

**Proposals to the Annual General Meeting 2016 and motivated opinion of the Nomination Committee in East Capital Explorer AB (publ)**

The nomination committee has consisted of Magnus Lekander, chairman of the committee (representative of East Capital), Kestutis Sasnauskas (East Capital), David Bliss (Lazard Asset Management), Mats Heiman (Navos Capital) and Lars O Grönstedt (chairman of the Board of Directors of East Capital Explorer).

**Election of the chairman of the meeting (item 2)**

The Nomination Committee proposes that Björn Kristiansson, Hannes Snellman Advokatbyrå, is appointed chairman of the meeting.

**Decision on the number of members of the Board of Directors, auditors and deputy auditors (item 10)**

The Nomination Committee proposes that the Board of Directors shall consist of four (4) members.

**Decision on remuneration to the Board of Directors and the auditor (item 11)**

The Nomination Committee proposes that remuneration to the chairman of the Board is set to SEK 1 200 0000 and remuneration to other members of the Board to SEK 400 000 for each member of the Board. No additional remuneration for any committee work is proposed.

The remuneration to a Board member may, subject to a specific agreement with the Company, be invoiced through a Company or entity. In order for the Company to enjoy cost neutrality, the invoiced remuneration shall be adjusted for social security charges and value added tax.

Fees to the auditor are based on approved invoices.

**Election of the Board of Directors and chairman of the Board of Directors (item 12)**

The Nomination Committee proposes the re-election of Lars O Grönstedt, Peter Elam Håkansson and Liselotte Hjorth and the election of Nadya Wells. The Nomination Committee proposes that Lars O Grönstedt is re-elected as chairman of the Board.

**Motivated opinion**

The Nomination Committee has held seven meetings and has had numerous additional contacts via e-mail and telephone. All members of the Nomination Committee have participated at these meetings.

The work of the Nomination Committee has to a great extent been influenced by the ongoing discussions and negotiations regarding the termination of the Investment Agreement, and the outcome of which has been decisive on how the future Board of Directors should best be composed. As the outcome of the proposal was uncertain until the extraordinary general meeting held on 9 May – when the termination proposal was approved – the work of the Nomination Committee was delayed, in order to allow sufficient time to finalize the evaluation of the appropriate board composition in the light of the new direction of the company. The Nomination Committee has also reassessed the auditor engagement and evaluated quotes from three auditor firms and short-listed and conducted interviews with two of them. The outcome

of this evaluation is to not to propose a change of auditor at this annual general meeting, which was also the recommendation of the audit committee of the Company.

The Nomination Committee has received continuous updates from the Chairman on the Board's work during the period, in particular regarding the overall status on the discussions and negotiations with respect to the proposal to terminate the Investment Agreement. An external consultant has conducted an evaluation of the Board, which included interviews with all members of the Board and the management of the company. The external consultant attended one of the Nomination Committee's meetings and presented the result of evaluation. In addition, the Nomination Committee has interviewed all members of the Board. The Nomination Committee has thus been able to conclude that the Board's work during the past year has been well organized and with a high level of participation and engagement from the board, although the work load has been challenging and the investment activities being overshadowed by the negotiations regarding the termination of the Investment Agreement with East Capital. This work has been time-consuming and required extraordinary efforts by the board members, and the Chairman in particular.

The Nomination Committee is of the opinion that changes to the board composition is required to meet the new objectives of the Company to build an internally managed investment company, and also to reduce the number of board members. The proposed composition of the Board represents a broad competence with both real estate and financial expertise as well as broad knowledge of international circumstances and markets, not least in Russia and Eastern Europe. In the process of preparing the proposal of the Board of Directors, the Nomination Committee has considered requirements on the Board in terms of competence, composition and independence based on the Company's international operations, governance and control. Considering the increase of responsibilities of the new board and the reduction of members, it is also motivated to increase the board remuneration, for the Chairman in particular. The overall costs for the board work will, however, decrease due to the reduction of members and no further need of a vice-chairman.

Due to the time constraints involved as a result of the resolution of the termination of the Investment Agreement in May (as described above), the Nomination Committee is of the view that the work must continue in order to find one additional new candidate for the board. Therefore, the Nomination Committee will continue the searches and evaluation of suitable candidates, and once such suitable candidate is found, request for an EGM and propose that the board is increased to five persons and that one additional member is appointed.

Furthermore, it is the Nomination Committee's view that it is important to strive for diversity in the Board and to actively search for suitable members among both women and men. Given the proposal, women will constitute 50 percent of the Board which well meets the target set by the Swedish Corporate Governance Board for 2017.

The Nomination Committee's proposal means that the Board consists of four (4) ordinary members. As noted above, however, it is the intention of the Nomination Committee that a fifth member of the board is nominated, to be elected at an EGM as soon as possible after such candidate has been identified.

Lars O Grönstedt, Liselotte Hjorth, and Nadya Wells are regarded as independent in relation to the Company and its management, as well as the Company's larger owners. Peter Elam Håkansson is regarded as dependent in relation to the larger shareholders based on the fact that East Capital together with its related parties is a major shareholder of the Company.

---

The above proposals are supported by a majority of members of the Nomination Committee.

\* \* \* \* \*

Stockholm in June 2016  
The Nomination Committee in East Capital Explorer AB (publ)