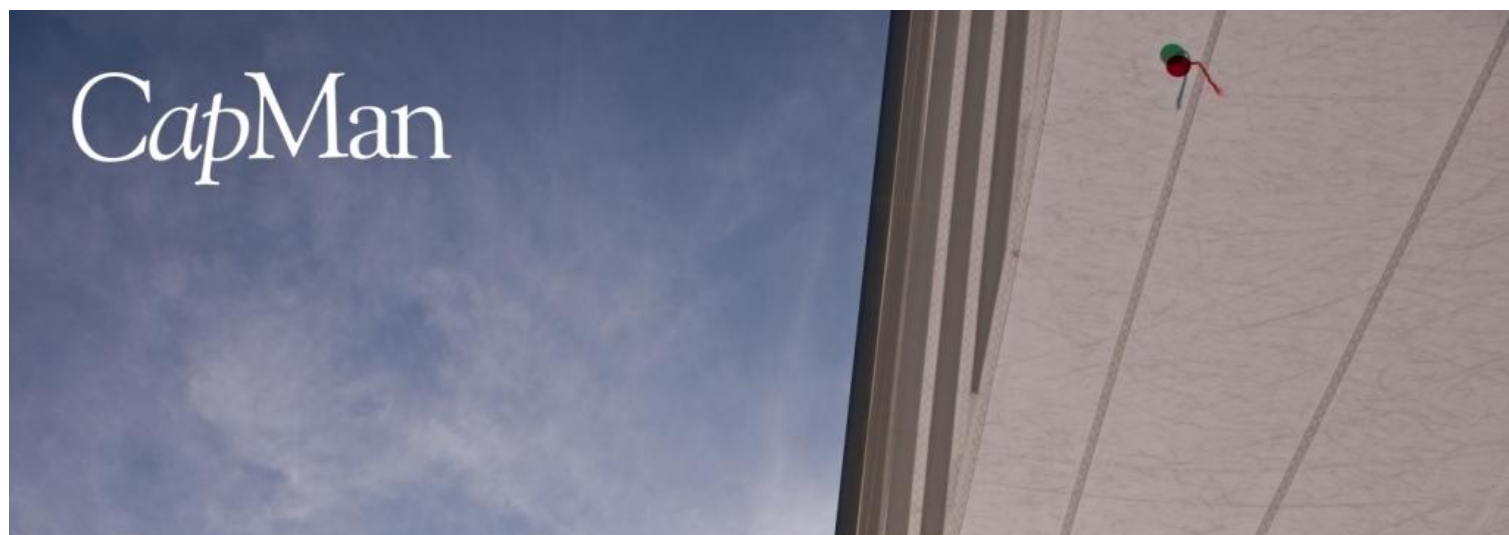


CAPMAN GROUP'S
INTERIM REPORT
1 JANUARY – 30 SEPTEMBER 2013



CapMan Group's Interim Report for 1 January–30 September 2013

Performance and main events for the review period:

- Group turnover totalled MEUR 23.2 (January - September 2012: MEUR 21.3).
- The Group's operating profit was MEUR 4.2 (MEUR 1.9).
- Profit before taxes was MEUR 3.8 (MEUR 2.7) and profit after taxes was MEUR 3.9 (MEUR 2.3).
- Earnings per share for the review period were 2.4 cents (0.5 cents).
- The Management Company business recorded an operating profit of MEUR 0.7 (loss of MEUR 1.3). The Fund Investment business recorded an operating profit of MEUR 3.5 (MEUR 3.2).
- Capital under management as of 30 September 2013 totalled MEUR 3,172.6 (30 September 2012: MEUR 2,977.7).
- Funds managed by CapMan completed several new investments and exits during and after the review period.
- CapMan received a total of MEUR 8.7 (MEUR 4.8) in cash flow from repaid capital and carried interest from funds due to exits completed during the review period. Exits after the review period contributed an additional MEUR 6 in cash flow from repaid capital for the Group.
- CapMan redeems its existing hybrid bond by issuing MEUR 30 in debt securities. The financing costs of the new bonds are 40% lower compared to the existing hybrid bond.
- Joakim Rubin will step down from the management group as of 11 November 2013. He continues as Head of the Public Market team.

CapMan maintains its estimate for 2013:

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

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 anticipate that our management fees will cover our expenses during 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 believe that the fair values of our fund investments will develop positively during the current year.

Heikki Westerlund, CEO:

”The cautious optimism in Europe that has prevailed after the summer was reflected in the value development of the Public Market fund, among others. Transaction activity also showed clear signs of picking up both in terms of exits and new investments. However, the market situation of certain industries remains challenging, especially of companies connected with industrial production.

Our business is extremely long-term in nature. Quarterly results may vary significantly depending on the timing of exits. As a result of new funds under management, our fee base is now balanced with our expenses. We continue to raise additional capital, thereby building a great foundation for the development of our business for years to come. Our plans for new strategic ventures (new funds and selective acquisitions) progress, but we strive to apply special care into selecting growth targets while taking synergies and positive EPS impact into account.

We strengthen CapMan's financial position by issuing a senior bond and a new hybrid bond. The oversubscribed new bonds enable the repayment of our existing hybrid bond, while maintaining our good liquidity position.”



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. The Group operates through two 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 Nordic real estate. The Management Company business has two main sources of income: management fees and carried interest from funds.

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.

Please see Appendix 3 for additional details about CapMan's business model.

Group turnover and result for January–September 2013

The Group's turnover during the first nine months of 2013 grew by 9% from the corresponding period last year and totalled MEUR 23.2 (Jan-Sep 2012: MEUR 21.2). The increase in turnover was mainly due to higher management fees and carried interest compared to the corresponding period last year.

