	**20**						
Non-current finance lease liabilities					36 348	36 348	36 348
Non-current interest-bearing liabilities, total					373 568	373 568	376 492
Non-current non-interest-bearing liabilities, total					1 299	1 299	1 299
Total					**411 216**	**411 216**	**414 139**
Current liabilities	**20**						
Current finance lease liabilities					1 832	1 832	1 832
Other current interest-bearing liabilities					46 120	46 120	46 120
Accounts payable and other liabilities					18 718	18 718	18 718
Income tax liabilities					688	688	688
Total					**67 357**	**67 357**	**67 357**

Currency unit, EUR 1 000

2009	Note	Loans and other receiv-ables	Financial assets and liabilities recognized at fair value in profit or loss	Avail-able-for-sale finan-cial assets	Financial liabilities recog-nized at amor-tized cost	Total financial assets/li-abilities	Fair value
Non-current financial assets							
Available-for-sale investments	14			5 704		5 704	5 704
Non-current finance lease receivables	17	2 921				2 921	2 921
Total		**2 921**		**5 704**		**8 625**	**8 625**
Current assets	**16**						
Available-for-sale investments				3		3	3
Current finance lease receivables	17	1 150				1 150	1 150
Sales receivables and other receivables		9 673				9 673	9 673
Total		**10 823**		**3**		**10 826**	**10 826**
Non-current liabilities	**20**						
Non-current finance lease liabilities					36 885	36 885	36 885
Non-current interest-bearing liabilities, total					323 786	323 786	328 692
Non-current non-interestbearing liabilities, total					1 255	1 255	1 255
Total					**361 925**	**361 925**	**366 832**
Current liabilities	**20**						
Current finance lease liabilities					1 242	1 242	1 242
Other current interest-bearing liabilities					26 789	26 789	26 789
Accounts payable and other liabilities			994		18 241	19 235	19 235
Income tax liabilities					2 432	2 432	2 432
Total			**994**		**48 704**	**49 698**	**49 698**

Currency unit, EUR 1 000

Fair value hierarchy of assets and liabilities measured at fair value

		Fair value at end of the period			
	Note	12/31/2010	Level 1	Level 2	Level 3
Assets measured at fair value					
Financial assets at fair value through profit or loss					
Available-for-sale financial assets					
Equity shares	14	5 723	1 051		4 671
Total		**5 723**	**1 051**		**4 671**
Liabilities measured at fair value					
Financial liablilities at fair value through profit or loss					
Derivatives					
Interest rate swaps	20	1 272		1 272	
Total		**1 272**		**1 272**	

There have been no changes in the value of items measured at fair value on level 3. Changes in the values of other items presented on level 3 are as follows:

	2010
Available-for-sale financial assets, recog-nized at acquisition cost at beginning of the year	1 748
Increases	4
Decreases	-7
At end of year	**1 745**

Level 1 of the fair value hierarchy: The fair value is based on quoted (unadjusted) prices in active markets for identical assets or liabilities. The Group has obtained the fair value of level 1 instruments from NASDAQ OMX Helsinki stock exchange market prices on the valuation date and has reviewed that prices of these instruments present actual, regular transaction prices.

Level 2 of the fair value hierarchy: The fair value is measured using other techniques, than quoted prices on level 1, for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. The fair value of these instruments is measured on basis of generally accepted valuation techniques which primarily use inputs based on observable market data.

Level 3 of the fair value hierarchy: The fair value is measured with techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. The fair value is measured on basis of generally accepted valuation techniques which use assump-tions made by the management together with observable market data.

Currency unit, EUR 1 000

II) Yield requirement risks associated with investment properties

The market yield requirements are reflected in the fair value of the Group's investment properties. As the yield requirements increase, the fair value of properties decrease. Conversely,as 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 cmprehensive statement of income. 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:

		Change in yield requirement	
	12/31/2010	+1 %	-1 %
Fair value of investment properties	727 672	652 225	831 007

III) Risk concentrations

Technopolis' strategy is to offer business environments and services to knowledge-intensive companies, new technology service providers, and other actors in innovation environment. Even if the Company has, in the last few years, expanded its customer portfolio from the conventional technology industry to knowledge-intensive companies and public actors on a broader basis in accordance with its strategy, a large number of the Company's customers still operate in the technology sector. Therefore, dependence on actors in the technology sector is still a risk for the Company. This business risk that is mitigated by the fact its clients operate in several fields of technology.

Customer risk management aims to minimize the negative impact of potential changes in the customers' financial position on the company's business and financial performance. Customer risk management focuses on having a profound understanding of the customer's business and active monitoring of customer information. Customer risks are diversified by acquiring customers from all technology sectors, knowledge-intensive operations, and the public sector. As part of customer risk management, Technopolis' leases include lease deposit arrangements. No single client accounts for more than 6% of net sales. Currently, the Group has almost 1300 customers, which operate in several different sectors. As part of client risk management, Technopolis leases include rental security arrangements.

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, property in question and the sector in which the customer operates. At the end of the period under review, open-ended leases in the lease portfolio that could be terminated and renegotiated within the next 12 months covered approximately 206.800 (188.200 on December 31,2009) square meters of allocated space, equaling 43% (46%) of the weighted area in the entire property portfolio. At the end of the period, the average lease period was 23 (21) months. Although the flexibility of the lease structure may pose a risk to the Group, it is an essential element of Technopolis' service concept. The company has solid and long-term experience in this business model over a wide variety of economic cycles.

Currency unit, EUR 1 000

Changes of the economic environment may have an adverse effect on the company's clients and hence on the Group's business operations.

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, 2010, the Group's equity ratio was 37.4% (37.3% on December 31, 2009). The long-term target equity ratio is 35%.

Currency unit, EUR 1 000

22. ACQUIRED BUSINESSES

Technopolis Plc and the Tallinn-based Smart City Group As and its subsidiary Ülemiste City As signed a share purchase agreement, creating a joint venture, Technopolis Ülemiste AS. Technopolis Group has a 51 % holding in Technopolis Ülemiste, while the remaining 49 % interest is held by Smart City Group subsidiary Ülemiste City AS. Technopolis' investment in the new company totaled EUR 10.04 million. Costs, such as professional services, travelling cost, etc, that arised from the acquisition were EUR 430 thousand and they have been recorded to other operational expenses in comprehensive income for the year.

