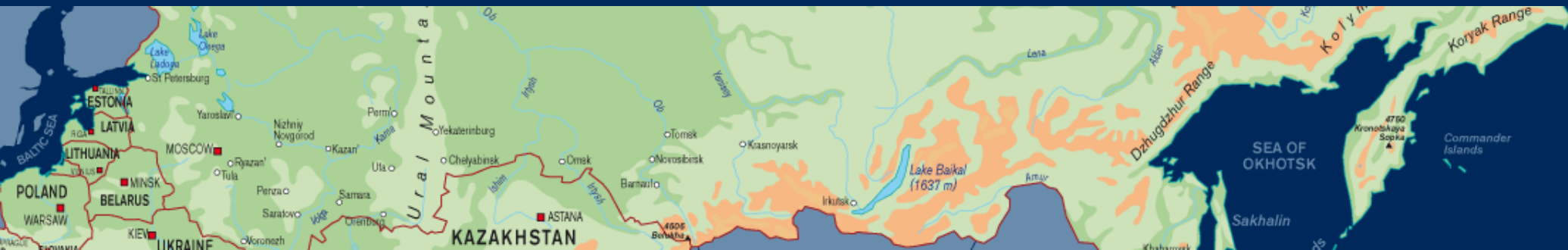


# EAST CAPITAL EXPLORER



**Interim Report – Second Quarter 2010**

**20 August 2010**

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# Today's Presenters

- Gert Tiivas, CEO
- Mathias Pedersen, CFO

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# Agenda

- Key highlights and market development
- Our portfolio and performance
- Financials
- Outlook
- Q&A

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# Key highlights and market development

# Key highlights

## Second quarter 2010:

- NAV per share on 30 June 2010 amounted to EUR 11.00 (SEK 105)
  - - 6.5% during the second quarter
  - +12.3% since year end
  - +31.4%, year-on-year
- Additional EUR 5m invested in East Capital Bering Balkan Fund
- We made our first partial exit, receiving EUR 20m from the East Capital Power Utilities Fund
  - the Fund had posted a 213% value increase during the preceding twelve months
  - IRR since the original investment in December 2007 then amounted to 9.4%
- East Capital Russian Property Fund was closed. We got most of our originally committed 40 MEUR back, less costs incurred by the fund, amounting to 1 MEUR

## Key highlights (2)

### After the close of the quarter:

NAV per share on 31 July 2010 amounted to EUR 11.03 (SEK 104)

+0.2% during July

+12.9% since year end

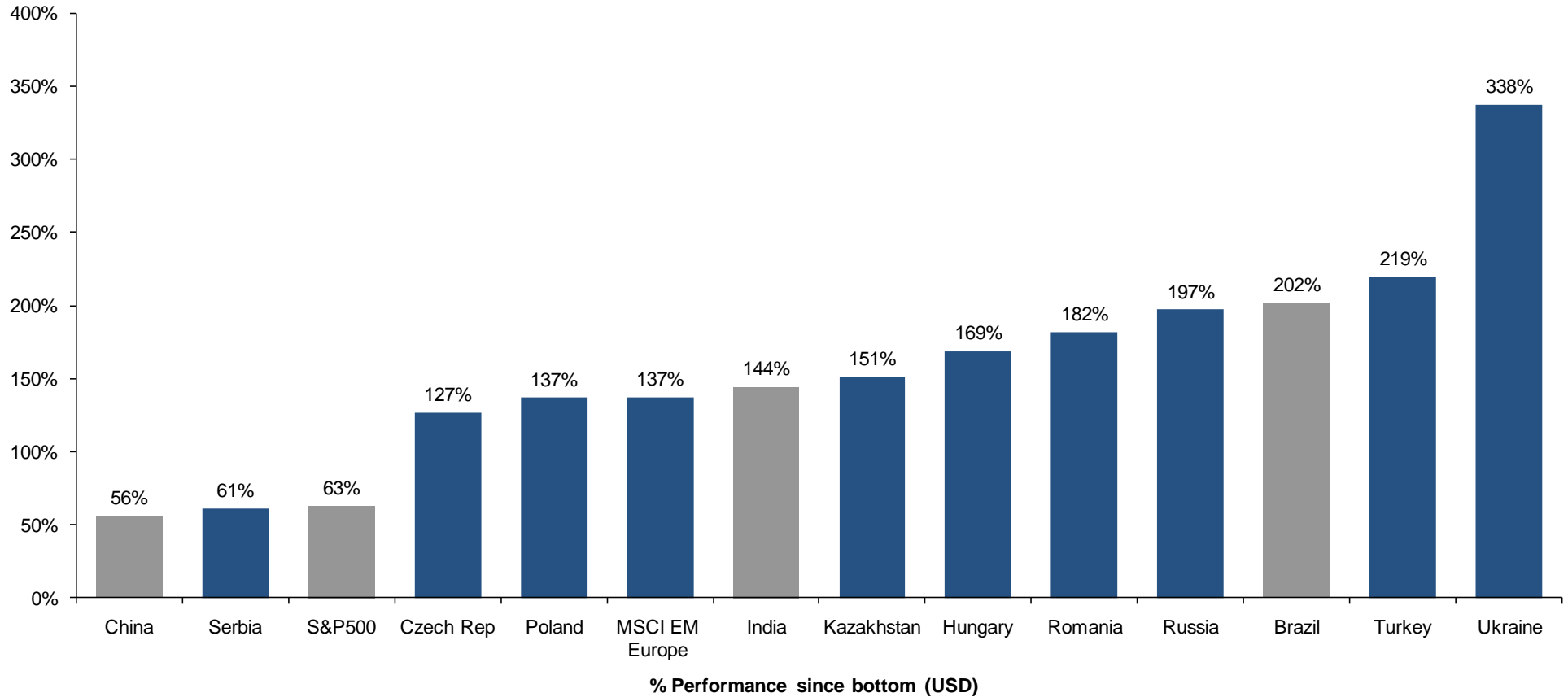
+30.4% year-on-year

- EUR 88m available for future investments

# Macro introduction

- During Q2, markets were volatile as nervousness returned
- Fiscal concerns about certain EU states, worries about China and other global concerns dominated the agenda
- Our region was not a source of the main concerns but was affected by the pessimism nevertheless
- July and August have generally been more positive, although volatility remains
- Eastern European economies back on growth path
- Russia and Turkey the strongest

