

“The transformation into a pure real estate company is taking off. Fundamentals are strong in the Baltic countries and our real estate investments increased in value by more than two percent during the second quarter.”

Kestutis Sasnauskas

## Key events during the quarter

- Net Asset Value (NAV) per share<sup>1</sup> was EUR 9.59.
- Fair value change in Real Estate direct was +2.2% and in Real Estate funds +2.1%. Other investments declined 6.8% due to currency. Total NAV/ share decreased 2.5%.
- Eastnine acquired office property Vertas in Vilnius for EUR 29.1m and sold EUR 2.1m of the holding in Deep Value Fund.
- 699,606 shares were repurchased for a total amount of EUR 5.3m. The share buyback program was extended.
- An AGM approved the name change from East Capital Explorer to Eastnine AB (publ) and resolved to pay a dividend of SEK 0.90/share.
- New segment reporting in Real Estate Direct, Real Estate Funds and Other.

<sup>1</sup> Adjusted for share buybacks

## Key figures

		30 JUN 2017	31 MAR 2017	31 DEC 2016	30 JUN 2016
NAV per share	EUR	9.59	9.83	9.67	8.74
	SEK	92.2	93.9	92.6	82.3
Closing price per share	SEK	70.5	72.25	66.75	59.25
Total NAV	EURm	232.9	245.9	247.6	235.6
Market cap	EURm	182	193	196	177
<b>EURm</b>					
	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Net result	-5.4	-7.3	-2.7	-7.5	13.3
Earnings per share, EUR	-0.22	-0.26	-0.11	-0.11	-0.27
NAV per share development, %	-2.5	-2.9	-0.9	-2.9	7.4
Investments	29.1	0.3	32.1	0.3	5.0
Divestments	2.1	7.0	9.9	7.0	117.4

1 EUR = 9.62 SEK on 30 Jun 2017. Source: Reuters

# Transforming into a real estate company in the Baltics

Eastnine, formerly East Capital Explorer, was listed on Nasdaq Stockholm in 2007 by East Capital, its investment manager until 2016 when the investment agreement was terminated. This marked the start not only of a significant reduction of costs, but also of the strategic shift from a diversified Eastern European investment company into a Baltic real estate company. Under its new name and with an in-house investment team, Eastnine is continuing its transformation into a pure real estate company, divesting non-core assets and following the goal of generating predictable cash flows as a long-term owner of attractive commercial A-class properties in the Baltic capitals.

## Transformation Strategy

Acquisition of cash-flow generating prime properties that are long-term attractive

Selective development projects, with pre-lease agreements

Baltic property funds managed by East Capital held until wind-down

Continued exits from other investments



Since 2016, Eastnine is transforming into a focused real estate company in the Baltics. The company's first investment there took place in 2012.

\*Decision to transform the company

“Fundamentals remain strong in the Baltic countries. The real estate market is favourable, and economic growth has accelerated to around four percent in all three countries.”



**We took several steps in-line with our communicated strategy during the quarter; changing our name to Eastnine, reducing costs further and acquiring an office property in central Vilnius by which real estate became more than half of our invested portfolio.**

Eastnine's strategy going forward is to grow our portfolio of directly owned properties, and to become a pure real estate company. With our strong cash position, we can build a long-term attractive property portfolio from start. Since 2014, we own the 3 Burės office complex with two towers in the new CBD of Vilnius, and we began developing a third tower at end-2016. In June this year, we acquired Vertas, another office property in central Vilnius. After this, our property portfolio represents 8% of the total office stock, and 25% of A class, in Vilnius. We plan to build similar market positions in Riga and Tallinn, with management synergies and low central costs. Our operating costs, adjusted for overlapping CEOs and a smaller payment adjustment for Starman, are getting closer to the target of 1.5% of NAV.

Total NAV decreased by 2.5% during the quarter, explained by the RUB losing 11% against the EUR, as

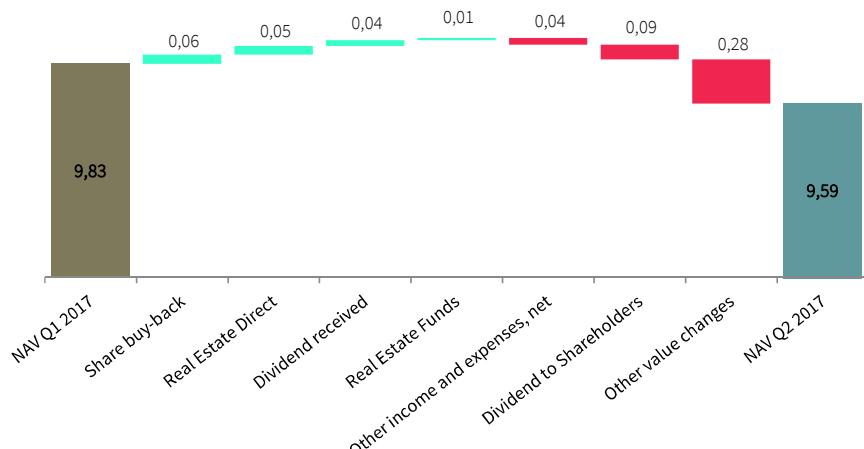
reflected in the value of Melon Fashion Group, and by the weaker USD that caused the value of East Capital Deep Value Fund to fall in EUR, although its NAV was unchanged in USD. MFG had a moderate sales growth, but grew its EBITDA by threefold with a margin of 13.1% in the second quarter. The fashion retailer's online sales business continued its fast growth at 60% yoy.

Our real estate investments, now more than half of the invested portfolio, increased in value by more than two percent in both Real Estate Direct and Real Estate Funds. Vacancy in 3 Burės decreased, average rent increased and the development project progressed as planned. Vertas was acquired in June, initially financed without bank loans. Occupancy in the directly owned properties was 97.8%.

Fundamentals remain generally strong in the Baltics. The real estate market is favourable, and economic growth has accelerated to around four percent in all three countries. The same goes for inflation, which is around three percent. All key indicators are positive, except for nominal wage growth that is still at a high level of 6-7%.

Kestutis Sasnauskas, CEO

#### Change in NAV per share during the second quarter, EUR



NAV/share decreased by 2.5% in Q2 2017. Buy-backs, fair value gains and dividends in the core real estate segments contributed EUR 0.14/share. Fair value changes in the Other segment, mainly Melon Fashion Group and Deep Value Fund, contributed negatively by EUR 0.28/share due to currency effects. The dividend of SEK 0.90/share decreased NAV/share by EUR 0.09.

Performance

eastnine

# Our Portfolio

Eastnine primarily invests in commercial A-class properties in the Baltic capitals. The Company's focus for new investments is in the real estate direct segment, while non-core holdings will gradually be reduced through divestments.

As of Q2 2017, Eastnine has changed its segment reporting to reflect the ongoing strategic shift. The new segments are Real Estate Direct, Real Estate Funds and Other. Comparable numbers for 2016 and Q1 2017 are reclassified per the new segment reporting.

