TECHNOPOLIS PLC INTERIM REPORT April 29, 2010 at 12.00

TECHNOPOLIS GROUP INTERIM REPORT JANUARY 1 – MARCH 31, 2010

Highlights for period 1 - 3/2010 compared with 2009 equivalent
- Net sales remained at the level of EUR 19.4 million (EUR 19.4 million)
- EBITDA rose to EUR 10.0 million (EUR 9.9 million)
- The direct result rose to EUR 5.4 million (EUR 4.8 million) and the direct result per share was EUR 0.09/share (EUR 0.08)
- Operating profit rose to EUR 10.3 million (EUR -4.2 million), including a change of EUR 0.5 million (EUR -14.0 million) in the fair market value of investment properties
- Profit before taxes was EUR 7.8 million (EUR -7.9 million)
- The financial occupancy rate was 94.0% (95.7%)
- The Group's equity ratio was 36.2% (38.6%)
- Earnings per share, basic and diluted, was EUR 0.09 (EUR -0.10)

Keith Silverang, President and CEO:

"Technopolis has taken its first step towards internationalization through acquisitions. The company will acquire a Tallinn-based site which offers good growth potential and where the Technopolis concept creates value added. The joint venture to be established provides us with excellent opportunities to grow in Estonia and possibly elsewhere in the Baltic region.

The business environment has stabilized during the first quarter. In market conditions like this, Technopolis concept competitive advantage becomes apparent. The occupancy rates of our facilities are higher than the average occupancy rate in nearly every community where we operate.

The upward trend in market yields seems to have reached its turning point and the situation has stabilized during the first quarter. The fair market value of our investment properties has not changed much compared with 2009 year end financial report.

The financial market has recovered and Technopolis has further benefited from market interest rates. The average interest rate of the Group's credit portfolio was 1.98 % at the end of the reporting period. With its credit limit facilities of EUR 213.0 million at the end of the reporting period, the Group can meet the funding needs of Board approved investments. A loan granted by the EBRD (European Bank for Reconstruction and Development) – totaling EUR 31.6 million – will support funding for Technopolis Pulkovo in St. Petersburg, and release securities for other growth projects."

Business Conditions in Finland and St. Petersburg

The world economy has started to recover from the most severe economic crisis since the 1930s. However, the revival in world trade visible after the first half of 2009 has not been fully felt in the Finnish economy. According to the Bank of Finland, the gross domestic product contracted by 7.8% last year. It has been forecasted that economic growth will remain weak until early 2011, and growth in total output will be clearly more sluggish than before the economic crisis. (Source: the Bank of Finland, Economic Outlook 1/2010)

The office space vacancy rate rose in nearly all Finnish growth centers in spring 2010, but it still remained below 8 %. The vacancy rate for office space in the Helsinki metropolitan area continued to rise, climbing to 12.3%. The problems of the real economy will be reflected in the rental market. Catella predicts that the vacancy rates for office space will continue to increase in 2010. (Source: Catella, Market Review, spring 2010)

The office market in St. Petersburg has witnessed a revival in demand since the fourth quarter of 2009 (Source: Amplion, January 11, 2010). The vacancy rate for class A office properties in St. Petersburg was approximately 27% in 2009. Vacant class A and B office space amounted to approximately 250,000 square meters at the beginning of 2010. Demand is expected to grow gradually in 2010. (Source: Colliers Russia Real Estate Review 2010)

Operations

Technopolis Group has two operational segments based on geographical units: Finland and Russia. The segmentation is based on the Group’s existing internal reporting procedures and organization of the Group’s operations.

In spite of the decline in global economic conditions, the demand for business environments in Technopolis’ territories has remained satisfactory, and the Group’s financial occupancy rate has remained on a good level, standing at 94.0% at the end of the first quarter (95.7% on March 31, 2009).

Competition has intensified in the office rental market in the communities where Technopolis operates over the last year. However, the company’s occupancy rates are above average in nearly all of its growth centers.

The Group's net sales for the period under review were EUR 19.4 million (EUR 19.4 million in 2009). Rental revenues accounted for 85.2% (84.4%) and service revenues 14.8% (15.6%) of sales. Like for like rental growth i.e. the rental revenue from comparable properties declined 2.7%. Like for like rental revenue growth, i.e. the trend in rental revenues from comparable sources, is calculated by comparing the rental revenues from the 2010 figures to 2009 figures. To ensure comparability, the figures do not include rental revenues obtained from properties commissioned or acquired before the year ended.

EBITDA for the period was EUR 10.0 million (EUR 9.9 million), an increase of 0.6 %. The Group’s operating profit was EUR 10.3 million (EUR -4.2 million), an increase of 344.1%. The increase in operating profit was mainly due a change of EUR 0.5 million (EUR -14.0 million) in the fair market value of investment properties due to stabilized market yields. The change in the fair market value of investment properties has no impact on the Group's net sales, EBITDA or cash flow.