Operating expenses totalled MEUR 22.9 (MEUR 23.1). Expenses for the review period included the investment teams' share of total carried interest, in addition to approx. MEUR 1.5 non-recurring expenses related to the change in CapMan's CEO, the establishment of the CapMan Nordic Real Estate fund and the assessment of possible M&A activity.

The Group recorded an operating profit of MEUR 4.2 (MEUR 1.9), which represented an increase of 116 % from the comparable period. The increase in operating profit from the comparable period was mainly due to higher management fees and carried interest income.

Financial income and expenses amounted to MEUR -0.1 (MEUR 0.3). CapMan's share of the profit of its associated companies was MEUR -0.2 (MEUR 0.4). The decrease was mainly due to the reduction in CapMan's Maneq holdings in June 2013. Profit before taxes was MEUR 3.8 (MEUR 2.7) and profit after taxes was MEUR 3.9 (MEUR 2.3). Earnings per share were 2.4 cents (0.5 cents).

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

Management Company business

Turnover generated by the Management Company business during the first half totalled MEUR 23.2 (MEUR 21.3). Management fees increased compared to the corresponding period and totalled MEUR 18.8 (MEUR 18.3), due to management fees from CapMan Buyout X, CapMan Russia II and CapMan Nordic Real Estate funds. The increase was offset by exits after the end of the comparable period, due to which the increase in management fees was moderate.

Carried interest income totalled MEUR 2.9 (MEUR 1.9) and was received from the CapMan Equity VII B fund and the Finnventure Rahasto V fund following the exit from MQ Retail AB, Tieturi Oy and Cardinal Foods AS.

Other income included in turnover was MEUR 1.5 (MEUR 1.1) for the first nine months of 2013 and included income from a purchasing service aimed at portfolio companies, among other income.

The Management Company business recorded an operating profit of MEUR 0.7 (loss of MEUR 1.3) and a profit for the first nine months of the year of MEUR 0.9 (loss of MEUR 1.2). 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 January–September 2013 were MEUR 3.8 (MEUR 3.5) and represented a 4.8% increase in value during the period (4.7% increase in value during the first nine



months of 2012). The change was due to the financial development of portfolio companies on average in line with expectations and the growth in the market cap of listed portfolio companies. 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 30 September 2013 was MEUR 74.0 (30 September 2012: MEUR 72.4).

Operating profit for the review period for the Fund Investment business was MEUR 3.5 (MEUR 3.2) and profit MEUR 3.0 (MEUR 3.5). The Fund Investment business includes the results of Maneq companies, of which CapMan sold part in June 2013.

CapMan invested a total of MEUR 5.0 (MEUR 5.0) in its funds during the first nine months of 2013. The majority of this was allocated to the CapMan Buyout IX fund. CapMan received distributions from funds totalling MEUR 6.4 (MEUR 3.3). CapMan made new commitments in total of MEUR 4.4 into the CapMan Nordic Real Estate and CapMan Russia II funds during the review period.

The amount of remaining commitments not yet called totalled MEUR 25.1 as of 30 September 2013 (30 September 2012: MEUR 20.2). The aggregate fair value of existing investments and remaining commitments as of the same date was MEUR 99.0 (MEUR 92.7). 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 30 September 2013

CapMan's balance sheet totalled MEUR 122.6 as of 30 September 2013 (30 September 2012: MEUR 131.7). Non-current assets amounted to MEUR 99.0 (MEUR 110.3), of which goodwill totalled MEUR 6.2 (MEUR 6.2).

Fund investments booked at fair value totalled MEUR 74.0 (MEUR 72.4). Long-term receivables amounted to MEUR 2.3 (MEUR 19.5). The reduction in long-term receivables was due to the sale of CapMan's Maneq receivables in June 2013, and CapMan had no Maneq receivables at the end of the review period. As of the end of the comparable period, Maneq receivables amounted to MEUR 18.3. Investments in associated companies were MEUR 10.1 (MEUR 5.2) and included CapMan's remaining stake (both equity and receivables) in the Maneq funds.

Current assets amounted to MEUR 23.6 (MEUR 20.4). Liquid assets (cash in hand and at banks, plus other financial assets at fair value through profit and loss) amounted to MEUR 17.3 (MEUR 12.5). The increase in liquid assets was mainly due to the sale of Maneq assets.

In the Interim Report published on 8 August 2013, CapMan revised the retained earnings and investments in associated companies retrospectively in the opening balance as of 1.1.2012. The mistake relates to the booking of interest receivables in the previous accounting periods. A table showing the change is included in the notes to the financial statements.

CapMan Plc's hybrid bond stands at MEUR 29.0. Interest on the bond is deducted from equity as interest is paid, which is semi-annually. CapMan has announced its intentions to repay the hybrid bond in accordance with the bond terms on 18 December 2013 by issuing a MEUR 15 senior bond and a new MEUR 15 hybrid bond. CapMan Plc had a bank financing package totalling MEUR 43.0 (MEUR 55.0) available as of 30 September 2013, of which MEUR 19.4 (MEUR 30.0) was utilised. Trade and other payables totalled MEUR 18.8 (MEUR 18.4). The Group's interest-bearing net debt amounted to MEUR 2.0 (MEUR 18.1).

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 30 September 2013.

The Group's cash flow from operations totalled MEUR 6.9 for the review period (MEUR -2.6). 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 16.2 (MEUR 2.4) and includes, *inter alia*, fund investments and repaid capital received by the Group. Cash flow before financing totalled MEUR 23.2 (MEUR -0.2), while cash flow from financing was MEUR -12.8 (MEUR -9.6) as CapMan repaid some of its senior debt.

Key figures 30 September 2013

CapMan's equity ratio was 70.3% as of 30 September 2013 (30 September 2012: 62.2%), its return on equity 6.3% (3.7%), and its return on investment 5.9% (4.4%). The target levels for the company's equity ratio and return on equity are at least 60% and over 20%, respectively.

