CAPMAN GROUP'S
INTERIM REPORT
1 JANUARY – 31 MARCH 2013

CapMan Group's Interim Report for 1 January–31 March 2013

Performance and main events for the review period:

- Group turnover totalled MEUR 6.8 (January - March 2012: MEUR 6.7).
- The Group's operating profit was MEUR 2.0 (MEUR 2.7).
- The Management Company business recorded an operating profit/loss of MEUR 1.4 (loss of MEUR 0.6). The Fund Investment business recorded an operating profit of MEUR 3.5 (MEUR 3.4).
- Profit before taxes was MEUR 2.7 (MEUR 3.6) and profit after taxes was MEUR 2.6 (MEUR 3.1).
- Profit for the review period was MEUR 2.6 (MEUR 3.1). Earnings per share were 2.3 cents (2.9 cents).
- Capital under management as of 31 March 2013 totalled MEUR 3,250.1 (31 March 2012: MEUR 3,034.5).
- CapMan held first closings of MEUR 50.1 and MEUR 97.2 for the CapMan Nordic Real Estate and CapMan Russia II funds during the review period.

CapMan maintains 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.

Niko Haavisto, CEO:

> ”We achieved important milestones in our business in the first months of 2013. In March, we established the CapMan Nordic Real Estate and CapMan Russia II funds, which provide a good foundation for the future development of our operations. The timing of the first closings coupled with certain one-time expenses impacted the profitability of the Management Company business during the quarter. Management fees are determined based on fund size, and fundraising for our new funds continues. As investors value established fund managers in an uncertain economy, we are confident that our more than 20 years of experience becomes a significant competitive advantage in this environment.
>
> Our funds have been active on the exit front despite a weak M&A market in the beginning of the year. Our turnover increased from the comparable period last year as our funds made a complete exit from MQ Retail AB. In April, our funds agreed to exit Cardinal Foods completely with excellent returns, and the carried interest totalling MEUR 1.5 for CapMan is accounted for as the transaction closes. Our funds' portfolio companies have continued to develop well and the fair value changes of our own fund investments were positive as a result.
>
> As noted already in February, the ongoing structural changes in the financial markets present us with intriguing M&A opportunities. We are also aiming at lowering our total financing costs through the repayment of our hybrid bond.”

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 1) Management Company business and a 2) 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 real estate.

   The Management Company business has two 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.

Group turnover and result for January–March 2013

The Group's turnover during the first quarter 2013 grew by 1.9% from the corresponding quarter last year and totalled MEUR 6.8 (Q1 2012: MEUR 6.7). Turnover for the quarter was impacted by lower management fees compared to 2012.

Operating expenses increased from the review period and totalled MEUR 8.4 (MEUR 7.5). Expenses for the review period included approx. MEUR 1 non-recurring expenses related to the change in CapMan's CEO and the establishment of the CapMan Nordic Real Estate fund.

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[1] Bain & Company, Global Private Equity Report 2013

The Group recorded an operating profit of MEUR 2.0 (MEUR 2.7), which represented a decrease of 33.0% from the comparable period. The decrease in operating profit from the comparable period was mainly due to higher operating expenses.

Financial income and expenses amounted to MEUR 0.2 (MEUR 0.2). CapMan's share of the profit of its associated companies was MEUR 0.5 (MEUR 0.7). Profit before taxes was MEUR 2.7 (MEUR 3.6) and profit after taxes was MEUR 2.6 (MEUR 3.1). Earnings per share were 2.3 cents (2.9 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 quarter totalled MEUR 6.8 (MEUR 6.7). Management fees decreased compared to the corresponding quarter and totalled MEUR 5.8 (MEUR 6.2) due to exits and as the newly established funds started to generate management fees only at the end of the review period.

Carried interest income totalled MEUR 0.4 (MEUR 0.0) and was received from the CapMan Equity VII B fund, following the exit from MQ Retail AB.

