

CAPMAN PLC

JANUARY–SEPTEMBER 2016

INTERIM REPORT



CapMan Real Estate invested in the Heron City retail centre in Stockholm

CapMan Nordic Real Estate Fund, Varma and Cavendo have purchased Heron City, the 49,400 sqm landmark retail centre located in Kungens Kurva, Stockholm for SEK 930 (EUR 98) million.

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CAPMAN PLC JANUARY–SEPTEMBER 2016 INTERIM REPORT

Performance and main events for the review period 1 January – 30 September 2016:

- Group turnover totalled MEUR 22.0 (1 January – 30 September 2015: MEUR 24.7).
- Operating profit was MEUR 10.0 (MEUR 4.2).
- Profit before taxes was MEUR 7.5 (MEUR 2.5).
- Profit after taxes was MEUR 7.1 (MEUR 2.0).
- Diluted earnings per share for the review period were 7.3 cents (1.5 cents).
- CapMan will make a public voluntary exchange offer of all Norvestia Plc's shares. More information regarding the offer will be available in a stock exchange release to be published today 3 November 2016.

Heikki Westerlund, CEO:

“We have realised our strategy in terms of growth and result development according to plan during the year. The success of our value creation effort is visible as a clear improvement in results especially due to the favourable development of our investments and successful exits in the first nine months of the year. Our cash flow has also been strong. Nordic Real estate transaction activity has remained high, which is also reflected in the activity of our own real estate team. CapMan Nordic Real Estate fund has announced several exits in the beginning of autumn. The fund is among the best performing in its category in the Nordic countries.

” *“ We have realised our strategy in terms of growth and result development according to plan during the year.”*

Our service business has overall developed according to plan and has a significant role as we seek improved fee profitability.

We presently own 28.7% of Norvestia's shares and have today published a voluntary public exchange offer to acquire all remaining issued Norvestia shares. More than 50% of Norvestia's shareholders have already given their support for the exchange offer. Norvestia significantly strengthens CapMan's position as a leading Nordic private equity asset management and investment company with strong liquidity. The acquisition would support the implementation of our long term strategy.”

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CapMan maintains its outlook for 2016

The Management Company and Services business is profitable before carried interest income and any possible items affecting comparability. CapMan expects fees from services to continue growing and to constitute a larger share of overall fee income in 2016 compared to 2015.

A significant component contributing to CapMan's result is carried interest income. CapMan receives carried interest income from funds as a result of a completed exit in the event that the fund already is in carry or will enter carry due to the exit.

The current portfolio holds several investments, which are in exit process, although the exact timing of such exits may fluctuate.

The fair value development of CapMan's investments have a substantial impact on CapMan's overall result. The development of industries and local economies, inflation development, valuation multiples of peer companies, exchange rates and various other factors outside of CapMan's control influence fair value development in addition to company and real estate specific development, and the fair value development of the overall portfolio depends on the interplay of these factors. For a future outlook on Norvestia, CapMan refers to the assessment published by Norvestia in its own reports. As a consequence, CapMan refrains from providing projections related to the fair value development of its investments.

CapMan refers to its Half-Year 2016 Report published on 11 August 2016 for a description of items affecting comparability.

Business operations

CapMan Group is a Nordic private equity investment and asset management company with more than 25 years of operating history. The Group operates through two segments: a Management Company and Services business and an Investment business.

In its **Management Company and Services business**, CapMan manages private equity funds that invest in Nordic and Russian mainly unlisted companies and Nordic real estate according to investment strategies implemented by its partnership-based investment teams. CapMan raises capital for the funds from Nordic and international investors. In addition, CapMan offers fund advisory services through Scala Fund Advisory and purchasing services to companies in Finland and Sweden through its purchasing scheme CaPS. CapMan also offers fund management services to alternative fund managers. The Management Company and Services business has two main sources of income: fees and carried interest. The fees include management fees related to CapMan's position as a fund management company as well as fees from CapMan's service business.

Through its **Investment business**, CapMan invests from its own balance sheet in the private equity asset class (funds and other investments). CapMan's largest individual investment is its 28.7% stake in Norvestia Plc. Income in this business is generated by changes in the fair value of investments and realised returns. The fair value change of the associated company Norvestia is booked in CapMan's income statement, based on the change in Norvestia's net asset value (NAV) as reported by Norvestia. CapMan makes no adjustments to Norvestia's reported figures.

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

Group turnover and result in January–September 2016

The Group's turnover totalled MEUR 22.0 (January–September 2015: MEUR 24.7).

Operating expenses remained at level with the corresponding period last year and totalled MEUR 21.0 (MEUR 21.3).

Operating expenses include the following items affecting comparability:



- Expenses include MEUR 0.3 in items affecting comparability related to the exchange offer made for Norvestia's shares. In the comparable period in 2015, expenses included MEUR 0.7 in items affecting comparability related to the acquisition of shares in Norvestia.
- The Supreme Administrative Court did not grant CapMan an appeal to a decision by the Tax Authorities and CapMan has booked the write-down of a value-added tax receivable of MEUR 1.0 as an expense affecting comparability. The decision by the Supreme Administration Court does not incur any additional payments and has no effect on the cash flow of CapMan Group.
- Additional items affecting comparability were insurance compensations and certain additional compensations totalling MEUR 0.5, which have been booked as a reduction of expenses.

The Group's operating profit increased by 139% from the comparable period to MEUR 10.0 (MEUR 4.2). The increase was mainly due to higher changes in the fair values of investments.

Financial income and expenses amounted to MEUR -2.5 (MEUR -1.7). The increase in financial expenses was mainly due to financing costs related to the acquisition of Norvestia's shares in 2015 as well as MEUR 0.3 in interest rates booked due to the decision related to the value added tax treatment of CapMan Plc. Profit before taxes was MEUR 7.5 (MEUR 2.5) and profit after taxes was MEUR 7.1 (MEUR 2.0). Earnings per share were 7.4 cents (1.5 cents) and diluted earnings per share were 7.3 cents (1.5 cents). Net of tax interest on the hybrid bond for the period has been deducted when calculating earnings per share.

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 and Services business

Turnover generated by the Management Company and Services business for the review period totalled MEUR 22.0 (MEUR 24.7). Fees totalled MEUR 20.2 (MEUR 20.3). In addition to management fees, fees recorded also included fees generated by CapMan's purchasing scheme (CaPS), fund advisory services (Scala Fund Advisory) and other services.

Carried interest income for the review period totalled MEUR 1.8 (MEUR 4.4) and was mainly received from the CapMan Equity VII and CapMan Public Market funds.

The third quarter included a bonus reserve as minimum targets were reached. The operating profit of the Management Company and Services business was MEUR 1.1 (MEUR 3.7). The difference was mainly related to lower carried interest compared to the comparable period. The profit for the review period was MEUR 0.9 (MEUR 3.2). The status of the funds managed by CapMan is presented in more detail in Appendix 1.

Investment business

Total fair value changes of investments for January–September 2016 were MEUR 8.9 (January–September 2015: MEUR 0.5). Fair value changes of fund investments were MEUR 5.5 (MEUR 1.0) representing a 10.3% increase in value (+1.8% in January–September 2015). The positive change in the fair value of fund investments in the beginning of the year was mainly due to exit processes that have been completed or were under negotiation during the review period. The aggregate fair value of fund investments as of 30 September 2016 was MEUR 44.0 (30 September 2015: MEUR 47.3). The change was mainly due to significant exits completed after the comparable period. CapMan's share of the change in the net asset value of its associated company Norvestia was MEUR 3.5. The fair value of CapMan's investment in Norvestia was MEUR 48.7 on 30 September 2016. The fair value change of Maneq investments was MEUR 0.0 (MEUR 0.4).

Operating profit for the Investment business was MEUR 8.9 (MEUR 0.5) and profit for the review period was MEUR 6.2 (MEUR -1.2).

CapMan invested a total of MEUR 6.3 (MEUR 2.9) in its funds in the first nine months of 2016.

Investments were mostly allocated to the CapMan Nordic Real Estate, CapMan Buyout X and CapMan Russia II funds as well as Kokoelmakeskus Ky, which has invested in KOy Mastolan Keskusvarasto.

CapMan received distributions from funds totalling MEUR 12.9 (MEUR 9.4). The majority of the distributions came from the CapMan Buyout IX, CapMan Life Science IV and CapMan Public Market funds due to exits completed in the review period.

The amount of remaining commitments that have not yet been called totalled MEUR 25.6 as of 30 September 2016 (30 September 2015: MEUR 27.4).

