

East Capital Explorer *Annual Report 2014*

**EAST CAPITAL
EXPLORER**



East Capital Explorer

East Capital Explorer is a Swedish investment company listed on NASDAQ OMX Stockholm, founded in 2007 with the specific aim of bringing unique investment opportunities in Eastern Europe to a broader investor base.

Our business concept

East Capital Explorer's business concept is to maximize risk-adjusted shareholder return by offering our shareholders a liquid exposure to a unique investment portfolio of unlisted and listed companies in Eastern Europe. Value is added through active ownership made possible by our investment manager East Capital's local presence, extensive network and long experience in the Eastern European markets.

Our strategy

Our strategy is to invest in sectors and companies that have the most to gain from the long-term trends in our investment universe, such as EU convergence and the catch-up process. Strong domestic demand is a key driver for growth in Eastern Europe and this is our main investment theme. We target fast growing sectors such as retail, consumer goods, financials and real estate.

The investment portfolio is actively managed to create long-term value for our shareholders. All investments are considered carefully from a risk-reward perspective. Risks are managed on the basis of a number of methods and tools, among others, through emphasis on corporate governance, including material and relevant environmental and social factors. Active ownership also involves board representation and close relations with the companies in which we invest. Long-term capital allows us to invest throughout the economic cycle.

Do you want to know more about ...

[... the strategy, see pages 8.](#)

[... the environmental, social and governance perspective, see page 10.](#)

[... our portfolio, see page 16.](#)

On the cover

Left: Vilnius, the capital of Lithuania. One of 3 Burès' two existing buildings, among the most modern office properties in the Baltics, can be seen to the right. The property was acquired in 2014.

Right: A picture from Zarina's fashion show for the 2015 spring collection. Zarina is one of Melon Fashion Group's three brands.

Below: Metro Plaza, an A-class office building in Tallinn's corporate district. The property was acquired by East Capital Baltic Property Fund II in 2014.

This is East Capital Explorer

» East Capital Explorer is a Swedish investment company, listed on NASDAQ OMX Stockholm, with the specific aim of bringing unique investment opportunities in Eastern Europe to a broader investor base. The Company invests in Private Equity, Real Estate and Public Equity across mainly the Baltics, Russia and the Balkans. East Capital Explorer's main investment theme is domestic growth and the company targets companies in fast growing sectors such as Retail and Consumer goods, Financials and Real Estate.

Stock listed	2007	Consumption, Real Eastate and Financials	86%
Net Asset Value	EUR 261m	Investment professionals	20
Market Cap	EUR 134m	Russia	27%
Yield through '14 redemption program	8.3%	Baltics, Balkans and CIS	73%

Our portfolio

	Investment	Description	% of the portfolio
Private Equity	• Starman	The leading cable-TV and broadband provider in Estonia	 36%
	• Melon Fashion Group	The fastest growing fashion retail chain in Russia	
	• Trev-2 Group	Well-established Estonian road construction and maintenance company	
	• East Capital Bering Ukraine Fund Class R	Private Equity Fund with two holdings; Ukrainian food company Chumack and real estate company Cantik	
Real Estate	• 3 Burès	An A-Class office building located in the centre of Vilnius	 24%
	• East Capital Baltic Property Fund II	The Fund acquires and manages commercial properties with well-established tenants on sustainable rental terms in the Baltics	
Public Equity	• Komercijalna Banka Skopje	Macedonia's largest commercial Bank	 40%
	• East Capital Russia Domestic Growth Fund	The Fund seeks to benefit from domestic growth in the Russian economy through a concentrated portfolio of 10 to 20 listed companies	
	• East Capital Deep Value Fund	The fund offers exposure to conservative market valuations of companies with strong revenue generation and high revaluation potential	
	• East Capital Frontier Markets Fund	The fund focuses on investments in global frontier markets with a return potential that is higher than the market	

Some of our largest holdings

1. Starman and Trev-2 Group in Tallinn
2. Melon Fashion Group in St. Petersburg
3. 3 Burès in Vilnius
4. Komercijalna Banka Skopje in Macedonia

Our investment region

- Baltics (41 %)
- Russia (27 %)
- Balkans (14 %)

Our markets

The Baltics

East Capital Explorer's exposure to the Baltic countries amounts to 41 percent - making it East Capital Explorer's largest region. In 2014, the Baltic economies grew by an average of 2.5 percent, which makes them the fastest growing economies in the eurozone.

East Capital Explorer's focus on the region is rooted in the region's stable recovery from the crisis, followed by strong economic growth. The EU membership and the integration with Europe has formed the basis for a sound and transparent investment climate with well-managed public finances and a competitive fiscal regime.

Russia

Russia is East Capital Explorer's second largest market. In light of the past year's geopolitical unrest in the region, the outlook for the Russian economy has changed. The economic sanctions, and the low oil price, are primarily reflected through weaker currency and a slowdown in domestic demand in the Russian consumer market. At the same time, the current situation has led to record-low valuations of companies with strong cash flows and stable dividends, giving leeway for strategic actors. For domestic players, there is also an upside in reduced competition from foreign players.

The Balkans

The strong potential in the Balkan countries, in the wake of recovery and reforms, makes the region particularly interesting. Countries in the region are benefiting from strong political and economic relations with the EU. The economic recovery of the region is expected to continue as structural reforms are realized, where growth will stabilize around three percent towards 2018, underpinned by growing exports and domestic consumption.

East Capital Explorer offers access to...

... an economically dynamic region

Economic integration with Western Europe and strong domestic demand are key drivers for growth. Eastern Europe is expected to grow twice as fast as Western Europe over the next five years

... attractive sectors

We concentrate on sectors benefitting from strong domestic demand assessed to provide the best long-term growth prospects, such as retail, consumer goods, financials and Real Estate

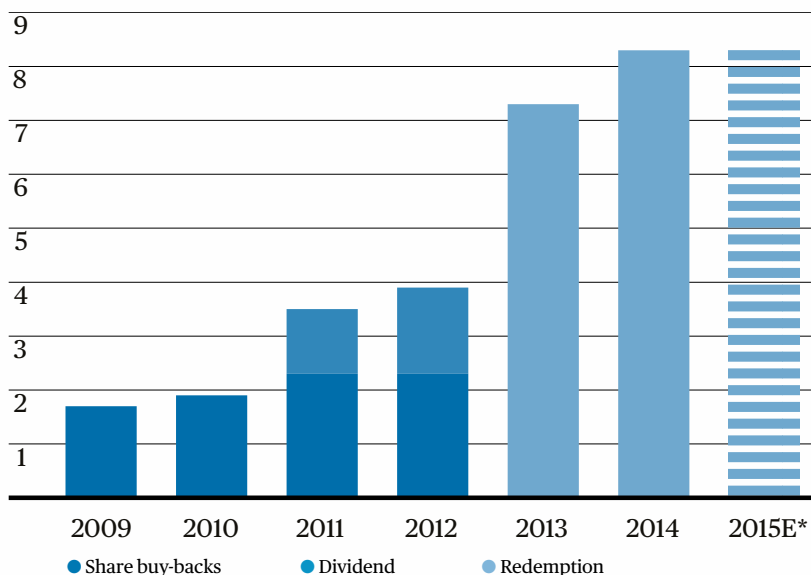
... a unique portfolio

East Capital Explorer primarily provides exposure to small and medium-sized companies in Eastern Europe with high growth potential, which otherwise are not easily accessible for investors. At the end of 2014, 60 percent of the portfolio was invested in unlisted assets

... an experienced investment manager

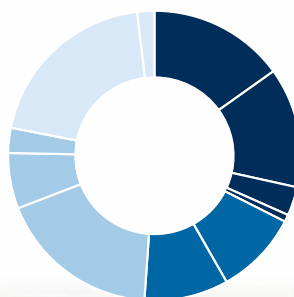
Our investments are managed by East Capital, which has a more than 17-year track-record, and is one of the largest investors in the region with local presence and an extensive network in these countries

Distribution to the shareholders, % of market cap



*Expected distribution based on proposed redemption of SEK 83 per every 20 shares held, provided approval by the AGM 2015

Portfolio 31 December 2014



Private Equity, %	
● Starman	15.1
● Melon Fashion Group	13.4
● Trev-2 Group	3.2
● East Capital Bering Ukraine Fund Class R	0.8
Real Estate, %	
● 3 Burès	9.3
● East Capital Baltic Property Fund II	9.3
Public Equity, %	
● East Capital Deep Value Fund	18.0
● East Capital Russia Domestic Growth Fund	6.2
● Komercijalna Banka Skopje	2.8
● Short-term investments	20.0
● Other assets, liabilities and cash equivalents	1.9



1

Highlights 2014

Comments from the Chairman	4
Comments from the CEO	6
The strategy is intact	8
New way to realise the strategy	9
Managing corporate governance risks and opportunities	10
The East Capital Explorer share	12

2

Our portfolio

Comments from Investment Management	16
Portfolio overview	18
The portfolio in brief	19

Private Equity

Starman	21
Melon Fashion Group	22
Trev-2 Group	23
East Capital Bering Ukraine Fund R	23

Real Estate

3 Burés	25
East Capital Baltic Property Fund II	26

Public Equity

Komercijalna Banka Skopje	29
East Capital Capital Deep Value Fund	29
East Capital Frontier Markets Fund	30
East Capital Russia Domestic Growth Fund	30

3

Corporate Governance

Corporate Governance	32
Staff	37
Board of Directors	38
Managing our risks	40
Internal Control	42
Fees	44

4

Financial Statements

Administration Report	49
Financial Statements	52
Notes	56
Five-Year Summary	78
Auditor's Report	80

1

Highlights 2014

Comments from the Chairman	4
Comments from the CEO	6
The strategy is intact	8
New way to realise the strategy	9
Managing corporate governance risks and opportunities	10
The East Capital Explorer share	12

Comments from the Chairman



Paul Bergqvist
Chairman of the Board

In 2014, additional steps were taken towards further refining East Capital Explorer's portfolio. New investments increased the portfolio concentration and the share of Private Equity and Real Estate to more than fifty percent of net asset value. At the 2015 Annual General Meeting, the Board will propose a third redemption program, something that should contribute to increased shareholder value.

The decision to concentrate East Capital Explorer's portfolio has continued to be reflected in the portfolio composition and investment activities. The formerly diversified portfolio of small and mid cap listed companies has, over the past two years, shifted toward a more clearly niched portfolio of mainly directly owned Private Equity and Real Estate holdings. In the past year, it is primarily the Baltics, and Lithuania in particular, that have attracted new investments. For example, East Capital Explorer invested EUR 22.3m in an A-class office building in Vilnius in May 2014 and, in February 2015, an additional EUR 22.5m was invested in the Estonian company Starman through a new share issue in order to finance Starman's acquisition of a leading telecom operator in Lithuania. The latter investment establishes a platform for further consolidation of the Baltic cable TV and broadband market and associated synergies. These investments were financed through the parallel sale of fund investments. The shift toward direct investments, where we actively drive the development of, and add value to the companies, will continue as new, attractive investment opportunities are identified.

In the beginning of 2014, we within the Board saw preference shares as an attractive alternative for financing new investments and growing East Capital Explorer's portfolio, and the shareholders authorised the Board to issue such shares. However, the unforeseen events in Ukraine and Russia changed the conditions for such a share issue, and continued divestment of fund holdings will now be used to finance new investments. Among the fund investments, the globally oriented East Capital Frontier Markets Fund, into which our previous holdings in East Capital New Markets Fund were consolidated in December, is considered a short-term investment. This fund, as all funds that invest into listed holdings, is available to finance new investments.

Another event during the year was the changed fee structure in the investment agreement with East Capital. In short, the management fee for Real Estate investments was reduced from 2 percent to 1.75 percent, while the hurdle rate was harmonised with the level for direct investments, at 8 percent. Furthermore, performance fees for direct investments are paid only when the direct investment has been realised, all direct investments show a positive return and when East Capital Explorer's net asset value per share

exceeds SEK 100 - in other words, the level of the stock listing in December 2007. The condition that the net asset value per share must exceed SEK 100 in order for the payment of performance fees to apply, also applies to fund investments. Finally, management fees will be halved to 1 percent for portfolio values exceeding EUR 400m. We consider these alterations a very positive change for our shareholders, and the changes imply that East Capital will have an even stronger incentive to generate good returns for East Capital Explorer's shareholders by growing the net asset value in the long term.

Two other areas of focus during the year were the composition of the Board and the net asset value discount. Ahead of the 2014 Annual General Meeting, an external evaluation focusing on cooperation, competence and contribution to the Board work was carried out on behalf of the Nomination Committee. The results from the evaluation formed the basis for further Board recruitment, which during the year was reinforced with an additional independent director.

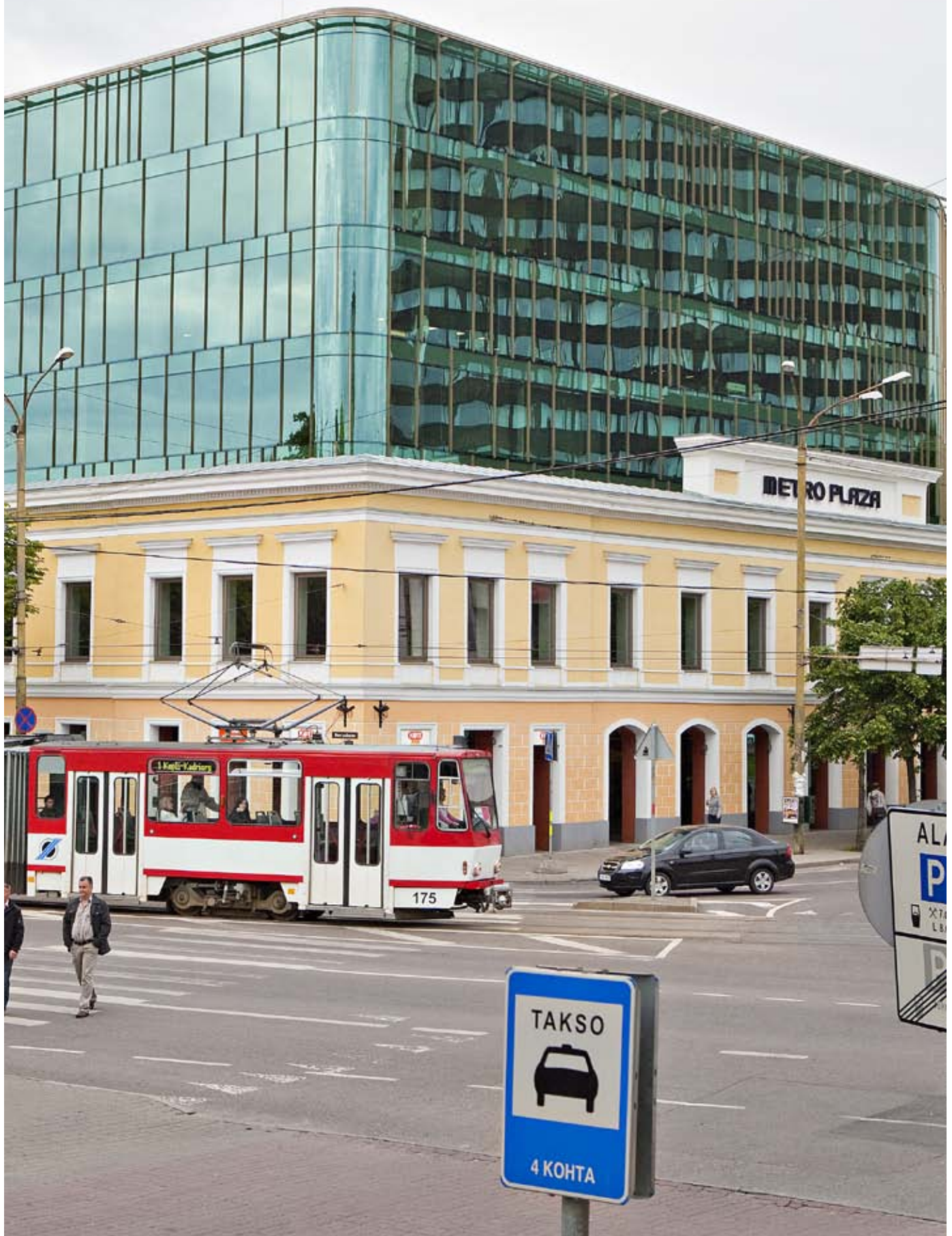
The net asset value discount has continued to be high on the Board's agenda. The discount has increased over the course of the year, largely in line with the strongly negative market sentiment attached to Russia, but we believe that the East Capital Explorer share is traded at an unjustifiably high discount, not least considering today's more limited Russian exposure. The more clearly focused portfolio is a way to tackle the discount. Another is a high level of shareholder distribution. Since its stock listing, East Capital Explorer has distributed capital in the form of dividends, buybacks and share redemptions. During the year, a special task force appointed by the Board has worked to evaluate these distribution methods, to determine what method can add the greatest value for our shareholders in the future. But first, the Board will propose a third redemption program to the 2015 Annual General Meeting, in line with the announced intention that such programs would be proposed over the years 2013-2015, provided that the discount would remain high. The redemption program will, if approved by the Annual General Meeting, enable shareholders to redeem one out of each twenty shares at a value of SEK 83 per share (net asset value per share on 31 December 2014). With the current discount, this corresponds to a yield on East Capital Explorer's shares of nearly 9 percent.

The Board hopes that the clearer portfolio focus and continued favourable shareholder distribution will increase the shareholder value in the company and gradually reduce the discount. Meanwhile, a good growth of the net asset value should be the primary value driver for East Capital Explorer's shareholders, and here I see strong potential, both in the existing portfolio and in East Capital's ability to continue to do so in the long-term.

A handwritten signature in dark ink, appearing to read 'Paul Bergqvist'.

Paul Bergqvist
Chairman of the Board

Tallinn-based office property Metro Plaza with its excellent location, strong tenants and fully let premises, was added to East Capital Baltic Property Fund II in 2014.



Comments from the CEO



Mia Jurke
CEO

» We have come quite a long way on our journey of reshaping the portfolio to a more concentrated Private Equity and Real Estate portfolio

During 2014, we continued to take steps to create a unique Eastern European Private Equity and Real Estate portfolio. By year-end, unlisted holdings represented 60 per cent of the portfolio. Despite a strong development in our Baltic investments, Net Asset Value per share declined by 5.5 percent in SEK and 11.4 percent in EUR during the year as a consequence of a sharp decline in our Russian assets, mainly attributable to the last quarter.

For East Capital Explorer, 2014 was characterized by large variations in both the region and in our portfolio. The Baltic countries continued to develop steadily and favorably, and so did our holdings in this part of the region. The Baltic Real Estate case remains strong, and the properties in the portfolio are demonstrating a good return on equity. Our subsidiary Starman, now our largest Private Equity holding, continued to excel and generated an impressive value increase of 67 per cent during the year thanks to strong profitability, not only in relation to our expectations, but also in comparison with the competition. And the Balkans finally began to recover in 2014 on the back of investors beginning to find their way back to these markets in pursuit of performance.

On the other hand, the turbulence in the Russian market was high and the sentiment among investors was highly affected by the development in the Ukrainian conflict. The Russian market concluded 2014 on a low note, largely due to the sharp down-

turn in the oil price, which fell 39 per cent in the last quarter and, in turn, pulled the Russian rouble down. This development meant great challenges for our Russian holdings. The large uncertainty related to the Russian economy resulted in weaker demand among consumers. The rouble's drastic fall also implied significant consequences, not least for Melon Fashion Group (MFG), as a large part of the company's costs are in foreign currency while its revenues are in rouble. The value of our holding in the company was halved during the year, primarily as a translation effect due to the weaker rouble. Nevertheless, the investment still shows a value increase since our initial investment in 2008.

Ultimately, the strong development in the Baltic holdings and recovery in the Balkan holdings could not fully compensate for the weak performance in our Russian assets. East Capital Explorer's NAV per share declined by 5.5 percent in SEK and 11.4 percent in EUR in 2014, which we are obviously not pleased with. Yet,

relatively speaking, this outcome was not bad. In 2014, the Eastern European index MSCI Emerging Markets Europe fell by 20 percent in EUR.

Continued high activity level
In 2014, the high level of portfolio activity continued as a consequence of our ambition to create a portfolio consisting more or less of only Private Equity and Real Estate investments. In May, we acquired 3 Burès (formerly Vilnius Business Harbour), an office building in a prime location in Vilnius and our first direct investment in the Baltic property market. We also made an add-on investment in the East Capital Baltic Property Fund II, in which we have now invested a total of EUR 20m. The Real Estate sector is now our largest sector, comprising nearly a quarter of our portfolio. Our ownership in Starman, the Estonian cable TV and broadband supplier, has also increased. In conjunction with Starman's acquisition of Cgates, a Lithuanian peer, which was announced prior to the year end, and was completed in the mid-

January

The first quarter brought about an early downgrading of growth forecasts for Russia. Economic uncertainties further increased with the geopolitical unrest in and around Ukraine



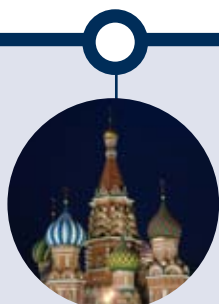
March

East Capital Special Opportunities Fund was closed as planned, after an average annualised return of 9.4 percent per year since 2009



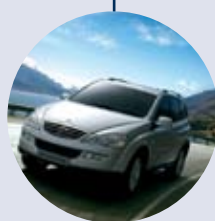
June

In June, 1 481 049 shares were tendered under the redemption program, in which a total of EUR 13.6m (SEK 123m) was transferred to the company's shareholders



February

East Capital Explorer held an EGM to introduce a new share class; preference shares. In October, the Board decided not to utilize the mandate



May

In May, East Capital Explorer increased its exposure to commercial Real Estate in the Baltic region through the acquisition of the Class A office complex 3 Burès



le of February 2015, we made an additional investment of EUR 22.5m through a new share issue. As a result, our ownership in Starman rose from 51 per cent to 63 per cent. The acquisition of Cgates is in line with the communicated consolidation strategy in the largely fragmented Baltic cable TV and broadband market. The merger entails advantages in terms of synergies and a strengthened position in the market, something we believe will be important in the context of a future exit.

Our strong belief in the Baltics is clearly reflected in the portfolio composition. At year-end, the Baltic holdings represented more than 40 per cent of the portfolio, a proportion that will continue to increase with the additional investment in Starman which was finalised after year-end. Concurrently, the Russian exposure has decreased significantly. At the beginning of the year, nearly 50 per cent of the portfolio was exposed toward Russia. At the end of the year, this exposure was only 27 per cent. This is a consequence of reallocations in the portfolio, as well as of the relative over performance in the Baltic holdings, in comparison with the Russian holdings.

In line with our ambition to increase our exposure to Private Equity and Real Estate, the investments were financed by divesting funds comprising listed holdings. At year-end, these holdings represented 40 per cent of the portfolio, a level which

has since further declined due to additional fund divestments to finance the add-on investment in Starman.

Toward a focused Private Equity and Real Estate portfolio

We have come quite a long way on our journey of reshaping the portfolio from a highly diversified portfolio of holdings, held primarily through alternative investment funds, to a more concentrated Private Equity and Real Estate portfolio. At year-end, unlisted assets comprised 60 per cent of the portfolio, compared with 35 percent two years ago. However, while we have altered the form of investment, we have not changed our strategy. Our investment region is still Eastern Europe, with a higher expected growth rate than Western Europe. Furthermore, we focus on domestic consumption and, as a result, on sectors with higher growth rates than the countries themselves. We will also continue to invest in companies with strong growth, cash flows or revaluation potential. As we create a more focused portfolio with direct ownership in the companies, the possibilities for our long-term value-added type of management increase as we can contribute to the companies' development through restructuring, introducing best practices, adding competence to the boards and company managements, dealing with ESG issues, etc.

Our ambition is to finalise the restructuring of the portfolio within the following two years.

However, the exact point in time depends on the new investment opportunities we identify in our focus areas, which primarily involve investments in the Baltics and, only selectively, other parts of our investment region.

Shareholder distribution

In 2014, the second out of three redemption programs which the Board intends to propose to the Annual General Meetings, provided that the net asset value discount exceeds 10 per cent during the preceding six months, was implemented. The redemption program, which meant that 1 out of 20 shares could be redeemed at full net asset value, which corresponded to SEK 83 per share, was finalised in June. For the shareholders who participated, this implied a yield of over 8 per cent. The third program will be proposed to the AGM of 2015. If approved, 1 out of 20 shares can be redeemed at SEK 83, the NAV per 31 December 2014. The redemption program is a means of providing our shareholders with an opportunity to benefit from the full value of the shares in spite of the high net asset value discount at which the share has been traded during the past years. With the completion of this third program, our shareholders will have had the opportunity to divest nearly 15 per cent of their ownership at full value. In total, approximately EUR 41m will have been distributed to our shareholders.

Positive start to the new year

The new year has begun on a positive note, and we have seen

the majority of the stock markets performing well, benefiting from low interest rates and a new stimulus package from the ECB. Oil prices have recovered somewhat, as has the rouble, which has provided support to the Russian stock market. The situation in Ukraine remains unstable, even though the meetings which have been held suggest that there is a desire among all parties to find a solution, after all.

The year has begun positively, with fund investments recovering while the cost efficiency program implemented in MFG appears to have effect. The integration of Cgates into Starman is underway, and we are expecting to see the first synergies within the next six months.

We expect that 2015 will also be a highly active year in East Capital Explorer, as the restructuring of the portfolio continues. We can also see that our new focus has paid off. If we look back to the end of 2012, when we began focusing on Private Equity and Real Estate in the Baltics, primarily, the net asset value and the share price have developed significantly better than the Eastern European region as a whole. Thus, we feel confident that the journey we have embarked upon is the right one for East Capital Explorer, and we are pleased to be able to offer our shareholders an increasingly unique portfolio with some of Eastern Europe's most interesting companies.



September

The Baltic holdings increased in Q3, as Starman and 3 Burès were appreciated, while Melon Fashion Group was impaired following the further weakening of the rouble



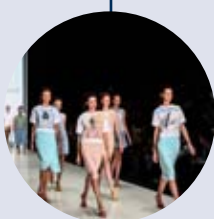
December

Starman announced its acquisition of the leading Lithuanian cable TV company Cgates. The acquisition is consistent with the ambition to create the first truly pan-Baltic cable TV provider



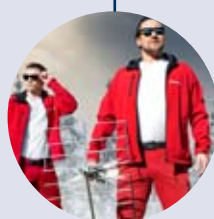
August

At an Extraordinary General Meeting in August, Liselotte Hjorth was elected new Board Member



November

In November, it was announced that East Capital Explorer will become a short-term shareholder in the Frontier Markets Fund following its merger with the New Markets Fund



Year-end

The rouble continued to weaken and MFG was impaired by 38 percent in Q4, while Starman and 3 Burès were appreciated by 16 and 6 percent, respectively

The strategy is intact

East Capital Explorer's strategy remains intact, based on the same four cornerstones as when the company was founded in 2007; growth in Eastern Europe, domestic consumption, companies with strong outlook and a long-term active ownership strategy. The strategy means that East Capital Explorer gives exposure to some of Eastern Europe's most interesting companies.

East Capital Explorer's strategy is based on four cornerstones;

- **Eastern Europe:** The Eastern European region is expected to grow faster than Western Europe. The Baltic Region and South East Europe have a mid-term expected growth of around 3 percent, which is twice as high as in the Eurozone. Russia is expected to remain below its growth potential in the mid-term but can surprise on the upside if structural reforms are implemented and the sentiment among investors improve
- **Domestic consumption:** The engine of the growth in the region is the domestic consumption which in turn is driven by the continued increasing disposable income in the region. Our target sectors are therefore Retail, Consumer goods, Financials and Real Estate
- **Companies with a strong outlook:** We focus on companies with either stable cash-flow, strong growth potential or high potential for revaluation (special situations). By adding these types of investments, we build a balanced portfolio combining different types of drivers as well as different types of risks.
- **Long term active investor:** As a long term investor we are able to time our investments and divestments based on what we assess to be the best timing and are less sensitive to short-term turbulence in the

market. Our active investment style means that we have a value-added approach, where we focus on adding competence and know-how to the companies we invest in.

We are primarily focusing on cash-flow and growth investments, and expect investments in the special situations category to decrease going forward.

A balanced portfolio of companies with a strong outlook



Target allocation:	• 30-50 %	• 30-50 %	• 10-30 %
Allocation 2014:	• 34 %	• 38 %	• 25 %
Drivers:	• Rent levels, yields, overall market development	• Leveraged exposure to GDP growth, consumption and sector growth	• Revaluation, privatisation, trade sales, restructuring, consolidation
Risks:	• RE: Vacancies and interest rates. PE: changed consumer trends/technology	• Business risks, market risks, political risks	• Market sentiment, politics

New way to realise the strategy

Our strategy is intact, but we are increasingly moving towards direct ownership to realise it. We are becoming a pure Private Equity and Real Estate investor with a more unique and concentrated portfolio of holdings where we can, in a more direct way, contribute our expertise and create value.

From listed to primarily unlisted assets
Since 2012, East Capital Explorer has increasingly been focusing on Private Equity and Real Estate, i.e. unlisted assets. These types of assets are typically less affected by short-term market sentiment at the same time as our strong network in the region enables us to find interesting companies that are not available for all investors. We also have increased possibilities to reach controlling stakes, which gives us better possibilities to carry through our value-added investment

management style, and ensures that we can drive the change and development in the companies.

From funds to direct investments

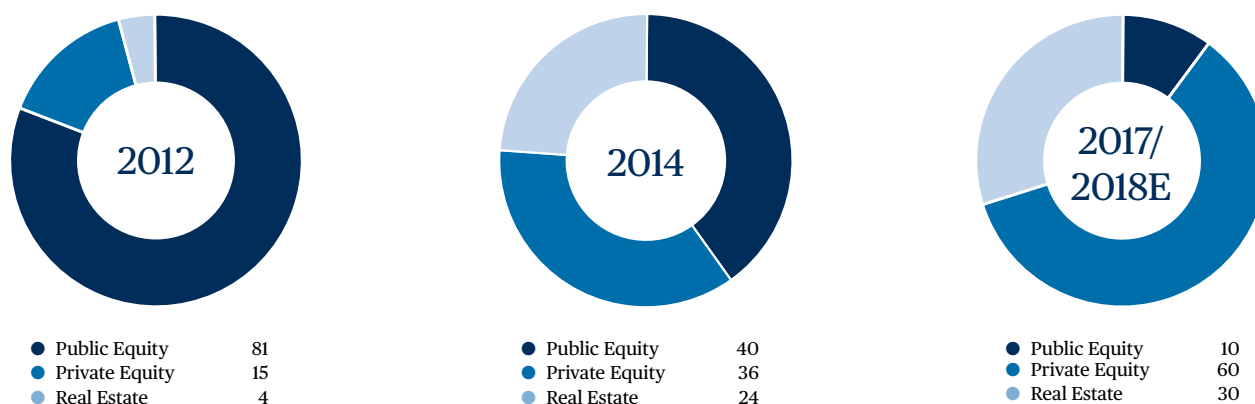
Our preferred way of investing is today through direct investments. By owning the companies directly we have greater possibilities of working closely with the companies, thereby adding value, and also review every investment based on what it adds to East Capital Explorer's portfolio. As a result, the concentration in the portfolio is increasing. This enables an increased transparency, where our shareholders can more easily get an understanding of the portfolio's exposure and its performance drivers.

Investments in East Capital's alternative investment funds, which historically have been the primary way of achieving exposure, can still be done. However, these types of investments will be done selectively and only when we can see a clear benefit to do so.

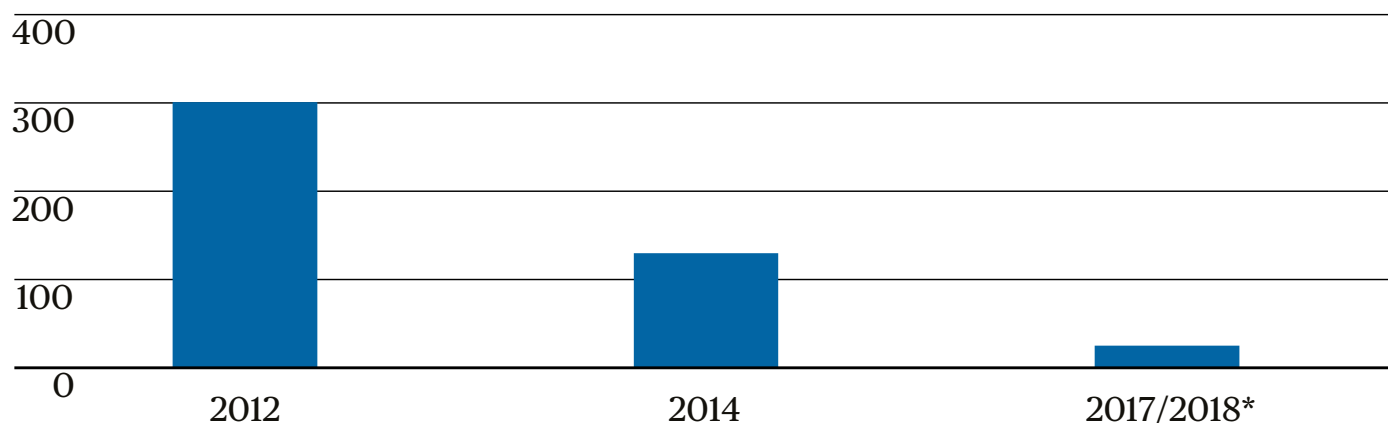
A portfolio in transformation

The portfolio has changed significantly during the past years, reflecting the new way of realizing the strategy. In the end of 2012, only a minor part of the portfolio consisted of Private Equity and Real Estate. Today, these parts represent more than half of the portfolio (60 percent as of 31 December 2014). The transformation will continue, and in a couple of years' time, we expect the portfolio to almost exclusively consist of Private Equity and Real Estate. We do, however, not rule out some listed assets. If we see clear opportunities in this asset class, we will continue to do our best to seize them for the benefit of our shareholders.

The transformation: focus shift toward Private Equity and Real Estate



Increased portfolio concentration (number of companies on a see-through basis)



*Expected. Assuming that all funds that comprise listed holdings have been divested.

Managing corporate governance risks and opportunities

East Capital Explorer has two documents that define and describe the ESG perspective in relation to our investments; The Principles of Responsible Investments and The Code of Conduct. East Capital acts as an active owner on behalf of and in close collaboration with East Capital Explorer.

