

Changed fee structure for East Capital Explorer's investments – Performance fees stalled until NAV is back at SEK 100 per share

East Capital Explorer AB and its investment manager East Capital have agreed to change a number of terms in their current fee structure. The changes mean that, inter alia, no performance fees are to be paid until the net asset value per ordinary share is above SEK 100, and that management fees will be halved on portfolio values exceeding EUR 400m and lowered on real estate investments. The changes also include mechanisms limiting the investment manager's right to charge performance fees on direct investments. As a consequence of reversed performance fee provisions, the changes will have a positive effect of approximately EUR 9.0m on the reported net asset value as of 30 April, as well as on the reported results for the second quarter of 2014.

"We have, for some time, held discussions with East Capital on a revised fee structure that would create clearer objectives and increased shareholder value. Put simply, the effect of these changes is that no performance fees will be paid on funds or direct investments as long as the entire portfolio's net asset value per share is below the level on which we were listed. Regarding direct investments, performance fees will be payable only when the holding is realized", says Catharina Hagberg, Acting CEO of East Capital Explorer.

The management fee is the compensation that the investment manager, East Capital, gets for actively managing East Capital Explorer's direct investments, and the compensation that East Capital receives from the funds that East Capital Explorer, among others, invests in. In addition, East Capital has the right to earn performance fees with the purpose of providing incentives to create returns exceeding a predetermined hurdle rate, or, for certain funds, a benchmark index.

The changes will take effect from today, and include the following.

1. Performance fees on direct investments

No performance fees will be paid on direct investments, until all the following conditions are met:

- 1.1. The net asset value per ordinary share exceeds SEK 100; and
- 1.2. The investment has been realized; and
- 1.3. The investment's average annualized return (since acquisition), taking into account any dividends from the investment, exceeds 8%; and
- 1.4. The aggregate portfolio of direct investments shows a positive return,

of which paragraphs 1.1., 1.2. and 1.4. above are new.

Performance fees may be payable on dividends from an investment, given that paragraphs 1.1., 1.3. and 1.4. are met, and that East Capital Explorer has held the investment for at least three years.

2. Performance fees on fund investments

No performance fees will be paid on fund investments until the total net asset value per ordinary share exceeds SEK 100. Otherwise, the general terms and conditions for each fund as described in East Capital Explorer's annual reports, apply.

3. Management fees

Management fees of 2% per annum of managed assets are payable as before, with two changes:

- 3.1 If the value of the total investment portfolio exceeds EUR 400m, management fees on the exceeding value will be reduced from 2% to 1% per annum; and
- 3.2 Management fees on real estate investments will be reduced from 2% to 1.75% per annum. The corresponding adjustment will be made in East Capital Baltic Property Fund II, in which East Capital Explorer has invested.

Contact information

Catharina Hagberg, Acting CEO, East Capital Explorer, +46 8 505 885 52

Lena Krauss, Head of Investor Relations & Finance, East Capital Explorer, +46 73 988 44 66

Financial reporting calendar

- Monthly Net Asset Value report on the fifth working day after the end of each month
- Annual General Meeting 2014 on 22 April 2014
- Interim Report, 1 January – 31 March 2014 on 22 May 2014
- Interim Report, 1 January – 30 June 2014 on 21 August 2014
- Interim Report, 1 January – 30 September 2014 on 7 November 2014

About East Capital Explorer

East Capital Explorer AB (publ) is a Swedish investment company, created with the specific aim of bringing unique investment opportunities in Eastern Europe to a broader investor base. The company makes direct investments into private and public companies but investments are also made through East Capital's private equity, real estate and alternative investment funds. East Capital Explorer's main investment theme is domestic growth and the Company targets fast growing sectors such as Retail and Consumer goods, Financials and Real Estate. East Capital Explorer has appointed East Capital to manage its investment activities. East Capital Explorer is listed on NASDAQ OMX Stockholm, Mid Cap.

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