This is an unofficial translation of the Swedish notice. In case of any discrepancies between the Swedish notice and this English translation, the Swedish notice shall prevail.

East Capital Explorer AB – Extraordinary General Meeting of Shareholders on 9 May 2016:

Item 7: Decision on a changed relationship with East Capital including the joint termination of the Investment Agreement: Complete proposal for shareholder resolution from the Board of Directors

The Board of Directors of East Capital Explorer AB (the "Company" or "East Capital Explorer") proposes that the relation with East Capital is fundamentally transformed by way of joint termination of the below described Investment Agreement, upon which an agreed transition agreement, as is also further described below, will come into force as a result of and in accordance with the following.

<u>Background</u>

As disclosed on 11 February 2016 (see separate press release on the Company's website), the Company and East Capital have agreed that the Investment Agreement between the parties should be terminated, whereby the Company can become a fully independent investment company. As was further announced on 7 April 2016 (see separate press release on the Company´s website), the terms for such termination and transition to independency have now been agreed between East Capital and the Board of the Company (without participation of Board member Peter Elam Håkansson), subject to EGM approval.

The agreed joint termination follows the review of the Investment Agreement that was initiated by East Capital in September 2015 and commenced during the fall, as previously announced. Terminating the agreement and building an in-house investment management organization was concluded to increase cost efficiency and transparency as well as reduce complexity in corporate governance and structure. A termination, in combination with the ongoing strategic shift towards private equity and real estate primarily in the Baltics, and a continued use of available tools such as dividends, share buybacks or share redemptions, were altogether believed to create increased shareholder value.

The Investment Agreement, that was established in 2007 and extends until 2032, describes the conditions that govern the investment activities of the Company. The agreement regulates the division of duties and responsibilities between East Capital and East Capital Explorer, and the holding structure through which investment activities are carried out. Moreover, the agreement regulates the level, timing of and basis for the compensation that East Capital receives for managing East Capital Explorer's investment portfolio.

Conditional upon and with effect from such joint termination of the current Investment Agreement, the Company and East Capital have entered into a Transition and Termination Agreement regarding such services and other commitments that will be needed for an orderly transition to independency, inclusive of reasonable compensation to East Capital in respect of such services and undertakings, primarily in respect of transitory period up to 31 December 2017. The deemed effects and main terms of such transitory agreement were summarized in the above mentioned press announcement dated 7 April 2016, and are further detailed below.

<u>Deemed effects of a joint termination of the Investment Agreement.</u>

The proposal means that the Company will build an in-house investment management organisation, instead of utilising East Capital as its external asset manager. Since a restructuring during 2014, the Company's Luxembourg-based holding entity East Capital Explorer Investment S.A. ("Holdco"), where the Company holds all shares carrying the economic rights, and through which the portfolio is held, constitutes a so called alternative investment fund or AIF under Luxembourg regulations, with East Capital Asset Management S.A. as Holdco's alternative investment fund manager (an "AIFM"), and with East Capital PCV Management AB as investment advisor to the AIF and its AIFM.

First, dismantling this structure and the relation to the East Capital Group as external manager is deemed to lead to increased cost efficiency. The Board has assessed that the proforma operating costs (operating expenditure in the Company as well as in Holdco together with management fees and fund fees to East Capital) would have corresponded to approx. 1.3-1.4% of the net asset value ("NAV"), compared to the actual 2015 cost level of approx. 2.7%. Accordingly, based on actual full year 2015 figures, annual savings are deemed to correspond to approximately EUR 3.5 – 4.0 million. The proposal, if approved, is also deemed to lead to increased transparency and removed potential conflicts-of-interest, where the Company's in-house investment organisation could be formed in line with the Company's strategy as developed over time, with a reduced corporate organisation and complexity and with a clear alignment of interests.

Second, in relation to proposing this transformation and dismantling of the relation with East Capital, the Board also foresees a continued and potentially accelerated refinement of the current investment strategy. When the Company was listed in late 2007 investments were primarily done in East Capital's alternative investment funds investing mainly in public equity in a broad Eastern European universe, while since then there has been a narrowed focus on private equity investments and real estate, primarily in the Baltic region. The current private equity and real estate investments have shown an internal rate of return of approx. 11%.

