Interim Report January – March 2017

The transition of the portfolio has continued with new investments
(Mia Jurke, CEO)

Key figures

	31 Mar 2017	31 Dec 2016
NAV per share	EUR 9.83 SEK 94	EUR 9.67 SEK 93
Closing price per share	EUR 7.57 SEK 72.25	EUR 6.97 SEK 66.75
Total NAV	EUR 246m	EUR 248m
Market cap	EUR 193m	EUR 196m

		2017	2016
Net result	Jan-Mar	EUR 2.7m	EUR -0.8m
Earnings per share	Jan-Mar	EUR 0.11	EUR -0.01

1 EUR = 9.55 SEK on 31 Mar 2017. Source: Reuters

Key events during the first quarter

- Net Asset Value (NAV) per share, adjusted for share buybacks, was EUR 9.83, an increase of 1.7% during the quarter. Total NAV was EUR 246m
- The Real Estate segment increased by 1.8% during Q1 and Private Equity by 6.8%, while Public Equity decreased by 3.4%
- East Capital Explorer invested EUR 3.0m in the ongoing development of 3 Burės' third office tower in Vilnius. The project is pre-let to 98 %
- Trev-2 was sold in March for a total cash consideration of EUR 5.7m with a gross IRR of 2% and no NAV effect
- EUR 2.1m of the holding in East Capital Deep Value Fund was sold during Q1
- An EGM in January voted in favour of electing Göran Bronner as a new Board Member and cancelling 2,500,000 own shares
- 604,824 shares, equivalent to 2.4% of outstanding shares, were repurchased during the quarter for a total amount of EUR 4.4m
- In March, CEO Mia Jurke announced her decision to resign from East Capital Explorer. The Board has initiated a recruitment process for her successor

Key events after the quarter

- In April, East Capital Explorer agreed to acquire Vertas, a fully occupied 9,400 sqm A class office property in Vilnius, for a purchase price of EUR 29m. The transaction is expected to close during the summer
- During 1 April - 5 May the Company repurchased 331,987 own shares, corresponding to 1,3% of outstanding shares, under a buyback program that runs until the AGM on 15 May 2017
- Fund holdings totalling EUR 2.1m were sold after the end of the quarter

East Capital Explorer AB
Corporate ID no. 556693-7404
Box 7214, 103 88 Stockholm, Sweden

Tel: +46 8 505 97 700
info@eastcapitalexplorer.com
www.eastcapitalexplorer.com

Investments in focus

The portfolio transition continued, with new investments in Baltic real estate, in parallel with divestments of private equity holdings and public equity funds. Operating costs during the quarter were 45 percent lower than in the first quarter last year. We are, in other words, on the right track to reach our goal of reducing costs by 50 percent.

Mia Jurke, CEO

For East Capital Explorer, the first quarter was marked by a focus on new acquisitions in the Baltic real estate sector and on the ongoing construction of the third tower of the 3 Burės property. Shortly after the end of the quarter, we announced the acquisition of the office property Vertas in Vilnius, a transaction which is expected to be finalized during the summer. The company was active on the divestment side as well. During the quarter, we sold our holding in Trev-2, the Estonian infrastructure company, and we continued to reduce our holding in East Capital Deep Value Fund. This further strengthened our cash position and financing for further real estate acquisitions in the Baltic capitals going forward. At an EGM in January, the proposal to cancel the previously repurchased shares was approved, and the buybacks have since continued.

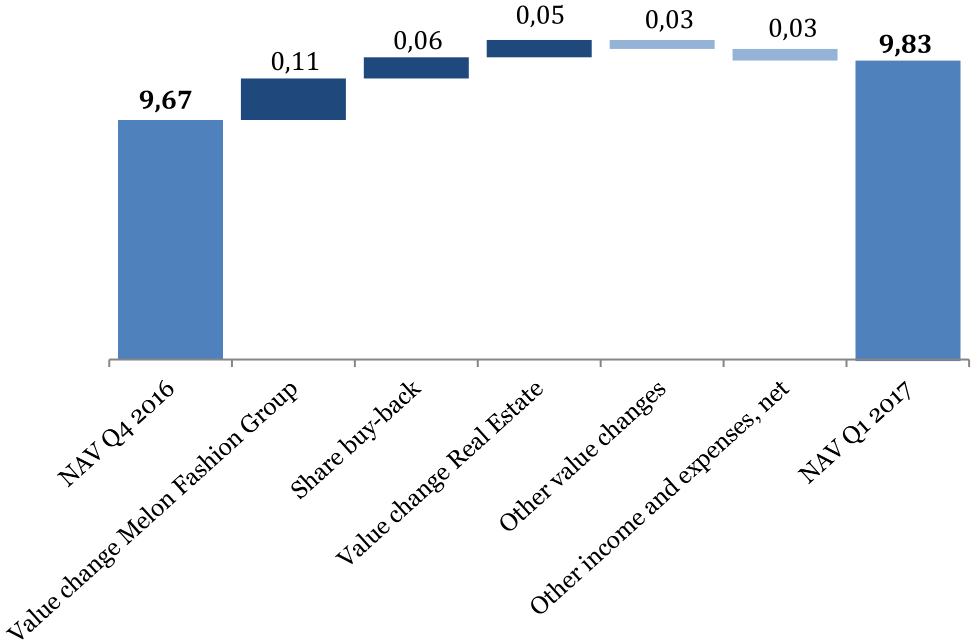
Transaction intense period

With a focus on building a first-class property portfolio in the Baltics, our work continued with high intensity during the first quarter. In 3 Burės, the construction of a third tower is proceeding according to plan. A lease contract was signed covering another 30 percent of the leasable area, indicating continued strong demand for modern and well located offices. This means that the new building will have an occupancy of 98 percent at completion by the end of 2018, thus generating stable cash flow from start. In April, an agreement was signed to acquire another office property, Vertas, located in central Vilnius. The acquisition of Vertas means that East Capital Explorer's total leasable area in central Vilnius, including 3 Burės and the third tower under construction, will exceed 50,000 sqm. The company's position within A-class properties in the Lithuanian capital is thereby further strengthened. The property is fully let and the acquisition is being made at a yield of approximately 6.5 percent. The acquisition, with a total purchase price of EUR 29m will be completed this summer. Initially the acquisition might be fully equity financed since ECEX has a strong cash position from the sale of Starman last fall. However, in the long-term, the plan is to partially debt finance the property.

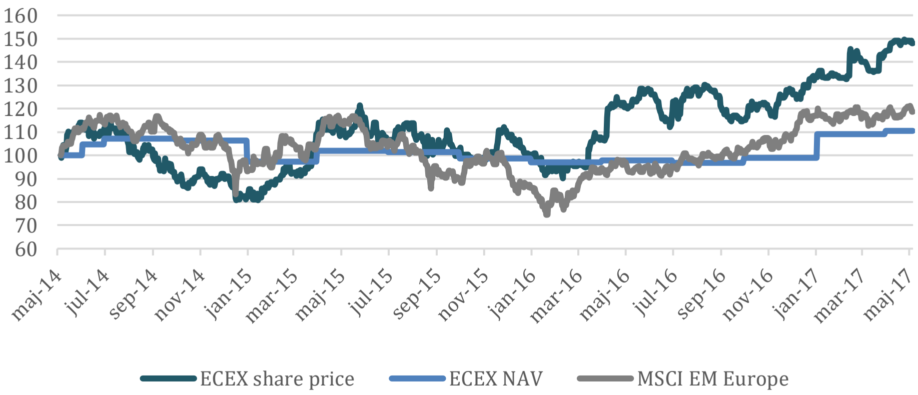
During the quarter, the holding in Trev-2, the Estonian infrastructure company acquired in 2012, was sold. In recent years, Trev-2 has been successfully restructured and focused on its two core areas, but has at the same time faced a challenging market. As East Capital Explorer's strategy now has become more clearly focused on real estate investments, it was a natural step to divest the holding. The divestment did not have any effect on NAV.