CapMan estimates that only MEUR 10-15 of the remaining commitments will be called in the next four years. The lower estimate compared to the remaining commitments is due in particular to unused investment capacity of the older and already wound down funds. CapMan invests 1-5% of the original capital in the new funds that it manages, depending on fund size and investor composition.

Investments in portfolio companies are valued at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVG), where fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Real estate assets are valued in accordance with the value appraisals of external experts, as detailed in Appendix 1. The fair value change of the associated company Norvestia is booked in CapMan's income statement, based on the change in Norvestia's NAV as reported by Norvestia. CapMan makes no adjustments to Norvestia's reported figures.

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



Balance sheet and financial position as of 30 September 2016

CapMan's balance sheet totalled MEUR 152.4 as of 30 September 2016 (30 September 2015: MEUR 145.5). Non-current assets amounted to MEUR 116.9 (MEUR 115.0), of which goodwill totalled MEUR 6.2 (MEUR 6.2).

As of 30 September 2016, fund investments booked at fair value totalled MEUR 44.0 (MEUR 47.3 as of 30 September 2015). The NAV of Norvestia was MEUR 169.8 on 30 September 2016, of which the book value on CapMan's balance sheet was MEUR 48.7 based on CapMan's 28.7% ownership. The fair value of investments in joint ventures was MEUR 5.2 (MEUR 7.9) and consisted mainly of CapMan's investment in Maneq Investments Luxembourg. Long-term receivables amounted to MEUR 7.8 (MEUR 5.2).

Current assets amounted to MEUR 35.5 (MEUR 30.5). Liquid assets (cash in hand and at banks, plus other financial assets at fair value through profit and loss) amounted to MEUR 29.6 (MEUR 21.3).

CapMan's interest-bearing net debt amounted to MEUR 37.4 (MEUR 30.4). CapMan's total interest bearing debt as of 30 September 2016 is outlined in the table on the next page.

	Debt amount 30 September 2016	Matures latest	Annual interest	Debt amount 30 September 2015
Bank financing	MEUR 12.5	Q2 2019		MEUR 27
Senior bond (issued in 2013)	MEUR 15	Q4 2017	5.5%	MEUR 15
Multi-issuer bond (issued in 2014)	MEUR 10	Q2 2019	1.85%	MEUR 10
Senior bond (issued in 2015)	MEUR 30	Q4 2019	4.2%	
Long-term credit facility (available)	(MEUR 10)			(MEUR 15)
(Hybrid bond*)	(MEUR 15)	No maturity	8.0%	(MEUR 15)

*) In line with IFRS standards, the hybrid bond is classified as equity. The interest on the hybrid bond is deducted from equity as interest is paid, which is annually. The hybrid bond has no maturity, but CapMan has the right to redeem it four years after the issue date and the option to redeem it earlier, under certain terms and conditions, two years after the issue date. The hybrid bond was issued on 11 December 2013.

CapMan Plc's bank loans include financing covenants, which are conditional on the company's equity ratio and the ratio of interest-bearing bank loans to fund investments on the balance sheet. CapMan honoured all covenants as of 30 September 2016.

Trade and other payables totalled MEUR 17.1 (MEUR 29.7). Other payables in the comparable period included debt related to the additional purchase price of Norvestia's shares in 2015.

The Group's cash flow from operations totalled MEUR 7.2 for the review period (MEUR 5.4). 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 9.1 (MEUR -27.4) and includes, *inter alia*, investments and repaid capital received by the Group. Cash flow before financing totalled MEUR 16.3 (MEUR -22.0), while cash flow from financing was MEUR -8.6 (MEUR 14.3).

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Key figures 30 September 2016

CapMan's equity ratio was 44.8 per cent as of 30 September 2016 (30 September 2015: 44.3 per cent), its return on equity 14.3 per cent (4.2 per cent), and its return on investment 10.0 per cent (5.6 per cent). The target levels for the company's equity ratio and return on equity are 45–60 per cent and over 20 per cent, respectively.

	30.9.16	30.9.15	31.12.15
Earnings per share, cents	7.4	1.5	5.9
Diluted, cents	7.3	1.5	5.8
Shareholders' equity / share, cents *	76.8	72.0	75.5
Share issue adjusted number of shares	86,293,531	86,290,467	86,290,467
Number of shares at the end of period	86,325,511	86,316,766	86,316,766
Number of shares outstanding	86,299,212	86,290,467	86,290,467
Company's possession of its own shares, end of period	26,299	26,299	26,299
Return on equity, % p.a.	14.3	4.2	9.3
Return on investment, % p.a.	10.0	5.6	8.0
Equity ratio, %	44.8	44.3	43.7
Net gearing, %	56.4	49.1	72.9

*) In line with IFRS standards, the MEUR 15 (30 September 2015 and 31 December 2015: MEUR 15) 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 deducted when calculating earnings per share.

Capital under management as of 30 September 2016, fundraising status and service business for the review period

Capital under management refers to the remaining investment capacity, mainly equity, of funds and capital already invested at acquisition cost. As capital under management is calculated based on the capital, which forms the basis for management fees, investment capacity includes in addition to equity also debt for such funds where debt is included in the fee base. Capital increases as fundraising for new funds progresses or as investments are executed under investment mandates and declines as exits are completed.

Capital under management was MEUR 2,820 as of 30 September 2016 (30 September 2015: MEUR 2,846).

The establishment of a private debt fund and

investments made based on the BVK investment mandate had a positive impact on capital under management. The increase was offset by exits completed since the comparable period. Of the total capital under management, MEUR 1,297 (MEUR 1,362) was held in funds making investments in portfolio companies and MEUR 1 524 (MEUR 1 484) in real estate funds or investment mandates.

CapMan established a new MEUR 100 Nordic credit fund in May. The fund is managed by Nest Capital, an investment partnership part of CapMan Group and previously known as CapMan Credit. Fundraising for the fund is ongoing.

CapMan's service business has grown significantly in 2016. Currently CaPS has the most significant impact on fees obtained from services. CaPS develops its member companies' purchasing activities and fees

obtained from the services are significant. Fees generated by CaPS have grown through geographic expansion as well as due to new members and purchasing categories.

Scala Fund Advisory operates as part of CapMan Group and offers private equity fundraising and advisory services for private equity fund managers and institutional investors. Scala has several external mandates, which partially contribute to advisory fees in 2016. The majority of fees are success fees, which are paid as a one-off compensation following a successful fundraise.

CapMan has also started monetising services related to fund management. The stringent regulatory environment creates possibilities for established companies like CapMan with sufficient know-how and resources to offer services related to among others fund establishment, fund management and valuation to smaller players in the industry.

CapMan's various service offerings have significant growth potential and are expected to increase CapMan's fee income in the long term.

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

Authorisations given to the Board by the AGM

The AGM 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 2017 at the latest. The AGM also authorised the Board to decide on the issuance of shares and other special rights entitling to shares. The number of shares to be issued shall not exceed 15,000,000 B shares and the authorization shall remain in force until the end of the following AGM and 30 June 2017 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 16 March 2016.

Personnel

CapMan employed a total of 102 people as of 30 September 2016 (30 September 2015: 102), of whom 65 (68) worked in Finland and the remainder in the other Nordic countries, Russia, Luxembourg and the United Kingdom. A breakdown of personnel by country is presented in the Tables section of this report.

Shares and share capital

There were no changes in CapMan Plc's share capital during the review period. Share capital totalled EUR 771,586.98 as of 30 September 2016. The number of B shares was 80,575,511 and that of A shares 5,750,000 as of 30 September 2016.

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

Shareholders

The number of CapMan Plc shareholders increased by 9% from the comparable period and totalled 7,351 as of 30 September 2016 (30 September 2015: 6,721).

Company shares

As of 30 September 2016, 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 own shares held by CapMan was EUR 31,559 as of 30 September 2016 (30 September 2015: EUR 26,036). No changes occurred in the number of own shares held by CapMan Plc during the review period.



Trading and market capitalisation

CapMan Plc's B shares closed at EUR 1.20 on 30 September 2016 (30 September 2015: EUR 1.00). The trade-weighted average price during the review period was EUR 1.03 (EUR 1.00). The highest price paid was EUR 1.24 (EUR 1.09) and the lowest EUR 0.91 (EUR 0.83). The number of CapMan Plc B shares traded totalled 20.9 million (10.4 million), valued at MEUR 21.4 (MEUR 10.5).

