

# CapMan Plc Group Interim Report 1 January – 30 September 2007

## Impact of own fund investments at a substantial level

- The Group's turnover increased to MEUR 43.6 (MEUR 29.0 in January-September 2006)
- Operating profit totalled MEUR 31.4 (MEUR 12.0)
- Carried interest amounted to MEUR 22.4 (MEUR 7.5) mainly as a result of carried interest received from CapMan Real Estate I fund.
- The impact of Company's own fund investments was MEUR 7.9 (MEUR 3.4), of which fair value gains of investments amounted to MEUR 7.5 (MEUR 2.7).
- Profit before taxes was MEUR 34.0 (MEUR 12.6).
- Profit after taxes amounted to MEUR 25.5 (MEUR 9.5).
- Profit attributable to the parent company shareholders totalled MEUR 19.8 (MEUR 9.3), of which earnings per share were EUR 0.25 (EUR 0.12)
- Capital under management totalled MEUR 3,019.3 on 30 September 2007 (MEUR 2,598.3 on 30 September 2006)
- The value of investments announced by CapMan funds during the review period amounted to MEUR 539.9. Investments in portfolio companies totalled MEUR 152.0 (MEUR 110.8), and investments in and commitments to finance real estate assets amounted to MEUR 387.9 (MEUR 74.4).
- The Group's profit before taxes for 2007 will clearly exceed the 2006 figure.

## Business

CapMan is an alternative asset manager and its core business is private equity fund management and advisory services. The funds under management invest mainly in unlisted Nordic companies or real estate assets. CapMan Plc's income derives from management fees from the funds, carried interest from funds generating carried interest, returns on direct fund investments made from CapMan Plc's own balance sheet, and returns on real estate consulting.

### CapMan Plc's business areas

CapMan has two business areas: CapMan Private Equity (management of private equity funds making investments in portfolio companies) and CapMan Real Estate (management of private equity funds making real estate investments and providing real estate consulting). The funds investing in portfolio companies focus mainly on the Nordic countries in three investment areas: middle market buyouts (CapMan Buyout); technology investments (CapMan Technology); and life science investments (CapMan Life Science). The private equity real estate funds focus on real estate targets in Finland.

Information about each business area is reported in its own segment in the Interim Reports. The associated company Access Capital Partners has been included in the Group's figures under CapMan Private Equity. As far as funds are concerned, Access Capital Partner's figures are presented separately.

### Turnover and financial performance in January-September 2007

CapMan's turnover for the review period increased to MEUR 43.6 (MEUR 29.0 for the comparison period), mainly as a result of the growth in carried interest income.

The amount of management fees paid by the funds, MEUR 18.5 (MEUR 18.7), remained at the level as the comparison period. CapMan started receiving management fees from CapMan Technology 2007 and CapMan RE II funds during the review period, whereas the amount of fees received from older funds decreased due to exits implemented after the comparison period. Carried interest income received by CapMan totalled MEUR 22.4 (MEUR 7.5). The sale of CapMan Real Estate I fund's portfolio accrued carried interest totalling MEUR 21.0, of which the share belonging to the parent company shareholders was MEUR 13.4. The remaining MEUR 1.4 was accrued from carried interest income received from other funds generating carry.

The impact of fund investments made from CapMan's own balance sheet totalled MEUR 7.9 (MEUR 3.4). Realised returns on the investments were MEUR 0.4 (MEUR 0.7), and fair value gains/losses relating to fund investments were MEUR 7.5 (MEUR 2.7). The gains in fair value were influenced by the value creation in Moventas Oy, from which CapMan Equity VII fund made a partial exit during the review period, and by value creation in other portfolio companies of CapMan Equity VII fund, in portfolio companies of CapMan Buyout VIII fund and in the funds managed/advised by the associated company Access Capital Partners. The main value creation driver in CapMan funds' investment operations is increase in portfolio companies' sales, which is supported by increase in profitability and exploitation of market conditions. The aggregate fair value of all fund investments made from CapMan's own balance sheet was MEUR 46.6 at 30 September 2007.

Returns on real estate consulting operations totalled MEUR 1.6 (MEUR 1.4) and other operating income within turnover was MEUR 0.7 (MEUR 0.6). Operating expenses were MEUR 19.8 (MEUR 20.3). The fall in expenses is mostly due to one-off fundraising expenses and bonus allocation differences in the comparative period. Comparable operating expenses have increased by some 5% against the comparison period.

The Group's operating profit increased to MEUR 31.4 (MEUR 12.0). The share from the associated companies' result increased to MEUR 1.9 (MEUR 0.1), mainly with the value creation in the portfolios of the Maneq funds, which are included in CapMan's associated companies.

Profit before taxes was MEUR 34.0 (MEUR 12.6) and profit after taxes MEUR 25.5 (MEUR 9.5). The parent company shareholders' share of the profit was MEUR 19.8 (MEUR 9.3), and earnings per share were EUR 0.25 (EUR 0.12).

The impact of carried interest income on the profit is a prominent factor when analysing the first three quarters of the year. As a result of fluctuations in accrued carried interest, CapMan's financial performance should be examined over a longer time span than the quarterly reviews.

#### **Balance sheet and financial position on 30 September 2007**

The amount of non-current assets in the balance sheet increased to MEUR 75.4 during the review period (MEUR 53.0 on 30 September 2006). Fund investments from CapMan's own balance sheet increased and their fair value at the end of the review period was EUR 46.6 (EUR 30.2). Long-term receivables amounted to MEUR 17.9 (MEUR 13.9). Of the receivables, MEUR 13.4 (MEUR 10.1) was loan receivables from the Maneq funds, which are co-investors in portfolio companies with the funds managed by CapMan. The Maneq funds' investors are CapMan and, subject to set principles, CapMan's personnel. Goodwill was MEUR 4.8 (MEUR 4.8) and it was mainly allocated to the acquisition of Swedestart Management AB in 2002. The Company's net cash assets including current investments were MEUR 36.7 (MEUR 8.5). The Company had interest-bearing liabilities worth MEUR 16.0 (MEUR 4.7).

CapMan's equity ratio at the end of the review period was 64.8% (81.1%). Return on equity for the period was 39.0% (18.5%) and return on investment 43.6% (23.7%). The Company has target levels of at least 50% for the equity ratio and over 25% for return on equity.

#### **Key Figures**

	<b>30.9.2007</b>	30.9.2006	31.12.2006
Earnings / share, EUR	<b>0.25</b>	0.12	0.15
Earnings / share, diluted, EUR	<b>0.25</b>	0.12	0.15
Shareholders' equity / share, EUR	<b>0.95</b>	0.70	0.74
Share issue adjusted number of shares	<b>77,796,919</b>	76,127,208	76,212,849
Number of shares at the end of the review period	<b>78,540,222</b>	76,379,548	77,158,698
Number of shares outstanding	<b>78,540,222</b>	76,349,548	77,158,698
Return on equity, %	<b>39.0</b>	18.5	23.4
Return on investment, %	<b>43.6</b>	23.7	29.9
Equity ratio, %	<b>64.8</b>	81.1	71.6

Turnover and profit quarterly as well as turnover and operating profit per segment are presented in the tables section of the Interim Report.

#### **Fundraising**

### **Funds investing in portfolio companies**

On 9 February 2007 CapMan established a new technology fund CapMan Technology 2007, which has investment focus on expansion and later stage technology companies in the Nordic countries. Commitments totalling MEUR 140.3 had been raised to the fund as at the end of the review period and its fundraising still continues. CapMan's own commitment to the fund is MEUR 15 and division of any carried interest generated by the fund will be 50% for CapMan and 50% for the Technology team.