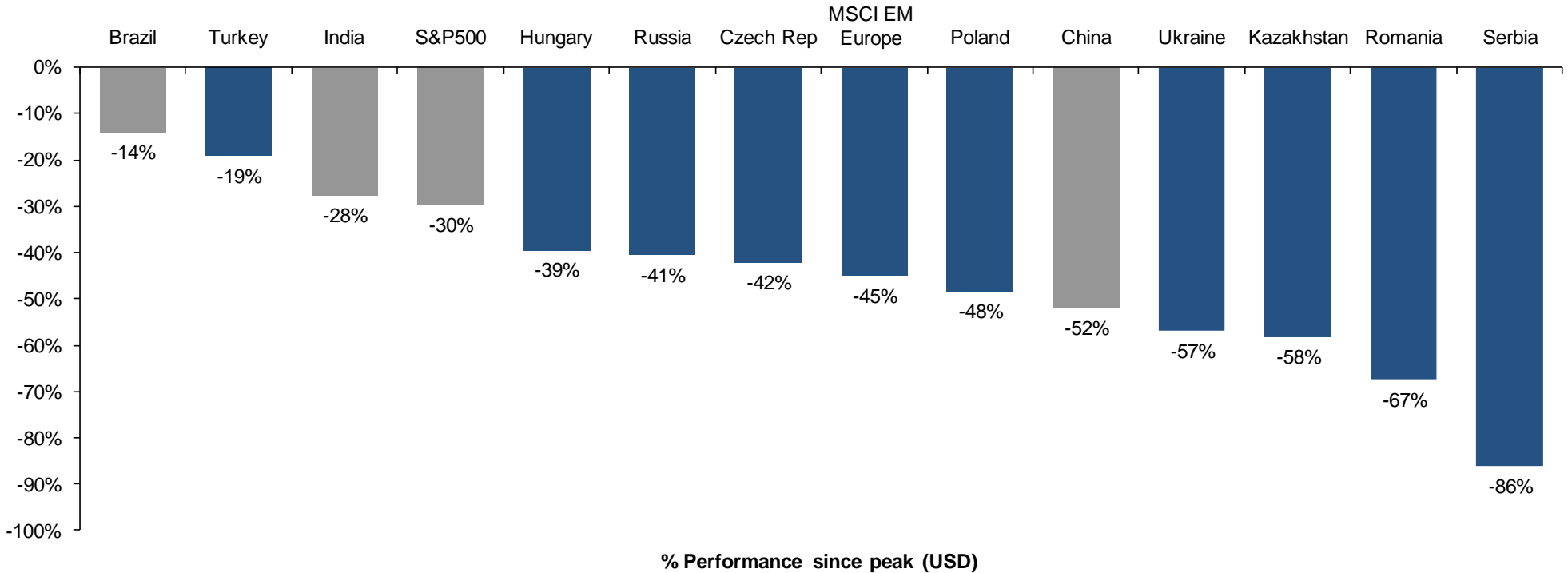
# Markets have been doing well...



Performance since bottom

Source: Bloomberg (July 30, 2010)

# ...but are still down from peak...

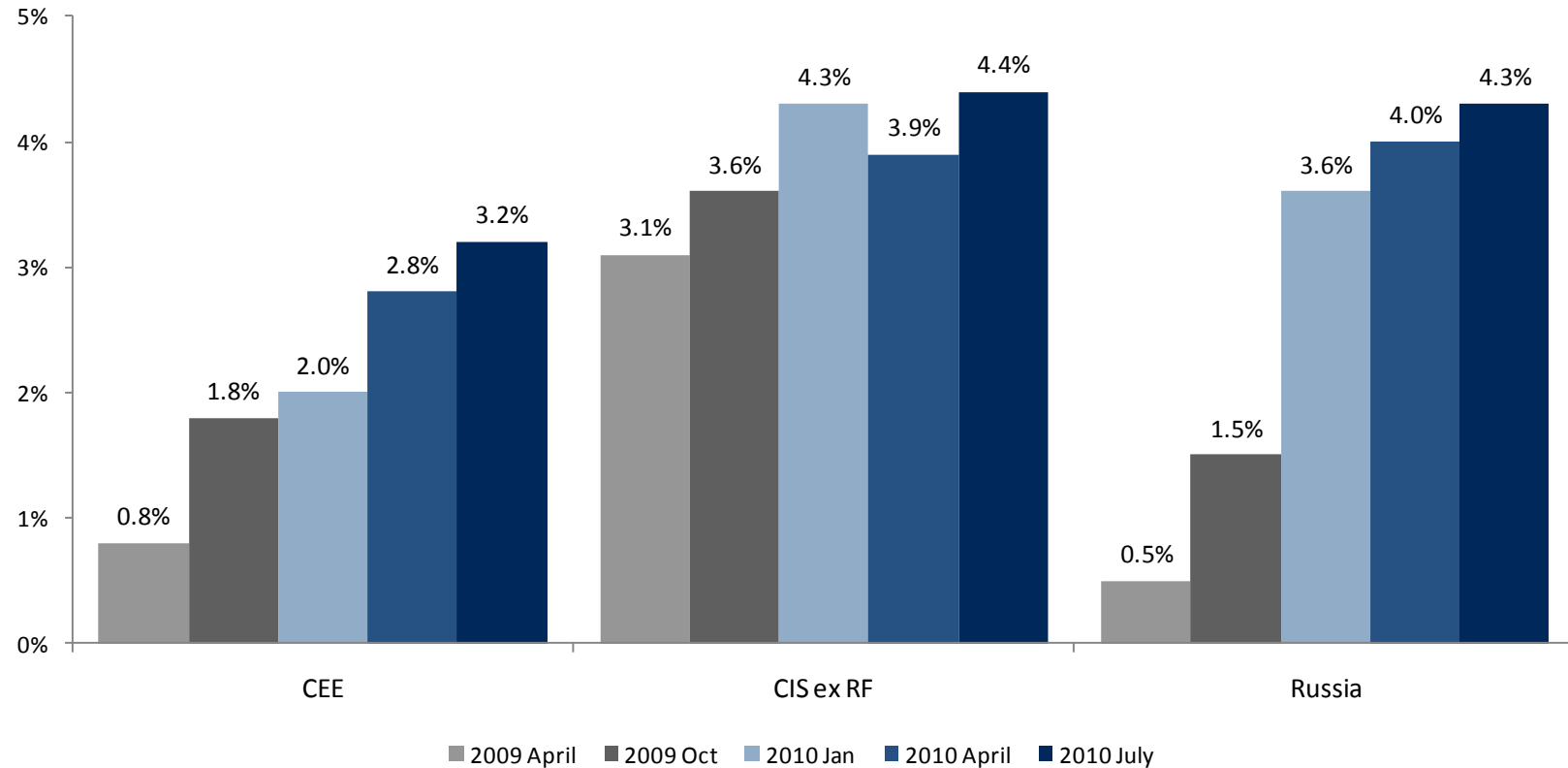


Performance since peak

Source: Bloomberg (July 30, 2010)