Other income included in turnover was MEUR 0.6 (MEUR 0.5) for the quarter 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 1.4 (loss of MEUR 0.6) and a loss for the quarter of MEUR 1.2 (loss of MEUR 0.5). 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 - March 2013 were MEUR 3.6 (MEUR 3.5) and represented a 4.7% increase in value during the period (4.8% increase in value during the first quarter of 2012). The positive trend was a result of favourable financial development of portfolio companies, increases in market cap of listed portfolio companies and ongoing exit processes during the first quarter. 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 March 2013 was MEUR 79.2 (31 March 2012: MEUR 74.6).

Operating profit for the Fund Investment business was MEUR 3.5 (MEUR 3.4) and profit for the year MEUR 3.8 (MEUR 3.6). 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 2.9 (MEUR 2.1) in its funds during the first quarter of 2013. The majority of this was allocated to the CapMan Buyout IX fund. CapMan received distributions from funds totalling MEUR 1.3 (MEUR 0.8). The majority of the distributions came from the CapMan Buyout VIII A, CapMan Equity VII A and Swedestart Tech funds as a result of the exit from MQ Retail AB and Locus Holding AS. 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 totalled MEUR 24.3 as of 31 March 2013 (31 March 2012: MEUR 23.3). The aggregate fair value of existing investments and remaining commitments as of the same date was MEUR 103.5 (MEUR 97.9). 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 March 2013

CapMan's balance sheet totalled MEUR 140.1 as of 31 March 2013 (31 March 2012: MEUR 141.8). Non-current assets amounted to MEUR 121.2 (MEUR 117.0), of which the carrying amount of goodwill totalled MEUR 6.2 (MEUR 6.2).

Fund investments booked at fair value totalled MEUR 79.2 (MEUR 74.6). Long-term receivables amounted to MEUR 20.0 (MEUR 19.7), of which MEUR 18.2 (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 18.2 (MEUR 21.3). Liquid assets (cash in hand and at banks, plus other financial assets at fair value through profit and loss) amounted to MEUR 10.6 (MEUR 13.0). The decrease in liquid assets was mainly due to the timing of exits.

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. According to the terms of the loan, CapMan has an opportunity to repay the loan as of December 2013. CapMan Plc had a bank financing package totalling MEUR 45.0 (MEUR 41.3) available as of 31 March 2013, of which MEUR 32.2 (MEUR 31.3) was utilised. Trade and other payables totalled MEUR 18.7 (MEUR 22.9). The Group's interest-bearing net debts amounted to MEUR 21.9 (MEUR 19.0).

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 March 2013.

The Group's cash flow from operations totalled MEUR 4.4 for the review period (MEUR 0.9). 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 -0.8 (MEUR -1.1) and includes, *inter alia*, fund investments and repaid capital received by the Group. Cash flow before financing totalled MEUR 3.6 (MEUR -0.2), while cash flow from financing was MEUR 0.0 (MEUR -9.1).

Key figures 31 March 2013

CapMan's equity ratio was 64.2% as of 31 March 2013 (31 March 2012: 61.4%), its return on equity 12.3% (14.5%), and its return on investment 10.6% (13.1%). The target levels for the company's equity ratio and return on equity are at least 60% and over 20%, respectively.

Key figures

	31.3.13	31.3.12	31.12.12
Earnings per share, cents	**2.3**	2.9	0.3
Diluted, cents	**2.3**	2.9	0.3
Shareholders' equity / share, cents *	**101.8**	98.8	98.6
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, %	**12.3**	14.5	3.0
Return on investment,%	**10.6**	13.1	4.2
Equity ratio,%	**64.2**	61.4	63.1
Net gearing,%	**25.5**	22.8	30.7

*) 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 31 March 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.

CapMan held the first closing for the CapMan Nordic Real Estate and CapMan Russia II funds at MEUR 50.1 and MEUR 97.2 during the first quarter of 2013. CapMan held the first closing for the CapMan Buyout X fund in November 2012. CapMan continues fundraising for all three funds.

CapMan expects fundraising conditions to remain challenging in the near future. There are more funds in the market compared to last year and fund investors are increasingly selective in making investment decisions. Due to the prolonged economic uncertainty, exit markets remain unpredictable and reduce capital repayments to investors, which in turn impede 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. CapMan has therefore increased its focus on new investor groups.

