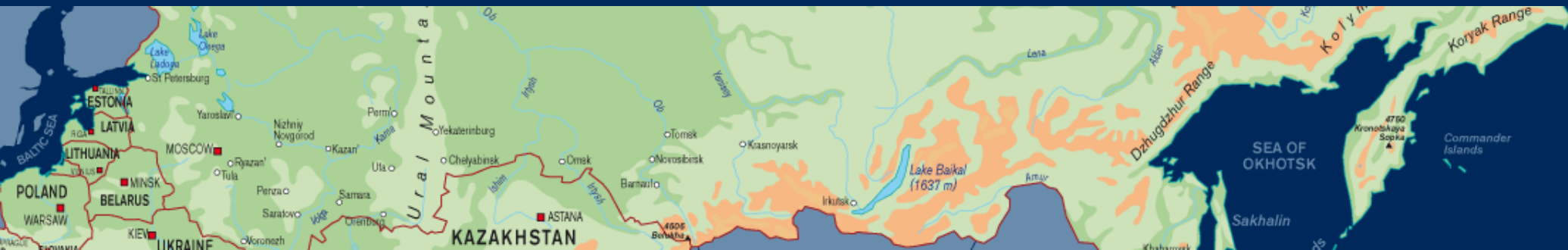


# EAST CAPITAL EXPLORER



Interim Report – Third Quarter 2011

11 November 2011

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# Today's Presenters

- Mia Jurke, CEO
- Peter Elam-Håkansson, Representative of East Capital, Investment Manager

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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

## Third quarter 2011:

- NAV per share on 30 September 2011 amounted to EUR 9.14 (SEK 84)
  - -17% during the third quarter
  - -20% since 30 September 2010
- EUR 4m investment in Trev-2 Group
- EUR 13m add-on investment in Melon Fashion Group
- Write-down of value in MFG and Populi
- Buy-backs of 0.4% of own shares for average price SEK 53.72

## Key highlights (2)

### After the close of the quarter:

- NAV per share on 31 October 2011 amounted to EUR 9.20 (SEK 83)
  - +1% during October
  - -20% since 31 October 2010
- The share buy-backs continued. Including buy-back in September, 1.2% of own shares repurchased at average price of SEK 53.06. Further buy-back can be made until 30 March 2012