Assets and liabilities arising from the acquisition of Technopolis Ülemiste AS

	Fair values
Assets	
Intangible assets and tangible fixed assets	68
Investment properties	62 226
Receiva	572
Receivables	54
Assets, total	*62 920*
Liabilities	
Non-current liabilities	41 111
Current liabilities	2 337
Liabilities, total	*43 449*
Net asset value	19 471
Non-controlling interests (49%) in net asset value	9 541
Net asset value remaining for Group	*9 930*
Transaction price paid in cash	10 045
Goodwill	*-115*
Transaction price paid in cash	10 045
Acquired company's cash and cash equivalents	54
Effect on cash flow	*9 991*

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 company was founded by the time of acquisition and it didn't have any transactions before that.

Currency unit, EUR 1 000

23. ASSETS PLEDGED, CONTINGENT LIABILITIES AND OTHER LIABILITIES

	2010	2009
Mortgages of properties		
Loans from financial institutions	407 699	388 696
Mortgages given	351 918	353 918
Land lease liabilities		
Mortgages given	1 172	1 172
Other mortgage liabilities	925	925
Mortgages, total	**354 015**	**356 015**
Pledged property shares		
Pledged investment properties	171 522	162 104
Collateral given on behalf of associates		
Guarantees	505	505
Other guarantee liabilities	**46 474**	**12 680**

Currency unit, EUR 1 000

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

	5 year adjust-ment period 2007	10 year adjustment period 2008	2009	2010	Total
Property investment expense (net)	4 713	57 433	32 312	38 535	132 993
VAT on property investment	1 037	12 635	7 109	8 588	29 368
Annual share of VAT on investment	207	1 264	711	859	3 041
VAT deducted	1 032	12 569	7 076	8 521	29 198
Annual share of VAT deducted	206	1 257	708	852	3 023
Number of years remaining in the adjustment period	1	7	8	9	
Refundable amount of deduction, Dec 31, 2010	206	8 798	5 661	7 669	22 335
VAT adjustment liability Dec 31, 2010					**22 335**
VAT adjustment liability Dec 31, 2009					18 696
Change					3 638

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

	2010	2009
Project liabilities		
Collateral deposits	155	155
Project liabilities, total	**155**	**155**
Lease liabilities from fixtures and fittings leases		
Current lease liabilities	1 407	925
Non-current lease liabilities	2 378	1 283
Lease liabilities from fixtures and fittings leases, total	**3 785**	**2 208**

Currency unit, EUR 1 000

24. 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
Kiinteistö Oy Finn-Medi 6-7, 12 573 shares, Tampere	100,00
Kiinteistö Oy Hermia, 12 561 shares, Tampere	63,89
Kiinteistö Oy Oulun Ydinkeskusta, 12 252 shares, Oulu	98,77
Kiinteistö Oy Technopolis Microkatu 1, 4 370 shares, Kuopio	91,33
Kiinteistö Oy Technopolis Viestikatu 1-3, 8 500 shares, Kuopio	100,00
Oulun Teknoparkki Oy, 122 shares, Oulu	84,14
Oulun Ydinkeskustan Parkki Oy, 122 shares, Oulu	62,24
Technopolis Baltic Holding OÜ, Tallinn, Estonia	100,00
Technopolis Hitech Oy, 500 shares, Oulu	100,00
Technopolis St Petersburg LLC, St. Petersburg, Russia	100,00
Technopolis Ülemiste AS, 111 929 751 shares, Tallinn, Estonia	51,00
Technopolis Ventures Oy, 15 000 shares, Espoo	100,00

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.

	2010	2009
Associates		
Sales to associates	308	449
Receivables from associates	93	11

Associates and the holdings in them have been presented in note 13. The transactions undertaken with associates comprise sale of services and leasing of premises.

Salaries and service benefits of the parent company's management		
CEO		
Silverang Keith	202	205
Total	**202**	**205**

To Keith Silverang has been paid in year 2011 EUR 73 thousand bonuses that he earned as CEO of the company on the period from January 1, 2010 to December 31, 2010.

Currency unit, EUR 1 000

	2010	2009
Members of the Board of Directors		
Huuskonen Pertti, Chairman	339	396
Pennanen Matti, Deputy Chairman	43	33
Andersen Teija	38	26
Korhonen Pekka	30	
Ritakallio Timo	39	28
Veikkolainen Erkki	38	28
Total	**527**	**511**
Former members of the Board		
Kuutsa Jussi	8	27
Yli-Rajala Juha		2
Total	**8**	**30**

The Annual General Meeting decided that the chairman of the board, Pertti Huuskonen, is to be paid compensation of EUR 339,000 for a period of time starting from the 2010 Annual General Meeting and ending at the Annual General Meeting the following year. The compensation is based on a decision made by the shareholders at the Annual General Meeting of March 26, 2009 and on the basis of a compensation agreement made with Mr. Huuskonen.

The annual compensation of the Deputy Chairman of the Board is EUR 30,000 and each member of the Board EUR 25,000. An additional EUR 600 per meeting is paid as compensation for attending Board meetings. Travel expenses will be reimbursed in accordance with the company's travel regulations.

Half of the annual compensation of the Board members other than the Chairman can be 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 May 2010 for this purpose. All the shares acquired were surrendered to the Board members on the acquisition date.

Acquired Technopolis shares	**Number of shares**	**Acquisition price**
Shares granted as compensation	18 813	-65
Shares acquired and granted	18 813	71
Treasury shares, Dec 31, 2010	-	

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 4 thousand (EUR 3 thousand in 2009).

The terms of the option program are presented in note 25.

Currency unit, EUR 1 000

25. 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 to 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 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. By April 30, 2010, a total of 325,700 options i.e. 339,703 Technopolis shares were subscribed under option plan 2005A. The subscription price was EUR 3,266 per share.