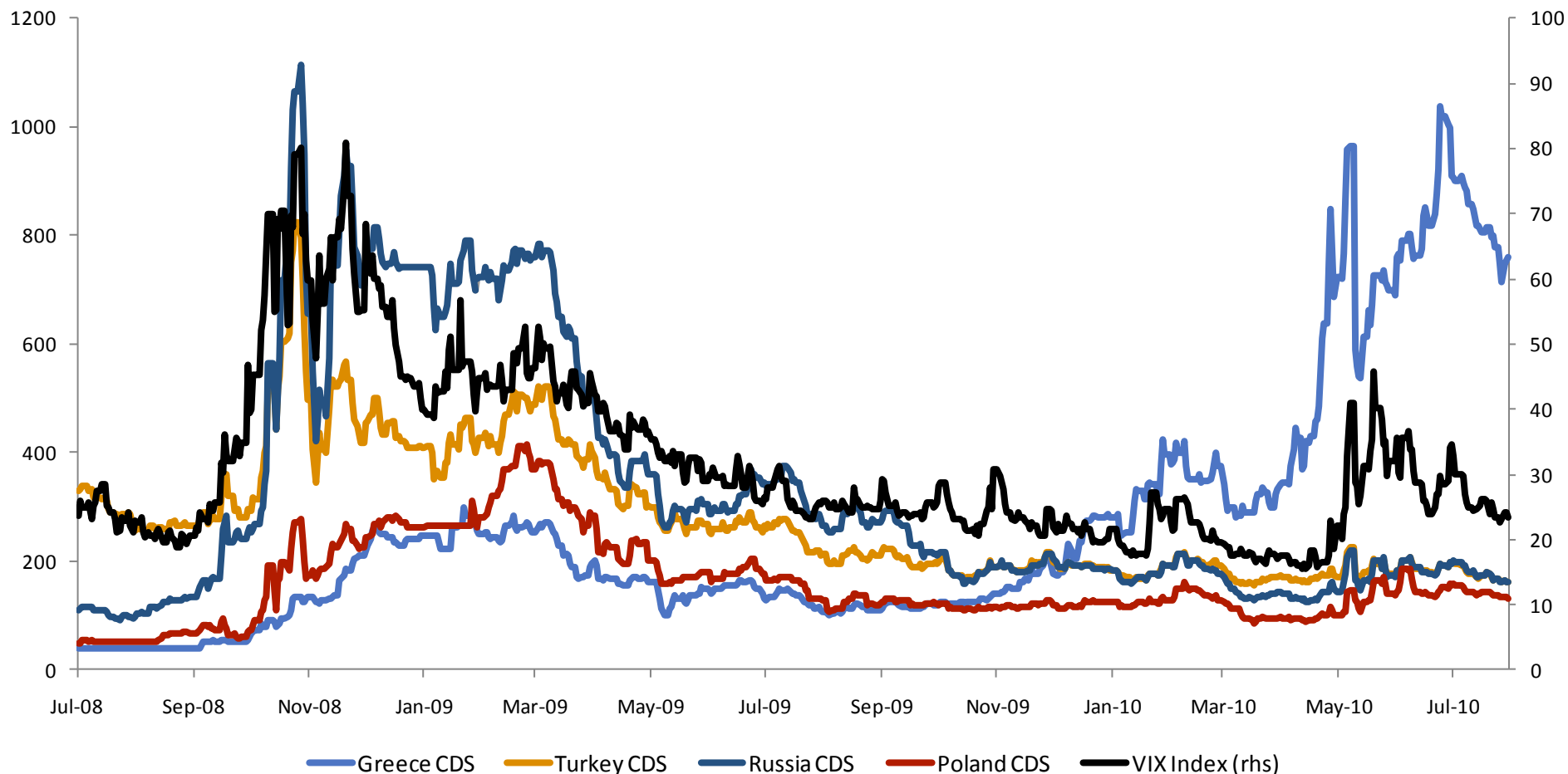
# Economic growth stronger than previously expected

