ANNUAL REPORT 2018

eastnine™

Long-term provider of sustainable prime
office space in the Baltic capitals

Contents

"A unique exposure to the real estate sector in a dynamic region with growth above the EU average."

This is Eastnine

Eastnine is a real estate company listed on Nasdaq Stockholm since 2007, focused on commercial prime office properties in the Baltic capitals Tallinn, Riga and Vilnius, and is to date the largest actor in the region within the A-class segment.

Eastnine's business vision is to be a long-term provider of sustainable prime office space in the Baltic capitals, and by focusing on our customers' need for modern workplaces, be able to offer innovative working environments through technically advanced and sustainable solutions. We aspire to create long-term relationships with our tenants by working closely together with a great commitment and the highest level of service.

Eastnine has strict criteria at the time of acquisitions in terms of location, technical and environmental standards, predictable cash-flow, stable tenants and low vacancy levels. These factors enable a high return at a low weighted risk.

Because of today's shortfall on modern office properties and the Baltic capitals' high productivity and solid growth, we can help create new urban meeting spaces and vibrant business environments for Baltic, Nordic and international companies.

Our business model

Read more on external factors impacting Eastnine's operations on p. 8

EXTERNAL FACTORS

Urbanisation • Sustainable Development • Digitalisation

STAKEHOLDERS

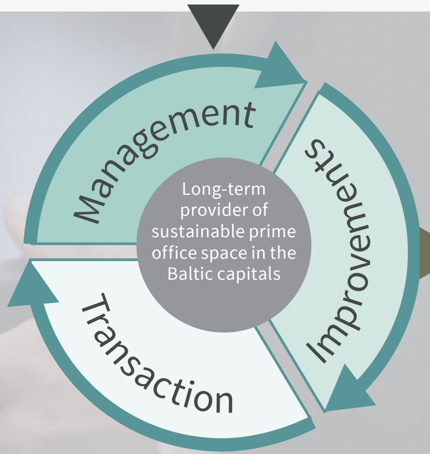
Tenants

Financial institutions

Shareholders

Employees

Community



VALUE CREATION

62,840 sqm leasable office space to our tenants

EUR 4.5m in dividends

16% share price increase

Continued environmental certifications of our properties

Smart environments for our tenants continued growth

The year in brief

During 2018 we accelerated our transformation process. We continued to divest non-core holdings, grew our property portfolio by acquiring two new properties in Riga and completed a development project in Vilnius, which added a combined leasable area of 24,900 sqm to our property portfolio. By year-end we had established a strong position in Vilnius with a portfolio corresponding to approximately 20% of the estimated A-class office property market, with good opportunities for expansions in Riga and Tallinn thanks to a strong financial position and low loan-to-value in our existing properties.

Net Asset Value/share[3]

EUR 11.20

SEK 113.5

(EPRA) Net Asset Value/share[1]

EUR 11.42

SEK 115.7

Share price development

16%

Adjusted for dividend, SEK

Value change

6.0%

Increase in Net Asset Value per share, EUR

Property value

EUR 158.9m

Real Estate Direct as of 31 December 2018

Key figures	PROFORMA[1] 2018	PROFORMA[1] 2017
Rental income, EURk	9,130	5,703
Net operating income, EURk	7,690	4,035
Profit from property management, EURk	3,180	-1,344
Unrealised changes in value, properties, EURk	5,483	4,546
Unrealised changes in value, other, EURk	2,903	10,354
Realised changes in value, EURk	5,402	4,536
Profit before tax, EURk	16,969	18,092
Profit after tax[2], EURk	15,641	17,085
Earnings per share[2], EUR	0.71	0.70
Surplus ratio, %	84.2	70.8
Property value, EURk	158,862	107,505
Loan-to-value, %	42.5	30.3

[1] Deviates from reported financial statements due to changes in accounting principles). [2] All period are as reported. [3] Adjusted for share buybacks.
1 EUR = 10.14 SEK on 31 Dec 2018 (Source: Reuters)

On top of the third tower in 3Burės office complex one of the probably highest multi-sport facilities in Europe can be found.

Important events during the year

- The third tower in 3Burės in Vilnius central business district, with 13,270 sqm office space, was completed in August. Tenants started moving in during September and the property was fully occupied by the end of the year.
- The commercial properties Alojas Biroji and Alojas Kvartals in central Riga were acquired in the beginning of the year for a total purchase price of EUR 29.6m.
- Comprehensive sustainability efforts initiated and long term sustainability targets set for 2030. During the year we became members of the UN Global Compact, Sweden Green Building Council and Green Building Council Lithuania.
- The two original towers in 3Burės were awarded LEED Platinum certification in October.
- Streamlining of portfolio continued throughout the year with only one holding outside of the real estate strategy, Melon Fashion Group, left by year end. East Capital Frontier Markets Fund, Eastern European Small Cap Fund and Komercijalna Banka Skopje were sold for a total of EUR 42.4m.
- Liselotte Hjorth was elected new Chairman of the Board of Directors, and Johan Ljungberg and Peter Wågström replaced Lars Grönstedt and Göran Bronner, adding solid experience from the real estate industry to the Board of Directors.
- Repurchases of 1,447,103 own shares were made for a total of EUR 12.9m.

CEO Kestutis Sasnauskas

Portfolio transformation is showing results

2018 was characterized by significant portfolio activity in line with our transformation strategy. Divestments, acquisitions and new developments helped shift the portfolio towards pure real estate, freed up capital for acquisitions and strengthened our position as the leading real estate company in prime offices in the Baltics.

Market

Economic growth in the Baltics remained strong during 2018, with GDP growth of 3.7% in Estonia, 4.5% in Latvia and 3.6% in Lithuania. Most rewarding was the net migration in Lithuania which was negative of only 4,000 people for 2018 compared to 20,000 people in previous years. More people returned, fewer left and next year migration is expected to be positive for the first time since the country's independence. Brexit plays a part in this, but also the narrowing wage gap in relation to the rest of the EU. Office markets in Tallinn, Riga and Vilnius remain balanced, with the market in Vilnius seeing highest demand where shared service centres, IT and fintech are important sectors.

Portfolio

During 2018 Eastnine entered Riga through the acquisition of Alojas Biroji and the adjacent Alojas Kvartals which offers a development opportunity, and completed the development of the third tower in 3Burės in Vilnius. The total leasable area of the portfolio increased by 66.1% to 62,800 sqm. In parallel we divested three holdings not in line with our real estate strategy, which realised a total of EUR 42m for further investments. We initiated environmental certification of all our properties, and today the entire 3Burės complex is LEED Platinum certified.

Financial development

Revenues, net operating income and profit from property management increased significantly during 2018 as a result of Eastnine's expanding property portfolio. Underlying development was strong, with a high occupancy rate and a yield well over 6%. Return on equity in the Real Estate Direct segment was 13.2% during 2018, with an average loan-to-value of around 35%. Our other holdings also performed well. Real estate funds gave returns of 11.5 - 12.0% and Melon Fashion Group gave a total return of 7.2% of which 6.6% by way of dividend. The rouble weakened during 2018, but strong development of Melon Fashion Group business compensated, with sales growth of 27% and an EBITDA-growth of 38%. Eastnine's net asset value per share (adjusted for dividend) increased by 7.9% in EUR (11.3% in SEK) during 2018.

Focus and outlook for 2019

Our intense acquisition work showed strong results in the beginning of 2019. In February, Eastnine entered into an agreement to acquire S7, the most modern office park in the Baltics, located in central Vilnius. The acquisition, which will be completed over three steps until Q1 2020, will add 42,500 sqm and nearly double our earnings capacity. During 2019 we will prioritise the opportunity to increase our revenues through new leasing of premises in the original towers of 3Burės, which both Swedbank and Visma recently left for the newly developed third tower. We are also actively searching for new opportunities to reshape our portfolio further through divestments, acquisitions and new development, delivering on our transformation, as we did during 2018.

Kestutis Sasnauskas, CEO

Chairman Liselotte Hjorth

Already the leading office property owner in Vilnius

Eastnine continued to deliver in line with our strategic plan during 2018, and it is rewarding to see how the transformation of the Company is reflected in strong returns to our shareholders.

Since 2017 Eastnine's business vision is to be a long-term owner of sustainable prime office space in the Baltics. This focus makes Eastnine the only listed real estate company active in the Baltics and gives our shareholders a unique exposure to the real estate sector in a dynamic region with growth above the EU average.

By the end of 2020 our target is to be fully transformed into a pure real estate company with only directly owned real estate assets in our portfolio. Several important steps towards this target were taken during 2018. Eastnine acquired the Alojas property in Riga, completed the development project of 3Burės in Vilnius, and divested three non-core portfolio holdings. After the acquisition of S7, which was announced during the first quarter of 2019, more than half of the Company's net asset value is now invested in the directly owned real estate segment. This makes Eastnine with over 100,000 sqm the largest owner of A-class offices in the Baltics and market leader in Vilnius. A striking transformation of the Company from when I was elected as member of the Board in 2014, just after the Company's first property acquisition in the Baltics.

It is also very gratifying to see how the transformation of the Company towards a pure real estate company is reflected in strong returns to our shareholders. The discount to NAV as the stock is traded with has gradually been reduced, and in combination with net asset value growth in the Company, Eastnine's shareholders have received a total return of 16.2% in SEK during 2018 and 24.2% per year on average during the past three years. The OMX Stockholm Real Estate Index has increased by 13.9% and 11.2% in SEK during the same periods.

Board work

The Board strives for transparent corporate governance, which ensures trust from our shareholders and other interested parties. During 2018 the work of the Board has been focused on transformation in line with the Company's long-term plan, multiple transactions involving both development of the real estate portfolio and non-core divestments. Internally we have dealt with organisational issues and restating of our accounts in line with the transformation of our business activities. We are a small Board but very committed who work without separate committees and close to the Company management. I am especially glad to have been able to welcome Johan Ljungberg and Peter Wågström as new members during 2018. They bring solid experience from the real estate and construction industries, which is invaluable for Eastnine's development.

Sustainable development

Sustainability is high on the agenda for Eastnine. This is something we are proud of, but also something we are convinced is required to create long term value for the Company, our shareholders, and society. The significance is clearly demonstrated in our focus on environmental certification of our properties. The acquisition- and development strategy is focused on properties of the highest quality, and during 2018 it was decided to certify Eastnine's entire real estate portfolio. Including S7, 72% of the portfolio is LEED Platinum or BREEAM Excellent certified. Further, the Board is very focused on good corporate governance, and since 2018 we became a signatory to the UN Global Compact.

During the past years Eastnine has distributed capital to its shareholders through dividends, redemptions and share buybacks. EUR 59m, or 24% of NAV has been distributed back to our shareholders during the last three years. During 2018 Eastnine bought back 6.3% of the outstanding shares in the Company, as part of our discount management strategy. The discount has decreased from 38% to 18% during the last three years. Going forward, the Company will continue its focus of building a well-balanced property portfolio with a stable cash flow, and thereby continue to grow its dividend capacity.

Liselotte Hjorth, Chairman

Three essential megatrends

Megatrends are global forces that affect all societies and industries in different ways. Three of these, decribed below, are extremely important for Eastnine's business operations. By understanding these megatrends, Eastnine can take part in the development and be able to offer our tenants well-adjusted modern office premises, where they can continue to grow with us.

Young wave of urbanisation creates demand

The global urbanisation trend is present in the Baltics as well. The region is affected in two different directions as the total population is decreasing due to the emigration of people to Western European countries, whilst an increasingly large proportion of the domestic population is choosing to settle in the capitals. The Baltic capitals has a growing, young and highly educated workforce that possesses great expertise in IT and innovation. A majority of these are also multilingual. The proportion young people is among the highest in Europe, where the capitals attract education and work opportunities. By providing attractive office solutions in the heart of Tallinn, Riga, and Vilnius, Eastnine contributes to the positive development by enabling both local and global firms to create job opportunities and further develop the three capitals.

Opportunities of sustainable development

Climate change is becoming an increasingly important social and governance issue. Decreased emissions must be made at all stages and the regulatory requirements increase globally and regionally. Increased awareness of the situation has changed consumer attitudes and challenges companies in all sectors. In the real estate sector, tenants and property owners have high requirements for existing properties' technical solutions to be as sustainable as possible. At the same time, new development projects must consist of sustainable materials and through preventive measures reduce the climate impact right from the start. These measures are extremely important considering that energy use in real estate, and in real estate construction, accounts for more than one third of global energy consumption. To meet the demand for effective and modern office solutions, Eastnine works actively with environmental certifications of our offices, which is important at a time when the tenants require that their offices are in line with the company values.

The progress of digitalisation

Digitalisation is an important driving force for Eastnine. This transformation changes the playing field for how we communicate with each other, how companies conduct their business and how office space is used. New smart services simplify the communication paths between employees and allow us to take the job anywhere in the world, which of course has implications for

The digitalised Baltics

- In 2014, Estonia was the first country in the world to implement a system for digital citizenship, allowing non-Estonians to make income declarations, sign documents, and register companies digitally in only one day.
- Vilnius has the world's fastest public wi-fi and Central Europe's fastest broadband.
- Latvia has established a specific low start-up tax and recognised start-ups as legal entities.

Population growth in the capital cities

Source: Eurostat

Transact Pro, a well established payment services company with a focus on online payment solutions in Latvia, has chosen a young and inspiring interior for their offices in the Alojas Biroji property in Riga.

how companies use offices. Thus, digitalisation becomes an important driving force for Eastnine, when we must understand the needs and activities of our tenants in order to be able to offer modern and customized office solutions.

The three Baltic countries have shown in recent years that they are leading edge in digital technology and innovation. Capitals quickly establish themselves as new focal points for startups, at the same time as the already established international IT and technology companies continue to grow. Clusters of innovative and technology intense companies are appearing, creating strong ecosystems for startups. The growing service sector, primarily in Vilnius, has aptly made use of the digitalisation wave by convincing international companies to establish their service centres here. Only over the past three years, the service centre sector has grown by 82%.

Many of Eastnine's current tenants are Swedish, Nordic, and global IT companies that benefit from sweeping digitalisation and choose to establish their shared service centres in the Baltics thanks to the well-educated workforce and technological infrastructure.

Consistently high yields in the Baltics

The Baltic real estate markets sustained their high yields through 2018, while the underlying economies continued a trend of stable growth. Real estate investor interest for the three capitals has been significant this year as well, with increased development projects contributing to the emergence of attractive office clusters.

The global economic rise is present in the Baltics as all three countries demonstrated strong economic growth and stability. Rising real wages and declining unemployment rates stimulated the economy, which is expected to continue to grow in the coming year as well. The real estate markets remained active, with several interesting new development projects and high yields. International companies are continuing to establish offices in the growing business districts, where many technology-intensive companies are emerging and thus creating attractive environments for the business community as well as the local population.

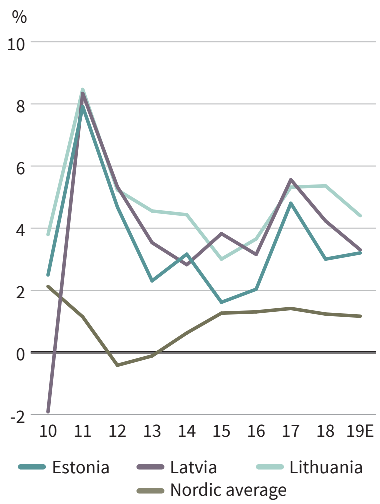
Attractive yields

The Baltic real estate yields have retained their superiority to Nordic yields, despite increasing demand from international investors. The average yield on A-class offices in the Nordic capitals was below 4% in 2018, compared to more than 6% in the Baltic counterparts. In the present low-rate environment, real estate markets provide an attractive yield, particularly in the Baltics. This entails high demand, which might put some downward pressure on yields in the coming year.

Resilient recovery trend

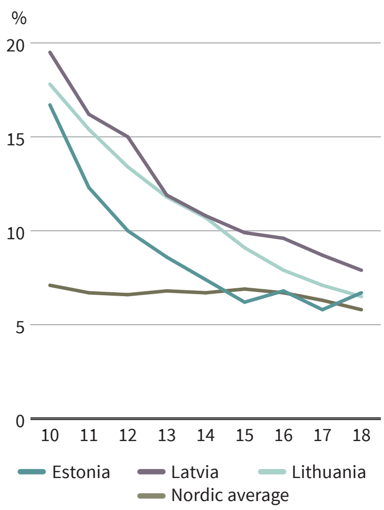
A common denominator for the Baltic states is their strong recovery trajectory following the global financial crisis, with growth rates that have outperformed the ones of their European peers, especially vis-á-vis the Nordic countries. The trend has persisted through 2018, with growth rates of 3.9% and 5% according to preliminary figures in Lithuania and Latvia respectively, while Estonia grew by approximately 4%. The trend is even more apparent for GDP adjusted per capita as the Baltic states have exhibited growth rates of 4-5% in comparison with the Nordic countries, which experienced GDP per capita growth of about 1%. Furthermore, unemployment rates in the Baltics have fallen and converged with the Nordics, which altogether is indicative of continued buoyant economic growth in the Baltic region.

GDP per capita



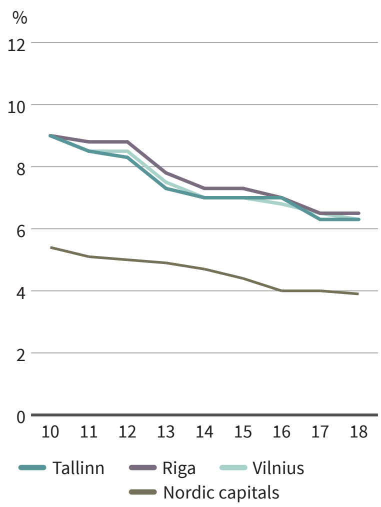
Source: World Bank, IMF

Unemployment



Source: Eurostat

Yields



Source: Colliers

High demand for A-class office space

Increasing demand from companies for office space located in attractive areas has forced investors into acquiring development projects and undeveloped plots, as well as redevelopment of existing office properties. Although office supply has begun to expand markedly in Vilnius and Tallinn, nearly all new supply of office premises has been absorbed by the market instantly. Naturally, this is a sign of a vigorous and healthy real estate market. A considerable proportion of this demand is driven by global companies, which are establishing shared service centres in the Baltics to pr vide IT, security and back office solutions. However, demand for central office space is also being increasingly driven by emerging start-up clusters in the three capitals.

The high levels of demand have resulted in vacancy levels remaining low despite the expanding supply of office space. A-class office vacancy in Riga and Vilnius is at approximately 1%, with slightly higher levels in Tallinn. In an international context, these are remarkably low levels, which puts property owners in a favourable position in terms of rent negotiations.

Rent levels have persisted despite growing supply in primarily Vilnius and Tallinn, with A-class office rent being around 15 EUR per square meter and month in all three capitals.

New development shapes compact clusters

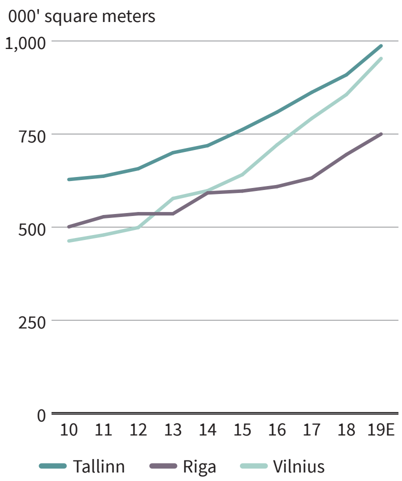
Rising demand for A-class office space and consequent new development has prompted the emergence of central business districts in the Baltic capitals, as well as an active transaction market. Interest in the Baltic real estate market is growing among international investors seeking new office premises which implies that demand for office developments is expected to increase in the region over the coming years.

Riga has seen many investments and development projects in the Skanste area, which is turning into a new business district. Skanste has become one of the most attractive areas in Riga, which is reflected in the low vacancy levels in comparison with the rest of the city. New supply is being added after a few years of sluggish activity, including the spectacular Z-towers, a 123-meter-tal office and apartment complex adding 22,500 square meters o A-class office.

Office supply in Vilnius continues to grow rapidly. 2018 saw the completion of the third and final building in Eastnine's project 3Burės, adding 13,000 square meters of A-class office supply to the market and further consolidating the new business district north of the river Neris. The trend will continue in 2019 as well, with the second part of the Park Town project adding 12,000 square meters among others.

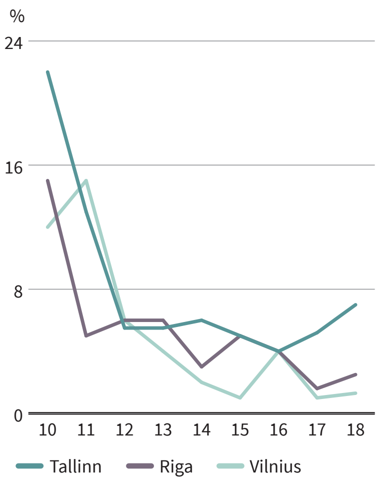
Office supply in Tallinn has been expanding consistently over the past few years and the trend is expected to continue. Many large development projects are under construction and will subsequently add to the supply of office space, primarily in the central business district. Porto Franco is expected to be completed by late 2019 and will add 30 000 square meters of A-class office space to the area between the port and city centre.

Office supply



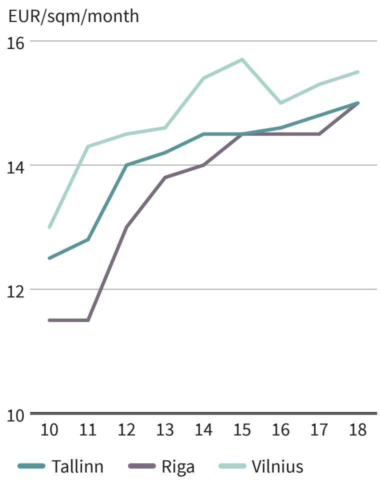
Source: Colliers

Vacancy



Source: Colliers, Oberhaus

Rents



Source: Colliers

Location, parking and flexibility is key!