In total, the NAV developed positively by 1.7 percent during the quarter (1.4 percent in SEK), and the largest positive contribution came from Melon Fashion Group (MFG).

Change in NAV per share during the first quarter 2017, EUR



ECEX NAV and share price vs. MSCI Emerging Markets Europe, 3 years, indexed (SEK)



8.6%

share price increase and positive NAV development by 1.7%

The increase in fair value of MFG was a consequence of the continuing strong appreciation of the rouble against the EUR, while the underlying valuation of the company in rouble remained unchanged during the quarter, even though the stronger currency also had positive effects on the gross margin. The Russian economy is continuing its recovery, but the effects of this are not yet evident in MFG's sales figures. MFG continues its work to roll out the new store concepts and improve quality in the store network, which is expected to strengthen profitability going forward.

"MFG is expected to strengthen its profitability going forward"

The listed holdings were weaker during the quarter. KBS, the Macedonian bank in which we have a direct investment, that had a strong year 2016, posted weaker results for the first quarter at the same time as the political situation in the country remains uncertain. The holding in East Capital Deep Value Fund was further sold off during the quarter, which is in line with our intention to gradually divest the entire holding.

New phase and new name

"With a clear focus on real estate in the Baltics, a new name, and soon a new CEO, the company will be able to sail on with a course set on new investments"

As previously announced, I have decided to leave the company. I will, however, remain as CEO until the Board has appointed a successor, which is expected within short. The years as CEO have been exciting and a great learning experience and we have implemented major changes that have laid the groundwork for the new phase that East Capital Explorer is now entering. Or rather Eastnine, if the AGM in May gives its approval for the proposed change of company name. Much has already been put into place for the future. The organization has been streamlined and become more transparent, costs have been reduced and the strategy has become more directed and focused on a region and sector where we see large potential and where the company can create value. In addition, the NAV discount has been reduced significantly. So, with a clear focus on real estate in the Baltics, a new name, and soon a new CEO in place, the company will be able to sail on with a course set on new investments, enabled by a strong cash position!

Mia Jurke
CEO, East Capital Explorer

Our portfolio

East Capital Explorer's strategy builds on four cornerstones: growth in Eastern Europe, domestic consumption, companies with strong outlook and a long-term active ownership. The preferred way of investing is through direct investments. East Capital Explorer's focus for new investments is within the Real Estate segment, while the Private Equity and Public Equity segments have been gradually reduced through divestments.

Net Asset Value (NAV)

	Value 31 Mar 2017 EURm	NAV/share EUR	% of NAV	Value 31 Dec 2016 EURm	Value change Jan-Mar 2017 %[1]
Real Estate					
3 Burės	33.8	1.35	13.7	30.4	1.2
East Capital Baltic Property Fund II	28.5	1.14	11.6	27.8	2.3
East Capital Baltic Property Fund III	9.0	0.36	3.7	8.8	2.4
Total Real Estate	**71.3**	**2.85**	**29.0**	**67.1**	**1.8**
Private Equity					
Melon Fashion Group	45.8	1.83	18.6	42.9	6.8
Total Private Equity	**45.8**	**1.83**	**18.6**	**42.9**	**6.8**
Public Equity					
East Capital Deep Value Fund	25.6	1.02	10.4	28.7	-3.6
Komercijalna Banka Skopje	10.4	0.41	4.2	10.7	-2.8
Total Public Equity	**35.9**	**1.44**	**14.6**	**39.4**	**-3.4**
Short-term Investments					
East Capital Global Frontier Markets Fund	11.0	0.44	4.5	10.2	7.4
Other short-term Investments[2]	1.4	0.06	0.6	7.2	-0.8
Short-term Investments	12.4	0.50	5.0	17.4	4.0
Cash and cash equivalents[3]	84.3	3.37	34.3	83.5	
Total Short-term Investments	**96.7**	**3.87**	**39.3**	**100.9**	
Total Portfolio	**249.8**	**9.99**	**101.6**	**250.2**	
Other assets and liabilities net	-3.9	-0.16	-1.6	-2.7	
Net Asset Value (NAV)	**245.9**	**9.83**	**100.0**	**247.6**	**1.7[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] Including East Capital Bering Ukraine Fund Class R. Trev-2 Group included on 31 Dec 2016 at fair value of EUR 5.7m

[3] A net amount of EUR 76.9m of the cash position stems from the sale of Starman in Q4 2016

[4] NAV per share development

The number of shares used in NAV/share 31 Mar 2017 is 24,999,639 and is adjusted for repurchased shares held by the company (Note 6).

1 EUR = 9.55 SEK on 31 Mar 2017. Source: Reuters

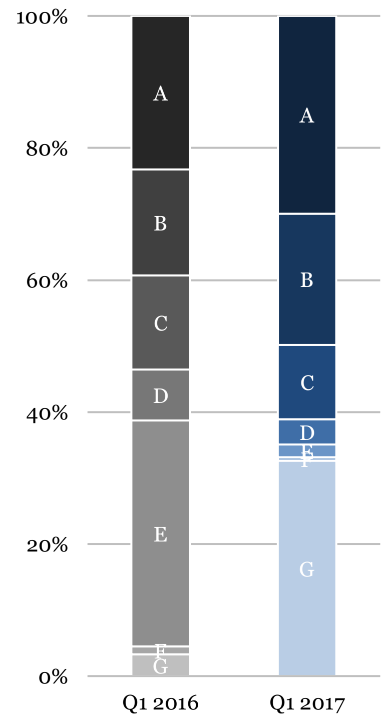
Note that certain numerical information may not add up due to rounding

10 largest holdings in East Capital Explorer's portfolio on a see-through basis (sum of direct and indirect holdings)[1]

31 March 2017 Company	Value in portfolio, mEUR	% of NAV	Perf. Q1, %	Country	Sector	East Capital Explorer's investment vehicle
Melon Fashion Group	45.8	18.6	6.8	Russia	Consumer	Direct Investment
3 Burės	33.8	13.7	1.2	Lithuania	Real Estate	Direct Investment
Komercijalna Banka Skopje	13.0	5.3	-2.8	Macedonia	Financials	Direct Investment East Capital Deep Value Fund
Tänassilma Logistics	7.1	2.9	4.4	Estonia	Real Estate	East Capital Baltic Property Fund II
GO9	6.9	2.8	1.8	Lithuania	Real Estate	East Capital Baltic Property Fund II
Mustamäe Keskus	5.7	2.3	1.9	Estonia	Real Estate	East Capital Baltic Property Fund II
Metro Plaza	5.2	2.1	1.0	Estonia	Real Estate	East Capital Baltic Property Fund II
Hilton Tallinn Park	5.0	2.0	1.9	Estonia	Real Estate	East Capital Baltic Property Fund III
Vesse Retail Centre	4.1	1.7	3.1	Estonia	Real Estate	East Capital Baltic Property Fund III
Caucasus Energy & Infrastructure	3.7	1.5	36.1	Georgia	Industrials	East Capital Deep Value Fund
Total	**130.4**	**53.0**				