IMF GDP growth 2010E



The forecasts have been revised up – again – but it may be the last one for now

# The risk perception has come down significantly

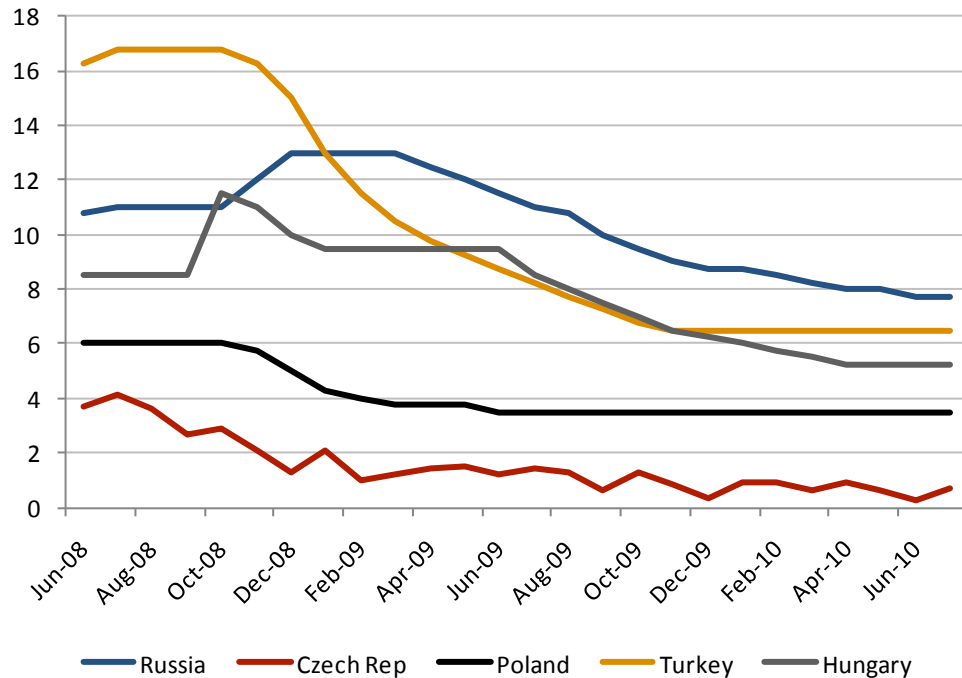


The downward trend seen since highs was discontinued due to Euro worries

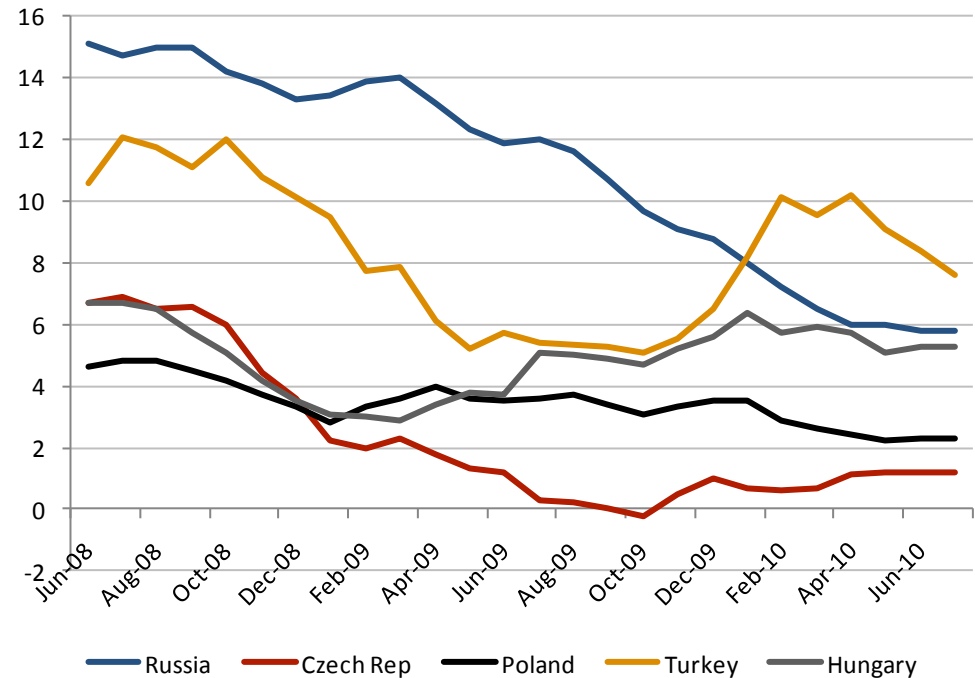
Source: Bloomberg (30 July 2010)

# Interest rates and inflation reaching new lows

Interest rates



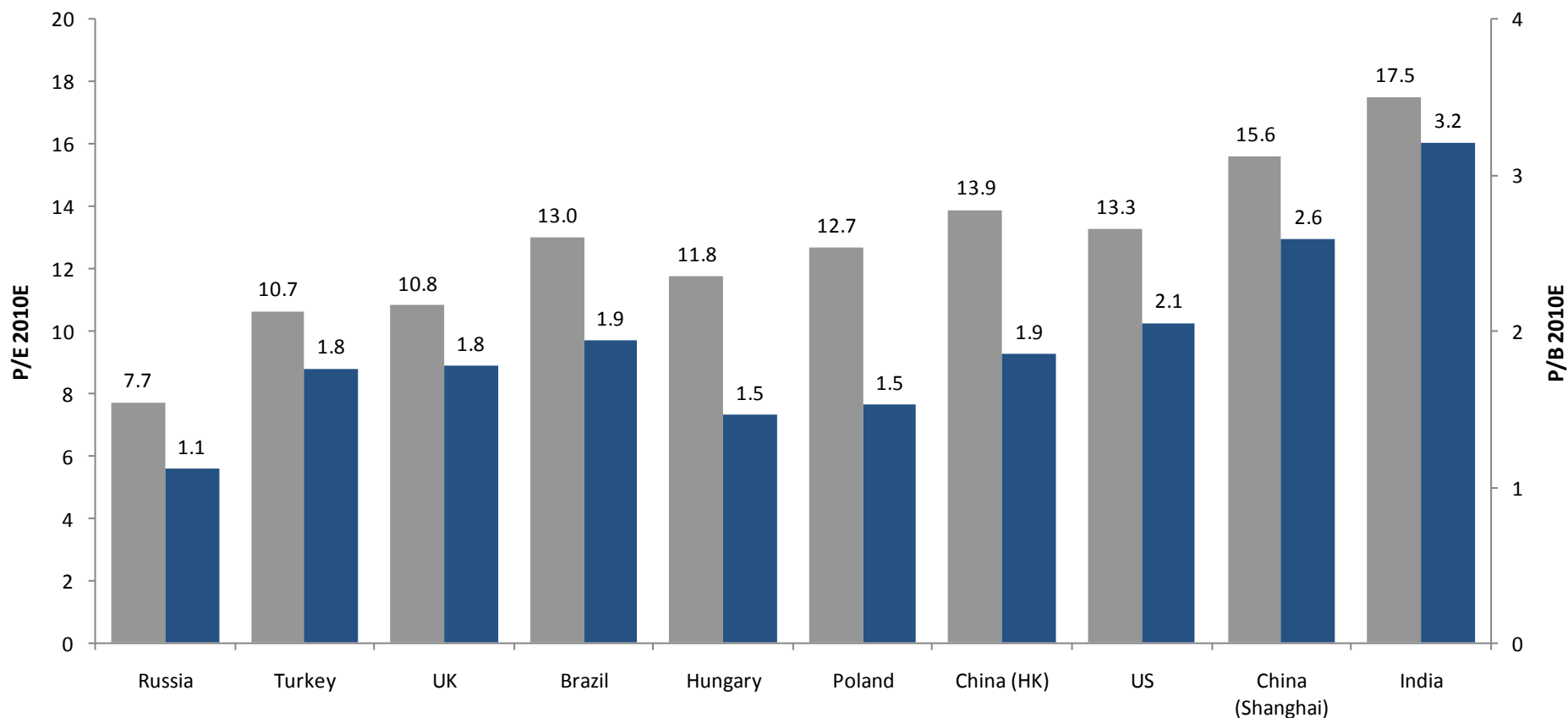
Inflation



Inflation and rates fell in Russia, were stable in Central Europe and volatile in Turkey

