CapMan Plc Stock Exchange Release – 8 February 2013 at 8.30 a.m. EET

CapMan Group's Financial Statements Bulletin for 1 January–31 December 2012

Performance and main events for the accounting period 2012:

- Group turnover totalled MEUR 27.3 (January–December 2011: MEUR 32.4).
- The Group's operating profit was MEUR 2.6 (MEUR 11.1).
- The Management Company business recorded an operating loss of MEUR 2.3 (loss of MEUR 1.1). The Fund Investment business recorded an operating profit of MEUR 4.9 (MEUR 12.2).
- Profit before taxes was MEUR 3.3 (MEUR 13.7) and profit after taxes was MEUR 2.7 (MEUR 11.1).
- Profit attributable to the owners of the parent company was MEUR 2.7 (MEUR 10.9). Earnings per share were 0.3 cents (10.1 cents).
- Capital under management as of 31 December 2012 totalled MEUR 3,126.7 (31 December 2011: MEUR 3,065.9).
- CapMan held a first closing of 151.8 MEUR for the CapMan Buyout X fund in November 2012.
- The Board of Directors of CapMan Plc will propose that no dividend be paid for 2012.
- The current CEO Lennart Simonsen resigns as of 8 February 2013. CFO Niko Haavisto has been appointed CEO for the interim period.

Outlook for 2013:

The development of management fees during 2013 depends on the timing of exits made from current funds and the size and timing of new funds under establishment. We are adjusting our operating costs to match the level of management fees and anticipate that our management fees will cover our expenses as of the second half of 2013.

Our current portfolio holds several investments, which we are ready to exit during 2013. The timing of such exits will impact the results of our Management Company business for 2013 through carried interest income from funds, in the event that the fund is in carry or about to enter carry as a result of the exit.

The result of our Fund Investment business will mainly depend on the value development of investments in those funds, in which CapMan is a substantial investor. We continue our value creation effort in our portfolio companies and believe that the fair values of our fund investments will develop positively during the current year.

We estimate our operating profit to increase from the level obtained in 2012.

Heikki Westerlund, Chairman of the Board:

"We have initiated a development programme with the objective to return CapMan to its growth trajectory. As part of this programme, the Board of Directors have decided to look for a replacement for the company's CEO. We also aim to repay the hybrid loan during 2013, taking advantage of opportunities in the current financial market. We believe that we have a foundation for profitable growth as the capital markets constantly present us with new and exciting possibilities. We strive to benefit from these opportunities in our fundraising activities and selectively also through acquisitions.

The board proposes that based on last year's result, no dividend be paid in line with our dividend policy. The result in 2012 was in line with our forecast, but a disappointment overall. Slight positive earnings per share do not justify the payment of a dividend.

In light of market conditions, we were successful in reaching our fundraising objectives. We raised MEUR 151.8 in the first fundraising round for our tenth buyout fund. We are making progress in fundraising for the CapMan Nordic Real Estate and CapMan Russia II funds and expect to achieve first closings in the next few months. This provides an excellent foundation for the development of our activities."

Business operations

CapMan Group is a private equity fund manager operating in the Nordic countries and Russia. The Group also makes investments in its own funds.

Private equity investment means making direct equity investments in companies and real estate. Investments are made through funds, which raise their capital primarily from institutional investors such as pension funds and foundations. Private equity investors actively develop their portfolio companies and real estate by working closely with the management and tenants. Value creation is based on promoting companies' sustainable growth and strengthening their strategic position. Private equity investment is of a long-term nature – investments are held for an average of four to six years and the entire life cycle of a fund is typically around 10 years. Over the long term, private equity funds have generated significantly higher levels of returns compared to other investment classes[1], and the industry's long term prospects are favourable. By investing in CapMan, institutional and private investors can benefit from the profit potential of the private equity industry while diversifying their exposure.

The Group has two operating segments: a Management Company business and a Fund Investment business.

In its Management Company business, CapMan raises capital from Nordic and international institutions for the funds that it manages. The investment teams invest this capital in Nordic and Russian companies and real estate. The Management Company business has two sources of income. Fund investors pay a management fee to CapMan (typically 0.5-2.5% p.a.) during the life cycle of each fund. The management fee is based on fund size less realised exits during the fund's investment period (typically 5 years), after which the management fee is based on the remaining invested portfolio valued at cost. Management fees normally cover CapMan's operating costs and generally represent a steady and highly predictable source of income.

The second source of income of the Management Company business is carried interest received from funds. Carried interest denotes the Management Company's share of each fund's cash flow after paid-in capital has been distributed to fund investors and the latter have received their annual preferential return (so-called hurdle rate (IRR), typically 8% p.a.). The amount of carried interest generated depends on the timing of exits and the stage at which funds are in their life cycle, which makes advance prediction difficult.

Through its Fund Investment business CapMan makes investments from its own balance sheet in the funds that it manages. Income in this business is generated by increases in the fair value of investments and realised returns. Fair value is determined by the development of portfolio companies and real estate held by the funds in addition to general market developments. Revenue from CapMan's fund investments can sometimes be negative.

As there may be considerable quarterly fluctuations in carried interest and the fair value of fund investments, the Group's financial performance should be analysed over a longer time span than the quarterly cycle.

Group turnover and result in 2012

The Group's turnover in 2012 declined by 15.8% from 2011 and totalled MEUR 27.3 (2011: MEUR 32.4). Turnover for the year was impacted by lower management fees compared to 2011. In addition, turnover for 2011 included MEUR 1.0 of real estate consulting income. CapMan sold its real estate consulting business in June 2011.

Operating expenses fell as expected, as a result of efficiency enhancement initiatives, and totalled MEUR 30.3 (MEUR 34.9). Operating expenses for the year included an impairment loss of 0.6 MEUR resulting from CapMan's sale of a 4% stake in Access Capital Partners Group SA. Operating expenses also include the investment teams' share of total carried interest, which amounted to MEUR 0.5 for the accounting period.

The Group recorded an operating profit of MEUR 2.6 (MEUR 11.1), which represented a decrease of 76.5% from the previous year. The decrease in operating profit from 2011 was largely the result of a more modest increase in the value of CapMan's own fund investments.

Financial income and expenses amounted to MEUR 0.1 (MEUR 0.6). CapMan's share of the profit of its associated companies was MEUR 0.6 (MEUR 2.1). Profit before taxes was MEUR 3.3 (MEUR 13.7) and profit after taxes was MEUR 2.7 (MEUR 11.1).

Profit attributable to the owners of the parent company was MEUR 2.7 (MEUR 10.9). Earnings per share were 0.3 cents (10.1 cents).

A quarterly breakdown of turnover and profit, together with turnover, operating profit/loss, and profit/loss by segment for the accounting period, can be found in the Tables section of this report.

Management Company business

Turnover generated by the Management Company business during the year totalled MEUR 27.3 (MEUR 32.4). Management fees decreased, as expected, compared to 2011 and totalled MEUR 23.9 (MEUR 27.1). This was attributable to exits made after the 2011 financial year.