Key figures

	30.9.13	30.9.12	31.12.12
Earnings per share, cents	2.4	0.5	0.3
Diluted, cents	2.4	0.5	0.3
Shareholders' equity / share, cents *	96.9	93.6	94.1
Share issue adjusted number of shares	84,255,467	84,255,467	84,255,467
Number of shares at the end of period	84,281,766	84,281,766	84,281,766
Number of shares outstanding	84,255,467	84,255,467	84,255,467
Company's possession of its own shares, end of period	26,299	26,299	26,299
Return on equity, %	6.3	3.7	3.2
Return on investment, %	5.9	4.4	4.3
Equity ratio, %	70.3	62.2	62.0
Net gearing, %	2.5	22.9	32.1

*) 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 review period has been included when calculating earnings per share.

Fundraising during the review period and capital under management as of 30 September 2013

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.

Fundraising continues for the CapMan Buyout X CapMan Russia II and CapMan Nordic Real Estate funds.

The number of funds in the market has increased from the beginning of the year with traditional fund investors being selective in making investment decisions as a result. CapMan has broadened its network and investor groups, who have previously not invested in private equity funds, have allocated part of their investments into CapMan's funds during the ongoing fundraising round.

Capital under management was MEUR 3,172.6 as of 30 September 2013 (30 September 2012: MEUR 2,977.7). The increase is attributable to the establishment and subsequent closings of the CapMan Buyout X, CapMan Nordic Real Estate and CapMan Russia II funds. Of the total capital under management, MEUR 1,682.6 (MEUR 1,537.5) was held in funds making investments in portfolio companies and MEUR 1,490.0 (MEUR 1,440.2) in real estate funds.

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



Authorisations given to the Board by the AGM

The Annual General Meeting 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 2014 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 17,500,000 B shares and the authorization shall remain in force until the end of the following AGM and 30 June 2014 at the latest.

Further details on these authorisations can be found in the stock exchange release on the decisions taken by the AGM issued on 20 March 2013.

Other events during the review period

In June, CapMan transferred its ownership in 2005-2011 Maneq funds (including equity and loan receivables) to a Luxemburg company founded by CapMan and sold part of that company for a cash consideration of MEUR 14. After the transaction, the Group's share of the Maneq funds is approx. MEUR 10 at fair value as of 30 September 2013. The Group's holdings in Maneq funds are shown in the balance sheet as investments in associated companies. The transaction is part of the previously announced plan to strengthen the balance sheet and improve liquidity. The transaction did not have a material impact on CapMan's results for 2013.

Funds managed by CapMan completed the sale of Cardinal Foods AS in June. The transaction contributed a total of MEUR 1.8 to CapMan's result for 2013, of which the net carry impact of MEUR 1.4 was recorded at close. The cash flow impact from the transaction is MEUR 3.7 for 2013.

In June, CapMan completed a second closing for the Buyout X fund at MEUR 206. Fundraising for the fund continues.

Funds managed by CapMan agreed in June to exit Curato and Nice Entertainment Group. The exits have no significant impact on CapMan's result as the exiting funds are not in carry and as the valuation of the companies at exit was largely already reflected in the fair value change of CapMan's fund investments reported earlier.

CapMan's newest funds have been active. In August, the CapMan Russia II fund invested in MAYKOR Group, a leading IT outsourcing service provider in Russia. In September, the CapMan Nordic Real Estate fund invested in commercial and residential properties in central Copenhagen.

Events after the end of the review period

CapMan announced in October that it would issue a MEUR 15 senior bond and a MEUR 15 hybrid bond. The estimated issue date is 11 December 2013. The proceeds from the issue will be used to redeem CapMan's 2008 hybrid bond. CapMan has announced its intention to redeem it on 18 December 2013 in accordance with the bond terms.

Joakim Rubin, Head of CapMan Public Market, will step down from CapMan's Management Group as of 11 November 2013. After the change, CapMan's Management Group consists of Heikki Westerlund, Niko Haavisto, Jerome Bouix, Kai Jordahl, Hans Christian Dall Nygård and Mika Matikainen. The second generation of the Public Market team's fund is independent from CapMan, but will pay fees to CapMan in accordance with the agreement based on the commitments to the fund made through CapMan. The arrangement will not affect CapMan's return potential from the Public Market fund established in 2008.

Funds managed by CapMan completed exits from Curato and Nice Entertainment Group in October. The combined impact on CapMan's cash flow from the exits is approx. MEUR 6.



Personnel

CapMan employed a total of 103 people as of 30 September 2013 (30 September 2012: 108), of whom 65 (71) worked in Finland and the remainder in the other Nordic countries, Russia, and Luxembourg. A breakdown of personnel by country is presented in the Tables section.

Shares and share capital

There were no changes in CapMan Plc's share capital or the number of company shares during the first half of 2013. Share capital totalled EUR 771,586.98 as of 30 September 2013. The number of B shares was 78,531,766 and that of A shares 5,750,000 as of 30 September 2013.

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

Shareholders

The number of CapMan Plc shareholders decreased by 6.0% during the first nine months of 2013 and totalled 5,780 as of 30 September 2013 (30 September 2012: 6,048).

Company shares

As of 30 September 2013, 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 24,195 as of 30 September 2013 (30 September 2012: EUR 22,880). No changes occurred in the number of shares held by CapMan Plc during the review period.

Stock option programmes

As of 30 September 2013, CapMan Plc had two stock option programmes—Option Programme 2008 and Option Programme 2013—in place as part of its incentive and commitment arrangements for key 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. Receivables from shares subscribed to under these options will be entered in the company's unrestricted shareholders' equity. As of 30 September 2013, 1,926,250 2008A stock option entitlements and 2,070,000 2008B stock option entitlements were allocated.

