

CapMan Plc Group Financial Statements Bulletin 1 January – 31 December 2007

Excellent result, proposed dividend payment of EUR 0.16 per share

- The Group's turnover in 2007 increased to MEUR 51.6 (2006: MEUR 38.0).
- Operating profit was up to MEUR 29.8 (MEUR 15.6).
- Carried interest increased to MEUR 23.6 (MEUR 9.4).
- The impact of the Company's own fund investments was MEUR 6.2 (MEUR 4.4), of which fair value gains of investments amounted to MEUR 5.7 (MEUR 3.5)
- Profit before taxes increased to MEUR 32.7 (MEUR 17.3).
- Profit after taxes was up to MEUR 24.2 (MEUR 12.4).
- Profit attributable to the parent company shareholders totalled MEUR 18.6 (MEUR 11.5), representing earnings per share of EUR 0.24 (EUR 0.15).
- The Board of Directors proposes to the AGM that a dividend of EUR 0.16 per share (EUR 0.12) be paid for 2007.
- Capital under management increased approx. 18% during the year and totalled MEUR 3,016.1 at 31 December 2007 (MEUR 2,549.6 at 31 December 2006).
- CapMan funds announced investments totalling MEUR 626.8 during the year. Of this, investments in portfolio companies were MEUR 164.7 (MEUR 158.8) and investments and commitments to finance real estate assets were MEUR 462.1 (MEUR 78.7).
- CapMan Plc established its third private equity real estate fund CapMan Hotels RE Ky at MEUR 835 in January 2008. The establishment of the new fund raised the total capital managed by CapMan to approx. EUR 3.9 billion.

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 mainly in Finland and Sweden.

Information about each business area is reported in its own segment in 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 2007

CapMan's turnover in 2007 increased to MEUR 51.6 (2006: MEUR 38.0), mainly as a result of the growth in carried interest income.



The amount of management fees paid by the funds, MEUR 24.6 (MEUR 24.9), remained at the level of the previous year. 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 during the year.

Carried interest income received by CapMan totalled MEUR 23.6 (MEUR 9.4). 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 2.6 was accrued from carried interest received from other funds generating carry.

The impact of fund investments made from CapMan's own balance sheet totalled MEUR 6.2 (MEUR 4.4). Realised returns on the investments were MEUR 0.5 (MEUR 0.9), and fair value gains/losses relating to fund investments were MEUR 5.7 (MEUR 3.5). Fair value losses were recorded in the last quarter due to valuation changes of certain individual investments and expenses incurred by new funds. As a whole the fair value of fund investments has developed favourably in 2007 and their return exceeds CapMan Plc's targeted annual return level of 15%. The aggregate fair value of all fund investments made from CapMan's own balance sheet was MEUR 44.2 at 31 December 2007.

Returns on real estate consulting operations totalled MEUR 2.1 (MEUR 2.0) and other operating income within turnover was MEUR 0.8 (MEUR 0.8). Operating expenses were MEUR 27.7 (MEUR 26.6). The slight increase in expenses reflects the organisation's growth in 2007. The cost level in 2008 is expected to increase somewhat from the cost level in the last quarter of 2007 as a result of the establishment of CapMan Hotels RE fund.

The Group's operating profit was up to MEUR 29.8 (MEUR 15.6). The share from the associated companies' result increased to MEUR 1.9 (MEUR 1.3) mainly with value creation in the portfolios of the Maneq funds, which are included in CapMan's associated companies. Profit before taxes was MEUR 32.7 (MEUR 17.3) and profit after taxes MEUR 24.2 (MEUR 12.4). Profit attributable to the parent company shareholders was MEUR 18.6 (MEUR 11.5), representing earnings per share of EUR 0.24 (EUR 0.15). The preliminary figures for earnings per share announced on 16 January 2008 were more closely defined with exact figures from associated company Access Capital Partners.

Carried interest income and fair values of fund investments may fluctuate strongly between quarters and therefore, CapMan's financial performance should be examined over a longer time span than quarterly.

Balance sheet and financial position at 31 December 2007

The amount of non-current assets in the balance sheet increased to MEUR 74.9 during the financial year (MEUR 57.1 at 31 December 2006). Fund investments from CapMan's own balance sheet increased and their fair value at year-end was EUR 44.2 (EUR 33.1). Long-term receivables amounted to MEUR 16.2 (MEUR 13.8). Of the receivables, MEUR 11.6 (MEUR 10.1) was loan receivables from the Maneq funds. Maneq funds are co-investors in portfolio companies with the funds managed by CapMan, and their investors are CapMan and 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 34.6 (MEUR 16.9). The Company had interest-bearing liabilities worth MEUR 16.0 (MEUR 11.9).

