TECHNOPOLIS

Annual Report **2011**

Technopolis Plc is a listed company that specializes in real estate, leasing business premises, and services. Its key business concept is to combine modern business support services with modern business premises and offer its customers business environments that can be adapted as required. There are approximately 20,000 people and almost 1,300 companies and organizations in Technopolis premises in Finland, Russia, and Estonia. The company's net sales for 2011 totaled EUR 92.8 million, and its EBITDA was EUR 47.5 million. The Technopolis Plc share (TPS1V) is listed on NASDAQ OMX Helsinki.

Strategy and Financial Objectives 2012–2016

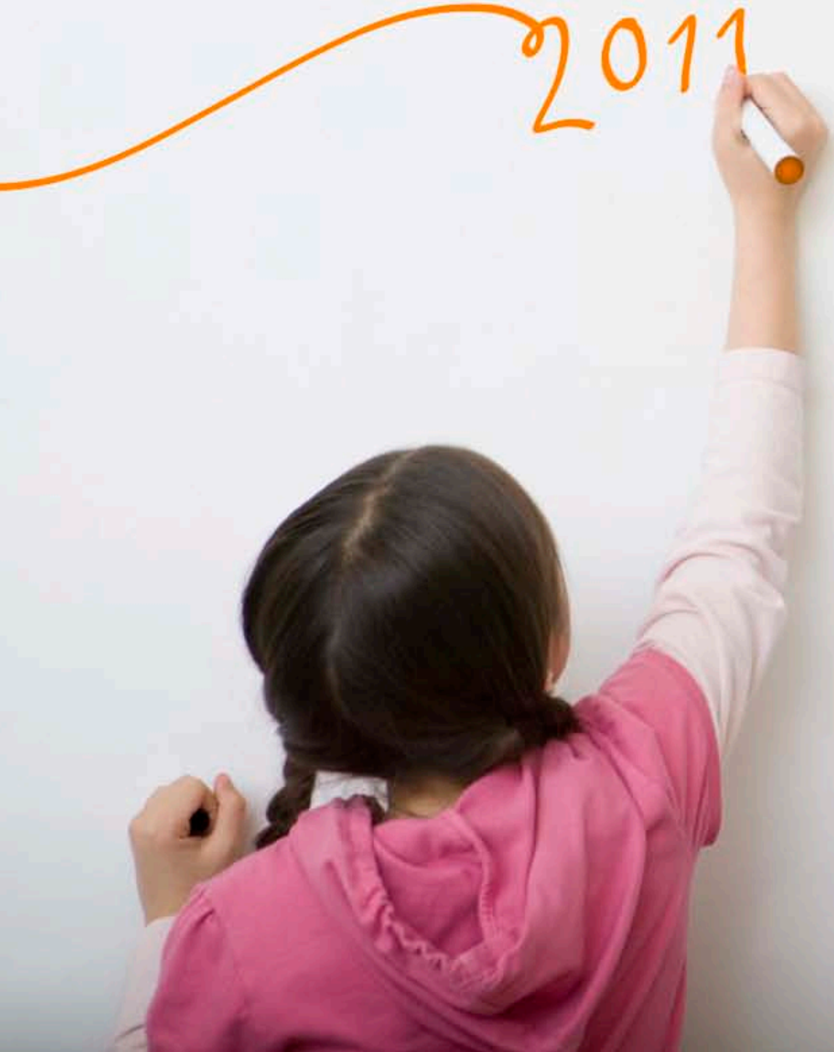
The company's Board of Directors confirmed the company's strategic targets for the period 2012–2016 in September. The goal is profitable growth through new customer segments and internationalization.

The company aims to strengthen the weight of healthcare and the education sector in its customer portfolio by investing in these segments and the special services needed by them. Technopolis aims at a customer portfolio diversified by business sector and geographically.

Technopolis has been continuously analyzing potential international investment targets in Europe for growth. The key criteria for potential acquisitions are the sufficient size and growth potential of the target, excellent location in growth centers, high-quality and flexible property portfolio, and positive cash flow. The customer base of the targeted property must be suitable for the Technopolis concept. In addition, the project must have a positive impact on earnings per share.

Financial targets are:

- annual average growth of 15% in net sales and EBITDA
- over EUR 50 million net sales outside Finland by 2016
- at least 6% return on capital employed annually
- equity ratio 35% over the cycle
- to distribute 40%–50% of net profit excluding changes in fair value as dividends.



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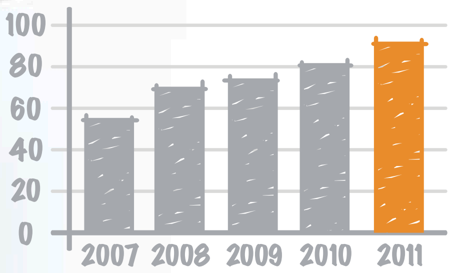
CEO's Review

I will always look back on 2011 as the year Technopolis showed what it's made of. Like everybody else, we had to cope with the aftermath of the 2008 meltdown. We weathered the seizing up of the financial markets, the deep recession that followed and the industry restructuring that followed that. We streamlined. We focused. We invested in our sales and service processes. We protected our occupancies. That was our short-term survival strategy. And it worked.

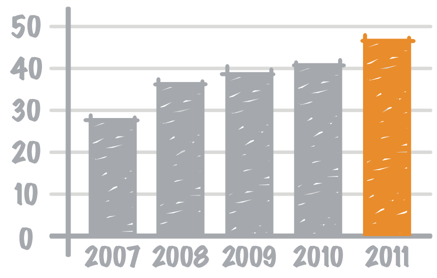
We had a long-term strategy too. We wanted to accelerate the diversification of our customer portfolio, as well as continue geographic diversification, but without giving up our tight focus on smart business centers. So we kept on investing. These included classic expansions of existing centers, as well as new types of projects in the health care and educational sectors. It also meant pushing forward in St. Petersburg and going ahead with the acquisition of our Estonian subsidiary in 2010.

In 2011 Technopolis began reaping the benefits of those investments starting with the company's financial performance. In 2011 net sales increased to EUR 92.8 million and EBITDA to EUR 47.5 million. The EBITDA level remained stable at 51.2% of net sales but improved by 14.8% and net sales by 14.4% compared to 2010.

Net Sales, EUR million



EBITDA, EUR million



Technopolis made good progress in executing its long-term strategy too. We successfully managed the restructuring of our customer portfolio in Oulu. We launched new growth projects within existing campuses. We completed and filled Pulkovo I in St. Petersburg – proving that Technopolis can successfully transplant its concept abroad. We successfully managed the integration of our Estonian subsidiary and made the joint venture work. Its strong financial performance made a significant contribution to the Group's overall EBITDA growth.

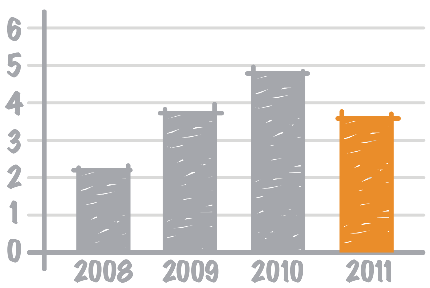
While all of this was happening Technopolis was also completing one small revolution and starting another. The successful launch of the Technopolis Finnmedi Center with its Patient Hotel and Eye Center will create a completely new template that we intend to replicate elsewhere. The framework agreement with the Savonia University of Applied science in Kuopio, if fully implemented, will be the first time in Finland that an entire university campus is integrated into a business park. These new sectors will balance Technopolis' portfolio and strengthen its service offering.

I'm proud of Technopolis' 2011 financial performance, of the talented and dedicated teams that made it possible and of our Board that had the wisdom and courage to set the company on the right path in the midst of a global economic crisis. And although we're not quite out of the woods yet, I'm certain that Technopolis is headed in the right direction and I'm confident about our prospects for 2012.

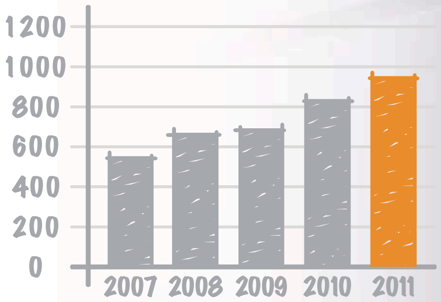
Keith Silverang

Keith Silverang
February, 2012

Interest Coverage Ratio



Total Assets, EUR million



Highlights and Key Investments in 2011

Fimea moves to Kuopio permanently. The Finnish Medicines Agency Fimea announced in January that it will lease a total of 3,200 square meters of Technopolis premises in Kuopio as its permanent office in accordance with the agreement between Fimea and Senate Properties. The facilities will be commissioned in phases by the end of August 2014.

Second phase of Innova commences. In January, Technopolis announced the construction of the second phase of Innova, close to downtown Jyväskylä. The office premises total approximately 10,000 square meters, and the investment amounts to approximately EUR 19.8 million. New tenants include Educluster Finland, the Central Finland Center for Economic Development, Transport and the Environment, and Respecta.

A greener Technopolis. In March, Technopolis adopted a new environmental strategy for 2011–2015. The key objectives include reducing energy consumption by 10%, water consumption by 8% and carbon dioxide emissions by 20% compared to 2010. Technopolis' sustainability efforts are presented in the annual report in more detail starting from page 21.

Savonia cooperation expands in Kuopio. The Savonia University of Applied Sciences concluded its first pre-agreement with Technopolis in April. The aim is for Savonia to lease a total of 33,000 square meters of premises in phases by 2015, with a lease period of at least 15 years.

Significant new project in Tampere. Technopolis launched the construction of the second phase of Yliopistonrinne in downtown Tampere in April. The floor area of the office premises totals approximately 7,900 square meters, and the gross area of the property is approximately 12,000 square meters. The cost estimate for the project is approximately EUR 22.5 million, with estimated completion in September 2012.

Significant agreements in Oulu. Technopolis signed an agreement spanning several years with Renesas Mobile Europe Oy in April. The company leases 11,700 square meters in Oulu Linnanmaa. The agreement also includes services. In May, Technopolis signed a 10-year lease with the Council of Oulu Region for premises of 1,500 square meters in Technopolis downtown campus in Oulu.

Technopolis Pulkovo fully let. In 2011 Technopolis signed several agreements in Pulkovo. The most significant was the two year agreement with the Russian engineering office Eltech Spb in May. In December 2011, the occupancy rate of the Pulkovo airport campus was 100%.

OP-Services moves to Elektroniikkatie. In August, Technopolis secured OP-Services Ltd., part of the OP-Pohjola Group, as its customer, leasing approximately 2,100 square meters of Technopolis Oulu premises in phases starting August 2011 until February 2012. The lease extends to 2016. The premises will house OP-Pohjola Group's mobile services and e-sales development unit and the ICT competence center.

Strategy and financial objectives for 2012–2016. In September, the company's Board of Directors confirmed the company's strategic targets for the period 2012–2016 as follows: annual average growth of 15% in net sales and EBITDA (previous annual objective 10%), over EUR 50 million in net sales

New growth Through Change

The structural change in the ICT industry has created a fertile climate for growth and an abundance of new business activity in the Oulu region. During the past year, Technopolis Oulu has won a number of significant Finnish and international ICT companies as its customers.

New leases have been signed for as much as 30,000 square meters, with total rentable premises in Oulu of 200,000 square meters. The leases are long-term and include many Technopolis services.

The huge ICT competence potential that has emerged in recent decades attracts companies to Oulu, and in the future it will continue to be one of the region's competitive advantages.

outside Finland by 2016, at least 6% return on capital employed annually, and equity ratio over 35% over the cycle. In addition, the company aims to strengthen the weight of healthcare and the education sector in its customer portfolio.

MoneyTalks® Forum wins acclaim. The Technopolis MoneyTalks® Forum funding matchmaking event won the Access to Finance category of the Enterprise Europe Network Best Practice Awards 2011. Read more on page 29.

Ericsson sets up in Oulu. Ericsson, the largest network manufacturer in the world, announced in September that it will establish an R&D center in Oulu. The company will lease 1,000 square meters for its center at Technopolis university campus in Oulu.

JOT lands on the Oulu airport campus. In October, Technopolis concluded a lease for facilities amounting to 4,407 square meters at the Technopolis airport campus on Lentokentäntie in Oulu. The lease will continue at least until fall 2015. JOT Automation is one of the world's leading suppliers of testing systems for the mobile phone and automotive industries.

First LEED Gold Level Certification. Phase 5B of Technopolis Helsinki-Vantaa was completed in May, and the project is the first Technopolis project to receive a LEED certificate. The building's environmental performance is excellent, and it qualified for Gold certification level. Only three new construction projects have previously qualified for Gold or Platinum certification level in Finland.

A prize-winning concept. In November Technopolis received a EUR 15,000 prize from the Teknologiasta Tuotteiksi (From Tech to Product) Foundation. In addition to its strong concept, Technopolis' successful internationalization in Russia and Estonia were given as reasons for the award.

New growth in Estonia. In December, Technopolis Ülemiste concluded an agreement with the Estonian Tax and Customs Board, which will lease 11,650 square meters for a period of ten years. As a result of the agreement, the Technopolis Ülemiste airport campus will be expanded. The expansion is estimated to be complete in October 2013.

Customers Value
the Technopolis Concept

Satisfied customers and high occupancy are strong evidence that the Technopolis concept works.

Technopolis' business idea is to combine premises and services into a carefully thought-out offering that supports the growth and success of customers. We continuously invest in the concept so that it can be seen in practice and the consistently high quality of services.

We measure our success with quarterly customer satisfaction surveys in which the decision-makers and contact persons in customer companies evaluate the different functions of Technopolis on a scale of 1 to 5.

Customer satisfaction is high. The customer surveys in 2011 brought high scores for Technopolis reception, staff, location and customer confidence in the growth of their business within

"Listening to customer needs and developing our operations ensure high customer satisfaction.

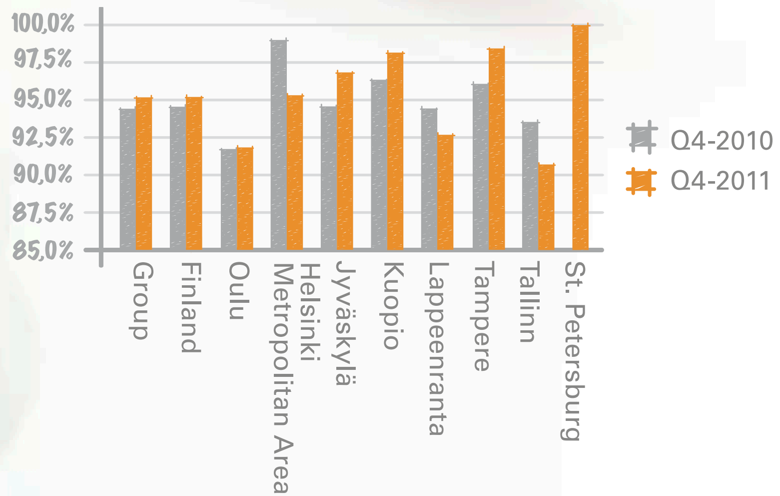
High-quality services and flexible premises are key elements in the concept on which our customer satisfaction is built.

Technopolis centers. Decision-makers were also ready to recommend Technopolis to other companies, with a top score of 4.

Customer surveys are an extremely important tool for us in the continuous development of our operations. We respond strongly to the feedback received – we aim at business environments that continue to meet and evolve according to the needs of our customers.

Good customer satisfaction supports high occupancy. Occupancy rates have developed very favorably, even in challenging market conditions, reaching 95% at the end of 2011.

Financial Occupancy Rate



"Healthcare is a strong future sector, and its significance is growing all the time.

A Diversified Customer Portfolio to Underpin Growth

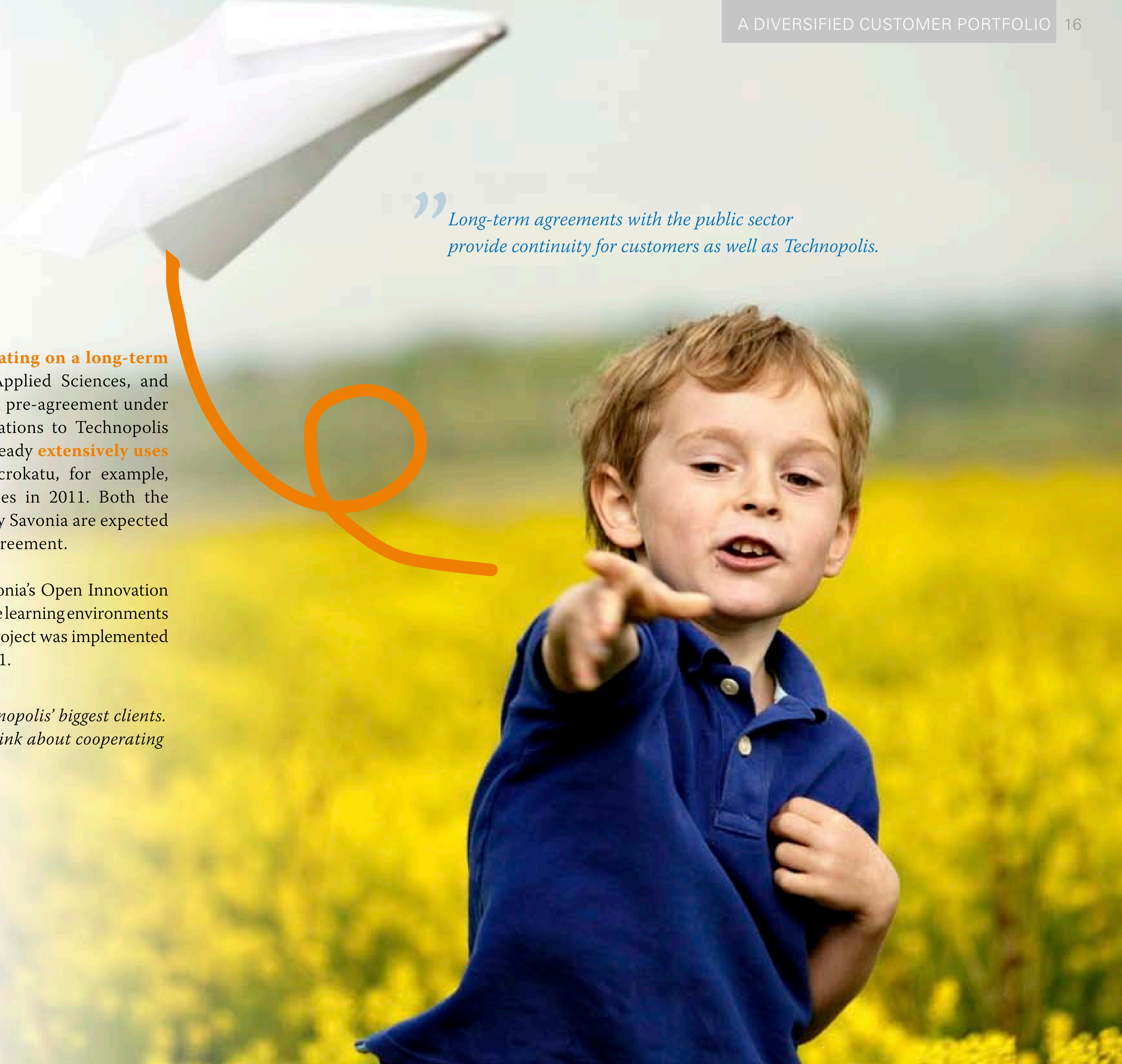
Increasing the weight of the healthcare and education sectors in the customer portfolio is a strategic objective for Technopolis. Practice has already shown that our concept works for these segments.

Finnmedi. The most significant investment in the healthcare customer segment that Technopolis has made is the innovative Finnmedi **campus for well-being services and life sciences** in Tampere. The main tenants are the Pirkanmaa Hospital District Eye Center where the Tampere University Hospital will centralize the treatment of eye diseases, and Norlandia Care's private Patient Hotel. The campus also includes a 2,000 square meter multi-tenant office complex.

The Finnmedi campus facilitates new and innovative business practices that will boost the productivity and cost-effectiveness of healthcare service processes. The Patient Hotel serves the patients of the Tampere University Hospital, which is located in the immediate vicinity of the Finnmedi campus. It also offers the Eye Center patient reception services, for example, and additional beds for the inpatient ward, if necessary. This type of cooperation – **unprecedented in Finland** – has generated significant interest in the healthcare sector in other cities around Finland, which could open the way for replication of the concept.

Technopolis Finnmedi

- completed in November 2011
- floor area approx. 13,000 m^2
- investment approx. EUR 28 million



Long-term agreements with the public sector provide continuity for customers as well as Technopolis.

Savonia. Technopolis Kuopio is **cooperating on a long-term basis** with the Savonia University of Applied Sciences, and **partnership has gradually deepened**. A pre-agreement under which Savonia will move all of its operations to Technopolis premises was drafted in 2011. Savonia already **extensively uses Technopolis services**. Technopolis Microkatu, for example, served more than 70,000 student lunches in 2011. Both the amount of services and the space leased by Savonia are expected to multiply exponentially with the new agreement.

Technopolis is also closely involved in Savonia's Open Innovation Space project, which is developing innovative learning environments for the future. The pilot classroom for the project was implemented on Technopolis Kuopio premises in fall 2011.

In Jyväskylä, the university is among Technopolis' biggest clients. What does a public sector organization think about cooperating with us?