The Group's net finance expenses totaled EUR 2.6 million (EUR 3.7 million). The Group's profit before taxes was EUR 7.8 million (EUR -7.9 million).

The company has presented its direct result as of January 1, 2009, which provides a more precise illustration of the company’s operational financial performance. The Group's direct result was EUR 5.4 million (EUR 4.8 million), an increase of 10.3 %. The direct result shows the company's result for the financial period, excluding changes in the fair market value of investment properties and financial instruments during the period, as well as any non-recurring items, or tax effects relating to these items.

Total assets were EUR 718.9 million (EUR 685.5 million), an increase of 4.9 %. The Group's equity ratio at the end of the period was 36.2 % (38.6 %).

The fair market value of the Group's investment properties at the end of the period was EUR 600.1 million (EUR 582.0 million) and the fair market value of investment properties under construction was EUR 58.6 million. The earnings impact of the change in the fair market value of investment properties was EUR 0.5 million (EUR -14.0 million in 2009) during the period under review. The change in the fair market value includes an increase in the value due to a slight decline in market yields and a change in the value of properties under construction measured at fair value. The projected long-term inflation rate used in the fair value calculation was 2.0 %.

Net market yields are calculated by means of analyses done by two independent appraisal agencies for each individual region. The net yields are calculated by taking the average of the upper and lower ranges reported by these organizations. On March 31, 2010, the average net market yield for Group properties was 8.06% (7.85% on March 31, 2009). The average ten-year occupancy rate used in the fair market value calculation was 95.5 %. The Group has set a higher target for the final occupancy rate than the preceding value. Over the period of 2000-2009, the Group's average occupancy rate was 97.1 %.

The Group's total rentable space at the end of the period was 453,567 square meters (438,337 square meters on March 31, 2009). The Group's average financial occupancy rate was 94.0% (95.7%) at the end of the period. The financial occupancy rate depicts rental revenues obtained 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 115.8 million (EUR 128.1 million) at the end of the reporting period.

In 2009, Technopolis analyzed potential international investment targets in Europe for future growth. Country analyses were aimed at evaluating both the growth potential of the knowledge-intensive sectors of the target countries and the opportunities for Technopolis successfully operate in accordance with its concept in the country in question.

On the basis of these analyses, four countries were selected for further analysis at the end of 2009 and investigation of the potential for acquisitions. The key criteria were rapid positive cash flow, potential for growth post-acquisition growth, as well as the suitability of targeted properties for the Technopolis service concept.

Technopolis international growth acquisition started when an agreement was concluded with a local Estonian technology center operator in March, 2010 aiming at establishing a joint venture in Estonia.

On March 26, 2010, Technopolis signed a contract with Tallinn-based Smart City Group As and its subsidiary Ülemiste City As to establish a joint venture in Tallinn. Technopolis will acquire a majority interest in the company to be founded and owned by Smart City Group As. The property portfolio to be transferred to Technopolis Ülemiste is currently held by Ülemiste City As, a subsidiary of Smart City Group As. This property portfolio covers approximately 70,000 square meters of space located next to Tallinn International Airport. Approximately 47,000 square meters of the space consists of modern office buildings ranging from 1-5 years in age. Building volume rights, totaling approximately 150,000 square meters is suitable for office space, will be transferred to the ownership of Technopolis Ülemiste.

The pro forma enterprise value of the company, Technopolis Ülemiste joint venture (to be founded) is estimated at EUR 63.5 million with loans totaling EUR 44 million. The annual projected pro forma net sales of the company is EUR 4.75 million, while the projected EBITDA is approximately EUR 4 million. The pro forma figures have been formulated on the basis of the financial statements as of the end of the previous fiscal year. Technopolis' investment in the joint venture totals EUR 9.93 million. The investment includes a EUR 0.5 million earn-out payment which will be based on the achievement of commercial targets over the next two years.

Technopolis Group's holding in Technopolis Ülemiste will be 51% and the remaining 49% will be owned by Estonian Smart City Group As through its subsidiary Ülemiste City As. Technopolis Ülemiste will have approximately a 10% share of the Tallinn office space market. The impact of the agreement on Technopolis Plc sales and earnings will depend on how long it takes to complete the closing of the deal. Once the deal has been closed Technopolis Ülemiste will become a subsidiary of Technopolis Plc and a part of the Technopolis Group.

The final execution of the deal within the planned framework depends on the results of due diligence and joint venture financing procedures. Assuming these procedures are successfully concluded, the acquisition is can be completed in June-July 2010.

Group Structure

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

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

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

The Group also includes Technopolis Ventures Oy in Espoo, wholly owned by Innopoli Oy. The subsidiaries Technopolis Ventures Lappeenranta Oy (100%), Technopolis Ventures Jyväskylä Oy (100%), Technopolis Ventures Oulu Oy (100%), Technopolis Ventures Professia Oy in Tampere (100%), and Technopolis Ventures Kuopio Oy (100%) were merged into with Technopolis Ventures Oy on February 28, 2010. Technopolis Group has a 35% holding in Otaniemi Development Ltd.

