

Corporate Governance

This section describes corporate governance for the financial year 2015. The corporate structure will change significantly with the implementation of the decision taken at the Extraordinary General Meeting on 9 May 2016 to terminate the Company's Investment Agreement with East Capital. See page 75 (Note 17) and the Company's website for more information about the termination of the Agreement and the decision of the Extraordinary General Meeting.

Governance structure

For East Capital Explorer AB (publ) ("Company"), corporate governance refers to the manner in which we operate and are organized to maintain the interests of all shareholders in the context of achieving our goal of delivering long-term, attractive returns.

Purpose and nature of the Company

East Capital Explorer is a public limited liability company investing, directly and indirectly, in companies located mainly in the Baltic States, Russia and the Balkans. The Company's indirect investments are undertaken through a selection of the East Capital group ("East Capital") current and future funds.

East Capital Explorer is closely associated with East Capital. The co-operation and relationship is governed by an Investment Agreement agreed between the Company and East Capital PCV Management AB, a Company within the East Capital Group. The Investment Agreement sets out the terms of the co-operation as well as the investment policy governing the investment activities of East Capital Explorer Investments S.A. ("ECEX Investments"), in which all investment activities are conducted. Our Company's Board and Audit Committee continuously monitor the investment activities, to ensure that all activities are performed in line with set out obligations, and in the best interest of our shareholders. These important control functions include evaluating East Capital's performance and ensuring that investment activities are in line with the Investment Agreement and the Investment Policy. From time to time the Board may also approve

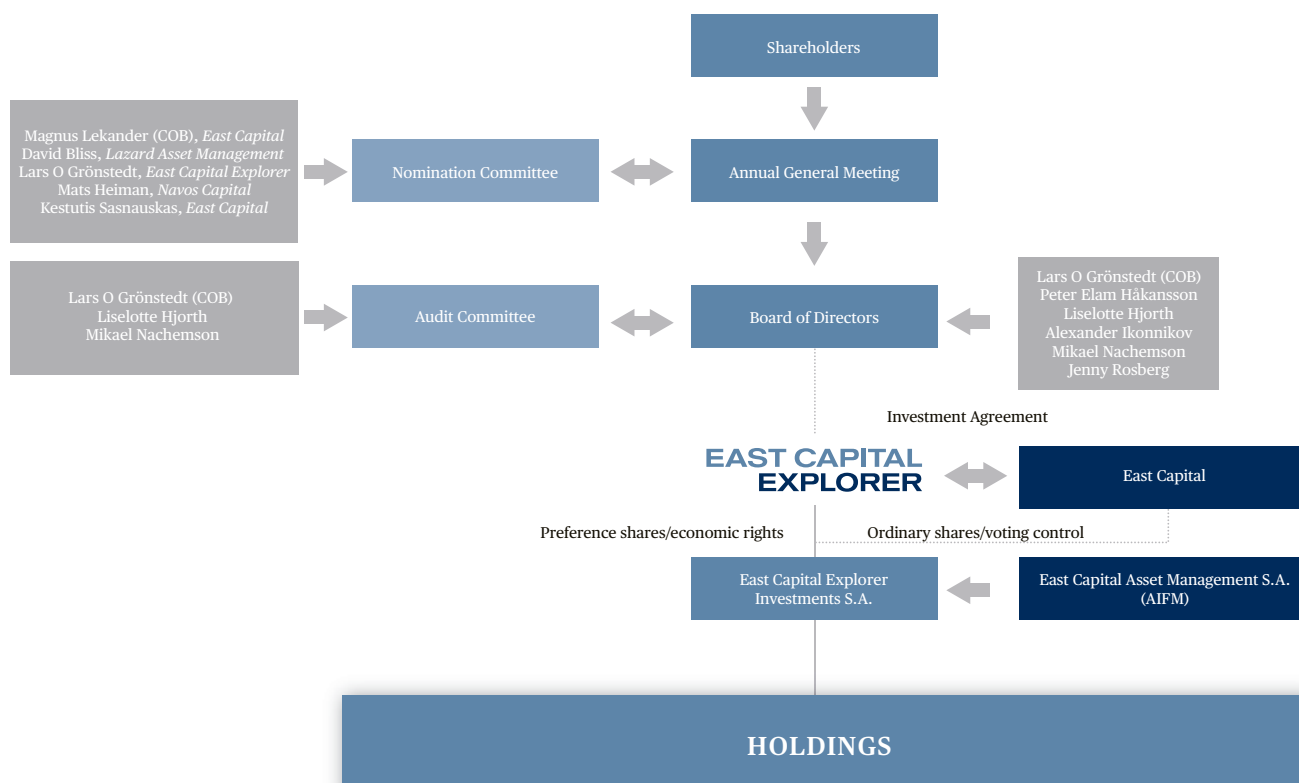
deviations from or additions to the Investment Policy, and monitors regularly whether the Investment Policy is appropriate in the prevailing market conditions.

The structure was established in 2007 and was initially described in East Capital Explorer's prospectus to list on the Nasdaq Stockholm, Mid Cap from November 2007. In order to meet the requirements set out in the EU Directive (2011/61/EU) on Alternative Investment Fund Managers ("the AIFMD Rules"), the investment structure was adapted to the AIFMD Rules in August 2014.

Framework for corporate governance

Corporate governance within East Capital Explorer is based on both external regulations and internal rules. The external regulations are the Swedish Companies Act, the Nasdaq Stockholm Rule Book for Issuers, the Swedish Corporate Governance Code ("the Code") as well as other applicable Swedish and foreign legislation and provisions. The company's internal frameworks comprise its articles of association, the Investment Agreement with East Capital, rules and guidelines on corporate governance, the rules of procedure for the Board of Directors, the Audit Committee charter, the instructions for the CEO and the policy documents adopted by the company.

Governance structure



The company complies with the Code. In 2015 the company deviated from rule 2.6 of the Code, which states that the Nomination Committee's proposals are to be presented in the notice of the shareholders' meeting. The Nomination Committee's proposals to the Board were presented in a separate press release five days after the notice was issued, since at the time the notice was issued the company had not received any proposal on Board members from the Nomination Committee. In addition, the company deviated from rule 2.5 of the Code, which states that the company is to provide details of the members of the Nomination Committee on its website no later than six months before the Annual General Meeting. The information was published five months prior to the 2016 Annual General Meeting, since the Nomination Committee had not previously been appointed.

Further information on corporate governance is available on the Company's website, www.eastcapitalexplorer.com. The separate corporate governance section includes East Capital Explorer's Articles of Association, the Nomination Committee's principles and work and information regarding the Annual General Meeting. Additional information regarding the Company's shares and provisions of its articles of association regulating the appointment of Board members and certain amendments of the articles of association can be found under the "East Capital Explorer share" on page 14-15 and "Board of Directors" on the Administration Report on page 55.

The investment structure

The investments are carried out by ECEX Investments, which holds the investment portfolio. ECEX Investments qualifies as an alternative investment fund under the Luxembourg laws implementing the AIFMD Rules. The portfolio management operations were transferred from Sweden to the new Luxembourg based subsidiary, ECEX Investments, in August 2014.

In accordance with the AIFMD Rules, ECEX Investments has appointed East Capital Asset Management S.A. ("ECAM SA"), a wholly owned subsidiary within the East Capital Group, and licensed as an Alternative

Investment Fund Manager ("AIFM") under the AIFMD Rules, as the AIFM of ECEX Investments. ECAM SA performs the portfolio management and risk management functions of ECEX Investments, including investment decisions within the Investment Policy, accordance with the terms of the Investment Agreement. The investment decisions are made by an Investment Committee of ECAM SA, although a number of investment decisions needs to be addressed by the Board of the Company for prior approval (see further below). Currently, Peter Elam Håkansson, Partner and Chairman, East Capital, Company's CEO, Mia Jurke and the General Counsel of East Capital, Magnus Lekander have been appointed to the Investment Committee by ECAM SA.