For Visma, one of the anchor tenants of the newest addition to 3Burės business centre known as “the third tower”, office location, parking spaces and the possibility to flexibly plan their own space together with their 300+ employees were the main factors when choosing their new office in central Vilnius. No less important was the energy efficiency and the air quality of their future office space, as well as the reputation and business ethics of their future landlord. Mantas Urbonas, Managing Director at Visma in Vilnius, says that Visma chose the third and newest tower in 3Burės because of these features, but also since it is one of the largest office buildings in the central business district of Vilnius. Another competitive advantage according to Mantas is the green areas and the fact that 3Burės is a LEED Platinum certified property. ”For us, having a clear, transparent and constructive dialogue with our landlord is also very important and something we have found very valuable in our relationship with Eastnine”, Mantas continues.

Visma provides solutions that help their customers stay ahead of their competitors. Through optimized efficiency the customer’s goal posts are constantly being moved, and according to Visma there are always parts of an organization that can perform more efficiently, if not altogether automated. Mantas explains that their aim is to provide solutions and software of such high quality that the customer’s business and administrative processes are turned into competitive advantages, by offering world-leading solutions today, and tapping into the opportunities of what tomorrow’s technology offers.

“For us, it was important to have a bigger space for informal meetings, a few meeting spaces on each floor and slightly smaller but cozy spaces to have coffee breaks with colleagues” says Mantas . Other office features include smaller meeting rooms for heightened efficiency amongst the different teams, a sauna, and a large outdoor terrace, all for ensuring the well-being and satisfaction of Visma’s employees.

Sustainable development

Eastnine's business vision is to be a long-term provider of sustainable prime office space in the Baltic capitals. We are convinced that the ways we approach and manage the social and environmental aspects of our operation are increasingly important for our success. During 2018 we embarked on a journey to define what sustainable development means in the context of our operations, what challenges and opportunities it creates for us, and what type of strategies we need to pursue to truly integrate a sustainable mindset into all parts of our daily business. This process resulted in a clarified sense of direction as well as a set of long-term targets and a number of new policy documents developed to guide our operations. In addition, we decided to publicly disclose how we work with these issues and thereby invite others to engage with us so that we can continue to improve.

At Eastnine we aspire to be a leading actor in the Baltics regarding the management of social and environmental aspects of our operations. We see this as a pre-requisite for retaining and attracting new customers, employees and partners as well as getting access to capital from the best actors in the financial markets. All of them, we believe, will increasingly be taking sustainability concerns into their decisions on who they chose to work for or partner with.

We use the concept of sustainable development to support us in understanding and managing the challenges and opportunities for our business resulting from some of the largest changes in the societies we work in. During the past year we engaged in profound discussions on what sustainable development means for our operations, on how our impact on environment and society can affect our ability to conduct business in the long term, and finally how we ensure the sustainable development of our operations. We have been supported by analysis of industry research, best practices, national and global guidelines, expert opinions, as well as frameworks such as Global Real Estate Sustainability Benchmark and Global Reporting Initiative.

As a part of this process, we also conducted stakeholder dialogues spanning informal discussions, surveys and workshops with our employees, customers and shareholders. As a result we selected a range of sustainability aspects relevant for our operations (see table below). Some of these topics were further identified as material in accordance with the GRI methodology and hence defined the focus for this report as well as for our sustainability efforts going forward. The materiality analysis also helped us to define our long-term targets presented further in this report and to formulate new important policies and procedures to guide our further development. It also inspired us to join the Global Compact and to publicly disclose how we work now and what we plan to achieve in the future. We see this public disclosure as a way to cement our commitments and to engage other parties in a discussion on how we can improve in the future.

SOCIAL TOPICS	ENVIRONMENTAL TOPICS
Ethics and anti-corruption	Energy performance
Customer satisfaction	Emissions
Employee satisfaction	Waste
Diversity and equal opportunity	Material usage
Supplier assessment	Supplier assessment
Community engagement	Land degradation, contamination and remediation
Education	Biodiversity

Topics in highlighted purple are defined as material in accordance with GRI methodology.

Strategic focus areas

Creating modern workplaces for our customers
In order to help our tenants evolve, we strive to provide best-in-class service by offering flexible and modern workplaces. One of the growing trends that we observe and intend to pursue in our operations, is an increasing focus on health and well-being of building users. To this end we focus increasingly on the indoor environment controls, sustainable construction policies for new fit-outs, and measures and policies encouraging tenant physical activity inside the building and active commuting. By the end of 2018 we put together a comprehensive tenant engagement plan to support development in this area across all our properties. Starting 2019, tenant satisfaction surveys will be conducted on an annual basis to monitor the progress.

Eastnine's team
Eastnine workforce consists of fourteen employees working in Stockholm, Tallinn and Vilnius offices. The key principle underlying our work relationships is respect, and we interact with a high degree of transparency and trust. Eastnine's management and board of directors are gender-balanced and the company is included in the Allbright's Green List (which ranks listed companies from a gender equality perspective in board and management groups). We have zero tolerance for any type of workplace discrimination or harassment, and no incidents of this nature were reported in 2018. Also, in 2018 we conducted our first anonymous employee survey. All employees were invited to assess their work engagement, general work satisfaction, professional development, compensation, internal communication and other areas. The results of this survey provide guidance for our team development efforts in 2019.

Setting focus on anti-corruption
In 2018 Eastnine became a signatory to the Global Compact, a step in communicating our commitment to contribute to the responsible agenda in the area of human rights, labour, environment and anti- corruption. As follow-up measures, we revised Eastnine's Code of Conduct, established a whistleblower function, and kicked off a process to develop policies and routines for increasing transparency and accountability in supplier relationships. To facilitate this process, we also held an anti-corruption workshop for all employees conducted by an expert from the Swedish Anti-Corruption Institute. We intend to actively pursue further actions and initiatives to deliver on our commitments within the Global Compact.

Contributing to networks
The impact of our operations on the Baltic real estate market will steadily increase with the growth of our portfolio. This implies an increasing share of responsibility for the sustainable development of the region. With this commitment in mind, we intend to actively support and promote projects contributing to the transfer of best practice and knowledge within our region of operations. In the past year, for example, we facilitated and co-hosted an informal meeting with participation from the Lithuanian Minister of Energy and solar energy producers from Lithuania and Sweden, where solar energy strategies were discussed. During the year we also became members of GRESB (Global Real Estate Sustainability Benchmark), Sweden Green Building Council and Green Building Council Lithuania.

Environmental considerations at acquisitions
Along with the focus on more efficient environmental performance of our buildings, in 2018 we addressed the structure of our due diligence process preceding the acquisition of a property. This was done to flag potential environmental risks already at an early stage as well as provide a gap-analysis against targeted building certification requirements.

Environmental certification – roadmap to better buildings
We view certification as a roadmap to the improved performance for our buildings and as a tool to communicate with our customers and other stakeholders. We aim for a 100% certified portfolio, allowing 18 months for certification of newly acquired properties. LEED Platinum rating, which is the highest achievable rating according to LEED, was awarded to the existing 3Burės tower in 2018. The certification acknowledged recent upgrades of the business management system, improvements in water saving, as well as new routines for retrofits, waste collection, and office cleaning service. The third tower of 3Burės received LEED Platinum certification in early 2019. The certification process for the two remaining properties was initiated in December last year.

Leadership in Energy and Environmental Design (LEED) certification developed by the non-profit U.S. Green Building Council has been one of the most acknowledged green building certification programs worldwide. The certification stands for energy and water savings and healthier environment for occupants.

Targets & Outcomes 2018

In 2018 we agreed on Eastnine's overaching goal to reach zero greenhouse emissions from our operations by 2030. According to United Nations Environment Programme buildings and construction jointly account for 36% of global energy consumption and nearly 40% of global energy-related emissions. In this context the ability and capacity to minimize climate impact and deliver climate neutral or positive solutions will, in our opinion, become a defining feature of our industry going forward. We plan to achieve climate neutrality by addressing energy efficiency and inhouse energy production as well as steadily increasing the share of renewables in our energy sourcing. In the table below we present 2018 performance outcomes and targets for some of the aspects defined as material for our sustainable development (see page 13). In 2019 we plan to expand the goalsetting process to cover the full scope of our material aspects.

TARGETS AND KPIs	OUTCOME 2018	DESCRIPTION
SOCIAL ASPECTS		
Customer satisfaction Targets and KPIs to be determined		At present our communication with tenants is conducted via face-to-face tenant meetings and short surveys on a property level. Starting 2019 these efforts will be supplemented by an annual entity-level survey addressing all assets under management. The survey will help to evaluate the impact of previously implemented measures and policies.
Employee satisfaction Targets and KPIs to be determined		Employee satisfaction survey was conducted for the first time during the fall of 2018. All employees were invited to evaluate their work engagement, general work satisfaction, professional development, compensation, internal communication and other areas. Areas for improvement were identified and will be followed up in 2019.
ENVIRONMENTAL ASPECTS		
Energy performance Target 2030: 100% renewable energy consumption Short and medium term targets to be determined	Energy consumption 12 056 MWh Energy intensity 196 kWh/sqm Renewable energy 49%	Total energy consumption includes tenant electricity. Eastnine's energy intensity is in line with 2017 GRESB reported average for office buildings, 181 kWh/sqm. To assess potential for energy efficiency improvements in our portfolio individual energy plans for each property will be developed during 2019. Renewable energy currently accounts for 49% of total energy consumption and is related primarily to use of renewable electricity (99% of electricity used by our properties in Lithuania in 2018 was from renewable sources), whereas renewable sources for district heating need to be investigated.
GHG emissions Target 2030: Zero emissions from operations Short and medium term targets to be determined	Emission intensity 40 kgCO2e/sqm	Net emissions from the total property portfolio amounted to 2,262 tonnes in 2018 and are primarily related to the use of district heating in the properties, which accounts for 70% of all generated emissions. Solutions for switching to renewable sources for heating will be investigated during 2019. Currently, the use of internally generated power is limited to 20kW photovoltaic module installed in 3Burės. We will be looking at how to expand the use of solar energy going forward.
Certifications 100% environmentally certified portfolio	Certified properties, % of gross floor area 58%	LEED Platinum certification has been obtained by the 3Burės properties, with the existing tower certified during fall 2018 and the newly commissioned part in February 2019. Certification process for Alojas Biroji and Vertas properties was initiated in December 2018. Newly acquired properties to be certified within 18 months from acquisition

Contribution to the United Nations 2030 Agenda

By working towards our targets we will support the United Nations' 2030 Agenda for Sustainable Development through contribution to the following Sustainable Development goals.

3. Good Health and Well-Being
Eastnine will contribute to Target 3.9 by focus on environmentally friendly construction methods and healthy indoor climate in our properties.

7. Affordable and Clean Energy
Eastnine will contribute to Targets 7.2 and 7.3 by committing to 100% renewable energy in its energy supply composition by 2030.

11. Sustainable Cities and Communities
Eastnine will contribute to Target 11.6 by implementing efficient controls over air quality, emissions, and waste.

12. Responsible consumption and production
Eastnine will contribute Target 12.6 by integrating sustainable practices in its operations and increasing transparency over these efforts via public sustainability reporting. Target 12.5 will be contributed to via improvement of waste management including landfill diversion and recycling. Target 12.8 will be pursued via increasing communication to Eastnine's tenants on sustainable lifestyles and practices.

Sustainable foothold for Swedbank in Vilnius

When Swedbank, the Swedish bank with roots in the savings bank movement dating back to 1820, sought to expand to the Baltics, many factors were taken into account. The size of the labour markets, demographic trends, education and social skills, as well as the availability of office space and rent levels in the markets were all important factors, Marius Adomavičius, Head of Group Infrastructure, explains.

After a two-year construction period, Swedbank moved into their second office in Vilnius in the latest tower of 3Burės, located only a couple of minutes' walk from the Swedbank headquarters on Konstitucijos avenue. Swedbank's new offices comprise approximately 9,000 square metres for its 600 employees, still with some room for expansion should it be needed, a canteen and a health club center on the 19th floor, and what is probably one of the highest outdoor multifunctional sports courts in Europe. The design of the Swedbank office is clearly aligned with the Swedbank brand, to ensure that employees working at Swedbank, regardless of country or location, have the same experience at work.

Marius Adomavičius explains that besides being close to the Swedbank headquarters, many criteria were considered when choosing their next office, such as location, sustainable performance and the quality of the building. "3Burės is one of the highest and most visible A-class office buildings in Vilnius. The new premises at 3Burės meet the highest standards, and is LEED Platinum certified, which we assume ensures sustainable consumption of resources, and will contribute to society's well-being".

Property portfolio

Eastnine's property portfolio in the Baltics is steadily growing. On 31 December the Company owned and managed five properties in Vilnius and Riga with a total leasable area of 62,840 sqm and a total property value of EUR 158.9m. Since the end of 2018, Eastnine has entered an agreement to acquire S7, an office park consisting of three properties located in central Vilnius.

Portfolio strategy

Eastnine's portfolio strategy is focused on acquisitions, development projects and long term management of A-class office properties in the Baltic capitals Tallinn, Riga and Vilnius, we focus on central locations, modern properties and a concentrated office stock in each city.

Acquisitions

During 2018 Eastnine acquired two propertied in Riga, the office property Alojas Biroji and the smaller retail property Alojas Kvartals.

Alojas Biroji, with a leasable area of 9,000 sqm, was completed in 2009 for Nordea's headquarter in Latvia and is one of the most modern and energy efficient office buildings in Riga. The property is today fully let to a number of tenants, including the bank Luminor, law firm Ellex Klavins, IT-company Transact Pro and the global recruitment agency Albert Cliff. The property has a garage offering 244 parking spaces below ground which is unusual in Riga. Since acquisition Eastnine has initiated a process to certify the property in accordance with LEED.

Alojas Kvartals, with a leasable area of 1,760 sqm and the anchor tenant RIMI (part of the ICA-group), is a retail property adjacent to Alojas Biroji. Eastnine acquired the property because of the development opportunities the landplot offers in the future. Here we have the ability to build another office property and expand Alojas Biroji.

Property development

During 2018 Eastnine continued the development of the third tower in 3Burės, the office complex which has become a landmark in Vilnius business district and was acquired by Eastnine already in 2014. The development of the new tower, which consists of 23 floors and a leasable area of 13,400 sqm, was completed in September 2018. Tenants, Swedbank and Visma, are

Across from the river Neris in Vilnius along the main street Konstitucijos prospektas, the new central business district can be found. Here many service companies, banks and IT-companies have chosen to establish their head offices.

together occupying the entire premises, and started moving in during the fall from their former offices in 3Burės original towers which has translated into vacancies there in 2019. These are expected to be temporary due to high market demand for office premises. The third tower was certified LEED Platinum New Construction already in the design phase, and was further certified with LEED Platinum in February 2019.

As of 31 December 2018 there were no ongoing development projects in Eastnine's portfolio, but the Company is analyzing the opportunity to expand Alojas Biroji, and is continuously evaluating potential land plot acquisitions.

Property valuation

Eastnine's properties are internally valued on a quarterly basis, and those valuations have been confirmed on a yearly basis through external valuations. On 31 December 2018 the combined property value amounted to EUR 158.9m. As of the fourth quarter of 2018 the valuation is representing a yield of 6.0% (4.1), and EUR 2,530 (2,640) per leasable square metre.

Property value per city, as of 31 Dec 2018

Property value per city, after year-end 2018

Leasable area per city, as of 31 Dec 2018

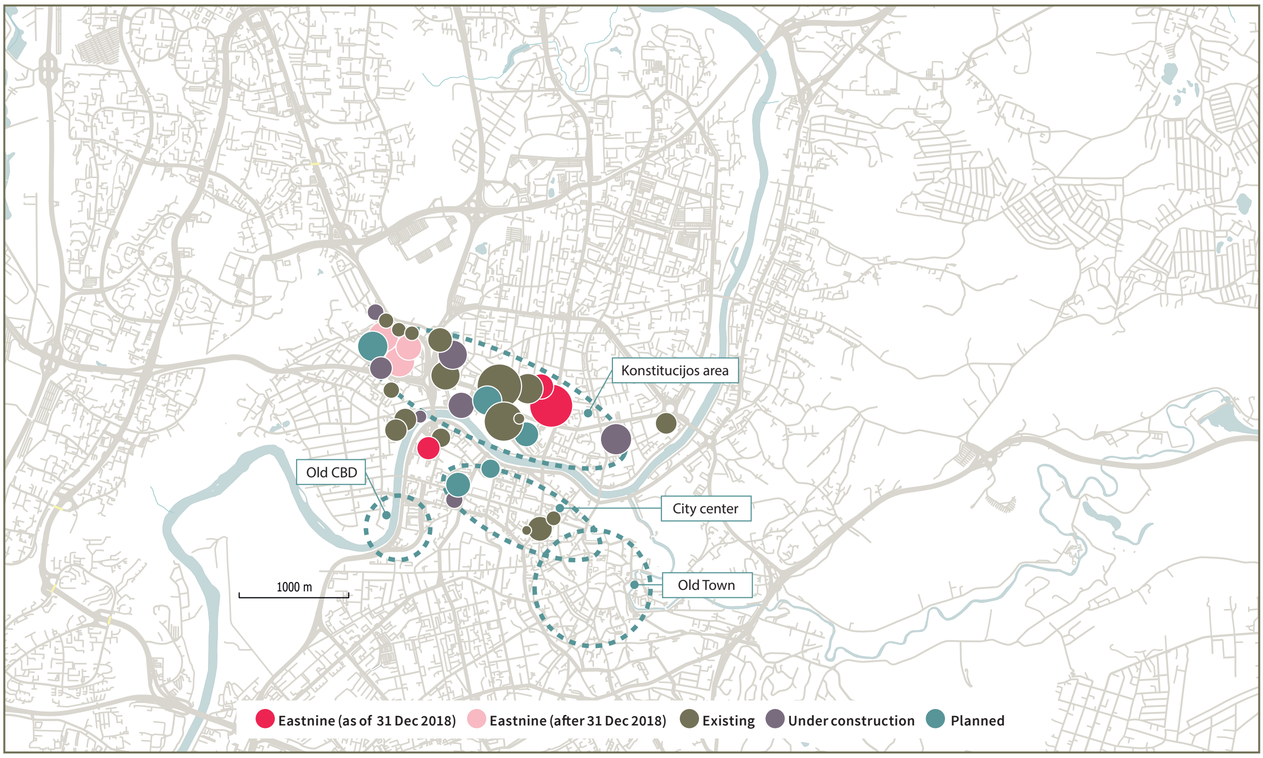
Leasable area per city, after year-end 2018

Key figures property portfolio

Property	City	Category	Completed	Acquired	Leasable area, sqm	Parking spaces
Portfolio as of 31 Dec 2018						
3Burės	Vilnius	Office	2014/2018	Q2 2014	41,820	1,140
Vertas	Vilnius	Office	2007	Q2 2017	9,400	250
Alojas Biroji	Riga	Office	2009	Q1 2018	9,850	167
Alojas Kvartāls	Riga	Retail	2004	Q1 2018	1,760	50
Totalt					**62,830**	**1,607**
Portfolio after 31 Dec 2018						
S7 Building I	Vilnius	Office	2017	Q1 2019	12,050	340
S7 Building II*	Vilnius	Office	2019	Q2 2019	15,950	400
S7 Building III*	Vilnius	Office	2019	Q1 2020	14,500	510
Total					**42,500**	**1,250**
Total					**105,330**	**2,857**

The third tower of the 3Burės office complex, which was commissioned in September 2018. The name 3Burės means three sails, which has been the inspiration for the architect of the three towers.

Vilnius



The third tower of 3Burės office complex, which was completed in September 2018.

Vertas is attractively located in Vilnius close to the city centre and the parliament.

In Vilnius a clear central business district (CBD) has been established over the past years along the north side of the river Neris. Here, along the main road Konstitucijos prospektas, almost the entire office stock of A-class office properties is concentrated. The area is expected to develop further for years to come, with several office- and residential properties, increased density and overall higher activity levels.

Eastnine owned three properties in Vilnius per year-end. 3Burės, consisting of the two original towers in one property, and the third tower which was completed during 2018 as a separate structure, is the largest office complex in Vilnius with a total leasable area of 41,000 sqm. The complex is located in the heart of the CBD next to Konstitucijos prospektas, the shopping mall Europa, city hall, several hotels as well as other office properties. The whole complex is LEED Platinum certified.

Vertas, Eastnine's third property, is located on the other side of the river, with an attractive location in the city centre next to the parliament. The location of the property has contributed to full occupancy since its completion in 2009, with the exception of temporary vacancies during tenant turnover. In December 2018 Eastnine initiated a process to certify the property.

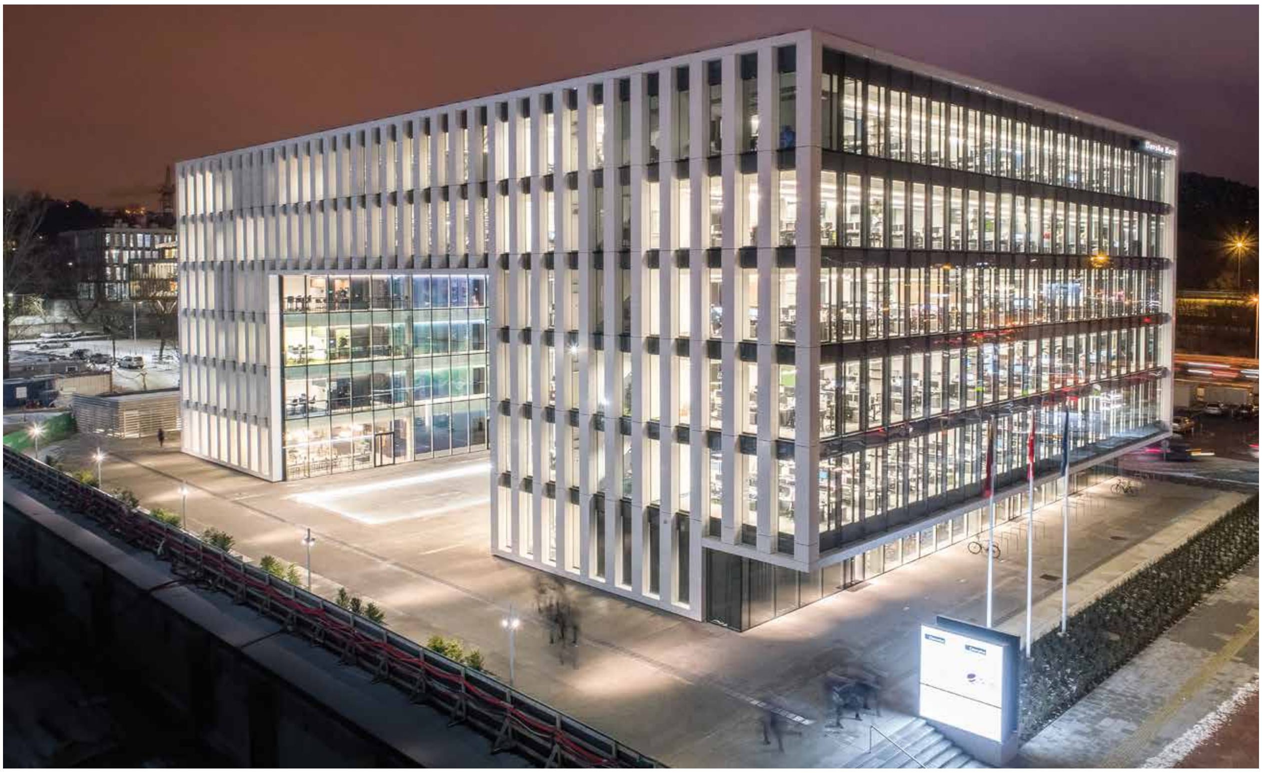
Eastnine is today the largest property owner of office premises in Vilnius, with an estimated 20% share of the A-class market.