Capital under management was MEUR 3,250.1 as of 31 March 2013 (31 March 2012: MEUR 3,034.5). The increase is attributable to the establishment of the CapMan Buyout X, CapMan Nordic Real Estate and CapMan Russia II funds. Of the total capital under management, MEUR 1,760.1 (MEUR 1,590.1) was held in funds making investments in portfolio companies and MEUR 1,490.1 (MEUR 1,443.9) in real estate funds.

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

Decisions taken by the Annual General Meeting

The Annual General Meeting (AGM) of CapMan Plc was held in Helsinki on 20 March 2013. The AGM approved the annual accounts for the 2012 financial year and discharged the company's Board of Directors and Chief Executive Officer from liability. The AGM approved all the proposals presented by the Board of Directors to the AGM. The AGM decided, in accordance with the proposal of the Board of Directors, that no dividend will be distributed for the financial year 2012.

The AGM elected six members to the Board of Directors for a term of office expiring at the end of the next AGM. Koen Dejonckheere, Karri Kaitue, Nora Kerppola, Claes de Neergaard, and Heikki Westerlund were re-elected, and Ari Tolppanen was elected as a new member.

PricewaterhouseCoopers Oy, authorized public accountants, was re-elected auditor of the company, with Mikko Nieminen as responsible auditor.

More details on the decisions taken at the meeting can be found in the stock exchange release issued on 20 March 2013.

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.

Organizing meeting held by the Board of Directors

At its organizing meeting held on 20 March 2013, the Board of Directors elected Heikki Westerlund as Chairman and Karri Kaitue as Vice Chairman. Karri Kaitue (Chairman) and Nora Kerppola were elected to the Board’s Audit Committee; Nora Kerppola (Chairwoman), Koen Dejonckheere, and Claes de Neergaard were elected to the Remuneration Committee; and Heikki Westerlund (Chairman), Koen Dejonckheere, and Ari Tolppanen were elected to the Nomination Committee.

Other events during the review period

Funds managed by CapMan completed the exit from MQ Retail AB. The impact of the sale on CapMan’s result was MEUR 0.4 in carried interest income from the CapMan Equity VII B fund.

Funds managed by CapMan exited IT2 Treasury Solutions in January 2013 and Locus Holding AS in February 2013.

Lennart Simonsen resigned as CEO of CapMan as of 8 February 2013 and Niko Haavisto, CFO, was elected CEO for the interim period.

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 of other debt financing products.

Events after the end of the review period

Funds managed by CapMan agreed to exit Cardinal Foods AS in April 2013. The transaction contributes a total of MEUR 1.9 to CapMan’s result for 2013, of which the net carry impact of MEUR 1.5 is recorded at close. The cash flow impact from the transaction is MEUR 3.7 for 2013. The transaction is expected to close by 1 July 2013.

In April 2013, funds managed by CapMan completed the exit from Tieturi Oy. Carried interest income of MEUR 0.2 from the Finnventure Rahasto V and CapMan Equity VII B funds was booked in the second quarter of 2013. The Finnventure Rahasto V ET fund will terminate its activities as a result, as Tieturi Oy was the last investment of the fund.

Personnel

CapMan employed a total of 105 people as of 31 March 2013 (31.3.2012: 115), of whom 67 (78) 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 quarter of 2013. Share capital totalled EUR 771,586.98 as of 31 March 2013. The number of B shares was 78,531,766 and that of A shares 5,750,000 as of 31 March 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 0.3% during the first quarter of 2013 and totalled 6,043 as of 31 March 2013 (31 March 2012: 6,063).

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 March 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 20,776 as of 31 March 2013 (31 March 2012: EUR 27,614). No changes occurred in the number of shares held by CapMan Plc during the quarter.

Stock option programmes

As of 31 March 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. The share subscription price of the 2008A options is EUR 2.46 and of the 2008B option EUR 0.89. The subscription period for 2008B options started on 1 May 2012. Receivables from shares subscribed to under these options will be entered in the company's unrestricted shareholders' equity. As of 31 March 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 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 had been allocated as of 31 March 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 0.79 on 31 March 2013 (31 March 2012: EUR 1.05). The average price during the quarter was EUR 0.85 (EUR 1.10). The highest price paid was EUR 0.94 (EUR 1.15) and the lowest EUR 0.79 (EUR 1.02). The number of CapMan Plc B shares traded totalled 2.8 million (7.4 million), valued at MEUR 2.5 (MEUR 7.8).