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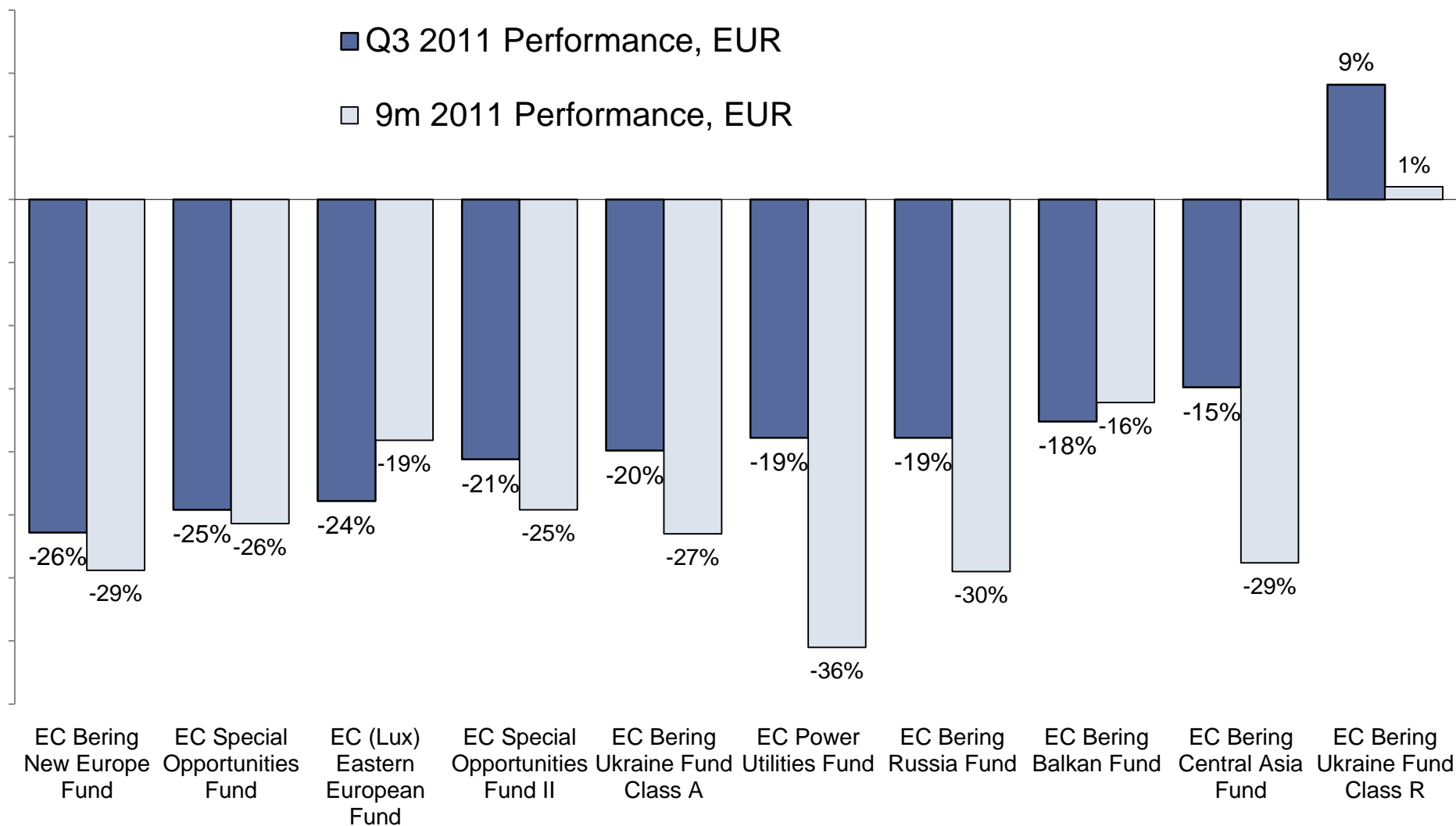
# Our Portfolio and Performance

# Portfolio overview 30 September 2011

	Fair Value 30 Sep 2011 mEUR	NAV per Share EUR	% of NAV	Fair Value 30 June 2011 mEUR	Fair Value 31 Dec 2010 mEUR	Value change Jan-Sep 2011, %	Value change July-Sep 2011, %
<b>Fund Investments</b>							
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East Capital Bering Ukraine Class A	5.8	0.17	2	7.2	7.9	-26.5	-19.9
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East Capital Power Utilities Fund	40.0	1.15	13	49.3	93.4	-35.5	-18.9
East Capital Special Opportunities Fund	31.0	0.89	10	41.1	58.6	-25.7	-24.6
East Capital Special Opportunities Fund II	27.9	0.80	9	35.2	37.1	-24.6	-20.6
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	<b>219.8</b>	<b>6.33</b>	<b>69</b>	<b>273.1</b>	<b>347.9</b>	<b>-27.0</b>	<b>-19.5</b>
<b>Direct Investments</b>							
Melon Fashion Group	19.3	0.55	6	13.8	13.8	-28.1	-28.1
TEO LT	14.7	0.42	5	14.9	15.2	-7.6	-7.0
East European Debt Finance	1.1	0.03	0	0.3	0.3	-3.2	-4.6
Populi	1.7	0.05	1	2.7	3.6	-58.2	-34.9
Wimm-Bill-Dann				0.0	7.1		
Komercijalna Banka Skopje	11.1	0.32	3	14.0	0.0	-9.7	-21.1
Trev-2 Group	4.0	0.12	1	0.0	0.0	0.0	0.0
	<b>51.8</b>	<b>1.49</b>	<b>16</b>	<b>45.7</b>	<b>40.0</b>	<b>-16.7</b>	<b>-18.9</b>
<b>Short-term Investments</b>							
Short-term Investments	20.1	0.58	6	26.4	26.5		
Cash and cash equivalents	25.7	0.74	8	39.4	17.8		
	<b>45.8</b>	<b>1.32</b>	<b>14</b>	<b>65.7</b>	<b>44.3</b>		
<b>Total Portfolio</b>	<b>317.4</b>	<b>9.14</b>	<b>100</b>	<b>384.6</b>	<b>432.3</b>		
Other assets and liabilities net	-0.2	-0.01	0	-2.2	-2.4		
<b>Net Asset Value (NAV)</b>	<b>317.1</b>	<b>9.14</b>	<b>100</b>	<b>382.4</b>	<b>429.9</b>	<b>-26.2</b>	<b>-17.1</b>