The maximum number of stock options issued under Option Programme 2013 will be 4,230,000, which will carry an entitlement to subscribe to a maximum of 4,230,000 new B shares. The programme is divided into A, B and C series, each of which covers a maximum of 1,410,000 option entitlements. The share subscription price of the 2013A options is EUR 0.92 (the trade volume weighted average quotation of the share during 1 April–31 May 2013 with an addition of 10%), of the 2013B options the trade volume weighted average quotation of the share during 1 April–31 May 2014 with an addition of 10%, and of the 2013C options the trade volume weighted average quotation of the share during 1 April–31 May 2015 with an addition of 10%. The subscription period for 2013A options starts on 1 May 2016, for 2013B options on 1 May 2017 and 2013C options on 1 May 2018. Receivables from shares subscribed to under these options will be entered in the company's unrestricted shareholders' equity. No stock option entitlements under the Option Programme 2013 had been allocated as of 30 September 2013.

The terms for the stock option programmes are available on CapMan's website.

Trading and market capitalisation

CapMan Plc's B shares closed at EUR 0.92 on 30 September 2013 (30 September 2012: EUR 0.87). The trade weighted average price during the nine month period was EUR 0.86 (EUR 0.97). The highest price



paid was EUR 0.94 (EUR 1.18) and the lowest EUR 0.79 (EUR 0.85). The number of CapMan Plc B shares traded totalled 9.4 million (14.9 million), valued at MEUR 8.0 (MEUR 14.4).

The market capitalisation of CapMan Plc B shares as of 30 September 2013 was MEUR 72.2 (30 September 2012: MEUR 68.3). The market capitalisation of all company shares, including A shares valued at the closing price of B shares, was MEUR 77.5 (MEUR 73.3).

Significant risks and short-term uncertainties

Financial market uncertainty, weak economic development of CapMan's key markets and structural changes in industries central to CapMan's portfolio companies 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.

The market situation reflects the challenging fundraising conditions by impacting 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 especially related to timing. Due to limitations 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. The coming to force of the AIFMD may impact the reporting requirements of funds and their marketing outside of the EU.

Business environment

Exit activity picked up in the Nordic countries in the third quarter of 2013, which is traditionally a quiet quarter in the region. 58 exits in 2013 to date in the region make this year much more active compared to last year. Industrial buyers represented 37% of all exit activity year-to-date, which indicates that they are becoming more active on the market.¹

The surge in exit activity is a positive signal as fundraising conditions remain challenging. The number of funds in the market has continued to rise since the beginning of the year and funds are still seeking to raise a significant amount of capital. Small and young GPs in particular have found reaching initial target sizes a challenge and fund sizes have been slashed as a result. There was a decline in the number of funds that reached final close in the first three quarters of 2013 compared to the same period in 2012.²

The availability of bank financing remains bifurcated in Europe. There is financing available for deals and solid companies, while smaller businesses have difficulties in accessing the capital markets. Credit standards are expected to ease for short-term loans, while remaining more or less unchanged for long-term loans³. The widening funding gap creates opportunities for private debt.

While the aggressive GDP growth is slowing down in Russia, sectors within technology, services and fast-moving consumer goods are still expected to demonstrate strong growth. These sectors are also the investment focus of CapMan Russia.

¹ Nordic Unquote 21 October 2013

² Preqin Quarterly Update Q3 2013 October 2013

³ ECB Bank Lending Survey October 2013



In the third quarter of 2013, the volume of real estate transactions in Finland remained low. For the first three quarters of the year the transaction volume dropped to BEUR 1.1 from BEUR 1.5 in the same period last year.⁴ In Sweden, however, the transaction volume has picked up from the previous year. The total transaction volume for the first nine months of the year in Sweden increased by over 10% from the previous year ending up to SEK 17.6 bn. Investors in Finland and Sweden continued to focus mainly on prime real estate with stable rents although there have been early signs of an increased interest towards better secondary properties. The yield gap between prime and secondary assets continues to be high. Prime rents were generally stable in the Nordic countries during the third quarter of this year, while there has been increasing pressure on rents and occupancy rates outside the prime areas.⁵ Availability of traditional senior financing remained scarce, although there has been some signs of a recovery in this respect.

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. The act was scheduled to be integrated into member states' national legislation by 22 July 2013. The implementation of the directive in Finland has been delayed by some months. The directive stipulates an operating license for participants, as well as other significant requirements, including fund investor and authority reporting. CapMan evaluates that its organisation and operating model enables it to comply with the requirements of these new regulations, as applicable.

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.

CapMan maintains its estimate for 2013:

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

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 anticipate that our management fees will cover our expenses during 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 believe that the fair values of our fund investments will develop positively during the current year.

⁴ KTI Transactions information service – October 2013

⁵ Jones Lang LaSalle Autumn 2013



The CapMan Group will publish its Financial Statements Bulletin for 1 January - 31 December 2013 on Thursday, 6 February 2014.

Helsinki, 11 November 2013

CAPMAN PLC
Board of Directors

Further information:

Heikki Westerlund, CEO, senior partner, tel. +358 207 207 504 or +358 50 559 6580

Niko Haavisto, CFO, tel. +358 207 207 583 or +358 50 465 4125

Jerome Bouix, Head of Business Development and Investor Relations, senior partner, tel. +358 20 720 7558 or +358 40 820 8541

Distribution:

NASDAQ OMX Helsinki

Principal media

www.capman.com

Appendices (after the Tables section):

Appendix 1: The CapMan Group's funds under management as of 30 September 2013, MEUR

Appendix 2: Operations of CapMan's funds under management, 1 January – 30 September 2013

Appendix 3: Description of CapMan's business operations



Accounting principles

The Interim Report has been prepared in accordance with the International Financial Reporting Standards (IFRS). The information presented in the Interim Report is un-audited.