ECEX Investments is owned by the Company and East Capital. The Company holds all financial rights, while East Capital controls the shareholder votes of ECEX Investments.

The current structure creates appropriate conditions for making investments in accordance with what is stated in the Company's Investment Policy and the listing prospectus, while offering that the requirements of the AIFMD Rules can be met in a cost-efficient manner.

Investment Agreement with East Capital and the Investment Policy

The investment activities are governed by the Investment Policy agreed between the Company and East Capital under the Investment Agreement.

The Investment Agreement prescribes the terms and conditions upon which the investment activities shall be performed in ECEX Investment and stipulates the allocation of the duties and responsibilities between East Capital Explorer and East Capital (including ECAM SA). See more information about the termination of the Investment Agreement at the Extraordinary

General Meeting held on 9 May 2016 on page 75.

The Investment Policy stipulates the key geographical segments and investment themes and the types of investments which may be undertaken in the ECEX Investment's portfolio. It also stipulates certain limitations to ensure an appropriate risk level. The Investment Policy is expected to be revised from time to time, as the investment environment is changing. The Board can also approve deviations from the current Investment Policy. Any change in the Investment Policy will be made in consensus between East Capital Explorer and East Capital. The key elements of the Investment Policy can be summarized in the following points:

Investment Themes

East Capital Explorer's main investment theme is domestic growth and the Company targets companies in fast growing sectors, such as Retail and Consumer goods, Financials and Real Estate.

Geographical Markets

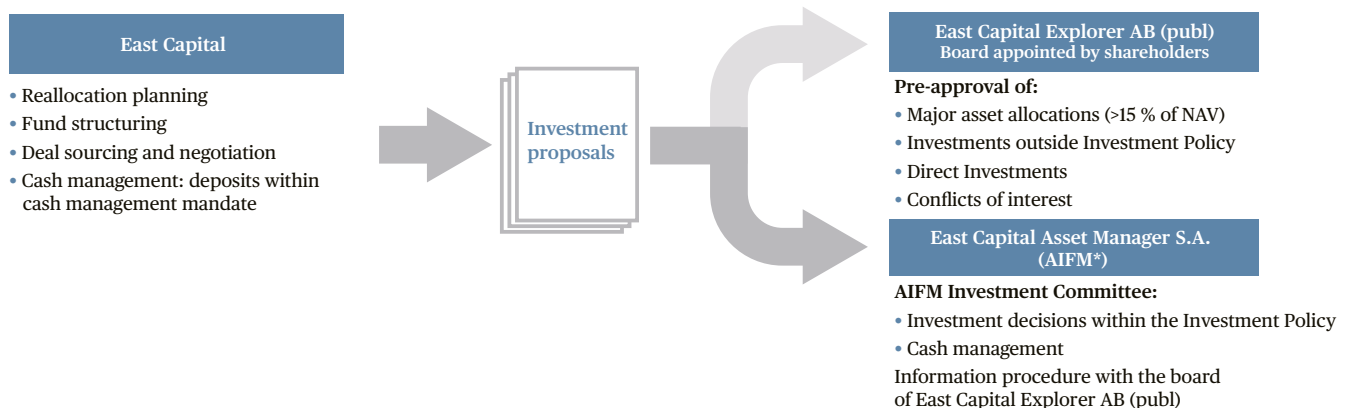
East Capital Explorer's main investment regions are in the Baltic States, Russia and the Balkans.

Asset types

East Capital Explorer invests primarily in direct investments in selected companies in the region. The Company can also make investments into future East Capital Private Equity Funds and Real Estate Funds as well as in existing and future East Capital Alternative Funds. East Capital Explorer also has the possibility to make limited investments in East Capital's open-ended daily-traded funds.

Investments can be made in several asset types, including shares, fund units, options, convertibles, derivative instruments and other equity-related instruments. Debt investments are also permitted if related to an equity investment. In conjunction with investments in the real estate sector, invest-

Investment decision process



* Appointed Alternative Investment Fund Manager in accordance with EU Directive (2011/61/EU)

ments can also be made in land, real estate and other property.

Functions of the Board of the Company

Although ongoing investment management has been transferred to the ECAM SA under the Investment Agreement and the AIFMD rules, the company's Board must always approve the following decisions in advance:

- Decisions on investments constituting more than 15 percent of NAV at the time of the investment;
- Direct investments (with no co-investment by East Capital);
- Deviations to the Investment Policy; and
- Investments implying a conflict of interest between East Capital Explorer and East Capital, not contemplated by the Investment Policy.

The Board further decides on other matters related to its own capital structure, such as initiating shareholder distributions or increasing the capital available for investments by issuing new shares. It can also incur debt, although within the limitations set out in the Investment Policy.

The Board and executive management of the Company continuously monitor the Investment Policy and evaluate whether it continues to be in the best interest of the shareholders of the Company. The Board would initiate changes in the Investment Policy, should the Board find that an update or revision is needed.

It also monitors investment activities in ECEX Investments and checks that these - which are outsourced to the AIFM - are carried out in accordance with the Investment Policy and the Investment Agreement. The task is mainly handled by the Audit Committee of the company. The Board members also have access to all the relevant material concerning the investment activities in ECEX Investments. The company also has the right to appoint an auditor for ECEX Investments.

Duties of the executive management team

The executive management team is responsible for the internal controls necessary to review and to monitor the investment activities by the AIFM. These duties include monitoring the development in the holdings and the potential risks in the portfolio as well as the financial reporting from ECEX Investments and its service providers. The executive management team reports regularly to the Board with respect to these matters. Currently, the CEO of the Company, Mia Jurke is member of the Board of ECEX Investments as well as member of the Investment Committee of ECAM SA designated for ECEX Investments.

Examples of monitoring activities are:

- Active participation in the work of the board of ECEX Investments.

- Continuous discussion and contact with key individuals in East Capital and participation in East Capital's meetings relating to the ECEX Investments portfolio
- Active participation in the work and decision-making of ECAM SA's Investment Committee for ECEX Investments.
- Continuous review of the internal procedures and processes in order to assure the accuracy of the East Capital Explorer's portfolio reporting.

Termination of the Investment Agreement

In certain circumstances East Capital Explorer has the right to terminate the Investment Agreement, for example if East Capital does not act in accordance with the Investment Policy or the Investment Agreement. The company also has the right - at its discretion and without any breach of contract having occurred - to give notice to terminate the Investment Agreement if this is approved by a majority representing at least 75 percent of both the votes cast and the shares represented at a general meeting of shareholders of the company.

An Extraordinary General Meeting on 9 May 2016, resolved to approve a termination of the Investment Agreement, please see page 75 (Note 17).

Board of Directors Composition of the Board

Under the articles of association of the company, the Board is to consist of three to six members without deputies. In addition, East Capital always has the right to appoint one Board member. The Board members are elected by the Annual General Meeting for a term of one year. The 2015 Annual General Meeting re-elected Lars O Grönstedt, Peter Elam Håkansson, Liselotte Hjorth and Alexander Ikonnikov to the Board. Paul Bergqvist and Louise Hedberg had declined re-election. Mikael Nachemson was elected Deputy Chairman and Jenny Rosberg was elected as a new Board member. The meeting elected Lars O Grönstedt as Chairman of the Board, succeeding the outgoing chairman Paul Bergqvist.