VILNIUS
Office stock, sqm: 610,000
Market rent A-class, EUR: 14.5 - 17.00
Market rent B-class, EUR: 9.5 - 14.00
Vacancy, %: 4.9

EASTNINE IN VILNIUS 31 DEC 2018
Leasable area, sqm: 51,200
Occupancy rate, %: 96.2
Largest tenants
- Telia
- Swedbank
- Visma
- Citco
- EFSA

Acquisition of the landmark S7 in Vilnius

In February 2019 Eastnine agreed to acquire three properties in the A-class sustainable office park S7 in Vilnius central business district. The transaction is divided into three steps, of which the first was completed during the first quarter of 2019. The combined leasable office space amounts to 42,500 sqm, and all three properties are fully let.



During mid-February 2019 Eastnine was able to announce the acquisition of three office properties in the sustainable A-class office park S7 in Vilnius. The acquisition strengthens Eastnine's already strong position in Vilnius and will add a total leasable area of 42,500 sqm and 1,250 parking spaces to Eastnine's portfolio.

S7, located on Saltoniškių 7 in the central business district of Vilnius and in close vicinity to the city centre, is one of the most modern and sustainable office parks in Lithuania. All buildings are expected to receive BREEAM Excellent certifications, and are considered landmarks in the Baltics for sustainable office development. S7 has received several awards such as Best Office Development in the Baltics (2018)[1] and Most Vibrant Workplace in Central and Eastern Europe (2019)[1].

Eastnine acquires three buildings for a total consideration of EUR 128m, representing a yield of 5.8%. The transactions are conducted in three stages, of which the first was completed in February 2019. Remaining transactions will be completed in Q2 2019 and Q1 2020 respectively. All properties are fully let to Danske Bank Global Services Lithuania (Building 1 and 3) and Telia Lietuva (Building 2) with an average lease period of 6.4 years.

S7 will nearly double Eastnine's earning capacity and expands Eastnine's portfolio to exceed 100,000 sqm and a property value of EUR 287m.

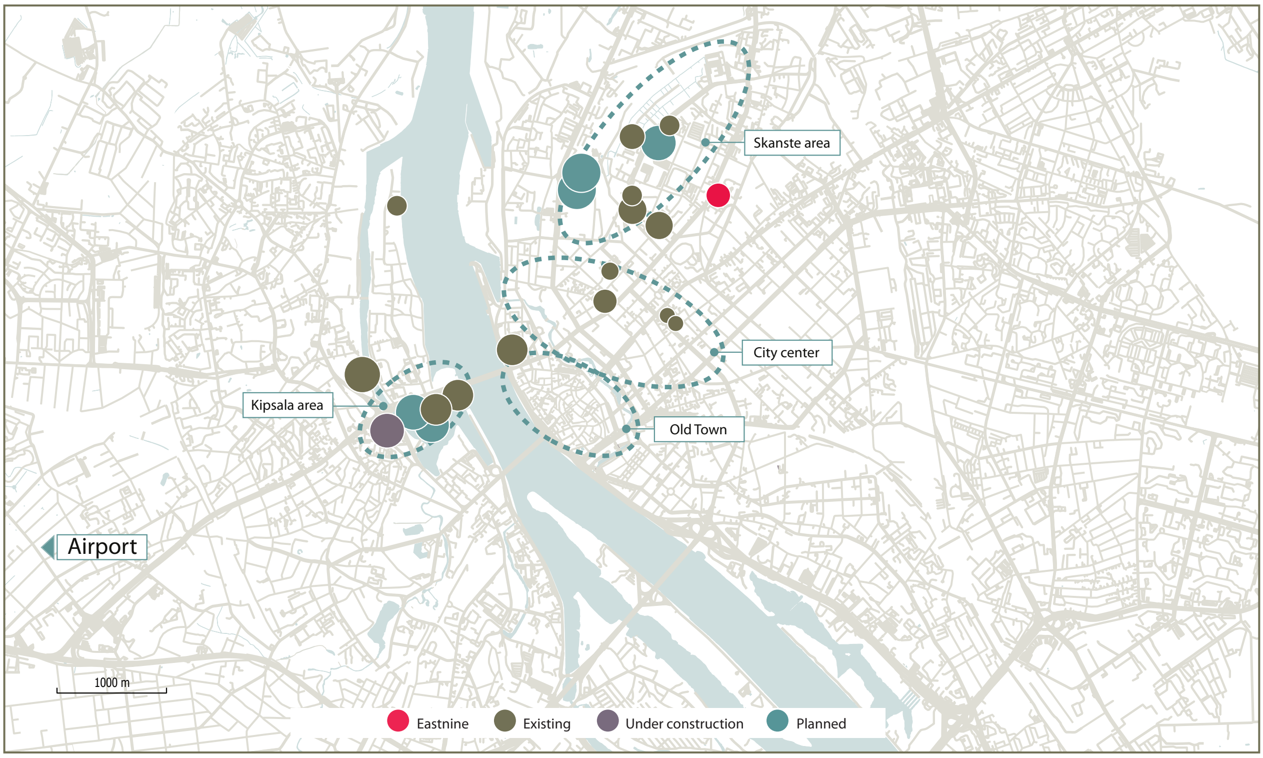
The transactions will be financed through a combination of own cash and new debt via a syndicated loan.

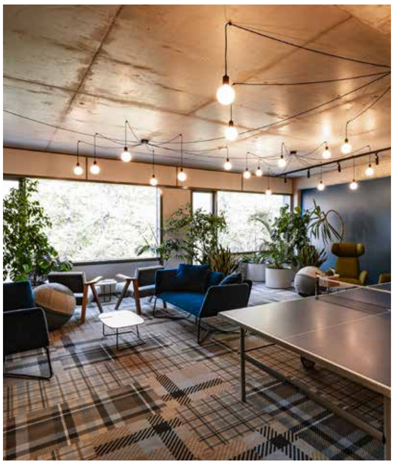
Danske Bank Global Services Lithuania (GSL)
Danske Bank Global Services Lithuania was established in 2012 with the strategic purpose of offering business- and IT-support and product development to the Group. GSL has received several awards such as Best Employer Among Shared Service Centres in CEE (2016).

Telia Lietuva
Telia Lietuva is the market leading telecommunications company and quad-play operator in Lithuania, offering broadband, TV, phone- and wireless services to its customers. Telia Lietuva was recently awarded Number 2 Most Attractive Employer in Lithuania in 2018.

[1] The awards Best Office Development in the Baltics (2018) and Most Vibrant Workplace in Central and Eastern Europe (2019) were presented by Verslo Žinios in collaboration with Baltic real estate organisations, and a cooperation between investment organisations in central and Eastern European countries, respectively.

Riga





Transact Pro has a recreational room for employees at their Alojas Biroji offices.

Alojas Biroji, one of the most energy efficient office properties in Riga.

Unlike Vilnius, Riga does not yet have a clear central business district. Development of new offices are scattered over different micro locations, amongst others in Skanste, north of the city centre, and the area surrounding Kipsala, an island in the middle of the river facing the old town. In the historical city centre, next to older residential properties turned offices, a handful of office properties are also located.

During 2018 Eastnine entered the A-class office property market through the acquisition of Alojas Biroji. The property, which is one of the most modern and energy efficient properties in Riga, is centrally located on Kr. Valdemāra iela, one of the arterial streets of Riga in close vicinity to both the city centre and the developing business district in Skanske.

Eastnine's property portfolio is expected to expand in Riga during the coming years. Selective acquisitions will be made, and we also have the opportunity to expand Alojas Biroji which would more than double the existing property volume today.

The office market in Riga is less developed than both Vilnius and Tallinn, with fewer available square metres per person, and we see potential in further demands.

RIGA

Office stock, sqm: 640,000

Market rent A-class, EUR: 14.00 - 17.00

Market rent B-class, EUR: 8.00 - 14.00

Vacancy, %: 3.4

EASTNINE IN RIGA 31 DEC 2018

Leasable area, sqm: 11,600

Occupancy rate, %: 87.1

Largest tenants

- Luminor
- Transact Pro
- Ellex Klavins
- Rimi
- Uralkali

Real Estate Funds

Eastnine's portfolio also consists of property holdings through indirect investments, via Eastnine's historic holdings in the property funds East Capital Baltic Property Fund II and East Capital Baltic Property Fund III. The funds include properties in prime locations with stable cash flows and potential for further development. The funds' focus on commercial properties, as well as logistics, hotels and office properties in the Baltic capitals.

East Capital Baltic Property Fund II

The fund was started in 2012 with a main focus on properties with well-established tenants and sustainable rent levels through improvement of tenant composition, renovations, expansions and other property development. By year-end, the fund had four commercial properties in Tallinn and one retail property in Riga. The fund is fully invested with a lifespan up to 2019. The fund has the option to extend the lifespan by up to three years. The dividend target is 4-6% annually on invested capital.

Key figures as of 31 Dec	
Eastnine's share of the fund, %	45
Fair value of Eastnine's holding, EURm	22.1
Value change 2018, %	12.0

East Capital Baltic Property Fund III

The fund launched in 2015 and mainly invests in shopping centres and commercial properties with well-established tenants and competitive rent conditions, but also logistics and office properties in and around Tallinn and Riga. Value is added through improvements in tenant mix, modernisation, expansion and reconstruction. By year-end, the fund had three commercial properties in Tallinn and two in Riga. Eastnine's investment commitment amounts to EUR 20m and the lifespan is until 2023. The fund has the option to extend the lifespan by two years.

Key figures as of 31 Dec	
Eastnine's share of the fund, %	22
Fair value of Eastnine's holding, EURm	21.9
Value change 2018, %	11.5

Nehatu Logistics park in Tallinn, which was acquired by East Capital Baltic Property Fund III in 2017, includes over 77,000 square metres of premises for logistics and industrial activities.

Melon Fashion Group

Eastnine holds 36% in Melon Fashion Group (MFG). During 2018 the value of the holding increased by 7.2% in EUR as a result of strong operational performance.

Melon Fashion Group (MFG) is one of the leading players in the Russian apparel retail market with a retail network consisting of 416 own and 159 franchise stores in seven countries. MFG's business model is based on in-house design, while production is outsourced to suppliers in Asia. The company's brand portfolio features diversified and highly complementary brands: befree, Zarina, and Love Republic. Each of these brands addresses a specific customer segment and has a unique appeal. Befree is targeting younger generations offering cheap and youthful fashion. Zarina appeals to mature women with a range of higher priced clothing for classical wardrobes, while Love Republic puts the accent on special occasion wear accentuating femininity and sensuality. The breadth covered by these three brands addresses a wide range of customer groups across different ages and style preferences.

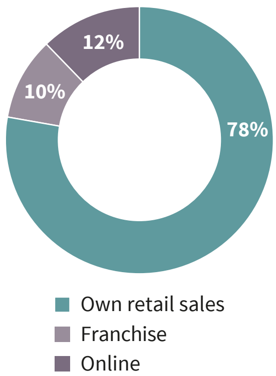
MFG has a successful history of organic growth with a nearly fivefold increase in selling space since 2008, interrupted by the economic downturn in 2015, from which MFG emerged as a stronger business. Following two years of transformative changes the company has been delivering robust sales growth and significant profitability improvements compared to past periods.

In 2018 total sales increased by 27% pushed by strong like-for-like growth, selling area expansion and robust development of online channels. At present MFG's online sales are distributed through own webshops and multi-brand fashion marketplaces such as Lamoda, Wildberries, and AliExpress. The first two are Russian counterparts of pan-European Zalando or Nordic Boozt, whereas AliExpress is an online retail service owned by Alibaba. Sales via own and third party online channels during 2018 increased by 125% compared to a year ago.

Despite the rapid growth of e-commerce in Russia, online channels account for approx. 7% of the total apparel market in Russia (with the ratio being stable over the last three years), and brick-and-mortar retail remains a major distribution channel. One of the features post-crisis and following the sanctions towards the Russian market was a new vacuum created by the withdrawal of international brands and the bankruptcy of local fashion players. MFG used this opportunity to secure new attractive locations by relocating existing stores and opening new ones. The upgrade of the retail network with regards to store locations and their conceptual design, which started in 2016, has been one of the major factors driving operational improvements and bringing 2018 EBITDA earnings to a record high RUB 2.2bln, corresponding to an EBITDA-margin of 12.4% and +43% growth year-on-year. Strong cash flow and the absence of long-term debt created conditions for higher dividend, corresponding to EUR 3.2m paid out to Eastnine in 2018, compared to EUR 1.9m in 2017.

Despite continuous geopolitical turbulence, MFG's recent performance indicates that the company is now well equipped to deal with emerging risks and opportunities.

Sales by channel, 2018



Key figures Melon Fashion Group

RUBm	2018	2017	2016	2015	2014
Sales	17,630	13,869	12,474	12,563	11,192
EBITDA	2,075	1,507	647	798	481
Net profit	1,078	769	131	273	44
Sales growth, %	27.1	11.2	–0.7	12.3	24.8
Gross margin, %	52.1	52.5	47.6	46.0	53.3
EBITDA margin, %	11.8	10.9	5.2	6.4	4.3
Number of shops, end of period	575	551	558	642	669
Like-for-like sales growth, %	7.9	6.5	–2.2	3.9	0.2

Girl power!

Befree's Fall-Winter 2018 advertising campaign celebrates girl power by playfully challenging social norms. Regina Todorenko, a famous Russian- Ukrainian TV-anchor, movie star, and blogger is the face of the campaign shot in St. Petersburg, the city of origin for all three of the MFG brands.

Risks and risk management

Risk management
Eastnine is exposed to different types of risks. As the Company increases its focus on directly owned real estate investments in the Baltics, the overall risk level is reduced. This due to the long term strategy of owning commercial properties in A-class with solid tenants and low vacancies which has been historically proven to be less volatile in terms of cash flow and lower business risk compared to the Company's previous investment portfolio.

The focus on real estate limits some risks previously related to Eastnine such as currency risk, share price risk and geopolitical risks, while other risks such as interest- and credit risk as well as rent and vacancy risks will increase. By year-end 2018 Eastnine still had one Russian investment and thereby had exposure to currency risk to EUR.

Our risks are divided into operational risks, portfolio risks and liquidity risk on Group level. On operational level in the property management, risk assessments are made on properties, rental income, vacancy, development projects, environment, value changes, financing and real estate transactions. In connection with investment decisions the potential new investments effect on Eastnine's weighted risk is taken into account.

Risk management and follow-up is an integral and incorporated part of our operations. The Company uses different tools to continuously identify, evaluate and limit risks. The Company strives for a low weighted financial risk and uses tools such as interest rates derivatives to manage and limit the financial risk within strict parameters. Eastnine regularly carries out an internal risk analysis and from it produces a relevant action plan.

Risk management is carried out by the Company's management in accordance with relevant policies adopted by the Board of Directors. Financial risks are primarily managed by the finance function in accordance with the Company's financial policy.

Risks and risk management are further explained in note 28 on pages 64-65.

Group level – Eastnine AB

RISK	ACTIONS
Operational risk Risk of losses as a result of insufficient routines or systems, or lacking knowledge on new regulations affecting the Company's operations.	Overview and updates of internal processes and systems are made continuously. Within the audit, Eastnine's auditors review the internal processes and report directly to the Board of Directors annually. During 2018 the Company completed a streamlining of its Group structure and consolidation of operations to Sweden, Estonia, Latvia and Lithuania. This is considered to have lowered the operational risk and consolidated internal control. As Eastnine has a limited number of employees the Company is dependent on certain personnel. The Board of Directors have adopted a Business Continuity policy which covers the most central areas of the Company's functions, and is reviewed yearly. The internal control is considered strong and the operational risks low.
Portfolio risk The risk of losses as a result of value decline in the portfolio, including non-core holdings. Factors that may effect value are volatility, diversification and liquidity, as well as market risks such as currency- and interest risk.	As Eastnine has gradually increased its exposure towards the Baltics and decreased exposure towards Russia and eastern Europe and fully divested all listed holdings, volatility and market risk in the portfolio has decreased significantly. The portfolio concentration has increased as diversification and liquidity has decreased. It is Eastnine's assessment that the strategy to focus on A-class commercial properties with solid tenants in the Baltic capitals will result in a weighted lower portfolio risk compared to previous years.
Liquidity risk The risk of insufficient liquidity needed.	Through continuous cash flow forecasts for the coming 12 months Eastnine is able to assess liquidity needs and plan financing. The Company's cash at the end of 2018 corresponded to 20% of the total asset value. Liquidity risk in the ongoing operations is deemed to be low. In order to reach the target of becoming a fully transformed real estate company, Eastnine is dependent on the divestments of remaining non-core holdings. These are less liquid which may effect the Company's investment pace, and result in foregoing value creating investment opportunities.

Real Estate Direct

RISK	ACTION
Rental income Rental income is paramount for cash flow in the directly owned real estate, and also has an effect on property valuation.	Risks related to rental income are limited by Eastnine's concentrated focus on real estate in the most attractive commercial locations, which historically have seen lower vacancies and more stable rent levels.
Rent levels	Rental agreements are generally signed for a duration of 3-5 years, and in newer developments for a longer period, which gives room for market level adjustments. Approximately 95% of rents are tied to consumer price index (CPI), either locally or on EU/Euro-level, and some have a yearly maximum rent increase cap. The rent levels are however not effected by a decrease in CPI.
Vacancy	The risk for longer vacancies is determined to be low considering the attractive locations and modern offices provided, and current macro indications show continued economic growth in the region. During 2019 some tenants will vacate premises which will bring temporary vacancies, but also an opportunity for value increase through renovations. Vacancy at the end of 2018 was 11.6%.
Tenant structure	Risk related to tenant structure is managed by offering A-class office premises which attract solid tenants with strong solvency. Our tenants represent various industries, with a majority of Nordic or international brands. Solvency is deemed strong and there were no rent losses during 2018.
Development projects Development projects are exposed to increased construction costs and risk of delays, as well as vacancy risk.	By year-end 2018 Eastnine had no ongoing development projects in its portfolio, as the third tower in 3Burės was completed in September 2018. Eastnine's real estate strategy involves development projects offering the opportunity to create new A-class offices in line with its strategy.
Financing The risk of losses due to decrease in available capital and/or increase in capital related costs, which may limit acquisition possibilities.	Financing risks are limited in the Financial policy which stipulates an interest service coverage ratio of at least 2.0x and a loan to value of a maximum of 65%. By year-end 2018 100% of property related loans were hedged via interest rate derivatives, with an average interest and capital tie-up period of approximately 4.7 years. Loan to value ratio was 42.5%. The interest service coverage ratio was 3.6x during 2018. Unutilised credits amounted to EUR 102m. Access to capital has thus far been good with credit from well established Nordic banks. The number of active commercial banks in the Baltics decreased during the year and capital access may as a result be dampened.
Value change The risk of losses from negative value changes in the property portfolio. Property value is affected by external factors such as yield requirements and interest rates, as well as changes in rent levels and vacancies.	The risk of negative value changes are managed primarily through surveillance of the properties' conditions in order to be able to offer modern and attractive office premises on prime locations, and hence attract and retain solid tenants which will decrease the risk of vacancy and rent level decrease. Property value is determined by quarterly internal valuations which are generally confirmed through yearly external valuations. Significant or unexpected changes in vacancy, rent conditions or other external factors may induce revaluation apart from the external valuations made yearly.
Real estate transactions The risk of failed acquisitions or divestments or unfavourable conditions due to limited supply or demand.	Eastnine's transaction risk is exclusively related to acquisitions, and is managed by the internal organisation with extensive real estate experience and a broad network in relevant markets, which means Eastnine may partake in relevant transactions. Eastnine's long term approach means that the Company may acquire properties in need of development or renovation, offering a larger range whilst the Company's strategic and financial targets set clear boundaries for acceptable risk- and return levels.
Environment The risk of negative consequences related to environmental impact.	Eastnine actively works to decrease its effect on the environment, primarily through acquiring energy efficient properties, and increase efficiency throughout its portfolio. The Company's target is to certify all properties, and certification processes for new acquisitions shall unless already certified, be initiated without delay. The purpose is to decrease the weighted risk of our operations' environmental impact as well as to keep costs low for our tenants.

Financing and capital structure

Eastnine is currently financed by equity and bank loans from two well-established Nordic banks. In the long term, Eastnine's debt portfolio will also include bonds and certificates, and green funding will, to the extent possible, be prioritized.

Capital structure

Eastnine manages its capital and optimises own equity and debt in order to provide a sound long-term risk-adjusted return to its shareholders. The operations are mainly financed through equity and interest bearing debt with the properties as securities. The financial and capital structure is regulated in the Company's financial policy. Eastnine's equity/asset ratio target is at least 30%, and the interest bearing debt in relation to property value may not exceed 65% on an aggregate level. In isolated properties and development projects, the loan-to-value ratio may be higher.