Frontier and emerging markets are, by definition, more complex than more developed markets. This may include - to a varying degree - weaker frameworks and legal systems and a shorter history of managing and developing policy on issues related to corporate governance, democracy, human and labour rights, environmental challenges and corruption. We have seen significant developments and markets in our investment region maturing considerably since East Capital was founded in 1997. We are confident that this development will continue, albeit at varying pace and not always in a linear manner. It is East Capital's experience and firm belief that foreign investments, over time, contribute to positive development in less developed markets, as constructive engagement in most cases is seen to have greater positive effect than exit or isolation.

It is clear that there are corporate governance risks in all markets, not only in those that are more complex. All countries have their own culture and ground rules such as the legal system, regulatory frameworks, codes or local best practices. Investors need to be attentive of the specific rule set on each market which determines investors' expectations on the market place and market specific risks. Specialist investors, with an active stock picking approach such as East Capital, can leverage their knowledge, experience, local resources and network to make more informed investment decisions and avoid unnecessary risks.

We believe we stand a lot to gain by being as well-informed as possible, including trying to understand and assess relevant and material Environmental, Social and Governance (ESG) related risks and opportunities and how these may impact the long term value and position of a company. Typical corporate governance factors include, among other things; who are on the executive management team and on the Board of Directors? Is the current shareholder structure supportive for minority investors? Is the company sufficiently transparent and are reports and communication clear and dependable? We view challenges related to environmental and social issues as clear management and board issues, and therefore include them in our corporate governance reviews. In our investment region, East Capital is among the most active foreign



Louise Hedberg during a visit to the steel company Severstal in St. Petersburg.

investors which includes voting at general shareholders meetings, engaging in constructive direct dialogue with companies on issues which are key to creating shareholder value, nominating independent board members and collaborating with other investors.

Activities during 2014

Private Equity

In the Private Equity-investments, East Capital acts as an active owner on behalf of East Capital Explorer. This includes maintaining regular dialogue with company management teams and other shareholders, being represented on the board, filing resolutions and voting at shareholders' meetings. The more significant influence that we typically have in these companies also allow us to work together with the companies to set and deliver on relevant and material ESG targets. Our investment managers' perspective on the ESG factors in East Capital Explorer's two most relevant Private Equity-investments are described further below.

Starman

The ESG issues related to Starman's sector are more limited than in many other sectors. Starman's direct environmental impact is more limited since the company rents capacity in existing networks. The company has already implemented certain energy efficiency measures in the main premises in Tallinn which are both innovative and have had a positive effect on costs. Among social factors, Starman's share of what can be categorised as pornographic content remains insignificant. Starman's entrepreneur driven structure makes the governance perspective and issues such as management and board composition and succession planning relevant. In March 2014, we sadly and very unexpectedly saw

the passing of Peeter Kern, CEO and one of the two Starman founders. Thomas Tiivels, deputy CEO, was able to immediately assume the CEO position which allowed the continued smooth running of operations. Although Peeter Kern's great personality and innovative ideas are greatly missed, we are very confident that the Starman will continue to grow and develop in the same spirit. In May, Starman's board was strengthened with further industry expertise with Johnny Svedberg, formerly responsible for Tele2's business in Russia and Baltics, joining the Board at the AGM.

Melon Fashion Group

In Melon Fashion Group the most relevant and material ESG targets are currently to develop a responsible purchasing programme (supply chain) as well as continue to build best practice corporate governance which includes composing a suitable board and establishing routines for professional and timely financial reporting.

During 2014, MFG continued to develop the responsible purchasing programme that was launched in 2013. Activities included updating the Code of Conduct that all current suppliers and new suppliers must sign and adhere to, initiating factory audits aimed at reviewing both technical and social aspects and continuing the fabric testing process that was initiated in 2013. On the governance side the board is currently well composed with significant sector expertise from global retail concepts including IKEA and H&M as well as clothing brands such as Polarn&Pyret. Over the past couple years, MFG's reporting has significantly improved and the company now publishes its financial reports in accordance with IFRS. During the fall, East Capital Explorer began to publish MFG's results

on its website which contributes to further transparency (www.eastcapitalexplorer.com/en/investors-media/financial-reports). To be able to work closer to the company amid the turbulence in Russia, it was in December decided that Kestutis Sasnauskas, head of Private Equity and partner of East Capital and the Chairman of MFG, would step in as acting CEO after the previous CEO had stepped down, while David Kellerman would resume the position as Chairman.

Indirect investments through funds

Utilizing our shareholder rights

During 2014, the investment manager continued to, where possible, utilizes its right to nominate independent candidates to boards and participate in nomination committee processes in the listed companies held in the funds. Where East Capital is not able to nominate a director on its own, nominations may be filed in collaboration with other minority investors. In total, East Capital contributed to electing a total of 13 independent directors in companies held by funds in East Capital Explorer's portfolio, 7 of which were in Russia, 5 in the Balkan region and 1 in Georgia. During the 2014 AGM season, the investment manager was the most active ever in exercising its voting rights, voting in more than 30 companies held in funds included in East Capital Explorer's portfolio.

Engagement and dialogue

East Capital is continuously engaging with a number of portfolio companies and institutions on specific governance topics such as protecting minority rights in conjunction with corporate actions such as share capital increases, effective capital structures and dividends or improving transparency. During the year, the investment manager initiated a legal action in one of the holdings in the East Capital Deep Value fund, where East Capital did not agree with the fair value offered to minority investors in a management buy-out of the company. The aim of the legal action is to secure a higher fair value which would positively contribute to the value of the fund.

In addition to the many company meetings dialogues and engagements carried out directly by East Capital's investment team, East Capital is also a member of an external engagement forum, joining forces with other investors to initiate a dialogue with the companies that are alerted to have confirmed violations of international conventions and norms in the norms based screening process that East Capital carries out twice per year. The ultimate aim is always to initiate and support positive change in the company.



Company visits offer a good opportunity to raise and discuss ESG related issues. Picture taken during Peter Elam Håkansson's visit at Bank Saint Petersburg's headquarters.

The following ESG tools are currently applied to all Public Equity funds, Private Equity funds, Real Estate funds as well as special fund products managed by the East Capital Group:

- **Exclusion criteria:** East Capital does not invest in any company knowingly producing weapons, tobacco products or pornography or known to generate a significant part of its turnover from sale of such products.
- **Norm-based screening:** East Capital conducts a norm-based screening on all portfolios on a semi-annual basis using external service providers. The screening alerts East Capital of any holdings that are alleged to have breached the spirit of international conventions and norms on human rights, labour standards, environmental pollution, health & safety or bribery. The screening results can be used as an input for any decision to initiate an engagement dialogue with the company.
- **Voting and Engagement:** East Capital's general policy is to exercise voting rights if it is deemed to be in the best interest of the investors. The Investment Manager will reach their voting decisions independently and will not delegate decision making to any third party, although they may take third party recommendations into consideration.

East Capital will also evaluate whether it is relevant and suitable to initiate an engagement dialogue with portfolio companies that, in East Capital's view, do not

satisfactorily manage the ESG risks and opportunities relevant to their operations. East Capital's experience has shown that an engaged dialogue usually has greater impact on a company - as opposed to simply exiting the investment - and will more often lead to convincing the company to initiate positive change. An exit may, however, be used as a last resort if a company does not respond in an adequate manner.

- **Guiding policy documents:** Both guiding policy documents were adopted by the Board in 2008 and are revised annually.

The Principles of Responsible Investment specifies our expectations on East Capital to implement an investment process that includes both the financial outlook as well as an assessment of risks and opportunities related to relevant and material environmental, social and governance factors.

The Code of Conduct governs the principles of conduct and guidance for the Company's Board Members and for its employees.

The policies can be found on: www.eastcapitalexplorer.com/en/about-east-capital-explorer/our-responsibility

East Capital's collaboration with other shareholders, investor initiatives or associations:

Signatory of:



Signatory of the United Nations PRI Principles Since 2012



Investor Protection Association (IPA), Moscow Since 2002



Carbon Disclosure Project Since 2014

The East Capital Explorer share

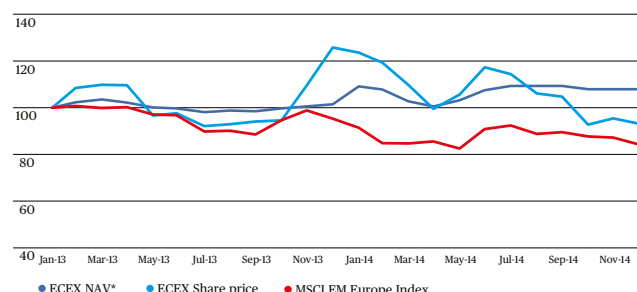
Facts

Listing	NASDAQ OMX Stockholm, Mid Cap
Listed since	9 November 2007
ISIN-code	SE002158568
GICS-code	40203010
Ticker	ECEX
Reuters	ECEX.ST
Bloomberg	ECEX SS Equity
Latest share price	www.eastcapitalexplorer.com

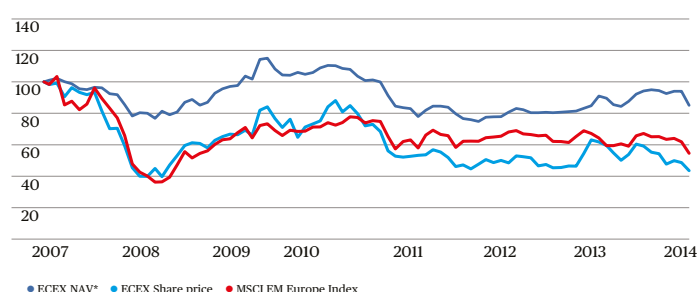
Key figures per 31 December 2014

	EUR	SEK
Net Asset Value per share	8.7	83
Closing price per share	4.5	42.50
Net Asset Value per share development during 2014	-11.4%	-5.5%
Share price development during 2014	-33.8%	-29.6%

East Capital Explorer vs indices during Jan 2013 - Dec 2014, EUR



East Capital Explorer vs indices since launch date in November 2007, EUR



Net Asset Value and share price development	2014	2013	2012	2011	2010
Net Asset Value per share, EUR	8.73	9.85	9.10	8.69	12.33
Net Asset Value per share, SEK	83	87	78	77	111
Net Asset Value at 31 December, SEKm	2,475	2,749	2,582	2,618	3,863
Net Asset Value per share development during the year, adjusted for dividend, SEK	-6%	12%	2%	-29%	13%
Share price at 31 December, SEK	42.50	62.25	49.00	53.75	84.75
Lowest, SEK	41.80	44.60	43.20	48.60	65.25
Highest, SEK	67.25	64.75	57.50	91.50	88.00
Market capitalization at 31 December, SEKm	1,273	1,956	1,618	1,815	2,954
Share price development during the year, adjusted for dividend and share redemption, SEK	-30%	27%	-7%	-36%	26%
Premium/discount to NAV at 31 December	-49%	-29%	-37%	-30%	-24%
Average premium/discount during the year	-37%	-42%	-35%	-31%	-29%
Total turnover, shares, million	12.8	14.8	10.0	12.4	14.0
Average daily turnover, shares	51,420	59,219	39,985	49,911	55,215

Development of relevant indices

MSCI Emerging Markets Europe Total Return Index, EUR	-20%	-9%	22%	-21%	25%
--	------	-----	-----	------	-----

Share capital and number of shares

Share capital at 31 December, EUR	3,650,155	3,639,711	3,630,535	3,628,059	3,628,059
Number of shares at 31 December *	29,943,260	31,424,309	33,024,595	33,770,121	34,851,675
Average number of shares	31,148,630	32,354,001	35,411,283	36,649,696	36,990,964

Ownership structure

Number of shareholders at 31 December	6,352	9,534	9,617	7,123	8,247
% shares held outside Sweden	42%	47%	37%	46%	44%

* Excluding shares held by the Company following buy-backs

10 largest shareholders and custodians ¹ on 31 December 2014		
Name	Number of shares	Holding, %
East Capital & Partners ²	6,420,255	21.4
JPM Chase NA	2,773,851	9.3
SIX SIS AG	1,234,304	4.1
Danske Capital Sverige AB	1,075,310	3.6
Fjärde AP-fonden	1,050,635	3.5
Fidelity Nordic Fund	1,005,000	3.4
SEB London - Clients Acc	834,818	2.8
State Street Bank & Trust Com., Boston	715,619	2.4
Rasjö, Staffan	714,704	2.4
Försäkringsbolaget Avanza Pension	539,487	1.8
Total top 10 shareholders and custodians	16,363,983	54.7
Other shareholders and custodians	13,579,277	45.3
Total	29,943,260	100.0

¹ A majority of the shares registered by foreign shareholders are registered through custodians. This implies that the beneficial shareholders are not officially registered. Certain shareholders may also register part of their holdings through custodians.

² East Capital's own investment and investments by Partners in East Capital. The figure presented does not reflect all holdings by East Capital, its Partners and related parties (including funds represented by East Capital), which at the end of 2014 represented approximately 22% of the Company's shares.

Performance and turnover

In 2014, the share price fell by 30 percent, comparable to MSCI EM Europe, which declined by 20 percent. The highest closing price was recorded on 17 January to SEK 67.25 and the lowest on 17 December to SEK 41.80. Market Cap on 31 December 2014 amounted to SEK 1,273m or equivalently EUR 134m.

Turnover

A total of 12,803,667 East Capital Explorer shares were bought and sold during the year, of which the Nasdaq OMX Stockholm accounted for 100 percent of the turnover. The average daily volume amounted to 51,420 shares, corresponding to just over SEK 2.7m.

Share Capital

As of 31 December 2014, the share capital of East Capital Explorer amounted to EUR 3.65m (EUR 3.64m), consisting of 29,943,260 (31,424,309) shares. The difference in the number of shares outstanding compared with previous year is attributable to the share redemption program in 2014.

Major share holdings

East Capital Explorer has one shareholder, East Capital, that directly or indirectly holds shares representing at least one tenth of the voting rights for all shares in the company. East Capital on 31 December 2014 held 21.4 percent of the shares.

Voting rights

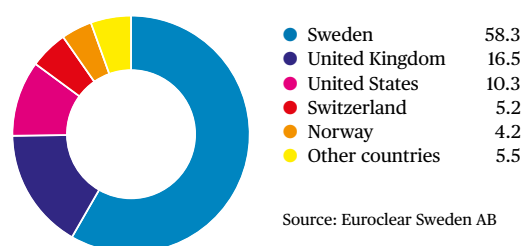
Each share in East Capital Explorer entitles to one vote. East Capital Explorer's articles of association do not contain any limitations to how many votes each shareholder may cast at a general meeting.

Redemption program and dividend policy

In 2012, the Board announced its intention to, over a three-year period (2013-2015), annually propose a redemption program for existing shareholders in case the discount to NAV exceeds 10 percents. During this period, the redemption program replaces the Company's dividend policy. At the 2014 Annual General Meeting, a voluntary redemption procedure was decided upon, implying that shareholders could redeem 1 of 20 shares at their NAV, where the redemption price per share for 2014 amounted to SEK 83 (corresponding to the NAV per share as at 28 February). 1,481,049 shares were redeemed through the 2014 program, equivalent to an acceptance level of about 94 percent. This entails a payout totaling SEK 123m, or EUR 13.6m to shareholders, after cancellation of repurchased shares.

Ownership distribution by size of holding				
Number of shares per holding	Number of shareholders	% of share-holders	Total number of shares	% of shares and votes
1 - 500	5,082	80.0	649,217	2.2
501 - 1 000	461	7.3	375,714	1.3
1 001 - 5 000	501	7.9	1,362,852	4.6
5 001 - 10 000	122	1.9	888,355	3.0
10 001 - 15 000	55	0.9	680,329	2.3
15 001 - 20 000	21	0.3	384,358	1.3
20 001 -	110	1.7	25,602,435	85.5
Total	6,352	100.0	29,943,260	100.0

Ownership distribution by country (top 5, %)



Preference shares

In order to be able to take advantage of attractive investment opportunities in the future, an Extraordinary General Meeting on 24 March 2014 decided, in accordance with the Board's proposal, to introduce a new class of shares, preference shares, by amending the Articles of Association and to authorize the Board to issue up to 1,000,000 preference shares until AGM 2015. The Board decided in October not to use this mandate.

Net Asset Value

East Capital Explorer's net asset value per share is calculated as the sum of assets (all investments plus all other assets, such as liquid assets) minus liabilities divided by the number of shares outstanding, excluding any repurchased shares.

The total NAV is published on a quarterly basis in the Company's interim reports. The NAV of fund holdings is published monthly by press release on the fifth working day after the end of each month.

Translation of NAV to SEK and share to EUR are made only for information purposes, and may therefore vary according to time and source. East Capital Explorer applies closing rates from Reuters.



Investor information is continuously updated on
www.eastcapitalexplorer.com





Our portfolio

Introduction

Comments from Investment Management	16
Portfolio Overview	18
The portfolio in brief	19

Private Equity

Starman	21
Melon Fashion Group	22
Trev-2 Group	23
East Capital Bering Ukraine Fund R	23

Real Estate

3 Burès	25
East Capital Baltic Property Fund II	26

Public Equity

Komercijalna Banka Skopje	29
East Capital Capital Deep Value Fund	29
East Capital Frontier Markets Fund	30
East Capital Russia Domestic Growth Fund	30

Comments from Investment Management



Peter Elam Håkansson
Chairman, East Capital

2014 was characterized by major changes in East Capital Explorer's portfolio, which continued to shift from listed holdings to Private Equity and Real Estate, and from Russia to the Baltics. The ambition is to, in a few years' time, focus the portfolio on a smaller number of Private Equity and Real Estate investments. We saw a strong development in the Baltics, which is also where our activity was the highest, but this could not fully compensate for the disappointments in Russia.

A portfolio in the midst of change

The portfolio activity level was high during 2014. Both directly and through East Capital Baltic Property Fund II, we increased the exposure to Baltic properties and at the end of the year

it was announced that Starman, the Estonian cable TV operator which now comprises the largest holding in East Capital Explorer's portfolio, intended to acquire Cgates. Cgates is one of Lithuania's leading companies within Starman's business area. The deal was closed in February this year, partly financed by an add-on investment by East Capital Explorer through a share issue in Starman, amounting to EUR 22.5m. During recent years, we have financed new investments by parallel divestments of fund holdings. This has led to a significant concentration of the portfolio. Unlisted holdings, including Private Equity and Real Estate, accounted for 60 percent of the total net asset value as at 31 December 2014, compared with 49 percent one year earlier and 35 percent two years ago. Our goal is to, in a couple of years, increase this portion to 90 percent, in a portfolio focused on a smaller number of investments where we have a controlling stake. This figure also includes Real Estate owned through East Capital Baltic Property Fund II, where East Capital Explorer is the largest investor. Fund holdings with listed equity in them, will successively be sold to finance these new strategic investments in Private Equity and Real Estate.

With a clearer focus on Private Equity and Real Estate, and with a consequently smaller number of holdings, portfolio transparency will increase and value drivers will be crystallized. In addition,

having controlling ownership, East Capital Explorer has greater possibilities to actively create value in its portfolio holdings, something that our experience from more than ten years of Private Equity investments across Russia, the Baltics, the Balkans, Georgia and Ukraine has taught us is crucial. With a controlling ownership, we can actively drive performance in the companies through contributing with both competence and capital. Starman is a vivid example of this. In Starman, we have recruited key Board competence and have now, through the recent capital investment, enabled an add-on acquisition in a move to consolidate the Baltic cable TV market. Consolidation enables increased cost efficiency and other synergies, but it also enhances the size and thereby the value of the holding ahead of a future exit, as a larger transaction typically increases the number of potential buyers. Controlling ownership also reduces the risk for East Capital Explorer, as no other shareholder can force or hinder, for example, an exit.

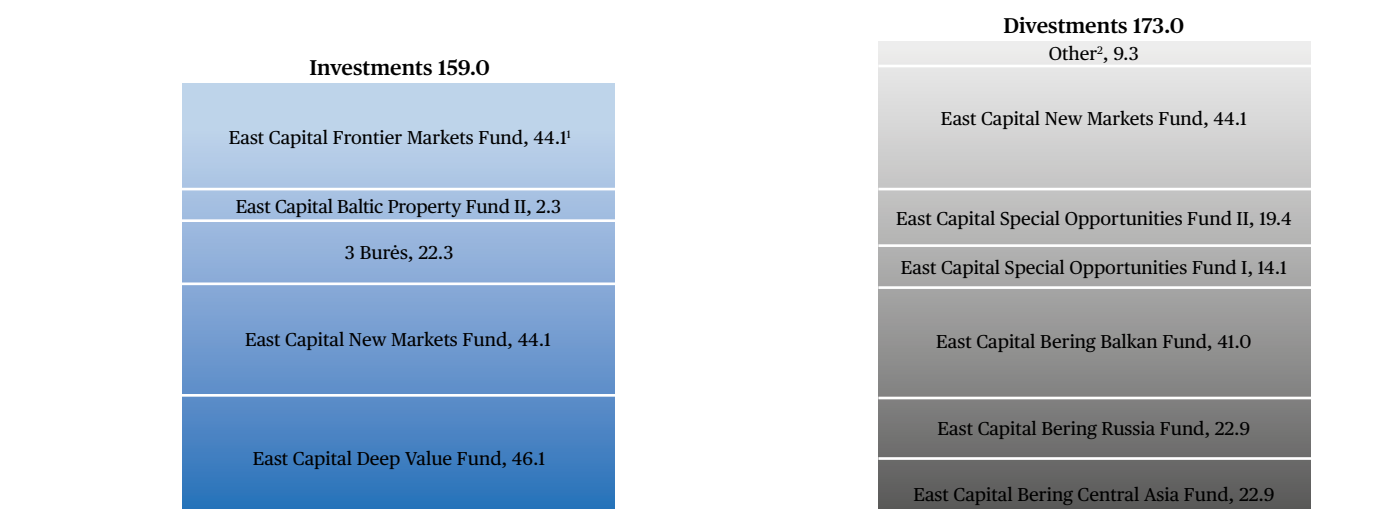
Focus on the Baltics

For a number of years now, we have identified the Baltics as a region in which we wish to expand and make additional investments. East Capital Explorer has invested almost EUR 100m in the Baltics over the last two years and the region is in our prime hub for new Private Equity and Real Estate investments. East Capital has



» *The Baltic economies are among the fastest growing in Europe, driven by both export and domestic demand.*

Portfolio activity during 2014 (EURm)



¹ East Capital Frontier Markets Fund is classified as a short-term investment

² East Capital Frontier Markets Fund EUR 5.1m, East Capital Bering Ukraine Fund Class A EUR 3.4m, Trev-2 Group EUR 0.7m, East European Debt Finance EUR 0.1m

a local Private Equity as well as a Real Estate team in the Baltics, which enables us to better identify new attractive investments and work closely and actively with our portfolio companies and properties. Given the current market environment, we do not actively seek new investments in Russia.

The Baltic countries are very attractive from a macro-economic perspective. The economies are amongst the fastest growing in Europe. Growth, around three percent, is broad and driven by both export and domestic demand, while inflation remains low. The recovery from the financial crisis has fuelled demand for, not the least, offices, logistics and retail premises, which comprise attractive and high-yielding investment opportunities. Yields are around 200-300 basis points higher than for equivalent Real Estate on the other side of the Baltic Sea, and with 60-70 percent leverage, we generated a return on invested capital of 15-20 percent in 2014, only from the cash flow. In addition, there is upside potential in current rental levels. In contrast with the Nordic capitals, the rents in Riga, Tallinn and Vilnius have not recovered since the financial crisis, but we can tell that they are increasing based on the fact that new rental agreements signed with tenants are consistently above market average.

What makes the Baltic Private Equity market particularly interesting is a combination of the facts that Baltic companies begin to value equity, while access to loan financing is good for players such as East Capital Explorer. Many companies started in the 1990's are now undergoing generational shifts and are being exited. In addition, within the segment in which we are seeking investments, competition right now is limited. In the Baltics, we are concentrated on cash flow generating assets, such as Starman.

Disappointments in Russia

Obviously, 2014 was a disappointment for everyone investing in Russia, including East Capital Explorer. Falling oil prices, sanctions and a weakening of the rouble all put additional pressure on the Russian economy, which already had begun to slow down due to structural factors. However, macro-economically speaking Russia still stands strong with the world's fourth largest currency reserve of over USD 400 billion and a national debt level of only 10 percent of GDP, compared with a currency reserve of USD 10 billion and a national debt level over 100 percent of GDP at the time of the Russian crisis in 1998. The Central Bank's decision to float the rouble also helps to balance the country's national budget in the context of low oil prices. On the other hand, inflation has risen and interest rates have increased, which negatively impacts consumption and investments. The marked weakening of the rouble also implies a particularly hard hit against the type of companies we are most interested in here, for example, consumer companies. Consequently, Melon Fashion Group, East Capital Explorer's only Private Equity investment in Russia, has seen its costs increase while growth in like-for-like sales has stalled during the year.

However, that an entire country has economic problems does not mean that one cannot find good investments, and crises are not necessarily solely negative. Quite the opposite; usually the

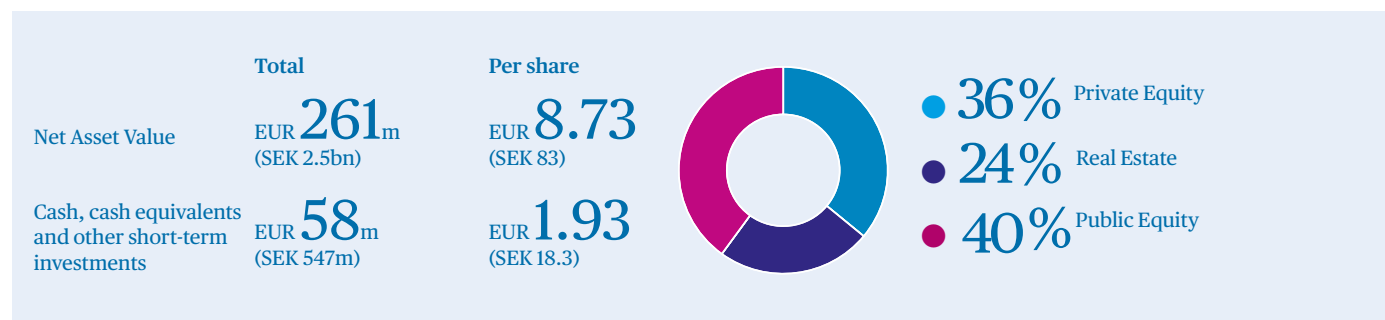
best companies come out of crises stronger as they succeed in strengthening their positions and taking market shares from weaker companies. In the same manner, we see the opportunity to strengthen Melon Fashion Group's position in the Russian fashion retail market, where, of course, all chains are affected by the changed market conditions. Our team is actively engaged in this company, which we aim to lift to the next level through a number of development projects taking place in all parts of the organisation. This is a question, partly, of significant measures to reduce costs, but also of strengthening MFG's market position through more attractive locations in shopping centers and through attracting new clients with smart marketing when the competitors begin to slow down their activities.

The level of uncertainty will remain high in Russia, and oil prices are decisive to the development of the rouble. We believe that the oil price will remain volatile in 2015, and that the average price will be around USD 60 per barrel. In the long term, we hope that the weaker economic situation in Russia produces positive effects in terms of an increased pressure on reforms in the political leadership. For a number of years, there has been a dearth of structural reforms which has hindered growth in Russia, but this is, also, the reason that the continued potential in the country is great.

About the Investment Manager: East Capital

East Capital is a specialist in emerging and frontier markets. The company, founded in 1997, bases its investment strategy on thorough knowledge of the markets, fundamental analysis and frequent company visits by its investment teams. The company manages approximately EUR 2,5 billion in public and Private Equity funds and Real Estate. It is headquartered in Stockholm with offices in Dubai (soon to open), Hong Kong, Luxembourg, Moscow, Oslo, Paris and Tallinn. Learn more about East Capital on: www.eastcapital.com

Portfolio overview



Private Equity	Real Estate	Public Equity	Portfolio per 31 December 2014				Value change Jan-Dec 2014, % ¹	
			Fair value 31 Dec 2014 EURm	NAV/Share, EUR	% of NAV	Fair value 31 Dec 2013 EURm ⁴		
			Direct investments					
•			Starman	39.5	1.32	15.1	23.6	67.4 ⁴
•			Melon Fashion Group	35.1	1.17	13.4	70.5	-50.2
	•		3 Burès (former Vilnius Business Harbour)	24.2	0.81	9.3	-	8.6
•			Trev-2 Group	8.5	0.28	3.2	9.8	-5.0
		•	Komercijalna Banka Skopje	7.3	0.24	2.8	6.6	-10.9
			Total direct investments	114.6	3.83	43.9	110.5	-13.1
			Fund investments					
•		•	East Capital Deep Value Fund	47.0	1.57	18.0	-	1.9
	•		East Capital Baltic Property Fund II	24.4	0.81	9.3	20.7	6.0
		•	East Capital Russia Domestic Growth Fund	16.1	0.54	6.2	42.3	-61.9
•	•		East Capital Bering Ukraine Fund Class R	2.0	0.07	0.8	2.5	-20.4
			Funds fully divested in 2014 ³	-	-	-	123.5	0.2
			Total fund investments	89.5	2.99	34.2	189.0	-8.6
			Short-term investments					
			East Capital Frontier Markets Fund	40.9	1.37	15.7	-	4.4
			East Capital Frontier Markets Fund - Redemption	5.1	0.17	2.0	-	-
			Other short-term Investments	6.2	0.21	2.4	-	-
			Short-term Investments ⁵	52.2	1.74	20.0	-	-
			Cash and cash equivalents	5.6	0.19	2.1	20.3	-
			Total short-term investments	57.8	1.93	22.1	20.3	-
			Total portfolio	261.9	8.75	100.2	319.8	
			Other assets and liabilities, net	-0.6	-0.02	-0.2	-10.4	
			Net Asset Value	261.3	8.73	100.0	309.4	-11.4 ^{2, 4}

¹ The value change calculation is adjusted for investments, divestments and distributions during the relevant period. i.e. it is the percentage change between: the ending value plus any proceeds from dividends or divestments during the period, divided by the starting value plus any added investment during the period

² NAV per share development

³ As of January 1, 2014 East Capital restructured four of its Bering funds; East Capital Bering Russia Fund, East Capital Bering Balkan Fund, East Capital Bering Central Asia Fund and East Capital Bering Ukraine Fund A. The funds were transformed into two new funds; East Capital New Markets Fund and East Capital Deep Value Fund. In December 2014, East Capital New Markets Fund merged with East Capital Frontier Markets Fund. The fair value change of East Capital New Markets Fund for the period Jan-Dec 2014 was -0.1%. The remaining fair value change relating to fully divested funds refer mainly to the final redemption in East Capital Special Opportunities Fund in March 2014 and final redemption in East Capital Special Opportunities Fund II in December 2014

⁴ As from 1 January 2014, amendments to IFRS 10 and IAS 27 regarding accounting by Investment entities have been applied. Comparables have been restated. The only notable effect from the restatement is attributable to the holding in Starman. In the earlier published reports relating to 2013, Starman was included at equity value in the consolidated accounts compared to fair value (acquisition value) in the restated figures, resulting in an adjustment of the value per 31 December 2013 of EUR -1.4m

⁵ East Capital Frontier Markets Fund is classified as a short-term investment as it is expected to be divested within 12 months. The cash inflow from the redemption of shares in East Capital Frontier Markets Fund, equivalent to EUR 5.1m, which was made at the end of December, was received in January and is hence not included in cash and cash equivalents

1 EUR = 9.47 SEK on 31 December 2014. Source: Reuters

Note that certain numerical information may not sum up due to rounding

The portfolio in brief

East Capital Explorers portfolio is actively managed and comprises 36% (39%) Private Equity, 24% (10%) Real Estate and 40% (51%) Public Equity. The largest geographical exposures are towards the Baltic countries with a weight of 41% (20%), Russia 27% (49%) and the Balkan countries 14% (23%). 86% of the portfolio is invested in the Company's targets sectors: retail, consumer goods, financials and Real Estate.

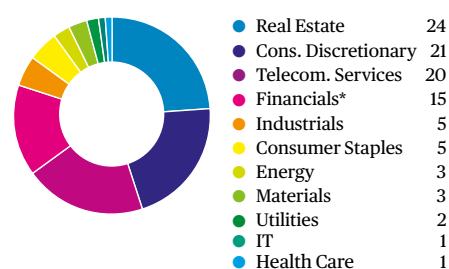
The ten largest holdings in East Capital Explorer's portfolio on a see-through basis (total of direct and indirect holdings)¹

On 31 December 2014

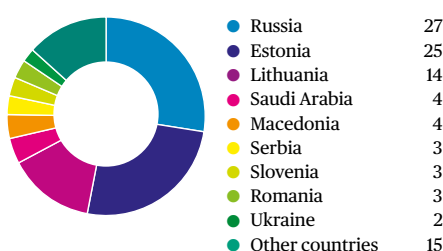
Company	Value in portfolio, EURm	% of NAV	Perf. 2014, %	Country	Sector	East Capital Explorer's investment vehicle
Starman	39.5	15.1	67.4	Estonia	Telecom	Direct Investment
Melon Fashion Group	35.1	13.4	-50.2	Russia	Consumer Discretionary	Direct Investment
3 Burès	24.2	9.3	8.6	Lithuania	Real Estate	Direct Investment
Komercijalna Banka Skopje	9.1	3.5	10.9	Macedonia	Financials	Direct Investment East Capital Deep Value Fund
Trev-2 Group	8.5	3.2	-5.0	Estonia	Industrials	Direct Investment
GO9	7.3	2.8	-2.3	Lithuania	Real Estate	East Capital Baltic Property Fund II
Tānassilma Logistics	6.6	2.5	1.1	Estonia	Real Estate	East Capital Baltic Property Fund II
Metro Plaza	4.4	1.7	-0.7	Estonia	Real Estate	East Capital Baltic Property Fund II
Integra	4.0	1.5	-32.4	Russia	Energy	East Capital Deep Value Fund
Evraz	3.8	1.5	51.3	Russia	Materials	East Capital Deep Value Fund
Total	142.5	54.5				

¹ As East Capital Explorer had owned its pro-data share of all the underlying securities in the different funds it has invested in

Sector breakdown, %



Country breakdown, %



Asset class breakdown, %



In line with our investment theme, the majority of our holdings are made in sectors favored by domestic growth, such as retail, consumer goods, finance, and real estate. Our focus on Baltic Real Estate has become visible through the increased exposure towards the real estate sector which rose from 9 to 24 percent of the portfolio during the year, primarily as a result of the direct investment in the Lithuanian office building 3 Burès, but also through an additional investment in East Capital Baltic Property Fund II, as well as the the value increases in these investments. At the same time, the increase is a relative consequence of the reduced exposure to consumer discretionary goods, which decreased from 40 percent to 21 percent of the portfolio, as a result of the strong rouble decline.