Independence of the Board

Under applicable regulations, Lars O Grönstedt, Liselotte Hjorth, Alexander Ikonnikov, Mikael Nachemson and Jenny Rosberg are regarded as independent in relation to the Company and its management, as well as to the major shareholders of the Company. The independent members of the Board have been proposed based on their significant experience from international management and business, specifically within the investment region, as well as their executive positions and board work in various listed companies.

Peter Elam Håkansson is not deemed to be independent in relation to the company and

its management because he is a related party of East Capital, who through the Investment Agreement and other relationships must be regarded as having extensive business ties with the company and its related enterprises. Regarding the Board members' independence in relation to major shareholders, it should be noted that in 2015 East Capital, together with its related parties, was a major shareholder in the company as this term is defined in the Code. Therefore Peter Elam Håkansson is not regarded as independent of the major shareholders of the company. As of 31 December 2015 there were no other major shareholders of the company as defined by the Nasdaq Stockholm Rule Book for Issuers and the Swedish Code of Corporate Governance.

For more information about each Board member please see pages 42-43.

The Board and its work

The work of the Board is governed by the rules of procedure adopted by the Board. The Chairman of the Board, Lars O Grönstedt, directs the work conducted by the Board and maintains continuous contact with the CEO and the Company's other management functions to monitor its operations. The Board evaluates how the management performs its duties and decides on remuneration for executive management. The Board has also prepared and approved a Charter for the Audit Committee, a work instruction for the CEO, as well as a number of policy documents.

The Company's CEO, Mia Jurke, CFO & Head of Investor Relations, Lena Krauss also participated in the Board meetings during 2015 to report on their respective areas. Other representatives from East Capital are invited, from time to time, to participate in Board meetings in order to make presentations on particular investment proposals and the development of the investment portfolio or other matters.

The Board holds at least five ordinary Board meetings per year. Additional meetings may be held for example to discuss and decide on investment proposals.

Board meetings and main discussions

During 2015, a total of 19 Board meetings were held. The main discussions held during the meetings were:

Meeting	Main discussion
1/2015	Telephone meeting to discuss investment proposals
2/2015	Approval of the Year-end Report 2014
3/2015	Approval of the Annual Report 2014
4/2015	<i>Per capsulam</i> meeting to approve the notice and statements to be made in connection with the Annual General Meeting 2015
5/2015	Telephone meeting to discuss buy-back proposal
6/2015	Board meeting to discuss proposal for new Dividend Policy
7/2015	Statutory Board meeting after Annual General Meeting 2015
8/2015	Approval of the Interim Report 1 January - 31 March 2015
9/2015	Telephone meeting to consider an investment proposal
10/2015	Approval of the Interim Report 1 January - 30 June 2014
11/2015	Strategy meeting
12/2015	Telephone meeting regarding investment agreement
13/2015	Telephone meeting regarding investment agreement
14/2015	Board meeting regarding investment agreement
15/2015	Approval of the Interim Report 1 January - 30 September 2015
16/2015	Board meeting regarding investment agreement
17/2015	Telephone meeting regarding investment agreement
18/2015	Telephone meeting regarding divestment proposal
19/2015	Board meeting regarding investment agreement

Evaluation of the Board

The work of the Board is continuously evaluated and the evaluation is used to develop the work of the Board and as a basis for the Nomination Committee's evaluation of the composition of the Board. In 2015 the work of the Board was evaluated by the independent members of the Nomination Committee in order to gain information for the Nomination Committee's work on preparing proposals for the 2015 Annual General Meeting. The evaluation included individual interviews with Board members and the CEO, and consisted of a number

of questions concerning the work of the Board. The results from the evaluation were presented to the Nomination Committee. In 2014 the Board was evaluated by an external consultant with broad experience of such evaluations.

Audit Committee

The Audit Committee is appointed to serve the Board in an advisory function with respect to financial reporting, valuation and auditing matters. The Charter of the Audit Committee governs the work of the Committee. The Audit Committee shall consist of at least three members appointed by the Board from among the independent members of the Board. The Audit Committee comprises Lars O Grönstedt (Chairman), Mikael Nachemson and Liselotte Hjorth.

The Audit Committee may invite, as it sees fit, representatives from the Company, ECEX Investments or East Capital as non-member attendees in the meetings and may appoint appropriate legal counsel, audit expertise and independent valuation expertise for consultation in the performance of its duties. The auditor in charge, representing the Company's auditor KPMG, participate in all meetings at which financial reports are approved, in order to present the findings to the Committee.

The Company's CEO, Mia Jurke, CFO & Head of Investor Relations, Lena Krauss and Financial Controller, Farzad Bahador also participated in the Audit Committee meetings during 2015 to report on their respective areas.

Audit Committee meetings and main discussions

During 2015, a total of five Audit Committee meetings were held. Topics of the main discussions held during the meetings were:

Meeting	Main discussion
1/2015	Discussion regarding Internal Audit report and the Year-end report 2014
2/2015	Discussion regarding the Annual Report 2014
3/2015	Discussion regarding the Interim Report 1 January - 31 March 2015
4/2015	Discussion regarding the Interim Report 1 January - 30 June 2015
5/2015	Discussion regarding the Interim Report 1 January - 30 September 2015

The section Internal Control on page 46-47 further explains the control environment, control activities, and policy documents and the Board's monitoring of financial reporting.

Directors' fees and executive remuneration

On 21 April 2015 the Annual General Meeting resolved that the fees paid to the Chairman of the Board and Board members should remain unchanged and decided on the fees to be paid to the Deputy Chairman. The Chairman of the Board is to receive an annual fee of SEK 770,000 and the Deputy Chairman an annual fee of SEK 550,000 for the period up to the 2016 AGM. Other Board members each receive an annual fee of SEK 330,000 for the same period. Board member Peter Elam Håkansson waived his director's fee. As proposed by the Nomination Committee, the AGM resolved that by special agreement with the company, directors' fees may be invoiced through a company or business. In this event the fee invoiced is to be adjusted for social security contributions and value added tax in order to achieve cost neutrality for the company.

Compensation for work on the Audit Committee was also left unchanged by the AGM and amounts to SEK 100,000 for the chairman and SEK 50,000 for each of the other members of the committee.

Remuneration Committee

In light of the Company's limited number of employees, the Board has concluded that no Remuneration Committee should be established.

CEO

The CEO is responsible for day-to-day operations in the company in accordance with instructions from the Board as well as other guidelines and policy documents. Along with the Chairman of the Board, the CEO prepares the agenda for Board meetings and is responsible for preparation of the information required for decision-making. In addition, the CEO ensures that the Board continually receives information concerning East Capital Explorer's performance and information on the company's investment markets from East Capital, in order to be able to make decisions on a sound basis.

The composition of the Board

Name	Position	Citizenship	Independent		Board meeting attendance		Audit Committee	Audit Committee
			Shareholdings as of 25 April 2016	Elected	2015	Committee attendance 2015		
Lars O Grönstedt	Chairman	Swedish	Yes	190	2012	19/19	Yes	5/5
Mikael Nachemson	Vice Chairman	Swedish	Yes	125,911	2015	13/13	Yes	3/3
Peter Elam Håkansson	Board member	Swedish	No	4,021,527	2014	13/19*	No	n/a
Liselotte Hjorth	Board member	Swedish	Yes	2,000	2014	19/19	Yes	5/5
Alexander Ikonnikov	Board member	Russian	Yes	20,000	2007	18/19	No**	2/2
Jenny Rosberg	Board member	Swedish	Yes	2,200	2015	12/13	No	n/a

*Peter Elam Håkansson did not participate at a number of Board meetings due to conflict of interest.