CapMan Life Science IV fund held a final close in May at MEUR 54. The fund invests in medical technology companies mainly in the Nordic countries. CapMan's own commitment to the fund is MEUR 10 and the division of any carried interest generated by the fund will be 50% for CapMan and 50% for the Life Science team.

### **Real estate funds**

The CapMan RE II fund reached its maximum investment capacity of MEUR 600 on 31 March 2007. The aim is to finance an average 75% of the fund's investments with debt, in which case the MEUR 600 investment capacity comprises MEUR 150 of shareholders' equity with the remainder being debt financing. The investment focus of CapMan RE II is on property development targets in Finland. The fund's management company CapMan RE II GP Oy has an investment commitment of MEUR 2 to the fund. CapMan Plc's share of any carried interest from CapMan RE II is 60% and the combined share of the Real Estate investment team and Corintium Oy, the management company's other owner, is 40%.

### **Capital under management**

As at 30 September 2007, CapMan managed a total of MEUR 3,019.3 in capital (MEUR 2,598.3 on 30 September 2006). The capital under management in funds making direct portfolio investments in companies amounted to MEUR 1,919.3 (MEUR 1,822.3). There has been growth in capital after the review period as a result of fundraising for CapMan Technology 2007 and CapMan Life Science IV funds, and a fall in capital as a result of the termination of operations of Finnmezzanine Fund I and Alliance ScanEast Fund. The capital under management in real estate funds increased during the review period as a result of fundraising for CapMan RE II, and amounted to MEUR 1,100 on 30 September 2007 (MEUR 776 on 30 September 2006).

### **Capital under management by associated company Access Capital Partners**

The capital under management by CapMan Plc's associated company Access Capital Partners increased to a total of MEUR 2,160.5 during the review period (MEUR 1,301.5 on 30 September 2006). Of this, MEUR 1,023.5 (MEUR 832.1) was in the funds of funds and MEUR 1,137.0 (MEUR 469.4) in private equity investment mandates. The assets were increased especially during the third quarter when Access received a MEUR 300 private equity investment mandate from the French government's pension fund and established a fourth-generation buyout fund of fund ACF IV Growth Buy-out Europe. The size of the fund was MEUR 100.0 as at 30 September 2007 and fundraising continues.

### **Investments and exits by funds during the review period**

#### **Funds investing in portfolio companies**

Between January and September the funds made 11 new investments and add-on investments worth MEUR 152.0 in total. New investment targets include Global Intelligence Alliance Group Ltd, IT2 Treasury Solutions, KMW Energi AB, Komax Oy, Mawell Ltd, Mirasys Ltd, Movial Corporation, Nacka Närsjukhus Proxima AB, Skandia Autologistics Oy, Telemark Röntgen Group and Walki Group. In addition, a substantial add-on investment in OneMed Group was announced during the review period.

The funds exited from a total of six companies, including Avitec AB, Copterline Oy, Distocraft Oy, LindPlast A/S, MediaNorth Group Corporation and Synerco AB, and made a partial exit from Moventas Corporation during the review period. In addition, the funds sold their shares in SysOpenDigia Plc. The acquisition costs of the exits executed during the review period (including mezzanine loan instalments and partial exits) totalled MEUR 60.6. The funds also announced exits from Secgo Software Oy and Hantro Products Ltd during the review period and sold their shares of Affecto Plc after the review period.

#### **Real estate funds**

During the review period the Real Estate funds announced 14 new investments or investment decisions. Of these ten were in completed properties, three in properties under construction, and one in land. Six of the completed properties are located in Helsinki, two in Hämeenlinna, one in

Tampere and one in Vantaa, and they all are mostly office properties. The properties under construction include the shopping centre Entresse in Espoo, Tokmanni's logistics centre in Mäntsälä, and the shopping centre Skanssi in Turku. The land area is located in Kivistö Vantaa. Investments totalling MEUR 132.4 were made during the review period and the funds have additionally committed a total of MEUR 255.5 to finance the aforementioned real estate acquisitions and projects in the next few years.

CapMan Real Estate I fund exited from a total of 22 properties during the review period when the sale of the fund's real estate portfolio to Samson Properties Ltd, The Royal Bank of Scotland (RBS) and Ajanta Oy was finalised on 31 January 2007. The acquisition price of the portfolio was MEUR 304.4 and the sale price MEUR 377.5.

#### Investments and exits at acquisition cost, MEUR

	1-9/2007	1-9/2006	1-12/2006
<b>New and follow-on investments</b>			
Funds investing in portfolio companies	152.0	110.8	158.8
Buyout	116.0	90.2	127.8
Technology	28.1	9.1	16.8
Life Science	7.9	11.5	14.2
Real estate funds	132.4	74.4	78.7
Total	284.4	185.2	237.5
<b>Exits*</b>			
Funds investing in portfolio companies	60.6	102.0	173.8
Buyout	42.6	83.9	144.7
Technology	18.0	13.8	24.7
Life Science	-	4.3	4.4
Real estate funds	304.4	-	-
Total	365.0	102.0	173.8

\* includes partial exits and mezzanine loan instalments.

The investment activities of the funds managed by CapMan are described in more detail in Appendix 2.

#### Status of CapMan funds as at 30 September 2007

##### Funds investing in portfolio companies

Investments in portfolio companies at acquisition price totalled MEUR 662.0 at the end of the review period. The fair value of the investments was MEUR 841.7. The fund's portfolios are valued at fair value in compliance with EVCA's guidelines, as specified in Appendix 1.

Excluding actual and estimated expenses, CapMan funds had an investment capacity of some MEUR 700 for new and follow-on investments in portfolio companies. Of this, some MEUR 480 is reserved for buyout investments (including mezzanine investments), some MEUR 175 for technology investments, and about MEUR 45 for life science investments.

##### Real estate funds

At the end of the review period the funds' investments in real estate assets at acquisition price totalled MEUR 132.4 and the fair value of investments was MEUR 130.6. The portfolio is wholly comprised of assets acquired during the review period. The vacancy rate of the portfolio's completed properties at the end of the review period was 9.6%. As at 30 September 2007 the funds had also committed a total of MEUR 255.5 to finance real estate acquisitions and projects over the next few years. The funds have an investment capacity of some MEUR 405 for new real estate investments.

#### Funds' gross portfolio\* as at 30 September 2007, MEUR

Portfolio at acquisition cost MEUR	Portfolio at fair value MEUR	Share of the portfolio (fair value) %
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Funds investing in portfolio companies	662.0	841.7	86.6
Real estate funds	132.4	130.6	13.4
<b>Total</b>	<b>794.4</b>	<b>972.3</b>	<b>100.0</b>

Funds investing in portfolio companies

Buyout	504.5	680.7	80.9
Technology	116.2	118.0	14.0
Life Science	41.3	43.0	5.1
<b>Total</b>	<b>662.0</b>	<b>841.7</b>	<b>100.0</b>

\*Gross portfolio of all portfolio companies and real estate assets managed by CapMan funds. As a result of the real estate portfolio sale that was realised in January and the short holding period of the current real estate portfolio, the proportional share of real estate targets in the gross portfolio of all funds managed by CapMan is at a low level.

