

**EAST CAPITAL
EXPLORER**

East Capital Explorer Q4 2015

11 February 2016

Today's Presenters

Welcome to
today's
conference call

- Mia Jurke
 - CEO, East Capital Explorer
- Kestutis Sasnauskas
 - Partner and Head of Private Equity & Real Estate, East Capital

Agenda

- Investment Agreement
- Key highlights and NAV development
- Our portfolio and quarterly performance
- Update on Private Equity and Real Estate
- Outlook and focus going forward
- Q&A

Investment Agreement with East Capital

The negotiations aimed to ensure a straight forward, transparent and cost efficient structure

- In September 2015 it was announced that the Investment Agreement between East Capital Explorer and East Capital was to be renewed
- The joint aim was to ensure a structure that;
 - is straight forward and transparent
 - reflects the new focused strategy
 - increases cost efficiency
 - and with fair terms and incentives clearly aligned with shareholder interests

ECEX and East Capital intend to terminate the investment agreement

- We have together with East Capital agreed that the investment agreement should be terminated, which would mean;
 - In-house investment organisation to be build up in line with ECEX strategy
 - Increased cost efficiency and transparency
 - Reduction of complexity in structure
- Termination contingent on EGM approval
 - If approved by shareholders, East Capital Explorer would become an independent investment company
 - More detailed proposal, including terms for termination, to be presented in notice end of February
- A continued use of available tools for shareholder distribution in accordance with our dividend policy

Key highlights and NAV development

The overall portfolio development in Q4 ended on the plus side, in large thanks to positive contribution from the Baltic Real Estate

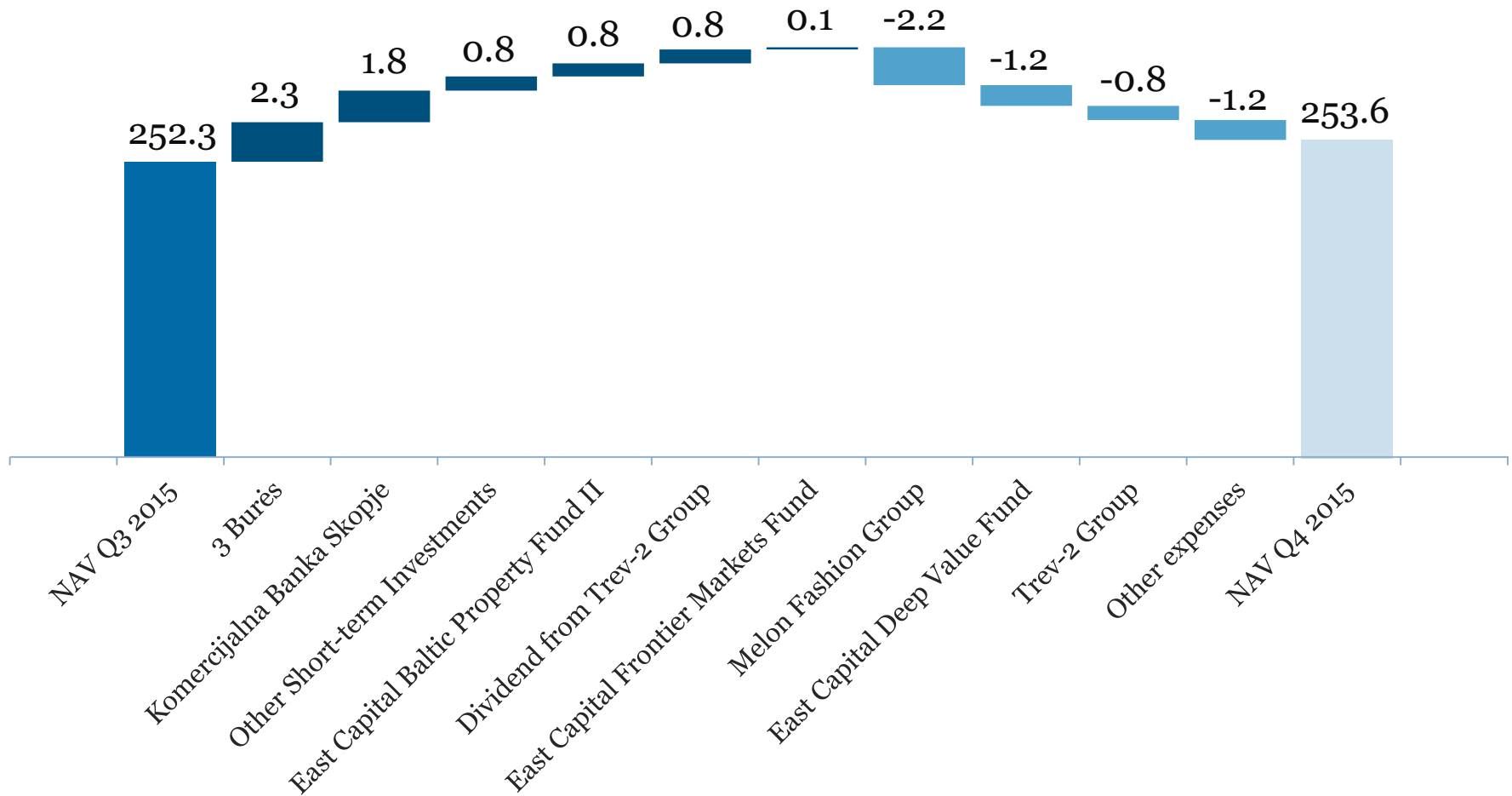
- NAV per share on 31 December 2015: EUR 9.00 (SEK 82)
 - +0.5% compared to the third quarter 2015
 - +3.2% for the full year
- Mixed development in portfolio
 - Large positive contribution from Real Estate (+5.6%) while Public Equity (+1.3%) increased slightly and Private Equity (-2.1%) showed some contraction
 - Baltic Real Estates continued showing positive performance deriving both from increased property value as well as operative income
 - Within the Private Equity segment MFG contracted while Trev-2 and Starman was kept unchanged
 - Overall the listed holdings showed a slight positive performance thanks to the strong development in KBS

