

A Strong Year for Technopolis

Full Year 2017 Results

Technopolis Plc

Keith Silverang, CEO
February 15, 2018

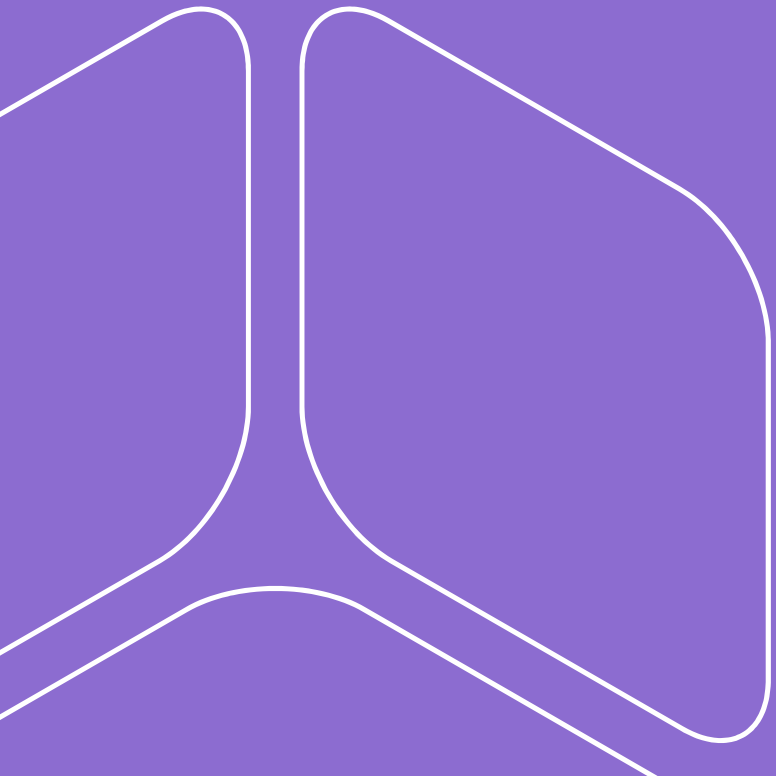
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Key Messages on Full Year 2017

- Revised strategy well received – execution started immediately
- Macroeconomic tailwind supported operations
- Rising sales, earnings & occupancy throughout the year
- Service sales & earnings continued growing steadily
- Board's proposal for dividend distribution and equity repayment
EUR 0.17 (0.12) per share, about 44% of EPRA earnings