Read more

Space & Premises

Technopolis has a total of 18 campuses: 16 in Finland, one in St. Petersburg, Russia and one in Tallinn, Estonia. Flexibility and a comprehensive service offering make it easy to operate and grow in Technopolis premises. Technopolis offers premises suitable for companies with just a couple of employees as well as for larger concerns with thousands of people. Our customers always have access to premises and services that meet their needs.

Flexible Space
in Strategic Locations

Technopolis campuses offer customers modern, high-quality business premises that can be flexibly adapted in strategic locations in eight key Finnish cities, as well as St. Petersburg and Tallinn.

All **Technopolis cities are growth hubs** that attract talent and companies. We operate centers in the Helsinki Metro Area, in the middle of the largest and most international market in Finland. Oulu, Tampere, Jyväskylä, Kuopio, and Lappeenranta are the main growth centers in their respective areas; Lappeenranta is also one of the most important gateways in Finland's trade with Russia.

The location of Technopolis campuses in these growth hubs is carefully planned. We want to offer our customers premises at prime locations – **an excellent location that makes the operations of companies easier and supports their growth.**

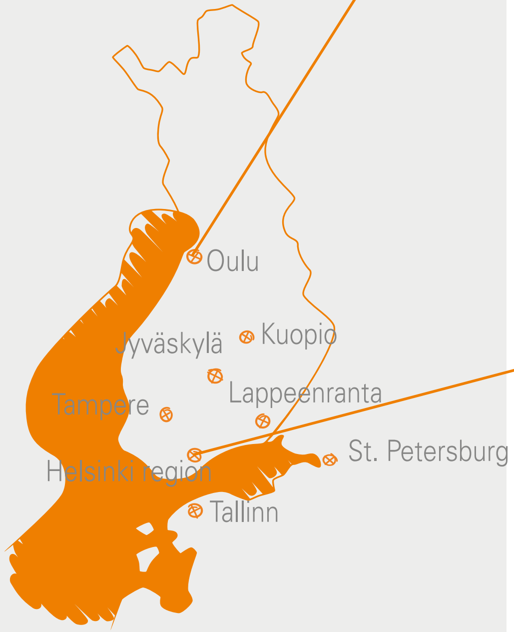
At our university campuses innovative companies can benefit from cooperation with the nearby universities' research and development as well as recruiting the best experts. Especially service companies can benefit from our **downtown campuses** central location and closeness of other services. Our **airport campuses** make business travelling easy. They are ideal locations for companies operating internationally.

International Technopolis Campuses

The Technopolis international growth strategy includes our airport campuses in St. Petersburg and Tallinn. In addition to an excellent location, they offer local and international companies modern premises in an innovative business environment with excellent services. Finnish and international companies can rely on the familiar premium Technopolis concept of services that support entry in new markets.

St. Petersburg is the second largest city in Russia, a rapidly growing economic region, a gateway for international trade and center of high-quality universities. Technopolis Pulkovo is located close to the St. Petersburg international airport. Customer companies include Russian and international IT and engineering companies as well companies that provide services to them. The occupancy rate of the Technopolis Pulkovo premises was 100% at the end of 2011. Pulkovo has already established a reputation as a Western Standard-meeting harbor for both domestic and international companies that want to operate in a stable business environment.

Tallinn is the hub of Estonian business and a lively student center. The premises of the joint venture Technopolis Ülemiste founded in October 2010 are located close to the Tallinn International Airport. Technopolis Ülemiste is the most important cluster of ICT companies in Tallinn and has an excellent customer base as well as excellent growth potential thanks to building rights for almost 150,000 square meters. In December 2011, the company concluded a ten-year agreement with the Estonian Tax and Customs Board, and the campus will be expanded by 29,650 square meters as a result. The deal also signals the beginning of a push to diversify the campus' customer mix, as we bring in additional public sector players, as well as health care and educational sector players.



Oulu

Technopolis Laanila campus
Growing competence center in the water and environmental sector.

Technopolis Lentokentäntie airport campus
A dynamic technology center in the immediate vicinity of the airport.

Technopolis Linnanmaa university campus
One of the most significant technology development centers in Finland, close to VTT Technical Research Center of Finland and the University of Oulu.

Technopolis City Center downtown campus

Technopolis Kontinkangas campus
A unique growth center in medicine and software development, close to the university hospital.

Helsinki region

Technopolis Helsinki-Vantaa airport campus.
An excellent location for international companies and companies that are going international operations in Finland. Best direct European connections non-stop to Asia.

Technopolis Ruoholahti downtown campus
Close cooperation with Aalto University and proximity to leading ICT companies in the district.

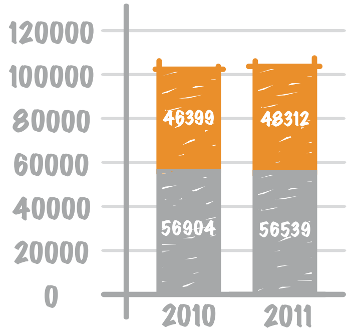
Technopolis Innopoli campus
A business environment for top professionals at the heart of Finland's largest and internationally best-known technology hub.

Sustainable
Technopolis

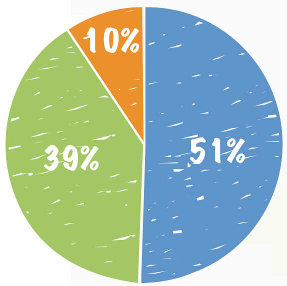
The Technopolis environmental strategy has a clear objective: to offer our customers business environments that are more environmentally-sustainable and energy-efficient than ever.

Technopolis will utilize its own environmental strategy for 2011–2015 as its sustainability guideline. The **main objectives of the strategy** are to reduce our properties' energy consumption by 10%, water consumption by 8% and carbon dioxide emissions by 20%. The same ambitious objectives also apply to international

Energy Consumption, Finland



Primary Energy Sources of Electricity 2011



Sustainable business environments and services provide Technopolis customers with significant value.

Technopolis campuses, offering us an excellent opportunity to be **a pioneer in environmentally-sustainable buildings** in St. Petersburg and Tallinn.

Eco-efficiency is already an important criterion for many customers in choosing their premises, and its importance as a decision-making tool will increase in the future. For Technopolis, compliance is therefore an essential factor that **enhances the company's competitiveness.**

LEED environmental certification will be pursued for all new Technopolis projects as well as existing buildings where feasible, and we are aiming at the WWF Green Office label for our own offices. We will develop our environmental and social responsibility reporting in accordance with the GRI guidelines. Our objective is to increase the offering of green Technopolis services, which will support our customers' projects to improve the environmental sustainability of their offices.

Main objectives of our environmental strategy:

energy consumption
-10 %

water consumption
-8 %

carbon dioxide emissions
-20 %

The sustainability of new projects can be ensured with **environmentally responsible design and construction management**, but Technopolis also takes care of the condition and appropriate maintenance of its existing properties, thereby ensuring their ecological and energy efficiency. Thanks to systematic modernization measures and green investments, the **value of these properties will be retained and the operating costs controlled.** Even small measures, such as HVAC adjustments, time-controlled lighting and motion detectors, can produce more comfortable and productive environments where our customers can thrive.

Green Actions in 2011

100% green electricity. Technopolis decided to increase the share of green electricity generated with renewable energy sources from 45% to 100% from the beginning of 2012. Initially, green electricity will be offered at all Technopolis campuses in Finland.

Cutting the carbon footprint in half. The second phase of Innova in Jyväskylä is designed so that the building's carbon footprint can be cut in half. This was achieved through energy columns that utilize geothermal energy for cooling and heating, a comprehensive ARE Sensus low-energy building system and the purchase of green electricity.

Read more

Technopolis' Environmental Responsibility 2011 report

Business services

Technopolis offers a diverse range of business services in its centers that provide added value. They can help customers streamline their operations and cut costs in an eco-efficient way.

Business Services
that Boost Efficiency & Productivity

High-quality services can be a decisive factor in the customers' decision to select Technopolis' business environments.

In addition to highly flexible premises, Technopolis business services adapt to the changing needs and personnel resources of our customer companies. Customers choose which services they outsource to Technopolis at any given time.

Customers can choose from services related to the maintenance of the premises to comprehensive **turnkey solutions**, allowing them to focus maximally on their core competences. Technopolis takes care of everything else, either in-house or in collaboration with the best partners in the field. Additional services, such as catering, conference and videoconference services, can be booked and used as necessary.

"Technopolis customers can match business services to the fluctuations of the business cycle.

Using Technopolis business services is a **significant cost-effectiveness option** for our customers compared to in-house management of services. High-quality and versatile services that are jointly implemented can translate into significant savings and flexibility. The service packages are also easy to buy and modify, as the customer gets all the required services from **a single service point.**

Towards Superior Customer Service

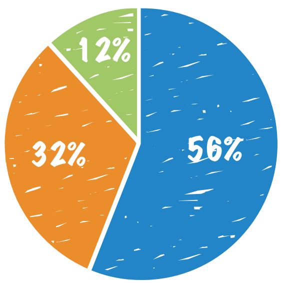
High-quality customer service goes to the heart of Technopolis

When visitors arrive at a Technopolis campus, friendly and skilled reception staff plays a key role in creating a positive first impression. For most customers, reception is the most visible and familiar part of the Technopolis service package, and they interact with it every day. **The service is also highly valued:** customer satisfaction with Technopolis reception services is excellent on any scale you measure it by.

New!

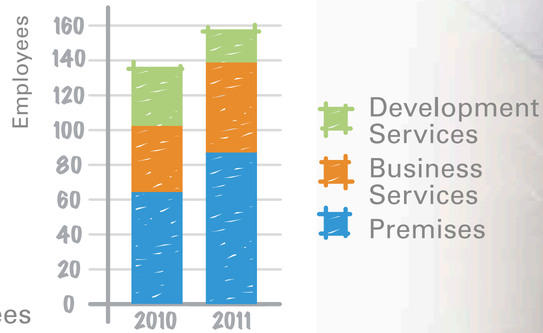
Technopolis customer service points offer service both locally and in a centralized way – and soon also virtually! The virtual reception desk planned for phase II of Technopolis Ruoholahti will complement personal reception services.

Employees on Average 2011



Premises, 89 employees
Business Services, 50 employees
Development Services, 19 employees

Employees on Average



"Technopolis wants to offer the customer a superior service experience – exceeding the customer's expectations in every encounter.

Positive feedback is not, however, permission to become complacent. On the contrary: it encourages us to invest even more in the continuous development of the content and quality of the service.

The focus on premium-quality service was also the reason for Technopolis hiring as many as 15 new customer service professionals for reception services in 2011. Therefore, an increasing number of Technopolis' in-house, committed and motivated staff is working in the lobbies of our sites.

The focus in **all personnel development** is on the internalization of Technopolis' strategy, service concept and service identity at all levels of the organization. Standardized operating methods, the right attitude to work and an in-depth understanding of customer needs guarantee our customers the same high-quality service at all Technopolis locations.

Hilkka Tapanila

Customer Service Agent

Teknologiantie 1, Oulu
Has worked at Technopolis reception for 9 years

"My work is very diverse and it changes all the time, which keeps your mind sharp. The more challenging the task, the more interesting it is!

The best thing about my work is being able to interact with people and help them – both customers and colleagues. Even though we work at different sites, we have a good spirit and we have a can-do attitude. I also appreciate being involved in developing my own work on a continuous basis.

Those working at Technopolis reception must be service-oriented, have a positive attitude and the courage to take on any task. It's often the smallest things that are extremely important to a customer, and that is why we work hard to meet every service request carefully."

Development Services

Technopolis offers companies a world-class service for fundraising, networking, and development of innovations. We assist our customers in finding opportunities for new growth in all phases of business operations.

Matchmaking Means Networks for Growth

Technopolis matchmaking services help growth companies to find the critical elements required for faster and more cost-effective growth.

Promoting the growth of our customers is important to us, since it **strengthens Technopolis' own growth strategy** while supporting the favorable development of our entire customer base. Companies that have succeeded in growing their operations may lease additional premises at Technopolis campuses, partner with our customer companies and increase their use of our business services as a result of their growth.

The Technopolis **MoneyTalks® Forum** won significant international recognition from the Enterprise Europe Network in 2011. Our corporate financing matchmaking event, arranged twice a year, was recognized as an excellent concept that promotes networking between companies and venture capitalists. The award will increase the awareness of the Money Talks® Forum and create even better opportunities for our customer companies to find international financing through the event.

In addition to its own matchmaking efforts, Technopolis is involved in **extensive cooperation** with other parties that share our interest in promoting international capital investment activity in Finland. In January 2011, for example, Technopolis arranged the first **Enterprise Finland Venture Forum**, in cooperation with Finnish Industry Investment, the Finnish Funding Agency for Technology and Innovation (Tekes), and Finnvera. The event, which generated a lot of international interest, will be continued in 2012.

67
Technopolis' own matchmaking events in 2011

3 034
Total number of participants at matchmaking events in 2011

483
Number of matchmaking meetings with investors at MoneyTalks® and MoneyTalks® Forum events

High-profile collaboration **nurtures and strengthens Technopolis' own networks.** It also complements the matchmaking services we offer our customer companies. Mainly start-ups seek funding through the MoneyTalks® Forum, while the Enterprise Finland Venture Forum is aimed at companies already experiencing strong growth. This way, **we can support the success of our customers in all of the phases of their life cycle.**

Innovation Mill program has consolidated its position as an excellent way to create new growth companies.

Read more

New Matchmaking Projects in 2011

The International VC Zone service provides technology-focused international venture capitalists with an easier way to conduct business in the Finnish market by, for example, arranging meetings with select companies. Technopolis provides the service in cooperation with Greater Helsinki Promotion.

TalentMatch is a completely unique talent matchmaking mechanism that seeks to match the needs of growth companies and talented international professionals residing in Finland. The joint project between Technopolis and Otaniemi Marketing will be piloted during spring 2012.

Corporate Governance

Governance and decision-making at Technopolis Plc complies with the Finnish Limited Liability Companies Act, the guidelines and provisions for listed companies published by the NASDAQ OMX Helsinki Ltd and the Financial Supervisory Authority, the Articles of Association of the company, and the Finnish Corporate Governance Code for listed companies, issued by the Securities Market Association. The Code is publicly available on the web page of the Securities Market Association at www.cgfinland.fi.

The company's administrative structure is based on the bodies pursuant to the Limited Liability Companies Act: the General Meeting of shareholders, Board of Directors, and CEO. In its work, the Board of Directors is assisted by the Board Committees, and the Management Team assists the CEO in the management of the company's operations. In addition, the company has a Shareholders' Nominating Committee established by the Annual General Meeting 2011.

General Meeting of Shareholders

The General Meeting of shareholders is the highest decision-making body in Technopolis. The Annual General Meeting of Technopolis is held each year by the end of May. The matters to be dealt with by the Annual General Meeting are laid down in the Limited Liability Companies Act and the company's Articles of Association. They include adopting the financial statements, resolutions on the use of profit for the financial period and dividend payout, discharging the members of the company's Board of Directors and the CEO from liability, election of the Board members and auditors and resolutions on their fees. The Annual General Meeting may, as proposed by the Board of Directors or a shareholder, also decide on other matters falling under the authority of shareholders' meetings in accordance with the Limited Liability Companies Act. Extraordinary General Meetings are held as convened by the Board of Directors as deemed necessary for decision-making purposes.

Convening and arranging the shareholders' meeting complies with the provisions of the Limited Liability Companies Act and the recommendations of the Code. Technopolis publishes notice of a shareholders´ meeting as a stock exchange release and on the company's website.

Shareholders' Nominating Committee

The Annual General Meeting on March 30, 2011 established the Nominating Committee to prepare proposals on the composition and remuneration of the Board of Directors for the next Annual General Meeting.

The Nominating Committee is composed of the Chairman of the Board of Directors and three members representing the three largest shareholders, who may not be members of the Board of Directors of the Company. The member appointed by the largest shareholder acts as Chairman of the Committee. The right to nominate Committee members who represent shareholders lies with those three shareholders whose share of all the votes in the company is the largest on October 1 preceding the next annual general meeting. Should a shareholder not wish to use their nomination right, the right to nominate is transferred to the next largest shareholder.

The members of the Nominating Committee are Risto Murto, Executive Vice President of Varma Mutual Pension Insurance Company; Harri Sailas, President and CEO of Ilmarinen Mutual Pension Insurance Company; and Timo Kenakkala, Deputy Mayor of the City of Oulu, as well as Pertti Huuskonen, chairman of Technopolis Plc's Board of Directors, in accordance with the shareholding situation on October 1, 2011. Risto Murto acts as chairman of the Nominating Committee.

The term of office of the Nominating Committee shall continue until a new Nominating Committee is appointed, unless the general meeting resolves otherwise. The nominating committee also prepares the above-mentioned proposals for extraordinary general meetings, if needed.

Board of Directors

According to the Articles of Association, the company's Board of Directors comprises at least four and at most seven members. The Annual General Meeting annually elects the company's Board of Directors, whose duties and term of office are determined by legislation, the Articles of Association and the Rules of Procedure of the Board of Directors. In accordance with the Articles of Association, the shareholders' meeting also elects the Chairman and the Vice Chairman of the Board. The term of the Board members expires at the end of the next Annual General Meeting following the election.

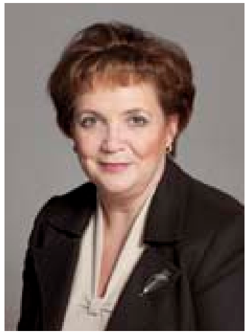
A majority of the Board members must be independent of the company. Furthermore, at least two of the members in the above-mentioned majority must be independent of the major shareholders of the company. The Board of Directors annually evaluates the independence of its members and declares who of them are independent of the company and who are independent of major shareholders. The Board promotes the interests of the company and all of its shareholders in all of its activities.

The Board is responsible for the administration of the company and appropriate organization of operations. In addition to its statutory duties, the Board of Directors of Technopolis has ratified Rules of Procedure on the division of work between the Board of Directors, its Chairman, the Board Committees, the CEO and the Management Team.

The tasks of the Board include deciding on the company's strategy, business structure and significant organizational solutions; ratifying the budget and guidelines according to which risk management and internal control at Technopolis will be arranged; supervising the sufficiency, appropriateness and effectiveness of the company's administrative processes; and ratifying the authorizations and guidelines concerning the company's reporting system and investment of assets. The Board also decides on acquisitions and divestment of real estate investment assets and investments, as well as other matters that are

Pertti Huuskonen

Carl-Johan Granvik



Teija Andersen

Pekka Korhonen

Matti Pennanen

Timo Ritakallio

unusual and far-reaching considering the extent and quality of the company's field of activities, appoints the CEO and members of the Management Team and decides on their areas of responsibility and remuneration, ratifies the principles applied to the remuneration of the personnel and incentive schemes, and decides on the company's short-term and long-term reward schemes and key employees' successor plan. The Board defines the company's dividend policy and makes the profit distribution proposal to the Annual General Meeting.

Technopolis' Annual General Meeting held on March 30, 2011 decided to elect the following persons as Board members:

Pertti Huuskonen

M.Sc. (Eng.), MKT, eMBA, born 1956, Board member since 2008, full-time Chairman of the Board 2008–2011 and Chairman since March 30, 2011.
He is the CEO of the investment and consulting company Lunacon Oy and an advisor and a lecturer at the University of Oulu, Oulu Business School. Previously, he served as the President and CEO of Technopolis Plc in 1985–2008 and Managing Director of Vakote Ltd, a machine automation company that he founded. He is the Chairman of the Board of Lap-Ti Invest Oy and a member of the Board of the newspaper company Kaleva.

Carl-Johan Granvik

M.Sc. (Econ.), born in 1949, Board member and Vice Chairman from March 30, 2011.
He has served Nordea Bank Plc and its predecessors for his entire career, most recently before his retirement as Head of Group Credit and Risk Control, Country Senior Executive in Finland, member of Group Executive Management and Executive Vice President at Nordea Bank Plc. He is the Chairman of the investment committee of Sponsor Fund II Ky and a member of the board of several foundations.

Teija Andersen

M.Sc. (Agriculture and Forestry), eMBA, born in 1957, has served as Board member since 2009.
Currently she is the CEO of Adviso TMA Oy. Previously she has served in positions such as Strategic Marketing, Brand and Development Director of the Fazer Group and Business Director of Fazer Amica. She is also a member of the Board of Diacor Terveyspalvelut Ltd, Paletti Ltd, and the Association of Finnish Advertisers.

Pekka Korhonen

LL.M, M.Sc. (Theol.), born in 1952, has served as a Board member in 2007–2008 and since 2010.
He is the CEO of NV Kiinteistösijoitus Oy and NV Property Fund I Ky. Previously, he served as Managing Director and Investment Manager of OP Bank Group Pension Fund and OP Bank Group Pension Foundation between 1986 and 2010.

Matti Pennanen

M.Sc. (Civil Engineering), born in 1951, Board member since 2005, Vice Chairman of the Board 2005–March 30, 2011.
He is the Mayor of Oulu, having earlier been Deputy Mayor. Previously, he served in various positions with Palmberg-Rakennus Ltd and YIT Corporation Ltd in Finland and abroad. He is currently a presenting official with the new Oulu Merger Governing Board, Chairman of the Oulu Regional Government and a member of the Board of the Oulu University Scholarship Foundation and the Finnish Port Association.