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.

Currency unit, EUR 1 000

The subscription period for options 2005A and 2005B has ended on April 30, 2010.

	2010		2009	
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	3,42	325 700	3,54	325 700
New options granted				
Exercised options	3,27	-325 700		
Outstanding at end of year	3,27	-	3,42	325 700
Exercisable at end of year		-		325 700

	2010		2009	
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	6,19	426 000	6,31	426 000
Outstanding at end of year	6,04	426 000	6,19	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.

Currency unit, EUR 1 000

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 is 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.

	2010		2009	
Changes during the year, 2007A				
	Weighted subscription price, EUR/share	Number of options	Weighted subscription price, EUR/share	Number of options
At beginning of year	7,27	448 500	7,39	448 500
New options granted				
Lost options		-30 000		
Outstanding at end of year	7,12	418 500	7,27	448 500
Exercisable at end of year		418 500		-

Currency unit, EUR 1 000

Changes during the year, 2007B	2010 Weighted subscription price, EUR/share	2010 Number of options	2009 Weighted subscription price, EUR/share	2009 Number of options
At beginning of year	5,25	509 500	5,37	517 000
New options granted				
Lost options		-85 000		-7 500
Outstanding at end of year	5,10	424 500	5,25	509 500
Exercisable at end of year		-		-

Changes during the year, 2007C	2010 Weighted subscription price, EUR/share	2010 Number of options	2009 Weighted subscription price, EUR/share	2009 Number of options
New options granted	2,80	600 000	2,80	600 000
Lost options		-80 000		
Outstanding at end of year	2,65	520 000	2,80	600 000
Exercisable at end of year		-		

The parameters used in defining the fair value of the option program	**2005A**	**2005B**	**2007A**	**2007B**	**2007C**
Share price at the date of issue, EUR	4,17	6,30	6,36	4,50	3,72
Original subscription price, EUR	4,10	6,88	7,85	5,37	2,80
Duration (years)	1,9	1,8	2,5	2,5	2,7
Expected volatility, %	27	34	33	33	33
Risk-free interest rate, %	3,00	3,61	4,30	3,59	2,67
Fair value of option at the date of issue, EUR	1,25	1,68	1,73	1,21	1,62

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

The expenses recognized on granted options are disclosed in note 3.

Currency unit, EUR 1 000

The Performance Share Plan 2010-2012

The Annual General Meeting of 2009 decided to adopt a performance share incentive plan for key personnel in the Technopolis Group. The aim is to combine the objectives of the shareholders and the key personnel in order to increase the value of the company, to commit the key personnel to the company, and to offer them a competitive reward plan based on holding the company shares. Based on the plan, a maximum of 390,000 shares may be given as remuneration and a cash payment that is needed for taxes and tax-related costs arising from the reward to the key personnel on the book-entry account registration date of the shares. The amount of cash payment shall, however, correspond to the registration date value of the distributable shares, in the maximum. Shares earned on the basis of the plan, may not be assigned, pledged or otherwise exercised during the restriction period established for the shares (restriction period). Should a Group Company or a key person give notice of termination or terminate an employment contract or a service contract of a key person, before the reward payment, no reward shall be paid to a key person. The Board of Directors may, however, in these cases decide upon a key persons right to the reward accrued by the end of employment or service.

Should shares be paid as reward, the CEO of the company must hold 50% of the shares received on the basis of the plan as long as his service as CEO continues and the members of the Group Management Team must hold 50% of the shares received on the basis of the plan for two (2) years after the end of each restriction period.

The share incentive plan has not been implemented in 2010 and no entries have been made. The share incentive plan will be implemented in 2011. The company key personnel have the opportunity to earn a maximum of 150,000 shares. The earning criteria forthe performance shares are weighted and consist of the growth of the company's earnings per share (60% weight) and the increase in the like-for-like rental income (40% weight).

26. 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 Teknologiakylä Oy (reg.no. 309.397). It became a public limited company on November 5, 1997, changing its name to Technopolis Oulu Oyj on April 15, 1988, and again to Technopolis Oyj on April 7, 2000. Its business code is 0487422-3. Technopolis shares are quoted on the mid cap list of the OMX Nordic Exchange Helsinki. The ISIN code is FI0009015796, and the trading code is TPS1V.

Annual General Meeting of March 26, 2010

On March 26, 2010, the Annual General Meeting of Shareholders (AGM) of Technopolis Plc adopted the Group and parent company's financial statements for fiscal 2009 and released the company management and Board from liability for the period. The AGM approved a dividend of EUR 0.15 as proposed by the Board. The dividend payment date was April 9, 2010.

The AGM decided to amend a section in the Articles of Association that concerns the terms of Board members by specifying that the term of a member of the Board ends when the next Annual General Meeting following the election has concluded. The AGM also decided to amend the section concerning the notice of the AGM so that it should be distributed no later than three weeks before the AGM but no later than nine days before the record date of the AGM. Furthermore, the notice of the AGM may be alternatively delivered by publishing it on the company's website.

The agenda of the AGM of 2010 did not contain any share related authorizations.

Currency unit, EUR 1 000

The AGM of 2009 authorized the Board of Directors to decide on a share issue and on granting options and other special rights entitling to shares as referred to in Chapter 10, Section 1 of the Limited Liability The AGM of 2009 authorized the Board of Directors to decide on a share issue and on granting options and other special rights entitling to shares as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act as follows: Pursuant to this authorization, the maximum number of shares to be issued will be 11,400,000, equaling approximately 19.88% of the company's shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization supersedes the authorizations granted by the General Meeting of November 29, 2007 and the Annual General Meeting of March 27, 2008 regarding a share issue and granting of special rights entitling to shares. The authorization expires on March 26, 2012, and as of the situation on September 30, 2010, the maximum number of shares yet to be issued pursuant to the authorization is 5,700,000, equaling approximately 9.0% of the company's shares.