The market capitalisation of CapMan Plc B shares as of 30 September 2016 was MEUR 96.7 (30 September 2015: MEUR 80.6). The market capitalisation of all company shares, including A shares valued at the closing price of B shares, was MEUR 103.6 (MEUR 86.3).

Compensation schemes

CapMan's compensation scheme consists of short-term and long-term compensation schemes.

The short-term scheme covers all CapMan employees and its central objective is earnings per share, for which the Board of Directors has set a minimum target. Short-term bonuses for investment teams are based on the result of the Management Company business for their respective investment partnership, and the minimum level of earnings per share provides the basis for receiving bonuses.

The long-term scheme consists of carried interest payable to investment teams and stock option programmes for CapMan's key personnel. The carried interest payable to investment teams is based on the success of investments made in the corresponding funds. This arrangement is in line with international industry practice.

At the end of the reporting period, CapMan Plc had two stock option programmes – Option Programme 2013 and Stock Option Programme 2016 – in place as part of its incentive and commitment arrangements for key personnel. The Board of Directors decides

annually on the distribution of stock options to the key personnel employed or recruited by the Group.

The maximum number of stock options issued under Option Programme 2013 will be 4,230,000, which will carry an entitlement to subscribe to a maximum of 4,230,000 new B shares. The programme is divided into A, B, and C series, each of which covers a maximum of 1,410,000 option entitlements. The share subscription price of the 2013A options is EUR 0.75 (the trade volume-weighted average quotation of the share during 1 April–31 May 2013 with an addition of 10%), that of the 2013B options is EUR 1.03 (the trade volume-weighted average quotation of the share during 1 April–31 May 2014 with an addition of 10%), and that of the 2013C options is EUR 1.05 (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 began on 1 May 2016 and that for 2013B options and 2013C options will begin on 1 May 2017 and 1 May 2018, respectively. Receivables from shares subscribed to under these options will be entered in the company's unrestricted shareholders' equity. A total of 1,325,000 stock option entitlements under the Option Programme 2013A, a total of 1,318,334 stock option entitlements under the Option Programme 2013B and a total of 1,327,291 stock option entitlements under the Option Programme 2013C had been allocated by 30 September 2016. A total of 29,171 new class B shares had been subscribed to with 2013A options as of 30 September 2016.

The maximum number of stock options issued under Option Programme 2016 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 2016A options is EUR 1.04 (the trade volume-weighted average quotation of the share during 1 April–31 May 2016 with an



addition of 10%), that of the 2016B options is the trade volume-weighted average quotation of the share during 1 April–31 May 2017 with an addition of 10%, and that of the 2016C options is the trade volume-weighted average quotation of the share during 1 April–31 May 2018 with an addition of 10%. The subscription period for 2016A options will begin on 1 May 2019, that for 2016B options on 1 May 2020 and that for 2016C options on 1 May 2021. 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 by 30 September 2016 under the Option Programme 2016.

The terms of the option programmes can be found on CapMan's website.

Other significant events during the review period

CapMan Real Estate was awarded an investment mandate from Bayerische Versorgungskammer (BVK), Germany's largest pension scheme group. Based on the mandate, CapMan Real Estate will execute investments worth MEUR 400 in total in residential real estate on behalf of BVK. Earlier this year, CapMan has advised BVK on the acquisition of a MEUR 80 prime residential portfolio in the Helsinki Metropolitan Area under the investment mandate. BVK has approx. BEUR 62 in assets under management and it invests also through partners. CapMan will receive an annual advisory fee and performance fee.

CapMan Life Science IV fund managed by CapMan exited its investment in Samsa AB in July 2016. The exit had a MEUR 1.5 result impact and MEUR 5.7 cash flow impact to CapMan Plc.

Funds managed by CapMan exited Esperi Care Oy in June. CapMan is a significant investor in CapMan Buyout IX fund and the result impact from the exit

was MEUR 1.4. The exit generated MEUR 6.1 in cash flow to CapMan Plc.

The CapMan Real Estate I fund sold its holding in KOy Mastolan Keskusvarasto to Kokoelmakeskus Ky. The investors of Kokoelmakeskus are a group of Finnish investors, including CapMan. CapMan Real Estate is responsible for managing the asset.

The CapMan Public Market fund exited its final portfolio companies in the beginning of the year. As a result, the fund transferred to carry and will be terminated during 2016. CapMan receives carried interest income of MEUR 1.2 from the fund, the majority of which were booked in the first quarter of 2016.

Events after the end of the review period

CapMan has made a voluntary public exchange offer for Norvestia's shares. The exchange offer is described in detail in a stock exchange release published 3 November 2016.

The number of CapMan's series B shares increased to 80,595,937 shares, as a total of 20,426 new series B shares that were subscribed for between 9 June and 14 September 2016 with the company's stock options 2013A have been registered.

Additional operations of the funds are described in Appendix 2.

Significant risks and short-term uncertainties

Private equity investment is generally subject to a risk of non-liquid investments, among others, which means uncertainty of the realization of any increase in value, a risk concerning general economic development and market situation and a risk concerning the economy and political situation of target countries.

Investment operations carried out by CapMan are subject to general market risk, especially through Norvestia's investment activities. Market values can



change, for example, because of fluctuations in the equity, fixed income, currency and real estate markets. Changes in market values impact the result of CapMan through the appreciations of its investment assets. Changes in the equity markets also influence the valuation of unlisted portfolio companies because the valuation methods used by funds include the share values of suitable listed companies. Economic uncertainty may have a direct impact on the success of the funds administered by CapMan and also on the assets available for investment or solvency of the current and potential investors of the funds.

The business operations of the CapMan Group have a material risk of failure regarding the establishment of new private equity funds and their fundraising. Successful funding is important to management fees and creates opportunity for receiving carried interest income in the future. For example, poor performance of investments made by funds managed by CapMan, increasing competition or other reasons that are independent of CapMan may make it more difficult to raise funds from new or current investors in the future.

The timing of exits and the magnitude of the potential carried interest profits are difficult to foretell. The timing of fees from fund advisory activities are difficult to predict due to the nature of the business.

Group companies managing a fund may in certain circumstances, pursuant to the terms of the fund agreement, have to return carried interest income they have received (so-called clawback). The obligation to return carried interest income applies typically when the fund management company is deemed to have received a higher total carried interest income when the fund expires than what it

was entitled to under the fund agreement. CapMan books received carried interest income on a cash basis. As such, only realised carried interest income is booked in CapMan's result. Returned carried interest income based on clawback conditions would in turn have a negative impact on CapMan's result as a potential clawback provision may not be sufficient. CapMan has recorded a EUR 5.2 million clawback provision for the CapMan Real Estate I KY fund. The sufficiency of the provision is reviewed quarterly by the management but its actual amount will only be known after all target investments of the fund have been liquidated. The realisation of the clawback liability would have a negative cash flow impact and it is possible that the provision made is not sufficient.

The company's financing agreements include financing covenants and other conditions. Violation of covenants related to financing agreements and a failure to fulfil other contractual terms may cause the cost of financing to increase significantly and even jeopardise continued financing for CapMan.

Changes in the securities markets regulation, significant domestic or international tax regulation or practice and regulation generally applicable to business operations, or measures and actions by authorities or requirements set by authorities, or in the manner in which such laws, regulations and actions are implemented or interpreted, as well as the application and implementation of new laws and regulations, may have a significant effect on CapMan's business operations.