GROUP STATEMENT OF COMPREHENSIVE INCOME (IFRS)

€ ('000)	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
Turnover	6,753	8,054	23,237	21,255	27,304
Other operating income	0	-16	19	216	216
Personnel expenses	-4,093	-4,744	-13,789	-13,371	-17,411
Depreciation and amortisation	-172	-182	-522	-567	-822
Other operating expenses	-2,198	-2,777	-8,559	-9,139	-12,017
Fair value gains / losses of investments	-129	-281	3,803	3,545	5,333
Operating profit	161	54	4,189	1,939	2,603
Financial income and expenses	-211	396	-159	344	131
Share of associated companies' result	-365	-173	-186	435	598
Profit / loss before taxes	-415	277	3,844	2,718	3,332
Income taxes	-39	45	27	-418	-624
Profit / loss for the period	-454	322	3,871	2,300	2,708
Other comprehensive income:					
Translation differences	21	1	-71	6	5
Total comprehensive income	-433	323	3,800	2,306	2,713
Profit attributable to:					
Equity holders of the company	-454	322	3,871	2,300	2,708
Total comprehensive income attributable to:					
Equity holders of the company	-433	323	3,800	2,306	2,713
Earnings per share for profit attributable to the equity holders of the Company:					
Earnings per share, cents	-1.3	-0.3	2.4	0.5	0.3
Diluted, cents	-1.3	-0.3	2.4	0.5	0.3

Accrued interest payable on the hybrid bond has been taken into consideration for the review period



GROUP BALANCE SHEET (IFRS)

€ ('000)	30.9.13	30.9.12	31.12.12
ASSETS			
Non-current assets			
Tangible assets	294	457	364
Goodwill	6,204	6,204	6,204
Other intangible assets	1,153	1,640	1,491
Investments in associated companies	10,060	5,187	5,170
Investments at fair value through profit and loss			
Investments in funds	73,954	72,442	74,465
Other financial assets	94	99	99
Receivables	2,264	19,528	19,957
Deferred income tax assets	4,950	4,786	4,578
	98,973	110,343	112,328
Current assets			
Trade and other receivables	6,303	7,941	8,532
Other financial assets at fair value through profit and loss	365	374	365
Cash and bank	16,967	12,100	6,625
	23,635	20,415	15,522
Non-current assets held for sale	0	945	848
Total assets	122,608	131,703	128,698

€ ('000)	30.9.13	30.9.12	31.12.12
EQUITY AND LIABILITIES			
Capital attributable the Company's equity holders			
Share capital	772	772	772
Share premium account	38,968	38,968	38,968
Other reserves	38,814	38,814	38,814
Translation difference	-28	44	43
Retained earnings	3,402	268	666
Total equity	81,928	78,866	79,263
Non-current liabilities			
Deferred income tax liabilities	2,105	2,331	2,313
Interest-bearing loans and borrowings	14,354	26,523	22,678
Other liabilities	310	1,241	1,241
	16,769	30,095	26,232



Current liabilities			
Trade and other payables	18,815	18,417	13,219
Interest-bearing loans and borrowings	5,000	4,000	9,785
Current income tax liabilities	96	325	199
	23,911	22,742	23,203
Total liabilities	40,680	52,837	49,435
Total equity and liabilities	122,608	131,703	128,698

GROUP STATEMENT OF CHANGES IN EQUITY

Attributable to the equity holders of the Company

€ ('000)	Share capital	Share premium account	Other reserves	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 January 2012	772	38,968	38,679	38	6,000	84,457	0	84,457
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					57	57		57
Copmrehensive profit				6	2,300	2,306		2,306
Equity on 30 September 2012	772	38,968	38,814	44	268	78,866	0	78,866
Equity on 1 January 2013	772	38,968	38,814	43	666	79,263	0	79,263
Hybrid bond, interest (net of tax)					-1,135	-1,135		-1,135
Copmrehensive profit				-71	2,871	3,800		3,800
Equity on 30 September 2013	772	38,968	38,814	-28	3,402	81,928	0	81,928

STATEMENT OF CASH FLOW (IFRS)

€ ('000)	1-9/13	1-9/12	1-12/12
Cash flow from operations			
Profit for the financial year	3,871	2,300	2,708
Adjustments	-965	531	-240
Cash flow before change in working capital	2,906	2,831	2,468
Change in working capital	7,320	-2,252	-6,875
Financing items and taxes	-3,281	-3,183	-4,351
Cash flow from operations	6,945	-2,604	-8,758
Cash flow from investments	16,221	2,372	862
Cash flow before financing	23,166	-232	-7,896
Dividends paid	0	-5,898	-5,898
Other net cash flow	-12,824	-3,657	-1,468
Financial cash flow	-12,824	-9,555	-7,366
Change in cash funds	10,342	-9,787	-15,262
Cash funds at start of the period	6,625	21,887	21,887
Cash funds at end of the period	16,967	12,100	6,625

Segment information

The Group reports two segments: Management company business and Fund investments

7-9/2013	Management Company business			Fund Investment business	Total
€ ('000)	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	4,966	1,787	6,753	0	6,753
Operating profit/loss	187	188	375	-214	161
Profit/loss for the financial year	95	188	283	-737	-454

7-9/2012	Management Company business			Fund Investment business	Total
€ ('000)	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	6,364	1,690	8,054	0	8,054
Operating profit/loss	566	-120	446	-392	54
Profit/loss for the financial year	692	-120	572	-250	322

1-9/2013	Management Company business			Fund Investment business	Total
€ ('000)	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	17,934	5,303	23,237	0	23,237
Operating profit/loss	838	-127	711	3,478	4,189
Profit/loss for the financial year	1,015	-127	888	2,983	3,871
Assets	7,421	325	7,746	91,227	98,973
Total assets includes: Investments in associated companies	0	0	0	10,060	10,060
Non-current assets held for sale	0	0	0	0	0

CapMan

1-9/2012	Management Company business			Fund Investment business	Total
€ ('000)	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	16,155	5,100	21,255	0	21,255
Operating profit/loss	-547	-720	-1,267	3,206	1,939
Profit/loss for the financial year	-472	-720	-1,192	3,492	2,300
Assets	7,896	503	8,399	101,944	110,343
Total assets includes: Investments in associated companies	0	0	0	5,187	5,187
Non-current assets held for sale	945	0	945	0	945

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	104,170	112,328
Total assets includes: Investments in associated companies	0	0	0	5,170	5,170
Non-current assets held for sale	848	0	848	0	848

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 temporary differences between book value and fiscal value.