** Alexander Ikonnikov was a member of the Audit Committee until the Annual General Meeting 2015.

The CEO has no significant commitments outside the company. More information on the CEO can be found on page 41.

Remuneration of Executive Management

Remuneration to the CEO and CFO consists of fixed salary and variable salary as well as pension and insurance benefits. The Board has discretion to decide whether any variable salary is to be paid to executive management. The decision is based on internal key performance indicators (KPIs), with changes in the share price and the discount to NAV being the two criteria weighed most heavily. Targets are set and evaluated by the Board annually. In 2015 the Board granted both the CEO and the CFO variable salary for 2014 amounting to 20 percent of fixed salary. The maximum variable salary is 50 percent of fixed salary.

During 2016, a variable salary for 2015 amounting to 50% of fixed salary was paid to the CEO and present and previous CFO, respectively, out of a maximum variable salary corresponding to 50% of fixed salary.

The CEO and the CFO have individual premium-based pension plans, pursuant to which the Company pays premiums corresponding to 10% of their respective fixed salaries, up to 10 Swedish income base amounts and premiums corresponding to 20% of the fixed salaries on the portion of the fixed salary exceeding 10 Swedish income base amounts.

For detailed information on the remuneration to executive management, see Note 4 on page 62.

Share-related incentive program

East Capital Explorer does not have any share-related incentive programs.

The Annual General Meeting

The Annual General Meeting of Shareholders ("AGM") is the Company's highest decision-making body and where shareholders exercise their influence. The AGM must be held within six months from the end of the financial year.

All shareholders registered in the register of shareholders who have given notice of their attendance on time are entitled to participate in the meeting. Shareholders may vote for the total number of shares that they own and may be accompanied by a maximum of two assistants. Shareholders who cannot attend in person may be represented by proxy.

The AGM decides on, among other things, matters such as the election of the Board, when applicable the appointment of auditors, dividend distribution, adoption of the income statement and balance sheet, and discharge from liability of the members of the Board and CEO. Shareholders are entitled to propose that an issue be addressed by the meeting provided a legitimate request has been submitted to the Company well in advance of publication of the notice of the AGM.

The AGM is an important channel in communicating with shareholders. In connection with the AGM, all shareholders are invited to a seminar about our markets and investments. Shareholders are encouraged to participate at the AGM and all shareholders receive a printed invitation and notice to attend the meeting. The Board and Company management attend the AGM and are available to answer questions from the shareholders.

Annual General Meeting 2015

The 2015 AGM was held on 21 April 2015 at IVAs Conference Center in Stockholm. All documents from the 2015 AGM including notice, documents presented at the AGM and the full minutes from the meeting are available at www.eastcapitalexplorer.com.

The 2015 AGM was attended by 79 people, including shareholders representing a total of 45 percent of the shares in the company, all of the Board members, all of the employees and a number of invited guests.

Nomination Committee

The Nomination Committee is tasked with evaluating the Board and its work prior to the AGM, preparing and presenting proposals to the meeting for the chairman of the meeting, Board members and the Chairman of the Board, and also - where applicable - the appointment of auditors. The Nomination Committee is also to propose directors' fees, any compensation for work on Board committees and the fees to be paid to the company's auditors, and is to propose the procedure for electing a Nomination Committee for the next AGM. All shareholders have the opportunity to submit proposals to the Nomination Committee.

The work of the Nomination Committee during 2015/2016

In accordance with a resolution at the AGM held on 21 April 2015, East Capital Explorer is to have a Nomination Committee comprising a minimum of three and a maximum of five members, up to three of whom are to be appointed by the three largest shareholders (or groups of shareholders) in the company who wish to appoint a representative. The other members are the Chairman of the Board of the company and a representative of East Capital.

The Nomination Committee for the 2016 Annual General Meeting consisted of:

- Magnus Lekander, representative for East Capital (Chairman)
- Kestutis Sasnauskas, shareholder representative for East Capital
- David Bliss, Lazard Asset Management
- Mats Heiman, shareholder grouping represented by Navos Capital
- Lars O Grönstedt, as Chairman of the Board of East Capital Explorer

The composition of the Nomination Committee was published through press releases and on the Company's website on 18 November 2015.

No fees were paid to the members of the Nomination Committee for their work in the Committee.

Shareholders have been invited to submit proposals to the Nomination Committee. The Nomination Committee's proposals prior to the 2016 AGM are specified in the notice of the AGM and are also available on www.eastcapitalexplorer.com.

Annual General Meeting 2016

The 2016 AGM will be held on 9 June 2016, at 3 p.m. CET at IVA Konferenscenter, in Stockholm. For more information please visit: www.eastcapitalexplorer.com.

Audit

External auditors

At the AGM held on 21 April 2015, the registered auditing Company KPMG AB was reelected auditor of East Capital Explorer for a four-year term until the close of the 2019 AGM. The Company's auditors in charge is Anders Malmbeby.

Compensation to auditors

The Company's auditor receives compensation for audits and other requisite reviews, as well as for advisory services occasioned by observations made in the course of such audits and reviews. During financial year 2015 the audit fee amounted to EUR 54t.

Communication with the company's auditors

The Audit Committee maintains regular contact with the auditors. The auditors also participate in Audit Committee meetings whenever interim reports and full year reports are being discussed. On such occasions the auditors present their observations from the audit and give an account of their assessment of the company's internal control. The Board meets with the auditor once a year, when the auditor reports its observations directly to the Board without CEO and CFO being present.

Auditor - KPMG AB

Auditor in charge:

Anders Malmbeby
Born 1955

Authorized public accountant at KPMG AB. Chairman of the Board of KPMG AB. Auditor in charge for East Capital Explorer since 2013.



Other auditing assignments:

Bravida Holding, Concentric, Gamla Livförsäkringsaktiebolaget SEB Trygg Liv, Bankgirocentralen (BGC).

Staff



Mia Jurke
CEO since 2011.
Born 1973.

Education

Master of Science in Business Administration from the University of Uppsala.

Work experience

2008-2011 CEO of East Capital Asset Management AB, 2006-2008 Product Manager for East Capital (Lux), 2005-2007 Head of Portfolio Administration at East Capital, 1998-2005 E. Öhman J: or Asset Management and E. Öhman J: or Funds AB (2000-2005 Head of Administration).

Shareholding in East Capital Explorer AB

2,258 shares as of 25 April 2016.



Lena Krauss
CFO & Head of Investor Relations since 2014. Born 1976.

Education

Master of Science in Economics and Finance from the Swedish School of Economics and Business Administration in Helsinki.

Work experience

2008-2013 Senior Vice President, Agency Manager and Senior Consultant at Diplomat Communications AB, Stockholm. 2004-2007 Investor Relations Director at Tele 2 AB, Stockholm. 2004 Partner at Shared Value Ltd, London. 2000-2003 Equity Research Analyst at Alfred Berg ABN AMRO, Stockholm, London and Helsinki.

Shareholding in East Capital Explorer AB

2,028 shares as of 25 April 2016.



Farzad Bahador
Financial Controller since 2014. Born 1982.

Education

MBA från INSEEC, Grande École de Commerce, Paris.

Work experience

2013-2014 Senior Financial Controller, SEB Group Finance, Stockholm
2009-2013 Group Controller, SEB Group Finance, Stockholm
2007-2009 Revision, Deloitte AB, Stockholm

Shareholding in East Capital Explorer AB

0 shares as of 25 April 2016.



Greta Dorthe
Team Assistant since 2015. Born 1990.

Education

Linguistics, literature and arts studies, Stockholm University. F&B Management Diploma, Företagsekonomisk Institutet.

