FINANCIAL REVIEW 2013

TECHNOPOLIS

Technopolis PLC
Financial Review 2013

Contents

Keith Silverang, CEO:

We have worked consistently to develop Technopolis into an international real estate company while targeting strong profitability and a healthy capital structure. We have not yet achieved our targeted scale, but 2014 took us much closer to our target, and we therefore have good reason to be satisfied with the company's performance.

In 2013 we invested roughly a half billion euros in new campuses at home and abroad. The spurt started in February when we acquired the Peltola campus in Oulu, followed by the Vilnius acquisition in May, and then Falcon in Espoo and finally Oslo. Each acquisition offered an attractive risk-return ratio and an excellent fit for the Technopolis concept and real estate portfolio. And every one of them bring opportunities to generate short and long term yield premiums by boosting occupancy, service revenues and raising the value of the campuses. For instance, we added more than 20% to Peltola's occupancy in first 10 months after the acquisition. In Vilnius we completed and filled a new building while integrating the campus. We were able to partner with powerful Norwegian and Finnish entities in establishing our new Oslo joint venture. And we funded it all with a balance sheet strengthening 75 million euro hybrid bond issue and a 100 million euro rights issue, as well as debt arrangements with solid Nordic banking partners.

In the mean time it was business as usual in operations, with every business unit working hard to boost occupancy, customer satisfaction and earnings. We completed challenging construction projects in Tallinn, Jyväskylä and Kuopio, and our Pulkovo 2 project in St. Petersburg proceeding as planned.

Technopolis ended the year with 17.7% revenue growth, 15% EBITDA growth and financial occupancy increased from 92% in Q3 to 93.6% at the year-end. The company's equity ratio is over 40% and total shareholder return was approximately 30% for the year. These figures speak for themselves.

Technopolis will focus in 2014 on digesting acquisitions, managing integration effectively, building occupancy and improving profitability. Given the acquisitions at the end of 2013 the company's net sales and EBITDA will grow robustly in 2014. International revenues are approaching our 2016 target of 50 million euros and there are still plenty of profitable growth opportunities in neighboring markets

The company still has a lot of potential. We will continue to work very hard to improve the scalability of our concept and to boost productivity and efficiency. We will continue to streamline our portfolio, which will mean not only new campuses but also the divestiture of properties and campuses that are no longer criteria good fit with concept. Our goal is to be able to achieve excellent customer satisfaction, high occupancy and continuous profitable growth on every campus.

We are cautiously optimistic about the future. We're finally starting to get some help from gradually improving macroeconomic conditions. We have an authentically pan-Nordic-Baltic campus network. We have a great service concept that differentiates us from competitors. Technopolis has an excellent platform from which to continue its journey as a profitable international growth company.

Board of Directors' Report

A Year of Strong Growth for Technopolis

- Net sales rose to EUR 126.3 (107.3) million, up 17.7%
- EBITDA rose to EUR 64.1 (55.8) million, up 15.0%
- The financial occupancy rate was 93.6% (95.3%)
- Earnings per share were EUR 0.30 (0.33), including changes in fair value and unrealized exchange rate losses
- Direct result (EPRA) rose to EUR 40.5 (29.9) million, up 35.6%
- Direct result per share (EPRA) was EUR 0.47 (0.38)
- Net asset value per share (EPRA) was EUR 4.90 (5.12)
- The Board of Directors proposes a dividend of EUR 0.10 per share

The company estimates that its net sales for 2014 will grow by 27%–32% and EBITDA by 35%–40% compared to the previous year.

During 2013, the company increased its rentable area by acquiring 165,600 sqm of space, with another 77,900 sqm were under construction. Non-recurring expenses of EUR 2.3 million related to acquisitions and additional purchase prices of previous acquisitions reduced EBITDA. The net profit for the period was EUR 31.6 (27.0) million. Fair value changes of EUR -17.6 (-5.7) million and unrealized exchange rate losses of EUR -5.7 (0.6) million reduced operating earnings while a change in Finnish tax rates increased the net profit for the period by EUR 7.0 million.

The EPRA-based (European Public Real Estate Association) direct result was EUR 40.5 (29.9) million, an increase of 35.6%. The change was mainly due to the increase in EBITDA. The EPRA-based direct result does not include unrealized exchange rate gains or losses or fair value changes.

Key Indicators

	2013	2012
Net sales, EUR million	126.3	107.3
EBITDA, EUR million	64.1	55.7
Operating profit, EUR million	43.9	48.0
Net result for the period, EUR million	28.8	25.8
Earnings/share, undiluted, EUR	0.30	0.33
Earnings/share, diluted, EUR	0.30	0.33
Cash flow from operations/share, EUR	0.53	0.50
Equity ratio, %	40.2	36.2
Equity/share, EUR	4.62	4.46

Earnings and balance sheet figures per share have been adjusted for the share issue.

EPRA-based Key Indicators

	2013	2012
Direct result, EUR million	40.5	29.9
Direct result/share, diluted, EUR	0.47	0.38
Net asset value/share, EUR	4.90	5.12
Net rental yield, %	7.6	7.8
Financial occupancy rate, %	93.6	95.3

Business Conditions

According to consensus information collected by the Federation of Finnish Financial Services (FK), Finland's GDP is forecast to have decreased by 0.8% in 2013. GDP growth was being dragged down by rising unemployment, a soft cycle in exports and lower private consumption due to heavier taxation. According to Statistics Finland figures, the unemployment rate for 2013 was 8.2% and the inflation rate 1.5%. According to consensus information collected by FK, the Finnish economy will return to growth and GDP will increase by 1.2% in 2014.

Norway's GDP is expected to have grown by 1.9% in 2013 and the unemployment rate to have increased to 3.5%. GDP growth was affected by lower domestic demand in 2013. Inflation amounted to 2.1% in 2013. GDP is expected to grow by 2.3% in 2014.

Estonia's GDP is expected to have grown by approximately 1.3% in 2013, supported by the good price competitiveness of the export sector. The unemployment rate is expected to have decrease by one percentage point to 8.8% and inflation to have slowed to 3.2%. In 2014, the GDP is expected to grow by 2.6%.

Russia's GDP for 2013 is expected to have grown by 1.5% and the unemployment rate to remain at 5.5%, while inflation rose from 5.1% to 6.8%. Moderate development in oil prices impaired the growth. In 2014, the GDP is expected to grow by 2.4%.

In Lithuania, private consumption and exports supported GDP growth, and according to forecasts, it will grow by 3.8% in 2013, while inflation decreased to 1.5%. According to forecasts the unemployment rate decreased by 1.2 percentage points in 2013. GDP is expected to grow by 3.5% in 2014.

Financial Occupancy Rates

In spite of general economic uncertainty, occupancy rates for Technopolis office space have remained good. The Group's financial occupancy rates are as follows:

	Dec 31, 2013*)	Sept 30, 2013*)	June 30, 2013	March 31, 2013	Dec 31, 2012
Group	**93.6**	**92.0**	**92.7**	**92.2**	**95.3**
Finland	**92.9**	**91.0**	**91.7**	**91.5**	**95.1**
Oulu	87.1	85.6	84.2	85.9	94.5
HMA	95.3	92.5	93.6	94.1	91.9
Tampere	99.6	96.5	97.4	97.1	97.6
Kuopio	95.6	94.0	93.9	87.6	94.9
Jyväskylä	92.7	91.9	98.9	98.9	98.6
Lappeenranta	91.2	92.4	94.3	93.6	92.5
Norway, Oslo)	**89.5**	**-**	**-**	**-**	**-**
Estonia, Tallinn	**97.7**	**96.2**	**96.6**	**96.1**	**94.9**
Russia, St. Petersburg	**100.0**	**100.0**	**98.8**	**100.0**	**100.0**
Lithuania, Vilnius*)**	**99.9**	**99.8**	**99.9**	**-**	**-**

*) Financial occupancy rate does not include space under renovation. September 30, 2013 under renovation was ca. 7,800 sqm and December 31, 2013 ca. 9,500 sqm
**) Norwegian operations were consolidated on December 11, 2013
***) Lithuanian operations were consolidated on May 31, 2013

Business Segments

Geographic Segments

The net sales and EBITDA of Finnish operations developed favorably in 2013. Net sales were EUR 109.4 (97.4) million and EBITDA was EUR 56.1 (51.2) million. The EBITDA margin was 51.2% (52.5%), reflecting a lower financial occupancy rate. Net sales grew by 12.3% and EBITDA by 9.6% compared to 2012.

The Fornebu campus acquired in Oslo, Norway, was consolidated into the accounts on December 11, 2013. By the end of the year, the campus generated EUR 1.0 million of net sales and EUR 0.6 million of EBITDA. The EBITDA margin was 56.4% (-).

The net sales of the Tallinn campus for 2013 were EUR 6.8 (4.8) million and EBITDA was EUR 3.5 (3.1) million. Adjusted for the change in accounting policy, the comparable net sales in 2013 were EUR 5.6 million, and the EBITDA margin was 63.1%. Comparable net sales grew by 14.8% and EBITDA by 11.5%.

The net sales of the St. Petersburg campus for 2013 were EUR 5.6 (5.0) million and EBITDA was EUR 1.5 (1.4) million. The EBITDA margin was 27.3% (27.4%). The lower EBITDA margin of the campus compared to other geographic segments is primarily related to the unit's lower volume of rentable space.

The Vilnius campus was consolidated into the accounts on May 31, 2013. The unit's net sales for June-December amounted to EUR 3.5 million and EBITDA to EUR 2.5 million. The EBITDA margin was 71.9% (-). The figures include a non-recurring income item of EUR 0.2 million.

Space and Service Operations

In 2013, rental revenue accounted for 88.4% (86.7%) and service revenue for 11.6% (13.3%) of net sales. The acquisition of new campuses influenced the lower relative share of service operations. Depending on the campus, service operations are expected to reach normal revenue levels within one to three years of acquisition.

Breakdown of Net Sales and EBITDA by Sector:

	2013	2012
Space		
Net sales	111.5	93.0
EBITDA	72.7	61.9
EBITDA %	65.2	66.5
Services		
Net sales	14.7	14.2
EBITDA	1.5	1.3
EBITDA %	10.3	9.4

The EBITDA margin of office space rental operations decreased by 1.3 percentage points in 2013 due to lower initial financial occupancy rates. The full-year EBITDA margin increased to 10.3% (9.4%) in the service sector due to business restructuring. Investments in service production at new acquired campuses decreased the EBITDA margin in the fourth quarter.

Financial Performance

The Group's net sales for the period under review were EUR 126.3 (107.3) million, an increase of 17.7% compared to 2012. The growth was mainly due to increased space. The Group's EBITDA rose to EUR 64.1 (55.8) million in 2013, up 15.0%. The EBITDA margin was 50.7% (51.9%). The EBITDA for the period under review includes EUR 2.3 million in non-recurring expenses related to investments, the restructuring of service operations and incorporation of properties into five regional companies in Finland. Changes of EUR -17.6 (-5.7) million in the fair value of investment properties, mainly resulting from increased market yields in Finland, had a negative impact on operating earnings. The Group's operating profit was EUR 43.9 (48.0) million. Excluding changes in fair value, the operating profit was EUR 61.5 (53.7) million.

The Group's net financial expenses for 2013 totaled EUR 21.2 (13.6) million. EUR -5.7 (0.6) million in unrealized exchange rate gains and losses was booked under net financial expenses. The Group's pre-tax profit totaled EUR 22.6 (34.5) million. The pre-tax profit excluding fair value changes was EUR 40.3 (40.2) million.

Comprehensive income for the period to parent company shareholders was EUR 28.8 (25.8) million which rose by EUR 7.0 million net due to a change in Finnish corporate tax rates.

The EPRA-based direct result amounted to EUR 40.5 (29.9) million for 2013, an increase of 35.6%. Earnings per share increased to EUR 0.47 (0.38). An increase in net sales and EBITDA and a decrease in taxes contributed to the improvement in the EPRA-based figures. Financial expenses were EUR 15.0 (13.0) million and taxes EUR 4.0 (9.2) million.

Customers and Lease Stock

Technopolis has a total of approximately 1,500 customers, and roughly 32,000 people work in Technopolis facilities. The twenty largest customers lease approximately 32.8% of the company's rentable space.

Lease stock, % of space

Notice period in months	Dec 31, 2013	Sept 30, 2013	June 30, 2013	March 31, 2013	Dec 31, 2012
0-3	15.6	12.1	13.7	13.7	13.8
3-6	19.0	21.1	24.2	25.5	25.3
7-9	2.8	5.9	5.9	7.0	7.4
10-12	6.4	4.9	5.4	6.5	6.7
>12	56.2	56.0	50.8	47.2	46.8
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Average lease term in months	35	43	37	35	39
Lease stock, EUR million	470.5	347.2	342.2	311.1	296.1

Properties and Investments

In 2013, Technopolis invested in all of the countries where it operates and expanded its operations into Lithuania and Norway.

The fair value of the Group's investment properties at the end of the period totaled to EUR 1,436.8 (1,014.1) million, of which completed properties accounted for EUR 1,410.4 (956.5) million, and properties under construction EUR 26.4 (57.6) million. The share of completed properties increased as the result of the acquisition of four campuses and completed organic investments during 2013. The net rental yield decreased to 7.6% (7.8%) due to lower financial occupancy rates in Finland.

Fair value, EUR million

	Dec 31, 2013	Sept 30, 2013	June 30, 2013	March 31, 2013	Dec 31, 2012
Group	**1,436.8**	**1,133.4**	**1,126.2**	**1,067.2**	**1,014.1**
Finland	**981.0**	**870.0**	**879.2**	**888.0**	**838.9**
Oulu	260.5	252.6	255.9	259.5	225.3
HMA	278.2	197.3	201.4	203.9	205.2
Tampere	188.0	185.3	185.4	186.4	189.2
Kuopio	110.8	109.7	110.3	110.5	92.2
Jyväskylä	121.0	96.4	97.4	98.4	97.9
Lappeenranta	22.4*)	28.6	28.9	29.3	29.2
Norway	**217.0**	-	-	-	-
Estonia	**85.2**	**66.5**	**66.2**	**65.6**	**63.9**
Russia	**67.2**	**53.5**	**51.8**	**56.6**	**53.6**
Lithuania	**60.1**	**48.1**	**47.3**	-	-
Under construction	**26.4**	**95.4**	**81.6**	**56.9**	**57.6**

*) Fair values decreased due to the divestiture of the Vapaudenaukio 1 campus. The value of the transaction was EUR 5.1 million

Market yield requirements applied to the Group's investment properties averaged 7.8% (8.0%), and have been used in fair value calculations.

The Group's total space in completed investment properties at the end of the period was 842,300 (644,300) sqm.

1,000 sqm	Dec 31, 2013	Sept 30, 2013	June 30, 2013	March 31, 2013	Dec 31, 2012
Group	**842.3**	**697.5**	**717.5**	**690.3**	**644.3**
Finland	**617.7**	**582.6**	**582.6**	**586.0**	**541.0**
Oulu	230.1	230.1	230.1	229.8	194.3
HMA	111.5	83.2	83.2	86.6	86.6
Tampere	112.1	112.1	112.1	112.1	112.1
Kuopio	69.5	69.5	69.5	69.8	60.3
Jyväskylä	70.3	60.4	60.4	60.4	60.4
Lappeenranta	24.2	27.3	27.3	27.3	27.3
Norway	**77.3**	-	-	-	-
Estonia*)	**74.7**	**59.3**	**79.4**	**80.2**	**79.2**
Russia	**31.9**	**24.1**	**24.1**	**24.1**	**24.1**
Lithuania	**40.7**	**31.4**	**31.4**	-	-

*) Changes in the amount of space are due to the demolition of old buildings and the completion of new ones

Properties acquired or investments completed during the last 12 months and projects under construction during the period and their rentable space, as well as estimated acquisition costs, are as follows:

Area	Name	Occupancy rate %, Dec 31, 2013	sqm	EUR million	Stabilized yield, % *)	Completion
Acquired						
Oulu	Peltola	78.8	37,600	31.7	11.2	2/2013
Vilna	Alfa & Beta	99.8	31,200	62.6 **)	9.6	5/2013
Espoo	Falcon	99.0 ***)	26,300	77.5	7.8	12/2013
Oslo	Fornebu	92.3	70,500	217.0 ****)	7.7	12/2013
Completed						
Kuopio	Viestikatu 7B&C	93.8	9,300	18.2	9.2	2/2013
Tallinn	Löötsa 8C	98.6	6,400	8.1	9.1	3/2013
Tallinna	Löötsa 8B	100.0	8,500	13.0	9.1	10/2013
Jyväskylä	Innova 4	92.3	8,900	23.7	8.1	10/2013
Vilnus	Gama	99.7	11,000	62.6**)	8.8	10/2013
Under construction						
Tallinn	Löötsa 8A	81.9	7,500	11.8	9.1	9/2014
St. Petersburg	Pulkovo 2	36.1	18,700	42.0	12.6	10/2014

*) stabilized yield = estimated net operating income / acquisition cost
**) total value of the Vilnius deal including all phases
***) includes a rental guarantee
****) Technopolis' share 51%

Occupancy rates for properties under construction as of February 12, 2014. The properties under construction will be commissioned in phases.

Financing

The Group's balance sheet totaled EUR 1,560.4 (1,082.7) million, of which liabilities totaled EUR 936.1 (693.2) million. The Group's equity per share was EUR 4.62 (4.46). The Group's equity ratio was 40.2% (36.2%), of which a hybrid bond accounts for a 4.8 (-) percentage points increase. In addition, a rights issue of EUR 100 million in November 2013 had a positive impact on the equity ratio. The loan-to-value ratio was 59.5% (59.5%). At the end of the period, the Group's net gearing was 129.4% (152.1%) and the interest coverage ratio was 5.3 (4.5).

At the end of the period, the Group's interest-bearing liabilities from financial institutions amounted to EUR 861.9 million (EUR 608.1 million), and the average capital-weighted loan period was 7.0 years (8.5 years). The average interest rate on interest-bearing liabilities excluding the hybrid loan was 2.46% (1.83%), increasing mainly due to Norwegian crown denominated liabilities in Norway and an increased interest rate hedging ratio. The Group's interest fixing period was 2.2 (1.8) years at the end of the period. At the end of the period, 49.7% (63.9%) of interest-bearing liabilities were floating-rate loans and 50.3% (36.1%) were fixed-rate loans with maturities of 13–60 months. Some 2.5 % of the floating-rate loans were pegged to the under-3-month Euribor rate, and 47.2% were pegged to Euribor rates from 3 to 12 months.

The Group had interest-bearing liabilities with covenants worth EUR 671.6 (407.7) million. Loans amounting to EUR 393.5 (366.6) million include covenants relating to the equity ratio. Of these loans, EUR 219.2 (207.5) million include a call-in provision. The call-in covenant is breached if the equity ratio falls below 30%. The principal of EUR 172.3 (150.9) million includes an interest margin revision term. If the equity ratio falls below 33%, the additional impact on interest expenses would be EUR 0.7 (0.5) million per annum.

Technopolis issued a EUR 75 million hybrid bond in March 2013. The bond has a 7.5% annual coupon. It is perpetual, but the company may exercise an early redemption option after five years from the issuance date.

At the end of the reporting period, Technopolis had EUR 87.5 (129.1) million in untapped credit facilities, and cash reserves amounting to EUR 54.1 (15.7) million. The credit facilities contained a EUR 62.4 (112.7) million credit line and a EUR 25.1 (16.4) million revolving credit facility. In addition, the company has a EUR 120.0 (120.0) million commercial paper program, of which EUR 55.7 (46.0) million was issued at the end of the reporting period.

During the 12-month period following the period under review, EUR 145.6 (108.4) million in existing interest-bearing loans will mature.

The company's five largest creditors at the end of the period under review were the European Investment Bank, Handelsbanken, Nordea, Skandinaviska Enskilda Banken, and Swedbank. Their total lending to the company amounted to EUR 614.8 million.