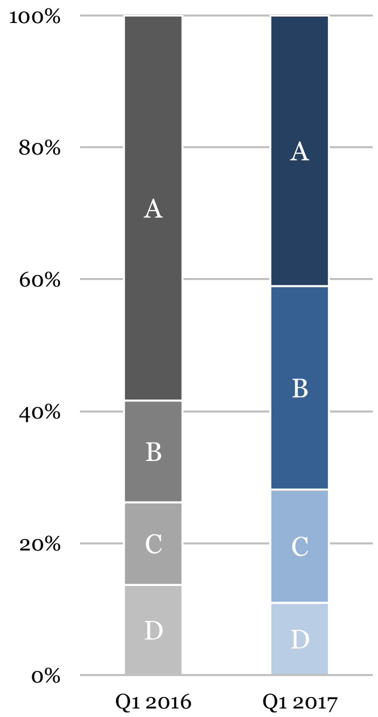
[1] As if East Capital Explorer had owned its pro-rata share of all the underlying securities in the different funds it has invested in

Sector breakdown, %



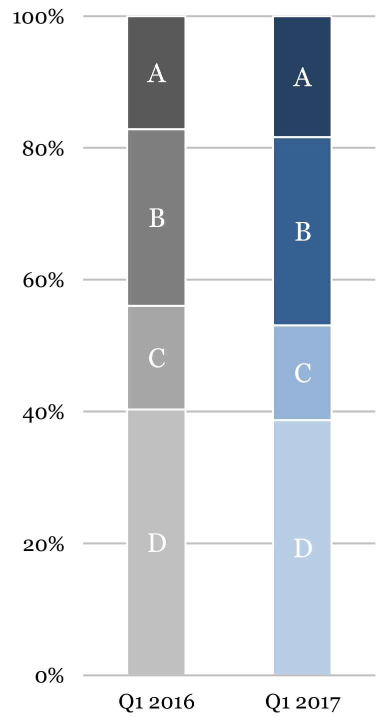
A	Real Estate	30 (23)
B	Consumer	20 (16)
C	Financials	11 (14)
D	Industrials	4 (8)
E	Telecom	2 (34)
F	Other	1 (1)
G	Cash	33 (3)

Geographic breakdown, %



A	Baltics	41 (58)
B	Russia	31 (15)
C	Balkans	17 (13)
D	Other countries	11 (14)

Segment breakdown, %



A	Private Equity	19 (17)
B	Real Estate	29 (27)
C	Public Equity	15 (16)
D	Short-term investments, cash, other assets and liabilities	39 (40)

*Comparative numbers in parentheses refer to the corresponding period 2016

Real Estate

The Real Estate segment represents 29 (27) percent of total Net Asset Value. The Real Estate investments in the Baltic capitals are characterised by strong cash flows, sustainable rents and low vacancies. Yields are 2-3 percentage points higher than in the Nordic capitals, with attractive financing terms. More detailed financial information regarding 3 Burės is available on www.eastcapitalexplorer.com under Investors/Reports and Presentations, and regarding East Capital Baltic Property Fund II and III, on www.eastcapital.com.

3 Burės

3 Burės is a 28,400 sqm modern A Class office property in central Vilnius, Lithuania. The property comprises two existing buildings with low vacancy rates and stable cash flows, as well as the ongoing development of a third building of 13,000 sqm that will be completed in 2018, and that is already 98% pre-leased.

East Capital Explorer's holding in the property	100%
% of NAV	14%

EURm	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Existing building:			
Net rental revenue*	1.1	1.1	4.4
Net operating income	0.8	1.0	3.9
Property value	60.9	59.7	60.9
Loan-to-value ratio (%, end-quarter)	56.0	60.6	56.4
Vacancy rate (%, end-quarter)	3.3	0.7	3.3
Avg. rent (€/sqm, end-quarter)	12.5	12.6	12.5
Development project:			
Property value	5.9	4.6	5.9

* Rental income only, excluding income from communal services

- Vacancy in the two existing towers of the office complex was stable at 3.3% of total leasable area during the first quarter 2017. Average monthly rent per sqm remained at EUR 12.5 per sqm, but is expected to increase as of Q2 2017 following renegotiations of large lease agreements

- A fitness studio was opened in March 2017 as an additional service for the tenants, with the aim to increase tenant satisfaction

- In the development project of the third tower, a long-term lease contract with Visma was signed for premises covering approximately 30% of the leasable area. Pre-lease agreements with Swedbank and Visma thereby cover 98% of the leasable area

- East Capital Explorer's investment in the development project during the quarter amounted to EUR 3.0m. The construction work is proceeding as planned and the building is expected to be completed before the end of 2018

- The fair value of 3 Burės, incl. existing buildings and development, increased by 1.2% during the first quarter due mainly to positive operating results. This fair value change and the EUR 3.0m equity investment mentioned above, increased the total fair value of the holding to EUR 33.8m. The combined property value was, however, unchanged at EUR 66.8m

Learn more about 3 Burės on: www.3bures.lt

East Capital Baltic Property Fund II

The fund invests in and manages properties with well-established tenants and sustainable rental terms in the Baltic capitals. Focus is primarily on well-located shopping centres and retail properties, as well as logistics and office properties with stable revenues and potential for improvements. The fund is fully-invested.

East Capital Explorer's share of the Fund	49%
% of NAV	12%

	Q1 2017	Since May '12
Performance of the holding, EUR	2.3%	46.6%

Properties in the portfolio	Weight of mkt value, %	Contr, %*	Location	Type
Mustamäe Keskus	20	17	Tallinn	Retail
GO9	24	19	Vilnius	Retail
Tänassilma Logistics	25	49	Tallinn	Logistics
Metro Plaza	18	8	Tallinn	Office
Deglava	3	-13	Riga	Retail
Rimi Logistics	10	21	Tallinn	Logistics

* Contribution; Share of quarterly change in NAV from property operating result

- The fair value of East Capital Explorer's holding in East Capital Baltic Property Fund II increased slightly by 2.3% during the first quarter.

- The Deglava property in Riga remained closed during the quarter. The repair works have been finalized and the full permit of use has now been received. The management team is negotiating anchor tenant leases in the new multi-tenant concept centre. The investigations regarding the Deglava property will continue and additional items may consequently arise, in addition to the write-downs recorded in 2016

- In GO9 shopping centre, an entertaining and modern virtual reality café was opened in March 2017. Preparations are ongoing to open two new restaurant concepts on the lower floor, replacing a restaurant that was closed at the end of 2016. Negotiations continue with fashion tenants to fill the remaining vacant retail areas

- The rest of the properties in the fund continue their stable operations, with Tänassilma Logistics continuing to contribute most to fund growth

East Capital Baltic Property Fund III

The fund was launched in 2015 and will invest in and manage commercial properties with well-established tenants and sustainable rental terms in the Baltic capitals. Focus is primarily on retail, office, logistics and industrial properties in prime locations with stable income and enhancement or value-added potential

East Capital Explorer's share of the Fund	27%
% of NAV	4%

	Q1 2017	Since Aug '15
Performance of the holding, EUR	2.4%	11.8%

Properties in the portfolio	Weight of mkt value, %	Contr, %*	Location	Type
Hilton Tallinn Park	55	43	Tallinn	Hotel
Vesse Retail Centre	45	57	Tallinn	Retail

* Contribution; Share of quarterly change in NAV from property operating result

- The net asset value of East Capital Explorer's holding in the fund increased by 2.4% during the first quarter. The NAV increase is based on operational profits from the two investments in the fund, where Vesse Retail Centre contributed 57% and Hilton hotel 43% to operational growth

- In Vesse Retail Centre, upgrade investments were completed in the fourth quarter 2016 as a joint effort of the landlord and grocery tenant; and have yielded positive results on the attractiveness and attendance of the centre

Private Equity

Following the recent divestments of Starman in Q4 2016 and Trev-2 in Q1 2017, the Private Equity segment includes only Melon Fashion Group, representing 19 (17) percent of total Net Asset Value. More detailed financial information regarding the holding is available on www.eastcapitalexplorer.com under Investors/Reports and Presentations.