Major Investments and Development Projects

Projects under construction on March 31, 2010:

	Area	Gross-sqm	Meur	Occupancy rate March 31, 2010	Due for completion
Yliopistonrinne Phase 1 (2)	Tampere	19,200	33.6	94.0	4/2010
Pulkovo Phase 1 (3)	St. Petersburg	24,100	52.3	11.7	6/2010
Viestikatu Phase 2 (4)	Kuopio	13,400	9.6	80.4	9/2010

(2) 130 parking spaces in the building
(3) Including land plot
(4) 236 parking spaces in the building

Construction of Phase 1 of the Technopolis Pulkovo center in St. Petersburg is proceeding according to plan. By the end of the period under review, a total of EUR 45.1 million had been committed to the operations in St. Petersburg.

The market situation in St. Petersburg is still challenging, but the demand is reasonable. Negotiations continue with numerous potential customers for a significant amount of space. It is difficult to forecast when new leases will be signed. In Russia, the normal market practice is to sign leases only upon completion of the projects. So far, 11,7 % of the premises of Phase one have been let, and the project is estimated to be completed in the summer of 2010.

Projects approved by the Board of Directors:

	Area	Gross m2	EUR million	Occupancy rate 3/31/2010
Eye Center (5)	Tampere	5,450	14.2	100
Office facility (6)	Tampere	2,370	3.3	0

(5) 21 parking spaces in the building
(6) 5 parking spaces in the building

Technopolis will build an Eye Center in the Finn-Medi area in Tampere for the Pirkanmaa Hospital District. Construction of the project object begins in May 2010 and it is due for completion in November 2011.

In the same complex with the Eye Center will be buid an office facility intended for multiple users. The extent of multi-user office section is approximately 2,370 gross square meters.

Planned projects approved by the Board of Directors:

	Area	Gross m2	EUR million	Occupancy rate 3/31/2010
Patient Hotel (7)	Tampere	7,060	14.8	100

(7) 17 parking spaces in the building

Technopolis is planning a Patient Hotel for Norlandia Care Oy in the Finn-Medi area in Tampere. The Patient Hotel will be constructed in the same complex as the Eye Center and the office facility.

Technopolis Plc and Norlandia Care Oy have entered into a binding contract for the construction and project planning of the patient hotel, and signed a long-term lease. The extent of the patient hotel is around 7,060 gross square meters, including, a restaurant and 136 rooms. The final construction decision on the Patient Hotel will be made in spring 2010.

In addition to those 43 parking spaces to be built in Eye center, Patient Hotel and office section, an outdoor parking space of 129 vehicles will be constructed.

In 2009, Technopolis launched an Enterprise Resource Planning system development program as part of an overall program to boost its operational efficiency. The new MIS system was introduced after the first quarter at the beginning of April 2010. The system supports efficient management decision making and agile daily routines of employees. The external cost of the development project amounted to EUR 1.3 million.

Financing

With its current credit facilities Technopolis is able to finance all of its Board approved investments. At the end of the period, Technopolis had EUR 213.0 million worth of untapped, binding credit facilities and cash of EUR 4.3 million available. Withdrawal of available credit limit facilities, excluding commercial papers, requires collateral arrangements. Of the long-term unused credit facilities, EUR 60.0 million is credit that has been extended by the European Investment Bank to Technopolis for future expansion projects in Finland, and, as a new instrument, EUR 31.6 million has been extended by the European Bank for Reconstruction and Development to Technopolis for Technopolis Pulkovo.

Technopolis has a EUR 90 million domestic commercial paper program to allow it to manage its short-term liquidity. The program enables the company to issue commercial paper with maturities of less than one year. The commercial paper market has recovered and the value of commercial papers issued by Technopolis after the end of the reporting period totals EUR 15,7 million. Furthermore, Technopolis has a EUR 15.0 million checking account with an overdraft facility, of which EUR 3.6 million was in use at the end of the reporting period.

The Group's net financial expenses totaled EUR 2.6 million (EUR 3.7 million). The Group's interest coverage ratio was 5.2 (2.4). The interest coverage ratio indicates the relation between EBITDA and accrual-based interest expenses.

The Group's total assets were EUR 718.9 million (EUR 685.5 million), of which liabilities accounted for EUR 460.1 million (EUR 422.3 million). The Group's equity ratio was 36.2 % (38.6 %) The Group's net gearing was 150.1 % (133.8 %) at the end of the period. The Group's equity per share was EUR 4.51 (EUR 4.59).

The Group's interest-bearing liabilities were EUR 392.8 million (EUR 362.5 million) at the end of the reporting period. The average interest rate on interest-bearing liabilities was 1.98% (3.11%) on March 31, 2010. Of interest-bearing liabilities, 84.3% (75.5%) were floating rate loans and 15.7% (24.5%) were fixed rate loans at the end of the period. The average capital-weighted loan period was 10.1 years (10.4 years). After the end of the reporting period, the Group has began extending the interest rate fixing period of its loans by using interest rate swaps.