Eastnine's directly owned real estate operations are under development with the aim to be a fully transformed real estate company by the end of 2020. Until fully transformed, Eastnine's assets also include holdings in real estate funds and one unlisted holding (Melon Fashion Group). These holdings have no interest bearing debt in Eastnine's balance sheet, which is why Eastnine's total loan-to-value ratio will be lower as long as these holdings are still amongst the Company's assets.

Equity

Equity amounted to EUR 241k, and the total assets EUR 318k, which provides an equity/asset ratio of of 75.8 percent. Total number of shares by the end of 2018 was 22,370,261, of which 869,159 was held by the Company as a result of Eastnine's share buyback program. Adjusted for own holdings, the number of shares amounted to 21,501,102.

Dividend and share buybacks

According to Eastnine's dividend policy, dividend shall amount to at least 50% of the profit from property management. Until completion of the transformation into a pure real estate company, the dividend shall amount to at least 2.0% of the net asset value per share. The Company may also repurchase own shares with the objective to achieve added value for our shareholders, for as long shares are repurchased at a discount to its net asset value per share. The Company has been using the repurchase mandate since 2016.

Interest bearing debt

Interest bearing debt at the end of 2018 amounted to EUR 67,550k, and consisted exclusively of bank loans with two well established Nordic banks in the Baltics. Unutilised credits amounted to EUR 102k. Loan-to-value ratio in relation to the value of the property portfolio corresponded to 42.5%.

Interest service coverage ratio, which measures the Company's ability to pay rent on outstanding debt, was 3.6x for the full year 2018.

Eastnine's debt portfolio in the long term shall also be able to cover bonds and certificates, and where possible, green funding shall be prioritised.

The average capital tie-up period by year-end was 4.7 years, same as the fixed interest period.

Interest expenses and interest derivatives

Eastnine utilises interest derivatives as a protection from higher interest costs in the event of rising market rates. The derivatives consist of interest rate swaps, and by year-end 100% of the Company's total interest bearing debt were secured. The average interest rate on interest bearing debt, including credit facilities, was 2.4% during the year.

Derivatives are measured at fair value, equal to market value, recognised in Eastnine's balance sheet. Value by year-end amounted to EUR -957k. Value changes are reported separately through profit or loss, and at maturity the market value will be zero.

Securities and covenants

The interest bearing bank loans are mainly secured through mortgages on the properties and in some cases shares in directly owned property subsidiaries. By the end of 2018 two out of five properties were unleveraged. There was one parent company guarantee related to administrative completion of a development project.

The loan agreements contain covenants, which constitutes limit values for certain key figures with the purpose of reducing the lenders' counterparty risk. The covenants consist mainly of equity/asset ratio, loan-to-value ratio and debt ratio. During 2018 the Company met all covenants with solid margin.

Liquidity

Cash and cash equivalents consist mainly of cash in bank deposits, and amounted to EUR 65,119k. Thanks to Eastnine's strong liquidity the Company is well equipped for acquisitions, and also means that the Company's debt is relatively low.

Financial targets

TARGET	OUTCOME
Portfolio transformation By the end of 2020 Eastnine's portfolio shall only consist of directly owned real estate and cash.	By year-end 2018 directly owned real estate amounted to 52% of Eastnine's total invested capital (excluding cash).
Return on equity (ROE) Return on equity shall, over a 5-year period, amount to 13-15% within the Real Estate Direct segment.	Return on equity in the Real Estate Direct segment was 13% for the full year 2018.
Dividend Dividend shall correspond to at least 50% of the profit from property management. Until 2020, meaning during the transformation phase into a pure real estate company, the yearly dividend shall correspond to at least 2.0% of the net asset value per share.	Dividend for 2017 corresponded to 2.0% of the net asset value per share. The proposed dividend for 2018 corresponds to 2.0% of the net asset value per share.
Profit from property management Profit from property management in the Real Estate Direct segment shall reach a capacity of EUR 15m by the end of 2020.	Profit from property management in the Real Estate Direct segment reached a yearly capacity, calculated as annualised investment income for the fourth quarter of 2018, of EUR 8.5m by the end of 2018.
Loan-to-value ratio Interest bearing debt shall not exceed 65% of the value on the directly owned real estate portfolio.	Loan-to-value ratio was 42.5% by the end of 2018.
Equity/assets ratio Equity in relation to total assets shall not be less than 30%.	Equity/assets ratio was 75.8% by the end of 2018.
Interest service coverage ratio Interest service coverage ratio, calculated as profit after financial items with the addition of interest expenses- and income received in relation to interest expenses, shall exceed 2.0x.	Interest service coverage ratio was 3.6x during 2018.

Corporate Governance Report

For Eastnine AB (publ) ("the Company") corporate governance involves the way in which the Company works and is organised for the purpose of safeguarding all the stakeholders' interests and achieving the Company's objective of providing good returns in the long term.

Corporate governance at Eastnine is based on both external and internal rules. The external rules are the Companies Act, Nasdaq Stockholm's Rules for Issuers, the Swedish Code of Corporate Governance ("the code"), as well as other applicable Swedish and foreign legislation and provisions. The Company's internal rules include the articles of association, rules and guidelines for corporate governance, the board's rules of procedures, instructions to the CEO and the policy documents adopted by the Company. The Company follows the code.

The purpose and nature of the Company

Eastnine is a public limited company established in 2007, the purpose of which is to invest in real estate located in the Baltic capitals. The Company is in the process of transformation from having been a diversified eastern European investment company into a Baltic real estate company and the transformation is expected to be completed by the end of 2020. The Company's purpose is to create the highest possible risk-adjusted return for the Company's shareholders through long-term ownership of real estate and active property management. The Company's headquarters is located in Stockholm.

The board of Eastnine

The composition of the board

According to the articles of association the board shall consist of three to six members without deputies. Board members are elected by the annual general meeting for a period of one year. The annual general meeting decided to re-elect Peter Elam Håkansson, Liselotte Hjorth and Nadya Wells as board members. Liselotte Hjorth was elected new chairman of the board. Further, Johan Ljungberg and Peter Wågström were elected as new board members in the Company.

The board's independence

According to applicable regulations, Liselotte Hjorth, Johan Ljungberg, Peter Wågström and Nadya Wells are considered independent of the Company and its management, as well as in relation to the Company's major shareholders. The independent members of the board have been appointed because of their considerable experience of international corporate management and business activities, with a focus on financial knowledge and real estate experience as well as various listed companies.

Peter Elam Håkansson is not considered independent in relation to major shareholders since he is closely related to East Capital, which was a major shareholder in 2018 as defined in the code. On 31 December 2018 there were no other major shareholders in the Company as this term is defined by Nasdaq Stockholm's Rulebook for Issuers and the code. More information about each of the board members may be found on pages 34–35.

The board's responsibility and duties

The Company's board has overall responsibility for the Company's organisation, administration and financial reporting. The board is also responsible for evaluating and taking decisions on all investments and divestments that the CEO and management implement through the Company's property management organisation. The board also decides on issues that are related to the capital structure, such as initiating distributions to shareholders or increasing the capital available for investments, by issuing new shares or taking up loans for example. The board regularly oversees the investment strategy and evaluates whether it is in the best interests of the Company's shareholders. The board also evaluates existing investments, investigates how management performs its tasks and decides on remuneration to management.

The work of the board is governed by the rules of procedures that have been adopted. The chairman of the board Liselotte Hjorth leads the work of the board and maintains ongoing contact with the CEO and the Company's other executive functions, for the purpose of monitoring the Company's activities. The board has also formulated and approved work instructions for the CEO, as well as a number of policy documents. The Company's CEO Kestutis Sasnauskas, the (during 2018 resigned) CFO Lena Krauss and Interim CFO Mattias Lundgren also attended board meetings during 2018 to report on their respective areas.

The board holds five ordinary meetings per year. More meetings may be held if needed, to discuss and decide on investment proposals and other strategic issues.

Board meetings and main topics

During 2018 a total of 13 board meetings were held. Main topics discussed in the meetings were investment proposals and divestment proposals of non-core holdings, reporting from management on the ongoing property management, financial reports, valuations, strategic questions, and internal risk- and control matters. During 2018 the board adopted a standard yearly plan apart from the regularly occurring items on the board agenda such as investment decisions, property management matters and status reports from the Company management.

Evaluation of the board

The work of the board is continuously evaluated and the evaluation is used to develop the work of the board and as a basis for the nomination committee's evaluation of the composition of the board. In 2018 the board was evaluated by the Company's chairman as well as by the independent members of the nomination committee in order to provide supplementary information for the nomination committee's work of preparing proposals to the 2018 annual general meeting.

The audit committee

The duties of the audit committee have been performed by the board as a whole since June 2016. The board discusses the financial reporting, as well as valuation and auditing issues. The Company's authorised auditor from KPMG reported to the board on the general oversight and audit of interim reports during the year.

Remuneration to board members

On 24 April 2018 the annual general meeting decided that remuneration to the chairman of the board should amount to SEK 800,000 for the period up until the 2019 annual general meeting. Other board members should receive an annual remuneration of SEK 400,000 each for the same period.

Remuneration committee

In view of the limited number of employees in the Company, the board has decided that no remuneration committee is needed. The duties that would have been performed by a remuneration committee are instead performed by the entire board.

The management of Eastnine

The CEO and management are responsible for ensuring that the ongoing administration of activities is performed in line with the board's directions. Management is also responsible for the internal controls that are necessary for the board's supervision of the investment- and property management activities. Management regularly reports to the board on these issues.

Remuneration to management

During the year, remuneration to the CEO and CFO consisted of fixed and variable salary as well as pension and insurance benefits. The board decides on a discretionary basis on whether variable salary shall be paid to management. This decision is based on internal evaluation criteria where strategic and operational activity based targets are evaluated. The targets are set and evaluated yearly by the board. During 2018 the board granted the CEO a variable salary of 40 percent of fixed salary, and the during 2018 resigned CFO 50% of fixed salary. Maximum variable salary is 50% of the fixed salary.

During 2019 the board granted the CEO a variable salary of 40% of the fixed salary, of a maximum of 50% of the fixed salary.

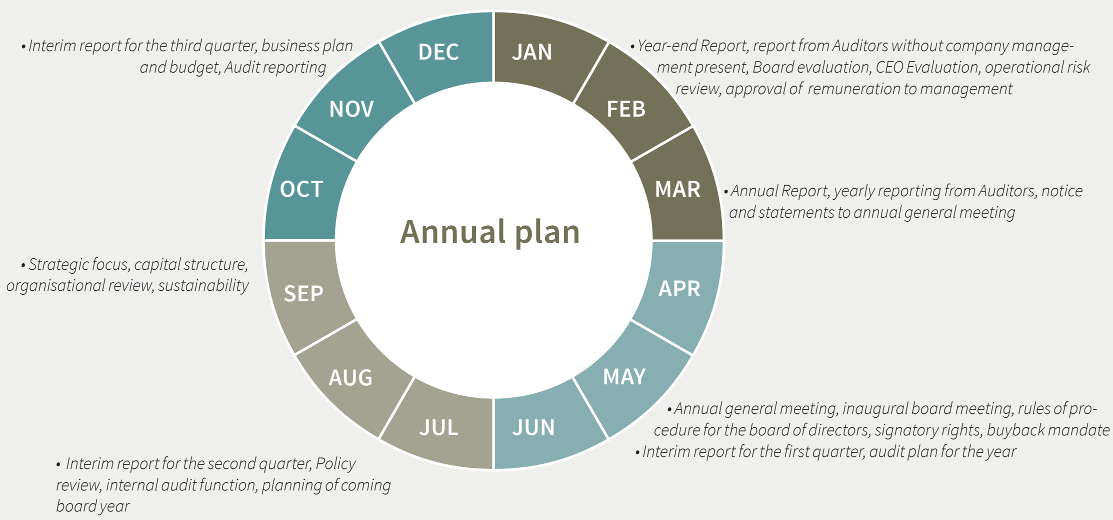
The CEO had an individual premium based pension plan during 2018, of which the Company pays premiums corresponding to 4.5% of the fixed salary up to 7.5 income base amounts and premiums of 30% of the fixed salary for the amount of salary that exceeds 7.5 income base amounts.

Detailed information about remuneration to management may be found in note 8 on page 55.

CEO

The CEO is responsible for the day-to-day activities of the Company according to the instructions from the board and other guidelines and policy documents. Together with the chairman of the board, the CEO prepares the agenda for board meetings and is

ANNUAL PLAN FOR THE BOARD OF DIRECTORS



responsible for producing the necessary data for decision making. The CEO also ensures that the board regularly receives information about Eastnine's development and market information, so that well-grounded decisions can be taken.

The CEO Kestutis Sasnauskas has two board appointments outside the company, Agro Region Stockholm Holding and Rytu Invest, and has a significant shareholding in the latter. Kestutis also has a direct shareholding in Eastnine AB, corresponding to 2% of the outstanding shares. Information about the CEO may be found on page 36.

Share related incentive programmes

The annual general meeting on 24 April 2018 approved the board's proposal on a long term incentive programme for the full time employees in the Company, with the purpose of increasing shareholder value and long term value creation through adequate resources to retain and attract competent personnel in the Company, and increase motivation amongst participants through own ownership. The incentive programme is available to all employees in the group employed since 2018, and is divided into three categories: CEO & CFO, Investment managers and lease managers, and other employees.

Participation in the programme requires that the participants acquire shares in the Company for an amount corresponding to a maximum of two monthly salaries as of 1 April 2018 (savings shares). Each savings share give the participants right to receive a share in the Company (matching share) free of charge, and to receive no more than five shares (performance shares) depending on participant category and predetermined conditions. The right to receive matching shares or performance shares are conditioned upon the employee's agreement not having been terminated and that the savings shares are kept throughout the vesting period from 30 June 2018 until the day of publication of the interim report January - September 2021. Matching shares and performance shares are awarded the employees within 45 days of publication of the interim report for the third quarter 2021. To read more on full terms and performance requirements for performance shares, please see our webpage on www.eastnine.com.

Risk management and internal control

Internal control

Internal control at Eastnine is designed to manage risks associated with financial reporting and property management activities. It includes ensuring that the buying and selling of holdings is reliably reported, that holdings and properties are valued correctly and that information is conveyed to the market effectively and correctly. The board is responsible for monitoring investment and property management activities and ensuring, by means of defined reporting routines and relevant policies, that it has access to the necessary information. All policies are tested for accuracy and are approved by the board annually. The board maintains an effective control environment for investment activities and financial reporting by means of a clear distribution of responsibilities and authority to management and employees. The board discusses reporting issues, valuations and the financial reporting. Company management constantly oversees that policies, instructions and administrative agreements are followed.

POLICIES PREPARED BY THE BOARD

- Rules of Procedure for the Board of Directors
- Accounting & Reporting manual & policy
- Business Continuity policy
- Code of Conduct policy
- Environmental policy
- Information policy
- Insider policy
- IT Security policy
- Privacy guidelines
- Whistleblowing policy
- Financial policy
- Work instruction for the CEO

Each year, the board of Eastnine assesses whether the Company is in need of an internal auditing function, an independent investigative function that performs ongoing review and presents reports to the board and management with recommendations for improvements to internal control of the Company's activities, such as outsourced service functions and internal procedures, in order to maintain good governance and compliance with the Company's policies. During 2018, the board decided that, because of its limited size and its adequate competencies in evaluating service functions and internal activities itself, the Company did not need an internal auditing function.

Eastnine acts in accordance with generally accepted practice on the stock market and regularly follows-up that the Company is in compliance with the listing agreement.

Risk management

Eastnine is through its operations exposed to different risks. As the operations are increasingly focused on directly owned real estate investments in the Baltics, the total risk is more limited in the portfolio, as Eastnine's long term property strategy is to own commercial properties in prime locations with stable tenants and low vacancies, which has historically proven less volatile in terms of cash flow and an overall lower business risk compared to its previous investment focus. The focus on real estate in the Baltic capitals further limits other risks such as currency risk, share price risk and geopolitical risk, while exposure towards interest- and credit risks as well as rent and vacancy risks increase. A broader overview of the Company's risk management can be found on pages 26-27 and in note 28 on pages 64-65.

Annual General Meeting

The annual general meeting is the company's highest decision-making body and is where the shareholders can exercise their influence. The annual general meeting shall be held within six months after the end of the financial year. All shareholders who are registered in the shareholders register and who have announced their attendance in time are entitled to attend the annual general meeting. Shareholders can vote according to the total number of shares that they own and may be accompanied by a maximum of two assistants. Shareholders who cannot be present may be represented by a proxy.

The annual general meeting addresses issues relating to election of the board, where appropriate the election of an auditor, dividend, adoption of the income statement and balance sheet and release from liability for the board members and the CEO. Shareholders are entitled to have issues discussed at the meeting provided that these have been properly notified to the Company in ample time before the publication of the notice of the annual general meeting.

The annual general meeting is an important channel for communicating with shareholders. At the time of the annual general meeting, all shareholders are also invited to a seminar on the Company's markets and development. Shareholders are encouraged to attend the annual general meeting and all shareholders receive a written notice and invitation. The board and company management attend the general meeting to answer questions from shareholders.

Annual general meeting 2018

The annual general meeting 2018 was held on 24 April 2018 at the IVA Conference Centre in Stockholm. All documents from the annual general meeting - notice, documents presented at the meeting and the minutes - are all available on *www.eastnine.com.* The annual general meeting 2018 was attended by 58 persons, including shareholders which represented a total of 38.7 percent of the Company's shares, the chairman of the board and available board members, the Company's employees and a number of guests. The annual general meeting 2018 approved the adoption of the financial results for 2017 fiscal year, release from liability for the board and management, dividend proposal with semi-annual payments, number of board members and board remuneration. The annual general meeting also approved the board's proposal to reduce the share capital by cancellation of shares, as well as to increase the share capital by way of bonus issue. The board was authorised to decide on repurchases of own shares, and a long term incentive programme .

The Nomination Committee

The task of the nomination committee is to evaluate the board and its work before the annual general meeting, to prepare and present proposals to the meeting regarding the chairman of the meeting, chairman of the board and board members, and to propose an auditor where appropriate. The committee also proposes fees to the board, any fees to sub-committees and fees to the company's auditor, as well as proposing a process for the appointment of a nomination committee before the next annual general meeting. All shareholders have the opportunity to present proposals to the committee.

The work of the Nomination Committee during 2018/2019

According to the decision of the annual general meeting on 24 April 2018, Eastnine shall have a nomination committee consisting of at least three and no more than four members, a maximum of three of whom shall be appointed by the three largest shareholders (or ownership groups) in the Company who wish to appoint a representative. The chairman of the board is also a member. Before the 2019 annual general meeting, the committee has consisted of:

- Liselotte Hjorth, as the chairman of Eastnine
- David Bliss, as representative of Lazard Asset Management
- Magnus Lekander, as representative of East Capital (chairman)
- Mathias Svensson, as representative of Keel Capital.

The composition of the nomination committee was announced in a press release and on the Company's website on 19 October 2018. No remuneration has been paid to the members of the committee. The shareholders have been given the opportunity to present suggestions to the committee. The committee's proposals to the 2019 annual general meeting will appear in the notice to the annual general meeting and will be found on www.eastnine.com in due time prior to the annual general meeting.

The annual general meeting 2019

The annual general meeting 2019 will be held on Wednesday 15 May 2019 at 15.00 CET at Näringslivets Hus, Storgatan 19, in Stockholm. More information will be found on www.eastnine.com in due time prior to the annual general meeting.

Auditors

External auditors

On 21 April 2015, the annual general meeting decided to re-elect the registered auditing company KPMG as auditor for the period until the end of the 2019 annual general meeting.

The company's auditors have received fees for auditing and other prescribed review and for counselling in respect of observations from auditing and review, totalling EUR 133k during 2018.

Communication with the company's auditors

The board of directors, which has assumed the duties of the audit committee since June 2016, maintains regular contact with the auditors. The auditors attend board meetings when annual reports and interim reports audited by the auditors are discussed. The auditors present observations from auditing and report on their assessment of the Company's internal control. The board also meets the auditor once per year for the auditor to report observations directly to the board without management attendance.

Auditor – KPMG AB

Principal auditor:

Peter Dahllöf

Born 1972. Responsible auditor for Eastnine AB since 2018. Authorised accountant and partner in KPMG AB. Responsible for real estate audit group and active within KPMG:s international real estate network.

Selection of other audit assignments: Hemfosa, Humlegården, Intea, Midstar Hotels and Peab Fastighet.