CapMan's equity ratio at the end of the fiscal year was 57.6% (71.6%). Return on equity for the period was 38.9% (23.4%) and return on investment 44.2% (29.9%). The Company has target levels of at least 50% for the equity ratio and over 25% for return on equity.

Key figures

	31.12.2007	31.12.2006
Earnings/share, EUR	0.24	0.15
Earnings/share, diluted, EUR	0.24	0.15
Shareholders' equity/share, EUR	0.86	0.74
Share issue adjusted number of shares	78 142 867	76 212 849
Number of shares at year-end	79 968 819	77 158 698
Number of shares outstanding	79 968 819	77 158 698
Return on equity, %	38.9	23.4
Return on investment, %	44.2	29.9
Equity ratio, %	57.6	71.6

Turnover and profit quarterly as well as turnover and operating profit per segment are presented in the tables section of the Financial Statements Bulletin.

Proposal of the Board of Directors for profit distribution

CapMan Plc's objective is to distribute at least half of the net profit in dividends. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.16 per share (EUR 0.12), which equals to 67% (80%) of the net profit, will be distributed to shareholders for the year 2007.

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 2007 and the fund held a final close in January 2008 at MEUR 142.3. 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 31 December 2007, CapMan managed a total of MEUR 3,016.1 in capital (MEUR 2,549.6 at 31 December 2006). The capital under management in funds making direct portfolio investments in companies increased during the year as a result of fundraising for CapMan Technology 2007 and CapMan Life Science IV funds and amounted to MEUR 1,916.1 (MEUR 1,773.6) at year-end. The capital under management in real estate funds increased during the year as a result of fundraising for CapMan RE II, and amounted to MEUR 1,100 at 31 December 2007 (MEUR 776 at 31 December 2006).

Capital under management by associated company Access Capital Partners

The capital under management by CapMan Plc's associated company Access Capital Partners increased substantially in 2007 and totalled MEUR 2,326.5 at year-end (MEUR 1,637.5 at 31 December 2006). Of this, MEUR 1,164.5 (MEUR 918.1) was in the funds of funds and MEUR 1,162.0 (MEUR 719.4) in private equity investment mandates. The assets were increased especially during the second half 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 funds ACF IV Growth Buy-out Europe. The size of the fund was MEUR 241.0 as at 31 December 2007 and fundraising continues.

CapMan Plc owns 35 per cent of the share capital in Access Capital Partners. The shares are valued in the balance sheet at acquisition cost.

Investments and exits by funds in 2007

Funds investing in portfolio companies

In 2007 the funds made 11 new investments and add-on investments worth MEUR 164.7 in total. New investment targets include Curato AS, Global Intelligence Alliance Group Ltd, IT2 Treasury Solutions, KMW Energi AB, Komax Oy, Mawell Oy, Mirasys Ltd, Movial Applications Oy, Nacka Närsjukhus Proxima AB, Skandia Autologistics Oy and Walki Group Oy. In addition, a substantial add-on investments in OneMed Group Oy and Metallfabriken Ljunghäll AB were announced during the year.

The funds exited from a total of seven companies in 2007, including Avitec AB, Copterline Oy, Distocraft Oy, LindPlast A/S, MediaNorth Group Corporation, Savcor Group and Synerco AB, and sold their shares in Affecto Plc and SysOpenDigia Plc. In addition, the funds made a partial exit from Moventas Corporation and Inflight Service AB repaid its mezzanine and equity loans. The acquisition costs of exits executed during the year (including mezzanine loan instalments and partial exits) totalled MEUR 93.2. The funds also announced exits from Secgo Software Oy, Hantro Products Ltd and Solid Information Technology Oy in 2007.

Real estate funds

The Real Estate funds announced 16 new investments or investment decisions in 2007. Of these, 13 were in completed properties and three in properties under construction. Six of the completed properties are located in Helsinki, two in Hämeenlinna, two in Turku, one in Jyväskylä, one in Tampere and one in Vantaa, and they are all mostly office properties. The properties under construction are Entresse shopping centre in Espoo, Tokmanni's logistics centre in Mäntsälä and Skanssi shopping centre in Turku. Investments totalling MEUR 160.0 were made during the fiscal year and the funds have additionally committed a total of MEUR 302.1 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 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

	1-12/2007	1-12/2006
New and follow-on investments		
Funds investing in portfolio companies	164.7	158.8
Buyout	126.7	127.8
Technology	28.6	16.8
Life Science	9.4	14.2
Real estate funds	160.0	78.7
Total	324.7	237.5
Exits*		
Funds investing in portfolio companies	93.2	173.8
Buyout	74.1	144.7
Technology	19.1	24.7
Life Science	-	4.4
Real estate funds	304.4	-
Total	397.6	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 31 December 2007