The Baltic countries accounted for our largest geographical exposure with a portfolio weight of 41 percent, compared with 20 percent at the end of 2013. The increasing exposure to this region is mainly a result of continued investments in the Baltic Real Estate sector and Starman's stable increase in value. Russia's share has however decreased from 49 to 27 percent, partly due to divestments and partly due to the weak development of the Russian holdings. We also have a significant proportion invested in the Balkan region, which however decreased from 23 to 14 percent of the portfolio compared to last year.

The portfolio contains both unlisted (Private Equity and Real Estate) and listed holdings (Public Equity). At the end of the year the unlisted holdings accounted for 60 percent of the portfolio, compared with 49 percent at the beginning of the year. Real Estate increased as a result of additional investments as well as a positive development in the investments. The Private Equity part decreased somewhat affected by the depreciation of MFG which, however, was almost offset by the increase in value in Starman. The share of listed holdings declined by 11 percentage points to 40 percent. The decrease was a result of divestments and to some extent value declines, primarily in the Russian listed holdings.

Private Equity

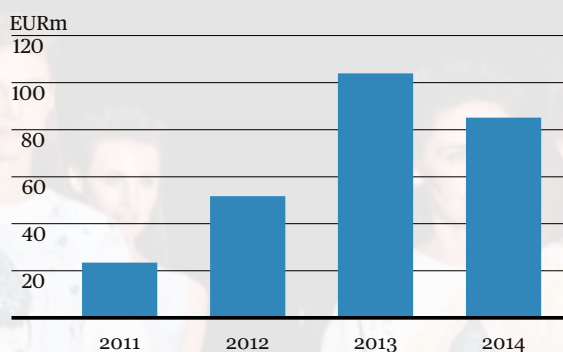
» The Private Equity portfolio primarily aims at non-cyclical, consumer-oriented companies with high growth potential that can benefit from the economic growth and growing income levels in our region. The portfolio has grown larger in recent years, and primarily consists of investments in the Baltics countries and, on a more selective basis, Russia.

Our team works actively to identify and evaluate new investment opportunities. In many of East Capital Explorer's focus areas there are larger gaps between good and bad companies than in traditional, more developed markets. East Capital's local presence allows us to be present and learn about what is happening and why, giving us the means to invest in the best companies long-term.

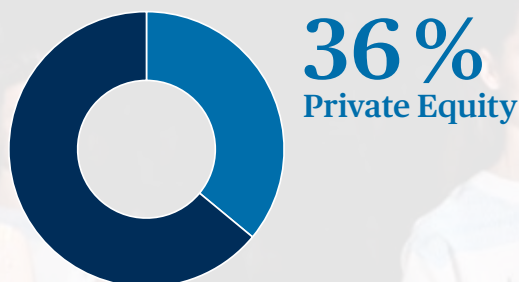
involved in corporate governance and strategic decisions, our teams can add industry expertise to help senior management develop and operate companies in a way that ultimately creates value for East Capital Explorer shareholders, either by stable cash flows or value realization in connection with listing or sale.

The investment strategy primarily targets growth and cash flow generating assets. The goal is to exploit attractive investment opportunities where we as owners can add value. By being actively

Value of the Private Equity Portfolio



Portfolio weight



EURm	Holding	Segment Geography	Date of Investment	Invested Amount	Dividends, divestments	Fair Value	The investment in short
starmen	Starman (DI)	Telecom The Baltics	May-13	24.0	-	39.5	Starman, Estonia's leading cable TV and broadband provider, benefits from its loyal customer base that generates strong non-cyclical cash flows. The company, with its leading market position and superior products, is well positioned to benefit from market consolidation and increasing broadband penetration in the Baltics
MELON FASHION GROUP befree ZARINA LOVE REPUBLIC	Melon Fashion Group (DI)	Consumer Russia	Oct-08	28.9	3.7	35.1	MFG is the fastest growing fashion retailer in Russia. The company is well positioned for growth with a broad target group under three strong brands; Zarina, befree and Love Republic. MFG benefits from the consolidation in the fragmented Russian fashion industry and long-term consumption growth
TREV2	Trev-2 Group (DI)	Industrials The Baltics	Aug-11, Dec-13	7.2	0.9	8.5	The Estonian construction and engineering company Trev-2 Group is a restructuring case, that under our guidance has been scaled down to focus on its core areas: environmental and road facilities. The Company, with its strong operational and market expertise benefits from the long-term growing infrastructure needs in Estonia
EAST CAPITAL	East Capital Bering Ukraine Fund R (FI)	Real Estate Consumer Ukraine	Jan-08	11.7	1.7	2.0	The Fund consists of two companies: the Real Estate company Cantik (75% of the fund), which owns and operates four commercial Real Estate in Ukraine, and one of Ukraine's largest food producers, Chumak (25%), which manufactures products such as ketchup, mayonnaise, sauces and pasta with exports to North America, the Baltics, Russia and other CIS countries

71.8 6.3 85.1* +27 %

DI = Direct Investment, FI = Fund Investment

*EUR 86m including Private Equity-investments in EC Deep Value Fund

Starman

East Capital Explorer's holding in the company: 51%

The Company

Tallinn-based Starman is Estonia's leading provider of cable television services and broadband, with a share of 37 and 21 percent of each market. Since its establishment in 1992, the company has grown organically and through acquisitions, integrating more than 20 local suppliers in its business. At the end of 2014 Starman had 318,000 subscribers, with 97 percent digital coverage in Estonia. In 2015, the company will expand through the acquisition of the Lithuanian cable television provider Cgates, embarking on its way to becoming the first truly pan-Baltic player in the cable television and broadband.

Development 2014

Starman's stable performance in 2014 reflected a steady and strong growth with sustained profitability and an EBITDA margin that continued to be far better than the industry average. Customer base growth was positive on an annual basis, which confirms that the product offering and service mix is attractive. The product portfolio was expanded with several new launches, including the mobile TV service TV Everywhere and 400 Mbits Internet, which is the fastest available speed for households in the Estonian market. Meanwhile, the company took the first step in consolidating the Baltic market through the acquisition of Cgates, Lithuania's second-largest cable television and internet provider. In connection with the acquisition, which was completed in February 2015 and valued Cgates at EUR 56m, East Capital Explorer made a shareholder contribution of EUR 22.5m in Starman through a share issue, thereby increasing its stake in the company from 51 to 63 percent.

Outlook 2015

The acquisition of Cgates was completed in February 2015. The focus is now on integrating Starman and Cgates in order to realise the expected synergies. At the same time, Starman will work actively to maintain the organic growth in Estonia by continuing to develop its strong product offerings. The Company is analysing the possibilities to upgrade Cgates product range by utilising Starman's existing technology and know-how. Going forward, conditions for continued market consolidation are favorable. Starman is in a strong position to lead the process.

Investment Rationale

- *Exposure to stable and growing cable TV and broadband market*
 - Lower broadband penetration: 59% compared to an average of 83% in Western Europe
 - Strong business model: through its well-known brand and market-leading products Starman clearly outperforms competitors in terms of growth and profitability
- *Strong and non-cyclical cash flow*
 - Loyal customer base with good payment discipline generates a strong non-cyclical cash flow
 - Strong cash conversion and ability to deleverage quickly
- *Possibility to generate synergies through market consolidation*
 - Largest market operator with a household coverage above 52 percent and market leading in pay-tv services
 - Significant synergy potential through its active role in the ongoing market consolidation across the Baltic region, where the acquisition of Cgates in February 2015 is considered to be the first step
 - Can take advantage from economies of scale including capex, SG&A and negotiation with content providers and equipment vendors

Key figures

EURm	2014	2013	2012	2011
Sales	33.6	30.2	28.0	25.7
EBITDA	15.9	14.6	13.1	11.3
Net profit	3.1	4.2	4.8	3.1
Sales growth (%)	11.1	7.9	8.9	1.2
EBITDA margin (%)	47.4	48.3	47.0	44.0
Revenue generating units ('000)	318	293	286	289
Average revenue per unit (EUR/month)	14.6	13.4	12.3	11.4

starman Read more about the company on www.starman.ee



Melon Fashion Group

East Capital Explorer's holding in the company: 36%

Company

Melon Fashion Group (MFG) is one of the largest and fastest growing fashion chains in Russia. At the end of 2014, the company operated 669 stores under three brands: Zarina, befree and Love Republic. MFG is a pure retail company where production is outsourced to subcontractors. MFG's strong financial position made expansion, both organically and through acquisitions, possible during the financial crisis. Since 2008 the company has increased its turnover from RUB 2m to RUB 11m in 2014.

Development 2014

The uncertain geopolitical development in Ukraine and Russia during the year was reflected in the Russian economy, which, together with the sharp fall in oil prices, resulted in a falling rouble and subdued consumer demand. MFG's business was impacted by a decline in demand for consumer durables. Despite this, the company grew in line with the growth strategy, while maintaining the level of comparable sales. In terms of costs, MFG was pressured by the weakening rouble due to goods purchases denoted in foreign currency as well as store rents linked to the USD and/or EUR, with reduced margins as a result. Although expansion and market consolidation among the largest players will continue to be the main driver for the company's growth, MFG decided to slow down its expansion plans to ensure that it meets profitability and efficiency targets.

MFG has throughout 2014 worked actively to optimise purchasing volumes and delivery logistics. This included the opening of a new warehouse to further reduce delivery times to Siberia, the Urals and the eastern regions. Towards the end of the year, a cost savings programme was launched to improve profitability. The company is also focusing on reducing currency risk through renegotiations of lease contracts from fixed rents denoted in USD to sales based rents in RUB. At the same time, the current situation creates new possibilities in terms of decreasing competition, especially from international retail chains. Management actively works to take advantage of the current competitive situation, by seizing attractive store locations but also through marketing initiatives.

Outlook 2015

The outlook for 2015 is uncertain and the challenging environment for fashion retailers operating in Russia continues. The Russian Economic Ministry expects that real wages will fall by nearly 10 per cent and retail trade by 8 percent in 2015. A number of international players have already announced a slowdown in their Russian expansion plans, which is not an alternative for domestic companies such as MFG. MFG's point of focus will instead be cost efficiency. Potentially, this is a paradigm shift for the fashion industry's business model in Russia, which has previously been characterized by strong gross margins with disproportionately high rents due to the lack of retail space in the country. Now gross margins are pressured because of sales and other costs denominated in foreign currencies, while there is room to lower rents significantly as a consequence of the rising vacancy rates in shopping centers. For MFG, lower rents will in part compensate higher production costs. Other focus areas include the optimization of personnel costs, while the expansion plans have been postponed in order to preserve liquidity and channel all efforts into prioritized areas. This shift in strategy, going from rapid growth to focus on profitability and efficiency improvements, will be the main change compared to the previous year.

Investment Rationale

- *Exposure to the Russian consumer market*
 - The expected long-term increase in disposable income is driving consumption
 - Rapidly growing but unsaturated retail market
- *Exposure to an attractive, fast-growing retail segment*
 - Russia is the third largest fashion retail market in Europe and is expected to reach USD 100 billion from 2017 to 2018
 - Consolidation potential remains: the top 10 retailers account for only 12% of the total market, compared with 49% in England.
 - Russian consumers spend more than 4% of their income on clothing: a higher average than other Eastern European markets and fashion conscious countries like England and Sweden
- *Exposure to one of the largest domestic fashion retailers*
 - Melon Fashion Group is Russia's largest domestic fashion retailer, measured in number of stores
 - The sales area increased by an average of 28% per year between 2008-2014
 - The Company has the support of a strong and experienced Board and management, with broad industry experience

Key figures

RUBm	2014	2013	2012	2011
Sales	11,192	8,966	7,061	5,103
EBITDA	407	902	1 023	260
Net profit	-19	630	687	50
Sales growth (%)	24.8	27.0	38.3	27.9
Gross margin (%)	53.4	58.8	60.9	59.7
EBITDA margin (%)	3.6	10.1	14.5	5.1
No. of stores, end period	669	586	450	382
Like-for-like sales growth (%)	0.2	6.5	27.0	10.0

MELON
FASHION GROUP

Read more about the company on
www.melonfashion.ru



Trev-2 Group

Company

Trev-2 Group's (Trev-2) core business is construction and maintenance of roads and environment-related infrastructure, but the business also includes production of asphalt, aggregates and road safety products. The first investment was made in 2011 in view of the company's restructuring potential, where the liquidation of unprofitable operations and an increased focus on profitability was considered to be a source of value creation. Since then, Trev-2 has scaled down from 17 majority-owned to four wholly-owned subsidiaries. The most significant change occurred in 2013 when Trev-2 exited the general construction segment to fully focus on its current core business.

Development 2014

In 2014, Trev-2 continued developing the business in line with the established restructuring strategy, including the 49 per cent add-on acquisition of subsidiary Taskar, which focuses on environmental engineering. The acquisition means that Trev-2 now wholly owns all of its subsidiaries. As a part of the transaction, East Capital Explorer decreased its holding from 40 to 38.3 percent by selling a stake to Taskars previous minority shareholders.

Trev-2's revenue decreased during the year, mainly as a consequence of last year's restructuring but also because of increased competition among Estonian construction companies due to reduced EU funding for infrastructure projects. In parallel, rising costs, including increases in real wages, put pressure on margins which made it difficult to maintain profitability on an annual basis. Trev-2 paid a dividend equivalent to EUR 0.2m for East Capital Explorer's stake.

Outlook 2015

Trev-2's business volumes are expected to remain unchanged in 2015. The Company will continue with its efficiency programs with the goal of becoming the most profitable company in the industry in the Baltics. At the same time, the ambition is to further strengthen management at all levels in the company. Besides the continued focus on its core areas, the company is seeking growth and consolidation opportunities in the Baltics.

East Capital Explorer's holding in the company: 38 %

Investment Rationale

• A solid restructuring case

- Strong local presence, market knowledge and professional skills
- Stable track record in its core areas: road construction and maintenance
- Focus on core areas by divestments and streamlining of the organisational structure

• Targeted efficiency improvements can release value

- Continued focus on profitability improvements in core business

Key figures

EURm	2014	2013	2012	2011
Sales	66.3	103.1	95.6	68.2
EBITDA	5.5	9.4	4.9	-1.3
Operating profit	2.0	4.7	1.5	-4.3
Net Profit	1.6	4.0	0.6	-8.3
Sales growth (%)	-35.7	7.9	40.2	-
EBITDA margin (%)	8.2	9.1	5.1	-1.9
Operating margin (%)	3.0	4.6	1.5	-6.3



TREV2

Read more about the company on www.trev2.ee

East Capital Bering Ukraine Fund R

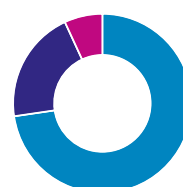
Fund facts

The aim of the Fund is to achieve long term capital appreciation from investments in Ukrainian equities. The Fund may also invest in companies that have significant trade with, or active investments in, Ukraine.

Fund performance (EUR), %	2014	Since Jan 08
East Capital Bering Ukraine Fund R	-20%	-83%

Management fee	2%
Profit share (performance fee)	20%
East Capital Explorer's holding as at 31 Dec 2014	12%
Concentration, 10 largest holdings	93%
Unlisted holdings	100%
Total number of holdings	2

Sector weighting



Financials	72.7
Consumer Staples	20.4
Other assets and liabilities	6.9

Largest holdings in the Fund on 31 December 2014

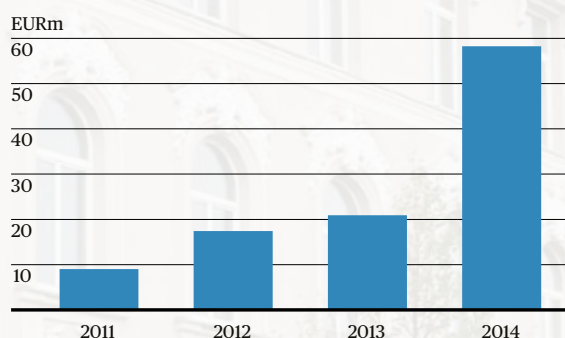
Company	Weight, %	Perf. 2014, %	Contr, %*	Sector
Cantik	72.7	-1.5	-2.0	Financials
Chumak	20.4	-54.5	-19.0	Consumer Staples

All figures in EUR * Contribution to the portfolio performance

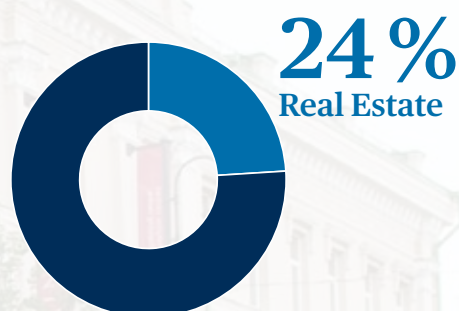
Real Estate

» East Capital Explorer's Real Estate portfolio is exposed to six A class commercial properties in the Baltic capitals; one direct investment and five properties through East Capital Baltic Property Fund II. The portfolio strategy utilizes the upside in Baltic property market, which has stabilized after the financial crisis and now offers investment opportunities in properties with strong cash flow, sustainable rent levels and low vacancies. The yield levels are 7-9 percent, which is 200-300 basis points higher than in the Nordic capitals, while financing terms are attractive. Meanwhile, the Baltic economies continue to be stable with among the highest GDP growth within the euro zone, low interest rates and stable financial markets dominated by the Nordic banks.

Value of the Real Estate investments



Portfolio weight



EURm Holding	Segment Geography	Date of Investment	Invested amount	Dividends, divestments	Fair Value	The investment in short
3 Burės (DI) BURĖS VERSLO CENTRAS	Real Estate The Baltics	May-14	22.3	-	24.2	The A-class office building 3Burės (formerly Vilnius Business Harbour) has a prime location in the center of Vilnius. The property, characterized by its low vacancy rate and substantial interest from potential tenants, currently generates a stable cash flow with potential ahead for increasing rents. At the same time the country's stable and growing economy supports a continued low financing costs and the potential for long term value appreciation
Baltic Property Fund II (FI) EAST CAPITAL	Real Estate The Baltics	Jan-08	20.0	-	24.4	The Fund acquires and manages properties with well-established tenants on sustainable rental terms in the Baltics; primarily shopping centers and retail properties, but also logistics and office properties. The goal is to acquire properties at good locations with a stable income and potential for improvement
			42.3	-	48.6*	+15 %

DI = Direct Investment, FI = Fund Investment

*The total Real Estate portfolio amounts to EUR 57m, as some other funds also include Real Estate

3 Burès

History

East Capital Explorer acquired 3 Burès (formerly Vilnius Business Harbour) in May 2014. 3 Burès is an A-class office property with an undeveloped adjacent land plot centrally located in the business district in the Lithuanian capital Vilnius. Through the investment, East Capital Explorer increased its exposure towards commercial Real Estate in the Baltic region, which has been a major investment theme during the past two years. The investment included two skyscrapers with a leaseable area of 28.400 square meters with stable tenants, and an adjacent land plot with the capacity to develop a third office building of approximately 11,000 square meters

Development 2014

In December, the property was re-named from Vilnius Business Harbour to 3 Burès, which means three sails and reflects what the building is called in the vernacular. During the year, 3 Burès generated a strong cash flow, while East Capital's property team continued its efforts to optimize the conditions in place. The property management was strengthened after the acquisition, in order to establish good relationships with tenants and ensure the quality of the services offered.

Several service contracts have been renegotiated: among other things, 3Bures has signed an agreement with a new café host and switched providers for cleaning and security services. In addition, it has set up a modern parking system and new security and surveillance services in order to further improve its offering to tenants and increase competitiveness.

During the fall a project to plan the development of the third office building on the adjacent plot (that was included in the purchase) was initiated.

Outlook 2015

The demand among both existing and new tenants is high, and the vacancy rate is expected to decrease from around 4 per cent to 2 per cent in 2015. The dialogue with tenants and service providers will continue to ensure that the quality of provided office services. The range of services will be further improved in order to strengthen the buildings premium status and currently include plans for a renovation of the glass facade and an update of the fire protection system. In parallel, preparations continue for the development of a third office building. A detailed plan with building permit and financing plan is expected during the autumn 2015.

East Capital Explorer's holding in the company: 100 %

Investment Rationale

- *Stable economic growth has revitalized the Baltic property market*
 - Declining vacancy rates, particularly in the premium segment
 - High demand in the market offers the potential for increasing rent levels
- *Fits well into East Capital Explorer's property portfolio*
 - Commercial premium property at a superior location in one of the Baltic capitals
 - Rents are 5-10 percent higher than in older buildings
 - Yield of 7 percent
- *Low vacancy rates and attractive tenant mix gives rise to a strong and stable cash flow*
 - Tenants primarily consist of companies within the professional service with high payment capacity
 - Increasing demand creates a favorable negotiation position
 - Current vacancy rate is 4 percent and is expected to fall below 2 percent

Key figures

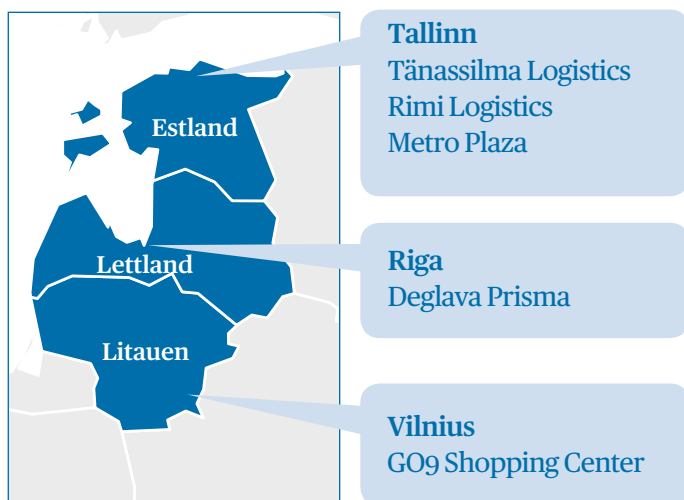
EURm	2014 May-Dec
Rental income	3.1
Operating profit	2.5
Net profit	1.3
Operating margin (%)	80.9
Vakancy rate (%)	4.6
Average rent (EUR/m ²)	12.6

3URÈS
VERSLO CENTRAS

Read more about the company on
www.3bures.lt



East Capital Baltic Property Fund II



Yield

- Yield levels 7-9%

Gearing

- 55-70 %

Interest rates

- 2-3 %

Return

- ROE target: 15-20 % (current level: 16.5 %)

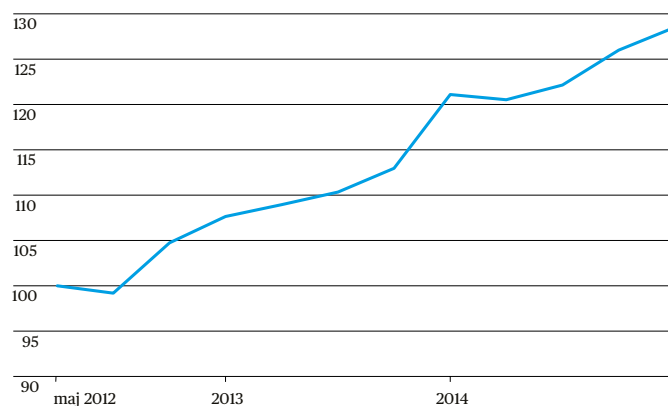
Fund facts

The Fund aims to invest in commercial Real Estate in the Baltics. Primarily, these are investments in shopping centers and retail properties as well as logistics and office properties. The goal is to acquire properties in prime locations with stable cash flows and potential for further improvements. The Fund's primary focus is on properties with well-established tenants and sustainable rental terms in and around Tallinn, Riga, and Vilnius. Value is added through improvements in tenant mix, renovations, deployments and property development.

Market Outlook

The market for commercial Real Estate in the Baltic capitals is characterized by stable but rising rents, low vacancy rates, low interest rates and high yield. Unlike the Nordic capitals, price and rental levels have not yet recovered from the financial crisis, providing further support for the investment case.

NAV development since May 2012 +28.5 %



Fund performance (EUR), %	2014	Since May 2012
East Capital Baltic Property Fund II	6%	29%

Asset allocation by country, %



• Estonia	58.5
• Lithuania	26.8
• Latvia	14.7

Sector weighting, %



• Retail	41.4
• Logistics	37.4
• Office	21.2



Management fee	1.75% (acc. to agreement)
Structure	Closed-end fund structured as a Luxembourg SICAV-SIF SCA
Profit share (performance fee)	Investors 80 % and East Capital Baltics AS 20 % (at exit) after 8 % hurdle
East Capital Explorer's holding as at 31 Dec 2014	59 % of the fund

The Real Estate portfolio

GO9 Shopping Centre

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



Facts about the investment

Acquired	2012
Leasible area (sqm)	12,290
Yield (%)	9.0
Built (rebuilt)	(2014)
Anchor tenants	H&M, Lindex, Rimi
Invested amount (EURm)	26.2

Deglava Prisma

Deglava Prisma, a newly constructed big box retail property in Riga, is fully let to the Finnish retail chain Prisma (SOK-group). The property is characterized by its strong cash flow generation mainly owing to its ten-year plus lease agreement with a stable and reliable tenant.



Facts about the investment

Acquired	2013
Leasible area (sqm)	11,604
Yield (%)	8.2
Built	2012
Anchor tenants	Prisma (SOK Group)
Invested amount (EURm)	14.3

Rimi Logistics

The warehouse and office complex Rimi Logistics outside Tallinn was purchased in a sale-and-leaseback deal. The property is fully let with a ten year plus unbreakable lease contract to the leading grocery chain Rimi Eesti Foods, part of ICA group.



Facts about the investment

Acquired	2014
Leasible area (sqm)	7,309
Yield (%)	7.0
Built	2009
Anchor tenants	Rimi (ICA Group)
Invested amount (EURm)	21.8

Metro Plaza

Metro Plaza, an A-class office building with excellent location and visibility in Tallinn's corporate district. The property generates solid cash flows from strong tenants, office areas are fully let. Revenue enhancement potential by redeveloping and enlarging retail areas in the ground and first floor.



Facts about the investment

Acquired	2014
Leasible area (sqm)	18,178
Yield (%)	8.0
Built (rebuilt)	2000 (2006)
Anchor tenants	Trigon Capital, Regus, Mandatum Life Insurance
Invested amount (EURm)	13.4

Tänassilma Logistics

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



Facts about the investment

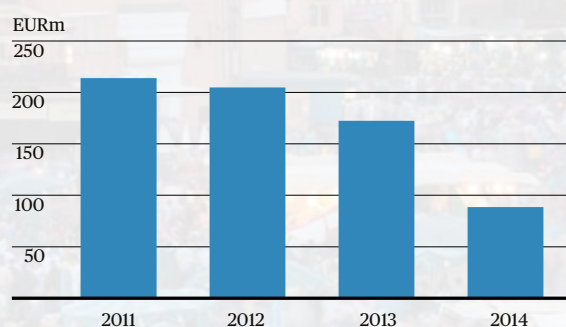
Acquired	2012
Leasible area (sqm)	40,526
Yield (%)	9.0
Built (rebuilt)	2009 (2011)
Anchor tenants	Havi Logistics, DSV Transport, Humana
Invested amount (EURm)	24.0



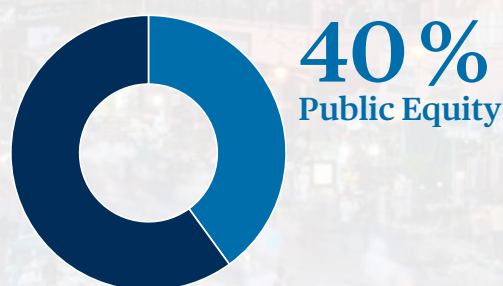
Public Equity

» Our listed portfolio consists of one listed direct investment, Komercijalna Banka Skopje, and holdings in East Capital's alternative funds with a focus on Eastern Europe. Investments in this group offer exposure to companies with a strong outlook, especially in sectors driven by domestic growth such as retail, consumer goods, finance, and Real Estate. The listed portfolio creates a liquid exposure to assets with high return potential, with the intention to be used as a financing source for further investments in Private Equity and Real Estate.

Value of the Public Equity Portfolio



Portfolio weight



EURm Holding	Segment Geography	Date of investment	% of portfolio	Invested amount	Dividends/ divestments	Fair Value	The investment in short
Komercijalna Banka Skopje (DI) 	Financials Balkans	Oct-10	2.8	12.9	1.7	7.3	Komercijalna Banka Skopje (KBS) is Macedonia's largest commercial bank. The low valuation compared to other banks in the region makes it a potential takeover candidate for strategic investors. KBS historical return on equity amounts to 15 percent.
East Capital Deep Value Fund (FI) EAST CAPITAL	Russia, CIS, Balkans	Jan-14	18.0	46.1	-	47.0	The fund offers exposure to the conservative market valuations of companies with strong revenue generation and high revaluation potential. The focus is primarily on the turn-around cases where our managers can take an active role in corporate governance of portfolio companies
East Capital Russia Domestic Growth Fund (FI) EAST CAPITAL	Russia	Aug-12	6.2	40.0	-	16.1	The Fund seeks to benefit from domestic growth in the Russian economy through a concentrated portfolio of 10 to 20 listed companies with at least half of their revenue generation Russia and a market scale of over USD 500
East Capital Frontier Markets Fund (STI) EAST CAPITAL	Global	Dec-14	17.7	44.1	5.1	40.9	The fund focuses on investments in global frontier markets with a return potential that is higher than the market. Company selection is based on revenue generation and operational potential but also on its position in the market
				143.1	6.8	111.3*	-18%

DI = Direct investment, FI = Fund investment, STI = Short-term investment (expected divestment within 12 months) *The underlying Public Equity portfolio amounts to EUR 97m, as EC Deep Value Fund above also includes Private Equity

Komercijalna Banka Skopje

East Capital Explorer's holding in the company: 10%

Company

Komercijalna Banka Skopje (KBS), Macedonia's largest bank as measured in assets and capital, is listed on the Macedonian Stock Exchange. KBS has a comprehensive offering of banking services to both individuals and businesses through a nationwide network of branches and offices. The Bank's loan portfolio consists of more than 80 percent of corporate loans, including loans to many of Macedonia's major corporations. As with most other commercial banks in the region, the deposits are mainly from private clients where the KBS market share is about 30 percent.

Development 2014

2014 was a difficult year for KBS. Credit quality issues related to the corporate portfolio remain and the bank is actively working to sell off some of its foreclosed assets. Some progress is visible in the loan portfolio, but in many cases the repayment capacity of borrowers has hinged on the ability to sell property or industrial assets in markets where activity has been low. Retail lending performed well while demand for corporate loans has been weaker. The total portfolio grew by 7 percent during the year. KBS results were affected by provisions and reversals, while the operational results remain stable and show profitability with improvements in some areas. Deposits continued to grow with an increase of 9 percent in 2014, even though the bank has cut deposit rates regularly in order to prevent the accumulation of excess liquidity beyond what can reasonably be distributed to the loan portfolio. KBS ended the year with a net profit of EUR 1.5 million.

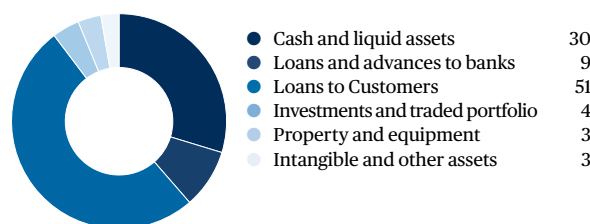
Outlook 2015

2015 will likely see more loan workout on the corporate loan front, and continued growth in retail lending. We expect provisions and write-downs on foreclosed assets to continue to be a burden on profitability, but the Company should be coming to the end of this phase in 2015.

Investment Rationale

- *The largest commercial bank in Macedonia*
 - Large market shares in both the corporate and consumer segment where almost a third of all Macedonians have an account with the bank
- *Low input valuation despite strong operational potential for building a future appreciation*
 - Attractive acquisition targets for strategic investors in the region

Asset structure (%)



Read more about the company on
www.kb.com.mk

East Capital Capital Deep Value Fund

Fund facts

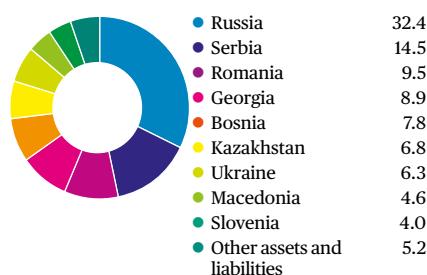
The East Capital Deep Value Fund provides exposure to conservative market valuations, companies with significant revenue generation capacity and high potential for revaluation. This includes public as well as Private Equity holdings, small and medium sized companies with proven business models with attractive valuations and deep value holdings. No particular consideration is made to sector - return potential above market is the main guiding feature.

Fund performance, %	2014	Since Jan 14
East Capital Deep Value Fund II, EUR	2%	2%

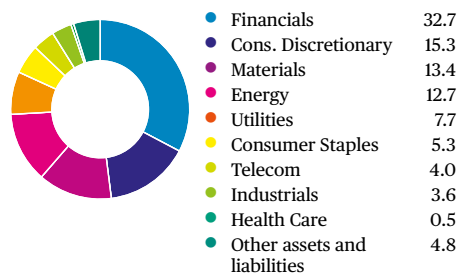
Management fee	2%
Profit share (performance fee)	20% in excess of 7% hurdle

Concentration, 10 largest holdings	54%
East Capital Explorer's holding in the fund as at 31 Dec 2014	76%

Asset allocation by country, %



Sector weighting, %



Largest holdings in the Fund on 31 December 2014

Company	Weight, %	Perf. 2014, %	Contr, %*	Country	Sector
Integra	8.5	41.9	2.2	Russia	Energy
Evraz	8.2	190.5	5.2	Russia	Materials
B92	7.8	-10.9	-0.9	Serbia	Consumer Discr.
Impact	7.6	174.3	5.4	Romania	Financials
Caucasus Energy & Infrastructure	5.9	13.6	0.7	Georgia	Utilities
Komercijalna Banka Skopje	3.7	10.7	0.3	Macedonia	Financials
Telekom Srpske	3.3	-2.9	-0.2	Bosnia	Telecom
Cantik	3.1	-12.0	-0.4	Ukraine	Financials
Bank Sankt-Petersburg	3.0	-46.0	-2.0	Russia	Financials
Steppe Cement	2.7	-28.8	-1.1	Kazakhstan	Materials

All figures in EUR. * Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
54	21	117

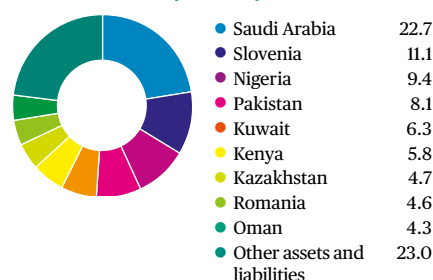
East Capital Frontier Markets Fund (Short-term investment)

Fund facts

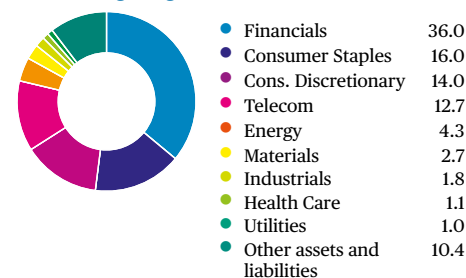
The East Capital Frontier Markets Fund seeks to provide long-term capital growth through exposure to companies with strong performance, located in global frontier markets and countries not yet included in frontier market indices. The fund has a global focus on young and growing markets in order to gain exposure to an emerging middle class and domestic consumption. To combine high growth with attractive valuations and deliver consistent risk-adjusted returns, the fund seeks to invest in a wide spectrum of countries, sectors and companies.