Work experience

2015 Office Coordinator, East Capital,
2014-2015 Executive Assistant at CV Financial Executive Search AB.

Shareholding in East Capital Explorer AB

0 shares as of 25 April 2016.

Board of Directors



Lars O Grönstedt
*Chairman since 2015,
Board member since 2012*

Independent of the Company, Company management and the Company's major shareholders. Born 1954.

Education

BA in languages and literature from Stockholm University and an MBA from Stockholm School of Economics.

Work experience

Currently a senior advisor to Nord Stream, 2001-2006 CEO of Handelsbanken and its Chairman 2006-2008.

Other board assignments

Chairman of Vostok Emerging Finance, Vostok New Ventures and Scypho Group, Vice Chairman of the Swedish National Debt Office, Speaker of the elected body of representatives of Trygg Foundation as well as Board member of Pro4U and the Institute of International Economics at Stockholm University.

Shareholding in East Capital Explorer AB
190 shares as of 25 April 2016.



Peter Elam Håkansson
Board member since 2014

Dependent in relation to the Company and its Management. Dependent in relation to the Company's major shareholders. Born 1962.

Education

Master of science from the Stockholm School of Economics and has also studied at EDHEC in Lille.

Work experience

Peter Elam Håkansson is a founding partner, Chairman and Chief Investment Officer of East Capital. Peter has worked with emerging and frontier markets since the early nineties and with stock markets since the early eighties. Prior to founding East Capital, Peter held a series of senior positions at Enskilda Securities in London, Paris and Stockholm - where his last role was Head of Equities and Global Head of Research.

Other board assignments

Chairman of East Capital and a number of the boards within the East Capital group. Member of the board of Bonnier Business Press AB and Atlantic Grupa in Croatia as well as the Advisory Board of Stena Long Term Equity. Chairman of the foundation behind Swedish Music Hall of Fame and board member of the foundation Inter Peace Sweden.

Shareholding in East Capital Explorer AB
4,021,527 shares controlled directly and through associated entities as of 25 April 2016.



Liselotte Hjorth
Board member since 2014

Independent of the Company, Company management and the Company's major shareholders. Born 1957.

Education

Bachelor of Science in Business Administration and Economics from University of Lund.

Work experience

A number of positions within the SEB Group, and most recently as Global Head of Commercial Real Estate and Member of the Management Board of SEB AG in Frankfurt.

Other board assignments

Chairman of White Arkitekter/White Intressenter, Board member of Kungsleden AB and Board assignments in Hoist Finance Group.

Shareholding in East Capital Explorer AB
2,000 shares as of 25 April 2016.



Alexander Ikonnikov
Board member since 2007

Independent of the Company, Company management and the Company's major shareholders. Born 1971.

Education

PhD in Economics, Moscow State University of Oil and Gas. Chartered Director by the IoD, UK.

Work experience

Since 2005 Senior partner of Board Solutions, 2001-2004 Co-founder/CEO of the Investor Protection Association in Russia, 1998-2001, Deputy CEO, NAUFOR (National Association of Securities Market Participants in Russia), 1996-1998 Head of the Department of External Economic Affairs and Investments at the Ministry of Fuel and Energy, Russia.

Other board assignments

Chairman of the Russian Independent Directors Association. Also independent director and member of the personnel and remuneration committee in Sollers Plc, Russia. Non-executive director in Saint-Petersburg International Mercantile Exchange.

Shareholding in East Capital Explorer AB
20,000 shares as of 25 April 2016.



Mikael Nachemson
Vice Chairman since 2015

Independent of the Company, Company management and the Company's major shareholders. Born 1959.

Education

Holds a Master of Science in Business and Economics from Stockholm School of Economics.

Work experience

President and CEO of investment company Bure AB (publ.) 2005-2008. CEO of AB Custos (later merged with Investment AB Öresund) 2001-2004. Prior to that, various positions, foremost as president and CEO, at E.Öhman J:or AB 1988-2001. Working chairman in Agrokultura AB 2012-2014. Held board positions in several listed and unlisted companies, amongst others Investment AB Öresund, Avanza, Bilia and Acando.

Other board assignments

Vice Chairman of Tradedoubler AB and Board member of RAM Rational Asset Management AB.

Shareholding in East Capital Explorer AB
125,911 shares held through an endowment insurance as of 25 April 2016.



Jenny Rosberg
Board member since 2015

Independent of the Company, Company management and the Company's major shareholders. Born 1966.

Education

Holds an executive MBA from the Stockholm School of Economics.

Work experience

Founder and CEO of ROPA. More than 25-year international and operational experience from Senior Management and Board positions in the Financial Services and Technology sector. From 2005-2012 Senior Vice President Nasdaq Group Inc., Executive Vice President Nasdaq OMX Nordic Ltd. and Board member in Nasdaq OMX Stockholm, Helsinki, Copenhagen and Iceland.

Other board assignments

Board member of NetEnt AB (publ) and Nordax Group AB (publ).

Shareholding in East Capital Explorer AB
2,200 shares as of 25 April 2016.

Managing our risks

The section describes risk management for the financial year 2015. The Company's management of risk will change with the implementation of the decision taken at the Extraordinary General Meeting on 9 May 2016 to terminate the Company's Investment Agreement with East Capital. See page 75 (Note 17) and the Company's website for more information about the termination of the Agreement and the decision of the Extraordinary General Meeting.

East Capital Explorer's business involves a number of different types of risk. In addition to the risks we take in our investments in order to create value for our shareholders, there are also a number of business risks and financial risks which could potentially impact our business. Risk management is based on managing risks and opportunities in order to increase or preserve our value.

Risk management is an important part of being able to achieve the objectives that we have as an investment company. The main risks and how we manage them in our day to day operations are described below. Our financial risks are described in Note 14 on pages 71-73.

Political risks

Political systems are generally less stable in emerging markets than in developed economies and the legal systems are often less mature. This can mean that investment and ownership have particular risks. Revision of the regulatory framework for financial markets - including changes in how minority interests are protected - could have an adverse impact on the business, for example. Political risks also include how well the political leadership is able to decide on and implement the reforms that are needed in the transitional phase that the entire region is in.

How we manage these risks:

- Political risks vary between different countries and different sectors. Our access to local presence, experience and know-how allow investment decisions to be based on sound analyses of the political risks.

- Our access to East Capital's network in the region and their links to other foreign investors that are active in these countries is also valuable when taking joint action to drive through improvements in regulation that are important to us as foreign investors. Examples of such important issues are the promotion of good corporate governance, the independence of regulatory organisations and authorities, and anti-corruption measures - all in order to limit political influence on the domestic business world and ensure its independence.
- East Capital meets regularly with politicians and macroeconomists to discuss the political situation and future trends. East Capital's advisory committees include a number of experienced external advisers, providing an additional source of knowledge.
- By avoiding to affiliate with any political groups and maintaining a neutrality in the investment activities, the risk of being directly affected by political intervention is reduced.

Country risks

Investing in emerging markets may generally involve a higher level of risk in the business environment than investing in more developed countries. Emerging markets are less mature and thus more volatile and vulnerable in the event of external crises. This is a common feature of all the countries in our investment region and is not just associated with exposure to one specific company or investment fund. Country risks may also include instability in the financial, legal and political systems as well as other country-specific aspects such as the quality of corporate governance, the reliability of settlement and securities clearing systems, a lack of suitable custody services, the level of financial reporting and whether there is generally available and reliable corporate information. Should any of these country-specific aspects not develop as expected in any of the countries in which we invest, there is a risk of our investments being less successful.