Source: Bloomberg (30 July 2010)

# Valuations remain attractive



Valuations have increased following 2009 rally but remain attractive

Source: Bloomberg (30 July 2010, USD)

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# Our Portfolio and Performance

# Top 10 holdings on 30 June 2010<sup>1</sup>

Company	% of NAV	Fair Value, EURm	Country	Sector <sup>2</sup>	Market Cap <sup>3</sup> , EURm
Fondul Proprietatea	4.6	17.5	Romania	Financials	1,272
TEO	3.7	14.2	Lithuania	Telecom. Services	436
Melon Fashion Group	2.7	10.4	Russia	Consumer Discretionary	65
TKG-7	1.8	6.8	Russia	Utilities	1,197
OGK-4	1.7	6.7	Russia	Utilities	3,993
OGK-6	1.7	6.3	Russia	Utilities	916
Sollers	1.5	5.8	Russia	Consumer Discretionary	392
MRSK Centre	1.5	5.6	Russia	Utilities	1,103
Korshunovsky GOK	1.4	5.2	Russia	Materials	359
MRSK Centre-Volga	1.3	5.1	Russia	Utilities	588
<b>Total Top 10</b>	<b>21.8</b>	<b>83.7</b>			

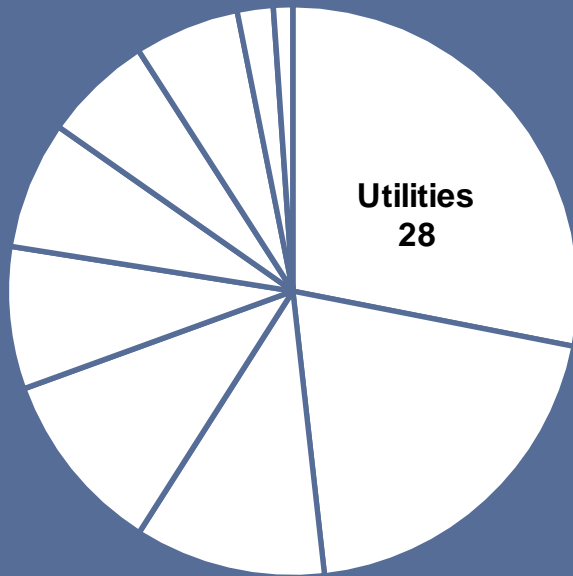
1) As if East Capital Explorer AB had owned its pro-rata share of all the underlying securities in the different funds it had invested in.

2) The sector classifications have been changed with this report to reflect the Global Industry Classification Standard (GICS).

3) Fondul Proprietatea and Melon Fashion Group are unlisted. The market caps represent the implied values given the value of East Capital Explorer AB shares in the companies.

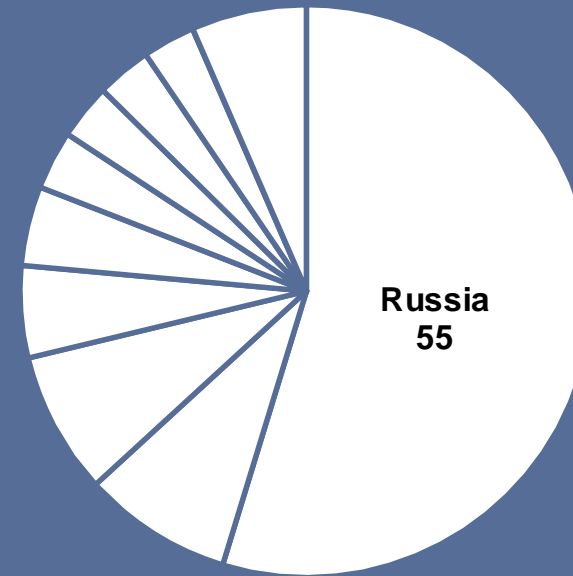
# Exposure by sector and geography

EXPOSURE OF INVESTED PORTFOLIO  
BY SECTOR, % per 30 June 2010



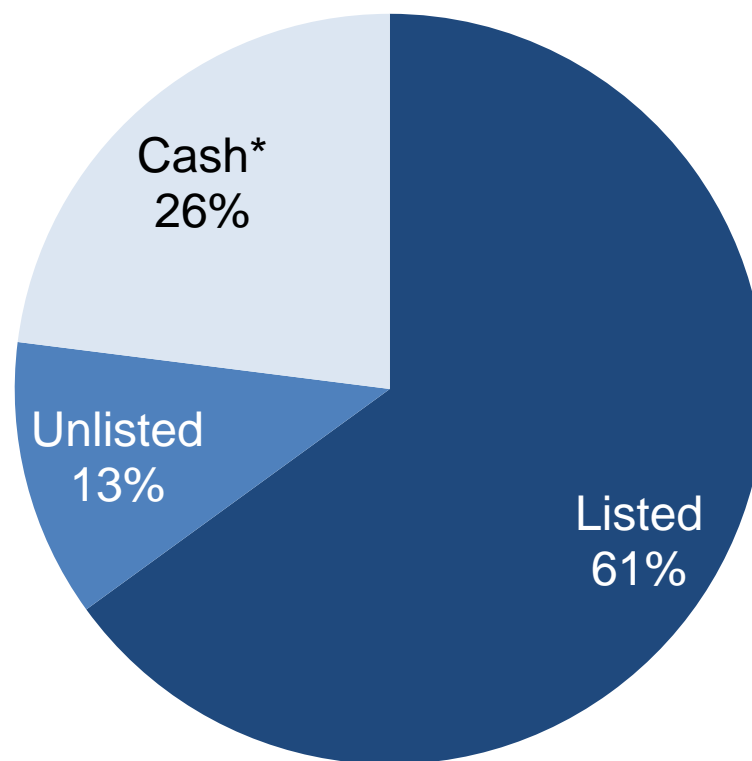
- 20 Financials
- 11 Consumer Discretionary
- 10 Energy
- 8 Materials
- 7 Consumer Staples
- 6 Industrials
- 6 Telecom. Services
- 2 Health Care
- 1 Other sectors

