

PRESS RELEASE
Stockholm, 7 April 2016

ECEX Board's proposal for joint termination of the Investment Agreement

East Capital Explorer (publ) ("ECEX", "the Company") today summons shareholders to an Extraordinary General Meeting ("EGM") on 9 May to decide on an immediate joint termination of the Investment Agreement between the Company and East Capital. By terminating the Agreement, building an in-house investment organization and, in parallel, launching a buyback program tied to the share discount, the company will more than halve its costs, remove organizational complexity and create a clear strategy for discount control.

Following an initiative by East Capital in September 2015 to review the Investment Agreement that regulates the relation between East Capital Explorer and East Capital and that is effective until 2032, the two parties have jointly agreed to call an EGM on 9 May 2016 to propose a resolution to approve an immediate joint termination of the Investment Agreement. The EGM notice and announcement of the intention to, following an approval of the proposal, launch a share buyback program tied to a 20% NAV discount are published today in separate press releases.

The compensation to East Capital under a Transition and Termination Agreement for interim services and other undertakings as described below will amount to EUR 9.65m plus settlement of accrued carried interest related to 3 Burès and Starman of approximately EUR 7.4m, up to approximately EUR 8.4m (depending on a potential earn-out in the sale of Starman).

"I am convinced that this proposal, combined with broad and active share buybacks also announced today, will be a catalyst for shareholder value. With an in-house investment organization headed by Kestutis Sasnauskas, we will keep working actively with our portfolio while significantly reducing costs. The joint proposal with East Capital means that we, with their assistance, can carry through this transformation in the best possible way. The combination of these benefits clearly validates the costs associated with the proposal", says Lars O Grönstedt, Chairman of East Capital Explorer.

"The more focused strategy that we began implementing in 2013 has shown good results, as illustrated not least by the successful Starman sale. Having Kestutis Sasnauskas on board ensures a strong foundation for building an organization tailored to our needs, while costs are expected to be more than halved", says Mia Jurke, CEO of East Capital Explorer.

"As the largest shareholder in East Capital Explorer, and with a strong belief in the company's portfolio and its ability to generate value, we support the proposal fully. We look forward to taking part of the company's continued route towards becoming a refined private equity and real estate company with its main focus on the Baltic region, where we have created and continue to see good and stable performance", says Peter Elam Håkansson, Founder and Chairman of East Capital.

The Board's proposal to the EGM is summarized below. The full proposal will be made available no later than three weeks prior to the EGM.

1. Immediate joint termination of the investment agreement and waiving of fees

With an immediate joint termination of the Investment Agreement and waiving of its six month notice period, all management fee payments to East Capital will, as of an effective approval of the above mentioned proposal, be halted. This applies to all direct and fund investments, with the exception of the real estate funds East Capital Baltic Property Fund II and East Capital Baltic Property Fund III since real estate is part of the company's strategic focus.

The company's combined investment management costs (operating costs of the parent company plus management fees and other operating costs of the holding company East Capital Explorer Investments SA) amounted to 2.7% of ECEX' NAV in 2015. It is the company's estimate that with the new organization, management costs would be more than halved, corresponding to an annual saving of EUR 3.5-4.0m based on actual 2015 costs.

2. In-house investment organization headed by Kestutis Sasnauskas

Conditional upon the EGM's approval of the proposal, Kestutis Sasnauskas, who today is Head of Private Equity and Real Estate within East Capital, will immediately join ECEX as Chief Investment Officer and will have the key responsibility for building the company's investment management organization.

3. Compensation to East Capital for interim services and other undertakings

Conditional upon, and with effect from a joint termination of the current Investment Agreement, ECEX and East Capital will enter into a Transition and Termination Agreement valid until 31 December 2017. Under this Agreement, East Capital commits to assist in managing the portfolio during an interim period, as well as support in carrying out the necessary changes in the corporate structure of ECEX, so that ECEX in an organized manner can become an independent investment company.

For these services and a number of other undertakings under the Transition and Termination Agreement, ECEX will compensate East Capital as follows:

- EUR 7.65m, equal to around 1.5 years management fees, for the above mentioned interim services
- EUR 2.0m for the controlling shares in the jointly owned holding subsidiary East Capital Explorer Investments SA, as well as for certain related contracts, non-compete and brand undertakings, and
- Approximately EUR 7.4m, up to approximately EUR 8.4m, for accrued carried interest in 3 Burès (0.9m), and for settling the carried interest liability in Starman (current liability EUR 6.5m; with full earn-out in the sale of Starman approximately EUR 7.5m, please refer to announcement on 14 March 2016)ⁱ.

The compensations will be paid in installments during 2016 and 2017. The carried interest liability in Starman will be paid upon receipt of the exit proceeds and, if any, the earn-out.

A resolution to approve the joint termination of the Investment Agreement requires the approval of 75% of the shares registered at the Meeting. Conditional upon approval of the aforementioned proposal, consequential amendments to the Company's Articles of Association will be proposed to shareholders at a forthcoming General Meeting.

East Capital Explorer has been advised by Hannes Snellman and Lenner & Partners.

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About East Capital Explorer

East Capital Explorer AB (publ) is a Swedish investment company, created with the aim of bringing unique investment opportunities in Eastern Europe to a broader investor base. The company makes direct investments into primarily private companies and real estate, but has also invested through East Capital's alternative investment funds. East Capital Explorer's main investment theme is domestic growth and the Company targets fast growing sectors such as retail, telecom and real estate. East Capital Explorer is listed on Nasdaq Stockholm, Mid Cap.

Listing: Nasdaq Stockholm, Mid Cap - **Ticker:** ECEX - **ISIN:** SE0002158568 -
Reuters: ECEX.ST - **Bloomberg:** ECEX SS Equity

ⁱ If, for any reason, Starman is not exited as announced on 14 March, but within five years, then the carried interest compensation will be approximately EUR 7.5m; upon no exit within five years, East Capital will be entitled to a break fee of EUR 3.25m.

This information is disclosed in accordance with the Securities Markets Act, the Financial Instruments Trading Act and demands made in the exchange rules. It was released for publication at 08:00 a.m. CET on 7 April 2016.