NET ASSET VALUE (NAV)	VALUE 30 JUN 2017 EURM	NAV/ SHARE EUR	% OF NAV	VALUE	VALUE	VALUE CHANGE JAN- JUN 2017 % <sup>1</sup>	VALUE CHANGE APR-JUN 2017 % <sup>1</sup>
				31 MAR 2017 EURM	31 DEC 2016 EURM		
<b>Real Estate Direct</b>							
Vertas	29.2	1.20	12.5	0.0	0.0	0.4	0.4
3 Burès	27.0	1.11	11.6	25.9	25.4	6.0	4.1
3 Burès development	8.1	0.33	3.5	7.9	5.0	1.0	2.4
<b>Total Real Estate Direct</b>	<b>64.2</b>	<b>2.64</b>	<b>27.6</b>	<b>33.8</b>	<b>30.4</b>	<b>2.8</b>	<b>2.2</b>
<b>Real Estate Funds</b>							
East Capital Baltic Property Fund II	28.6	1.18	12.3	28.5	27.8	4.4	2.0
East Capital Baltic Property Fund III	9.2	0.38	4.0	9.0	8.8	4.7	2.2
<b>Total Real Estate Funds</b>	<b>37.9</b>	<b>1.56</b>	<b>16.3</b>	<b>37.5</b>	<b>36.7</b>	<b>4.5</b>	<b>2.1</b>
<b>Total Real Estate</b>	<b>102.1</b>	<b>4.20</b>	<b>43.8</b>	<b>71.3</b>	<b>67.1</b>	<b>3.4</b>	<b>2.1</b>
<b>Other</b>							
Melon Fashion Group	40.8	1.68	17.5	45.8	42.9	-4.8	-10.9
East Capital Deep Value Fund	22.1	0.91	9.5	25.6	28.7	-8.6	-5.6
East Capital Global Frontier Markets Fund	11.0	0.45	4.7	11.0	10.2	7.7	0.3
Komercijalna Banka Skopje	9.8	0.41	4.2	10.4	10.7	-3.0	-0.2
Other Investments <sup>2</sup>	1.4	0.06	0.6	1.4	7.2	-1.3	0.0
<b>Total Other</b>	<b>85.1</b>	<b>3.50</b>	<b>36.6</b>	<b>94.1</b>	<b>99.6</b>	<b>-4.2</b>	<b>-6.8</b>
<b>Total Portfolio</b>	<b>187.2</b>	<b>7.71</b>	<b>80.4</b>	<b>165.4</b>	<b>166.7</b>	<b>-0.4</b>	<b>-2.2</b>
Cash and cash equivalents	48.1	1.98	20.7	84.3	83.5		
Other assets and liabilities net	-2.4	-0.10	-1.1	-3.9	-2.7		
<b>Net Asset Value (NAV)</b>	<b>232.9</b>	<b>9.59</b>	<b>100.0</b>	<b>245.9</b>	<b>247.6</b>	<b>-0.9<sup>3</sup></b>	<b>-2.5<sup>3</sup></b>

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. NAV per share development

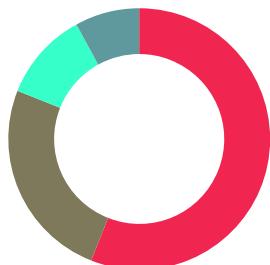
The number of shares used in NAV/share 30 Jun 2017 is 24,300,033 and is adjusted for repurchased shares held by the company (Note 6).

1 EUR = 9.62 SEK on 30 Jun 2017. Source: Reuters

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

# Group Performance

## Geographic breakdown, %



- Baltics 56%
- Russia 25%
- Balkan 11%
- Other 8%

**The investment activities of Eastnine AB (publ) (the Company) are managed in the operating subsidiaries Humarito Ltd, East Capital Explorer Investments AB and ECEX Holdings SA (in liquidation). Transactions in the operating subsidiaries are referred to as the investment activities in this report. Presentation currency is euro (EUR).**

### Market

The political risks in Europe are estimated to have decreased since the elections in the Netherlands and France, however, uncertainty regarding Brexit remains after the UK election. The European economic recovery continues, raising expectations that the ECB may tighten its expansive monetary policy. The dollar weakened significantly against the euro during the quarter.

The Baltic economies continued to show strong GDP growth during the second quarter, Estonia by an estimated 3%, Lithuania by 3.9% and Latvia by 4.1%. Growth was driven by exports thanks to the overall recovery in both Europe and Russia, by consumption due to real wage growth and decreased unemployment rates, as well as by increased EU investments in infrastructure. Inflation, affected by wage growth as well as food and energy prices, has risen to around 3%, the highest level in 4-5 years. The markets are expected to grow by over 3% in 2017.

The Russian recovery continued during the quarter and the IMF, among others, increased their growth forecast for Russia this year to 1.4%. In the meantime, inflation decreased to 4.1% in May, very close to the Central Bank target of 4%. The oil price fall pressured the rouble, although the Russian economy is becoming less oil-dependent and the state's non-energy revenue increased by 15% in the first quarter. The political uncertainty continues to be high in Russia, as illustrated by both the EU and the US prolonging their Russian sanctions.

### Investments and divestments

EURm	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Vertas	29.1		29.1		
3 Burés development		0.3	3.0	0.3	0.3
East Capital Baltic Property Fund III					4.8
<b>Total investments</b>	<b>29.1</b>	<b>0.3</b>	<b>32.1</b>	<b>0.3</b>	<b>5.0</b>
East Capital Deep Value Fund	2.1		4.2		12.2
Trev-2 Group			5.7		
East Capital Global Frontier Markets Fund			7.0		21.6
Starman					83.6
<b>Total divestments</b>	<b>2.1</b>	<b>7.0</b>	<b>9.9</b>	<b>7.0</b>	<b>117.4</b>

### Results for the second quarter 2017

The net result for the second quarter was EUR -5.4 (EUR -7.3m), including value changes of shares in subsidiaries of EUR -5.4m (EUR -5.3m), corresponding to earnings per share of EUR -0.22 (EUR -0.26).

Melon Fashion Group was impaired by EUR -5.0m due to translation from rouble to euro, while the underlying rouble valuation was unchanged.

Together with fair value adjustments in 3 Burés of EUR 1.1m, 3 Burés development of EUR 0.2m, East Capital Baltic Property Fund II of EUR 0.2m, East Capital Baltic Property Fund III of EUR 0.2m, East Capital Deep Value Fund of EUR -1.4m and in Komercjalna Banka Skopje of EUR -0.5m, these were the main contributors to the change in value of shares in subsidiaries in the Income statement for the period.

Furthermore, dividends in the investment activities were received from East Capital Baltic Property Fund II of EUR 0.4m and from Komercijalna Banka Skopje of EUR 0.5m.

Eastnine acquired office property Vertas in Vilnius for EUR 29.1m and sold EUR 2.1m of the holding in East Capital Deep Value Fund.