Timo Ritakallio

LL.M, MBA, born in 1962, has served as a Board Member since 2008.
He is Deputy CEO of Ilmarinen Mutual Pension Insurance Company. Previously, he served as Deputy CEO of Pohjola Bank Plc, Vice Chairman of the Group's Executive Committee, and prior to that as Vice Chairman of the OKO Group's Executive Committee and a member of the Management Board. He is also a member of the Board of Outotec Plc.

During 2011, all members of the Board, excluding Pertti Huuskonen, were independent of the company and all members of the Board were independent of major shareholders.

During the financial period 2011, the Board convened 10 times. The average attendance rate was 96.7%.

The remuneration and meeting fees of the Board totaled EUR 321,000 in 2011, including the value of shares conveyed as part of annual remuneration. Part of the Board members' annual remuneration is paid as shares purchased on the market, because long-term and increasing shareholding by Board members is to the benefit of all shareholders. The General Meeting of shareholders decides on the remuneration of the Board.

Shareholdings by the Board members are presented under ”Management shareholdings” in the annual report. The remuneration of Board members has been presented in detail in Note 22 to the consolidated financial statements, ”Related Party Transactions” (page 73).

Board Committees

In order to make Board work more efficient, the Board has established two committees formed from its existing members: the Audit Committee and the Remuneration Committee, which prepare matters that fall under the scope of the Board's duties and decision-making authority. The Board of Directors elects the chairmen and members of the committees at its first organizational meeting. The committees have a minimum of three members. The committee members must have the expertise and experience required by the duties of the committee.

The chairman of the committee reports to the Board on each meeting, and minutes of the committee meetings are sent to all Board members.

Audit Committee

The Board of Directors has an Audit Committee that supports the Board in matters pertaining to financial reporting and control. The members of the Committee must be independent of the company and at least one member must be independent of major shareholders. At least one member of the Committee must have sufficient expertise and experience in accounting, bookkeeping or auditing. The Committee convenes a minimum of four times a year.

The key duties of the Audit Committee include monitoring the company's financial reporting and the auditing of the financial statements, monitoring the efficiency of internal control and risk management systems and reviewing the internal audit plans and reports, and evaluating the independence of the auditor and audit firm and, in particular, the provision of related services to the company. Furthermore, the Audit Committee reviews the annual Corporate Governance Statement and prepares the proposal for resolution on the election of the auditor to the shareholders' meeting.

The members of the Audit Committee from March 30, 2011, were Timo Ritakallio (Chairman), Carl-Johan Granvik, and Pekka Korhonen. During the financial period 2011, the Audit Committee convened eight times. The average attendance rate was 100%.

Remuneration Committee

The Board of Directors has a Remuneration Committee which supports the Board in the review of matters pertaining to the appointment and remuneration of the company management and the preparation of the company's remuneration systems. A majority of the Committee members must be independent of the company. The Remuneration Committee convenes at least once per year.

The key duties of the Remuneration Committee include preparing matters pertaining to the appointment and remuneration of the CEO and other executives of the company and identifying their successors, assessing the successor planning process pertaining to company management and other key employees, and preparing and developing the company's remuneration schemes.

The Committee acted as a joint Nomination and Remuneration Committee until the 2011 Annual General Meeting.

The members of the Remuneration Committee from March 30, 2011, were Pertti Huuskonen (Chairman), Teija Andersen, and Matti Pennanen. During the financial period 2011, the Remuneration Committee convened six times. The average attendance rate was 100%.

Chief Executive Officer and Management Team

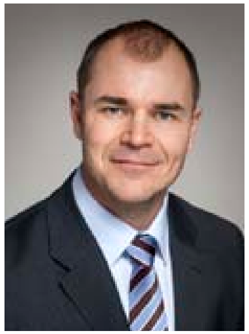
Management Team December 31, 2011


Keith Silverang


Reijo Tauriainen


Marko Järvinen


Satu Eskelinen


Sami Juutinen


Kari Kokkonen


Jukka Rauhala

The CEO is responsible for the supervision and control of the company´s routine operations in accordance with the Limited Liability Companies Act and authorizations and guidelines issued by the Board. The CEO is appointed by the Board of Directors.

The central duties of the CEO include supervising compliance with the strategic plans ratified by the Board and seeing to the implementation of the decisions made by the Board within the limits of the investment policy. The CEO ensures that the Board members continuously receive the information required for monitoring the company's financial position, financial standing and development, as well as significant events, decisions and future projects related to the company's business. The CEO is also responsible for the appropriate preparation of the meeting materials reviewed by Board meetings, and he attends Board meetings, presenting the matters to be dealt with.

Chief Executive Officer

Mr. Keith Silverang, BA, MBA, born in 1961, has served as President and CEO of Technopolis Plc since 2008. He has served Technopolis since 2004 as, among other positions, Vice President in charge of the Helsinki Metropolitan Area, and CEO of Technopolis Ventures Ltd. Previously, he has been Vice President and Director of the Training Division of AAC Global Ltd., Manager with the Hackman group and CEO of Oy ICS Ltd.

CEO Keith Silverang was paid a basic salary, including fringe benefits, of EUR 300,000 in 2011. This amount includes EUR 73,000 of bonuses earned for the period January 1–December 31, 2010.

Management Team

The Company has a Management Team that assists the CEO. Members of the Management Team are appointed by the Board of Directors at the proposal of the CEO. The Management Team must have a minimum of three members, and the CEO acts as the chairman of the Management Team meetings. The Management Team convenes as necessary when summoned by its chairman. The Management Team prepares necessary draft resolutions for the Board on company strategy, development and investments and enforces the decisions. The Management Team prepares the company's budget to be presented to the Board and supervises matters relating to the realization and profitability of the company and its business units and other matters which are topical from the point of view of the company's business. The Management Team also handles, among other things, matters relating to the company's personnel policy and internal communication, with the aim of promoting the flow of information and cooperation between the different parts of the organization.

The members of the Management Team are as follows:

Mr. Reijo Tauriainen, M.A., born in 1956, Chief Financial Officer. He also serves as the company's Deputy CEO. He joined the Group in 2004. Previously, he served as CFO of Flextronics ODM Finland Oy.

Marko Järvinen, M.Sc. (Eng.), born in 1970, Director, Finnish Operations and Director, Sales and Marketing. He joined the Group in 2006 and has served as, among other things, Vice President in charge of the Helsinki Metropolitan Area. Previously he served as a human resources development consultant for Mercuri International, as well as a variety of domestic and international sales jobs.

Satu Eskelinen, M.Sc. (Eng.), born in 1961, Vice President in charge of the Group's Tampere operations. She joined the Group in 2007. Previously, she served as head of the consulting and technology unit of Solteq Plc, as regional director of Elisa Corporation and as marketing director and managing director of Soon Com Ltd.

Sami Juutinen, LL.M., ML, born 1972, Director, International Operations. He joined the Group as of February 14, 2011. His previous positions include several roles within KONE Group, most recently as director with responsibility for the service business and business development in the company's operations in the Middle East.

Kari Kokkonen, M.Sc. (Eng.), born in 1963, Director, Real Estate Operations. He joined the Group in 2008. Previously he has served Saraco D & M Ltd as a partner and a consultant. He has also worked at NCC in development projects and building projects.

Jukka Rauhala, M.Sc. (Eng.), born in 1959, Director, Development Services. He joined the Group in 2010. Previously he served as Chief Operating Officer, among other roles, in Hewlett-Packard and Nokia Networks. He has also served as a partner with Nordic Venture Partners.

Management shareholdings, December 31, 2011

Members of the Board of Directors held Technopolis Plc shares and option rights as follows on December 31, 2011:

Shares and options in Technopolis Plc held by members of the Board of Directors on December 31, 2011 were as follows:

		Shares	Options 2007A	Options 2007B	Options 2007C
Huuskonen Pertti	Chairman of the Board	132 117	170 000	170 000	140 000
Pennanen Matti	Vice Chairman	18 671			
Andersen Teija	Board Member	11 976			
Granvik Carl-Johan	Board Member	13 899			
Korhonen Pekka	Board Member	11 879			
Ritakallio Timo	Board Member	14 089			
Total		**202 631**	**170 000**	**170 000**	**140 000**

The CEO and members of the Management Team held Technopolis Plc shares and option rights as follows on December 31, 2011:

Shares and options in Technopolis Plc held by the CEO and members of the Group Management Team (GMT) on December 31, 2011 were as follows:

		Shares	Options 2007A	Options 2007B	Options 2007C
Keith Silverang	CEO	2 000	50 000	70 000	120 000
	GMT	18 009	87 500	95 000	143 000
Total		**20 009**	**137 500**	**165 000**	**263 000**

On December 31, 2011, the members of the Board of Directors, the CEO, members of the Group Management Team and their controlled entities held a total of 222,640 shares outstanding in Technopolis Plc, equivalent to 0.4% of the total capital stock.

Current information on the management and Board of Directors shareholdings in the company is available on the Technopolis website at www.technopolis.fi/for_investors.

Technopolis' remuneration schemes

The company's Board of Directors confirms the remuneration and other benefits paid to the CEO and other Management Team members and decides on the company's incentive schemes. Annual performance bonuses based on the company's result and personal performance may be paid to the management and personnel. In addition, the CEO, other Management Team members and a number of other key employees in the company are covered by the long-term share-based incentive scheme and 2007 option program aimed at the personnel. Current information on the company's remuneration schemes can be found in the "Remuneration Statement" on the Technopolis website at www.technopolis.fi/for_investors.

Insiders

Technopolis complies with the insider guidelines issued by the Helsinki Stock Exchange, in addition to which Technopolis has prepared its own insider guidelines to specify company-specific insider administration procedures and policies.

At Technopolis, statutory insiders with the duty to declare include the members of the Board of Directors, the CEO and his deputy, the company's responsible auditor, and members of the Management Team as company-specified other members of the senior management. Information on the shareholdings and trading of these statutory insiders and their related parties is public. Information on the shareholdings and trading of statutory insiders is available on the company's website at www.technopolis.fi/for_investors.

Technopolis' permanent, non-public, company-specific insider register includes persons who, on the basis of their position, employment or other contractual duties, regularly receive insider information. At Technopolis, such persons include the secretaries and assistants of the Board members, of the CEO and the Management Team members, persons who are responsible for the company's finances and financial reporting, financing, investment and development activity, Group communications and investor relations, legal affairs, IT functions and internal audit.

The company also keeps "project-specific" insider registers as necessary as part of the company-specific insider register on such confidentially prepared matters or arrangements which can be considered projects in accordance with the criteria specified in the rules of the Helsinki Stock Exchange and which, should they materialize, could have a significant impact on the value of Technopolis shares.

The insider register of Technopolis, both with regard to statutory insiders with the duty to declare and permanent company-specific insiders, is maintained in Euroclear Finland Ltd's NetSire system. The company's project-specific registers are maintained by the company.

Technopolis recommends that its statutory and permanent company-specific insiders make long-term investments in securities issued by the company and that trading be timed to take place at a time when the market has as comprehensive information as possible on matters influencing the value of the shares. The company's statutory and permanent company-specific insiders are required to always ask the company's person in charge of insider administration for an assessment of the compliance of the transaction with law and guidelines prior to trading. The company's statutory insiders or insiders included in the permanent company-specific insider register may not trade in Technopolis shares or securities entitling them to subscribe for shares for a period of 21 days preceding the publication of the company's financial statements or interim report. The company has the information entered in the register checked by the statutory insiders entered in the public insider register at least once a year and supervises trading by insiders on the basis of Euroclear Finland Ltd's register data on an annual basis.

Internal control, risk management and internal audit

Risk management is part of the company's internal control. The purpose of risk management is to ensure the achievement of the company's business objectives and identify, evaluate and measure significant risks and uncertainties, as well as monitoring them as part of the day-to-day management of business operations.

The Technopolis Board of Directors regularly monitors and evaluates risks related to the company's business operations and the business environment and reports on them in accordance with the legislation and other regulations applicable to the company.

As part of risk management, the efficiency of the company's internal control and risk management processes is evaluated by way of internal audits. In addition to the statutory audit, the Audit Committee and the Board of Directors annually specify an audit plan concerning the various functions and processes of the company. The audit functions pursuant to this plan are organized to be carried out separately from the company's statutory audit so that the persons employed by the audit firm who conduct the internal audit may not be the same persons responsible for the company's actual audit. The audit is reported on to the CEO, the Audit Committee and the Board of Directors.

In the annual report, a description on internal control and risk management can be found in the Board of Directors' report on page 49 and the notes to the financial statements on page 68. During the financial period, detailed information on risk management is available in the most recent Interim Report.

Auditor

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

The Annual General Meeting held on March 30, 2011, re-elected KPMG Oy Ab, authorized public accountants, as the auditor of the company. KPMG Oy Ab has stated that Tapio Raappana, APA, will act as the Auditor-in-Charge. KPMG Oy Ab has been the company's auditor with Tapio Raappana, APA, as the Auditor-in-Charge since March 2006. In 2011, the auditor was paid EUR 44,000 in auditing fees and EUR 280,000 in other fees.

Read more: Corporate Governance Statement 2011

Information for Shareholders

Financial information in 2012

Technopolis Plc will publish three interim reports in 2012:

- Interim report January-March on April 27, 2012
- Interim report January-June on August 16, 2012
- Interim report January-September on October 26, 2012

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

Annual General Meeting

Time: Tuesday, March 27, 2012 at 1:00 p.m.
Place: Tekniikantie 12 (Innopoli I), Espoo

Each shareholder registered in the company's shareholder register held by Euroclear Finland Ltd on March 15, 2012, the record date of the general meeting, has the right to participate in the general meeting. Shareholders wishing to attend the AGM must register by 10:00 a.m. on March 22, 2012 using one of the following methods:

- on the Internet at www.technopolis.fi/registration
- by phone +358 46 712 0000 from Monday to Friday EET 9.00-16.00 or
- by letter to Technopolis Oyj/Yhtiökokous, 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. Any 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 are available on the Technopolis Plc website at www.technopolis.fi/for_investors/general_meeting_2012. Technopolis Plc's annual report, which includes the company's 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 general meeting. Copies of these documents will be sent to shareholders on request. The documents will also 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 of Directors proposes to the Annual General Meeting to be held on March 27, 2012, that a dividend of EUR 0.20 per share be paid from the parent company's distributable equity. The dividend will be paid to the shareholders registered in the company's shareholder register maintained by Euroclear Finland Ltd on the dividend record date of March 30, 2012. The Board proposes that the dividend be paid on April 11, 2012.

Basic share data

Listing: NASDAQ OMX Helsinki
Trading code: TPS1V
ISIN code: FI0009006886
Segment: Financials, Real Estate
Sector: Real Estate and Services
Number of shares on December 31, 2011: 63,385,044

Technopolis Group Financial Statements for 2011

Highlights of 2011 compared to 2010:

- Net sales rose to EUR 92.8 (81.2) million
- EBITDA rose to EUR 47.5 (41.4) million
- Operating profit rose to EUR 72.0 (43.0) million and profit before taxes to EUR 60.0 (33.6) million; both included a change of EUR 26.3 (2.7) million in the fair value of investment properties
- The financial occupancy rate was 95.1% (94.4%)
- The Group's equity ratio was 35.8% (37.4%)
- Net rental revenues of investment properties amounted to 7.8% (7.7%)
- Earnings per share (undiluted) were EUR 0.74 (0.38) and diluted EUR 0.73 (0.38)
- Cash flow from operations per share was EUR 0.48 (0.41)
- Equity per share was EUR 5.21 (4.69)
- The Board of Directors proposes a dividend of EUR 0.20 (0.17) per share

Keith Silverang, CEO:

"Technopolis' operations developed favorably in 2011. Our net sales increased to EUR 92.8 million and EBITDA to EUR 47.5 million. EBITDA level remained stable, amounting to 51.2% of net sales. Compared to the previous year, EBITDA improved by 14.8% and net sales by 14.4%. The company's estimate for the year 2011 net sales and EBITDA growth was 11-13 %.The favorable development was primarily the result of a higher occupancy rate, increase in rents and commissioning of facilities.

One of our key strategic objectives is to strengthen the contribution of health and education sector services. Currently, it accounts for approximately 18% of net sales. During 2011, we opened a healthcare innovation center with a patient hotel and eye center in Finnmedi. It has met an enthusiastic reception on the market, and there is interest in the duplicable concept also elsewhere in Finland. Also, the cooperation with Savonia University of Applied Sciences in Kuopio has progressed favorably, and their functions have moved to 2,500 square meters of our premises in 2011. In accordance with a frame agreement signed in 2011, the floor area may increase to 33,000 square meters by the end of 2015. Technopolis Ülemiste concluded a ten-year agreement with the Estonian Tax and Customs Board, which enabled the start-up of the joint venture's first growth project. In St. Petersburg, first phase of Technopolis Pulkovo is full, and the growth prospects are promising.

The European debt crisis sets its own challenges, but the company's financing is in order and we are confident about the year 2012."

Business Environment

In Finland, the situation in the office rental market has been stable throughout 2011. Occupancy rates of offices have increased steadily in the Helsinki region, but new office buildings to be completed shortly may result in an increase in vacancy rates. The St. Petersburg office market has picked up and the ruble-denominated rent level has remained steady during the year. In Tallinn, the vacancy rates of modern offices have fallen below ten percent, and underutilization is expected to decrease slightly further during 2012.

The economic prospects for Europe continue to be uncertain, and the fear of the spreading of the euro area financial crisis has not disappeared, which has been observed in delays in decision-making by customers.

Operations

The Technopolis Group operates in real estate and the service business, divided into three operating segments based on geographic units: Finland, Russia, and Estonia.

During the second half of the year, demand recovered in the areas where Technopolis operates and the Group's financial occupancy rate has risen to 95.1 (94.4) %. The company's occupancy rates are still above the average.

The operations in Finland continued steadily, and both net sales and EBITDA developed favorably. The Group has consolidated its competence and offering in the healthcare and education segments.

In Tallinn, net sales and EBITDA were at a favorable level and financial occupancy rate decreased slightly to 90.7%. The occupancy rate is still above the average occupancy rate for class A offices in Tallinn, which was

89%. In December, Technopolis Ülemiste entered into an agreement with the Estonian Tax and Customs Board, resulting in Technopolis expanding the rentable space of its airport campus by 24,650 square meters.

In St. Petersburg, the occupancy rate of the Technopolis Pulkovo airport campus was 100% in December. The unit's EBITDA was profitable in the fourth quarter, increasing to EUR 0.3 (-1.26) million. The full-year EBITDA was EUR -0.2 (-2.0) million.

The Group's net sales for the period under review were EUR 92.8 (81.2) million, showing an increase of 14.4%. Rental revenue accounted for 86.7 (85.8) % and service revenue for 13.3 (14.2) % of net sales. Like-for-like rental growth, that is, the rental revenue from comparable properties, was 6.8%, primarily due to increasing occupancy rates and index increases.

The Group's EBITDA was EUR 47.5 (41.4) million, an increase of 14.8%.

Breakdown of net sales and EBITDA by business function: (Figures from internal reporting, excluding eliminations.)

Premises	1-12/2011	1-12/2010
Net sales	80.7	70.3
EBITDA	52.9	47.1
EBITDA %	65.6%	67.1%

Services	1-12/2011	1-12/2010
Net sales	12.1	11.2
EBITDA	2.0	1.1
EBITDA %	16.4%	10.2%

The Group's operating profit totaled EUR 72.0 (43.0) million. The increase in operating profit is primary due to the change in the fair market value of investment properties, which was EUR 26.3 (2.7) 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 financial occupancy rates on December 31, 2011:

	Dec 31, 2011	Sep 30, 2011	June 30, 2011	March 31, 2011	Dec 31, 2010
Group	**95,1 %**	**95,7 %**	**93,6 %**	**94,5 %**	**94,4 %**
Finland	**95,1 %**	**95,8 %**	**95,4 %**	**94,6 %**	**94,5 %**
Oulu	91,8 %	94,7 %	92,8 %	92,3 %	91,7 %
HMA	95,3 %	95,3 %	96,9 %	97,1 %	98,0 %
Jyväskylä	96,8 %	96,9 %	96,2 %	94,1 %	94,6 %
Kuopio	98,2 %	97,4 %	97,2 %	94,4 %	96,3 %
Lappeenranta	92,6 %	95,6 %	98,2 %	98,4 %	94,4 %
Tampere	98,5 %	98,0 %	97,3 %	97,3 %	96,1 %
Estonia, Tallinn	**90,7 %**	**94,4 %**	**93,7 %**	**92,9 %**	**93,5 %**
Russia, St. Petersburg	**100,0 %**	**95,3 %**	**61,7 %**		

*) The figures for the Group's financial occupancy rates are not comparable, as the lease stock of the St. Petersburg subsidiary has been included in the figures from June 30, 2011.

The Group's net financial expenses totaled EUR 12.0 (9.4) million. The net financial expenses include EUR 0.9 million of unrealized exchange rate losses due to the weakening of the Russian ruble. Financial items in comprehensive income include EUR 1.7 million in unrealized interest rate swap-related earnings from the period January 1 – April 30, 2011. As of May 1, 2011, Technopolis Group has recorded interest rate swaps in accordance with the IAS 39 criteria for hedge accounting, in order to eliminate the effect of the changes in the fair value of derivative instruments on the Group's result and to reduce volatility in the fiscal year results. Most of the Group's current interest rate swaps satisfy the criteria for hedge accounting. The Group's interest fixing period was 1.2 (1.5) years. The Group's result before taxes totaled EUR 60.0 (33.6) million.