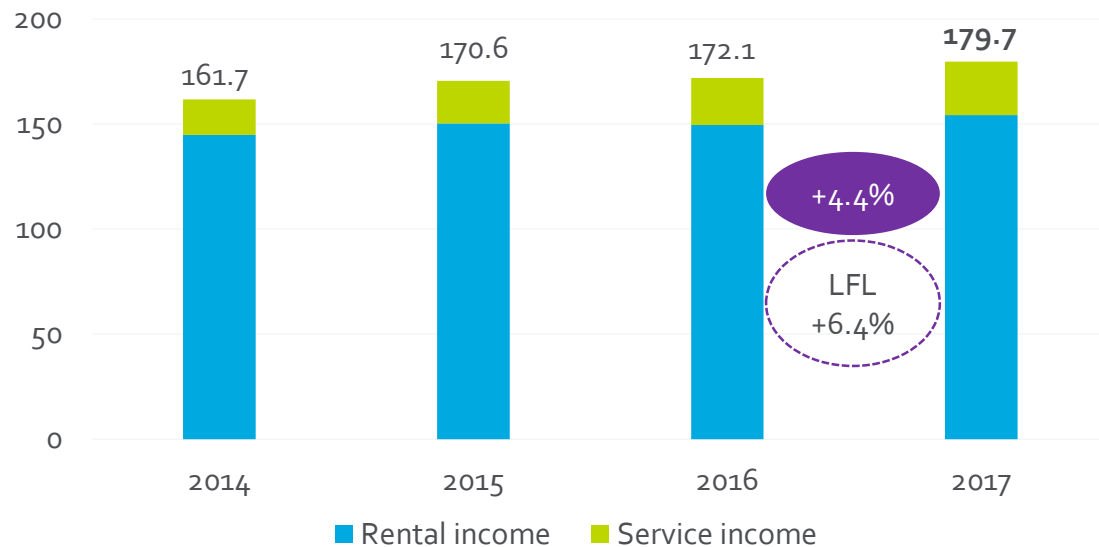


Key Financials



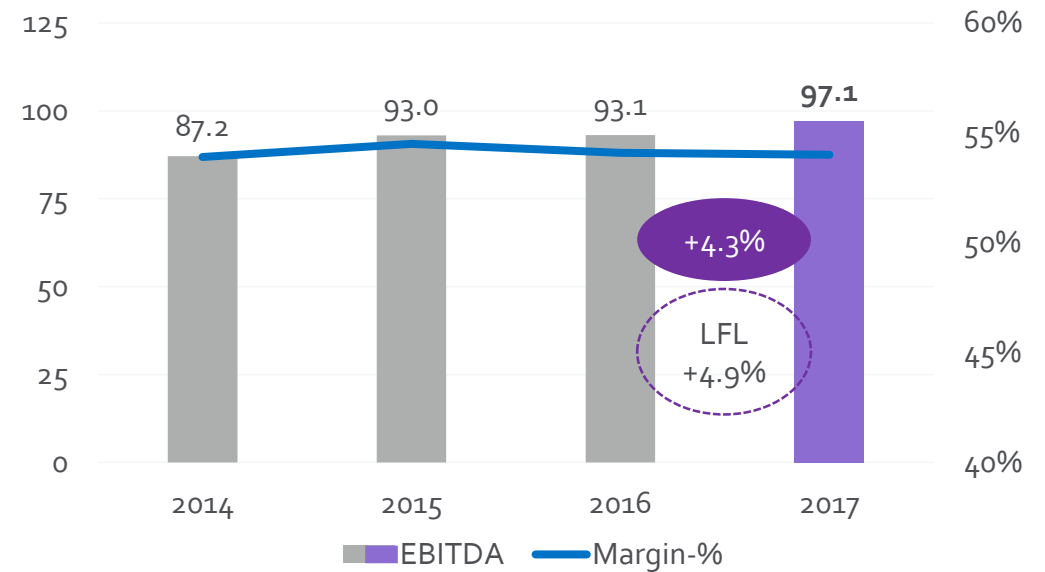
Net Sales up 4.4% and EBITDA up 4.3%

Group net sales development
EUR m



- FX changes increased net sales by EUR 0.9 (-1.5) million
- On a constant currency basis net sales were up 3.9%

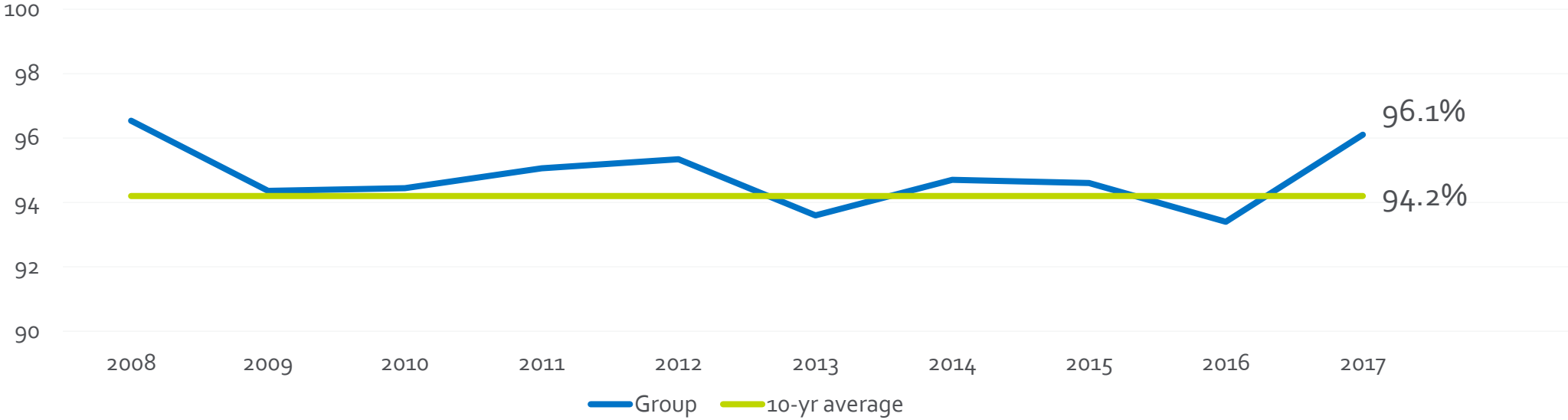
Group EBITDA and EBITDA margin
EUR m, %



- FX changes increased EBITDA by EUR 0.7 (-1.0) million
- On a constant currency basis, EBITDA grew 3.6%, and EBITDA margin was 53.9%.