Dividends

No dividend is paid for the year 2012. A dividend of EUR 0.07 per share, total MEUR 5.9, was paid for the year 2011. The dividend was paid to the shareholders on 26 March 2012.



Changes to the opening balance as of 1 January 2012

A mistake was noted in the valuation of investments in associated companies relating to the booking of interest receivables. The mistake has been corrected in earlier accounting periods as presented in the table below.

Balance sheet 1 Jan 2012	Previously reported figures	Change	Revised figures
Investments in associated companies	8,347	-3,784	4,563
Equity	88,241	-3,784	84,457

Non-current assets

€ ('000)	30.9.13	30.9.12	31.12.12
Investments in funds at fair value through profit and loss at Jan 1	74,465	70,167	70,167
Additions	5,050	5,003	6,333
Distributions	-6,434	-3,302	-4,042
Fair value gains/losses on investments	873	574	2,007
Investments in funds at fair value through profit and loss at end of the period	73,954	72,442	74,465
Investments in funds at fair value through profit and loss at the end of period	30.9.13	30.9.12	31.12.12
Buyout	40,375	37,996	39,562
Credit	3,076	3,774	3,647
Russia	4,919	4,102	4,202
Public Market	5,449	3,946	4,009
Real Estate	6,950	6,375	6,862
Other	10,182	11,710	11,833
Access	3,003	4,539	4,350
In total	73,954	72,442	74,465

The Group's assets measured at fair value at 30 September 2013

The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets

Level 2: Other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as a price) or indirectly (that is, derived from prices)

Level 3: Asset values that are not based on observable market data

	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss				
investments in funds				
at 1 January		4,008	70,457	74,465
Additions		61	4,989	5,050
Distributions		-351	-6,083	-6,434
Fair value gains/losses on investments		1,731	-858	873
at the end of period		5,449	68,505	73,954

The fund investments in level 3 include mainly the investments in the unlisted companies, and those have no quoted market values.

Valuation of CapMan funds' investment targets is based on international valuation guidelines that are widely used and accepted within the industry and investors. CapMan always aims at valuing funds' investments at their actual value. Fair value is the best estimate for the amount at which an investment could be exchanged on a reporting date in an arm's length transaction between knowledgeable and willing parties.

The determination of the fair value of fund investments for funds investing in portfolio companies is done applying the International Private Equity and Venture Capital Valuation Guidelines ("IPEVG"), taking into account a range of factors, including the price at which an investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment.

Investments in real estate are valued at fair value based on appraisals made by independent external experts, who follow International Valuation Standards (IVS). The method most appropriate to the use of the property is always applied, or a combination of such methods.

Because there is significant uncertainty in the valuation of, or in the stability of, the value of illiquid investments, the fair values of such investments as reflected in a fund's net asset value do not necessarily reflect the prices that would actually be obtained when such investments are realised.

Transactions with related parties (associated companies)

€ ('000)	30.9.13	30.9.12	31.12.12
Receivables - non-current at end of review period	0	18,298	18,721
Receivables - current at end of review period	0	520	691



Non-current liabilities

€ ('000)	30.9.13	30.9.12	31.12.12
Interest bearing loans at end of review period	14,354	26,523	22,678

Seasonal nature of CapMan's business

Carried interest 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	30.9.13	30.9.12	31.12.12
Finland	65	71	71
Sweden	18	15	16
Norway	8	8	8
Russia	11	13	13
Luxembourg	1	1	1
In total	103	108	109

Commitments

€ ('000)	30.9.13	30.9.12	31.12.12
Leasing agreements	5,561	7,296	6,885
Securities and other contingent liabilities		66,198	65,599
Remaining commitments to funds	25,067	20,245	22,456

Remaining commitments by investment area			
Buyout	9,836	8,082	10,786
Credit	4,512	4,543	4,540
Russia	2,547	1,121	1,023
Public Market	998	1,059	1,059
Real Estate	2,858	834	813
Other	3,117	3,249	2,975
Access	1,199	1,357	1,260
In total	25,067	20,245	22,456



Turnover and profit quarterly

2013				
MEUR	1-3/13	4-6/13	7-9/13	1-9/13
Turnover	6.8	9.7	6.7	23.2
Management fees	5.8	6.7	6.3	18.8
Carried interest	0.4	2.4	0.1	2.9
Other income	0.6	0.6	0.3	1.5
Other operating income	0.0	0.0	0.0	0.0
Operating expenses	-8.4	-8.0	-6.5	-22.9
Fair value gains of investments	3.6	0.3	-0.1	3.8
Operating profit	2.0	2.0	0.2	4.2
Financial income and expenses	0.2	-0.1	-0.2	-0.1
Share of associated companies' result	0.5	-0.3	-0.4	-0.2
Profit before taxes	2.7	1.6	-0.5	3.8
Profit for the period	2.6	1.7	-0.4	3.9