General Business environment

Growth in the Nordic countries is forecast to remain historically slow, but at a sufficient level to support growth in the employment rate. Swedish growth is inching down to a more normal level, while growth in Denmark and Norway is moving up.¹ The Finnish

¹ Danske Bank Nordic Outlook September 2016

economy is returning to a growth path. Economic data has strengthened and leading indicators support a more positive growth outlook for the first time in a while.² Russia's GDP continued contracting in 2016, albeit at a slower rate compared to last year. The economy is expected to contract further with a rebound to be expected only in 2017.³

Private Equity

The low interest rate environment and uncertainty related to the cyclical nature of the stock market drives investors to seek out investments with more attractive return profiles. Long-term returns of the private equity market have been historically higher compared to other asset classes. The 10-year median net return of private equity investments made by public pension funds was 13% p.a., which was 8 percentage points higher compared to a comparable stock market index.⁴ According to Preqin, private equity funds investing in Europe and established between 2010 and 2013 have returned on average 12% p.a.⁵ Private equity investments by Finnish pension insurance companies have returned on average 11.2% p.a. during the past 10 years.⁶

Generous distributions from private equity funds compared to capital calls enable new private equity investments for institutional investors and encourage additional growth of the asset class in the medium term. According to an investor survey by Preqin, 89% of respondents consider that the development of their private equity portfolio has either met or exceeded their expectations and 93% of the respondents expect to either increase or maintain allocations into private equity in the long term.⁷ Investors show increased interest in Growth

investments as well as Europe compared to last year.⁸

The number of established funds as well as funds raised have decreased in the third quarter from the second quarter and were at level with the third quarter 2015 figures. Competition for capital between funds is intense and there is a record number of funds in the market. 70% of private equity funds have been in the market for more than a year and 26% more than two years.⁹ Investors' appetite for co-investments has increased alongside fund investments over the past five years.¹⁰

The private equity secondary market is becoming an increasingly important part of investors' private equity strategy as they look for options to add liquidity to their alternative asset portfolios. October 2016 recorded the highest number of secondary funds in the market over the past five years. The improved net IRR profile over vintages following the financial crisis compared to other private equity strategies adds to the popularity of secondaries.¹¹ With the growth of the secondaries market, there is increased demand for advisory services that focus on this segment of the private equity market.

EBITDA multiples of Buyouts have risen especially in the Nordic countries and in the finance and health care sectors. The multiples are highest for large transactions.¹² The active IPO market in the Nordic countries has impacted both price levels as well as the number of auctions.

Competition has tightened for private debt funds as new funds have entered the market in the second half of 2016. According to a survey by Preqin, 37% of investors are interested in mezzanine strategies.

² BoF: Euro & Talous 3/16: Finnish economic outlook

³ Focus Economics 4 October 2016

⁴ Bain Global Private Equity report 2016

⁵ Preqin Private Equity Spotlight syyskuu 2016

⁶ Tela

⁷ Preqin Investor Outlook Alternative Assets H2 2016

⁸ Preqin Private Equity Spotlight Update Q3 2016

⁹ Preqin Quarterly Private Equity Update Q3 2016

¹⁰ Privcap Fundraising Roundup Q3 2016

¹¹ Preqin Secondary Market Update Q3 2016

¹² Clearwater International Unquote Multiples Heatmap Analysis September 2016



Investors in the asset class consider Europe to be the most interesting region in the coming 12 months.¹³ Mezzanine as a form of alternative debt financing is seeing more competition from direct lending funds and banks in the Nordic area.¹⁴

Real Estate

The year-to-date transaction volume in the Nordic real estate market reached EUR 26.0 billion, which represents a 5% increase year over year. The strong investment volume shows that the market has remained dynamic and liquidity is further improving.¹⁵

The steady increase in transaction volume has kept the yields at a low level across the Nordic capitals. In Sweden prime offices and retail properties trade as low as 3.8% while in Denmark prime office and retail yields stand at around 4.0% and 3.3%, respectively. Also the Finnish property investment market has remained robust with prime yields ranging between 4.0% (retail) and 4.2% (office) in the Helsinki city centre. Yields have also compressed in the secondary stock although there are notable differences between the different countries in the region. For example, in Stockholm B-grade properties in A-locations or A-grade properties in B-locations trade at only with a slight risk premium to prime assets whereas in Helsinki the yield gap between prime and secondary assets is still typically at least 200 basis points.¹⁶

The relatively well-performing macro economies have supported the positive development in the occupancy market in Sweden and Denmark resulting in decreasing vacancies and rent hikes. Also the Copenhagen residential market has continued to develop favourably with both market rents and prices posting firm gains through the end of Q3 2016.

While the Swedish and Danish economies are performing well, the no-growth environment in Finland has continued to depress the occupancy market both in the office and retail sectors. As a result, both occupancy rates and rent levels have remained mostly flat in the Helsinki Metropolitan Area during the first nine months of the year.¹⁷

The consequences of the UK's decision to leave EU have proven to be minimal at least in the short-term. In fact, some international investors may start looking for alternative investment markets beyond the UK, which would also benefit the Nordic capitals, which provide solid growth fundamentals and sufficient liquidity.¹⁸

Fundraising for real estate funds has accelerated since 2009 and more than BEUR 100 was raised for the strategy globally in 2015. According to a survey by Preqin, investors are interested in value-add strategies as well as opportunistic strategies alongside core investment strategies. Geographically, Europe generates the most investor interest.¹⁹ Investments in real estate funds investing in Europe and established between 2009 and 2013 have returned on average 13% p.a.²⁰

CapMan maintains its outlook for 2016

The Management Company and Services business is profitable before carried interest income and any possible items affecting comparability. CapMan expects fees from services to continue growing and to constitute a larger share of overall fee income in 2016 compared to 2015.

A significant component contributing to CapMan's result is carried interest income. CapMan receives carried interest income from funds as a result of a

¹³ Preqin Private Debt Update Q3 2016

¹⁴ Unquote 21 June 2016

¹⁵ CapMan Real Estate

¹⁶ CBRE Nordic Investment MarketView Q3 2016

¹⁷ CapMan Real Estate

¹⁸ CapMan Real Estate

¹⁹ Preqin Investor Outlook Alternative Assets H2 2016

²⁰ Preqin data



completed exit in the event that the fund already is in carry or will enter carry due to the exit.

The current portfolio holds several investments, which are in exit process, although the exact timing of such exits may fluctuate.

The fair value development of CapMan's investments have a substantial impact on CapMan's overall result. The development of industries and local economies, inflation development, valuation multiples of peer companies, exchange rates and various other factors outside of CapMan's control influence fair value development in addition to company and real estate

specific development, and the fair value development of the overall portfolio depends on the interplay of these factors. For a future outlook on Norvestia, CapMan refers to the assessment published by Norvestia in its own reports. As a consequence, CapMan refrains from providing projections related to the fair value development of its investments.

CapMan refers to its Half-Year 2016 Report published on 11 August 2016 for a description of items affecting comparability.

CapMan

The CapMan Group will publish its Financial Statements Bulletin for 2016 on Thursday, 2 February 2017.

Helsinki, 3 November 2016

CAPMAN PLC
Board of Directors

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Appendices (after the Tables section):

Appendix 1: The CapMan Group's funds under management as of 30 September 2016
Appendix 2: Operations of CapMan's funds under management January–September 2016
Appendix 3: Description of CapMan's business operations

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ACCOUNTING PRINCIPLES

The interim report has been prepared in accordance with IAS 34 using the same accounting policies as in the previous annual financial statements. The information presented in the interim report is unaudited.

GROUP STATEMENT OF COMPREHENSIVE INCOME (IFRS)

€ ('000)	7-9/16	7-9/15	1-9/16	1-9/15	1-12/15
Turnover	6,634	8,913	22,044	24,662	31,767
Other operating income	30	140	88	286	314
Personnel expenses	-4,683	-4,455	-12,995	-13,063	-17,066
Depreciation and amortisation	-62	-76	-183	-236	-322
Other operating expenses	-1,992	-2,516	-7,833	-7,953	-10,574
Fair value changes of investments	2,889	-1,468	8,876	489	5,152
Operating profit	2,816	538	9,997	4,185	9,271
Financial income and expenses	-764	-669	-2,492	-1,671	-2,875
Share of the income of investments accounted for using the equity method	0	0	0	0	53
Profit/loss before taxes	2,052	-131	7,505	2,514	6,449
Income taxes	-139	-93	-446	-503	-395
Profit/loss for the period	1,913	-224	7,059	2,011	6,054
Other comprehensive income:					
Translation differences	22	-10	60	-63	-41
Total comprehensive income	1,935	-234	7,119	1,948	6,013
Profit attributable to:					
Equity holders of the company	1,913	-224	7,059	2,011	6,054
Total comprehensive income attributable to:					
Equity holders of the company	1,935	-234	7,119	1,948	6,013
Earnings per share for profit attributable to the equity holders of the Company:					
Earnings per share, cents	2.0	-0.5	7.4	1.5	5.9
Diluted, cents	1.9	-0.5	7.3	1.5	5.8

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



GROUP BALANCE SHEET (IFRS)

€ ('000)	30.9.16	30.9.15	31.12.15
ASSETS			
Non-current assets			
Tangible assets	163	215	189
Goodwill	6,204	6,204	6,204
Other intangible assets	331	552	487
Investments accounted for using the equity method	95	43	95
Investments at fair value through profit and loss			
Investments in funds	44,000	47,333	47,249
Other financial assets	48,784	43,467	48,784
Investments in joint ventures	5,169	7,880	7,651
Receivables	7,763	5,197	6,062
Deferred income tax assets	4,400	4,097	4,400
	116,909	114,988	121,121
Current assets			
Trade and other receivables	5,884	9,164	6,637
Other financial assets at fair value through profit and loss	306	314	306
Cash and bank	29,329	21,003	21,576
	35,519	30,481	28,519
Total assets	152,428	145,469	149,640