Funds investing in portfolio companies

Investments in portfolio companies at acquisition price totalled MEUR 640.6 at the end of the year. The fair value of the investments was MEUR 792.2. 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 690 for new and follow-on investments in portfolio companies. Of this, some MEUR 470 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 2007 the funds' investments in real estate assets at acquisition price totalled MEUR 160.0 and the fair value of investments was MEUR 160.5. The portfolio is wholly comprised of assets acquired during 2007. The vacancy rate of the portfolio's completed properties was 8.2% at year-end. As at 31 December 2007 the funds had also committed a total of MEUR 302.1 to finance real estate acquisitions and projects over the next few years. The funds have an investment capacity of some MEUR 340 for new real estate investments.

Funds' gross portfolio* as at 31 December 2007, MEUR

	Portfolio at acquisition cost MEUR	Portfolio at fair value MEUR	Share of the portfolio (fair value) %
Funds investing in portfolio companies	640.6	792.2	83.2
Real estate funds	160.0	160.5	16.8
Total	800.6	952.7	100.0
Funds investing in portfolio companies			
Buyout	483.7	648.1	81.8
Technology	114.7	104.5	13.2
Life Science	42.2	39.6	5.0
Total	640.6	792.2	100.0

* 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 2007 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 31 December 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 year 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 end of 2007 the following funds were in carry:

	CapMan's share of cash flows*	Portfolio at fair value 31.12.2007 MEUR
Finnventure II and III and Finnmezzanine II B funds in total:	20–35 %	2.8
Finnventure Fund V:	20 %	54.5
Fenno Program (Fenno Fund, Skandia I and II) in total:	10–12 %	11.7
CapMan Real Estate I:	25 %	92.5**

* Net share of cash flows, taking into consideration Fenno Management Oy'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 56.1 is financed with debt.

The current portfolios of funds generating carried interest amounted to MEUR 161.5 at fair value, which is 17.0% of the total fair value of all portfolio funds at 31 December 2007 (MEUR 952.7). Information about each fund's investment targets is presented on CapMan's website at www.capman.com/En/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 31 December 2007 the total sum of current investments at fair value and remaining commitments was MEUR 100.2 (MEUR 83.6 at 31 December 2006), of which remaining commitments totalled MEUR 56.0 (MEUR 50.5). Of these, MEUR 23.2 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 year totalled MEUR 15.4 (MEUR 13.2). 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 44.2 (MEUR 33.1) at year-end.

CapMan's investments and commitments in the funds as at 31 December 2007, MEUR

	Investments at fair value	Remaining commitments	Total
Funds investing in portfolio companies			
Equity funds	33.7	47.1	80.8
Mezzanine funds	2.3	4.5	6.8
Funds of funds*	7.7	2.2	9.9
	43.7	53.8	97.5
Real estate funds	0.5	2.2	2.7
Total	44.2	56.0	100.2

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

CapMan's own investments in the funds

	1-12/2007	1-12/2006
Funds investing in portfolio companies		
Equity funds	13.0	9.8
Mezzanine funds	1.5	0.7
Funds of funds*	0.3	2.6
Total	14.8	13.1
Real estate funds	0.6	0.1
Total	15.4	13.2

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

Personnel

As at 31 December 2007 CapMan had 110 (98) employees, of whom 86 (72) were located in Finland and the remainder in the other Nordic countries.

	31.12.2007	31.12.2006
CapMan Private Equity	37	38
CapMan Real Estate	30	24
Investor Services	25	21
Internal Services	18	15
Total	110	98

Six Senior Advisors also 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 15 Industrial Advisors.

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 team, 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 team, 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 Hilkka-Maija Katajisto and Senior 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 issued a flagging announcement in late November, when the holding of US-based Legg Mason Inc. had surpassed one-twentieth (5%) of the Company's share capital as a result of a share transaction concluded on 20 November 2007.

CapMan Plc had 4,489 shareholders (5,103 shareholders) at the end of 2007. The number of shareholders has declined from the previous year while the proportion of foreign and nominee-registered shareholders (excluding the 6.3% holding of CapMan Partners B.V.) has increased from 30.8% to 35.9%.

Share capital, share trading and share price

CapMan Plc's share capital totalled EUR 771,586.98 at the end of the financial year. The Company had 73,968,819 listed B shares and 6,000,000 unlisted A shares. B shares have one (1) vote each and A shares ten (10) votes each.