2012						
MEUR	1-3/12	4-6/12	7-9/12	1-9/12	10-12/12	1-12/12
Turnover	6.7	6.5	8.1	21.3	6.0	27.3
Management fees	6.2	6.2	5.9	18.3	5.6	23.9
Carried interest	0.0	0.0	1.8	1.8	0.0	1.8
Other income	0.5	0.3	0.3	1.1	0.4	1.5
Other operating income	0.0	0.2	0.0	0.2	0.0	0.2
Operating expenses	-7.5	-7.9	-7.7	-23.1	-7.2	-30.3
Fair value gains / losses of investments	3.5	0.3	-0.3	3.5	1.8	5.3
Operating profit / loss	2.7	-0.8	0.0	1.9	0.7	2.6
Financial income and expenses	0.2	-0.3	0.4	0.3	-0.2	0.1
Share of associated companies' result	0.7	-0.1	-0.2	0.4	0.2	0.6
Profit / loss after financial items	3.6	-1.2	0.3	2.7	0.6	3.3
Profit / loss for the period	3.1	-1.1	0.3	2.3	0.4	2.7

CapMan

APPENDIX 1: THE CAPMAN GROUP'S FUNDS UNDER MANAGEMENT AS OF 30 SEPTEMBER 2013, MEUR

The tables below show the status of the funds managed by CapMan as of 30 September 2013. 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 30.9.2013	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	25.4	16.3	4.1	504.2	22.1		10-20%
Funds in exit and value creation phase									
FM III A	101.4	100.6	18.4	19.2	0.4	128.2		2.7	20 %
CME VII A ⁶⁾	156.7	156.7	44.1	24.2	6.7	204.5		14.0	15 %
CME Sweden ⁶⁾	67.0	67.0	18.9	10.4	2.9	86.9		7.5	15 %
CMB VIII ²⁾ ⁶⁾	440.0	397.4	203.8	300.0	1.3	169.6		402.6	12 %
CMLS IV	54.1	56.9	37.2	37.3	0.3	13.2		63.9	10 %
CMT 2007 ²⁾	99.6	75.8	31.9	31.2	1.0	44.6		61.1	10 %
CMPM	138.0	132.6	97.2	152.8	0.4	68.5		124.5	10 %
CMR	118.1	100.8	71.9	97.7	1.0	0.7		126.8	3.4 %
CMB IX	294.6	268.8	201.7	278.6	1.9	42.5		280.0	10 %
Total	1,469.5	1,356.6	725.1	951.4	15.9	758.7			
Funds in active investment phase									
CMM V	95.0	29.7	17.8	23.7	0.0	12.8			10 %
CMB X ²⁾	205.6	6.1	0.0	0.0	1.4	0.0			8 %
CMR II	97.2	14.4	11.3	11.3	1.2	0.0			8 %
Total	397.8	50.2	29.1	35.0	2.6	12.8			
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	583.5	558.8	120.3	115.9	3.0	425.4			
Total-private equity funds	2,765.3	2,274.4	899.9	1,118.6	25.6	1,701.1	22.1		



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 30.9.2013	CapMan's share of cash flow if fund generates carried interest
			At cost	At fair value		To investors	To mgmt-company		
Funds in exit and value creation phase									
CMRE I ⁵⁾									
Equity and bonds	200.0	188.5	62.6	40.7		207.8	27.4	73.5	26%
Debt-financing	300.0	276.6	70.5	70.5					
Total	500.0	465.1	133.1	111.2	2.0	207.8	27.4		
CMRE II									
Equity and bonds	150.0	119.7	110.9	116.6		26.4		155.3	12%
Debt-financing	450.0	285.4	224.3	224.3					
Total	600.0	405.1	335.2	340.9	2.4	26.4			
CMRHE									
Equity and bonds	332.5	319.9	372.6	304.8		56.7		411.8	12%
Debt-financing	617.5	542.6	506.5	506.5					
Total	950.0	862.5	879.1	811.3	7.6	56.7			
PSH Fund									
Equity and bonds	5.0	3.5	3.5	6.6		1.3		2.9	10%
Debt-financing	8.0	8.0	7.8	7.8					
Total	13.0	11.5	11.3	14.4	0.2	1.3			
Total	2,063.0	1,744.2	1,358.7	1,277.8	12.2	292.2			
Funds in active investment phase									
CMNRE									
Equity and bonds	50.1	6.5	4.7	4.6		0.0			0%
Debt financing	74.9	0.0	0.0	0.0		0.0			
Total	125.0	6.5	4.7	4.6	0.6	0.0			
Total	125.0	6.5	4.7	4.6	0.6	0.0			
Real Estate funds total	2,188.0	1,750.7	1,363.4	1,282.4	12.8	292.2	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
CMNRE	= CapMan Nordic Real Estate	SWE LS	= Swedestart Life Science
CMPM	= CapMan Public Market Fund	SWE Tech	= Swedestart Tech
CMR	= CapMan Russia Fund		

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:

The determination of the fair value of fund investments for funds investing in portfolio companies is done applying the International Private Equity and Venture Capital Valuation Guidelines ("IPEVG," www.privateequityvaluation.com), taking into account a range of factors, including the price at which an investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. These valuation methodologies involve a significant degree of management judgment.

Investments in real estate are valued at fair value based on appraisals made by independent external experts, who follow International Valuation Standards (IVS). The method most appropriate to the use of the property is always applied, or a combination of such methods.

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 and Skandia I 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 their investment focuses or portfolios differ significantly).
- 3) Currency items are valued at the average exchange rates quoted at 30 September 2013.
- 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, in the light of the market situation that 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 Group's Board of Directors made a decision early 2012 to increase Buyout investment teams' share of carried interest to better reflect the prevailing industry practices. In CapMan Buyout VIII fund the investment team's share is approximately 40%, and in CapMan Equity VII funds the investment team's share is approximately 25%.