Carried interest income totalled MEUR 1.8 (MEUR 3.1) and was received mainly from the CapMan Equity VII B fund, following the exit from Tokmanni Group.

Other income included in turnover was MEUR 1.5 (MEUR 1.2) for the year and included income from the CapMan Purchasing Scheme (CaPS), a purchasing service aimed at CapMan’s portfolio companies, among other income.

The Management Company business recorded an operating loss of MEUR 2.3 (loss of MEUR 1.1) and a loss for the year of MEUR 2.5 (loss of MEUR 1.7). The status of the funds managed by CapMan is presented in more detail in Appendix 1.

Fund Investment business

Fair value changes related to fund investments during 2012 were MEUR 5.3 (MEUR 12.8) and represented a 7.0% increase in value over the year (21.8% increase in value during 2011). Fair value changes during the last quarter were MEUR 1.8 (MEUR 2.6) and represented a 2.5% increase in value during the quarter (3.9% increase in value during Q4 2011). The positive trend was a result of favourable financial development of portfolio companies during 2012. Fair value changes were also influenced by developments in the market value of the listed peers of our portfolio companies. The aggregate fair value of fund investments as of 31 December 2012 was MEUR 74.5 (31 December 2011: MEUR 70.2).

Operating profit for the Fund Investment business was MEUR 4.9 (MEUR 12.2) and profit for the year MEUR 5.3 (MEUR 12.8). CapMan’s share of the result of its Maneq associated companies impacted profit performance. Changes in the fair value of Maneq fund investments impacted the performance of Maneq companies.

CapMan invested a total of MEUR 6.3 (MEUR 11.8) in its funds during 2012. The majority of this was allocated to the CapMan Buyout VIII and CapMan Russia funds. CapMan received distributions from funds totalling MEUR 4.0 (MEUR 19.5). The majority of the distributions came from the CapMan Equity VII A fund and the CapMan Equity VII B fund as a result of the exit from Tokmanni Group. CapMan made new commitments of MEUR 3.0 into the CapMan Buyout X fund during the accounting period.

The amount of remaining commitments totalled MEUR 22.5 as of 31 December 2012 (31 December 2011: MEUR 24.4). The aggregate fair value of existing investments and remaining commitments as of the same date was MEUR 96.9 (MEUR 94.6). CapMan’s objective is to invest 1-5% of the original capital in the new funds that it manages, depending on fund size, fund demand, and CapMan’s own investment capacity.

Investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG), while real estate assets are valued in accordance with the value appraisals of external experts, as detailed in Appendix 1.

Investments at fair value and remaining investment capacity by investment area are presented in the Tables section.

Balance sheet and financial position as of 31 December 2012

CapMan’s balance sheet totalled MEUR 132.5 as of 31 December 2012 (31 December 2011: MEUR 142.5). Non-current assets amounted to MEUR 116.1 (MEUR 111.3), of which the carrying amount of goodwill totalled MEUR 6.2 (MEUR 6.2).

Fund investments booked at fair value totalled MEUR 74.5 (MEUR 70.2). Long-term receivables amounted to MEUR 20.0 (MEUR 19.6), of which MEUR 18.7 (MEUR 18.7) were loan receivables from Maneq funds. Both CapMan Plc and CapMan personnel are investors in Maneq funds. The expected returns from CapMan’s Maneq investments are broadly in line with the return expectations for CapMan’s other investments in its own funds, and Maneq funds pay market rate interest on loans they receive from CapMan Plc.

Current assets amounted to MEUR 15.5 (MEUR 27.7). Liquid assets (cash in hand and at banks, plus other financial assets at fair value through profit and loss) amounted to MEUR 7.0 (MEUR 22.3). The decrease in liquid assets was mainly due to fewer exits made during the year.

CapMan Plc's hybrid bond stands at MEUR 29.0. Due to the dividends paid, the interest on the bond for the financial year is deducted from equity in line with the terms of the loan. The interest on the bond is payable semi-annually. CapMan Plc had a bank financing package totalling MEUR 45.0 (MEUR 44.4) available as of 31 December 2012, of which MEUR 32.2 (MEUR 34.4) was utilised. Trade and other payables totalled MEUR 13.2 (MEUR 15.3). The Group's interest-bearing net debts amounted to MEUR 25.5 (MEUR 12.7).

CapMan Plc's bank loans include financing covenants, which are conditional to the equity ratio, the ratio of interest bearing bank loans to fund investments from the balance sheet and the level of rolling 12 month EBITDA. CapMan honoured all covenants as of 31 December 2012.

The Group's cash flow from operations totalled MEUR -8.8 (MEUR -8.2). Income from fund management fees is paid semi-annually, in January and July, and is shown under working capital in the cash flow statement. Cash flow from investments totalled MEUR 0.9 (MEUR 14.6) and includes, *inter alia*, fund investments and repaid capital received by the Group. Cash flow before financing totalled MEUR -7.9 (MEUR 6.4), while cash flow from financing was MEUR -7.4 (MEUR -18.6).

Key figures 31 December 2012

CapMan's equity ratio as of 31 December 2012 was 63.1% (31 December 2011: 61.9%), its return on equity 3.2% (12.4%), and its return on investment 4.2% (11.9%). The target levels for the company's equity ratio and return on equity are at least 60% and over 20%, respectively.

Key figures

	31.12.12	31.12.11
Earnings per share, cents	**0.3**	10.1
Diluted, cents	**0.3**	10.1
Shareholders' equity / share, cents *	**98.6**	104.7
Share issue adjusted number of shares	**84,255,467**	84,255,467
Number of shares at the end of period	**84,281,766**	84,281,766
Number of shares outstanding	**84,255,467**	84,255,467
Company's possession of its own shares, end of period	**26,299**	26,299
Return on equity, %	**3.2**	12.4
Return on investment,%	**4.2**	11.9
Equity ratio,%	**63.1**	61.9
Net gearing,%	**30.7**	14.4

*) In line with IFRS standards, the MEUR 29 hybrid bond has been included in equity, also when calculating equity per share. The interest on the hybrid bond (net of tax) for the accounting period has been included when calculating earnings per share.

Board's proposal for distribution of profit

CapMan Plc's goal is to distribute at least 50% of net profit as dividends. CapMan Plc's Board of Directors will propose to the Annual General Meeting to be held on 20 March 2013 that no dividend be paid to shareholders for 2012. A dividend of EUR 0.7 per share was paid for 2011.CapMan Plc's distributable assets amounted to MEUR 12.8 on 31 December 2012 (MEUR 13.8 on 31 December 2011).

Fundraising during 2012 and capital under management as of 31 December 2012

Capital under management refers to the remaining investment capacity of funds and capital already invested at acquisition cost. Capital increases as fundraising for new funds progresses and declines as exits are made.

CapMan held the first closing for the CapMan Buyout X fund at MEUR 151.8 during 2012. CapMan continues fundraising for the CapMan Buyout X fund during the current year and expects to complete the first closings of fundraising for the CapMan Nordic Real Estate and the CapMan Russia II funds in the next few months.