**Funds generating carried interest as at 30 September 2007**

A private equity fund begins to generate carried interest after the investors have regained their investment and generate a preferred annual return, usually 7-8%. During the review period CapMan Real Estate I and Finnventure V funds began to generate carried interest, and of these funds CapMan Real Estate I is still in the active investment phase. At the close of the review period the following funds were in carry:

	<b>CapMan's share of cash flows*</b>	<b>Portfolio at fair value 30.9.2007 MEUR</b>
Finnventure Fund II, Finnventure Fund III and Finnmezzanine Fund II B in total:	20-35%	2.8
Finnventure Fund V:	20%	57.0
Fenno Program (Fenno Fund, Skandia I and II) in total:	10-12%	21.6
CapMan Real Estate I:	25%	81.2**

\* Net share of cash flows, taking into consideration Fenno Management Ltd's share as far as Fenno Program is concerned and Corintium Oy's and the investment team's shares as far as CapMan Real Estate I is concerned.

\*\* The fund still continues active investment operations. Of the portfolio at fair value, MEUR 58.5 is financed with debt.

The current portfolios of funds generating carried interest amounted to MEUR 162.6 at fair value, which is 16.7% of the total fair value of all the portfolio funds on 30 September 2007 (MEUR 972.3). Information about each fund's investment targets is presented on CapMan's website at [www.capman.com/Fi/InvestorRelations/Funds](http://www.capman.com/Fi/InvestorRelations/Funds).

CapMan's share of carried interest received from funds generating carry is generally 20-25% of a fund's cash flow in respect of funds that were established before 2004, and 10-15% with respect to newer funds. The lower carried interest percentage for newer funds results from a share of the carried interest being distributed to the members of the investment team who have been responsible for the funds' investment activities during the funds' life cycle (generally 10 years), in accordance with common practice in the private equity investment industry.

**CapMan's own investments in the funds**

Since 2002 CapMan Plc has been a substantial investor in the funds managed by the Group.

The Company invests from its own balance sheet about 5-10% of the total capital in equity funds that invest in portfolio companies. The aim of investing in own funds is to improve the Company's return on equity and to even out fluctuations in income with returns from these investments. The investments made have been valued at fair value in accordance with EVCA guidelines as specified in Appendix 1. There may be quarterly variations in fair value gains/losses due to

changes in the value of investment targets as well as to realised exits and the expenses incurred by funds.

CapMan, like other investors, gives commitments to the funds when they are established. As at 30 September 2007 the total sum of current investments at fair value and remaining commitments was MEUR 103.8 (MEUR 84.9 at 30 September 2006), of which remaining commitments totalled MEUR 57.2 (MEUR 54.7). Of these, MEUR 24.0 is allocated to the CapMan Buyout VIII Fund, MEUR 12.4 to the CapMan Technology 2007 fund and the remainder mainly to the CapMan Life Science IV, CapMan Mezzanine IV, CapMan Equity VII and Access Capital Fund II funds. The commitments will be drawn down gradually within the next 3-5 years as new investments are made. Fund investments for the review period totalled MEUR 14.2 (MEUR 8.7). The majority of investments were made in CapMan Buyout VIII fund. The fair value of cumulative fund investments made from CapMan's own balance sheet was MEUR 46.6 as at 30 September 2007 (MEUR 30.2).

**CapMan's Investments and commitments in the funds as at 30 September 2007, MEUR**

	<b>Investments</b>	<b>Remaining</b>	<b>Total</b>
	<b>at fair value</b>	<b>commitments</b>	
Funds investing in portfolio companies			
Equity funds	34.9	48.3	83.2
Mezzanine funds	3.1	4.5	7.6
Funds of funds*	8.3	2.2	10.5
	46.3	55.0	101.3
Real estate funds	0.3	2.2	2.5
Total	46.6	57.2	103.8

\* Managed by CapMan's associated company Access Capital Partners

**CapMan's own investments in the funds**

	<b>1-9/2007</b>	1-9/2006	1-12/2006
Funds investing in portfolio companies			
Equity funds	<b>11.8</b>	6.39.8	
Mezzanine funds	<b>1.5</b>	0.70.7	
Funds of funds*	<b>0.3</b>	1.62.6	
Total	<b>13.6</b>	8.613.1	
Real estate funds	<b>0.6</b>	0.10.1	
Total	<b>14.2</b>	8.713.2	

\* Managed by CapMan's associated company Access Capital Partners

**Personnel**

As at 30 September CapMan had 105 (99) employees, of whom 81 (71) were located in Finland and the remainder in the other Nordic countries.

	<b>30.9.2007</b>	30.9.2006	31.12.2006
CapMan Private Equity	<b>36</b>	38	38
CapMan Real Estate	<b>26</b>	24	24
Investor Services	<b>25</b>	16	14
Internal Services	<b>18</b>	21	22
Total	<b>105</b>	9998	

In addition, six Senior Advisors and one Advisor acted as consultants for CapMan. Five of the Senior Advisors were located in Finland and one in Denmark. In addition to the Senior Advisors, CapMan's Nordic Advisor Network comprises 14 Industrial Advisors. Peter Augustsson and Jukka Härmälä were invited to join the Advisor Network during the review period.

**Changes in Group management**

CapMan Plc announced changes in the Group's management and organisation on 20 September 2007. Kaisa Arovaara was appointed as CFO of CapMan Plc and member of the Management

Group responsible for the new Internal Services Unit, which comprises the Group's finances and administration as well as IT and office functions. Senior Partner Olli Liitola continues as Deputy CEO, to whom CapMan Real Estate reports. Jerome Bouix was nominated as a Senior Partner and he transferred to head the new Investor Services unit, which is responsible for the Group's fundraising, fund administration, investor relations, communications and product development. Torben von Lowzow was nominated as a Partner and member of the Management Group. Senior Partner Kai Jordahl, Group HR Director Hilikka-Maija Katajisto and Legal Counsel Martti Timgren were also appointed as members of the Management Group. All of the changes came into effect on 1 October 2007.

### Changes in Group ownership

The owners of the Company's A series shares sold a total of 3,000,000 CapMan Plc A shares and 2,000,000 CapMan Plc B shares to the newly established company CapMan Partners B.V. in the share transactions that were announced on 4 May 2007 and executed on 16 May 2007.

CapMan Partners B.V. is owned by corporations under control of the Senior Partners of CapMan with equal shares. In connection with the same transaction, the Board of Directors of CapMan Plc approved an application for the conversion of a total of 2,000,000 unlisted CapMan Plc A shares entitling to voting rights into listed CapMan Plc B shares. Due to these share transactions and conversions, CapMan Partners B.V. became the second largest shareholder and the largest holder of voting rights in CapMan Plc. A total of seven statutory notices of changes were issued in May with respect to these share transactions.

CapMan Plc had 4,521 shareholders (5,178 shareholders) at the end of the review period. The number of shareholders has declined from the comparison period while the proportion of foreign and nominee-registered shareholders (excluding the 6.4% holding of CapMan Partners B.V.) has increased from 30.2% to 35.8%.

### Share capital, share trading and share price

CapMan Plc's share capital totalled EUR 771,586.98 at the end of the review period. The Company had 72,540,222 listed B shares and 6,000,000 unlisted A shares. B shares have one vote each and A shares 10 votes each.

The trading volume of B shares increased by some 60% compared to the comparison period and the value of traded shares doubled. The B shares had a closing price of EUR 3.55 at the end of the review period. The Company had a market capitalisation of MEUR 257.5 (MEUR 188.0) on 30 September 2007 and the market value including CapMan A shares was MEUR 278.8 (MEUR 210.0).