EXPOSURE OF INVESTED PORTFOLIO  
BY Country, % per 30 June 2010



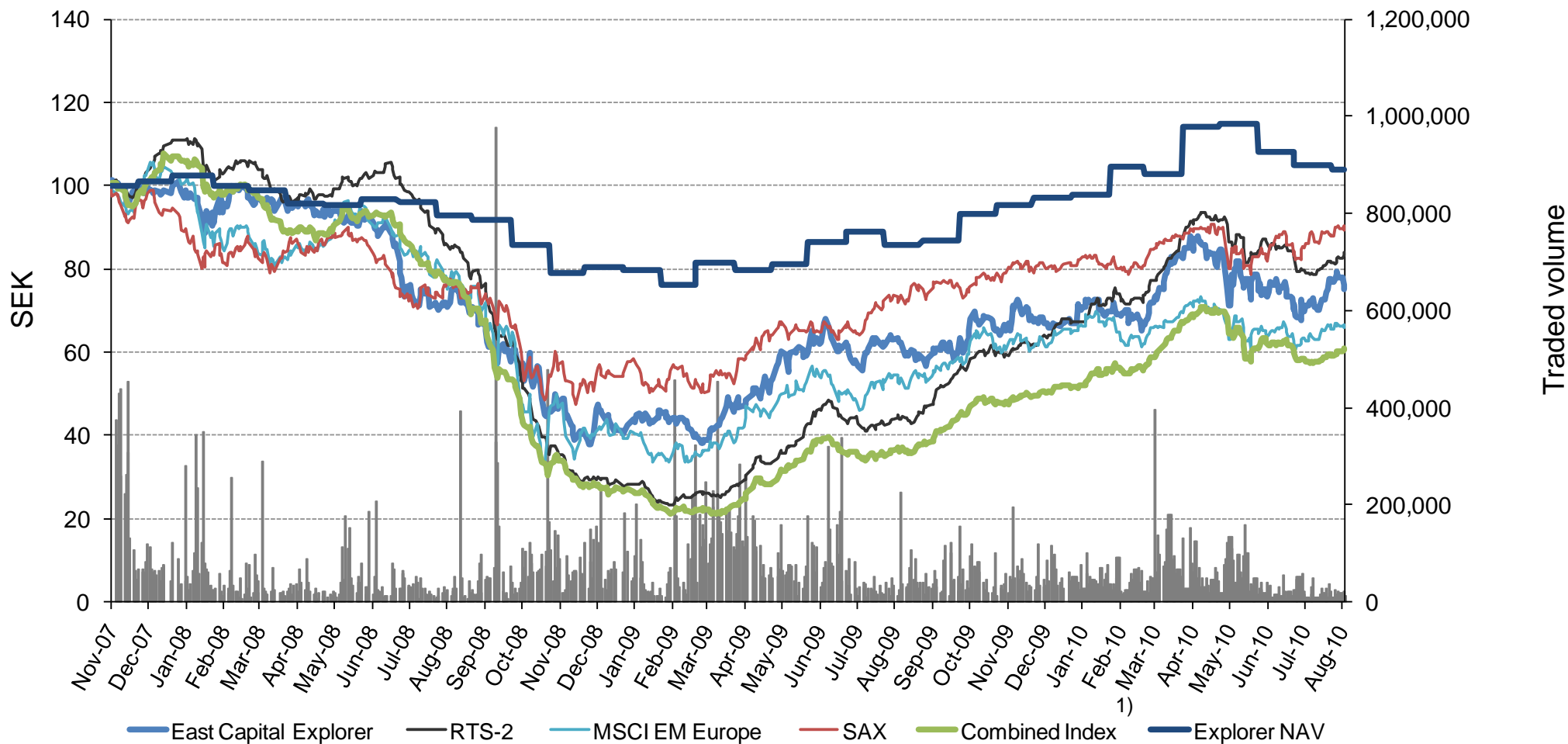
- 8 Romania
- 8 Ukraine
- 5 Lithuania
- 4 Kazakhstan
- 3 Poland
- 3 Turkey
- 3 Georgia
- 3 Serbia
- 7 Other Countries

# Exposure by type of investment



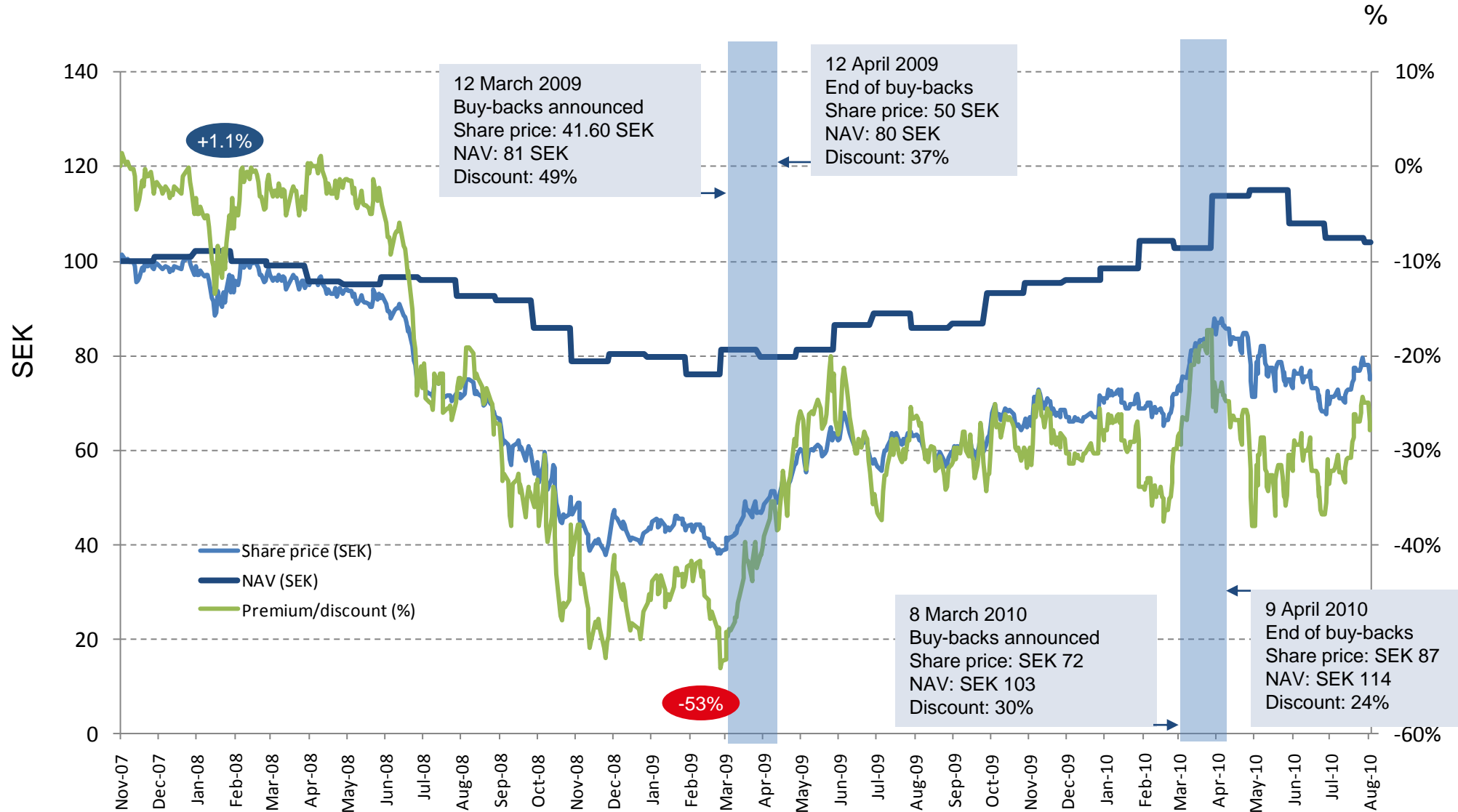
\* Includes cash, cash equivalents and other short-term investment of EUR 92 in addition to any cash in underlying funds per 30 June 2010