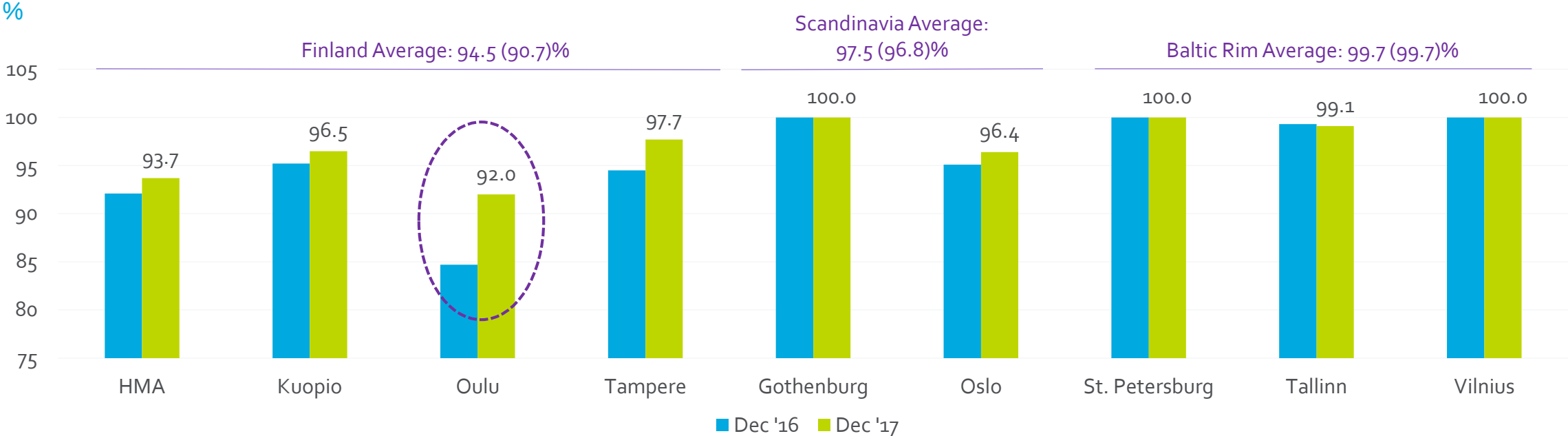
Financial Occupancy Rate Hit 96.1%

Financial Occupancy Rate, Group
%



The Big Occupancy Story in 2017 was Finland

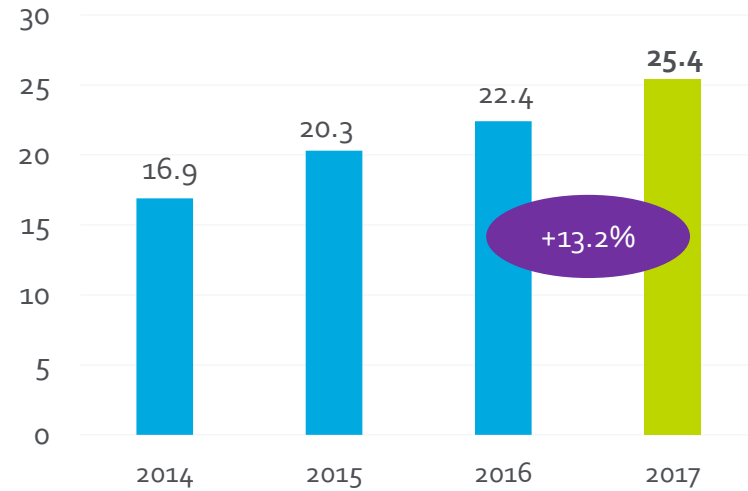
FOCR by Business Unit



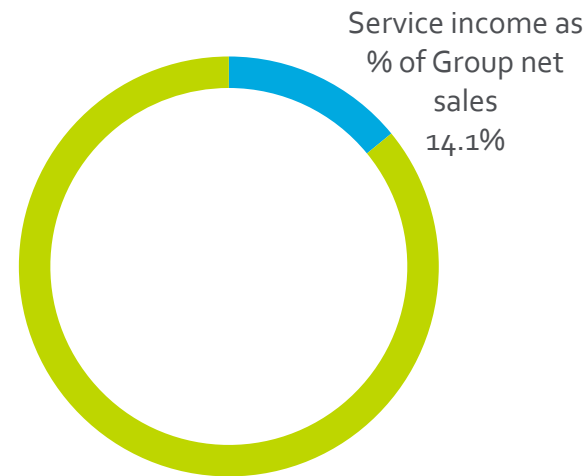
- Group average at the end of the year was 96.1 (93.4)%.

Services Continue to Rise Steadily

Service Income
EUR m

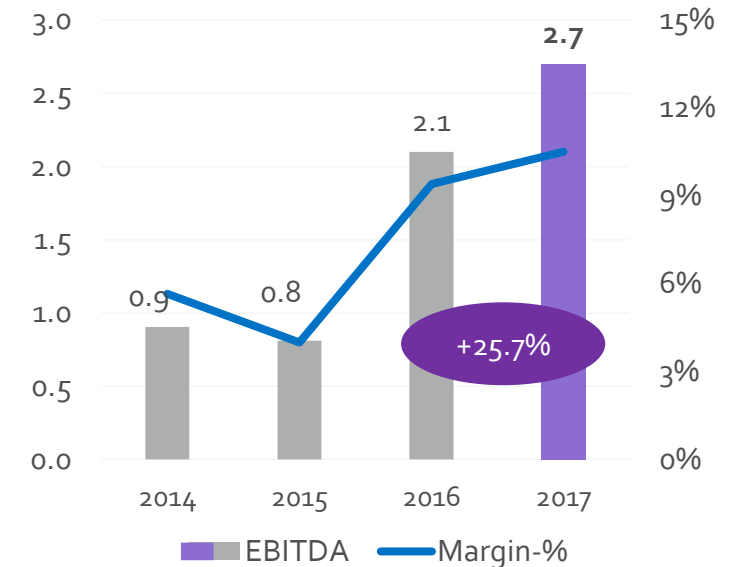


Service Penetration in 2017*
%



* Service Income's share in Group net sales.

Service EBITDA and EBITDA margin
EUR m, %



- Service income grew across all business units

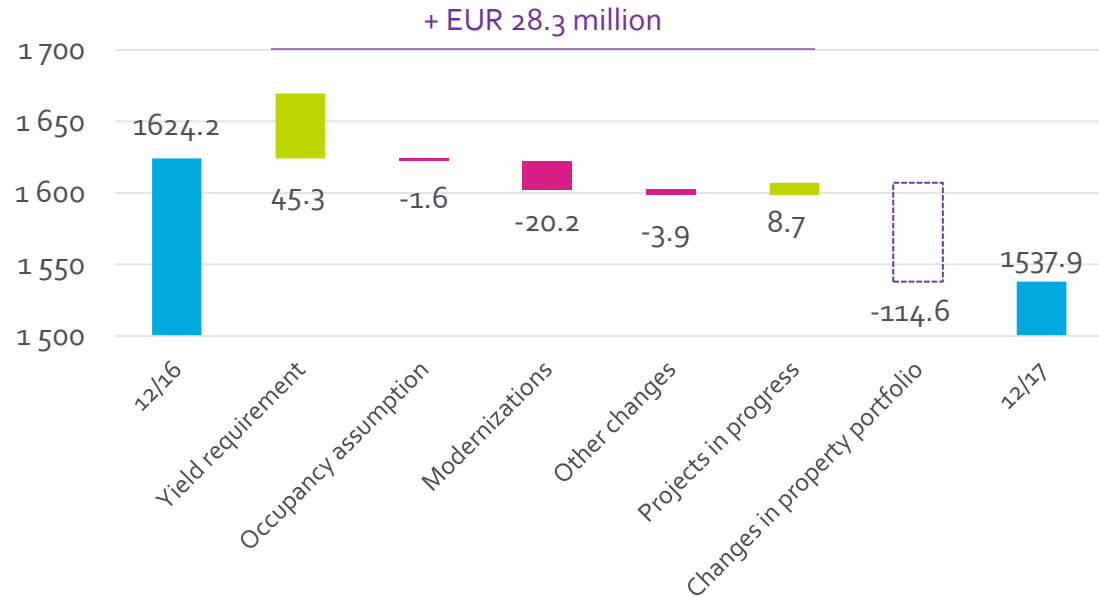
- Service penetration in Q4'17 was 15.3%
- Best-performing units show service penetration figures above 20%