Melon Fashion Group

Russian fashion retailer Melon Fashion Group (MFG) is well positioned 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.

East Capital Explorer's holding in the company	36%
% of NAV	19%

RUBm	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Sales	2,691	2,839	12,474
Gross profit	1,204	1,148	5,926
EBITDA	-92	-233	610
Net profit	-154	-269	106
Sales growth (%)	-5.2	-1.1	-0.7
Gross margin (%)	44.8	40.4	47.5
EBITDA margin (%)	-3.4	-8.2	4.9
Net debt (neg = net cash)	-65	-113	-574
Balance sheet total	4,813	4,820	4,891
Number of stores (end-quarter)	540	614	558
Like-for-like sales growth (%)	-2.6	-1.9	-2.2

- The Russian economy remained on a recovery track supported by local currency strength, improved oil outlook and a pick-up in domestic growth. Consumer confidence, according to reports, bounced in the first quarter delivering the highest notation since 2015
- The first quarter is seasonally the weakest due to sell-offs that depress margins and lead to negative EBITDA results
- In the first quarter MFG's total sales dropped by 5.2%, negatively affected by a 5.1% decrease in retail space because of non-profitable store closures, and an unfavourable -2.6% like-for-like growth due to weak footfall and a more cautious approach to discounting. On the positive side, franchise and online sales improved
- As the local currency strengthened, first quarter gross margin increased to 44.8% from 40.4% the previous year. The EBITDA was as expected negative, but improved significantly compared to last year. Adjusted for FX impact, the EBITDA loss was RUB -80m vs non-adjusted RUB -92m, corresponding to an EBITDA margin of -3.0% vs -3.4%, respectively
- Due to higher pace of new openings and relocations, MFG's expenses increased compared to last year, resulting in a cost ratio of 50.8% compared to 45.8% in the first quarter 2016. The company's management considers this uptick as a one-off and does not expect the full year ratio to exceed that of last year
- During the first quarter the number of stores reduced to 540 from 558, as 22 retail stores were closed, 3 new ones opened, 1 franchise store opened, and 12 own stores were relocated
- The focus during the quarter was on analysing the new store concept performance and finetuning the store opening model accordingly

Learn more about Melon Fashion Group on: www.melonfashion.ru

Public Equity

The Public Equity segment represents 15 (16) percent of total Net Asset Value. Investments in this segment offer exposure to companies in sectors driven by domestic growth such as retail, consumer goods, finance, and real estate. The listed portfolio comprises assets that can be used as a financing source for further investments in the Real Estate segment

Komercijalna Banka Skopje

Komercijalna Banka Skopje (KBS), listed on the Macedonian stock exchange, is Macedonia's largest bank by assets and capital.

East Capital Explorer's holding in the company	10%
% of NAV (direct inv. and through EC Deep Value Fund)	5%

MKDm	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Net interest income	814	886	2,888
Net interest margin (%)	3.3	3.7	3.6
Total operating income	979	1,043	4,171
Operating expenses	405	409	1,712
Cost Income ratio (%) *	38.0	39.5	36.5
Profit before tax and provisions	575	627	2,459
Net profit	39	170	779

* Excluding one-offs

- The political turbulence in Macedonia continues as the country is left without a working parliament, which means limited visibility on future policies and government initiatives. This situation increases worries around the Macedonian economy, which despite reasonably good headline numbers in recent periods, continues to show few signs of broad based economic growth
- Since last spring, when one politician's comments about the national currency led to a wave of deposit withdrawals, the retail deposit market in Macedonia has been stable (and the funds withdrawn have been largely returned to the banks)
- KBS had a weaker first quarter of 2017 compared to the same period 2016, with net profit dropping from EUR 2.75m in first quarter 2016 to EUR 0.63m a year later
- Net interest income declined by almost 9%, driven by a decrease in gross interest income, which was affected by interest rate pressure in the corporate sector
- Interest income from retail loans was the bright spot among core income items, showing healthy growth, albeit from a low base
- Fee and commission income continued to be under pressure, dropping by 5% yoy, as some competitors have reduced their fee levels
- Operational costs for the quarter were slightly lower than last year, but provisioning remains higher than expected

Learn more about Komercijalna Banka Skopje on: www.kb.com.mk

East Capital Deep Value Fund

The fund offers exposure to small and mid-cap Eastern European companies with proven business models, strong revenue generation and high revaluation potential where the fund managers can take an active role in corporate governance of the portfolio companies.

East Capital Explorer's share of the Fund	73%
% of NAV	10%

	Q1 2017	Since Jan '14
Performance of the holding, EUR	-3.6%	2.4%

Largest holdings in the Fund on 31 March 2017

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Caucasus Energy & Infrastructure	14.0	36.1	3.6	Georgia	Industrials
Bank Sankt-Peterburg	12.3	-1.8	-0.3	Russia	Financials
Komercijalna Banka Skopje	9.1	-1.8	-0.2	Macedonia	Financials
Impact	6.2	-0.2	0.0	Romania	Real Estate
B92	5.6	-60.8	-8.4	Serbia	Consumer
Telekom Srpske	4.2	13.9	0.5	Bosnia	Telecom
Cantik	3.7	-1.3	-0.1	Ukraine	Real Estate
Reinsurance Co Sava	3.1	24.0	1.1	Slovenia	Financials
Pif Big	3.1	14.1	0.3	Bosnia	Financials
Bank Tsentrkredit	2.9	5.9	0.1	Kazakhstan	Financials

All figures in performance during the first quarter 2017

* Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
64	5	70

- The value of East Capital Explorer's holding in the fund decreased by 3.6% in the first quarter. While the fund has no official benchmarks, this was below the MSCI Emerging Markets Europe 10-40 index which decreased by 0.1% but above MSCI Russia 10-40 which fell 4.9%
- The largest contributor to return was Georgian Caucasus Energy & Infrastructure which had a performance of 36.1% following the announcement that the company will buyback all minority shares at a buyout price 37.2% premium to the funds book value
- The Slovenian insurance company Reinsurance Co Sava gained 24.0% mainly due to a strong 2016 result with RoE at 11.3%, which was above management targets of 10%, as well as a strong dividend. The stock was also boosted by news that Adris Group is potentially looking to increase its stake in the company from 15% to 25%
- The largest negative contributor was B92, which was again devalued by the fund by 60.8% following continuing poor performance and outlook

Short-term investments

Short-term investments include assets that are expected to be divested. The largest short-term investment is East Capital Global Frontier Markets Fund, corresponding to 5 percent of NAV. East Capital Bering Ukraine Fund Class R, which decreased by 4 percent in the first quarter, corresponds to 0.6 percent of East Capital Explorer's NAV and is not specified below.

East Capital Global Frontier Markets Fund

East Capital Global Frontier Markets Fund is a daily traded UCITS fund with a global focus on young and growing markets. To combine high growth, attractive valuations and risk-adjusted returns, the fund seeks to invest in a wide spectrum of countries, sectors and companies. A significant share is invested in off-index countries, the "next frontiers".