€ ('000)	30.9.16	30.9.15	31.12.15
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	27,483	27,175	27,397
Translation difference	156	74	96
Retained earnings	-1,067	-5,021	-2,048
Total equity	66,312	61,968	65,185
Non-current liabilities			
Deferred income tax liabilities	1,955	1,951	1,958
Interest-bearing loans and borrowings	65,028	51,736	69,389
	66,983	53,687	71,347
Current liabilities			
Trade and other payables	17,133	29,737	13,108
Interest-bearing loans and borrowings	2,000	0	0
Current income tax liabilities	0	77	0
	19,133	29,814	13,108
Total liabilities	86,116	83,501	84,455
Total equity and liabilities	152,428	145,469	149,640

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GROUP STATEMENT OF CHANGES IN EQUITY

€ ('000)	Attributable to the equity holders of the Company					
	Share capital	Share premium account	Other reserves	Translation differences	Retained earnings	Total
Equity on 1 January 2015	772	38,968	27,175	137	-1,485	65,567
Profit for the year					2,011	2,011
Other comprehensive income for the year						
Currency translation differences				-63		-63
Total comprehensive income for the year				-63	2,011	1,948
Options					166	166
Dividends					-5,177	-5,177
Other changes					-536	-536
Equity on 30 September 2015	772	38,968	27,175	74	-5,021	61,968
Equity on 1 January 2016	772	38,968	27,397	96	-2,048	65,185
Profit for the year					7,059	7,059
Other comprehensive income for the year						
Currency translation differences				60		60
Total comprehensive income for the year				60	7,059	7,119
Share issues			22			22
Options			64		124	188
Dividends					-6,042	-6,042
Hybrid bond, interest and other expenses					-160	-160
Equity on 30 September 2016	772	38,968	27,483	156	-1,067	66,312

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STATEMENT OF CASH FLOW (IFRS)

€ ('000)	1-9/16	1-9/15	1-12/15
Cash flow from operations			
Profit for the financial year	7,059	2,011	6,054
Adjustments	-3,037	4,874	2,996
Cash flow before change in working capital	4,022	6,885	9,050
Change in working capital	4,722	880	-3,309
Financing items and taxes	-1,506	-2,367	-5,169
Cash flow from operations	7,238	5,398	572
Cash flow from investments	9,090	-27,357	-39,611
Cash flow before financing	16,328	-21,959	-39,039
Dividends paid	-6,042	-5,177	-5,177
Other net cash flow	-2,533	19,489	37,142
Financial cash flow	-8,575	14,312	31,965
Change in cash funds	7,753	-7,647	-7,074
Cash funds at start of the period	21,576	28,650	28,650
Cash funds at end of the period	29,329	21,003	21,576

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SEGMENT INFORMATION

The Group reports two segments: Management company and Services business and Investments.

7-9/2016	Management company and Services business			Investment business	Total
	CapMan Private Equity	CapMan Real Estate	Total		
€ ('000)					
Turnover	4,688	1,946	6,634	0	6,634
Operating profit/loss	-110	37	-73	2,889	2,816
Profit/loss for the financial year	-88	30	-58	1,971	1,913

7-9/2015	Management company and Services business			Investment business	Total
	CapMan Private Equity	CapMan Real Estate	Total		
€ ('000)					
Turnover	6,491	2,422	8,913	0	8,913
Operating profit/loss	1,689	235	1,924	-1,386	538
Profit/loss for the financial year	1,564	211	1,775	-1,999	-224

1-9/2016	Management company and Services business			Investment business	Total
	CapMan Private Equity	CapMan Real Estate	Total		
€ ('000)					
Turnover	15,867	6,177	22,044	0	22,044
Operating profit/loss	991	130	1,121	8,876	9,997
Profit/loss for the financial year	793	104	897	6,162	7,059
Assets	6,163	590	6,753	110,156	116,909
Total assets include:					
Investments accounted for using the equity method	0	0	0	95	95
Investments in joint ventures	0	0	0	5,169	5,169

1-9/2015	Management company and Services business			Investment business	Total
	CapMan Private Equity	CapMan Real Estate	Total		
€ ('000)					
Turnover	18,069	6,593	24,662	0	24,662
Operating profit/loss	3,074	622	3,696	489	4,185
Profit/loss for the financial year	2,672	521	3,193	-1,182	2,011
Assets	6,800	225	7,025	107,963	114,988
Total assets include:					
Investments accounted for using the equity method	0	0	0	43	43
Investments in joint ventures	0	0	0	7,880	7,880

1-12/2015	Management company and Services business			Investment business	Total
	CapMan Private Equity	CapMan Real Estate	Total		
€ ('000)					
Turnover	22,933	8,834	31,767	0	31,767
Operating profit	3,487	632	4,119	5,152	9,271
Profit/loss for the financial year	2,790	506	3,296	2,758	6,054
Assets	6,729	206	6,935	114,186	121,121
Total assets include:					
Investments accounted for using the equity method	0	0	0	95	95
Investments in joint ventures	0	0	0	7,651	7,651

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

A dividend of EUR 0.07 per share, totalling MEUR 6.0 was paid for 2015. The dividend was paid to shareholders on 1 April 2016. A dividend of EUR 0.06 per share, totalling MEUR 5.2 million in all, was paid for 2014.

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NON-CURRENT ASSETS

€ ('000)	30.9.16	30.9.15	31.12.15
Fund investments at fair value through profit and loss on Jan 1	47,249	55,258	55,258
Additions	6,299	2,900	4,355
Distributions	-12,912	-9,410	-10,745
Fair value gains/losses on investments	3,364	-1,415	-1,619
Investments in funds at fair value through profit and loss at end of the period	44,000	47,333	47,249
Investments in funds by investment area at the end of period			
Buyout	19,976	22,506	21,921
Credit	2,441	2,343	3,061
Russia	4,055	4,165	3,799
Real Estate	13,895	9,229	9,751
Other	2,947	7,673	7,509
Funds of funds	686	1,417	1,208
In total	44,000	47,333	47,249

Investments in funds include the subsidiary, CapMan Fund Investments SICAV-SIF, with a fair value of 27 450 thousand euros.

€ ('000)	30.9.16	30.9.15	31.12.15
Other investments at fair value through profit and loss on Jan 1	48,784	121	121
Additions	0	44,335	44,335
Distributions	-3,471	-66	-66
Fair value gains/losses on investments	3,471	-923	4,394
Other investments at fair value through profit and loss at end of the period	48,784	43,467	48,784

Other investments include Norvestia's shares at fair value MEUR 48.7.

CapMan's share represents 28.7% of Norvestia's total shares (CapMan acquired 21.7% on 12 May 2015 and an additional 7.0% according to an agreement on 23 October 2015).

The fair value change of the associated company is booked in CapMan's income statement based on the change in Norvestia's reported NAV / share.

The associated company has been fair valued through profit and loss because CapMan has been qualified as an investment entity by IFRS 10.

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€ ('000)	30.9.16	30.9.15	31.12.15
Investments in joint ventures at fair value through profit and loss on Jan 1	7,651	9,014	9,014
Distributions	-2,249	-956	-1,307
Fair value gains/losses on investments	-233	-178	-56
Investments in joint ventures at fair value through profit and loss at end of the period	5,169	7,880	7,651

The group's assets measured at fair value at 30 September 2016.

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 price) or indirectly (that is, derived from prices)

Level 3 - The asset that is 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 Jan 1		548	46,701	47,249
Additions		0	6,299	6,299
Distributions		-480	-12,432	-12,912
Fair value gains/losses		-26	3,390	3,364
at the end of period		42	43,958	44,000
Other investments				
at Jan 1			48,784	48,784
Disposals			-3,471	-3,471
Fair value gains/losses			3,471	3,471
at the end of period			48,784	48,784
Investments in joint ventures				
at Jan 1			7,651	7,651
Disposals			-2,249	-2,249
Fair value gains/losses			-233	-233
at the end of period			5,169	5,169

Fund investments in Level 2 are investments in the CapMan Public Market fund. All other fund investments are included in Level 3. Other investments reported under Level 3 include Norvestia's shares. Investments in joint ventures reported in Level 3 include investments in Maneq Investments Luxembourg. There were no transfers from one level to another during the review period.