- Margin improvement through scale benefits i.e. higher service income and growth in more profitable services

Fair Values Up: Mainly from Yield Compression

Fair Value of Investment Properties

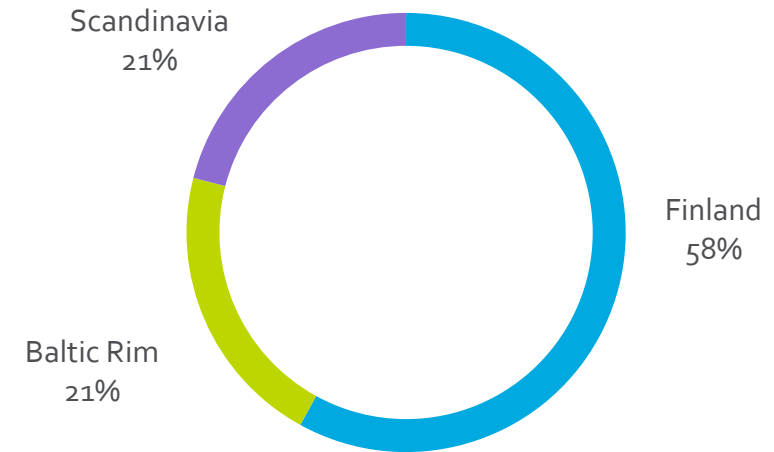
EUR m



- Yield compression increased fair values the most
- Fair value of investment properties negatively affected by divestiture of Jyväskylä operations
- Fair value changes in P&L: EUR +28.3 million

Breakdown of Fair Value by Segment

%



- Finland's share declined from 61% to 58% from previous year

We're on the Right Track

Long-Term Financial Targets

Target	Target Value	Actual 2017
EPRA earnings per share growth	8–10% p.a.	-4.4%
Return on equity on an EPRA earnings basis	>8% p.a.	9.1%
EPRA net asset value per share growth	>5% p.a.	8.0%
Equity ratio	>35%	44.8%

- EPRA earnings per share fell short due to rights issue in 2016

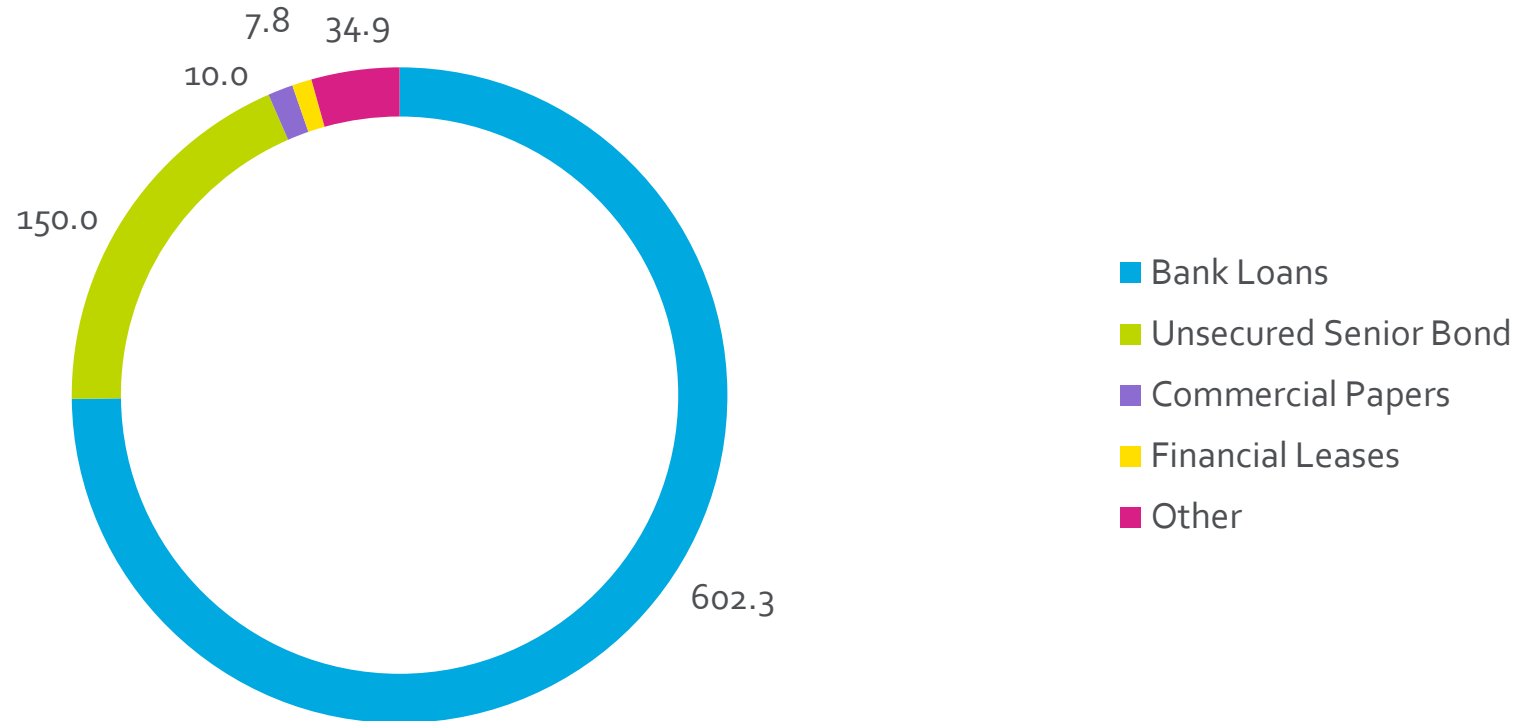
Strong Balance Sheet Supports Strategy Implementation