The market capitalisation of CapMan Plc B shares as of 31 March 2013 was MEUR 62.0 (31 March 2012: MEUR 82.5). The market capitalisation of all company shares, including A shares valued at the closing price of B shares, was MEUR 66.6 (MEUR 88.5).

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

High return expectations attract both existing and new investor groups to private equity funds, which have maintained their popularity over the past few years. According to a survey by Preqin, respondents are looking to either increase their investment allocations into private equity in 2013 or maintain allocations at last year's levels. 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 this year.[2]

Despite the positive investor attitudes, the first quarter of 2013 was an extension of the zero-growth environment that characterised private equity markets last year. Low growth expectations in Europe have held back M&A activity in the region and the number and value of deals fell from the previous quarter.[3] However, some areas of positive development stand out. In addition to lending provided by banks, increases in debt arrangements outside the banking sector provide liquidity that supports the execution of transactions.[4]

Fundraising remains a challenge. The magnitude of funds in the market allows investors to be more discerning when making investment decisions, with investors choosing to invest in funds raised by more experienced fund managers. As a result, first-time funds accounted for only 6% of total capital raised in the first quarter of 2013.[5]

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[2] Preqin Investor Outlook: Private Equity, H1 2013
[3] The Preqin Quarterly: Private Equity Q1 2013, April 2013
[4] E&Y Multiple: European buyouts watch – January 2013
[5] Preqin Q1 2013 Private Equity Fundraising April 2013

Scarce exit opportunities provide one explanation for the extended fundraising cycles. A significant portion of capital allocated for private equity investments remains tied up in investments made during the boom years of 2005 - 2007, from which exits have been slower than anticipated due to the uncertain economy. The return of invested capital to investors as a result of exits would free up capital and enable investors to make new commitments into funds currently under fundraising.[6] New investor groups have emerged alongside traditional private equity investors, and the importance of these new investors are becoming increasingly pronounced for successful fundraising.

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 the first quarter of 2013, the volume of real estate transactions in Finland decreased to BEUR 0.3 from BEUR 0.5 in the corresponding quarter last year.[7] In Sweden, the transaction volume decreased by nearly 40% to approx. BEUR 1,9 for the same review period. Investors in Finland and Sweden continued to focus mainly on prime real estate targets with stable rents. For this reason, the yield gap between prime and secondary assets continued to increase. Rents were generally stable in the Nordic countries during the first quarter of this year, while vacancy rates were edging higher, with an exception of CBD areas in capital cities.[8] Availability of traditional senior financing remained scarce, although some signs of a recovery in respect were noticeable. The interest for Nordic real estate has remained relatively high in a review by INREV, among other sources.

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. CapMan is currently assessing the impact of the regulation on its operations, but evaluates that its organisation and operating model enables it to comply with the requirements of these new regulations, should they be 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 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.

[6] Bain & Company Global Private Equity Report 2013
[7] KTI Transactions information service – April 2013
[8] Jones Lang Lasalle Nordic City Report Spring 2013

The CapMan Group will publish its Interim Report for 1 January - 30 June 2013 on Thursday, 8 August 2013.

Helsinki, 3 May 2013

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Appendices (after the Tables section):

Appendix 1: The CapMan Group's funds under management as of 31 March 2013, MEUR
Appendix 2: Operations of CapMan's funds under management, 1 January – 31 March 2013