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The group's assets measured at fair value at 31 December 2015.

	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss				
Investments in funds				
at Jan 1		2,993	52,265	55,258
Additions		37	4,318	4,355
Distributions		-2,433	-8,312	-10,745
Fair value gains/losses		-49	-1,570	-1,619
at the end of period		548	46,701	47,249
Other investments				
at Jan 1			121	121
Additions			44,335	44,335
Distributions			-66	-66
Fair value gains/losses			4,394	4,394
at the end of period			48,784	48,784
Investments in joint ventures				
at Jan 1			9,014	9,014
Disposals			-1,307	-1,307
Fair value gains/losses			-56	-56
at the end of period			7,651	7,651

Fund investments in Level 2 are investments in the CapMan Public Market fund. All other fund investments are included in Level 3. Investments in joint ventures reported in Level 3 include investments in Maneq Investments Luxembourg. There were no transfers from one level to another during the review period.

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Sensitivity analysis of Level 3 investments at 30 September 2016

Investment area	Fair value MEUR 30 September 2016	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity (MEUR) to a +/- 10% change in input value
Norvestia	48.7	Net assets (NAV based on Norvestia's reported figures)	NA*	NA*	NA*
Buyout	20.0	Peer group	Peer group earnings multiples	EV/EBITDA 2015 8.3x	+/-3.6
			Discount to peer group multiples	21%	+/-1.1
Real Estate	13.9	Valuation by an independent valuer	NA*	NA*	NA*
Investments in joint ventures	5.2	Discounted cash flows	Discount rate	15%	-0.2 / value increase based on a change in the discount rate is not booked
Russia	4.1	Peer group	Peer group earnings multiples	EV/EBITDA 2016 13.0x	+/- 0.4
			Discount to peer group multiples	35%	-/+ 0.3
Credit	2.4	Discounted cash flows	Discount rate; market rate and risk premium	11%	- 0.1 / value increase based on a change in the discount rate is not booked
Other investment areas	1.9	Peer group	Peer group earnings multiples	EV/EBITDA 2016 7.7x	+/- 0.1
			Discount to peer group multiples	15%	-/+ 0.0



Sensitivity analysis of Level 3 investments at 31 December 2015

Investment area	Fair value MEUR 31.12.2015	Valuation methodology	Unobservable inputs	Used input value (weighted average)	Fair value sensitivity (MEUR) to a +/- 10% change in input value
Norvestia	48.7	Net assets (NAV based on Norvestia's reported figures)	NA*	NA*	NA*
Buyout	21.9	Peer group	Peer group earnings multiples	EV/EBITDA 2015 8.6x	+/-4.1
			Discount to peer group multiples	21%	-1.2 / +1.1
Real Estate	9.8	Valuation by an independent valuer	NA*	NA*	NA*
Investments in joint ventures	7.7	Discounted cash flows	Discount rate	15%	-0.3 / value increase based on a change in the discount rate is not booked
Russia	3.8	Peer group	Peer group earnings multiples	EV/EBITDA 2015 11.6x	+/- 0.3
			Discount to peer group multiples	36%	-/+ 0.2
Credit	3.1	Discounted cash flows	Discount rate; market rate and risk premium	11%	- 0.1 / value increase based on a change in the discount rate is not booked
Other investment areas	5.5	Peer group	Peer group earnings multiples	EV/EBITDA 2015 10.9x	+/- 0.4
			Discount to peer group multiples	32%	-/+ 0.2



CapMan has made some investments also in funds that are not managed by CapMan Group companies. The fair values of these investments in CapMan's balance sheet are based on the valuations by the respective fund managers. No separate sensitivity analysis is prepared by CapMan for these investments.

The changes in the peer group earnings multiples and the peer group discounts are typically opposite to each other. Therefore, if the peer group multiples increase, a higher discount is typically applied. Because of this, a change in the peer group multiples may not in full be reflected in the fair values of the fund investments.

The foreign exchange rates at the time of valuation have been applied in determining the fair values. Changes in the rates of Norwegian krone or Swedish krona would, in CapMan's estimate, have no significant direct impact on the fair values calculated by peer group multiples. A change in the exchange rate for the Russian rouble have had an impact and they have been taken into account in the valuation of the Russia funds.

The valuation of CapMan funds' investment is based on international valuation guidelines that are widely used and accepted within the industry and among investors. CapMan always aims at valuing funds' investments at their actual value. Fair value is the best estimate of the price that would be received by selling an asset in an orderly transaction between market participants on the measurement date.

Determining the fair value of fund investments for funds investing in portfolio companies is carried out using International Private Equity and Venture Capital Valuation Guidelines (IPEVG). In estimating fair value for an investment, CapMan applies a technique or techniques that is/are appropriate in light of the nature, facts, and circumstances of the investment in the context of the total investment portfolio. In doing this, current market data and several inputs, 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, are evaluated and combined with market participant assumptions. In selecting the appropriate valuation technique for each particular investment, consideration of those specific terms of the investment that may impact its fair value is required.

Different methodologies may be considered. The most applied methodologies at CapMan include the price of recent investments, which is typically applied in the case of new investments, and the earnings multiple valuation technique, whereby public peer group multiples are used to estimate the value of a particular investment. CapMan always applies a discount to peer group multiples, due to e.g. limited liquidity of the investments. Due to qualitative nature of the valuation methodologies, they are mainly based on CapMan's judgment.

The Group has a Monitoring team, which monitors the performance and the price risk of the investment portfolio (financial assets entered at fair value through profit and loss) independently and objectively of the investment teams. The Monitoring team is responsible for reviewing the monthly reporting and forecasts for portfolio companies. Valuation proposals made by the case investment professionals are examined by the Monitoring team and subsequently approved by the Valuation Committee, which comprises the Chairman of the Investee Committee, the Group CFO and Heads of investment teams. The portfolio company valuations are reviewed in the Valuation Committee quarterly. The valuations are back tested against realised exit valuations, and the results of such back testing are reported to the Audit Committee annually.

The loan instruments held by the Credit funds are valued applying the discounted cash flows-method. However, any increase in valuation is not booked until it is realized. There is no functional secondary market for these types of investments, where a value increase driven by a change in the discount rate could be realized. The funds' investment strategy is to hold the loans until they are repaid.

The logo for CapMan, featuring the word "CapMan" in a stylized, serif font. The "C" is large and prominent, with the "apMan" following in a smaller, similar font.

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. For the most part, the valuation methodology applied is the discounted cash flow method, which is based on significant unobservable inputs. These inputs include the following:

Future rental cash inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Discount rates	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Estimated vacancy rates	Based on current and expected future market conditions after expiry of any current lease;
Property operating expenses	Including necessary investments to maintain functionality of the property for its expected useful life;
Capitalisation rates	Based on actual location size and quality of the properties and taking into account market data at the valuation date;
Terminal value	Taking into account assumptions regarding maintenance costs , vacancy rates and market rents.

The fair value change of the associated company Norvestia is booked in CapMan's income statement, based on the change in Norvestia's NAV as communicated in Norvestia's stock exchange releases. CapMan makes no adjustments to Norvestia's reported figures.

The value of investments in joint ventures consist almost entirely of investments in Maneq Investments Luxembourg. The investment is valued based on discounted cash flows, nevertheless so that any potential value increase is booked only when it is realised. There is no functional secondary market where the value increase based on the change in discount rates would be possible to realise for these types of investments. The investment is made through several separate instruments and their values are co-dependent. Therefore, the investment has been valued as one entity.

*) Because Norvestia fair value is based on the NAV as communicated by Norvestia, and the real estate properties are valued using third party valuation information, CapMan prepares no sensitivity analysis for the inputs used in these valuations. The quantitative unobservable inputs are not reasonably available to CapMan.



NON-CURRENT LIABILITIES

€ ('000)	30.9.16	30.9.15	31.12.15
Interest bearing loans at end of review period	65,028	51,736	69,389

SEASONAL NATURE OF BUSINESS

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

PERSONNEL

By country	30.9.16	30.9.15	31.12.15
Finland	65	68	67
Sweden	21	20	20
Russia	12	10	10
Luxembourg	1	1	1
United Kingdom	3	3	3
In total	102	102	101

CONTINGENT LIABILITIES

€ ('000)	30.9.16	30.9.15	31.12.15
Leasing agreements	4,644	2,541	2,018
Securities and other contingent liabilities	39,326	84,318	95,108
Remaining commitments to funds	25,567	27,368	25,195
Remaining commitments by investment area			
Buyout	13,755	14,016	13,018
Credit	3,407	3,255	2,487
Russia	1,849	1,959	1,921
Real Estate	1,141	2,725	2,272
Other	4,690	4,659	4,751
Funds of funds	725	754	746
In total	25,567	27,368	25,195

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RELATED PARTIES

Loans to related parties

CapMan has granted a Management Group member a loan of 133 thousand euros.