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 December 31, 2010 was EUR 96,913,626.29 (EUR 96 913 626,29 on December 31, 2009), divided into 63,385,044 shares. Share capital remained unchanged, totaling EUR 96,913,626.29, because the subscription price of the new shares has been registered in the company's unrestricted equity reserve. Stock-related events 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 shares are in a single series, and each share entitles the holder to one vote at the Annual General Meeting.

Stock-Related Events

	Share capital, EUR	Subscription price/ share in the unrestricted equity reserve	Number of shares	Entered in the register
Shares Jan 1, 2010	**96 913 626,29**		**57 345 341**	**5/26/2008**
Directed share issue May 21, 2010	96 913 626,29	3,400	5 700 000	5/21/2010
Issuance of otion rights 2005A June 2, 2010	96 913 626,29	3,266	339 703	6/2/2010
Outstanding shares Dec 31, 2010	**96 913 626,29**		**63 385 044**	

Technopolis carried out a directed share issue for a limited number of Finnish and international institutional investors after mid- May 2010. The share issue was implemented on the basis a Board authorization given at the Annual General Meeting of March 26, 2009. All 5,700,000 shares offered were subscribed in the share issue, which accounts for approximately 9.9% of all the Company's shares and voting rights immediately prior to the share issue. The subscription price was EUR 3.40 per share, and the issue gathered capital totaling approximately EUR 19.4 million. Trading in the shares together with the other shares in the Company has taken place on the Official List of NASDAQ OMX Helsinki Ltd as of May 24, 2010.

Currency unit, EUR 1 000

On June 2, 2010, Technopolis issued 339,703 new shares pursuant to the subscriptions of 2005A option rights. The subscription price when subscribed pursuant to the option was EUR 3.266 per share. Trading in these shares together with the other shares in the Company has taken place on the Official List of NASDAQ OMX Helsinki Ltd as of June 3, 2010.

The new shares issued pursuant to the share issue and the subscriptions of 2005A option rights have been registered in the trade register and the company shareholders' register. They entitle the holder to a dividend for fiscal 2010 and to other shareholder rights.

The number of the company's shares after subscription is 63,385,044 shares. Share capital remained unchanged, totaling EUR 96,913,626.29, because the subscription price of the new shares has been registered in the company's unrestricted equity reserve. The shares are in a single series, and each share entitles the holder to one vote at the Annual General Meeting.

Technopolis 2007A Stock Options were listed on the trading list of the OMX Nordic Exchange on May 3, 2010. The subscription price of 2007A stock options is EUR 7.119 per share. The subscription period begins on May 1, 2010 and ends on April 30, 2012. The total number of 2007A stock options is 500,000. The maximum number of new shares that can be subscribed using the options is 521,500 with a nominal dilution effect of 0.8%. The details of the 2007A stock options were provided in a stock exchange release published on April 30, 2010.

Disclosures of Changes in Holdings in 2010

Varma Mutual Pension Insurance Company notified on February 17, 2010, that its direct holding in Technopolis' share capital and its number of votes had exceeded one tenth (10%) as a result of a purchase of shares that was completed on February 16, 2010. Following this transaction, the direct holding of Varma in Technopolis' share capital and votes was 6,856,980 shares and 11.96% respectively.

On May 20, 2010, the City of Oulu notified that its direct holding in Technopolis' share capital and votes would go below one twentieth (5%) as a result of the share issue. As of May 21, 2010, the direct holding of the City of Oulu in Technopolis' share capital and votes was 3,062,925 and 4.86% respectively.

On May 20, 2010, Henderson Global Investors Limited notified that its indirect holding in Technopolis shares and votes had gone below one twentieth (5%) as a result of a transaction completed on September 25, 2010. The indirect holding of Henderson Global Investors Limited in Technopolis share capital and votes was 2,800,049 and 4.88% respectively.

On May 26, 2010, OP-Pohjola Group Central Cooperative announced that the proportion of Technopolis Plc's share capital and votes held by OP-Pohjola Group and its related parties as well as OP-Pohjola Group affiliates and the mutual funds managed by them, had exceeded one-twentieth (5%) as a result of a share transaction carried out on May 19, 2010. The proportion of Technopolis Plc's share capital and votes indirectly controlled by OP-Pohjola Group was 3,912,443 shares and 6.206% respectively.

On June 6, 2010, BNP Paribas Investment Partners announced that the proportion of Technopolis Plc's share capital and votes held by the mutual funds managed by BNP Paribas Investment Partners exceeded one-tenth (10%) as a result of a share transaction carried out on June 1, 2010. The proportion of Technopolis Plc's share capital and votes indirectly controlled by BNP Paribas Investment Partners was 6,597,296 and 10.41% respectively.

Currency unit, EUR 1 000

Largest shareholders, Dec 31, 2010

Shareholder	Number of shares	% of shares and votes
Varma Mutual Pension Insurance Company	7 979 371	12,59
Ilmarinen Mutual Pension Insurance Company	5 272 725	8,32
City of Oulu	3 062 925	4,83
City of Tampere	1 956 649	3,09
OP Life Assurance Company Ltd	1 222 884	1,93
OP-Suomi Pienyhtiöt Fund	998 589	1,58
OP Bank Group Pension Fund	885 938	1,40
OP-Suomi Arvo Fund	815 197	1,29
OP Bank Group Pension Foundation	757 380	1,19
Jyrki Hallikainen	750 000	1,18
Total of 10 largest shareholders	23 701 658	37,39
Foreign and nominee-registered	20 101 603	31,71
Other	19 581 783	30,89
Total	63 385 044	100,00

Shareholding breakdown on December 31, 2010

	Share-holders	%	Shares/ votes	%
1 – 100	307	7,34	17 770	0,03
101 – 500	1 204	28,80	361 115	0,57
501 – 1 000	851	20,35	651 885	1,03
1 001 – 5 000	1 419	33,94	3 167 811	5,00
5 001 – 10 000	207	4,95	1 449 882	2,29
10 001 – 50 000	134	3,20	2 508 268	3,96
50 001 – 100 000	15	0,36	968 982	1,53
100 001 – 500 000	21	0,50	4 559 975	7,19
500 001 –	23	0,55	49 680 076	78,38
Joint account	0	0,00	19 280	0,03
Total	4 181	100,00	63 385 044	100,00