A clear growth in the trading turnover of 2000A/B stock options was also discernible. A total of 1,381,524 B shares were subscribed and entered in the Trade Register during the review period. The subscription price of the shares, EUR 828,914.4, was entered in invested unrestricted shareholders' equity in accordance with a decision made by the AGM. Including the options specified above, a total of 86,796 B shares were subscribed during the review period and they were entered in the Trade Register on 12 October 2007. The subscription period of the B shares with the options specified above will terminate on 31 October 2007.

During the review period no shares were subscribed with 2003A stock options that were listed in October 2006.

### Trading and price development of shares and options

	B shares		2000A/B options		2003A options
	1-9/2007	1-9/2006	1-9/2007	1-9/2006	1-9/2007
Trading turnover, number	<b>25,738,832</b>	16,260,386	<b>1,979,377</b>	1,061,392	<b>447,688</b>
Trading value, MEUR	<b>89.2</b>	44.6	<b>5.5</b>	2.3	<b>0.8</b>
Trading price, EUR					
Highest	<b>4.07</b>	3.15	<b>3.40</b>	2.27	<b>2.55</b>
Lowest	<b>2.86</b>	2.33	<b>2.06</b>	1.62	<b>1.40</b>
Volume weighted					
average price	<b>3.50</b>	2.73	<b>2.78</b>	2.12	<b>1.85</b>
Closing price at 30 Sept.	<b>3.55</b>	2.75	<b>2.942.00</b>		<b>2.11</b>

### Decision adopted by the Annual General Meeting

CapMan Plc's Annual General Meeting was held on 29 March 2007 in Helsinki. The AGM adopted the 2006 financial statements and discharged the Board of Directors and the CEO from

liability for the 2006 fiscal year. The AGM decided that a dividend of EUR 0.12 per share will be distributed to shareholders for the 2006 financial year. The dividend was paid on 12 April 2007. Sari Baldauf, Tapio Hintikka, Lennart Jacobsson, Urban Jansson, Teuvo Salminen and Ari Tolppanen were elected to the Board of Directors by the AGM. PricewaterhouseCoopers Oy, authorised public accountants, with Jan Holmberg, APA, as the Lead Auditor and Terja Artimo, APA, as the deputy auditor, were elected to continue as the Company's Auditors. The AGM adopted the Board's proposals to amend the Company's Articles of Association and authorised the Board of Directors to decide on issuing a maximum of 20,000 new CapMan Plc B shares or to issue stock options and other entitlements. In addition, the AGM authorised the Board of Directors to decide on repurchasing a maximum 80,000 CapMan Plc B shares by using the Company's unrestricted shareholders' equity. The AGM decided that the share subscription prices to be accrued from share subscriptions pertaining to the Company's stock option plans shall be recorded in the Company's invested unrestricted shareholders' equity. The AGM decisions and the amended Articles of Association are presented in full on CapMan's website at [www.capman.com/Fi/InvestorRelations/AnnualGeneralMeetings](http://www.capman.com/Fi/InvestorRelations/AnnualGeneralMeetings) and [www.capman.com/Fi/AboutCapMan/CorporateGovernance/ArticlesofAssociation/](http://www.capman.com/Fi/AboutCapMan/CorporateGovernance/ArticlesofAssociation/)

#### **Events after the review period**

CapMan Plc's 2003B stock options were quoted on the OMX Nordic Exchange in Helsinki on 1 October 2007. 2003B stock options total 625,000 and each option entitles the owner to subscribe for one CapMan Plc B share. The share subscription price for subscribing to CapMan Plc's share with a 2000B stock option is currently EUR 1.35 per share. Annually-paid dividends reduce the share subscription price. The share subscription prices are entered in the invested unrestricted shareholders' equity. The share subscription period for CapMan Plc 2003B stock options began on 1 October 2007 and ends on 31 October 2009.

#### **Outlook**

##### **CapMan Private Equity**

Private equity investment in Europe is expected to show growth in the mid-term and long-term. The foundation for growth is that institutional investors and other substantial investor groups, including high net worth individuals, have increasingly taken private equity investment as a part of their investment allocations.

Private equity investment has established its position in the financing of M&As and growth. The growth of private equity investment in the Nordic countries continues to be accelerated by consolidation in various sectors, family successions, privatisation of public services and functions, the strong contribution of R&D in the technology and life science sectors, and increasing entrepreneurial activity.

The competition for middle market buyout companies is tense due to the number of players and the availability of loan financing. There has been nervousness in putting together syndicated debt packages for big buyout investments, which has reflected on the cost of loan financing across all sectors. As for middle market buyouts, availability has not been a challenge. CapMan's local presence in the Nordic countries enables active searching for investee companies throughout the Nordic region, which is important in the prevailing competitive situation, along with value creation through buy-and-build strategies and growth. The competition in the technology and life science sectors is less fierce and there are good opportunities for syndicated investments.

CapMan will continue to implement its Nordic investment strategy. The number of new potential investee companies remains at a good level. CapMan's investment teams continue to have solid market coverage ensuring access to the majority of potential investment targets. The teams have comprehensive resources to increase portfolio companies' value through active work on the companies' Boards of Directors.

CapMan is in a good position to continue as a proactive player in the private equity market, as its funds making investments in portfolio companies have approximately MEUR 700 in capital for new and follow-on investments.

##### **CapMan Real Estate**

The liquidity of real estate markets has remained good and overall sales volumes are expected to stay at broadly the same level as the previous year. Rising interest rates in financial markets and banks' increasing reluctance to grant property mortgages will be reflected in competition and prices in real estate markets. The use of equity will increase while transactions in which a high

proportion of debt financing is used will decrease. High prices are still being paid for good core targets, whereas yield requirements are expected to rise in more opportunistic targets. Leasing activity of office properties has been strong with the prevailing good economic growth. New construction projects have been started, which will have an effect on the upcoming supply of premises, especially in the office segment. The level of demand for retail properties has remained high.

The resources of CapMan's Real Estate funds have been further strengthened. The funds have adequate personnel resources, a competitive structure and an aggregate investment capacity of some MEUR 405 for seeking good investment targets and developing the current portfolio in Finland. The resources, combined with the team's reliability and flexibility, have provided the funds with several investment opportunities and CapMan Real Estate has succeeded in acquiring new investment targets worth EUR 400 within a year. We believe that individual properties that suit our funds' investment focuses will also be available in the future and will enable our funds to achieve their targets.

### **CapMan Plc Group**

CapMan's strategy is to exploit growth opportunities within the alternative asset class. In addition to CapMan's existing product areas (Private Equity and Real Estate) the alternative asset class includes, among others, infrastructure investment, forestry investment and active public market funds. CapMan is exploring opportunities for expanding into some of these sectors and geographically especially to Russia.

The Group's profit before taxes for 2007 will clearly exceed that of 2006. The final result for 2007 will depend on how many exits by funds already generating carried interest will occur by the end of 2007 and on how the value of investments develops in those funds in which CapMan is a substantial investor.

According to our understanding the exit markets will remain favourable and CapMan Equity VII A, B and Sweden funds as well as Finnventure Fund IV are expected to begin to generate carried interest during 2008. The funds investing in portfolio companies have several exit processes underway.

CapMan Plc will publish its Financial Statements Bulletin for 2007 on 31 January 2008.

Helsinki, 31 October 2007

CAPMAN PLC  
Board of Directors

### **Press conference:**

A press conference in Finnish will be held for analysts and the media today at 12.00 noon in CapMan's premises at Korkeavuorenkatu 32, Helsinki, Finland. Heikki Westerlund, CEO, will present CapMan Plc's interim result and describe the current market environment. A light lunch will be served at the event.