How we manage these risks:

- Our access to East Capital's investment team and advisors, with local presence and experience of living and working in our investment region, allows East Capital Explorer to analyse, integrate and - as far as possible - reduce or even avoid certain country-specific risks.
- In the portfolio, country risks are spread through diversification and through increasing emphasis on the Baltic region, which

because of its EU membership and other factors is assessed to have a lower risk than other regions in East Capital Explorer's investment universe. An overall risk analysis of the portfolio is carried out regularly and also in conjunction with new investments and disposals in order to be able to assess the consequences for overall portfolio risk.

- Both East Capital Explorer and East Capital have a code of conduct which clearly stipulates that corruption will not be tolerated in any form. Through its many years in the region, East Capital has built up a network of contacts and relationships which help it to avoid counterparties, projects and situations where it is known that corruption and other inappropriate practices may occur.

Currency risk

Currency risk arises when the value of future transactions and reported monetary assets and liabilities in other currencies fluctuates due to changes in exchange rates. East Capital Explorer has prepared its reporting in EUR. The companies in which East Capital Explorer invests, either directly or indirectly, often prepare their reporting in other currencies and their operations may also expose them to other currencies. East Capital Explorer's increased exposure to the countries in the Baltic region, all of which belong to the euro-zone, has reduced the company's overall currency risk. Many currencies within the investment region are also significantly more volatile than the euro. Changes in exchange rates between EUR and SEK, and between EUR and such other currencies, may have a significant negative impact on our financial position or result.

How we manage these risks:

- Currency risks are usually seen as a part of the exposure in the investment operations, and only in exceptional cases are these risks limited through currency-related derivatives.
- However, portfolio companies with major currency risks may choose to use currency hedging within their own operations.

Interest rate risk

The company is exposed to interest rate risk both when surplus liquidity is invested on a short-term basis and through the fact that portfolio holdings may be financed through loans. Changes in interest rates may increase financing costs or reduce revenues from short-term investments. Changes in interest rates also affect valuations in the portfolio.

How we manage these risks:

- Direct interest rate risk in East Capital Explorer is currently limited since as the company is not leveraged and the portfolio is fully invested. However, certain types of investments may be financed by loans and the interest rate risk can then be managed through longer loan terms.
- To illustrate the indirect interest rate risk arising from valuations and interest rate risks in the portfolio companies, an annual external valuation is conducted of the direct investments and real estate, current interest rates being reflected in the valuations. The company also carries out a sensitivity analysis of all direct investments, in which the discount rate is a variable.

Investment strategy risk

Our business plan and our objectives are dependent on the availability of interesting investments. This includes assessing the market in order to enter and exit at the most beneficial moment. There is a risk that we may not be sufficiently effective when choosing and developing our investments, nor sufficiently successful in timing the market conditions so as to act at the most advantageous moment.

How we manage these risks:

- Our access to East Capital's investment team provides us with a structure for making sound investment decisions and effectively following up the companies to which we have exposure.
- Our Investment Policy ensures that the focus is on the agreed geographical regions and sectors and that the model for creating exposure is in agreement with our view on the balance between risk and return.
- The members of our Board have been selected on the basis of their respective experience of doing business in our investment region and their track record, as relevant to the composition of the Board as a whole. This provides the Board with the right background to evaluate the investment activities and also contributes to ongoing discussions on the investment opportunities in our region.
- The independent members of the Board also continuously review the Investment Policy to assess whether revisions may be needed as the investment environment changes. Any changes will be addressed by the Board together with East Capital to ensure that our investment strategy is the most appropriate in the long term.
- The Board is continuously updated on developments in the investment region and follows up on the investments as a standing item at all Board meetings. This provides the Board with up-to-date information on which to base its evaluation of the investment activities and the appropriateness of the Investment Policy.

Company-specific risk

Our success depends on our ability to generate value for shareholders, in particular by offering the shareholders a portfolio of interesting and profitable investments. This also includes being able to manage our investments effectively as owner and achieve progress on value-adding matters such as corporate governance. There is a risk that from time to time certain companies may be adversely affected by internal and external factors, and that this will have a negative impact on the value of our investments.

How we manage these risks:

- Diversification is an important part of managing company-specific risk. Since we now focus mainly on direct investments within private equity and in the real estate sector, however, the level of diversification has reduced in recent years and is expected to reduce further in the future. At the same time, we are now mainly seeking controlling ownership in the companies in which we invest, which reduces the risk associated with minority ownership. This also allows a clearer influence over the company in order to promote other risk-reducing measures and add expertise to the companies' boards and management. The portfolio is also diversified between various sectors and between different types of investments, such as cash flow generating investments and investments with a high growth potential.
- Our access to the investment team at East Capital provides us with a structure for making sound investment decisions and effectively following up the companies to which we have exposure. Investments in real estate are managed by East Capital's own real estate team, which consists of 15 individuals with a high level of expertise and experience within real estate management.
- Due diligence is carried out before any direct investment is made, to the extent deemed reasonable. In the same way, a review is also conducted on each investment made by East Capital's funds. However, since the review process is based on available information, which may be limited, it is possible that not all of the relevant risks will be identified.
- When working with the unlisted portfolio companies to which we are exposed through our private equity investments, our Investment Manager ensures that our views are aligned with those of the local management and other major shareholders as regards a common action plan for the investment period, including the preferred exit strategy.
- One important aspect when working with investments is introducing and following up on improvements in corporate governance; in our capacity as investors, we firmly believe that these help strengthen the operations of a company.

Operational risk

Well-organised and relevant internal administrative processes and systems are important in any corporate structure in order to minimise the operational risks associated with running a business. Failures in internal control, inadequate administrative systems and processes, infrastructure or technology problems, the risk of theft or fraud and the risk of damage to East Capital Explorer's reputation in the marketplace could result in unexpected financial losses or loss of confidence in the company. As many operational functions are outsourced to East Capital, East Capital Explorer is highly dependent on the success of East Capital's operations.

How we manage these risks:

- Operational risks are managed through our structure for internal control, which includes effective routines and instructions, clearly defined division of responsibility, IT-based support and reporting systems with relevant authorisation procedures, our internal structure for communication and reporting, as well as information security and physical security. Our operational risks are also reviewed regularly in order to identify our risks and the measures that can be taken to reduce these.
- Through East Capital, we have access to risk management functions that are adapted to the particular investment activities, which should also reduce the overall operational risk associated with our business.
- As a part of our ongoing monitoring of East Capital, where necessary we also engage external advisers to audit certain of East Capital's functions or processes in order to identify and address any risks associated with the operational functions administered by East Capital.

Related party risk

As the investment operations are executed by East Capital, we have secured our shareholders access to one of the most experienced investment teams active in the region.

How we manage these risks:

- Since we have a close relationship with East Capital, we have placed particular importance on having a structure that ensures the best interests of the shareholders. This includes a detailed Investment Agreement between East Capital and East Capital Explorer that stipulates how the investment activities are to be managed and that ensures that conflicts of interest between ourselves and East Capital are handled appropriately. Please see page 75 for further information regarding the decision by an EGM on 9 May 2016 to terminate the Investment Agreement.