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)	**1-3/13**	1-3/12	1-12/12
Turnover	**6,806**	6,676	27,304
Other operating income	**0**	0	216
Personnel expenses	**-4,635**	-4,332	-17,411
Depreciation and amortisation	**-179**	-195	-822
Other operating expenses	**-3,595**	-2,922	-12,017
Fair value gains / losses of investments	**3,643**	3,487	5,333
Operating profit	**2,040**	2,714	2,603
Financial income and expenses	**179**	218	131
Share of associated companies' result	**522**	689	598
Profit before taxes	**2,741**	3,621	3,332
Income taxes	**-152**	-507	-624
Profit for the period	**2,589**	3,114	2,708
Other comprehensive income:			
Translation differences	**111**	5	5
Total comprehensive income	**2,700**	3,119	2,713
Profit attributable to:			
Equity holders of the company	**2,589**	3,114	2,708
Non-controlling interests	**0**	0	0
Total comprehensive income attributable to:			
Equity holders of the company	**2,700**	3,119	2,713
Non-controlling interests	**0**	0	0
Earnings per share for profit attributable to the equity holders of the Company:			
Earnings per share, cents	**2.3**	2.9	0.3
Diluted, cents	**2.3**	2.9	0.3

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

GROUP BALANCE SHEET (IFRS)

€ ('000)	**31.3.13**	31.3.12	31.12.12
ASSETS			
Non-current assets			
Tangible assets	**331**	401	364
Goodwill	**6,204**	6,204	6,204
Other intangible assets	**1,372**	1,913	1,491
Investments in associated companies	**9,560**	9,174	8,954
Investments at fair value through profit and loss			
Investments in funds	**79,166**	74,580	74,465
Other financial assets	**99**	599	99
Receivables	**20,007**	19,703	19,957
Deferred income tax assets	**4,423**	4,464	4,578
	121,162	117,038	116,112
Current assets			
Trade and other receivables	**7,602**	8,357	8,532
Other financial assets at fair value through profit and loss	**365**	373	365
Cash and bank	**10,223**	12,577	6,625
	18,190	21,307	15,522
Non-current assets held for sale	**748**	3,501	848
Total assets	**140,100**	141,846	132,482

€ ('000)	**31.3.13**	31.3.12	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	**154**	43	43
Retained earnings	**7,039**	4,682	4,450
Total equity	**85,747**	83,279	83,047
Non-current liabilities			
Deferred income tax liabilities	**2,289**	2,542	2,313
Interest-bearing loans and borrowings	**22,678**	25,654	22,678
Other liabilities	**930**	1,172	1,241
	25,897	29,368	26,232

Current liabilities			
Trade and other payables	**18,671**	22,949	13,219
Interest-bearing loans and borrowings	**9,785**	6,250	9,785
Current income tax liabilities	**0**	0	199
	28,456	29,199	23,203
Total liabilities	**54,353**	58,567	49,435
Total equity and liabilities	**140,100**	141,846	132,482

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	9,784	88,241	0	88,241
Options			135		145	280		280
Dividends					-5,898	-5,898		-5,898
Hybrid bond, interest (net of tax)					-2,463	-2,463		-2,463
Copmrehensive profit				5	3,114	3,119		3,119
Equity on 31 March 2012	772	38,968	38,814	43	4,682	83,279	0	83,279
Equity on 1 January 2013	772	38,968	38,814	43	4,450	83,047	0	83,047
Copmrehensive profit				111	2,589	2,700		2,700
Equity on 31 March 2013	**772**	**38,968**	**38,814**	**154**	**7,039**	**85,747**	**0**	**85,747**

STATEMENT OF CASH FLOW (IFRS)

€ ('000)	**1-3/13**	1-3/12	1-12/12
Cash flow from operations			
Profit for the financial year	**2,589**	3,114	2,708
Adjustments	**-3,349**	-3,014	-240
Cash flow before change in working capital	**-760**	100	2,468
Change in working capital	**5,739**	1,172	-6,875
Financing items and taxes	**-541**	-369	-4,351
Cash flow from operations	**4,438**	903	-8,758
Cash flow from investments	**-840**	-1,087	862
Cash flow before financing	**3,598**	-184	-7,896
Dividends paid	**0**	-5,898	-5,898
Other net cash flow	**0**	-3,228	-1,468
Financial cash flow	**0**	-9,126	-7,366
Change in cash funds	**3,598**	-9,310	-15,262
Cash funds at start of the period	**6,625**	21,887	21,887
Cash funds at end of the period	**10,223**	12,577	6,625