The result for the period includes the dividend from East Capital Explorer Investments AB of EUR 0.5m (redistribution of dividend from Komercijalna Banka Skopje, see above), other income of EUR 0.2m (EUR 0.0m) mainly from repayment of charged management fees in funds, and expenses of EUR 0.9m (EUR 0.6m), all of which refer to the Parent company. Net financial income and expenses was EUR +0.1m (EUR 0.0m).

*Comparative numbers in parenthesis refer to the second quarter of 2016.*

### **Results for the period Jan-Jun 2017**

The net result for the first six months of the year was EUR -2.7 (EUR -7.5m), including value changes of shares in subsidiaries of EUR -2.3m (EUR -4.8m), corresponding to earnings per share of EUR -0.11 (EUR -0.27).

Melon Fashion Group was impaired by EUR -2.0m due to translation from rouble to euro, while the underlying rouble valuation was unchanged.

Together with fair value adjustments in 3 Burés of EUR 1.5m, East Capital Baltic Property Fund II of EUR 0.8m, East Capital Baltic Property Fund III of EUR 0.4m, East Capital Global Frontier Markets Fund of EUR 0.8m, East Capital Deep Value Fund of EUR -2.5m and in Komercijalna Banka Skopje of EUR -0.8m, these were the main contributors to the change in value of shares in subsidiaries in the Income statement for the period.

Furthermore, dividends in the investment activities were received from East Capital Baltic Property Fund II of EUR 0.4m and from Komercijalna Banka Skopje of EUR 0.5m. Eastnine acquired office property Vertas in Vilnius for EUR 29.1m and invested EUR 3.0m in 3 Burés development. Trev-2 was sold for a total cash consideration of EUR 5.7m. Shares in East Capital Deep Value Fund were sold for a total amount of EUR 4.2m.

The result for the period includes dividend from East Capital Explorer Investments AB of EUR 0.5m (redistribution of dividend from Komercijalna Banka Skopje, see above), other income of EUR 0.5m (EUR 0.0m) mainly from repayment of charged management fees in funds, and expenses of EUR 1.7m (EUR 1.1m), all of which refer to the Parent company. Net financial income and expenses was EUR +0.3m (EUR 0.0m).

*Comparative numbers in parenthesis refer to January-June 2016.*

### **Financial Position and Cash Flow Jan-Jun 2017**

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

The cash flow presented below only relates to transactions in the Parent Company. In June, an ordinary dividend for 2016 of SEK 0.90 per share, corresponding to EUR 0.09 per share, was paid out to the shareholders. The total amount of the dividend was EUR 2.3m. Also in June, the Company received a dividend of EUR 0.5m (EUR 0.0m) from East Capital Explorer Investments AB. During the period, Jan-Jun 2017, Eastnine repurchased a total of 1,304,430 shares for an amount equivalent to EUR 9.7m.

Cash and cash equivalent at the end of the period amounted to EUR 17.4m (EUR 30.3m), all of which refer to the Parent Company.

At the end of the period, cash and cash equivalents in the investment activities amounted to EUR 48.1m (EUR 83.5m). Please refer to the breakdown of values in subsidiaries on pages 17-19 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 outstanding commitment on 30 June 2017 amounted to EUR 11.9m.

Another EUR 6.0m was invested after the period, whereby the remaining commitment is EUR 5.9m.

# Real Estate Direct

## Segment development

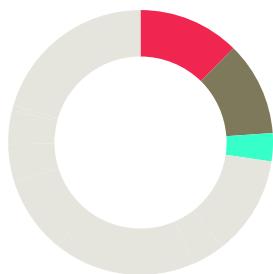
- The fair value of the segment increased by 2.2% April-June, and 2.8% year-to-date, to EUR 64.2m. Total property value was EUR 98.1m, with no revaluations. The segment's combined annual average return is 11.7%.
- Fair value increase is mainly attributable to positive operating cash flows in 3 Burés, and SWAP revaluations in 3 Burés and 3 Burés development.
- Office building Vertas in Vilnius was acquired in June for EUR 29.0m.
- Combined vacancy decreased to 2.4% in Q2 from 3.9% in Q1, while average rent increased to 13.4 EUR/sqm/m in Q2 from 12.7 in Q1. Rental income in 3 Burés grew by 6.6% quarter-on-quarter and by 3.1% year-on-year.
- The segment's combined LTV was 34.1%, with Vertas 100% equity financed due to Eastnine's current cash surplus.
- Please see p. 24 for more detailed consolidated property data.

EURm	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Value change <sup>1</sup> , %	2.2	2.5	2.8	4.3	9.1
NAV	64.2	29.1	64.2	29.1	30.4
% of Eastnine's NAV	27.6	12.4	27.6	12.4	12.3
Investments	29.1	0.3	32.1	0.3	0.3
Divestments	-	-	-	-	-

<sup>1</sup> The value change calculation is adjusted for investments, divestments and distributions during the relevant period

### Real Estate Direct

Market value, % av NAV



- Vertas
- 3 Burés
- 3 Burés development

### 3 Burés

The fair value of the investment in the office property 3 Burés, with a leasable area of 28,400 squaremeters, increased by 4.1% during the second quarter, mainly attributable to positive operating cash flows and the revaluation of interest rate derivatives (swap). Return on equity for the previous twelve months amounts to 14.7%. The property value remains unchanged at EUR 60.9m, corresponding to a yield of 6.0%. By the end of the quarter, loan-to value amounted to 55%. Quarterly rental income grew by 6.6% qoq and by 3.1% yoy, while the change in net operating income was +19.1% qoq and -6.4% yoy. Interest rate expenses (including SWAP) decreased during the quarter from 2.9% to 2.5% after amortization under a predetermined level.

During the second quarter, the vacancy rate for 3 Burés decreased from 3.9% to 3.3%. The vacancy rate is expected to decrease further from current levels.

### 3 Burés development

The fair value of 3 Burés development, the third tower being built next to the existing two towers in 3 Burés (described above), increased by 2.4% during the quarter, due to the positive revaluation of swaps. The project is thus far equity-financed.

During the second quarter, the construction continued according to schedule. In June, a capsule ceremony was held with owners, tenants and the mayor of Vilnius present, among others. The property, expected to be completed by end-2018, with a leasable area of 12,800 squaremeters, is 98% pre-let to Swedbank and Visma.

### Vertas

In June, the acquisition of office property Vertas in central Vilnius was completed. The acquisition price of EUR 29.0m corresponds to a yield of about 6.5%. The property is currently 100% equity-financed due to Eastnine's considerable cash surplus. The property, which has a leasable area of 9,400 squaremeters, is fully let and generated during the first month a cash flow increasing the fair value of the investment by 0.4%.

# Real Estate Funds

## Segment development

- The fair value of the segment continued to grow at a stable pace, by 2.1% April-June and 4.5% year-to-date, to EUR 28.6m. Combined annual average return is 9.4%.
- In August, Eastnine invested EUR 6.0m in East Capital Baltic Property Fund III, as a drawdown on committed capital, in conjunction with the fund's acquisition of Tallinn based Nehatu logistics center.
- There are in total eight commercial properties in the two funds, six of which are in Tallinn. The fund holdings thus provide Eastnine with a diversified property exposure while the company builds up its directly owned long-term real estate portfolio.