CapMan expects fundraising conditions to remain challenging also in 2013. The extended period of economic instability has prolonged fundraising efforts of many private equity funds, resulting in a record number of funds in the market. As fund investors are increasingly selective in making investment decisions, fewer funds have been established compared to previous years. The weak exit market reduces capital repayments to investors and impedes their ability to make new commitments to private equity funds. The EU's Basel III and Solvency II regulatory initiatives limit the ability of European banks and insurance companies to invest in private equity funds, and could therefore impact CapMan's fundraising activity.

Capital under management was MEUR 3,126.7 as of 31 December 2012 (31 December 2011: MEUR 3,065.9). The increase is attributable to the establishment of the CapMan Buyout X fund. Of the total capital under management, MEUR 1,686.5 (MEUR 1,632.0) was held in funds making investments in portfolio companies and MEUR 1,440.2 (MEUR 1,433.9) in real estate funds.

Funds under management, together with their investment activities, are presented in more detail in Appendices 1 and 2.

Other events during the year

Funds managed by CapMan completed the exit from the Tokmanni Group in July. The exit transferred the CapMan Equity VII B fund to carry. The impact of the transaction on CapMan's result for the accounting period was approx. MEUR 1.2 consisting of carried interest income and return on CapMan's own fund investments. The impact on the Group's cash flow was approx. MEUR 4.4.

CapMan sold a 4% percent stake in Access Capital Partners Group SA in July. Following the transaction, CapMan retains a 1% stake in the company. The transaction resulted in a MEUR 0.6 loss and positive cash flow of approx. MEUR 2 for the Group for the accounting period.

CapMan signed the UN Principles for Responsible Investment (UNPRI) in December 2012.

CapMan began investigating options for the establishment of a new Public Market fund together with a partner. The planned Public Market Fund II would be established as an independent fund from CapMan in June 2013 the earliest. In accordance with the new arrangement, the new fund would pay management fees and carried interest income to CapMan based on fund commitments made through CapMan. The existing Public Market Fund continues its exit and value creation activities in line with its strategy and the aforementioned arrangement in the Public Market Fund II has no effect on CapMan's earnings potential from the Public Market Fund.

Events after the end of the accounting period

Funds managed by CapMan exited IT2 Treasury Solutions in January 2013. The transaction did not have a substantial impact on CapMan's result in 2012 or 2013 as the funds are not in carry and as the change in fair value was small. In January 2013, funds managed by CapMan signed an agreement to exit Tieturi Oy. Carried interest income from the Finnventure Rahasto V and CapMan Equity VII B funds have no substantial impact on CapMan's result for 2013.

CapMan Plc issued a notice on 16 January 2013 related to Eläkekassa Verso's change in ownership of CapMan Plc that took place on 29 November 2012. The flagging notice, received on 15 January 2013, stated that the total number of CapMan Plc shares held by Eläkekassa Verso had exceeded 5%.

The CapMan Buyout X fund started generating management fees in January 2013.

CapMan separated the mezzanine business from the CapMan Buyout investment partnership in February 2013 into an independent partnership, CapMan Credit. Under the arrangement, CapMan Credit will continue to execute the investment strategy of the Mezzanine V fund, while building a foundation for the development other debt financing products. The two members of the investment team are based in CapMan's Stockholm office.

Personnel

CapMan employed a total of 109 people as of 31 December 2012 (31.12.2011: 120), of whom 71 (79) worked in Finland and the remainder in the other Nordic countries, Russia, and Luxembourg. The decrease in number of employees during 2012 is largely attributable to efficiency enhancement measures carried out during the year. A breakdown of personnel by country and team is presented in the Tables section.

Authorisations held by the Board of Directors

The Annual General Meeting held on 14 March 2012 authorised the Board of Directors to decide on the repurchase and/or on the acceptance as pledges of the company's B shares. The number of B shares concerned shall not exceed 8,000,000, and the authorisation shall remain in force until the end of the following AGM and 30 June 2013 at the latest. The AGM also authorised the Board to decide on the issuance of shares and other special rights entitling to shares. The number of shares to be issued shall not exceed 15,000,000 B shares and the authorization shall remain in force until the end of the following AGM, however no later than 30 June 2013. The Board did not utilise the aforementioned authorisations during 2012.

Further details on these authorisations can be found in the stock exchange release on the decisions taken by the AGM issued on 14 March 2012.

Shares and share capital

There were no changes in CapMan Plc's share capital or the number of company shares during 2012. Share capital as of 31 December 2012 totalled EUR 771,586.98. The number of B shares was 78,531,766 and that of A shares 5,750,000 as of 31 December 2012.

B shares entitle holders to one vote per share and A shares to 10 votes per share.

Shareholders

The number of CapMan Plc shareholders increased by 8.4% during 2012 and totalled 6,137 as of 31 December 2012 (31 December 2011: 5,659).

CapMan Plc received two flagging notices on 26 September 2012 related to share transactions that took place on 26 September 2012. Oy Inventiainvest Ab's share of the total number of shares and voting rights in CapMan Plc has exceeded 5% and 15%, respectively. Ari Tolppanen's and Oy Aristo-Invest Ab's combined share of the total number of shares in CapMan Plc and their combined share of voting rights in CapMan Plc have fallen below 5%. Ari Tolppanen's combined direct and indirect ownership of and voting rights in CapMan Plc remain unchanged following the transaction.

CapMan Plc issued a notice on 16 January 2013 related to Eläkekassa Verso's change in ownership of CapMan Plc that took place on 29 November 2012. The flagging notice, received on 15 January 2013, stated that the total number of CapMan Plc shares held by Eläkekassa Verso had exceeded 5%.

Company shares

As of 31 December 2012, CapMan Plc held a total of 26,299 CapMan Plc B shares, representing 0.03% of both classes of shares and 0.02% of voting rights. The market value of shares held by CapMan was EUR 22,091.16 as of 31 December 2012. No changes occurred in the number of shares held by CapMan Plc during the year.

Stock option programmes

As of 31 December 2012, CapMan Plc had one stock option programme–Option Programme 2008–in place as part of its incentive and commitment arrangements for personnel. The maximum number of stock options issued under Option Programme 2008 will be 4,270,000, which will carry an entitlement to subscribe to a maximum of 4,270,000 new B shares. The programme is divided into A and B series, both of which cover a maximum of 2,135,000 option entitlements. The share subscription price of the 2008A options is EUR 2.46 and of the 2008B option EUR 0.89. The subscription period for 2008A and 2008B options started on 1 May 2011 and 1 May 2012, respectively. Receivables from shares subscribed to under these options will be entered in the company's unrestricted shareholders' equity. As of 31 December 2012, 1,926,250 2008A stock option entitlements and 2,070,000 2008B stock option entitlements were allocated. A total of 7 key persons are entitled to participate in the stock option programme. The terms for the stock option programme are available on CapMan's website.