Third, the Board also foresees an increased focus on shareholder value following the termination of the Investment Agreement and the proposed transformation of the Company. In combination with the ongoing strategic shift and conditional upon the EGM's approval of the proposal, the Board has also announced a broad and active share buy-back program which will be linked to the share's discount to NAV, whereby buy-backs will be carried out for as long as the discount to the latest published NAV is more than 20%. See further the Company's press announcement on 7 April 2016 regarding this buy-back program.

<u>Main terms of the Transition and Termination Agreement</u>

The current Investment Agreement was originally designed with the scope of the Company investing mainly in alternative funds managed by East Capital. For fund investments, East Capital's fees have been payable according to the applicable terms for these funds. In respect of direct investments, management fees amount to 2% (real estate 1.75%), together with a potential 20% carried interest (after a hurdle of 8% has been achieved). Since the listing in late 2007, the Company has on average paid fees of EUR 7.4 million per year, of which management fees corresponding to EUR 5.3 million per year. The Investment Agreement inclusive of the fee terms and conditions were set out in the listing prospectus from 2007. The fee structure was later adjusted as announced in the press release in April 2014. Under the current Investment Agreement, unless otherwise agreed, Holdco shall be liquidated following the notice period, and where East Capital would be entitled to management fees and the possibility for carried interest, during the notice period as well as throughout the liquidation process of Holdco. Further, the current Investment Agreement contains certain limitations regarding transfer of assets (including cash) from Holdco to the Company, whereby not more than 10% of NAV calculated on a 12 months rolling basis can be transferred to the Company without specific approval from East Capital.

Prior to 2032, the Investment Agreement can only be terminated by the Company unilaterally after approval from an extraordinary general meeting of shareholders with a 75% voting majority, and a six month notice period. The Swedish Securities Council ("Aktiemarknadsnämnden") has confirmed East Capital's right to vote as shareholders regarding such termination (AMN 2016:07).

The *main terms and conditions of the Termination and Transition Agreement ("TATA")* are as follows:

- the Investment Agreement will upon shareholder approval expire prematurely, and be replaced by the TATA;
- the TATA will provide for continued management services and support to the legal structuring during a Transition Period up to December 2017;

- Mr Kestutis Sasnauskas, a senior partner within East Capital, will join the Company to become its Chief Investment Officer;
- the Investment Agreement will terminate by the Parties' joint termination within 10 days after the EGM and be replaced by the TATA. Also, certain related transitory agreements or arrangements between the Company and/or Holdco and relevant East Capital affiliates will replace ancillary agreements on brand name, administrative support, etc;
- all management fees and service payments under the Investment Agreement are waived under the TATA (inclusive of fees in funds with public equity investments, the holdings of which East Capital Explorer is in progress of divesting, but excluding the real estate funds East Capital Baltic Property Fund II and III) with immediate effect from the termination, and will be replaced by the transitory compensation under the TATA set out below;
- under the TATA, East Capital will provide restructuring services towards the dismantlement of the current Holdco structure, whereby the Company will get direct or indirect control over its portfolio assets, including transfer of assets from Holdco to the Company;
- after a shorter interim period following the termination, East Capital Explorer will obtain full control over all assets held directly or indirectly, with the possibility of East Capital's continued support during the remaining Transition Period;
- immediately upon the joint termination of the Investment Agreement, the Company can invest on its own, and also in collaboration with third parties, to the extent that free cash can be deployed from the existing holding structure to be dismantled;
- the Company will also obtain an interim licence for the East Capital Explorer brand until the expiry of the Transition Period, as well as a three year non-compete commitment from East Capital;
- in order to ascertain full control over the asset portfolio underlying Holdco and pending a liquidation of Holdco as foreseen in the Investment Agreement, the Company will also purchase the outstanding voting majority stake in Holdco from East Capital (the Company already holding all shares with economic rights in Holdco).