Currency unit, EUR 1 000

Shareholdings by sector, Dec 31, 2010

	Shares / votes	%
Private companies	3 581 271	5,65
Financial and insurance institutions	5 618 050	8,86
Public sector organizations	21 014 686	33,15
Private households	8 620 942	13,60
Non-profit organizations	3 109 037	4,91
Foreign and nominee-registered	21 421 778	33,80
Joint account	19 280	0,03
Total	63 385 044	100,00
Number of shares issued	63 385 044	100,00

	2010	2009
Share-related Indicators		
Number of shares		
On Dec 31	63 385 044	57 345 341
Issue-adjusted average during year	61 040 730	57 345 341
Dilution-adjusted average during year	61 186 677	57 345 341
Share-related Indicators		
Earnings/share, undiluted, EUR	0,38	-0,13
Earnings/share, diluted, EUR	0,38	-0,13
Equity/share, EUR	4,69	4,57
Dividend/share, EUR (proposal)	0,17	0,15
Dividend payout ratio, %	44,6	-115,6
Price/earnings (P/E) ratio	10,7	-23,9
Effective dividend yield, %	4,2	4,8
Share prices, EUR		
Highest price	4,24	3,96
Lowest price	2,96	1,95
Trade weighted average price	3,59	3,01
Price on Dec 31	4,08	3,10
Market capitalization, Dec 31, EUR	258 610 980	177 770 557
Share turnover, EUR	80 654 618	56 819 900
Shares traded	22 547 191	18 870 550

Currency unit, EUR 1 000

27. DIRECT AND INDIRECT RESULT

The direct result presents the company's financial performance for the period excluding the change in the fair value of investment properties, the change in the fair value of financial instruments and any non-recurring items, such as gains and losses on disposals. As the company has interest rate and currency swaps that do not satisfy the IFRS criteria for hedge accounting, changes in the fair value of these financial instruments are recognized in the statement of comprehensive income. Additionally, the statement of comprehensive income showing the direct result presents the related taxes and deferred tax assets and liabilities.

Items excluded from the direct result and their tax effects are presented in the statement of income showing the indirect result. Earnings per share have been calculated both from the direct and indirect results in accordance with the instructions issued by the European Public Real Estate Association EPRA. The direct and indirect result and the earnings per share calculated from them are consistent with the company's financial result and earnings per share for the period.

	2010	2009
Direct result		
Net sales	79 167	76 401
Other operating income	1 529	2 245
Other operating expenses	-41 343	-38 861
Depreciation	-1 132	-520
Operating profit/loss	**38 221**	**39 264**
Finance income and expenses, total	-8 878	-9 751
Result before taxes	**29 343**	**29 513**
Taxes for direct result items	-8 195	-7 912
Non-controlling interests	-206	54
Direct result for the period	**20 942**	**21 656**
Indirect result		
Non-recurring items	2 051	181
Change in fair value of investment properties	2 743	-37 130
Operating profit/loss	**4 793**	**-36 949**
Change in fair value of financial instruments	-550	-2 010
Result before taxes	**4 244**	**-38 959**
Taxes for indirect result items	-1 931	9 860
Indirect result for the period	**2 312**	**-29 099**
Result for the period to the parent company shareholders, total	**23 254**	**-7 443**
Earnings per share, diluted *)		
From direct result	0,34	0,38
From indirect result	0,04	-0,51
From net result for the period	**0,38**	**-0,13**

*) Earnings per share calculated according to EPRA's instructions.

Currency unit, EUR 1 000

28. POST-FISCAL EVENTS

After the end of the reporting period in January 2011, the construction of Phase 2 of Innova was launched in the vicinity of the city center in Jyväskylä. The area of the office space in Phase 2 is approximately 9,200 square meters and the investment, including parking facility, is approximately EUR 19.8 million. Thirty percent of the facilities in Phase 2 have been leased.

On January 28, 2011, the Technopolis Board of Directors in its meeting approved an investment proposal in Tampere to launch construction of Phase 2 of the Yliopistonrinne center in downtown Tampere. The investment is approximately EUR 22.5 million, including a parking garage, and the rentable area of the office facilities is approximately 7,900 square meters.

On January 19, 2011, Varma Mutual Pension Insurance Company announced that its direct holding of Technopolis Ltd's share capital and votes had exceeded three-twentieths (15%) as a result of a purchase of shares that was completed on January 18, 2011. Following this transaction, the direct holdings of Varma in Technopolis' share capital and votes was 10,279,371 shares and 16.22% respectivey.

On January 19, 2011, OP-Pohjola Cooperative notified that the proportion of Technopolis Plc's share capital and votes held by OP-Pohjola Group and its related parties as well as OP-Pohjola Group affiliates and the mutual funds managed by them, had fallen below one-twentieth (5%) as a result of a share transaction carried out on January 18, 2010. The proportion of Technopolis Plc's share capital and votes indirectly controlled by OP-Pohjola Cooperative was 2,649,543 shares and 4.180% respectively.