APPENDIX 2: OPERATIONS OF CAPMAN'S FUNDS UNDER MANAGEMENT, 1 JANUARY – 30 SEPTEMBER 2013

The operations of the private equity funds managed by CapMan during the first nine months of 2013 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 three 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), mezzanine investments (CapMan Credit), and significant minority shareholdings in listed small and mid-cap companies (CapMan Public Market). The investment focus of CapMan's real estate funds is on properties in Finland and the other Nordic countries. 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 separated its mezzanine investments from CapMan Buyout during the review period and the investments are reported under "Credit." Due to the change in classification, fund investment activities for the quarter are not comparable with previous quarters where the reclassification has not been made.



CAPMAN PRIVATE EQUITY

Investments in portfolio companies in January–September 2013

CapMan's funds made two new investments and a number of add-on investments in existing portfolio companies, totalling MEUR 62.5. The new investments were made by the CapMan Buyout IX fund in Acona Holding AS and by CapMan Russia II fund in MAYKOR Group. Add-on investments were largely concentrated in portfolio companies held by CapMan's Buyout funds. Funds made three new investments and several add-on investments valued at a total of MEUR 66.5 during the corresponding period last year.

Exits from portfolio companies in January–September 2013

Funds exited IT2 Treasury Solutions, Locus Holding AS, MQ Retail AB, Tieturi Oy, Cardinal Foods AS Ontime Logistics AS and, Noleva Group Oy completely and made a partial exit from Design-Talo and Solera AS. The holding company for IT2 Treasury Solutions was liquidated in September and the funds returned capital to investors. Exits had a combined acquisition cost of MEUR 156.8. During the corresponding period last year, funds made five complete and one partial exit from portfolio companies, with a combined acquisition cost of MEUR 101.7.

Events after the close of the review period

In October 2013, the CapMan Buyout VIII and Mezzanine IV funds exited Nice Entertainment Group. CapMan Buyout VIII and CapMan Life Science funds exited Curato AS, also in October 2013.

CAPMAN REAL ESTATE

Investments in and commitments to real estate acquisitions and projects in January–September 2013

CapMan's real estate funds made two new investments in the review period. Add-on investments were made in a number of existing developments, totalling MEUR 10.3. The new investments were made by the CapMan Nordic Real Estate fund in Silverdal I - an office building in Sollentuna in the Greater Stockholm area and a mixed residential & retail portfolio located in Amagerbrogade high street in Copenhagen. In addition, real estate funds were committed to provide financing for real estate acquisitions and projects totalling MEUR 12.0 as of 30 September 2013. In the corresponding period last year, funds made a number of add-on investments totalling MEUR 26.8, while commitments to finance new projects totalled MEUR 19.0 as of 30 September 2012.

Exits from real estate investments in January–September 2013

Real estate funds exited As. Oy Kalevankatu 36 in the review period. The property had an acquisition cost of MEUR 0.3. Real estate funds made one exit in the corresponding period last year with an acquisition cost of MEUR 60.8.

Events after the close of the review period

CapMan Nordic Real Estate fund added to its existing residential & retail portfolio in Copenhagen with the acquisition of two more properties located along Amagerbrogade high street.



FUND INVESTMENT ACTIVITIES IN FIGURES

Investments and exits made by funds at acquisition cost, MEUR

	1-9/2013	1-9/2012	1-12/2012
New and add-on investments			
Funds investing in portfolio companies	62.5	66.5	75.8
Buyout	38.5	31.7	36.1
Credit	2.5	6.3	6.3
Russia	14.4	18.9	20.5
Public Market	0.0	0.2	0.2
Other	7.1	9.4	12.7
Real estate funds	10.3	26.8	29.8
Total	72.8	93.3	105.6
Exits*			
Funds investing in portfolio companies	156.7	101.8	104.1
Buyout	121.4	88.1	88.1
Credit	9.0	0.0	0.0
Russia	0.6	0.0	0.0
Public Market	3.2	0.0	1.4
Other	22.5	13.7	14.6
Real estate funds	0.3	60.8	60.8
Total	157.0	162.6	164.9

* 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 12.0 as of 30 September 2013.

Funds' combined portfolio* as of 30 September 2013, MEUR

	Portfolio at acquisition cost	Portfolio at fair value	Share of portfolio (fair value) %
Funds investing in portfolio	899.6	1,117.9	46.6
Real estate funds	1,363.5	1,282.4	53.4
Total	2,263.1	2,400.3	100.0
Funds investing in portfolio			
Buyout	564.9	734.5	65.7
Credit	17.8	23.7	2.1
Russia	83.2	109.0	9.7
Public Market	97.2	152.8	13.7
Other	136.5	97.9	8.8
Total	899.6	1,117.9	100.0

* Total of all investments of funds under management.

CapMan

Remaining investment capacity

After deducting actual and estimated expenses, funds investing in portfolio companies had a remaining investment capacity amounting to some MEUR 743 for new and add-on investments as of 30 September 2013. Of their remaining capital, approx. MEUR 447 was earmarked for buyout investments (incl. mezzanine investments), approx. MEUR 68 for investments by the Credit team, approx. MEUR 64 for technology investments, approx. MEUR 6 for life science investments, approx. MEUR 121 for investments by the CapMan Russia team, and approx. MEUR 37 for investments by the CapMan Public Market team. Real estate funds had a remaining investment capacity of approx. MEUR 178, which has been reserved for new investments and for the development of funds' existing investments.



APPENDIX 3: DESCRIPTION OF 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 classes⁶, 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: 1) a Management Company business and 2) a Fund Investment business.

1) Management Company 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 Nordic real estate.

The Management Company business has two main sources of income. Fund investors pay a management fee to CapMan (typically 0.5-2.0% 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.

2) Fund Investment business

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.

⁶ Bain & Company, Global Private Equity Report 2013