East Capital Explorer's share of the Fund	26%
% of NAV	5%

	Q1 2017	Since Dec '14
Performance of the holding, EUR	7.4%	6.1%

Largest holdings in the Fund on 31 March 2017

Company	Weight, %	Perf, %	Contr, %*	Country	Sector
Banco Macro B Adr	5.6	28.5	1.3	Argentina	Financials
National Bank Of Kuwait	4.9	8.0	0.4	Kuwait	Financials
Grupo Supervielle Sa-Adr	3.7	26.7	0.8	Argentina	Financials
Viet Nam Dairy Products	3.7	9.3	0.3	Vietnam	Consumer
Habib Bank	3.6	0.2	0.0	Pakistan	Financials
United Bank	3.4	-4.4	-0.1	Pakistan	Financials
Blom Bank	3.2	7.5	0.2	Lebanon	Financials
Adecoagro	3.2	9.7	0.2	Argentina	Consumer
Grupo Fin Galicia B Adr	3.1	40.2	0.9	Argentina	Financials
FPT Corp	2.6	5.8	0.2	Vietnam	IT

All figures in performance during the first quarter 2017

* Contribution to the portfolio performance

10 largest holdings (% of fund)	Unlisted holdings (% of fund)	Total number of holdings
37	0	56

- The value of the holding in East Capital Global Frontier Markets Fund gained 7.4% while the MSCI Frontier Markets index gained 6.9% during the first quarter

- Argentina started the year with a 21.5% gain, amid the ongoing reform processes, prospects of inclusion into emerging markets indices and attractive valuations. Two key active positions, Grupo Supervielle and Banco Macro, as well as Grupo Financiero Galicia, increased sharply by 27%, 29% and 40%, respectively, along with initial signs of economic recovery and rising confidence in disinflation trends

- Going forward, issues that will be monitored are the disinflation and economic recovery trends, especially in Argentina and Egypt, new listing or foreign ownership limitation opportunities in Vietnam and broader news flow on MSCI decisions on the universe

Results

The investment activities of East Capital Explorer AB (publ) (the Company) are managed in the operating subsidiaries Humarito Ltd, East Capital Explorer Investments AB, ECEX Holdings SA (in liquidation) and which manages the investment portfolio. Transactions in the operating subsidiaries are referred to as the investment activities in this report.

Presentation currency is euro (EUR).

Results for the first quarter 2017

The net result for the first quarter was EUR 2.7m (EUR -0.2m), including value changes of shares in subsidiaries of EUR 3.1m (EUR 0.5m), corresponding to earnings per share of EUR 0.11 (EUR -0.01).

The Company sold its 38 percent stake in Trev-2 Group for a cash consideration of EUR 5.7m. The transaction had no effect on NAV.

Melon Fashion Group was appreciated by EUR 2.9m due to translation from rouble to euro, while the underlying rouble valuation was unchanged.

Together with fair value adjustments in 3 Burės of EUR 0.4m, East Capital Baltic Property Fund II of EUR 0.6m, East Capital Baltic Property Fund III of EUR 0.2m, East Capital Global Frontier Markets Fund of EUR 0.8m, East Capital Deep Value Fund of EUR -1.0m and in Komercijalna Banka Skopje of EUR -0.3m, these were the main contributors to the change in value of shares in subsidiaries in the Income statement for the period.

In the investment activities, shares in East Capital Deep Value Fund were sold for a total amount of EUR 2.1m. EUR 3.0m was invested in the 3 Burės development project.

The result for the period includes income of EUR 0.2m (EUR 0.0m) mainly from repayment of charged management fees in funds, and expenses of EUR 0.8m (EUR 0.7m), all of which refer to the Parent company. Net financial income and expenses was EUR +0.2m (EUR +0.0m).

Comparative numbers in parenthesis refer to the first quarter of 2016.

Financial Position and Cash Flow Jan-Mar 2017

The Company's equity ratio was 99.2 percent (99.3 percent).

The cash flow presented below only relates to transactions in the Parent Company. During the period 1 January – 31 March 2017, East Capital Explorer repurchased a total of 604,824 shares, for an amount equivalent to EUR 4.4m.

Cash and cash equivalent at the end of the period amounted to EUR 25.7m (EUR 30.3m), all of which refer to the Parent Company.

At the end of the period, cash, cash equivalents and other short-term investments in the investment activities amounted to EUR 96.7m (EUR 95.2m). Please refer to the breakdown of values in subsidiaries on pages 15-17 for more details regarding the investment activities.

Comparative numbers in parenthesis refer to 31 December 2016.

Commitments

On 10 July 2015, the Company announced a commitment to invest EUR 20m in total in East Capital Baltic Property Fund III. Of this, EUR 8.1m has been drawn down by the fund and the remaining commitment amounts to EUR 11.9m.

Business Environment and Market

Geopolitical news was in the focus during the first quarter, with most attention paid to the US policies driven by the Trump administration both domestically and abroad. In Europe, the concerns over the Dutch and French elections, the future of the EU and the path for Brexit were in the spotlight. Despite the uncertainties, we saw a significant increase in risk appetite towards emerging markets in the aftermath of the US elections, reflected in sizeable money inflows into these regions.

East Capital Explorer's largest geographical market, the Baltic countries, also performed quite strongly, lifted by indications of resumed growth in Europe and general improved sentiment towards emerging markets. Fourth quarter 2016 GDP figures confirmed the positive trajectory, with the Lithuanian economy accelerating to 3.2 percent growth, and Estonia and Latvia posting around 2.6 percent growth.

In East Capital Explorer's second largest geographical market Russia, geopolitical tensions remain elevated, but the Russian economy has begun to accelerate having returned to growth in the second half of 2016, and with expectations of up to 2.0 percent GDP growth this year. First quarter 2017 inflation decreased to 4.3 percent approaching the Central Bank's target of 4 percent, which triggered a beginning of the rate cut cycle in March. The Russias rouble gained 6.8 percent against EUR over the quarter. According to Sberbank CIB index, the Russian consumer sentiment in the first quarter had the most sizeable uptick since 2015. Despite positive fundamentals, MSCI Russia in EUR dropped by -4.9 percent hit by profit-taking following the rally in the fourth quarter 2016, massive equity issuance by Russian companies absorbing money inflows, and an oil price retreat. The fundamental improvements in the Russian economy are, nevertheless, the main drivers behind East Capital Explorer's consumer oriented investments, most notably MFG, in Russia.

In the Balkans, East Capital Explorer's third largest market, all markets ended the quarter in the positive territory demonstrating a positive momentum for the region. The outlook for the region remains positive as the core economies are performing strongly.

We evaluate the overall outlook for our region as rather benign with improved risk profile, despite persisting global uncertainties driven mostly by public policies. This sets good grounds for further investment opportunities within our core segment real estate while pursuing divestments in the non-core areas.

Other information

Risks and uncertainties

The dominant risk in East Capital Explorer'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. A more detailed description of East Capital Explorer's material risks and uncertainties is provided in the Company's Annual Report 2016 on pages 60-61. An assessment for the coming months is provided in the Business Environment and Market section above.

In addition, through the business activities of the holdings, i.e. their offerings of products and services, within the respective sectors, the investments are also exposed to legal/regulatory risk and political risk, for example political decisions on public sector expenditures and industry regulations.

Fees

At an Extraordinary General Meeting on 9 May 2016, the shareholders approved the Board's proposal regarding a joint termination of the Investment Agreement between East Capital Explorer and East Capital. Following the EGM decision, all management fee payments to East Capital were halted, with the exception of the real estate funds East Capital Baltic Property Fund II and East Capital Baltic Property Fund III.

Management fees originated in the real estate funds during the first quarter of 2017 amounted to EUR 0.1m (EUR 0.1m).

The management fee for East Capital Baltic Property Fund II is 1.75 percent and the rebated management fee for East Capital Baltic Property Fund III is 1.25 percent. The carried interest for these funds is 20 percent, on the premise that a threshold value increase of 7 and 8 percent, respectively, per year has been achieved.

Organisational and investment structure

East Capital Explorer AB (publ) is a Swedish investment company listed on Nasdaq 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 primarily properties and unlisted companies in Eastern Europe.