A one percentage point change in market rates would cause a EUR 3.5 (2.9) million change in interest costs per annum. At the end of the reporting period, there were interest rate swaps covering EUR 400.4 (190.4) million of principal. The hedging ratio of interest-bearing liabilities was 46.5% (31.3%) and the average hedging period was 5.2 (5.1) years.

Organization and Personnel

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

The Group Management Team comprises Keith Silverang, Reijo Tauriainen, Juha Juntunen, Sami Juutinen, Kari Kokkonen, and Outi Raekivi. As of January 1, 2014, Sami Juutinen will be responsible for all merger, acquisition, and divesture-related activities throughout the Group as Chief Investment Officer (CIO). At the same time, Juha Juntunen, Director of Finnish Operations, Sales and Marketing, will assume responsibility as Chief Operating Officer (COO) for all business units, in addition to his previous duties. Kari Kokkonen, Director, Real Estate Operations, will assume responsibility for service operations as of February 2014. The areas of responsibility of the other Management Team members will remain unchanged.

The Technopolis line organization consists of five geographical units: Finland, Norway, Estonia, Russia and Lithuania. The Group organization also has matrix support functions for the Group's real estate development, services, marketing, and support services.

During the period, the Group employed an average of 187 (178) people. Rental operations employed 64 (65) people, the service business 80 (75) people and the Group's administration 43 (38) people. At the end of the period under review, the Group had 200 (179) employees.

Environment and Responsibility

Technopolis has updated its environmental strategy for 2011–2015 by adding new sustainability objectives and extending the strategy to 2016. At the same time, Technopolis also specified its corporate responsibility vision, mission, and values.

The environmental targets are to reduce energy consumption by 10%, water consumption by 8%, and CO_2 emissions by 20%. In 2012, Technopolis set new goals for waste: reducing landfill waste by 10% and achieving a utilization ratio of at least 60%. Technopolis has chosen LEED (Leadership in Energy and Environmental Design) building rating systems to compare the environmental competence of buildings and the Green Office label granted by WWF Finland for Technopolis offices in different cities. The additional sustainability goals confirmed in 2013 include: extending the coverage of energy consumption metering and remote reading to 97% of properties, achieving at least a 75% recycling rate in all new construction and major renovation projects (LEED), participating in GRESB sustainability rating and reporting based also on EPRA (European Real Estate Association) best sustainability practice guidelines, in addition to GRI.

Comparison of units held by the Group for the whole year compared to the base year 2011:

	2013	2012	2011	change, %
Energy consumption, kWh/gross sqm	236.5	240.7	245.6	-3.7%
Water consumption, m^3/person	1.2	1.21	1.27	-5.5%
Carbon dioxide emissions, kg CO_2e/ gross sqm	41.9	43	85.2	-50.8%

Increasing eco-efficiency as a result of property energy reviews, investments, and savings measures related to operation has decreased energy and water consumption as well as carbon dioxide emissions. Setting targets for property maintenance to support energy efficiency has increased this effect. In addition, weather conditions, such as the warm summer making the cooling season longer, temperate winter curbing the costs of the heating season, and occupancy rates and usage times of the properties had effects on the consumption figures. The results of Technopolis' corporate responsibility operations were considerable in 2013: the company achieved five new LEED environmental certifications, the Estonian office was granted the country's first Green Office label, and the corporate responsibility report 2012 received an EPRA Bronze award. In addition, the campuses acquired by Technopolis in Oslo and Espoo in 2013 have been granted the BREEAM environmental certificate. Additional information is available in our social responsibility report: www.technopolis.fi/csr2013.

Strategic Financial Targets

Technopolis' Board of Directors approved the company's strategic financial targets for 2014–2016 on August 15, 2013. The company left unchanged its targets of average annual growth in net sales and EBITDA of 15%, over EUR 50 million in net sales outside Finland by the end of 2016, and an equity ratio of 35% over the cycle.

The company's Board of Directors specified that the existing ROCE target, calling for of at least a 6% return on capital employed per annum, would apply only to operational activities. The adjusted target for return on capital employed is based on the recommendations of the European Real Estate Association (EPRA), instead of the previous figures calculated according to IFRS, adjusting the revenue for changes in e.g. fair value.

The dividend policy was modified to better match the company's growth targets. The dividend policy was adjusted such that the company will aim to distribute on average one third of its net profit, excluding changes in fair value and their tax impact.

As part of its international growth targets, Technopolis has been analyzing potential international investment targets in the Baltic and Nordic regions. The key criteria for potential acquisitions are sufficient size and growth potential, excellent locations in growth centers, a flexible, high-quality property portfolio, and positive cash flow. The acquisition must have a positive impact on earnings per share, and the campus should be a good match with the Technopolis business concept. The company is also investigating opportunities to divest properties that are not optimal for its concept.

Evaluation of Operational Risks and Uncertainties

Technopolis' most significant business risks relate primarily to general economic 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.

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. In order to manage the financing risk, Technopolis draws upon the resources of a wide range of financers, 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, refinancing, and their margins in the future.

The differences between legislation and administrative procedures in Finland and abroad may create risks.

Changes in exchange rates may have an effect on the company's financial performance and operations. Due to acquisitions in 2013 exchange rate risks have been rising. In accordance with its foreign exchange hedging policy, the company does not hedge balance sheet items. Foreign currency items are recorded at the exchange rate on the transaction date. Any translation differences are entered in the comprehensive income statement under other operating expenses or financial income and expenses, according to the type of transaction involved.

Customer risk management aims to minimize the negative impact of potential changes in 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 customer information. Customer risks are diversified by acquiring customers from all sectors, including 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 customer operates.

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 some 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, long-term experience using 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 values 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, the covenant terms of the loans may be met. In that case, the change in value can have an impact on the cash flow and earnings for the period.

Group Structure

Technopolis Group comprises the parent company Technopolis Plc, whose subsidiaries have operations in Finland, Lithuania, Norway, Russia, and Estonia. The parent company has several subsidiaries and associates in Finland. Early in the year, Technopolis Plc incorporated most of its Finnish properties into five regional real estate companies. During the course of the fiscal year, the company acquired investment properties in Peltola, Oulu, and the Falcon Business Park in Espoo. In Lithuania, the parent company has a subsidiary, Technopolis Lietuva UAB (100%), which owns the three real estate companies associated with the Vilnius campus by way of a transaction carried out on May 31, 2013. The Group has a 51% holding in Technopolis AS, which owns the Fornebu campus, via its Norwegian subsidiaries Technopolis Holding AS and Technopolis Holding 2 AS. The acquisition of the office campus was completed on December 11, 2013. In Russia, the parent company manages its Pulkovo properties via Technopolis St. Petersburg LLC (100%). The Estonian subsidiary Technopolis Baltic Holding OÜ (wholly owned) manages the holdings in Technopolis Ülemiste AS (51%).

General Meetings of Shareholders

Annual General Meeting 2013

The Annual General Meeting of Shareholders (AGM) of Technopolis was held in Oulu on March 27, 2013.

Resolutions of the Annual General Meeting

Financial Statements and Dividend
The 2013 AGM adopted the Group and parent company's financial statements for fiscal 2012 and discharged the company's Board of Directors and CEO from liability. The AGM decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.20 per share. The dividend was paid to shareholders who were registered by Euroclear Finland Ltd on the record date of April 3, 2013. The dividend payment date was April 10, 2013.

Board of Directors and Remuneration of the Members of the Board of Directors
The number of members of the Board of Directors was confirmed at six. Sari Aitokallio, Carl-Johan Granvik, Jorma Haapamäki, Pekka Korhonen, Matti Pennanen, and Timo Ritakallio were elected members of the Board for a term of office expiring at the end of the next Annual General Meeting. Carl-Johan Granvik was elected Chairman of the Board of Directors and Matti Pennanen was elected Vice Chairman.

It was resolved to pay the members of the Board of Directors annual remuneration as follows: EUR 50,000 to the Chairman of the Board, EUR 30,000 to the Vice Chairman of the Board, and EUR 25,000 to each of the other members of the Board. In addition, it was decided that, for participation in meetings of the Board of Directors, each member of the Board of Directors shall, in addition to the annual remuneration, be paid a fee of EUR 600 and the Chairman of the Board of Directors a fee of EUR 1,200 for each Board meeting, and the chairmen of the committees a fee of EUR 800 and each member of the committees a fee of EUR 600 for each meeting of the committees, and that the travel expenses of the members of the Board of Directors and the members of the committees shall be compensated in accordance with the company's travel policy.

The AGM decided that the annual remuneration is paid on the condition that the Board member commits to using 50% of their annual remuneration to acquire Technopolis Plc shares on the market at the price determined in public trading. The shares are to be acquired within three weeks of the publication of the Interim Report for the period January 1–March 31, 2013. If the shares cannot be purchased during this period due to insider regulations, they will be acquired on the first occasion possible according to valid insider regulations. Board members are not allowed to transfer the shares obtained as annual remuneration before their membership of the Board has ended.

In the first organizational meeting of the Board of Directors following the AGM, the Board appointed an audit committee and a remuneration committee from among its members. The Audit Committee consists of Carl-Johan Granvik (Chair), Sari Aitokallio, and Pekka Korhonen. The remuneration committee consists of Timo Ritakallio (Chair), Jorma Haapamäki, and Matti Pennanen. The Board of Directors' view is that all of the Board members are independent of the company and its significant shareholders, with the exception of Timo Ritakallio.

Auditor
KPMG Oy Ab, authorized public accountants, were re-elected as the auditors of the company, with Mr. Ari Eskelinen, APA, as the Auditor-in-Charge.

Shareholders' Nomination Board
The Annual General Meeting decided to establish a Shareholders' Nomination Board to prepare proposals concerning the election and remuneration of the members of Board of Directors for the General Meeting and adopted the Charter of the Shareholders' Nomination Board. The Nomination Board is established for an indefinite period.

The Nomination Board shall consist of three members nominated by the shareholders of the company. In addition, the Chairman of the Board of Directors of the company participates in the work of the Nomination Board as an expert.

The right to nominate members is vested with the three shareholders of the company with the largest share of the votes represented by all the shares in the company annually on September 1, based on the company's shareholder register held by Euroclear Finland Ltd. However, if a shareholder who has distributed his/her holdings e.g. into several funds, and has an obligation under the Finnish Securities Markets Act to take these holdings into account when disclosing changes in his/her share of ownership, makes a written request to such effect to the Chairman of the Board of Directors no later than on August 31, the aforementioned shareholder's holdings in several funds or registers will be combined when calculating the share of votes which determines the nomination rights. Should a shareholder not wish to exercise their nomination rights, the rights shall be transferred to the next largest shareholder who otherwise would not be entitled to nominate a member. The term of office of the members of the Nomination Board expires annually when the new Nomination Board has been appointed.

Based on shareholdings as of September 1, 2013, the members of the Shareholders' Nomination Board are Risto Murto, President and CEO of Varma Mutual Pension Insurance Company, as the chairman, with Harri Sailas, President and CEO of Ilmarinen Mutual Pension Insurance Company, and Jukka Weisell, Financial Director of the City of Oulu. In addition, Carl-Johan Granvik, chair of the Board of Directors of Technopolis Plc, acts as the Nomination Board's expert member.

The Nomination Board has issued its proposals related to the election and remuneration of the members of the Board of Directors to the Annual General Meeting of 2014 in a stock exchange release published on January 31, 2014.

Board Authorizations
The AGM authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledges of the company's own shares as follows.

The amount of treasury shares to be repurchased and/or accepted as pledge shall not exceed 7,556,100 shares, which corresponds to approximately 10% of all the shares in the company. Under the authorization, the company's own shares may only be purchased using unrestricted equity. The company's own shares may be purchased at a price set in public trading on the date of purchase or at a price otherwise determined on the market. The Board of Directors decides how treasury shares will be repurchased and/or accepted as pledge. Treasury shares can be repurchased using, inter alia, derivatives. The company's own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The authorization is effective until the end of the next Annual General Meeting; however, no later than June 30, 2014.

The authorization granted by the Annual General Meeting of March 27, 2013, to decide on share issue and issuance of special rights entitling holders to share was revoked by the resolution of the Extraordinary General Meeting held on November 1, 2013.

Extraordinary General Meeting

An Extraordinary General Meeting of Shareholders of Technopolis was held in Espoo on November 1, 2013.

Resolutions of the Extraordinary General Meeting

Board Authorization
The General Meeting authorized the Board of Directors to decide on the issuance of new shares against payment as follows:

The authorization entitles the Board of Directors to issue an aggregate maximum of 45,500,000 shares by one or several decisions. The maximum amount corresponds to approximately 60% of all the current shares of the company.

The new shares are to be issued to the company's shareholders in proportion to their current shareholding (rights issue).

The Board of Directors decides on any other matters related to the share issue.

The authorization will be valid until the end of the next Annual General Meeting; however, no later than June 30, 2014. The authorization revokes the authorization to decide on the issuance of shares as well as the issuance of special rights entitling to shares given by the Annual General Meeting on Mach 27, 2013.

Stock-Related Events and Disclosures of Changes in Holdings

In March 2013, a total of 14,859 new Technopolis Plc shares were subscribed based upon 2007C stock options, and 69,379 new shares related to the 2010–2012 share-based incentive scheme. The new shares were entered into the Trade Register on April 4, 2013.

In April 2013, a total of 240,933 new Technopolis Plc shares were subscribed based upon 2007C stock options. The new shares were entered into the Trade Register on May 15, 2013.

In August 2013, a total of 15,436 new Technopolis Plc shares were subscribed based upon 2007C stock options and entered into the Trade register on August 23, 2013.

In October 2013, a total of 4,171 new Technopolis Plc shares were subscribed based upon 2007C stock options. The new shares were entered into the Trade Register on November 5, 2013.

Based on the authorization given by the Extraordinary General Meeting on November 1, 2013, the Board of Directors decided on a rights issue on November 4, 2013, and to issue a maximum of 30,362,402 new shares, equaling approximately 40% of the company's shares.

The final result of the rights issue was published on December 5, 2013. All offered 30,362,402 new shares were subscribed in the rights issue. The subscription price was EUR 3.29 per share, and the proceeds of the share issue less costs and fees amounted to approximately EUR 98.7 million. The shares were registered in the Trade Register on December 9, 2013. They became subject to public trading on the official list of the NASDAQ OMX Helsinki on December 10, 2013.

Furthermore, a total of 1,403 Technopolis Plc shares were returned to the Technopolis' subsidiary, Technopolis Hitech Oy, in accordance with the terms and conditions of the share-based incentive scheme due to the termination of the employment of a key employee. Technopolis Hitech Oy sold its 1,403 Technopolis Plc shares and the subscription rights entitling it to shares received on the basis of Technopolis Plc's rights issue on November 21, 2013.

At the end of the review period, on December 31, 2013, the company had 106,268,407 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.

Unused Board Authorizations

The Board of Directors was authorized by the Annual General Meeting of 2013 to decide on the issue of shares as well as the issue of special rights entitling holders to shares referred to in the Limited Liability Companies Act, as well as on the repurchase and/or on the acceptance as pledge of the company's own shares. After the share issue carried out during the review period, the Board of Directors may decide on the issue of a maximum of 15,137,598 new shares.

The company's Board of Directors has not exercised the authorization given it by the Annual General Meeting of 2013 to repurchase and/or accept as pledges the company's own shares, and the company did not hold any treasury shares at the end of the reporting period.

Board of Directors' Proposal for Distribution of Profit

At the end of the period, distributable funds of the company were EUR 21,791,456. The Board proposes that a dividend of EUR 0.10 (share issue adjusted figure of 0.18) per share be paid, totaling EUR 10,626,840.70. The Board proposes that the remainder be left in the retained earnings account. The proposed dividend is approximately 32% of the earnings per share, excluding changes in the fair value of investment properties and their tax effects.

There have been no significant changes to the company's financial status since the end of the financial period. According to the opinion of the Board of Directors, the company's liquidity is good and the proposed dividend will not negatively impact the company's solvency.

2014 Annual General Meeting

The 2014 Annual General Meeting will be held in Espoo on March 26, 2014. Shareholders can make resolution proposals at the meeting in matters germane to the Annual General Meeting and included in the agenda. Shareholders who wish to include items on the agenda of the Annual General Meeting should submit their request with reasoning or proposals by e-mail to legal@technopolis.fi by February 15, 2014.

Post-Fiscal Events

There have been no significant events since December 31, 2013.

Future Outlook

The Company estimates that its net sales for 2014 will grow by 27%–32% and EBITDA by 35%–40% from the previous year.

The Group's financial performance depends on the development of the overall business environment, customer operations, financial markets, and market yields. Furthermore, any changes in the property portfolio may have an impact on the guidance.

Five-Year Review

Currency unit, EUR 1,000

Summary of income statement	2013	2012	2011	2010	2009
Net sales	126,335	107,330	92,835	81,181	76,401
Other operating income	1,996	1,609	1,223	1,565	2,426
EBITDA	64,125	55,750	47,539	41,404	39,965
Operating profit	43,854	48,031	71,990	43,015	2,315
Profit before taxes	22,649	34,476	60,015	33,587	-9,446
Net profit for the year attributable to parent company shareholders	28,832	25,821	46,700	23,254	-7,443
Summary of balance sheet					
Total assets	1,560,368	1,082,734	962,879	827,611	706,090
Completed investment properties	1,410,418	956,520	843,778	727,672	596,729
Investment properties under construction	26,390	57,559	61,698	54,058	51,054
Cash and bank	54,095	15,676	12,507	4,485	4,519
Shareholders' equity	624,289	389,527	343,167	307,602	261,843
Interest-bearing liabilities	861,863	608,140	547,712	457,868	388,702
Key indicators and financial ratios					
Change in net sales, %	17.71	15.61	14.35	6.26	5.28
Change in EBITDA, %	15.02	17.27	14.82	3.60	8.06
Operating profit/net sales, %	34.71	44.75	77.55	52.99	3.03
Return on equity (ROE), %	6.23	7.36	15.00	8.24	-2.79
Return on investment (ROI), %	3.56	5.46	8.95	6.15	1.87
Equity ratio, %	40.21	36.19	35.84	37.38	37.30
Net debt/equity (gearing), %	129.39	152.10	155.96	147.39	146.72
Interest coverage ratio	5.34	4.49	3.67	4.87	3.78
Loan to value, %	59.47	59.47	59.98	58.04	59.11
Cash flow from operations/ share, EUR	0.53	0.50	0.41	0.35	0.43
Gross capital expenditure on non-current assets	466,727	115,766	105,256	134,387	66,029
Employees in Group companies, average	187	178	158	135	152

Share-related indicators [1]	2013	2012	2011	2010	2009
Earnings/share, undiluted, EUR	0.30	0.33	0.63	0.33	-0.11
Earnings/share, adjusted for dilutive effect, EUR	0.30	0.33	0.63	0.33	-0.11
Equity/share, EUR	4.62	4.46	4.47	4.03	3.92
Issue-adjusted no. of shares, basic, average	85,352,432	77,452,917	73,767,027	71,038,733	66,738,067
Issue-adjusted no. of shares, diluted, average	85,531,524	77,710,463	73,966,877	71,208,585	66,738,067
Issue-adjusted no. of shares, at Dec 31	106,268,407	83,709,282	73,767,027	73,767,027	66,738,067
Market capitalization of shares, EUR	462,267,570	284,865,826	212,339,897	258,610,980	177,770,557
Share turnover	22,095,150	18,994,144	30,084,022	22,547,191	18,870,550
Share turnover/average number of shares, %	25.89	27.17	47.46	36.94	32.91
Share prices, EUR					
Highest price	5.16	3.67	3.80	3.65	3.40
Lowest price	3.72	2.64	2.24	2.55	1.68
Average price	4.39	3.25	3.09	3.09	2.59
Price at Dec 31	4.35	3.40	2.88	3.50	2.66
Dividend/share, EUR	0.10 [2]	0.18	0.17	0.15	0.13
Dividend payout ratio, %	33.46 [2]	54.15	27.15	44.62	-115.57
Effective dividend yield, %	2.30 [2]	5.31	5.97	4.17	4.84
Price/earnings (P/E) ratio	14.55	10.21	4.55	10.70	-23.88