The Group's loan to value, i.e. the ratio of interest-bearing liabilities to fair market values of investment properties and properties under construction was 58.7% (57.5%).

The Group has interest-bearing liabilities totaling EUR 354.2 million, of which a total of EUR 95.3 million contains equity ratio related covenants. A decline in the equity ratio may in these loans lead to higher interest rate margins or premature repayment. The margins of some loans and bank guarantees may rise as the equity ratio falls, as shown by the table below. Potential changes in the margins come into effect in accordance with the contractual provisions of each loan.

Loan (L) or bank guarantee (BG) principal, EUR million	Margin % on March 31, 2010	Equity ratio under 38%	Equity ratio under 35%	Equity ratio under 33%	Equity ratio under 30%	Other
10.0(L)	0.82				0.85	
4.1(L)	0.65			0.70	1.00	
30.0(L)	1.50			1.75	2.00	Margin may be changed or loan terminated if equity ratio is under 30%
1.2 (L)	0.45					Margin may be changed or loan terminated

						if equity ratio is under 28%
10.0 (BG)	0.365			0.40	0.60	
20.0 (BG)	0.26	0.35*)			0.65	*)Covenant becomes effective 12/8/2013
10.00 (BG)	0.8	0.9	1.0	1.5		
10.00 (BG)	0.8	0.9	1.0	1.5		

Bank guarantees in the amount of EUR 86.0 million have been given as a security for the EUR 84.3 million loans granted by the European Investment Bank. Of these bank guarantees, EUR 31.0 million will expire by the end of 2013, and the plan is to extend them. The extension of these bank guarantees may result in increased loan margins.

During the 12-month period following the period under review, EUR 35.6 million of the existing interest-bearing loans will mature.

Financing for the duration of the construction project in Russia has been arranged through funding by the parent company and is converted into long-term loans and shareholders' equity in compliance with the thin-capitalization regulations in effect in Russia.

Organization and Personnel

The CEO of Technopolis is Keith Silverang, MBA. Mr. Silverang has dual US and Finnish citizenship. He has completed the Bachelor of Arts degree at Boston University and the MBA at the Helsinki School of Economics. Reijo Tauriainen acts as Deputy CEO of the company.

The Technopolis Group management team for 2010 was changed on February 10, 2010, to facilitate the company's growth targets for the next years. Helsinki Metropolitan Area Director Marko Järvinen joined the management team as a new member. He is Master of Science in Engineering and served, for instance, Mercuri International as a consultant in corporate personnel development duties and has hold various domestic and international sales positions. He joined the company in 2006.

The company's management team comprises: Keith Silverang, CEO; Reijo Tauriainen, Country Manager (Finland) and CFO; Satu Eskelinen, Director of Tampere operations and Business Services; Marko Järvinen, Director of Helsinki Metropolitan Area operations and Development Services; and Seppo Selmgren, Chief Sales Officer.

The Technopolis line organization consists of three units: Finland, Russia, and New Markets. The Group organization also has matrix support functions for the Group's real estate development, business services, business development and support services. The New Markets unit does not generate net sales or earnings, and its costs are included in the expenses of the Group administration.

Technopolis Plc complies with the Finnish Corporate Governance Code issued by the Securities Market Association on October 20, 2008. The Code took effect on January 1, 2009. The corporate governance statement was issued on January 29, 2010, and is available on the corporate websites at www.technopolis.fi/for investors.

The Group employed, on average, 129 (153) people during the period. Facilities operations employed 61 (58) people, Business Service 35 (34) people and Development Services 33 (61) people. The total number of Group personnel was 129 (153) at the end of the reporting period.

Technopolis reorganized its development service operations during the last quarter of 2009. In connection with this, nearly all publicly funded and non-profit development programs in Espoo, Jyväskylä, Kuopio, Lappeenranta, and Oulu were transferred to local partners as of January 1, 2010. As a result, 16 employees were transferred to local cooperation partners and nine employees resigned or dismissed.

As part of the reorganization of development services, local Technopolis Ventures companies were merged with their parent company Technopolis Ventures Plc on February 28, 2010. Technopolis Ventures Plc employed 23 people at the end of the reporting period.

Annual General Meeting

On March 26, 2010, the Annual General Meeting of Shareholders (AGM) of Technopolis Plc adopted the Group and parent company's financial statements for fiscal 2009 and released the company management and Board from liability for the period.

The AGM approved a dividend of EUR 0.15 per share as proposed by the Board. The dividend was to be paid to those shareholders who were registered in the shareholders' register held by Euroclear Finland Ltd. on the record date, March 31, 2010. The dividends were paid on April 9, 2010.