Fund performance	2014	Since Jan 14
East Capital Frontier Markets Fund, EUR	4%	4%
Management fee	1% (acc. to agreement)	
Profit share (performance fee)	No profit sharing	
East Capital Explorer's holding in the fund as at 31 Dec 2014	64%	

Asset allocation by country, %



Sector weighting, %



Largest holdings in the Fund on 31 December 2014

Company	Weight, %	Perf. 2014, %	Contr, %*	Country	Sector
Sava Re	4.6	-2.3	-0.1	Slovenia	Financials
Zavarovalnica Triglav	4.4	4.8	0.2	Slovenia	Financials
Kazmunaygaz	3.3	-5.8	-0.2	Kazakhstan	Energy
Fondul Proprietatea	3.3	1.6	0.1	Romania	Financials
Mobile Telecommunications	3.0	3.0	0.0	Kuwait	Telecom
Fawaz Abdulaziz Alhokair	2.8	19.5	0.2	Saudi Arabia	Cons. Discr.
Bank Muscat	2.8	16.1	0.3	Oman	Financials
Mtn Group	2.8	6.8	0.2	South Africa	Telecom
Montenegro Telekom	2.6	1.2	0.0	Montenegro	Telecom
Nestle Foods Nigeria	2.5	31.4	0.5	Nigeria	Cons. Staples

All figures in EUR

* Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
32	0	67

East Capital Russia Domestic Growth Fund

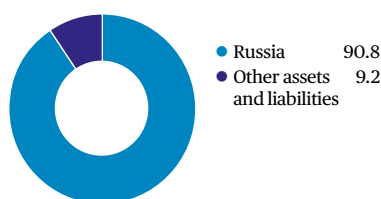
Fund facts

The Fund seeks to take advantage of the potential in the domestic Russian economy. The goal is to create a portfolio of 10 to 20 listed companies with a market cap of USD 500m, and more than half of sales generated in Russia. The Fund is active across various sectors and invests in stocks that are considered to be undervalued and thus have great potential to appreciate.

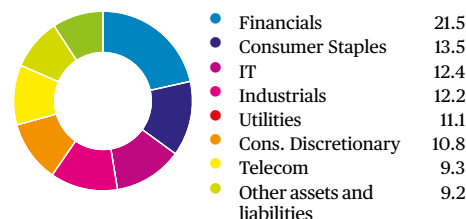
Fund performance	2014	Since Aug 12
East Capital Russia Domestic Growth Fund	-62%	-60%

Management fee	2%	
Profit share (performance fee)	20% in excess of a 7% hurdle	
East Capital Explorer's holding in the fund as at 31 Dec 2014	95%	

Asset allocation by country, %



Sector weighting, %



Largest holdings in the Fund on 31 December 2014

Company	Weight, %	Perf. 2014, %	Contr, %*	Country	Sector
Magnit	13.5	-33.6	-2.8	Russia	Consumer Staples
Mail.ru Group	12.4	-58.5	-5.1	Russia	IT
E.ON Russia	11.1	-31.4	-2.3	Russia	Utilities
Sberbank	9.8	-65.1	-7.3	Russia	Financials
Sistema	9.3	-78.9	-10.1	Russia	Telecom
Aeroflot Russian Airlines	9.2	-75.4	-11.9	Russia	Industrials
M.Video	6.8	-68.8	-5.9	Russia	Consumer Discr.
LSR Group	4.5	-51.4	-1.8	Russia	Financials
Bank Sankt-Peterburg	4.3	-63.6	-3.0	Russia	Financials
Sollers	4.0	-71.2	-3.5	Russia	Consumer Discr.

All figures in EUR

* Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
85	0	14

Corporate Governance

Governance structure

For East Capital Explorer AB (publ) ("Company"), corporate governance refers to the manner in which we operate and are organized to maintain the interests of all shareholders in the context of achieving our goal of delivering long-term, attractive returns.

Purpose and nature of the Company

East Capital Explorer is a public limited liability company investing, directly and indirectly, in companies located in Russia and other countries within the Commonwealth of Independent States (CIS), the Balkans, the Baltic States, Central Asia and Central Eastern Europe. Our indirect investments are undertaken through a selection of the East Capitals' current and future funds.

East Capital Explorer is closely associated with East Capital. The co-operation and relationship is governed by an Investment Agreement agreed between the Company and East Capital PCV Management AB ("East Capital"), a Company within the East Capital Group. The Investment Agreement sets out the terms of the co-operation as well as the investment policy governing the investment activities of East Capital Explorer Investments S.A. ("ECEX Investments"), in which all invest-

ment activities are conducted. Our Company's Board and Audit Committee continuously monitor the investment activities, to ensure that all activities are performed in line with set out obligations, and in the best interest of our shareholders. These important monitoring functions comprise both the evaluation of East Capital's performance, as well as ensuring that the investment activities comply with the Investment Agreement and the Investment Policy. The Board may also, from time to time, approve deviations or amendments to the Investment Policy and regularly review whether the Investment Policy is adequate in the current markets.

The structure was established in 2007 and was initially described in East Capital Explorer's prospectus to list on the NASDAQ OMX Stockholm, Mid Cap from November 2007. In order to meet the requirements set out in the EU Directive (2011/61/EU) on Alternative Investment Fund Managers ("the AIFMD Rules"), the investment structure was adapted to the AIFMD Rules in August 2014.

Framework for corporate governance

Corporate governance at East Capital Explorer is based on both external and internal frameworks. External frameworks comprise the

Swedish Companies Act, the rules of NASDAQ OMX Stockholm Rule Book including the Swedish Code of Corporate Governance ("the Code"), as well as other applicable Swedish and foreign laws and regulations. The Company's internal framework includes the Articles of Association, the Investment Agreement with East Capital, the Company's code of conduct, the rules of procedures for the Board of Directors, the charter of the Audit Committee, the instructions to the CEO and the policies adopted by the Company.

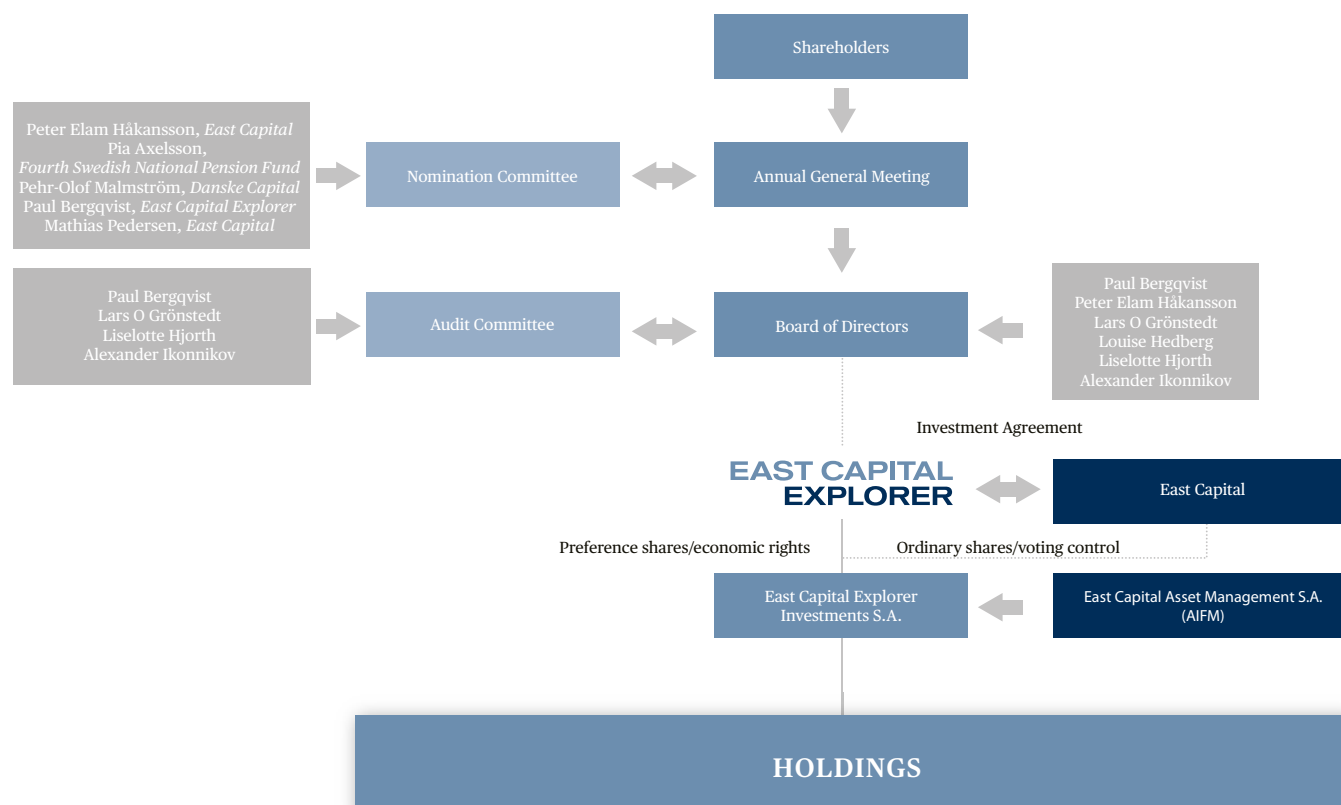
The Company complies with the Code. In 2014, the Company has deviated from the rule that a Board member shall not be the Chairman of the Nomination Committee. The deviation from the Code is explained further in section Nomination Committee below.

Further information on corporate governance is available on the Company's website, www.eastcapitalexplorer.com. The separate corporate governance section includes:

- East Capital Explorer's Articles of Association;
- The Nomination Committee's principles and work;
- Information regarding the Annual General Meeting,

Additional information regarding the Company's shares and provisions of its articles of association regulating the appointment of Board members and certain amendments of the articles of association can be found under the "East Capital Explorer share" on page 12-13 and "Board of Directors" on the Administration Report on page 51.

Governance structure



The investment structure

The investments are carried out by East Capital Explorer Investments S.A. ("ECEX Investments"), which holds the investment portfolio. ECEX Investments qualifies as an alternative investment fund under the Luxembourg laws implementing the AIFMD Rules. In order to manage the new regulatory requirements in a cost-efficient manner, the portfolio management operations were transferred from Sweden to Luxembourg, where East Capital has an existing organization adapted to meet the requirements of the AIFMD Rules. To facilitate this reorganization the operations previously managed under East Capital Explorer Investments AB were consequently transferred to the new Luxembourg based subsidiary, ECEX Investments, in August 2014.

In accordance with the AIFMD Rules, ECEX Investments has appointed East Capital Asset Management S.A. ("ECAM SA"), a wholly owned subsidiary within the East Capital Group, and licensed as an Alternative Investment Fund Manager ("AIFM") under the AIFMD Rules, as the AIFM of ECEX Investments. ECAM SA performs the portfolio management and risk management functions of ECEX Investments, including investment decisions within the Investment Policy, accordance with the terms of the Investment Agreement. The investment decisions are made by an Investment Committee of ECAM SA, although a number of investment decisions needs to be addressed by the Board of the Company for prior approval (see further below). Currently, Peter Elam Håkansson, Partner and Chairman, East Capital, Company's CEO, Mia Jurke and the General Counsel of East Capital, Magnus Lekander have been appointed to the Investment Committee by ECAM SA.

ECEX Investments is owned by the Company and East Capital. The Company holds all financial rights, while East Capital controls the shareholder votes of ECEX Investments.

The current structure creates appropriate conditions for making investments in accordance with what is stated in the

Company's Investment Policy and the listing prospectus, while offering operational competitive advantages by allowing for a short decision-making process within the framework of the Investment Policy and in compliance with the AIFMD Rules. By appointing ECAM SA as the AIFM of ECEX Investment we believe that the requirements of the AIFMD Rules can be met in a cost-efficient manner. It also creates stability and a clear division of responsibilities between East Capital and the Company's Board.

Investment Agreement and the Investment Policy with East Capital

The investment activities are governed by the Investment Policy agreed between the Company and East Capital under the Investment Agreement. The Investment Agreement prescribes the terms and conditions upon which the investment activities shall be performed in ECEX Investment and stipulates the allocation of the duties and responsibilities between East Capital Explorer and East Capital (including ECAM SA). The Agreement also provides the Company preferential access to new Alternative Investment Funds launched by East Capital.

The Investment Policy stipulates the key geographical segments and investment themes and the types of investments which may be undertaken in the ECEX Investment's portfolio. It also stipulates certain limitations to ensure an appropriate risk level. The Investment Policy is expected to be revised from time to time, as the investment environment is changing. The Board can also approve deviations from the current Investment Policy. Any change in the Investment Policy will be made in consensus between East Capital Explorer and East Capital. The key elements of the Investment Policy can be summarized in the following points:

Investment Themes

East Capital Explorer's main investment theme is domestic growth and the Company targets companies in fast growing sectors,

such as Retail and Consumer goods, Financials and Real Estate.

Countries

East Capital Explorer may invest in the Balkans, the Baltic States, Central Asia, Central Eastern Europe and the CIS countries, including Russia.

Asset types

East Capital Explorer invests primarily in direct investments in selected companies in the region. The Company can also make investments into future East Capital Private Equity Funds and Real Estate Funds as well as in existing and future East Capital Alternative Funds. East Capital Explorer also has the possibility to make limited investments in East Capital's open-ended daily-traded funds.

Investments can be made in several asset types, including shares, fund units, options, convertibles, derivative instruments and other equity-related instruments. Debt investments are also permitted if related to an equity investment. In conjunction with investments in the real estate sector, investments can also be made in land, real estate and other property.

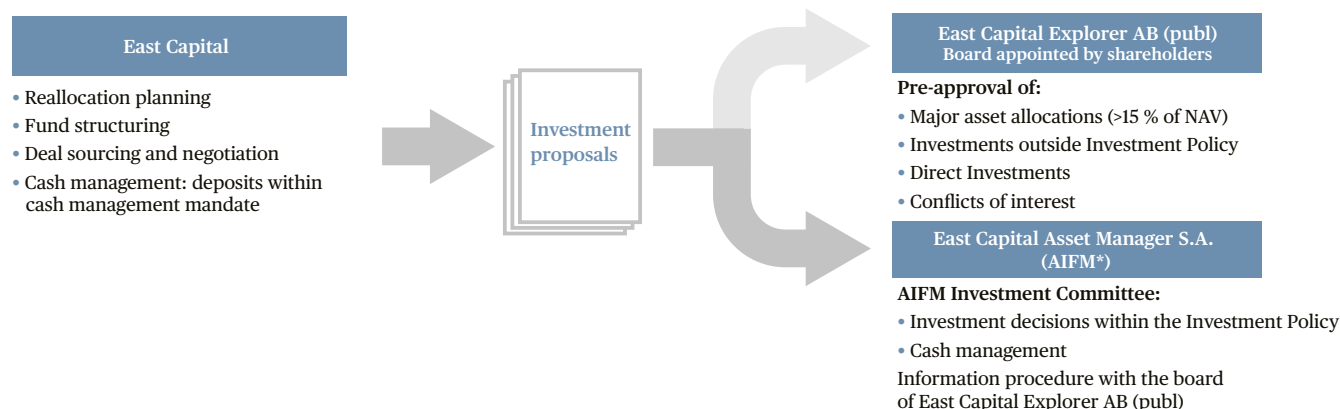
Functions of the Board of the Company

Although the ordinary investment management activities are assigned to the AIFM - ECAM SA - under the Investment Agreement and in accordance with the AIFMD Rules, the Company's Board will need to give its pre-approval in relation to the following decisions:

- Decisions on investments constituting more than 15 percent of NAV at the time of the investment;
- Direct investments (with no co-investment by East Capital);
- Deviations to the Investment Policy; and
- Investments implying a conflict of interest between East Capital Explorer and East Capital, not contemplated by the Investment Policy.

The Board further decides on other matters related to its own capital structure, such as initiating shareholder distributions or increasing the capital available for investments by issuing

Investment decision process



* Appointed Alternative Investment Fund Manager in accordance with EU Directive (2011/61/EU)

new shares. It can also incur debt, although within the limitations set out in the Investment Policy.

The Board and executive management of the Company continuously monitor the Investment Policy and evaluate whether it continues to be in the best interest of the shareholders of the Company. The Board would initiate changes in the Investment Policy, should the Board find that an update or revision is needed.

The Board also evaluates existing investments, monitors management performance, and decides on management remuneration.

Another function of the Board is to monitor that the investment activities in ECEX Investments and the AIFM are carried out in accordance with the Investment Policy and the Investment Agreement. This task is mainly carried out by the Company's Audit Committee. The Board members also have access to all relevant material relating to the investment activities in ECEX Investments. The Company also has the right to appoint the auditor for ECEX Investments.

Duties of the executive management team

The executive management team is responsible for the internal controls necessary to review and to monitor the investment activities by the AIFM. These duties include monitoring the development in the holdings and the potential risks in the portfolio as well as the financial reporting from ECEX Investments and its service providers. The executive management team reports regularly to the Board with respect to these matters. Currently, the CEO of the Company, Mia Jurke is member of the Board of ECEX Investments as well as member of the Investment Committee of ECAM SA designated for ECEX Investments. Examples of monitoring activities are:

- Active participation in the work of the board of ECEX Investments.
- Continuous discussion and contact with key individuals in East Capital and participation in East Capital's meetings relating to the ECEX Investments portfolio
- Active participation in the work and decision-making of ECAM SA's Investment Committee for ECEX Investments.
- Continuous review of the internal procedures and processes in order to assure the accuracy of the East Capital Explorer's portfolio reporting.

Termination of the Investment Agreement

Under certain circumstances East Capital Explorer has the right to terminate the Investment Agreement, for example if East Capital does not act in accordance with the Investment Policy or the Investment Agreement.

The Company also has the right, at its total discretion and without any breach of the Investment Agreement, to give notice to terminate the Investment Agreement with the approval of a majority of at least 75% of the votes cast, as well as shares represented at a general meeting of shareholders of the Company.

Board of Directors

Composition of the Board

According to the articles of association of the Company, the Board shall consist of three to six members without deputies. Further, East Capital always has the right to appoint one Board member. Board members are elected by the Annual General Meeting for a one-year term. The 2014 Annual General Meeting re-elected Paul Bergqvist, Lars O Grönstedt, Louise Hedberg and Alexander Ikonnikov to the Board. Karine Hirn had declined re-election and Peter Elam Håkansson was elected as new member of the Board. The meeting re-elected Paul Bergqvist as Chairman of the Board. Liselotte Hjorth was elected as new member of the Board at the Extraordinary General Meeting on 19 August 2014.

Independence of the Board

Under applicable regulations, Paul Bergqvist, Lars O Grönstedt, Liselotte Hjorth and Alexander Ikonnikov are regarded as independent in relation to the Company and its management, as well as the major shareholders of the Company. The independent members of the Board have been proposed based on their significant experience from international management and business, specifically within Eastern Europe and Russia, as well as their executive positions and board work in various listed companies.

Peter Elam Håkansson and Louise Hedberg and are not defined as independent in relation to the Company and its management as they are affiliated with the East Capital and, due to the Investment Agreement and other relationships, must be regarded as having extensive business ties with the Company and affiliated enterprises. Regarding the Board members' independence in relation to major shareholders, it should be noted that in 2014 the East Capital, together with its related parties, was a major shareholder of the Company, as the term is defined in the Swedish Code of Corporate Governance and, therefore, Peter Elam Håkansson and Louise Hedberg are not regarded as independent from major shareholders of the Company. As of 31 December 2014, there were no other major shareholders of the Company, as defined in the stock exchange rules and Swedish Code of Corporate Governance.

For more information about each Board member please see pages 38-39.

The Board and its work

The work of the Board is governed by the rules of procedure adopted by the Board. The Chairman of the Board, Paul Bergqvist, directs the work conducted by the Board and maintains continuous contact with the CEO and the Company's other management functions to monitor its operations. The Board has also prepared and approved a Charter for the Audit Committee, a work instruction for the CEO, as well as a number of policy documents.

The Company's CEO, Mia Jurke, former Acting CEO, Catharina Hagberg*, former CFO,

Mathias Pedersen** and CFO & Head of Investor Relations, Lena Krauss also participated in the Board meetings during 2014 to report on their respective areas. Other representatives from East Capital are invited, from time to time, to participate in Board meetings in order to make presentations on particular investment proposals and the development of the investment portfolio or other matters.

The Board holds at least five ordinary Board meetings per year. Additional meetings may be held for example to discuss and decide on investment proposals.

Board meetings and main discussions

Board meetings and main discussions During 2014, a total of 19 Board meetings were held. The main discussions held during the meetings were:

Meeting	Main discussion
1/2014	Telephone meeting to discuss the preference shares proposal
2/2014	Telephone meeting to discuss the preference shares proposal
3/2014	Telephone meeting to discuss the preference shares proposal
4/2014	Meeting to approve the Year-end report 2013 and the notice and statements to be made in connection with the Extraordinary General Meeting
5/2014	Telephone meeting to discuss the preference shares proposal
6/2014	<i>Per capsulam</i> meeting to approve the notice and statements to be made in connection with the Annual General Meeting 2013
7/2014	Meeting to approve the Annual Report 2013
8/2014	Telephone meeting to consider an investment proposal
9/2014	Board meeting held in conjunction with Annual General Meeting
10/2014	Approval of the Interim Report 1 January - 31 March 2014
11/2014	Telephone meeting regarding the AIFMD adaptation
12/2014	<i>Per capsulam</i> meeting to approve the notice and statements to be made in connection with the Extraordinary General Meeting
13/2014	Board meeting held in conjunction with Extraordinary General Meeting
14/2014	Approval of the Interim Report 1 January - 30 June 2014
15/2014	Strategy meeting and review of Investment Policy
16/2014	<i>Per capsulam</i> meeting regarding an investment proposal
17/2014	Approval of the Interim Report 1 January - 30 September 2014
18/2014	Telephone meeting to consider an investment proposal
19/2014	Telephone meeting to consider an investment proposal

Evaluation of the Board

The work of the Board is continuously evaluated and the evaluation is used to develop the work and processes in the Board, and as a basis for the Nomination Committee's evaluation of the composition of the Board. During 2014, an evaluation of the Board was carried out through an external consultant

with broad experience of board evaluations. The evaluation included individual interviews with each member comprising a range of questions about the work of the Board. The results were also evaluated against an average benchmark of board evaluation processes completed by the consultant in other listed companies. The results of the evaluation in 2014 were, overall, positive and above the applied benchmark. As a result of the evaluation, the Board has identified certain areas in which the work procedures of the Board can be further improved during 2015. In addition, two independent members of the Nomination Committee conducted an evaluation of the Board's work to continue to develop the processes in the Board and provide input to the Nomination Committee's work to prepare proposals to the Annual General Meeting 2015. During 2009-2013, the Board internally evaluated its activities in assistance to the work of the Nomination Committee.

Audit Committee

The Audit Committee is appointed to serve the Board in an advisory function with respect to financial reporting, valuation and auditing matters. The Charter of the Audit Committee governs the work of the Committee.

The Audit Committee shall consist of at least three members appointed by the Board from among the independent members of the Board. The Audit Committee comprises Paul Bergqvist (Chairman), Lars O Grönstedt, Liselotte Hjorth and Alexander Ikonnikov.

The Audit Committee may invite, as it sees fit, representatives from the Company, ECEX Investments or East Capital as non-member attendees in the meetings and may appoint appropriate legal counsel, audit expertise and independent valuation expertise for consultation in the performance of its duties. Anders Malméby and Mårten Asplund, auditors in charge, representing the Company's auditor KPMG, participate in all meetings at which financial reports are approved, in order to present the findings to the Committee prior to approval of the reports by the Board.

The Company's CEO, Mia Jurke, former Acting CEO, Catharina Hagberg*, former CFO, Mathias Pedersen**, CFO & Head of Investor Relations, Lena Krauss and Financial Controller, Farzad Bahador respectively Helena Frank also participated in the Audit Committee meetings during 2014 to report on their respective areas.

Audit Committee meetings and main discussions

During 2014, a total of six Audit Committee meetings were held. Topics of the main discussions held during the meetings were:

Meeting	Main discussion
1/2014	Discussion regarding the Year-end report 2013 and Internal Audit Report
2/2014	Discussion regarding the Annual Report 2013
3/2014	Discussion regarding the Interim Report 1 January - 31 March 2014 and policy review
4/2014	Discussion regarding the Interim Report 1 January - 30 June 2014
5/2014	Telephone meeting regarding the external valuations of direct investments
6/2014	Discussion regarding the Interim Report 1 January - 30 September 2014 and review of Investment Policy

*Catharina Hagberg was acting CEO until May 2014 as Mia Jurke was on maternity leave

**Mathias Pedersen left East Capital Explorer on 1 May 2014

*** Helena Frank was hired as Financial Controller until September 2014

Directors' fees and executive remuneration

On 22 April 2014, the Annual General Meeting resolved to leave the Directors' fees in the Company unchanged and that the Chairman of the Board will receive an annual compensation of SEK 770,000 for the period until the 2015 AGM. Each member of the Board, other than the Chairman, will receive an annual compensation of SEK 330,000 for the same period. Board members Peter Elam Håkansson and Louise Hedberg waived their Directors' fees. The Meeting resolved, in accordance with the proposal of the Nomination Committee, that the remuneration to a Director may, subject to a specific agreement with the Company, be invoiced through a Company or entity registered in the country where the Director is tax domiciled. In order for the Company to enjoy cost neutrality, the invoiced remuneration shall be adjusted for social security charges and value added tax.

Remuneration for work in the Audit Committee was also left unchanged and totaled SEK 100,000 for the Chairman of the Audit Committee, and SEK 50,000 per year to other members of the Committee.

The Extraordinary General Meeting on 19 August 2014 approved the board remuneration and the remuneration for work in the Audit Committee to Liselotte Hjorth until the next

Annual General Meeting proposed by the Nomination Committee, amounting to SEK 222,932 and SEK 33,772 respectively, corresponding to the remuneration received by other Directors of the Board of Directors in proportion to the length of the mandate.

Remuneration Committee

In light of the Company's limited number of employees, the Board has concluded that no Remuneration Committee should be established. The duties that would have been assigned to a Remuneration Committee are, instead, performed by the Board as a whole.

CEO

The CEO is responsible for the day-to-day administration of the Company in line with the instructions from the Board, other guidelines and policies. Together with the Chairman of the Board, the CEO prepares the agenda for Board meetings and prepares the requisite materials and information to allow for decision-making at Board meetings. In addition, the CEO ensures that the Board continually receives information regarding East Capital Explorer's development and market information from East Capital to be able to undertake valid decisions.

The CEO has no significant assignments outside the Company. For more information concerning the CEO, see page 37.

Remuneration of Executive Management

Remuneration to the CEO and the CFO consists of fixed salary, variable salary and pension and insurance benefits. The Board determines, at its own discretion, whether the executive management should be paid any variable salary. The decision is supported by key performance indicators ("KPI"), where the share price performance and the discount to NAV are the two weightiest criteria. Targets are set and evaluated annually by the Board. During 2014 the Board decided to grant both the CEO and CFO a variable salary for 2013 corresponding to 22.75% of fixed salary, out of a maximum variable salary corresponding to 50% of the fixed salary. CEO Mia Jurke's variable salary was adjusted to correspond to working time during 2013. Catharina Hagberg, the former Acting CEO, was not participating in the KPI evaluation for 2013, but the Board decided to grant her a variable salary of SEK 150,000.

During 2015, a variable salary for 2014 amounting to 20% of fixed salary was paid to the CEO and present and previous CFO, respectively, out of a maximum variable sal-

The composition of the Board

Name	Position	Citizenship	Independent	Shareholdings as of 19 March 2015	Elected	Board meeting attendance 2014	Audit Committee	Audit Committee attendance 2014
Paul Bergqvist	Chairman	Swedish	Yes	37,717 shares	2007	18/19	Yes	5/6
Peter Elam Håkansson	Board member	Swedish	No	153,957 shares	2014	11/11	No	n/a
Lars O Grönstedt	Board member	Swedish	Yes	190 shares	2012	18/19	Yes	5/6
Louise Hedberg	Board member	Swedish	No	300 shares	2012	19/19	No	n/a
Liselotte Hjorth	Board member	Swedish	Yes	1,000 shares	2014	6/7	Yes	3/3
Alexander Ikonnikov	Board member	Russian	Yes	20,000 shares	2007	19/19	Yes	6/6

ary corresponding to 50% of fixed salary. The variable salary was adjusted to correspond to actual working time during 2014 in the case the individual did not work the complete year. The CEO and the CFO have individual premium-based pension plans, pursuant to which the Company pays premiums corresponding to 10% of their respective fixed salaries, up to 10 Swedish income base amounts and premiums corresponding to 20% of the fixed salaries on the portion of the fixed salary exceeding 10 Swedish income base amounts.

For detailed information on the remuneration to executive management, see Note 4 on page 60.

Share-related incentive program

East Capital Explorer does not have any share-related incentive programs.

The Annual General Meeting

The Annual General Meeting of Shareholders ("AGM") is the Company's highest decision-making body and where shareholders exercise their influence. The AGM must be held within six months from the end of the financial year. All shareholders who are registered in the register of shareholders and who notify the Company of their intention to attend the AGM in time are entitled to take part at the meeting. Shareholders may vote for the full number of shares they own and may be accompanied by a maximum of two assistants. Shareholders who cannot attend the AGM in person may be represented by proxy.

The AGM decides on, among other things, matters such as the election of the Board, when applicable the appointment of auditors, dividend distribution, adoption of the income statement and balance sheet, and discharge from liability of the members of the Board and CEO. Shareholders are entitled to propose that an issue be addressed by the meeting provided a legitimate request has been submitted to the Company well in advance of publication of the notice of the AGM.

The AGM is an important channel in communicating with shareholders. In connection with the AGM, all shareholders are invited to a seminar about our markets and investments. Shareholders are encouraged to participate at the AGM and all shareholders receive a printed invitation and notice to attend the meeting.

The full Board and Company management attend the AGM and are available to answer questions from the shareholders.

Annual General Meeting 2014

The 2014 AGM was held on 22 April 2014 at Nalen in Stockholm. All documents from the 2014 AGM including notice, documents presented at the AGM and the full minutes from the meeting are available at www.eastcapitalexplorer.com.

The 2014 AGM was attended by approximately 100 persons, including shareholders representing a total of 43 percent of the shares in the Company, all the members of the Board, all employees as well as a number of invited guests.

Extraordinary General Meeting 2014

East Capital Explorer held two Extraordinary General Meetings ("EGM") during 2014, the first on 24 March and the second on 19 August. All documents from the 2014 EGMs, including notices, the documents presented and the full minutes from the meetings, are available at www.eastcapitalexplorer.com.

Nomination Committee

The duties of the Nomination Committee include evaluating the Board and its work prior to the AGM and the preparation and presentation, to the AGM, of resolutions regarding the election of the Chairman of the meeting, members of the Board, Chairman of the Board, as well as regards the appointment of auditors, when appropriate. The Nomination Committee also proposes resolutions regarding remuneration to the members of the Board, remuneration (if any) for Committee work, fees to be paid to the Company's auditors, and the process for electing a Nomination Committee for the next AGM. All shareholders have the opportunity to submit proposals to the Nomination Committee.

The work of the Nomination Committee 2015

In accordance with a resolution by the 2014 AGM, the Nomination Committee for the 2015 AGM comprises five members; three members appointed by each of the three largest shareholders in the Company who choose to participate in the Committee, East Capital Explorer's Chairman of the Board and a representative of East Capital. The 2015 Nomination Committee consisted of:

- Peter Elam Håkansson, the East Capital (Chairman)
- Pia Axelsson, The Fourth Swedish National Pension Fund
- Pehr-Olof Malmström, Danske Capital
- Paul Bergqvist, as Chairman of the Board in East Capital Explorer
- Mathias Pedersen, as representative for the East Capital

The composition of the Nomination Committee was published through press releases and on the Company's website on 17 October 2014. Board member Peter Elam Håkansson has been appointed as Chairman of the Nomination Committee. The Nomination Committee thereby deviates from the Code provisions, rule 2.4, that is, that a Board member shall not be Chairman of the Nomination Committee. The reason for this deviation from the Code is that the Nomination Committee believes that participation in the Nomination Committee is a central component of the exercise of ownership and that it is, therefore, reasonable that a representative of the largest shareholder, East Capital, is Chairman of the Nomination Committee.

No fees were paid to the members of the Nomination Committee for their work in the Committee.

Shareholders have been invited to submit proposals to the Nomination Committee. The Nomination Committee's proposals prior to

the 2015 AGM are specified in the notice of the AGM and are also available on www.eastcapitalexplorer.com.

Annual General Meeting 2015

The 2015 AGM will be held on 21 April 2015, at 3.00 p.m. at IVA's Conference Center in Stockholm. For more information please visit: www.eastcapitalexplorer.com.

Audit

External auditors

At the 2011 AGM held on 12 April 2011, the registered auditing Company KPMG AB was re-elected auditor of East Capital Explorer for a four-year term until the close of the 2015 AGM. The Company's auditors in charge are Anders Malmeby and Mårten Asplund.

Compensation to auditors

The Company's auditor receives compensation for audits and other requisite reviews, as well as for advisory services occasioned by observations made in the course of such audits and reviews. During financial year 2014, the audit fee amounted to EUR 50t.

Communication with the Company's auditors

The Audit Committee maintains regular contact with the auditor. In addition, the auditor participates in the Audit Committee meetings at which the interim reports and full year report are addressed to give his observations from the audit and assessment of the Company's internal controls. The Board meets with the auditor once a year, where the auditor reports its observations directly to the Board without the presence of the CEO and the CFO.