EURm	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Value change <sup>1</sup> , %	2.1	2.2	4.5	5.0	7.6
NAV	37.9	30.7	37.9	30.7	36.7
% of Eastnine's NAV	16.3	13.0	16.3	13.0	14.8
Investments	-	-	-	-	4.8
Divestments	-	-	-	-	-

<sup>1</sup> The value change calculation is adjusted for investments, divestments and distributions during the relevant period

## Real Estate Funds

Market value, % av NAV



■ East Capital Baltic Property Fund II

■ East Capital Baltic Property Fund III

### East Capital Baltic Property Fund II

The fair value of Eastnine's holding in East Capital Baltic Property Fund II increased by 2.0% during the second quarter.

The Deglava property remained closed during the quarter. The building received full permit of use in April 2017, and negotiations are ongoing with potential tenants. The fund's NAV already includes the repair costs of the building, a settlement from the main contractor and an accrual for the claim expected to be paid to the previous tenant Prisma.

The rest of the properties in the fund continued their stable operations, with Tänassilma Logistics contributing most to the fund growth.

The fund paid a semi-annual dividend in May, amounting to EUR 0.4m for Eastnine's holding, corresponding to an annualised dividend yield of about 4.3% on invested capital, in line with the fund's target of 4-6%.

In August, the fund announced that it had agreed to sell the GO9 shopping centre in Vilnius at an IRR in excess of 15%. The acquisition awaits competition authority approval and the proceeds are expected to be distributed to fund owners in Q4.

The duration of East Capital Baltic Property Fund II is until 2019 with possible extension up to three years.

### East Capital Baltic Property Fund III

The fair value of Eastnine's holding in East Capital Baltic Property Fund III increased by 2.2% during the second quarter. The NAV increase is based on operational profits from the two investments Vesse Retail centre and Hilton Tallinn Park Hotel.

On 30 June 2017, a share purchase agreement was signed to acquire VGP Nehatu logistics complex in Tallinn and the deal was finalised in August 2017. The logistics park includes more than 77,000 squaremeters of A-class premises suitable for logistics, industrial and commercial activities. Eastnine will invest EUR 6.0m in the fund in conjunction with this investment, whereby the remaining amount of Eastnine's total EUR 20m committed capital in the fund, will be EUR 5.9m.

The duration of East Capital Baltic Property Fund III is until 2023 with a possible two-year extension.

# Other

## Segment development

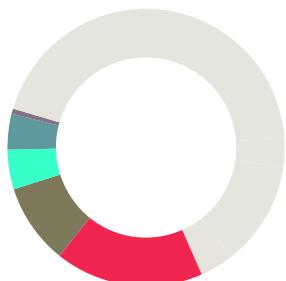
- The fair value of the segment decreased by 6.8% April-June, and 4.2% year-to-date, to EUR 85.1m. Combined average annual return is 0.4%.
- The fair value drop is exclusively due to currency translation, with both the RUB and the USD having weakened significantly. In local currency, the segment's performance was flat.
- Melon Fashion Group showed strong Q2 results, on the back of sales growth and improved cost efficiency.
- Quarterly redemptions of Eastnine's holding in East Capital Deep Value Fund continue as planned. East Capital Global Frontier Markets Fund remains in the portfolio as a liquid holding.

EURm	Q2 2017	Q2 2016	H1 2017	H1 2016	FY 2016
Value change <sup>1</sup> , %	-6.8	1.2	-4.2	4.8	17.4
NAV	85.1	187.4	85.1	187.4	99.6
% of Eastnine's NAV	36.6	79.5	36.6	79.5	40.2
Investments	-	-	-	-	-
Divestments	2.1	7.0	9.9	7.0	117.4

<sup>1</sup>The value change calculation is adjusted for investments, divestments and distributions during the relevant period

### Other

Market value, % of NAV



■ Melon Fashion Group

■ East Capital Deep Value Fund

■ East Capital Global Frontier Markets Fund

■ Komercijalna Banka Skopje

■ Other investments

### Melon Fashion Group

The fair value of Eastnine's 36% holding in Melon Fashion Group (MFG) decreased by 10.9% in Q2. The entire value change is a translation effect of the weaker rouble against the euro and the underlying rouble based valuation was kept unchanged.

In the second quarter MFG's total sales increased by 5.3% lifted by 1.6% like-for-like and pick-up in franchise and online sales, with online sales being the major driver behind the sales growth. On six-month basis, total sales increased by 0.3%.

The second quarter gross margin increased to 54.4% from 47.8% last year supported by stronger rouble and less discounts. On six-month basis, the gross margin increased to 50.0% from 44.3% last year.

Operating profitability improved substantially from last year. The second quarter EBITDA improved by threefold to RUB 426m, corresponding to an EBITDA margin of 13.1%, from RUB 136m the previous year. The FX impact in the corresponding period was insignificant.

Management's focus remains on the optimization of retail network by store relocations and closures, and on the digitalization of operations, specifically the development of online and omnichannel solutions.

### East Capital Deep Value Fund

The value of Eastnine's holding in the fund decreased by 5.6% during the second quarter. The Fund has no official benchmark; however, this was below the MSCI Emerging Markets Europe 10-40 index which decreased by 3.9%, but above MSCI Russia 10-40 which fell 15.6%. The fund was, however, unchanged in its reporting currency USD. The entire value change in Eastnine's portfolio is hence attributable to the weakening of USD against EUR.

The largest contributor was Romanian real estate company Impact, which returned 13.6%, and Bank Saint Petersburg was the largest negative contributor, falling 21.9%, due to a general sell off in the Russian market led by deteriorating geopolitics and falling oil prices.

### East Capital Global Frontier Markets Fund

The value of the holding in East Capital Global Frontier Markets Fund gained 0.3%, while the MSCI Frontier Markets index fell 0.5% during the second quarter.

The Kuwait company Human Soft Holding was the quarter's single largest contributor, returning 38% since the investment was made in March. Other strong

performers include Credit Agricole Egypt and the Romanian healthcare provider Medlife, returning 19% and 23.2% respectively.

#### **Komcerijalna Banka Skopje**

Komercijalna Banka Skopje's shares declined by 0.2% on the Macedonian exchange during the quarter. After an extended period of political turbulence in Macedonia, the coalition led by the former opposition party SDSM has formed a government and published its programme of measures for the coming 4 years.

KBS reported MKD 39m in net profit for the first six months of 2017, an 81% year-on-year decrease. Although the net interest margin has dropped from 3.6% in 2016 to 3.3%, core income levels are stable month to month. The main drag on profitability is provisioning, which remains high.

Expense levels are flat and cost-to-income remains quite acceptable. While the corporate loan portfolio struggles with quality issues, the smaller retail portfolio is performing well.

Learn more about Komercijalna Banka Skopje at [www.kb.com.mk](http://www.kb.com.mk)

# Other information

## Risks and uncertainties

The dominant risk in Eastnine'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 Eastnine'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 Market comment on page 6.