Currency unit, EUR 1 000

PARENT COMPANY INCOME STATEMENT

	Note	2010	2009
Net sales	1	**71 084**	**66 782**
Other operating income	2	74	293
Personnel expenses	3	-6 624	-5 701
Depreciation and impairment	4	-9 908	-8 900
Other operating expenses	5	-28 763	-25 114
Operating profit		**25 864**	**27 360**
Income from holdings in Group companies	6	2 129	1 158
Finance income, total	6	88	139
Finance expenses, total	6	-8 507	-10 954
Profit before extraordinary items and taxes		**19 574**	**17 702**
Profit before taxes		**19 574**	**17 702**
Appropriations	7	-3 794	-4 145
Income taxes	8	-4 817	-4 239
Net profit for the year		**10 963**	**9 318**

Currency unit, EUR 1 000

PARENT COMPANY BALANCE SHEET

ASSETS	Note	12/31/2010	12/31/2009
Non-current assets			
Intangible assets	9	5 218	3 409
Tangible assets	10	350 144	349 349
Holdings in Group companies	11	179 931	152 070
Holdings in associates	11	5 357	12 546
Investments	11	27 354	28 559
Non-current assets, total		**568 005**	**545 933**
Current assets			
Non-current receivables	12	1 130	
Current receivables	13	23 036	3 607
Cash and bank		3 026	4 189
Current assets, total		**27 191**	**7 796**
ASSETS, TOTAL		**595 196**	**553 729**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	14		
Share capital		96 914	96 914
Premium fund		18 943	18 943
Invested unrestricted equity fund		85 370	64 815
Retained earnings		2 864	2 213
Net profit for the year		10 963	9 318
Shareholders' equity, total		**215 054**	**192 203**
Accumulated appropriations	15	25 214	21 420
Liabilities			
Non-current liabilities	16	300 547	303 692
Current liabilities	17	54 381	36 413
Liabilities, total		**354 928**	**340 106**
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**595 196**	**553 729**

Currency unit, EUR 1 000

PARENT COMPANY CASH FLOW STATEMENT

CASH FLOWS FROM OPERATING ACTIVITIES	2010	2009
Net profit for the year	10 963	9 318
Adjustments:		
Depreciation according to plan	9 908	8 900
Gains(-) and losses(+) of non-current assets	-1 923	
Other adjustments for non-cash transactions	5 562	5 853
Interest income and expenses	6 022	7 950
Taxes	4 817	4 239
Increase/decrease in working capital	-1 760	556
Interest received	214	139
Dividends received	7	805
Interests paid and fees	-6 167	-8 594
Income from other investments in non-current assets	-2 520	-1 551
Taxes paid	-6 596	-1 648
Net cash from operations	**18 526**	**25 967**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in other securities	-8	-152
Investments in investment properties	-15 833	-41 120
Investments in tangible and intangible assets	-1 603	-1 009
Proceeds from sale of tangible and intangible assets	7 135	
Loans granted	-46 164	-22 173
Repayments of loan receivables	15 859	10 177
Addition/deduction of cash equivalents	-849	778
Gains from disposals of other investments	9	6
Acquisition of subsidiaries	-5 871	-10 101
Net cash used in investing activities	**-47 325**	**-63 593**
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term loans	27 900	58 410
Decrease in long-term loans	-24 965	-12 126
Dividends paid	-8 601	-6 879
Paid share issue	20 489	
Change in short-term loans	12 812	-4 408
Net cash provided by financing activities	**27 636**	**34 997**
Net increase/decrease in cash assets	**-1 164**	**-2 629**
Cash and cash equivalents, January 1	4 189	6 818
Cash and cash equivalents, December 31	**3 026**	**4 189**

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 non-current assets

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

The depreciation based on estimated useful life is as follows:

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

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

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 of loss for the period.

Income taxes

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

Currency unit, EUR 1 000

	2010	2009
1. NET SALES		
Rental revenues	63 252	59 733
Service revenues	7 832	7 049
Net sales, total	**71 084**	**66 782**
2. OTHER OPERATING INCOME		
Development projects	45	111
Other income from operations	29	182
Other operating income, total	**74**	**293**
3. PERSONNEL EXPENSES		
Salaries and fees	5 603	4 503
Pension costs	881	833
Indirect employee costs	140	365
Personnel expenses, total	**6 624**	**5 701**
Average number of employees	104	97
Salaries of CEO and Board members		
President and CEO	202	205
Members of the Board of Directors	535	540
Salaries of CEO and Board members, total	**736**	**745**
4. DEPRECIATION ACCORDING TO PLAN AND IMPAIRMENT		
Depreciation on intangible assets	1 027	542
Merger difference in depreciation	1 045	1 045
Depreciation on tangible assets	7 836	7 313
Depreciation according to plan and impairment, total	**9 908**	**8 900**
5. OTHER OPERATING EXPENSE		
Auditor's fees and services		
Other operating expense includes fees paid to auditors as follows:		
Audit	21	31
Certificates and reports	5	4
Other services	147	61
Auditor's fees, total	**173**	**97**

Currency unit, EUR 1 000

	2010	2009
6. FINANCE INCOME AND EXPENSES		
Dividend income from others	7	5
Other interest income from Group companies	2 129	1 158
Other interest income from others	81	133
Interest expenses and other finance expenses to Group companies	-14	-117
Interest expenses and other finance expenses to others	-8 225	-9 129
Change in fair value of derivatives	-269	-1 708
Finance income and expenses, total	**-6 290**	**-9 658**
7. APPROPRIATIONS		
Difference between planned depreciation and depreciation for tax purposes	3 794	4 145
8. INCOME TAXES		
Income tax from actual operations	4 817	4 239
Income taxes, total	**4 817**	**4 239**
9. INTANGIBLE ASSETS		
Intangible rights		
Acquisition cost, Jan 1	1 455	528
Increases	1 550	927
Acquisition cost, Dec 31	3 005	1 455
Accumulated depreciation, Jan 1	-440	-370
Depreciation for the year	-390	-70
Intangible rights, Dec 31	**2 175**	**1 015**
Other long-term expenditure		
Acquisition cost, Jan 1	3 604	2 488
Increases	1 287	1 116
Acquisition cost, Dec 31	4 892	3 604
Accumulated depreciation, Jan 1	-1 211	-738
Depreciation for the year	-637	-472
Other long-term expenditure, Dec 31	**3 044**	**2 394**