1) Value change calculations has be adjusted to reflect investment and distributions during the period

# Fund performance Q3 2011 and 9m 2011



Performance calculations have been adjusted to reflect East Capital Explorer investments and distributions during the periods

# Investments and Exits made in East Capital Explorer during first nine months 2011

<u>Investments</u>	<u>EURm</u>	<u>Exits</u>	<u>EURm</u>
Komercijalna Banka Skopje	13.1	East Capital Power Utilities Fund	20.3
Melon Fashion Group <sup>1)</sup>	13.0	East Capital Special Opportunities Fund	12.5
East Capital Bering Balkan Fund	5.0	Wimm-Bill-Dann	7.4
Trev-2 Group	4.0	East Capital Eastern European (Lux) Fund	5.0
TEO LT	2.6	<u>Total</u>	<u>45.2</u>
EEDF AG	0.8		
Populi	0.5		
<u>Total</u>	<u>38.5</u>		

1) Pending completion

# Top 10 holdings on 30 September 2011<sup>1</sup>

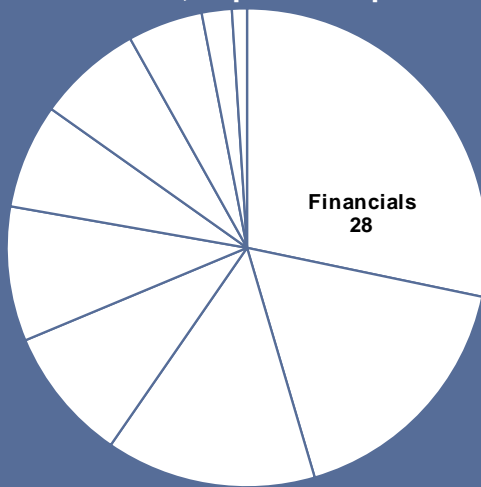
Company	% of NAV	Value in portfolio 30 Sep 2011, EURm	Country	Sector	East Capital Explorer's Investment Vehicles
Melon Fashion Group	6.1	19.3	Russia	Consumer Discretionary	Direct Investment
TEO LT	6.0	19.0	Lithuania	Telecommunication Services	East Capital Special Opportunities Fund East Capital (Lux) Eastern European Fund Direct Investment
Komercijalna Banka Skopje	4.1	13.1	Macedonia	Financials	Direct Investment East Capital Bering Balkan Fund
Fondul Proprietatea	2.9	9.1	Romania	Financials	East Capital Bering Balkan Fund East Capital Special Opportunities Fund East Capital (Lux) Eastern European Fund
Verofarm	1.5	4.8	Russia	Health Care	East Capital Bering Russia Fund East Capital Special Opportunities Fund East Capital Special Opportunities Fund II
Zavarovalnica Triglav	1.4	4.6	Slovenia	Financials	East Capital Bering Balkan Fund East Capital Special Opportunities Fund II East Capital (Lux) Eastern European Fund
Bank of Georgia	1.4	4.3	Georgia	Financials	East Capital Bering Central Asia Fund East Capital (Lux) Eastern European Fund
Trev-2 Grupp	1.3	4.1	Estonia	Industrials	Direct Investment East Capital Bering Russia Fund East Capital Bering Ukraine Fund R
Nova Liniya	1.2	3.9	Ukraine	Consumer Discretionary	East Capital Bering Russia Fund East Capital Bering Ukraine Fund R
TGK-5	1.2	3.7	Russia	Utilities	East Capital Power Utilities Fund
<b>Total Top 10</b>	<b>27.09</b>	<b>85.9</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.