Board of Directors

		
	Liselotte Hjorth Board member since 2014, Chairman since 2018	**Johan Ljungberg** Board member since 2018
	Independent in relation to the company, company management and the company's major shareholders. Born 1957.	Independent in relation to the company, company management and the company's major shareholders. Born 1972.
Education	Economics degree from Lund University	Civilingenjörsutbildning från Kungliga Tekniska Högskolan och Tufts Universitet.
Work experience	More than 30 years experience in the financial sector, focused on share- and capital markets, real estate and risk. Held several leading positions at SEB, as deputy CEO and Group Credit Officer, and Global Head of Commercial Real Estate and Member of the Management Board of SEB, Frankfurt.	Extensive background from real estate, venture capital and technology start-ups. Previous roles as trader at SeaCarriers, developer at Proceedo and consultant at Accenture.
Other board assignments	Chairman of White arkitekter, Board member of BNP Paribas Real Estate Investment Management Germany, Kungsleden, Rikshem, Hoist Finance, Emilshus and Ativo Finans.	Chairman of Atrium Ljungberg, Tagehus Holding and Credentia. Board member of K2A Fastigheter and John Mattsson Fastighets AB.
Own holdings and those of closely related parties	6,500 shares as per 1 March 2019.	115,853 shares as per 1 March 2019.
Citizenship	Swedish	Swedish
Independence	Yes	Yes
Elected	2014	2018
Presence board meetings 2018	13/13	7/7

Peter Elam Håkansson Board member since 2014	**Peter Wågström** Board member since 2018	**Nadya Wells** Board member since 2016
Not independent in relation to the company's largest shareholder. Born 1962.	Independent in relation to the company, company management and the company's major shareholders. Born 1964.	Independent in relation to the company, company management and the company's major shareholders. Born 1970.
Degree in Business Management from Stockholm School of Economics, studied at EDHEC in Lille.	MSc from Kungliga Tekniska Högskolan in Stockholm.	MBA from INSEAD, and an MA in Modern history and Modern Languages from Oxford University, MSc in Global Health from the University of Geneva.
Founder, chairman and head of investment at East Capital. Experience of growth and frontier markets since the early 1990s and other markets since the early 1980s. A number of management positions at Enskilda Securities, most recently as share manager and head of global analysis.	Many years of experience from property development and real estate, most recently as CEO and group CEO of NCC, and previously Business Area Manager at NCC Property Development and NCC Housing, which included leading commercial property developments in the Nordics. Peter has held previous roles within Drott (now Fabege) as Real Estate Manager and CEO of subsidiaries, and roles within rental, property management and valuation at Skanska.	More than 20 years of experience in frontier and growth markets as investor and corporate governance expert. Worked at Capital Group for 13 years, most recently as portfolio manager and analyst of EMEA markets. Former investment manager at INVESCO Asset Management.
Chairman of East Capital as well as a number of board positions in the East Capital group. Board member of Bonnier Business Press and Atlantic Group in Croatia. Chairman of the foundation behind Swedish Music Hall of Fame and member of the board of Inter Peace Sweden.	Chairman of MIPE-Q Badrumsmoduler AB. Board member of Amasten Fastighets AB, Arlanda Stad Holding, Homemaker and the own Company Arrecta.	Board member of Sberbank of Russia and Barings Emerging Europe, and responsAbility Investments.
6,048,551 shares as per 1 March 2019	10,000 shares as per 1 March 2019	0 shares as per 1 March 2019
Swedish	Swedish	Switzerland
No	Yes	Yes
2014	2018	2016
13/13	5/7	13/13

Management

	Kestutis Sasnauskas CEO since 2017	**Mattias Lundgren** Interim CFO since 2018
	Not independent in relation to the company's largest shareholder. Born 1973.	Born 1971
Education	Studied economics at Stockholm School of Economics, Vilnius University and Gotland University.	M.Sc. in Business and Economics from the Stockholm School of Economics.
Work experience	2016–2017 Chief Investment Officer, Eastnine, 1997–2016 Co-founder and Partner of East Capital, responsible for private equity and real estate. 1995–1997 Analyst at Enskilda Securities.	2016-2018 Group CFO and Executive SVP at NCC AB, 2015 Group SVP Strategy & Controlling at NCC AB, 2013-2015 CEO at NCC Housing Sverige (Bonava), 1999-2012 various roles at NCC AB and NCC Housing.
Own holdings and those of closely related parties	437,343 shares as per 1 March 2019.	0 shares as per 1 March 2019.

Employees

Julius Niedvaras
Head of Lithuanian Operations, Vilnius

Meelis Sokman
Head of Estonian Operations, Tallinn

Ruta Narutavice
Office Centres Director, Vilnius

Emil Holmström
Investment Manager, Stockholm

Irmantas Trimonis
Project Administration Manager, Vilnius

Greta Dorthé Ladow
Administrative & Executive Coordinator, Stockholm

Lilia Kouzmina, CFA
Head of Sustainability, Stockholm

Eric Stadler
Structuring and Treasury Manager, Stockholm

Farzad Bahador
Head of Group Controlling, Stockholm

Tatjana Potrebko
Finance manager, Vilnius

Aleksandra Chafizova
Accountant, Vilnius

Donata Montvydaite
Group General Counsel, Vilnius

The share

Share capital

On 31 December 2018, Eastnine's share capital amounted to EUR 3.66 million (EUR 3.66 million) made up of 22,370,261 (24,816,033) shares. The difference in the number of shares in circulation compared to the previous year end is due to shares that were cancelled in 2018. Each Eastnine share gives entitlement to one vote.

Share price development and turnover

During 2018 the share price (SEK) rose by 14% in nominal terms. Eastnine's share gave a dividend-adjusted return was 16%, which can be compared with OMX Stockholm Real Estate GI, which increased by 13%. The highest closing price was noted on 7 August at SEK 98.80 and the lowest on 9 February at SEK 80.00. The market cap on 31 December 2018 amounted to SEK 2,078m, or EUR 205m. During the year a total of 7,022,788 Eastnine shares were traded, with 100% of sales made on Nasdaq Stockholm. The average daily volume was 28,091 shares, which corresponds to approximately SEK 2.5m.

Net asset value

Eastnine's net asset value per share is calculated as the value of the total of assets (all investments plus all other assets such as cash and cash equivalents) minus debts divided by the number of shares in circulation, excluding any shares bought back by the company. The total net asset value is published in the company's interim reports. By year-end the total net asset value was EUR 240.8m.

Dividend

Eastnine's annual dividend shall amount to at least 50 % of the profit from property management according to the dividend policy that was adopted by the board in September 2017. Furthermore, taking into consideration the company's financial position and investment possibilities, the board may decide on share redemptions or buybacks. During Eastnine's transformation phase into a pure real estate company, which is expected to be completed by the end of 2020, the annual dividend shall amount to at least 2.0% of the net asset value per share at the end of the previous year. Eastnine will propose to the 2019 Annual General Meeting payment of an ordinary dividend for 2018 of SEK 2.30 (2.10) per share, corresponding to EUR 0.22 (0.21) per share, with semi-annual payments. The proposed dividend amounts to 2.0% of the net asset value per share as of year-end.

Share buybacks

On 20 May 2016, the company initiated a buy-back programme of the company's own shares provided the shares are traded with a discount of more than 20% on the most recently published net asset value in SEK. By the fourth quarter of 2017, the 20 per cent threshold was removed and the company continued to buy back its own shares provided they were traded below net asset value. During 2018 the company bought back 1,447,103 shares, corresponding to 6.5% of the company's shares in circulation at a value corresponding to EUR 12.9m and an average price of SEK 90.37 per share.

Owners

As of 31 December 2018, Eastnine had 5,078 shareholders. The ten largest shareholders controlled 59.3% of the number of the company's shares in circulation, corresponding to 13,116,335 shares. Eastnine has one major shareholder, East Capital Holding AB, which on 31 December 2018, through direct and indirect holdings, represented 22.9% of the votes and shares in the company.

” Eastnine's share gave a dividend adjusted return of 16%

Short facts

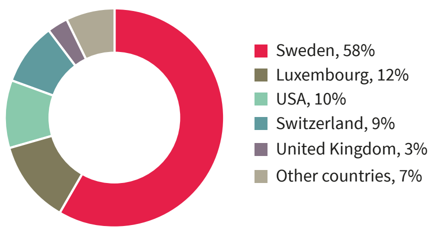
Listed on	Nasdaq Stockholm, Mid Cap
Sector	Real Estate
Listed since	9 november 2007
ISIN	SE002158568
Ticker	EAST
Reuters	EAST9.ST
Bloomberg	EAST SS
Latest share price	www.eastnine.com

The development of the Net Asset Value and the share	2018	2017	2016	2015
Net asset value per share, EUR	11.20	10.57	9.67	9.00
Net asset value per share, SEK	114	104	93	82
Share price at year end, SEK	92.90	81.75	66.75	50.75
Lowest paid, SEK	80.00	65.50	45.10	41.50
Highest paid, SEK	98.80	81.75	67.50	62.00
Market value at year end, SEK million	2,078	2,029	1,880	1,429
Premium/discount against NAV as per 31 Dec	-18%	–21%	–28%	–38%
Total turnover number of shares, million	7.0	12.6	14.0	8.7
Average turnover per trading day, number of shares	28,091	50,210	55,510	34,490
Development of comparison index				
OMX Stockholm Real Estate GI, SEK	13%			
MSCI Emerging Markets Europe Total Return Index, EUR		7%	30%	–7%
MSCI Emerging Markets Europe Total Return Index, SEK		9%	36%	–8%

The ten largest shareholders	Number of shares	Holding, %
East Capital Holding Aktiebolag	4,941,155	22.9
RBC Investor Services Bank S.A.	1,827,669	8.2
SIX SIS AG. W8IMY	1,174,694	5.2
Försäkringsaktiebolaget, Avanza Pension	933,063	4.2
Nordnet Pensionsförsäkring AB	881,690	3.9
Rytu Invest AB	715,060	3.2
CBNY Norges Bank	697,913	3.1
UBS Switzerland AG	681,550	3.0
Skandinaviska Enskilda Banken S.A.	631,949	2.8
Mertiva AB	631,592	2.8
Total 10 largest shareholders	**13,116,335**	**59.3**
Other shareholders	**9,253,926**	**40.7**
Total	**22,370,261**	**100.0**

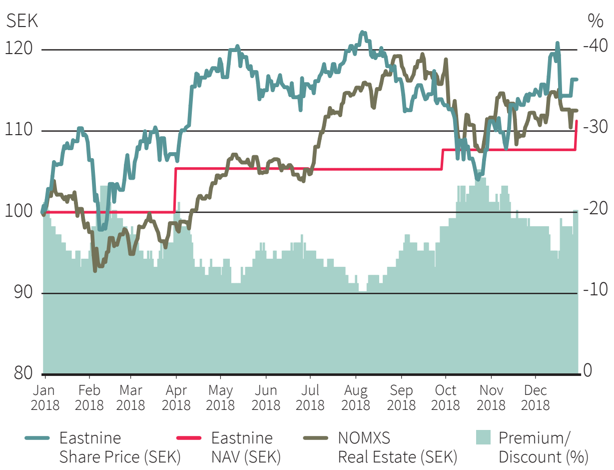
Key figures as per 31 December 2018	EUR	SEK
NAV per share	11.20	113.5
Closing price per share	8.32	81.75
NAV development per share	6.0	9.3
Share price development (dividend adjusted), %	12.7	16.2

Ownership distribution per country (top five)

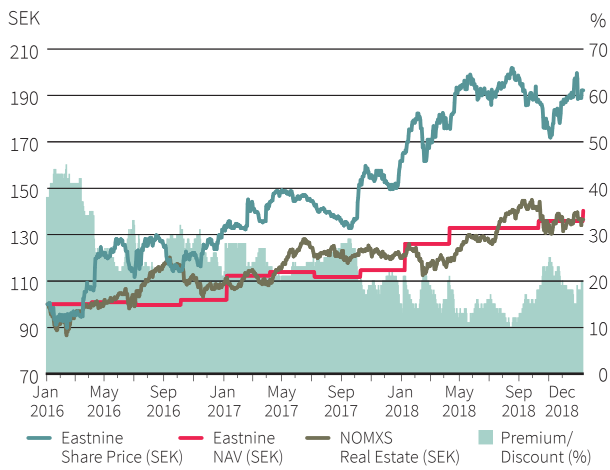


Source: Euroclear Sweden AB

Share price development 2018, indexed



Share price development 2016-2018, indexed



Källa: Thomson Reuters

Administration Report

The Board of Directors of Eastnine AB (publ), (Eastnine AB, the Company) Corporate registration Number 556693-7404, hereby submits the annual report for the financial year 1 January–31 December 2018.

THE GROUP

Eastnine is a real estate company listed on Nasdaq Stockholm. With the exception of Melon Fashion Group that is owned directly by the Parent Company, the activities are managed by the Estonian operating subsidiary Eastnine Baltics OÜ with local subsidiaries in Latvia and Lithuania, together called Eastnine Group.

Presentation currency is euro (EUR).

CHANGED FINANCIAL REPORTING

It is Eastnine's assessment that the Company no longer falls within the IFRS classification of an investment entity, as a majority of its portfolio (excluding cash) now consists of directly owned real estate assets. As of 1 July 2018, Eastnine Group consequently reports consolidated financial statements of the parent company and its subsidiaries, including directly owned real estate subsidiaries.

Until and including 30 June 2018, Eastnine's financial statements refer to the parent company alone, while subsidiaries were recognised at fair value through profit or loss. This change in status is accounted for prospectively, meaning that historic numbers have not been restated in the actual financial statements on p. 43-46. However, this report does include consolidated pro-forma numbers for comparative purposes (see p. 67). Any references to pro-forma numbers are marked "pro-forma". All other financial information is based on actual non-restated financial statements.

KEY EVENTS DURING THE YEAR

Acquisition of commercial properties Alojas Biroji and Alojas Kvartals in Riga, for a total cash consideration of EUR 29.6m, was completed during the first quarter.

Divestment of non-core assets for EUR 42.4m in total, including all shares in Komercijalna Banka Skopje, EC Eastern Europe Small Cap Fund and EC Global Frontier Markets Fund.

Johan Ljungberg and Peter Wågström elected as new board members, replacing Lars O Grönstedt and Göran Bronner. Liselotte Hjorth was elected new Chairman.

The construction of the third tower in 3Burės, with 13,270 sqm fully let office space, was completed during the third quarter.

The two original towers of 3Burės in Vilnius were awarded LEED Platinum certification for green buildings.

REVENUES (PRO-FORMA)

Pro-forma rental income for 2018 increased by 60.1 percent to EUR 9,130k (5,703). The growth during the year came primarily from acquisitions of the Alojas properties in Riga in February 2018 and of Vertas in Vilnius in June 2017, as well as from the third tower in 3Burės, which was completed in the latter part of September 2018. Comparable rental income in an identical portfolio grew by 1.2 percent

RENTAL INCOME

EUR '000	FY 2018[1)]	FY 2017[1)]
Comparable properties	4,608	4,552
Completed development	449	-
Acquisitions	4,073	1,151
Total rental income	9,130	5,703

1) Proforma

EARNINGS (PRO-FORMA)

Net operating income for the pro-forma 12M 2018 period amounted to EUR 7,690k (pro-forma 12M 2017: 4,035k), corresponding to a surplus ratio of 84.2 percent (70.8). The year-on-year increase in net operating income is mainly attributable to the acquisition of Alojas in Riga in February 2018 and of Vertas in Vilnius in June 2017.

Profit from property management amounted to EUR 3,180k (-1,344k). Central administration expenses amounted to EUR 3,387k (4,154k).

Unrealised value changes in properties amounted to EUR 5,483k (4,546k). Unrealised value changes in investments amounted to EUR 3,685k (9,574k), whereof EUR 299k (5,729k) refers to Melon Fashion Group and EUR 3,471k (4,140k) refers to East Capital Baltic Property Funds II and III. Unrealised value changes of derivatives amounted to EUR -782k (780k). Realised values and dividends amounted to EUR 5,402k (4,536k) referring to the exits in Komercijalna Banka Skopje, East Capital Eastern Europe Small Cap Fund and East Capital Global Frontier Markets Fund, as well as to dividends from Melon Fashion Group and Baltic Property Fund II during the year.

Profit before tax amounted to EUR 16,969k (18,092k). Net profit amounted to EUR 15,641k (17,085k) for the full financial year.

SEGMENT REPORTING

The Real Estate Direct segment, comprising the directly owned property subsidiaries, generated profit before tax of EUR 11,100k for the 12M 2018 period.

The Real Estate Funds segment, comprising East Capital Baltic Property Fund II and III, generated profit before tax of EUR 4,839k, of which EUR 4,111k is reported as unrealised value changes although it, due to changed accounting, includes a realised dividend income of EUR 640k in Q2 2018, and EUR 728k is reported as realised value whereof EUR 640k refers to dividend income in Q4 2018.

The segment Other, today comprising only Melon Fashion Group (and previously Other holdings that have been divested), generated profit before tax of EUR 4,384k of which EUR 299k refers to unrealised fair value change of the MFG holding (the RUB based fair value increased by 15.4 percent, whereas the RUB/EUR weakened by 12.8 percent). Realised dividend from MFG amounted to EUR 3,196k compared to realized dividends of EUR 997k last year.

Combined unallocated central administration and other operating expenses for the 12M 2018 period amounted to EUR -3,554k and other unallocated items to net EUR -108k. Reported group profit before tax amounted to EUR 16,662k, and net profit to EUR 15,641k.

CONTRIBUTION TO EARNINGS, SEGMENT

EUR '000	FY 2018
Profit property management	3,960
Unrealised value changes	7,140
Contr. Real estate direct	**11,100**
Unrealised value changes	4,111
Realised value changes	728
Contr. Real estate funds	**4,839**
Unrealised value changes	1,109
Realised value changes	3,275
Contribution Other	**4,384**
Central administration and other operating expenses	-3,554
Unrealised value changes	-86
Financial net, central	-22
Profit before tax, Group	**16,662**
Profit after tax, Group	**15,641**

FINANCING

Interest-bearing liabilities at the end of the year amounted to EUR 67,550k (pro-forma 31 Dec 2017: 32,545k), corresponding to a loan-to-value ratio of 42.5 percent (30.3). Unutilised credit facilities amounted to EUR 102k. The average interest rate on bank loans was 2.4 percent (2.7), including commitment fees on unutilised facilities. Other financial income and expenses include a positive one-off adjustment amounting to EUR 362k, related to capitalised interest expenses in the newly developed third tower of 3Burės.

At 31 December 2018, average capital tie-up on interest bearing loans was 4.7 (5.8) years. The average fixed interest term was 4.7 (5.8) years, as currently 100 percent of interest is fixed using fixed-interest derivatives. The derivatives are measured at fair value and the change in value is recognised through profit or loss, with no cash flow effect. At 31 December 2018, the fair value of derivatives was EUR -957k (-176k).

The result for year includes financial income of EUR 683k (749k), pertaining to internal loans, which prior to the accounting changes on 1 July 2018 were not eliminated on Group level.

TAX

Tax expense for the year amounted to EUR 1,021k (pro-forma 2018: 1,325k; pro-forma 2017: 1,008k), all of which relates to deferred tax in Eastnine Lithuania where corporate income tax of 15 percent is applied. The recorded deferred tax is related to fair value valuation of investment property, derivatives and taxable accumulated losses. No corporate income tax is recorded in Estonia or Latvia as the corporate income tax of 20 percent mainly only is levied on distributed profits.

FINANCIAL POSITION AND NET ASSET VALUE

Shareholders' equity amounted to EUR 240,819k (242,457k) on 31 December 2018. The equity/asset ratio was 75.8 percent. Net asset value (NAV) per share was EUR 11.20 (10.57). EPRA NAV per share was EUR 11.42 (10.68).

CASH FLOW

Cash flow from operating activities before changes in working capital amounted to EUR 5,682k. Change in working capital was EUR -3,865k. Investing activities had an impact of EUR 4,778k, the majority of which refers to the newly developed third tower in 3Burės.

Financing activities had an impact of EUR 6,066k, of which EUR -12,880k refers to share buybacks, EUR -4,451 refers to dividend to shareholders, EUR 11,513k refers to financing of the third tower and EUR 11,513 TEUR refers to repayment of shareholder contribution. Total cash flow for the year was EUR 3,105k. Cash and cash equivalents at the end of the year amounted to EUR 65,119k.

INVESTMENTS AND DIVESTMENTS

No acquisitions or divestments were made during the fourth quarter. During 2018, Eastnine's investments, including capital expenditures in existing real estate portfolio, totalled EUR 37.8m (42.4) and divestments totalled EUR 42.4m (24.9).

Eastnine has a commitment to invest EUR 20m in East Capital Baltic Property Fund III. At 31 December 2018, EUR 17.6m had been drawn down by the fund, of which EUR 3.5m in 2018. The remaining commitment amounted to EUR 2.4m.

EURM	FY 2018	FY 2017
Alojas Biroji	25.6	-
Alojas Kvartals	4.0	-
EC Baltic Property Fund III	3.5	6.0
Vertas	0.1	29.1
3Burės third tower	16.3	7.2
3Burės	0.1	-
Total investments	**49.6**	**42.4**
EC Eastern Europe Small Cap Fund	16.2	8.1
Komercijalna Banka Skopje	13.9	-
EC Global Frontier Markets Fund	12.3	-
EC Baltic Property Fund II	-	9.8
Trev-2 Group	-	5.7
EC Bering Ukraine Fund Class R	-	1.3
Total divestments	**42.4**	**24.9**

* *(EC) East Capital*

PARENT COMPANY

The Parent Company's net result for the year was EUR 6,748k (17,085k), and comprises mainly value changes and dividends received of its only direct holding Melon Fashion Group, as well as operating expenses and financial income/expenses of the Parent Company.

SHARE INFORMATION

Eastnine AB's share capital amounted to approximately EUR 3.7m. The total number of shares outstanding in Eastnine as of 31 December 2018 amounted to 22,370,261. Adjusted for repurchased shares held in treasury, the number of shares outstanding amounted to 21,501,102. The weighted average number of shares outstanding for the year was 22,128,389, adjusted for the repurchased shares. Further information about the share can be found on pages 38–39.

DIVIDEND AND SHARE BUYBACKS

According to the current buyback program, buybacks may be carried out if the Eastnine share trades at a discount to its most recently reported Net Asset Value (NAV) per share in EUR. During 2018, Eastnine repurchased 1,447,103 shares at an average price of SEK 90.37 per share. In May 2018, a total of 2,445,772 previously repurchased shares were cancelled. On 31 December 2018, the Company held 869,159 own shares in treasury, corresponding to 3.9 percent of total outstanding shares.

The total number of outstanding shares, including treasury shares, in Eastnine as of 31 December 2018 was 22,370,261. Adjusted for treasury shares, the number of outstanding shares was 21,501,102. The weighted average number of shares outstanding for the year was 22,128,389, adjusted for share buybacks.

The AGM 2018 resolved to pay an ordinary dividend for 2017 of SEK 2.10, or EUR 0.21, per share and that the dividend is to be distributed semi-annually of SEK 1.05 per share and dividend occasion. The first dividend payment was made on 2 May 2018 and the second on 1 November 2018.

The Board will propose to the AGM 2019 an ordinary dividend for 2018 of SEK 2.30 per share, with semi-annual payments. The dividend corresponds to 2.0 percent of NAV/share and a year-on-year dividend growth of 10 percent, and translates into EUR 0.22 per share.

KEY EVENTS AFTER THE END OF THE FINANCIAL YEAR

Britt-Marie Nyman has been appointed as CFO and deputy CEO, assuming position no later than 1 August.

3Burės third tower was awarded LEED Platinum certification in February.