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.

## Organisational and investment structure

Eastnine AB (publ) is a Swedish investment company listed on Nasdaq Stockholm. Eastnine's business concept is to maximise risk-adjusted shareholder return by offering shareholders a liquid exposure to a unique investment portfolio of primarily properties in the Baltic countries, but also unlisted companies and alternative investments 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 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 Eastnine invests.

For further information about the organizational and investment structure of the Company, please see the Company's latest Annual Report, under the section 'Corporate Governance'.

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The Board of Directors and the CEO certify 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, 30 August 2017

Lars O Grönstedt  
Chairman of the Board

Kestutis Sasnauskas  
Chief Executive Officer

Göran Bronner  
Board Member

Peter Elam Håkansson  
Board Member

Liselotte Hjorth  
Board Member

Nadya Wells  
Board Member

This Interim report has not been subject to specific review by the company's auditors.

# Financial Statements

eastnine

## Income Statement

### EUR Thousands

	Note	2017 Jan-Jun	2016 Jan-Jun	2017 Apr-Jun	2016 Apr-Jun
Changes in fair value of subsidiaries	2	-2 258	-4 819	-5 361	-5 304
Dividend received		500	-	500	-
Other income		477	-	236	-
Staff expenses		-940	-639	-478	-355
Other operating expenses		-736	-431	-405	-283
Items affecting comparability <sup>1</sup>		-	-1 604	-	-1 375
<b>Operating profit/loss</b>		<b>-2 958</b>	<b>-7 494</b>	<b>-5 508</b>	<b>-7 317</b>
Financial income		363	0	182	-2
Financial expenses		-74	-11	-57	-11
<b>Profit/loss before tax</b>		<b>-2 670</b>	<b>-7 504</b>	<b>-5 383</b>	<b>-7 329</b>
Tax		-	-	-	-
<b>NET PROFIT/LOSS FOR THE PERIOD<sup>2</sup></b>		<b>-2 670</b>	<b>-7 504</b>	<b>-5 383</b>	<b>-7 329</b>

Earnings per share, EUR

- Attributable to shareholders of the Parent Company	-0,11	-0,27	-0,22	-0,26
No dilutive effects during the periods				

<sup>1</sup> Advisory costs related to the termination of the Investment Agreement with East Capital

<sup>2</sup> Net Profit/Loss for the period corresponds to Total Comprehensive income

## Balance Sheet

### EUR Thousands

	Note	2017 30 Jun	2016 31 Dec	2016 30 Jun
<b>Assets</b>				
Shares in subsidiaries	3, 4	193 735	195 993	233 321
Loans to group companies	4	20 900	20 900	-
<b>Total non-current assets</b>		<b>214 635</b>	<b>216 893</b>	<b>233 321</b>
Other short-term receivables		2	2	-
Accrued interest income	4	2 043	1 680	-
Accrued income and prepaid expenses		436	427	7
Cash and cash equivalent		17 398	30 338	2 868
<b>Total current assets</b>		<b>19 879</b>	<b>32 447</b>	<b>2 875</b>
<b>Total assets</b>		<b>234 513</b>	<b>249 340</b>	<b>236 196</b>
<b>Equity</b>				
Share capital <sup>1</sup>		3 658	3 655	3 655
Other contributed capital/Share premium reserve <sup>2</sup>		287 649	299 613	308 458
Retained earnings <sup>2</sup>		-55 711	-69 014	-69 014
Net profit/loss for the period <sup>2</sup>		-2 670	13 303	-7 504
<b>Total equity</b>		<b>232 927</b>	<b>247 558</b>	<b>235 596</b>
<b>Current liabilities</b>				
Other liabilities		193	334	243
Accrued expenses and prepaid income		1 393	1 449	356
<b>Total current liabilities</b>		<b>1 587</b>	<b>1 783</b>	<b>600</b>
<b>Total equity and liabilities</b>		<b>234 513</b>	<b>249 340</b>	<b>236 196</b>

<sup>1</sup> Restricted capital

<sup>2</sup> 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
<b>Opening equity 1 January 2017</b>	3 655	299 613	-55 711	247 558
Net profit/loss for the period	-	-	-2 670	-2 670
<b>Total comprehensive income</b>	-	-	-2 670	-2 670
Bonus issue	3	-3	-	-
Dividend to shareholders	-	-2 267	-	-2 267
Share buy-back	-	-9 694	-	-9 694
<b>Closing equity 30 June 2017</b>	3 658	287 649	-58 381	232 927

EUR Thousands

	Share capital	Other contributed capital/Share premium reserve	Retained earnings incl. profit/loss for the year	Total equity shareholders in Parent company
<b>Opening equity 1 January 2016</b>	3 654	318 920	-69 014	253 561
Net profit/loss for the period	-	-	-7 504	-7 504
<b>Total comprehensive income</b>	-	-	-7 504	-7 504
Bonus issue	1	-1	-	-
Dividend to shareholders	-	-2 335	-	-2 335
Share buy-back	-	-8 126	-	-8 126
<b>Closing equity 30 June 2016</b>	3 655	308 458	-76 518	235 596

## Statement of Cash Flow

EUR Thousands

	2017 Jan-Jun	2016 Jan-Jun	2017 Apr-Jun	2016 Apr-Jun
<b>Operating activities</b>				
Operating profit/loss	-2 958	-7 494	-5 508	-7 317
Changes in fair value of subsidiaries	2 258	4 819	5 361	5 304
<b>Cash flow from current operations before changes in working capital</b>	-700	-2 674	-147	-2 013
<b>Cash flow from changes in working capital</b>				
Increase (-)/decrease(+) in other current receivables	-9	7	-15	4
Increase (+)/decrease(-) in other current payables	-196	89	-498	41
<b>Cash flow from operating activities</b>	-905	-2 578	-660	-1 968
<b>Investing activities</b>				
Repayment of shareholder contributions	-	14 000	-	14 000
<b>Cash flow from investing activities</b>	-	<b>14 000</b>	-	<b>14 000</b>
<b>Financing activities</b>				
Dividend to shareholders	-2 267	-2 335	-2 267	-2 335
Share buy-back	-9 694	-8 126	-5 281	-8 126
<b>Cash flow from financing activities</b>	-11 961	-10 461	-7 548	-10 461
<b>Cash flow for the period</b>	-12 866	961	-8 208	1 572
Cash and cash equivalent at the beginning of the period	30 338	1 918	25 663	1 309
Exchange rate differences in cash and cash equivalents	-74	-11	-57	-12
<b>Cash and cash equivalent at the end of the period</b>	17 398	2 868	17 398	2 868

## 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 Parent 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 Eastnine 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, Eastnine 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 Eastnine AB, it has been concluded that the Company falls within the classification of an investment entity.

As of Q2 2017, Eastnine has changed its segment reporting to reflect the ongoing strategic shift. The new segments are Real Estate Direct, Real Estate Funds and Other. Comparable numbers for 2016 are restated according to the new segment reporting, see Note 2 Segment reporting. All other 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.