# Exposure by sector and geography

## EXPOSURE OF INVESTED PORTFOLIO

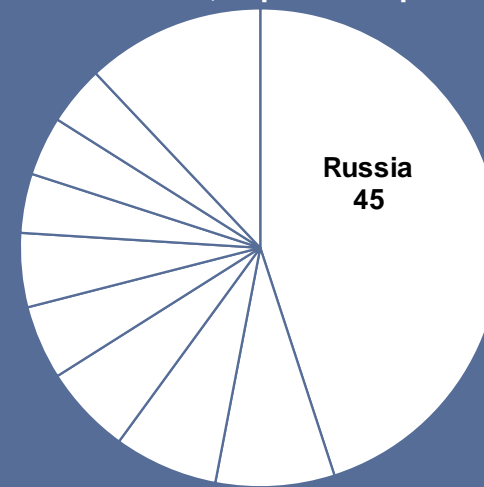
BY SECTOR, % per 30 September 2011



17 Utilities  
14 Consumer Discretionary  
9 Consumer Staples  
9 Telecom. Services  
7 Materials  
7 Energy  
5 Industrials  
2 Health Care  
1 Information Technology

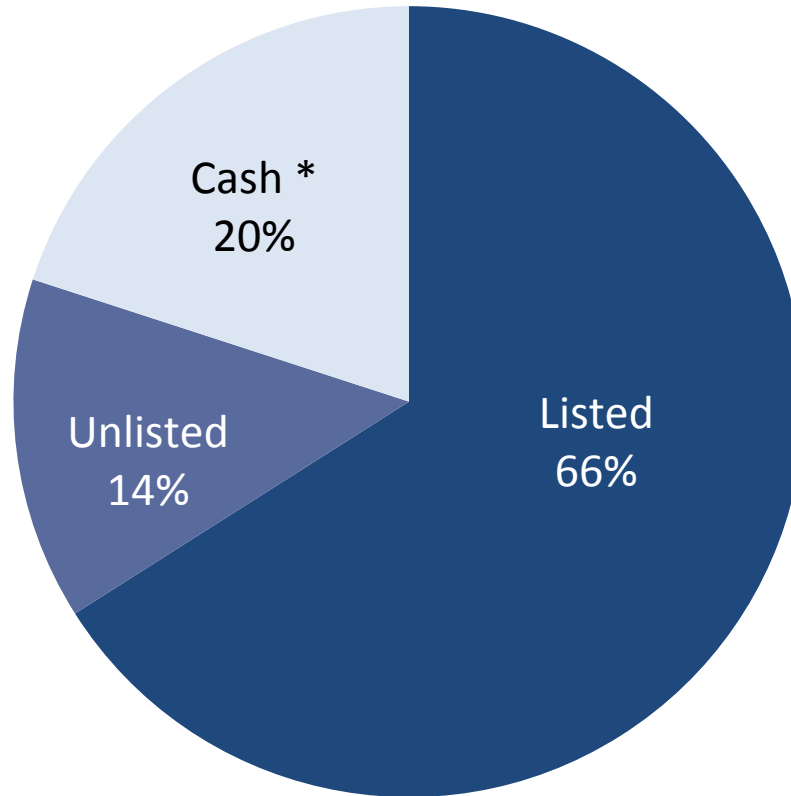
## EXPOSURE OF INVESTED PORTFOLIO

BY COUNTRY, % per 30 September 2011



8 Lithuania  
7 Ukraine  
6 Romania  
5 Serbia  
5 Macedonia  
4 Slovenia  
4 Kazakhstan  
4 Georgia  
12 Other

# Exposure by type of investment



\* Includes cash, cash equivalents and other short-term investments of EUR 46 in addition to any cash in underlying funds per 30 September 2011