Trading and market capitalisation

CapMan Plc's B shares closed at EUR 0.84 on 31 December 2012 (31 December 2011: EUR 1.01). The average price during the year was EUR 0.93 (EUR 1.39). The highest price paid was EUR 1.18 (EUR 1.84) and the lowest EUR 0.81 (EUR 0.90). The number of CapMan Plc B shares traded totalled 20.4 million (24.1 million), valued at MEUR 19.0 (MEUR 32.0).

The market capitalisation of CapMan Plc B shares as of 31 December 2012 was MEUR 66.0 (31 December 2011: MEUR 79.3). The market capitalisation of all company shares, including A shares valued at the closing price of B shares, was MEUR 70.8 (MEUR 85.1).

Decisions taken by the Annual General Meeting for 2012 and organising meeting held by the Board of Directors

The decisions have been described in detail in two stock exchange releases published on 14 March 2012.

Publication of the Financial Statements and the Report of the Board of Directors, and the Annual General Meeting for 2013

CapMan Group's Financial Statements and the Report of the Board of Directors for 2012 will be published as part of the company's Annual Report for 2012 in Week 9. CapMan Plc's 2013 Annual General Meeting will be held on Wednesday 20 March 2013 at 9:00 am in Helsinki. Complete financial statements, as required under the terms of the Finnish Companies Act, will be available on CapMan's website by 27 February 2013 at the latest.

Corporate Governance Statement

CapMan Plc's Corporate Governance Statement will be published separately from the Report of the Board of Directors as part of the company's electronic Annual Report for 2012 in Week 9 and will be available on the company's website.

Significant risks and short-term uncertainties

Prolonged financial market uncertainty may affect CapMan's operations by delaying exits and reducing the fair value of the Group's fund investments. Fluctuations in exchange rates could also affect the valuation of CapMan's portfolio companies.

Continued market uncertainty will also likely deteriorate the already challenging fundraising conditions by reducing fund investors' willingness and ability to make new commitments to CapMan's funds. Fundraising markets are expected to remain crowded over the short term, possibly affecting the outcome of the on-going fundraising. A successful fundraising effort will impact the total amount of capital under management, hence resulting in new management fees.

The projections related to the profitability of the Management Company business involve significant uncertainty in the near term. Due to difficulties in forecasting the timing of carried interest and the change in fair value developments, providing financial guidance remains challenging over the long term.

The company's financing agreements include financing covenants, which, if breached, may result in increased financing costs for the company or stipulate partial or full repayment of outstanding bank loans. Risks for a breach in covenants are related to potential market-induced volatility in EBITDA.

The EU's Basel III and Solvency II regulatory initiatives limit the ability of European banks and insurance companies to invest in private equity funds, and could therefore impact CapMan's fundraising activity.

Business environment

An ever-challenging fundraising market, a slowdown of M&A activities and prolonged uncertainty of the financial markets characterised the private equity industry in 2012. Regardless, private equity funds have maintained their status as an attractive form of investment. According to a survey by Preqin, more than four out of five plan to invest at least the same amount into private equity funds in 2013 as compared to last year. Only 14% of respondents intend to decrease their investments in the asset class. Approx. 40% of the respondents consider Europe an attractive investment area. Funds that invest in small and mid-sized buyouts remain popular as more than half of all respondents intend to invest in this fund category.[2]

Despite the positive attitudes, fundraising markets have remained competitive and the number of funds raising capital increased during the last quarter of 2012. Due to growing supply, investors are more discerning and the average time taken for funds to achieve final close has increased compared to 2011.[3]

M&A activity rebounded a little in Europe during the last quarter of 2012, although the number of deals completed during the full year was below levels obtained in 2011 and 2010. The pan-European trend was duplicated in the Nordic countries as the number of Nordic buyout deals completed during the last quarter of 2012 doubled from the previous quarter.[4] In a challenging market, GPs have strengthened their portfolio companies by improving their market positions and performance through add-on investments. The number of add-on investments has grown robustly from levels preceding the 2008 financial crisis.[5] CapMan funds investing in portfolio companies have some MEUR 599 available for new and add-on investments, while real estate funds have approx. MEUR 53 in investment capacity, primarily for developing their existing portfolios.

Deleveraging pressures on European banks also affect the activity of Nordic banks. Debt financing remains available, although banks are focused on financing larger companies, which has hampered the availability of financing for small and mid-sized businesses. Small and mid-sized companies in Finland and Sweden have experienced reduced availability of bank financing.[6] The impact of private equity for growth financing is emphasised also in Russia, as the availability of bank financing for small and mid-sized businesses is limited.

In 2012, the volume of real estate transactions in Finland increased to BEUR 2.1 from BEUR 1.8 in 2011, according to statistics compiled by KTI.[7] Foreign buyers accounted for approx. one quarter of the annual volume and investors focused mainly on prime real estate targets with stable rents.[8] In Sweden, transaction volumes increased to BEUR 12.5 based on preliminary information by leading real estate advisors. In Europe, transaction volumes in 2012 remained at levels obtained in the previous year.[9] Rent increases were curbed in the Nordic countries during 2012 and vacancy rates are edging higher, with the exception of Stockholm.[10] Availability of traditional senior financing outside of the prime sector remains relatively scarce throughout the year with tightened terms.

CapMan funds investing in portfolio companies will continue to execute their investment strategies and believes that the fair value changes of our own investments to be largely positive during the current year. In accordance with IPEVG criteria, the fair value development of portfolio companies will also be impacted by the development of the profit projections and market valuations of listed companies and the performance of currencies used in our areas of operations against the euro.

Regulatory environment

The European Directive on Alternative Investment Fund Managers (AIFM directive) came into force on 21 July 2011 and AIFMD Level 2, the supplementing act that guides its implementation, was released on 19 December 2012. Member states have until 22 July 2013 to integrate it into their national legislation. The directive stipulates an operating license for participants, as well as other significant requirements, including fund investor and authority reporting. Thanks to its organisation and operating model, CapMan is in a good position to operate within the requirements of these new regulations.

CapMan actively monitors other regulatory developments affecting the industry, including the Basel III and Solvency II initiatives, which are designed to set capital requirements for European banks and insurance companies.

Outlook for 2013:

The development of management fees during 2013 depends on the timing of exits made from current funds and the size and timing of new funds under establishment. We are adjusting our operating costs to match the level of management fees and anticipate that our management fees will cover our expenses as of the second half of 2013.

Our current portfolio holds several investments, which we are ready to exit during 2013. The timing of such exits will impact the results of our Management Company business for 2013 through carried interest income from funds, in the event that the fund is in carry or about to enter carry as a result of the exit.

The result of our Fund Investment business will mainly depend on the value development of investments in those funds, in which CapMan is a substantial investor. We continue our value creation effort in our portfolio companies and believe that the fair values of our fund investments will develop positively during the current year.

We estimate our operating profit to increase from the level obtained in 2012.

The CapMan Group will publish its Interim Report for 1 January - 31 March 2013 on Friday, 3 May 2013.

Helsinki, 8 February 2013

CAPMAN PLC
Board of Directors

Press conference:

A press conference (in Finnish) for analysts and the media will be held today at 10.00 a.m. EET at CapMan's offices at Korkeavuorenkatu 32, Helsinki at which CapMan's CFO and Interim CEO Niko Haavisto and Chairman of the Board Heikki Westerlund will present the result and review the market situation.