The logo for CapMan, featuring the word "CapMan" in a stylized, serif font. The "C" is large and prominent, with the "apMan" following it. The text is white and set against a dark, rectangular background.

The trading volume of B shares increased by nearly 50% compared to the previous year and the value of shares traded almost doubled. The closing price of the B share was EUR 3.25 at year-end. The Company had a market capitalisation of MEUR 240.4 (MEUR 208.9) on 31 December 2007 and the Company's total market value, including CapMan A shares, was MEUR 259.9 (MEUR 233.0).

A total of 454,188 2003A stock options, listed in October 2006, were traded during 2007. The number of 2003A stock options issued is 625,000 pieces and the share subscription period ends on 31 October 2008. A total of 49,428 B shares in CapMan Plc had been subscribed for with the stock options 2003A in 2007. The share subscription price, EUR 70,187.76, has been recorded in the Company's invested unrestricted shareholders' equity.

2003B stock options were listed on OMX Nordic Exchange Helsinki on 1 October 2007. The number of 2003B stock options issued is 625,000 pieces each with entitlement to subscribe to one CapMan Plc B share. The share subscription price will be recorded in the Company's invested unrestricted shareholders' equity. No shares in CapMan Plc had been subscribed for with the stock options 2003B in 2007.

Stock option program 2000A/B expired on 31 October 2007. The scheme originally included 5,270,000 stock options with entitlement to subscribe an equivalent number of CapMan Plc B shares. A total of 2,760,693 B shares in CapMan Plc were subscribed with the stock options 2000A/B in 2007 and the share subscription price, EUR 1,656,415.80, was recorded in the Company's invested unrestricted shareholders' equity in accordance with the decision of the AGM. All in all, 5,055,943 B shares in CapMan Plc were subscribed for with the stock options 2000A/B.

Trading and price development of shares and options

	B shares		2003A options		2003B options
	1-12/2007	1-12/2006	1-12/2007	10-12/2006	10-12/2007
Trading turnover, number	30 873 119	21 162 823	454 188	92 450	145 550
Trading value, MEUR	107.0	58.3	0.8	0.1	0.3
Trading price, EUR					
Highest	4.07	3.15	2.55	1.53	2.25
Lowest	2.86	2.33	1.40	1.35	2.09
Volume weighted					
average price	3.49	2.74	1.85	1.82	2.15
Closing price at 31 Dec	3.25	3.02	2.20	1.98	2.10

Decisions 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 be distributed to shareholders for the 2006 financial year.

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 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 20,000,000 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 8,000,000 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/En/InvestorRelations/AnnualGeneralMeetings and www.capman.com/En/AboutCapMan/CorporateGovernance/ArticlesofAssociation/.

Other events in 2007

In the last quarter of 2007 CapMan Plc sold its 20% holding in Baltcap Management Oy to company management. The sale does not impact on CapMan Plc's result for 2007 or on the effective carried interest agreements of Baltcap's Baltic Investment Fund III and Baltic SME Fund. CapMan continues to co-manage the aforementioned funds with Baltcap Management Oy and Evli Bank Plc after the transaction.

Events after the review period

On 18 January 2008 CapMan Plc established CapMan Hotels RE Ky, a private equity real estate fund investing in hotel real estate. The fund reached MEUR 835 at first closing and the maximum fund size is MEUR 1,100. In connection with its establishment, the fund acquired a portfolio of 39 hotels with a transaction value of MEUR 805 from Northern European Properties Ltd (NEPR).

17 Finnish institutions have committed MEUR 292 of equity into the fund to date, with the balance comprising senior debt. The fund is open to new investors for twelve months and the maximum amount of equity capital will be MEUR 400.

CapMan Hotels RE Oy, which is 80% owned by CapMan Plc and 20% owned by Corintium Oy, acts as CapMan Hotels RE Ky's management company. The management company's own commitment into the fund is MEUR 5. The establishment of the fund is estimated to have a slightly positive impact on CapMan's result for 2008.

Future outlook

Market and investment activities

Private equity investment in Europe is expected to show growth in the mid-term and long-term, as institutional investors and other substantial investor groups have added private equity investment to their investment allocations. In addition private equity investment has consolidated its position in financing M&A and growth, and its growth in the Nordic countries is further 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. Real estate market growth is speeded up by accelerated structural change, in which particularly pension companies transfer real estate investments from their balance sheets into funds.