As *compensation for the transitory services and undertakings* outlined above, the Company will pay through Holdco fixed fees and other compensation to East Capital in instalments during 2016-2017. Shortly after the EGM, an amount of EUR 5.55 million will be payable as service fees, whereafter a total of EUR approx. 2.1 million will be paid in instalments up to end of December 2017 for continued services (the payment for services might be reduced to some extent in of case double payment). The voting majority stake in Holdco and certain related undertakings will be paid for at completion during 2016 and as deferred payment by end of 2017, totaling an amount of EUR 2 million. In addition, carried interest will be paid out in respect of the ongoing Starman exit (see press announcement dated 14 March 2016), upon closing and receipt of sales proceeds, where an amount of EUR 6.5 million is already booked as a liability to East Capital, and where such amount may vary according to the final equity price and inter alia be increased with up to around EUR 1 million in case of full earn-out payments becoming payable for Starman to the Company in 2017. Should the Starman transaction not close, the carried interest will be crystallised at an amount of around EUR 7.5 million falling due provided that the Starman asset is sold within five years. If not sold within a five year period a break-up fee will be paid out in an amount of EUR 3.25 million. Further, a carried interest in the asset 3Burés has been calculated to EUR 935,000 based on the book value as per end of last December 2015, which will become payable later in 2016, irrespective of exit, as the Board has deemed this asset to be of strategic long-term interest for the focused strategy. Other potential carried interests in relation to other investments under the Investment Agreement are waived by East Capital as part of TATA.

<u>Other aspects and summary conclusions</u>

The Board has also compared the TATA and its deemed effects with alternatives and in particular with a potential unilateral termination pursuant to the Articles of Association §13 and clause 16.2(e) of the Investment Agreement, i.e. "without cause" and a six months' notice period.

The Board has concluded that the joint termination now proposed would be more advantageous to the Company and its shareholders than an assumed unilateral termination. The main reason is the substantially increased uncertainty in terms of costs and timing – not least as regards and the length of the required Holdco liquidation and related costs, and cash up-streaming - and also in terms of organization, for instance as regards how well a stand-alone in-house asset management team could be built-up over six months. The legal restructuring of Holdco's assets is further likely to be more expensive and less efficient if handled without East Capital's support. Above all, management fees and carried interest for direct investments would accrue not only during the notice period but also during Holdco's liquidation.

When assuming a liquidation period of twelve months, such fees, including also the 6 month notice period, are projected to approx. EUR 7.2 million, to be compared with the service fees under the TATA totaling approx. EUR 7.6 million, to which a comparison of the potentially higher and more uncertain restructuring costs after a unilateral termination should be added. As regards carried interest liabilities, the Board assesses that similar carried interest burdens would most likely accrue in the absence of a termination also when taking the revised fee structure from April 2014 into account, and would also reasonably likely accrue within an assumed unilateral termination horizon at least as regards Starman. Here, an agreed revised incentive structure aligning the interests has been deemed to, in total, outweigh the advantages and disadvantages with an assumed termination approach seeking to avoid carried interest payments (while still seeking a favourable completion of the ongoing Starman exit via East Capital). In any event, East Capital's preparedness to support a quick and tailor-made transformation combined with extended support is based on potential carried interest payments becoming ascertained in relation to any prematurely agreed termination of the Investment Agreement.

The Board has also considered other alternatives, including the potential impacts of the Company itself being put into an assumed voluntary liquidation. The Board notes that the Investment Agreement would remain in force during such liquidation unless terminated, whether through agreement with East Capital or unilaterally with a 75% majority shareholder support. As a consequence, the Board believes that large uncertainties in terms of governance, timing and costs seem difficult to avoid.

The Board believes that it has diligently negotiated the joint termination and the new transitory contractual relation with East Capital on a strict arms-length basis, in strict compliance with applicable conflict-of-interest rules and with the support of professional advisors (Lenner & Partners as financial advisors and Hannes Snellman as legal advisors). The Board has also noted East Capital's full support for the joint termination, the new transitory arrangement and the transformed relation, as well as the increased focus on shareholder value and introduction of a share buyback program connected to the NAV discount, all as expressed in the Company's press releases on 7 April 2016.

The Board is therefore pleased to unanimously recommend shareholders to vote in favour of its proposal.

Proposal

The Board of Directors proposes that the shareholders approve that the Investment Agreement regulating the relation between the Company and East Capital and certain affiliates be jointly terminated with immediate effect, such that the agreed joint termination shall come into force within ten days as from the EGM's approval.

The shareholders are reminded that the TATA, with effect and conditional upon such termination becoming effective, will regulate commitments by and services from East Capital (and affiliates) in favour of the Company, primarily during the Transition Period up to end of December 2017, inclusive of the above compensation herefor to East Capital and affiliates set out above.

With reference to § 13 of the Articles of Association, the Board proposes that a valid resolution will require the approval of shareholders representing not less than three-fourths of the votes cast as well as the shares represented at the EGM.

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Stockholm in April 2016

The Board of Directors for East Capital Explorer AB