Fair value adjustments in 3 Burs and MFG

East Capital Russia Domestic Growth Fund fully divested

- Fair value adjustments in Q4
 - 3 Burs +9.1% thanks to both a positive operating result and a property revaluation
 - Starman and Trev-2 unchanged (Trev-2 adjusted for received dividend of 0.8m)
 - Melon Fashion Group -7.7% due to a continuing depreciation of the rouble against the euro
- The remaining stake in East Capital Russia Domestic Growth Fund sold at EUR 10.5m
 - In total EUR 38.0m in fund holdings sold during the year
- The first draw-down, corresponding to EUR 3.3m was made in East Capital Baltic Property Fund III

NAV contributors in the fourth quarter



Highlights – after the end of the quarter

ECEX and EC
intend to
terminate the
investment
agreement

- East Capital Explorer and East Capital have agreed that the investment agreement should be terminated
- Ordinary dividend of 0.80 SEK per share to be proposed to the AGM

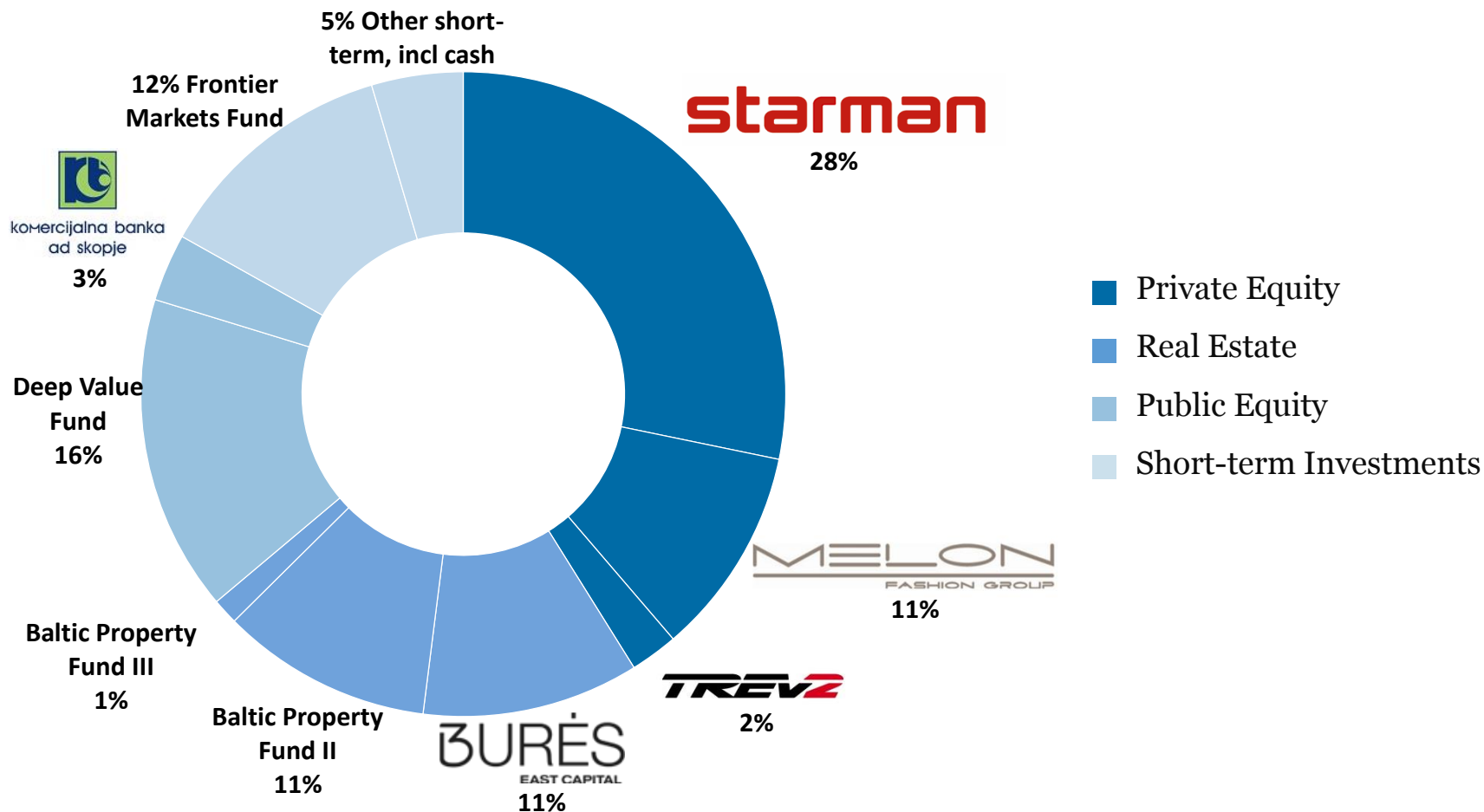
Proposed
ordinary
dividend 0.80
SEK/share