M€	31 Dec '17	31 Dec '16	Change, %
Balance sheet total, EURm	1,719.8	1,823.7	-5.7
Interest-bearing debt, EURm	805.0	959.9	-16.1
Cash and equivalents, EURm	71.8	128.0	-44.0
Average loan maturity, yrs	4.5	5.1	-11.2
Loan-to-value (LTV), %	50.1	58.2	-
Equity Ratio, %	44.8	39.7	-
Interest coverage, multiple	4.1	3.7	10.8

- The EUR 75.0 million hybrid loan will be redeemed on March 26, 2018
 - Approximately a four percentage point negative effect on the company's equity ratio

Loan Portfolio Well Covered for Interest Rate Risk

Interest-Bearing Liabilities, December 31, 2017
Total EUR 805.0 (959.9) million



In addition, the Group has an outstanding hybrid loan of EUR 75 million, which is not included in the interest-bearing liabilities.

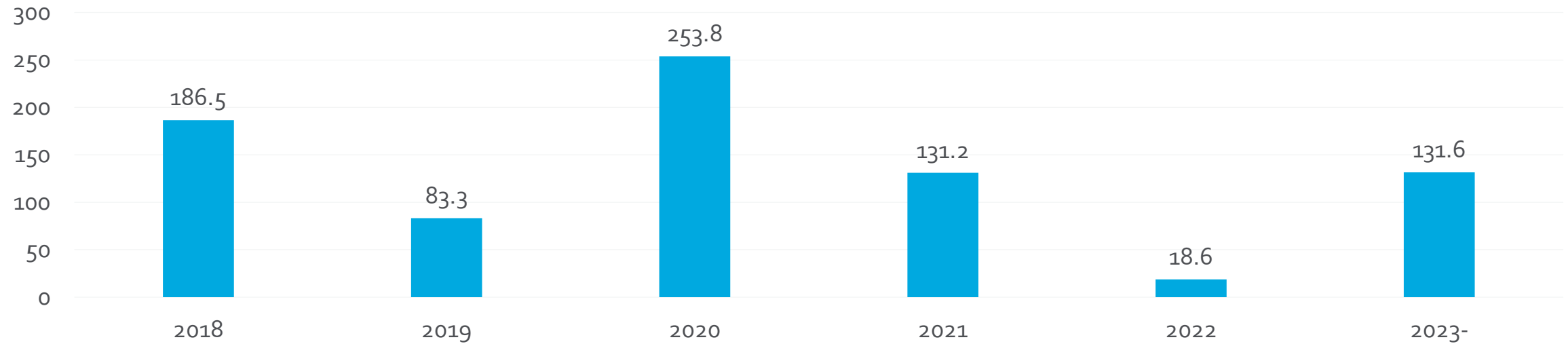
The average interest rate on interest-bearing liabilities (excluding the hybrid loan) was 2.60%.

The average interest interest fixing period was 4.6 (4.6) years.

Hedge ratio 69.0 (56.7)%.