Auditors - KPMG AB

Auditor in charge:

Anders Malmeby
Born 1955

Authorized public accountant at KPMG AB. Chairman of the Board of KPMG AB.

Auditor in charge for East Capital Explorer since 2013.

Other auditing assignments: Boule Diagnostics, Concentric, Gamla Livförsäkringsaktiebolaget SEB Trygg Liv, Bankgirocentralen (BGC).



Auditor in charge:

Mårten Asplund
Born 1972

Authorized public accountant at KPMG AB.

Auditor in charge for East Capital Explorer since 2013.

Other auditing assignments: Trygg Hansa, East Capital, Länsförsäkringar Liv, Nordea Liv, Strukturinvest Fondkommission



Staff



Mia Jurke
CEO since 2011.
Born 1973.

Education

Master of Science in Business Administration from the University of Uppsala.

Work experience

2008-2011 CEO of East Capital Asset Management AB, 2006-2008 Product Manager for East Capital (Lux), 2005-2007 Head of Portfolio Administration at East Capital, 1998-2005 E. Öhman J: or Asset Management and E. Öhman J: or Funds AB (2000-2005 Head of Administration).

Shareholding in East Capital Explorer AB
2,376 shares as of 19 March 2015



Lena Krauss
CFO & Head of Investor Relations since 2014. Born 1976.

Education

Master of Science in Economics and Finance from the Swedish School of Economics and Business Administration in Helsinki.

Work experience

2008-2013 Senior Vice President, Agency Manager and Senior Consultant at Diplomat Communications AB, Stockholm.
2004-2007 Investor Relations Director at Tele2 AB, Stockholm.
2004 Partner at Shared Value Ltd, London.
2000-2003 Equity Research Analyst at Alfred Berg ABN AMRO, Stockholm, London and Helsinki.

Shareholding in East Capital Explorer AB
1,050 shares as of 19 March 2015



Farzad Bahador
Financial Controller since 2014.
Born 1982.

Education

MBA från INSEEC, Grande École de Commerce, Paris.

Work experience

2013-2014 Senior Financial Controller, SEB Group Finance, Stockholm
2009-2013 Group Controller, SEB Group Finance, Stockholm
2007-2009 Revision, Deloitte AB, Stockholm

Shareholding in East Capital Explorer AB
0 shares as of 19 March 2015



Kristina Karusuo
Administrative Coordinator & Regulation Responsible Officer since 2010. Born 1987.

Education

Business administration studies at Stockholm University School of Business.

Work experience

2007-2009 Intern Client Service and Administration, East Capital.

Shareholding in East Capital Explorer AB
0 shares as of 19 March 2015

Board of Directors



Paul Bergqvist

Chairman of the Board since 2007

Independent of the Company, Company management and the Company's major shareholders. Born 1946.

Education

Engineering and business studies at Linköping University.

Work experience

2000-2006 Deputy CEO of Carlsberg A/S, 1995-2000 CEO Pripps-Ringnes AB, 1992-1995 CEO Procordia Beverage AB, 1988-1992 Deputy CEO PLM AB.

Other board assignments

Board member and Chairman of Sveriges Bryggerier AB, AB Pieno Zvaigzdes and Östkind's Häradsallmänning.

Shareholding in East Capital Explorer AB

37,717 shares as of 19 March 2015



Peter Elam Håkansson

Board member since 2014

Dependent in relation to the Company and its Management. Dependent in relation to the Company's major shareholders. Born 1962.

Education

Master of science from the Stockholm School of Economics and has also studied at I'EDHEC in Lille.

Work experience

Peter Elam Håkansson is a founding partner of East Capital, Chairman and Chief Investment Officer leading East Capital's investment teams in Eastern Europe and Asia. Peter has worked with emerging and frontier markets since the early nineties. Prior to founding East Capital, Peter held a series of senior positions at Enskilda Securities in London, Paris and Stockholm - where his last role was Head of Equities and Global Head of Research.

Other board assignments

Chairman of the foundation running Swedish Music Hall of Fame, member of the Board of Bonnier Business Press AB, Atlantic Grupa in Croatia, Inter Peace Sweden and the Advisory Board of Stena Long Term Equity. Number of board assignments in the East Capital Group.

Shareholding in East Capital Explorer AB

153,957 shares as of 19 March 2015



Lars O Grönstedt

Board member since 2012

Independent of the Company, Company management and the Company's major shareholders. Born 1954.

Education

BA in languages and literature from Stockholm University and an MBA from Stockholm School of Economics.

Work experience

Currently a senior advisor to Nord Stream, 2001-2006 CEO of Handelsbanken and its Chairman 2006-2008.

Other board assignments

Chairman of Vostok Nafta Investment Ltd and Scypho Group, Vice Chairman of Riksgälden, member of the Board of Pro4U and Institute for International Economic Studies, Stockholm University.

Shareholding in East Capital Explorer AB

190 shares as of 19 March 2015



Louise Hedberg

Board member since 2012

Dependent in relation to the Company and its Management. Dependent in relation to the Company's major shareholders. Born 1974.

Education

Master of science from the Stockholm School of Economics and has completed studies in Sustainable Development at the Stockholm University/Stockholm Resilience Centre.

Work experience

Since 2010 Head of Corporate Governance at East Capital, 2007-2010 Head of Communications/IR at East Capital Explorer, 2002-2007 Investor Relations manager at Dometic Group, 1998-2002 Financial communications consultant at JKL Group.

Other board assignments

Board Member of East Capital (Lux) SCA, SICAV-SIF and East Capital (Lux).

Shareholding in East Capital Explorer AB

300 shares as of 19 March 2015



Liselotte Hjorth

Board member since 2014

Independent of the Company, Company management and the Company's major shareholders. Born 1957.

Education

Bachelor of Science in Business Administration and Economics from University of Lund.

Work experience

A number of positions within the SEB Group, and most recently as Global Head of Commercial Real Estate and Member of the Management Board of SEB AG in Frankfurt, Germany.

Other board assignments

Board member of White arkitekter AB, Kungsliden AB, Hoist Finance and German/Swedish Chamber of Commerce.

Shareholding in East Capital Explorer AB

1,000 shares as of 19 March 2015



Alexander Ikonnikov

Board member since 2007

Independent of the Company, Company management and the Company's major shareholders. Born 1971.

Education

PhD in Economics, Moscow State University of Oil and Gas. Chartered Director by the IoD, UK.

Work experience

Since 2005 Senior partner of Board Solutions, 2001-2004 Co-founder/CEO of the Investor Protection Association in Russia, 1998-2001 Deputy CEO, NAUFOR (National Association of Securities Market Participants in Russia), 1996-1998 Head of the Department of External Economic Affairs and Investments at the Ministry of Fuel and Energy, Russia.

Other board assignments

Chairman of the Russian Independent Directors Association, Independent director and head of the nomination and remuneration committees in the National Settlement Depository (Central Securities Depository), Russia. Also independent director and member of the personnel and remuneration committee in Sollers Plc, Russia. Non- Executive director in Saint-Petersburg International Mercantile Exchange.

Shareholding in East Capital Explorer AB

20,000 shares as of 19 March 2015

Managing our risks

East Capital Explorer's business involves different types of risk. In addition to the risks that we take in our investments with the intent to create value for our shareholders, there are also a number of business risks and financial risks with possible impact on our business. Risk management deals with risks and opportunities affecting value creation or value preservation.

Managing risks is an important part of achieving our objectives as an investment company. The main business risks and how we manage them in our day-to-day business are outlined below. Our financial risks are presented in Note 14 on pages 71-73.

Political risks

Political systems are generally less stable in emerging markets than in developed economies and the legal systems are often less mature. This may imply certain specific investment and ownership risks. For example, amendments to the regulatory framework for the financial markets including changes on the protection of minority shareholders' rights, could adversely impact our business. Political risks also include the capacity of a country's leadership to govern, and its ability to decide on and implement reforms which are well-needed for the transition phase the entire region is experiencing. In the aftermath of the credit crisis, all of the countries in our investment universe face various challenges and not all of them have the same readiness to tackle these challenges, or to withstand new crises.

Managing these risks:

- Political risks vary between countries and sectors, and our access to local presence, experience, know-how and to the network of East Capital, that has been established during more than 17 years of operations, provides us with the ability to integrate a well-grounded analysis of the political risks inherent in the investment decisions.

- Our access to East Capital's network in the region, and their connections with other foreign investors active in these countries, is also valuable when jointly applied measures are made in order to make regulatory progress on issues important to us as

foreign investors. Examples of such issues are the promotion of good corporate governance, independent regulatory regimes and authorities and anti-corruption measures to limit political intervention and to ensure the integrity of local business activity.

- East Capital also regularly meets with politicians and macro economists to discuss the political situation and future trends. East Capital's advisory committees, also consisting of several highly experienced external advisors, are an additional source of knowledge.

- East Capital avoids association with any political groups and strives to keep neutral in its investment activities, thus reducing the likelihood of being a direct target of political intervention.

Country risks

Investing in emerging markets may generally imply a higher level of risk in the business environment than when investing in more developed countries. These markets are less mature and, thereby, also more volatile and more vulnerable to external shocks, as experienced during 2008/2009, 2011 and 2014. This is common to all the countries in our investment region and not just associated with exposure to one specific company or investment in a fund. Country risks also include instability in financial, legal and political systems and other country specific aspects, such as quality of corporate governance, reliability of settlement and clearing systems, lack of appropriate custody services, level of financial reporting and general availability to other reliable corporate information. If any of these country specific aspects should not develop as anticipated in any of the countries in our investment region, we are at risk of being less successful in our investments.

Managing these risks:

- Our access to East Capital's investment teams, with local presence and both personal and professional experience of living and working in our investment region, provides East Capital Explorer with the capability to analyze, integrate and, to the extent possible, mitigate or even avoid certain country specific risks. Through the knowledge and experience of the advisory committees associated with East Capital, the investment team has access to sophisticated analysis and expertise in order to better evaluate any country specific political or macroeconomic risk.

- Our portfolio is diversified between various countries and sectors in the region which, in a positive manner, spreads the risks in our

portfolio. An overall risk analysis of the portfolio is made on a regular basis and also in conjunction with new investments, respective disposals, in order to be able to assess the consequences of these transactions on the overall risk profile of the portfolio.

- Both East Capital Explorer and East Capital each have a Code of Conduct which clearly stipulates that corruption will not be tolerated in any manner or form. East Capital has, through its long term presence in the region, established a network of contacts and relationships which contribute to the avoidance of counterparties, projects and situations in which corruption and other inappropriate business practices are known.

Currency risk

Currency risk arises when the value of future transactions and reported monetary assets and liabilities in other currencies fluctuates due to changes in exchange rates. East Capital Explorer has prepared its reporting in EUR. The companies in which East Capital Explorer, directly or indirectly, invests often prepare their reporting in other currencies and can, in turn, also be exposed in their operations to other currencies. Many currencies within the investment region also show a significantly higher level of volatility than the EUR. Exchange rate fluctuations between the EUR and SEK and between the EUR and such other currencies can have a major, negative impact on our financial position and results.

Managing these risks:

- Currency risks are usually seen to comprise a part of the exposure in the investment operations and only in exceptional cases are these risks limited through currency/related derivatives.

- However, portfolio companies with major currency risks can, sometimes, select to apply currency hedging.

Interest rate risk

The Company is exposed to interest rate risk, partly, since surplus liquidity is invested on a short-term basis and, partly, since both our investments and the companies in which we invest can be financed through loans. Changes in interest rate levels can increase financing costs, respective, decrease revenues from short-term investments. Changes in interest rate levels also affect valuations of portfolio holdings.

Managing these risks:

- The direct interest rate risk in East Capital Explorer is, currently, limited as there is no leverage in the portfolio as such and the portfolio is fully invested. However, there are possibilities of loan financing of certain types of investments and interest rate risks can be managed through longer tenures on the loans.
- To illustrate the indirect interest rate risk, through valuations of and interest rate risks in the portfolio companies, an annual external valuation is conducted of the portfolio's direct and real estate investments, where current interest rates are reflected in the valuations. The company also makes a sensitivity analysis of all direct investment, where the discount rate is presented as one of the factors.

Investment strategy risk

Our business plan and objectives are dependent on the availability of interesting investments. This includes timing the market to enter and exit at the most beneficial moment. There is a risk that we are neither efficient in choosing or developing our investments, nor successful in timing the market conditions at the most profitable moment.

Managing these risks:

- Our access to the experienced investment team at East Capital provides us with a structure to make well-grounded investment decisions and to effectively follow-up on the companies to which we have investment exposure.
- Our Investment Policy ensures that the focus is kept on the agreed countries and sectors, and that the model for creating investment exposure is in agreement with our view on risk-return and yield.
- The members of our Board have been selected on the basis of their respective experience of doing business in our investment region and their own merits relevant to the Board composition as a whole. This provides the Board with the right background to evaluate the investment activity of the Investment Manager, and also contributes to the continuous discussions with East Capital on the investment opportunities in our region.
- The independent members of the Board also continuously review the Investment Policy to assess whether revisions may be justified as the investment environment changes. Any possible changes will be addressed by the Board together with East Capital, in order to make the investment strategy suitable over time.
- East Capital continuously reports on the latest developments in the investment region and follows up on the investments as a standing item at all Board meetings. This provides the Board with updated information on which

to base its evaluation of the investment activity and the suitability of the Investment Policy.

Company specific risk

Our success depends on our ability to provide our shareholders with a portfolio of interesting and profitable investments. This also includes being able to manage our investments effectively during our ownership and to create progress on investor friendly issues, such as corporate governance. There is a risk that certain companies, from time to time, may be adversely affected by internal and external factors and that they will, thereby, have a negative impact on the value of our investments.

Managing these risks:

- Diversification is key to managing company specific risk. However, now, when we are primarily focused on direct investments within private equity and the real estate sector, the level of diversification has decreased during recent years and is expected to decrease even further in the future. At the same time, we are now seeking controlling ownership in the companies in which we invest, which, at the same time, reduces the risk of minority ownership. This also makes possible more clearly defined influence over the company in order to support other risk-reducing measures and provide competence to the companies' boards and management. The portfolio is also diversified between various sectors and types of investments such as cash flow generating investments, investments with a high growth potential and investments with a high potential for revaluation which provides a good risk diversification in the portfolio.
- Our access to the experienced investment team at East Capital provides us with a structure to make well-grounded investment decisions and to effectively follow-up on the companies to which we have investment exposure. Investments in real estate are managed by East Capital's own real estate team comprised of 15 individuals and who have a high level of expertise and experience within real estate management.
- For each direct investment, a so-called due diligence is executed in the scope deemed reasonable considering the circumstances applying. In the same manner, East Capital undertakes a review of each investment undertaken in East Capital's funds. However, as the review process is based on available information, which can be limited, it is possible that not all of the relevant risks are identified.
- When managing the unlisted portfolio companies to which we are exposed through our private equity investments, East Capital aligns interest with both the management, as well as with other major shareholders, in order to set a common agenda for the investment period and preferred exit strategy.

- One important aspect in managing investments includes introducing and following up on improvements in corporate governance issues which we, as investors, firmly believe help to strengthen the operations of a company.

Operational risk

Well-structured and relevant internal administrative processes and systems are important in any corporate structure to minimize the operational risks related to the business operations. Lack of internal control, inadequate administrative systems and processes, infrastructure or technology failures, risk of theft or fraud or risks that East Capital Explorer's or East Capital's reputation in the marketplace is damaged could lead to unexpected economic losses or loss in confidence in us. As many operative functions are outsourced to East Capital, East Capital Explorer is highly dependent on the successful ongoing operations of East Capital.

Managing these risks:

- Operational risks are managed on the basis of our structure for internal control, including adequate routines and instructions, a clearly defined division of responsibility, IT based support and reporting systems with relevant authorizations, our internal structure for information and reporting, as well as both information and physical security. An overview of our operational risks is also executed regularly to identify our risks and the measures which can be executed to reduce such risks.
- Through East Capital, we also have access to risk management functions adapted to the investment activities and operations of East Capital, which should also reduce the overall operative risks related to our business.
- Through a service agreement with East Capital we are able to cost-efficiently source general office and administrative resources from East Capital including office premises, reception, HR and IT. The costs for the service agreement are continuously evaluated by the Board and are estimated to be significantly more cost-efficient than if we were to source these services on our own. An evaluation of these services is also undertaken regularly to identify any possible deviations in the execution of the services.
- As a part of our ongoing monitoring of East Capital, when needed, we also engage external advisors to audit certain functions or processes of East Capital, in order to identify and address any risks related to the operative functions that are administrated by East Capital.

Related party risk

Due to the fact that the investment operations are executed by East Capital, we have ensured our shareholders access to one of the most capable and merited investment teams active in the region. We rely on East Capital's capacity to manage our investment activities rather than having our own in-house investment teams. This could imply a risk that the investments undertaken are not in accordance with the best interest of the Company, or could imply a breach of limits and authority, and thereby unauthorized risk exposure.

Managing these risks:

- Considering our close relationship with East Capital, we have paid specific attention to ensuring the best interests of our shareholders. This includes a detailed Investment agreement between East Capital and East Capital Explorer that effectively stipulates the manner in which the investment activities should be undertaken, and assures that conflicts of interest between ourselves and East Capital can be appropriately handled.
- In particular, in order to avoid any concerns related to the merits of a direct investment presented by East Capital where no other East

Capital fund or other co-investors simultaneously participate, such direct investment needs to be approved by our Board. This way, the investment can be evaluated on its own merits by the members of the Board who are independent from East Capital.

- Similarly, investments may not be made in any new funds launched by East Capital with terms which materially adversely deviate from the terms of any prior fund managed by East Capital without the consent of our Board. This prevents East Capital from introducing new terms which could be unfavorable to us.
- Furthermore, all investment proposals implying a deviation from the investment policy in place or proposals where a conflict of interest which cannot be foreseen to arise from the investment agreement needs to be approved by the Board.
- Managing this risk also means avoiding investment situations in which the fairness or suitability of a transaction, or its valuation, could be questioned. For this reason, our Investment Policy clearly stipulates that unlike investments in East Capital other funds, we shall only invest into East Capital's future private equity funds and real estate funds, to avoid valuation issues or a discussion concerning the terms or timing at which we invest.

- The Audit Committee of East Capital Explorer, comprising all four independent Board members, has extended responsibilities compared to many other companies' audit committees. The Audit Committee is also responsible for initiating the review of our Investment Policy and monitors East Capital's compliance with the Investment Policy and our Investment Agreement. In practice, this means reviewing all investment proposals and decisions made on East Capital Explorer's behalf.

- Our independent Board members have important duties in this regard in order to safeguard the interests of our shareholders, as they resolve conflicts of interest (which are not already contemplated by the Investment Agreement), for example, in relation to direct investments in which there is no other East Capital entity investing at the same time on the same terms, or when assets are acquired from any other East Capital fund.

- In order to ensure full transparency in the day-to-day investment activities and to enable the Audit Committee to fulfill these responsibilities, all members of the Board also receive all relevant materials relating to the investment activities in ECEX Investments.

Internal Control

This section describes the manner in which the internal control regarding the investment management and financial reporting is organized.

The internal control within East Capital Explorer is designed to manage the risks within the financial reporting processes and this includes, for example, ensuring an efficient and reliable accounting of buy and sell transactions of securities, and ensuring the valuation of the securities holdings, as well as that the information is efficiently and correctly communicated to the market.

As investment management is outsourced to East Capital, the structure has been built also to ensure the best interest of our shareholders. The Board is responsible for the monitoring of the investment activities, and is ensured access to all relevant information through the Investment Agreement and relevant policies.

The internal control is usually described according to the framework developed by the committee of Sponsoring Organizations of the Treadway Commission (COSO).

According to this committee's definition, internal control is comprised of the following components: control environment, risk assessment, control activities, information and communication and monitoring. Provided below is a description of East Capital Explorer's internal governance and control regarding COSO's five components.

Control environment

Control environment means the overall structure of the Company ensuring sound internal control as regards to investment activity and financial reporting. A good control environment is comprised of, amongst other things, clearly defined responsibilities and authorisations, as well as by the establishment of relevant policies which can be used in effectively controlling the operations.

East Capital Explorer has prepared policies for all of the company's significant areas, both as regards the business operations, as well as regards the financial reporting. The policies provide necessary guidance to various employees in their work. The Company has an annual process in which the management reviews the policies and, as required, updates them. All of the governance documents are approved annually by the Board of Directors.

Given the specific nature of the Company's operations, one of the Board's most important functions is monitoring the investment activities of ECEX Investments, which holds the investment portfolio (see detailed description of the investment structure under "Corporate Governance" on page 32). The Investment Agreement regulates the activities of East Capital and the rights and obligations of the Company in relation to the investment management organisation. The Investment Agreement also includes the Investment Policy which stipulates the limitations of the management of the portfolio. The Investment Policy is updated on an ongoing basis by East Capital Explorer together with East Capital to address any changes in the company's structure or operations, to ensure that the agreement and Investment Policy reflect the assignment and the framework which is to apply to the management. The changes in the Investment Agreement are approved by the Board of Directors.

The Company's Accounting and Reporting Policy as well as its Information Policy contain detailed provisions regarding the manner in which financial and other information regarding East Capital Explorer shall be managed and reported to the company,

and stipulate, among other things, that the company shall fulfill its obligations pursuant to applicable law, regulations and stock exchange regulations. East Capital Explorer monitors this area on the basis of generally accepted practices in the stock market and regularly follows up the Company's compliance with the listing agreement.

Risk assessment

The Company's management is responsible for the internal control required in order to manage the significant risks in the ongoing operations. Each year the Company's employee undertakes an operational risk analysis with the support of East Capital's Risk Control function. This risk analysis includes all categories of risk, both external risks and internal risks, referring, for example, to portfolio reporting, financial reporting and compliance with statutory requirements. The risk of improprieties is also assessed and is a specific focus area.

The risk analysis is documented and followed up regularly during the year. It also serves as the basis of an assessment of significant internal control areas where the Company's management is responsible for the forming of a control system to identify and prevent these risks. All risks deemed as material are to be reported to the Company's Board of Directors. The Board of Directors also updates, on an ongoing basis during the year, major changes in the Company's risk profile.

Control activities

East Capital Explorer has designed controls for significant parts of the operations. The controls are comprised of both overall controls and more detailed control activities to prevent, identify and correct possible errors and deviations.

Within financial reporting, there are documented work routines for how the work is to be undertaken and work routine descriptions specifying responsibilities as regards financial reporting. During fall 2014, the finance function was strengthened with a Financial Controller, a function which had previously been outsourced.

As the company's core operations are outsourced, an important part of the control structure is related to the fact that the Company regularly follows up and controls to ensure that the investment activities are executed in accordance with the Investment Policy and with the Investment Agreement established with East Capital. The board has access to all relevant material related to the investment activities in ECEX Investments. Furthermore, the Company regularly requests that representatives from the East Capital make presentations to the Company's Board regarding the investment portfolio in order to assist the Board to better monitor the compliance of the Investment Agreement. Currently, the CEO of the Company, Mia Jurke

is member of the Board of ECEX Investments as well as member of the Investment Committee of ECAM SA designated for ECEX Investments. The majority of the monitoring work is performed by the Audit Committee and the Executive Management of the Company.

East Capital Explorer works continuously with the elimination and reduction of significant risks impacting the internal control regarding investment management and financial reporting. Examples of control activities implemented in order to manage these risks are:

- Participation in the work of the Board of Directors of ECEX Investments.
- Participation in ECAM SA's Investment Committee as regards ECEX Investments' portfolio
- Ongoing review of documentation for decisions and formalities in conjunction with the investment activities.
- Right for the Company's management to participate in the valuation committee meetings at East Capital ensuring control of the valuation process.
- Documented processes and routines for financial reporting and descriptions of work routines for personnel.
- Outsourcing agreement with third parties which are followed up through established questionnaires were third parties (for example, as regards IT, HR and Finance) confirm that the third parties comply with the agreements.
- Ongoing discussions and contacts with key individuals within East Capital, including members of the investment management team and the risk and compliance functions.

Information and communication

East Capital Explorer has produced governance documents aimed at ensuring the quality of the internal control regarding investment management and financial reporting. All policies are available in electronic form in a common database. The function for compliance also holds an introduction of the policies and consequences of deviations when new personnel begin their employment or when the Company has a new Board member. This is done to ensure a solid knowledge and understanding of the Company's rules and routines.

The Information Policy describes the manner in which East Capital Explorer is to communicate financial and other information to the market in accordance with stock market regulations. Furthermore, there are policies and instructions for, amongst other things, investments and ownership matters, as well as regards insider issues.

All material outsourcing agreements regulate that the outsourcing partner is obligated to

comply with relevant policies as well as rules and regulations applicable to the Company. Employees and outsourcing partners are also regularly informed about changes in policies applicable to them.

Monitoring

The monitoring of the internal control of the investment management and financial reporting is executed by the Board, the Audit Committee, and the Company's management. Monitoring of the internal control is undertaken by the board, in particular in respect to the financial activities of the Company. The Audit Committee meets on a regular basis in order to manage and discuss accounting issues, financial reporting, internal audit, the appropriateness of policies etc. The Company's management monitors, on an ongoing basis, compliance with policies, instructions and administrative agreements. For services included in the Service Agreement, questionnaires are sent out twice each year where the outsourcing partners evaluate and confirm that they comply with East Capital Explorer's regulations and the agreements in place. Furthermore, the function for compliance undertakes regular follow-ups of the compliance with policies, which is documented and any significant observations are communicated to the Board of Directors.

To further evaluate and improve the internal control, East Capital Explorer established, during 2008, an internal control function. This undertakes ongoing audits of the internal control and presents reports to the Board and management providing recommendations for improvements in the internal governance and control.

Internal Audit is the Board of Directors' independent audit function which is assigned with the ongoing audit of the operations within the Company. The specific areas for review are decided in a three year internal audit plan which is approved by the Board. Internal Audit's work is based on a risk analysis undertaken by the Company management within East Capital Explorer and representatives from Ernst & Young to which the internal audit function is outsourced. The focus for the work with the internal audit is on the outsourced aspects of the operations, including the investment management, and on the significant internal routines and compliance with policies. The results of these internal audit reviews are reported to the Audit Committee, as well as to the Board.

Stockholm, March 2015
Board of Directors of East Capital Explorer AB (publ)

Fees

East Capital Explorer's investment structure has been designed to avoid duplication of fees, which means that fees related to fund investments are paid only at underlying fund level. During 2014, East Capital Explorer was charged with a total of EUR 6.1m in management fees, that is, including both management fees at fund investment level as well as on direct investments. No performance fees were applied, instead, a total of EUR 11.3m in previously accrued performance fees were reversed as a result of the new agreement regarding fees which was entered into in April 2014 between East Capital Explorer and East Capital.

Fee structure for direct investments

Fees for the management of direct investments are charged in the form of management fees and performance fees. The actual terms are (on the basis of the agreement entered into with East Capital in April 2014):

Management fees

- Management fees of 2 percent apply, based on the opening fair value of the investment. For real estate investments, the management fee is 1.75 percent.
- For portfolio values (calculated as East Capital Explorer's entire portfolio) in excess of EUR 400m, the management fee is reduced to 1 percent.

Performance fees

- Performance fees of 20 percent of profits are applied, on the premise that a threshold value of 8 percent per year has been achieved.

- Performance fees apply only when the asset has been divested.
- Payment of performance fees takes place earliest when all of the direct investments, together, with a 7 year history, shows a positive result and the Net Asset Value per share is in excess of SEK 100.

Fees related to direct investments are calculated per investment. However, the conditions for payment (see last point above) are impacted by the development of the collective investments.

Fees related to fund investments

Fees for the management of fund investments apply only in the respective fund and in accordance with that fund's terms and conditions. No further fees are paid as compensation for, for example, the allocation of the East Capital Explorer portfolio. Neither does East Capital Explorer pay any subscription fees

even if such fees can be charged by the respective fund. East Capital Explorer has also a number of special terms and conditions.

These are:

- A rebate of 50 percent on the management fees in the so-called UCITS funds (regulated, open-ended daily traded funds) calculated on the management fee for the retail class shares in the fund.
- No performance fees are to be paid before East Capital Explorer's net asset value per share amounts to SEK 100 (adjusted for distributions).
- For portfolio values (calculated as East Capital Explorer's entire portfolio) in excess of EUR 400m, the management fee is reduced to 1 percent.

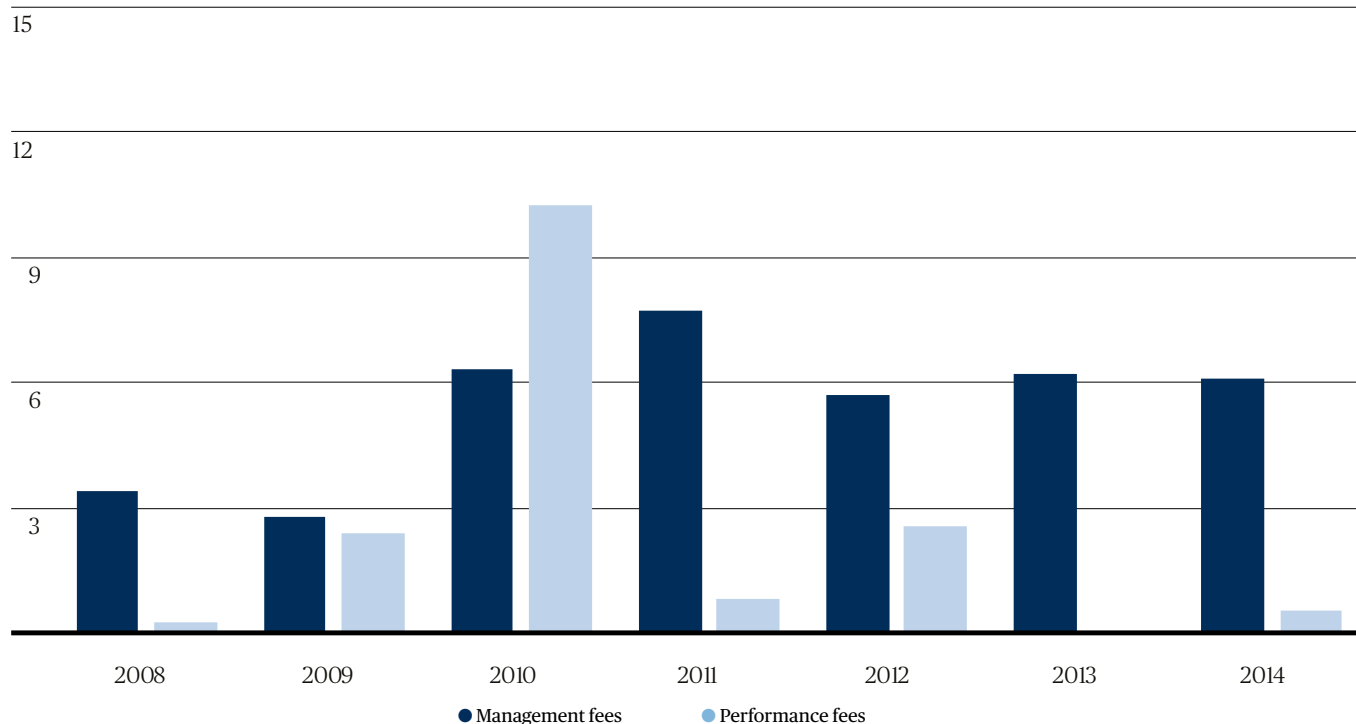
A summary of the respective fee structures for the funds in which East Capital Explorer had holdings as at the end of December 2014, is found on page 45.

Fees to East Capital in 2014

Fee for managing East Capital Explorer's investment portfolio (EUR thousands)	Management fees 2014	Performance fees ¹ 2014	Total fees 2014
Direct investments	-2,849	11,074	8,225
Other investments	-3,215	262	-2,953
Total	-6,064	11,336	5,272

¹ Positive performance fee due to reversal of earlier provisions for non-realised performance fees.

Paid management and performance fees, EURm



The paid fees are in applicable cases related to a positive development during previous periods. Positive development in current holdings can imply that performance fees will be paid when the conditions for payment has been fulfilled (see further page 44).

Fee structure for East Capital Explorer's fund investments

Fee for managing East Capital Explorer's investment portfolio as at 31 December 2014	Annual mgmt. fee	Base amount	Performance fee ¹	Hurdle rate ²
Fund				
East Capital Baltic Property Fund II	1.75% ³	Drawn Down Capital ⁴	20%	8%
East Capital Bering Ukraine Fund Class R	2.0%	NAV	20%	
East Capital Deep Value Fund	2.0%	NAV	20% +40% from the initial investment and 7% annually	
East Capital Frontier Markets Fund	1.0% ¹	NAV	No performance fee	N/A
East Capital Russia Domestic Fund	2.0%	NAV	20%	7% annually

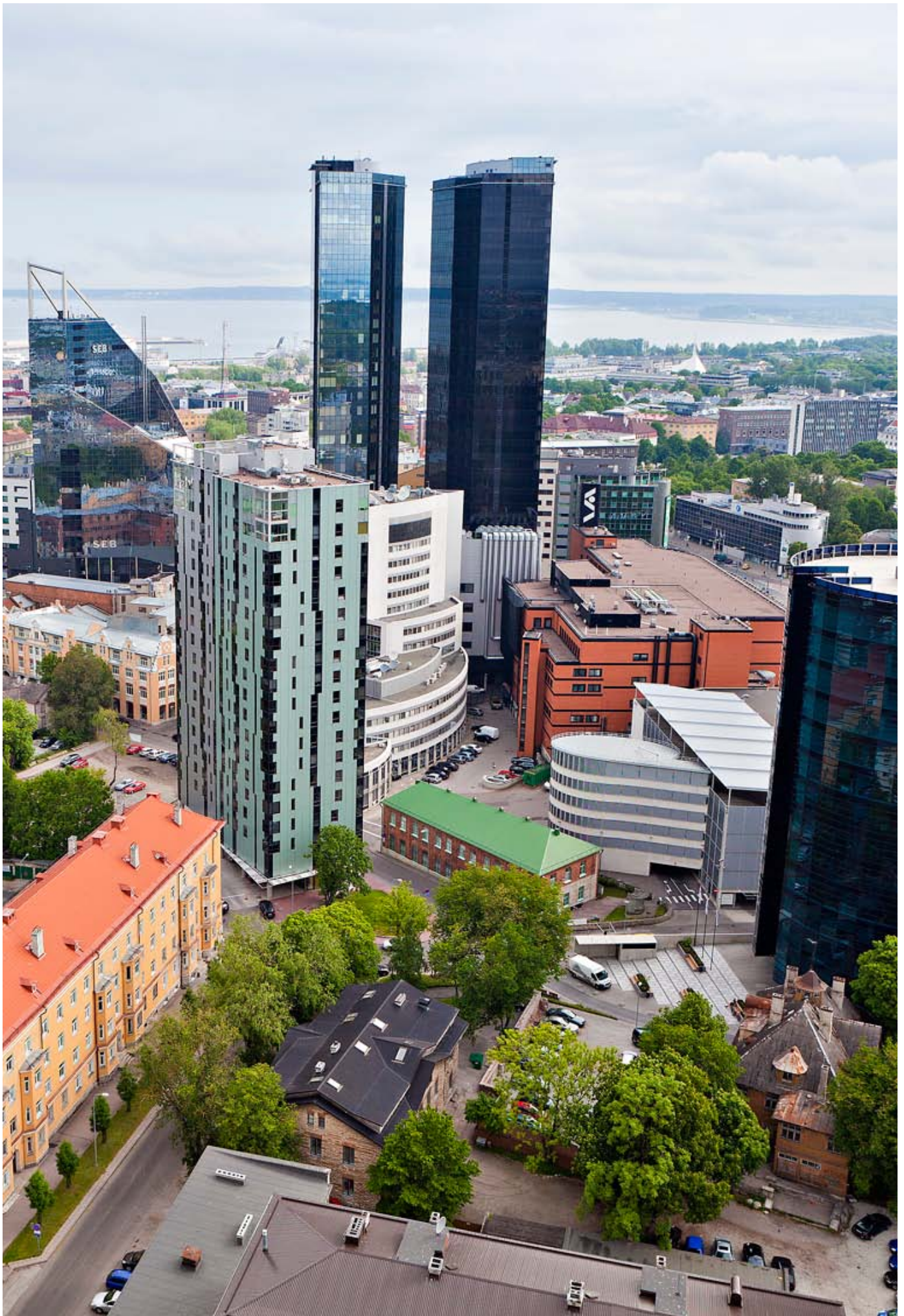
¹ No performance fees are paid until the Net Asset Value per share is in excess of SEK 100

² The hurdle rate is the return that must first be achieved, in order for performance fee to apply

³ The management fee is reduced, pursuant to a separate agreement with East Capital

⁴ Drawdown capital refers to the amount that the investor has invested in the Fund (regardless of the size of the committed capital)

Redemption fees are not applicable to any of East Capital Explorer's fund investments.