Acquisition of S7 office park in Vilnius comprising 42,500 sqm for a total consideration of EUR 128m.

The Company repurchased a total of 287,426 shares during the period 1 January – 8 March 2019, corresponding to 1.3 percent of the Company's outstanding shares, at an average price of SEK 102.07 per share.

RISKS AND UNCERTAINTIES

The dominant risk in Eastnine's operations is commercial risk in the form of changes in rent levels, vacancies and interest rates, as well as changes in the economic or business climate, and currency rates in the markets where Eastnine is present. A more detailed description of Eastnine's material risks and uncertainties is provided in note 28 "Financial risks and risk management".

FUTURE DEVELOPMENT

The Company is currently transitioning into a pure 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.

PERSONNEL AND REMUNERATION GUIDELINES

On 31 December 2018, Eastnine Group had 13 full-time employees, of which six in its Stockholm headquarters, six in Vilnius and one in Tallinn. In accordance with current guidelines, the Board proposed the Annual General Meeting 2018 the following with regard to remuneration of executive management: remuneration is comprised of fixed salary, variable salary, pension and insurance benefits, as well as other non-monetary benefits and other compensation. The Board determines at its own discretion on the basis of specific key performance indicators whether the executive management should be paid any variable salary. The executive management may receive a maximum variable salary corresponding to 50 percent of their fixed salary. The executive management have an individual premium-based pension plan, pursuant to which the Company pays premiums corresponding to 4.5 percent of the fixed salary up to 7.5 inome base amounts and premiums of 30 percent of the fixed salary for the amount of salary that exceeds 7.5 income base amounts. In the event the Company terminates the CEO's employment, the Company is required to observe a six-month period of notice. The CEO is entitled to a severance payment corresponding to six months' salary. Information about salaries and current remunerations guidelines, other compensation and social charges for the Board and executive management, as well as other employees, is found in note 6.

COPORATE GOVERNANCE AND THE BOARD OF DIRECTORS

The Board shall be comprised of three to six directors without deputies. Board Members are elected annually at the Annual General Meeting for the period up and until the next Annual General Meeting. The complete Articles of Association can be found on www. eastnine.com. For information as to the manner in which the Company is governed and controlled, such as via the Board and committees, and for information on internal control and risk management, please refer to the Corporate Governance section on pages 30–37.

PROPOSED DISPOSITION OF EARNINGS

The Board of Directors proposed that the unappropriated earnings in Eastnine AB (publ) are distributed as follows:

TOTAL AVAILABLE FUNDS FOR DISTRIBUTION:	
Share premium reserve	260,144,592
Retained earnings	-38,626,293
Profit for the year	6,743,930
Total EUR	**228,262,229**

TO BE ALLOCATED AS FOLLOWS:	
Dividend to shareholders SEK 2.30/share[1)]	4,594,299
Funds to be carried forward	223,667,930
(Of which share premium reserve 260,144,592)	
Total EUR	**228,262,229**

1) No dividend is paid for the Company's holding of own shares, whose exact number is determined on the record date for cash payment of the dividend. EUR 1 = SEK 10.62 on 8 March 2019 (Source: Reuters). Number of outstanding shares on 8 March 2019, adjusted for treasury shares, was 21,213,676.

Statement of comprehensive income – Group

EUR thousands	Note	1 Jan–31 Dec 2018[1)]	1 Jan–31 Dec 2017
Rental income	3	4,855	-
Property expenses	6	-631	-
Net operating income		**4,225**	**-**
Central administration expenses	7	-1,677	-
Interest expenses	10	-616	-
Other financial income and expenses	10	369	-
Profit from property management		**2,302**	**-**
Unrealised changes in value of properties	15	4,538	-
Unrealised changes in value of derivatives	22	-276	-
Unrealised changes in value of investments	18	5,881	-
Realised values and dividends from investments	4, 18	2 953	-
Changes in fair value of subsidiaries and associated companies	2	1,035	17,583
Dividend received	4	930	1,497
Other income	5	119	892
Staff expenses	7, 8	-880	-2,262
Other operating expenses	7, 9	-582	-1,259
Financial income	10	683	749
Financial expenses	10	-40	-115
Profit/loss before tax		**16,662**	**17,085**
Current tax		0	-
Deferred tax	11	-1,021	-
Net profit/Loss for the year[2)]		**15,641**	**17,085**
Earnings per share, basic and diluted, EUR	12	0.71	0.70

1) For the twelve months 2018, the income statement period presents Eastnine as an investment entity during the first six months (marked grey) and as a consolidating real estate company for the last six months.
2) Net Profit/Loss for the year corresponds to Total Comprehensive income for the year.

Balance Sheet – Group

EUR thousands	Note	2018-12-31[1)]	2017-12-31[2)]
Assets			
Intangible assets	14	6	-
Investment properties	15	158,862	-
Equipment	16	94	-
Shares in subsidiaries	17	-	153,963
Interests in associated companies	18	-	48,613
Other long-term securities holdings	18	92,898	-
Loans to group companies	29	-	25,100
Other non-current receivables	19	213	-
Total non-current assets		**252,074**	**227,676**
Trade receivables	20, 27, 28	330	-
Short-term receivables	27	47	-
Accrued interest income	21	-	2,430
Prepaid expenses and accrued income	21	198	218
Cash and cash equivalents	27, 28	65,119	13,168
Total current assets		**65,694**	**15,816**
TOTAL ASSETS		**317,767**	**243,492**
Equity	13		
Share capital		3,660	3,658
Other contributed capital		260,145	277,425
Retained earnings including other reserves		-38,626	-55,711
Net profit/loss for the year		15,641	17,085
Total Equity		**240,819**	**242,457**
Non-current liabilities			
Liabilities to credit institutions	22, 27, 28	64,474	-
Derivatives	22, 27, 28	957	-
Deferred tax liabilities	23	3,745	-
Other non-current liabilites	24	1,251	-
Total non-current liabilities		**70,427**	**-**
Current liabilities			
Liabilities to credit institutions	22, 27, 28	3,076	-
Trade payables	27, 28	1,952	-
Other liabilities	25, 27	692	180
Accrued expenses and deferred income	26	801	855
Total current liabilities		**6,521**	**1,035**
TOTAL EQUITY AND LIABILITIES		**317,767**	**243,492**

1) Eastnine as a consolidating real estate company.
2) Eastnine as an investement entity.

For information on pledged assets and contingent liabilities, see note 31.

Statement of Changes in Equity – Group

EUR thousands	Share capital	Other contributed capital	Retained earnings incl. Profit/loss for the year	Total equity for shareholders in parent company
2018				
Opening equity 1 January 2018	**3,658**	**277,425**	**-38,626**	**242,457**
Net profit /loss for the period			15,641	15,641
Total comprehensive income			**15,641**	**15,641**
Bonus issue	3	-3		-
Dividend to shareholder		-4,451		-4,451
Share buy-back		-12,880		-12,880
Long-term incentive program (LTIP)		52		51
Closing equity 31 December 2018	**3,660**	**260,145**	**-22,985**	**240,819**

EUR thousands				
2017				
Opening equity 1 January 2017	**3,655**	**299,613**	**-55,711**	**247,558**
Net profit /loss for the period	-	-	17,085	17,085
Total comprehensive income			**17,085**	**17,085**
Bonus issue	3	-3		-
Dividend to shareholder		-2,267		-2,267
Share buy-back		-19,920		-19,920
Closing equity 31 December 2017	**3,658**	**277,425**	**-38,626**	**242,457**

Statement of Cash Flow – Group

EUR thousands	Note	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Operating activities			
Operating income before tax		16,662	16,451
Adjustments not included in cash flow from operating activities	30	-10,979	-17,583
Income tax paid		-	-
Cash flow from current operations before changes in working capital		**5,682**	**-1,132**
Cash flow from changes in working capital			
Increase (-)/decrease(+) in other current receivables		457	210
Increase (+)/decrease(-) in other current payables		-4,322	-747
Cash flow from operating activities		**1,817**	**-1,669**
Investing activities			
Investments in existing properties		-4,761	-
Purchase of equipment		-17	-
Loan to group company		-	-4,200
Cash flow from investing activities		**-4,778**	**-4,200**
Financing activities			
New loans		12,981	-
Repayment of loans		-1,097	-
Repayment of shareholder contributions		11,513	11,000
Dividend to shareholders		-4,451	-2,267
Share buy-back		-12,880	-19,920
Cash flow from financing activities		**6,066**	**-11,187**
Cash flow for the period		**-3,105**	**-17,056**
Cash and cash equivalent at the beginning of the year		13,168	30,338
Effect of consolidating subsidiaries from 1 July 2018 [1]		48,869	-
Exchange rate differences in cash and cash equivalents		-22	-115
Cash and cash equivalent at year-end		**65,119**	**13,168**

1) Until 30 June 2018, cash in subsidiaries was included in the fair value of subsidiaries.

Income Statement – Parent Company

EUR thousands	Note	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Changes in fair value of subsidiaries	2	4,477	9,867
Changes in fair value of securities holdings	2	300	7,716
Dividend received	4	3,196	1,497
Other income	5	167	892
Operating expenses	7, 8	-2,750	-3,521
Operating profit/loss		**5,390**	**16,451**
Financial income	10	1,376	749
Financial expense	10	-22	-115
Profit/loss before tax		**6,744**	**17,085**
Income tax	11	-	-
Net profit/Loss for the year [1]		**6,744**	**17,085**

1) Net Profit/Loss for the year corresponds to Total Comprehensive income for the year.

Balance Sheet – Parent Company

EUR thousands	Note	2018-12-31	2017-12-31
Assets			
Shares in subsidiaries	17, 27	146,946	153,963
Interests in associated companies	27	48,912	48,613
Loans to group companies	29	27,527	25,100
Total non-current assets		**223,385**	**227,676**
Short-term receivables		2	-
Accrued interest income	21, 29	1,376	2,430
Prepaid expenses and accrued income	21	74	218
Cash and bank balances		7,898	13,168
Total current assets		**9,350**	**15,816**
TOTAL ASSETS		**232,736**	**243,492**
Equity	13		
Restricted capital			
Share capital		3,660	3,658
Unrestricted capital			
Share premium reserve		260,145	277,425
Retained earnings including other reserves		-38,626	55,711
Net profit/loss for the year		6,744	17,085
Total equity		**231,922**	**353,879**
Non-current liabilities			
Other non-current liabilites		11	-
Total non-current liabilities		**11**	**-**
Current liabilities			
Trade payables		151	72
Other liabilities	25	108	108
Accrued expenses and deferred income		543	855
Total current liabilities		**803**	**1,035**
TOTAL EQUITY AND LIABILITIES		**232,736**	**243,492**

For information on pledged assets and contingent liabilities, see note 31.

Statement of Changes in Equity – Parent Company

EUR thousands	Share capital	Other contributed capital/Share premium reserve	Retained earnings incl. Profit/loss for the year	Total equity for shareholders in parent company
2018				
Opening equity 1 January 2018	3,658	277,425	-38,626	242,457
Net profit /loss for the period			6,744	6,744
Total comprehensive income			6,744	6,744
Bonus issue	3	-3		-
Dividend to shareholder		-4,451		-4,451
Share buy-back		-12,880		-12,880
Long-term incentive program (LTIP)		52		52
Closing equity 31 December 2018	3,660	260,145	-31,882	231,923

EUR thousands				
2017				
Opening equity 1 January 2017	3,655	299,613	-55,711	247,558
Net profit /loss for the period	-	-	17,085	17,085
Total comprehensive income			17,085	17,085
Bonus issue	3	-3		-
Dividend to shareholder		-2,267		-2,267
Share buy-back		-19,920		-19,920
Closing equity 31 December 2017	3,658	277,425	-38,626	242,457

Statement of Cash Flow – Parent Company

EUR thousands	Note	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Operating activities			
Operating income before tax		6,744	16,451
Adjustments not included in cash flow from operating activities	30	-4,777	-17,583
Income tax paid		-	-
Cash flow from current operations before changes in working capital		1,967	-1,132
Cash flow from changes in working capital			
Increase (-)/decrease(+) in other current receivables		1,196	210
Increase (+)/decrease(-) in other current payables		-169	-747
Cash flow from operating activities		2,994	-1,669
Investing activities			
Loan to group company		-2,427	-4,200
Cash flow from investing activities		-2,427	-4,200
Repayment of shareholder contributions		11,513	11,000
Dividend to shareholders		-4,451	-2,267
Share buy-back		-12,880	-19,920
Cash flow from financing activities		-5,818	-11,187
Cash flow for the period		-5,251	-17,056
Cash and cash equivalent at the beginning of the year		13,168	30,338
Exchange rate differences in cash and cash equivalents		-19	-115
Cash and cash equivalent at year-end		7,898	13,168

Notes to the financial statements

1 ACCOUNTING PRINCIPLES

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as approved by the European Commission for application within the Euro-pean Union. In addition, the Swedish Financial Reporting Board recommendation RFR 1 has been applied.

The accounting policies have been consistently applied to all periods presented in the financial statements, unless otherwise stated.

During the period 1 January 2014 – 30 June 2018, Eastnine AB applied the investment entity consolidation exception in IFRS 10, which implies that all holdings, including subsidiaries, are recognised at fair value through profit or loss. In reassessing Eastnine AB, it has been concluded that the Company no longer falls within the classification of an investment entity, as a majority of the portfolio (excluding cash) now consists of directly owned real estate assets. As of 1 July 2018, Eastnine Group reports consolidated financial statements of the parent company and its subsidiaries, including directly owned real estate subsidiaries. This change in status is accounted for prospectively.

Due to the change in status, changes in accounting principles are applied as of 1 July 2018, compared to the annual report 2017. As mentioned, the consolidated financial statements include the Parent Company and subsidiaries. For subsidiaries that were measured at fair value in accordance with IFRS 10, Business Combination (IFRS 3) is applied using the fair value of the investment on the date of the change of status as the deemed consideration transferred. Subsidiaries are consolidated prospectively from that date, which means that comparatives are not restated.

Intra-group receivables and liabilities, revenues or expenses and unrealised gains or losses arising from internal group transactions between group companies are eliminated in their entirety when the consolidated financial statements are prepared.

The holding in Melon Fashion Group (MFG) will continue to be measured, controlled and monitored based on fair value and accounted for as financial instruments at fair value through profit/loss, according to IFRS 9 and IAS 28 p.18-19. Properties are recognised at fair value, and value changes are recognised through profit or loss. Hedge accounting is not applied on interest rate swaps, instead the swaps are recognised at fair value through profit or loss. Loans and other financial debt are measured at amortised cost.

Deferred tax liability is reported in Eastnine Lithuania, where corporate income tax of 15 percent is applied. No corporate income tax is recorded in Estonia or Latvia as corporate income tax of 20 percent is levied only on distributed profits.

The separate financial statements of the Parent Company, Eastnine AB, are produced in accordance with RFR 2. The applied accounting principles appear in the applicable parts of the accounting principles for the group with the addition of valuation of shares in subsidiaries. Shares in subsidiaries are, from date of change in status to not being an investment entity, recognised at historical acquisition value and the value is regularly tested for impairment.

The annual report and the consolidated financial statements were approved for issue by the Board on 19 March 2019. The financial statements for the Group the Parent Company will be submitted to the shareholders' meeting for adoption on 15 May 2019.

NEW IFRS

No new or amended IFRS, effective from 2017, have changed the Company's financial statements.

A number of new or revised IFRS effective for reporting periods beginning 1 January 2018 or later have been published by the IASB. The Company does not plan early adoption of these standards and they are not assessed to have any material impact on the financial statements, including the new standard IFRS 16 Leases.

IFRS 16 Leases - This standard replaces IAS 17 and is applied from 2019. The new standard requires lessees to report assets and liabilities attributable to all lease agreements, with the exception of agreements which are shorter than twelve months and/or refer to small amounts. Accounting of these leases may change as a result of the new standard. Regarding Eastnine's status as a landlord and lessor, the change is not expected to affect the company's statements. The standard also covers reporting of leaseholds, which will involve a change to Eastnine's accounts, however, it is not expected to have any material impact on financial reporting.

FUNCTIONAL AND PRESENTATION CURRENCY

The Parent Company's functional currency is EUR, which is also the presentation currency for the Parent Company and the Group. This means that the financial statements are presented in EUR. All amounts, unless stated otherwise, are rounded off to the nearest thousand. Note that certain figures may not sum exactly due to rounding.

ESTIMATES AND ASSUMPTIONS IN THE FINANCIAL STATEMENTS

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Management has discussed the developments, decisions made and information regarding the Company's most important accounting principles and estimates, as well as the application of these principles and estimates with the Board of Directors.

KEY SOURCES OF UNCERTAINTY

The sources of uncertainty in the estimates below refer to the significant risk of substantial adjustments to reported assets or liabilities for the next financial year.

IFor valuation of investment properties, assessments and assumptions can have a significant effect on the income and financial position of the Group. These valuations require estimates and assumptions of future cash flows and determination of the discounting factor (required yield). To reflect the uncertainty that exists in the assessments and assumptions, an uncertainty range of +/- 5–10 percent is normally used in property valuations

Other investments that are not traded on a market seen as an active market and fair value is not set against the background of actual bid quote, but by means of valuation models (see below under financial instruments), there is uncertainty that the holding will not be assigned a correct fair value. The Company applies its models consistently between the periods, but the calculation of fair value is characterised by uncertainty. Based on controls and reliability procedures, the Group considers the fair values recognised in the Balance Sheet to be carefully calculated and balanced and to reflect the underlying economic values.

MATERIAL ACCOUNTING PRINCIPLES FOR THE GROUP

Consolidated Financial Statement

The consolidated financial statement includes the Parent Company, subsidiaries and joint ventures. Subsidiaries are companies over

Note 1 cont.

which the Parent Company has control. Control exists if the Parent Company has power over the investment object, is exposed to or has the right to variable returns from its commitment and can use its power over the investment to impact the return. In the assessment of whether control exists, consideration is given to whether potential share voting rights and de facto control exist.

The consolidated financial statements have been prepared in accordance with the acquisition method, which means that assets and liabilities and contingent liabilities have been measured at their fair value at the date of acquisition in accordance with an established acquisition price allocation. The revenues and expenses in acquired companies are included in the consolidated financial statement from the time they were accessed. The income statements of divested companies are included until the date when the company was vacated.

Intra-group receivables and liabilities, revenues or expenses and unrealised gains or losses arising from internal group transactions between group companies are eliminated in their entirety when the consolidated financial statements are prepared.

Business combinations

For acquisitions where Eastnine obtains control over a business, the acquisition method is applied. The acquired unit's identifiable assets, liabilities and contingent liabilities are reported at their fair values at the date of acquisition. Revenue, expenses and earnings attributable to the acquired operations are included from the date the unit is obtained. Deferred tax for any surplus values relating to the acquisition is reported as a liability on basis of the nominal tax rate. The difference between deferred tax in accordance with the nominal tax rate and the value at which the temporary difference is measured in the acquisition price allocation is included in goodwill. Transaction costs are accounted for as administrative expenses in connection with the acquisition. In the case of the acquisition of additional shares in a company to an extent that gives Eastnine control, earlier shares are revalued at fair value with any gain (loss) recognised in profit or loss. However, if it is an acquisition of additional shares in a company which earlier has been consolidated, the difference between the purchase sum and the net values, as of the closing date for the transaction, is recognised as an ownership transaction directly to equity. When there is a partial sale of a group company but with maintained control, the difference between the sales price and value of sold share is reported as an ownership transaction directly to equity. At the partial sale of a group company where control is lost, a capital gain (loss) is reported with a re-evaluation of remaining holdings in the income statement.

Revenue

The lease agreements are classified as operating lease agreements on the basis that the property is still present in Eastnine's ownership. Rental revenues from investment properties are reported on a straight-line basis in the profit for the year based on the terms of the lease agreement. The aggregated cost of incentives is reported as a reduction of rental revenue on a straight-line basis over the lease term. The revenue of property divestments is reported on the exit day.

Expenses

Property expenses refer mainly to operation, repair, maintenance, tenant customisations and property tax. Selling and administration costs relate primarily to costs of central functions, such as business development, accounting, legal, IT, office as well as the Group's management team.

The cost for variable remuneration is estimated and accrued quarterly. The difference between the accrued variable remuneration and the actual payment is recognised in the Income Statement during the following year. Obligations related to contributions to defined contribution plans are expensed in the Income Statement at the same rate as the salaries are expensed.

The Group have a share-based incentive programme, under which it awards Eastnine equity instruments to its employees. The equity-settled share-based incentive programme entitles employees to receive Eastnine shares if certain conditions are met. Fair value of these rights is determined at grant date by using appropriate valuation models, taking into account the terms and conditions of the award and the Group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date. Social security costs are accounted for over the vesting period and the provision for social security costs is reassessed on each reporting date to ensure that the provision is based on the rights' fair value at the reporting date. The cost of equity-settled share-based incentive programmes is measured by reference to the fair value of equity instruments on the date they are granted and recognised as an expense on a straight-line basis over the vesting period with a corresponding increase in equity. The vesting period is the period that the employees have to remain in service at Eastnine in order for their rights to vest.

Leasing

Eastnine has, as a lessee, entered a number of site leaseholds and smaller lease agreements for office machinery and office spaces.

On the basis that substantial risks and rewards remains with the lessor, all the rental site leaseholds and lease agreements have been reported as operational lease agreements. The costs are expensed on an on-going basis.

Foreign currency transactions

The functional currency of the Group's companies is EUR. Transactions in currencies other than EUR are translated into the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the closing rate of exchange. Exchange rate differences arising on currency translations are recognized net as either financial income or financial expense in the Income Statement.

Financial income and expenses

Interest income and interest expenses on financial instruments are recognized in the Income Statement in the period to which the amounts refer. Financial income consists of interest income from bank balances and receivables, as well as interest-bearing securities. Financial expenses consist of interest expenses on borrowings and other interest-bearing liabilities. Exchange rate gains and losses on monetary assets and liabilities are reported net. Moreover, fair value changes in bonds and other certificates classified as short-term-investments, valued at fair value through profit or loss are reported net as financial income or expense.

Interest income on receivables and interest expenses on liabilities are calculated applying the effective interest method. The effective interest rate is the interest rate that discounts the instrument's future cash flows to the initial reported value of the instrument.