Presentation material for the press conference will be published in Finnish and English on the CapMan Group's website once the conference has started.

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1) Bain & Company, Global Private Equity Report
2) Preqin Private Equity Spotlight January 2013
3) Preqin 2012 Private Equity Fundraising January 2013
4) Unquote Arle Q4 2012 Private Equity Barometer
5) Preqin Private Equity Spotlight December 2012
6) ECB Survey of the Access to Finance of SMEs November 2012, ALMI Företagspartner–Låneindikator Q4 2012
7) KTI Transaction Information Services January 2013
8) Fastighetsvärlden 7.1.2013: ”Fyra konsultbolag om 2012: Drygt 107 mdr i omsättning”
9) CBRE MarketView Q4 2012, European Investment Quarterly
10) Jones Lang Lasalle Nordic City Report Autumn 2012

Appendices (after the Tables section):

Appendix 1: The CapMan Group's funds under management as of 31 December 2012, MEUR
Appendix 2: Operations of CapMan's funds under management, 1 January – 31 December 2012

Accounting principles

The Financial Statements Bulletin has been prepared in accordance with the International Financial Standards (IFRS) and interpretations in force as of 31 December 2012. The information presented in the Financial Statements Bulletin is based on the audited CapMan 2012 financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME (IFRS)

€ ('000)	**10-12/12**	10-12/11	**1-12/12**	1-12/11
Turnover	**6,049**	6,832	**27,304**	32,440
Other operating income	**0**	29	**216**	670
Personnel expenses	**-4,040**	-5,975	**-17,411**	-22,349
Depreciation and amortisation	**-255**	-178	**-822**	-811
Other operating expenses	**-2,878**	-3,286	**-12,017**	-11,704
Fair value gains / losses of investments	**1,788**	2,629	**5,333**	12,849
Operating profit	**664**	51	**2,603**	11,095
Financial income and expenses	**-213**	346	**131**	559
Share of associated companies' result	**163**	-698	**598**	2,055
Profit before taxes	**614**	-301	**3,332**	13,709
Income taxes	**-206**	877	**-624**	-2,622
Profit for the period	**408**	576	**2,708**	11,087
Other comprehensive income:				
Translation differences	**-1**	-32	**5**	-31
Total comprehensive income	**407**	544	**2,713**	11,056
Profit attributable to:				
Equity holders of the company	**408**	576	**2,708**	10,899
Non-controlling interests	**0**	0	**0**	188
Total comprehensive income attributable to:				
Equity holders of the company	**407**	544	**2,713**	10,868
Non-controlling interests	**0**	0	**0**	188
Earnings per share for profit attributable to the equity holders of the Company:				
Earnings per share, cents	**-0.3**	0.0	**0.3**	10.1
Diluted, cents	**-0.3**	0.0	**0.3**	10.1

Accrued interest payable on the hybrid loan for the accounting period has been taken into account when calculating earnings per share.

GROUP BALANCE SHEET (IFRS)

€ ('000)	**31.12.12**	31.12.11
ASSETS		
Non-current assets		
Tangible assets	**364**	438
Goodwill	**6,204**	6,204
Other intangible assets	**1,491**	1,881
Investments in associated companies	**8,954**	8,347
Investments at fair value through profit and loss		
Investments in funds	**74,465**	70,167
Other financial assets	**99**	597
Receivables	**19,957**	19,601
Deferred income tax assets	**4,578**	4,025
	116,112	111,260
Current assets		
Trade and other receivables	**8,532**	5,467
Other financial assets at fair value through profit and loss	**365**	378
Cash and bank	**6,625**	21,887
	15,522	27,732
Non-current assets held for sale	**848**	3,501
Total assets	**132,482**	142,493

€ ('000)	**31.12.12**	31.12.11
EQUITY AND LIABILITIES		
Capital attributable the Company's equity holders		
Share capital	**772**	772
Share premium account	**38,968**	38,968
Other reserves	**38,814**	38,679
Translation difference	**43**	38
Retained earnings	**4,450**	9,784
Total equity	**83,047**	88,241
Non-current liabilities		
Deferred income tax liabilities	**2,313**	2,569
Interest-bearing loans and borrowings	**22,678**	28,753
Other liabilities	**1,241**	1,131
	26,232	32,453

Current liabilities		
Trade and other payables	**13,219**	15,269
Interest-bearing loans and borrowings	**9,785**	6,250
Current income tax liabilities	**199**	280
	23,203	21,799
Total liabilities	**49,435**	54,252
Total equity and liabilities	**132,482**	142,493

GROUP STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company							
€ ('000)	**Share capital**	**Share premium account**	**Other reserves**	**Trans-lation dif-ferences**	**Retained earnings**	**Total**	**Non-control-ling interests**	**Total equity**
Equity on 1 January 2011	772	38,968	38,679	69	12,241	90,729	273	91,002
Options					591	591		591
Dividends					-10,114	-10,114	-222	-10,336
Hybrid bond, interest (net of tax)					-2,414	-2,414		-2,414
Other changes					384	384		384
Copmrehensive profit				-31	10,899	10,868	188	11,056
Acquisition of non-controlling interests					-1,803	-1,803	-239	-2,042
Equity on 31 December 2011	772	38,968	38,679	38	9,784	88,241	0	88,241
Equity on 1 January 2012	772	38,968	38,679	38	9,784	88,241	0	88,241
Options			135		272	407		407
Dividends					-5,898	-5,898		-5,898
Hybrid bond, interest (net of tax)					-2,463	-2,463		-2,463
Other changes					47	47		47
Copmrehensive profit				5	2,708	2,713		2,713
Equity on 31 December 2012	**772**	**38,968**	**38,814**	**43**	**4,450**	**83,047**	**0**	**83,047**

STATEMENT OF CASH FLOW (IFRS)

€ ('000)	**1-12/12**	1-12/11
Cash flow from operations		
Profit for the financial year	**2,708**	11,087
Adjustments	**-240**	-10,350
Cash flow before change in working capital	**2,468**	737
Change in working capital	**-6,875**	-1,142
Financing items and taxes	**-4,351**	-7,788
Cash flow from operations	**-8,758**	-8,193
Cash flow from investments	**862**	14,607
Cash flow before financing	**-7,896**	6,414
Dividends paid	**-5,898**	-10,336
Other net cash flow	**-1,468**	-8,240
Financial cash flow	**-7,366**	-18,576
Change in cash funds	**-15,262**	-12,162
Cash funds at start of the period	**21,887**	34,049
Cash funds at end of the period	**6,625**	21,887

Segment information

The Group reports two segments: Management Company business and Fund Investments

10-12/2012	**Management Company business**			**Fund Investment business**	**Total**
€ ('000)	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	**4,374**	**1,675**	**6,049**	**0**	**6,049**
Operating profit/loss	**-854**	**-175**	**-1,029**	**1,693**	**664**
Profit/loss for the financial year	**-1,142**	**-211**	**-1,353**	**1,761**	**408**

