

PRESS RELEASE
Stockholm, 20 February 2014**East Capital Explorer proposes preference shares to be able to take advantage of attractive investment opportunities**

- *In addition, the Board also proposes amendments to the articles of association to adapt to the new EU regulatory framework AIFMD.*

The Board of East Capital Explorer AB (publ) ("East Capital Explorer" or the "Company") convenes an Extraordinary General Meeting to be held on March 24, 2014, with proposals to resolve upon A) introduction of a new class of shares, preference shares, through amendments to the articles of association, and authorization for the Board to resolve to issue such preference shares, and B) amendments to the articles of association in order to adapt the Company to the new EU regulatory framework for managers of alternative investment funds ("AIFMD").

"We would like to be able to issue preference shares in order for East Capital Explorer to be able to finance attractive investments in companies with strong cash flows and good growth", says Paul Bergqvist, Chairman of the Board.

In brief:

- Proposal to introduce preference shares and authorization for the Board to resolve to issue preference shares
- New capital is primarily intended to be invested in identified assets within two areas which the Company currently considers to be of particular interest: consumer companies driven by a growing middle class in especially Russia and the Baltics, and commercial real estate with good yield in the Baltics
- Proposal on amendments to the articles of association due to the new EU regulatory framework for managers of alternative investment funds

A. Introduction of preference shares

Through the possibility to issue preference shares, East Capital Explorer would like to create new financial possibilities to take advantage of attractive investment opportunities in assets which are estimated to generate strong cash flows and good growth. A potential issue of preference shares, in combination with the return generated by new investments, creates conditions to provide a higher return on invested capital for the holders of ordinary shares in the Company.

Summary of the preference shares:

- The Board of East Capital Explorer proposes to introduce preference shares with preference over the ordinary shares to an annual dividend of SEK 100 per preference share to be paid out quarterly with SEK 25 per quarter.
- The size of the preference dividend will be adjusted every fifth year to the then prevailing reference interest rate.
- The Board proposes an authorisation to resolve, at one or several occasions, upon an issue of no more than 1,000,000 preference shares.
- The Board has the right to resolve upon redemption of preference shares at a redemption price equal to 120 per cent of the initial subscription price of the

preference shares during the first three years and, thereafter, at 105 per cent of the initial subscription price.

- Each preference share carries one-tenth (1/10) vote compared to the ordinary shares.

The preference shares and the proposal in brief

According to the proposal to amend the articles of association of East Capital Explorer, which the Extraordinary General Meeting has to resolve upon, the preference shares will have preference over the ordinary shares to an annual dividend of SEK 100 per preference share, which would be paid out quarterly with SEK 25 per quarter. The size of the preference dividend will be adjusted every fifth year according to the then prevailing reference interest rate.¹ The prerequisites for payment of dividend are that East Capital Explorer has sufficient distributable funds and that the General Meeting resolves to pay the dividend. The preference to dividend is accumulated and is subject to interest compensation if the paid out dividend should be less than the preference dividend to which the preference shares are entitled. The preference shares have no further right to dividends. In addition, some limitations for dividends on preference shares and issuance of preference shares are proposed.

The Board has the right to resolve to redeem all or part of the outstanding preference shares at a redemption price equal to 120 per cent of the initial subscription price during the first three years following the first issue of preference shares and, thereafter, at a redemption price equal to 105 per cent of the initial subscription price. Each preference share is entitled to 1/10 vote compared to the ordinary shares of East Capital Explorer.

The Board propose that the Extraordinary General Meeting authorizes the Board to, at one or several occasions before the Annual General Meeting 2014, with or without deviation from the preferential rights of the shareholders, resolve upon an issue of no more than 1,000,000 preference shares.

B. Adaptions to the new regulatory framework for managers of alternative investment funds

The Board proposes that the Extraordinary General Meeting resolves upon certain amendments to the articles of association in order to adapt East Capital Explorer and its subsidiary East Capital Explorer Investments AB to the new EU regulatory framework for managers of alternative investment funds (AIFMD).

Within the EEA, managers of alternative investment fund are currently adapting to a new regulatory framework. The motives of the regulation are, *inter alia*, to strengthen the financial system, increase the transparency and to create an internal market for managers of alternative investment funds. The new rules require licensing from, and that the operations are being supervised by, the Swedish Financial Supervisory Authority. The new rules also comprise capital requirements, certain requirements on organization (for example risk management and compliance functions), to appoint a depository and to report to the investors and the Swedish Financial Supervisory Authority. East Capital Explorer and other companies which are subject to the new rules are now preparing to adapt to the regulatory framework. For the listed parent company East Capital Explorer this means that the Company must apply for a license as a so called internally managed alternative investment fund by July 22, 2014.

Also East Capital Explorer's investment operations, which currently are conducted by the subsidiary East Capital Explorer Investments AB, will be subject to the new rules. The Board of East Capital Explorer has identified a possibility to cost-efficiently adapt its

¹The reference interest is the 5-year annual interest for interest swap transactions in SEK "OMX SEK SWAP 5Y".

operations to the new rules by moving the operations currently run by East Capital Explorer Investments AB, to East Capital Explorer Investments S.A., a company domiciled in Luxembourg, in order to take advantage of East Capital's existing organization and resources which are adapted to the rules for managers of alternative investment funds. For practical reasons, the adaptations processes for the parent company and the subsidiary respectively may occur at two different occasions. Therefore, the Board proposes that the General Meeting resolves upon two different amendments to the provision in the articles of association on the operations of the Company which may be implemented at different occasions.

1. The Board proposes that § 3, § 7 and § 13 of the Company's articles of association are adapted to reflect that East Capital Explorer Investments AB is replaced with East Capital Explorer Investments S.A. and that the investment management agreement in the future will be named investment agreement.
2. The Board proposes that § 3 "Operations" of the articles of association of the Company is amended to have the following wording: "The company shall be an internally managed alternative investment fund which shall own and manage shares or other securities in East Capital Explorer Investments S.A., reg. no. B 184482, other documents of value and liquid funds and to conduct such other therewith compatible business which the company is permitted to conduct under the Swedish Alternative Investment Fund Managers Act."

Complete proposals

The Board's complete proposals for authorization and amendments to the articles of association can be found in the notice of the Extraordinary General Meeting, published through a separate press release today. The decisions regarding the preference shares require the support of at least two-thirds (2/3) of the votes cast and the shares represented at the Extra General Meeting. The decision regarding the amendments to the articles of associations' provision on the operations of the Company requires support of at least three-fourths (3/4) of the votes cast and the shares represented at the Extra General Meeting.

Certain East Capital Partners with companies as well as Paul Bergqvist, Chairman of the Board, who together hold approximately 16 per cent of the shares and votes, have committed to vote in favour of the Board's proposal on the Extraordinary General Meeting to be held on March 24, 2014.

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About East Capital Explorer

East Capital Explorer AB (publ) is a Swedish investment company that offers unique investment opportunities in Eastern European to a wider customer base. The Company makes direct investments into private and public companies, investments are also made through East Capital's Private Equity, Real Estate and Alternative investment funds. East Capital Explorers key investment theme is strong domestic demand and companies that focuses on sectors with high growth potential such as retail, finance and real estate. East Capital Explorer has appointed East Capital to manage its investments. East Capital Explorer is listed at NASDAQ OMX Stockholm, Mid Cap.

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