[1] Share-related indicators have been adjusted for the rights issue in spring 2012 and fall 2013
[2] Proposal for distribution of dividends

Currency unit, EUR 1,000

EPRA and property key figures	2013	2012	2011	2010	2009
Rentable area, sqm	842,300	644,300	576,900	527,800	453,600
Direct result (EPRA Earnings)	40,479	29,860	25,467	20,941	21,656
Change in direct result, %	35.57	17.25	17.59	-3.30	43.22
Direct result per share (EPRA Earnings per share)	0.47	0.38	0.34	0.29	0.32
Financial occupancy rate, %	93.60	95.34	95.06	94.44	94.36
EPRA Vacancy Rate, %	6.40	4.66	4.94	5.56	5.64
EPRA Like-for-like rental growth, %	-0.41	2.35	6.80	-1.85	-0.43
Net rental income of property portfolio (EPRA Net Initial Yield), %	7.60	7.80	7.80	7.65	7.60
Net asset value (EPRA Net Asset Value)	521,056	428,292	376,298	333,221	290,116
Net asset value per share (EPRA NAV per share)	4.90	5.12	5.10	4.52	4.35

Consolidated Statement of Comprehensive Income

Currency unit, EUR 1,000

	Note	2013	2012
Net sales	1, 2	**126,335**	**107,330**
Other operating income	2	1,996	1,707
Costs of employee benefits	3	-11,867	-11,005
Depreciation	4	-2,660	-2,015
Changes in fair value of investment properties	11	-17,611	-5,705
Other operating expenses	5	-52,338	-42,282
Operating profit		**43,854**	**48,031**
Finance income, total	6	1,868	1,261
Finance costs, total	6	-23,021	-14,815
Share in associate profits	13	-52	0
Profit before taxes		**22,649**	**34,476**
Income tax	7, 15	8,909	-7,526
Net result for the period		**31,558**	**26,950**
Other comprehensive income			
Items that may be later transferred to profit or loss:			
Translation differences	7, 18	-3,517	944
Available-for-sale financial assets	6, 7, 14	29	21
Derivatives	6, 7	3,024	-3,970
Taxes related to other comprehensive income items	7	-740	971
Other comprehensive income items after taxes		**-1,204**	**-2,035**
Comprehensive income for the period, total		**30,354**	**24,916**
Distribution of earnings for the year			
To parent company shareholders		28,832	25,821
To non-controlling interests		2,725	1,129
Total		**31,558**	**26,950**
Distribution of comprehensive earnings for the period			
To parent company shareholders		27,629	23,787
To non-controlling interests		2,725	1,129
Total		**30,354**	**24,916**
Earnings per share calculated from the profit attributable to the owners of the parent company	8		
Average issue-adjusted number of shares		85,352,432	77,452,917
Earnings per share, basic, EUR		0.30	0.33
Average number of shares adjusted for dilutive effect		85,531,524	77,710,463
Earnings per share, diluted, EUR		0.30	0.33

	Note	2013/12/31	2012/12/31
ASSETS			
Non-current assets			
Intangible assets	9	6,303	5,558
Tangible fixed assets	10	6,122	5,278
Completed investment properties	11	1,410,418	956,520
Investment properties under construction	11	26,390	57,559
Advance payments and projects in progress	12	12,447	8,453
Holdings in associates	13	5,986	6,056
Investments and receivables	14	6,123	6,454
Deferred tax assets	15	15,825	2,740
Total non-current assets		**1,489,614**	**1,048,618**
Current assets			
Sales receivables	16	6,278	4,991
Other current receivables	16	10,381	13,448
Cash and cash equivalents	17	54,095	15,676
Total current assets		**70,754**	**34,116**
ASSETS, TOTAL		**1,560,368**	**1,082,734**
EQUITY AND LIABILITIES			
Equity	**18**		
Share capital		96,914	96,914
Premium fund		18,551	18,551
Invested unrestricted equity fund		215,513	116,274
Other reserves		-3,758	-6,071
Equity related bond		74,221	
Translation differences		-3,218	299
Retained earnings		142,207	121,668
Net profit for the year		28,832	25,821
Parent company's shareholders' share of equity		**569,261**	**373,456**
Share of non-controlling interests in equity		55,027	16,071
Total equity		**624,289**	**389,527**
Liabilities			
Deferred tax liabilities	15	32,799	49,735
Non-current finance lease liabilities	19, 20	34,199	33,919
Other non-current liabilities	19, 20	682,630	466,090
Non-current liabilities, total		749,628	549,744
Current finance lease liabilities	19, 20	2,450	3,411
Accounts payable	19, 20	8,632	6,010
Other current financial liabilities	19, 20	175,369	134,042
Current liabilities, total		186,451	143,463
Total liabilities		**936,079**	**693,207**
EQUITY AND LIABILITIES, TOTAL		**1,560,368**	**1,082,734**

Consolidated Statement of Cash Flows

	2013	2012
Cash flows from operating activities		
Net result for the period	31,558	26,950
Adjustments:		
Change in value of investment properties	17,611	5,705
Depreciation	2,660	2,015
Share in associate profits	52	
Gains from disposals	-4	-96
Other adjustments for non-cash transactions	290	247
Financial income and expenses	21,153	13,554
Taxes	-8,909	7,526
Change in working capital	1,227	1,039
Interest received	224	160
Dividends received	16	13
Interest paid and fees	-8,431	-10,281
Other financial items in operating activities	-10,244	-4,407
Taxes paid	-2,041	-3,256
Cash flows from operating activities	**45,162**	**39,168**
Cash flows from investing activities		
Investments in investment properties	-114,417	-107,172
Investments in other securities		-2
Investments in tangible and intangible assets	-4,195	-8,250
Loans granted	-1,590	
Repayments of loan receivables	250	20
Proceeds from sale of investments		50
Proceeds from sale of tangible and intangible assets	5,913	99
Acquisition of subsidiaries	-65,462	-662 [1]
Acquisition of associates		-670
Shares in associate companies sold	12	
Cash flows from investing activities	**-179,488**	**-116,586**
Cash flows from financing activities		
Equity related bond	75,000	
Increase in long-term loans	285,039	96,326
Decrease in long-term loans	-291,170	-58,236
Dividends paid	-15,474	-12,673
Paid share issue	100,416	32 652
Capital investment of non-controlling interests	10 580	1,813
Change in short-term loans	9,689	20,884
Cash flows from financing activities	**174,081**	**80,766**
Change in cash and cash equivalents	**39,755**	**3,347**
Impact of exchange rate changes	-1,336	-178
Cash and cash equivalents at period-start	15,676	12,507
Cash and cash equivalents at period-end	**54,095**	**15,676**

[1] Acquisitions of shares of non-controlling interests which did not result in changes in control

Currency unit, EUR 1,000

Statement of Changes in Equity

	Equity attributable to owners of the parent										
	Share capital	Premium fund	Invested unrestricted equity fund	Hedging instrument reserve	Fair value reserve	Equity related bond	Translation differences	Retained earnings	**Equity attributable to owners of the parent**	Share of non-controlling interests	**Total share-holders' equity**
Equity, Jan 1, 2012	**96,914**	**18,551**	**84,190**	**-3,247**	**155**		**-645**	**134,121**	**330,038**	**13,129**	**343,167**
Comprehensive income											
Net result for the period								25,821	25,821	1,129	**26,950**
Other comprehensive income											
Translation differences							944		944		**944**
Derivatives				-2,998					-2,998		**-2,998**
Available-for-sale financial assets					20				20		**20**
Comprehensive income for the period, total				**-2,998**	**20**		**944**	**25,821**	**23,787**	**1,129**	**24,916**
Related party transactions											
Dividend								-12,677	-12,677		**-12,677**
Share issue			32,071						32,071		**32,071**
Share options exercised			13						13		**13**
Share-based compensation								394	394		**394**
Changes in holdings in subsidiaries [1]								78	78		**78**
Investment of non-controlling interests										1,813	**1,813**
Other changes								-249	-249		**-249**
Related party transactions			**32,084**					**-12,454**	**19,631**	**1,813**	**21,444**
Equity, Dec 31, 2012	**96,914**	**18,551**	**116,274**	**-6,245**	**175**		**299**	**147,489**	**373,456**	**16,071**	**389,527**
Equity, Jan 1, 2013	**96,914**	**18,551**	**116,274**	**-6,245**	**175**		**299**	**147,489**	**373,456**	**16,071**	**389,527**
The effect of changes in recognition principle of deferred taxes, IAS 8								**9,473**	9,473		**9,473**
Adjusted equity, Jan 1, 2013	**96,914**	**18,551**	**116,274**	**-6,245**	**175**		**299**	**156,962**	**382,929**	**16,071**	**399,000**
Comprehensive income											
Net result for the period								28,832	28,832	2,725	**31,558**
Other comprehensive income											
Translation differences							-3,517		-3,517		**-3 517**
Derivatives				2,283					2,283		**2,283**
Available-for-sale financial assets					30				30		**30**
Comprehensive income for the period, total				**2,283**	**30**		**-3,517**	**28,832**	**27,629**	**2,725**	**30,354**
Related party transactions											
Dividend								-15,129	-15,129	-358	**-15,488**
Share issue			98,715						98,715		**98,715**
Equity related bond issue						74,221			74,221		**74,221**
Share options exercised			524						524		**524**
Share-based compensation								301	301		**301**
Investment of non-controlling interests										36,589	**36,589**
Other changes								73	73		**73**
Related party transactions			**99,239**			**74,221**		**-14,755**	**158,705**	**36,231**	**194,936**
Equity, Dec 31, 2013	**96,914**	**18,551**	**215,513**	**-3,962**	**204**	**74,221**	**-3,218**	**171,039**	**569,261**	**55,027**	**624,289**

[1]) Acquisitions of shares of non-controlling interests which did not result in changes in control

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 the Oulu region, the Helsinki Metropolitan Area, Jyväskylä, Kuopio, Lappeenranta, and Tampere; in St. Petersburg in Russia, in Tallinn in Estonia, in Vilnus in Lithuania and in Oslo in Norway. 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 February 13, 2014. A 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, amend 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, 2013, 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 amended the recognition principle of deferred taxes as of the beginning of 2013 in accordance with IAS 8 paragraph 14(b). According to IAS 8 paragraph 14(b), an accounting policy may be changed if the change results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows. The Company estimates that it will liquidate its shareholdings in real estate companies by selling the shares it holds. The effect of the change in the accounting policy amounts to EUR 6.0 million. In addition, a change in Group structure, where the parent company incorporated the property portfolio to the regional mutual real estate companies, also resulted in a change of EUR 3.5 million in deferred taxes. The changes have been recognized in the opening balance of January 1, 2013, as an increase in retained earnings and decrease in deferred taxes. Had the changes been made on December 31, 2012, the Group's equity ratio would have been 36.7% and equity/share EUR 5.06. The amendment has also a future effect on the accrual of deferred taxes and equity ratio. The comparison figures for the previous periods have not been adjusted. Had the comparison figures for the previous periods been adjusted, the change would have had an effect of EUR 5.8 million on both equity and deferred taxes on January 1, 2012. The effect of the change in the accounting policy to the year 2012 net result would have been EUR 1.4 million.

The Group has taken into account the amendments to standards and interpretations that came into effect on January 1, 2013, such as new IFRS 13 Fair Value Measurement and revised IAS 19 Employee Benefits, IAS 1 Presentation of Financial Statements and IFRS 7 Financial instruments. IFRS 13 has amplified the notes to the assets measured at fair value. These changes include information about the valuation model of investment properties, other observable data inputs used in the valuation model and investment property levels, which notes are presented. The changes in other standards do not have any major effect on the Group's 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 otherwise exercises control. 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 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 of 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 a 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.

If the Group has acquired an investment property that is not a business combination referred to in IFRS 3, the investment property has been measured at acquisition cost at the time of acquisition. The acquisition cost of the acquired investment property includes the purchase price and direct expenses of the acquisition, such as related expert fees, asset transfer taxes and other transaction costs.

All intra-group transactions, 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.

Mutual real estate 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.

Foreign Currency Denominated Business Transactions

The figures concerning the result and financial position of the Group's unit are denominated in the currency of each unit's main business environment (the "functional currency"). The consolidated financial statements are disclosed in euros, which is the functional and presentation currency of the Group's parent company. In addition to the euro, the Group has items denominated in U.S. dollars, Russian rubles, Lithuanian litis and Norwegian crowns.

Foreign currency denominated business transactions are recognized in the functional currency, using the exchange rate of the transaction date. Foreign currency denominated monetary balances are converted to euros using the exchange rates of the balance sheet date. Foreign currency denominated non-monetary items are valued using the exchange rate of the transaction date, except for items at fair value, which are converted to euros using the exchange rates of the valuation date.

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 under financial income and expenses. Exchange rate gains and losses from business operations are included in the corresponding items before operating profit.

Income and expense items of the Group companies' statements of comprehensive income are converted to euros using the average rate of the financial period and balance sheets using the exchange rate of the balance sheet date, which results in translation differences recognized in shareholders' equity on the balance sheet, with the result recognized in other comprehensive income. Also, translation differences from the elimination of foreign subsidiaries' acquisition cost and equity items accumulated after acquisition are recognized in other comprehensive income. Any translation difference from the sale of a subsidiary is recognized in the comprehensive income as part of the capital gain or loss.

The Group has a Russian subsidiary in St. Petersburg that uses the Russian ruble as its functional currency, four Lithianian sudsidiaries in Vilnus that uses the Lithuanian Litas as their functional currency and seven subsidiaries in Oslo that uses the Norwegian Knones as their functional currency.

Recognition Principles

The Group's net sales primarily consist of real estate rental revenues and service revenues 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 it is probable that the economic benefits associated with the transaction will flow to the entity. Most of the 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. The rents paid by some customers are "contingent rents," with the rent based on the lessee's net sales. Rents tied to net sales are recognized during the financial period based on contract and balanced according to the actual rents at the end of the financial period. Service revenues are recognized according to IAS 18 upon completion of the service performance.

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.

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.

R&D expenditure is recognized in the statement of comprehensive income as expenses. Development expenses arising from the planning of new and significantly enhanced products are capitalized as intangible assets on the balance sheet when the development phase expenditure can be reliably determined, finishing the product is technically feasible, the Group is able to use or sell the product, the Group can show how the product will probably generate future economic benefit and the Group has both the intent and resources to finish the development work and use or sell the product. Capitalized R&D expenditure includes material, work and testing expenses and any capitalized borrowing costs that are directly due to finishing the product for the intended use. R&D expenditure previously recognized as expenses will not be subsequently capitalized.

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. The recoverable amount of unfinished intangible assets is additionally estimated annually regardless of whether there are indications of impairment.

The recoverable amount is the higher of the fair value of the asset less sales-related expenses or service value. Service value refers to the estimated future net cash flows from the asset or cash-generating unit discounted to their current value. The discount rate applied is the interest rate before tax, which illustrates the market view of the time value of money and special risks related to the asset.

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 cases where 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 lives 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. 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. Investment properties are measured at fair value. 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 and valuation process
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. All future income is based on existing agreements. Existing agreements are assumed to terminate 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 net cash flow consists of future rental revenues adjusted by the vacancy rate, less annual management and maintenance costs. A long-term maintenance plan has been specified for each company and included annually in the calculation of net cash flow. 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 each individual region quarterly. The yields are calculated by taking the average of the upper and lower ranges reported by these organizations. 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.

The Company analyses the property-specific calculations internally and assesses the parameters used both with the regional manager and the Group administration. 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 its most significant properties and undeveloped land areas from third-party assessors to support its own calculations.

Investment properties under construction
Acquisition costs related to the construction of an investment property accumulated during the construction period, any related plot rents, interest expenses and costs of employee benefits are capitalized on investment properties under construction on the balance sheet. Investment properties under construction are then valued at their fair value according to the degree of completion, provided that the fair value can be reliably determined. The fair value of investment properties under construction is determined using the same fair value accounting model as the fair value of completed investment properties. Changes in the fair value of investment properties under construction are recognized in other comprehensive income. Investment properties under construction are presented separately from completed investment properties and transferred to completed investment properties at their fair value upon commissioning.

Fair Value Measurement

In the consolidated financial statements, investment properties, available-for-sale financial assets, derivative contracts, and cash part of the share-based incentive scheme are measured at fair value.

Assets measured at fair value categorized into hierarchy level 1 are based on the quoted (unadjusted) prices in active markets for identical assets at the measurement date, such as share prices on the NASDAQ OMX Helsinki stock exchange. The fair values of level 2 assets or liabilities are measured using other input data than quoted prices on level 1, for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly. The fair value of these instruments is measured on basis of generally accepted valuation techniques that primarily use inputs based on observable market data. The fair values of level 3 assets, on the other hand, are based on inputs concerning the asset which are not based on observable market data (non-observable inputs) but to a significant extent on assumptions made by the management and their use in generally accepted valuation techniques.

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
Leases in which the risks and rewards incidental to ownership remain with the lessor are treated as operating leases. All of the Group's leases are operating leases. The majority of rental revenues are entered in the income statement on a straight-line basis during the term of the lease. The rents paid by some customers are based on the lessee's net sales. All rental revenues are recognized in net sales.

The Group does not have lease premises under long-term leases that are classified as leases.

Group as a Lessee
Leases in which the risks and rewards incidental to ownership are not transferred to the lessee are treated as operating leases. Most of the leases in which the Group is the lessee are operating leases. The rental expenses arising from such leases are entered in the comprehensive income statement on a straight-line basis during the term of the lease.

Lessees recognize finance leases at their commencement as balance sheet assets and liabilities 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.

Shareholders' Equity

Shares issued before 2010 are presented as share capital. Assets received as consideration for shares issued after this are registered in the company's unrestricted equity reserve. Expenses related to the issue or purchase of equity instruments are presented as a reduction of shareholders' equity. If the parent company repurchases equity instruments, the acquisition cost of the instruments is deducted from shareholders' equity.

Equity related Loan

The equity bond, or hybrid bond, is a liability presented under shareholder's equity in the Group's financial statements. The hybrid bond is subordinate to other debt obligations. The bondholders have no rights belonging to shareholders, and it does not dilute the shareholdings of the existing shareholders. Costs associated with the issuance or acquisition of equity instruments are recognized as a decrease in shareholders' equity less tax effects.

Financial Assets and Liabilities

Technopolis Group's financial assets are classified into the following categories in accordance with IAS 39 Financial Instruments: Recognition and Measurement: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification is made according to the purpose of the acquisition of the financial assets and liabilities, and they are classified in connection with the original acquisition. Financial instruments are initially recognized at fair value based on the consideration received or paid. Transaction costs are included in the initial accounting value of financial assets and liabilities for items that are not measured at fair value through profit or loss. All purchases and sales of financial assets and liabilities are recognized on the transaction date.

Financial assets are derecognized from the balance sheet when the Group has lost its contractual right to cash flows or it has substantially transferred the risks and rewards to a non-Group party.

Financial assets at fair value through profit or loss include available-for-sale assets. Available-for-sale financial assets have mainly been acquired in order to generate profits from short-term changes in market prices. Available-for-sale assets also include derivatives not eligible for hedge accounting according to IAS 39 Financial Instruments: Recognition and Measurement. Available-for-sale financial assets maturing within 12 months are included in current assets.

The items in this group are recognized at fair value, and the fair values of all of the investments in this category are determined on the basis of quoted prices in active markets or generally approved option pricing models. Both realized and unrealized gains and losses from changes in fair value and related taxes are recognized in the income statement for the period during which they were incurred.