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

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### **Distribution:**

Helsinki Exchanges

Principal media

[www.capman.com](http://www.capman.com)

## **GROUP BALANCE SHEET (IFRS)**

€('000)

**30.09.07** 30.09.06 31.12.06

### **ASSETS**

<b>Non-current assets</b>			
Tangible assets	852	821	672
Goodwill	4,845	4,845	4,845
Other intangible assets	694	625	710
Investments in associated companies	3,374	1,126	2,860
Investments at fair value through profit and loss			
Investments in funds	46,561	30,240	33,122
Other financial assets	882	1,269	848
Receivables	17,946	13,897	13,835
Deferred income tax assets	262	204	231
	<b>75,416</b>	<b>53,027</b>	<b>57,123</b>
<b>Current assets</b>			
Trade and other receivables	7,146	10,551	5,521
Other financial assets at fair value through profit and loss	16,867	1,699	2,779
Cash and bank	19,877	6,826	14,137
	<b>43,890</b>	<b>19,076</b>	<b>22,437</b>
<b>Total assets</b>	<b>119,306</b>	<b>72,103</b>	<b>79,560</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital attributable the Company's equity holders</b>			
Share capital	772	764	772
Share premium account	38,968	38,480	38,968
Other reserves	2,118	1,183	1,218
Translation difference	259	49	316
Retained earnings	25,829	12,903	15,074
	<b>67,946</b>	<b>53,379</b>	<b>56,348</b>
<b>Minority interest</b>	<b>5,806</b>	<b>318</b>	<b>599</b>
<b>Total equity</b>	<b>73,752</b>	<b>53,697</b>	<b>56,947</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	4,132	1,069	2,234
Interest-bearing loans	16,000	0	10,000
Other liabilities	490	485	430
	<b>20,622</b>	<b>1,554</b>	<b>12,664</b>
<b>Current liabilities</b>			
Trade and other payables	20,326	12,015	7,409
Interest-bearing loans and borrowings	0	4,650	1,944
Current income tax liabilities	4,606	187	596
	<b>24,932</b>	<b>16,852</b>	<b>9,949</b>
<b>Total liabilities</b>	<b>45,554</b>	<b>18,406</b>	<b>22,613</b>
<b>Total equity and liabilities</b>	<b>119,306</b>	<b>72,103</b>	<b>79,560</b>

## GROUP INCOME STATEMENT (IFRS)

€('000)	1-9/07	1-9/06	1-12/06
<b>Turnover</b>	<b>43,561</b>	28,988	38,032
Other operating income	<b>108</b>	622	687
Personnel expenses	<b>-10,588</b>	-10,951	-13,958
Depreciation and amortisation	<b>-444</b>	-527	-726
Other operating expenses	<b>-8,720</b>	-8,835	-11,958
Fair value gains / losses of investments	<b>7,460</b>	2,740	3,549
<b>Operating profit</b>	<b>31,377</b>	12,037	15,626
Financial income and expenses	<b>693</b>	457	420
Share of associated companies' result	<b>1,889</b>	120	1,279
<b>Profit before taxes</b>	<b>33,959</b>	12,614	17,325
Income taxes	<b>-8,472</b>	-3,109	-4,893
<b>Profit for the financial year</b>	<b>25,487</b>	9,505	12,432
<b>Attributable to:</b>			
Equity holders of the company	<b>19,791</b>	9,259	11,455
Minority interest	<b>5,696</b>	246	977
<b>Earnings per share for profit attributable to the equity holders of the Company:</b>			
Earnings per share, €	<b>0.25</b>	0.12	0.15
Diluted, €	<b>0.25</b>	0.12	0.15
Operating profit, %	<b>72.0</b>	41.5	41.1

## GROUP STATEMENT OF CHANGES IN EQUITY

### Attributable to the equity holders of the Company

EUR ('000)	Share capital	Share premium account	Other reserves	Translation differences	Re-tained earnings	Total	Minority interest	Total equity
<b>Equity on 31.12.2005</b>	759	38,157	948	-148	9,156	48,872	220	49,092
Share subscriptions with options	5	323						
Translation difference				197			6	

Options			235				-197		
Profit for the financial year							9,259		245
Dividends paid							-5,315		-153
<b>Equity on 30.9.2006</b>	<b>764</b>	<b>38,480</b>	<b>1,183</b>	<b>49</b>	<b>12,903</b>	<b>53,379</b>	<b>318</b>	<b>53,697</b>	
<b>Equity on 31.12.2006</b>	<b>772</b>	<b>38,968</b>	<b>1,218</b>	<b>316</b>	<b>15,074</b>	<b>56,348</b>	<b>599</b>	<b>56,947</b>	
Share subscriptions with options			883						
Translation difference							-57		
Options			17				223		
Profit for the financial year							19,791		5,696
Dividends paid							-9,259		-428
Other changes									-61
<b>Equity on 30.9.2007</b>	<b>772</b>	<b>38,968</b>	<b>2,118</b>	<b>259</b>	<b>25,829</b>	<b>67,946</b>	<b>5,806</b>	<b>73,752</b>	

#### GROUP'S CASH FLOW STATEMENT (IFRS)

€('000)	1-9/07	1-9/06	1-12/06
<b>Cash flow from operations</b>			
Profit for the financial year	<b>19,791</b>	9,259	11,455
Adjustments to operating profit	<b>4,514</b>	547	352
<b>Cash flow before change in working capital</b>	<b>24,305</b>	9,806	11,807
Change in working capital	<b>11,030</b>	719	889
Financing items and taxes	<b>-1,036</b>	-2,276	-1,548
<b>Cash flow from operations</b>	<b>34,299</b>	8,249	11,148
<b>Cash flow from investments</b>	<b>-7,248</b>	-7,704	-9,466
<b>Cash flow before financing</b>	<b>27,051</b>	545	1,682
Dividends paid	<b>-9,687</b>	-5,467	-5,923
Other financial cash flow	<b>-11,624</b>	4,902	11,532
<b>Financial cash flow</b>	<b>-21,311</b>	-565	5,609
<b>Change in cash funds</b>	<b>5,740</b>	-20	7,291
Cash funds at start of the period	<b>14,137</b>	6,846	6,846
<b>Cash funds at end of the period</b>	<b>19,877</b>	6,826	14,137

#### Accounting principles

The Group's Interim Report is in compliance with IAS 34, Interim Financial Reporting Standard. The same accounting principles as in the annual financial statements of 31 December 2006 have been applied. The information presented in the Interim Report is un-audited.

Appendices in accordance with IFRS 7, Financial Instruments: Disclosures (effective as of 1 January 2007) have been included in the Interim Report in so far as their significance to the Group's financial information is concerned.

#### Segment information

€('000)	1-9/07	1-9/06	1-12/06
<b>Turnover</b>			
CapMan Private Equity	18,990	25,438	33,116
CapMan Real Estate	24,571	3,550	4,916
Total	43,561	28,988	38,032
<b>Operating profit</b>			
CapMan Private Equity	10,337	11,603	15,404
CapMan Real Estate	21,040	434	222
Total	31,377	12,037	15,626

#### Income taxes

The Group's taxes are calculated on the basis of the estimated average tax rate during the fiscal year. Deferred taxes are calculated on the basis of all temporary differences between book value and fiscal value.

#### Dividends

A dividend of EUR 0.12 per share or total of MEUR 9.3 was paid for year 2006 (EUR 0.07 per share, MEUR 5.3 in total for the year 2005).