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

The number of Board members was confirmed six. Teija Andersen, Pertti Huuskonen, Pekka Korhonen, Matti Pennanen, Timo Ritakallio, and Erkki Veikkolainen were elected to the Board for a term that ends when the next Annual General Meeting concludes. Pertti Huuskonen was elected full-time Chairman of the Board and Matti Pennanen was elected Deputy Chairman of the Board for the same term.

The AGM decided to pay compensation to Pertti Huuskonen for a period that begins, as of the conclusion of the 2010 AGM and ends, when the following AGM concludes in accordance with the decision made by the AGM on March 26, 2009, and in accordance with a further agreement which was signed for the purpose of continuing the compensation agreement made with Mr. Huuskonen. The monetary compensation payable to Mr. Huuskonen will be EUR 339,000 per year. The notice of the AGM presents detailed information on the compensation.

The other members of the Board will be paid annual compensation as follows: EUR 30,000 to the Deputy Chairman of the Board and EUR 25,000 to a Board member. The Board members will be paid an additional EUR 600 per meeting as an attendance fee for their participation in the meetings of the Board or its committees. Board members' travel expenses will be compensated for in accordance with the company's travel compensation regulations.

Concerning annual remuneration, 50% is paid in the form of shares of Technopolis Plc, which are purchased from the market. The shares will be purchased in the course of three weeks from the date when the interim report covering January 1 to March 31, 2010, was published on April 29, 2010. Board members are not allowed to transfer their shares obtained as an annual remuneration before their membership in the Board has ended.

KPMG Oy Ab, a member of the Finnish Institute of Authorized Public Accountants, was appointed as the Group’s auditor. Tapio Raappana, APA, acts as its auditor-in-charge.

Stock-related Events and Authorizations Granted to the Board by AGM

The total share capital of the company is currently EUR 96,913,626.29 and the number of shares outstanding is 57,345,341. The shares are of the same type and each share entitles its holder to one vote in the AGM.

Varma Mutual Pension Insurance Company notified on February 17, 2010, that its direct holding in Technopolis’ share capital and its number of votes has exceeded one tenth (10%) as a result of a purchase of shares that was completed on February 16, 2010. Following this transaction, the direct holding of Varma in Technopolis’ share capital and its number of votes was 6,856,980 shares and 11.96%. The company has not received any other notices caused by changes in holdings during the reporting period.

The AGM held its meeting on March 26, 2010, but its agenda did not contain any share related authorizations to the Board. The AGM, which was held the year before on March 26, 2009, authorized the Board to decide on the acquisition of its own shares and on a share issue, as well as on granting options and other special rights that give an entitlement to shares, as referred to in Chapter 10, Section 1, of the Companies Act. Furthermore, the AGM decided on March 26, 2009, to introduce a performance share plan for key persons in Technopolis Group.

The total of its own shares that the company can acquire can be no more than 5,700,000, which accounts for around 9.94% of all the shares issued by the company. The authorization to purchase the company's own shares replaces the authorization granted by the AGM on March 27, 2008. The authorization is valid until September 26, 2010.

On March 26, 2009, the AGM also authorized the Board to decide on share issues as well as the granting of options and other special rights that provide entitlements to shares as referred to in Chapter 10, section 1, of the Companies Act as follows. The total of own shares to be acquired by virtue of the authorization can be no more than 11,400,000, which accounts for around 19.88% of all the issued shares of the company. This authorization replaces the authorizations granted by the Meeting of November 29, 2007, and by the AGM of March 27, 2008, entitled the Board to decide on share issues and on the granting of special rights that give entitlements to shares. The authorization is valid until March 26, 2012.

Furthermore, the AGM decided on March 26, 2009, to adopt a performance share incentive plan for key persons in the Technopolis Group. Maximum rewards payable under the plan correspond to the value of approximately 800,000 Technopolis Plc shares (including the portion payable in cash), with a nominal dilution effect of 1.4 %.

Evaluation of Operational Risks and Uncertainties

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

The objective in interest rate risk management is to mitigate the negative impact of market interest 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 against 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.

At the end of the period, the structure of the Technopolis loan portfolio was such that a change of one percentage point in the money market rates would change interest rate costs by EUR 2.3 million per annum.

As a result of the interest rate risk related to loans, a policy of diversifying the interest bases is being followed. On March 31, 2010, 17.4 % of the company's interest-bearing liabilities were tied to the Euribor rate with a maturity of less than three months, and 66.9 % were tied to the Euribor rate with a maturity of 3–12 months. Of interest-bearing liabilities, 15.7% were fixed rate loans with a maturity of 13–60 months.

The objective of refinancing risk management is to ensure that the Group loan portfolio is sufficiently diversified with regard to repayment schedules and financing instruments. The capital-weighted outstanding loan repayment period of interest-bearing liabilities was 10.1 years. In order to manage financing risk, Technopolis diversifies the risk over a wide range of financiers, uses a wide variety of financing instruments, and maintains a high degree of solvency.

Extended uncertainty on financial markets may affect the availability of growth funding and refinancing potential as well as loan margins in the future.

