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Creopretium

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cc: Mr. Johan Claesson
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Open Letter to the Board of Directors of Arise AB (publ) (“Arise” or “Company”)

Background

Arise’s share price performance has disappointed since its initial public offering with a total return amounting to -69 %. This poor share price performance cannot only be attributed to the macroeconomic environment with falling electricity and certificate prices.¹ The company communicated a new strategy in October 2014.² The new strategy has not paid off in terms of increased shareholder value and the valuation of its common stock resembles a company in crisis.³ The responsibility to turn this poor performance around rests heavily on the board of Arise. Against this backdrop, Creopretium (including related parties) as a shareholder, calls upon the board to immediately initiate a review of the strategy, leading to decisions on measures to be implemented with the aim of increasing shareholder value.

¹ Eolus Vind AB (publ) has operated in the same macroeconomic environment and posted a total return amounting to -17 % during the same period (24 March 2010 – 4 March 2016).

² Please refer to press release from Arise AB (publ), “[Revised target](#)”, 9 October 2014.

³ Arise’s market capitalisation for its common stock amounted to SEK 554 million on 4 March 2016, which can be compared to a reported consolidated shareholders’ equity amounting to SEK 1,090 million as of 31 December 2015.

Creopretium's proposal on strategic initiatives to increase shareholder value

Increased capital turnover and improved returns with increased focus on project development

Arise's disposals of ready to build projects and wind farms in operation clearly show that financial investors assign the assets higher capital values compared to the public market. The board is called upon to immediately assign the management with initiating sales processes for all wind farms in operation including the 50 % interest in the Jädraås wind farm. Parts of released funds can be deployed in the project development business at a higher turnover rate and higher capital return. Furthermore, divestments will enhance financial flexibility in an increasingly challenging macroeconomic environment. Following the completed sale of assets, the board is called upon to evaluate capital requirements taking into account a new revised more asset light strategy, in which the principal investment business supports the project development business in a disciplined and opportunistic manner. Any surplus capital shall be transferred to shareholders.

Incentive and commitment to promote increased value creation

In order to enhance the commitment of the organisation and align interests with shareholders, the board is called upon to ask the 2016 general meeting for authorisation to issue convertible debt to the staff on market terms. Furthermore, Creopretium proposes the 2016 general meeting a recommendation regarding the remuneration of the board of directors for 2016, each director of the board is recommended to purchase shares in an amount equal to 90 % of the total compensation after tax has been deducted.

Transparent communication with capital markets

The board is called upon to immediately assign the management with the task of investigating means of increasing transparency in communication with capital markets, with the goal of simplifying the analysis of the value creation in the project development and asset management businesses respectively.

De-risking with focus on the home market

The company should not be exposed to development risks outside its home market, i.e. Sweden. All projects abroad should be assigned lower priority. Any further capital for projects abroad should only be allocated in a limited fashion with the aim of enabling disposals.

Yours sincerely,



Hans Derninger