4

Financial Statements

Administration Report	49
Financial Statements	52
Notes	56
Five-Year Summary	78
Auditor's Report	80



Administration Report

The board of Directors of East Capital Explorer AB (publ), (East Capital Explorer AB, the Company) Corporate registration Number 556693-7404, hereby submits the annual report for the financial year 1 January - 31 December 2014.

The Group

East Capital Explorer is a Swedish investment company listed on NASDAQ OMX Stockholm. East Capital Explorer's business concept is to maximise risk-adjusted shareholder return by offering shareholders a liquid exposure to a unique investment portfolio of unlisted and listed companies in Eastern Europe. Value is added through active ownership made possible by the investment manager East Capital's local presence, extensive network and long experience in the Eastern European markets.

As previously notified in a press release, it was at the beginning of the year assessed that East Capital Explorer AB's investment subsidiary East Capital Explorer Investments AB would be subject to EU's new regulatory framework for managers of alternative investment funds (AIFMD). In order to manage the new regulatory requirements in a cost-efficient manner, the portfolio management operations were transferred from Sweden to Luxembourg, where East Capital has an existing organization adapted to meet the requirements of the AIFMD rules. To facilitate this reorganization, a new Luxembourg based subsidiary, East Capital Explorer Investments SA, was set up during 2014 and the operations previously managed under East Capital Explorer Investments AB were consequently transferred to the new subsidiary in August 2014. Other than certain additional fees to CSSF (the Luxembourg Financial Supervisory Authority) and charges related to the safe keeping and supervision of assets by a designated depository (Citibank International plc) required under the AIFMD rules, the cost level for the management of the portfolio has not increased. For further information, please see Corporate Governance on pages 30-45.

In accordance with the changes in foremost IFRS 10 and IAS 27 imposed on investment entities, East Capital Explorer AB (publ) (the Company) reports all investments at fair value and does not consolidate any of its subsidiaries starting from 1 January 2014. Comparatives for 2013 have been restated. The only notable difference is attributable to the holding in Starman, which was acquired in 2013, resulting in an adjustment of the value per 31 December 2013 of EUR -1.4m. Please refer to note 16 for more information. After implementing the new principles, the financial reports of the Parent company correspond to the Separate Financial Statement according to IFRS.

The investment activities of East Capital Explorer AB are managed in the operating subsidiary East Capital Explorer Investments SA which manages the investment portfolio, in accordance with the Investment Policy. Transactions in the operating subsidiaries East Capital Explorer Investments SA, East Capital Explorer Investments AB and Humarito Ltd are referred to as the investment activities in this report.

The Company's functional currency and presentational currency is euro (EUR).

Results

The net result of the year was EUR -33.8m (EUR 23.1m), including value changes of shares in subsidiaries of EUR -32.8m (EUR 23.9m), corresponding to earnings per share of EUR -1.09 (EUR 0.72).

The value of the holding in Melon Fashion Group (MFG) was impaired by EUR 8.5m, or 12 percent in the first quarter, equivalent to the decline of the rouble against the euro between December 2013 and February 2014. Part of the performance fee provision, EUR 2.1m including VAT, was consequently reversed. In the third quarter the value of the holding in MFG was impaired by an additional EUR 5.4m. In the fourth quarter MFG was impaired by EUR 21.5m mainly due to the decline of the rouble against the euro between Q3 2014 and Q4 2014, but also due to the general macroeconomic downturn. The total depreciation in 2014 sums up to EUR 35.4m. The value of the holding in Starman was appreciated by EUR 9.0m in the third quarter and EUR 5.5m in the fourth quarter. Together with the fair value adjustments in East Capital Deep Value Fund of EUR 0.9m, East Capital Russia Domestic Growth Fund of EUR -26.2m, East Capital Baltic Property Fund II of EUR 1.4m and the additional reversal of performance fee provisions noted below, these were the main contributors to the change in value of shares in subsidiaries in the Income statement for 2014.

The result of the year includes other expenses of EUR -1.1m (EUR -1.0m) and taxes of EUR 0.0m (EUR -0.3m), all of which refer to the Parent company. Financial income for the period amounted to EUR 1.0m (EUR 1.7m) and is attributable to interest income from the loan to East Capital Explorer Investments SA. Financial expenses amounted to EUR -0.0m (EUR -0.0m).

Key events during the year

On 22 April 2014, it was announced that East Capital Explorer AB and East Capital had 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 out until the net asset value per ordinary share is above SEK 100. Further for direct investments, an additional condition for

payment is that all direct investments in total show a positive result. Performance fees are also only charged on realized investments. For real estate investments, management fees were reduced from 2.0% to 1.75% while hurdle rates were lowered to 8.0%, which is the same hurdle rate as for direct investments. Additionally, all management fees on portfolio values exceeding EUR 400m will be reduced to 1.0%. As a consequence of reversed performance fee provisions, the changes had a positive effect of EUR 11.3m (including VAT) on the reported results of 2014. For more information, please see the press release, from 22 April 2014, available on the company's website.

To calculate all fees related to East Capital Explorer, fees originated in funds should be added to the fees in direct investments. Total fees to East Capital, generated by the fund investments and direct investments held by East Capital Explorer AB, amounted to EUR +5.3m (EUR -12.4m) including VAT. Of this, EUR -6.1m (EUR -6.2m) was management fees and EUR +11.3m (EUR -6.3m) was performance fees. Due to the reversal of earlier accrued performance fees noted above, the amount was positive for the period. For more details about fees, please see pages 44-45.

In the second quarter, the Parent Company received repayment of shareholder's contributions of EUR 15.6m (EUR 14.4m) from East Capital Explorer Investments AB and EUR 13.6m (EUR 14.3m) was paid out to the shareholders in connection with the re-demption program that ended in June 2014 (January 2013).

Direct Investments

An A Class office complex in the central business district of Vilnius, 3Bures (renamed in Q4 2014, previously Vilnius Business Harbour), was acquired in May for a total consideration of EUR 61.6m, of which EUR 22.3m was paid in cash. In November, East Capital Explorer sold part of its holding in Trev-2 Group for a total consideration of EUR 0.7m, and consequently reduced its stake from 40.0 to 38.3 percent. In December, East Capital Explorer received a dividend of EUR 0.2m from Trev-2.

Fund Investments

On 1 January 2014, East Capital restructured four of its Bering funds; East Capital Bering Russia Fund, East Capital Bering Balkan Fund, East Capital Bering Central Asia Fund and East Capital Bering Ukraine Fund A. The funds were transformed into two new funds; East Capital New Markets Fund and East Capital Deep Value Fund. In December 2014, East Capital New Markets Fund merged with East Capital Frontier Markets Fund. In the investment activities, East Capital Explorer received a final consideration of EUR 14.1m relating to the holding in East Capital Special Opportunities Fund and

EUR 19.4m from the divestment of shares in East Capital Special Opportunities Fund II. In July, the final drawn down, of EUR 2.3m, was made in Baltic Property Fund II. At the end of December 2014, shares in East Capital Frontier Markets Fund were sold in the amount of EUR 5.1 million. The cash inflow from this transaction took place at the beginning of January 2015.

Redemption program and preference shares

At the Annual General Meeting on 22 April 2014, it was resolved that East Capital Explorer would offer its shareholders to redeem 5 percent of the Company's outstanding shares at a price of SEK 83 (corresponding to EUR 9.38) for each redeemed share. The redemption price was equivalent to the Company's net asset value per share on 28 February 2014. A total of 1,481,049 ordinary shares were tendered for redemption during the period 6 May to 4 June 2014, corresponding to an acceptance level of approximately 94 percent. Consequently, a total of SEK 122,927,067, EUR 13.6m, was paid out in June 2014 to the shareholders participating in the redemption program.

At the end of June 2014, East Capital Explorer cancelled the shares redeemed through the redemption program. The Company does not hold any own shares following the cancellation. The total number of shares in East Capital Explorer as of 31 December 2014 amounted to 29,943,260. The average number of shares outstanding for the reporting period was 31,148,630, adjusted for the redemption program.

The Board has proposed a redemption program where 1 out of 20 shares is redeemable at full net asset value, i.e. SEK 83 per share (NAV per share at 31 December 2014).

At an Extraordinary General Meeting on 24 March 2014, it was decided to introduce a new class of shares, preference shares, and to authorise the Board to issue such preference shares in order to take advantage of attractive investment opportunities with strong cash flow and good growth. The AGM on 22 April 2014 resolved to renew this authorization. The mandate is valid until the next AGM. In October, the Board of East Capital Explorer announced that it does not intend to exercise the mandate to issue preference shares. The decision is based on the fact that the cost of funding through preference shares would be unjustifiably high given the present market conditions, whereas new investments may currently be financed through continued divestment of parts of the company's fund holdings

Dividend

The redemption program has replaced the Company's dividend policy and, therefore,

no dividend will be paid out on the ordinary shares for the fiscal year 2014.

Share information

East Capital Explorer AB's share capital amounted to approximately EUR 3.6m. The total number of shares in East Capital Explorer AB as of 31 December 2014 amounted to 29,943,260. The average number of shares outstanding for the reporting period was 31,148,630.

The closing price per share on 31 December 2014, the last trading day of the year, was SEK 42.5, equivalent to EUR 4.49 (SEK 62.50 equivalent to EUR 7.00). East Capital Explorer AB's share price, consequently and adjusted for redemption program, decreased by 33.8 percent (increased by 22.8 percent) in EUR during the year. By comparison, the Russian Indexes RTS decreased by 37.8 percent (decreased by 9.5 percent) and RTS 2 decreased by 39.8 percent (decreased by 24.1 percent), while MSCI EM Europe Index decreased by 20.2 percent (decreased by 8.6 percent) in EUR. In SEK and adjusted for redemption program, East Capital Explorer AB's share price decreased by 29.6 percent (increased by 27.0 percent) in 2014

Key events after the end of the financial year

As announced on 22 December 2014, East Capital Explorer's portfolio company Starman, the leading cable TV and broadband internet service provider in Estonia, signed an agreement to acquire 100 percent of Lithuanian Cgates for a total enterprise value of EUR 56.3m. The transaction was completed on 12 February 2015 following approval from the Lithuanian competition authority. In conjunction with the transaction, East Capital Explorer made an additional investment of EUR 22.5m through a share issue in Starman, thereby increasing the ownership from 51 to 63 percent. The transaction was financed by selling holdings in East Capital Frontier Markets Fund and East Capital Russia Domestic Growth Fund.

In January and February 2015, East Capital Deep Value Fund rose in total by 9.2 percent, East Capital Frontier Markets Fund rose by 5.5 percent, East Capital Russia Domestic Growth Fund R rose by 27.3 percent and East Capital Bering Ukraine Fund Class R declined by 30.7 percent. East Capital Baltic Property Fund II only publishes NAV on quarterly basis. Additional shares in East Capital Frontier Markets Fund were sold for an amount equivalent to EUR 7.1m, and share in East Capital Russia Domestic Growth Fund were sold for an amount equivalent to EUR 4.0m.

Risks and factors of uncertainty

East Capital Explorer AB has an investment and finance policy with the purpose of

providing guidelines for managing and controlling the effects of the risks inherent in the investments. The dominant risk in East Capital Explorer AB's operations is commercial risk in the form of exposure to specific sectors, geographic regions or individual holdings and financial risk in the form of market risk, equity price risk, foreign exchange risk and interest rate risk. The Company's fund investments and direct investments are also exposed to commercial risks, financial risks, and market risks. In addition, through the business activities of their holdings, i.e. their offerings of products and services, within the respective sectors, the funds and direct investments are also exposed to legal/regulatory risk and political risk, for example political decisions on public sector expenditures and industry regulations.

Many risks are also associated with opportunities. The goal is to eliminate the risks that are not associated with opportunities (e.g. inadequate procedures). One material risk in East Capital Explorer's business is the commercial risk associated with exposure to certain industries, geographic regions or individual holdings. Equity price risk is also a key risk in the Company's business activities. The Company's policy is to manage price risk through diversification and selection of investments within specified limits set by the Board. The Company's finance policy for management of financial risk has been prepared by the Board and represents a framework of guidelines and regulations in the form of risk mandates and limits for financial activities.

Operational risk is defined as the risk of loss resulting from inadequate internal processes or systems, or from external events not related to investments. Operational risks occur throughout the business and are managed by constantly improving the management of system related issues, administrative processes, information security and legal matters. Moreover, the Company monitors obligations arising from external regulations and laws, agreement related undertakings and the Company's internal rules.

For more information, please see Note 14, "Financial risks and Risk management".

Personnel and remuneration guidelines

On 31 December 2014, East Capital Explorer AB had four employees, of which three women and one man. In accordance with current guidelines, the Board proposes the Annual General Meeting 2014 the following with regard to remuneration of executive management, in this case the CEO and CFO: Remuneration is comprised of fixed salary, variable salary, pension and insurance benefits, as well as other non-monetary benefits and other compensation. The Board determines at its own discretion on the

basis of specific key performance indicators whether the CEO and CFO should be paid any variable salary. The internal evaluation criteria include criteria linked to the share price and NAV discount. The CEO and CFO may receive a maximum variable salary corresponding to 50 percent of their fixed salary. The CEO and CFO have an individual premium-based pension plan, pursuant to which the Company pays premiums corresponding to 10 percent of their fixed salary up to 10 Swedish income base amounts and premiums corresponding to 20 percent of their fixed salary on the portion of the fixed salaries exceeding 10 Swedish income base amounts. In the event the Company terminates the CEO's employment, the Company is required to observe a six-month period of notice. The CEO is entitled to a severance payment corresponding to six months' salary.

Information about salaries and current remunerations guidelines, other compensation and social charges for the Board and executive management, as well as other employees, is found in Note 4 .

Corporate Governance and the Board of Directors

The Board shall be comprised of three to six directors without deputies. Board Members are elected annually at the Annual General Meeting for the period up and until the next Annual General Meeting. East Capital PCV Management AB, Corporate Registration Number 556729-6941, has the right to appoint one Board Member for the same period, as long as the Investment Agreement to which the Company is a party, (described in §13 of the Articles of Association), is in place. Certain resolutions to amend these articles are valid only if supported by shareholders with at least 75 percent of the votes cast and of the shares represented at the meeting of shareholders. The complete Articles of Association can be found on www.eastcapitalexplorer.com.

For information as to the manner in which the Company is governed and controlled, such as via the Board and committees, and for information on the Board's internal control, please refer to the Corporate Governance section on pages 30-45. See pages 40-43 regarding internal control and risk management.

The Board of Directors proposed that the unappropriated earnings in East Capital Explorer AB (publ) are distributed as follows:

Total available funds for distribution:	
Share premium reserve	334,563,914
Retained earnings, including other reserves	-43,054,783
Profit for the year	-33,845,902
Total EUR	257,663,229

Income statement

As East Capital Explorer AB, in accordance with IFRS, is classified as an investment entity, consolidated accounts are no longer produced, but instead separate financial statements in accordance with IFRS are presented below. Furthermore, as before, the separate financial statements of the Parent company are produced in accordance with RFR 2. As there are currently no differences between the requirements in accordance with RFR 2 and the reports according to IFRS - both sets of accounts are presented in one common set of financial statements below.

EUR thousands	Note	1 Jan - 31 Dec 2014	Restated ¹ 1 Jan - 31 Dec 2013
Changes in value of subsidiaries	2	-32,750	23,874
Staff expenses	4	-902	-1,086
Other operating expenses	3, 5	-1,147	-1,029
Operating profit/loss		-34,799	21,759
Financial income from Group Companies	6	961	1,724
Financial expenses excluding Group Companies	6	-8	-1
Profit/loss before tax		-33,846	23,483
Income tax expenses/income	7	-	-339
NET PROFIT/LOSS FOR THE YEAR²	2	-33,846	23,143

Earnings per share, EUR

- Shareholders of the Parent Company	8	-1.09	0.72
--------------------------------------	---	-------	------

No dilutive effects during the periods

¹ As of 1 January 2014, amendments to IFRS 10 and IAS 27 regarding investment entities have been applied. Comparable figures have been restated as if the principles had also been applied in 2013. Further information can be found in note 1 "Accounting principles" and note 16, "Changes in accounting policies". The only notable effect from the restatement is attributable to the holding in Starman. In the earlier published reports relating to 2013, Starman was included at equity value in the consolidated accounts compared to fair value (acquisition value) in the restated figures, resulting in an adjustment of the value per 31 December 2013 of EUR -1.4m.

² Net Profit/Loss for the year corresponds to Total Comprehensive income for the year.

Balance Sheet

As East Capital Explorer AB, in accordance with IFRS, is classified as an investment entity, consolidated accounts are no longer produced, but instead separate financial statements in accordance with IFRS are presented below. Furthermore, as before, the separate financial statements of the Parent company are produced in accordance with RFR 2. As there are currently no differences between the requirements in accordance with RFR 2 and the reports according to IFRS - both sets of accounts are presented in one common set of financial statements below.

EUR thousands		31 Dec 2014	Restated ¹ 31 Dec 2013	Restated ¹ 1 Jan 2013
	Note			
Assets				
Shares in subsidiaries	9, 13, 14	260,644	279,678	270,204
Deferred tax assets		-	-	340
Total non-current assets		260,644	279,678	270,544
Loans to Group Companies	13	-	29,315	29,315
Other short-term receivables	13	1	1	30
Accrued income and prepaid expenses	13	16	21	23
Cash and cash equivalent	13	1,057	776	1,131
Total current assets		1,074	30,113	30,499
Total assets		261,718	309,791	301,043
Equity and liabilities				
Equity	10			
Share capital ²		3,650	3,640	3,631
Other contributed capital/Share premium reserve ³		334,564	348,183	362,461
Retained earnings including other reserves ³		-43,055	-65,579	-80,003
Net profit/loss for the period ³		-33,846	23,143	14,424
Total equity		261,314	309,387	300,513
Current liabilities				
Other liabilities	11, 13	129	108	198
Accrued expenses and prepaid income	12, 13	275	296	332
Total current liabilities		404	404	530
Total equity and liabilities		261,718	309,791	301,043

PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	-	-	-
Contingent liabilities	-	-	-

¹ As of 1 January 2014, amendments to IFRS 10 and IAS 27 regarding investment entities have been applied. Comparable figures have been restated as if the principles had also been applied in 2013. Further information can be found in note 1 "Accounting principles" and note 16, "Changes in accounting policies". The only notable effect from the restatement is attributable to the holding in Starman. In the earlier published reports relating to 2013, Starman was included at equity value in the consolidated accounts compared to fair value (acquisition value) in the restated figures, resulting in an adjustment of the value per 31 December 2013 of EUR -1.4m.

² Restricted capital

³ Unrestricted capital

Statement of changes in Equity

As East Capital Explorer AB, in accordance with IFRS, is classified as an investment entity, consolidated accounts are no longer produced, but instead separate financial statements in accordance with IFRS are presented below. Furthermore, as before, the separate financial statements of the Parent company are produced in accordance with RFR 2. As there are currently no differences between the requirements in accordance with RFR 2 and the reports according to IFRS - both sets of accounts are presented in one common set of financial statements below.

EUR thousands 2014	Share capital	Other contri- buted capital/ Share premium reserve	Other reserves	Retained earnings incl. Profit/loss for the year	Total equity shareholders in the Parent company	Non- con- trolling interest	Total equity
Opening equity 1 January 2014	3,640	348,183	-	-42,436	309,387	-	309,387
Net profit/loss for the period	-	-	-	-33,846	-33,846	-	-33,846
Total comprehensive income	-	-	-	-33,846	-33,846	-	-33,846
Bonus issue	10	-10	-	-	-	-	-
Redemption program	-	-13,609	-144	-	-13,753	-	-13,753
Other reserves ²	-	-	-475	-	-475	-	-475
Closing equity 31 December 2014	3,650	334,564	-619	-76,282	261,314	-	261,314

EUR thousands 2013, Restated ¹	Share capital	Other contri- buted capital/ Share premium reserve	Other reserves	Retained earnings incl. Profit/loss for the year	Total equity shareholders in the Parent company	Non- con- trolling interest	Total equity
Closing equity 31 December 2012	3,631	362,458	77	-65,653	300,513	8	300,521
Effects of changes in accounting principles	-	3	-77	74	-	-8	-8
Opening equity 1 January 2013	3,631	362,461	-	-65,579	300,513	-	300,513
Net profit/loss for the period	-	-	-	23,143	23,143	-	23,143
Total comprehensive income	-	-	-	23,143	23,143	-	23,143
Bonus issue	9	-9	-	-	-	-	-
Redemption program	-	-14,269	-	-	-14,269	-	-14,269
Closing equity 31 December 2013	3,640	348,183	-	-42,436	309,387	-	309,387

¹ As of 1 January 2014, amendments to IFRS 10 and IAS 27 regarding investment entities have been applied. Comparable figures have been restated as if the principles had also been applied in 2013. Further information can be found in note 1 "Accounting principles" and note 16, "Changes in accounting policies". The only notable effect from the restatement is attributable to the holding in Starman. In the earlier published reports relating to 2013, Starman was included at equity value in the consolidated accounts compared to fair value (acquisition value) in the restated figures, resulting in an adjustment of the value per 31 December 2013 of EUR -1.4m.

² Other reserves comprises of administration cost for redemption program and costs related to planned issue of preference shares.

Cash flow statement

EUR thousands	1 Jan - 31 Dec 2014	Restated ¹ 1 Jan - 31 Dec 2013
Operating activities		
Operating profit/loss	-34,799	21,759
Changes in value of subsidiaries	32,750	-23,874
Interest received	961	1,663
Tax paid	-	-30
Cash flow from current operations before changes in working capital	-1,088	-481
Cash flow from changes in working capital		
Increase(-)/decrease in other current receivables	6	29
Increase(+)/decrease in other current payables	-475	-96
Cash flow from operating activities	-1,557	-549
Investing activities		
Repayment of shareholder contributions	15,600	14,400
Cash flow from investing activities	15,600	14,400
Financing activities		
Redemption program	-13,753 ²	-14,269
Cash flow from financing activities	-13,753	-14,269
Cash flow for the period	290	-418
Cash and cash equivalent at the beginning of the period	776	1,131
Exchange rate differences in cash and cash equivalents	-8	62
Cash and cash equivalent at the end of the period	1,057	776

¹ As of 1 January 2014, amendments to IFRS 10 and IAS 27 regarding investment entities have been applied. Comparable figures have been restated as if the principles had also been applied in 2013. Further information can be found in note 1 "Accounting principles" and note 16, "Changes in accounting policies". The only notable effect from the restatement is attributable to the holding in Starman. In the earlier published reports relating to 2013, Starman was included at equity value in the consolidated accounts compared to fair value (acquisition value) in the restated figures, resulting in an adjustment of the value per 31 December 2013 of EUR -1.4m.

² Includes an fx gain of EUR 0.3m relating to the redemption program 2014

Notes to the financial statements

Note 1 Accounting Principles

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as approved by the European Commission for application within the European Union. In addition, the Swedish Financial Reporting Board recommendation RFR 1 has been applied.

The accounting policies have been consistently applied to all periods presented in the financial statements, unless otherwise stated.

The annual report was approved for issue by the Board on 19 March 2015. The financial statements will be submitted to the shareholders' meeting for adoption on 21 April 2015.

Changes in accounting policies due to new or amended IFRS

In accordance with the changes of IFRS 10 "Consolidated Financial Statements" and IAS 27 "Separate Financial Statements", imposed on investment entities, as from 1 January 2014, the Company reports all investments at fair value and does not consolidate any of its subsidiaries. Comparatives for 2013 have been recalculated. The effect of the changes in the accounting principles are presented in the Statement of Changes in Equity on page 54 and in Note 16, "Changes in accounting policies".

In connection with the implementation of IFRS 10, investment entities, the financial statements have been renamed from Statement of profit and loss and other comprehensive income to Income Statement, and from Statement of financial position to Balance sheet.

As of 1 January 2014, the Parent Company applies the fair value option in Swedish Annual Accounts Act, chapter 4, paragraph 14 (b) for accounting of financial instruments, whereas interest in subsidiaries is measured at fair value through profit and loss instead of at historical cost less impairment. There were no material effects on recognised amounts from the change. In connection with the amended principles the format of the income statement has changed, so that the change in the value of shares in subsidiaries is included in the Company's operating results.

New IFRS standards to come into force from 2015 and later

A number of other new standards, amendments standards and interpretations are effective for annual periods beginning after 1 January 2015. The Company does not plan early adoption of these standards and they are not assessed to have any material impact on the financial statements.

Basis for measurement for preparing Financial Statements

Shares and participations in investing activities and short-term investments are recognised at fair value through Profit or Loss. Other financials and non-financials assets and liabilities are recognised at cost or amortised cost.

Functional and presentation currency

The Company's functional currency is euro (EUR). This means that the financial statements are presented in EUR. All amounts, unless stated otherwise, are rounded off to the nearest thousand. Note that certain figures may not sum exactly due to rounding.

Estimates and assumptions

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Management has discussed the developments, decisions made and information regarding the Company's most important accounting principles and estimates, as well as the application of these principles and estimates with the Audit Committee.

Significant judgments made in the application of the accounting policies

The significant accounting assessments used in applying the accounting policies are described below:

Any future performance fees to the Investment Manager East Capital pertaining to direct investments will not be accounted for as a provision on the balance sheet nor as a contingent liability until a direct investment has been realised. As all decisions to realise direct investments are taken by East Capital Explorer's Board of Directors, and the payment of any accrued performance fees therefore are within the Company's control, it is the Company's interpretation of IAS 32 and IAS 37 that no obligation arises until such a decision is taken.

Investment Entities

From of 1 January 2014, East Capital Explorer applies the investment entity consolidation exception in IFRS 10, which implies that all holdings are recognised at fair value through profit or loss. In assessing East Capital Explorer AB, it has been concluded that the Company, even though it has only one investment (East Capital Explorer Investments SA), falls within the classification of an investment entity, as the subsidiary is set up to facilitate the portfolio in the investment

activities of the Company, where investment in several holdings take place through subsidiary below East Capital Explorer Investments SA (the fund investments, direct investments and short term investments in the East Capital Explorer portfolio).

East Capital Explorer AB has according to its listing agreement and under investment management agreements undertaken to provide East Capital Explorer Investments SA with financing for its investments, from bringing several investors (the shareholders) together for the single purpose of making investments through East Capital Explorer Investments SA. East Capital Explorer AB's investment strategy is to acquire attractive assets and sell them in the foreseeable future at a profit. The management agreement between East Capital Explorer AB and East Capital includes an agreement on the payment of performance fees. This applies both in the context of fund investments and direct investments.

The incentive is designed so that East Capital essentially gets paid only if the profits are realised, which strengthens the manager's focus on the realisation of assets, i.e. to plan for and execute an exit. Also, East Capital Explorer AB's strategy in optimising the long-term return for the shareholders is to actively manage the portfolio of investments. The capital invested in the portfolio is of a long-term nature and enables making investments over a full economic cycle. However, implicit in the active management is the strategy to exit direct investments through trade sales or IPOs and to exit fund investments either through the closure of the funds or through sales

Key sources of uncertainty

The sources of uncertainty in the estimates below refer to the significant risk of substantial adjustments to reported assets or liabilities for the next financial year.

In those cases where portfolio investments are not traded on a market seen as an active market and fair value is not set against the background of actual bid quote, but by means of valuation models (see below under financial instruments), there is uncertainty that the holding will not be assigned a correct fair value. The Company applies its models consistently between the periods, but the calculation of fair value is characterised by uncertainty. Based on controls and reliability procedures, the Company considers the fair values recognised in the Balance Sheet to be carefully calculated and balanced and to reflect the underlying economic values. For more information, please see Sensitivity analysis in note 13.

Classification etc.

Non-current assets and non-current liabilities consist predominantly of amounts

expected to be used or paid more than 12 months after the Balance Sheet date. Current assets and current liabilities consist predominantly of amounts expected to be utilised or paid within 12 months of the date of the Balance Sheet.

Segment reporting

East Capital Explorer AB classifies the Company's various segments based on the nature of the investments. Segment results and assets include items directly attributable to the segment, which can be allocated in a reasonable and dependable manner. Management monitors the holdings on the basis of fair value, and all holdings are reported at fair value through profit or loss in accordance with IAS 39. As the value of the holding in East Capital Explorer Investments SA, where the investment activities are managed, is directly dependable of the investment portfolio, the value change of holdings held by the subsidiary has been allocated to value changes, dividends received and other operating expenses that are directly attributable to the underlying fund investments, direct investment or short-term investments. All other revenues and expenses are classified as unallocated.

Income

Income consists primarily of value changes in portfolio and dividends.

For Balance Sheet items included at both the beginning and the end of the period, changes in value comprise the difference in the values at these times. For Balance Sheet items realised during the period, changes in value comprise the difference between the payment received and the value at the beginning of the period. For Balance Sheet items acquired during the period, changes in value comprise the difference between the value at the end of the period and the acquisition cost.

Income from dividends is recognised when the right to receive the dividends can be determined.

Expenses

Operating expenses refers to costs of an administrative nature, such as staff costs, management fees, notary fees and bank fees. The cost for variable remuneration is estimated and accrued at the end of the year. Obligations related to contributions to defined contribution plans are expensed in the Income Statement the related service are provided.

Taxes

Income tax comprises current and deferred tax. Income tax is reported in the Income Statement except when the underlying transaction is reported in Other Comprehensive Income or directly in equity. In such cases, associated tax effects are reported in Other Comprehensive Income or directly in equity.

Current tax is tax to be paid or received during the current year, using the tax rates that have been enacted or substantively enacted by the reporting date, and adjustments of current taxes attributable to previous periods.

Financial instruments

Financial instruments recognised in the Balance Sheet on the asset side includes shares and participations in investing activities, short-term investments, cash and cash equivalents, loans to group companies and other short-term receivables. On the liabilities side there are accounts payables and other current liabilities.

Recognition and derecognition

A financial asset or liability is recognised in the Balance Sheet when the Company becomes party to the terms and conditions of the instrument. Acquisitions and sales of financial assets are recorded on the transaction date, which is the date on which the Company becomes obligated to acquire or sell the asset. Borrowings are recognised on the date on which the transaction is completed, the settlement date.

Accounts receivable are recognised in the Balance Sheet when the terms and conditions of the agreement are met. Liabilities are recognised when the counterparty has fulfilled its undertaking and a contractual payment obligation exists, regardless of whether or not an invoice has been received. Accounts payable are recognised when the invoice has been received.

A financial asset (or part thereof) is removed from the Balance Sheet when the rights in the agreement are realised or expire, or when the Company has transferred substantially all of the risks and benefits associated with ownership. A financial liability (or part thereof) is removed from the Balance Sheet when the obligation specified in the agreement is discharged or in any other manner extinguished.

Classification and measurement

Financial instruments are initially recognised at an acquisition cost equivalent to the fair value of the instrument, plus, in the case of receivables and liabilities valued at amortised cost, the addition of transaction costs. Financial instruments are classified upon first recognition based on the purpose for which the instrument was acquired. The classification determines how the financial instrument is valued after first recognition, as described below.

Financial assets at fair value through Profit or Loss

Fair value is determined as follows:

Listed holdings on active markets

Financial instruments measured at fair value in the Balance Sheet are measured primarily,

at fair value based on bid quotes received on active markets.

Bid quotes are deemed representative if criteria such as bid and ask spread is less than 1%, only bid quotes are observed or last traded price is below the bid quote are met. If this is not the case, the following hierarchy is used for valuation:

1. Last traded price
2. Mid price
3. Last available reliable market information (LARM)

A financial instrument is regarded as listed on an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Listed holdings on non-active markets

If the conditions for an active market are not met the market is seen as non-active. Listed holdings on a non-active market will be measured according to International private equity and venture capital valuation guide-lines (IPEVC Guidelines) as all private equity (unlisted) holdings described below.

Unlisted holdings and holdings where market data is not reliable

All private equity holdings ("unlisted") shall be initially measured at their acquisition price and shall be measured with the following methodologies, in order of priority depending on availability and relevance:

1. The Price of Recent Investment as set out in the IPEVC Guidelines.
2. The value determined by an independent broker, analyst or other knowledgeable party, which has become known, after it was concluded by the Company that (i) there is sufficient documentation available to support the valuation, (ii) such valuation is compliant with valuation methodologies set out in the IPEVC Guidelines, and that (iii) the value can be validated by at least one additional independent broker, analyst or other knowledgeable party.
3. Any other valuation methodology set out in the IPEVC Guidelines if it is considered that it clearly and indisputably provides a better estimate of the fair value.
4. As set out in the IPEVC Guidelines, in situations where Fair Value cannot be reliably measured the Company may conclude that the Fair Value at the previous reporting date remains the best estimate of Fair Value. The Company is required to consider whether events or changes in

circumstances indicate that impairment may have occurred.