- To avoid any doubt related to the merits of a direct investment that is presented by East Capital in which no other East Capital fund or other co-investors are participating, such investment proposals are to be approved by East Capital Explorer's Board. This allows the investment to be evaluated on its own merits by the members of the Board who are independent of East Capital.
- Similarly, no investments may be made in new East Capital funds that have terms which adversely deviate to a material extent from the terms of any existing fund that is managed by East Capital except with the consent of East Capital Explorer's Board. This prevents East Capital from introducing new terms which could be unfavourable to us.
- Furthermore, all investment proposals that involve departure from the Investment Policy in place or proposals that could involve a conflict of interest that has not been foreseen in the Investment Agreement must be decided on by our Board.
- Managing related party risk also means avoiding investment situations in which the reasonableness or suitability of a transaction, or its valuation, could be questioned. For this reason our Investment Policy clearly stipulates that, in contrast to investments in East Capital's other funds, we will only invest in future East Capital private equity funds and real estate funds in order to avoid valuation issues or discussions concerning the terms or timing of investment.
- East Capital Explorer's Audit Committee, which is made up of three independent Board members, is responsible for initiating a review of our Investment Policy and monitors East Capital's compliance with the Investment Policy and with our Investment Agreement. In practice, this means reviewing all investment proposals and decisions made on East Capital Explorer's behalf.
- In this regard our independent Board members perform an important function for safeguarding the interests of our shareholders, since they resolve conflicts of interest (where these are not already covered by the Investment Agreement) - for example, in respect of direct investments where no other East Capital company is investing at the same time on the same terms, or when assets are acquired from another East Capital fund.
- To ensure full transparency in the day-to-day investment activities and to enable the Audit Committee to fulfil its responsibilities, all Board members have access to all the relevant material concerning the investment activities in ECEX Investments.

Internal Control

This section describes how internal control over financial reporting and the management of the company's investments are organised.

Internal control within East Capital Explorer is designed to manage risks relating to financial reporting and management. This includes, for example, ensuring that the buying and selling of securities is reported reliably, that securities holdings are valued accurately and that information is efficiently and correctly communicated to the market.

Since investment management is taken care of by East Capital, a structure has been created to ensure that shareholders' interests are safeguarded in the best way possible. The Board is responsible for monitoring the investment activities and is ensured access to all relevant information through the Investment Agreement and relevant policies. Internal control is usually described according to the framework developed by the Committee of Sponsoring Organizations of the Treadway

Commission (COSO), in which internal control comprises the following components: control environment, risk assessment, control activities, information and communication, and monitoring. East Capital Explorer's internal governance and control is described below with reference to the five COSO components.

Control environment

The control environment means the overall structures within the company that ensure sound internal control over investment activities and financial reporting. A good control environment is characterised by, among other things, clearly defined responsibilities and powers, and the establishment of relevant policies for effective control of the business.

East Capital Explorer has drawn up policies for all significant areas of the company, in respect of both business operations and financial reporting. The policies provide various executives with the necessary guidance for their work. The company has an annual process in which the management reviews all the policies and updates them as required.

All the policies are approved annually by the Board.

In view of the specific nature of the company's activities, one of the Board's most important functions is monitoring the investment activities of ECEX Investments, which holds the investment portfolio (see detailed description of the investment structure under "Corporate governance" on page XX). The Investment Agreement regulates the activities carried out by East Capital as well as the company's rights and obligations with regard to the management organisation. The Investment Agreement also includes the Investment Policy, which sets out limits relating to management of the portfolio. The Investment Policy is updated on an ongoing basis by East Capital Explorer together with East Capital as and when changes occur in the company's structure or operations, and to ensure that the Agreement and the Investment Policy reflect the mandate and the framework for management. Changes to the Investment Agreement are approved by the Board.

The company's Accounting and Reporting Policy and its Information Policy describe

how financial and other information relating to East Capital Explorer is to be managed, specifying among other things that the company must fulfil its obligations under applicable laws, regulations and stock exchange rules. East Capital Explorer acts in accordance with good stock market practice and regularly monitors the company's compliance with the listing agreement.

Risk assessment

Company management is responsible for the internal control required in order to manage material risks in operating activities. Each year company employees carry out an operational risk analysis. The risk analysis covers all categories of risk - both external and internal - relating to areas such as portfolio reporting, financial reporting and compliance with regulations. The risk of irregularities is also taken into consideration and is a specific focus area.

The risk analysis is documented and followed up regularly during the year. It also serves as a basis for assessing significant areas of internal control in which company management is responsible for establishing a control system for identifying and preventing these risks. All risks deemed to be material are reported to the company's Board. The Board is also given regular updates during the year in the event of significant changes in the company's risk profile.

Control activities

East Capital Explorer has designed controls for significant parts of the business. These controls comprise both overall controls and more detailed control activities for preventing, identifying and correcting any errors and non-conformances.

Within financial reporting there are documented routines for how the work is to be undertaken and descriptions of the work that set out clearly who is responsible for financial reporting.

As the company's core business is outsourced, an important part of the control structure is associated with monitoring and checking that the investment activities are being conducted in accordance with the Investment Policy and with the Investment Agreement concluded with East Capital. The company's Board has access to all relevant material concerning the investment activities in ECEX Investments. In addition, the company regularly asks representatives of East Capital to give presentations to the company's Board concerning the investment portfolio, to allow the Board to monitor compliance with the Investment Agreement more effectively. At present, the company's CEO Mia Jurke is a member of the board of ECEX Investments and a member of the Investment Committee that ECAM SA has appointed for ECEX Investments. Most of the monitoring work is performed by the company's Board and executive management.

East Capital Explorer works continuously to eliminate and reduce material risks that impact internal control over investment management and financial reporting. Examples of control activities that have been introduced to manage these risks include:

- Participation in the work of the Board of ECEX Investments
- Participation in ECAM SA's Investment Committee appointed for ECEX Investments
- Ongoing review of documentation for decisions and formalities associated with investment activities
- Company management is entitled to participate in East Capital's valuation committee meetings, to ensure control of the valuation process
- Documented processes and routines for financial reporting and descriptions of work routines for employees
- Outsourcing agreements with third parties which are followed up through established questionnaires in which third parties (e.g. for IT, HR and Finance) confirm compliance with the agreements
- Ongoing discussions and contacts with key individuals within East Capital, including members of the investment management team and the risk and compliance function.

Information and communication

East Capital Explorer has produced policies that aim to ensure the quality of its financial reporting. All the policies are available in electronic form in a shared database. The function for compliance also goes through the relevant policies and the consequences of failure to comply with these when new employees are appointed or a new member joins the company's Board, in order to ensure that the company's rules and procedures are well known and understood.

The Information Policy describes the way in which East Capital Explorer is to communicate financial and other information to the market in accordance with stock exchange rules. There are also policies and instructions for investments and ownership matters, among other things, and regarding insider issues.

All material outsourcing agreements regulate that the outsourcing partner is obliged to comply with the relevant policies, rules and regulations that are applicable to the company. Employees and outsourcing partners are also informed regularly about changes in the relevant policies.

Monitoring

The Board of Directors, Audit Committee and company management follow up internal control relating to investment management and financial reporting. The Board monitors internal control, particularly as regards the financial activities of the company. The Audit

Committee meets regularly to deal with and discuss matters such as accounting, valuation, financial reporting, internal audit and the appropriateness of the company's policies. Company management continually monitors compliance with policies, instructions and administrative agreements.

To evaluate and improve internal control, in 2008 East Capital Explorer established an internal audit function which carries out audits on an ongoing basis, reporting to the Board and management with recommendations for improving internal governance and control.

Internal Audit is the Board's independent review function that is tasked with ongoing review of operations within the company. Specific areas for review are decided in a three-year internal audit plan which is approved by the Board. The work of the Internal Audit function is based on a risk analysis carried out by the management of East Capital Explorer and representatives of Ernst & Young AB, to which the internal audit function is outsourced. Internal audit work focuses on outsourced parts of the operations, including investment management, and on significant internal procedures and compliance with policies. The results of reviews performed are reported back to the Audit Committee and the Board of Directors.