Portfolio development

Q4 2015

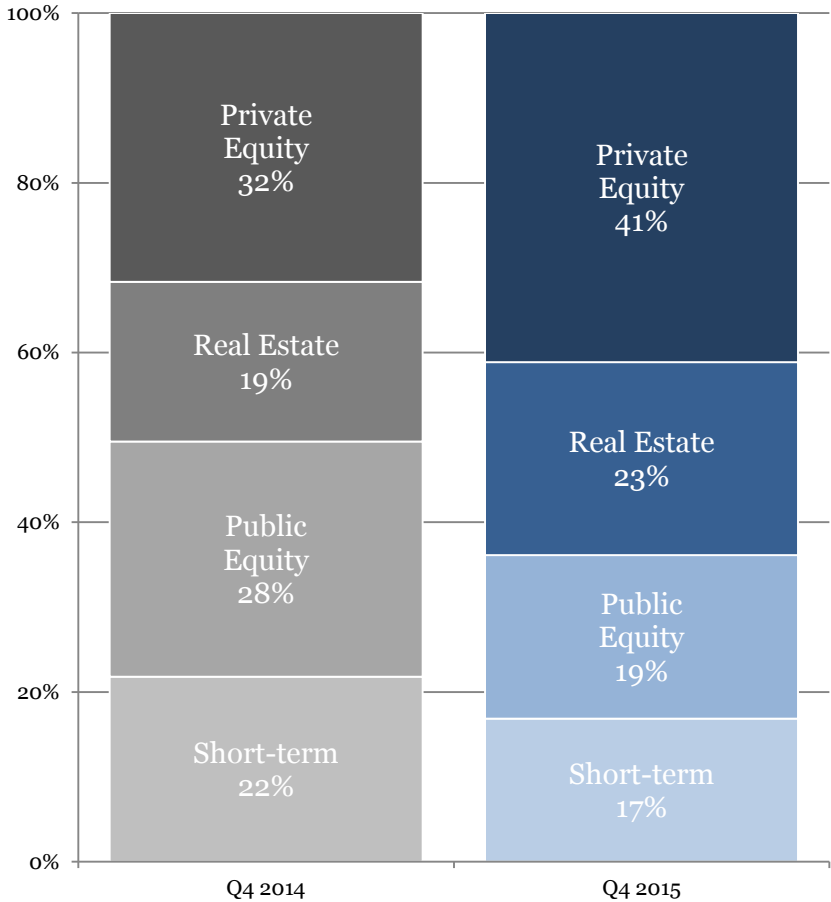
Our portfolio

31 December 2015

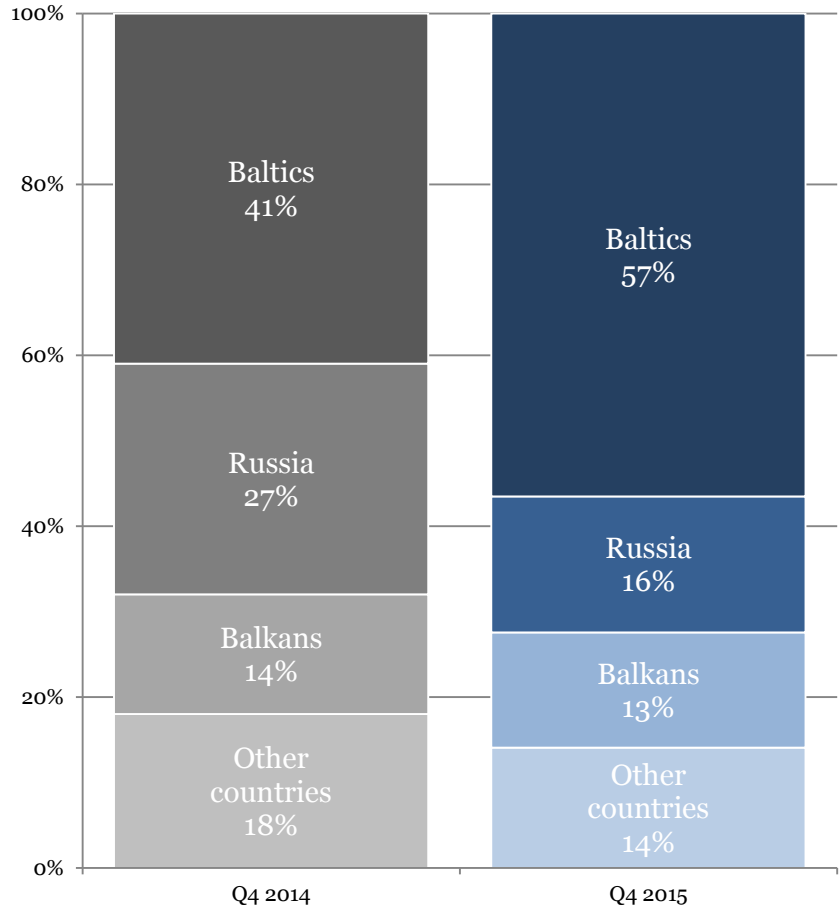


Portfolio break-down

By segment



By region



10 largest holdings

31 December 2015

Company	% of NAV	Value in portfolio, EURm	Country	Sector	East Capital Explorer's investment vehicles
Starman	28.3	71.8	Estonia	Telecom	Direct Investment
3 Burès	10.9	27.6	Lithuania	Real Estate	Direct Investment
Melon Fashion Group	10.5	26.5	Russia	Cons. Discr.	Direct Investment
Komercijalna Banka Skopje	4.2	10.5	Macedonia	Financials	Direct Investment East Capital Deep Value Fund
Tänassilma Logistics	2.7	6.8	Estonia	Real Estate	East Capital Baltic Property Fund II
Trev-2 Group	2.4	6.2	Estonia	Industrials	Direct Investment
GO9	2.4	6.2	Lithuania	Real Estate	East Capital Baltic Property Fund II
Metro Plaza	2.0	5.1	Estonia	Real Estate	East Capital Baltic Property Fund II
B92	1.9	4.8	Serbia	Cons. Discr.	East Capital Deep Value Fund
Deglava Prisma	1.3	3.3	Estonia	Real Estate	East Capital Baltic Property Fund II
Total	66.7	169.1			

Private Equity Development

Q4 2015

Private Equity

	Value change Q4, 2015	Value change FY, 2015	Annualised return on investment*
Starman	+ 0.0%	+ 15.8%	+ 25.0%
Melon Fashion Group	- 7.7%	- 24.3%	- 2.1%
Trev-2 Group	+ 0.0%	- 16.9%	- 0.2%
Total Private Equity	- 2.1%	- 0.1%	+ 7.1%

**Net of fees*

Real Estate

	Value change Q4, 2015	Value change FY, 2015	Annualised return on investment*
3 Burès	+ 9.1%	+ 14.1%	+ 12.4%
East Capital Baltic Property Fund II	+ 2.9%	+ 9.8%	+ 9.8%
East Capital Baltic Property Fund III	- 0.5%	- 0.5%	N/A
Total Real Estate	+ 5.6%	+ 11.1%	+ 10.6%