Segment information

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

1-3/2013	**Management Company business**			**Fund Investment business**	**Total**
€ ('000)	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	**5,141**	**1,665**	**6,806**	**0**	**6,806**
Operating profit/loss	**-1,031**	**-399**	**-1,430**	**3,470**	**2,040**
Profit/loss for the financial year	**-803**	**-399**	**-1,202**	**3,791**	**2,589**
Assets	**7,628**	**378**	**8,006**	**113,156**	**121,162**
Total assets includes:					
Investments in associated companies	**0**	**0**	**0**	**9,560**	**9,560**
Non-current assets held for sale	**748**	**0**	**748**	**0**	**748**

1-3/2012	**Management Company business**			**Fund Investment business**	**Total**
€ ('000)	CapMan Private Equity	CapMan Real Estate	Total		
Turnover	4,950	1,726	6,676	0	6,676
Operating profit/loss	-420	-228	-648	3,362	2,714
Profit/loss for the financial year	-296	-228	-524	3,638	3,114
Assets	8,012	1,104	9,116	107,922	117,038
Total assets includes:					
Investments in associated companies	0	0	0	9,174	9,174
Non-current assets held for sale	3,501	0	3,501	0	3,501

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

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 EUR 5.9 million, was paid for the year 2011. The dividend was paid to the shareholders on 26 March 2012.

Non-current assets

€ ('000)	**31.3.13**	31.3.12	31.12.12
Investments in funds at fair value through profit and loss at Jan 1	**74,465**	70,167	70,167
Additions	**2,902**	2,144	6,333
Distributions	**-1,280**	-781	-4,042
Fair value gains/losses on investments	**3,079**	3,050	2,007
Investments in funds at fair value through profit and loss at end of the period	**79,166**	74,580	74,465

Investments in funds at fair value through profit and loss at the end of period	**31.3.13**	31.3.12	31.12.12
Buyout	**42,908**	40,987	39,562
Credit	**3,583**	3,660	3,647
Russia	**4,464**	3,149	4,202
Public Market	**4,866**	4,066	4,009
Real Estate	**7,005**	6,336	6,862
Other	**12,232**	11,910	11,833
Access	**4,108**	4,472	4,350
In total	**79,166**	74,580	74,465

The Group's assets measured at fair value at 31 March 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		30	2,872	2,902
Distributions		-102	-1,178	-1,280
Fair value gains/losses on investments		930	2,149	3,079
at the end of period		4,866	74,300	79,166

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)	**31.3.13**	31.3.12	31.12.12
Receivables - non-current at end of review period	**18,157**	18,685	18,721
Receivables - current at end of review period	**337**	538	691

Non-current liabilities

€ ('000)	**31.3.13**	31.3.12	31.12.12
Interest bearing loans at end of review period	**22,678**	25,654	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	**31.3.13**	31.3.12	31.12.12
Finland	**67**	78	71
Sweden	**17**	15	16
Norway	**8**	8	8
Russia	**12**	13	13
Luxembourg	**1**	1	1
In total	**105**	115	109

Commitments

€ ('000)	**31.3.13**	31.3.12	31.12.12
Leasing agreements	**6,446**	6,956	6,885
Securities and other contingent liabilities	**65,095**	66,766	65,599
Remaining commitments to funds	**24,322**	23,304	22,456
Remaining commitments by investment area			
Buyout	**9,070**	8,759	10,786
Credit	**4,401**	4,879	4,540
Russia	**2,960**	1,795	1,023
Public Market	**1,029**	1,091	1,059
Real Estate	**3,153**	857	813
Other	**2,462**	3,999	2,975
Access	**1,247**	1,924	1,260
In total	**24,322**	23,304	22,456

Turnover and profit quarterly

2013

MEUR	**1-3/13**
Turnover	**6.8**
Management fees	**5.8**
Carried interest	**0.4**
Other income	**0.6**
Other operating income	**0.0**
Operating expenses	**-8.4**
Fair value gains of investments	**3.6**
Operating profit	**2.0**
Financial income and expenses	**0.2**
Share of associated companies' result	**0.5**
Profit before taxes	**2.7**
Profit for the period	**2.6**