The difference between Russian and Finnish legislation and administrative practices may cause risks. If premises cannot be leased as planned, the Pulkovo technology center will pose a financial risk to the Group. Once completed, Pulkovo will represent around 7 % of the total fair market value of the Group's investment properties. The acquisition in Estonia is not yet included in the fair market value of investment properties, because the deal has not been completed.

Fluctuations in the exchange rate between the Russian ruble and the euro may affect the company's financial standing 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 financial income and expenses depending on the nature of the transaction.

If prolonged, the deteriorating economic conditions may have an unfavorable impact on the operations of the company's clients and the Group.

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 sectors, and the public sector. As part of customer risk management, Technopolis’ leases include lease deposit arrangements. All properties are covered by full value insurance.

The Group's property portfolio is geographically diversified among Oulu, Helsinki Metropolitan, Jyväskylä, Kuopio, Lappeenranta, and Tampere regions, as well as St. Petersburg, Russia. No single client accounts for more than 9 % of the Group's net sales. The Group has a total of some 1,190 clients operating in many different sectors.

The company’s leases fall into two groups: fixed-term and open-ended. The company aims to use both types of leases, depending on the market situation, the property, and the tenant's sector.

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 185,800 (200,720 on March 31, 2009) square meters of allocated space, equaling 45% (50%) of the total area in the entire property portfolio. The notice period for these agreements is broken down as shown in the table below:

	March 31, 2010		March 31, 2009	
Notice period months	Allocated sqm	% of lease stock	Allocate sqm	% of lease stock
0-3	19,345	10	18,139	9
3-6	44,121	24	49,577	25
6-9	91,591	49	96,574	48
9-12	30,768	17	36,430	18
Total	185,824	100	200,720	100

The average lease term was 21 (23) months at the end of the period.

Declining financial occupancy rate may decrease rental and service revenue and earnings, as well as reduce the fair market value of investment properties and hence the equity ratio. The current lease structure allows customers to flexibly adjust the space they need as their business needs change. The flexibility of the lease structure may pose a risk to the Group but it is an essential part of the Technopolis service concept. The company has solid long-term experience and expertise in employing this business model under variety of economic conditions.

In new construction projects, Technopolis focuses on quality specifications as well as the management of the property’s entire lifecycle. In the design phase, due consideration is given to the maintenance and repair requirements of the property to implement environmentally sustainable solutions, for instance, in energy consumption, the adaptability of office facilities and their recycling potential. When properties are purchased, Technopolis carries out standard property and environmental audits before its final commitment to the transaction.

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

Future Outlook

The management of Technopolis estimates that the turning point of the economic recession was reached during the last quarter of last year and that a recovery is now under way. In spite of this recovery, 2010 is still marked by uncertainty, which could have an impact on the development of the company's net sales and EBITDA.

The company will continue with measures that are aimed at safeguarding profitability, even under difficult economic conditions. The Group’s management has estimated that in 2010 net sales will grow 0-2 % and that EBITDA in 2010 will remain at the 2009 level. The earnings forecast does not include the impact of the acquisition in Estonia because the closing schedule of the acquisition is still open.

According to its strategy, Technopolis aims to operate in the best knowledge -intensive cities in Finland, Russia and two or three other countries by 2014. The Group aims to increase net sales by annual average of 10%. The goal is that 25% of the net sales will be generated outside of Finland by 2014. Growth is to be generated through both organic expansion and acquisition. The Group’s minimum equity ratio target is 35%.

Technopolis is considering the execution of a directed share issue aimed at domestic and international investors during the current year in order to fund the Technopolis Ülemiste acquisition, as well as other growth projects. The preliminary plan calls for a share issue totaling not more than 10 % of the company's outstanding stock.

The Group’s financial performance depends of the development of the overall business environment, customer operations, as well as market yields in financial markets and properties. Developments in these areas and resulting changes in the occupancy rate, use of services, financing costs, fair value of properties and facility rents can have an impact on the Group’s sales and earnings.

Oulu, April 29, 2010

TECHNOPOLIS PLC
Board of Directors

Keith Silverang
CEO

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Technopolis has an online bulletin service. Bulletins can be ordered via Web page http://www.technopolis.fi/for_investors/releases_service. You will receive our bulletins by email on a regular basis.

The accounting policies applied in the interim report and the formulas for calculating key indicators are the same as in the 2009 annual report. The interim report has been prepared in accordance with the IFRS recognition and valuation principles; the IAS 34 requirements have also been complied with.

The Technopolis Group has two operating segments based on geographical units: Finland and Russia. The segment division presented in this interim report is based on the Group’s existing internal reporting procedures and the organization of the Group’s operations.

The figures are unaudited.