# Share price and NAV development vs. other indices since inception 9 November 2007 until 10 August 2010

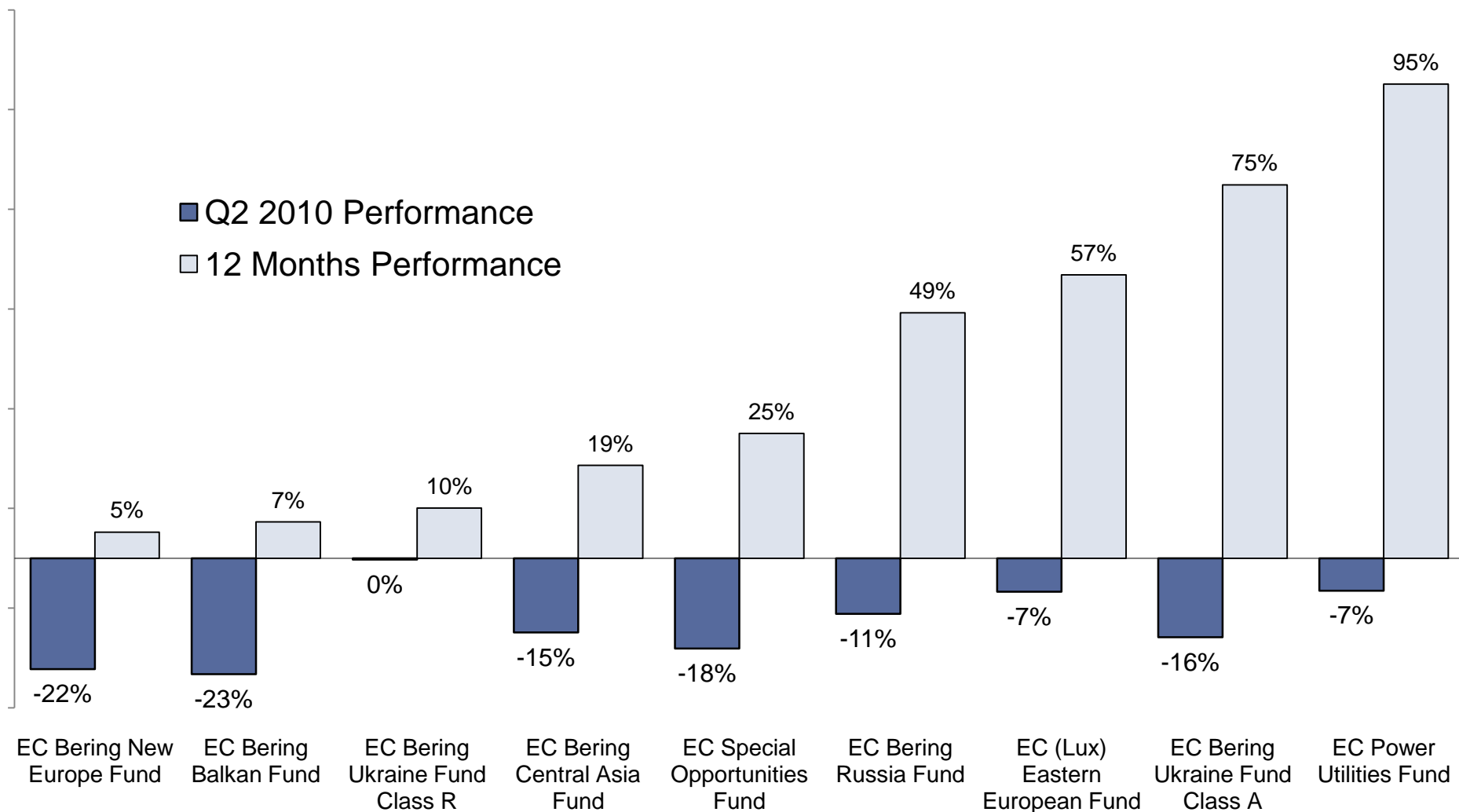


1) Combination of stock indices in Russia, 61%, Ukraine, 17%, Kazakhstan 11%, Serbia 6% and Romania 6%  
 Source: Bloomberg and ECEX 2010-08-11

# NAV vs. share price development since the IPO



# Fund performance Q2 2010 and last 12 months



# Direct investment update

## Melon Fashion Group

- Ukrainian acquisition completed
- MFG now has over 400 shops (!), clearly the largest fashion retailer in Russia&Ukraine
  - 378 in Russia and 28 in Ukraine
  - 294 original three own brands and 112 three acquired brands
- Q2 was stronger than Q1
  - Q2 turnover RUR 1,090m (EUR 28.2m), increase of 47% in RUR (67% in EUR)
  - Like-for-like sales decreased by 2% in RUR, increased 11% in EUR
- Rollout of original brands in Ukraine

# Direct investment update

## East European Debt Finance

- First few portfolios have been bought, all quite small sizes

## TEO LT

- Q2 figures were weak, but TEO is still best performer among peers
  - Market down by 11.9%, TEO top line decreased by 6.4%
- Ebidta margin still good due to tight cost controls
  - Ebidta for Q2 22.6 MEUR (-18.5% y-o-y)
  - Ebidta margin 41.2%