The accounting principles 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

Eastnine 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 Real Estate Direct, Real Estate Funds and Other. All other revenues and expenses are classified as unallocated in the table below. As of Q2 2017, Eastnine has changed its segment reporting to reflect the ongoing strategic shift. Previously, the segment reporting was classified as Private Equity, Real Estate, Public Equity and Short-term Investment. Comparable numbers for 2016 are restated according to the new segment reporting.

EUR thousands	Real Estate Direct	Real Estate Funds	Other	Unallocated	Total
<b>1 Jan – 30 Jun 2017</b>					
Changes in value of portfolio	1 359	1 217	-4 637	-	-2 061
Dividends received	-	427	-	-	427
Other operating expenses	-	-	-	-624	-624
<b>Changes in value of subsidiaries</b>	<b>1 359</b>	<b>1 644</b>	<b>-4 637</b>	<b>-624</b>	<b>-2 258</b>
Dividends received	-	-	500	-	500
Other income	-	20	346	110	476
Staff expenses	-	-	-	-940	-940
Other operating expenses	-	-	-	-736	-736
<b>Operating profit/loss</b>	<b>1 359</b>	<b>1 664</b>	<b>-3 791</b>	<b>-2 190</b>	<b>-2 958</b>
Financial income	363	-	-	-	363
Financial expense	-	-	-	-74	-74
<b>Profit/loss before tax</b>	<b>1 722</b>	<b>1 664</b>	<b>-3 791</b>	<b>-2 265</b>	<b>-2 670</b>
<b>Assets</b>	<b>64 241</b>	<b>37 873</b>	<b>85 136</b>	<b>47 264</b>	<b>234 513</b>

EUR thousands	Real Estate Direct	Real Estate Funds	Other	Unallocated	Total
<b>1 Jan – 30 Jun 2016</b>					
Changes in value of portfolio	1 212	659	8 510	-	10 381
Dividends received	-	854	416	-	1 270
Other operating expenses (incl. management fees)	-172	-	-889	-561	-1 622
Items affecting comparability <sup>1</sup>	-935	-	-6 513	-7 400	-14 848
<b>Changes in value of subsidiaries</b>	<b>105</b>	<b>1 513</b>	<b>1 524</b>	<b>-7 961</b>	<b>-4 819</b>
Staff expenses	-	-	-	-639	-639
Other operating expenses	-	-	-	-431	-431
Items affecting comparability <sup>2</sup>	-	-	-	-1 604	-1 604
<b>Operating profit/loss</b>	<b>105</b>	<b>1 513</b>	<b>1 524</b>	<b>-10 635</b>	<b>-7 493</b>
Financial income	-	-	-	0	0
Financial expense	-	-	-	-11	-11
<b>Profit/loss before tax</b>	<b>105</b>	<b>1 513</b>	<b>1 524</b>	<b>-10 646</b>	<b>-7 504</b>
<b>Assets</b>	<b>29 103</b>	<b>30 736</b>	<b>187 403</b>	<b>-11 046</b>	<b>236 196</b>

<sup>1</sup> Costs related to the transition and termination agreement with East Capital (Real Estate Direct and Unallocated), and carried interest related to the sale of Starman (Other).

<sup>2</sup> Advisory costs related to the termination of the Investment Agreement with East Capital

## 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 30 June 2017	Country	Number of shares	Book value, EURt	Ownership capital
ECEX Holdings SA	Bertrange, Luxembourg	100 000	10 930	100%
East Capital Explorer Investments AB	Stockholm, Sweden	11 000	9 966	100%
Humarito Limited	Nicosia, Cyprus	2 000	172 839	100%
Baltic Cable Holding OÜ	Tallinn, Estonia	2 502	60 734	100%
UAB Portarera	Vilnius, Lithuania	300	64 241	100%
UAB Kendrita (Vertas)	Vilnius, Lithuania	100	29 208	100%
UAB Verslina (3 Burés)	Vilnius, Lithuania	100	26 977	100%
UAB Solverta (3 Burés development)	Vilnius, Lithuania	100	8 056	100%

## 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 Eastnine AB.

Loans to Group Companies, which are a part of 3 Burés 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 193.7m, loans to group companies of EUR 20.9m and cash and cash equivalent of EUR 17.4m. The carrying amount of these assets constitutes the fair value on the balance sheet date.

Shares in subsidiaries including loans to group companies	Country	Book value, EURt		Share of capital, %	
		30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
ECEX Holdings SA	Bertrange, Luxembourg	10 930	11 864	100	100
East Capital Explorer Investments AB	Stockholm, Sweden	9 966	10 808	100	100
Humarito Limited	Nicosia, Cyprus	172 839	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**

**30 June 2017**

<b>Breakdown of values in subsidiaries including loans to group companies</b>	<b>Real Estate Direct</b>	<b>Real Estate Funds</b>	<b>Other</b>	<b>Cash and bank</b>	<b>Other assets and liabilities, net</b>	<b>Total</b>
<b>Opening balance 1 January 2017</b>	<b>28 739</b>	<b>36 656</b>	<b>99 631</b>	<b>53 201</b>	<b>-1 334</b>	<b>216 893</b>
Purchases/additions	32 100	-	-	-32 100	-	0
Divestments/Reductions	-	-	-9 858	9 858	-	0
Other	-	-	-	-657	33	-624
Dividend received	-	-	-	927	-	927
Dividend paid to parent company	-	-	-	-500	-	-500
Changes in fair value recognised net in profit/loss	1 359	1 217	-4 637	-	-	-2 061
<b>Closing balance 30 June 2017</b>	<b>62 198</b>	<b>37 873</b>	<b>85 136</b>	<b>30 729</b>	<b>-1 301</b>	<b>214 635</b>

**EUR Thousands**

**31 December 2016**

<b>Breakdown of values in subsidiaries including loans to group companies</b>	<b>Real Estate Direct</b>	<b>Real Estate Funds</b>	<b>Other</b>	<b>Cash and bank</b>	<b>Other assets and liabilities, net</b>	<b>Total</b>
<b>Opening balance 1 January 2016</b>	<b>27 641</b>	<b>30 077</b>	<b>185 927</b>	<b>8 593</b>	<b>-98</b>	<b>252 140</b>
Movement of accrued interest income to Parent company	-1 477	-	-	-	-	-1 477
Purchases/additions	250	4 770	-	-5 020	-	0
Divestments/Reductions	-	-	-117 416	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	2 326	1 808	31 119	-	-	35 254
<b>Closing balance 31 December 2016</b>	<b>28 739</b>	<b>36 656</b>	<b>99 631</b>	<b>53 201</b>	<b>-1 334</b>	<b>216 893</b>

Real Estate Direct consists of holdings in 3 Burés, 3 Burés development and Vertas. Real Estate Funds consists of holdings in 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.