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 / losses of investments	3.5	0.3	-0.3	1.8	5.3
Operating profit	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 after financial items	3.6	-1.2	0.3	0.6	3.3
Profit for the period	3.1	-1.1	0.3	0.4	2.7

APPENDIX 1: THE CAPMAN GROUP'S FUNDS UNDER MANAGEMENT AS OF 31 MARCH 2013, MEUR

The tables below show the status of the funds managed by CapMan as of 31 March 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 31.3.2013	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	29.4	23.9	4.4	494.3	19.6		10-20%
Funds in exit and value creation phase									
FM III A	101.4	100.6	18.4	13.2	2.2	126.7		4.1	20 %
CME VII A [6)]	156.7	156.7	47.7	43.4	7.6	183.7		34.0	15 %
CME Sweden [6)]	67.0	67.0	20.4	18.6	3.3	78.0		16.0	15 %
CMB VIII [2) 6)]	440.0	395.6	252.4	309.0	1.4	169.6		385.6	12 %
CMLS IV	54.1	53.9	34.7	38.9	0.2	13.2		58.5	10 %
CMT 2007 [2)]	99.6	73.9	40.7	61.8	1.8	10.3		90.0	10 %
CMPM	138.0	131.8	98.8	138.8	0.4	61.8		115.5	10 %
CMR	118.1	97.7	70.3	94.8	0.8	0.4		119.6	3.4 %
CMB IX	294.6	260.4	217.4	286.0	3.1	13.4		289.8	10 %
Total	1,469.5	1,337.6	800.8	1,004.5	20.8	657.1			
Funds in active investment phase									
CMM V	95.0	29.4	26.8	31.5	1.2	2.3			10 %
CMB X	151.8	3.1	0.0	0.0	1.4	0.0			8 %
CMR II	97.2	0.0	0.0	0.0	0.0	0.0			8 %
Total	344.0	32.5	26.8	31.5	2.6	2.3			
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	588.6	563.2	148.6	120.2	7.7	421.4			
Total- private equity funds	**2,716.6**	**2,242.1**	**1,005.6**	**1,180.1**	**35.5**	**1,575.1**	**19.6**		

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 31.3.2013	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	60.4	43.6		207.8	27.4	71.7	26%
Debt-financing	300.0	276.6	70.5	70.5					
Total	500.0	465.1	130.9	114.1	2.5	207.8	27.4		
CMRE II									
Equity and bonds	150.0	119.7	110.4	117.9		23.4		153.0	12%
Debt-financing	450.0	285.4	224.3	224.3					
Total	600.0	405.1	334.7	342.2	-0.2	23.4			
CMRHE									
Equity and bonds	332.5	319.9	371.4	309.1		48.7		401.4	12%
Debt-financing	617.5	542.6	506.5	506.5					
Total	950.0	862.5	877.9	815.6	1.2	48.7			
PSH Fund									
Equity and bonds	5.0	3.5	3.5	6.2		1.0		3.1	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**	**1,354.8**	**1,285.9**	**3.6**	**280.9**			
Funds in active investment phase									
CMNRE									
Equity and bonds	50.1	0.0	0.0	0.0		0.0			
Debt financing	74.9	0.0	0.0	0.0		0.0			
Total	125.0				0.0	0.0			
Total	**125.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**			
Real Estate funds total	**2,188.0**	**1,744.2**	**1,354.8**	**1,285.9**	**3.6**	**280.9**	**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
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 (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 March 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 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%.

APPENDIX 2: OPERATIONS OF CAPMAN'S FUNDS UNDER MANAGEMENT, 1 JANUARY – 31 MARCH 2013

The operations of the private equity funds managed by CapMan during the first three 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–March 2013

CapMan's funds made one new investments and a number of add-on investments in existing portfolio companies, totalling MEUR 36.1. The new investment was made by the CapMan Buyout IX fund in Acona Holding AS. Add-on investments were largely concentrated in portfolio companies held by CapMan's Buyout funds. Funds made add-on investments valued at a total of MEUR 14.1 during the corresponding quarter last year.