Transaction costs in connection with borrowing reduces the carrying amount of the loan and is allocated as an expense in the effective interest rate.

Interest and other financial expenses relating to new construction are capitalized during the construction period, while expensed on an on-going basis when related to renovation and extension, since the investments are smaller and execution time normally shorter.

Taxes

Income tax comprises current and deferred tax. Income tax is reported in profit or loss, except when the underlying transaction will be reported directly against equity or in other comprehensive income. Current tax is tax which is to be paid or received regarding the current year, using the tax rates that have been enacted or substantively enacted by the reporting date, and adjustments of current taxes attributable to previous periods.

Deferred tax is recognized in respect of temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, applying the tax rates which have been enacted or announced as per the reporting date. Temporary differences are not considered in goodwill arising on consolidation or in differences attributable to subsidiaries and associated companies which are not expected to be taxed within the foreseeable future. Deferred tax assets attributable to deductible temporary differences and loss carry forwards are recognized only to the extent it is likely that they will be utilized and will result in lower tax payments in the future. The value of deferred tax assets is reduced when it is no longer considered likely that they can be utilized. Deferred tax assets and deferred tax liabilities in the same country are reported net.

When there is an acquisition of shares in subsidiaries, the acquisition consists of either a business acquisition or asset acquisition. For business acquisitions, deferred tax is reported to the nominal value of the applicable tax rate without discounting in accordance with the principles above. For asset acquisition no deferred tax is reported separately on the acquisition date. The asset is recognised at the acquisition cost. After the acquisition, the full amount of deferred tax for future changes in value is recognized, except for an adjustment for the initial measurement of deferred tax.

Financial Instruments

Financial Instruments recognised in the Balance Sheet include shares and participations in investing activities (including investments in associated companies, and funds), cash and cash equivalents and other short-term receivables on the asset side and accounts payable, loans payable, interest rate swaps and other current liabilities on the liability side.

Recognition and derecognition

A financial asset or liability is recognised in the Balance Sheet when the Company becomes party to the terms and conditions of the instrument. Acquisitions and sales of financial assets are recorded on the transaction date, which is the date on which the company becomes obligated to acquire or sell the asset. Borrowings are recognised on the date on which the transaction is completed, the settlement date.

Accounts receivable are recognised in the Balance Sheet when an invoice is sent. Liabilities are recognised when the counterparty has fulfilled its undertaking and a contractual payment obligation exists, regardless of whether or not an invoice has been received. Accounts payable are recognised when the invoice has been received.

A financial asset (or part thereof) is removed from the Balance Sheet when the rights in the agreement are realised or expire, or when the company has transferred substantially all of the risks and benefits associated with ownership. A financial liability (or part of thereof) is removed from the Balance Sheet when the obligation specified in the agreement is discharged or in any other manner extinguished. A financial asset and financial liability are offset and recognised in the Balance Sheet in a net amount only when there is legal right to offset and when it is intended to settle the item with a net amount or to simultaneously realise the asset and settle the liability.

Classification and measurement

Financial instruments are initially recognised fair value, which normally consist of the acquisition cost, with financial assets and liabilities that are not reported at fair value through profit or loss with addition/deduction for transaction expenses. The classification determines how the financial instrument is valued after initial recognition, as described below.

Financial assets at amortised cost

Loans, receivables and short-term investments comprising deposits in the Balance Sheet consisting of immediately available balances at banks and equivalent institutions are recognised at amortised cost, using the effective interest method. Cash and cash equivalent and short-term receivables, for which discounting does not have a material effect, are reported at nominal amount.

Loans payable and other financial liabilities

This category includes loans and other financial liabilities, such as accounts payable. Loans payable and other financial liabilities (except for any interest rate swaps with negative value) are measured at amortised cost.

Financial assets and liabilities at fair value through profit or loss

Shares and participations in investing activities and short-term investments are recognised at fair value through profit or loss. For investments that are associated companies, the Group applies an exception in IAS 28.18 for investing companies, which means that the holding is reported at fair value through profit or loss. Also, interest rate swaps are recognised at fair value through profit or loss (see section below regarding hedge accounting).

IPEVC Guidelines and International Valuation Standards Council ("IVSC") guidelines are applied for fair value determination. Unlisted holdings, other than investment properties, shall be initially measured at their acquisition price and subsequently at fair value in accordance with IFRS 13, using the International Private Equity and Venture Capital Valuation Guidelines (IPEVC Guidelines). In brief, the following methods are used, ranked: the price of recent transactions; independent reliable valuation that can be substantiated; any other valuation methodology that clearly and indisputably provides a better estimate of the fair value, or; the fair value at the previous reporting date remains the best estimate of fair value, considering changes in value due to events or changes in circumstances. The Company may request, when it considers that there is a requirement to do so, an independent appraiser to perform a valuation of any investment.

Investment property

Investment properties are properties that are held for the purposes of securing rent revenue and/or an increase in value. On initial recognition, any acquired investment property is carried at acquisition cost. In the financial statements. Investment property is subsequently measured at fair value in accordance with IAS 40. The fair value of investment property is adjusted at each time when drawing up financial statements with its change recognized as profit or loss in the income statement. During the financial year an on-going internal revaluation takes place, based on location-price, considering significant and unforeseen changes in rental income, market yield requirements, or other events that might significantly impact the market value of the property. A significant impact is included in the income statement if it means more than +/- 5 percent change in property value versus the most recent external valuation. In order to assure the valuations, the valuation is normally confirmed annually by independent asset valuers who apply a fair value method.

For buildings that are under construction for future use as investment property, market value can sometimes not be determined reliably before the building is completed and there is verified rental income. Buildings under construction can therefore in some cases be valued at costs incurred.

Additional expenses are only capitalized when it is probable that the future economic benefits that are associated with the asset will accrue to the Group, that the cost can be reliably estimated, and that measures refer to replacement of an existing component or the inclusion of a new, identified component. Other repair and maintenance costs are expensed during the period in which they arise.

Hedge accounting

Hedge accounting is not applied for interest rate derivatives, which is why the derivatives changes in fair value in the statement of financial position is reported as unrealised changes in value in the income statement.

Note 1 cont.

Equipment and intangible assets
Equipment and intangible assets are recognised at acquisition value less accumulated depreciation and any impairments. Depreciation takes place on a straight-line basis over the useful life.

Provisions
A provision is recognized in the Balance Sheet when the Group has an existing legal or constructive obligation as a result of past events, when it is likely that an outflow of resources will be required to settle the obligation and when the amount can be estimated reliably. In cases in which the date of payment has a material effect, the amount of the provision is calculated via the discounting of the expected future cash flow to an interest rate before taxes which reflects the relevant market assessments of the effect of the time value of money and, if applicable, the risks associated with the liability.

A provision for restructuring is reported when the Group has established an explicit, formal restructuring plan and restructuring has either begun or been publicly announced. No provision is made for future operating expenses.

Impairment
The carrying values of the Group's assets, excluding assets reported at fair value through profit or loss, are tested each reporting date for indications of impairment.

Expected credit losses are recognised in relation to financial assets not recognised at fair value through profit or loss. Objective evidence of loss events are not required. Expected loss rates are based on historical experience and additional information about current and future conditions.

Property, plant & equipment and intangible assets not recognised at fair value through profit or loss are tested for impairment whenever there is an indication of impairment. An impairment is recognised if the higher of value in use and fair value less costs of disposal is lower than the carrying amount. If an asset does not generate cash inflows that are largely independent of cash inflows from other assets, the asset is tested in the smallest group of assets that generate largely independent cash inflows (a cash generating unit). A cash generating unit cannot be larger than an operating segment. Value in use is estimated as the present value of expected future cash flows generated by the asset / cash generating unit.

Any impairment loss is recognised as expense in profit or loss.

Cash flow statement
The cash flow statement is prepared in accordance with the indirect method. This implies that profit or loss is adjusted for transactions which have not resulted in payments or receipts during the period, and for any income or expenses attributable to cash flow from investing or financing activities.

Repurchase of shares
Repurchase of own shares is recognised as a deduction from equity. These shares are issued but not outstanding and are not included in the calculation of dividends or earnings per share.

Dividends
The dividend reduces equity when approved by the Annual General Meeting.

Earnings per share
Earnings per share are calculated by dividing the profit or loss by the weighted average number of ordinary shares outstanding during the year. When calculating diluted earnings per share, earnings and the average number of shares are adjusted to take account of the dilutive effects of potential ordinary shares.

Contingent liabilities
A contingent liability will be recognised when there is a possible obligation which arises from past events and whose existence is confirmed by one or more uncertain future events, or when there is a commitment which is not reported as a provision due to the fact that it is unlikely that an outflow of resources will be required.

Parent Company's accounting principles
The separate financial statements of the Parent Company, Eastnine AB, are produced in accordance with RFR 2. The applied accounting principles appear in the applicable parts of the accounting principles for the group with the addition of the following for the Parent Company.

Shares in subsidiaries
Shares in subsidiaries are recognised at historical acquisition value. The value is regularly tested for impairment.

Dividends
Dividends from subsidiaries and associated companies are reported as revenue when the right to dividend is established. Anticipated dividend from subsidiaries are recognised when the Parent Company has the sole right to decide on the size of the dividend and the Parent Company has taken a decision on the size of the dividend before publishing its financial statements. If the carrying amount in the Parent Company's holding in the subsidiary or associated company would exceed the carrying amount in the financial statements this is to be considered as an indication of impairment and impairment test should be carried out.

Group contribution
Group contributions received from a subsidiary are reported according to the same principles as conventional dividends from subsidiaries. Group contributions paid to subsidiaries are reported as an investment in participations in group companies. Shareholder contributions are reported by the maker as an increase in the shares' net book value and by the recipient as an increase in non-restricted equity

Financial guarantees
The Parent Company's financial guarantee agreement consists of guarantees on behalf of companies within the Group. For reporting of financial guarantees, the Parent Company applies one of the RFR2 permitted relief regulations compared to the regulations in IFRS 9 Financial instruments. The Parent Company reports financial guarantee agreements as a provision in the balance sheet when the company has a commitment for a probable payment. Otherwise the obligation is reported as contingent liabilities.

2 SEGMENT REPORTING

Eastnine classifies and evaluates the Company's various segments based on the nature of the investments. Segments are presented from the point of view of management and are divided into the following segments: Real Estate Direct, Real Estate Funds and Other.

The segment report for 2018 presents Eastnine as an investment entity during the first six months (marked grey) and as a consolidating real estate company for the last six months.

EUR thousands 1 Jan–31 Dec 2018	Real Estate Direct	Real Estate Funds	Other	Unallocated	Total
Rental icome	4,855	-	-	-	4,855
Other operating income	-	-	-	-	-
Property expenses	-631	-	-	-	-631
Net operating income	**4,225**	**-**	**-**	**-**	**4,225**
Central administration expenses	-	-	-	-1,677	-1,677
Interest expenses	-616	-	-	-	-616
Other financial income and expenses	351	-	-	18	369
Profit from property management	**3,960**	**-**	**-**	**-1,659**	**2,302**
Unrealised changes in value of properties	4,538	-	-	-	4,538
Unrealised changes in value of derivatives	-276	-	-	-	-276
Unrealised changes in value of investments		2,225	3,742	-86	5,881
Realised values and dividends from investments		687	2,266	-	2,953
Changes in fair value of subsidiaries and associated companies	2,196	1,886	-2,632	-415	1,035
Dividends received	-	-	930	-	930
Other income	-	41	79	-	119
Staff expenses	-	-	-	-880	-880
Other operating expenses	-	-	-	-582	-582
Financial income	683	-	-	-	683
Financial expenses	-	-	-	-40	-40
Profit/loss before tax	**11,100**	**4,839**	**4,384**	**-3,661**	**16,662**
Deferred tax	-1,021	-	-	-	-1,021
Net profit/Loss for the year	**10,079**	**4,839**	**4,384**	**-3,661**	**15,641**
Value of properties	**158,862**	**-**	**-**	**-**	**158,862**
Value of investments	**-**	**43,986**	**48,912**	**-**	**92,898**
Liabilities to credit institutions	**67,550**	**-**	**-**	**-**	**67,550**

EUR thousands 1 Jan–31 Dec 2017	Real Estate Direct	Real Estate Funds	Other	Unallocated	Total
Changes in value of portfolio	6,695	4,140	5,699	–	16,534
Dividends received	–	1,067	990	–	2,057
Other operating expenses	–	–	–	–1,008	–1,008
Changes in value of subsidiaries	**6,695**	**5,207**	**6,689**	**–1,008**	**17,583**
Dividends received	–	–	1,497	–	1,497
Other income	–	52	666	175	892
Staff expenses	–	–	–	–2,262	–2,262
Other operating expenses	–	–	–	–1,259	–1,259
Operating profit/loss	**6,695**	**5,259**	**8,851**	**–4,354**	**16,451**
Financial income	749	–	–	–	749
Financial expense	–	–	–	–115	–115
Profit/loss before tax	**7,444**	**5,259**	**8,851**	**–4,469**	**17,085**
Assets	74,164	37,064	90,213	42,051	243,492

3 RENTAL INCOME

OPERATING LEASES – THE GROUP AS LESSOR

All investment properties are let to tenants under operating leases and generate rental income. Future rental income attributable to non-cancellable operating leases is distributed as follows:

Maturity structure of existing leases, Dec 31, 2018

Lease expiry, EUR thousands	Contractual annual rent
Within 1 year	3,867
Between 1 to 5 years	4,044
Later than 5 years	627
Garage and parking	463
Total	9,001

The difference between total rents at 31 December 2018 and income, as stated in profit or loss for 2018, is due to bought/sold properties, renegotiations and changes in occupancy rates in 2018. Leases relating to garage/parking spaces remain in force until further notice. No information was provided about variable rental income since this comprises an insignificant portion of the total rental income.

Contracted future rental income

EUR thousands	31 Dec 2018	31 Dec 2017
Within 1 year	7,534	-
Between 1 to 5 years	17,874	-
Later than 5 years	13,269	-
Total	38,677	-

4 REALISED VALUES AND DIVIDENDS FROM INVESTMENTS

	Group		Parent company	
EUR thousands	2018	2017	2018	2017
Melon Fashion Group	3,196	997	3,196	997
Eastnine Investments AB	-	500	-	500
East Capital Baltic Property Funds II	640	-	-	-
Repayment of charged managment fees in the funds	48	-	-	-
Total	3,883	1,497	3,196	1,497

5 OTHER INCOME

	Group		Parent company	
EUR thousands	2018	2017	2018	2017
Repayment of charged managment fees in the funds	119	717	167	717
Advisory and management services to group companies	-	175	-	175
Total	119	892	167	892

6 PROPERTY EXPENSES

Distribution by type of cost,	Group		Parent company	
EUR thousands	2018	2017	2018	2017
Operation, repair and maintenance	-297	-	-	-
Other direct property expenditure	-29	-	-	-
Personnel costs	-223	-	-	-
Depreciation	-29	-	-	-
Other external expenses	-52	-	-	-
Total	-631	-	-	-

7 CENTRAL ADMINISTRATION EXPENSES AND OTHER OPERATING EXPENSES

Distribution by type of cost,	Group		Parent company	
EUR thousands	2018	2017	2018	2017
Rent	-114	-116	-114	-116
Marketing and PR	-116	-293	-116	-293
Audit assignments	-93	-51	-86	-51
IT and accounting services	-136	-79	-122	-79
Legal services	-89	-138	-89	-138
Services from related parties[1)]	-7	-39	-7	-39
Staff expenses	-2,072	-2,262	-1,708	-2,262
Other external costs	-513	-544	-508	-544
Total	-3,139	-3,521	-2,750	-3,521

1) Services from East Capital. See note 29.

Allocation in the income	Group		Parent company	
statement,EUR thousands	2018	2017	2018	2017
Central administration expenses	-1,677	-	-	-
Staff expenses	-880	-2,262	-	-
Other operating expenses	-582	-1,259	-2,750	-3,521
Total	-3,139	-3,521	-2,750	-3,521

8 EMPLOYEES, STAFF EXPENSES AND EXECUTIVE MANAGEMENT COMPENSATION

Salaries, other remunerations and social charges, EUR thousands	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Board of directors and CEO	640	885	526	885
of which variable	*114*	*183*	*-*	*183*
Other employees	1,213	769	623	769
Total	**1,852**	**1,654**	**1,149**	**1,654**
Social charges	719	585	517	585
of which pensions	*140*	*132*	*140*	*132*
Total	**2,571**	**2,239**	**1,666**	**2,239**

Average number of employees	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Men	7	4	4	4
Women	6	4	3	4
Total	**13**	**8**	**7**	**8**

EXECUTIVE MANAGEMENT COMPENSATION

Renumeration to the board

On 24 April 2018, the Company's shareholders' meeting determined that the Chairman of the Board will receive annual compensation of SEK 800,000 for the period until the next shareholders' meeting. Other Board members will receive SEK 400,000 per person in compensation for the time until the next shareholders' meeting.

Remuneration to senior executives and other terms of employment

Guidelines for salary and other remuneration to the Company's senior executives will be resolved on a yearly basis at the annual general meeting, based on proposals by the Board. Remuneration to senior executives consists of fixed salary, variable salary and pension, insurance and customary benefits. The Board decides at its own discretion whether the senior executives should be paid variable salary. The senior executives can receive a maximum variable salary corresponding to 50 percent of their fixed salary. The senior executives have an individual premiumbased pension plan, pursuant to which the Company pays premiums corresponding to 4.5 percent of the fixed salary up to 7.5 Swedish income base amounts and premiums corresponding to 30 percent of the fixed salary on the portion of the fixed salary that exceeds 7.5 Swedish income base amounts. In the event the Company terminates the CEO's employment, the Company is required to observe a six-month notice period. In addition, the CEO is entitled to a severance payment corresponding to six months' salary. In the event the CEO terminates his employment, he is required to observe a six-month notice period.

Remuneration and other benefits Parent Company, EUR thousands	2018 Board fee	2018 Fixed salary	2018 Variable salary 1)	2018 Other benefits	2018 Pension expenses	2018 Total	2017 Board fee	2017 Fixed salary	2017 Variable salary 1)	2017 Pension expenses	2017 Total
Liselotte Hjorth, Chairman from 24 April 2018 2)	66	-	-	-	-	66	44	-	-	-	44
Peter Elam Håkansson, Board member 2)	40	-	-	-	-	40	44	-	-	-	44
Johan Ljungberg, Board member from 24 April 2018	26	-	-	-	-	26	-	-	-	-	-
Nadya Wells, Board member	39	-	-	-	-	39	42	-	-	-	42
Peter Wågström, Board member from 24 April 2018	26	-	-	-	-	26	-	-	-	-	-
Lars O Grönstedt, Chairman until 24 April 2018 2)	41	-	-	-	-	41	132	-	-	-	132
Göran Bronner, Board member 15 May 2017 - 24 April 2018	13	-	-	-	-	13	31	-	-	-	31
Kestutis Sasnauskas, CEO from 3 July 2017, CIO until 2 July 2017	-	233	114	1	42	389	-	260	94	44	398
Mia Jurke, CEO until 2 July 2017	-	-	-	-	-	-	-	149	88	22	259
Other executive management, 1 (1) employee	-	148	-	7	30	184	-	143	69	23	235
Total	**250**	**381**	**114**	**7**	**72**	**824**	**294**	**552**	**252**	**88**	**1,186**

1) During 2018 EUR 20 thousands has been reserved for LTIP 2018. During 2019 the board resolved to pay out EUR 94 thousands for executive management for 2018.
2) Board members who invoice their Board fees. In order to keep their Board fee neutral in relation to the other Board members, the fee invoiced has been adjusted for social security contributions and VAT. As of Annual General Meeting 2018, all Board fees are paid as salary.

LONG-TERM INCENTIVE PROGRAM

Eastnine have established a long-term incentive programme ("LTIP 2018") directed to employees of the group. The rationale for LTIP 2018 is to promote shareholder value and the company's long-term value creation capability by creating conditions for retaining and recruiting competent personnel, increasing the motivation amongst the participants, promoting a personal shareholding as well as aligning the participants' interest with the interest of the company's shareholders.

LTIP 2018

LTIP 2018 is directed to employees of the group who have been employed since 1 January 2018, divided into the following three categories: Category A (CEO and CFO), Category B (investment managers and country managers, approx. six employees) and Category C (other employees, four employees). The employees in Category A–C are collectively referred to as the "Participants".

Participation in LTIP 2018 requires that the Participant purchases shares in the company for an amount corresponding to up to two months' gross fixed salary as of 1 April 2018 ("Savings Shares").

Each Savings Share entitles the Participants to receive (a) one share in the company free of charge (a "Matching Share") and (b) up to five shares in the company free of charge ("Performance Shares") depending on Category and satisfaction of the requirements specified in the table below as well as the board of directors' decision.

Category	Matching Shares*	Performance Shares for the satisfaction of Requirement 1*	Performance Shares for the satisfaction of Requirement 2*
A	1.0	Up to 2.5	Up to 2.5
B	1.0	Up to 2.0	Up to 2.0
C	1.0	Up to 0.5	Up to 0.5

* *Maximum number of shares per Savings Share that entitle the Participant to allotment of Matching Shares or Performance Shares pursuant to the terms and conditions of LTIP 2018. Requirements 1 and 2 are defined below.*

The right to receive Performance Shares is conditional upon on the satisfaction of the performance requirements set out below.

Requirement 1 means that the profit from the portfolio segment Real Estate Direct during the period 1 October–31 December 2020 shall reach EUR 3.75 million (corresponding to a profit from the portfolio segment Real Estate Direct of EUR 15 million on an annualised basis, which is in line with the company's financial target).

Requirement 2 imeans that the average annual return on equity related to the portfolio segment Real Estate Direct during the period 1 July 2018–30 June 2021 shall exceed 13 percent.

In aggregate, a maximum of 88,092 shares in the company, of which 19,888 are Matching Shares and 68,204 are Performance Shares, may be allotted to the Participants.

Matching Shares and Performance Shares are expected to be allotted to the Participants within 45 days from the publication of the company's interim report for January–September 2021. The period from 30 June 2018 up until the date of the publication of the company's interim report for January–September 2021 is below referred to as the "Vesting Period".