Maturity Profile of Interest Bearing Debt

Maturity Profile of IB Debt*, EUR million

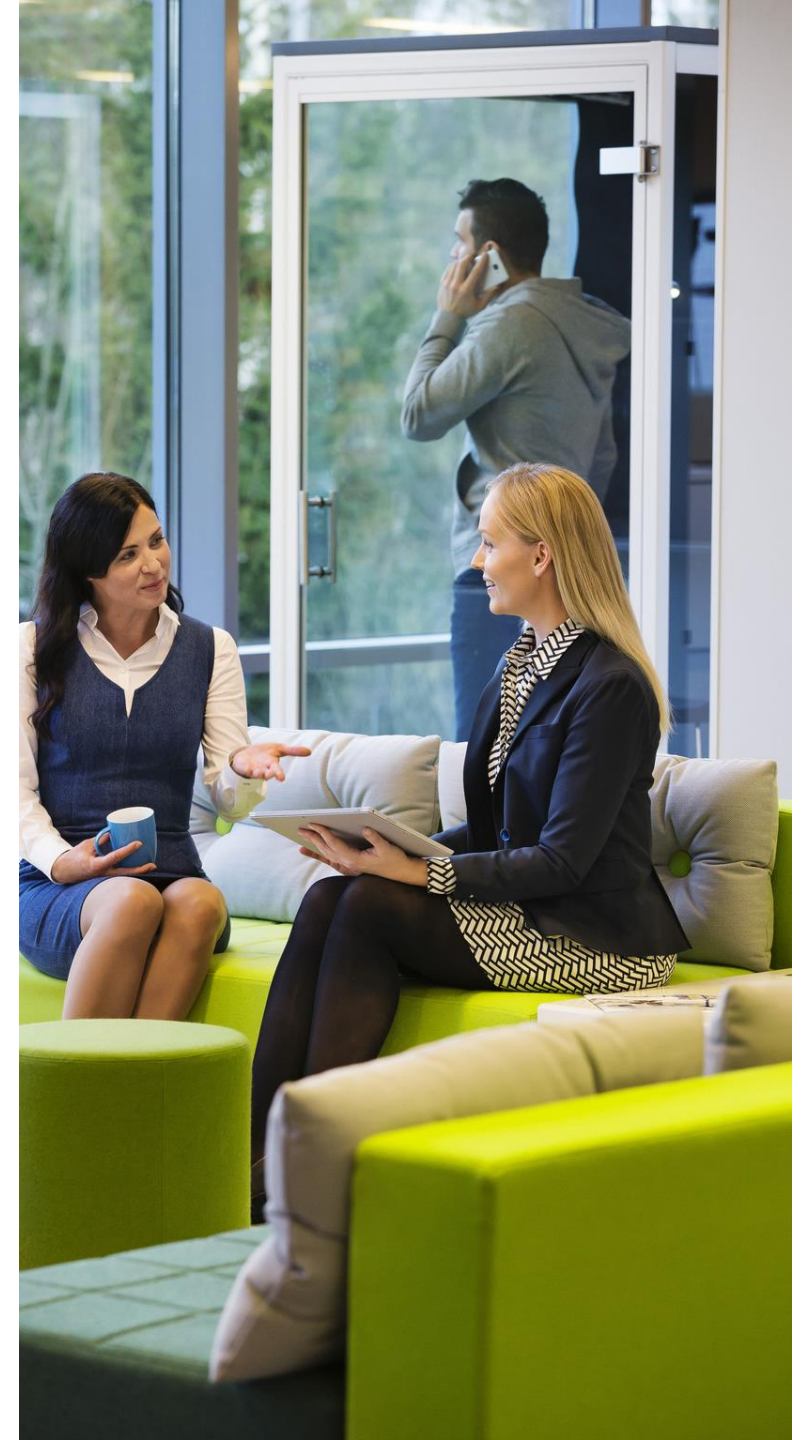


* Not including EUR 75 million hybrid loan

- EUR 150 million unsecured bond (maturity in 2020), callable in May 2018

The Primary Focus of the Revised Strategy Is Shareholder Value Creation

- Accelerated **organic expansion** of current campuses
- Exploiting value-creating **acquisition opportunities** in the Nordic-Baltic Sea region
- Expansion & increasing profitability of our **service business**
- Significant expansion of the **UMA coworking** network
- Execution of the strategy and investments **without new equity issues**



Nearly EUR 140 Million in Organic Projects in Progress

Area	Name	Pre-let rate,%	Rentable area, m ²	Total investment, EUR m	Stabilized yield, % ¹⁾	Completion
Helsinki	Ruoholahti 3	41.8	10,300	33.2	7.0	7/2018
Tallinn	Lõõtsa 12	72.4	9,700	13.6	9.0	7/2018
Vilnius ²⁾	Penta	91.5	13,800	32.0 ²⁾	8.4	10/2017
Vantaa	Aviapolis Bldg H	0.0	5,100	15.1	8.0	11/2018
TOTAL in progress			38,900	93.9		
Tampere	City Center	39.4	13,200	46.0	7.5	10/2019
TOTAL in progress and approved			52,100	139.9		

1) Stabilized yield = estimated net operating income / cost

2) Total investment including also the neighboring land plot with an expansion potential of at least 20,000 m² for which a purchase agreement has been signed.