**Net of fees*

Public Equity and Short-term Investments

Q4 2015

Public Equity

	Value change Q4, 2015	Value change FY, 2015	Annualised return on investment*
East Capital Deep Value	- 2.9%	+ 1.6%	+ 1.8%
Komercijalna Banka Skopje	+ 27.6%	+ 16.7%	- 7.0%
Total Public Equity	+ 1.3%	+ 3.6%	- 1.4%

S-t investments

	Value change Q4, 2015	Value change FY, 2015	Annualised return on investment*
East Capital Frontier Markets Fund	+ 0.4%	- 1.9%	+ 3.4%

**Net of fees*

Outperforming index since new strategy implemented

In SEK

Past 3 years

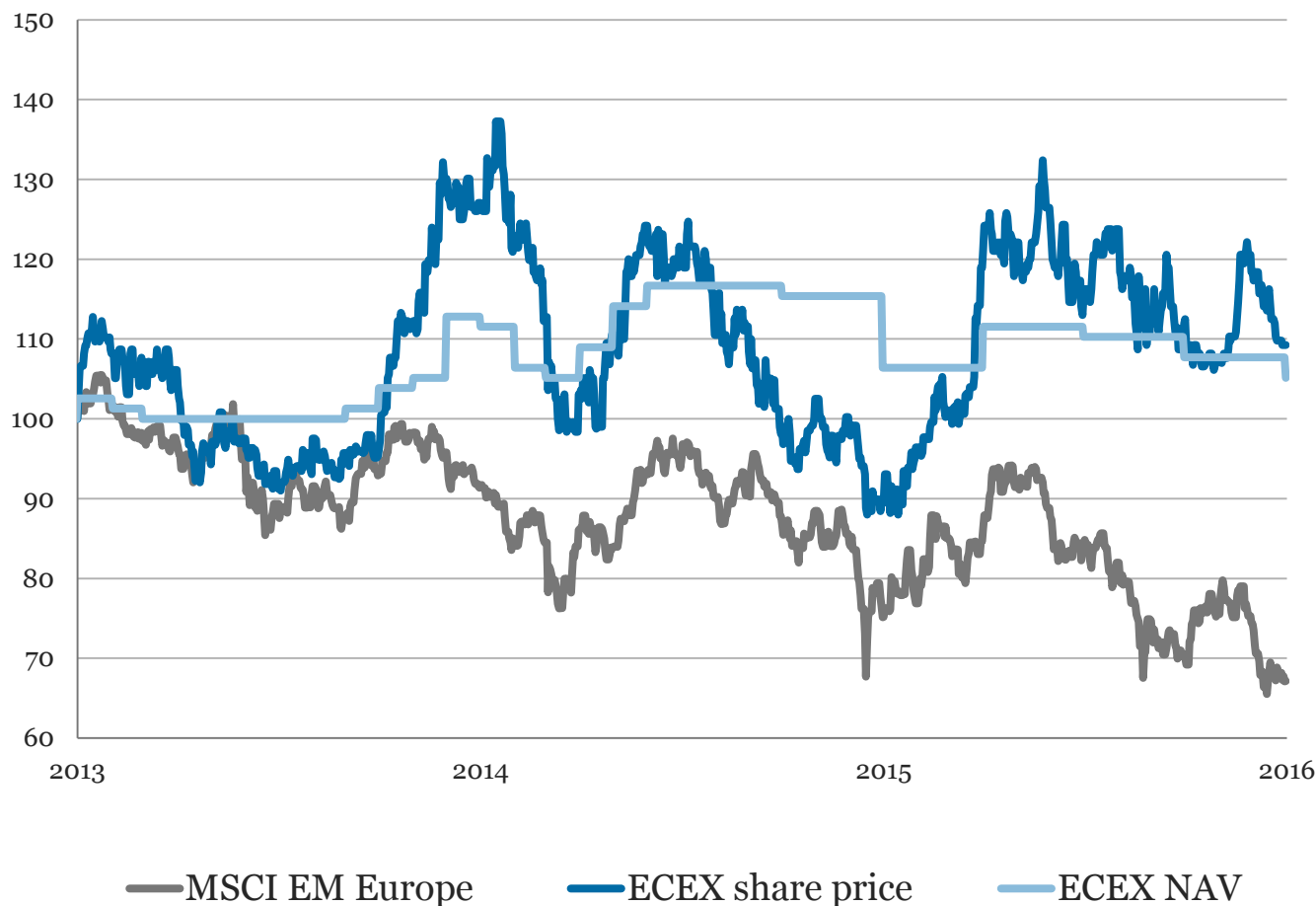
- NAV/share: +5.1%
- ECEX: +9.2%
- MSCI EM E: -32.9%