Fees related to borrowings and other receivables are fixed or can be determined and not quoted in an active market, and the company does not hold them for trading purposes. This group includes the Group's financial assets generated by conveying money, goods, or services to the debtor. They are measured at amortized costs and included in current and non-current financial assets; in the latter if they mature after more than 12 months. The Group recognizes an impairment loss for an individual receivable when there are objective indications that it will not be possible to collect the receivable in full.

Available-for-sale financial assets are non-derivative assets that are specifically classified into this group or not classified into any other group. They are included in non-current financial assets if the aim is to hold them for more than 12 months after the closing date; otherwise, they are included in current financial assets.

Changes in the fair values of available-for-sale financial assets are recognized in other comprehensive income items and in the revaluation fund, taking tax effects into account. Changes in fair value are transferred from shareholders' equity to the comprehensive income when the investment is sold or its value has decreased so that an impairment loss must be recognized.

Interest-bearing liabilities are recognized on the balance sheet at amortized cost by applying the effective interest method. Current interest-bearing liabilities include all interest-bearing liabilities maturing within 12 months, including commercial papers issued by the company.

Impairment of Financial Assets
The Group estimates at the closing date of each reporting period whether there are indications of impairment of any individual items or group of financial assets. If the fair value of share investments has fallen considerably under the acquisition cost, this is an indication of the impairment of the available-for-sale instrument. If there are indications of impairment, the loss accumulated in the revaluation fund is recognized through profit or loss. Impairment losses from equity investments classified into available-for-sale financial assets are not cancelled through profit or loss, while the subsequent cancellation of impairment losses concerning fixed-income instruments is recognized through profit or loss.

The Group recognizes an impairment loss for individual receivables when there are objective indications that it will not be possible to collect the receivable in full. The debtor's considerable financial difficulties, probability of bankruptcy, default on payments or delay of payment by more than 90 days are indications of the impairment of a receivable. The amount of impairment loss through profit or loss is determined as the difference between the book value of the receivable and estimated future cash flows. If the amount of the impairment loss decreases during a subsequent period and the decrease can be objectively considered to be related to an event taking place after the recognition of the impairment, the recognized loss is cancelled through profit or loss.

Derivative Contracts and Hedge Accounting
The Group uses derivative contracts mainly to hedge interest rate risks. Interest rate derivatives are classified as hedging instruments of future interest flows, and the Group applies hedge accounting

of cash flows to the contracts when the criteria for hedge accounting according to IAS 39 are met. A change in the fair value of a derivative contract is recognized in other comprehensive income items to the extent that the hedging is effective. The non-effective proportion of hedging is immediately recognized in the comprehensive income in financial items. If a derivative contract used as a hedging instrument is matured, sold or terminated prematurely but the generation of the interest flows of the hedged loans is still very probable, the gains and losses from interest rate swaps remain in shareholders' equity and are recognized in the comprehensive income when the hedged interest flows are realized as income. If the generation of the hedged cash flows is no longer very probable, the gains and losses from interest rate swaps are immediately recognized from shareholders' equity to the comprehensive income under financial income and expenses.

Derivative contracts that do not meet the criteria for hedge accounting are recognized through profit or loss. Such contracts are measured at fair value, and changes in their fair value are recognized in the income statement.

Borrowing Costs
Borrowing costs are recognized as expenses for the financial period during which they were incurred. Borrowing costs arising directly from the acquisition, construction or manufacturing of an item meeting specific criteria are included in the acquisition cost of the item in question. Borrowing costs that are capitalized include expenses due to loans raised for construction costs related to real estate development or expenses of construction projects multiplied by a financial expense factor if there is no separate loan allocated to the construction project in question. The financial expense factor is the weighted average interest rate of the Group's interest-bearing liabilities during the financial period, determined by quarter.

Cash and Cash Equivalents

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.

Credit accounts related to consolidated accounts are included in current financial liabilities and they are presented as net value since the Group has a contractual legal offsetting right, according to which it can set off an amount to be paid to a creditor in full or in part, or otherwise eliminate it.

Employee Benefits

Short-term employee benefits
Salaries and bonuses are short-term employee benefits, and they are recognized as expenses for the financial period during which the work was performed.

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

Share-based Payments
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 related to options 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 on 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 two current share incentive schemes. First incentive scheme was decided by the Annual General Meeting in 2009 and the second one was decided by the board of the company in 2013. The bonuses under the share incentive scheme are paid partly in shares and partly in cash. The terms and conditions of the share incentive scheme are presented in more 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 to cover 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 Group 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.

Taxes

Current taxes include the tax based on taxable income for the period, adjustments for previous years and changes in deferred taxes. The Group has amended the recognition principle of deferred taxes as of the beginning of 2013 in accordance with IAS 8 paragraph 14(b). The company estimates that it will liquidate its shareholdings in real estate companies by selling the shares it holds. The value of the shares is determined by measuring them at fair value and comparing the fair value of the shares with their acquisition cost. The effect of the change in the accounting policy amounts to EUR 6.0 million. A change in Group structure, where the parent company incorporated the property portfolio to the regional mutual real estate companies, also resulted in a change of EUR 3.5 million in deferred taxes. The changes have been recognized in the opening balance of January 1, 2013, as an increase in retained earnings and decrease in deferred taxes. The amendment has also a future effect on the accrual of deferred taxes and equity ratio. The deferred tax assets and liabilities recognized for investment properties in 2012 are not comparable with the figures for 2013 due to previously mentioned changes in accounting policy.

Deferred tax assets arise also when a Group company has losses confirmed in taxation. Deferred tax assets are recognized to the extent it is probable they can be utilized against future taxable income.

Changes in deferred taxes during the financial period are recognized in comprehensive income. Taxes related to other comprehensive income are presented in other comprehensive income. The corporate tax rate confirmed on the balance sheet date has been used in calculating deferred taxes.

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 expenses, depreciation and amortization expenses 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 operating profit if they arise from business-related items; otherwise they are recognized in financial items.

Earnings per Share

The earnings per share figure is presented as basic earnings per share and adjusted for dilution. In calculating both basic and diluted earnings per share, the accrued interest of the equity bond less tax effects has been deducted from the net result for the period. The basic earnings per share is calculated using the parent company's average number of shares for the fiscal year. When the diluted earnings per share is 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. If the company has had a share issue during the current or preceding financial period, the average number of shares during the financial periods has been adjusted for the share issue in calculating earnings per share.

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 board of Directors of the parent company and the members of the Group management team and their next of kin and companies in which such individuals exert control, joint control or significant influence. The Group management includes the members of the Board of Directors and CEO and the members of the Group's Management Team.

Use of Estimates

When preparing financial statements, the Group management is required to apply the accounting policies at its discretion and make assumptions and estimates that affect the contents of the financial statements. The most important estimates are related to the parameters used in calculating the fair value of properties. The single most important variable that may have an essential impact on the fair value of investment properties is the market yield requirement. The yield requirement applied by the company in the fair value model is the average of the upper and lower ranges reported by two independent appraisal agencies for each individual region. When determining the fair value of investment properties, the management is also required to 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. For additional information on changes in fair value, see Note 11.

Application of new or amended International Financial Reporting Standards

When preparing the financial statements, the Group has given due consideration to the new standards issued by the the IASB, such as IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities and changed IAS 27 Separate Financial Statements, IAS 28 Investments in associates, IAS 32 Financial Instruments: Presentation, IAS 39 Financial Instruments: Recognition and Measurement and IAS 36 Impairment of Assets and will adopt them in the forthcoming reporting periods as soon as they become effective. The new standards do not have major effect on the Group's consolidated financial statements.

Currency unit, EUR 1,000

1. SEGMENT REPORTING

On the balance sheet date, Technopolis Group has five operating segments based on geographic units: Finland, Russia and Estonia and during year 2013 acquired new geographical segments Lithuania and Norway. 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.

The Group management monitors the net sales and EBITDA levels of the segments. EBITDA presents the company's profit for the period before depreciation, changes in the value of investment properties, finance income and expenses, and income tax. The Group's net sales or EBITDA do not include significant inter-segment items.

Unallocated items are shown in the "Others" column, which includes items created in Group administration as well as items common to the whole Group and inter-segment loans under assets. Segment assets include items that can be directly allocated to the reported segments, such as investment properties and receivables. The investments include increases in tangible and intangible assets and investments related to the investment properties.

2013	Finland	Norway	Estonia	Russia	Lithuania	Segments total	Others	Group total
Revenues from rental operations	94,824	977	6,583	5,225	3,505	111,114		111,114
Revenues from services	14,603	12	243	363	0	15,221		15,221
Net sales	**109,426**	**989**	**6,826**	**5,588**	**3,505**	**126,335**		**126,335**
Other operating income	939	23	49	11	0	1,022	973	1,996
Operating expenses	-54,312	-419	-3,331	-4,074	-984	-63,121	-1,085	-64,206
EBITDA	**56,082**	**558**	**3,509**	**1,525**	**2,521**	**64,196**	**-71**	**64,125**
Changes in fair value of investment properties	-17,180	-59	1,293	-1,670	5	-17,611		-17,611
Depreciation								-2,660
Operating profit								43,854
Finance income and expenses								-21,205
Profit before taxes								22,649
Income taxes								8,909
Net result for the period								31,558
Assets	**1,147,909**	**231,875**	**101,430**	**104,139**	**77,120**	**1,662,471**	**-102,103**	**1,560,368**
Investments	**74,939**	**117**	**22,588**	**15,853**	**5,115**	**118,612**		**118,612**

2012	Finland	Norway	Estonia	Russia	Lithuania	Segments total	Others	Group total
Revenues from rental operations	83,500		4,549	4,703		92,747		92,752
Revenues from services	13,954		296	328		14,559		14,578
Net sales	**97,454**		**4,845**	**5,031**		**107,306**		**107,330**
Other operating income	919		158	1		1,078	630	1,707
Operating expenses	-47,168		-1,857	-3,648		-52,673	-614	-53,287
EBITDA	**51,180**		**3,147**	**1,383**		**55,710**	**40**	**55,750**
Changes in fair value of investment properties	-11,980		-155	6,431		-5,705		-5,705
Depreciation								-2,015
Operating profit								48,031
Finance income and expenses								-13,554
Profit before taxes								34,476
Income taxes								-7,526
Net result for the period								26,950
Assets	**935,663**		**89,758**	**90,938**		**1,116,359**	**-33,625**	**1,082,734**
Investments	**95,285**		**6,953**	**13,528**		**115,766**		**115,766**

2. NET SALES AND OTHER OPERATING INCOME

	2013	2012
Revenues from rental operations	111,114	92,752
Revenues from services	15,221	14,578
Total net sales	**126,335**	**107,330**

A few customers pay rent based on the lessee's net sales. Such variable rents totaling EUR 2,185 thousand were recognized in net sales for the year (EUR 1,920 thousand in 2012).

Currency unit, EUR 1,000

The Group's total rentable area at the end of the year was 842,300 sqm (644,300 sqm on December 31, 2012). The Group's average financial occupancy ratio at the end of the year was 93.6 % (95.3 %).

At the end of the year, the Group's lease portfolio totaled EUR 470.5 million (EUR 296.1 million). The accumulated rents are calculated on the basis of current lease agreements without any index-linked increases. The agreements valid indefinitely are taken into account until the end of the notice period specified in the agreements.

Lease stock, % of space	2013/12/31	2012/12/31
Notice period in months		
0-3	15.6	13.8
3-6	19.0	25.3
7-9	2.8	7.4
10-12	6.4	6.7
>12 months	56.2	46.8
Total	**100.0**	**100.0**
Average lease term in months	35	39
Lease stock, EUR million	470,5	296,1

Other operating income		
Subsidies received for development programs	1,333	1,302
Sales gain from fixed assets	4	98
Other income	659	307
Other operating income, total	**1,996**	**1,707**

Other operating income primarily includes subsidies received for certain development programs as well as penalties received from lease agreements. The expenses related to the development projects are recognized in service expenses under other operating expenses and costs of employee benefits.

3. COSTS OF EMPLOYEE BENEFITS

	2013	2012
Salaries and fees	9,535	9,295
Pension costs, defined contribution plans	1,637	1,508
Capitalized costs of employee benefits	-447	-648
Share options granted		109
Share incentive scheme, portion paid out in shares	281	138
Share incentive scheme, portion paid out in cash	241	115
Indirect employee costs	620	488
Costs of employee benefits, total	**11,867**	**11,005**
Average number of employees in the Group	187	178

The employment benefits of the management are presented in Note 23.

4. DEPRECIATION

	2013	2012
Depreciation by asset group		
Intangible assets	1,135	715
Machinery and equipment	1,492	1,300
Other tangible assets	33	
Depreciation, total	**2,660**	**2,015**

5. OTHER OPERATING EXPENSES

Premises expenses	32,459	25,233
Service expenses	9,695	8,790
Other operating expenses	10,184	8,259
Other operating expenses, total	**52,338**	**42,282**
Other operating expenses include fees paid to the auditor as follows:		
Auditing	89	47
Certificates and reports	12	8
Other services	449	546
Auditor's fees, total	**550**	**601**

6. FINANCE INCOME AND EXPENSES

Finance income		
Dividend income from available-for-sale financial assets	16	13
Other interest income	461	249
Foreign exchange gains	1,391	999
Total	**1,868**	**1,261**
Finance expenses		
Interest expenses from commercial papers	840	526
Interest expenses from financial leases	505	714
Other interest expenses	10,942	10,893
Negative change in fair value of derivatives	843	1,276
Foreign exchange losses	8,293	
Impairments from the tangible assets	17	
Other finance expenses	2,373	2,105
Total	**23,814**	**15,514**
Capitalized interest expenses	-793	-699
Finance costs, total	**23,021**	**14,815**

Group's current derivative financial instruments satisfy the criteria for hedge accounting.

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

Currency unit, EUR 1,000

	2013	2012
Other comprehensive income items related to financial instruments		
Available-for-sale financial assets	29	21
Derivatives	3,024	-3,970
Total	**3,053**	**-3,949**
Tax effect	-740	971
Other comprehensive income items related to financial instruments after the tax effect	**2,313**	**-2,978**

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

7. INCOME TAXES

	2013	2012
Current taxes	-4,861	-3,900
Change in deferred taxes	13,770	-3,626
Total for income taxes	**8,909**	**-7,526**
Reconciliation between income tax and taxes calculated using the parent company's tax rate:		
Profit before taxes	22,649	34,476
Taxes calculated at the parent company's tax rate on the balance sheet date	-5,549	-8,447
Tax rate on the balance sheet date	24.5 %	24.5 %
Non-tax-deductible expenses and tax-exempt income	-264	-7
Effects of the differing tax rates of foreign subsidiaries *)	1,526	872
Effect of tax rate change on deferred taxes in the beginning of the year	7,613	
Effect of tax rate change on deferred taxes in the income statement	-586	
Unrecognized taxes from losses	-146	
Income tax for previous years		4
The effect of recognition principle to the taxes recognized from Investment properties	5,205	
Foreign subsidies tax effect	1,111	
Other		52
Total for income taxes	**8,909**	**-7,526**
Other comprehensive income items before taxes		
Translation differences	-3,517	944
Available-for-sale financial assets	29	21
Derivatives	3,024	-3,970
Total	**-464**	**-3,005**
Tax effect of other comprehensive income items during the period		
Tax effect of available-for-sale financial assets	1	-1
Tax effect of derivatives	-741	972
Total	**-740**	**971**

	2013	2012
Other comprehensive income items after taxes		
Translation differences	-3,517	944
Available-for-sale financial assets	30	20
Derivatives	2,283	-2,998
Total	**-1,204**	**-2,035**
*) Tax rates of foreign subsidiaries		
Tax rate in Russia	20%	20%
Tax rate in Estonia	0%	0%
Tax rate in Lithuania	15 %	
Tax rate in Norway	28%	

8. EARNINGS PER SHARE

	2013	2012
Net profit for the period attributable to parent company shareholders	28,832	25,821
Interest expenses on an equity related bond	-4,330	
Tax effect	1,061	
Adjusted net profit	**25,563**	**25,821**
Earnings per share, basic	0.30	0.33
Earnings per share, diluted	0.30	0.33
Number of shares, basic	85,352,432	77,452,917
Number of shares, diluted	85,531,524	77,710,463

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.

The company carried out a share issue in spring 2012, whereby 12,088,836 new shares were issued. In November 2013 the company carried out an other share issue, whereby 30,362,402 new shares were issued. The number of shares in the periods preceding the share issue and the per-share figures calculated with it have been adjusted for the share issue. The share issue factor for 2012 was 1.0505 and for 2013 1.1078.

9. INTANGIBLE ASSETS

	2013	2012
Intangible assets		
Acquisition cost, Jan 1	8,411	8,862
Business combinations	368	
Increases	1,485	5,579
Decreases	-23	-174
Transfers to investment properties under construction		-5,856
Acquisition cost, Dec 31	**10,241**	**8,411**
Accumulated depreciation, Jan 1	-2,803	-2,138
Depreciation for the year	-1,134	-715
Intangible assets, Dec 31	**6,303**	**5,558**
Carrying amount, Jan 1	5,558	6,724
Carrying amount, Dec 31	6,303	5,558

Currency unit, EUR 1,000

Transfers to investment properties under construction are caused by parking rights related to investment properties, previously recognized under intangible rights, which, after initial measurement, have been transferred to the investment property under construction measured at fair value, and once the investment property is completed, are included in the fair value of the investment property.

10. TANGIBLE FIXED ASSETS	2013	2012
Machinery and equipment		
Acquisition cost, Jan 1	8,468	7,673
Business combinations	444	
Increases	169	797
Decreases	-315	-3
Acquisition cost, Dec 31	**8,766**	**8,468**
Accumulated depreciation	-5,478	-4,951
Adjustment of accumulated depreciation	136	
Depreciation for the year	-541	-527
Machinery and equipment, Dec 31	**2,883**	**2,989**
Carrying amount, Jan 1	2,989	2,722
Carrying amount, Dec 31	2,883	2,989
Machinery and equipment, finance leases		
Acquisition cost, Jan 1	4,076	2,646
Increases	1,729	1,429
Acquisition cost, Dec 31	**5,804**	**4,076**
Accumulated depreciation	-1,843	-1,074
Depreciation for the year	-925	-769
Machinery and equipment, finance leases, Dec 31	**3,036**	**2,232**
Carrying amount, Jan 1	2,232	1,572
Carrying amount, Dec 31	3,036	2,232
Other tangible assets		
Acquisition cost, Jan 1	57	57
Business combinations	1	
Increases	6	
Decreases	170	
Depreciation for the year	-31	
Other tangible assets, Dec 31	**203**	**57**
Carrying amount, Jan 1	57	57
Carrying amount, Dec 31	203	57

11. INVESTMENT PROPERTIES

2013	Finland	Norway	Estonia	Russia	Lithuania	Group total
Fair value of the investment properties						
Fair value of the investment properties 1.1.	838,949		63,926	53,645		956,520
Impact of exchange rate changes				-6,108		-6,108
Acquisition of a individual investment properties	108,623					108,623
Acquisition of an investment property valued, business combinations		215,390			47,266	262,656
Sold investment properties during the financial period	-5,100					-5,100
Tranfers to investment properties under construction	44,275		22,700	16,665	12,997	96,637
Transfers from investment properties under construction			-2,323			-2,323
Changes in fair value	-5,748	1,613	880	2,959	-191	-487
Fair value of the investment properties 31.12.	**980,999**	**217,003**	**85,183**	**67,162**	**60,072**	**1,410,418**
Investment properties under construction						
Fair value of investment properties under construction, Jan 1	29,131		8,269	20,160		57,559
Increases/decreases	15,527		19,918	14,729	10,434	60,608
Transfers from investment properties			2,323			2,323
Change in fair value	-382		2,794	-5,012	5,137	2,537
Transfers to completed investment properties	-44,275		-22,700	-16,665	-12,997	-96,637
Fair value of investment properties under construction, Dec 31	**0**		**10,604**	**13,211**	**2,575**	**26,390**
Effect on profit of change in value of investment properties						
Change in fair value excluding change in net yield requirements	11,456	1,613	149	9,067	90	22,375
Change caused by change in net yield requirements	-17,204		730		-280	-16,754
Impact of exchange rate changes				-6,108		-6,108
Changes in fair value of completed investment properties	**-5,748**	**1,613**	**880**	**2,959**	**-191**	**-487**
Changes in acquisition costs of completed investment properties	-11,049	-1,672	-2,381	382	-4,942	-19,662
Changes in fair value of investment properties under construction	-382		2,794	-5,012	5,137	2,537
Effect on profit of change in value of investment properties, total	**-17,180**	**-59**	**1,293**	**-1,670**	**5**	**-17,611**

Information on the acquired individual investment properties and business combinations during the financial period and their consolidation is presented in Note 22.