#### Non-current assets

€('000)	30.09.07	30.09.06	31.12.06
Investments in funds at fair value through profit and loss at Jan 1	33,122	20,288	20,288
Additions	14,147	8,723	13,233
Disposals	-8,168	-1,511	-4,117
Fair value gains/losses on investments	7,460	2,740	3,718
Investments in funds at fair value through profit and loss at end of the period	46,561	30,240	33,122

#### Transactions with related parties (associated companies)

€('000)	30.09.07	30.09.06	31.12.06
Receivables - non-current	14,281	7,881	7,940
Receivables - current	125	125	125

#### Non-current liabilities

€('000)	30.09.07	30.09.06	31.12.06
Interest bearing loans	16,000	0	10,000

The interest-bearing liability is related to a financial credit limit agreement, the sum of the facility is MEUR 16.

#### Seasonal nature of business

Carried interest income is accrued on an irregular schedule depending on the time of execution of realisations. One exit may have substantial impact on CapMan Plc's result for the financial year.

<b>Personnel</b>	<b>30.09.07</b>	30.09.06	31.12.06
Finland	<b>81</b>	71	72
Denmark	<b>4</b>	7	5
Sweden	<b>15</b>	16	16
Norway	<b>5</b>	5	5
In total	<b>105</b>	99	98

<b>Contingent liabilities</b>	<b>30.9.07</b>	30.9.06	31.12.06
€('000)			

Leasing contracts and other contingent liabilities	<b>9,810</b>	13,749	13,451
Commitments to funds	<b>57,237</b>	54,703	50,529

### Turnover and profit quarterly

#### Year 2007

MEUR	1-3/07	4-6/07	7-9/07
Turnover	28.1	7.5	<b>8.0</b>
Management fees	5.8	6.5	<b>6.2</b>
Carried interest	21.2	0.2	<b>1.0</b>
Income of investments in funds	0.3	0.0	<b>0.1</b>
Real Estate consulting	0.6	0.5	<b>0.5</b>
Other income	0.2	0.3	<b>0.2</b>
Fair value gains / losses of investments	4.1	0.5	<b>2.9</b>
Operating profit	25.4	1.1	<b>4.9</b>
Financial income and expenses	0.3	0.2	<b>0.2</b>
Share of associated companies' result	0.9	0.2	<b>0.8</b>
Profit before taxes	26.7	1.4	<b>5.9</b>
Profit for the period	19.9	1.0	<b>4.6</b>

#### Year 2006

MEUR	1-3/06	4-6/06	7-9/06	10-12/06	1-12/06
Turnover	8.9	9.5	10.6	9.0	38.0
Management fees	5.6	6.8	6.3	6.2	24.9
Carried interest	2.6	1.2	3.7	1.9	9.4
Income of investments in funds	0.0	0.7	0.0	0.2	0.9
Real Estate consulting	0.5	0.6	0.4	0.5	2.0
Other income	0.2	0.2	0.2	0.2	0.8
Fair value gains / losses of investments	2.2	-0.5	1.0	0.8	3.5
Operating profit	5.2	2.4	4.4	3.6	15.6
Financial income and expenses	0.1	0.2	0.2	-0.1	0.4
Share of associated companies' result	-0.2	0.2	0.1	1.2	1.3
Profit after financial items	5.1	2.8	4.7	4.7	17.3

Profit for the period 3.7 2.2 3.6 2.9 12.4

**APPENDIX 1: CAPMAN PLC GROUP FUNDS AT 30 SEPTEMBER 2007, MEUR**

	Size *	Paid-in capital **	Fund's current portfolio		Distributed cash flow to in- vestors	Distributed cash flow to man- agement company (carried interest) ****	Net cash assets *****
			at cost	at fair value ***			
<b>Funds generating carried interest</b>							
FV II, FV III 1) and FM II B							
in total	58.6	57.4	3.1	2.8	179.6	44.1	0.5
FV V	169.9	159.8	58.6	57.0	217.4	1.1	4.1
Fenno Program 2) (Fenno Fund, Skandia I and Skandia II) in total							
	59.0	59.0	13.8	21.6	114.7	7.5	0.4
CMRE I 5)	500.0	351.1	82.6	81.2	183.0	28.5	-54.4
In total	787.5	627.3	158.1	162.6	694.7	81.2	-49.4
<b>Funds that are expected to start generating carried interest during 2008</b>							
FV IV	59.5	59.5	11.8	15.8	64.0		0.6
CME VII A	156.7	126.3	85.5	154.9	74.0		3.8
CME VII B	56.5	49.9	33.9	72.5	33.3		1.9
CME SWE	67.0	53.6	36.6	66.4	31.8		1.0
In total	339.7	289.3	167.8	309.6	203.1		7.3
<b>Other funds not yet in carry</b>							
CME VII C	23.1	15.2	10.2	10.2	5.9		0.1
CMB VIII A	360.0	130.4	114.3	125.2			2.2
CMB VIII B	80.0	29.0	25.4	27.8			1.4
CM LS IV	54.1	16.0	13.1	13.1			0.4
CMT 2007 1)	140.3	23.4	19.7	19.7			1.5
FM III 1)	135.5	131.3	63.4	74.5	106.6		4.2
CMM IV 4)	240.0	108.0	88.9	99.0	13.7		7.1
CMRE II 6)	600.0	60.2	49.8	49.4			-28.7
In total	1,633.0	513.5	384.8	418.9	126.2		-11.8
<b>Funds with limited carried interest potential to CapMan</b>							
NPEP II 3), FV V ET,							

SWE LS 3), SWE Tech 1),

3)

and FM II A, C, D 1)

In total	259.1	233.6	83.7	81.2	119.2	6.4
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<b>Equity funds in total</b>	<b>3,019.3</b>	<b>1,663.7</b>	<b>794.4</b>	<b>972.3</b>	<b>1,143.2</b>	<b>81.2</b>	<b>-47.5</b>
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**CAPITAL MANAGED/ADVISED BY ASSOCIATED COMPANY ACCESS CAPITAL PARTNERS AS AT 30 SEPTEMBER 2007, MEUR**

<b>Fund</b>	<b>Size*</b>
ACF 1)	250.3
ACF II A 1)	153.4
ACF II B 1)	123.5
ACF III A 1)	307.4
ACF III B 1)	88.9
ACF IV 1)	100.0
Private Equity Mandates	1,137.0
<b>Total capital</b>	<b>2,160.5</b>

**Fund abbreviations:**

ACF	= Access Capital Fund
ACF II A	= Access Capital Fund II Mid-market Buyout
ACF II B	= Access Capital Fund II Technology
ACF III A	= Access Capital Fund III Mid-market Buyout
ACF III B	= Access Capital Fund III Technology
ACF IV	= Access Capital Fund IV Growth Buyout
CMB	= CapMan Buyout Fund
CME	= CapMan Equity
CMLS	= CapMan Life Science Fund
CMM	= CapMan Mezzanine
CMRE	= CapMan Real Estate
CMT 2007	= CapMan Technology 2007
FM	= Finnmezzanine Fund
FV	= Finnventure Fund
SWE LS	= Swedestart Life Science
SWE Tech	= Swedestart Tech

\* Total capital committed by investors. In CapMan's statistics the terms 'capital under management' and 'fund size' refer to the gross capital commitment in the fund. Funds managed by associated company Baltcap Management Oy are excluded (CapMan's share of Baltcap Management Oy is 20%; the total size of the funds is approx. MEUR 31.2). Capital under management by Access Capital Partners is presented separately.

\*\* Total capital paid into the fund by investors.