2015

- NAV/share: -1.2%
- ECEX: +22.1%
- MSCI EM E: -10.7%

Fourth quarter

- NAV/share: -2.4%
- ECEX: -2.4%
- MSCI EM E: -4.8%



Source: Bloomberg, ECEX

Private Equity

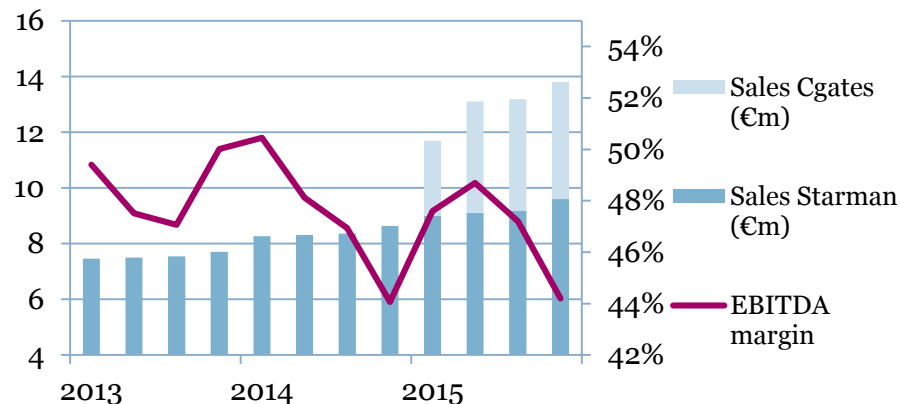
Operating performance

- 63% holding in Starman (28% of NAV)
- Operational performance
 - Estonian business fourth quarter
 - Sales increased by 10.3% y-o-y, while EBITDA increased 17.0% y-o-y, EBITDA margin of 46.7%
 - Lithuanian business fourth quarter
 - Sales increased by 4.3% y-o-y, while EBITDA decreased by 0.5%, EBITDA margin after one-off items of 38.8%
- Initiated integration of Kava into the Lithuanian business operations
- Starman received the Industry Leader Award by Digital TV CEE
- Fair value was unchanged at EUR 71.8m

Starman

Leading Baltic cable TV and broadband provider

Quarterly development (sales, EBITDA)



Key financials, Q4 2015

EURm	2015 Oct-Dec*	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Sales	13.8	8.6	53.7	33.6
- of which Cgates	4.2	-	16.4	-
EBITDA	6.1	3.8	25.0	15.9
- of which Cgates	1.7	-	7.1	-
Net profit	0.9	0.5	4.4	3.1
Sales growth (%)	60.5	12.0	59.8	11.1
EBITDA margin (%)	44.2	44.2	46.6	47.3
Number of RGU's ('000)	501	493	501	493
- of which Cgates	200	201	200	201
Average ARPU (€/month)	13.4	12.5	13.3	12.5

* Cgates consolidated as of 1 Feb 2015

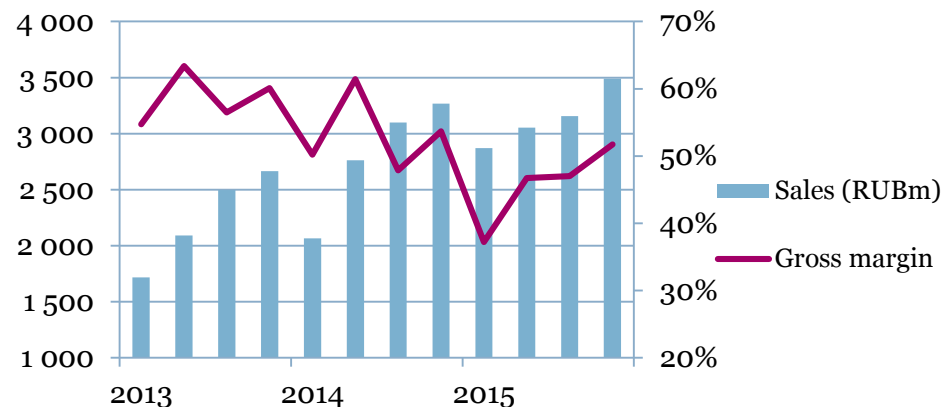
Melon Fashion Group

One of the fastest growing Russian fashion retail

Operating performance

- 36% holding in MFG (11% of NAV)
- Fourth quarter sales amounted to RUB 3.5bn (RUB 3.3bn)
 - +6.8% compared to fourth quarter 2014
 - Fourth quarter like-for-like sales increased by 5.2%
- EBITDA increased 67% y-o-y primarily thanks to successful cost-cutting measures
 - EBITDA margin of 12.6% (21.8%)
 - Gross margin down to 51.7% from 53.6% y-o-y due to increased purchasing costs as a result of rouble devaluation
- Good results despite difficult environment
- Fair value in euro decreased 7.7% due to the continuing rouble depreciation