Currency unit, EUR 1,000

2012	Finland	Norway	Estonia	Russia	Lithuania	Group total
Fair value of the investment properties						
Fair value of the investment properties 1.1.	726,702		64,675	52,401		843,778
Impact of exchange rate changes				1,849		1,849
Acquisition of a individual investment properties	24,066					24,066
Tranfers to investment properties under construction	94,517					94,517
Transfers from investment properties under construction			-787	-2,245		-3,031
Changes in fair value	-6,336		38	1,640		-4,659
Fair value of the investment properties 31.12.	**838,949**		**63,926**	**53,645**		**956,520**
Investment properties under construction						
Fair value of investment properties under construction, Jan 1	61,698					61,698
Increases/decreases	56,467		7,206	14,015		77,688
Transfers from investment properties			787	2,245		3,031
Change in fair value	5,483		276	3,901		9,659
Transfers to completed investment properties	-94,517					-94,517
Fair value of investment properties under construction, Dec 31	**29,131**		**8,269**	**20,160**		**57,559**
Effect on profit of change in value of investment properties						
Change in fair value excluding change in net yield requirements	3,631		-245	5,838		9,224
Change caused by change in net yield requirements	-9,967		283	-2,593		-12,278
Impact of exchange rate changes				-1,605		-1,605
Changes in fair value of completed investment properties	**-6,336**		**38**	**1,640**		**-4,659**
Changes in acquisition costs of completed investment properties	-11,119		-469	890		-10,698
Changes in fair value of investment properties under construction	5,475		276	3 901		9,651
Effect on profit of change in value of investment properties, total	**-11,980**		**-155**	**6 431**		**-5,705**

The Group determines the fair values of investment properties itself. The fair value accounting model applied by the Group is based on the cash flow analysis determined specifically for each property, and are thus categorized as being level 3. Investment properties completed and under construction are measured using the same cash flow analysis model in all segments. Additional information on the accounting policy is provided in accounting policies applied in the preparation of the consolidated financial statements.

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 December 31, 2013, is appended to the financial statements and is also available on the company's website at www.technopolis.fi/for_investors.

The company has applied the following average parameters to the cash flow calculations for investment properties:

	Finland	Norway	Estonia	Russia	Lithuania	Group total
Completed investment properties						
Inputs not based on observable data:						
Range of net yield requirements, %	6.7-10.2	6.0-6.7	8.3	10.6	8.2-8.3	6.0-10.6
Net yield requirement, weighted, %	7.9	6.5	8.3	10.6	8.2	7.8
Estimated inflation rate, %	2.0	2.0	3.0	10.0	2.0	
Range of market office rents, EUR/sqm/month	7.6-24.7	7.2-27.0	7.7-12.2	26.0-29.8	10.9-11.7	7.2-29.8
Floor area-weighted market rent EUR/sqm/month	15.5	17.7	10.3	27.9	11.0	15.4
Maintenance expenses EUR/sqm/month	4.5	4.9	2.9	8.8	3.5	4.6
Modernizations, EUR/sqm/year	0.7	0.2	0.5	0.1	0.1	0.5
Other significant data:						
Rentable floor area, sqm	617,700	77,300	74,700	31,900	40,700	842,300
Average first-year occupancy rate, %	87.8	89.5	95.2	87.2	97.1	88.9
Average 10-year occupancy rate, %	93.4	92.9	97.1	94.8	97.1	93.8
Investment properties under construction						
Inputs not based on observable data:						
Range of net yield requirements, %			8.3	10.6	8.3	
Net yield requirement, weighted, %			8.3	10.6	8.3	
Estimated inflation rate, %			3.0	8.8	2.0	
Range of market office rents, EUR/sqm/month			12.1	26.0-30.0	11.7- 2.5	
Floor area-weighted market rent EUR/sqm/month			12.1	28.3	11.8	
Maintenance expenses EUR/sqm/month			2.5	8.0	3.7	
Other significant data:						
Rentable floor area, sqm			4,000	18,700	11,000	
Average first-year occupancy rate, %			85.0	74.6	92.0	
Average 10-year occupancy rate, %			95.6	93.0	94.7	

The fair values of investment properties are affected by estimated future income, expenses and discount rate. An increase in estimated yields and occupancy rates increases the fair value of investment properties, and a corresponding decrease decreases them. Maintenance expenses and the modernization of properties have an effect on fair value, decreasing it in proportion to the negative cash flow allocated to the property in the future. When market net yield requirements or estimated inflation rates increase, the fair values of investment properties decrease, while their fair values increase as net yield requirements and estimated inflation rates decrease. Additional information on the market yield requirement risk associated with investment properties is presented in Note 20 II).

Currency unit, EUR 1,000

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

		Change in yield requirement	
	2013/12/31	+1%	-1%
Fair value of investment properties	1,410,418	1,250,601	1,614,319

12. ADVANCE PAYMENTS AND PROJECTS IN PROGRESS

	2013	2012
Advance payments and projects in progress		
Projects in progress, Jan 1	8,453	7,707
Increases/decreases	3,994	746
Advance payments and projects in progress, Dec 31	12,447	8,453

Capitalized increases in 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 carried out on the premises for customers, which are recognized as projects in progress until their completion. After completion, they are recognized through profit or loss in "Changes in acquisition costs of completed investment properties" under the change in the fair value of investment properties.

13. HOLDINGS IN ASSOCIATES

	2013	2012
Holdings in associates, Jan 1	6,056	5,386
Increases		670
Decreases	-17	
The Group's share of profit/loss for the year	-52	
Holdings in associates, Dec 31	**5,986**	**6,056**

Holdings in associates	**Holding, %**	**Original acquisition cost**	**The Group's holding Retained earnings**	**Total**
Iin Micropolis Oy, Ii, Finland	25.7	84	-84	0
Kiinteistö Oy Bioteknia, Kuopio, Finland	28.5	4,574	0	4,574
Kuopio Innovation Oy, Kuopio, Finland	24.0	37	0	37
Otaniemen Kehitys Oy, Espoo, Finland	35.0	35	0	35
Rehaparkki Oy, Oulu, Finland	28.4	1,392	-53	1,340
Total		**6,123**	**-137**	**5,986**

Technopolis Plc has recognized losses accumulated from its interest in the results of its associates only up to the acquisition cost of the shares. The company has sold its shares during the financial period from Jyväskylä Innovation Oy. EUR 17 thousand was recognized as a loss from the selling and it has been recognized in financial expenses.

Information on associates

2013	**Assets**	**Liabilities**	**Net sales**	**Earnings for the financial period**
Iin Micropolis Oy	406	422	83	-17
Kiinteistö Oy Bioteknia	12,144	83	764	0
Kuopio Innovation Oy	590	515	2,267	0
Otaniemen kehitys Oy	221	94	118	0
Rehaparkki Oy	4,421	1	43	-137
Total	**17,782**	**1,115**	**3,275**	**-154**
2012				
Iin Micropolis Oy	378	378	116	4
Jyväskylä Innovation Oy	720	622	1,949	15
Kiinteistö Oy Bioteknia	12,021	82	774	0
Kuopio Innovation Oy	871	795	2,440	0
Otaniemen kehitys Oy	221	94	118	0
Rehaparkki Oy	4,631	75	43	0
Total	**18,841**	**2,046**	**5,440**	**19**

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2013	2012
Available-for-sale financial assets, Jan 1	5,737	5,764
Increases		2
Decreases		-50
Change in fair value of assets recognized at fair value	29	20
Available-for-sale financial assets, Dec 31	**5,766**	**5,737**
Fair value reserve		
Fair value reserve, Jan 1	175	155
Change in fair value of assets recognized at fair value	29	21
Deferred taxes	1	-1
Fair value reserve, Dec 31	**204**	**175**

The available-for-sale financial assets include individual apartment shares, units in interest funds and shares in publicly listed companies as well as other shares. Available-for-sale financial assets are categorized in hierarchy levels 1 and 3 and are presented in Note 20 in the Breakdown of financial assets and liabilities table. The changes in the fair value of available-for-sale financial assets less the tax effect are recognized in the fair value reserve. Changes in the fair value of assets recognized in the fair value reserve are all categorized as level 1 value changes. 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

Deferred tax assets	Opening balance 2013/01/01	Re-cognized through profit or loss	Recognized as other compre-hensive income	Re-cognized in share-holders' equity	Trans-lation diffe-rences	Acquired/ divested busines-ses	2013/12/31
Investment properties		2,322		2,285			4 ,606
Unused losses confirmed in taxation	2,370					8,230	10,600
Other items	370	510			-261		619
Total	**2,740**	**2,831**		**2,285**	**-261**	**8,230**	**15,825**

Deferred tax assets	Opening balance 2012/01/01	Re-cognized through profit or loss	Recognized as other compre-hensive income	Re-cognized in share-holders' equity	Trans-lation diffe-rences	Acquired/ divested busines-ses	2012/12/31
Investment properties	745	-745					
Unused losses confirmed in taxation	1,202	1,168					2,370
Other items	619	-318			69		370
Total	**2,566**	**105**			**69**		**2,740**

Deferred tax liabilities	Opening balance 2013/01/01	Re-cognized through profit or loss	Recognized as other compre-hensive income	Re-cognized in share-holders' equity	Trans-lation diffe-rences	Acquired/ divested busines-ses	2013/12/31
Investment properties	48,591	-10,415		-7,187			30,989
Other items	1,144	-357	-1		-171	1,196	1,810
Total	**49,735**	**-10,773**	**-1**	**-7,187**	**-171**	**1,196**	**32,799**

Deferred tax liabilities	Opening balance 2012/01/01	Re-cognized through profit or loss	Recognized as other compre-hensive income	Re-cognized in share-holders' equity	Trans-lation diffe-rences	Acquired/ divested busines-ses	2012/12/31
Investment properties	43,758	4,833					48,591
Other items	2,215	-1,114	1		42		1,144
Total	**45,972**	**3,719**	**1**		**42**		**49,735**

The deferred tax assets and liabilities recognized for investment properties in 2012 are not comparable with the figures for 2013 due to changes in accounting policy.

The Group hassuch confirmed losses that are not recognized as deferred tax assets. That deferred tax assetwould have been EUR 0.3 million.

16. CURRENT RECEIVABLES

	2013	2012
Sales receivables	6,278	4,991
Sales receivables from associates	7	12
Loan receivables	1,667	134
Accrued income	5,548	7,566
Derivatives	270	
Other receivables	2,885	3,829
Income tax assets	3	1,907
Short-term receivables, total	**16,659**	**18,439**

Maturities of sales receivables		
Not matured	4,180	3,080
less than 30 days	1,127	1,013
30 - 60 days	313	234
2 - 3 months	289	324
3 - 4 months	182	92
over 4 months	195	260
Total	**6,285**	**5,003**

Sales receivables by currency		
Euro	5,300	4,715
Russian ruble	317	288
Lithuanian liti	325	
Norwegian crown	343	
Total	**6,285**	**5,003**

17. CASH AND CASH EQUIVALENTS

Cash on hand and at bank	54,095	15,676
Total for cash and cash equivalents	**54,095**	**15,676**

18. SHAREHOLDERS' EQUITY

Share capital

Technopolis Plc has one class of shares. The company's share capital was EUR 96,913,626 on December 31, 2013. At the closing date, the company had x shares. Changes in the number of shares 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 2013, EUR 0.20 per share from fiscal year 2012 was paid in dividends, EUR 15,129,093 in total.

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 there has been no express decision to record them in share capital.

Equity related bond
The equity related bond (hybrid bond) includes the unsecured EUR 75 million equity bond issued in March 2013 less borrowing costs. The annual fixed coupon rate of the loan is 7.5% and is due for payment if the Annual General Meeting decides to pay out dividends. If the company does not pay interest, the unpaid interest is accumulated. It is perpetual, but the company may exercise an early redemption option after five years. If the company does not repay the bond after five years, the coupon rate of the bond increases by 3.0 percentage points.

Other reserves
Other reserves include the fair value reserve and the hedging instrument reserve. 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 translation differences created in the conversion of the financial statements of foreign business units.

Changes in the number of shares and equity	Number of shares and votes	Share capital	Pre-mium fund	Invested unrestricted equity fund	Total
2011/12/31	**63,385,044**	**96,914**	**18,551**	**84,190**	**199,654**
Share issue	12,088,836			32,071	32,071
Compensation paid in shares to key employees	81,347				
Exercised options	6,000			13	13
2012/12/31	**75,561,227**	**96,914**	**18,551**	**116,274**	**231,738**
Share issue	30,362,402			98,715	98,715
Compensation paid in shares to key employees	69,379				
Exercised options	275,399			524	524
2013/12/31	**106,268,407**	**96,914**	**18,551**	**215,513**	**330,977**

19. LIABILITIES

	2013	2012
Non-current liabilities		
Deferred taxes	32,799	49,735
Bank loans	676,172	457,030
Non-current finance lease liabilities	34,199	33,919
Other liabilities	6,458	9,060
Non-current liabilities, total	**749,628**	**549,744**
Current liabilities		
Repayments on non-current loans	87,691	59,249
Commercial papers	55,420	45,737
Other current interest-bearing liabilities	13	48
Current finance lease liabilities	2,450	3,411
Advances received	7,314	6,101
Accounts payable	8,632	6,010
Adjusting entries for liabilities	11,984	10,304
Derivatives	6,657	9,020
Other liabilities	6,183	3,436
Deferred tax liabilities	107	145
Current liabilities, total	**186,451**	**143,463**
Liabilities, total		
Fixed rate	428,863	219,538
Floating rate	433,000	388,601
Non-interest bearing liabilities	74,217	85,067
Liabilities, total	**936,079**	**693,207**
Fair value of liabilities	**925,631**	**693,624**

The group raised a syndicated loan from SEB, Swedbank and Nordea during the period under review. The loan amounts to EUR 143 million, and it is included in non-current liabilities. The loan has a variable interest rate, is NOK-denominated and matures on October 11, 2018.

Finance lease liabilities		
Non-current finance lease liabilities	34,199	33,919
Current finance lease liabilities	2,450	3,411
Finance lease liabilities, total	**36,649**	**37,330**
Investment properties held under a finance lease		
Total value of minimum lease payments		
Within one year	1,895	1,866
Later than one year and not later than two years	1,941	1,910
Later than two years and not later than five years	8,275	11,285
Later than five years	24,340	23,369
Total	**36,451**	**38,430**

Currency unit, EUR 1,000

	2013	2012
Present value of minimum lease payments		
Within one year	1,531	1,470
Later than one year and not later than two years	1,594	1,531
Later than two years and not later than five years	7,066	9,668
Later than five years	23,719	22,723
Present value of minimum lease payments, total	**33,909**	**35,391**
Future financial expenses, total	2,541	3,039
Total amount of finance lease liabilities from investment properties	**36,451**	**38,430**
Carrying amount of investment properties leased by Technopolis on a financial lease, Dec 31	**59,321**	**60,778**

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.

	2013	2012
Other assets held under a finance lease		
Total value of minimum lease payments		
Within one year	1,009	791
Later than one year and not later than five years	1,854	1,251
Total	**2,863**	**2,042**
Present value of minimum lease payments		
Within one year	920	739
Later than one year and not later than five years	1,820	1,199
Present value of minimum lease payments, total	2,740	1,939
Future financial expenses, total	124	104
Total amount of finance lease liabilities from other leased assets	**2,863**	**2,042**

Oher 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 the financing risk, the Group draws upon the resources of a wide range of financiers, makes use of a variety of financing instruments and maturities, and maintains strong solvency. The objective of refinancing risk management is to ensure that the Group's loan portfolio and unused credit facilities are sufficiently diversified and high with regard to repayment schedules and other financing needs. 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 finance costs 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 aims to match the interest fixing period of its debt financing to the durations of its customers' leases. 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.

With Technopolis' loan portfolio at the end of 2013, a one-point change in money market rates would change interest rate costs by EUR 3.5 (2.9) million per year. Correspondingly, the 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 6.6 million. Because of the interest rate risk associated with loans, a policy of diversifying interest bases is pursued. Some 2.5% of interest-bearing liabilities were pegged to the under 3-month Euribor rate and 47.3% were pegged to the 3 - 12 month Euribor rate. Of interest-bearing liabilities, 50.3% were fixed-rate loans with maturities of 13 - 60 months. The interest fixing period, which describes the average interest rate adjustment period, was 2.24 years. The objective of refinancing risk management is to ensure that the Group's loan portfolio and unused credit facilities are sufficiently diversified and high with regard to repayment schedules and financing instruments.
The average capital-weighted outstanding loan period was 7.0 years.

Loan covenants

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 amounting to EUR 861.9 (608.1) million, of which the loan capital of EUR 671.6 million includes covenants related to equity ratio, debt service ratio or loan-to-value. Loans amounting to EUR 393.5 (366.6) million include covenants relating to the equity ratio. A decline in the equity ratio may lead to higher interest rate margins or premature repayment of 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 219.2 million includes a repayment term. The repayment term is met if the equity ratio falls below 30%. The equity ratio decreasing to below 33% would increase interest rate expenses by EUR 0.7 (0.5) million per annum.

The Group's equity ratio was 40.2% (36.2%) on December 31, 2013. More detailed information about covenants is given in the Board of Directors' Report under the heading "Financing".

Foreign currency exchange rate risks

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 uncertainties relating to cash flow, profit and the balance sheet. Changes in the exchange rates between the Russian ruble, Lithuanian liti, Norwegian crown and the euro may have an effect on the company's financial performance and operations. Currency-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. The currency risk sensitivity means that a weakening of the exchange rate by 10% would result in costs of EUR 5.6 million in the income statement, and it strengthening by 10% would improve the company's net profit by EUR 5.6 million. 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.

Currency unit, EUR 1,000

Credit risk
Credit risk management at Technopolis Group focuses on managing client risks. Clients' credit standing is evaluated before leases are signed and new leases usually include rental security arrangements. Any outstanding receivables are initially targeted by internal collection measures. If these do not yield a favorable result, the collection of the outstanding receivable is transferred to a specialist outsourcing partner.

The Group does not have uncertain receivables. The amount of outstanding sales receivables is low and closely monitored. Credit losses recognized in losses for the financial year amounted to EUR 172 (156) 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 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 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 contract and maturity. Additionally, the company has domestic commercial paper programs with three Finnish financial institutions. For short-term financing needs, the Group also has a revolving credit facility and sufficient credit facilities estimated to cover loan repayments during the next 12 months. Technopolis continuously monitors and assesses the reliability of the counterparties as part of its risk management policy.

