

PRESS RELEASE

Stockholm, 22 December 2014

Starman to acquire Leading Lithuanian Cable TV and Internet Provider Cgates

- While East Capital Explorer increases its ownership in Starman to 62 percent

East Capital Explorer's direct investment Starman, the leading cable TV and broadband internet service provider in Estonia, has signed an agreement to acquire 100 percent of Lithuanian Cgates for a total enterprise value of EUR 56.3m. East Capital Explorer will, in connection with this transaction, make an additional investment of approximately EUR 23m in Starman, increasing its ownership from 51 to up to 62 percent.

- The add-on investment in Starman, which now becomes our largest direct investment, is a further step in our strategic path towards a more streamlined portfolio of private equity and real estate holdings. As a stand-alone investment, Starman has constantly exceeded expectations regarding profitability and cash flow. Ever since we acquired the company in May 2013 we have looked at opportunities to create additional value through taking an active role in consolidation of the Baltic cable TV market. We are confident that Cgates is the right partner for Starman, says Mia Jurke, CEO of East Capital Explorer.

- Cgates is the best managed telecommunications company in Lithuania with a strong market position, stable performance and good profitability. Together, Cgates and Starman will create the only truly pan-Baltic cable TV operator and we see great opportunities to generate value through synergies, says Gert Tiivas, chairman of Starman and Head of Private Equity in the Baltics, East Capital.

Cgates is Lithuania's leading cable TV and broadband internet provider with a network covering 300k households in twelve cities. Cgates has about 125k RGU's (Revenue Generating Units) within pay-TV and 70k within Internet. The company's revenues in 2013 amounted to EUR 15.2m with an EBITDA margin of 44.7 percent.

Starman is Estonia's leading cable TV and broadband provider with a cable network covering 52 percent of households and a digital network (DTT) covering 97 percent of households. Starman's revenues in 2013 amounted to EUR 30.2m with an EBITDA margin of 48.5 percent. The fair value of East Capital Explorer's holding in Starman before the add-on investment was EUR 34m, corresponding to 11.4 percent of the total Net Asset Value.

The transaction is subject to approval from the competition authority in Lithuania and is expected to be completed during the first quarter of 2015. The transaction will be financed through divestment of fund holdings.

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Financial reporting calendar

Year-end Report 2014 - 12 Feb 2015

Annual General Meeting 2015 - 21 Apr 2015

Interim Report, Q1 2015 - 13 May 2015

Interim Report, Q2 2015 - 20 Aug 2015

Interim Report, Q3 2015 - 5 Nov 2015

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.

Listing: NASDAQ OMX Stockholm, Mid Cap - **Ticker:** ECEX - **ISIN:** SE0002158568 -
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