Quarterly development (sales, gross margin)



Key financials, Q4 2015

RUBm	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Sales	3,491	3,268	12,569	11,192
Gross profit	1,805	1,753	5,775	5,969
EBITDA	441	712	803	480
Net profit	269	470	279	44
Sales growth (%)	6.8	22.6	12.3	24.8
Gross margin (%)	51.7	53.6	45.9	53.3
EBITDA margin (%)	12.6	21.8	6.4	4.3
Net debt	-388.5	497.7	-388.5	497.7
Balance sheet total	4,993	6,359	4,993	6,359
Number of stores, end of period	642	669	642	669
Like-for-like growth (%)	5.2%	1.3%	3.9%	0.2%

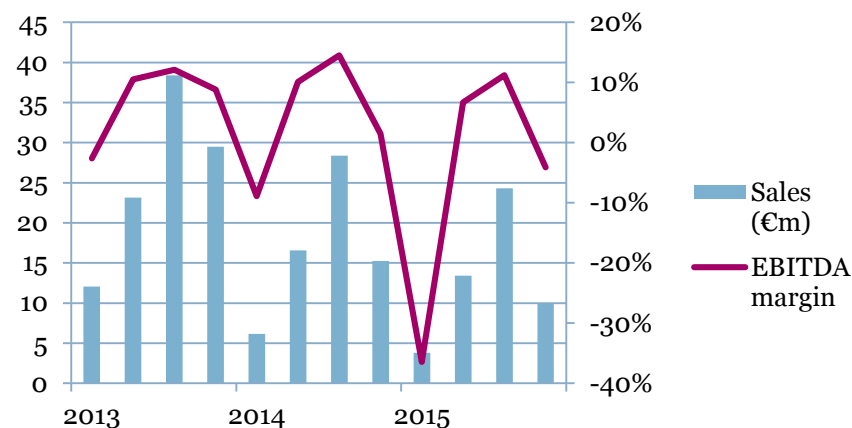
Operating performance

- 38% holding in Trev-2 (2% of NAV)
- No surprises in fourth quarter as seasonality started to put road construction projects on hold
- Full year revenue finished at EUR 51.4m which corresponds to a revenue contraction of 22.5% due to lower road construction volumes in Estonia in general
- Focus on adjusting cost base to new market situation with lower construction volumes
- Net debt of EUR 1.8m on 31 December, corresponding to 1.0x LTM EBITDA

Trev-2 Group

Leading infrastructure construction and maintenance company in Estonia

Quarterly development (sales, EBITDA)



Key financials, Q4 2015

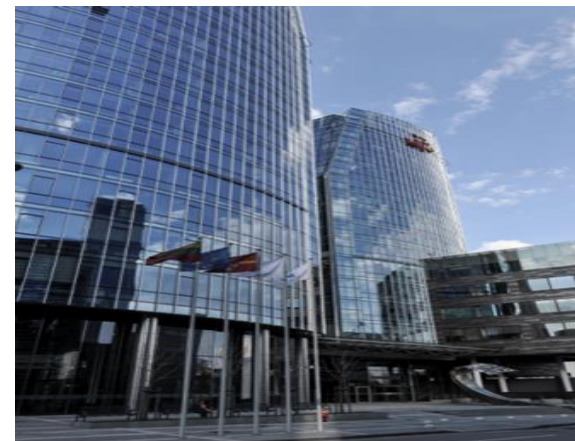
EURm	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Sales	9.9	15.3	51.4	66.3
EBITDA	-0.4	0.2	1.8	5.5
Operating profit	0.5	0.1	4.1	6.5
Net profit	-1.1	-0.9	-1.2	1.6
Sales growth (%)	-35.3	-48.2	-22.6	-35.7
EBITDA margin (%)	-4.1	1.5	3.6	8.2
Operating margin (%)	5.1	0.7	8.0	9.8

Real Estate

3 Burès

One of Vilnius' most modern and well located office buildings

- 100% holding in 3 Burès (11% of NAV)
- Vacancy in the office complex at the end of 2015 decreased and is close to 0% again
- Q4 net operating income was lower during the quarter primarily due to a one-off land tax charge
- Construction permit is expected in Q1 2016 for the development project
- The equity value of 3Burès increased by 9.1% as a result of positive operating result and property revaluation based on an external valuation.
- The value increase for the full year 2015 was 14.1%



