

PRESS RELEASE

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East Capital launches a new property fund targeting Russia – one of the world's most dynamic real estate markets

The new East Capital Russian Property Fund will invest in shopping centres and retail real estate in regional cities in Russia, as well as in Ukraine and Kazakhstan. It is a closed-end fund targeting qualified investors and managed by East Capital Private Equity. The initial target fund size is EUR 200m.

The East Capital Russian Property Fund's investment strategy is to invest in cash flow generating shopping centres and other types of retail real estate that will gain from the strong domestic demand and continued growth in the retail market. The fund's geographical focus is fast-growing regional cities with more than 500,000 inhabitants, primarily in Russia but also in Ukraine and Kazakhstan. The economies of the target region have been significantly outperforming the economies of developed markets, and there is strong potential for further catch-up growth.

"Our local presence and expertise and the extensive network that we have built up investing in these markets over the past ten years will be of great value as we primarily seek to invest in attractive properties unavailable to mainstream investors", says **Kestutis Sasnauskas**, CEO of East Capital Private Equity and co-founder of East Capital.

The objective is to develop a well balanced portfolio of quality assets with respect to location, market and tenants, potential as well as risk-return. The fund's financial target is to achieve an unleveraged IRR above 15 percent. The fund is expected to be able to start its investment activities already during the summer 2008.

"We will invest in properties with attractive yield potential and through active management improve commercial concepts and tenant mix, customer flows, and efficiency", says **Biljana Bozic**, Head of Real Estate at East Capital.

East Capital has a dedicated real estate team based in Moscow and Stockholm with extensive experience from real estate investments and developments in Russia, Ukraine, the Baltic States and Western Europe.

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About the East Capital Russian Property Fund

The East Capital Russian Property Fund is a closed-end fund, structured as a Swedish limited liability company. It has a seven-year term with possible continuation of up to three one-year periods. Investors have the possibility to either invest directly in the fund or through an investment vehicle. Direct Investors in the fund will be required to commit a minimum of EUR 1m to the fund, while the minimum investment in the investment vehicle is EUR 50,000. Carnegie

Investment Bank AB will coordinate buy- and sell interests in the investment vehicle shares by facilitating over-the-counter market activities.

About East Capital

East Capital is a leading, independent asset manager specialising in Eastern European financial markets. The company, which is based in Stockholm and with offices in Paris, Hong Kong, Tallinn, Milan, Vienna, Moscow and Oslo, actively manages over EUR 4.4bn, basing its investment strategy on thorough knowledge of the markets, fundamental analysis and frequent company visits by its investment teams.

Total amount invested in the real estate sector, as of May 2008, is more than EUR 135m, including 29 direct property investments and 14 companies in the real estate sector.

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