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# Financials

# Portfolio on 30 June 2010

	Fair Value 30 June 2010 tEUR	NAV per Share EUR	% of NAV	Dividends received Jan-June 2010, tEUR	Investment/ divestments (-) Jan-June 2010, tEUR	Fair Value 31 Dec 2009 tEUR	Value <sup>1</sup> increase Jan-June 2010, %
<b>Fund Investments</b>							
East Capital Bering Russia	40,369	1.16	11			33,130	21.9
East Capital Bering Ukraine Class A	7,768	0.22	2		5,000	1,745	15.2
East Capital Bering Ukraine Class R	6,039	0.17	2			5,308	13.8
East Capital Bering Balkan	39,685	1.14	10		5,000	35,262	-1.4
East Capital Bering Central Asia	21,811	0.63	6			20,989	3.9
East Capital Bering New Europe	15,961	0.46	4			16,767	-4.8
East Capital Power Utilities Fund	77,582	2.23	20	20,250		73,394	33.3
East Capital Special Opportunities Fund	49,570	1.42	13			39,293	26.2
East Capital (Lux) Eastern European Fund (EUR)	12,867	0.37	3			11,467	12.2
	<b>271,653</b>	<b>7.79</b>	<b>71</b>	<b>20,250</b>	<b>10,000</b>	<b>237,355</b>	<b>18.0</b>
<b>Direct Investments</b>							
Melon Fashion Group (MFG)	10,402	0.30	3			10,402	0.0
TEO LT	9,783	0.28	3	864		8,860	20.2
East European Debt Finance	346	0.01	0		346		0.0
	<b>20,531</b>	<b>0.59</b>	<b>5</b>	<b>864</b>	<b>346</b>	<b>19,262</b>	<b>9.1</b>
<b>Short-term Investments</b>							
Short-term Investments	63,012	1.81	16			38,397	
Cash and cash equivalents	29,456	0.85	8			50,314	
	<b>92,468</b>	<b>2.65</b>	<b>24</b>			<b>88,711</b>	
<b>Total Portfolio</b>	<b>384,652</b>	<b>11.04</b>	<b>100</b>			<b>345,328</b>	
Other assets and liabilities net	-1,179	-0.03	0			-3,958	
<b>Net Asset Value (NAV)</b>	<b>383,473</b>	<b>11.00</b>	<b>100</b>			<b>341,369</b>	<b>12.3</b>

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

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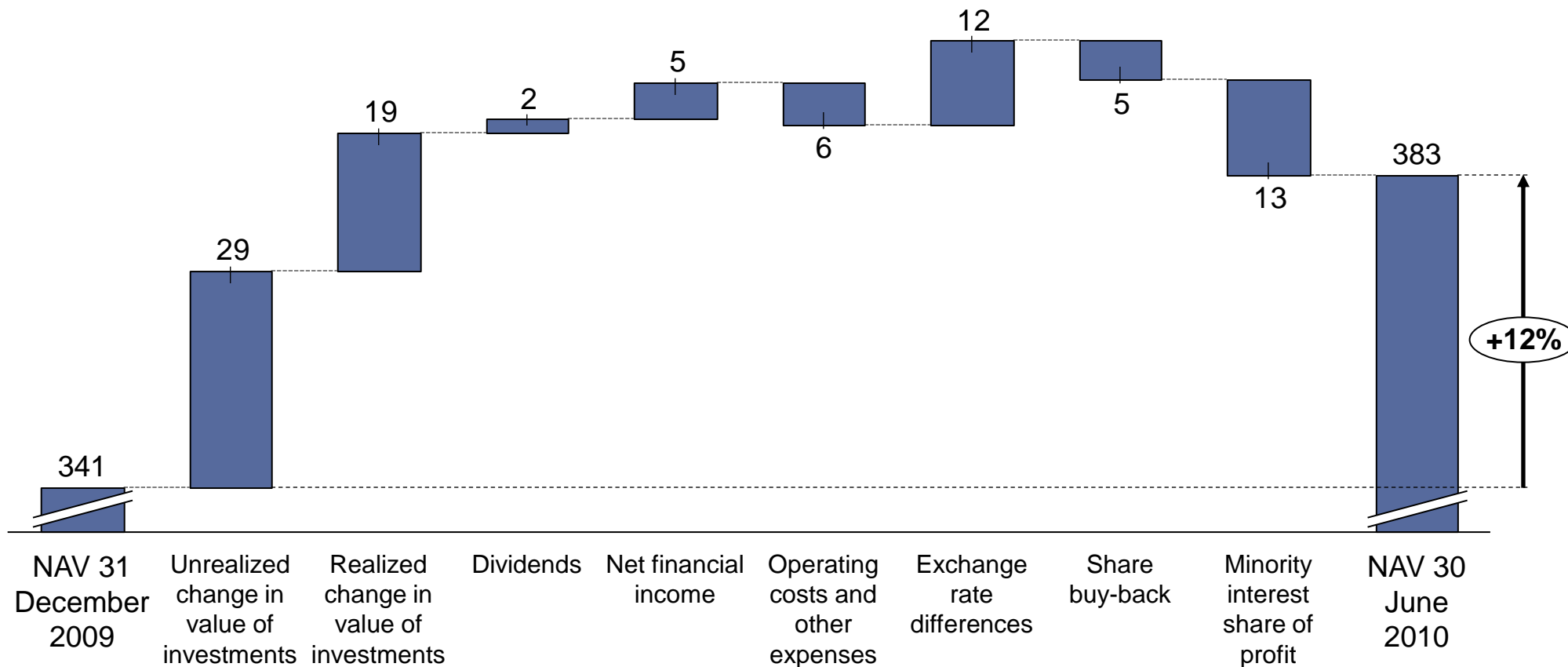
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# NAV performance attribution 1 January – 30 June 2010

(EUR million)



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# Outlook

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# Outlook

- **Focus on value growth and new investments**
- **Focus on private equity, property and other direct investments**
- **Markets volatile, but we continue to see attractive investment opportunities**

# Contact information

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financial reports and press releases directly  
to your e-mail on [www.eastcapitalexplorer.com](http://www.eastcapitalexplorer.com)

**Listing:**

NASDAQ OMX  
Stockholm, Mid Cap

**Ticker:**

ECEX

**ISIN-code:**

SE0002158568

**Reuters:**

ECEX.ST

**Bloomberg:**

ECEX SS Equity

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