Key financials, Q4 2015

EURm	2015 Jan-Dec	2015 Oct-Dec	2014 Oct-Dec
Net rental revenue*, €m	4.4	1.1	1.0
Net operating income, €m	3.6	0.6	0.6
Vacancy, end of period	0.7	0.7	4.6
Rent, €/sqm, end of period	12.7	12.7	12.4

** Rental income only, excluding income from communal services*

- 49% holding (11% of NAV)
- By year end, an external valuation concluded with a 1.7% increase of property values on portfolio level
- The Mustamäe Keskus development that was agreed to be acquired in February 2015 progresses in line with targeted opening in February 2016.

	Q4 2015	2015	Since inv.
Performance, EUR	2.9%	9.8%	33.8%

	Weight %	Country	Property type
GO9 shopping centre	27%	Lithuania	Retail
Tänassilma Logistics	25%	Estonia	Logistics
Metro Plaza	21%	Estonia	Office
Deglava Prisma	14%	Latvia	Retail
Rimi Logistics	13%	Estonia	Logistics

East Capital Baltic Property Fund II

Property portfolio



Tänassilma Logistics is a modern logistics centre outside Tallinn with stable rent revenues. In combination with low interest on its debt this has resulted in earnings of more than 20% on invested equity and a strong positive cash flow.



GO9 a well-known high street shopping centre in the heart of Vilnius with an excellent location on the best stretch of Gedimino avenue. Grand opening of redeveloped shopping centre took place in March 2014, with H&M and anchor tenant.



Prisma Deglava, a newly constructed big box retail property in Riga fully let to the Finnish retail chain Prisma (SOK group). Strong cash flow generating investment in the fund with a ten-year plus lease agreement with a stable and reliable tenant.



Rimi Logistics, warehouse and office complex outside Tallinn purchased in a sale-and-leaseback deal. The property is fully let with a 10+ years unbreakable lease to a leading grocery chain Rimi Eesti Food, a company part of ICA group.



Metro Plaza, A class office in Tallinn CBD with excellent location and visibility. Solid cash flow from strong tenants, office areas fully let. Revenue enhancement potential by redeveloping and enlarging retail areas in the ground and first floor.



Mustamäe Keskus, shopping centre developed in Mustamäe residential district in Tallinn. GLA 13,500 sqm. Anchor tenant Rimi grocery, key tenants multiplex cinema, fitness club, restaurants. Expected closing after completion Q1 2016.

East Capital Baltic Property Fund III

The fund will invest in commercial properties with well-established tenants and sustainable rental terms in the Baltic capitals.

- 28% holding (1% of NAV)
- Total commitments in the fund were by year-end 2015 EUR 71m with a final targeted fund size of EUR 100m
- The first transaction in the fund – the acquisition of Vesse Retail Park in Tallinn was signed in January 2016
- The fund has a strong pipeline of new investments and the second investment is planned for Q1 2016

Public Equity

Public Equity and Short-term investments

Komercijalna Banka Skopje

- 4% of NAV, ownership 10%
- Full year profits of MKD 525m (EUR 8.5m), after fourth quarter net profit of MKD 208
 - ROE 5%
 - Five times higher than same period last year
- Improved profitability by lowering deposit rates and reducing operating costs, while keeping income stream roughly consistent
- Performance: +27.6% during the fourth quarter

East Capital Deep Value Fund

- 15% of NAV, ownership 75%
- Performance: -2.9% during the fourth quarter
- Affected by general emerging market sell-off and weakening oil price
- The private equity holding in Serbian media company B92 were revalued due to difficult market conditions, leading to a negative contribution of 2.7%

East Capital Frontier Markets Fund (short-term)

- 12% of NAV, ownership 57%
- Performance: +0.4% during the quarter
- Despite volatile markets the fund has managed to remain positive
- Being underweight Middle East and Nigeria has paid off
- Best performer was MercadoLibre as it gained 3.3% during the quarter

Focus going forward

*Contingent
on EGM
decision,
reshaping
into an
independent
investment
company*

*Continued
remodeling
of the
portfolio*

- EGM to decide on termination of Investment Agreement, and if approved;
 - Building up of in-house investment organisation
 - Restructuring the company into an independent investment company
- Continuing in transforming the portfolio into Private Equity and Real Estate

Thank you!

Our Annual Report 2015 will be available in March 2016 and our Q1 2016 report will be published on 19 May 2016

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