CapMan will continue to implement its Nordic investment strategy as far as the funds investing in portfolio companies are concerned. The turmoil in financial markets which labelled the second half of 2007 has not been directly visible in CapMan private equity's investment activities so far. Banks have continued to finance M&A in CapMan's market segment of middle market buyout transactions. Based on our experience the markets have returned to so-called normal levels as far as enterprise values and debt ratios are concerned, following a couple of highly aggressive and active years. The number of new potential investee companies has remained at a good level and there are attractive opportunities for syndicated investments in technology and life science sectors. Turbulence in financial markets has also not been visible in exit markets thus far, but a deepening of instability may reflect on the funds' exits by postponing realisations.

The local presence of CapMan's Buyout, Technology and Life Science teams across the Nordic countries enables the active searching for investee companies throughout the Nordic region, and the teams have comprehensive resources for value creation in portfolio companies via 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 690 in capital for new and follow-on investments.

The instability in financial markets has been visible in real estate markets towards the end of the year as a slightly weaker liquidity, and in Finland overall sales volumes for 2007 are expected to fall to some extent from the previous year. Rising interest rates and banks' increasing reluctance to grant loans will impact on competition and property values in the industry, and we see that the use of equity in real estate transactions will increase. High prices will still be paid for good core targets in future, whereas a rise in yield requirements is expected in more opportunistic targets. Leasing activity and demand for office and retail properties have been

strong. There are many new projects are under construction, which will have an effect on the supply of premises especially in the office segment.

CapMan's private equity real estate funds have adequate personnel resources, a competitive structure and aggregate investment capacity of some MEUR 340 for seeking good investment targets and developing the current portfolio. The resources, combined with the team's reliability and flexibility, have provided the funds with lots of investment opportunities. We anticipate that the establishment of our new hotel real estate fund in January 2008 will further strengthen our market position, and 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 business lines (Private Equity and Real Estate) the alternative asset class includes, among others, infrastructure investment, forestry investment and active public market funds. CapMan is at present exploring opportunities to expand geographically into Russia and to establish a fund investing in public markets based on CapMan's value creation expertise. We aim to concretise the projects during 2008.

Management fees and returns on real estate consulting operations cover CapMan's fixed expenses. The Group's result for 2008 will depend on how many new exits are made by funds already generating carried interest; on whether new funds transfer to carry; and on how the value of investments develops in those funds in which CapMan is a substantial investor. According to our understanding CapMan Equity VII A, B and Sweden funds, Finnventure Fund IV and Finnmezzanine III A and B funds will begin to generate carry during 2008 and 2009. The funds have several exit processes underway.

We expect that our portfolio companies and real estate assets will develop favourably in 2008. However the prevailing unstable situation in financial markets may reflect, as a result of the changes in listed peers' valuations, on the fair value of the funds' investment targets and hence also reflect on the fair value of the Group's fund investments in 2008.

CapMan Plc will publish its Interim Report for 1 January – 31 March 2008 on Wednesday, 7 May 2008.

Helsinki 31 January 2008

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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www.capman.com

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. The logo is set against a dark rectangular background.

GROUP BALANCE SHEET (IFRS)

€ ('000)	31.12.07	31.12.06
ASSETS		
Non-current assets		
Tangible assets	819	672
Goodwill	4,845	4,845
Other intangible assets	1,001	710
Investments in associated companies	3,407	2,860
Investments at fair value through profit and loss		
Investments in funds	44,230	33,122
Other financial assets	878	848
Receivables	16,191	13,835
Deferred income tax assets	3,547	231
	74,918	57,123
Current assets		
Trade and other receivables	7,837	5,521
Other financial assets at fair value through profit and loss	14,857	2,779
Cash and bank	19,741	14,137
	42,435	22,437
Total assets	117,353	79,560
EQUITY AND LIABILITIES		
Capital attributable the Company's equity holders		
Share capital	772	772
Share premium account	38,968	38,968
Other reserves	2,961	1,218
Translation difference	133	316
Retained earnings	24,676	15,074
	67,510	56,348
Minority interest	34	599
Total equity	67,544	56,947
Non-current liabilities		
Deferred income tax liabilities	3,734	2,234
Interest-bearing loans	16,000	10,000
Other liabilities	701	430
	20,435	12,664
Current liabilities		
Trade and other payables	21,356	7,409
Interest-bearing loans and borrowings	0	1,944
Current income tax liabilities	8,018	596
	29,374	9,949
Total liabilities	49,809	22,613
Total equity and liabilities	117,353	79,560

GROUP INCOME STATEMENT (IFRS)