- On top of the above, eight more projects under design

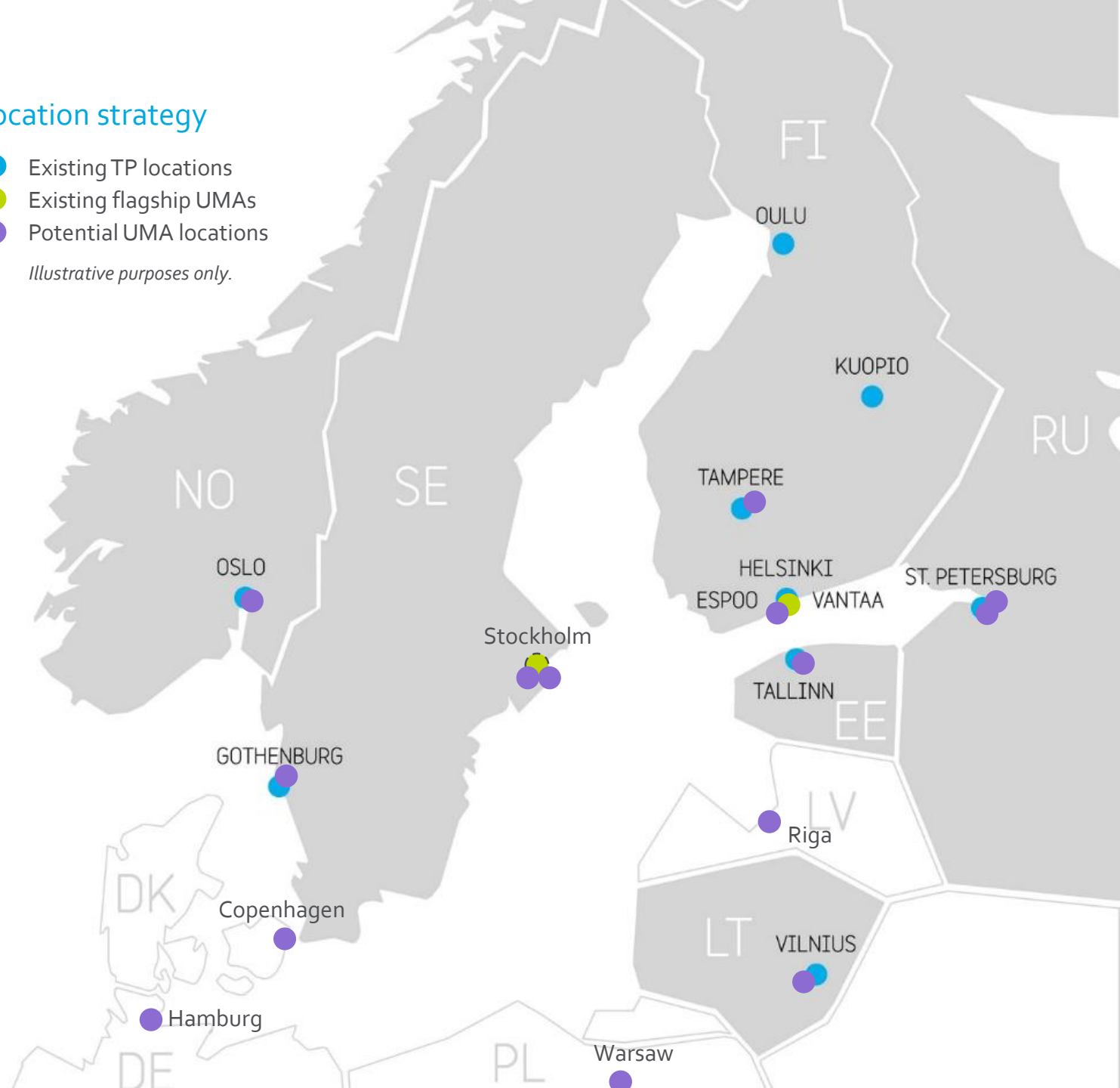
UMA Expansion

- New flagship UMA in Stockholm to open in April
- New Director was appointed to lead and expand UMA operations
- Team is actively scouting for new locations to expand the network, especially in Nordic capitals

Location strategy

- Existing TP locations
- Existing flagship UMAs
- Potential UMA locations

Illustrative purposes only.



Outlook



Macro Economic Tailwind Expected to Continue

%	Finland	Norway	Sweden	Estonia	Lithuania	Russia
GDP growth forecast						
Y-o-y change '16–17	+3.1	+2.1	+3.1	+4.4	+3.6	+1.9
Y-o-y change '17–18	+2.5	+1.9	+2.8	+3.3	+3.0	+1.9
Y-o-y change '18–19	+2.0	+1.8	+2.3	+3.0	+2.8	+1.5
CPI growth forecast						
Y-o-y change '16–17	+1.0	+1.9	+1.9	+3.7	+3.8	+3.7
Y-o-y change '17–18	+1.7	+1.6	+2.1	+3.3	+2.9	+3.8
Y-o-y change '18–19	+2.0	+1.9	+2.3	+2.8	+3.0	+4.0

Source: OECD, November 2017



Technopolis estimates that the Group Net sales in 2018 will be on the same level as it was in 2017. The company expects the Group EBITDA to remain on the same level as in 2017, or slightly below.

The estimates take into account the divestiture of the operations in Jyväskylä, Finland in late 2017. The negative impact of the Jyväskylä divestitures on Group Net sales and EBITDA, on an annual level, are approximately 14.5 and 7.2 million euros, respectively.

Furthermore, the estimate takes into account the company's view on the planned completion of organic growth projects in progress, as well as its view on economic developments in each Technopolis market, and the development of the company's occupancy and rental rates.



Thank You!

Time for questions.

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APPENDICES

Detailed Financial Information





The Board proposes a dividend payment of EUR 0.09 (0.12) per share to be paid from the distributable funds and an equity repayment of EUR 0.08 (-) per share to be paid from the invested unrestricted equity fund.

The dividend payment and equity repayment total EUR 0.17 (0.12) per share, approximately EUR 26.7 (18.8) million euros.

The proposed dividend payment and equity repayment, in total, represent approximately 44.0% (35.8%) of EPRA earnings.

Segment information: Finland

Finland	Q4/ 2017	Q4/ 2016	Change %	FY, 2017	FY, 2016	Change %
Net sales, EURm	29.6	30.0	-1.4	117.7	120.5	-2.4
Rental income, EURm	24.1	24.7	-2.5	97.5	102.0	-4.4
Service income, EURm	5.5	5.3	2.8	20.2	18.6	8.8
EBITDA, EURm	14.0	14.1	-0.5	61.5	64.3	-4.4
<i>EBITDA-%</i>	47.5	47.1	-	52.2	53.4	-
Fair value of investment properties, EURm*	-	-	-	890.9	997.6	-10.7
Number of campuses*	-	-	-	12	15	-
Rentable area, m ² *	-	-	-	425 000	486 500	-12.6
Average rent, EUR/m ² /month *	-	-	-	17.7	17.0	4.3
Financial occupancy rate, %*	-	-	-	94.5	90.7	-
Market yield requirement, average, %*	-	-	-	7.3	7.6	-

* At the end of the period.