10-12/2011	**Management Company business**			**Fund Investment business**	**Total**
€ ('000)	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	5,427	1,405	6,832	0	6,832
Operating profit/loss	-1,603	-685	-2,288	2,339	51
Profit/loss for the financial year	-2,033	-685	-2,718	3,294	576

1-12/2012	**Management Company business**			**Fund Investment business**	**Total**
€ ('000)	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	**20,529**	**6,775**	**27,304**	**0**	**27,304**
Operating profit/loss	**-1,401**	**-895**	**-2,296**	**4,899**	**2,603**
Profit/loss for the financial year	**-1,614**	**-931**	**-2,545**	**5,253**	**2,708**
Assets	**7,714**	**444**	**8,158**	**107,954**	**116,112**
Total assets includes: Investments in associated companies	**0**	**0**	**0**	**8,954**	**8,954**
Non-current assets held for sale	**848**	**0**	**848**	**0**	**848**

1-12/2011	**Management Company business**			**Fund Investment business**	**Total**
€ ('000)	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	24,633	7,807	32,440	0	32,440
Operating profit/loss	-45	-1,024	-1,069	12,164	11,095
Profit/loss for the financial year	-651	-1,024	-1,675	12,762	11,087
Assets	8,362	627	8,989	102,271	111,260
Total assets includes: Investments in associated companies	0	0	0	8,347	8,347
Non-current assets held for sale	3,501	0	3,501	0	3,501

Income taxes

The Group's income taxes in the Income Statements are calculated on the basis of current taxes on taxable income and deferred taxes. Deferred taxes are calculated on the basis of all temperary differences between book value and fiscal value.

Dividend

A dividend of €0.07 per share, total €5.9 million, was paid for the year 2011. The dividend was paid to the shareholders on 26 March 2012. (A dividend of €0.12 per share, total €10.1 million, was paid for the year 2010.)

Non-current assets

€ ('000)	**31.12.12**	31.12.11
Investments in funds at fair value through profit and loss at Jan 1	**70,167**	66,504

Additions	**6,333**	11,847
Distributions	**-4,042**	-19,530
Fair value gains/losses on investments	**2,007**	11,346
Investments in funds at fair value through profit and loss at end of the period	**74,465**	70,167

Investments in funds at fair value through profit and loss at the end of period	**31.12.12**	31.12.11
Buyout	**39,562**	37,458
Mezzanine	**3,647**	3,835
Russia	**4,202**	2,836
Public Market	**4,009**	3,631
Real Estate	**6,862**	6,038
Other	**11,833**	11,961
Access	**4,350**	4,408
In total	**74,465**	70,167

Transactions with related parties (associated companies)

€ ('000)	**31.12.12**	31.12.11
Receivables - non-current at end of accounting period	**18,721**	18,682
Receivables - current at end of accounting period	**691**	890

Non-current liabilities

€ ('000)	**31.12.12**	31.12.11
Interest bearing loans at end of accounting period	**22,678**	28,753

Seasonal nature of CapMan's business

Carried inrerest income is accrued on an irregular schedule depending on the timing of exits. One exit may have an appreciable impact on the Group's result for the full financial year.

Personnel

By country	31.12.12	31.12.11
Finland	**71**	79
Sweden	**16**	18
Norway	**8**	8
Russia	**13**	14
Luxembourg	**1**	1
In total	**109**	120

Commitments

€ ('000)	31.12.12	31.12.11
Leasing agreements	**6,885**	7,534
Securities and other contingent liabilities	**65,599**	67,143
Remaining commitments to funds	**22,456**	24,425
Remaining commitments by investment area		
Buyout	**10,786**	10,008
Mezzanine	**4,540**	4,826
Russia	**1,023**	2,113
Public Market	**1,059**	299
Real Estate	**813**	942
Other	**2,975**	4,328
Access	**1,260**	1,909
In total	**22,456**	24,425

Turnover and profit quarterly

2012

MEUR	1-3/12	4-6/12	7-9/12	10-12/12	1-12/12
Turnover	**6.7**	**6.5**	**8.1**	**6.0**	**27.3**
Management fees	**6.2**	**6.2**	**5.9**	**5.6**	**23.9**
Carried interest	**0.0**	**0.0**	**1.8**	**0.0**	**1.8**
Other income	**0.5**	**0.3**	**0.3**	**0.4**	**1.5**
Other operating income	**0.0**	**0.2**	**0.0**	**0.0**	**0.2**
Operating expenses	**-7.5**	**-7.9**	**-7.7**	**-7.2**	**-30.3**
Fair value gains of investments	**3.5**	**0.3**	**-0.3**	**1.8**	**5.3**
Operating profit/loss	**2.7**	**-0.8**	**0.0**	**0.7**	**2.6**
Financial income and expenses	**0.2**	**-0.3**	**0.4**	**-0.2**	**0.1**
Share of associated companies' result	**0.7**	**-0.1**	**-0.2**	**0.2**	**0.6**
Profit/loss before taxes	**3.6**	**-1.2**	**0.3**	**0.6**	**3.3**
Profit/loss for the period	**3.1**	**-1.1**	**0.3**	**0.4**	**2.7**

2011 MEUR	1-3/11	4-6/11	7-9/11	10-12/11	1-12/11
Turnover	8.2	7.6	9.8	6.8	32.4
Management fees	7.1	6.8	6.8	6.4	27.1
Carried interest	0.4	0.0	2.6	0.1	3.1
Real Estate consulting	0.5	0.5	0.0	0.0	1.0
Other income	0.2	0.3	0.4	0.3	1.2
Other operating income	0.0	0.6	0.0	0.0	0.6
Operating expenses	-8.3	-9.2	-7.9	-9.5	-34.9
Fair value gains / losses of investments	4.1	6.2	-0.1	2.6	12.8
Operating profit	4.0	5.2	1.8	0.1	11.1
Financial income and expenses	0.4	0.0	-0.2	0.4	0.6
Share of associated companies' result	0.5	1.9	0.4	-0.7	2.1
Profit/loss after financial items	4.8	7.2	2.0	-0.3	13.7
Profit for the period	3.7	5.2	1.6	0.6	11.1

APPENDIX 1: THE CAPMAN GROUP'S FUNDS UNDER MANAGEMENT AS OF 31 DECEMBER 2012, MEUR

The tables below show the status of the funds managed by CapMan as of 31 December 2012. CapMan groups its funds into four categories in terms of their life cycle as follows: 1) Funds generating carried interest; 2) Funds in exit and value creation phase; 3) Funds in active investment phase; and 4) Funds with no carried interest potential for CapMan.

Exits made by funds generating carried interest provide CapMan with immediate carry income, while those in the exit and value creation phase can be expected to start generating carried interest within the next 1-5 years. The carry potential of funds in active investment phase is likely to be realised over the next 5-10 years. The last category comprises funds that do not offer any carried interest potential for CapMan, either because CapMan's share of carry in the funds concerned is small or because the funds are not expected to transfer to carry.

