

PRESS RELEASE
Stockholm, 26 July 2012**East Capital Explorer AB divests its holding in Georgian food retailer Populi**

East Capital Explorer has sold its stake in Populi, one of the largest privately held food retail chains in Georgia, to Ioli Supermarkets Ltd, a local market participant. The deal is now complete and East Capital Explorer received a total consideration of EUR 1.7m for its 30.7% stake in the company.

Mia Jurke, CEO of East Capital Explorer says: *"We are disappointed with the development in Populi but we agree with the Investment Manager that completing this divestment to Ioli Supermarkets Ltd is the best solution given the circumstances. We are pleased that our Investment Manager was able to find a way to recoup at least part of our initial investment in this company facing bankruptcy and the investment also shows the importance of risk diversification"*.

The initial investment of EUR 3.7m in Populi was made in September 2010 as the Investment Manager, East Capital, saw an opportunity to acquire shares in a retail company with strong growth potential. Populi was expected to benefit from Georgia's fast growing economy as the market leader in a very fragmented food retail sector, where most of the market is held by small independent retailers. Unfortunately, mismanagement were discovered in the end of 2010 and the company faced major challenges in the beginning of 2011 requiring additional financing, which brought the total investment by East Capital Explorer to EUR 4.1m.

Since the first investment, our Investment Manager has taken an active role in the company. When the problems became known, East Capital, together with other shareholders, acted immediately to restructure the business and to find a financial solution for the company. East Capital also took an active part in bringing in a new CEO. However, further cases of mismanagement and misrepresentation from the previous management were identified during 2011 and the value of the holding was reduced during the year. As a consequence of the serious problems in the company and later also question marks regarding its survival in the end of 2011, the value of the holding was further reduced by 94% to a mere 0.1m EUR on 31 December 2011. After exhausting a number of restructuring options with Populi's main creditor and shareholders, the Investment Manager negotiated a sale of a majority stake in Populi to Ioli Supermarkets Ltd. The divestment realizes an annualized pre-tax return of -44% on the total investment. However, NAV is positively impacted by the sale as the proceeds are substantially higher than the valuation at the end of June.

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Financial reporting calendar - East Capital Explorer:

- Monthly Net Asset Value report on the fifth working day after the end of each month
- Interim Report 1 January – 30 June 2012, 7 August 2012
- Interim Report 1 January – 30 September 2012, 9 November 2012

About East Capital Explorer - East Capital Explorer AB (publ) is a Swedish company, created with the specific aim of bringing unique investment opportunities in Eastern Europe to a broader investor base. The company invests mainly in East Capital's special fund products but it also makes direct investments into private and public companies. East Capital Explorer targets fast growing sectors such as Power Utilities, Financials, Retail- and Consumer goods and Real Estate. East Capital Explorer has appointed East Capital to manage its investment activities. East Capital Explorer is listed on NASDAQ OMX Nordic Stockholm, Mid Cap.