€ ('000)	1-12/07	1-12/06
Turnover	51,572	38,032
Other operating income	236	687
Personnel expenses	-15,381	-13,958
Depreciation and amortisation	-581	-726
Other operating expenses	-11,783	-11,958
Fair value gains / losses of investments	5,696	3,549
Operating profit	29,759	15,626
Financial income and expenses	1,070	420
Share of associated companies' result	1,915	1,279
Profit before taxes	32,744	17,325
Income taxes	-8,509	-4,893
Profit for the financial year	24,235	12,432
Attributable to:		
Equity holders of the company	18,620	11,455
Minority interest	5,615	977
Earnings per share for profit attributable to the equity holders of the Company:		
Earnings per share, €	0.24	0.15
Diluted, €	0.24	0.15
Operating profit, %	57.7	41.1

GROUP STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company					Total	Minority interest	Total equity
	Share capital	Share premium account	Other reserves	Translation differences	Retained earnings			
€ ('000)								
Equity on 31.12.2005	759	38,157	948	-148	9,156	48,872	220	49,092
Share subscriptions with options	13	811						
Translation difference				464			9	
Options			270		-222			
Profit for the financial year					11,455		977	
Dividends paid					-5,315		-607	
Equity on 31.12.2006	772	38,968	1,218	316	15,074	56,348	599	56,947
Equity on 31.12.2006	772	38,968	1,218	316	15,074	56,348	599	56,947
Share subscriptions with options			1,726					
Translation difference				-183	223			
Options			17					
Profit for the financial year					18,620		5,615	
Dividends paid					-9,259		-6,222	
Other Changes					18		42	
Equity on 31.12.2007	772	38,968	2,961	133	24,676	67,510	34	67,544

GROUP'S CASH FLOW (IFRS)

€ ('000)	1-12/07	1-12/06
Cash flow from operations		
Profit for the financial year	24,235	12,432
Adjustments	239	-625
Cash flow before change in working capital	24,474	11,807
Change in working capital	5,662	889
Financing items and taxes	-1,111	-1,548
Cash flow from operations	29,025	11,148
Cash flow from investments	-6,823	-9,466
Cash flow before financing	22,202	1,682
Dividends paid	-9,687	-5,923
Other net cash flow	-6,911	11,532
Financial cash flow	-16,598	5,609
Change in cash funds	5,604	7,291
Cash funds at start of the period	14,137	6,846
Cash funds at end of the period	19,741	14,137

Accounting principles

The same accounting principles have been applied in the Financial Statements Bulletin as in the 2006 financial statements. IFRS Interpretations issued during the financial year have been observed. Appendices in accordance with IFRS 7, Financial Instruments: Disclosures (effective as of 1 January 2007) have been included in the bulletin in so far as their significance to the Group's financial information is concerned.

The information presented in the Financial Statements Bulletin is un-audited.

Segment information

€ ('000)	1-12/07	1-12/06
Turnover		
CapMan Private Equity	25,840	33,116
CapMan Real Estate	25,732	4,916
Total	51,572	38,032
Operating profit		
CapMan Private Equity	9,484	15,404
CapMan Real Estate	20,275	222
Total	29,759	15,626

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Income taxes

The Group's income taxes in the Income Statement 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 0.12 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)	31.12.07	31.12.06
Investments in funds at fair value through profit and loss at Jan 1	33,122	20,288
Additions	15,384	13,233
Disposals	-9,972	-4,117
Fair value gains/losses on investments	5,696	3,718
Investments in funds at fair value through profit and loss at end of the period	44,230	33,122

Transactions with related parties (associated companies)

€ ('000)	31.12.07	31.12.06
Receivables - non-current	12,497	7,940
Receivables - current	879	243

Non-current liabilities

€ ('000)	31.12.07	31.12.06
Interest bearing loans	16,000	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.

Personnel	31.12.07	31.12.06
Finland	86	72
Denmark	4	5
Sweden	15	16
Norway	5	5
In total	110	98

Contingent liabilities

€ ('000)	31.12.07	31.12.06
Leasing contracts and other contingent liabilities	11,797	13,451
Commitments to funds	55,994	50,529

Turnover and profit quarterly

YEAR 2007

MEUR	1-3/07	4-6/07	7-9/07	10-12/07	1-12/07
Turnover	28.1	7.5	8.0	8.0	51.6
Management fees	5.8	6.5	6.2	6.1	24.6
Carried interest	21.2	0.2	1.0	1.2	23.6
Income of investments in funds	0.3	0.0	0.1	0.1	0.5
Real Estate consulting	0.6	0.5	0.5	0.5	2.1
Other income	0.2	0.3	0.2	0.1	0.8
Fair value gains / losses of investments	4.1	0.5	2.9	-1.8	5.7
Operating profit	25.4	1.1	4.9	-1.6	29.8
Financial income and expenses	0.3	0.2	0.2	0.4	1.1
Share of associated companies' result	0.9	0.2	0.8	0.0	1.9
Profit before taxes	26.7	1.4	5.9	-1.3	32.7
Profit for the period	19.9	1.0	4.6	-1.3	24.2