The Group's direct result was EUR 24.6 (20.9) million, an increase of 17.6%. The increase was due primarily to the financial occupancy rate exceeding expectations, service revenue, and cost-savings. 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.

Cash flow from operations/share was EUR 0.48 (0.41).

Total assets were EUR 962.9 (827.6) million, an increase of 16.3%. The Group's equity ratio at the end of the period was 35.8 (37.4) %.

The fair market value of the Group's completed investment properties at the end of the period was EUR 843.8 (727.7) million and the fair market value of investment properties under construction was EUR 61.7 (54.1) million.

The increase in the value of investment properties is primarily due to a decline in market yields and increase in occupancy rates. 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, 2011, the average net yield for Group properties was 8.0 (8.0) %. The average ten-year occupancy rate used in the fair value calculation was 95.4%. The Group has set a higher target for the financial occupancy rate than this. Over the period of 2002–2011, the Group's average occupancy rate was 96.2%.

The Group's total rentable space at the end of the period was 576,900 (527,800) square meters, with 34,300 square meters under construction. The Group's financial occupancy rate at the end of the period was 95.1 (94.4) %. The Group's financial occupancy rate in 2011 averaged 94.9 (93.7) %. 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 215.4 (135.3) million at the end of the reporting period. This figure does not include the lease stock of buildings under construction.

At the end of the period, the average lease period was 26 (19) months. Lease period data does not include the lease stock of buildings under construction.

Geographically, the Group's property portfolio is diversified between the Oulu region, the Helsinki Metropolitan Area, Jyväskylä, Kuopio, Lappeenranta, Tampere, St. Petersburg, and Tallinn. No single customer accounts for more than 5% of the Group's net sales. The Group has a total of approximately 1,300 customers across a wide range of sectors.

Technopolis facilities are located next to good traffic connections, comprising university, airport and downtown campuses and other innovation campuses.

Investment properties December 31, 2011

		Fair value, EUR million	Net yield requirement, %	m2
Finland	Oulu	231,6	8,3 %	192.900
	HMA	181,5	6,9 %	77.600
	Tampere	120,3	7,4 %	65.200
	Kuopio	88,3	8,3 %	53.900
	Jyväskylä	75,8	7,9 %	47.100
	Lappeenranta	29,3	8,8 %	27.300
	Finland, total	**726,7**	**7,7 %**	**464.100**
Viro	**Tallinna**	**64,7**	**8,4 %**	**79.200**
Russia	**St. Petersburg**	**52,4**	**10,1 %**	**24.100**
Group's investment properties	**Total**	**843,8**	**8,0 %**	**567.400**
Investment properties under*	5 kpl	61,7	-	34.300
Other properties (holdings, rented)				9.500

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

Projects completed during 2011:

	Campus type	Area	m2	EUR million	Initial yield %	Completed
Pulkovo, Phase 1	Airport campus	St. Petersburg	19.500	52,8	10,6	6/2011
Helsinki-Vantaa 5, Part 2	Airport campus	HMA	2.900	6,0	7,0	5/2011
Finnmedi campus	University campus	Tampere	12.900	27,9	7,4	11/2011

Projects under construction on December 31, 2011:

	Campus type	Area	m²	EUR million	Occupancy rate % December 31, 2011	Initial yield %	Due for completion
Ruoholahti 2	Downtown	HMA	9,000	27.7	48.0	6.3	5/2012
Yliopistonrinne 2	Downtown	Tampere	7,900	22.5	50.0	7.0	9/2012
Innova 2	Downtown	Jyväskylä	9,200	19.8	94.0	7.6	2/2012
Hermia 15 B	University	Tampere	4.800	10.9	100.0	7.5	1/2012
Viestikatu 2B	Other campus	Kuopio	3,400	4.7	100.0	8.4	1/2012

Planned projects on December 31, 2011:

	Campus type	Status	Area	m²	Estimated launch
Ülemiste Lõõtsa 8	Airport campus	No investment decision	Tallinn	22,000	01/2012
Pulkovo 2	Airport campus	No investment decision	St. Petersburg	22,400	02/2012
Viestikatu 7	Other campus	No investment decision	Kuopio	10,200	02/2012

Major Investments and Development Projects

At the end of the period under review, Technopolis had office facilities under construction in the Helsinki Metropolitan Area, Tampere, Kuopio, and Jyväskylä in Finland as well as in Tallinn, Estonia. The projects expand existing centers.

Strategy and Financial Targets

In September, the company's Board of Directors confirmed the company's financial targets for the period 2012–2016 as follows:

- net sales and EBITDA by an annual average of 15% (previous target 10% annually)
- over EUR 50 million net sales outside Finland by 2016
- at least 6% return on capital employed annually
- equity ratio over 35% over the cycle
- the aim is to distribute annually 40%–50% of net profit excluding changes in fair value as dividends

The company aims to strengthen the contribution of the health and education sector in its customer portfolio by investing in these segments and specific services employed by them. Technopolis aims to diversify its customer portfolio both between business sectors and regionally.

Technopolis has been continuously analyzing potential international investment targets in the Baltic Sea region for growth. The key criteria for potential acquisitions are the sufficient size and growth potential of the target, excellent location in growth centers, high-quality and flexible property portfolio, and positive cash flow. In addition, the project must have a positive impact on earnings per share, and the customer base of the property must match the Technopolis concept. In accordance with the environmental strategy, all new Technopolis buildings and potential existing properties will apply for LEED environmental certification.

Financing

At the end of the reporting period, funds available to Technopolis consisted of EUR 63.0 (111.0) million in untapped credit facilities, and cash amounting to EUR 12.5 (4.5) million. The credit facilities contained a EUR 45.0 (100.8) million credit line and a EUR 18.0 (10.2) million revolving credit facility. Use of the available credit limit facilities requires collateral arrangements. In addition, the company has a EUR 120 million commercial paper program, of which EUR 25.0 million was issued at the end of the reporting period.

The Group's net financial expenses totaled EUR 12.0 (9.4) million. The net financial expenses include EUR 0.9 million of unrealized exchange rate losses due to the weakening of the Russian ruble. The result for the period includes EUR 1.7 million in unrealized interest rate swap-related earnings from the period January 1 – April 30, 2011. Financial items recognized directly in shareholders' equity and the statement of comprehensive income include EUR -3.2 million in changes in the fair value of interest rate swaps from the period May 1 – December 31, 2011, taking tax effects into consideration. As of May 1, 2011, Technopolis Group registers interest swaps in accordance with the IAS 39 criteria for hedge accounting, in order to eliminate the effects of the changes in the fair value of derivative instruments on the Group's result and to reduce volatility in the result of the fiscal year. Most of the Group's current interest rate swaps satisfy the criteria for hedge accounting.

The Group's interest coverage ratio was 3.7 (4.9). The interest coverage ratio indicates the relation between

EBITDA and accrual-based interest expenses.
The Group's total assets were EUR 962.9 (827.6) million, of which liabilities totaled EUR 619.7 (520.0) million. The Group's equity ratio was 35.8 (37.4) %. At the end of the period, the Group's net gearing was 156.0 (147.4) %. The Group's equity per share was EUR 5.21 (4.69).

At the end of the period, the Group's interest-bearing liabilities amounted to EUR 547.7 (457.9) million, and the average capital-weighted loan period was 8.7 (8.8) years. The average interest rate on interest-bearing liabilities was 2.80 (2.42) % on December 31, 2011. Of interest-bearing liabilities, 63.0 (67.5) % were floating rate loans and 37.0 (32.5) % were fixed rate loans at the end of the period.

Technopolis prepared for a potential increase in interest rates early in the financial period by increasing the number of interest swaps. The Group's interest fixing period was 1.2 (1.5) years at year's end. A one percentage point change in market rates would cause a EUR 2.6 million change in the interest costs per annum. At the end of the reporting period, there were interest rate swaps covering EUR 170.0 (136.9) million.

The Group's loan-to-value ratio, that is, the ratio of interest-bearing liabilities to the fair value of investment properties and properties under construction, was 60.0 (58.0) %. The Group has interest-bearing liabilities from credit institutions worth EUR 547.7 (457.9) million, of which EUR 252.9 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 40.0 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. At the end of the reporting period, Technopolis Ülemiste's debt service ratio was 1.4 and loan-to-value rate 53.7%.

Loans amounting to EUR 212.9 (185.5) million include covenants relating to the equity ratio. A decline in the equity ratio may lead to higher interest rate margins or premature repayment 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. Of these loans, EUR 40.6 million includes a repayment term. The repayment term is met if the equity ratio falls below 30%.

If the Group's equity ratio at the end of the reporting period was 33%–35%, and the covenant equity ratio covenant took effect immediately, the impact on the Group's interest rate expenses would be EUR 0.1 million per annum. Correspondingly, if the equity ratio was less than 33%, the impact on the Group's interest rate expenses would be EUR 0.4 million per annum.

Bank guarantees to the amount of EUR 126.0 million have been given as security for the EUR 141.8 million in loans granted by European Investment Bank (EIB). The bank guarantees for the loans granted by the EIB, amounting to EUR 123.3 million, have been covered with shorter agreements than the actual loan period. If the bank guarantees cannot be renewed, it will be necessary to rearrange the loans. EUR 10.0 million of these bank guarantees will expire by the end of 2013, and the plan is to extend them.

During the 12-month period following the period under review, EUR 78.9 million in existing interest-bearing loans will mature.

The financing of Technopolis Pulkovo, Phase 1, has been arranged through a European Bank for Reconstruction and Development (EBRD) loan of EUR 30.5 million and the parent company's investments in shareholders' equity. On May 11, 2011, the Finnish Financial Supervisory Authority approved Technopolis' registration document. The registration document is valid for 12 months following its publication. The details of the registration are provided in a stock exchange release published on 13.05.11

Organization and Personnel

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

The Group Management Team comprises Keith Silverang, Reijo Tauriainen, Satu Eskelinen, Marko Järvinen, Kari Kokkonen, Jukka Rauhala, and Sami Juutinen. The Technopolis operative organization consists of three units: Finland, Russia, and Estonia. The Group organization also has matrix support functions for the Group's real estate development, services and support services.

During the period, the Group employed an average of 158 (135) people. Facilities operations employed 89 (66) people, Business Services 50 (35) people and Development Services 19 (34) people. At the end of the period under review, the Group's personnel totaled 174 (134). During the reporting period personnel increased especially in Reception Services, where Group insourced 15 employees to guarantee high service quality. Transfer did not have cost effect.

Technopolis has a share incentive program decided on by the Board of Directors as authorized by the Annual General Meeting, offering the key personnel the opportunity to earn a maximum of 150,000 shares in 2011. The earning criteria for the 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).

Group Structure

Technopolis Group comprises the parent company Technopolis Plc, which has operations in Espoo, Helsinki, Jyväskylä, Kuopio, Lappeenranta, Oulu, Tampere, and Vantaa. Major investments in mutual real estate company Innopoli II in Espoo (wholly owned), mutual real estate company Finnmedi 6-7 (wholly owned), and mutual real estate company Hermia (63.9%) in Tampere, as well as mutual real estate companies Microkatu 1 (91.37%), Viestikatu 7 (wholly owned) and Viestikatu 1–3 (wholly owned) in Kuopio. In addition, the parent company has four other subsidiaries in Finland.

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 OÜ (wholly owned), which manages the holdings in Technopolis Ülemiste AS (51%).

The parent company has non-controlling interests in the associated companies Kiinteistö Oy Bioteknia (28.5%), Iin Micropolis Oy (25.7%), Jyväskylä Innovation Ltd (24%), and Kuopio Innovation Ltd (24%). In addition, the parent company owns 35% of Otaniemi Marketing Ltd and 50% of Rehaparkki Oy.

In 2011 Innopoli Ltd and Technopolis Ventures Ltd were merged to the parent company. During the reporting period Viestikatu 7 and Rehaparkki Oy were established and holdings in Technocenter Kempele Oy (48.50%) and Lappeenranta Innovation Oy (20%) were sold.

Annual General Meeting

The Annual General Meeting of Shareholders (AGM) of Technopolis Plc was held on March 30, 2011. The AGM 2011 adopted the Group and parent company's financial statements for the financial year 2010 and discharged the company's Board of Directors and CEO from liability. The annual general meeting decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.17 per share. The dividend was paid to shareholders who were registered in the company shareholders register kept by Euroclear Finland Ltd on the record date of April 4, 2011. The dividend payment date was April 11, 2011.

The number of members on the Board of Directors was confirmed at six. Teija Andersen, Carl-Johan Granvik, Pertti Huuskonen, Pekka Korhonen, Matti Pennanen, and Timo Ritakallio 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 Chairman of the Board and Carl-Johan Granvik the Vice Chairman of the Board. KPMG Oy Ab, authorized public accountants, was elected as auditor of the company, with Mr. Tapio Raappana, APA, as the Auditor-in-Charge.

Following the AGM, the Board appointed within itself an audit committee and a remuneration committee. The audit committee consists of Mr. Timo Ritakallio, chair, and Carl-Johan Granvik, and Pekka Korhonen. The remuneration committee consists of Mr. Pertti Huuskonen, chair, and Teija Andersen and Matti Pennanen.

The Annual General Meeting held on March 30, 2011, decided to form a shareholders' nominating committee to prepare proposals for the next Annual General Meeting on the composition and remuneration of the Board of Directors. The nominating committee will be composed of the Chairman of the Board of Directors and three members representing the three largest shareholders, who may not be members of the Board of Directors of the company. The member appointed by the largest shareholder will act as Chairman of the Committee. The term of office of the nomination committee will continue until a new nomination committee is appointed, unless the general meeting resolves otherwise. The nominating committee prepares the above-mentioned proposals also for extraordinary general meetings, if needed. A person who could not, according to the applicable Finnish Corporate Governance Code, be appointed to a nominations committee of the Board of Directors, cannot be appointed to the nominating committee. The shareholders' nominating committee will also fulfill the requirements of independence in relation to the company as set out in the Code.
Members of the Nomination Board are Risto Murto, Executive Vice-President of Varma Mutual Pension Insurance Company, Harri Sailas, President and CEO of Ilmarinen Mutual Pension Insurance Company and Timo Kenakkala, Deputy Mayor of City of Oulu as well as Pertti Huuskonen, chairman of Technopolis Plc's board of directors. Risto Murto acts as chairman of the Nomination Board.

The other resolutions of the general meeting are presented in the stock exchange release published on March 30, 2011.

Board Authorizations

The company's Annual General Meeting held on March 30, 2011, authorized the Board of Directors to decide on the issuance of shares and special rights entitling to shares as referred to 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 12,677,000, equaling approximately 20% of the company's shares. The Board of Directors decides on all the terms and conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). However, the authorization cannot be used for incentive schemes. The authorization supersedes the authorizations given to the Board of Directors by the General Meeting of March 26, 2009, to decide on the issuance of shares and of special rights entitling to shares. The authorization is effective until the end of the next Annual General Meeting; however, no longer than until June 30, 2012. If the authorization regarding the issuance of shares is exercised in full, the nominal dilution effect will be 20%.

The AGM of 2009 decided to adopt a performance share incentive plan for key personnel in 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

Shareholders on 31 December, 2011

Registered shareholder	Number of shares	% of shares
Varma Mutual Pension Insurance Company	15 268 916	24,1
Ilmarinen Mutual Pension Insurance Company	6 272 725	9,9
City of Oulun	3 062 925	4,8
City of Tampere	1 956 649	3,1
Mikko Laakkonen	713 714	1,1
Finnish Cultural Foundation	712 826	1,1
OP-Pohjola Arvo Fund	700 000	1,1
ODIN Finland	687 376	1,1
The Finnish Innovation Fund Sitra	666 036	1,1
Taaleritehdas Arvo Markka Osake Fund	600 000	0,9
Other registred, total	15 944 910	25,2
Nominee registred, total	**16 798 967**	**26,5**
Total	**63 385 044**	**100,0**

After the year end Ilmarinen Mutual Pension Insurance Company announced changes in holdings. The specific information of these changes can be found from paragraph "Post-Fiscal Events".

Shareholding breakdown on 31 December, 2011

Number of shares	Shareholders	% of shareholders	Number of shares	% of shares
1–100	409	8,8	25 182	0,0
101–500	1 373	29,4	408 080	0,6
501–1 000	948	20,3	731 828	1,2
1 001–5 000	1 523	32,6	3 398 441	5,4
5 001–10 000	220	4,7	1 537 511	2,4
10 001–50 000	141	3,0	2 695 967	4,3
50 001–100 000	15	0,3	1 068 770	1,7
100 00–500 000	23	0,5	5 473 303	8,6
500 001–	17	0,4	48 026 682	75,8
Joint account	0	0,0	19 280	0,0
Total	**4 669**	**100,0**	**63 385 044**	**100,0**

earn a maximum of 150,000 shares. If the total of 150,000 shares is earned, the nominal dilution effect will be 0.2%.

Stock-Related Events and Disclosures of Changes in Holdings

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

Varma Mutual Pension Insurance Company disclosed in 19 January 2011 that its holding had increased to above 15% and in August 2011, Varma announced that its direct holding of Technopolis Plc's share capital and votes had increased above one-fifth (20%) as a result of a share transaction carried out on August 25, 2011. After the transaction, the proportion of Technopolis Plc's share capital and votes controlled directly by Varma Mutual Pension Insurance Company is 12,834,529 shares and 20.25%, respectively.

On January 19, 2011, 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 decreased by under one-twentieth (5%) as a result of a share transaction carried out on January 18, 2011. After the transaction, the proportion of Technopolis Plc's share capital and votes indirectly controlled by OP-Pohjola Group is 2,649,543 shares and 4.180%.

Technopolis 2007B Stock Options were listed on the trading list of NASDAQ OMX Helsinki on May 2, 2011. The details of the registration are provided in a stock exchange release published on April 19, 2011.

Shareholding by sector on 31 December, 2011		
Sector	**No of shares**	**% of shares**
Private companies	3 607 687	5,7
Financial and insurance institutions	2 827 526	4,5
Public sector organizations	28 320 351	44,7
Non-profit organizations	2 632 508	4,2
Private households	9 178 725	14,5
9 178 725	14,5	26,5
Foreign and nominee-registered	16 798 725	26,5
Joint account	19 280	0,0
Total	**63 385 044**	**100,0**

Management Holdings, December 31, 2011

On December 31, 2011, 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 219,640 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 875,000 options, equaling 1.4% 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 1,024,126, equaling 1.6% of the company's share capital and votes, provided that all issued options are converted into shares in the future.

Technopolis has executed a share incentive plan for key personnel based on 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).

Post-fiscal Events

On January 27, 2012, Technopolis Ülemste AS announced to start Tallinn airport campus expansion. Expansion is connected to agreement with the Estonian Tax and Customs Board whereby it leases approximately 11,650 square meters for ten years from the Technopolis Ülemiste airport campus.

On 2 February, 2012, Technopolis announced the launch of the phase 7B in Viestikatu near the University of Kuopio. The investment is estimated to be EUR 9.0 million. The floor area of the office will be approximately 4,800 square meters and the gross area of the building totals 6,300 square meters. 53 % of the facilities have been pre-let. The office building is scheduled for completion in December 2012.

On 2 February, 2012, Technopolis announced the launch of the second phase of the Pulkovo Airport Campus. The total investment in Pulkovo phase II is estimated to be EUR 42 million. The total area of the office premises is approximately 18,750 square meters and the gross building area is 22,700 square meters. The office building is estimated to be completed in September 2013. By expanding the Pulkovo Campus, Technopolis aims to double its net sales and nearly triple its EBITDA in 2014.

On 2 February, 2012, Ilmarinen Mutual Pension Insurance Company announced its proportion of directly held Technopolis Plc's share capital and votes increased above one tenth (10 %) as a result of a share transaction carried out on February 2, 2012. After the transaction, the proportion of Technopolis Plc's share capital and votes controlled directly by Ilmarinen Mutual Pension Insurance Company was 6,372,725 shares and 10.05 % respectively.

Board of Directors' Proposal for Distribution of Profit

At the end of the period distributable funds of the parent company were EUR 31,900,524. The Board of Directors proposes that a dividend of EUR 0.20 (0.17) per share be paid, totaling EUR 12,677,009. 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. According to the opinion of the Board of Directors, the company's liquidity is good and the proposed distribution of profit will not negatively influence the company's solvency.

Evaluation of Operational Risks and Uncertainties

Technopolis' most significant business risks relate primarily to financial development associated with financing and customers as well as 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 2.6 million per annum.

Because of the interest rate risk associated with loans, a policy of diversifying interest bases is pursued. 34.5% of interest-bearing liabilities were pegged to the under 3-month Euribor rate and 28.5% were pegged to the 3–12 month Euribor rate. Of the interest-bearing liabilities, 37.0% 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 8.7 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.

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.

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 53.7 (43.3) % of the lease stock. The term of notice for these agreements is broken down as shown in the table below.

Notice period months	Dec 31, 2011 % of lease stock	Dec 31, 2010 % of lease stock
0 – 3	13.1	2.6
3 – 6	28.7	9.3
6 – 9	6.2	23.2
9 – 12	5.7	8.3
Total	53.7	43.3

Declining financial occupancy rates may reduce rental and service revenue and profit, and reduce the fair value of investment properties and, thus, the equity ratio. The current lease structure allows customers to flexibly adjust the 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 life cycle. In the design phase, consideration is given to the property's maintenance and repair requirements in order to implement environmentally sustainable solutions for energy consumption, adaptability of premises, and recycling potential. When purchasing properties, Technopolis carries out standard property and environmental audits before committing to the transaction. All properties are covered by full value insurance.