The Company is currently transitioning into a pure Baltic real estate company, with an aim to generate predictable cash flows by being a long-term owner of attractive commercial properties with low vacancies and stable tenants in prime locations in the Baltic capitals. The investment portfolio is actively managed to optimize the long-term value. 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 East Capital Explorer invests.

For further information about the organizational and investment structure of the Company, please see the Company's web site www.eastcapitalexplorer.com under the section, 'Corporate Governance'.

The CEO certifies that the interim report presents a true and fair view of the Company's and the Group's operations, financial position and profits and describes the significant risks and uncertainties facing the Company and the Group.

Stockholm, 9 May 2017

Mia Jurke
Chief Executive Officer

Contact information

Mia Jurke, CEO, +46 8 505 885 32
Lena Krauss, CFO, +46 8 505 885 94

East Capital Explorer AB
Kungsgatan 35, Box 7214
SE-103 88 Stockholm, Sweden
Tel: +46 8 505 977 00
www.eastcapitalexplorer.com

Financial calendar

- Annual General Meeting 2017 – 15 May 2017
- Interim Report Q2 2017 – 30 August 2017
- Interim Report Q3 2017 – 9 November 2017

Subscribe to financial reports and press releases directly to your e-mail on: www.eastcapitalexplorer.com or by sending an email to info@eastcapitalexplorer.com.

The information in this interim report is the information which East Capital Explorer AB is required to disclose under the EU Market Abuse Regulation and the Securities Markets Act. It was released for publication at 08:00 a.m. CET on 9 May 2017.

Income Statement

EUR Thousands	Note	2017 Jan-Mar	2016 Jan-Mar
Changes in fair value of subsidiaries	2	3,103	485
Other income		240	-
Staff expenses		-462	-284
Other operating expenses		-331	-377
Operating profit/loss		**2,550**	**-177**
Financial income		180	2
Financial expenses		-17	0
Profit/loss before tax		**2,713**	**-175**
Tax		-	-
NET PROFIT/LOSS FOR THE PERIOD[1]		**2,713**	**-175**
Earnings per share, EUR			
- Attributable to shareholders of the Parent Company		0.11	-0.01
No dilutive effects during the periods			

[1] Net Profit/Loss for the period corresponds to Total Comprehensive income

Balance Sheet

EUR Thousands	Note	2017 31 Mar	2016 31 Dec	2016 31 Mar
Assets				
Shares in subsidiaries	3, 4	199,096	195,993	252,624
Loans to group companies	4	20,900	20,900	-
Total non-current assets		**219,996**	**216,893**	**252,624**
Other short-term receivables		2	2	-
Accrued interest income	4	1,861	1,680	-
Accrued income and prepaid expenses		420	427	11
Cash and cash equivalent		25,663	30,338	1,309
Total current assets		**27,946**	**32,447**	**1,320**
Total assets		**247,942**	**249,340**	**253,944**
Equity				
Share capital[1]		3,657	3,655	3,654
Other contributed capital/Share premium reserve[2]		295,198	299,613	318,920
Retained earnings[2]		-55,711	-69,014	-69,014
Net profit/loss for the period[2]		2,713	13,303	-175
Total equity		**245,858**	**247,558**	**253,386**
Current liabilities				
Other liabilities		245	334	166
Accrued expenses and prepaid income		1,840	1,449	393
Total current liabilities		**2,084**	**1,783**	**558**
Total equity and liabilities		**247,942**	**249,340**	**253,944**

[1] Restricted capital
[2] Unrestricted capital

Statement of Changes in Equity

EUR Thousands	Share capital	Other contributed capital/Share premium reserve	Retained earnings incl. profit/loss for the year	Total equity shareholders in Parent company
Opening equity 1 January 2017	**3,655**	**299,613**	**-55,711**	**247,558**
Net profit/loss for the period	-	-	2,713	2,713
Total comprehensive income	**-**	**-**	**2,713**	**2,713**
Bonus issue	1	-1	-	-
Share buy-back	-	-4,413	-	-4,413
Closing equity 31 March 2017	**3,657**	**295,199**	**-52,998**	**245,858**

EUR Thousands	Share capital	Other contributed capital/Share premium reserve	Retained earnings incl. profit/loss for the year	Total equity shareholders in Parent company
Opening equity 1 January 2016	**3,654**	**318,920**	**-69,014**	**253,561**
Net profit/loss for the period	-	-	-175	-175
Total comprehensive income	**-**	**-**	**-175**	**-175**
Closing equity 31 March 2016	**3,654**	**318,920**	**-69,189**	**253,386**

Statement of Cash Flow

EUR Thousands	2017 Jan-Mar	2016 Jan-Mar
Operating activities		
Operating profit/loss	2,550	-177
Changes in fair value of subsidiaries	-3,103	-485
Cash flow from current operations before changes in working capital	**-553**	**-661**
Cash flow from changes in working capital		
Increase (-)/decrease(+) in other current receivables	6	3
Increase (+)/decrease(-) in other current payables	302	48
Cash flow from operating activities	**-245**	**-610**
Financing activities		
Share buy-back	-4,413	-
Cash flow from financing activities	**-4,413**	**-**
Cash flow for the period	**-4,658**	**-610**
Cash and cash equivalent at the beginning of the period	30,338	1,918
Exchange rate differences in cash and cash equivalents	-17	2
Cash and cash equivalent at the end of the period	**25,663**	**1,309**

Note 1 Accounting Principles

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) 34 Interim Financial Reporting and applicable provisions in the Swedish Annual Accounts Act (Årsredovisningslagen). The interim report for the Company has been prepared in accordance with the Swedish Financial Reporting Board's standard RFR 2 and the Swedish Annual Accounts Act Chapter 9, Interim report. The parts of IFRSs and RFR 2 that are currently relevant for East Capital Explorer AB lead to the same accounting. The two sets of financial statements are therefore presented together as a common single set of accounts.

As of 1 January 2014, East Capital Explorer AB 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 falls within the classification of an investment entity.

The accounting policies applied in these interim financial statements are the same as those applied in the financial statements as at and for the year ended 31 December 2016.

Note 2 Segment Reporting

East Capital Explorer AB classifies the Company's various segments based on the nature of the investments. Management monitors the holdings on the basis of fair value, and all holdings are reported at fair value through profit or loss. The value change of holdings held by the subsidiaries has been allocated to value changes, dividends received and other operating expenses that are directly attributable to the underlying investments in private equity, real estate, public equity and short-term investments. All other revenues and expenses are classified as unallocated in the table below.

EUR thousands 1 Jan – 31 Mar 2017	Private Equity	Real Estate	Public Equity	Short-term investments	Unallocated	Total
Changes in value of portfolio	2,937	1,054	-1,341	698	-	3,348
Other operating expenses	-	-	-	-	-245	-245
Changes in value of subsidiaries	**2,937**	**1,054**	**-1,341**	**698**	**-245**	**3,103**
Other income	-	11	122	62	45	240
Staff expenses	-	-	-	-	-462	-462
Other operating expenses	-	-	-	-	-331	-331
Operating profit/loss	**2,937**	**1,065**	**-1,219**	**760**	**-993**	**2,550**
Financial income	-	180	-	-	-	180
Financial expense	-	-	-	-	-17	-17
Profit/loss before tax	**2,937**	**1,245**	**-1,219**	**760**	**-1,011**	**2,713**
Assets	**45,821**	**71,309**	**35,924**	**96,723**	**-1,835**	**247,942**

EUR thousands 1 Jan – 31 Mar 2016	Private Equity	Real Estate	Public Equity	Short-term investments	Unallocated	Total
Changes in value of portfolio	1,097	1,338	-2,289	7,791	-	7,936
Other operating expenses (incl. management fees)	-170	-121	-43	-418	-187	-938
Items affecting comparability[1]	-	-	-	-6,513	-	-6,513
Changes in value of subsidiaries	**927**	**1,217**	**-2,332**	**860**	**-187**	**485**
Staff expenses	-	-	-	-	-284	-284
Other operating expenses	-	-	-	-	-377	-377
Operating profit/loss	**927**	**1,217**	**-2,332**	**860**	**-848**	**-177**
Financial income	-	-	-	-	2	2
Financial expense	-	-	-	-	0	0
Profit/loss before tax	**927**	**1,217**	**-2,332**	**860**	**-847**	**-175**
Assets	**33,842**	**59,306**	**46,604**	**121,097**	**-6,905**	**253,944**

[1] Carried interest related to the sale of Starman.