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 31 DECEMBER 2007, MEUR

	Size *	Paid-in capital **	Fund's current portfolio		Distributed cash flow		Net cash assets *****
			at cost	at fair value ***	to in- vestors	to man- agement company (carried interest) ****	
Funds generating carried interest							
FV II, FV III 1) and FM II B							
in total	58.6	57.4	3.1	2.8	179.6	44.1	0.4
FV V	169.9	161.8	59.5	54.5	218.1	1.3	4.2
Fenno Program (Fenno							
Fund, Skandia I and							
Skandia II) in total 2)	59.0	59.0	10.8	11.7	122.9	8.6	0.2
CMRE I 5)	500.0	355.9	93.1	92.5	183.0	28.5	-56.4
In total	787.5	634.1	166.5	161.5	703.6	82.5	-51.6
Funds that are expected to start generating carried interest by the end of 2009							
FV IV	59.5	59.5	10.3	14.2	65.7		0.8
CME VII A	156.7	128.3	84.6	148.4	77.2		3.6
CME VII B	56.5	51.0	33.4	70.0	35.1		1.9
CME SWE	67.0	54.4	36.2	63.6	33.1		2.0
FM III A	101.4	98.1	33.0	42.9	97.6		2.1
FM III B	20.2	19.8	8.7	11.9	17.2		0.3
In total	461.3	411.1	206.2	351.0	325.9		10.7
Other funds not yet in carry							
CME VII C	23.1	15.2	10.2	9.3	5.9		0.1
CMB VIII A	360.0	134.7	118.2	126.0			-0.5
CMB VIII B	80.0	30.0	26.2	28.0			-0.2
CM LS IV	54.1	17.0	14.0	11.9			-0.2
CMT 2007 1)	140.3	23.4	19.7	19.7			1.3
FM III C	13.9	13.9	4.0	4.8	11.8		2.0
CMM IV 4)	240.0	108.0	85.4	95.5	21.0		4.2
CMRE II 6)	600.0	73.6	67.0	68.0			-44.4
In total	1,511.4	415.8	344.7	363.2	38.7		-37.7
Funds with limited carried interest potential to CapMan							
NPEP II 3), FV V ET,							
SWE LS 3), SWE Tech 1), 3)							
and FM II A, C, D 1)							
In total	255.9	231.7	83.2	77.0	119.2		5.1
Equity funds in total	3,016.1	1,692.7	800.6	952.7	1 188.0	82.5	-73.5

CAPITAL MANAGED/ADVISED BY ASSOCIATED COMPANY ACCESS CAPITAL PARTNERS AS AT 31 DECEMBER 2007, MEUR

Fund	Size*
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)	241.0
Private Equity Mandates	1,162.0
Total capital	2,326.5

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
NPEP	= Nordic Private Equity Partners
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. 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 31 December 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 and in Mezzanine IV fund, 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 31 December 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 206.1 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 – 31 DECEMBER 2007

The investment activities of private equity funds managed by CapMan in 2007 comprised 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.

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 2007

In 2007 the CapMan funds made 11 new investments as well as add-on investments worth MEUR 164.7 in all. In the comparative year the funds made eight new investments as well as add-on investments totalling MEUR 158.8.



No new investments were made by the funds in the final quarter of 2007. In the first three quarters of the year the buyout funds invested in five portfolio companies, which were Finnish Komax Oy, Skandia Autologistics Oy (formerly John Nurminen's Vehicle Logistics Unit) and Walki Group Oy (formerly Walki Wisa), Swedish Nacka Närsjukhus Proxima AB and Norwegian Curato AS (formerly Telemark Røntgen Group). In addition the technology funds invested in six technology companies, which were Finnish Mirasys Ltd, Global Intelligence Alliance Group Oy (formerly Novintel Oy), Movial Applications Oy and Mawell Oy, Danish IT2 Treasury Solutions and Swedish KMW Energi AB. The life science funds co-invested in the Nacka Närsjukhus Proxima, Curato and Mawell investments.

Exits from portfolio companies in 2007

The funds made nine final exits and several partial exits in 2007. Exits at acquisition cost (including mezzanine loan instalments and partial exits) totalled MEUR 93.2 for the financial year. There were ten final exits and several partial exits in the previous year, for which exits at acquisition cost (including mezzanine loan instalments) totalled MEUR 173.8.