\*\*\* The funds' investments in portfolio companies are valued to fair value in accordance with the guidelines of the European Private Equity & Venture Capital Association (EVCA) and investments in real estate assets are valued in accordance with the value appraisements of external experts. The 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, the funds' portfolios contain investment targets with fair value greater than acquisition cost as well as investment targets with fair value less than acquisition cost. Portfolio

companies are valued at acquisition cost from the time of investment for a 12-month period, after which they are valued at fair value. According to the EVCA's conservative policies, technology and life science targets are typically valued at acquisition cost or less up to exit.

\*\*\*\* CapMan Plc Group's share of carried interest income.

When the return of a fund has exceeded a required cumulative return target, the management company is entitled to a share of the cash flow from the funds (carried interest).

Cash flow includes both the distribution of profits and distribution of capital. Carried interest % of the remaining cash flows are (for the funds which were generating carried interest as at 30 September 2007): Finnventure Fund II: 35%, Finnventure Fund III: 25%, Fenno Program/Fenno Fund: 20%, Fenno Program/Skandia I: 20%, Fenno Program/Skandia II: 20%, Finnmezzanine Fund II B 20%, CapMan Real Estate I: 40%.

CapMan Plc Group's share of the carried interest is less than 100% for the following funds: CapMan Buyout VIII A and B: 70%, CapMan Mezzanine IV: 75%, CapMan Real Estate I: 64%, CapMan Real Estate II: 60%, Fenno Fund and Fenno Program (Skandia I, II): 50-60%, CapMan Technology 2007: 50%, CapMan Life Science IV: 50%, Swedestart Tech: 12%, Swedestart Life Science: 10%, Access Capital Fund: 47.5%, Access Capital Fund II: 45%, Access Capital Fund III: 25%, Access Capital Fund IV: 25%, Access/Private Equity Mandates: 25%.

\*\*\*\*\* When calculating the investors' share, the fund's net cash assets have to be taken into account in addition to the portfolio at fair value. Net cash assets are typically negative in the real estate funds, due to the use of senior debt.

- 1) The fund is comprised of two or more legal entities (parallel funds are presented separately only if their investment focuses or portfolios differ significantly).
- 2) The Fenno, Skandia I and Skandia II funds together comprise the Fenno Program, which is managed jointly with Fenno Management Oy.
- 3) Currency items are valued at the average exchange rates quoted at 30 September 2007.
- 4) CapMan Mezzanine IV: The paid-in commitment includes a MEUR 96 bond issued by Leverator Plc. The fund's liquid assets include a loan facility, with which investments are financed up to the next bond issue. Distributed cash flow includes payments to both bond subscribers and equity investors.
- 5) CapMan Real Estate I: The paid-in commitment includes a MEUR 100 bond issued by Real Estate Leverator Plc and a MEUR 201.3 senior loan. Distributed cash flow includes repayment of the bonds and cash flow to the fund's equity investors. The combined investors' and management company's share of the fund's assets is calculated by deducting net cash assets from the fair value.
- 6) CapMan Real Estate II: 25% of the fund's size or MEUR 150 is shareholders' equity and the 75% remainder is debt. The investors' share of the fund's assets is calculated by deducting net cash assets from the fair value.

## **APPENDIX 2: INVESTMENTS AND EXITS BY CAPMAN FUNDS 1 JANUARY - 30 SEPTEMBER 2007**

The investment activities of private equity funds managed by CapMan comprise investments in portfolio companies mainly in the Nordic countries as well as real estate investments in Finland. The investment activities of funds investing in portfolio companies and of funds investing in real estate assets are presented separately in this Appendix.

In addition CapMan has a 35% stake in the funds of funds and private equity investment mandate manager and adviser Access Capital Partners, which is based in Paris, Munich and Guernsey. Access Capital Partners manages/advises four funds that invest in European mid-market buyout and venture capital funds. Further information on Access Capital Partners can be found at [www.access-capital-partners.com](http://www.access-capital-partners.com).

### **INVESTMENT ACTIVITIES BY THE FUNDS INVESTING IN PORTFOLIO COMPANIES**

The investment activities of funds making direct investments in portfolio companies include buyouts, technology investments and investments in the life science sector. Buyouts are made in the middle market class in manufacturing, service and retail industries. Technology investments focus on expansion and later stage technology companies. Life science investments focus on companies specialising in medical technology.

#### **Investments in portfolio companies in the review period**

Between January and September, the CapMan funds made 11 new investments as well as add-on investments worth MEUR 152.0 in all. In the comparative period of 2006 the funds made six new investments as well as add-on investments totalling MEUR 110.8.

### **Q3 Investments in portfolio companies**

CapMan Technology 2007 fund, SEB Venture Capital and the energy and environment fund specialist Aloe Private Equity announced the acquisition of a majority holding in KMW Energi AB in June, and the transaction was closed in July. KMW Energi is a leading supplier of bio fuel combustion plants in Sweden. The company's turnover was MEUR 21.6 in 2006 and it employs 40 persons.

The deal in which CapMan Buyout VIII and CapMan Life Science IV funds acquired Swedish Nacka Närsjukhus Proxima AB together with management was closed at the start of August. Nacka Närsjukhus Proxima is a private healthcare provider offering specialised healthcare and emergency unit services for the greater Stockholm area. The company's net sales totalled approx. MEUR 19.3 in 2006.

The investment by CapMan Buyout VIII and CapMan Life Science IV funds in Norwegian Telemark Røntgen Group, which includes Telemark Røntgensenter AS, Haugesund Røntgeninstitut AS, Nordland Medisinske Senter Røntgeninstitut AS and Tromsø MR-Senter AS, was also closed in August. The companies are providers of high quality medical imaging services such as X-ray, MR (magnetic resonance), CT (computer tomography), mammography and ultrasound diagnostics in Norway. In 2006 the Group employed 50 persons and had net sales of approx. MEUR 15.

In September CapMan Technology 2007 fund invested in Finnish Mawell Oy. Mawell provides solutions that enhance patient safety, quality and productivity to private and public healthcare organisations and the pharmaceutical industry mainly in the Nordic countries. The investment will finance the company's international growth. Mawell has some 120 employees and targets a turnover of approx. MEUR 10 million in 2007.

### **Investments in portfolio companies in January-June**

In the first half of the year the funds made new investments in Finnish buyout targets Komax Oy, Skandia Autologistics Oy (formerly John Nurminen's Vehicle Logistics Unit) and Walki Group (formerly Walki Wisa). In addition the funds invested in four technology companies, which are Finnish Mirasys Ltd, Global Intelligence Alliance Group Oy (formerly Novintel Oy) and Movial Oy as well as Danish IT2 Treasury Solutions.

### **Exits from portfolio companies in the review period**

The funds made six final exits and several partial exits in the review period. Exits at acquisition cost (including mezzanine loan instalments and partial exits) totalled MEUR 60.6. There were six final exits and several partial exits in the comparative period of 2006, for which exits at acquisition cost (including mezzanine loan instalments) totalled MEUR 102.0.

### **Q3 Exits from portfolio companies**

CapMan Equity VII, Finnventure V ET and Swedestart Tech funds exited Swedish repeater manufacturer Avitec AB in a trade sale to UK based private equity investor ECI in July. Avitec posted net sales of MEUR 22.1 in 2006, and the company has 64 employees. The CapMan funds made the initial investment in Avitec in 2002 and they held a 43.1% stake in the company prior to the exit. The investment in Avitec has been moderate for the investors in the CapMan funds. The exit does not have a substantial impact on CapMan Plc's 2007 result.