At the closing date, the Group had EUR 87.5 (129.1) million in untapped credit facilities and cash amounting to EUR 54.1 (15.7) million. The credit facilities contained a EUR 62.4 (112.7) million credit line and a EUR 25.1 (16.4) million revolving credit facility. In addition, the company has a EUR 120.0 million (EUR 120.0 million) commercial paper program, of which EUR 55.7 million (EUR 46.0 million) was issued at the end of the reporting period. The company has a strong cash flow from operations and control over its own investment decisions, allowing the company to react to changes in cash flows from financing activities. In spring 2013, the company issued an unsecured hybrid loan of EUR 75.0 million aimed at investors, with a fixed annual coupon rate of 7.5% for an exercise period of five years. This instrument is perpetual, as its repayment depends on the issuer's ability and willingness to pay. However, after five years from the issuance, the annual coupon rate increases by 3.0%. 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".

Repayments of interest-bearing liabilities and finance costs

2013	Less than one year	1 - 2 years	3 - 5 years	Contractual cash flow over 5 years	Total	Carrying amount
Bank loans	104,805	223,403	335,155	159,620	822,983	763,911
Commercial papers	55,700				55,700	55,420
Finance lease liabilities	2,904	1,941	10,129	24,340	39,314	36,649
Derivatives	1,777	3,006	1,862		6,657	6,657
Accounts payable	8,632				8,632	8,632
Other liabilities	32,011				32,011	32,011
Total	**205,829**	**228,351**	**347,147**	**183,961**	**965,297**	**903,280**

2012	Less than one year	1 - 2 years	3 - 5 years	Contractual cash flow over 5 years	Total	Carrying amount
Bank loans	65,617	190,921	127,207	171,723	555,468	525,024
Commercial papers	46,000				46,000	45,737
Finance lease liabilities	2,658	1,910	12,536	23,369	40,472	37,330
Derivatives	1,934	3,635	3,363		9,020	9,020
Accounts payable	6,010				6,010	6,010
Other liabilities	20,350				20,350	20,350
Total	**142,570**	**196,466**	**143,106**	**195,093**	**677,321**	**643,472**

	2013	2012
Weighted averages of the effective interest rates of liabilities, %		
Bank loans	2.03	1.32
Bank loans including interest rate and currency swaps	2.58	1.64
Finance lease liabilities	1.09	1.12
Commercial papers	1.62	1.56

	2013/12/31			2012/12/31		
Interest rate swaps	**Weighted maturity**	**Nominal value**	**Fair value**	**Weighted maturity**	**Nominal value**	**Fair value**
Interest rate swaps (liabilities)	4.2	349,856	-6,657	4.6	190,381	-9,020
Interest rate swaps (assets)	6.4	50,556	270			
Interest rate swaps, total	**4.5**	**400,411**	**-6,386**	**4.6**	**190,381**	**-9,020**

The Group has no such interest rate swaps that can be netted.

Currency unit, EUR 1,000

Breakdown of financial assets and liabilities

The following table provides a list of the groups of financial assets and liabilities used for valuation in accordance with IAS 39.

2013	Note	Loans and other receivables	Available for sale financial assets	Financial liabilities measured at amortized financial liabilities	Assets/liabilities measured at fair value, total	Fair value	Level
Non-current financial assets							
Assets measured at fair value							
Available-for-sale investments	14						
Available-for-sale quoted financial assets			1,147			1,147	Level 1
Financial assets recognized at amortized cost							
Available-for-sale financial assets	14						
Available for sale non-quoted financial assets, measured at acquisition cost			4,619			4,619	Level 3
Other non-current receivables		358				358	
Total		**358**	**5,766**			**6,123**	
Current assets							
Trade and other receivables							
Sales receivables	16	6,278				6,278	
Other current receivables		10,111				10,111	
Cash and cash equivalents	17	54,095				54,095	
Derivatives							
Interest rate swaps, meeting the criteria for hedge accounting	16				270	270	Level 2
Total		**70,483**			**270**	**70,754**	
Non-current liabilities	19						
Financial liabilities recognized at amortized cost							
Non-current finance lease liabilities				34,199		34,199	Level 2
Non-current interest-bearing liabilities				682,078		671,641	Level 2
Non-current non-interest-bearing liabilities				541		541	Level 2
Other non-current liabilities				32,799		32,799	
Total				**749,618**		**739,180**	
Current liabilities	19						
Financial liabilities at fair value through profit or loss							
Derivatives							
Interest rate swaps, meeting the criteria for hedge accounting	19				6,657	6,657	Level 2
Financial liabilities recognized at amortized cost							
Current finance lease liabilities				2,450		2,450	
Other current interest-bearing liabilities				143,125		143,125	
Trade and other payables				32,248		32,248	
Conditional additional purchase price				1,865		1,865	
Income tax liability				107		107	
Total				**179,794**	**6,657**	**186,451**	

2012	Note	Loans and other receivables	Available for sale financial assets	Financial liabilities measured at amortized financial liabilities	Assets/liabilities measured at fair value, total	Fair value	Level
Non-current financial assets							
Assets measured at fair value							
Available-for-sale investments	14						
Available-for-sale quoted financial assets			1,118			1,118	Level 1
Financial liabilities recognized at amortized cost							
Available-for-sale financial assets							
Available for sale non-quoted financial assets, measured at acquisition cost	14		4,619			4,619	Level 3
Other non-current receivables		717				717	
Total		**717**	**5,737**			**6,454**	
Current assets							
Trade and other receivables							
Sales receivables	16	4,991				4,991	
Other current receivables		13,448				13,448	
Cash and cash equivalents	17	15,676				15,676	
Total		**34,116**				**34,116**	
Non-current liabilities	19						
Financial liabilities recognized at amortized cost							
Non-current finance lease liabilities				33,919		33,919	Level 2
Non-current interest-bearing liabilities				465,774		466,192	Level 2
Non-current non-interest-bearing liabilities				316		316	Level 2
Other non-current liabilities				49,735		49,735	
Total				**549,744**		**550,161**	
Current liabilities	19						
Financial liabilities at fair value through profit or loss							
Derivatives							
Interest rate swaps, not meeting the criteria for hedge accounting	19				7,744	7,744	Level 2
Interest rate swaps, meeting the criteria for hedge accounting					1,276	1,276	
Financial liabilities recognized at amortized cost							
Current finance lease liabilities				3,411		3,411	Level 2
Other current interest-bearing liabilities				105,035		105,035	Level 2
Trade and other payables				25,851		25,851	Level 2
Income tax liability				145		145	Level 2
Total				**134,443**	**9,020**	**143,463**	

Currency unit, EUR 1,000

There have been no transfers or changes between levels 1 and 2 during the financial period. The fair value of level 2 instruments has been measured on the basis of generally accepted valuation techniques which primarily use inputs based on observable market data. The level 3 available-for-sale financial assets are apartment shares measured at fair value applying the same model as for investment properties.

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

	2013	2012
Available-for sale financial assets measured at acquisition cost, opening balance	4,619	4,667
Increases		2
Decreases		-50
At end of year	**4,619**	**4,619**

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 yields increase, the fair value of properties decreases. Conversely, as yields decrease, the fair value of properties increases. Such changes either decrease or increase the Group's operating profit and net profit. Changes in market yields do not have any direct impact on the company's net sales, EBITDA, or cash flow, because changes in taxes are imputed. 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 loans may be triggered. In that case, the change in value will have an impact on the cash flow and result for the period via finance income. Because Technopolis does not trade in the properties it owns, the risk arising out of changes in market yield requirements has not been hedged.

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 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 32.2 % (53.2%) of the lease stock. At the end of the period, the average lease period was 35 (39) 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 customers 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, share issues or equity related bond issue. 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. The aim is also to ensure the position of the debt financier with regard to liquidity and prevent breaches of the covenant terms.

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, 2013, the Group's equity ratio was 40.2% (36.2% on December 31, 2012). The long-term target equity ratio is at least 35% over the cycle. The loan-to-value rate for the corresponding periods was 59.5% (59.5%).

21. ASSETS PLEDGED, CONTINGENT LIABILITIES AND OTHER LIABILITIES

	2013	2012
Mortgages of properties		
Loans from financial institutions	771,022	516,279
Mortgages given	1,051,039	605,618
Land lease liabilities		
Mortgages given	3,616	3,616
Other mortgage liabilities	**925**	**925**
Mortgages, total	**1,055,581**	**610,159**
Pledged real estate shares		
Pledged investment properties	782,534	201,527
Other guarantee liabilities	**173,330**	**53,528**

Currency unit, EUR 1,000

OTHER LIABILITIES

Liability to adjust value added tax on property investments

	10-year adjustment period					
	2008-2009	**2010**	**2011**	**2012**	**2013**	**Total**
Property investment expense (net)	122,162	39,082	52,770	81,881	45,908	341,803
VAT on property investment	27,087	8,480	12,137	18,833	10,885	77,422
Annual share of VAT on investment	2,709	848	1,214	1,883	1,089	7,742
VAT deducted	22,872	8,588	12,100	18,560	10,501	72,621
Annual share of VAT deducted	2,287	859	1,210	1,856	1,050	7,262
Number of years remaining in the adjustment period	5 or less	6	7	8	9	
Refundable amount of the deduction on Dec 31, 2013	10,371	5,153	8,470	14,848	9,451	48,292
Liability to adjust VAT on Dec 31, 2013						**48,292**
Liability to adjust VAT on Dec 31, 2012						40,303
Change						7,990

	2013	**2012**
Project liabilities		
Collateral deposits	349	178
Project liabilities, total	**349**	**178**
Liabilities associated with the equity bond		
Accrued unpaid interest	4,330	
Repayment of principal	0	
Total	**4,330**	

22. BUSINESS COMBINATIONS AND ACQUISITIONS OF INDIVIDUAL ASSETS

BUSINESS COMBINATIONS

The IFRS 3 standard has been applied to business acquisitions, with all of the identifiable assets, liabilities and contingent liabilities of the acquisition measured at fair value on the acquisition date, and all costs associated with the acquisition have been recognized through profit or loss.

Assets and liabilities arising from the acquisition of Lithuania, Vilnius property

On May 31, 2013 Technopolis and Lithuanian ICOR Group closed a deal to acquire an office campus in Vilnius, Ozas. Technopolis bought 100% of the shares. Final acquisition cost of the property was EUR 31.8 million and it includes EUR 1.9 million conditional additional purchase price. The additional purchase price has been recognized as an accrual in the financial statement and it was paid in January 2014. The rentable area of the two premises is 31,200 square meters and the financial occupancy rate is 100%. Third building included in the acquisition was completed in October 2013 and the rentable area of this building is 11,000 square meters.

Acquired assets and liabilities	**Fair value, eur**
Assets	
Non-current assets	25
Completed investment properties	47,266
Investment properties under construction	10,307
Current assets	99
Cash and cash equivalents	7,361
Assets, total	*65,057*
Liabilities	
Non-current liabilities	32,820
Current liabilities	388
Liabilities, total	*33,207*
Net asset value	**31,850**
Net asset value remaining for Group	*31,850*
Transaction price to be paid by cash (estimate)	31,850
Transaction price paid by cash	29,985
Additional transaction price	1,865
Acquired company's cash	7,361
Effect on cash flow	*24,489*

Extraordinary expenses arising from Vilnius acquisition were EUR 291 thousand and they have been recorded through profit or loss.

Assets and liabilities arising from the acquisition of the Oslo property, Norway

Technopolis Plc, Ilmarinen and IT Fornebu Properties AS (ITFP) jointly acquired a modern multi-tenant campus in the greater Oslo region, Norway in December. Total value of the transaction was NOK 1,800 million and Technopolis' share of the deal is 51%. The transaction was financed with 35% own equity and 65% with syndicated loan from SEB, Nordea and Swedbank.

Acquired assets and liabilities	**Fair value, eur**
Assets	
Completed investment properties	215,390
Deferred tax assets	8,230
Current assets	795
Cash and cash equivalents	4,355
Assets, total	228,770
Liabilities	
Deferred tax liabilities	1,196
Non-current liabilities	135,613
Current liabilities	23,042
Liabilities, total	159,851

Currency unit, EUR 1,000

Net asset value	68,919
Share of non-controlling interest (49%) from net asset value	-33,745
Net asset value remaining for Group	**35,174**

Transaction price paid by cash	35,174
Acquired company's cash	4,355
Effect on cash flow	**30,819**

Extraordinary expenses arising from Oslo acquisition were EUR 953 thousand and they have been recorded through profit or loss.

Had the business acquisitions above been carried out at the beginning of the financial period, the Group's net sales would have been approximately EUR 150.0 million and EBITDA EUR 80.0 million.

ACQUISITIONS OF INDIVIDUAL ASSETS

Individual investment properties acquired during the financial period are measured at acquisition cost at the date of acquisition, including the purchase price and direct expenses of the acquisition.

During the financial period, the company acquired investment properties in Peltola in Oulu and Espoo. In Peltola, Oulu, the company purchased a campus with a rentable floor area of approximately 37,600 sqm from Nokia for a price of EUR 31.7 million. In the fall, the company acquired the Falcon Business Park (Falcon) in Otaniemi, Espoo, in two parts in November and December. The seller was a real estate fund managed by Aberdeen Asset Management. The total investment, including asset transfer tax, was EUR 77.0 million, and the rentable floor area was 26,300 sqm.

The fair value of the investment properties acquired during the comparison period includes Tohloppi property acquired in October 2012. The investment property was measured at acquisition cost at the time of acquisition. The acquisition cost of the acquired investment property includes the purchase price and direct expenses of the acquisition.

23. 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. The company's 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 the members of the Group's Management Team, including the CEO and Deputy CEO. Associates are also considered related parties.

Salaries and service benefits of the parent company's management

The key employees who comprise the management include the company's Board of Directors, President and CEO, Deputy CEO, and members of the Management Team.

	2013	2012
Salaries and service benefits to key employees included in the management:		
Salaries and other current employee benefits	1,101	1,167
Share-based benefits	261	221
Total	**1,362**	**1,388**

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 2013 or 2012.

	2013	2012
Salaries and other current employee benefits paid to the CEO and Deputy CEO:		
Silverang Keith, CEO	240	200
Tauriainen Reijo, Deputy CEO	141	141
Total	**381**	**341**
Employee benefits paid to members of the Management Team other than the CEO and Deputy CEO	460	562

Also, as described below, in 2013, key employees were paid bonuses EUR 233 thousand that they earned during the period from January 1, 2012, to December 31, 2012 and in 2012 there were paid EUR 199 thousand from period January 1, 2011, to December 2011. Bonuses were recognized as expenses during the period in which they were earned.

	2013	2012
Silverang Keith, CEO	103	86
Tauriainen Reijo, Deputy CEO	32	20
Other members of the Management Team	98	94
Total	**233**	**199**

The retirement age and pension of the CEO and the Deputy CEO will be determined by the general pension provisions. The period of notice for the CEO is six months and the severance pay equivalent to 12 months' salary in addition to the regular pay for the notice period.

On the basis of CEO salaries and benefits EUR 79 thousand has bee recognized in the income statement as a pension costs in the financial year 2013 due to TyEL requirements (EUR 75 thousand in the year 2012) and on the basis of the CFO salaries and benefits EUR 40 thousand in the financial year 2013 (EUR 37 thousand in year 2012). TyEL is part of the Finnish social security and it is a collective arrangement, where the employer does not have a straight responsibility from the pension, thus the responsibility is on the whole pension system. According to TyEL the financing of the pension is based on two points: part from the pensions paid in the future is hedged beforehand and part is financed trough a distribution system only when the pensions are paid.

The 2013 General Meeting of Shareholders resolved that members of the Board will be paid annual compensation as follows: EUR 50,000 to the Chairman of the Board, EUR 30,000 to the Vice Chairman of the Board and EUR 25,000 to each of the 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 800 is paid to the chairmen of the committees and EUR 600 to the members of committees for each committee meeting. In addition, meeting fees will be paid for committee work as agreed in advance.

	2013	2012
Members of the Board of Directors		
Granvik Carl-Johan, Chairman of the Board of Directors	74	69
Pennanen Matti, Deputy Chairman	41	43
Aitokallio Sari	33	
Haapamäki Jorma	29	
Korhonen Pekka	38	36
Ritakallio Timo	37	41
Total	**253**	**189**
Former members of the Board		
Huuskonen Pertti	5	39
Andersen Teija	3	38
Total	**8**	**76**

The annual remuneration is paid on the condition that the Board member commits to using 50% of his or her annual remuneration to acquire Technopolis Plc shares on the market at the price determined in public trading. 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	Compen-sation paid in shares	Compen-sation paid in cash	Meeting fees	Total annual compen-sation
Granvik Carl-Johan, Chairman	41,791	25	25	24	74
Pennanen Matti, Deputy Chairman	41,644	15	15	11	41
Aitokallio Sari	3,781	13	13	8	33
Haapamäki Jorma	16,630	13	13	4	29
Korhonen Pekka	28,920	13	13	13	38
Ritakallio Timo	32,580	13	13	12	37
Gr and total for annual compensation	**165,346**	**90**	**90**	**73**	**253**

The terms of the option programs are presented in Note 24.

Holdings in Group companies	**Holding, %**
Finland	
Kiinteistö Oy Innopoli II, Espoo	100.00
Kiinteistö Oy Technopolis Innopoli 3, Espoo	100.00
Technopolis Kiinteistöt Espoo Oy, Espoo	100.00
Kiinteistö Oy Falcon Gentti, Espoo	100.00
Kiinteistö Oy Falcon Hali, Espoo	100.00
Kiinteistö Oy Falcon Lago, Espoo	100.00
Kiinteistö Oy Falcon Tinnu, Espoo	100.00
Technopolis Kiinteistöt Pääkaupunkiseutu Oy, Helsinki	100.00
Technopolis Kiinteistöt Jyväskylä Oy, Jyväskylä	100.00
Kiinteistö Oy Technopolis Innova 4, Jyväskylä	100.00
Kiinteistö Oy Technopolis Viestikatu 7, Kuopio	100.00
Kiinteistö Oy Technopolis Viestikatu 1-3, Kuopio	100.00
Technopolis Kiinteistöt Lappeenranta Oy, Lappeenranta	100.00
Kiinteistö Oy Technopolis Peltola, Oulu	100.00
Kiinteistö Oy Yrttiparkki, Oulu	100.00
Technopolis Hitech Oy, Oulu	100.00
Technopolis Kiinteistöt Oulu Oy, Oulu	100.00
Kiinteistö Oy Finn-Medi 6-7, Tampere	100.00
Kiinteistö Oy Technopolis Tohloppi Oy, Tampere	100.00
Technopolis Kiinteistöt Tampere Oy, Tampere	100.00
Kiinteistö Oy Oulun Ydinkeskusta, Oulu	98.77
Kiinteistö Oy Technopolis Microkatu 1, Kuopio	91.37
Oulun Teknoparkki Oy, Oulu	84.14
Kiinteistö Oy Hermia, Tampere	67.81
Oulun Ydinkeskustan Parkki Oy, Oulu	62.24
Norway	
Technopolis Holding AS, Oslo, Norway	100.00
Technopolis Holding 2 AS, Oslo, Norway	51.00
Technopolis AS, Oslo, Norway	51.04
Campus H AS, Oslo, Norway	51.04
Campus T AS, Oslo, Norway	51.04
Campus X AS, Oslo, Norway	51.04
Campus P AS, Oslo, Norway	51.04
Estonia	
Technopolis Baltic Holding OÜ, Tallinn, Estonia	100.00
Technopolis Ülemiste AS, Tallinn, Estonia	51.00
Russia	
Technopolis Neudorf, St Petersburg, Russia	100.00
Technopolis St Petersburg LLC, St Petersburg, Russia	100.00
Lithuania	
Technopolis Lietuva UAB, Vilna, Lithuania	100.00
UAB Domestas, Vilna, Lithuania	100.00
UAB Urban Housing, Vilna, Lithuania	100.00
UAB Gama Projektai, Vilna, Lithuania	100.00

Currency unit, EUR 1,000

	2013	2012
Associates		
Sales to associates	312	351
Receivables from associates	7	12

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

24. SHARE-BASED PAYMENTS

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 from 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 from 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 from 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 from 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 to 1.043 Technopolis shares. Also the subscription price was changed due to the right issues in 2013 and 2013 according to the issue factor. 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.