Q4 Exits from portfolio companies

In early October the Fenno Fund co-managed by CapMan and Fenno Management Oy sold its 1,913,044 shares in Affecto Plc, which it had retained in the company's IPO in 2005. Fenno Fund invested in Affecto Oy in 1999. The exit has an impact of approx. MEUR 0.8 on CapMan Plc's result for 2007.

Finnmezzanine Fund III A exited from Savcor Group Ltd. in December when the company made an IPO of part of its business on the Australian Securities Exchange. As a result of the public listing Savcor repaid its mezzanine and equity loans to the fund. Savcor's main products are surface coatings and surface protection technologies that shield, among other things, mobile phones against electronic interference and civil structures and industrial assets against corrosion. The fund invested in Savcor in 2002. The exit from Savcor does not impact on CapMan Plc's result for 2007.

Exits from portfolio companies in January–September

In the first three quarters of the year the funds exited from three buyout targets, which were Swedish Synerco AB, Danish LindPlast A/S and Finnish Copterline and from three technology targets, which were Finnish Distocraft Oy, Finnish MediaNorth Group Corporation and Swedish Avitec AB. Additionally, the funds sold their listed shares in Finnish SysOpenDigia Plc.

Other events in 2007

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 was 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.

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.

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

Equity VII and Swedestart Tech KB funds announced an exit from Solid Information Technology Oy in late December. The funds sold their holding in the company to IBM, and the transaction was closed in January 2008. Solid Information Technology is a provider of database solutions that enable the reliable functionality mission-critical network infrastructure and software. The exit does not impact on CapMan Plc's result.

Events after the review period

CapMan Buyout VIII fund announced an investment in Norwegian Barnebygg Group in January. Barnebygg, a family-owned company founded in 1992, is one of Norway's leading providers of day care services. The execution of the transaction is subject to approval by competition authorities and it is expected to be finalised by February 2008.

In January CapMan Buyout VIII fund announced an investment in Varesvuo Partners Oy, a Finnish television content and commercial film production company. The company's operative management will also invest in the company. The investment will finance the company's growth and strengthen its position as an independent company, and it is expected to be finalised in the first quarter of 2008.

INVESTMENT ACTIVITIES BY THE REAL ESTATE FUNDS

Investment decisions in 2007

The Real Estate funds announced 16 new investments or investment decisions in 2007. Of these, 13 were in completed properties and three in properties under construction. Investments totalling MEUR 160.0 were made during the fiscal year, and as at 31 December 2007 the funds had additionally committed a total of MEUR 302.1 to finance real estate acquisitions and projects in the next few years. In the comparative period the funds invested MEUR 78.7 in four new targets.

Q4 Investment decisions

In October CapMan RE II fund acquired the office property located at Ylistönmäentie 33 in Jyväskylä. The property has a lettable area of ca. 5,790 m² and is fully leased to TietoEnator Corporation at the time of investment.

Additionally, CapMan RE II fund acquired the commercial properties located at Yliopistonkatu 22 and Kristiinankatu 8 in Turku from Niam Fund III and Whitehall Street Real Estate Funds in December. The transactions were closed in January 2008. Yliopistonkatu 22 is fully leased to Stockmann Plc, and Kristiinankatu 8 (Turun Centrum) was also fully leased at the time of investment.

Investment decisions in January–September

In the first three quarters of 2007 CapMan Real Estate I fund invested in the following completed properties:

Kiinteistö Oy Helsingin Kalevankatu 20, Helsinki
Kiinteistö Oy Malminkaari 9, Helsinki
Kiinteistö Oy Lönnrotinkatu 20, Helsinki
Kiinteistö Oy Helsingin Ludviginkatu 3–5, Helsinki
Kiinteistö Oy Helsingin Elimäenkatu 9, Helsinki
Kiinteistö Oy Hankasuontie 3, Helsinki
Kiinteistö Oy Mastolan keskusvarasto

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.

In early July CapMan RE II fund signed an agreement to acquire ownership of Skanssin Kauppakeskus Oy, a shopping centre in Turku, from the Hartela Group. The capital commitment that has been made in the shopping centre project will be drawn down in stages during 2007–2009.

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 2007. The acquisition cost of the portfolio was MEUR 304.4 and its sale price was MEUR 377.5. CapMan Real Estate I has continued its active investment operations after the transaction.

Other events in 2007

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

On 18 January 2008 CapMan Plc established CapMan Hotels RE Ky, a private equity real estate fund investing in hotel real estate. The fund reached MEUR 835 at first closing and the maximum fund size is MEUR 1,100. In connection with its establishment, the fund acquired a portfolio of 39 hotels with a transaction value of MEUR 805 from Northern European Properties Ltd (NEPR).