Other consists of the holdings in Melon Fashion Group (MFG), which is valued internally or externally normally at year-end, and the fair value of MFG is assessed on a quarterly basis, East Capital Deep Value Fund with a majority of public holdings managed by East Capital, East Capital Global Frontier Markets Fund and Komercijalna Banka Skopje, which are publicly traded, and East Capital Bering Ukraine Fund R. These holdings are valued at fair value according to the valuation principles described on the previous page.

<b>Holding</b>	<b>Class</b>	<b>Valuation method</b>	<b>Valuation assumptions</b>
3 Burés	Real Estate Direct	DCF	WACC 8%, Exit yield 7%
3 Burés development	Real Estate Direct	DCF	WACC 7%, Exit yield 7%
Vertas	Real Estate Direct	Acquisition value	
East Capital Baltic Property Fund II	Real Estate Funds	DCF	WACC 8-10%, Exit yield 7-8%
East Capital Baltic Property Fund III	Real Estate Funds	DCF	WACC 9%, Exit yield 8%
Melon Fashion Group	Other	DCF	Long-term growth 5%, Long term operating margin 12%, WACC 17%

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

For the fair values of Real Estate Direct (3 Burés and 3 Burés development), Real Estate Funds and Other - 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**

**30 June 2017**

**Sensitivity analysis**

	<b>Real Estate Direct</b>		<b>Real Estate Funds</b>		<b>Real Estate Funds</b>	
	<b>Profit or loss</b>	<b>Increase</b>	<b>Decrease</b>	<b>Profit or loss</b>	<b>Increase</b>	<b>Decrease</b>
Weighted average cost of capital (WACC) (0.5% movement)	-1 498	1 567	-	-621	638	-
Exit yield (0.5% movement)	-2 545	2 939	-	-1 382	1 583	-

**Effect in EUR thousands**

**30 June 2017**

**Sensitivity analysis**

	<b>Other</b>		
	<b>Profit or loss</b>	<b>Increase</b>	<b>Decrease</b>
Long term growth rate (0.5% movement)	-	1 604	-1 474
Weighted average cost of capital (WACC) (0.5% movement)	-	-2 208	2 416
Long term operating margin (0.5% movement)	-	1 510	-1 514

The Eastnine's portfolio is presented on page 5 in this report, including information on fair value changes during the period. More information on the portfolio holdings can be found on pages 9 to 12 in this report.

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

<b>EUR thousands</b>		<b>30 June 2017</b>	<b>Shares and participations in investment activities at fair value through profit or loss<sup>1</sup></b>	<b>Level 1</b>	<b>Level 3</b>	<b>Total balance</b>
Real Estate Direct				-	64 241	64 241
Real Estate Funds				-	37 873	37 873
Other				42 941	42 195	85 136
<b>Total</b>				<b>42 941</b>	<b>144 309</b>	<b>187 250</b>

<b>EUR thousands</b>		<b>31 December 2016</b>	<b>Shares and participations in investment activities at fair value through profit or loss</b>	<b>Level 1</b>	<b>Level 3</b>	<b>Total balance</b>
Real Estate Direct				-	30 419	30 419
Real Estate Funds				-	36 656	36 656
Other				49 592	50 039	99 631
<b>Total</b>				<b>49 592</b>	<b>117 114</b>	<b>166 706</b>

<sup>1</sup> 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 Burēs, 3 Burēs development, Vertas and MFG

<b>EUR thousands</b>		<b>30 June 2017</b>	<b>Changes in financial assets and liabilities in Level 3</b>	<b>Real Estate</b>	<b>Real Estate</b>		
				<b>Direct</b>	<b>Funds</b>	<b>Other</b>	<b>Total</b>
Opening balance 2017				30 419	36 656	50 039	117 114
Purchases/additions				32 100	-	-	32 100
Divestments/Reductions				-	-	-5 702	-5 702
Changes in fair value recognised net in profit/loss				1 722	1 217	-2 142	797
<b>Closing balance 30 June 2017</b>				<b>64 241</b>	<b>37 873</b>	<b>42 195</b>	<b>144 309</b>

<b>EUR thousands</b>		<b>31 December 2016</b>	<b>Changes in financial assets and liabilities in Level 3</b>	<b>Real Estate</b>	<b>Real Estate</b>		
				<b>Direct</b>	<b>Funds</b>	<b>Other</b>	<b>Total</b>
Opening balance 2016				27 641	30 077	105 957	163 675
Transfers out of level 3 <sup>1</sup>				-	-	-71 839	-71 839
Purchase/additions				250	4 770	-	5 020
Changes in fair value recognised net in profit/loss				2 529	1 808	15 921	20 258
<b>Closing balance 31 December 2016</b>				<b>30 419</b>	<b>36 656</b>	<b>50 039</b>	<b>117 114</b>

<sup>1</sup> 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 797 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 Eastnine invests, please see page 6 and 13. 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)

<b>30 June 2017</b>	<b>Risk factors</b>	<b>Change</b>	<b>Effect on net profit/loss for the period</b>
Fx EUR/RUB		+/- 10%	4 084
Fx EUR/USD		+/- 5%	1 723
Equity price		+/- 10%	18 521

## Note 5 Related parties

On 30 June 2017, Eastnine AB had a related party relationship with its subsidiaries, Board members and employees.

Eastnine AB's management, Board members and their close relatives and related companies control 25.5 percent of voting rights in the Company.

Following the termination of the Investment Agreement between Eastnine and East Capital on 9 May 2016, 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 period Jan-Jun 2017 amounted to EUR 0.2m (EUR 0.2m). As a consequence, during the period Jan-Jun 2017, the Company received repayments of EUR 0.4m (EUR 0.0m) regarding management fees originated in the other East Capital funds.

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.

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 2018.

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. Further, in accordance with the decision at the Annual General Meeting on 15 May 2017, concerning cancellation of repurchased share and to carry out a bonus issue without issuing new shares. 845,530 shares were cancelled.

The Company repurchased a total of 1,304,430 shares during the period 1 January through 30 June 2017, corresponding to 5.3 percent of the Company's outstanding shares, at an average price of SEK 71.22 per share. After cancellation of shares, the Company has a total of 516,000 repurchased shares held in treasury.

The total number of shares outstanding in Eastnine as of 30 June 2017 amounted to 24,816,033. Adjusted for repurchased shares held in treasury, the number of shares outstanding amounted to 24,300,033. The weighted average number of shares outstanding for the reporting period was 24,998,136 adjusted for the repurchased shares.

Eastnine'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.

At the Annual General Meeting 2017, it was resolved to pay an ordinary dividend for 2016 of SEK 0.90 per share, corresponding to EUR 0.09 per share and an increase of 12.5% from the previous year. Payment to shareholders was made in June 2017.

## Note 7 Events occurring after the end of the quarter

Eastnine's Chief Investment Officer Kestutis Sasnauskas was appointed new CEO after Mia Jurke chose to resign.

The Company repurchased a total of 331,672 shares during the period 3 July - 29 August 2017, corresponding to 1.3 percent of the Company's outstanding shares, at an average price of SEK 68.91 per share.