When analysing the projected timetable within which a fund could transfer to carry, the cumulate cash flow that investors have already received should be compared to the fund's paid-in capital. In order for a fund to enter carry, it must first return its paid-in capital and pay an annual preferential return to investors. In the case of funds in the exit or value creation phase, the table shows the cash flow that must be returned to investors to enable a fund to transfer to carry. The carry potential of each fund can be evaluated by comparing this figure to the fair value of the fund's portfolio. A portfolio's fair value, including its possible net cash flows, provides an indication of the distributable capital available as of the end of the reporting period. Any uncalled capital in a fund (relevant especially for funds in the active investment phase) should be taken into account when evaluating the cash flow that will be needed to enable a fund to transfer to carry.

The percentage shown in the last column indicates the share of each fund's cash flow due to CapMan as and when the fund transfers to carry. Following a previous distribution of carried interest, any new paid-in capital, together with the annual preferential return payable on it, must be returned to investors before any further distribution of carried interest can take place.

Definitions of the column headings are shown below the table.

FUNDS INVESTING IN PORTFOLIO COMPANIES

	Size	Paid-in capital	Fund's current portfolio		Net cash assets	Distributed cash flow		Amount of cash flow needed to transfer the fund to carry as of 31.12.2012	CapMan's share of cash flow if fund generates carried interest
			At cost	At fair value		To investors	To mgmt company		
Funds generating carried interest									
Fenno Program[1], FM II B, FV V, FM IIIB, CME VII B [6]									
Total	314.5	308.8	30.9	22.6	4.3	492.8	19.2		10-20%
Funds in exit and value creation phase									
FM III A	101.4	100.6	18.4	12.5	1.9	126.7		4.0	20 %
CME VII A [6]	156.7	156.7	52.9	43.9	7.0	179.2		37.9	15 %
CME Sweden [6]	67.0	67.0	22.6	18.8	3.0	76.1		17.6	15 %
CMB VIII [2) 6)]	440.0	393.7	261.1	302.8	0.5	158.6		387.3	12 %
CMLS IV	54.1	51.9	32.8	36.5	0.3	13.2		55.5	10 %
CMT 2007 [2]	99.6	72.0	40.7	60.1	0.9	9.6		87.1	10 %
CMPM	138.0	131.0	100.4	110.5	0.0	59.0		100.5	10 %
CMR	118.1	96.4	69.4	88.4	1.3	0.0		116.4	3.4 %
Total	1,174.9	1,069.3	598.3	673.5	14.9	622.4			
Funds in active investment phase									
CMB IX [7]	294.6	226.3	186.9	234.5	0.5	13.4			10 %
CMM V	95.0	26.5	24.3	28.8	0.4	1.9			10 %
CMB X	151.8	0.0	0.0	0.0	0.0	0.0			8 %
Total	541.4	252.8	211.2	263.3	0.9	15.3			
Fund with no carried interest potential- for CapMan									
FV IV, FV VET, SWE LS [3], SWE Tech [2), 3)], CME VII C[6], FM II A, C, D [2], FM III C, CMM IV [4]									
Total	584.8	559.6	153.6	126.3	8.4	416.6			
Total- private equity funds	**2,615.6**	**2,190.5**	**994.0**	**1,085.7**	**28.5**	**1,547.1**	**19.2**		

REAL ESTATE FUNDS

	Investment capacity	Paid-in capital	Fund's current portfolio		Net cash assets	Distributed cash flow		Amount of cash flow needed to transfer the fund to carry as of 31.12.2012	CapMan's share of cash flow if fund generates carried interest
			At cost	At fair value		To in-vestors	To mgmt-company		
Funds in exit and value creation phase									
CMRE I 5)									
Equity and bonds	200.0	188.5	60.6	44.1		207.8	27.4	70.0	26%
Debt-financing	300.0	276.6	70.5	70.5					
Total	500.0	465.1	131.1	114.6	1.6	207.8	27.4		
CMRE II									
Equity and bonds	150.0	119.7	109.5	117.7		21.4		149.4	12%
Debt-financing	450.0	285.4	224.3	224.3					
Total	600.0	405.1	333.8	342.0	0.0	21.4			
CMRHE									
Equity and bonds	332.5	319.9	370.7	307.5		44.7		400.4	12%
Debt-financing	617.5	542.6	506.5	506.5					
Total	950.0	862.5	877.2	814.0	-1.0	44.7			
PSH Fund									
Equity and bonds	5.0	3.5	3.5	6.2		1.0		3.0	10%
Debt-financing	8.0	8.0	7.8	7.8					
Total	13.0	11.5	11.3	14.0	0.1	1.0			
Total	**2,063.0**	**1,744.2**	**1,353.4**	**1,284.6**	**0.7**	**274.9**			
Real Estate funds total	**2,063.0**	**1,744.2**	**1,353.4**	**1,284.6**	**0.7**	**274.9**	**27.4**		

Abbreviations used to refer to funds:

CMB	= CapMan Buyout	CMRE	= CapMan Real Estate
CME	= CapMan Equity	CMT 2007	= CapMan Technology 2007
CMLS	= CapMan Life Science	FM	= Finnmezzanine Fund
CMM	= CapMan Mezzanine	FV	= Finnventure Fund
CMHRE	= CapMan Hotels RE	PSH Fund	= Project Specific Hotel Fund
CMPM	= CapMan Public Market Fund	SWE LS	= Swedestart Life Science
CMR	= CapMan Russia Fund	SWE Tech	= Swedestart Tech

CapMan

Explanation of the terminology used in the fund tables

Size/Original investment capacity:
Total capital committed to a fund by investors, i.e. the original size of a fund. For real estate funds, investment capacity also includes the share of debt financing used by a fund.

Paid-in capital:
Total capital paid into a fund by investors as of the end of the review period.

Fund's current portfolio at fair value:

Fund investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG, www.privateequityvaluation.com), and investments in real estate assets are valued in accordance with the appraisals of external experts.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Due to the nature of private equity investment activities, fund portfolios contain investments with a fair value that exceeds their acquisition cost, as well as investments with a fair value less than the acquisition cost.

Net cash assets:
When calculating the investors' share, a fund's net cash assets must be taken into account in addition to the portfolio at fair value. The proportion of debt financing in real estate funds is presented separately in the table.

Amount of cash flow needed to transfer the fund to carry
This cash flow refers to the profit distributed by funds and the capital they pay back to investors. The figure indicates the size of the cash flow that must be returned to investors as of the end of the reporting period to enable a fund to transfer to carry. A fund's carry potential can be evaluated by comparing this figure to the fair value of its portfolio.

CapMan's share of cash flow if a fund generates carried interest:
When a fund has generated the cumulative preferential return for investors specified in the fund agreements, the management company is entitled to an agreed share of future cash flows from the fund, known as carried interest.

After the previous distribution of profits, any new capital called in, as well as any annual preferential returns on it, must be returned to investors before any new distribution of profits can be paid.

Footnotes to the tables

1) Fenno Fund (founded 1997, in carry 2005) and Skandia I fund (founded 1997, in carry 2005) together form the Fenno Program, which is jointly managed with Fenno Management Oy.