Commitments to related parties

€ ('000)	30.9.16	30.9.15	31.12.15
Commitments to Maneq funds	4,075	4,090	4,075

CapMan estimates that MEUR 10-15 of the remaining commitments will be called in the next 4 years, particularly due to unused investment capacity of the older funds.

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TURNOVER AND PROFIT QUARTERLY

2016				
MEUR	1-3/16	4-6/16	7-9/16	1-9/16
Turnover	7.5	7.9	6.6	22.0
Fees	6.5	7.4	6.3	20.2
Carried interest	1.0	0.5	0.3	1.8
Other operating income	0.0	0.1	0.0	0.1
Operating expenses	-6.8	-7.5	-6.7	-21.0
Fair value changes of investments	3.1	2.9	2.9	8.9
Operating profit	3.8	3.3	2.8	10.0
Financial income and expenses	-0.8	-0.9	-0.8	-2.5
Share of the income of investments accounted for using the equity method	0.0	0.0	0.0	0.0
Profit / loss before taxes	3.0	2.5	2.1	7.5
Profit / loss for the period	2.9	2.3	1.9	7.1

2015						
MEUR	1-3/15	4-6/15	7-9/15	1-9/15	10- 12/15	1-12/15
Turnover	7.3	8.5	8.9	24.7	7.1	31.8
Fees	6.8	6.5	7.0	20.3	7.1	27.4
Carried interest	0.5	2.0	1.9	4.4	0.0	4.4
Other operating income	0.0	0.1	0.2	0.3	0.0	0.3
Operating expenses	-6.8	-7.4	-7.1	-21.3	-6.7	-28.0
Fair value changes of investments	0.4	1.6	-1.5	0.5	4.7	5.2
Operating profit	0.9	2.8	0.5	4.2	5.1	9.3
Financial income and expenses	-0.4	-0.6	-0.7	-1.7	-1.2	-2.9
Share of the income of investments accounted for using the equity method	0.0	0.0	0.0	0.0	0.1	0.1
Profit / loss before taxes	0.5	2.1	-0.1	2.5	4.0	6.5
Profit / loss for the period	0.5	1.7	-0.2	2.0	4.1	6.1

CapMan

APPENDIX 1: THE CAPMAN GROUP'S FUNDS UNDER MANAGEMENT AS OF 30 SEPTEMBER 2016

The tables below show the status of the funds managed by CapMan as of 30 September 2016. CapMan groups its funds into four categories in terms of their life cycle as follows: 1) Funds generating carried interest; 2) Funds in the exit and value creation phase; 3) Funds in the 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 the active investment phase is likely to be realised over the next 5-10 years. The final 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 cumulative 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 (particularly relevant 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, MEUR

	Size	Paid-in capital	Fund's current portfolio		Net cash assets	Distributed cash flow		Amount of cash flow needed to transfer the fund to carry as of 30 September 2016	CapMan's share of cash flow if the fund generates carried interest (investment team share deducted)
			At cost	At fair value		To investors	To mgmt-company		
Funds generating carried interest									
FV V, FM IIIB, CME VII B ⁵⁾ , FM III A, CME VII A ⁵⁾ , CME Sweden ⁵⁾ , CPM									
Total	709.7	701.3	33.3	11.0	3.5	1 108.5	29.6		10-20%
Funds in exit and value creation phase									
CMB VIII ^{1) 5)}	440.0	404.1	110.3	101.1	0.6	382.1		267.1	12 %
CMR	118.1	117.2	69.5	80.1	0.2	23.2		151.8	3.4 %
CMB IX	294.6	295.0	172.6	149.3	4.9	163.3		260.1	10 %
CMM V	95.0	84.7	41.0	48.4	-0.1	58.3		35.9	10 %
Total	947.7	901.0	393.4	378.9	5.6	626.9			
Funds in active investment phase									
CMB X ¹⁾	244.5	184.5	140.1	156.7	1.5	37.2			8 %
CMR II	99.1	28.9	20.2	11.0	0.6	0.9			8 %
Nest Capital 2015 Fund Ky	100.5	0.4	0.0	0.0	0.0	0.0			
Total	444.1	213.8	160.3	167.7	2.1	38.1			
Fund with no carried interest potential for CapMan									
SWE LS ²⁾ , SWE Tech ^{1), 2)} , CME VII C ⁵⁾ , CMM IV ³⁾ , CMLS IV, CMT 2007 ¹⁾									
Total	534.4	518.9	47.0	33.1	5.7	474.9			
Total private equity funds	2 635.9	2 335.0	634.0	590.7	16.9	2 248.4	29.6		

CapMan

REAL ESTATE FUNDS, MEUR

	Investment capacity	Paid-in capital	Fund's current portfolio		Net cash assets	Distributed cash flow		Amount of cash flow needed to transfer the fund to carry as of 30 September 2016	CapMan's share of cash flow if the fund generates carried interest (investment team share deducted)
			At cost	At fair value		To investors	To mgmt-company		
Funds/consortiums in exit and value creation phase									
CMRE II									
Equity and bonds	150.0	150.0	143.6	114.3		55.7		186.9	12%
Debt financing	450.0	301.7	154.1	154.1					
Total	600.0	451.7	297.7	268.4	6.9	55.7			
CMRHE									
Equity and bonds	332.5	325.1	430.1	346.1		104.8		473.8	12%
Debt financing	617.5	542.6	447.9	447.9					
Total	950.0	867.7	878.0	794.0	12.9	104.8			
Kokoelmakeskus Ky									
Equity and bonds	19.3	19.3	19.3	18.8		0.0		19.6	10%
Debt financing	0.0	0.0	0.0	0.0					
Total	19.3	19.3	19.3	18.8	1.6	0.0			
Total	1 569.3	1 338.7	1 195.0	1 081.2	21.4	160.5			
Funds in active investment phase									
CMNRE									
Equity and bonds	273.3	231.9	165.2	205.6		38.5			8%
Debt financing	0.0	0.0	0.0	0.0					
Total	273.3	231.9	165.2	205.6	14.9	38.5			
Funds with no carried interest potential to CapMan									
CMRE I ⁵⁾									
Equity and bonds	200.0	200.0	58.4	45.4		207.8	27.4		
Debt financing	300.0	276.6	22.0	22.0					
Total	500.0	476.6	80.4	67.4	0.9	207.8	27.4		
Real Estate funds total									
total	2 342.6	2 047.2	1 440.6	1 354.2	37.2	406.8	27.4		

CapMan

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 carried out using the International Private Equity and Venture Capital Valuation Guidelines (IPEVG, www.privateequityvaluation.com). In estimating fair value for an investment, CapMan applies a technique or techniques that is/are appropriate in light of the nature, facts, and circumstances of the investment in the context of the total investment portfolio. In doing this, current market data and several inputs, 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, are evaluated and combined with market participant assumptions. In selecting the appropriate valuation technique for each particular investment, consideration of those specific terms of the investment that may impact its fair value is required.

Different methodologies may be considered. The most applied methodologies at CapMan include the price of recent investments, which is typically applied in the case of new investments, and the earnings multiple valuation technique, whereby public peer group multiples are used to estimate the value of a particular investment. Due to qualitative nature of the valuation methodologies, they are mainly based on CapMan's 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. When assessing the cash flow a fund needs in order to start generating carried interest, it should be noted that the capital of some funds has not yet been called and paid-in. After the previous distribution of profits, any new capital called in, as well as any annual preferential returns on it, must however be returned to investors before the new distribution of profits is paid.

Footnotes to the tables

- 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) Currency items are valued at the average exchange rates quoted at 30 September 2016.
- 3) 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.

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

CapMan's management considers it unlikely, in the light of the market situation, that further carried interest will be provided by the CapMan Real Estate I fund. As a result, the fund has been classified as a fund with no carried interest potential to CapMan. CapMan has recorded a EUR 5.2 million clawback provision for the CapMan Real Estate I KY fund. The sufficiency of the provision is reviewed quarterly by the management but its actual amount will only be known after all target investments of the fund have been liquidated. The realisation of the clawback liability would have a negative cash flow impact and it is possible that the provision made is not sufficient.