Shares in East Capital Deep Value Fund were sold for an amount equivalent to EUR 1.9m.

Dividends totalling approximately EUR 1.0m were received from Melon Fashion Group.

In conjunction with East Capital Baltic Property Fund III's acquisition of Nehatu Logistics Park in Tallinn, Eastnine invested EUR 6.0m in the fund in August.

## Note 8 Key Figures

Key figures	6m 2017	3m 2017	12m 2016	9m 2016	6m 2016	3m 2016	12m 2015	9m 2015
Net asset value (NAV), EUR m	233	246	248	228	236	253	254	252
Equity ratio, %	99,3	99,2	99,3	99,4	99,7	99,8	99,8	99,9
Market capitalisation, SEK m	1 750	1 854	1 880	1 619	1 669	1 545	1 445	1 481
Market capitalisation, EUR m	182	193	196	168	177	169	158	158
Number of outstanding shares, m	24,3	25,0	25,6	26,1	27,0	28,2	28,2	28,2
Number of outstanding shares including repurchased shares, m	24,8	25,7	28,2	28,2	28,2	28,5	28,5	28,5
Weighted average number of shares, m	25,0	25,4	27,0	27,4	28,0	28,2	29,3	29,7
Number of employees	8	8	9	9	5	4	4	4
Key figures per share	6m 2017	3m 2017	12m 2016	9m 2016	6m 2016	3m 2016	12m 2015	9m 2015
Earnings per share, EUR	-0,11	0,11	0,49	-0,35	-0,27	-0,01	0,25	0,20
Dividend per share, EUR	-	-	0,09	-	-	-	0,09	-
NAV, SEK	92	94	93	84	82	83	82	84
NAV, EUR	9,59	9,83	9,67	8,73	8,74	9,00	9,00	8,96
Share price, SEK <sup>1</sup>	70,50	72,25	66,75	57,50	59,25	54,25	50,75	52,00
Share price, EUR <sup>1</sup>	7,33	7,57	6,97	5,97	6,29	5,87	5,54	5,55
SEK/EUR	9,62	9,55	9,58	9,63	9,41	9,24	9,16	9,36

<sup>1</sup> Not adjusted for share redemptions or dividend

# Key Performance Data

## Real Estate Direct

eastnine

# Property data

Consolidated data of the Real Estate Direct segment

SEGMENT RESULTS, EURM	2017			2016		
	Q2	Q1	Q4	Q3	Q2	Q1
Rental income	1.3	1.1	1.0	1.1	1.1	1.1
Property costs	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)
Management and administrative expenses	(0.2)	(0.1)	(0.3)	(0.0)	(0.0)	(0.1)
Other income and expenses	0.0	0.0	0.0	0.2	0.0	0.0
<b>Net operating income</b>	<b>1.0</b>	<b>0.8</b>	<b>0.6</b>	<b>1.2</b>	<b>1.0</b>	<b>1.0</b>
<i>Surplus ratio, %</i>	78	72	58	103	91	89
Net interest	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
<b>Profit from property management</b>	<b>0.8</b>	<b>0.5</b>	<b>0.3</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>
Changes in value of properties	0.0	0.0	1.1	0.0	0.0	0.0
<b>Profit before tax</b>	<b>0.8</b>	<b>0.5</b>	<b>1.4</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>
Income tax	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax	(0.1)	(0.1)	(1.4)	0.0	0.0	0.0
<b>Net profit</b>	<b>0.7</b>	<b>0.5</b>	<b>(0.0)</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>
SEGMENT KEY FIGURES	Q2	Q1	Q4	Q3	Q2	Q1
<b>Property-related</b>						
Number of properties	3	2	2	1	1	1
Income-producing properties	2	1	1	1	1	1
Development properties	1	1	1	0	0	0
<b>Leasable floor space, k sq.m</b>	<b>50.6</b>	<b>41.2</b>	<b>41.2</b>	<b>28.4</b>	<b>28.4</b>	<b>28.4</b>
Income-producing properties	37.8	28.4	28.4	28.4	28.4	28.4
Development properties	12.8	12.8	12.8	0.0	0.0	0.0
Floor space vacancy level <sup>1</sup> , %	2.4	3.9	4.9	2.2	1.5	1.7
Average rent <sup>1</sup> , EUR/ sq.m/ month	13.5	12.7	12.6	12.5	12.7	12.8
WAULT <sup>1</sup> , years	2.6	2.3	2.3	2.1	2.3	2.3
Rental value, offices <sup>1</sup> , EURm	6.1	4.3	4.3	4.3	4.3	4.4
<b>Property value, EURm</b>	<b>98.1</b>	<b>68.3</b>	<b>66.8</b>	<b>64.8</b>	<b>64.6</b>	<b>64.6</b>
Income-producing properties	89.4	60.9	60.9	59.7	59.7	59.7
Development properties	8.7	7.4	5.9	0.0	0.0	0.0
Land plots	0.0	0.0	0.0	5.1	4.9	4.8
Yield requirement <sup>1,2</sup> , %	6.1	6.1	6.4	6.6	6.4	6.6
<b>Financial</b>						
Return on equity, 12-month rolling <sup>3</sup> , %	10.8	11.2	12.0	13.6	12.2	13.3
Equity ratio, %	63.5	47.2	44.4	45.1	43.8	42.9
Interest coverage ratio, multiple	4.7	3.1	2.3	4.4	3.8	3.8
Loan-to-value ratio, %	34.1	49.6	51.4	53.7	54.6	55.3
Average interest, %	2.6	3.0	2.9	3.0	3.0	3.0
Average capital tie-up period, years	6.3	6.6	6.8	2.6	2.9	3.1
Gross debt, EURm	33.5	33.9	34.4	34.8	35.3	35.7
Long-term equity <sup>4</sup> (EPRA), EURm	66.1	36.1	32.6	31.1	30.2	29.4
Equity, EURm	64.2	33.8	30.4	30.1	29.1	28.4

1 Income-producing properties

2 Net operating income for the last twelve months divided by property value

3 Proforma return on equity with part of the Q4 2016 deferred tax expense appropriately allocated to Q4 2015

4 Excluding deferred taxes on property value surpluses and the fair value of financial derivatives

## Property value



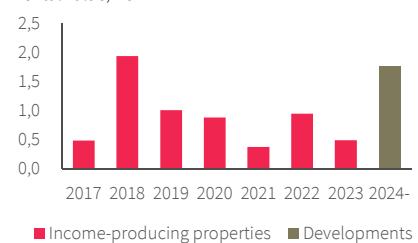
■ 3 Bures ■ Vertas ■ 3 Bures development

## Largest tenants

	SQM
Telia	9,100
Citco	3,000
Visma	2,400
European Social Fund	2,100
Swedbank	1,400
Cobalt	1,400
<b>Under development</b>	
Swedbank	8,900
Visma	3,600

## Lease term structure

Rental value, EURm



# E9

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## Financial information and calendar

Interim report Q3 2017 – 9 November 2017  
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The information in this interim report is the information which Eastnine 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. on 30 August 2017