5. The Company may request, when it considers that there is a requirement to do so, an independent appraiser to perform a valuation of any investment or other holding based on the principles set out in this policy and the IPEVC Guidelines.

Other holdings

Redeemable funds are measured based on official NAV, as soon as such is published.

Loans and receivables

Loans, receivables and short-term investments comprising deposits in the Balance Sheet consist of immediately available balances at banks and equivalent institutions, as well as other accounts receivable. Loans and receivables are recognised at amortised cost. For accounts receivables the carrying amount, after deduction for individual assessment of doubtful debts, is deemed to reflect fair value since the remaining maturity is generally short. Note that loans to companies within the investment portfolio are held as short-term investments recognised at fair value through profit or Loss.

Impairment of financial assets

The carrying values of the Company's financial assets, excluding financial assets reported at fair value with changes in value reported in profit or loss, are tested at the end of each reporting date for indications of impairment.

On each reporting date, the Company evaluates whether there is objective evidence that a financial asset or pool of assets is impaired as a consequence of loss events having impact on future cash flow which is significant or extended. Objective evidence comprises observable conditions which have occurred and which have a negative impact on the possibility of recovering the cost of the asset.

The recoverable amount of assets in the category loans and receivables, which are recognised at amortised cost, is determined as the present value of future cash flows discounted at the effective rate at initial recognition of the asset. Assets with short maturities are not discounted. An impairment loss is recognised as an expense in profit or Loss.

Impairment losses of loans and receivables that are reported at amortised cost are reversed if a later increase in the recoverable amount can objectively be attributed to an event taking place after the impairment loss was made.

Equity

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributa-

ble costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares.

Earnings per share

Earnings per share are calculated by dividing the profit or loss by the weighted average number of ordinary shares outstanding during the year. When calculating diluted earnings per share, earnings and the average number of shares are adjusted to take account of the dilutive effects of potential ordinary shares. There were no dilutive effects during the reported periods.

Dividends

Holders of ordinary shares are entitled to dividends. The amount and timing is to be proposed and approved at the annual general meeting each year. Additionally, each share entitles the right to one vote at the shareholders' meeting and all shares entitle the same right to the Company's remaining net assets.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation relating to past events and whose existence is confirmed only by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision as it is not probable that an outflow of resources will be required.

Accounting principles of the Parent Company

As East Capital Explorer AB, in accordance with IFRS, is classified as an investment entity, consolidated accounts are no longer produced, but instead separate financial statements in accordance with IFRS are presented below. Furthermore, as before, the separate financial statements of the Parent company are produced in accordance with RFR 2. There are for East Capital Explorer currently no differences between the requirements in accordance with RFR 2 and the reports according to IFRS.

Note 2 Segment Reporting

East Capital Explorer AB classifies the Company's various segments based on the nature of the investments. Segment results and assets include items directly attributable to the segment, which can be allocated in a reasonable and dependable manner. Management monitors the holdings on the basis of fair value, and all holdings are reported at fair value through profit or loss in accordance with IAS 39. As the value of the holding in East Capital Explorer Investments SA, where the investment activities are managed, is directly dependable of the investment portfolio, the value change of holdings held by the subsidiary have been allocated to value changes, dividends received and other operating expenses that are directly attributable to the underlying fund investments, direct investment or short-term investments. All other revenues and expenses are classified as unallocated in the table below.

1 Jan - 31 Dec 2014 EUR thousands	Fund Investments	Direct Investments	Short-term Investments	Unallocated	Total
Changes in value of portfolio	-25,718	-17,560	3,471	-	-39,807
Received dividends	-	214	-	-	214
Other operating expenses	-	8,225	-	-1,381	6,844
Changes in value of subsidiaries	-25,718	-9,121	3,471	-1,381	-32,749
Staff expenses	-	-	-	-902	-902
Other operating expenses	-	-	-	-1,147	-1,147
Operating profit/loss	-25,718	-9,121	3,471	-3,430	-34,798
Financial income	-	-	-	961	961
Financial expenses	-	-	-	-8	-8
Profit/loss before tax	-25,718	-9,121	3,471	-2,477	-33,846
Assets	89,492	114,598	57,802	-174	261,718

1 Jan - 31 Dec 2013 Restated ¹ EUR thousands	Fund Investments	Direct Investments	Short-term Investments	Unallocated	Total
Changes in value of portfolio	7,188	25,092	-537	-2	31,741
Received dividends	-	4,313	-	-	4,313
Other operating expenses	-	-8,722	-	-3,457	-12,179
Changes in value of subsidiaries	7,188	20,682	-537	-3,459	23,874
Staff expenses	-	-	-	-1,086	-1,086
Other operating expenses	-	-	-	-1,029	-1,029
Operating profit/loss	7,188	20,682	-537	-5,574	21,759
Financial income	-	-	-	1,724	1,724
Financial expenses	-	-	-	-1	-1
Profit/loss before tax	7,188	20,682	-537	-3,851	23,483
Assets	188,892	110,535	20,359	-9,994	309,791

¹ As of 1 January 2014, amendments to IFRS 10 and IAS 27 regarding investment entities have been applied. Comparable figures have been restated as if the principles had also been applied in 2013. Further information can be found in note 1 "Accounting principles" and note 16, "Changes in accounting policies". The only notable effect from the restatement is attributable to the holding in Starman. In the earlier published reports relating to 2013, Starman was included at equity value in the consolidated accounts compared to fair value (acquisition value) in the restated figures, resulting in an adjustment of the value per 31 December 2013 of EUR -1.4m.

Note 3 Other operating expenses

Other operating expenses, EUR thousands	2014	2013
Marketing and PR	63	61
Legal services	369	382
Services from related parties ¹	98	306
Rent ²	42	48
Audit assignments ³	50	-59
Other external costs	524	291
Total	1,147	1,029

¹ Services from related parties are included in the service agreement with East Capital International AB. Comprise all services except rent charges. See note 15.

² Rent is included in the service agreement with East Capital International AB. See note 15.

³ Audit assignment refers to auditing of the annual report, the accounting records and the administration of the Board of directors and the CEO, other tasks incumbent on the Company's independent auditor, and advice or other assistance prompted by observations from such audits or the performance of other such tasks. See note 5. The amount is positive in 2013 due to reversal of earlier provisions in excess.

Note 4 Employees, staff expenses and executive management compensation

EUR thousands			2014	2013
Board of directors and CEO			421	447
<i>of which variable</i>			20	32
Other employees			250	336
Total			671	783
Social charges			224	296
<i>of which pensions</i>			75	89
Total			895	1,079

Executive management compensation

Remuneration to the Board

On 22 April 2014, the Company's shareholders' meeting determined that the Chairman of the Board will receive annual compensation of SEK 770,000 for the period until the next shareholders' meeting. Other Board members will receive SEK 330,000 per person in compensation for the time until the next shareholders' meeting. Remuneration for Audit Committee is SEK 100,000 to the chairman of the Audit Committee and SEK 50,000 to each director in the Committee.

Remuneration to senior executives and other terms of employment

Guidelines for salary and other remuneration to the Company's CEO and CFO will be resolved on a yearly basis at the annual general meeting, based on proposals by the Board. Remuneration to the CEO and CFO consists of fixed salary, variable salary and pension, insurance and customary benefits. The Board decides at its own discretion whether the CEO and CFO should be paid variable salary. The internal evaluation criteria include criteria linked to the share price and NAV discount. The CEO and CFO can receive a maximum variable salary corresponding to 50 percent of their fixed salary. The CEO and CFO have an individual premium-based pension plan, pursuant to which the Company pays premiums corresponding to 10 percent of the fixed salary up to 10 Swedish income base amounts and premiums corresponding to 20 percent of the fixed salary on the portion of the fixed salary that exceeds 10 Swedish income base amounts. In the event the Company terminates the CEO's employment, the Company is required to observe a six-month notice period. In addition, the CEO is entitled to a severance payment corresponding to six months' salary. In the event the CEO terminates her employment, she is required to observe a six-month notice period.

Remuneration and other benefits					2014					2013
Parent Company, EUR thousands	Fixed salary	Variabel salary ⁴	Board fee	Pension expenses	Total	Fixed salary	Variabel salary	Board fee	Pension expenses	Total
Paul Bergqvist, Chairman	-	-	96	-	96	-	-	101	-	101
Lars Emilson, Board member until 24 April 2013	-	-	-	-	-	-	-	12	-	12
Lars O Grönstedt, Board member ⁵	-	-	43	-	43	-	-	46	-	46
Louise Hedberg, Board member ¹	-	-	-	-	-	-	-	-	-	-
Karine Hirn, Board member until 22 April 2014 ¹	-	-	-	-	-	-	-	-	-	-
Liselotte Hjorth, Board member from 19 August 2014 ⁵	-	-	29	-	29	-	-	-	-	-
Peter Elam Håkansson, Board member from 22 April 2014 ¹	-	-	-	-	-	-	-	-	-	-
Alexander V.Ikonnikov, Board member	-	-	42	-	42	-	-	44	-	44
Mia Jurke, CEO, Maternity leave from 13 May 2013 until 26 May 2014 ²	100	20	-	26	145	68	15	-	25	109
Catharina Hagberg, Acting CEO from 13 May 2013 until 26 May 2014 ²	91	-	-	14	105	144	17	-	23	184
Lena Krauss, Employed from 1 January 2014, CFO from 23 May 2014	110	22	-	16	149	-	-	-	-	-
Mathias Pedersen, CFO until 23 May 2014 ³	26	5	-	5	36	65	15	-	10	90
Total	327	47	210	61	645	227	47	202	58	584

¹ Board members Louise Hedberg, Karine Hirn and Peter Elam Håkansson have waived their directors' fees

² Catharina Hagberg was appointed as acting CEO to replace Mia Jurke during her one year maternity leave

³ Mathias Pedersen was employed part time (40 percent) during the year

⁴ During 2015 the board resolved to pay out EUR 47 thousands for executive management for 2014

⁵ Lars O Grönstedt and Liselotte Hjorth invoice their Board fees. In order to keep Lars O Grönstedt's and Liselotte Hjorth's Board fee neutral in relation to the other Board members, the fee invoiced has been adjusted for social security contributions and VAT

Note 5 Fees and expenses for auditors

EUR thousands	2014	2013
KPMG		
Audit fee ¹	50	-59
Audit assignments except audit fees	24	-
Tax assignments	-	2
Other assignments	56	18
Total	130	-39

¹ Audit fee 2013 is positive due to reversal of earlier provisions in excess of the actual cost.

Note 6 Financial income and expenses

EUR thousands	2014	2013
Interest income on cash and cash equivalents	-	2
Interest income from Group companies	961	1,660
Net exchange rate gain ¹	-	62
Total financial income	961	1,724
Other financial expenses	-	-1
Net foreign exchange loss ¹	-8	-
Total financial expenses	-8	-1

¹ Exchange rate gain/loss on cash and cash equivalents.

Note 7 Taxes

Recognised in the Income statement		
EUR thousands	2014	2013
Deferred tax expense (-)/income(+)		
Deferred tax on tax losses carried forward	-	-339
Total recognised tax expenses/income	-	-339

Reconciliation of effective tax				
EUR thousands				
	2014 (%)	2014	2013 (%)	2013
Profit/loss before tax		-33,846		23,483
Tax as per applicable tax rate for the Parent Company	22.0	7,446	22.0	-5,166
Tax effect on non-taxable/non tax-deductible change in value of the portfolio	-21.3	-7,205	-22.4	5,252
Tax effect on non tax-deductible expenses	0.0	-2	0.1	-16
Not recognised tax on tax losses carried forward for the year	-0.7	-239	0.3	-70
Reversal of previously recognised deferred tax	-	-	1.4	-339
Recognised effective tax	-	-	1.4	-339

The average applicable tax rate was 0.0% (1.4%) due to non-taxable fair value adjustments.

Deferred tax assets are reported to the extent it is possible that they can be utilised by future taxable profits. Potential unrealised tax effects on tax losses forward amount to EUR 0.6m, which has not been recognised in the balance sheet as future profits will mainly be attributable to direct investments which are not taxable according to Swedish tax law.

Note 8 Earnings per share

Earnings per share		
EUR	2014	2013
Earnings per share, basic and diluted	-1.09	0.72

The origin of the numerator and denominator used in the above calculations of earnings per share is shown below.

Earnings per share, basic and diluted		
Profit for the year attributable to the holders of ordinary shares in the Parent Company		
EUR thousands	2014	Restated 2013
Profit/loss attributable to the holders of ordinary shares in the Parent company.	-33,846	23,143

Weighted average number of outstanding ordinary shares in the Parent company		
In thousand of shares	2014	2013
Total number of outstanding shares, 1 January	31,424	33,025
Redeemed shares	-1,481	-1,600
Total number of outstanding shares, 31 December	29,943	31,424
Weighted average number of ordinary shares, basic and diluted	31,149	32,354

Note 9 Entities with ownership interests over 50 percent

The following entities, in which the ownership interest is over 50%, are not consolidated. Entities indicated with “Investment entity” are subsidiaries that are not consolidated due to the consolidation exception for investment entities. Entities indicated with “Lack of control” are not consolidated since the lack of control means that they are not subsidiaries.

Non consolidated entities 31 December 2014		Domicile, Country	Number of shares/shares	Book value, EUR Thousands	Ownership capital
East Capital Explorer Investments SA	Investment entity	Bertrange, Luxembourg	4,000	260,644	100%
East Capital Explorer Investments AB	Investment entity	Stockholm, Sweden	11,000	7,609	100%
Humarito Limited	Investment entity	Nicosia, Cyprus	2,000	231,043	100%
Baltic Cable Holding OÜ	Investment entity	Tallinn, Estonia	2,501	-	100%
Starman AS	Investment entity	Tallinn, Estonia	6,657	39,516	51%
UAB Portarera ¹	Investment entity	Vilnius, Lithuania	300	24,234	100%
UAB Solverta ¹	Investment entity	Vilnius, Lithuania	100	-	100%
UAB Verslina ¹	Investment entity	Vilnius, Lithuania	100	-	100%
East Capital Deep Value Fund	Lack of control	Bertrange, Luxembourg	63,503	46,999	76%
East Capital Frontier Markets Fund	Lack of control	Bertrange, Luxembourg	488,253	40,913	64%
East Capital Baltic Property Fund II	Lack of control	Bertrange, Luxembourg	189,758	24,386	59%
East Capital Russia Domestic Growth Fund	Lack of control	Bertrange, Luxembourg	40,000	16,110	95%

¹The operations in UAB Portarera, UAB Solverta and UAB Verslina, acquired in 2014, have been aggregated as they are consolidated as 3 Burès.

As an effect of the restatement noted above, presented in full in note 16, the above-mentioned subsidiaries are no longer consolidated. The holdings are instead valued at fair value through profit or loss. The table below specifies the impact from each subsidiary (held on 31 December 2013) on the Balance sheet compared to the Statement of Financial position as presented in the annual report of 2013. The figures relate to 31 December 2013.

EUR thousands 31 December 2013 Impact on Balance Sheet from deconsolidation of subsidiaries				
	ECEI AB	Starman	Humarito	Total
Assets				
Property, plant and equipment	-	-27,710	-	-27,710
Goodwill	-	-56,986	-	-56,986
Other intangible assets	-	-16,227	-	-16,227
Shares and participations in investing activities	-19,822	23,609	72	3,860
Total non-current assets	-19,822	-77,314	72	-97,063
Total current assets	8,588	-4,833	-80	3,675
Total assets	-11,234	-82,147	-8	-93,388
Equity and liabilities				
Equity attributable to shareholders of the Parent company	-	-1,428	-	-1,428
Non-controlling interests	-8	-407	-	-415
Total Equity	-8	-1,835	-	-1,843
Total non-current liabilities	-	-68,911	-	-68,911
Total current liabilities	-11,227	-11,401	-8	-22,635
Total equity and liabilities	-11,234	-82,147	-8	-93,388

Note 10 Shareholders equity

Outstanding shares, thousands	2014	2013
Issued at 1 January ¹	31,424	33,025
Redeemed shares	-1,481	-1,600
Issued at 31 December	29,943	31,424

Shareholders' equity

Other contributed capital

Pertains to shareholders' equity contributions. The share premium paid in conjunction with new issues is included here.

Other Reserves

Other reserves comprises of administration cost for redemption program and costs related to planned issue of preference shares.

Retained earnings including profit/loss for the year

Include profit or losses attributable to shareholders in the Parent Company.

Non-restricted equity

Share premium reserve

When new shares are issued at a premium, implying that the price to be paid for a share is higher than the previous quotient value of the share, an amount corresponding to the amount received in excess of the share's quotient value is transferred to the share premium reserve.

Retained earnings

Retained earnings comprise retained profit from previous years after any provisions to reserves and after payment of any dividends. Previous provisions to the statutory reserve, less transferred share premium reserves are included in this item under equity.

Capital management

Capital is defined as total equity, and it amounted to EUR 261m (EUR 309m) per 31 December 2014. EUR 256m (EUR 300m) was invested in equity funds, direct investments and short-term investments.

The objective is to offer investors long-term capital appreciation of the Net Asset Value (NAV). The risk of short-term fluctuations in capital appreciation is deemed to be high due to the high level of risk in the markets in which the Company invest. The decrease of the NAV for the year 1 January to 31 December 2014 was -11.4% (increase 8.7%).

The future liquidity will depend primarily on (i) the timing and sales of investments, (ii) the company's management of available cash, (iii) cash distributions from existing investments, (iv) capital contributions that are received in connection with the issuance of additional equity and (v) the issuance of debt, if any.

The Company may enter into a line of credit facility with one or more lenders for the purpose of obtaining an additional source of liquidity to fund short-term liquidity needs and for investments. The aggregate amount drawn by the Company under any line of credit facility may not exceed any amount equal to 30% of the Company's net asset value, excluding the debt and net asset value attributable to direct investments in real estate. However, the Board can deviate from this restriction.

Note 11 Other liabilities

EUR thousands	31 Dec 2014	31 Dec 2013
Other current liabilities		
Account payables	25	6
Other	104	102
Total	129	108

Note 12 Accrued expenses and prepaid income

EUR thousands	31 Dec 2014	31 Dec 2013
Vacation pay	34	50
Other accrued expenses	241	246
Total	275	296

Note 13 Financial instruments

For a better understanding of the business, the information regarding financial instruments below have been presented on a see-through basis as the fair value of the holding in the subsidiary East Capital Explorer Investments SA is a result of the fair value of the holdings in the investment activities within East Capital Explorer Investments AB and Humarito Ltd. Shares and participations in the investment activities as well as the Parent company's holdings in subsidiaries are all valued at fair value and the tables below are presented on the same basis as the segment reporting, divided in: fund investments, direct investments, short term investments (including cash and bank) and unallocated assets.

Fund investments consist of funds managed by East Capital, a specialist in emerging and frontier markets, basing its investment strategy on thorough knowledge of the markets, fundamental analyses and frequent company visits by its investment teams. Holdings in the funds are valued at fair value according to the valuation principles described below.

Direct investments consist of the holdings in Melon Fashion Group (MFG), Starman, 3 Burés, Trev-2 Group and Komercijalna Banka Skopje. All of these holdings, but Komercijalna Banka Skopje, which is publicly traded, are valued by external appraisers at least once a year, normally at year-end. The fair value of the holdings is assessed on a quarterly basis.

Fair value of East Capital Explorer's unlisted Direct Investments are estimated using the income approach (Discounted Cash Flow model) and market approach where there is available information about comparable companies and transactions. The income approach valuations are based on long term growth rates in a range of 2-4%, weighted average cost of capital (WACC) in the range of 6-17%, and long term operating margin in the range of 4-25%. The fair value of Baltic Property Fund II, which as an unlisted Fund investments, is based on yield rates in a range of 7-9%.

Short-term investments consist of holdings which are expected to be divested within a year. In December 2014, East Capital New Markets Fund merged with East Capital Frontier Markets Fund. East Capital Frontier Markets Fund is classified as a short-term investment since it is expected to be sold within 12 months.

For the fair values of the unlisted Direct Investments - designated at fair value through profit and loss, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Sensitivity analysis

Effect in EUR thousands	Profit or loss	
	Increase	Decrease
31 December 2014		
Long term growth rate (0.5% movement)	5,377	-4,701
Weighted average cost of capital (WACC) (0.5% movement)	-6,882	7,824
Long term operating margin (0.5% movement)	2,509	-2,509

Calculation of fair value

The following summarises the main methods and assumptions applied in determining the fair value of the financial instruments.

Financial instruments measured at fair value in the income statement

For a description of the method applied to measure financial instruments recognised at fair value through profit or loss, see Note 1 Accounting Principles.

Financial instruments not measured at fair value in the income statement

For accounts receivable and accounts payable, the carrying amount is assessed to reflect fair value since the remaining maturity is generally short. This is also the case for cash and bank. East Capital Explorer AB measures its loan to group companies at amortised cost according to the effective interest method. The value has been assessed to correspond to fair value on the balance sheet date.

Fair value estimation

The Company applies IFRS 13 for fair value measurement and IFRS 7 for disclosures. This requires the Company to classify, for disclosure purposes, fair value measurements using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level of input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs requiring significant adjustment based on unobservable inputs, such measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the financial asset or liability. For fair value estimation, see Note 1 Accounting Principles.

The determination of what constitutes 'observable' requires significant judgment by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The remaining equity funds are classified in the level where underlying equities to a predominant proportion have been classified.

2014 Financial instruments				
EUR thousands	Financial assets at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying amount
Shares in subsidiaries	260,644	-	-	260,644
Other current receivables	-	1	-	1
Cash and cash equivalent	-	1,057	-	1,057
Total	260,644	1,058	-	261,702
Other financial liabilities	-	-	129	129
Total	-	-	129	129

2013 Financial instruments				
EUR thousands	Financial assets at fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying amount
Shares in subsidiaries	279,678	-	-	279,678
Loan to Group Companies	-	29,315	-	29,315
Other current receivables	-	1	-	1
Cash and cash equivalent	-	776	-	776
Total	279,678	30,092	-	309,770
Other financial liabilities	-	-	108	108
Total	-	-	108	108

Shares and participations and short term investments in the investment activities

In the Parent company, financial instruments consist of shares in subsidiaries of EUR 260.6m and cash and cash equivalent of EUR 1.1m. The carrying amount of these assets corresponds to the fair value on the balance sheet date.

Shares in subsidiaries	Domicile, Country	Book value EURt 31 Dec 2014	31 Dec 2013	Share of capital% 31 Dec 2014	31 Dec 2013
East Capital Explorer Investments SA	Bertrange, Luxembourg	260,644	-	100	-
East Capital Explorer Investments AB ¹	Stockholm, Sweden	-	308,993	-	100

¹ including loans to group companies

East Capital Explorer AB owns 100% of the Class A shares, and 4.0% (4.3%) of the votes, in East Capital Explorer Investments SA and is entitled to all profits, assets and liabilities attributable to that company. East Capital Explorer Investments SA is in turn classified as an investment entity whose total holdings, including its subsidiaries, are measured at fair value through profit and loss. Comparative figures for prior period are related to East Capital Explorer Investments AB.

As the holdings in East Capital Explorer Investments SA and in its investing subsidiary Humarito Ltd are presented on a see through basis, the tables below reflect the fair values in the investment activities, based on the same classification as the segment reporting. The fair values of the shares are directly and indirectly made up by the following assets:

EUR Thousands 31 December 2014 Breakdown of values in subsidiaries, including loans to subsidiaries						
	Fund investments	Direct investments	Short-term investments	Cash and bank	Other assets and liabilities, net	Total
Opening balance 1 January 2014	188,892	110,535	112	19,471	-10,016	308,993
Reclassifications	-17,820	-	17,820	-	-	-
Purchase/additions	2,330	22,314	50,236	-74,880	-	-
Divestments/Reductions	-58,190	-691	-19,452	78,332	-	-
Other	-	-	-	-2,980	9,825	6,845
Repaid shareholders contributions	-	-	-	-15,600	-	-15,600
Dividend received	-	-	-	214	-	214
Changes in fair value recognised net in profit/loss	-25,718	-17,560	3,471	-	-	-39,807
Closing balance 31 December 2014	89,492	114,598	52,188	4,557	-191	260,644

EUR Thousands 31 December 2013 Breakdown of values in subsidiaries, including loans to subsidiaries						
	Fund investments	Direct investments	Short-term investments	Cash and bank	Other assets and liabilities, net	Total
Opening balance 1 January 2013	196,046	61,586	1	45,224	-3,338	299,519
Reclassifications	-	-1,289	1,289	-	-	-
Purchase/additions	25,740	25,147	-	-50,887	-	-
Divestments/Reductions	-40,082	-	-639	40,721	-	-
Other	-	-	-	-1,187	-6,680	-7,867
Repaid shareholders contributions	-	-	-	-14,400	-	-14,400
Changes in fair value recognised net in profit/loss	7,188	25,092	-539	-	-	31,741
Closing balance 31 December 2013	188,892	110,535	112	19,471	-10,018	308,993

2014 Shares and participations in the portfolio					
	Place of business	IFRS classification	Classification	Carrying amount	Holdings ¹
Starman	Estonia	Subsidiary ²	Direct investment	39,516	51%
Melon Fashion Group	Russia	Associated company ³	Direct investment	35,062	36%
3 Burés	Lithuania	Subsidiary ²	Direct investment	24,234	100%
Trev 2 Group	Estonia	Associated company ³	Direct investment	8,454	38%
Kommerciljana Banka	Macedonia	Investment ⁴	Direct investment	7,332	10%
East Capital Deep Value Fund	Luxembourg	Associated company ³	Fund investment	46,999	76%
East Capital Baltic Property Fund II	Luxembourg	Associated company ³	Fund investment	24,386	59%
East Capital Russia Domestic Growth Fund	Luxembourg	Associated company ³	Fund investment	16,110	95%
East Capital Bering Ukraine Fund Class R	Cayman Islands	Investment ⁴	Fund investment	1,997	12%
East Capital Frontier Markets Fund	Luxembourg	Associated company ³	Short term investment	40,913	64%
East Capital Frontier Markets Fund - Redemption	Luxembourg	Investment ⁴	Short term investment	5,124	
Other short term investments	Luxembourg	Investment ⁴	Short term investment	6,151	

2013, restated Shares and participations in the portfolio	Place of business	IFRS classification	Classification	Carrying amount	Holdings ¹
Melon Fashion Group	Russia	Associated company ³	Direct investment	70,471	36%
Starman	Estonia	Subsidiary ²	Direct investment	23,609	51%
Trev 2 Group	Estonia	Associated company ³	Direct investment	9,847	40%
Komercijalna Banka Skopje	Macedonia	Associated company ³	Direct investment	6,609	10%
East Capital Russia Domestic Growth Fund	Luxembourg	Associated company ³	Fund investment	42,318	95%
East Capital Bering Balkan Fund ⁵	Luxembourg	Associated company ³	Fund investment	41,103	73%
East Capital Bering Central Asia Fund ⁵	Luxembourg	Associated company ³	Fund investment	22,971	67%
East Capital Bering Russia Fund ⁵	Luxembourg	Associated company ³	Fund investment	22,953	59%
East Capital Baltic Property Fund II	Luxembourg	Associated company ³	Fund investment	20,670	65%
East Capital Special Opportunities Fund II	Luxembourg	Associated company ³	Fund investment	17,820	57%
East Capital Special Opportunities Fund ⁵	Luxembourg	Associated company ³	Fund investment	15,153	83%
East Capital Bering Ukraine Fund Class A ⁵	Cayman Islands	Investment ⁴	Fund investment	3,394	25%
East Capital Bering Ukraine Fund Class R	Cayman Islands	Investment ⁴	Fund investment	2,508	12%
EEDF AG	Russia	Investment ⁴	Short term investment	112	

¹Holdings

Represents the ownership of the holding at year-end, either as a percentage of equity for certain Funds or of share capital for the remaining holdings. The number also represent the voting power of the holding.

²Subsidiaries

East Capital Explorer Investments SA holds direct investments Starman and 3 Burès. The holdings are valued at fair value through profit or loss.

Starman - The leading cable TV, broadband internet and voice cable services provider in Estonia. Risks associated with the Telecom industry are mainly market and operational risk. 3 Burès - One of Vilnius' most modern and well located A Class office buildings. Risks associated with Real Estate industry are mainly market and tenant risk. For information regarding strategy of our investments please see note 1 Accounting principles (section Investment entities). There are no outstanding commitments in relations to the subsidiaries.

Restrictions on the ability of the unconsolidated entities Starman and Vilnius Business Harbour to transfer funds to Humarito Ltd in the form of cash dividend exist from borrowing arrangements in the holdings:

The loans from the financial institutions in Starman are agreed to include financial covenants to be met. The ratio Debt/Ebitda must be less than 4.5 until December 2014, less than 3.5 between January-September 2015 and less than 3.0 from October 2015 to termination of the loan. The ratio between Ebitda/interest and principal payable must exceed 1.25 until December 2014 and 1.4 from January 2015 to termination of the loan.

The loans from the financial institutions in 3 Burès are subordinated and cash transfers can only be made after 1st of July 2016 and once the credit amount is below EUR 36.0m.

³Associated companies

East Capital Explorer Investments SA holds direct investments in two associated companies, Melon Fashion Group (MFG) and Trev-2 Group.

Melon Fashion Group - One of the fastest growing Russian fashion retail companies. Risks associated with the retail industry are mainly market and political risks. Trev-2 Group - One of the largest infrastructure construction and maintenance companies in Estonia. Risks associated with the construction industry are mainly regulatory and political risk. For information regarding strategy of our investments please see note 1 Accounting principles (section Investment entities).

As described in note 9, the holdings in East Capital Deep Value Fund, East Capital Frontier Markets fund, East Capital Baltic Property Fund II and East Capital Russia Domestic Growth Fund are not consolidated even though the ownership interest exceeds 50%. With reference to the lack of ability to affect the returns from the fund, the holdings are not classified as subsidiaries, but instead as associated companies.

All of the unconsolidated Funds managed by East Capital, which capital is distributed by different investors. East Capital, is a specialist in emerging and frontier markets. Basing its investment strategy on thorough knowledge of the markets, fundamental analysis and frequent

company visits by its investment teams. Holdings in the Funds are valued at fair value on a current basis according to the valuation principles included in note 1, Accounting Principles. For risks, please refer to note 14.

The holdings in associated companies are valued at fair value through profit or loss. There are no outstanding commitments in relations to the associated companies

⁴ Investment

Holdings in funds and other financial assets that does not fall into the classification of subsidiaries, associated companies or joint ventures. The holdings are valued at fair value through profit or loss. There are no outstanding commitments in relations to investments”

⁵ Fund restructuring

After year-end 2013, four of the East Capital Bering Funds were restructured and all assets transferred to two new funds, East Capital Deep Value Fund and East Capital New Markets Fund. Accumulated fair value changes attributable to the old funds were realised as at 1 January 2014 and the fair value of the old funds as at 31 December 2013 represents the acquisition value of the new funds after deducting EUR 0.2m of transaction cost. In December 2014, East Capital New Markets Fund merged into East Capital Frontier Markets Fund. The new holding is classified as a short-term investment.

Fair value hierarchy of shares and participations and short term investments in the investment activities

The following table analyses, within the fair value hierarchy, the Company's financial assets measured at fair value:

Fair value hierarchy for financial assets (amounts in EUR thousands):

2014				
Shares and participations in investment activities designated at fair value through Profit or Loss: ¹	Level 1	Level 2	Level 3	Total balance
- Fund Investments	63,110	-	26,383	89,492
- Direct Investments	7,332	-	107,266	114,598
- Short-term investments ²	52,187	-	1	52,188
Total assets measured at fair value	122,628	-	133,650	256,278
2013				
Restated				
Shares and participations in investment activities designated at fair value through Profit or Loss: ¹	Level 1	Level 2	Level 3	Total balance
- Fund Investments	165,713	-	23,179	188,892
- Direct Investments	6,609	-	103,926	110,535
- Short-term investments ³	-	-	112	112
Total assets measured at fair value	172,322	-	127,217	299,539

¹ The following investments in the investment activities are classified in Level 1: East Capital Russia Domestic Growth Fund, East Capital New Markets Fund, East Capital Deep Value Fund and Komercijalna Banka Skopje. The following investments are classified in Level 3: East Capital Baltic Property Fund II, East Capital Bering Ukraine Fund Class R, Melon Fashion Group, Starman and Trev-2 Group in both 2014 and 2013. As from 30 June 2014, 3 Burès is also included in Level 3.

² East Capital Frontier Markets Fund, which is a daily traded UCITS fund, is classified as a short-term investment.

³ Due to the ongoing liquidation of East European Debt Finance and East Capital Power Utilities Fund, these holdings were included in short-term investments in 31 December 2013.

Investments with values based on quoted market prices in active markets are classified within Level 1, including publicly listed companies in Equity fund investments and direct investments.

Financial investments traded in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources by observable inputs, are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include mainly private equity investments. As observable prices are not available for these holdings, valuation techniques are used to derive fair value. Level 3 instruments also include investments in East Capital funds, to the extent they primarily hold unlisted investments.

2014				
EUR thousands				
Changes in financial assets and liabilities in Level 3	Fund Investments	Direct Investments	Short term investments	Total
Closing balance 2013	23,179	80,317	112	103,608
Effects of changes in accounting principles	-	23,609	-	23,609
Opening balance 2014	23,179	103,926	112	127,217
Purchase/additions	2,329	22,314	-	24,643
Divestments/Reductions	-	-454	-58	-511
Changes in fair value recognised net in profit/loss	874	-18,521	-53	-17,699
Closing balance 2014	26,383	107,265	1	133,649

2013				
EUR thousands				
Changes in financial assets and liabilities in Level 3	Fund Investments	Direct Investments	Short term investments	Total
Opening balance 2013	22,659	52,890	1	75,550
Reclassifications	-	-1,289	1,289	-
Purchase/additions	740	25,147	-	25,887
Divestments/Reductions	-1,698	-	-621	-2,319
Changes in fair value recognised net in profit/loss	1,478	27,178	-557	28,099
Closing balance 2013	23,179	103,926	112	127,217

EUR -17,646 thousands (EUR 28,656 thousands) of changes in fair value recognised net in profit/loss relate to investments still held at the end of the period.

Note 14 Financial risks and risk management

The Company's activities expose the Company to a variety of risks. The main identified risks are financial risks, operating risks and commercial risks.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company Audit Committee oversees how management monitors compliance with the Company's different policies. The Committee is assisted in its oversight role by the Internal Auditors, which regularly reviews the Company's procedures and reports back to the Committee.