Changes in market yields may have a significant impact on the company's financial performance through the fair value of investment properties. As the yields increase, the fair value of properties decreases. Conversely, as the yields decrease, the fair value of properties increases. Such changes either decrease or increase the Group's operating profit. Changes in market yields do not have any direct impact on the company's net sales, EBITDA, or cash flow, but a negative change in the value of investment properties may reduce the company's equity ratio and, as a result of this, covenant terms 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.

Future Outlook

The Group's management estimates that net sales and EBITDA will grow 12%–15% in 2012 from the previous year.

The Group's financial performance depends on the development of the overall business environment, customer operations, financial markets and the development for yield requirements for the properties. Developments in these areas may result 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.

Key Indicators and Financial Ratios

Presentation currency, EUR 1 000

	2011	2010	2009	2008	2007
Summary of income statement					
Net sales	92 835	81 181	76 401	72 571	56 899
Other operating income	1 223	1 565	2 426	5 480	5 237
EBITDA	47 539	41 404	39 965	36 985	28 631
Operating profit	71 990	43 015	2 315	35 312	42 558
Profit before taxes	60 015	33 587	-9 446	21 379	32 893
Net profit for the year attributable to parent company shareholders	46 700	23 254	-7 443	15 987	24 039
Summary of balance sheet					
Total assets	962 879	827 611	706 090	683 564	534 156
Investment properties	843 778	727 672	596 729	594 022	468 760
Cash and bank	12 507	4 485	4 519	7 146	1 076
Shareholders' equity	343 167	307 602	261 843	275 704	207 167
Interest-bearing liabilities	547 712	457 868	388 702	350 272	277 851
Key indicators and financial ratios					
Direct result [1)	24 624	20 941	21 656	15 121	
Change in direct result, % [1)	17,59	-3,30	43,22		
Change in net sales, %	14,35	6,26	5,28	27,54	26,9
Change in EBITDA, %	14,82	3,60	8,06	29,18	26,13
Operating profit/net sales, %	77,55	52,99	3,03	48,66	74,8
Return on equity (ROE), %	15,00	8,24	-2,79	6,57	12,93
Equity ratio, %	8,95	6,15	1,87	7,14	9,87
Equity ratio, %	35,84	37,38	37,30	40,52	38,96
Net debt/equity (gearing), %	155,96	147,39	146,72	124,45	133,6
Interest margin, %	523,00	438,52	55,88	217,07	412,57
Interest coverage ratio [1)	3,67	4,87	3,78	2,23	
Loan to value, % [1)	59,98	58,04	59,11	55,62	
Employees in Group companies, average	158	135	152	165	142

	2011	2010	2009	2008	2007
Share-related indicators					
Earnings/share, undiluted, EUR	0,74	0,38	-0,13	0,31	0,58
Earnings/share, adjusted for dilutive effect, EUR	0,73	0,38	-0,13	0,31	0,58
Equity/share, EUR	5,21	4,69	4,57	4,80	4,69
Issue-adjusted no. of shares, average	63 385 044	61 040 730	57 345 341	52 029 796	41 407 380
Issue-adjusted no. of shares, at Dec 31	63 385 044	63 385 044	57 345 341	57 345 341	44 107 501
Dividend/share, EUR	0,20 [(2]	0,17	0,15	0,12	0,15
Dividend payout ratio, %	27,15 [(2]	44,62	-115,57	39,05	25,84
Effective dividend yield, %	5,97 [(2]	4,17	4,84	4,17	2,58
Market capitalization of shares, EUR	212 339 897	258 610 980	177 770 557	165 154 582	256 264 581
Share turnover	30 084 022	22 547 191	18 870 550	33 013 701	21 519 642
Share turnover/average number of shares, %	47,46	36,94	32,91	63,45	51,97
Share prices, EUR					
Highest price	4,42	4,24	3,96	6,48	8,31
Lowest price	2,61	2,96	1,95	2,26	4,55
Average price	3,59	3,59	3,01	4,84	6,85
Price at Dec 31	3,35	4,08	3,10	2,88	5,81

Other key indicators and financial ratios	2011	2010	2009	2008	2007
Cash flow from operations/share, EUR	0,48	0,41	0,51	0,39	0,39
Financial occupancy rate, %	95,06	94,44	94,36	96,54	96,80
Net rental income of, %	7,80	7,65	7,60	7,60	7,45
Gross capital expenditure on non-current assets	150 029	134 387	66 029	143 273	88 962
Like for like rental growth [1]	6,80	-1,85	-0,43		
Price/earnings (P/E) ratio	4,55	10,71	-23,88	9,37	10,01

1) This key figure has 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

Presentation currency, EUR 1 000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2011	2010
Net sales	1, 2	**92 835**	**81 181**
Other operating income	2	1 223	1 565
Costs of employee benefits	3	-10 341	-9 136
Depreciation	4	-1 831	-1 132
Changes in fair value of investment properties	10	26 282	2 743
Other operating expenses	5	-36 177	-32 207
Operating Profit		**71 990**	**43 015**
Finance income, total	6	2 180	440
Finance costs, total	6	-14 187	-9 840
Share in associate profits	13	32	-27
Profit before taxes		**60 015**	**33 587**
Income Taxes	7	-11 219	-10 127
Net result for the period		**48 795**	**23 461**
Other comprehensive income	6, 7, 18		
Translation differences		62	
Available-for-sale financial assets		47	24
Derivatives		-4 388	
Taxes related to other comprehensive income items		1 129	-6
Other comprehensive income items after taxes		**-3 151**	**18**
Comprehensive income for the period, total		**45 645**	**23 479**
Distribution of earnings for the year			
To parent company shareholders		46 700	23 254
To non-controlling interests		2 095	206
Total		**48 795**	**23 461**
Distribution of comprehensive earnings for the period			
To parent company shareholders		43 549	23 272
To non-controlling interests		2 095	206
Total		**45 645**	**23 479**
Earnings per share calculated from the profit attributable to the owners of the parent company	8		
Average issue-adjusted number of shares		63 385 044	61 040 730
Earnings per share, basic, EUR		0,74	0,38
Average number of shares adjusted for dilutive effect		63 556 767	61 186 677
Earnings per share, diluted, EUR		0,73	0,38

Presentation currency, EUR 1 000

CONSOLIDATED BALANCE SHEET

	Note	12/31/2011	12/31/2010
ASSETS			
Non-current assets			
Intangible assets	9	6 724	4 049
Completed investment properties	10	843 778	727 672
Investment properties under construction	10	61 698	54 058
Machinery and equipment	11	4 310	3 940
Advance payments and projects in progress	12	7 707	7 176
Holdings in associates	13	5 386	5 584
Investments and receivables	14	6 821	7 466
Deferred tax assets	15	2 566	4 414
Total non-current assets		**938 989**	**814 359**
Current assets			
Current receivables	16	11 382	8 766
Cash and cash equivalents	17	12 507	4 485
Total current assets		**23 890**	**13 252**
ASSETS, TOTAL		**962 879**	**827 611**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity	19		
Share capital		96 914	96 914
Premium fund		18 551	18 551
Invested unrestricted equity fund		84 190	84 100
Other reserves		-3 093	120
Translation differences		-645	
Retained earnings		87 421	74 414
Net profit for the year		46 700	23 254
Parent company's shareholders' share of equity		**330 038**	**297 352**
Share of non-controlling interests in equity		13 129	10 250
Total shareholders' equity		**343 167**	**307 602**
Liabilities			
Non-current liabilities	20	469 875	411 216
Deferred tax liabilities	15	45 972	41 436
Current liabilities	20	103 864	67 357
Liabilities, total		**619 712**	**520 009**
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**962 879**	**827 611**

STATEMENT OF CASH FLOWS

	2011	2010
Cash flows from operating activities		
Net result for the period	48 795	23 461
Adjustments:		
Change in value of investment properties	-26 282	-2 743
Depreciation	1 831	1 132
Share in associate profits	-32	27
Gains from disposals	26	-2 015
Other adjustments for non-cash transactions	601	697
Financial income and expenses	12 007	9 401
Taxes	11 219	10 127
Change in working capital	-901	1 651
Interest received	182	397
Dividends received	12	8
Interests paid and fees	-10 241	-7 162
Other financial items in operating activities	-2 403	-3 094
Taxes paid	-4 350	-6 839
Cash flows from operating activities	**30 466**	**25 045**
Cash flows from investing activities		
Investments in other securities	-5	-475
Investments in investment properties	-98 132	-54 166
Investments in tangible and intangible assets	-4 361	-2 413
Loans granted	-81	
Repayments of loan receivables	128	4 071
Proceeds from sale of investments	406	1 520
Proceeds from sale of tangible and intangible assets	160	2 210
Acquisition of subsidiaries		-11 881
Acquisition of associates	-723	
Shares in associate companies sold	868	
Cash flows from investing activities	**-101 741**	**-61 134**
Cash flows from financing activities		
Increase in long-term loans	113 325	43 742
Decrease in long-term loans	-36 825	-31 556
Dividends paid	-10 772	-8 601
Paid share issue		20 489
Capital investment of non-controlling interests	784	
Change in short-term borrowings	12 867	11 980
Cash flows from financing activities	**79 378**	**36 055**
Change in cash and cash equivalents	**8 103**	**-34**
Impact of exchange rate changes	-81	
Cash and cash equivalents at period-start	4 485	4 519
Cash and cash equivalents at period-end	**12 507**	**4 485**

Presentation currency, EUR 1 000

STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent									
	Share capital	Premium fund	Fair value reserve	Hedging instrument reserve	Invested unrestricted equity fund	Translation differences	Retained earnings	**Equity attributable to owners of the parent**	Share of non-controlling interests	**Total shareholders' equity**
Equity, Jan 1, 2010	**96 914**	**18 551**	**102**		**63 842**		**82 422**	**261 830**	**13**	**261 843**
Comprehensive income										
Net result for the period							23 254	23 254	206	**23 461**
Other comprehensive income										
Available-for-sale financial assets			18					18		**18**
Comprehensive income for the period, total			**18**				**23 254**	**23 272**	**206**	**23 479**
Related party transactions										
Dividend							-8 602	-8 602		**-8 602**
Issue premium					20 193			20 193		**20 193**
Compensation paid in shares to Board members					65		-71	-6		**-6**
Share-based compensation							664	664		**664**
Other changes									10 031	**10 031**
Related party transactions					**20 258**		**-8 009**	**12 249**	**10 031**	**22 280**
Equity, Dec 31, 2010	**96 914**	**18 551**	**120**		**84 100**		**97 668**	**297 352**	**10 250**	**307 602**
Equity, Jan 1, 2011	**96 914**	**18 551**	**120**		**84 100**		**97 668**	**297 352**	**10 250**	**307 602**
Comprehensive income										
Net result for the period							46 700	46 700	2 095	**48 795**
Other comprehensive income										
Translation differences						62		62		**62**
Derivative instruments				-3 247				-3 247		**-3 247**
Available-for-sale financial assets			35					35		**35**
Comprehensive income for the period, total			**35**	**-3 247**		**62**	**46 700**	**43 549**	**2 095**	**45 645**
Related party transactions										
Dividend							-10 775	-10 775		**-10 775**
Compensation paid in shares to Board members					90		-87	3		**3**
Share-based compensation							560	560		**560**
Other changes							-650	-650	784	**134**
Related party transactions					**90**		**-10 953**	**-10 863**	**784**	**-10 079**
Equity, Dec 31, 2011	**96 914**	**18 551**	**155**	**-3 247**	**84 190**	**62**	**133 415**	**330 038**	**13 129**	**343 167**

Accounting Policies Applied in the Preparation of the Consolidated Financial Statements

COMPANY INFORMATION

Technopolis is a company that specializes in providing operating environments for high tech enterprises, utilizing a service concept that combines premises, business services and development services. Technopolis operates in Finland in 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 1 March 2012. 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, 2011, together with the interpretations of the SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee), adopted by European Union. All figures in the financial statements are presented in thousands of euros.

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

The Group has taken into account the amendments to standards and interpretations that became effective on January 1, 2011, such as IFRIC 14, IFRIC 19, revised IAS 24 and amended IAS 32. The changes in standards do not have any major effect on the Group's consolidated financial statements. The improvements of IFRSs (Improvements to IFRSs, May 2010), contain further specifications for different standards, but the amendments were not significant in terms of the 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.

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. 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. If the statements of comprehensive income and the balance sheets of subsidiaries consolidated by proportional consolidation contain items that are exclusively attributable to the Group or to other owners, they have also been taken into account accordingly in the consolidated financial statements. These cases do not constitute a non-controlling interest

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.

Translating the statements of comprehensive income of foreign Group companies using a different exchange rate than that used for the balance sheet results in a translation difference recognized in the balance sheet, and changes in this difference is recognized under other comprehensive income. The translation differences resulting from elimination of the acquisition costs of foreign subsidiaries and from the translation of equity items accumulated after the acquisition are recognized under other comprehensive income. When a subsidiary is sold in full or in part, the cumulative translation differences are recognized through profit or loss as part of the selling profit or loss.

The Group has also Russian subsidiary in St. Petersburg that uses the Russian ruble as the functional 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. 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. 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% and machinery and equipment on a 25% 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.

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.

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.

Investment properties under construction
Investment properties under construction are measured at fair value, provided that the fair value can be reliably determined. The fair value of investment properties under construction is determined with the same fair value accounting model as the fair value of completed investment properties.

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

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

Group as a Lessor
Lessors recognize assets held under a finance lease at their commencement date in the balance sheet and state them at their net investment value. Lessors treat the receivable finance 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 are not lessors on long-term leases that are classified as finance leases.

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

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

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. During the financial period, the positive and negative changes in the fair value of interest rate and currency swaps were recognized through profit or loss until April 30, 2011. The Group amended its accounting policy in the middle of the financial period, and it now uses the IAS 39-compliant hedge accounting for interest swaps as of May 1, 2011, and as a result, changes in the fair value of derivative instruments that satisfy the criteria for hedge accounting are recognized under derivatives in comprehensive income. Changes in the fair value of derivative instruments that do not satisfy the criteria for hedge accounting are recognized through profit or loss. Most of the Group's current interest rate swaps satisfy the criteria for hedge accounting.

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. Receivables are measured at their initial value, less their estimated impairment. The situation with doubtful receivables and credit losses is estimated on a regular basis.

Available-for-sale 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. Changes in the fair values of available-for-sale financial assets are recognized in other comprehensive income items and in revaluation funds in shareholder's equity, less the tax effect. When such an asset is sold, the accumulated changes in fair value are transferred from shareholders' equity through profit or loss. The Group estimates whether there are indications of impairment of any financial assets at the closing date of each reporting period. Equity investments are classified under available-for-sale financial assets. Any unlisted shares whose fair value cannot be reliably determined are recognized at their acquisition cost, less impairment.

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. 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.

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

Provisions and contingent liabilities

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

A contingent liability is a potential liability resulting from earlier events, the existence of which only becomes certain when an uncertain event outside the control of the Group materializes. An existing obligation that probably does not require a payment obligation to be fulfilled or whose amount cannot be reliably determined is also classified as a contingent liability. Contingent liabilities are presented in the notes to the financial statements.

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 net sales.

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.

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.

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.

The revised IAS 1 – Presentation of Financial Standards, the revised IAS 12 – Income Taxes, IFRS 9 – Financial Instruments, IFRS 11 – Joint Arrangements, the standards IFRS 10 and IFRS 12 regarding consolidated financial statements as well as IFRS 13 – Fair Value Measurement, may affect the future financial statements of the Group.

Other new standards or standard revisions published during the financial period, such as the revised IAS 19 or the revised IFRS 7 – Financial Statements: Disclosures, are not expected to have material effects on the future financial statements of the Group.

Currency unit, EUR 1 000

1. SEGMENT REPORTING

On the balance sheet date, Technopolis Group has three operating segments based on geographic units: Finland, Russia, and Estonia. The segment division is based on the Group's existing internal reporting procedures and the organization of the Group's operations. The net sales of the segments mainly consist of rental and service income. Estonian segment was consolidated in October 2010 which is why the figures are not comparable to those of the comparison period.

The Group management monitors the net sales and EBITDA levels of the segments. The EBITDA figures of the segments were calculated in the manner presented in the Accounting Policies. The Group's net sales or EBITDA do not include significant inter-segment items.

Unallocated items are shown in the "Others" column that includes items created in Group administration, tax items and financial items as well as items common to the whole Group and inter-segment loans under assets. Segment assets include the items that can be directly allocated to the reported segments, such as investment properties.

2011	**Finland**	**Russia**	**Estonia**	**Others**	**Group total**
Revenues from leasing business	73 425	2 569	4 420	-14	80 400
Revenues from services	11 766	365	250	53	12 434
Net sales	**85 192**	**2 933**	**4 670**	**39**	**92 835**
Other operating income	957	0	29	237	1 223
Operating expenses	-41 326	-3 164	-1 567	-461	-46 518
EBITDA	**44 823**	**-231**	**3 132**	**-185**	**47 539**
Changes in fair value of investment properties				26 282	26 282
Depreciation				-1 831	-1 831
Operating Profit				*71 990*	*71 990*
Finance income and expenses				-11 976	-11 976
Profit before taxes				*60 015*	*60 015*
Income Taxes				-11 219	-11 219
Net result for the period	*44 823*	*-231*	*3 132*	*1 071*	*48 795*
Assets	**840 188**	**62 522**	**79 037**	**-18 868**	**962 879**

2010	**Finland**	**Russia**	**Estonia**	**Others**	**Group total**
Revenues from leasing business	68 789	212	975	-59	69 916
Revenues from services	11 128	61	68	9	11 266
Net sales	**79 916**	**273**	**1 043**	**-51**	**81 181**
Other operating income	1 507	0	0	59	1 565
Operating expenses	-39 201	-2 238	-268	364	-41 343
EBITDA	**42 222**	**-1 965**	**775**	**372**	**41 404**
Changes in fair value of investment properties				2 743	2 743
Depreciation				-1 132	-1 132
Operating Profit				*43 015*	*43 015*
Finance income and expenses				-9 427	-9 427
Profit before taxes				*33 587*	*33 587*
Income Taxes				-10 127	-10 127
Net result for the period	*42 222*	*-1 965*	*775*	*-17 571*	*23 461*
Assets	**728 734**	**47 867**	**73 644**	**-22 635**	**827 611**

2. NET SALES AND OTHER OPERATING INCOME

	2011	**2010**
Revenues from premises	80 400	69 916
Revenues from services	12 434	11 266
Total net sales	**92 835**	**81 181**

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

A few customers pay rent based on the lessee's net sales. Such variable rents totaling EUR 1,685 thousand were recognized in net sales for the year (EUR 1,179 thousand in 2010).

The Group's total rentable space at the end of the period was 576,900 square meters (527,800 square meters on 31.12.2010). The Group's average financial occupancy rate at the end of the year was 95.1% (94.4%).

At the end of the year, the Group's lease portfolio totaled EUR 215.4 million (EUR 135.3 million). The accumulated rents were calculated on the basis of current lease agreements without any index-linked increases. The agreements valid indefinitely were taken into account until the end of the notice period specified in the agreements.

	2011	**2010**
Other operating income	**1 223**	**1 565**

Other operating income primarily includes subsidies received for certain development programs. The expenses related to the development projects are recognized in other operating expenses and staff cost.

Currency unit, EUR 1 000

3. COSTS OF EMPLOYEE BENEFITS	2011	2010
Salaries and fees	8 234	7 379
Pension costs, defined contribution plans	1 332	1 110
Capitalized costs of employee benefits	-422	-343
Share options granted	405	664
Share incentive scheme, the portion paid out in shares	155	
Share incentive scheme, the portion paid out in cash	189	
Indirect employee costs	448	327
Costs of employee benefits, total	**10 341**	**9 136**
Average number of employees in the Group	158	135

The employment benefits of the management are presented in note 22

4. DEPRECIATION	2011	2010
Depreciation by asset group		
Intangible assets	640	483
Tangible fixed assets:		
Machinery and equipment	1 190	648
Depreciation, total	**1 831**	**1 132**

5. OTHER OPERATING EXPENSES	2011	2010
Premises expenses	21 847	18 882
Service expenses	5 960	6 885
Other operating expenses	8 349	6 440
Selling loss for the divestment of an associate	21	
Other operating expenses, total	**36 177**	**32 207**
Other operating expenses include fees paid to the auditor as follows:		
Audit	44	24
Certificates and reports	23	5
Other services	257	153
Auditor's fees, total	**324**	**181**

6. FINANCE INCOME AND EXPENSES	2011	2010
Finance income		
Dividend income from available-for-sale financial assets	12	8
Gains from disposals of investments	10	
Interest income from finance lease receivables		209
Other interest income	270	223
Positive change in fair value of derivatives	1 822	81
Foreign exchange gains	64	
Total	**2 180**	**521**
Finance expenses		
Impairments from available-for-sale financial assets		
Interest expenses from commercial papers	-557	-192
Interest expenses from financial leases	-876	-672
Capitalized interest expenses	1 042	465
Other interest expenses	-11 637	-7 830
Negative change in fair value of derivatives	-114	-261
Foreign exchange losses	-920	-101
Other finance expenses	-1 125	-1 251
Total	**-14 187**	**-9 840**

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

Technopolis Group uses derivative instruments (mainly interest swaps) in order to hedge against exposure to market rate fluctuations. Until April 30, 2011, the Group recognized the positive and negative changes in fair value, totaling EUR 1.7 million, through profit or loss. The Group amended its accounting policy and complies with the IAS 39-compliant hedge accounting for interest swaps as of May 1, 2011, and as a result, changes in the fair value of derivative instruments that satisfy the criteria for hedge accounting are recognized under cash flow hedges in comprehensive income. Changes in the fair value of derivative instruments that do not satisfy the criteria for hedge accounting are entered in the income statement. Most of the Group's current interest rate swaps satisfy the criteria for hedge accounting.