Technopolis Group:

STATEMENT OF COMPREHENSIVE INCOME Currency unit: EUR million	1-3/ 2010	1-3/ 2009	1-12/ 2009
Net sales	19.37	19.40	76.40

Other operating income 1)	0.33	0.47	2.43
Other operating expenses	-9.69	-9.93	-38.86
Change in fair value of investment properties	0.46	-14.04	-37.13
Depreciation	-0.16	-0.13	-0.52
Operating profit/loss	10.31	-4.22	2.31
Finance income and expenses	-2.55	-3.69	-11.76
Result before taxes	7.75	-7.91	-9.45
Income taxes	-2.43	2.15	1.95
Net result for the period	5.32	-5.76	-7.50
Other comprehensive income items			
Available-for-sale financial assets	0.01	0.00	0.08
Taxes related to other comprehensive income items	0.00	0.00	-0.02
Other comprehensive income items after taxes for the period	0.01	0.00	0.06
Comprehensive income for the period, total	5.33	-5.76	-7.44
Distribution of profit for the period:			
To parent company shareholders	5.32	-5.74	-7.44
To non-controlling shareholders	0.00	-0.02	-0.05
	5.32	-5.76	-7.50
Distribution of comprehensive income for the period:			
To parent company shareholders	5.33	-5.74	-7.38
To non-controlling shareholders	0.00	-0.02	-0.05
	5.33	-5.76	-7.44

Earning per share based on result of flowing to parent company shareholders:

Earnings/share, basic (EUR)	0.09	-0.10	-0.13
Earnings/share, adjusted for dilutive effect (EUR)	0.09	-0.10	-0.13

STATEMENT OF FINANCIAL POSITION, ASSETS

Currency unit: EUR million	3/31/2010	3/31/2009	12/31/2009
Non-current assets			
Intangible assets	3.63	1.98	2.81
Tangible assets	71.41	50.48	62.79
Investment property	600.13	582.04	596.73
Investments	25.56	26.40	25.61

Deferred tax assets	2.78	2.46	2.81
Non-current assets	703.51	663.36	690.75
Current assets	15.40	22.10	15.34
Assets, total	718.91	685.46	706.09

STATEMENT OF FINANCIAL POSITION,
SHAREHOLDERS' EQUITY AND LIABILITIES

Currency unit: EUR million

Shareholders’ equity			
Share capital	96.91	96.91	96.91
Premium fund	18.55	18.55	18.55
Other funds	63.95	63.82	63.94
Other shareholders’ equity	0.21	0.13	0.65
Retained earnings	73.82	89.28	89.21
Net result for the period	5.32	-5.74	-7.44
Parent company’s shareholders’ interests	258.77	262.96	261.83
Non-controlling interests	0.01	0.24	0.01
Shareholders’ equity, total	258.78	263.20	261.84
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	357.13	343.68	360.67
Non-interest-bearing liabilities	1.23	1.35	1.25
Deferred tax liabilities	33.79	35.56	32.62
Non-current liabilities, total	392.15	380.58	394.55
Current liabilities			
Interest-bearing liabilities	35.63	18.87	28.03
Non-interest-bearing liabilities	32.35	22.81	21.67
Current liabilities, total	67.98	41.68	49.70
Liabilities, total	460.13	422.26	444.25
Shareholders’ equity and liabilities, total	718.91	685.46	706.09

CASH FLOW STATEMENT Currency unit: EUR million	1-3/ 2010	1-3/ 2009	1-12/ 2009
Cash flow from operating activities			
Net profit for the period	5.32	-5.76	-7.50
Adjustments:			
Change in fair value of investment properties	-0.46	14.04	37.13
Depreciation	0.16	0.13	0.52
Other adjustments for non-cash transactions	0.01	0.00	-0.01
Interest and other financial	-0.01	0.13	0.67

expenses			
Interest income	2.54	3.69	11.77
Dividend yield	2.43	-2.15	-1.95
Taxes	0.78	1.79	1.85
Increase / decrease in working capital	0.07	0.26	0.57
Interest received		0.00	0.01
Dividends received	-2.34	-4.84	-10.54
Interest paid and fees	-0.90	-0.63	-1.74
Taxes paid	-0.46	-0.63	-1.79
Net cash from operations	7.15	6.03	28.99
Cash flow from investing activities			
Investments in other securities	-0.26	-0.02	-0.02
Investments in investment properties	-9.57	-15.19	-62.96
Investments in tangible and intangible assets	-0.71	-0.03	-1.05
Repayments of loan receivables	0.09	0.26	1.06
Gains from disposals of other investments	0.00		0.01
Acquisition of subsidiaries			-0.21
Net cash used in investing activities	-10.45	-14.97	-63.17
Cash flow from financing activities			
Increase in long-term loans	10.00	22.10	58.41
Decrease in long-term loans	-6.97	-8.24	-15.98
Dividends paid			-6.88
Paid share issue			
Repayments of capital leasing receivables	0.03	-1.58	-4.00
Change in short-term loans	3.07	12.28	31.55
Net cash from financing activities			
Net increase/decrease in cash assets	-0.23	3.34	-2.63
Cash and cash equivalents at period-start	4.52	7.15	7.15
Cash and cash equivalents at period-end	4.28	10.48	4.52