# Direct investment update

## Melon Fashion Group (MFG)

- In September, East Capital Explorer undertook to invest EUR 13m in MFG as part of the previously announced deal with Swedfund that was agreed in July. The deal is expected to be completed during the fourth quarter
- MFG opened another 15 shops in Russia during Q3, taking total to 543 shops
- Q3 turnover up 21% (27% in RUR) compared to Q3 2010
- Q3 comparable store sales up 10% in Russia and 4% in Ukraine compared to Q3 2010
- MFG holding was written down 30% at end of September due to the company's failure meet previously set expectations and the severe downturn in equity markets

## Populi

- In September, Gert Tiivas, former CEO of East Capital Explorer, was appointed Chairman of the Populi's board
- New CEO of Populi continues to re-shuffle the management team and key staff
- East Capital Explorer exercised the remaining portion of its free option after which its ownership in Populi is 30.74%, up from 22% at the beginning of the year. East Capital Explorer together with East Capital Bering Central Asia now own 49.99% of the company's shares
- Q3 turnover increased 11% compared to Q3 2010. Like-for-like sales (same store) increased by 6% in Q3, compared to Q3 2010
- Populi holding was written down 35% at end of September due to the company's failure meet previously set expectations and the severe downturn in equity markets

## TEO LT

- As of 30 September ECEX owned 3.12% of TEO shares, valued at EUR 14.7m
- Q3 revenues were slightly higher than Q2 and 4.8% less than Q3 2010, but TEO remains best performer among peers
- Ebidta margin remains strong at 42% and net margin at 22% due to tight cost controls
- East Capital Explorer has continued to buy shares and add to its holding in TEO LT. At the end of September the additional investment made during 2011 amounted to EUR 2.0m, and year-to-date amounts to EUR 2.8m. East Capital Explorer currently holds 3.3% of the company's shares

## EEDF

- Private debt market more active with significantly larger portfolios coming to market
- In September EEDF conducted the first joint purchase with EBRD buying a portfolio with more than 40,000 cases and with total price of EUR 4.7m serviced by two collection agencies – Morgan & Stout and Pristav

## Komercijalna Banka Skopje (KBS)

- KBS continued to see gradual growth in total assets year-to-date, primarily driven by growth in client term deposits
- Increase in client funding allowed the bank to grow its net loan portfolio, while still maintaining ample liquidity in compliance with NBRM requirements
- KBS continues to have negligible exposure to wholesale funding, meaning its funding base is not sensitive to wholesale market turbulence
- Year-to-date, net profit is 4.3% lower than last year's 9-month figures
- Due to increased provisioning levels, net interest income and net fee and commission income up 7.2% and 9.5% respectively compared to the same period last year, while operating costs were up only 4.7% year-on-year

## Trev-2 Group

- Trev-2 is ahead of its budgeted revenue target, however, significant rises in material and labor costs are undermining profitability
- Going forward, Trev-2 plans to focus on enhancing profitability, strengthening the management and possibly growing through additional acquisitions