Currency unit, EUR 1 000

	2010	2009
10. TANGIBLE ASSETS		
Land areas		
Acquisition cost, Jan 1	30 591	30 591
Decreases	-625	
Land areas, Dec 31	**29 966**	**30 591**
Connection fees		
Acquisition cost, Jan 1	3 382	3 207
Increases	186	176
Connection fees, Dec 31	**3 569**	**3 382**
Land areas, total, Dec 31	**33 535**	**33 974**
Buildings and structures		
Acquisition cost, Jan 1	309 717	281 980
Increases	30 375	28 121
Decreases	-8 069	-384
Acquisition cost, total, Dec 31	332 022	309 717
Accumulated depreciation, Jan 1	-42 208	-35 178
Accumulated amortisation on disposals	3 023	
Depreciation for the year	-7 595	-7 030
Buildings and structures, Dec 31	**285 243**	**267 509**
Construction-period interest, Jan 1	1 600	1 352
Increases	462	248
Construction-period interest, Dec 31	2 062	1 600
Accumulated depreciation, Jan 1	-75	-46
Depreciation for the year	-38	-29
Construction-period interest, Dec 31	**1 948**	**1 525**
Merger difference, Jan 1	19 369	19 369
Merger difference, Dec 31	19 369	19 369
Accumulated depreciation, Jan 1	-2 551	-1 507
Depreciation for the year	-1 045	-1 045
Merger difference, Dec 31	**15 773**	**16 817**
Buildings and structures, Dec 31	**302 964**	**285 851**

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.

Currency unit, EUR 1 000

	2010	2009
Machinery and equipment		
Original acquisition cost	2 006	1 925
Accumulated depreciation	-1 242	-988
Net expenditures, Jan 1	764	937
Increases	53	97
Decreases	-6	-16
Depreciation for the year	-203	-255
Machinery and equipment, Dec 31	**609**	**764**
Other tangible assets		
Acquisition cost, Jan 1	24	24
Other tangible assets, Dec 31	**24**	**24**
Advance payments and projects in progress		
Projects in progress, Jan 1	28 737	19 161
Increases/decreases	-15 723	9 576
Advance payments and projects in progress, Dec 31	**13 013**	**28 737**

11. INVESTMENTS

Holdings in Group companies		
Acquisition cost, Jan 1	152 070	141 970
Increases	27 861	10 101
Holdings in Group companies, Dec 31	**179 931**	**152 070**
Holdings in associates		
Acquisition cost, Jan 1	12 546	12 546
Increases/decreases	-7 190	
Holdings in associates, Dec 31	**5 357**	**12 546**
Other shareholdings		
Acquisition cost, Jan 1	4 515	4 525
Increases/decreases	-6	-10
Other shareholdings, Dec 31	**4 508**	**4 515**
Receivables from Group companies		
Receivables, Jan 1	23 909	10 826
Increases	31 467	21 780
Decreases	-32 671	-8 697
Receivables from Group companies, Dec 31	**22 705**	**23 909**

Currency unit, EUR 1 000

Holdings in Group companies, Dec 31, 2010	**Holding, %**	**Carrying amount**
Innopoli Oy, 1 414 280 shares, Espoo	100,00	6 068
Kiinteistö Oy Innopoli II, 15 862 shares Espoo,	100,00	55 216
Kiinteistö Oy Oulun Ydinkeskusta, 12 252 shares, Oulu	98,77	24 548
Kiinteistö Oy Technopolis Microkatu, 4 370 shares, Kuopio	91,33	53 646
Kiinteistö Oy Technopolis Viestikatu 1-3, 8 500 shares, Kuopio	100,00	529
Oulun Teknoparkki Oy, 122 shares, Oulu	84,14	50
Oulun Ydinkeskustan Parkki Oy, 122 shares, Oulu	62,24	12
Technopolis Hitech Oy, 500 shares, Oulu	100,00	63
Technopolis Neudorf LLC, Pietari, Russia	100,00	17
Technopolis St Petersburg LLC, Pietari, Russia	100,00	27 159
Kiinteistö Oy Hermia, 12 561 shares, Tampere	63,89	9 621
Kiinteistö Oy Finnmedi 6-7, 12 573 shares, Tampere	100,00	3 000
Technopolis Baltic Holding Oü, Estonia	100,00	3
Total		**179 931**
Holdings in associates		
Iin Micropolis Oy, 500 shares, Ii	25,64	24
Jyväskylä Innovation Oy, 1 200 shares, Jyväskylä	24,00	12
Kiinteistö Oy Bioteknia, 31 121 shares, Kuopio	28,51	4 685
Kuopio Innovation Oy, 24 shares, Kuopio	24,00	37
Lappeenranta Innovation Oy, 1 000 shares, Lappeenranta	20,00	10
Technocenter Kempele Oy, 501 shares, Kempele	48,50	588
Total		**5 357**

	2010	**2009**
Other holdings		
Listed shares	5	7
Other shares	801	805
Apartment shares	2 937	2 937
Sampo mutual fund units	766	766
Total	**4 508**	**4 515**
Other receivables		
Other receivables, Jan 1	135	
Increases	5	135
Other receivables, Dec 31	**140**	**135**

Currency unit, EUR 1 000

	2010	2009
12. NON-CURRENT RECEIVABLES		
Other long-term receivables	1 130	
Other long-term receivables, total	**1 130**	
13. CURRENT RECEIVABLES		
Sales receivables from Group companies	583	140
Loan receivables from Group companies	17 263	
Adjusting entries for assets from Group companies	59	36
Other Group receivables	1 980	1 177
Sales receivables	1 904	1 339
Sales receivables from associates	23	9
Loan receivables from associates	70	
Adjusting entries for assets	784	805
Other receivables	370	100
Short-term receivables, total	**23 036**	**3 607**
14. CHANGES IN SHAREHOLDERS' EQUITY		
Share capital, Jan 1	96 914	96 914
Share capital, Dec 31	**96 914**	**96 914**
Premium fund, Jan 1	18 943	18 943
Premium fund, Dec 31	**18 943**	**18 943**
Restricted equity, Dec 31	**115 857**	**115 857**
Invested unrestricted equity fund, Jan 1	64 815	64 750
Acruied own shares	65	65
Issue premium	19 380	
Exercised options	1 109	
Invested unrestricted equity fund, Dec 31	**85 370**	**64 815**
Distributable funds, Jan 1	11 531	9 159
Dividends distributed	-8 602	-6 881
Consideration paid for own shares	-65	-65
Net profit for the year	10 963	9 318
Distributable funds, Dec 31	**13 828**	**11 531**
Unrestricted equity, Dec 31	**99 197**	**76 346**
Shareholders' equity, Dec 31	**215 054**	**192 203**
Distributable unrestricted equity, Dec 31	**99 197**	**76 346**