Other comprehensive income items related to financial instruments	2011	2010
Available-for-sale financial assets	47	24
Derivatives	-4 388	0
Total	**-4 341**	**24**
Tax effect	1 129	-6
Other comprehensive income items related to financial instruments after the tax effect	**-3 212**	**18**

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

Currency unit, EUR 1 000

7. INCOME TAXES	2011	2010
Current taxes	-4 835	-5 254
Change in deferred taxes	-6 384	-4 872
Total for income taxes	**-11 219**	**-10 127**
Reconciliation between income tax and taxes calculated using the parent company's tax rate:		
Profit before taxes	60 015	33 587
Taxes calculated at the parent company's tax rate on the balance sheet date, 26%	-15 604	-8 733
Non-tax-deductible expenses	-392	-778
Tax-exempt income	164	10
Effects of the differing tax rates of foreign subsidiaries *)	1 466	-564
Effect of tax rate change on deferred taxes	2 753	
Unrecognized deferred tax assets	67	-57
Income tax for previous years	-11	-33
Other	337	29
Total for income taxes	**-11 219**	**-10 127**
Other comprehensive income items before taxes		
Translation differences	62	
Available-for-sale financial assets	47	24
Derivatives	-4 388	
Total	**-4 280**	**24**
Tax effect of other comprehensive income items during the period		
Tax effect of available-for-sale financial assets	-12	-6
Tax effect of derivatives	1 141	
Total	**1 129**	**-6**
Other comprehensive income items after taxes		
Translation differences	62	
Available-for-sale financial assets	35	18
Derivatives	-3 247	
Total	**-3 151**	**18**
*) Tax rates of foreign subsidiaries		
Tax rate in Russia	20 %	20 %
Tax rate in Estonia	0 %	0 %

8. EARNINGS PER SHARE	2011	2010
Profit for the period attributable to owners of the parent company	46 700	23 254
Earnings per share, basic	0,74	0,38
Earnings per share, adjusted for dilutive effect	0,73	0,38
Number of shares, basic	63 385 044	61 040 730
Number of shares, adjusted for dilutive effect	63 556 767	61 186 677

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.

9. INTANGIBLE ASSETS	2011	2010
Intangible assets		
Acquisition cost, Jan 1	5 578	4 013
Increases	3 317	1 556
Business combinations		8
Decreases	-2	
Acquisition cost, Dec 31	**8 893**	**5 578**
Accumulated amortization, Jan 1	-1 529	-1 046
Depreciation for the year	-640	-483
Intangible assets, Dec 31	**6 724**	**4 049**
Carrying amount, Jan 1	4 049	2 967
Carrying amount, Dec 31	6 724	4 049

10. INVESTMENT PROPERTIES	2011	2010
Changes in fair value of completed investment properties		
Fair value of completed investment properties, Jan 1	727 672	596 729
Fair value of investment properties acquired during the year	9 429	
Fair value of investment properties divested during the year		-1 694
Increases to investment properties in business combinations		76 303
Transfers from investment properties under construction	84 206	37 544
Change in fair value	22 471	18 790
Fair value of completed investment properties, Dec 31	**843 778**	**727 672**

Currency unit, EUR 1 000

	2011	2010
Changes in fair value of completed investment properties		
Change in fair value excluding change in net yield requirements		
Finland	8 382	14 788
Russia	-2 080	
Estonia	358	2 718
Change in fair value excluding change in net yield requirements, total	*6 660*	*17 506*
Change caused by change in net yield requirements		
Finland	7 066	4 004
Russia	6 815	-2 720
Estonia	2 093	
Change caused by change in net yield requirements, total	*15 974*	*1 283*
Impact of exchange rate changes	-63	
Changes in fair value of completed investment properties	**22 570**	**18 790**
Changes in acquisition costs of completed investment properties during the financial period	**-9 215**	**-8 786**
Changes in fair value of investment properties under construction		
Finland	8 725	964
Russia	4 202	-8 225
Changes in fair value of investment properties under construction	**12 926**	**-7 261**
Effect on profit of change in value of investment properties	**26 282**	**2 743**

Investment properties under construction are measured at fair value in compliance with IAS 40 and presented as a separate item in the balance sheet. The fair value of investment properties under construction is made up as follows:

Investment properties under construction		
Fair value of investment properties under construction, Jan 1	54 058	51 054
Increases/decreases	79 008	47 810
Change in fair value	12 837	-7 261
Transfers to completed investment properties	-84 206	-37 544
Fair value of investment properties under construction, Dec 31	**61 698**	**54 058**

The Group determines the fair values of investment properties itself. The fair value model deployed by the Group is based on property-specific cash flow analysis. The valuation model and the parameters applied in it have been audited by a third-party property assessor (AKA). The statement of expert opinion by Realia Management Oy regarding the valuation of Technopolis Plc's investment properties is appended to the financial statements dated December 31, 2011 and is also available on the company's website at www.technopolis.fi/for_investors.

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

	2011	2010
Net rental income of investment properties		
Rental income from properties owned by the Group	73 502	62 234
Direct expenses for properties owned by the Group	-19 574	-17 148
Net rental income	**53 928**	**45 086**
Net rental income percentage	**7,80**	**7,65**

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

11. TANGIBLE FIXED ASSETS

Machinery and equipment		
Acquisition cost, Jan 1	8 534	6 127
Increases	1 917	2 357
Business combinations		61
Decreases	-182	-10
Acquisition cost, Dec 31	**10 269**	**8 534**
Accumulated depreciation	-4 880	-4 231
Adjustment of accumulated depreciation	50	
Depreciation for the year	-1 187	-648
Machinery and equipment, Dec 31	**4 253**	**3 654**
Carrying amount, Jan 1	3 654	8 534
Carrying amount, Dec 31	4 253	3 654
Other tangible assets		
Acquisition cost, Jan 1	285	57
Increases		229
Decreases	-229	
Other tangible assets, Dec 31	**57**	**285**
Carrying amount, Jan 1	285	57
Carrying amount, Dec 31	57	285

Currency unit, EUR 1 000

12. ADVANCE PAYMENTS AND PROJECTS IN PROGRESS

	2011	2010
Advance payments and projects in progress		
Projects in progress, Jan 1	7 176	9 787
Increases/decreases	531	-2 728
Business combinations		117
Advance payments and projects in progress, Dec 31	**7 707**	**7 176**

Capitalized increases of non-current assets in progress have been recognized under advance payments and projects in progress. These include modernization of investment properties and other modification operations on the premises made for the customers.

13. HOLDINGS IN ASSOCIATES

	2011	2010
Holdings in associates, Jan 1	5 584	16 983
Increases	723	
Decreases	-952	-4 183
Transfers between different items		-7 190
The Group's share of profit/loss for the year	32	-27
Holdings in associates, Dec 31	**5 386**	**5 584**

Holdings in associates	**Holding, %**	**Original Acquisition cost**	**The Group's holding Retained earnings.**	**Total**
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 Oy, 35 shares, Espoo	35,0	35	0	35
Jyväskylä Innovation Oy, 1,200 shares, Jyväskylä	24,0	12	5	17
Kuopio Innovation Oy, 24 shares, Kuopio	24,0	37	0	37
Rehaparkki Oy, 142 shares, Oulu	50,0	723	0	723
Total		**5 465**	**-79**	**5 386**

Technopolis Plc has only recognized losses accumulated from its interest in the results of its associates up to the acquisition cost of the shares. Four thousand euros were left unrecognized for Iin Micropolis.

Technopolis Plc sold its holding in Technocenter Kempele Oy during the financial year and recognized a selling loss of EUR 20 thousand for this transaction under other operating expenses. In addition, Technopolis Plc sold its holding in Lappeenranta Innovation Oy and recognized a selling profit of EUR 10 thousand under financial income for this transaction.

Information on associates

	Assets	Liabilities	Net sales	The financial period's Earnings
2011				
Kiinteistö Oy Bioteknia	12 019	81	795	0
Iin Micropolis Oy	331	347	38	-27
Otaniemen kehitys Oy	206	52	21	-33
Jyväskylä Innovation Oy	776	692	2 508	11
Kuopio Innovation Oy	782	707	2 350	0
Rehaparkki Oy	2 310	344	0	0
Total	**16 423**	**2 224**	**5 712**	**-50**
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 Oy	198	97	547	2
Jyväskylä Innovation Oy	1 064	992	2 632	11
Kuopio Innovation Oy	992	916	2 450	1
Lappeenranta Innovation Oy	1 529	1 623	1 704	-29
Total	**18 795**	**4 311**	**8 715**	**-61**

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011	2010
Available-for-sale financial assets, Jan 1	5 723	5 704
Increases		8
Decreases	-4	-11
Change in fair value of assets recognized at fair value	46	24
Impairment losses for the period	0	-2
Available-for-sale financial assets Dec 31	**5 764**	**5 723**
Available-for-sale quoted financial assets	1 097	1 051
Available-for-sale non-quoted financial assets, measured at acquisition cost	1 740	1 745
Available-for-sale non-quoted financial assets, measured at fair value	2 927	2 927
Available-for-sale financial assets Dec 31	**5 764**	**5 723**
Fair value reserve		
Fair value reserve, Jan 1	120	102
Change in fair value of assets recognized at fair value	47	24
Deferred taxes	-12	-6
Fair value reserve, Dec 31	**155**	**120**

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

Currency unit, EUR 1 000

15. DEFERRED TAXES	2011	2010
Change in deferred taxes recognized through profit or loss		
Change in deferred tax assets	-1 860	1 598
Change in deferred tax liabilities	-4 524	-6 470
Total change in deferred taxes recognized through profit or loss	**-6 384**	**-4 872**
Deferred tax assets		
Deferred tax assets, Jan 1	4 414	2 812
Business combinations		4
Change in deferred tax assets	-1 847	1 598
Portion recognized in other comprehensive income	-1	
Deferred tax assets, Dec 31	**2 566**	**4 414**
Deferred tax liabilities		
Deferred tax liabilities, Jan 1	41 436	32 666
Business combinations		2 294
Change in deferred tax liabilities	4 524	6 470
Portion recognized in other comprehensive income	12	6
Deferred tax liabilities, Dec 31	**45 972**	**41 436**
Deferred tax assets, Dec 31		
Investment properties	745	3 265
Unused losses confirmed in taxation	1 202	673
Other temporary differences	619	477
Total deferred tax assets	**2 566**	**4 414**
Deferred tax liabilities, Dec 31		
Investment properties	43 758	39 134
Other temporary differences	2 215	2 303
Total deferred tax liabilities	**45 972**	**41 436**

Taxes are recognized through profit or loss, except when they are related to other comprehensive income, in which case the tax is also recognized under other comprehensive income.

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. There were no such temporary differences in 2011 (EUR 0.01 million in 2010).

16. SHORT-TERM RECEIVABLES	2011	2010
Sales receivables	4 716	3 270
Sales receivables from associates	22	23
Loan receivables	78	93
Loan receivables from associates		70
Accrued income	3 388	3 117
Other receivables	1 899	2 193
Income tax assets	1 279	0
Short-term receivables, total	**11 382**	**8 766**
Maturities of sales receivables		
Not matured	3 434	1 943
less than 30 days	466	838
30–60 days	299	171
2–3 months	82	82
3–4 months	128	28
over 4 months	329	231
Total	**4 738**	**3 294**
Sales receivables by currency		
Euro	3 563	3 294
Russian ruble	1 175	
Total	**4 738**	**3 294**

17. CASH AND CASH EQUIVALENTS	2011	2010
Cash on hand and balances with banks	12 507	4 485
Total for cash and cash equivalents	**12 507**	**4 485**

18. SHAREHOLDERS' EQUITY

Share capital

Technopolis Plc has one class of shares. The company's share capital was EUR 96,913,626. It was made up of 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. The shares have no nominal value. In 2011, EUR 0.17 per share from fiscal year 2010 was paid in dividends, in total EUR 10,775,457.

Reserves

Premium fund

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

Invested unrestricted equity fund

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

Currency unit, EUR 1 000

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

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

Changes in the number of shares and equity	Number of shares/ votes	Share-capital	Premium fund	Invested unrestricted equity fund	Total
12/31/2009	**57 345 341**	**96 914**	**18 551**	**63 842**	**179 306**
Share issue	6 039 703			20 193	20 193
Compensation paid in shares to Board members				65	65
12/31/2010	**63 385 044**	**96 914**	**18 551**	**84 100**	**199 564**
Compensation paid in shares to Board members				90	90
12/31/2011	**63 385 044**	**96 914**	**18 551**	**84 190**	**199 654**

Breakdown of Group equity	2011	2010
Restricted equity		
Share capital	96 914	96 914
Premium fund	18 551	18 551
Fair value reserve	155	120
Restricted equity, Dec 31	**115 619**	**115 584**
Non-restricted equity		
Invested unrestricted equity fund	84 190	84 100
Hedging instrument reserve	-3 247	
Translation differences	-645	
Share-based compensation	560	664
Retained earnings	86 862	73 750
Net result for the period	46 700	23 254
Unrestricted equity, Dec 31	**218 311**	**181 768**
Parent's distributable unrestricted equity		
Invested unrestricted equity fund	85 460	85 370
The parent company's retained earnings	13 828	11 531
Dividends distributed	-10 775	-8 602
Compensation paid in sharesto Board members	-90	-65
Parent's net profit for the year	28 938	10 963
Parent's distributable unrestricted equity, Dec 31	**117 360**	**99 197**

19. LIABILITIES	2011	2010
Non-current interest-bearing liabilities		
Bank loans	433 947	373 568
Non-current finance lease liabilities	34 891	36 348
Non-current interest-bearing liabilities, total	**468 838**	**409 916**
Current interest-bearing liabilities		
Repayments on non-current loans	51 908	34 132
Commercial papers	24 852	11 979
Other current interest-bearing liabilities	3	9
Current finance lease liabilities	2 111	1 832
Current interest-bearing liabilities, total	**78 874**	**47 951**
Interest-bearing liabilities		
Fixed rate	201 881	148 368
Floating rate	345 831	309 500
Interest-bearing liabilities	**547 712**	**457 868**
Fair value of interest-bearing liabilities	**549 069**	**460 791**

Interest-bearing liabilities (excluding finance lease liabilities) are all denominated in euros, and will mature as follows:		
2011		46 111
2012	76 959	48 712
2013	57 439	43 363
2014	58 986	52 005
2015	95 253	83 740
2016	48 450	
Later	173 622	145 758
Total	**510 710**	**419 688**

	2011	2010
The weighted averages of the effective interest rates of interest-bearing liabilities, %		
Bank loans	2,30	2,17
Bank loans including interest rate and currency swaps	2,53	2,49
Finance lease liabilities	2,42	1,89
Commercial papers	2,51	1,77
Non-current non-interest-bearing liabilities		
Deferred tax liabilities	45 972	41 436
Other liabilities	1 037	1 299
Non-current non-interest-bearing liabilities, total	**47 009**	**42 736**

Currency unit, EUR 1 000

	2011	2010
Current non-interest-bearing liabilities		
Advance payments received	5 077	4 348
Accounts payable	6 005	6 186
Deferred income	9 337	5 513
Derivatives	3 874	1 272
Other liabilities	665	1 398
Income tax liability	31	688
Current non-interest-bearing liabilities, total	**24 990**	**19 406**

	12/31/2011		12/31/2010	
Interest rate swaps	Nominal value	Fair value	Nominal value	Fair value
Interest rate swaps 2011 (fixed rate 3 years)	67 800	-1 704		
Interest rate swaps 2010 (fixed rate 2 years)	163	-3	221	-9
Interest rate swaps 2010 (fixed rate 3 years)	21 000	-247	25 000	-61
Interest rate swaps 2010 (fixed rate 5 years)	41 000	-1 076	45 000	-115
Interest rate swaps 2010 (fixed rate 6 months)			23 333	-80
Interest rate swaps 2009 (fixed rate 4 years)	40 000	-844	43 333	-1 007
Interest rate swaps, total	**169 963**	**-3 874**	**136 888**	**-1 272**

	2011	2010
Finance lease liabilities		
Non-current finance lease liabilities	34 891	36 348
Current finance lease liabilities	2 111	1 832
Finance lease liabilities, total	**37 003**	**38 180**
Investment properties held under a finance lease		
Total value of minimum lease payments		
Within a year	2 165	1 977
Later than one year and not later than five years	9 318	8 629
Later than five years	30 975	32 589
Total	**42 459**	**43 195**

	2011	2010
Present value of minimum lease payments		
Within a year	1 340	1 285
Later than one year and not later than five years	6 224	5 975
Later than five years	28 046	29 630
Present value of minimum lease payments, total	**35 610**	**36 890**
Future financial expenses, total	6 850	6 306
Total amount of finance lease liabilities from investment properties (Technopolis as the lessee)	**42 459**	**43 195**
Carrying amount of investment properties leased by Technopolis on a financial lease, Dec 31	**58 821**	**55 791**

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

	2011	2010
Other assets held under a finance lease		
Total value of minimum lease payments		
Within a year	585	619
Later than one year and not later than five years	883	873
Total	**1 468**	**1 491**
Present value of minimum lease payments		
Within a year	546	547
Later than one year and not later than five years	847	743
Present value of minimum lease payments, total	**1 393**	**1 290**
Future financial expenses, total	75	201
Total amount of finance lease liabilities from other leased assets (Technopolis as the lessee)	**1 468**	**1 491**

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

20. RISK MANAGEMENT

I) Financial risk management

By pursuing an active policy to manage financial risks, the Group seeks to secure efficient and competitive funding for its operations and to reduce the negative impact of financial market fluctuations on its operations. In order to manage 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. Uncertainty in the financial markets may adversely affect the availability of growth financing and refinancing and their margins 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 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.

The company's borrowing arrangements include standard security instruments and covenants. The company employs collateral in its borrowing, and insists on standard pledge restrictions. The Group has interest-bearing liabilities from credit institutions amounting to EUR 547.7 million (EUR 457.9 million), of which the loan capital of EUR 252.9 million includes 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 40.0 million borrowing of Technopolis Ülemiste (share of ownership 51%). Loans amounting to EUR 212.9 million (EUR 185.5 million) include covenants relating to the equity ratio. A decline in the equity ratio may lead to higher interest rate margins or premature repayment 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. Of these loans, EUR 40.6 million includes a repayment term. The repayment term is met if the equity ratio falls below 30%.

If the Group's equity ratio at the end of the reporting period was 33%–35%, and the covenant equity ratio covenant took effect immediately, the impact on the Group's interest rate expenses would be EUR 0.1 million per annum. Correspondingly, if the equity ratio was less than 33%, the impact on the Group's interest rate expenses would be EUR 0.4 million per annum. On December 31, 2011, the Group's equity ratio was 35.8% (37.4%) More detailed information about covenants is given on the Board of Directors' Report under the heading "Financing".

It is indicative of the interest rate sensitivity of Technopolis's loan portfolio at the end of 2011 that a one-point change in money market rates would change interest rate costs by EUR 2.6 million per annum (EUR 2.3 million in 2010). Correspondingly, the change change of 0.5 point in the fair value of interest rate swaps included in the scope of hedge accounting would affect shareholders' equity by EUR 2.0 million. Because of the interest rate risk associated with loans, a policy of diversifying interest bases is pursued. 34.5% of interest-bearing liabilities were pegged to the under 3-month Euribor rate and 28.5% were pegged to the 3–12 month Euribor rate. Of the interest-bearing liabilities, 37.0% 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 8.7 years.

Foreign currency exchange rates risk

As the operations have expanded outside the eurozone, the company has become exposed to exchange rate risks. The objective of currency risk management is to reduce the uncertainties relating to cash flows, profit and the balance sheet. Changes in the exchange rates between the Russian ruble and the euro may have an effect on the company's financial performance and operations. 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. If the company keeps expanding its operations outside the eurozone, it will also be exposed to foreign currency exchange rates risk regarding its new countries of operation.

Credit risk

Credit risk management at Technopolis Group focuses on managing client risks. 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 258 thousand (EUR 198 thousand). At the end of the year, the Group's maximum credit risk is equivalent to the carrying amount of financial assets.

Liquidity risk and counterparty risk

The Group management constantly evaluates and monitors the financing required for running the operations in order to ensure adequate reserves of liquid funding for financing the operations and repaying the loans when due. Financial counterparty risk is created when the counterparty to the financial contract cannot necessarily meet its contractual obligations. In order to manage liquidity and counterparty risks, Technopolis draws upon the resources of a wide range of financiers and maintains strong solvency. Long-term financing for the company is provided by several Finnish and foreign financial institutions and the loans have been diversified both in terms of type of contracts and maturity. Additionally, the company has domestic commercial paper programs with three Finnish financial institutions. For short-term financing needs, the Group also has overdraft credit facilities.