Note 3 Entities with ownership interests over 50 percent

The following entities, in which the ownership interest is over 50%, are not consolidated due to the consolidation exception for investment entities.

Non consolidated entities 31 March 2017	Country	Number of shares	Book value, EURt	Ownership capital
ECEX Holdings SA	Bertrange, Luxembourg	100,000	11,518	100%
East Capital Explorer Investments AB	Stockholm, Sweden	11,000	10,499	100%
Humarito Limited	Nicosia, Cyprus	2,000	177,080	100%
Baltic Cable Holding OÜ	Tallinn, Estonia	2,502	83,727	100%
UAB Portarera[1]	Vilnius, Lithuania	300	33,789	100%
UAB Solverta[1]	Vilnius, Lithuania	100	-	100%
UAB Verslina[1]	Vilnius, Lithuania	100	-	100%

[1] The operations in UAB Portarera, UAB Solverta and UAB Verslina have been aggregated as they are consolidated as 3 Burės

Note 4 Financial instruments

For a better understanding of the business, the information regarding financial instruments below is presented on a see-through basis as the fair value of the holdings in the subsidiaries. Shares and participations in the investment activities as well as the Company's holdings in subsidiaries are all valued at fair value.

Financial instruments not measured at fair value through profit and loss
For receivables and payables, the carrying amount is assessed to reflect fair value since the remaining maturity is generally short. This is also the case for cash and cash equivalent.

Calculation of fair value
The following summarises the main methods and assumptions applied in determining the fair values of the financial instruments in the balance sheet. Please refer to the Annual Report 2016 for more details on valuation policies used by East Capital Explorer AB.

Loans to Group Companies, which are a part of 3 Burės valuation, are monitored by key management personnel on a fair value basis. Changes in credit risk has not led to any significant fair value changes of the loans.

Fair value hierarchy

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.

Shares in subsidiaries/financial instruments
In the Parent company, financial instruments consist of shares in subsidiaries of EUR 199.1m, loans to group companies of EUR 20.9m and cash and cash equivalent of EUR 25.7m. The carrying amount of these assets constitutes the fair value on the balance sheet date.

		Book value, EURt		Share of capital, %	
Shares in subsidiaries including loans to group companies	Country	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
ECEX Holdings SA (formerly East Capital Explorer Investments SA)	Bertrange, Luxembourg	11,518	11,864	100	100
East Capital Explorer Investments AB	Stockholm, Sweden	10,499	10,808	100	100
Humarito	Nicosia, Cyprus	177,080	173,321	100	100
UAB Portarera (loan)	Vilnius, Lithuania	20,900	20,900	100	100

As the holdings in the subsidiaries are presented on a see-through basis, the tables below reflect the fair value hierarchy in the investment activities. The values of the shares in subsidiaries, including loans to group companies, are directly and indirectly made up by the following assets:

EUR Thousands 31 March 2017 Breakdown of values in subsidiaries including loans to group companies	Private Equity	Real Estate	Public Equity	Short-term investments	Cash and bank	Other assets and liabilities, net	Total
Opening balance 1 January 2017	**48,585**	**65,395**	**39,356**	**11,691**	**53,201**	**-1,334**	**216,893**
Purchases/additions	-	3,000	-	-	-2,000	-1,000	0
Divestments/Reductions	-5,701	-	-2,091	-1	7,793	-	0
Other	-	-	-	-	-322	77	-245
Changes in fair value recognised net in profit/loss	2,937	1,054	-1,341	698	-	-	3,348
Closing balance 31 March 2017	**45,821**	**69,449**	**35,924**	**12,387**	**58,672**	**-2,257**	**219,996**

EUR Thousands 31 December 2016 Breakdown of values in subsidiaries including loans to group companies	Private Equity	Real Estate	Public Equity	Short-term investments	Cash and bank	Other assets and liabilities, net	Total
Opening balance 1 January 2016	**104,584**	**57,718**	**48,894**	**32,450**	**8,593**	**-98**	**252,140**
Movement of acrrued interest income to Parent company	-	-1,477	-	-	-	-	-1,477
Reclassifications	-71,839	-	-	71,839	-	-	0
Purchases/additions	-	5,020	-	-	-5,020	-	0
Divestments/Reductions	-	-	-12,192	-105,224	117,416	-	0
Other	-	-	-	-	-17,116	-1,236	-18,352
Repaid shareholders contributions	-	-	-	-	-52,700	-	-52,700
Dividend received	-	-	-	-	2,029	-	2,029
Changes in fair value recognised net in profit/loss	15,840	4,134	2,654	12,626	-	-	35,254
Closing balance 31 December 2016	**48,585**	**65,395**	**39,356**	**11,691**	**53,201**	**-1,334**	**216,893**

Private Equity consists of the holding in Melon Fashion Group (MFG). Real Estate consists of holdings in 3 Burės, East Capital Baltic Property Fund II and East Capital Baltic Property Fund III. These holdings are valued internally or externally normally at year-end, and the fair value of the holdings is assessed on a quarterly basis.

Public Equity consists of East Capital Deep Value Fund with a majority of public holdings managed by East Capital. The holding in Komercijalna Banka Skopje, which is publicly traded, is also included in Public Equity. Holdings in Public Equity are valued at fair value according to the valuation principles described on the previous page.

Short-term investments consist of holdings which are expected to be divested within a year. The holding in East Capital Global Frontier Markets Fund and East Capital Bering Ukraine Fund R are classified as short-term investments.

Holding	Class	Valuation method	Valuation assumptions
Melon Fashion Group	Private Equity	DCF	Long-term growth 5%, Long term operating margin 12%, WACC 17%
3 Burės	Real Estate	DCF	WACC 7-8%, Exit yield 7%
East Capital Baltic Property Fund II	Real Estate	DCF	WACC 8-10%, Exit yield 7-8%
East Capital Baltic Property Fund III	Real Estate	DCF	WACC 9%, Exit yield 8%

Discounted Cash Flow model (DCF), weighted average cost of capital (WACC)

For the fair values of Private Equity investments and Real Estate - reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Effect in EUR thousands 31 March 2017 Sensitivity analysis	Private Equity Profit or loss Increase	 Decrease
Long term growth rate (0.5% movement)	1,800	-1,654
Weighted average cost of capital (WACC) (0.5% movement)	-2,478	2,710
Long term operating margin (0.5% movement)	1,695	-1,699

Effect in EUR thousands 31 March 2017 Sensitivity analysis	Real Estate Profit or loss Increase	 Decrease
Weighted average cost of capital (WACC) (0.5% movement)	-2,083	2,167
Exit yield (0.5% movement)	-3,839	4,421

The East Capital Explorer portfolio is presented on page 4 in this report, including information on fair value changes during the period. More information on the portfolio holdings can be found on pages 5 to 10 in this report.