	2013		2012	
Changes during the year, 2007B	**Weighted subscription price, EUR/share**	**Number of options**	**Weighted subscription price, EUR/share**	**Number of options**
At beginning of year	4.55	424,500	4.93	424,500
Outstanding at end of year			4.55	424,500
Exercisable at end of year		-		424,500

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

	2013		2012	
Changes during the year, 2007C	**Weighted subscription price, EUR/share**	**Number of options**	**Weighted subscription price, EUR/share**	**Number of options**
At beginning of year	2.09	497,247	2.48	503,000
Exercised options	1.89	-264,047	2.09	-5,753
Outstanding at end of year	1.40	233,200	2.09	497,247
Exercisable at end of year		233,200		497,247

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

Parameters used in defining the fair value of the option program	**2007B**	**2007C**
Share price at the date of issue, EUR	4.50	3.72
Original subscription price, EUR	5.37	2.80
Duration (years)	2.5	2.7
Expected volatility, %	33	33
Risk-free interest rate, %	3.59	2.67
Fair value of option at the date of issue, EUR	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 Technopolis Group. The scheme aims to align the objectives of the owners and key personnel in order to increase the company's value and the 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 the 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 the incentive accumulated by the end of their 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.

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 growth in the company's earnings per share (60% weight) and an increase in the like-for-like rental income (40% weight). In 2012, the maximum number of shares was 160,000 and the earning criteria consisted of the increase in the like-for-like rental income (50% weight) and share price trend during January–February 2013 (50% weight). From the earning period 2012 69,379 shares was delivered and from the earning period 2011 81,347 shares was delivered. New shares will no longer be shared from this scheme.

Share-based incentive scheme 2013-2016

The Board of Directors of Technopolis Plc decided on a new long-term share-based incentive scheme for the Group's key personnel on February 12, 2013. The aim of the incentive scheme is to support the implementation of the company's strategy, align the goals of the shareholders and key personnel to increase the value of the company, and commit the key personnel by way of a reward scheme based on shareholding. The incentive scheme has two earning periods of three years each, which constitute of the calendar years 2013–2015 and 2014–2016. The company's Board of Directors will separately decide on the key personnel of the Group to be covered by the scheme for each earning period and the maximum reward for each key employee. The Board of Directors also decides on the earning criteria of the scheme and related objectives separately for each earning period. The amount of the reward paid to a key employee depends on achieving the goals set in the earning criteria. The maximum reward of a key employee comprises company shares and cash. All in all, a total of 520,000 shares and a maximum amount of cash corresponding to the value of all shares conveyed at the time of registration can be issued under the scheme. The cash part aims to cover the taxes and tax-related charges incurred to the key employees due to the reward. The reward will be paid to the key employees after the end of the earning period by the end of April 2016 and 2017.

Parameters used for recognizing the share incentive scheme	**2013-2016**	**2012**	**2011**
Date of granting the shares	2/13/2013	3/1/2012	1/28/2011
Maximum number of shares to be granted	227,500	160,000	150,000
Value of the shares, EUR	3.98	3.69	4.2
Qualifying period	1.1.2013–30.4.2017	1.1.2012–30.6.2015	1.1.2011–30.6.2014
Expected success rate, %	75.00	65.00	86.19
Actual success rate, %		43.36	54.23

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

Parent Company Income Statement and Balance Sheet

Currency unit, EUR 1,000

	Note	2013	2012
Net sales	1	**103,932**	**92,717**
Other operating income	2	1,779	1,548
Personnel expenses	3	-10,542	-9,853
Depreciation and impairment	4	-4,213	-11,897
Other operating expenses	5	-64,332	-42,220
Operating profit		**26,624**	**30,296**
Income from holdings in Group companies	6	3,148	1,417
Finance income, total	6	380	159
Finance expenses, total	6	-17,113	-16,213
Profit before extraordinary items and taxes		**13,026**	**15,658**
Profit before taxes		**13,026**	**15,658**
Change in depreciation difference	7	867	-5,805
Income taxes	8	-3,452	-2,597
Net profit for the year		**10,441**	**7,256**

	Note	2013 /12/31	2012 /12/31
ASSETS			
Non-current assets			
Intangible assets	9	11,162	14,612
Tangible assets	10	14,124	451,514
Holdings in Group companies	11	705,846	287,288
Holdings in associates	11	6,164	6,176
Investments	11	100,383	37,029
Total non-current assets		**837,680**	**796,618**
Current assets			
Non-current receivables	12	6,267	591
Current receivables	13	154,647	17,498
Cash and bank		21,719	5,957
Total current assets		**182,633**	**24,046**
ASSETS, TOTAL		**1,020,313**	**820,664**
EQUITY AND LIABILITIES			
Equity	14		
Share capital		96,914	96,914
Premium fund		18,943	18,943
Invested unrestricted equity fund		218,528	118,112
Retained earnings		11,350	19,224
Net profit for the year		10,441	7,256
Equity, total		**356,177**	**260,448**
Accumulated appropriations	15	643	33,165
Liabilities			
Non-current liabilities	16	476,045	393,614
Current liabilities	17	187,448	133,437
Total liabilities		**663,493**	**527,051**
EQUITY AND LIABILITIES, TOTAL		**1,020,313**	**820,664**

Parent Company Cash Flow Statement

	2013	2012
Cash flows from operating activities		
Net profit for the year	10,441	7,256
Adjustments:		
Depreciation	4,213	11,897
Gains (-) and losses (+) of non-current assets		-96
Other adjustments for non-cash transactions	-3,048	10,955
Financial income and expenses	15,779	9,488
Taxes	3,452	2,597
Increase/decrease in working capital	-13,464	8,229
Interest received	1,002	241
Dividends received	13	11
Interest paid and fees	-6,303	-7,475
Other financial items in operating activities	-8,830	-4,039
Taxes paid	-1,548	-3,225
Cash flows from operating activities	**1,708**	**35,840**
Cash flows from investing activities		
Investments in investment properties	-3,912	-69,124
Investments in tangible and intangible assets	-1,443	-5,497
Proceeds from sale of tangible and intangible assets	90	99
Loans granted	-232,038	-47,248
Repayments of loan receivables	22,447	27
Increase/decrease in cash equivalents	10	886
Gains from disposals of other investments		48
Acquisition of subsidiaries	-113	-1,658
Acquisition of associates		-670
Shares in associate companies sold	12	
Cash flows from investing activities	**-214,946**	**-123,136**
Cash flows from financing activities		
Increase in long-term loans	166,075	94,119
Decrease in long-term loans	-52,356	-50,880
Dividends paid	-15,115	-12,673
Paid share issue	100,416	32,652
Change in short-term loans	29,981	22,958
Cash flows from financing activities	**229,001**	**86,176**
Change in cash and cash equivalents	**15,763**	**-1,120**
Cash and cash equivalents, January 1	5,957	7,076
Cash and cash equivalents, December 31	**21,719**	**5,956**

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 and service revenues. 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.

Research & development costs

Research & development costs are expensed in the year in which they are incurred. R&D expenses that will generate revenue over three or more years are capitalized as development costs and amortized over 3-5 years.

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 in February 28, 2013 Technopolis Plc is incorporated most of the properties in their own regional real estate companies; Technopolis Kiinteistöt Pääkaupunkiseutu Oy, Technopolis Kiinteistöt Tampere Oy, Technopolis Kiinteistöt Oulu Oy, Technopolis Kiinteistöt Jyväskylä Oy ja Technopolis Kiinteistöt Lappeenranta Oy.

1. NET SALES	2013	2012
Revenue from rental operations	89,468	79,115
Revenue from services	14,463	13,602
Net sales, total	**103,932**	**92,717**

2. OTHER OPERATING INCOME	2013	2012
Development projects	1,288	1,271
Other income from operations	491	277
Other operating income, total	**1,779**	**1,548**

Other operating income from year 2012 includes capital gains of EUR 98 thousand.

3. PERSONNEL EXPENSES	2013	2012
Salaries and fees	8,900	8,595
Pension costs	1,555	1,472
Indirect employee costs	477	351
Capitalized personnel expenses	-390	-565
Personnel expenses, total	**10,542**	**9,853**
Average number of employees	167	143
Salaries of CEO and Board members		
President and CEO	475	409
Members of the Board of Directors	260	265
Salaries of CEO and Board members, total	**736**	**674**

4. DEPRECIATION ACCORDING TO PLAN AND IMPAIRMENT	2013	2012
Depreciation on intangible assets	2,160	1,489
Merger difference in depreciation	174	1,045
Depreciation on tangible assets	1,880	9,364
Depreciation according to plan and impairment, total	**4,213**	**11,897**

5. OTHER OPERATING EXPENSES	2013	2012
Premises expenses	47,429	26,834
Service expenses	7,334	6,536
Other operating expenses	9,570	8,850
Other operating expenses, total	**64,332**	**42,220**

Auditor's fees and services	2013	2012
Other operating expenses includes fees paid to auditors as follows:		
Audit	53	47
Certificates and reports	12	8
Other services	366	546
Auditor's fees, total	**431**	**601**

6. FINANCE INCOME AND EXPENSES	2013	2012
Dividend income from others	13	11
Other interest income from Group companies	3,148	1,417
Other interest income from others	367	148
Interest expenses and other finance expenses to Group companies	-67	
Interest expenses and other finance expenses to others	-19,239	-11,064
Change in fair value of derivatives	2,181	-5,149
Finance income and expenses, total	**-13,598**	**-14,637**

7. APPROPRIATIONS	2013	2012
Difference between planned depreciation and depreciation for tax purposes	-867	5,805

8. INCOME TAXES	2013	2012
Income tax from actual operations	3,452	2,597
Income taxes, total	**3,452**	**2,597**

9. INTANGIBLE ASSETS	2013	2012
Intangible rights		
Acquisition cost, Jan 1	8,597	6,318
Acquisition costs transferred in merger	-2,752	
Increases	1,417	5,556
Decreases	-23	-3,278
Acquisition cost, Dec 31	7,238	8,597
Accumulated depreciation, Jan 1	-1,992	-1,372
Depreciation transferred in merger	50	
Depreciation for the year	-1,034	-619
Intangible rights, Dec 31	**4,263**	**6,605**

Currency unit, EUR 1,000

	2013	2012
Other long-term expenditure		
Acquisition cost, Jan 1	11,788	8,521
Increases		28
Decreases		-6
Changes between assets items	18	3,245
Acquisition cost, Dec 31	11,806	11,788
Accumulated depreciation, Jan 1	-3,781	-2,912
Depreciation for the year	-1,125	-869
Other long-term expenditure, Dec 31	**6,899**	**8,007**
Intangible assets, total, Dec 31	**11,162**	**14,612**
10. TANGIBLE ASSETS		
Land areas		
Acquisition cost, Jan 1	42,691	52,357
Acquisition costs transferred in merger	-38,764	
Increases		3,537
Decreases		-13,203
Land areas, Dec 31	**3,927**	**42,691**
Connection fees		
Acquisition cost, Jan 1	4,405	3,906
Acquisition costs transferred in merger	-4,405	
Increases		499
Connection fees, Dec 31	**0**	**4,405**
Land areas, total, Dec 31	**3,927**	**47,097**
Buildings and structures		
Acquisition cost, Jan 1	452,488	378,262
Acquisition costs transferred in merger	-450,191	
Increases	71	74,226
Acquisition cost, total, Dec 31	2,368	452,488
Accumulated depreciation, Jan 1	-71,460	-62,291
Accumulated depreciation for items transferred in merger	77,527	
Depreciation for the year	-1,774	-9,169
Buildings and structures, Dec 31	**6,660**	**381,028**
Construction-period interest, Jan 1	2,942	2,107
Construction-period interests transferred in merger	-2,942	
Increases		834
Construction-period interest, Dec 31		2,942
Accumulated depreciation, Jan 1	-214	-155
Accumulated depreciation for items transferred in merger	214	
Depreciation for the year		-59
Construction-period interest, Dec 31	**0**	**2,728**

	2013	2012
Merger difference, Jan 1	19,369	19,369
Decreases transferred in merger	-19,369	
Merger difference, Dec 31		19,369
Accumulated depreciation, Jan 1	-5,685	-4,641
Accumulated depreciation for items transferred in merger	5,860	
Depreciation for the year	-174	-1,045
Merger difference, Dec 31	**0**	**13,683**
Buildings and structures, Dec 31	**6,660**	**397,439**
Machinery and equipment		
Original acquisition cost	2,807	2,797
Accumulated depreciation	-2,400	-2,264
Net expenditures, Jan 1	407	533
Increases	26	13
Decreases	-1	-3
Depreciation for the year	-106	-136
Machinery and equipment, Dec 31	**327**	**407**
Other tangible assets		
Acquisition cost, Jan 1	33	33
Other tangible assets, Dec 31	**33**	**33**
Advance payments and projects in progress		
Projects in progress, Jan 1	6,539	49,207
Projects in progress transferred in merger	-4,208	
Increases/decreases	935	-42,668
Changes between assets items	-88	
Advance payments and projects in progress, Dec 31	**3,178**	**6,539**
Tangible assets, total Dec 31	**14,124**	**451,514**
11. INVESTMENTS		
Holdings in Group companies		
Acquisition cost, Jan 1	287,288	173,884
Increases	418,559	113,404
Holdings in Group companies, Dec 31	**705,846**	**287,288**
Holdings in associates		
Acquisition cost, Jan 1	6,176	5,506
Increases/decreases	-12	670
Holdings in associates, Dec 31	**6,164**	**6,176**

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

Currency unit, EUR 1,000

	2013	2012
Other shareholdings		
Acquisition cost, Jan 1	4,529	4,577
Increases/decreases		-48
Other shareholdings, Dec 31	**4,529**	**4,529**
Receivables from Group companies		
Loan receivables, Jan 1	32,359	19,045
Increases	86,433	26,675
Decreases	-22,944	-13,361
Receivables from Group companies, Dec 31	**95,848**	**32,359**

Holdings in Group companies, December 31, 2013

	Holding, %	Book value
Kiinteistö Oy Finnmedi 6-7, Tampere, Finland	100.00	28,670
Kiinteistö Oy Hermia, Tampere, Finland	67.81	10,281
Kiinteistö Oy Innopoli II Espoo, Finland	100.00	55,216
Kiinteistö Oy Oulun Ydinkeskusta, Oulu, Finland	98.77	24,548
Kiinteistö Oy Technopolis Innopoli 3, Espoo, Finland	100.00	10,495
Kiinteistö Oy Technopolis Innova 4, Jyväskylä, Finland	100.00	13,929
Kiinteistö Oy Technopolis Microkatu 1, Kuopio, Finland	91.37	54,636
Kiinteistö Oy Technopolis Peltola, Oulu, Finland	100.00	102
Kiinteistö Oy Technopolis Tohloppi, Tampere, Finland	100.00	23,293
Kiinteistö Oy Technopolis Viestikatu 1-3, Kuopio, Finland	100.00	16,529
Kiinteistö Oy Technopolis Viestikatu 7, Kuopio, Finland	100.00	9,020
Kiinteistö Oy Yrttiparkki, Oulu, Finland	100.00	3
Oulun Teknoparkki Oy, Oulu, Finland	84.14	50
Oulun Ydinkeskustan Parkki Oy, Oulu, Finland	62.24	12
Technopolis Baltic Holding Oü, Estonia	100.00	13,357
Technopolis Hitech Oy, Oulu, Finland	100.00	63
Technopolis Holding AS, Oslo, Norway	100.00	4
Technopolis Kiinteistöt Espoo Oy, Espoo, Finland	100.00	3
Technopolis Kiinteistöt Jyväskylä Oy, Jyväskylä, Finland	100.00	36,772
Technopolis Kiinteistöt Lappeenranta Oy, Lappeenranta, Finland	100.00	28,429
Technopolis Kiinteistöt Oulu Oy, Oulu, Finland	100.00	120,295
Technopolis Kiinteistöt Pääkaupunkiseutu Oy, Helsinki, Finland	100.00	129,295
Technopolis Kiinteistöt Tampere Oy, Tampere, Finland	100.00	89,667
Technopolis Lietuva UAB, Vilna, Lithuania	100.00	3
Technopolis Neudorf LLC, Pietari, Russia	100.00	17
Technopolis St Petersburg LLC, Pietari, Russia	100.00	41,159
Total		**705,846**

Holdings in associates		
Iin Micropolis Oy, 500 shares, Ii	25.64	24
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	28.40	1,392
Otaniemen Kehitys Oy, 25 shares, Espoo	25.00	25
Total		**6,164**

	2013	2012
Other holdings		
Listed shares	14	14
Other shares	813	813
Apartment shares	2,937	2,937
Sampo mutual fund units	766	766
Total	4,529	4,529
Other receivables		
Other receivables, Jan 1	140	140
Other receivable transferred in merger	-135	
Other receivables, Dec 31	**5**	**140**

12. NON-CURRENT RECEIVABLES

	2013	2012
Other long-term receivables from group companies	5,992	
Other long-term receivables	275	591
Other long-term receivables, total	**6,267**	**591**

13. CURRENT RECEIVABLES

	2013	2012
Sales receivables from Group companies	1,067	181
Loan receivables from Group companies	139,008	8,247
Adjusting entries for assets from Group companies	2,372	138
Other Group receivables	5,590	1,364
Sales receivables	3,295	3,811
Sales receivables from associates	7	12
Other loan receivables	1,340	
Adjusting entries for assets	1,614	3,445
Other receivables	354	300
Short-term receivables, total	**154,647**	**17,498**
Essential items included in adjusting entries for assets		
Taxes	3	1,907
Others	1,612	1,538
Total	**1,614**	**3,445**

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

14. CHANGES IN SHAREHOLDERS' EQUITY

	2013	2012
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**

Currency unit, EUR 1,000

	2013	2012
Invested unrestricted equity fund, Jan 1	118,112	85,460
Share issue	99,892	32,640
Exercised options	524	13
Invested unrestricted equity fund, Dec 31	**218,528**	**118,112**
Distributable funds, Jan 1	26,479	31,901
Dividends distributed	-15,129	-12,677
Net profit for the year	10,441	7,256
Distributable funds, Dec 31	**21,791**	**26,479**
Unrestricted equity, Dec 31	**240,320**	**144,591**
Shareholders' equity, Dec 31	**356,177**	**260,448**
Distributable unrestricted equity, Dec 31	**240,320**	**144,591**

15. ACCUMULATED APPROPRIATIONS

	2013	2012
Depreciation difference, Jan 1	33,165	27,360
Transferred from merged companies	-31,655	
Increase during the year	-867	5,805
Depreciation difference, Dec 31	**643**	**33,165**

16. NON-CURRENT LIABILITIES

	2013	2012
Bonds		
Hybrid bond	75,000	
Loans from financial institutions	390,968	393,584
Other liabilities		30
Loans fron group companies	10,077	
Non-current liabilities, total	**476,045**	**393,614**
Liabilities with a maturity of five years or longer		
Bank loans	176,320	180,283
Financial leasing	26,003	27,799

17. CURRENT LIABILITIES

	2013	2012
Loans from financial institutions	77,104	52,987
Advances received	5,618	5,357
Accounts payable	1,258	3,001
Accounts payable to Group companies	1,386	25
Loans to Group companies	22,581	2,283
Adjusting entries for liabilities to Group companies	5,180	3,179
Other current liabilities	56,484	48,492
Adjusting entries for liabilities	17,837	18,112
Current liabilities, total	**187,448**	**133,437**

	2013	2012
Essential items included in adjusting entries for assets		
Interest	5,470	1,131
Derivatives	6,657	9,020
Other	5,691	7,814
Total	**17,818**	**17,965**

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

18. ASSETS PLEDGED, CONTINGENT LIABILITIES AND OTHER LIABILITIES

	2013	2012
Mortgages of properties		
Loans from financial institutions	468,073	446,541
Mortgages given		449,498
Land lease liabilities		
Mortgages given		3,616
Other mortgage liabilities		**925**
Mortgages, total		**454,040**

	12/31/2013		12/31/2012	
Interest rate and currency swaps	**Nominal value**	**Fair value**	**Nominal value**	**Fair value**
Interest rate swaps, Nordea	104,405	-2,260	70,000	-3,010
Interest rate swaps, Sampo	19,000	-685	17,000	-626
Interest rate swaps, Pohjola	105,998	-1,184	66,381	-2,519
Interest rate swaps, Handelsbanken	66,082	-2,258	37,000	-2,865
Interest rate and currency swaps, total	**295,485**	**-6,386**	**190,381**	**-9,020**

	2013	2012
Pledged real estate shares		
Pledged real estate shares, carrying amount	643,986	153,982
Collateral given on behalf of Group companies		
Guarantees	60,029	27,371

Currency unit, EUR 1,000

OTHER LIABILITIES

Liability to adjust value added tax on property investments

	10-year adjustment period			
	2009	**2010**	**2012**	**Total**
Property investment expense (net)	6,579	76	41	6,696
VAT on property investment	1,447	17	9	1,474
Annual share of VAT on investment	145	2	1	147
VAT deducted	1,447	17	9	1,474
Annual share of VAT deducted	145	2	1	147
Number of years remaining of the adjustment period	5	6	8	
Refundable amount of the deduction Dec 31, 2011	724	10	7	742
Liability to adjust VAT Dec 31, 2013				**742**
Liability to adjust VAT Dec 31, 2012				31,303
Change				-30,561

	2013	2012
Project liabilities	**349**	**178**
Leasing liabilities for fixtures and fittings		
To be paid in the current financial year	1,329	1,730
To be paid later	2,532	3,435
Leasing liabilities for fixtures and fittings, total	**3,860**	**5,165**
Lease liabilities from investment properties, total value of minimum lease payments		
Not later than one year	1,895	1,866
Later than one year and not later than two years	1,941	1,910
Later than two year and not later than five years	8,275	11,285
Later than five years	24,340	23,369
Total	**36,451**	**38,430**
Present value of minimum lease payments of investment properties		
Not later than one year	1,531	1,470
Later than one year and not later than two years	1,594	1,531
Later than two year and not later than five years	7,066	9,668
Later than five years	23,719	22,723
Present value of minimum lease payments, total	**33,909**	**35,391**
Future financial expenses, total	2,541	3,039
Total amount of finance lease liabilities	**36,451**	**38,430**

19. RELATED PARTY TRANSACTIONS

Related party transactions are presented in Note 23 to the consolidated financial statements.