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# Financials

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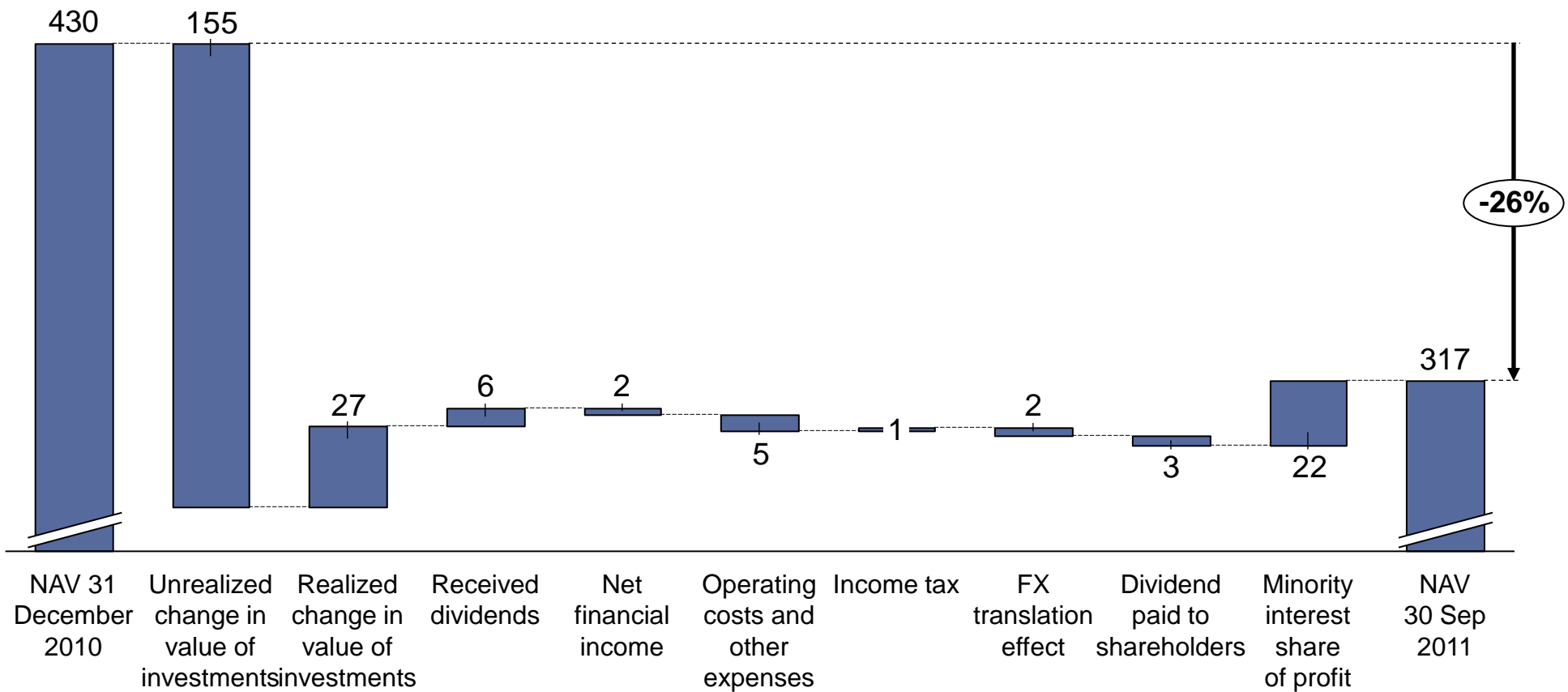
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# NAV performance attribution 1 January – 30 September 2011

(EUR million)



# Fees accrued to East Capital for investment management services during 2011

Accrued fees to East Capital, EURm	Q1 2011	Q2 2011	Q3 2011	Accumulated 9m 2011
Management fees	1.9	1.7	1.8	5.4
<i>% of NAV (annualized)</i>	1.8%	1.7%	2.1%	1.9%
Performance fees <sup>1)</sup>	1.5	-1.1	-1.4	-1.0
<b>Total fees</b>	<b>3.4</b>	<b>0.6</b>	<b>0.4</b>	<b>4.4</b>

1) The performance related fees are negative through reversal of fees recognized during previous reporting periods for East Capital Special Opportunities Fund and East Capital Special Opportunities Fund II. Performance fees in these funds, as opposed to in the other funds in the portfolio, are based on realized returns on individual holdings. Prior to realization the recognized fees are based on reported fair values of the holdings in these funds.

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# Outlook

# Outlook

- 20% cash in the portfolio available for investments
- Focus on
  - Increasing value by working actively with our existing holdings
  - Maximize the NAV

# Contact information

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Stockholm, Mid Cap

**Ticker:**

ECEX

**ISIN-code:**

SE0002158568

**Reuters:**

ECEX.ST

**Bloomberg:**

ECEX SS Equity

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