Note: 12/17: 4,500 m² under renovation, 12/16: 9,700 m² under renovation.

Segment information: Baltic Rim

Finland	Q4/ 2017	Q4/ 2016	Change %	FY, 2017	FY, 2016	Change %
Net sales, EURm	9.4	7.9	18.8	36.0	29.5	22.2
Rental income, EURm	8.5	7.1	19.0	32.5	26.9	20.7
Service income, EURm	1.0	0.8	25.3	3.6	2.6	38.7
EBITDA, EURm	5.4	4.6	18.8	21.5	16.6	29.7
<i>EBITDA-%</i>	<i>57.9</i>	<i>57.9</i>	-	<i>59.6</i>	<i>56.1</i>	-
Fair value of investment properties, EURm*	-	-	-	325.2	292.3	11.3
Number of campuses*	-	-	-	3	3	-
Rentable area, m ² *	-	-	-	176 000	161 200	9.2
Average rent, EUR/m ² /month *	-	-	-	15.7	14.9	5.7
Financial occupancy rate, %*	-	-	-	99.7	99.7	-
Market yield requirement, average, %*	-	-	-	8.1	8.7	-

* At the end of the period.

Note: 12/17: 8,400 m2 under renovation, 12/16: 8,600 m2 under renovation.

Segment information: Scandinavia

Finland	Q4/ 2017	Q4/ 2016	Change %	FY, 2017	FY, 2016	Change %
Net sales, EURm	6.6	6.9	-4.4	26.0	22.0	17.9
Rental income, EURm	6.0	6.4	-6.2	24.4	20.7	17.7
Service income, EURm	0.6	0.5	16.4	1.6	1.4	20.9
EBITDA, EURm	3.1	3.7	-14.2	14.1	12.2	15.9
<i>EBITDA-%</i>	47.9	<i>53.4</i>	-	54.4	<i>55.4</i>	-
Fair value of investment properties, EURm*	-	-	-	321.9	334.3	-3.7
Number of campuses*	-	-	-	2	2	-
Rentable area, m ² *	-	-	-	100 900	98 700	2.2
Average rent, EUR/m ² /month *	-	-	-	19.5	22.3	-12.5
Financial occupancy rate, %*	-	-	-	97.5	96.8	-
Market yield requirement, average, %*	-	-	-	5.3	5.5	-

* At the end of the period.

Note: 12/17: 1,300 m² under renovation, 12/16: 3,300 m² under renovation.

Changes in Fair Values

Changes in Fair Values, January-December 2017

EURm

EURm	Yield requirement	Occupancy assumption	Modernization	Other changes	Projects in progress	Total
Finland	22.7	-5.6	-9.6	0.9	2.0	10.4
Baltic Rim	12.6	0.8	-6.6	-2.3	6.7	11.2
Scandinavia	10.0	3.2	-4.0	-2.5	0.0	6.7
TOTAL	45.3	-1.6	-20.2	-3.9	8.7	28.3

* Other changes include changes in market rents, operative expenses, exchange rates as well as inflation assumptions.

Lease Stock and Customer Base

Lease stock, % of space Maturity, years	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016
< 1	15	16	16	21	19
1 – 3	28	21	21	20	21
3 – 5	12	19	19	18	17
> 5	17	16	16	15	16
Open-ended leases	26	29	29	25	27
Average lease term in months	34	34	34	34	35
Lease stock, EUR million	372.0	389.9	397.6	389.1	392.7

- A total of approximately 1,600 customers and 3,248 lease agreements
- The ten largest customers let approximately 22.8% of rented space and the single largest customer 4.4%
- In January–December, the ten largest customers accounted for 20.8% of rental income and the single largest customer 4.6%

Share Information: Trading

Share trading	Q4/ 2017	Q4/ 2016	Change %	FY, 2017	FY, 2016	Change %
Lowest price, EUR	3.79	2.96	28.0	2.96	2.89	2.4
Highest price, EUR	4.20	3.28	28.0	4.20	3.48	20.7
Closing price (end of period), EUR	-	-	-	4.18	3.13	33.5
Volume weighted average price, EUR	4.14	3.08	34.4	3.73	3.16	18.0
Share turnover, million shares	34.7	17.4	99.4	72.0	49.7	44.9
Share turnover, EURm	143.8	53.6	168.3	268.2	157.1	70.7
Market capitalization (end of period), EURm	-	-	-	663.8	497.0	33.5

* Market capitalization is based on 158,793,662 shares.

Source: Nasdaq Helsinki

Share Information: Largest Shareholders* on Dec 31, 2017

	# of shares	% of shares
Varma Mutual Pension Insurance Comp.	30,232,288	19.0
Olofsgård Invest Ab	24,574,470	15.5
City of Oulu	3,917,926	2.5
Laakkonen Mikko	2,139,276	1.4
Technopolis Plc	1,903,373	1.2
The Finnish Cultural Foundation	1,782,063	1.1
Jenny and Antti Wihuri's Foundation	1,107,597	0.7
Jyrki Hallikainen and company	1,000,000	0.6
Etola Erkki	865,500	0.6
National Broadcasting Company's Pension F.	828,744	0.5
10 largest shareholders, total	68,351,237	43.1
Foreign and nominee registered, total	56,629,068	35.7
Others, total	33,813,357	21.2
Total amount of shares	158,793,662	100.0

³⁰ * Not including nominee-registered shareholders

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