Exits from portfolio companies in January–March 2013

Funds exited IT2 Treasury Solutions, Locus Holding AS and MQ Retail AB completely. Exits had a combined acquisition cost of MEUR 23.2. During the corresponding quarter last year, funds made one complete and two partial exits from portfolio companies, with a combined acquisition cost of MEUR 42.4.

Events after the close of the review period

CapMan Equity VII A, B and Sweden funds, the CapMan Mezzanine IV fund, and the Finnmezzanine Rahasto III A and B funds exited Cardinal Foods AS in April 2013. The transaction contributes a total of MEUR 1.9 to CapMan's result for 2013, of which the net carry impact of MEUR 1.5 is recorded at close. The cash flow impact from the transaction is MEUR 3.7 for 2013. The transaction is expected to close by 1 July 2013.

CapMan Equity VII A, B, C and Sweden funds, and Finnventure Rahasto V and V ET funds exited Tieturi Oy in April 2013. Carried interest income of MEUR 0.2 from the Finnventure Rahasto V and CapMan Equity VII B funds was booked in the second quarter of 2013. The Finnventure Rahasto V ET fund will terminate its activities as a result, as Tieturi Oy was the last investment of the fund.

CAPMAN REAL ESTATE

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

CapMan's real estate funds did not make any new investments in the review period. Add-on investments were made in a number of existing developments, totalling MEUR 1.6. In addition, real estate funds were committed to provide financing for real estate acquisitions and projects totalling MEUR 12 as of 31 March 2013. In the corresponding quarter last year, funds made a number of add-on investments totalling MEUR 8.4, while commitments to finance new projects totalled MEUR 39.0 as of 31 March 2012.

Exits from real estate investments in January–March 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 no exits in the corresponding quarter last year.

Events after the close of the review period

CapMan Plc's investment in an office building in the Greater Stockholm area was transferred to the CapMan Nordic Real Estate fund following the establishment of the fund.

FUND INVESTMENT ACTIVITIES IN FIGURES

Investments and exits made by funds at acquisition cost, MEUR

	1-3/2013	1-3/2012	1-12/2012
New and add-on investments			
Funds investing in portfolio companies	36.1	14.1	75.8
Buyout	30.4	12.7	36.1
Credit	2.5	0.0	6.3
Russia	1.3	0.0	20.5
Public Market	0.0	0.0	0.2
Other	1.9	1.4	12.7
Real estate funds	1.6	8.4	29.8
Total	**37.7**	**22.5**	**105.6**
Exits*			
Funds investing in portfolio companies	25.4	42.4	104.1
Buyout	14.2	38.5	88.1
Credit	0.0	0.0	0.0
Russia	0.4	0.0	0.0
Public Market	1.6	0.0	1.4
Other	9.2	3.9	14.6
Real estate funds	0.3	0.0	60.8
Total	**25.7**	**42.4**	**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 31 March 2013.

Funds' combined portfolio* as of 31 March 2013, MEUR

	Portfolio at acquisition cost	**Portfolio at fair value**	**Share of portfolio (fair value) %**
Funds investing in portfolio companies	1,005.6	1,181.2	47.9
Real estate funds	1,354.8	1,285.9	52.1
Total	**2,360.4**	**2,467.1**	**100.0**
Funds investing in portfolio companies			
Buyout	664.0	781.4	66.1
Credit	26.8	31.5	2.7
Russia	70.3	94.8	8.0
Public Market	98.8	138.8	11.8
Other	145.7	134.7	11.4
Total	**1,005.6**	**1,181.2**	**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 715 for new and add-on investments as of 31 March 2013. Of their remaining capital, approx. MEUR 401 was earmarked for buyout investments (incl. mezzanine investments), approx. MEUR 68 for investments by the Credit team, approx. MEUR 67 for technology investments, approx. MEUR 9 for life science investments, approx. MEUR 135 for investments by the CapMan Russia team, and approx. MEUR 35 for investments by the CapMan Public Market team. Real estate funds had a remaining investment capacity of approx. MEUR 185, which has been reserved for new investments and for the development of funds' existing investments.