Finnventure Fund V sold its 14.7% holding in Copterline Oy to a Finnish investor consortium in September. Copterline provides search and rescue services, helicopter emergency medical services and charter flights, among others. Finnventure Fund V invested in the company in 2000. The exit does not have a substantial impact on CapMan Plc's 2007 result.

### **Exits from portfolio companies in January-June**

In the first half of the year the funds exited from two buyout targets, which were Swedish Synerco AB and Danish LindPlast A/S, and from two Finnish technology targets, which were Distocraft Oy and Medianorth Oy. The funds sold their listed shares in Finnish SysOpenDigia Plc and made a partial exit from Finnish buyout target Moventas Oy.

### **Other events in the review period**

At the end of April Finnventure IV, Finnventure V and Finnventure V ET funds announced the sale of their holding in the Finnish information security and mobility management software provider Secgo Software Oy to the Norwegian listed company Birdstep ASA. The funds received

shares in Birdstep Technology ASA listed on the Oslo Stock Exchange in the transaction, which was closed in May. Because the transaction was executed as an exchange of shares, the exit does not have a direct impact on CapMan Plc's result for 2007. The funds will exit from the company in total when they sell the shares received in Birdstep. The funds invested in Secgo in 2004, and their holding in the company was 18% prior to the sale.

Finnventure V and Finnventure V ET funds sold their stake in Hantro Products Oy, a provider of mobile multimedia solutions, to the American listed company On2 Technologies, Inc in May. The transaction is expected to be closed in early November as an exchange of shares, and therefore the funds' exit from Hantro does not have a direct impact on CapMan Plc's result for 2007. The funds will exit from the company in total when they sell the shares received in On2. The funds initially invested in Hantro in 2002 and they held approx. 30% ownership in the company prior to the sale.

Swedestart Life Science fund's portfolio company Aerocrine AB went public on the Stockholm Stock Exchange in mid-June. Aerocrine is a medtech company that has developed NIOX and NIOX MINO monitoring devices for the diagnosis and control of airway inflammation such as asthma. The fund did not sell its Aerocrine shares in connection with the IPO and the shares are subject to a 12-month lock-up period. The fund invested in Aerocrine in 2005, and the company's business has developed well during the investment period.

CapMan Buyout VIII, CapMan Mezzanine IV and Finnmezzanine III funds announced a substantial add-on investment in portfolio company OneMed Group, which sells, markets and imports healthcare products, healthcare equipment and laboratory products, in September. The company will acquire the majority shareholding or 75 per cent of Poland's leading wholesaler of healthcare products Hand-Prod Group. It is expected that the deal, which will substantially strengthen OneMed Group's position in Northern Europe, will be finalised in November 2007. Including Hand-Prod Group, OneMed's turnover is estimated at approx. MEUR 320 in 2007.

#### **Events after the review period**

In early October the Fenno Fund co-managed by CapMan and Fenno Management Oy sold its 1,913,044 shares in Affecto Plc. Fenno Fund invested in Affecto Oy in 1999, the company merged with Genimap Oy in autumn 2004 and went public on the Helsinki Stock Exchange in 2005. Fenno Fund sold the majority of its shares in connection with the IPO. The final exit executed in October 2007 has an impact of approx. MEUR 0.8 on CapMan Plc's result for 2007 as a result of carried interest received from Fenno Fund. The investment in Affecto has been excellent for investors in the funds managed by CapMan.

Finnmezzanine Fund III sold the entire share capital of Indufor Oy to the company's operative management in early October. Indufor Oy had transferred to the fund's ownership in March 2007 from Savcor Group, a portfolio company of Finnmezzanine Fund III.

### **INVESTMENT ACTIVITIES BY THE REAL ESTATE FUNDS**

#### **Investment decisions in the review period**

The Real Estate funds announced 14 new investments in the period from January to September 2007. Of these, ten were in finished properties, three in properties under construction and one in land. Investments totalling MEUR 132.4 were made in the period under review, and as at 30 September 2007 the funds had additionally committed a total of MEUR 255.5 to finance real estate acquisitions and projects in the next few years. In the comparative period of 2006 the funds invested MEUR 74.4 in four new targets.

#### **Q3 Investment decisions**

In early July CapMan RE II fund signed an agreement to acquire ownership of Skanssin Kauppakeskus Oy, a shopping centre, from the Hartela Group. Skanssi is situated four kilometres east of Turku city centre. It is estimated that the retail centre, which will have a leasable area of ca. 37,000 m<sup>2</sup> on two floors, will attract some 4.5 million visitors annually once it is completed in April 2009. Hartela will continue to construct the property and to participate in its development. The capital commitment that has been made in the shopping centre project will be drawn down in stages during 2007-2009.

CapMan Real Estate I fund acquired two properties from Yrjö Jahnesson Foundation in August. Ludviginkatu 3-5, located in central Helsinki, was constructed in 1891 and is a five-storey commercial property with a lettable area of ca. 4,000 m<sup>2</sup>. The property at Elimäenkatu 9A and 9B, located in the Vallila district of Helsinki, comprises two buildings constructed in 1926 and 1974 with an aggregate lettable area of ca. 12,900 m<sup>2</sup>.

Additionally, CapMan Real Estate I fund acquired the warehouse and office property located at Hankasuontie 3 in Helsinki in September. The property, which was built in 1974, has a lettable area of ca. 7,055 m<sup>2</sup> and is fully leased at the time of investment.

#### **Investment decisions in January-June**

In the first half of 2007 CapMan Real Estate I fund invested in the following finished properties:

Kiinteistö Oy Helsingin Kalevankatu 20, Helsinki

Kiinteistö Oy Malminkaari 9, Helsinki

Kiinteistö Oy Lönnrotinkatu 20, Helsinki

Kiinteistö Oy Mastolan keskusvarasto, Vantaa

In addition the fund gave an undertaking to acquire Entresse, a shopping centre under construction, from YIT Construction Ltd. Entresse is located in Espoo centre and is scheduled to be completed for the 2008 winter season. The capital commitment to buy the shopping centre will be drawn down during 2008.

CapMan RE II fund acquired the following finished properties in the first half of 2007:

Kiinteistö Oy Kasarmikatu 4, Hämeenlinna

Kiinteistö Oy Parolantie 104, Hämeenlinna

Kiinteistö Oy Viinikankatu 49, Tampere

In addition the fund signed an agreement with Tokmanni Oy on the acquisition of a logistics centre to be built in Mäntsälä. The logistics centre project will be completed in autumn 2008, and the committed capital will be drawn down during 2008. CapMan RE II fund also made an investment in land located in the Kivistö area of Vantaa. In the period under review the City of Vantaa, however, announced that it will exercise its pre-emption right to purchase the land area. The sale of the land to the City of Vantaa was completed after the review period in October.

#### **Sale of CapMan Real Estate I fund's portfolio in January**

The sale of CapMan Real Estate I fund's real estate portfolio comprising 22 commercial properties to Samson Properties Ltd, The Royal Bank of Scotland (RBS) and Ajanta Oy was closed at the end of January. The acquisition cost of the portfolio was MEUR 304.4 and its sale price was MEUR 377.5. CapMan Real Estate I continues its active investment operations after the transaction.

#### **Other events in the review period**

In September CapMan RE II fund entered into a cooperation agreement with Finesco Invest Oy for the development of a shopping centre in the Hyvinkää town centre. The zoning of the target is currently underway.

#### **Events after the review period**

CapMan RE II fund acquired the office property located at Ylistönmäentie 33 in Jyväskylä in early October. The property, which was built in 1991, has a lettable area of ca. 5,790 m<sup>2</sup> and is fully leased to TietoEnator Corporation at the time of investment.