STATEMENT OF CHANGES IN EQUITY

Currency unit: EUR million	Share capital	Premium fund	Other funds	Retained earnings	Non-control-ling sharehol ders	Share-holders' equity
EQUITY	96.91	18.55	63.82	96.16	0.26	275.70

Dec 31, 2008						
Share capital increase						
Directed share issue						
Dividend distribution				-6.88		-6.88
Comprehensive income for the period			0.00	-5.74	-0.02	-5.76
Other changes				0.13		0.13
EQUITY March 31, 2009	96.91	18.55	63.82	83.67	0.24	263.20
EQUITY Dec 31, 2009	96.91	18.55	63.94	82.42	0.01	261.84
Dividend distribution				-8.60		-8.60
Comprehensive income for the period			0.01	5.32	0.00	5.33
Other changes				0.21		0.21
EQUITY March 31, 2010	96.91	18.55	63.95	79.35	0.01	258.78

Financial Information by Segment

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

SEGMENT INFORMATION Currency unit: EUR million	1-3/ 2010	1-3/ 2009	1-12/ 2009
Net sales			
Finland	19.04	19.34	76.13
Russia	0.33	0.06	0.34
Unallocated	0.00	0.00	-0.06
Total	19.37	19.40	76.40
EBITDA			
Finland	10.27	10.94	43.81
Russia	-0.03	-0.15	-0.43
Unallocated	-0.23	-0.84	-3.41
Total	10.01	9.95	39.97
Assets			
Finland	705.55	678.02	691.46
Russia	45.07	20.93	38.41
Eliminations	-31.71	-13.49	-23.78
Total	718.91	685.46	706.09

Direct and Indirect Result

Technopolis presents its official financial statements by applying the IFRS standards. The statement of comprehensive income includes a number of items unrelated to the company's actual business operations. Therefore, the company presents its direct result, which better reflects its real result.

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

Technopolis Group			
DIRECT RESULT	1-3/	1-3/	1-12/
Currency unit: EUR million	2010	2009	2009
Net sales	19.37	19.40	76.40
Other operating income	0.26	0.46	2.24
Other operating expenses	-9.69	-9.93	-38.86
Operating profit/loss	-0.16	-0.13	-0.52
Finance income and expenses, total	9.78	9.81	39.26
Result before taxes	-1.95	-3.49	-9.75
Taxes for direct result items	7.82	6.32	29.51
Non-controlling interests	-2.47	-1.50	-7.91
Direct result for the period		0.02	0.05
Direct result for the period	5.35	4.83	21.66
INDIRECT RESULT			
Non-recurring items	0.07	0.01	0.18
Change in fair value of investment properties	0.46	-14.04	-37.13
Operating profit/loss	0.53	-14.03	-36.95
Change in fair value of financial instruments	-0.60	-0.19	-2.01
Result before taxes	-0.07	-14.22	-38.96
Taxes for indirect result items	0.03	3.65	9.86
Indirect result for the period	-0.04	-10.57	-29.10
Result for the period to the parent company shareholders, total	5.32	-5.74	-7.44
Earning per share, diluted *)			

From direct result	0.09	0.08	0.38
From indirect result	0.00	-0.18	-0.51
From net result for the period	0.09	-0.10	-0.13

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

KEY INDICATORS	1-3/ 2010	1-3/ 2009	1-12/ 2009
Change in net sales, %	-0.1	18.4	5.3
Operating profit/loss / net sales, %	53.2	-21.8	3.0
Interest coverage ratio	5.2	2.4	3.8
Equity ratio, %	36.2	38.6	37.3
Loan to value, %	58.7	57.5	59.1
Group company personnel during the period, average	129	153	152
Gross expenditure on assets, EUR 1,000	12 392	14 714	66 029
Net rental revenue of investment properties, % 2)	7.8	7.7	7.6
Financial occupancy rate, %	94.0	95.7	94.4
Earnings/share			
basic, EUR	0.09	-0.10	-0.13
diluted, EUR	0.09	-0.10	-0.13
Equity/share, EUR	4.51	4.59	4.57
Average issue-adjusted number of shares			
basic	57 345 341	57 345 341	57 345 341
diluted	57 483 297	57 345 341	57 345 341

CONTINGENT LIABILITIES			
Currency unit: EUR million	3/31/2010	3/31/2009	12/31/2009
Pledges and guarantees on own debt			
Mortgages of properties	353.9	328.0	353.9
Book value of pledged securities	164.6	160.4	162.1
Other guarantee liabilities	12.6	13.2	12.7
Collateral given on behalf of associates	0.5	0.5	0.5
Leasing liabilities, machinery and equipment	2.20	1.36	2.21
Project liabilities	0.15	0.16	0.15
Interest rate and currency swaps			
Nominal values	75.0	111.06	107.7
Fair values	-1.15	0.44	-0.99

1) Other operating income consists of operating subsidies received for development services; an equal amount is recorded under operating expenses for development services.

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

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