Stockholm, May 2016
The Board of Directors of
East Capital Explorer AB (publ)

Fees

East Capital Explorer's investment structure has been designed to avoid fee duplication, so that fees for fund investments are paid only on the underlying fund level. In 2015 East Capital Explorer paid a total of EUR 4.8m in management fees, i.e. including both management fees at fund level and for direct investments. No performance fees were paid.

Fee structure for direct investments

Fees for the management of direct investments are charged in the form of management fees and performance fees. The actual terms are:

Management fees

- Management fees of 2 percent apply, based on the year's opening fair value of the investment. For real estate investments, the management fee is 1.75 percent.
- For portfolio values (calculated as East Capital Explorer's entire portfolio) in excess of EUR 400m, the management fee is reduced to 1 percent.

Performance fees

- Performance fees of 20 percent of profits are applied (after deduction of management fees), on the premise that a threshold value of 8 percent per year has been achieved.
- Performance fees apply only when the asset has been divested.

- Payment of performance fees takes place earliest when all of the direct investments, together, with a 7 year history, shows a positive result and the Net Asset Value per share is in excess of SEK 100 (adjusted to distribution for shareholders).

Fees related to direct investments are calculated per investment. However, the conditions for payment (see last point above) are impacted by the development of the collective investments.

Fees related to fund investments

Fees for the management of fund investments are paid only in the fund concerned and in accordance with the terms of the fund. No further fees are paid - for example, as compensation for allocation of East Capital Explorer's portfolio. Neither does East Capital Explorer pay any subscription fees, although these may be

taken out of the fund concerned. East Capital Explorer has also been given a number of other special terms.

These are:

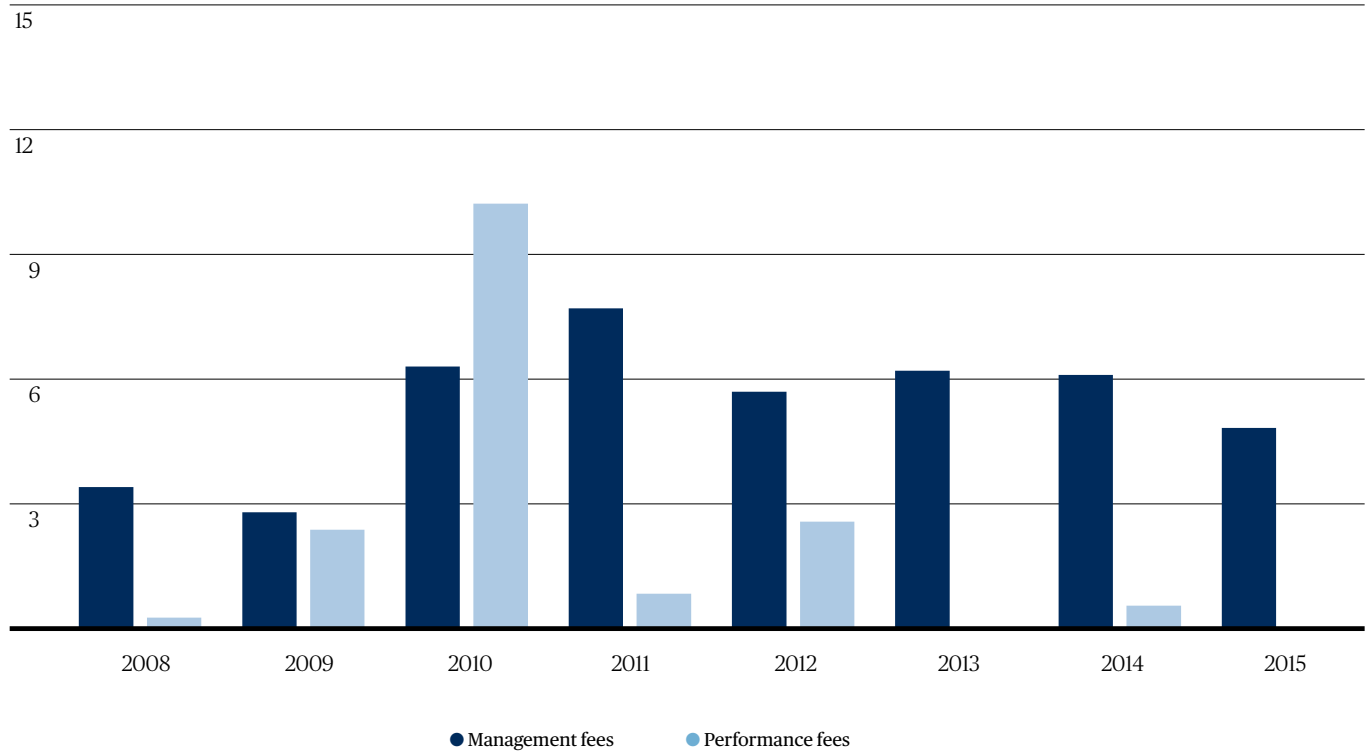
- A 50 percent discount on management fees for what are known as UCITS funds (regulated funds traded daily that are open for deposits and withdrawals), calculated on the management fee for the retail class.
- No performance fees are to be paid until East Capital Explorer's net asset value per share amounts to SEK 100 (adjusted for distributions to shareholders).
- On portfolio values (calculated on the whole of East Capital Explorer's portfolio) over EUR 400m the management fee is reduced to 1 percent.

A list of the respective fee structures for the funds in which East Capital Explorer had holdings as of 31 December 2015 can be found on page 49.

Fees to East Capital in 2015

Fee for managing East Capital Explorer's investment portfolio (EUR thousands)	Management fees 2015	Performance fees ¹ 2015	Total fees 2015
Direct investments	-2,629	0	-2,629
Other investments	-2,197	0	-2,197
Total	-4,825	0	-4,825

Paid management and performance fees, EURm



The paid fees are in applicable cases related to a positive development during previous periods. Positive development in current holdings can imply that performance fees will be paid when the conditions for payment has been fulfilled (see further page 48).

Fee structure for East Capital Explorer's fund investments

Fee for managing East Capital Explorer's investment portfolio as at 31 December 2015	Annual mgmt. fee ¹	Base amount	Performance fee ²	Hurdle rate ³
Fond				
East Capital Baltic Property Fund II	1.75% ⁴ Drawn Down Capital ⁵		20%	8%
East Capital Baltic Property Fund III	1.25% ⁴ Drawn Down Capital ⁵		20%	7%
East Capital Deep Value Fund	1.95%	NAV	20% +40% from the initial investment and 7% annually	
East Capital Frontier Markets Fund	1.0%	NAV	No performance fee	N/A

¹ Additional administrative costs and fees apply, including a AIFMD-fee of 0.1% as well as custodian fees (for East Capital Frontier Markets Fund the AIFMD-fee amounts to 0.65%)

² No performance fees are paid until the Net Asset Value per share is in excess of SEK 100

³ The hurdle rate is the return that must first be achieved, in order for performance fee to apply

⁴ The management fee is reduced, pursuant to a separate agreement with East Capital

⁵ Drawdown capital refers to the amount that the investor has invested in the Fund (regardless of the size of the committed capital)

Redemption fees are not applicable to any of East Capital Explorer's fund investments.



Auditor's report

To the annual meeting of the shareholders of East Capital Explorer AB (publ), corp. id. 556693-7404

Report on the annual accounts

We have audited the annual accounts of East Capital Explorer AB (publ) for the year 2015, except for the corporate governance statement on pages 36 - 49. The annual accounts of the company are included in the printed version of this document on pages 53 - 76.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 36 - 49. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of East Capital Explorer AB (publ) for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act, and that the corporate governance statement on pages 36 - 49 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained as above is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted audit standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual account.

Stockholm den 13 May 2016

KPMG AB

Anders Malmeby
Authorized Public Accountant