Currency unit, EUR 1 000

	2010	2009
15. ACCUMULATED APPROPRIATIONS		
Depreciation difference, Jan 1	21 420	17 276
Increase during the year	3 794	4 145
Depreciation difference, Dec 31	**25 214**	**21 420**
16. NON-CURRENT LIABILITIES		
Loans from financial institutions	299 401	302 438
Other liabilities	1 146	1 255
Non-current liabilities, total	**300 547**	**303 692**
Liabilities with a maturity of five years or longer	146 174	155 724
17. CURRENT LIABILITIES		
Loans from financial institutions	29 404	23 432
Advances received	2 569	2 539
Accounts payable	1 530	1 135
Liabilities to Group companies	1 962	911
Other current liabilities	12 946	411
Adjusting entries for liabilities	5 970	7 986
Current liabilities, total	**54 381**	**36 413**
18. ASSETS PLEDGED, CONTINGENT LIABILITIES AND OTHER LIABILITIES		
Mortgages of properties		
Loans from financial institutions	328 805	325 869
Mortgages given	320 999	322 999
Land lease liabilities		
Mortgages given	1 172	1 172
Other mortgage liabilities	925	925
Mortgages, total	**323 096**	**325 096**

Currency unit, EUR 1 000

Interest rate and currency swaps	12/31/2010 Nominal value	12/31/2010 Fair value	12/312009 Nominal value	12/312009 Fair value
Interest rate swaps, Nordea	33 333	-180	30 000	-94
Interest rate swaps, Sampo	25 000	-22	32 742	-358
Interest rate swaps, Pohjola	53 333	-1 000	45 000	-542
Interest rate swaps, Handelsbanken	25 000	-61		
Interest rate and currency swaps, total	**136 667**	**-1 263**	**107 742**	**-994**

	2010	2009
Pledged real estate shares		
Pledged real estate shares	150 361	146 923
GUARANTEES		
Collateral given on behalf of Group companies		
Guarantees	20 674	12 680
Collateral given on behalf of associates		
Guarantees	505	505

OTHER LIABILITIES

Liability to adjust value added tax on property investments

	5-year adjustment period 2007	10-year adjustment period 2008	2009	2010	Total
Property investment expense (net)	864	56 640	29 521	29 850	116 876
VAT on property investment	190	12 461	6 495	6 601	25 747
Annual share of VAT on investment	38	1 246	649	660	2 594
VAT deducted	186	12 396	6 474	6 555	25 611
Annual share of VAT deducted	37	1 240	647	656	2 580
Number of years remaining of the adjustment period	1	7	8	9	
Refundable amount of the deduction Dec 31, 2009	37	8 677	5 179	5 900	19 793
Liability to adjust VAT Dec 31, 2010					**19 793**
Liability to adjust VAT Dec 31, 2009					16 000
Change					3 793

Currency unit, EUR 1 000

	2010	2009
Project liabilities	**155**	**155**
Leasing liabilities for fixtures and fittings		
To be paid in the current financial year	1 320	749
To be paid later	2 238	1 034
Leasing liabilities for fixtures and fittings, total	**3 558**	**1 783**
Lease liabilities from investment properties, total value of minimum lease payments		
Not later than one year	1 977	1 888
Later than one year and not later than five years	8 629	8 247
Later than five years	32 589	34 303
Total	**43 195**	**44 438**
Present value of minimum lease payments of investment properties		
Not later than one year	1 285	1 242
Later than one year and not later than five years	5 975	5 763
Later than five years	29 630	31 122
Present value of minimum lease payments, total	**36 890**	**38 127**
Future financial expenses, total	6 306	6 311
Total amount of finance lease liabilities from investment properties	**43 195**	**44 438**

Equity/share

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

Return on Equity (ROE), %

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

Return on Investment (ROI), %

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

Equity Ratio, %

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

Interest Margin, %

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

Interest Coverage Ratio

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

Loan to Value, %

$$100 \times \frac{\text{Non-interest-bearing liabilities}}{\text{IFRS balance sheet value of investment properties (completed + in progress) on Dec 31}}$$

Net Debt/Equity (Gearing), %

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

Earnings/Share, basic

$$\frac{\text{Profit to parent company shareholders}}{\text{Average issue-adjusted number of shares during year}}$$

Earnings/Share, diluted

$$\frac{\text{Profit to parent company shareholders}}{\text{Average number of shares adjusted for dilutive effect during year}}$$

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

$$\frac{\text{Issue-adjusted number of shares on Dec 31}}{\text{Earnings/share}}$$

Effective Dividend Yield, %

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

Net Rental Revenue of Property Protfolio, %

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

Financial Occupancy Ratio, %

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

Like for like rental growth, %

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

Board of directors' proposal for the distribution of profits

The distributable funds of the parent company Technopolis Plc, totaling EUR 13,827,652, are available to the Annual General Meeting. The Board of Directors proposes that a dividend of EUR 0.17 per share be paid, totaling EUR 10,775,457. The Board proposes that the remainder be left in the retained earnings account.

Oulu, March 3, 2011

Pertti Huuskonen
Chairman of the Board

Matti Pennanen
Deputy Chairman of the Board

Teija Andersen
Member of the Board

Pekka Korhonen
Member of the Board

Timo Ritakallio
Member of the Board

Erkki Veikkolainen
Member of the Board

Keith Silverang
President and CEO

Auditor's report

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

To the Annual General Meeting of Technopolis Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Technopolis Plc for the year ended 31 December, 2010. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor's Responsibility

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

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

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

Opinion on the consolidated financial statements

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

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

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

Oulu, March 3, 2011
KPMG Oy Ab

Tapio Raappana
Authorised Public Accountant