- 5) CapMan Group's Board of Directors made a decision in early 2012 to increase the Buyout investment teams' share of carried interest to better reflect prevailing industry practices. In CapMan Buyout VIII fund the investment team's share is approximately 40%, and in CapMan Equity VII funds the investment team's share is approximately 25%.



APPENDIX 2: OPERATIONS OF CAPMAN'S FUNDS UNDER MANAGEMENT IN JANUARY–SEPTEMBER 2016

The operations of the private equity funds managed by CapMan during the year comprised direct investments in portfolio companies in the Nordic countries and Russia (CapMan Private Equity), as well as real estate investments (CapMan Real Estate). Investments by CapMan funds investing in portfolio companies focus on two key investment strategies in the Nordic countries and one in Russia. These take the form of mid-size buyouts (CapMan Buyout), private debt investments (CapMan Credit) and investments in mid-sized companies operating in Russia (CapMan Russia). The investment focus of CapMan's real estate funds is on properties in Finland and the other Nordic countries. CapMan also manages the CapMan Technology investment strategy, which does not make new investments but focuses on the value development of its existing portfolio companies. Investments under CapMan Life Science and CapMan Public Market have all but one been exited and the funds are expected to conclude activities in 2016. These investment areas are reported under "Other" in Private Equity.

CAPMAN PRIVATE EQUITY

Investments in portfolio companies in January–September 2016

During the review period, funds managed by CapMan did not make new investments. Funds made add-on investments in existing portfolio companies totalling MEUR 6.6 in portfolio companies held by CapMan's Buyout, Russia and Technology funds. Funds made two new investments and several add-on investments valued at a total of MEUR 20.1 in the comparable period.

Exits from portfolio companies in January–September 2016

CapMan Buyout IX fund exited Esperi Care Oy, CapMan Buyout X fund exited Suomen Lämpöikkuna Oy and CapMan LifeScience IV fund exited Samsa AB and Neoventa Medical AB. Technology funds managed by CapMan exited Connode Holding Ab. In addition, CapMan Public Market fund exited all its remaining investments. The combined acquisition cost of all exits completed during the review period was MEUR 101.8. Funds also made partial exits from several portfolio companies with a combined acquisition cost of MEUR 30.1. The combined acquisition cost of completed exits in the comparable period was MEUR 108.8.

Events after the end of the review period

There were no significant events for private equity funds after the review period.

CAPMAN REAL ESTATE

Investments in and commitments to real estate acquisitions and projects in January–September 2016

CapMan Nordic Real Estate fund invested in the Ringsted outlet center in Denmark, an office building on Hämeentie 15 in Helsinki, a residential portfolio in Copenhagen, a retail property in Uppsala and the Heron City retail centre in Stockholm. The project specific real estate company Kokoelmakeskus Ky invested in KOy Mastolan Keskusvarasto. The combined acquisition cost of investments was MEUR 104.5. Funds made add-on investments in several existing projects totalling MEUR 16.9. Real estate funds were committed to providing financing for real



estate acquisitions and projects totalling MEUR 43.0 as of 30 September 2016. CapMan's real estate funds made a number of new and add-on investments totalling MEUR 61.1 in January–September 2015, while commitments to finance new projects totalled MEUR 78.7 as of 30 September 2015.

Exits from real estate investments in January–September 2016

CapMan Nordic Real Estate fund agreed to exit a hotel property on Yrjönkatu in central Helsinki in June. The transaction is expected to close in the summer of 2017. Real estate funds managed by CapMan exited the Apelsinen office property in

Stockholm, KOy Mastolan Keskusvarasto in Vantaa and the hotels Cumulus Pinja in Tampere and Rantasipi Sveitsi in Hyvinkää with combined acquisition costs of MEUR 113.5. CapMan Nordic Real Estate fund also agreed to exit a school property in Älvsjö, Southern Stockholm. CapMan's real estate funds made two exits in the corresponding period last year with an acquisition cost of MEUR 12.2.

Events after the end of the review period

CapMan Nordic Real Estate fund agreed to exit Bergshamra Bro, an office building in Solna in Northern Stockholm, as well as two residential properties in Copenhagen.



FUND INVESTMENT ACTIVITIES IN FIGURES

Investments and exits made by funds at acquisition cost, MEUR

	1-9/2016	1-9/2015
New and add-on investments		
Funds investing in portfolio companies	6.6	20.0
Buyout	5.1	4.5
Credit	0.0	9.0
Russia	1.5	6.5
Others	0.0	0.0
Real Estate funds	121.5	61.1
Total	128.1	81.1

Exits, MEUR

	1-9/2016	1-9/2015
Funds investing in portfolio companies	132.0	108.7
Buyout	68.1	50.7
Credit	12.0	8.8
Russia	0.0	0.1
Others	51.9	49.1
Real Estate funds	113.5	12.2
Total	245.5	120.9

* 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 43.0 as of 30 September 2016.

CapMan

Funds' combined portfolio* as of 30 September 2016, MEUR

	Portfolio at acquisition cost	Portfolio at fair value	Share of portfolio
Funds investing in portfolio companies	633.7	590.8	30.0
Real Estate funds	1 465.3	1 378.1	70.0
Total	2 099.0	1 968.9	100.0
Funds investing in portfolio companies			
Buyout	468.2	431.2	73.0
Credit	41.0	48.4	8.2
Russia	89.7	91.1	15.4
Others	34.8	20.1	3.4
Total	633.7	590.8	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 587 for new and add-on investments as of 30 September 2016. Of their remaining capital, approx. MEUR 309 was earmarked for buyout investments (incl. mezzanine investments), approx. MEUR 115 for

investments by the Nest Capital team (previously Capman Credit), approx. MEUR 58 for technology investments, approx. MEUR 2 for life science investments and approx. MEUR 103 for investments by the CapMan Russia team. Real estate funds had a remaining investment capacity of approx. MEUR 66.9 which has been reserved for new investments and for the development of funds' existing investments.

CapMan

APPENDIX 3: DESCRIPTION OF BUSINESS OPERATIONS

CapMan Group is a Nordic private equity investment and asset management company.

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, or directly from the balance sheet. Private equity investors actively develop their portfolio companies and real estate by working closely with 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 classes²¹, and the industry's long-term prospects are favourable. By investing in CapMan, institutional and private investors can benefit from the profit potential of the private equity industry while diversifying their exposure.

The Group has two operating segments: 1) a Management Company and Services business and 2) an Investment business.

1) Management Company and Services business

In its Management Company and Services business, CapMan manages private equity funds that invest in Nordic and Russian mainly unlisted companies and Nordic real estate in accordance with the investment strategies of its investment partnerships. CapMan raises capital for the funds from Nordic and international investors. In addition, CapMan offers fund advisory (Scala Fund Advisory) and fund management services to external fund managers and

investors in the asset class and purchasing services (CaPS) to companies in Finland and Sweden.

The Management Company and Services business has two main sources of income, fee income and carried interest 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 generally represent a steady and highly predictable source of income. Fees, including retainers and success fees, are also generated from CapMan's service business comprising of CapMan Purchasing Scheme (CaPS), fund advisory services (Scala Fund Advisory) and services related to fund management. Fees generally cover CapMan's operating expenses.

The second source of income of the Management Company and Services 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.). CapMan books carried interest income when an exit is completed from a fund that is in carry or which will enter carry as a consequence of the exit. The amount of carried interest generated depends on the timing of exits and the stage at which funds are in their life cycle.

2) Investment business

Through its Investment business, CapMan invests in the private equity asset class (funds and other investments). CapMan's most significant individual investment is a 28.7% stake in Norvestia Plc.

²¹ Bain & Company, Global Private Equity Report 2016



APPENDIX 3: DESCRIPTION OF BUSINESS OPERATIONS

Norvestia is a listed investment company. The company makes growth equity investments in unlisted companies, among others, and market investments mainly in Nordic listed equity, hedge funds and bonds. CapMan also invests in its own funds.

Income in this business is generated by changes 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.

The fair value change of the associated company Norvestia is booked in CapMan's income statement based on the change in Norvestia's NAV as reported by Norvestia. CapMan makes no adjustments to Norvestia's reported figures. Income 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.

The logo for CapMan, featuring the word "CapMan" in a stylized, serif font. The "C" is large and prominent, with the "ap" in a smaller font size. The "M" is also large and prominent, with the "an" in a smaller font size.