Financial risks

The Company has exposure to the following risks arising from financial instruments: market risk (including equity price risk, currency risk and interest rate risk), liquidity risk and credit risk. The term "financial risks" refers to fluctuations in the Company's income, cash flow and values of its holding in financial instruments as a result of these risks. The Company's financial policy for the management of financial risks has been prepared by the Board and is a framework of guidelines and regulations in the form of risk mandates and limits for financial activities. Compliance with the financial policy is followed up by the Board.

The responsibility for and the handling of financial risks and treasury management activities within the Company is centralized to the CEO together with the Parent Company's finance and accounting department. This includes responsibility for raising capital, management of liquid assets, handling of financial risk exposure, cash management and bank relations. The Board makes decisions concerning the Investment Policy, public financing programs, as well as confirming the financial strategy. The Board also undertakes decisions, upon recommendation from the CEO, concerning the Company's long-term financial strategy.

The Board ensures that the Investment Policy, on which East Capital bases the investment activities, is appropriate for the Company's objectives, decides on more significant investment decisions and monitors the operations of East Capital. The Board also controls that the investment activities are in accordance with the Investment Policy and

the Investment Agreement which sets out the terms and conditions upon which the investment activities are to be performed. The Investment policy prescribes the types of assets, investment themes and key geographical segments in which investments may be made and stipulates certain limitations in order to assure diversification and an appropriate risk level. The Board may decide to amend or deviate from the Investment policy, as it deems appropriate.

(a) Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings in financial instruments. East Capital Explorer AB is mainly exposed to changes in equity prices and foreign exchange rates.

The Company's exposure to market risk is generally increased by the location of the markets in which it invests. The Company invests in publically listed and privately held enterprises, either through East Capital Equity funds or through direct investments into companies in Russia, the Balkans, the Baltic States, Central Asia and Central Europe. Investing in companies based in these emerging markets involves risks and certain other considerations, such as political risks, that are not typically associated with investments in companies established in other parts of Europe.

The Company limits risk by following the Investment Policy that provides guidelines based on the following factors:

- Industry
- Geography
- Financial instruments
- Hedging

The table "Sensitivity analysis for market risks" on the following page summarises the effect of the most important market risks on the Company's profit or loss and equity.

(i) Equity price risk

Equity price risk is the most significant risk in East Capital Explorer AB's business activities, which consists of investing in various forms of equities and equity-related instruments in emerging markets. The Company's policy is to manage price risk through diversification

and selection of investments within specified limits set by the Board. Please see paragraph (d) "Concentration of risk" below for more information about the Company's specified investment limits. The principal factors that affect the equity price risk are that the investments primarily are made in emerging markets and in the following industry sectors; power utilities, financials, consumer goods, and real estate.

When the Company realises an investment and is seeking an alternative investment in which to re-invest the capital realized, suitable investment opportunities may not always be available. It may take a significant amount of time to reinvest the capital. Although the Company has adopted a policy of active management of cash and liquid investments portfolio to enhance returns, such management may from time to time generate returns that are lower than the returns that the Company anticipates receiving from investments in any East Capital Funds or any direct investments. Board approval is compulsory for investments that exceed 15% of net asset value and direct investments. Investments that differ from the Investment Policy and investments that may imply a conflict of interest between the Company and East Capital also need approval from the Board. The Company's Investment Policy requires that the overall market position be monitored on a daily basis by East Capital and that it will be reviewed on a quarterly basis by the Board.

On 31 December 2014, the total fair value of East Capital Explorer AB's investments exposed to equity price risk amounted to EUR 97m (EUR 139m) as specified in the table below.

Where equity investments are denominated in currencies other than euro, the price is initially expressed in foreign currency and then converted into euros and will also fluctuate because of changes in foreign exchange rates. Paragraph (ii) "Currency risk" below sets out how this component of price risk is managed and measured.

(ii) Currency risk

Currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign

At 31 December, the fair value of investments exposed to price risk was as follows:

EUR thousands	Fair value at 31 Dec 2014	Fair value at 31 Dec 2013
Listed shares and participations in investment activities designated at fair value through Profit or Loss at inception:		
Listed holdings	96,974	139,400

exchange rates. The Company operates and invests its assets internationally and holds both monetary (investment of excess liquidity classified as cash and cash equivalents) and non-monetary financial assets (investments in shares and participations) denominated in currencies other than EUR, the functional currency.

The Company is exposed to currency risk primarily through its non-monetary assets, i.e. through its direct and indirect investments into companies that are domiciled and operate in countries outside the Eurozone. Often, the various investment vehicles, such as equity funds, use US Dollar as reporting currency. However, the underlying investments remain exposed to the local currencies in the target region where the companies invested have their main operations. This exposure relating to non-monetary assets is considered a component of equity price risk, not currency risk, and the Company's general policy is not to hedge this exposure, although it might decide to deviate from this if deemed favourable from an investment perspective.

The Company is also exposed to currency risk in its monetary assets, i.e. its cash and cash equivalents and short-term investments. To avoid currency risk, cash and cash equivalents are mainly held in EUR.

The Parent Company's operating expenses are mainly denominated in Swedish kronor (SEK) and it pays its dividend in SEK. In the future the Parent Company may decide to hedge these transactions. Spot, forward or option transactions may be used as part of the currency hedging strategy. Hedging transactions entail costs and may result in losses.

The table "Concentration of foreign currency assets" below presents the Company's monetary and non-monetary

assets, which are denominated in a currency other than the euro.

The Sensitivity analysis for market risks below summarizes the sensitivity of the Company's monetary and non-monetary assets and liabilities to changes in foreign exchange movements as at 31 December 2014. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5% to the EUR, with all other variables held constant. This represents the management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

(iii) Interest rate risk

The Company is exposed to interest rate risk when excess liquidity is held in short-term investment. Changes in the level of interest rates can affect the rate of return on the Company's cash and cash equivalents and other short-term investments. Changes in the level of interest rates can also affect, among other things: (i) the cost and availability of debt financing and hence the Company's ability to achieve attractive rates of return on its investments, and (ii) the debt financing capability of companies which capital structures have a significant degree of leverage in which the Company has invested either through fund investments or direct investments.

The goal is to limit the interest rate exposure while achieving the best possible return on liquid assets. Hedging transactions are permitted for coverage of interest rate risks arising from investing liquidity according to the Company's financial policy. A review to re-assess and determine the definition of a neutral risk position from an interest perspective should be carried out on a regular basis.

(b) Liquidity and financing risk

Liquidity risk for the Company is the risk that financial investments can't be divested without considerable extra costs, and the risk that liquidity will not be available to meet payment obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's activities should, both in short and long term, primarily be financed by available liquid assets and its own profits. Liquidity risk is always considered with respect to investments. The Company's investments in illiquid markets mean that liquidity risk is present in terms of the capacity to quickly divest holdings. This risk is taken on intentionally and it is offset by the assessed potential for returns. Due to the Company's high equity ratio, the risk of suspension of payments is deemed low. In accordance with the Company's financial policy, liquidity risk will be minimized through continual evaluation of exposure in the portfolio with respect to investments in illiquid markets, taking liquidity risks into account.

The Company's financial liabilities from the investment operations are mainly accrued performance and management fees. In accordance with the Company's policy, the Investment Manager monitors the Company's liquidity position regularly. The Board reviews it on a quarterly basis.

Finance risk is the risk that the costs associated with raising new debt increases and the ability to raise debt is limited when needed for refinancing purpose. Normally, the Company shall not take on financial debt or provide collateral. The finance function is working actively to secure access to capital and create flexibility for new investment opportunities for the Company.

Concentration of foreign currency assets (amounts in EUR thousands)

31 December	EUR	USD	SEK	Total
Monetary assets, 2014	5,565	0	49	5,614
Monetary assets, 2013, Restated	17,723	2,458	113	20,294

31 December	EUR	USD	RUB	LTL	MKD	Total
Non-monetary assets, 2014	94,617	95,033	35,062	24,234	7,332	256,278
Non-monetary assets 2013, Restated	114,265	108,083	70,583	0	6,609	299,539

Sensitivity analysis for market risks (EUR thousands)

Risk factors	31 Dec 2014		31 Dec 2013 Restated	
	Change	Effect on profit or loss and equity	Change	Effect on profit or loss and equity
Currency rate EUR/LTL	+/-10%	2,423	+/-10%	-
Currency rate EUR/RUB	+/-10%	3,506	+/-10%	7,058
Currency rate EUR/USD	+/-5%	4,752	+/-5%	5,527
Equity price	+/-10%	25,628	+/-10%	29,954
Value of level 3 holdings	+/-10%	13,365	+/-10%	12,722

(c) Credit risk

The Company takes on exposure to credit risk, which is the risk that a party to a financial instrument will cause a financial loss for East Capital Explorer AB by failing to discharge its obligation.

The Company is exposed to credit risk mainly through the investment of excess liquidity in interest-bearing securities classified as cash, cash equivalents and bonds, but also through loans made to companies in the equity investment portfolio. Credit risk could also arise from derivative financial instruments with positive fair values. The financial policy regulates counterparty exposure to minimize credit risk. According to the Company policy, the credit risk for cash and cash equivalents is limited by only granting credit to counterparties with an investment grade by a well-known rating agency and with a rating of two of three of the following levels; A (Standard & Poor's), A (Fitch) and A1 (Moody's Rating). Deposits can be made in EUR with duration of up to 12 month. Deposits in one single bank may not exceed 15 percent of the total net asset value of East Capital Explorer AB.

In accordance with the Company's policy, East Capital monitors the Company's credit position regularly. The Board reviews it on a quarterly basis.

(d) Concentration of risk

Concentration of risk refers to single holdings or investment areas that represent a significant part of the total investment portfolio. The Company's investment policy assets that no investment in any single East Capital Fund may represent more than 40 percent of the Company's net asset value at the time of the investment. At the end of 2014, the largest exposure to a single company had a value of EUR 47.0m (EUR 70.5m) or 18.0 percent (22.7 percent) of the net asset value. The top 10 holdings (when combining holdings in underlying funds) had a value of EUR 142.5 (EUR 166.4m) corresponding to 54.5 percent (53.6 percent) of the net asset value at year end 2014.

Other than that, the Company's Investment Policy only contains limited diversification requirements for the portfolio. Furthermore, the Board can deviate from or amend the Investment Policy. In addition, the Company Investment Policy does not impose any limitations on the terms of the funds in which the Company may invest, including the fund size, its affiliation with East Capital, investment parameters or industry focus. At year-end 2014, 27 percent (49 percent) of the invested portfolio has its geographic exposure to Russia, followed by Estonia, Lithuania, Saudi Arabia and Macedonia, representing 25 percent, 14 percent, 4 percent and 4 percent respectively. By industry sectors 24 percent of the invested portfolio was held in Real Estate, followed by 21 percent in Consumer Discretionary, by 20 percent in Telecom Services, 15 percent in Financials and 5

percent in Consumer Staples. In the event that the portfolio is concentrated on relatively few investments, adverse performance by even just one of these investments could have a material adverse effect on the Company.

Business risk**(a) Political risks**

Political systems are generally less stable in emerging markets than in developed economies and the legal systems are often less mature. This may result in certain investment and ownership risks. For example, amendments to the regulatory framework for the financial markets including changes on the protection of minority shareholders' rights, could adversely impact our business. Political risks also include the capacity of a country's leadership to govern, and its ability to decide on and implement reforms which are well-needed for the transition phase the whole region is going through. In the aftermath of the financial crisis all the countries of our investment universe face various challenges and not all of them have the same readiness to tackle those.

(b) Country risks

Investing in emerging markets generally means taking on a higher level of risk in the business environment than when investing in more developed countries. These markets are less mature and, thereby, often more volatile and more vulnerable to external shocks, as experienced in recent years. This is common to all the countries in our investment region and not just associated with exposure to one specific company or investment in a fund.

Country risks also include instability in financial, legal and political systems and other country specific aspects, such as quality of corporate governance, reliability of settlement and clearing systems, lack of appropriate custody services, level of financial reporting and general availability to other reliable corporate information. If any of these country specific aspects should not develop as anticipated in any of the countries in our investment region, we are at risk of being less successful in our investments.

(c) Investment strategy risk

The business plan and objectives of the Company are dependent on the availability of interesting investments. This includes timing the market to enter, and exit, at the most beneficial moment. There is a risk of lack of efficiency in the choice of and development of the investments, and in the timing of the market conditions to make the investment at the most profitable moment.

(d) Company specific risk

The success of the Company depends on the ability to provide the shareholders with a portfolio of interesting and profitable investments. This also includes being able to manage the investments effectively during the ownership and to create progress on investor issues, such

as corporate governance. There is a risk that certain companies, from time to time, may be adversely affected by internal and external factors and that they will, thereby, have a negative impact on the value of our investments.

(e) Operational risks

Well-structured and relevant internal administrative processes and systems are important in any corporate structure to minimize the operational risks related to the business operations. Lack of internal control, inadequate administrative systems and processes, infrastructure or technology failures, risk of theft or fraud or risks that East Capital Explorer's or East Capital's reputation in the marketplace is damaged could lead to unexpected economic losses or loss in confidence in the Company. As a large part of the operative functions are in-sourced from East Capital, East Capital Explorer AB is therefore highly dependent on a limited number of key people working for the company as well as the on the successful on-going operations of East Capital.

(f) Related party risk

With East Capital as the Company's Investment Manager, the shareholders are ensured access to one of the most capable and merited investment teams active in the region. The Company relies on East Capital's capacity to manage the investment activities rather than having an in-house investment team. This could imply a risk that the investments undertaken are not in accordance with the best interest of the Company, or could imply a breach of limits and authority, unfair valuations or unauthorized risk exposure.

NOTE 15 Related parties

Related party relationships

East Capital Explorer AB has a related party relationship with its subsidiaries, see Note 9, and with other companies in East Capital, see below, as well as with management and employees.

License agreements

East Capital Explorer AB, East Capital Explorer Investments SA and East Capital Explorer Investments AB have a licensing agreement with East Capital Explorer Licensing AB, pursuant to which East Capital Explorer Licensing AB has granted a non-exclusive, royalty-free license to use the trade name and trademark "East Capital Explorer".

Investment agreement

The parent company East Capital Explorer AB and its subsidiary East Capital Explorer Investments SA has entered into an Investment Agreement with East Capital PCV Management AB ("East Capital"), a subsidiary of East Capital Holding AB, the parent company of the East Capital group. In order to meet the requirements set out in the EU Directive (2011/61/EU) on Alternative Investment Fund Managers, the investment holding structure was reorganised in August 2014, where the Investment Agreement and the investment portfolio were transferred from East Capital Explorer Investments AB to East Capital Explorer Investments SA on identical terms, and East Capital Asset Management SA ("ECAM SA") was appointed as alternative investment fund manager (AIFM) of East Capital Explorer Investments SA. The AIFM implements investments according to the investment policy and provides investment management services pursuant to the Investment Agreement. ECAM SA is a subsidiary of the East Capital group and is licensed by the Commission de Surveillance du Secteur Financier (CSSF), in Luxembourg as an AIFM. During 2014, the fees to ECAM SA were positive, EUR +5.3m (EUR -12.4m), due to reversed performance fees relating to earlier years. For more details about fees, see page 44.

Other transactions with related parties

Other than fee payments according to the agreements in place, a short term bridge loan in the amount of EUR 3.7m was issued, in October 2014, to East Capital Baltic Property Fund II. The loan was repaid during the first quarter 2015. In December 2014, a short term bridge loan in the amount of EUR 2.4m was issued to Starman in order to finance the deposit for the Cgates acquisition. This loan was netted against the capital injection of EUR 22.5m that East Capital Explorer invested upon closing of the deal, which was completed in February 2015.

Service agreement

The Company has a service agreement with East Capital International AB, a service company within East Capital, pursuant to which the Company buys certain administrative and other services. The Company has a sub rent premises agreement with East Capital International AB. During the year the Company purchased services for EUR 0.1m (EUR 0.3m), all of it through the Parent Company.

Employees

The CEO of East Capital Explorer AB is a Board member of East Capital Explorer Investments SA and a member of the Investment Committee of East Capital Explorer Investments SA (the AIFM).

Transactions with key management personnel and related companies

East Capital Explorer AB's management, Board members and their close relatives and related companies control 22 percent (23 percent) of voting rights in the Company. For information about remuneration of senior executives please refer to Note 4.

Potential conflicts of interest

The Investment Agreement entered into between the Company and East Capital contains provisions and procedures to address potential

conflicts of interest between the Company and East Capital. Any conflict of interest which is not contemplated by the investment policy agreed between the Company and the Investment Manager from time to time, shall be referred to the Board of the Company for resolution. Such conflicts include for example any (i) investments in any East Capital fund on terms which are materially adverse compared to existing East Capital funds or any fund of similar type (it being understood that any increase with respect to fees and carried interest shall be deemed as "materially adverse"); and (ii) any co-investments made on terms which adversely deviate from the terms on which other co-investors make their investments. There are also other terms in the agreement designed to assure that fees payable by the Company are always on market terms. In any such matter referred to the Board, and where conflict of interest may exist, the Board members affiliated with East Capital will not take part in such decision where a conflict exists, in accordance with the conflict of interest rules under the Companies Act.

The Investment Agreement further provides that direct investments offered by the East Capital with no co-investment by any other East Capital fund or by East Capital itself, shall be referred to the Board of the Company for resolution.

In addition, East Capital has in place a policy for managing conflicts of interests in relation to its investment business, the overriding principle of which is that East Capital will treat its clients fairly and will at all times act in accordance with its position as investment manager of the various East Capital funds. The policy sets out a strategy and provides measures which will enable East Capital to actively identify monitor and address any conflicts of interest that may arise in connection with the allocation of investment opportunities.

Note 16 Changes in accounting policies

Impact of change in accounting policy on statement of financial position EUR thousands	As at 31 Dec 2012			As at 31 Dec 2013		
	Previously stated 31 Dec 2012	adjustments IFRS 10	Restated 2013 1 Jan	Previously stated 2013 31 Dec	adjustments IFRS 10	Restated 2013 31 Dec
Property, plant and equipment	0	0	0	27,710	-27,710	0
Goodwill	0	0	0	56,986	-56,986	0
Other intangible assets	0	0	0	16,228	-16,228	0
Shares and participations in investing activities/Shares in subsidiaries	257,599	12,605	270,204	275,818	3,860	279,678
Deferred tax assets	403	-63	340	0	0	0
Total non-current assets	258,002	12,542	270,544	376,742	-97,063	279,678
Inventories	0	0	0	2,423	-2,423	0
Loans to subsidiaries	0	29,315	29,315	0	29,315	29,315
Other short term receivables	32	-2	30	1,047	-1,046	1
Tax receivables	740	-740	0	0	0	0
Accrued income and prepaid expenses	80	-57	23	1,352	-1,331	21
Short-term investments	0	0	0	112	-112	0
Cash and cash equivalents	46,497	-45,366	1,131	21,504	-20,728	776
Total current assets	47,349	-16,850	30,499	26,438	3,675	30,113
Total assets	305,350	-4,308	301,043	403,179	-93,388	309,791
Equity And Liabilities						
Shareholders equity						
Share capital	3,631	0	3,631	3,640	0	3,640
Other contributed capital/Share premium reserve	362,458	3	362,461	348,180	3	348,183
Other reserves	77	-77	0	-141	141	0
Retained earnings	-80,077	74	-80,003	-65,576	-3	-65,579
Profit/Loss for the period	14,424	0	14,424	24,712	-1,569	23,143
Equity attributable to shareholders of the Parent Company	300,513	0	300,513	310,814	-1,428	309,387
Non-controlling interest	8	-8	0	415	-415	0
Total equity	300,521	-8	300,513	311,229	-1,843	309,387
Non-current interest bearing liabilities	0	0	0	68,634	-68,634	0
Derivatives	0	0	0	277	-277	0
Total non-current liabilities	0	0	0	68,911	-68,911	0
Current liabilities						
Current interest bearing liabilities	0	0	0	8,203	-8,203	0
Tax liabilities	0	0	0	26	-26	0
Derivatives	0	0	0	2	-2	0
Other current liabilities	188	10	198	2,171	-2,063	108
Accrued expenses and deferred income	4,641	-4,309	332	12,637	-12,341	296
Total current liabilities	4,829	-4,300	530	23,039	-22,635	404
Total equity and liabilities	305,350	-4,308	301,043	403,179	-93,388	309,791

Impact of change in accounting policy on statement of profit or loss and other comprehensive income EUR thousands	Previously stated 2013 Jan-Dec	adjustments IFRS 10	Restated 2013 Jan-Dec
Net sales	17,369	-17,369	0
Other operating income	383	-383	0
Changes in value of portfolio/Changes in value of subsidiaries	31,741	-7,867	23,874
Received Dividend	4,313	-4,313	0
Total operating income	53,805	-29,932	23,874
Goods, raw material and services	-4,829	4,829	0
Staff expenses	-3,644	2,558	-1,086
Depreciation and amortisation of non-current assets	-4,600	4,600	0
Other operating expenses	-11,971	10,942	-1,029
Operating profit/loss	28,761	-7,003	21,759
Financial income	83	1,641	1,724
financial expenses	-2,311	2,310	-1
Profit/Loss before tax	26,533	-3,052	23,483
Tax	-1,280	941	-339
Net Profit/Loss for the period	25,253	-2,110	23,143
Other Comprehensive income:			
Cash flow hedges - effective portion of changes in fair value	-277	277	0
Total comprehensive income for the period	24,976	-1,834	23,143
Net profit/loss for the period distribution:			
Shareholders of the Parent Company	24,712	-1,569	23,143
Non-controlling interest	541	-541	0
	25,253	-2,110	23,143
Total comprehensive income distribution:			
Shareholders of the Parent Company	24,571	-1,428	23,143
Non-controlling interest	405	-405	0
	24,976	-1,834	23,143

Impact of change in accounting policy on cash flow EUR thousands	Previously stated 2013 Jan-Dec	adjustments IFRS 10	Restated 2013 Jan-Dec
Operating activities			
Operating profit/loss	28,761	-7,002	21,759
Changes in value in portfolio/Changes in value in shares in subsidiaries	-31,741	7,867	-23,874
Adjustment for non-cash items	2,991	-2,991	0
Interest received	55	1,608	1,663
Interest paid and other financial payments	-1,107	1,107	0
Tax paid	-149	119	-30
Cash Flow From Current Operations Before Changes In Working Capital	-1,190	709	-481
Cash flow from changes in working capital			
Increase (-)/decrease (+) in other current receivables	95	-66	29
Increase (-)/decrease (+) in inventory	239	-239	0
Increase (+)/decrease (-) in other current payables	6,868	-6,964	-96
Cash flow from operating activities	6,012	-6,560	-549
Investing activities			
Acquisition of group companies	-22,605	22,605	0
Investment in shares and participations	-27,279	27,279	0
Sale of short-term investments	11,258	-11,258	0
Sale of shares and participations	29,431	-29,431	0
Purchase of property, plant, equipment and intangible assets	-3,728	3,728	0
Cash flow from investing activities	-12,925	12,925	0
Financing activities			
Repayment of loans	-3,670	3,670	0
Repaid shareholders contributions	0	14,400	14,400
Redemption program	-14,269	0	-14,269
Cash flow from financing activities	-17,939	18,070	131
Cash flow for the period	-24,851	24,434	-418
Cash and cash equivalents/Cash and bank at beginning of the year	46,497	-45,366	1,131
Exchange rate differences in cash and cash equivalents	-142	204	62
Cash and cash equivalents/ cash and bank at end of the period	21,504	-20,727	776

Note 17 Information about the parent company

East Capital Explorer AB is a registered Swedish limited liability company domiciled in Stockholm. The Parent Company's shares are registered on the NASDAQ OMX Stockholm. The address to corporate headquarters is Kungsgatan 33, Box 7214, 103 88 Stockholm, Sweden.

Note 18 Events after the end of the financial year

As announced on 22 December 2014, East Capital Explorer's portfolio company Starman, the leading cable TV and broadband internet service provider in Estonia, signed an agreement to acquire 100 percent of Lithuanian Cgates for a total enterprise value of EUR 56.3m. The agreement was subject to approval from the competition authority in Lithuania. The transaction was completed on 12 February 2015 following approval from the Lithuanian competition authority. In conjunction with the transaction, East Capital Explorer made an additional investment of EUR 22.5m through a share issue in Starman, thereby increasing the ownership from 51 to 63 percent.

In January and February 2015, East Capital Deep Value Fund rose in total by 9.2 percent, East Capital Frontier Markets Fund rose by 5.5 percent, East Capital Russia Domestic Growth Fund R rose by 27.3 percent and East Capital Bering Ukraine Fund Class R declined by 30.7 percent. East Capital Baltic Property Fund II only publishes NAV on quarterly basis. Additional shares in East Capital Frontier Markets Fund were sold for an amount equivalent to EUR 7.1m, and share in East Capital Russia Domestic Growth Fund were sold for an amount equivalent to EUR 4.0m.

Five-Year Summary

Consolidated key figures	2014	2013	2012	2011	2010
Net asset value, EUR thousands ¹	261,314	309,387	300,513	293,551	429,853
Equity ratio, % ¹	99.8	99.9	99.8	97.3	96.1
Market capitalisation, SEKm	1,273	1,956	1,618	1,815	2,954
Market capitalisation, EUR thousands	134,345	225,149	188,374	208,807	328,661
Number of outstanding shares, m	29.9	31.4	33.0	33.7	34.9
Weighted average number of shares, m	31.1	32.4	35.4	36.6	37.0
Number of employees	4	4	5	4	4

Key figures/share	2014	2013	2012	2011	2010
Earnings per share, EUR ^{1,2}	-1.09	0.72	0.41	-3.49	2.41
Dividend per share, EUR	-	-	-	0.09	0.09
NAV, SEK ¹	83	87	78	77	111
NAV, EUR ¹	8.73	9.85	9.10	8.69	12.33
Share price, SEK	42.50	62.25	49.00	53.75	84.75
Share price, EUR	4.49	7.00	5.70	6.03	9.43
SEK/EUR	9.47	8.89	8.59	8.92	8.99

¹ 2013 is recalculated due to amendments to IFRS 10 and IAS 27 regarding accounting by Investment entities

² Following the company's redemption program all historical earnings per share calculations have been adjusted accordingly

The Board and the CEO assure that this annual report has been prepared in accordance with generally accepted accounting principles in Sweden and the consolidation has been prepared in accordance with the international financial reporting standards referred to in Regulation (EC) no. 1606/2002 of the European Parliament and of the council of 19 July 2002 on the application of international accounting standards. The annual report give a true and fair view of the financial position and results of the Company. The statutory Administration Report of the Company provides a fair review of the development of the Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Company.

Stockholm, 19 March 2015

Paul Bergqvist
Chairman of the Board

Mia Jurke
Chief Executive Officer

Peter Elam Håkansson
Board member

Lars O Grönstedt
Board member

Louise Hedberg
Board member

Liselotte Hjorth
Board member

Alexander Ikonnikov
Board member

Our Auditors' Report was submitted on 19 March 2015

KPMG AB

Mårten Asplund
Authorised Public Accountant

Anders Malmeby
Authorised Public Accountant

The annual report, as indicated above, have been approved by the Board for publication on 19 March 2015. The statement of income statement and balance sheet of the Company will be submitted to the shareholders' meeting for adoption on 21 April 2015.

Auditor's report

To the annual meeting of the shareholders of East Capital Explorer AB (publ), corp. id. 556693-7404

Report on the annual accounts

We have audited the annual accounts of East Capital Explorer AB (publ) for the year 2014, except for the corporate governance statement on pages 32 - 45. The annual accounts of the company are included in the printed version of this document on pages 49 - 79.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 32 - 45. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the statement of profit or loss and other comprehensive income and statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of East Capital Explorer AB (publ) for the year 2013. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act, and that the corporate governance statement on pages 32 - 45 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained as above is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted audit standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual account.

Stockholm 19 March 2015

KPMG AB

Anders Malmby
Authorized Public Accountant

Mårten Asplund
Authorized Public Accountant

Definitions

Average number of shares

Balanced average of number of shares outstanding during the year, adjusted for share issues, splits and buybacks.

Change in value

Change in market value.

Dividend per share

Paid or proposed dividend per share adjusted for share issues and splits.

Earnings per share

Net profit for the year, attributable to equity holders of the Parent Company, divided by average number of shares.

Ebitda

Profit before depreciation and impairment (Earnings before interest, tax, depreciation and amortisation).

Equity ratio

Total equity as a percentage of total assets.

Enterprise value

Sum of the company's market capitalisation, minority interests and net debt.

Hurdle Rate

The annual return that needs to be achieved in order for any performance fees to be charged.

IRR (Internal Rate of Return)

Annual average return.

Management Fee

Fee paid to Investment Manager. Calculated periodically and subtracted in the net asset value calculation of each fund, or invoiced to East Capital Explorer in the case of Direct investments.

Net Asset Value (NAV)

Corresponds to the value of East Capital Explorer's net assets, i.e. total assets less net debt.

Net asset value per share

Net asset value per share in relation to the total number of registered shares on the Balance Sheet date (excluding any repurchased shares).

Net debt/Net cash

Interest-bearing current and long-term liabilities, including pension liabilities, less cash and cash equivalents, short-term investments and interest-bearing current and long-term receivables.

Outstanding number of shares

Registered number of shares less any share held by the company.

Performance fee

Fee paid to encourage East Capital to create better returns. The performance fee is typically 20%, meaning that 80% of the profit is allocated to East Capital Explorer's investors and 20% is paid to East Capital, conditional upon the achievement of the hurdle rate, if applicable.

Profit/loss for the year

Profit/loss after tax.

Redemption fee

Fee paid to the fund (not to East Capital) to compensate the fund for redeeming capital which may lead to the fund divesting assets to meet redemption. The redemption fee compensates the other fund investors for the possible loss of returns that the fund makes from divesting the investment.

Registered number of shares

The number of shares in the company including shares held by the Company.

Return on equity

Profit/loss for the year as a percentage of average shareholders' equity.

Shareholders' equity per share

Shareholders' equity, attributable to equity holders of the Parent Company, divided by number of registered shares.

Subscription fee

Fee paid upon investment in a fund, amounting to a certain percent of invested capital. East Capital Explorer does not pay any subscription fees.

Total assets

All assets and liabilities not included in net debt or net cash, which is the same as the Balance Sheet total less asset items included in net debt or net cash and less non-interest-bearing liabilities.

Total comprehensive income for the year

Change in equity during the period resulting from transactions and other events, other than those changes resulting from transactions with the owners in their capacity as owners.

Volatility

A measure of the variability in an asset's return. Volatility is usually measured as a standard deviation in the return of an asset during a certain given period of time.

Financial information and calendar

- **21 April 2015**
Annual General Meeting 2015
- **13 May 2015**
Interim Report
1 January - 31 March 2015
- **20 August 2015**
Interim Report
1 January - 30 June 2015
- **5 November 2015**
Interim Report
1 January - 30 September 2015

The annual report, other financial reports and information as well as press releases, are available on www.eastcapitalexplorer.com. Shareholders and other interested persons may sign-up on the website for a subscription to East Capital Explorer's reports and press releases to be sent directly to their e-mail address.

The printed annual report is sent to shareholders who have notified East Capital Explorer that they wish to receive printed financial information.

Contact us

Investor and media contact:

Lena Krauss
CFO & Head of Investor Relations
+46 8 505 885 94
lena.krauss@eastcapitalexplorer.com

We welcome your opinion

Let us know how we can improve our financial reports, investor service and website. Please email your suggestions or ideas to us at ir@eastcapitalexplorer.com.

Visiting address:

Kungsgatan 33, Stockholm
Sweden

Postal address:

P.O. Box 7214
SE-103 88 Stockholm
Sweden

www.eastcapitalexplorer.com

Change of address

Changes of address of physical persons who are registered as Swedish residents are made automatically by Euroclear Sweden AB. Please note that shareholders who have chosen not to have their addresses updated automatically must, themselves, notify their account-operating institute.

Shareholders whose holdings are registered in the name of a trustee, should notify the trustee as soon as possible of any changes in their name, address or account number. Other shareholders must notify changes of address and changes of account number to Euroclear Sweden AB:
+46 8 402 90 00
info@euroclear.eu

This Annual Report is available in Swedish and English. In the case of any discrepancies between the two language versions, the Swedish version shall govern.

© East Capital Explorer
Graphic design and production: sunnymountain.se
Printed in Estonia by Dixia AB

Photos:
Snezana Vucetic Bohm, Victor Brott, Luka Esenko,
East Capital staff, Liquid Frame, Shutterstock and portfolio companies.

Annual General Meeting 2015

The Annual General Meeting of East Capital Explorer AB (publ) will be held at 3.00 p.m. CET on Tuesday, 21 April 2015 at IVA's Conference Center, Grev Turegatan 16 in Stockholm, Sweden.

Participation

In order to be entitled to participate at the Annual General Meeting, shareholders must: be recorded in the register of shareholders maintained by Euroclear Sweden AB on Wednesday, 15 April 2015 and have notified the company of their attendance no later than 4.00 p.m. CET on Wednesday, 15 April 2015.

Notification of attendance may be made:

On the web:

www.eastcapitalexplorer.com/agm

In writing to:

East Capital Explorer
"Annual General Meeting"
P.O. Box 7839
103 98 Stockholm
Sweden

By telephone to: +46 8 402 90 46

When notifying regarding attendance, please state name, personal/ company registration number, address, daytime telephone number, e-mail, number of shares as well as any assistants attending (maximum two).

Please note that shareholders whose shares are registered in the name of a nominee, must temporarily re-register their shares in their own name. Such registration must be in effect with Euroclear Sweden AB no later than on Wednesday, 15 April 2015. Shareholders are requested to inform their nominees well in advance of this date.

Program

12:30 Registration opens (registration is possible until 15:00)

13:00 East Capital Explorer on developments in 2014 and prospects for 2015 and onwards

13:15 Presentation of the largest portfolio holdings and discussion regarding the development in our investment region, followed by a Q&A session

- Kestutis Sasnauskas, Head of Private Equity at East Capital
- Toomas Tiivel, CEO at Starman
- Marcus Svedberg, Chief Economist at East Capital

14:30 Coffee Break

15:00 AGM

Do you want to know more about what happens in our investment region?

Please visit our Investment Manager East Capital's website www.eastcapital.com for news, analyses and market comments.

EAST CAPITAL EXPLORER

Kungsgatan 33, Box 7214
SE-103 88 Stockholm, Sweden
Tel: +46 8 505 97 700
Corporate identity no: 556693-7404
www.eastcapitalexplorer.com