The following table analyses, within the fair value hierarchy, the investments in the investment activities measured at fair value:

EUR thousands 31 March 2017 Shares and participations in investment activities at fair value through profit or loss[1]	Level 1	Level 3	Total balance
Private Equity	-	45,821	45,821
Real Estate	-	71,309	71,309
Public Equity	35,924	-	35,924
Short-term investments	10,993	1,394	12,387
Total	**46,917**	**118,524**	**165,441**

EUR thousands 31 December 2016 Shares and participations in investment activities at fair value through profit or loss	Level 1	Level 3	Total balance
Private Equity	-	48,585	48,585
Real Estate	-	67,075	67,075
Public Equity	39,356	-	39,356
Short-term investments	10,236	1,455	11,691
Total	**49,592**	**117,114**	**166,706**

[1] Following investments are classified in:
Level 1 - East Capital Deep Value Fund, East Capital Global Frontier Markets Fund and Komercijalna Banka Skopje
Level 3 - East Capital Baltic Property Fund II, East Capital Baltic Property Fund III, East Capital Bering Ukraine Fund Class R, 3 Burės and MFG

EUR thousands 31 March 2017 Changes in financial assets and liabilities in Level 3	Private Equity	Real Estate	Short-term Investments	Total
Opening balance 2017	**48,585**	**67,075**	**1,455**	**117,114**
Purchases/additions	-	3,000	-	3,000
Divestments/Reductions	-5,701	-	-1	-5,702
Changes in fair value recognised net in profit/loss	2,937	1,234	-59	4,112
Closing balance 31 March 2017	**45,821**	**71,309**	**1,394**	**118,524**

EUR thousands 31 December 2016 Changes in financial assets and liabilities in Level 3	Private Equity	Real Estate	Short-term Investments	Total
Opening balance 2016	**104,584**	**57,718**	**1,373**	**163,675**
Transfers out of level 3[1]	-71,839	-	-	-71,839
Purchase/additions	-	5,020	-	5,020
Changes in fair value recognised net in profit/loss	15,840	4,337	82	20,258
Closing balance 31 December 2016	**48,585**	**67,075**	**1,455**	**117,114**

[1] Starman was moved from level 3 to level 2 before the divestment was finalised; the unobservable input was not a significant part of the value of the holding.

EUR 4,112 thousands (EUR 20,258 thousands) of changes in fair value recognised net in profit/loss relate to investments still held at the end of the period.

Risks and uncertainties

For information about risks, uncertainties and information about the business environments and markets in which East Capital Explorer invests, please see page 11. For a summary of the methods and assumptions used to determine fair value of the portfolio holdings please see Note 4 and in more detail on page 60 in the Annual Report of 2016. The effect of fluctuations in the major parameters on the value of the portfolio holdings is presented in the table below:

Sensitivity analysis for market risks (EUR Thousands)

31 March 2017 Risk factors	Change	Effect on net profit/loss for the period
Fx EUR/RUB	+/- 10%	4,582
Fx EUR/USD	+/- 5%	1,897
Equity price	+/- 10%	16,358

Note 5 Related parties

On 31 March 2017, East Capital Explorer AB had a related party relationship with its subsidiaries, Board members and employees.

East Capital Explorer AB's management, Board members and their close relatives and related companies control 24.4 percent of voting rights in the Company.

Following the termination of the Investment Agreement between East Capital Explorer and East Capital, all management fee payments to East Capital were halted, with the exception of the real estate funds East Capital Baltic Property Fund II and East Capital Baltic Property Fund III. Management fees originated in the real estate funds during the first quarter of 2017 amounted to EUR 0.1m (EUR 0.1m). As a consequence, during the first quarter of 2017, the Company received a repayment of EUR 0.2m (EUR 0.0m) regarding management fees originated in the other East Capital funds.

There have been no other material related party transaction during the year.

Note 6 Repurchase of shares and dividend

On 20 May 2016, the Company launched a buyback program. The buybacks will be carried out for as long as the Company's shares trade at a discount of more than 20 percent to its most recently published NAV in SEK. The Company has a mandate to repurchase up to 10 percent of outstanding shares, until the AGM on 15 May 2017.

At an Extraordinary General Meeting on 23 January 2017, the Meeting approved the Board of Directors' proposal to reduce the share capital by cancelling of 2,500,000 previously repurchased shares and to increase the share capital by way of a bonus issue. On 31 January 2017, the cancelling of 2,500,000 repurchased shares was executed.

The Company repurchased a total of 604,824 shares during the period 1 January through 31 March 2017, corresponding to 2.4 percent of the Company's outstanding shares, at an average price of SEK 69.26 per share. Including the shares repurchased during 2016, the Company have a total of 661,924 repurchased shares held in treasury.

The total number of shares outstanding in East Capital Explorer as of 31 March 2017 amounted to 25,661,563. Adjusted for repurchased shares, number of shares outstanding amounted to 24,999,639. The weighted average number of shares outstanding for the reporting period was 25,381,932, adjusted for the repurchased shares.

East Capital Explorer's dividend policy states that at least 50 percent of dividends received from portfolio holdings shall be distributed to shareholders. With an ordinary dividend as a base, share redemptions and repurchases can also be used from time to time to enhance shareholder value.

East Capital Explorer will propose to the Annual General Meeting 2017 to pay an ordinary dividend for 2016 of SEK 0.90 per share, corresponding to EUR 0.09 per share.

Note 7 Events occurring after the end of the quarter

Shares in East Capital Deep Value Fund were sold for an amount equivalent to EUR 2.1m.

The Company repurchased a total of 331,987 shares during the period 1 April - 5 May 2017, corresponding to 1.3 percent of the Company's outstanding shares, at an average price of SEK 73.66 per share.

On 6 April 2017, East Capital Explorer AB announced that it has signed an agreement to acquire Vertas, an A class office building in central Vilnius. The purchase price is EUR 29m, corresponding to a yield of approximately 6.5%. The transaction is expected to close during the summer. The property may initially be financed by 100% equity.

Note 8 Key Figures

Key figures	3m 2017	12m 2016	9m 2016	6m 2016	3m 2016	12m 2015	9m 2015	6m 2015
Net asset value (NAV), EUR m	246	248	228	236	253	254	252	264
Equity ratio, %	99.2	99.3	99.4	99.7	99.8	99.8	99.9	95.1
Market capitalisation, SEK m	1,854	1,880	1,619	1,669	1,545	1,445	1,481	1,495
Market capitalisation, EUR m	193	196	168	177	169	158	158	162
Number of outstanding shares, m	25.0	25.6	26.1	27.0	28.2	28.2	28.2	28.3
Number of outstanding shares including repurchased shares, m	25.7	28.2	28.2	28.2	28.5	28.5	28.5	28.5
Weighted average number of shares, m	25.4	27.0	27.4	28.0	28.2	29.3	29.7	30.5
Number of employees	8	9	9	5	4	4	4	4

Key figures per share	3m 2017	12m 2016	9m 2016	6m 2016	3m 2016	12m 2015	9m 2015	6m 2015
Earnings per share, EUR	0.11	0.49	-0.35	-0.27	-0.01	0.25	0.20	0.55
Dividend per share, EUR	-	0.09	-	-	-	0.09	-	-
NAV, SEK	94	93	84	82	83	82	84	86
NAV, EUR	9.83	9.67	8.73	8.74	9.00	9.00	8.96	9.32
Share price, SEK[2]	72.25	66.75	57.50	59.25	54.25	50.75	52.00	52.50
Share price, EUR[2]	7.57	6.97	5.97	6.29	5.87	5.54	5.55	5.68
SEK/EUR	9.55	9.58	9.63	9.41	9.24	9.16	9.36	9.25

[1] Proposed dividend for 2016, 0.90 SEK per share corresponding to 0.09 EUR per share
[2] Not adjusted for share redemptions or dividend