On the balance sheet date, the funds available to Technopolis consisted of EUR 63.0 million (EUR 111.0 million) in untapped credit facilities, and cash amounting to EUR 12.5 million (EUR 4.5 million). The credit facilities included a EUR 45.0 million (EUR 100.8 million) credit line and a EUR 18.0 million (EUR 10.2 million) revolving credit facility. Use of the available credit limit facilities requires collateral arrangements. In addition, the company has a EUR 120 million commercial paper program, of which EUR 25.0 million was issued at the end of the reporting period. More detailed information about liquidity risk is given in the Board of Directors' Report under the headings "Financing" and "Evaluation of Operational Risks and Uncertainties".

Currency unit, EUR 1 000

Repayments of interest-bearing liabilities and finance costs:

2011	Contractual cash flow				
	Less than one year	1–5 years	over 5 years	Total	Carrying amount
Bank loans	63 573	325 075	152 454	541 102	485 854
Commercial papers	25 000			25 000	24 852
Finance lease liabilities	2 751	10 201	30 975	43 927	37 003
Derivatives	1 725	2 149		3 874	3 874
Accounts payable	6 005			6 005	6 005
Other liabilities	15 114	1 037		16 151	16 151
Total	**114 168**	**338 462**	**183 429**	**636 059**	**573 739**

2010	Contractual cash flow				
	Less than one year	1–5 years	over 5 years	Total	Carrying amount
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**

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.

2011	Note	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Financial assets/ liabilities, total	Fair value
Non-current financial assets						
Available-for-sale investments	14		5 764		5 764	5 764
Other non-current receivables		1 057			1 057	1 057
Total		**1 057**	**5 764**		**6 821**	**6 821**
Current assets						
Trade and other receivables		10 103			10 103	10 103
Total		**10 103**			**10 103**	**10 103**
Non-current liabilities	19					
Non-current finance lease liabilities				34 891	34 891	34 891
Non-current interest-bearing liabilities				433 947	433 947	435 304
Non-current non-interest-bearing liabilities				881	881	881
Total				**469 719**	**469 719**	**471 076**
Current liabilities	19					
Current finance lease liabilities				2 111	2 111	2 111
Other current interest-bearing liabilities				76 763	76 763	76 763
Trade and other payables				24 959	24 959	24 959
Income tax liability				31	31	31
Total				**103 864**	**103 864**	**103 864**

Currency unit, EUR 1 000

2011	Note	Loans and other receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Financial assets/ liabilities, total	Fair value
Non-current financial assets						
Available-for-sale investments	14		5 723		5 723	5 723
Other non-current receivables		1 744			1 744	1 744
Total		**1 744**	**5 723**		**7 466**	**7 466**
Current assets						
Trade and other receivables		8 766			8 766	8 766
Total		**8 766**			**8 766**	**8 766**
Non-current liabilities	19					
Non-current finance lease liabilities				36 348	36 348	36 348
Non-current interest-bearing liabilities				373 568	373 568	376 492
Non-current non-interest-bearing liabilities				1 299	1 299	1 299
Total				**411 216**	**411 216**	**414 139**
Current liabilities	19					
Current finance lease liabilities				1 832	1 832	1 832
Other current interest-bearing liabilities				46 120	46 120	46 120
Trade and other payables				18 718	18 718	18 718
Income tax liability				688	688	688
Total				**67 357**	**67 357**	**67 357**

Fair value hierarchy of assets and liabilities measured at fair value

2011	Note	Level 1	Level 2	Level 3	Fair value
Assets measured at fair value					
Financial assets at fair value through profit and loss					
Available-for-sale financial assets					
Equity investments, measured at acquisition cost	14			1 740	1 740
Equity investments, measured at fair value	14	1 097		2 927	4 024
Total		**1 097**		**4 667**	**5 764**
Liabilities measured at fair value					
Financial liabilities at fair value through profit or loss					
Derivatives					
Interest rate swaps	19		3 874		3 874
Total			**3 874**		**3 874**

2010	Note	Level 1	Level 2	Level 3	Fair value
Assets measured at fair value					
Financial assets at fair value through profit and loss					
Available-for-sale financial assets					
Equity investments, measured at acquisition cost	19			1 745	1 745
Equity investments, measured at fair value	19	1 051		2 927	3 978
Total		**1 051**		**4 671**	**5 723**
Liabilities measured at fair value					
Financial liabilities at fair value through profit or loss					
Derivatives					
Interest rate swaps	19		1 272		1 272
Total			**1 272**		**1 272**

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

	2011	2010
Available-for sale financial assets measured at fair value, opening balance	1 745	1 748
Increases		4
Decreases	-4	-7
At end of year	**1 740**	**1 745**

Currency unit, EUR 1 000

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 input data 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 the 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 assumptions made by the management together with observable market data.

II) Yield requirement risks associated with investment properties

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

Changes in market yields may have a significant impact on the company's financial performance through the fair value of investment properties. As the yields increase, the fair value of properties decreases. Conversely, as the yields decrease, the fair value of properties increases. Such changes either decrease or increase the Group's operating profit. Changes in market yields do not have any direct impact on the company's net sales, EBITDA, or cash flow, but a negative change in the value of investment properties may reduce the company's equity ratio and, as a result of this, covenant terms 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. 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	
	12/31/2011	+1%	-1%
Fair value of investment properties	843 778	754 055	959 804

III) Risk concentrations

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

The company's leases fall into two categories: fixed-term and open-ended. The company aims to apply both lease types depending on the market situation, the property in question, and the sector in which the 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 53.7% (43.3%) of the lease stock. At the end of the period, the average lease period was 26 (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.

Changes in the general 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, 2011, the Group's equity ratio was 35.8% (37.4% on December 31, 2010). The long-term target equity ratio is at least 35% over the cycle.

Currency unit, EUR 1 000

21. ASSETS PLEDGED, CONTINGENT LIABILITIES AND OTHER LIABILITIES

	2011	2010
Mortgages of properties		
Loans from financial institutions	485 854	407 699
Mortgages given	472 486	351 918
Land lease liabilities		
Mortgages given	2 697	1 172
Other mortgage liabilities	**925**	**925**
Mortgages, total	**476 108**	**354 015**
Pledged real estate shares		
Pledged investment properties	208 237	171 522
Collateral given on behalf of associateS		
Guarantees		505
Other guarantee liabilities	**60 865**	**46 474**

OTHER LIABILITIES

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

	10-year adjustment period				
	2008	**2009**	**2010**	**2011**	**Total**
Property investment expense (net)	57 433	32 357	38 778	37 349	165 918
VAT on property investment	12 635	7 119	8 410	8 590	36 755
Annual share of VAT on investment	1 264	712	841	859	3 675
VAT deducted	12 569	7 086	8 519	8 553	36 727
Annual share of VAT deducted	1 257	709	852	855	3 673
Number of years remaining in the adjustment period	6	7	8	9	
Refundable amount of the deduction on Dec 31, 2011	7 542	4 960	6 815	7 698	27 015

Liability to adjust VAT on Dec 31, 2011	**27 015**
Liability to adjust VAT on Dec 31, 2010	22 332
Change	4 682

	2011	2010
Project liabilities		
Collateral deposits	178	155
Project liabilities, total	**178**	**155**

22. RELATED PARTY TRANSACTIONS

Holdings in Group companies	Holding, %
Kiinteistö Oy Innopoli II, 15,862 shares, Espoo	100,00
Kiinteistö Oy Finnmedi 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
Kiinteistö Oy Technopolis Viestikatu 7, 1,877 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 Neudorf, St. Petersburg, Russia	100,00
Technopolis Ülemiste AS, 111,929,751 shares, Tallinn, Estonia	51,00

The subsidiaries Innopoli Ltd and Technopolis Ventures Ltd were merged to parent company Technopolis Plc during the financial period.

	2011	2010
Associates		
Sales to associates	370	308
Receivables from associates	22	93

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

Currency unit, EUR 1 000

Salaries and service benefits of the parent company's management	2011	2010

The parent company's related parties include the company's Board of Directors, Deputy CEO and members of the Management Team.

Benefits to related parties:		
Salaries and other current employee benefits	1 386	1 205
Share-based benefits	428	332
Total	**1 814**	**1 537**

No persons included in the related parties were paid any employee benefits due to end of employment contract or other non-current employee benefits in 2010 or 2011.

Salaries and other current employee benefits paid to the CEO and Deputy CEO:		
Keith Silverang, CEO	300	202
Reijo Tauriainen, Deputy CEO	180	134
Total	**479**	**336**

Also, in 2012, Keith Silverang, CEO, was paid EUR 86 thousand and Reijo Tauriainen, Deputy CEO, EUR 20 thousand in bonuses that they earned during the period from January 1, 2011 to December 31, 2011. Bonuses were recognized as expenses during the period in which they were earned.

Employee benefits paid to members of the Management Team	766	469
Members of the Board of Directors		
Pertti Huuskonen, Chairman of the Board	144	339
Carl-Johan Granvik, Deputy Chairman of the Board	37	
Teija Andersen	33	38
Pekka Korhonen	34	30
Timo Ritakallio	36	39
Matti Pennanen	33	43
Total	**319**	**489**

Former members of the Board		
Kuutsa Jussi		8
Veikkolainen Erkki	2	38
Total	**2**	**46**

The 2011 General Meeting of Shareholders resolved that members of the Board will be paid annual compensation as follows: EUR 50,000 to the Chairman, EUR 30,000 to the Deputy Chairman and EUR 25,000 to other members of the Board. In addition to the annual compensation, the members of the Board will be paid compensation for attending the meetings as follows: EUR 600 to the members and EUR 1,200 to the Chairman for each Board meeting, and EUR 600 is paid to the members of committees for each committee meeting. The traveling expenses of Board members and committee members will be reimbursed in accordance with the company's travel regulations. Chairman Pertti Huuskonen was paid compensation amounting to EUR 84 thousand until the 2011 General Meeting of Shareholders on the basis of the agreement between Huuskonen and the company regarding the compensation payable for attending to the duties of full-time Chairman of the Board.

According to General Meeting's resolving 50 per cent of the annual compensation was paid in Technopolis Plc shares acquired from the stock market. A Board member may not dispose of the shares received in annual compensation before the expiry of his or her term.

Annual compensation paid in shares and in cash to Board members:	Number of shares	Compensa-tion paid in shares	Compensa-tion paid in cash	Total annual compensa-tion
Pertti Huuskonen, Chairman	6 499	25	25	50
Carl-Johan Granvik, Deputy Chairman	3 899	15	15	30
Teija Andersen	3 249	12	13	25
Pekka Korhonen	3 249	12	13	25
Timo Ritakallio	3 249	12	13	25
Matti Pennanen	3 249	12	13	25
Grand total for annual compensation	**23 394**	**90**	**90**	**180**

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

In voluntary pension plans for key personnel, the Group's legal and actual obligation is limited to the amount which the Group contributes to the plan with respect to post-employment benefits.
No voluntary pension contributions were paid for key personnel during the financial period 2011 thousand (EUR 4 thousand in 2010).

The terms of the option program are presented in note 23.

Currency unit, EUR 1 000

23. SHARE-BASED PAYMENTS

2005 option program
In the comparison period 2010, the company had option program 2005, with the subscription periods of option rights 2005A and 2005B valid until April 30, 2010. By April 30, 2010, a total of 339,703 shares were subscribed at a subscription price of EUR 3.266 using 325,700 option rights 2005A, while no shares were subscribed using option rights 2005B. No option rights were outstanding for execution following the comparison period after the expiry of the subscription period.

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

Under option plan 2007A, the subscription price of the share is the average share price at the Nasdaq OMX Helsinki Stock Exchange 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 on the record date. The subscription period for shares under option plan 2007A is May 1, 2010 to April 30, 2012, under option plan 2007B from May 1, 2011 to April 30 2013, and under option plan 2007C from May 1, 2012 to April 30, 2014.

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

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

Changes during the year, 2007A	2011 Weighed subscription price, EUR/share	2011 Number of options	2010 Weighed subscription price, EUR/share	2010 Number of options
At beginning of year	7,12	418 500	7,27	448 500
New options granted				
Lost options				-30 000
Outstanding at end of year	6,95	418 500	7,12	418 500
Exercisable at end of year		418 500		418 500

The share subscription period for option rights 2007A is May 1, 2010 to April 30, 2012.

Changes during the year, 2007B	2011 Weighed subscription price, EUR/share	2011 Number of options	2010 Weighed subscription price, EUR/share	2010 Number of options
At beginning of year	5,10	424 500	5,25	509 500
New options granted				
Lost options				-85 000
Outstanding at end of year	4,93	424 500	5,10	424 500
Exercisable at end of year		424 500		-

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

Currency unit, EUR 1 000

Changes during the year, 2007C	2011 Weighed subscription price, EUR/share	2011 Number of options	2010 Weighed subscription price, EUR/share	2010 Number of options
At beginning of year	2,65	520 000		
New options granted			2,80	600 000
Lost options		-17 000		-80 000
Outstanding at end of year	2,48	503 000	2,65	520 000
Exercisable at end of year		-		-

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

The parameters used in defining the fair value of the option program

	2007A	2007B	2007C
Share price at the date of issue, EUR	6,36	4,50	3,72
Original subscription price, EUR	7,85	5,37	2,80
Duration (years)	2,5	2,5	2,7
Expected volatility, %	33	33	33
Risk-free interest rate, %	4,30	3,59	2,67
Fair value of option at the date of issue, EUR	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.

Share incentive scheme 2010–2012

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

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

No shares were granted under the share incentive scheme in 2010, nor were any entries made for it during the financial comparison period of 2010. The share incentive scheme was introduced in 2011, and the key employees have a possibility to earn a maximum total of 150,000 shares during 2011. The earning criteria for the incentive shares are weighted and consist of the growth of the company's earnings per share (60% weight) and the increase in the like-for-like rental income (40% weight).

Parameters used for recognizing the share incentive scheme

Date of granting the shares	1/28/2011
Number of shares granted	150 000
Value of the shares, EUR	4,20
Qualifying period	1.1.2011–30.6.2014
Expected success rate, %	86,19

The expenses recognized through profit or loss for the options are disclosed in note 3.

24. 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 and 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 ID 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 30, 2011

On March 30, 2011, the Annual General Meeting of Shareholders (AGM) of Technopolis Plc adopted the Group and parent company's financial statements for the 2010 financial period and released the company management and Board from liability for the period. The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.17 per share. The dividends were paid on April 11, 2011.

The General Meeting decided to establish a nominating committee to prepare proposals for the next Annual General Meeting on the composition and remuneration of the Board of Directors. The nominating committee will be composed of the Chairman of the Board of Directors and three members representing the three largest shareholders, who may not be members of the Board of Directors of the company. The member appointed by the largest shareholder will act as Chairman of the committee.

The General Meeting authorized the Board of Directors to decide on the issuance of shares and 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 12,677,000, equaling approximately 20% of the company's shares. The Board of Directors shall decide on all the terms and conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). However, the authorization cannot be used for incentive schemes. The authorization supersedes the authorizations given to the Board of Directors by the General Meeting of March 26, 2009, to decide on the issuance of shares and of special rights entitling to shares. The authorization is effective until the end of the next Annual General Meeting; however, no longer than until June 30, 2012.

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 the balance sheet date was EUR 96,913,626.29 (EUR 96,913,626.29 on December 31, 2010). It was made up of 63,385,044 shares. The company's share capital has not changed during the financial period because the subscription price of the new shares has been registered in the company's unrestricted equity reserve. Changes regarding shares during the financial period are shown in the following section. The company's shares have been in the book-entry securities system since March 7, 1998. The company has one class of shares. Each share carries one vote at a General Meeting of Shareholders.

Stock-related events

	Share capital, EUR	Shares, share-holders	Entered in the register
Shares on January 1, 2011	**96 913 626,29**	**63 385 044**	**2.6.2010**
Shares on December 31, 2011	**96 913 626,29**	**63 385 044**	

Technopolis 2007A Stock Options were listed on the trading list of the OMX Nordic Exchange on May 3, 2010. The share subscription price with the 2007A stock options is EUR 6.949 per share. The share subscription period began on May 1, 2010 and will end on April 30, 2012. The total number of stock options is 500,000. The maximum number of new shares to be subscribed for by the options is 521,500.

Technopolis 2 007B Stock Options were listed on the trading list of the OMX Nordic Exchange on 02.05.11. The share subscription price with the 2 007B stock options is EUR 4.933 per share. The share subscription period began on May 1, 2011 and will end on April 30, 2013. The total number of stock options is 550,000. The maximum number of new shares to be subscribed for by the options is 573,650.

Currency unit, EUR 1 000

Disclosures of a change in ownership in 2011

On January 19, 2011, 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 associates and the mutual funds managed by them, had decreased to less than one-twentieth (5%) as a result of a share transaction carried out on January 18, 2011. After the transaction, the proportion of Technopolis Plc's share capital and votes indirectly controlled by OP-Pohjola Group is 2,649,543 shares and 4.180%.

On January 19, 2011, Varma Mutual Pension Insurance Company announced that its direct holding of Technopolis Plc's share capital and votes had increased above three twentieths (15%) as a result of a share transaction carried out on January 18, 2011. After the transaction, the proportion of Technopolis Plc's share capital and votes controlled directly by Varma Mutual Pension Insurance Company is 10,279,371 shares and 16.22%, respectively.

On August 26, 2011, Varma Mutual Pension Insurance Company announced that its direct holding of Technopolis Plc's share capital and votes had increased above one-fifth (20%) as a result of a share transaction carried out on August 25, 2011. After the transaction, the proportion of Technopolis Plc's share capital and votes controlled directly by Varma Mutual Pension Insurance Company is 12,834,529 shares and 20.25%, respectively.

Largest shareholders, Dec 31, 2011

Shareholder	Shares, shareholders	Holding of shares and votes, %
Varma Mutual Pension Insurance Company	15 268 916	24,09
Ilmarinen Mutual Pension Insurance Company	6 272 725	9,90
City of Oulu	3 062 925	4,83
City of Tampere	1 956 649	3,09
Mikko Kalervo Laakkonen	713 714	1,13
Finnish Cultural Foundation	712 826	1,12
OP-Suomi Arvo Mutual Fund	700 000	1,10
Odin Finland	687 376	1,08
The Finnish Innovation Fund Sitra	666 036	1,05
Taaleritehdas' Mutual Fund Arvo Markka Osake	600 000	0,95
Total for ten largest	30 641 167	48,34
Foreign and nominee-registered	16 798 967	26,50
Other	15 944 910	25,16
Grand total	63 385 044	100,00

Currency unit, EUR 1 000

Shareholding breakdown on Dec 31, 2011	Number of shareholders	%	Number of shares/votes	%
1–100	409	8,76	25 182	0,04
101–500	1 373	29,41	408 080	0,64
501–1 000	948	20,30	731 828	1,15
1 001–5 000	1 523	32,62	3 398 441	5,36
5 001–10 000	220	4,71	1 537 511	2,43
10 001–50 000	141	3,02	2 695 967	4,25
50 001–100 000	15	0,32	1 068 770	1,69
100 001–500 000	23	0,49	5 473 303	8,64
500 001–	17	0,36	48 026 682	75,77
Joint account	0	0,00	19 280	0,03
Total	4 669	100,00	63 385 044	100,00

Shareholdings by sector, Dec 31, 2011	Number of shares/votes	%
Private companies	3 607 687	5,69
Financial and insurance institutions	2 827 526	4,46
Public sector organizations	28 320 351	44,68
Private households	9 178 725	14,48
Non-profit organizations	2 632 508	4,15
Foreign and nominee-registered	16 798 967	26,50
Joint account	19 280	0,03
Total	63 385 044	100,00
Number of outstanding shares	63 385 044	100,00

Share data	**2011**	**2010**
Number of issued shares		
On Dec 31	63 385 044	63 385 044
Issue-adjusted average during year	63 385 044	61 040 730
Dilution-adjusted average during year	63 556 767	61 186 677
Share-related Indicators		
Earnings/share, basic, EUR	0,74	0,38
Earnings/share, diluted, EUR	0,73	0,38
Equity/share, EUR	5,21	4,69
Dividend/share, EUR, proposal	0,20	0,17
Dividend Payout Ratio, %	27,2	44,6
P/E ratio	4,6	10,7
Effective dividend yield, %	6,0	4,2
Share prices, EUR		
Highest price	4,42	4,24
Lowest price	2,61	2,96
Trade-weighted average price	3,59	3,59
Price Dec 31	3,35	4,08
Market capitalization, Dec 31, EUR	212 339 897	258 610 980
Share turnover, EUR	109 444 096	80 654 618
Share turnover, shares	30 084 022	22 547 191

Currency unit, EUR 1 000

25. DIRECT AND INDIRECT RESULT

The direct result presents the company's financial result for the period excluding the change in the fair value of investment properties, the change in the fair value of financial instruments 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.