2) The fund is comprised of two or more legal entities (parallel funds are presented separately only if the investment focuses or portfolios differ significantly).

3) Currency items are valued at the average exchange rates quoted on 31 December 2012.

4) CapMan Mezzanine IV: The paid-in capital includes a MEUR 192 bond issued by Leverator Plc. Distributed cash flow includes payments to both bond subscribers and to the fund's partners.

5) CapMan Real Estate I: Distributed cash flow includes repayment of the bonds and cash flow to the fund's partners. Following the previous payment of carried interest, a total of MEUR 42.3 in paid-in capital had not yet been returned to investors. This capital, together with the annual income entitlement payable on it, must be paid to investors before further carried interest can be distributed.

   CapMan's management considers it unlikely that, in light of the market situation, further carried interest will be provided by the CapMan Real Estate I fund. As a result, the fund has been transferred from those funds in carry. A total of some MEUR 6 of carried interest was not entered in CapMan's profit in 2007 but instead left in reserve in case that some of the carried interest would have to be returned to investors in future.

6) CapMan Plc's Board of Directors made a decision on 2 February 2012 to increase Buyout investment teams' share of carried interest to better reflect the prevailing industry practices. In the case of the CapMan Buyout VIII

fund, the investment teams' share is approximately 40%, and in the case of the CapMan Equity VII funds approximately 25%.

7) The fund's investment period ended on 15 January 2013.

APPENDIX 2: OPERATIONS OF CAPMAN'S FUNDS UNDER MANAGEMENT, 1 JANUARY – 31 DECEMBER 2012

The operations of the private equity funds managed by CapMan during the first nine months of 2012 comprised direct investments in portfolio companies in the Nordic countries and Russia (CapMan Private Equity), as well as real estate investments (CapMan Real Estate). Investments by CapMan funds investing in portfolio companies focus on two key investment areas in the Nordic countries and one in Russia. These take the form of mid-size buyouts (CapMan Buyout), investments in mid-sized companies operating in Russia (CapMan Russia), and significant minority shareholdings in listed small and mid-cap companies (CapMan Public Market). The investment focus of CapMan's real estate funds is mainly on properties in Finland. CapMan also has two other investment areas (CapMan Technology and CapMan Life Science), which do not make new investments, but concentrate instead on developing the value of their existing portfolio companies. These two latter investments areas are reported under "Other" in Private Equity.

CAPMAN PRIVATE EQUITY

Investments in portfolio companies in 2012

CapMan's funds made three new investments and a number of add-on investments in existing portfolio companies during the year, totalling MEUR 75.9. The new investments were made by the CapMan Russia fund in Top League, KDL Test, and Vital Development. Add-on investments were largely concentrated in portfolio companies held by CapMan's Buyout funds. Nine new investments, together with a number of add-on investments, valued at a total of MEUR 168.7, were made during the previous year.

The investment in Acona Holding AS by the CapMan Buyout IX fund was announced in December 2012 and the transaction was finalised in January 2013.

Exits from portfolio companies in 2012

In 2012, CapMan's funds exited the Tokmanni Group, Ascade Holding AS, Inmeta Crayon ASA, Ordyhna Holding, and Quickcool AB completely, and Metals and Powders Technology AB in partial. Exits had a combined acquisition cost of MEUR 104.0. In 2011, final and partial exits were made from 14 portfolio companies, with a combined acquisition cost of MEUR 205.4.

Events after the close of the accounting period

CapMan Technology 2007 funds exited IT2 Treasury Solutions in January 2013. The transaction did not have a substantial impact on CapMan's result in 2012 or 2013 as the funds are not in carry and as the change in fair value was small. In January 2013, the CapMan Equity Sweden KB, CapMan Equity VII A, CapMan Equity VII B, CapMan Equity VII C, Finnventure Rahasto V ET and Finnventure Rahasto V funds signed an agreement to exit Tieturi Oy. Carried interest income from the Finnventure Rahasto V and CapMan Equity VII B funds have no substantial impact on CapMan's result for 2013.

CAPMAN REAL ESTATE

Investments in and commitments to real estate acquisitions and projects in 2012

CapMan's real estate funds did not make any new investments in 2012. In December 2012, CapMan Plc invested in an office building in the Greater Stockholm area through a joint venture. Add-on investments were made in a number of existing developments, totalling MEUR 29.8. In addition, real estate funds were committed to provide financing for real estate acquisitions and projects totalling MEUR 10 as of 31 December 2012. In 2011, funds made a number of add-on investments totalling MEUR 56.6, while commitments to finance new projects totalled MEUR 45.0 as of 31 December 2011.

Exits from real estate investments in 2012

The CapMan Real Estate II fund exited Kiinteistö Oy Turun Yliopistonkatu 22 in 2012. The property had an acquisition cost of MEUR 60.8. In 2011, three exits with a combined acquisition cost of MEUR 35.1 were completed.

FUND INVESTMENT ACTIVITIES IN FIGURES

Investments and exits made by funds at acquisition cost, MEUR

	1-12/2012		1-12/2011	
New and add-on investments				
Funds investing in portfolio companies	75.8		168.7	
Buyout		42.4		108.7
Russia		20.5		20.6
Public Market		0.2		31.8
Other		12.7		7.6
Real estate funds	29.8		56.6	
Total	**105.6**		225.3	
Exits*				
Funds investing in portfolio companies	104.1		205.4	
Buyout		88.1		159.3
Russia		0.0		10.0
Public Market		1.4		6.5
Other		14.6		29.6
Real estate funds	60.8		35.1	
Total	**164.9**		240.5	

* including partial exits and repayments of mezzanine loans.

In addition, real estate funds had made commitments to finance real estate acquisitions and projects valued at MEUR 10.0 as of 31 December 2012.

Funds' combined portfolio* as of 31 December 2012, MEUR

	Portfolio at acquisition cost	Portfolio at fair value	Share of portfolio (fair value) %
Funds investing in portfolio companies	994.1	1,090.6	45.9
Real estate funds	1,353.4	1,284.6	54.1
Total	**2,347.5**	**2,375.2**	**100.0**
Funds investing in portfolio companies			
Buyout	672.1	755.4	69.3
Russia	69.4	88.4	8.1
Public Market	100.4	110.5	10.1
Other	152.2	136.3	12.5
Total	**994.1**	**1,090.6**	**100.0**

* Total of all investments of funds under management.

Remaining investment capacity

After deducting actual and estimated expenses, funds investing in portfolio companies had a remaining investment capacity amounting to some MEUR 652 for new and add-on investments as of 31 December 2012. Of their remaining capital, approx. MEUR 502 was earmarked for buyout investments (incl. mezzanine investments), approx. MEUR 66 for technology investments, approx. MEUR 11 for life science investments, approx. MEUR 39 for investments by the CapMan Russia team, and approx. MEUR 34 for investments by the CapMan Public Market team. Real estate funds had a remaining investment capacity of approx. MEUR 53, which has been reserved primarily for developing funds' existing investments.