20. SHARES AND SHAREHOLDERS

The company's business name is Technopolis Oyj in Finnish and Technopolis Plc in English, and its registered office is in Oulu, Finland. It was entered into the Trade Register on September 16, 1982 under the name Oulun Teknologiakylä Oy (reg. no. 309.397). It became a public limited company on November 5, 1997, changing its name to Technopolis Oulu Oyj on April 15, 1988, and again to Technopolis Oyj on April 7, 2000. Its business code is 0487422-3. Technopolis shares are quoted on the mid cap list of the OMX Nordic Exchange Helsinki. The ISIN code is FI0009006886, and the trading code is TPS1V.

Annual General Meeting of March 27, 2013

On March 27, 2013, the Annual General Meeting of Shareholders (AGM) of Technopolis Plc adopted the Group and parent company's financial statements for fiscal year 2012 and released the company management and Board from liability for the period. The AGM decided, in accordance with the proposal of the Board of Directors, to distribute a dividend of EUR 0.20 per share. The dividends were paid on April 10, 2013.

The Annual General Meeting decided to form 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 acts as Chairman of the Committee.

The General Meeting authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares. The amount of own shares to be repurchased and/or accepted as pledge shall not exceed 7,556,100 shares, which corresponds to approximately 10 per cent of all the shares in the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorization. Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. The Board of Directors decides how own shares will be repurchased and/or accepted as pledge. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The authorization is effective until the end of the next Annual General Meeting, however, no longer than until 30 June 2014.

The authorization to decide on the issuance of shares as well as the issuance of special rights entitling to shares given by the Annual General Meeting on 27 March 2013 was revoked by the extraordinary shareholders meeting on November 11, 2013.

Extraordinary shareholders meeting November 11, 2013

The General Meeting on November 1, 2013 authorized the Board of Directors to decide on the issuance of new shares against payment to issue an aggregate maximum of 45,500,000 shares. The maximum amount corresponds to approximately 60 per cent of all the current shares of the company. The new shares are to be issued to the company's shareholders in proportion to their current shareholding (rights issue). The authorization will be valid until the end of next Annual General Meeting however, no later than until 30 June 2014.The authorization revokes the authorization to decide on the issuance of shares as well as the issuance of special rights entitling to shares given by the Annual General Meeting on 27 March 2013.

Shares and share capital

The company's registered, fully paid-up share capital on December 31, 2012, was EUR 96,913,626.29 (EUR 96,913,626.29), divided into 106,268,407 shares. There were no changes in the company's share capital during the year because the subscription price of the new shares has been registered in the company's unrestricted equity reserve. Changes in shares during the financial year are shown in the following section. The company's shares have been in the book-entry securities system since March 7, 1998. The company has one class of shares. Each share carries one vote at a General Meeting of Shareholders.

Currency unit, EUR 1,000

Stock-related Events

	Share capital, EUR	Change, shares, No	Shares, No	Entered in the register
Shares, Jan 1, 2013	**96,913,626.29**		**75,561,227**	
Directed issue, share incentive		69,379	75,630,606	2013/4/2
Subscription using stock options		14,859	75,645,465	2013/4/2
Subscription using stock options		240,933	75,886,398	2013/5/15
Subscription using stock options		15,436	75,901,834	2013/8/23
Subscription using stock options		4,171	75,906,005	2013/11/6
Rights issue		30,362,402	106,268,407	2013/12/9
Shares, Dec 31, 2013	**96,913,626.29**	**30,707,180**	**106,268,407**	

A total of 14,859 shares were subscribed for using Technopolis option rights 2007C without consideration based on the Performance Share Plan 2010–2012 and a directed issue was announced on March, 2013, in which 69,379 new shares were issued. The shares were entered into the Trade Register on April 2, 2013.

A total of 240,933 shares were subscribed for using Technopolis option rights 2007C on April, 2013, and entered in the Trade Register on April 15, 2013.

A total of 15,436 shares were subscribed for using Technopolis option rights 2007C on August, 2013, and entered in the Trade Register on August 23, 2013.

A total of 4,171 shares were subscribed for using Technopolis option rights 2007C on October, 2013, and entered in the Trade Register on November 5, 2013.3.

Technopolis 2007B Stock Options were listed on the trading list of the OMX Nordic Exchange on May 2, 2011. The share subscription price with the 2007B stock options is EUR 4.547 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. They entitle their holders to subscribe for a maximum of 573,650 new shares in the company.

Technopolis 2007C Stock Options were listed on the trading list of the OMX Nordic Exchange on May 1, 2012. The share subscription price with the 2007C stock options is EUR 1.402 per share. The share subscription period began on May 1, 2012 and will end on April 30, 2014.

A total of 1,403 Technopolis Plc's own shares were returned to Technopolis' subsidiary, Technopolis Hitech Oy, on October 4, 2013 in accordance with the terms and conditions of the company's performance share plan 2010–2012 due to the termination of employment of a key person. Technopolis Hitech Oy sold the Technopolis Plc shares held by it on November 21, 2013 and the subscription rights it received in connection with Technopolis Plc's rights issue which entitle their holder to subscribe shares.

Technopolis carried out a rights issue November 4, 2013, with 30,362,402 new shares, which correspon-ded 40% from the number of shares. The shares were entered into the Trade Register on December 9, 2013.

Largest shareholders, December 31, 2013

Shareholder	Shares, number	Holding of shares and votes, %
Varma Mutual Pension Insurance Company	25,448,192	23.95
Ilmarinen Mutual Pension Insurance Company	11,089,647	10.44
City of Oulu	3,511,211	3.30
OP-Pohjola Group	1,920,573	1.81
Laakkonen Mikko Kalervo	1,226,184	1.15
Finnish Cultural Foundation	1,188,042	1.12
City of Tampere	1,160,577	1.09
Odin Finland	1,119,944	1.05
Jyrki Hallikainen	998,236	0.94
Evli Finland Share Equity Fund	917,294	0.86
Total for ten largest	48,579,900	45.71
Foreign and nominee-registered	32,901,995	30.96
Other	24,786,512	23.32
Grand total	106,268,407	100.00

Shareholding breakdown on December 31, 2013

	Number of shareholders	%	Number of shares and votes	%
1 – 100	522	7.55	26,619	0.0
101 – 500	2,076	30.04	599,555	0.6
501 – 1 000	1,272	18.41	963,486	0.9
1 001 – 5 000	2,308	33.40	5,251,513	4.9
5 001 – 10 000	400	5.79	2,785,758	2.6
10 001 – 50 000	266	3.85	5,455,160	5.1
50 001 – 100 000	24	0.35	1,690,790	1.6
100 001 – 500 000	20	0.29	4,060,787	3.8
500 001 –	23	0.33	85,415,459	80.4
Joint account	0	0.00	19,280	0.0
Total	6,911	100.00	106,268,407	100.0

Currency unit, EUR 1,000

Shareholdings by sector, December 31, 2013

	Number of shares and votes	%
Private companies	5,813,507	5.5
Financial and insurance institutions	4,209,480	4.0
Public sector organizations	43,290,009	40.7
Private households	16,249,437	15.3
Non-profit organizations	3,784,699	3.6
Foreign and nominee-registered	32,901,995	31.0
Joint account	19,280	0.0
Total	106,268,407	100.0
Number of outstanding shares	106,268,407	100.0

Share data	2013	2012
Number of shares		
On Dec 31	106,268,407	83,709,282
Issue-adjusted average during year	85,352,432	77,452,917
Dilution-adjusted average during year	85,531,524	77,710,463
Share-related Indicators		
Earnings/share, basic, EUR	0.30	0.33
Earnings/share, diluted, EUR	0.30	0.33
Equity/share, EUR	4.62	4.46
Dividend/share, EUR, proposal	0.10	0.18
Dividend Payout Ratio, %	33.5	54.2
P/E ratio	14.6	10.2
Effective dividend yield, %	2.3	5.3
Share prices, EUR		
Highest price	5.16	3.67
Lowest price	3.72	2.64
Trade-weighted average price	4.37	3.25
Price Dec 31	4.35	3.40
Market capitalization, Dec 31	462,267,570	284,865,826
Share turnover, shares	22,095,150	18,994,144

The share data for the comparison year has been adjusted for the share issues of spring 2012 and fall 2013.

Definitions of Key Indicators and Financial Ratios

Equity/share

$$\frac{\text{Equity - equity related bond - Interest expenses on an equity related bond}}{\text{Issue-adjusted number of shares on Dec 31}}$$

Equity Ratio, %

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

Return on Equity (ROE), %

$$100 \times \frac{\text{Result before taxes - taxes}}{\text{Equity + non-controlling interests for year, average}}$$

Return on Investment (ROI), %

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

Earnings/share, basic

$$\frac{\text{Profit to parent company shareholders - interest expenses on an equity related bon}}{\text{Average issue-adjusted number of shares during year}}$$

Earnings/share, diluted

$$\frac{\text{Profit to parent company shareholders - interest expenses on equity related bond}}{\text{Average number of shares adjusted for dilutive effect during year}}$$

Dividend/share

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

Dividend Payout Ratio, %

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

Effective Dividend Yield, %

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

Price/earnings (P/E) Ratio

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

Loan to Value, %

$$100 \times \frac{\text{Interest-bearing liabilities}}{\text{Fair value of investment properties (completed + under construction) on Dec 31}}$$

Interest Coverage Ratio

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

Cash flow from operations/share

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

EBITDA

Operating profit + depreciation
+/- change in fair values of investment properties

Net Rental Revenue of Property Portfolio, %
(EPRA Net Initial Yield)

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

EPRA Net Asset value (NAV)

Equity to parent company shareholders
- Hedging reserve
+ Deferred taxes from investment properties
- Equity related bond
- Interest expenses on an equity related bond

Financial Occupancy Ratio, %

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

Net Debt/equity (Gearing), %

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

EBITDA %

$$100 \times \frac{\text{EBITDA}}{\text{Net sales}}$$

EPRA Like for like rental growth, %

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

EPRA Net Asset value/share

$$\frac{\text{EPRA Net Asset Value}}{\text{Issue-adjusted number of shares, basic, on Dec 31}}$$

EPRA Vacancy Rate

100% - Financial occupancy rate, %

Board of Directors' Proposal for the Distribution of Profits

The distributable funds of the parent company Technopolis Plc, totaling EUR 21,791,456, are available to the Annual General Meeting. The Board of Directors proposes that a dividend of EUR 0.10 per share be paid, totaling EUR 10,626,841 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, February 13, 2014

Carl-Johan Granvik
Chairman of the Board

Matti Pennanen
Deputy Chairman of the Board

Sari Aitokallio
Member of the Board

Jorma Haapamäki
Member of the Board

Pekka Korhonen
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.

Helsinki, February 14, 2014

KPMG Oy Ab

Ari Eskelinen
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 2013. 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 or 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.

Helsinki, 14 February 2014

KPMG Oy Ab

ARI ESKELINEN
Authorized Public Accountant

EPRA Indicators

EPRA (European Public Real Estate Association) is an organization of listed real estate investment companies that publishes recommendations for the industry on the presentation of financial information, for instance, aiming to create uniform calculation models for real estate investment companies.

This section of the financial statements presents the EPRA-compliant figures monitored regularly by the company. For additional information on EPRA and EPRA recommendations, visit www.epra.com.

EPRA EARNINGS

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, unrealized exchange rate gains and losses, and any non-recurring items, such as gains and losses on disposals. Additionally, the statement of comprehensive income showing the direct result presents the related taxes and deferred tax assets and liabilities and the share attributable to non-controlling interests.

Items excluded from the direct result and their tax effects and share attributable to non-controlling interests are presented in the statement of income showing the indirect result. As the company has interest 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 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 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.

Currency unit, EUR 1,000

Technopolis Group	2013	**2012**
DIRECT RESULT		
Net sales	126,335	107,330
Other operating income	1,333	1,304
Other operating expenses	-63,979	-53,285
Depreciation	-2,660	-2,015
Operating profit/loss	**61,030**	**53,335**
Finance income and expenses, total	-15,014	-13,029
Profit before taxes	**46,016**	**40,306**
Taxes for direct result items	-4,031	-9,241
Share of non-controlling interests	-1,506	-1,205
Direct result for the period	**40,479**	**29,860**
INDIRECT RESULT		
Non-recurring items	435	401
Changes in fair value of investment properties	-17,611	-5,705
Operating profit/loss	**-17,176**	**-5,304**
Changes in fair value of financing instruments	-6,191	-525
Profit before taxes	**-23,368**	**-5,829**
Taxes for indirect result items	12,940	1,715
Share of non-controlling interests	-1,219	76
Indirect result for the period	**-11,647**	**-4,038**
Result for the period, total	**28,832**	**25,821**
Earnings per share, diluted (EPRA Earning per share)		
From direct result	0.47	0.38
From indirect result	-0.14	-0.05
From net result for the period	**0.34**	**0.33**
Interest effect of the equity related bond	-0.04	
From adjusted net result	**0.30**	**0.33**

Currency unit, EUR 1,000

NET RENTAL INCOME OF INVESTMENT PROPERTIES (EPRA NET INITIAL YIELD)

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

	2013	2012
Rental income from properties owned by the Group	97,766	85,996
Direct expenses for properties owned by Group	-30,877	-24,237
Net rental income	**66,889**	**61,759**
Net rental income percentage	**7.60**	**7.80**

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

NET ASSET VALUE (EPRA Net Asset Value, NAV)

In calculating the EPRA net asset value, shareholders' equity is adjusted for the fair value entries of financial instruments and deferred taxes due to investment properties.

Net asset value/share is calculated by dividing net assets by the number of shares at the closing date.

Shareholders' equity attributable to shareholders	569,261	373,456
- Hedging instrument reserve	3,962	6,245
- Equity related bond	-74,221	
+ Interest of equity related bond	-4,330	
+ Deferred taxes from investment properties	26,383	48,591
Net asset value, EPRA	**521,056**	**428,292**
Net asset value/share	**4.90**	**5.12**

FINANCIAL OCCUPANCY RATE (EPRA Vacancy Rate)

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.

Group's financial occupancy rate	**93.6%**	**95.3%**
Finland	92.9%	95.1%
Norway	89.5%	
Estonia	97.7%	94.9%
Russia	100.0%	100.0%
Lithuania	99.9%	

The vacancy rate depicts the loss of rental revenues as a percentage of the aggregate of the rents for occupied premises and the estimated market rent for vacant space.

EPRA Vacancy Rate	**6.4%**	**4.7%**
Finland	7.1%	4.9%
Norway	10.5%	
Estonia	2.3%	5.1%
Russia	0.0%	0.0%
Lithuania	0.1%	

CHANGE IN LIKE-FOR-LIKE RENTAL INCOME, % (Like-for-like rental growth)

The change in like-for-like rental income depicts rental income from comparable properties during the financial period compared to rental income from corresponding properties during the previous financial period.

Group	**-0.4%**	**2.4%**

To the shareholders

Annual General Meeting

Time: Wednesday, March 26, 2014 at 1:00 p.m.
Venue: Tekniikantie 12 (auditorium), FI-02150 Espoo, Finland
Each shareholder registered in the company's shareholder register held by Euroclear Finland Ltd on March 14, 2014, has the right to participate in the annual general meeting (hereinafter AGM). Shareholder wishing to attend the AGM shall register for the meeting no later than 10:00 a.m. EET on Friday, March 21, 2014 by giving prior notice of participation, which must be received by the company no later than the above-mentioned time.

Such notice can be given:
• on the company website at www.technopolis.fi/registration
• by e-mail to legal@technopolis.fi
• by telephone, +358 46 712 0000 Monday to Friday between 9:00 a.m. and 4:00 p.m.
• by letter to Technopolis Plc/AGM, Energiakuja 3, FI-00180 Helsinki, Finland.

The original copies of any proxy documents should be delivered to the address Technopolis Plc/AGM, Energiakuja 3, FI-00180 Helsinki, Finland. The proposal on the agenda of the AGM and the notice to the meeting are available on Technopolis' website at www.technopolis.fi. Technopolis' financial statements, the report of the Board of Directors and the auditors' report will be available on the website on February 14, 2014. The documents will also be available at the AGM, and copies will be sent to shareholders upon request.

Dividend payout

Technopolis aims to pay a regular dividend every year. Technopolis aims to annually pay a dividend of one third of its net result, on average, excluding changes in fair value and their tax effects, taking the company's need for capital and other factors into account.

The Board of Directors proposes to the Annual General Meeting of March 26, 2014, that a dividend of EUR 0.10 per share be distributed using the parent company's distributable profit. The dividend will be paid to those shareholders who are registered in the share register kept by Euroclear Finland Ltd on the record date, March 31, 2014. The Board of Directors proposes that the dividend be paid on April 8, 2014.

Financial information in 2014

Technopolis will publish three interim reports in 2014:
• Interim Report for January-March on May 7, 2014
• Interim Report for January-June on August 20, 2014
• Interim Report for January-September on October 30, 2014

The company applies a silent period of 21 days prior to the publication of financial statements and interim reports. During this time, the company does not discuss the profit or factors influencing it with representatives of the capital market.

Basic information on the share
Listing: NASDAQ OMX Helsinki
Trading code: TPSV1
ISIN code: FI0009006886
Industry: Financing
Sector: Real Estate
Number of shares on December 31, 2013: 106,268,407

More Than Squares

TECHNOPOLIS

www.technopolis.fi