	2011	2010
Direct result		
Net sales	92 835	79 167
Other operating income	1 123	1 529
Other operating expenses	-46 492	-41 343
Depreciation	-1 831	-1 132
Operating profit/loss	**45 635**	**38 221**
Finance income and expenses, total	-13 684	-8 878
Profit before taxes	**31 951**	**29 343**
Taxes for direct result items	-5 232	-8 195
Non-controlling interests	-2 095	-206
Direct result for the period	**24 624**	**20 942**
Indirect result		
Non-recurring items	73	2 051
Changes in fair value of investment properties	26 282	2 743
Operating profit/loss	**26 355**	**4 793**
Changes in fair value of financing instruments	1 708	-550
Profit before taxes	**28 063**	**4 244**
Taxes for indirect result items	-5 987	-1 931
Indirect result for the period	**22 076**	**2 312**
Result for the period attributable to the owners of the parent, total	**46 700**	**23 254**
Earnings per share, diluted *)		
From direct result	0,39	0,34
From indirect result	0,35	0,04
From net result for the period	**0,73**	**0,38**

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

26. EVENTS AFTER THE BALANCE SHEET DATE

In a stock market release issued on January 27, 2012, the company announced that Technopolis Ülemiste AS, a subsidiary of Technolpolis Plc, decided to start the expansion of Tallinn Airport Campus. The total investment required for the expansion is about EUR 22.5 million. The total floor space available for lease in the campus is about 22,000 square meters, while its total floor space is about 29,600 square meters. Preliminary lease agreements have been concluded for 50 per cent of the premises. The project is expected to be completed by October 2013.

In a stock market release issued on February 1, 2012, the company announced that it will start phase II of the construction works for its Pulkovo Airport Campus in St. Petersburg, Russia. The total investment required for phase II of Pulkovo is estimated to be EUR 42 million. The European Bank for Reconstruction and Development (EBRD) will finance half of the project costs, and Technopolis will finance the balance. The total office space available for lease in the campus is about 18,750 square meters, while the total floor space of buildings is about 22,700 square meters. Construction of phase II of Pulkovo will commence in February 2012, and the estimated completion time is September 2013.

In a stock market release issued on February 1, 2012, the company announced that it will start the construction of Viestikatu phase 7B near the University of Kuopio. The total investment required is about EUR 9.0 million. The floor space area of the premises totals approximately 4,800 square meters, and the gross area of the property is approximately 6,300 square meters. Preliminary lease agreements have been concluded for 53 per cent of the premises. The office premises are expected to be completed by December 2012.

On February 2, 2012, Ilmarinen Mutual Pension Insurance Company announced that its direct holding of Technopolis Plc's share capital and votes had increased above one-tenth (10%) as a result of a share transaction carried out on February 2, 2012. After the transaction, the proportion of Technopolis Plc's share capital and votes controlled directly by Ilmarinen Mutual Pension Insurance Company is 6,372,725 shares and 10.05%, respectively.

Parent Company Income Statement

Currency unit, EUR 1 000

PARENT COMPANY INCOME STATEMENT

	Note	2011	2010
Net sales	1	**78 450**	**71 084**
Other operating income	2	954	74
Personnel expenses	3	-8 522	-6 624
Depreciation and impairment	4	-10 478	-9 908
Other operating expenses	5	-31 931	-28 763
Operating profit		**28 473**	**25 864**
Income from holdings in Group companies	6	776	2 129
Finance income, total	6	197	88
Finance expenses, total	6	-12 774	-8 507
Profit before extraordinary items and taxes		**16 673**	**19 574**
Extraordinary items	7	17 726	
Profit before taxes		**34 399**	**19 574**
Appropriations	8	-1 941	-3 794
Income taxes	9	-3 519	-4 817
Net profit for the year		**28 938**	**10 963**

PARENT COMPANY BALANCE SHEET

	Note	12/31/2011	12/31/2010
ASSETS			
Non-current assets			
Intangible assets	10	10 555	5 218
Tangible assets	11	438 686	350 144
Holdings in Group companies	12	173 884	179 931
Holdings in associates	12	5 506	5 357
Investments	12	23 763	27 354
Non-current assets, total		**652 394**	**568 005**
Current assets			
Non-current receivables	13	908	1 130
Current receivables	14	47 454	23 036
Cash and bank		7 076	3 026
Current assets, total		**55 438**	**27 191**
ASSETS, TOTAL		**707 832**	**595 196**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	15		
Share capital		96 914	96 914
Premium fund		18 943	18 943
Invested unrestricted equity fund		85 460	85 370
Retained earnings		2 962	2 864
Net profit for the year		28 938	10 963
Shareholders' equity, total		**233 217**	**215 054**
Accumulated appropriations	16	27 360	25 214
Obligatory provisions	17	156	
Liabilities			
Non-current liabilities	18	358 192	300 547
Current liabilities	19	88 908	54 381
Liabilities, total		**447 099**	**354 928**
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		**707 832**	**595 196**

Currency unit, EUR 1 000

PARENT COMPANY CASH FLOW STATEMENT

	2011	2010
Cash flows from operating activities		
Net profit for the year	28 938	10 963
Adjustments:		
Depreciation according to plan	10 478	9 908
Gains(-) and losses(+) of non-current assets	-248	-1 923
Other adjustments for non-cash transactions	-13 098	5 562
Finance income and expenses	9 113	6 022
Taxes	3 519	4 817
Increase/decrease in working capital	-405	-1 760
Interest received	369	214
Dividends received	10	7
Interests paid and fees	-7 196	-6 167
Income from other investments in non-current assets	-2 372	-2 520
Taxes paid	-5 434	-6 596
Cash flows from operating activities	**23 674**	**18 526**
Cash flows from investing activities		
Investments in other securities		-8
Investments in investment properties	-62 487	-15 833
Investments in tangible and intangible assets	-6 662	-1 603
Proceeds from sale of tangible and intangible assets	286	7 135
Loans granted	-33 650	-46 164
Repayments of loan receivables	15 778	15 859
Increase/decrease in cash equivalents	-183	-849
Gains from disposals of other investments	406	9
Acquisition of subsidiaries	-20	-5 871
Acquisition of associates	-723	
Shares in associate companies sold	598	
Cash flows from investing activities	**-86 656**	**-47 325**

	2011	2010
Cash flows from financing activities		
Increase in long-term loans	97 154	27 900
Decrease in long-term loans	-30 775	-24 965
Dividends paid	-10 772	-8 601
Paid share issue		20 489
Change in short-term loans	11 386	12 812
Cash flows from financing activities	**66 993**	**27 636**
Cash assets in reorganizations	-40	
Net increase/decrease in cash assets	**4 011**	**-1 164**
Cash and cash equivalents, January 1	3 026	4 189
Cash and cash equivalents, December 31	**7 076**	**3 026**

Accounting Policies Applied In the Preparation of Parent Company Financial Statements

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

Net sales and other operating income
Net sales consist primarily of the rental revenues from premises, service revenues and consulting revenues related to business operations. Revenues are recognized on an accrual basis.

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

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

Intangible rights	20 %, straight-line depreciation
Other long-term expenditure	10 %, straight-line depreciation
Buildings and structures (stone and similar)	2,0–2,5 %, straight-line depreciation
Buildings and structures (wood and similar)	3 %, straight-line depreciation
Machinery and equipment	25 %, depreciation from book value

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

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

The merger difference is entirely allocated to buildings and structures. The depreciation period of merger difference corresponds to the depreciation period of buildings and structures.

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.

Comparability of information for the previous financial period
In comparing the information for the financial period, it should be noticed that Innopoli Ltd. and Technopolis Ventures Ltd. were merged with Technopolis Plc on May 31, 2011.

Notes to the Parent Company Financial Statements

Currency unit, EUR 1 000

	2011	2010
1. NET SALES		
Rental revenues	67 773	63 252
Service revenues	10 677	7 832
Net sales, total	**78 450**	**71 084**

	2011	2010
2. OTHER OPERATING INCOME		
Development projects	630	45
Other income from operations	325	29
Other operating income, total	**954**	**74**

Other operating income includes capital gains of EUR 248 thousand.

	2011	2010
3. PERSONNEL EXPENSES		
Salaries and fees	7 307	5 603
Pension costs	1 232	915
Indirect employee costs	345	239
Capitalized personnel expenses	-363	-133
Personnel expenses, total	**8 522**	**6 624**
Average number of employees	121	104
Salaries of CEO and Board members		
President and CEO	300	202
Members of the Board of Directors	320	535
Salaries of CEO and Board members, total	**620**	**736**

	2011	2010
4. DEPRECIATION ACCORDING TO PLAN AND IMPAIRMENT		
Depreciation on intangible assets	1 402	1 027
Merger difference in depreciation	1 045	1 045
Depreciation on tangible assets	8 031	7 836
Depreciation according to plan and impairment, total	**10 478**	**9 908**

	2011	2010
5. OTHER OPERATING EXPENSE		
Premises expenses	19 161	17 349
Service expenses	4 772	3 824
Other operating expenses	7 998	7 590
Other operating expenses, total	**31 931**	**28 763**
Auditor's fees and services		
Other operating expense includes fees paid to auditors as follows:		
Audit	31	21
Certificates and reports	17	5
Other services	215	147
Auditor's fees, total	**263**	**173**

	2011	2010
6. FINANCE INCOME AND EXPENSES		
Dividend income from others	10	7
Other interest income from Group companies	776	2 129
Other interest income from others	187	81
Interest expenses and other finance expenses to Group companies	-147	-14
Interest expenses and other finance expenses to others	-10 020	-8 225
Change in fair value of derivatives	-2 608	-269
Finance income and expenses, total	**-11 801**	**-6 290**

	2011	2010
7. EXTRAORDINARY ITEMS		
Merger gains	17 726	
Extraordinary items, total	**17 726**	

	2011	2010
8. APPROPRIATIONS		
Difference between planned depreciation and depreciation for tax purposes	1 941	3 794

	2011	2010
9. INCOME TAXES		
Income tax from actual operations	3 519	4 817
Income taxes, total	**3 519**	**4 817**

Currency unit, EUR 1 000

	2011	2010
10. INTANGIBLE ASSETS		
Intangible rights		
Acquisition cost, Jan 1	3 005	1 455
Acquisition costs transferred in merger	48	
Increases	3 266	1 550
Acquisition cost, Dec 31	6 318	3 005
Accumulated amortization, Jan 1	-830	-440
Accumulated amortization for items transferred in merger		
Depreciation for the year	-542	-390
Intangible rights, Dec 31	**4 946**	**2 175**
Other long-term expenditure		
Acquisition cost, Jan 1	4 892	3 604
Acquisition costs transferred in merger	263	
Increases	3 367	1 287
Acquisition cost, Dec 31	8 521	4 892
Accumulated depreciation, Jan 1	-1 848	-1 211
Accumulated depreciation for items transferred in merger	-205	
Depreciation for the year	-859	-637
Other long-term expenditure, Dec 31	**5 609**	**3 044**
11. TANGIBLE ASSETS		
Land areas		
Acquisition cost, Jan 1	29 966	30 591
Acquisition costs transferred in merger	5 616	
Increases	16 774	
Decreases		-625
Land areas, Dec 31	**52 357**	**29 966**
Connection fees		
Acquisition cost, Jan 1	3 569	3 382
Acquisition costs transferred in merger	233	
Increases	105	186
Connection fees, Dec 31	**3 906**	**3 569**
Land areas, total, Dec 31	**56 262**	**33 535**

	2011	2010
Buildings and structures		
Acquisition cost, Jan 1	332 022	309 717
Acquisition costs transferred in merger	35 903	
Increases	10 337	30 375
Decreases		-8 069
Acquisition cost, total, Dec 31	378 262	332 022
Accumulated depreciation, Jan 1	-46 779	-42 208
Accumulated depreciation for items transferred in merger	-7 689	
Accumulated amortisation on disposals		3 023
Depreciation for the year	-7 822	-7 595
Buildings and structures, Dec 31	**315 971**	**285 243**
Construction-period interest, Jan 1	2 062	1 600
Increases	46	462
Construction-period interest, Dec 31	2 107	2 062
Accumulated depreciation, Jan 1	-113	-75
Depreciation for the year	-42	-38
Construction-period interest, Dec 31	**1 952**	**1 948**
Merger difference, Jan 1	19 369	19 369
Merger difference, Dec 31	19 369	19 369
Accumulated depreciation, Jan 1	-3 596	-2 551
Depreciation for the year	-1 045	-1 045
Merger difference, Dec 31	**14 728**	**15 773**
Buildings and structures, Dec 31	**332 651**	**302 964**

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.

	2011	2010
Machinery and equipment		
Original acquisition cost	2 054	2 006
Acquisition costs transferred in merger	752	
Accumulated depreciation	-1 445	-1 242
Accumulated depreciation for items transferred in merger	-652	
Net expenditures, Jan 1	709	764
Increases	28	53
Decreases	-38	-6
Depreciation for the year	-167	-203
Machinery and equipment, Dec 31	**533**	**609**

Currency unit, EUR 1 000

	2011	2010
Other tangible assets		
Acquisition cost, Jan 1	24	24
Acquisition costs transferred in merger	9	
Other tangible assets, Dec 31	**33**	**24**
Advance payments and projects in progress		
Projects in progress, Jan 1	13 013	28 737
Increases/decreases	36 194	-15 723
Advance payments and projects in progress, Dec 31.	**49 207**	**13 013**

12. INVESTMENTS

	2011	2010
Holdings in Group companies		
Acquisition cost, Jan 1	179 931	152 070
Increases	20	27 861
Decreases	-6 068	
Holdings in Group companies, Dec 31	**173 884**	**179 931**
Holdings in associates		
Acquisition cost, Jan 1	5 357	12 546
Increases/decreases	149	-7 190
Holdings in associates, Dec 31	**5 506**	**5 357**

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

	2011	2010
Other shareholdings		
Acquisition cost, Jan 1	4 508	4 515
Increases/decreases	69	-6
Other shareholdings, Dec 31	**4 577**	**4 508**
Receivables from Group companies		
Loan receivables, Jan 1	22 705	23 909
Increases	8 784	31 467
Decreases	-12 444	-32 671
Receivables from Group companies, Dec 31	**19 045**	**22 705**

Holdings in Group companies, Dec 31, 2011	**Holding, %**	**amount**
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	53 647
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, St. Petersburg, Russia	100,00	17
Technopolis St Petersburg LLC, St. Petersburg, 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
Kiinteistö Oy Technopolis Viestikatu 7, 1 877 shares, Kuopio	100,00	20
Total		**173 884**

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
Rehaparkki Oy, 142 shares , Oulu	50,00	723
Otaniemen Kehitys Oy, 25 shares, Espoo	25,00	25
Total		**5 506**

Currency unit, EUR 1 000

	2011	2010
Other holdings		
Listed shares	14	5
Other shares	861	801
Apartment shares	2 937	2 937
Sampo mutual fund units	766	766
Total	**4 577**	**4 508**
Other receivables		
Other receivables, Jan 1	140	135
Increases		5
Other receivables, Dec 31	**140**	**140**

13. NON-CURRENT RECEIVABLES

	2011	2010
Other long-term receivables	908	1 130
Other long-term receivables, total	**908**	**1 130**

14. CURRENT RECEIVABLES

	2011	2010
Sales receivables from Group companies	154	583
Loan receivables from Group companies	38 344	17 263
Adjusting entries for assets from Group companies	244	59
Other Group receivables	1 012	1 980
Sales receivables	3 713	1 904
Sales receivables from associates	22	23
Loan receivables from associates		70
Adjusting entries for assets	3 350	784
Other receivables	614	370
Short-term receivables, total	**47 454**	**23 036**
Essential items included in adjusting entries for assets		
Taxes	1 279	
Other	2 071	784
Total	**3 350**	**784**

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

15. CHANGES IN SHAREHOLDERS' EQUITY

	2011	2010
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	85 370	64 815
Acquired own shares	90	65
Issue premium		19 380
Exercised options		1 109
Invested unrestricted equity fund, Dec 31	**85 460**	**85 370**
Distributable funds, Jan 1	13 828	11 531
Dividends distributed	-10 775	-8 602
Consideration paid for own shares	-90	-65
Net profit for the year	28 938	10 963
Distributable funds, Dec 31	**31 901**	**13 828**
Unrestricted equity, Dec 31	**117 360**	**99 197**
Shareholders' equity, Dec 31	**233 217**	**215 054**
Distributable unrestricted equity, Dec 31	**117 360**	**99 197**

16. ACCUMULATED APPROPRIATIONS

	2011	2010
Depreciation difference, Jan 1	25 214	21 420
Transferred from merged companies	205	
Increase during the year	1 941	3 794
Depreciation difference, Dec 31	**27 360**	**25 214**

17. OBLIGATORY PROVISIONS

	2011	2010
Tax provisions	31	
Other mandatory provisions	125	
Obligatory provisions, total	**156**	

EUR 125 thousand of uncharged expert fees have been recognized as an expense to the parent company and increase in obligatory provisions.

Currency unit, EUR 1 000

18. NON-CURRENT LIABILITIES

	2011	2010
Loans from financial institutions	357 453	299 401
Other liabilities	738	1 146
Non-current liabilities, total	**358 192**	**300 547**
Liabilities with a maturity of five years or longer	165 878	146 174

19. CURRENT LIABILITIES

	2011	2010
Loans from financial institutions	45 878	29 404
Advances received	4 239	2 569
Accounts payable	3 148	1 530
Liabilities to Group companies	275	1 962
Other current liabilities	25 529	12 946
Adjusting entries for liabilities	9 839	5 970
Current liabilities, total	**88 908**	**54 381**
Essential items included in adjusting entries for liabilities		
Interest	1 647	1 180
Derivatives	3 871	1 263
Taxes		583
Other	4 321	2 945
Total	**9 839**	**5 970**

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

20. ASSETS PLEDGED, CONTINGENT LIABILITIES AND OTHER LIABILITIES

	2011	2010
Mortgages of properties		
Loans from financial institutions	403 332	328 805
Mortgages given	417 732	320 999
Land lease liabilities		
Mortgages given	1 977	1 172
Other mortgage liabilities	**925**	**925**
Mortgages, total	**420 634**	**323 096**

	12/31/2011		12/31/2010	
Interest rate and currency swaps	Nominal value	Fair value	Nominal value	Fair value
Interest rate swaps, Nordea	37 800	-1 222	33 333	-180
Interest rate swaps, Sampo	21 000	-435	25 000	-22
Interest rate swaps, Pohjola	70 000	-1 242	53 333	-1 000
Interest rate swaps, Handelsbanken	41 000	-972	25 000	-61
Interest rate and currency swaps, total	**169 800**	**-3 871**	**136 667**	**-1 263**

	2011	2010
Pledged real estate shares		
Pledged real estate shares	152 792	150 361
GUARANTEES		
Collateral given on behalf of Group companies		
Guarantees	19 253	20 674
Collateral given on behalf of associates		
Guarantees		505

OTHER LIABILITIES

Liability to adjust value added tax on property investments

	10-year adjustment period				
	2008	2009	2010	2011	Total
Property investment expense (net)	56 713	30 078	30 628	9 913	127 332
VAT on property investment	12 477	6 617	6 601	2 280	27 975
Annual share of VAT on investment	1 248	662	660	228	2 798
VAT deducted	12 411	6 584	6 710	2 244	27 949
Annual share of VAT deducted	1 241	658	671	224	2 795
Number of years remaining of the adjustment period	6	7	8	9	
Refundable amount of the deduction Dec 31, 2011	7 446	4 609	5 368	2 019	19 443
Liability to adjust VAT Dec 31, 2011					**19 443**
Liability to adjust VAT Dec 31, 2010					19 793
Change					-350

Currency unit, EUR 1 000

	2011	2010
Project liabilities	**178**	**155**
Leasing liabilities for fixtures and fittings		
To be paid in the current financial year	1 532	1 320
To be paid later	2 659	2 238
Leasing liabilities for fixtures and fittings, total	**4 191**	**3 558**
Lease liabilities from investment properties, total value of minimum lease payments		
Not later than one year	2 165	1 977
Later than one year and not later than five years	9 318	8 629
Later than five years	30 975	32 589
Total	**42 459**	**43 195**
Present value of minimum lease payments of investment properties		
Not later than one year	1 340	1 285
Later than one year and not later than five years	6 224	5 975
Later than five years	28 046	29 630
Present value of minimum lease payments, total	**35 610**	**36 890**
Future financial expenses, total	6 850	6 306
Total amount of finance lease liabilities from investment properties	**42 459**	**43 195**

21. RELATED PARTY TRANSACTIONS

Related party transactions are presented in Note 22 to the consolidated financial statements.

Definitions of Key Indicators and Financial Ratios

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, %

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

Equity/share

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

Dividend/share

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

Dividend Payout Ratio, %

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

Price/earnings (P/E) Ratio

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

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 Portfolio, %

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

Net Debt/Equity (Gearing), %

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

Earnings/Share, basic

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

Earnings/Share, diluted

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

Financial Occupancy Ratio, %

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

Like for like rental growth, %

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

Cash flow from operations/Share

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

Board of Directors' Proposal for the Distribution of Profits

The distributable funds of the parent company Technopolis Plc, totaling EUR 31,900,524, are available to the Annual General Meeting. The Board of Directors proposes that a dividend of EUR 0.20 per share be paid, totaling EUR 12,677,009. The Board proposes that the remainder of distributable funds be left in the retained earnings account.

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

Espoo, March 1, 2012

Pertti Huuskonen
Chairman of the Board

Carl-Johan Granvik
Deputy Chairman of the Board

Teija Andersen
Member of the Board

Pekka Korhonen
Member of the Board

Matti Pennanen
Member of the Board

Timo Ritakallio
Member of the Board

Keith Silverang
President and CEO

The Auditor's Note

Our auditor's report has been issued today.

Espoo, March 1, 2012

KPMG Oy Ab

Tapio Raappana
Authorised Public Accountant

Auditor's Report

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

To the Annual General Meeting of Technopolis Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Technopolis Plc for the year ended 31 December, 2011. 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.

Espoo, March 1, 2012
KPMG Oy Ab

Tapio Raappana
Authorised Public Accountant