Should the Share Price at Allotment (as defined below) exceed 300 per cent of SEK 87.44, the number of Matching Shares and Performance Shares to be allotted shall be reduced by way of multiplying the number of Savings Shares that entitle to allotment by a factor equal to the Share Price Cap divided by the Share Price at Allotment. The value of the company's shares in connection with allotment (the "Share Price at Allotment") shall be calculated based on the volume weighted average price of the company's share on Nasdaq Stockholm during the ten trading days immediately following the publication of the company's interim report for the period January–September 2021.

REPURCHASE OF OWN SHARES

Eastnine AB repurchased 116,914 own shares for an amount of EUR 1.1m, in order to secure delivery of shares under LTIP 2018 and to secure and cover social security charges.

	2018	
Share rights	Group	Parent company
Outstanding at the beginning of the period	0	0
Allocated in the period	85,391	60,902
Forfeited in the period	-17,841	-17,841
Outstanding at the end of the period	**67,550**	**43,061**

	2018	
Fair value and assumptions	Group	Parent company
Fair value at valuation date, EUR thousands	348	220
Share price, SEK	87.34	87.34
Exercise price, SEK	0	0
Term of the share rights, years	2.88	2.88

1) The share price is adjusted for dividends during the vesting period.

	2018	
Personnel expenses for share-related remuneration	Group	Parent company
Share rights	52	33
Social charges	11	11
Total personnel cost for share-based remuneration	**63**	**44**

9 FEES AND EXPENSES FOR AUDITORS

	Group		Parent company	
EUR thousands	**2018**	2017	**2018**	2017
Audit fee	102	51	48	51
Audit assignments except audit fees	31	10	31	10
Tax assignments	-	39	-	39
Other assignments	7	7	7	7
Total	**140**	**107**	**86**	**107**

Audit fee refers to auditing of the annual report, the accounting records and the administration of the Board of directors and the CEO, other tasks incumbent on the Company's independent auditor, and advice or other assistance prompted by observations from such audits or the performance of other such tasks.

10 INTEREST EXPENSES AND OTHER FINANCIAL INCOME AND EXPENSES

	Group		Parent company	
EUR thousands	**2018**	2017	**2018**	2017
Interest expenses on external loans	-379	-	-	-
Interest expenses on derivatives	-229	-	-	-
Net foreign exchange loss [1]	-	-115	-22	-115
Other financial expenses	-7	-	-	-
Total interest expenses	**-616**	**-115**	**-22**	**-115**
Interest income from Group companies	-	749	1,376	749
Capitalized interest expenses	362	-	-	-
Net foreign exchange gain [1]	18	-	-	-
Other financial expenses	-11	-	-	-
Total Other financial income and expenses	**369**	**749**	**1,376**	**749**

[1] *Exchange rate gain/loss on cash and cash equivalent*

11 TAXES

Reconciliation of effective tax

	Group		Parent company	
EUR thousands	**2018**	2017	**2018**	2017
Profit/loss before tax	16,662	17,085	6,744	17,085
Tax as per applicable tax rate for the Parent Company, 22,0%	-3,666	-3,759	-1,484	-3,759
Difference in tax rate in foreign operations	1,243	-	-	-
Tax effect on non-taxable fair value adjustments	2,459	3,868	1,051	3,868
Tax effect on non-taxable income from dividend	844	329	703	329
Tax effect of other non-taxable income	3	-	-	-
Tax effect on non tax-deductible expenses	-62	-4	-5	-4
Tax effect on tax-deductible expenses not recorded	-1,575	-	-	-
Not recognized tax on tax losses carried forward for the year [1]	-267	-435	-265	-435
Total	**-1,021**	-	-	-
Average applicable tax rate	6.1	0.0	0.0	0.0

[1] *Deferred tax assets are reported to the extent it is possible that they can be utilised by future taxable profits. Potential unrealised tax effects on tax losses forward amount to EUR 2.3m in parent company, which has not been recognised in the balance sheet as future profits will mainly deemed to be attributable to direct investments which are not taxable according to Swedish tax law.*

12 EARNINGS PER SHARE

Earnings per share, EUR	**2018**	2017
Earnings per share, basic and diluted	0.71	0.70

The origin of the numerator and denominator used in the above calculations of earnings per share is shown below:

	2018	2017
Profit for the year attributable to the holders of ordinary shares in the Parent Company	15,641	17,085
Weighted average number of outstanding ordinary shares, basic and diluted, adjusted for the effect of share buy-back, thousands of shares	22,128	24,334

13 SHAREHOLDERS EQUITY

Outstanding shares	**2018**	2017
Outstanding at beginning of year	24,816,033	28,161,563
Repurchased shares, cancelled	-2,445,772	-3,345,530
Outstanding at end of year	**22,370,261**	**24,816,033**

SHAREHOLDERS'S EQUITY

Other contributed capital

Pertains to shareholders' equity contributions. The share premium paid in conjunction with new issues is included here.

Retained earnings including profit/loss for the year

Include profit or losses attributable to shareholders in the Parent Company.

NON-RESTRICTED EQUITY

Share premium reserve

When new shares are issued at a premium, implying that the price to be paid for a share is higher than the previous quotient value of the share, an amount corresponding to the amount received in excess of the share's quotient value is transferred to the share premium reserve.

Retained earnings

Retained earnings comprise retained profit from previous years after any provisions to reserves and after payment of any dividends. Previous provisions to the statutory reserve, less transferred share premium reserves are included in this item under equity.

CAPITAL MANAGEMENT

Capital is defined as total equity, and amounted to EUR 241m (242) per 31 December 2018. Cash in the group amounted to EUR 65.1m (45.0).

Loan-to-value (LTV) ratio shall not exceed 65 percent on Group level and equity / asset ratio shall not be lower than 30 percent. At year end LTV ratio was 42.5 percent and equity / asset ratio 75.8 percent.

The Company may enter into a line of credit facility with one or more lenders for the purpose of obtaining an additional source of liquidity to fund short-term liquidity needs and for investments.

PROPOSED DISPOSITION OF EARNINGS

The Board of Directors proposed that the unappropriated earnings in Eastnine AB (publ) are distributed as follows:

Total available funds for distribution:	
Share premium reserve	260,144,592
Retained earnings	-38,626,293
Profit for the year	6,743,930
Total EUR	**228,262,229**

To be allocated as follows:	
Dividend to shareholders SEK 2.30/share [1]	4,594,299
Funds to be carried forward	223,667,930
(Of which share premium reserve 260,144,592)	
Total EUR	**228,262,229**

1) No dividend is paid for the Company's holding of own shares, whose exact number is determined on the record date for cash payment of the dividend. EUR 1 = SEK 10.62 on 8 March 2019 (Source: Reuters). Number of outstanding shares on 8 March 2019, adjusted for treasury shares, was 21,213,676.

14 INTANGIBLE ASSETS

	Group		Parent company	
EUR thousands	**2018**	2017	**2018**	2017
Accumulated acquisition values at beginning of year	-	-	-	-
Effect of consolidating subsidiaries from 1 July 2018	28	-	-	-
Divestment/disposal	-20	-	-	-
Activations for the year	6	-	-	-
Accumulated acquisition values at end of year	**14**	**-**	**-**	**-**
Accumulated depreciation at beginning of year	-	-	-	-
Effect of consolidating subsidiaries from 1 July 2018	-6	-	-	-
Divestment/disposal	1	-	-	-
Depreciation of the year	-2	-	-	-
Accumulated depreciation at end of year	**-8**	**-**	**-**	**-**
Carrying amount at end of year	**6**	**-**	**-**	**-**

15 INVESTMENT PROPERTIES

	Group		Parent company	
EUR thousands	**2018**	2017	**2018**	2017
Carrying amount at beginning of year	-	-	-	-
Effect of consolidating subsidiaries from 1 July 2018	149,564	-	-	-
Investments in owned properties	4,761	-	-	-
Unrealised changes in value [1]	4,538	-	-	-
Carrying amount at end of year	**158,862**	**-**	**-**	**-**

1) The unrealised changes in value are recognised in the income statement on the row for unrealised changes in value within the changes in value of investment properties.

VALUATION OF PROPERTIES

Carrying amount on 31 December 2018 is based on internal valuations. All properties have also been evaluated at some time during the year by external assessors to ensure the quality and verify the internal valuations.

Internal valuation

The properties are valued at fair value. The properties are valued on an ongoing basis throughout the year. Each quarter, internal valuations are also conducted of the portfolio. All properties are normally externally valued at least once a year by independent appraisers with recognised qualifications.

Valuation method

Eastnine reports its property portfolio at fair value which is the same as market value. The fair value is based on internal valuations and are regularly conducted as an integral part of the business process where, for each property, an individual assessment is made of the sales value. Valuations are made using the location price method where the market gross yield requirements are put in relation to the future triple net rental income of the properties.
The valuation is always made on the basis of level 3, meaning the input data which is not observable on the market. See description of valuation levels in note 27. There hasn't been any movement during the year between the valuation hierarchies.

Real Estate Direct	Valuation method	Valuation assumptions
3Burės	Location-price	Gross (triple-net lease) yield 7,0%
3Burės, third tower	Location-price	Gross (triple-net lease) yield 6,0%
Vertas	Location-price	Gross (triple-net lease) yield 6,5%
Alojas Biroji	Location-price	Gross (triple-net lease) yield 6,5%
Alojas Kvartals	Location-price	Gross (triple-net lease) yield 7,0%

Location-price valuation method means that market gross rental yield requirement is set against the triple-net rental income.

Sensivity analysis 31 December 2018	Real Estate Direct Fair Value	
Effect in EUR thousand	Increase	Decrease
Rental income change +/- 5%	-7,757	7,757
Gross yield +/- 0.5%-points	-11,500	13,411

16 EQUIPMENT

EUR thousands	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Accumulated acquisition values at beginning of year	-	-	-	-
Effect of consolidating subsidiaries from 1 July 2018	430	-	-	-
Divestment/disposal	-223			
Activations for the year	17	-	-	-
Accumulated acquisition values at end of year	**225**	-	-	-
Accumulated depreciation at beginning of year	-	-	-	-
Effect of consolidating sub-sidiaries from 1 July 2018	-171	-	-	-
Divestment/disposal	53	-	-	-
Depreciation of the year	**-14**	-	-	-
Accumulated depreciation at end of year	-131			
Carrying amount at end of year	**94**	-	-	-

17 SHARES AND PARTICIPATIONS IN SUBSIDIARIES

Until 30 June 2018, all shares and participations were recognised at fair value through profit or loss.

Consolidated entities 2018	Domicile Country	Number of shares	Ownership	Book value EUR thousands
Eastnine Investments AB	Stockholm, Sweden	11,000	100%	3,568
Eastnine Baltics OÜ	Tallinn, Estonia	2,501	100%	143,378
Eastnine Lithuania UAB	Vilnius, Lithuania	9,500	100%	-
3Burės UAB	Vilnius, Lithuania	100	100%	-
Solverta UAB	Vilnius, Lithuania	100	100%	-
Vertas UAB	Vilnius, Lithuania	100	100%	-
SIA Eastnine Latvia	Riga, Latvia	100	100%	-
SIA Alojas Kvartâls	Riga, Latvia	100	100%	-
SIA Alojas Biroji	Riga, Latvia	100	100%	-
Total				**146,946**

Non-consolidated entities 2017	Domicile Country	Number of shares	Ownership	Book value EUR thousands
Eastnine Investments AB	Stockholm, Sweden	11,000	100%	10,392
ECEX Holdings SA (under liquidation)	Bertrange, Luxembourg	100,000	100%	1,155
Eastnine Baltics OÜ	Tallinn, Estonia	2,501	100%	142,416
Eastnine Lithuania UAB	Vilnius, Lithuania	9,500	100%	-
3Burės UAB	Vilnius, Lithuania	100	100%	-
Solverta UAB	Vilnius, Lithuania	100	100%	-
Vertas UAB	Vilnius, Lithuania	100	100%	-
Total				**153,963**

18 OTHER LONG-TERM SECURITIES HOLDINGS

EUR thousands	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Carrying amount at beginning of year	48,613	42,884	48,613	42,884
Effect of consolidating subsidiaries from 1 July 2018	38,405	-	-	-
Unrealised changes in value[1)]	5,881	5,729	399	5,729
Carrying amount at end of year	92,898	48,613	48,912	48,613

1) The unrealised changes in value are recognised in the income statement on the row for unrealised changes in value within the changes in value of assets.

All investments are recognised at fair value through profit or loss.

Portfolio 2018	Place of business	IFRS classification	Classification	Holdings[1)]	Book value EUR thousands
East Capital Baltic Property Fund II	Luxembourg	Investment [2)]	Real Estate Funds	45%	22,055
East Capital Baltic Property Fund III	Luxembourg	Investment [2)]	Real Estate Funds	22%	21,931
Melon Fashion Group	Russia	Investment [2)]	Other	36%	48,912
Total					92,898

Portfolio 2017	Place of business	IFRS classification	Classification	Holdings[1)]	Book value EUR thousands
East Capital Baltic Property Fund II	Luxembourg	Investment [2)]	Real Estate Funds	46%	20,842
East Capital Baltic Property Fund III	Luxembourg	Investment [2)]	Real Estate Funds	27%	16,222
Melon Fashion Group	Russia	Investment [2)]	Other	36%	48,613
East Capital Eastern Europe Small Cap Fund	Luxembourg	Investment [2)]	Other	59%	19,191
East Capital Global Frontier Markets Fund	Luxembourg	Investment [2)]	Other	20%	12,124
Komercijalna Banka Skopje	Macedonia	Investment [2)]	Other	10%	10,286

1) Holdings
Represents the ownership of the holding at year-end, either as a percentage of equity for certain Funds or of share capital for the remaining holdings. The number also represent the voting power of the holding.

2) Investments
Eastnine AB holds direct investments in Melon Fashion Group (MFG). Melon Fashion Group – One of the fastest growing Russian fashion retail companies. Risks associated with the retail industry are mainly market and political risks.

All of the unconsolidated Funds are managed by East Capital and the capital is distributed by different investors. East Capital, is a specialist in emerging and frontier markets. Basing its investment strategy on thorough knowledge of the markets, fundamental analysis and frequent company visits by its investment teams. Holdings in the Funds are valued at fair value on a current basis according to the valuation principles included in note 1, Accounting Principles. For risks, please refer to note 28. Eastnine have commited to invest EUR 20m in total in the new fund East Capital Baltic Property Fund III, of which, EUR 17.6m has been drawn down by the fund and the outstanding commitment on 31 December 2018 amounted to EUR 2.4m.

19 OTHER NON-CURRENT RECEIVABLES

EUR thousands	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Deposits	138	-	-	-
VAT held up in tenant deposits	75	-	-	-
Total	213			

20 TRADE RECEIVABLES

Age structure trade receivables, EUR thousands	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Not past due	263	-	-	-
Past due 0-30 days	64	-	-	-
Past due 31-60 days	3	-	-	-
Of which, provisions [1)]	-	-	-	-
Total	330	-	-	-

1) Provisions is made on individual basis.

21 ACCRUED INCOME AND PREPAID EXPENSES

	Group		Parent company	
EUR thousands	2018	2017	2018	2017
Accrued interest income	-	2 430	1 376	2 430
Repayment of charged managment fees in the funds	22	175	22	175
Prepaid property tax	72	-	-	-
Other accrued income and prepaid expenses	104	43	52	43
Total	**198**	**2 648**	**1 451**	**2 648**

22 INTEREST-BEARING LIABILITIES

	2018		2017	
EUR thousands	Nominal amount	Fair values	Nominal amount	Fair values
Liabilities to credit institutions	67,550	-	-	-
Interest rate derivatives		957	-	-
Total	**67,550**		-	

Eastnine assess that there is no essential difference between book value and fair value of interest-bearing liabilities.

	2018		2017	
Expiration date of bank loans and other borrowings	Nominal amount	Share,%	Nominal amount	Share,%
2019	3,159	4.7	-	-
2020	3,057	4.5	-	-
2021	3,057	4.5	-	-
2022	3,057	4.5	-	-
2023	55,321	81.8	-	-
Total	**67,652**	**100.0**	-	-
Non utilized credits	-102		-	
Total utilised credits	**67,550**		-	-

23 DEFERRED TAX LIABILITIES

	Group		Parent company	
EUR thousands	2018	2017	2018	2017
Deferred tax liabilities at beginning of year	-	-	-	-
Effect of consolidating subsidiaries from 1 July 2018	2,724	-	-	-
This years change reported in income statement	1,021	-	-	-
Total	**3,745**	-	-	-

	Group		Parent company	
Deferred tax on temporary differences, EUR thousands	2018	2017	2018	2017
Investment properties	5,397	-	-	-
Loss carry-forwards	-1,652	-	-	-
Total	**3,745**	-	-	-

All deferred tax is recorded in Eastnine Lithuania where corporate income tax of 15 percent is applied. No corporate income tax is recorded in Estonia or Latvia as the corporate income tax of 20 percent mainly is levied on distributed profits.

24 OTHER NON-CURRENT LIABILITES

	Group		Parent company	
EUR thousands	2018	2017	2018	2017
Tenant deposits	1,240	-	-	-
Other	11	-	11	-
Total	**1,251**	-	**11**	-

25 OTHER LIABILITIES

	Group		Parent company	
EUR thousands	2018	2017	2018	2017
Property tax liabilities	538	-	-	-
Advance payments from tenants	30	-	-	-
Other	124	108	108	108
Total	**692**	**108**	**108**	**108**

26 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
EUR thousands	2018	2017	2018	2017
Share buy-back	135	231	135	231
Property expenses	133	-	-	-
Other accrued expenses	533	588	409	588
Total	**801**	**819**	**543**	**855**

27 FINANCIAL INSTRUMENTS - CATEGORIES, CLASSES AND FAIR VALUES

As the holdings in the subsidiaries have until 30 June 2018 been presented on a see-through basis, the tables below reflect the fair value hierarchy in the investment activities, including the effect of change in accounting principles as at 1 July 2018.

CALCULATION OF FAIR VALUE

The following summarises the main methods and assumptions applied in determining the fair value of the financial instruments.

Financial instruments measured at fair value through profit or loss

For a description of the method applied to measure financial instruments recognised at fair value through profit or loss, see Note 1 Accounting Principles.

Financial instruments not measured at fair value through profit or loss

For accounts receivable and accounts payable, the carrying amount is assessed to reflect fair value since the remaining maturity is generally short. This is also the case for cash and bank. The fair value of other long-term and short-term loans is deemed not to deviate materially from the carrying amount.

FAIR VALUE ESTIMATION

The Company applies IFRS 13 for fair value measurement and IFRS 13 and IFRS 7 for disclosures. This requires the Company to classify, for disclosure purposes, fair value measurements using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. 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. For fair value estimation, see Note 1 Accounting Principles.

31 December 2018 Financial assets and liabilities EUR thousands	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities	Total carrying amount
Long-term securities holdings (level 3)	92,898	-	-	92,898
Accounts receivable	-	330	-	330
Other receivables	-	47	-	47
Cash and cash equivalent	-	65,119	-	65,119
Total financial assets	**92,898**	**65,496**	**-**	**158,394**
Interest-bearing liabilities [1)]	-	-	67,550	67,550
Derivatives (level 2)	957	-	-	957
Accounts payable	-	-	1,952	1,952
Other financial liabilites	-	-	692	692
Total financial liabilites	**957**	**-**	**70,195**	**71,152**

31 December 2017 Financial assets and liabilities EUR thousands	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities	Total carrying amount
Shares in subsidiaries	153,963	–	–	153,963
Shares in associated companies	48,613	–	–	48,613
Loan to Group Companies incl. accrued interest	27,530	–	–	27,530
Cash and cash equivalent	-	13,168	–	13,168
Total financial assets	**230,105**	**13,168**	**–**	**243,274**
Other financial liabilites	-	–	180	180
Total financial liabilites	**-**	**–**	**180**	**180**

1) Relates to items liabilities to credit institutions as well as other interest bearing liabilities long-term and short-term.

As the holdings in the subsidiaries have until 30 June 2018 been presented on a see-through basis, the tables below reflect the fair value hierarchy in the investment activities, including the effect of change in accounting principles as at 1 July 2018.

Breakdown of values in securities holdings, EUR thousands	Real Estate Direct	Real Estate Funds	Other	Cash and bank	Other assets and liabilities	Total
Opening balance 1 January 2018	71,734	37,064	90,213	27,957	708	227,676
Accrued interest expense converted to group loan	2,427	-	-	-	-	2,427
Purchases/additions	29,725	3,451	-	-33,176	-	-
Divestments/Reductions	-	-	-42,411	42,411	-	-
Repayment of loan from group companies	-14,000	-	-	14,000	-	-
Other	-	-	-	221	-636	-415
Dividend received	-	-	-	640	-	640
Changes in fair value recognised net in profit/loss	-	3,471	1,109	-	-	4,580
Change in accounting principles as at 1 July 2018	-89,887	-	-	-52,052	-72	-142,011
Closing balance 31 December 2018	**-**	**43,986**	**48,912**	**-**	**-**	**92,898**

Breakdown of values in subsidiaries and associated companies including loans to group companies, EUR thousands	Real Estate Direct	Real Estate Funds	Other	Cash and bank	Other assets and liabilities	Total
Opening balance 1 January 2017	28,739	36,656	99,631	53,201	-1,334	216,893
Purchases/additions	36,300	6,033	1,324	-39,457	-	4,200
Divestments/Reductions	-	-9,765	-16,441	26,206	-	-
Other	-	-	-	-2,410	1,402	-1,008
Repaid shareholders contributions	-	-	-	-11,000	-	-11,000
Dividend received	-	-	-	1,917	640	2,557
Dividend paid to parent company	-	-	-	-500	-	-500
Changes in fair value recognised net in profit/loss	6,695	4,140	5,699	-	-	16,534
Closing balance 31 December 2017	**71,734**	**37,064**	**90,213**	**27,957**	**708**	**227,676**

Real Estate Funds consists of holdings in East Capital Baltic Property Fund II and East Capital Baltic Property Fund III and Other consists of the holdings in Melon Fashion Group (MFG). These holdings are valued externally normally at year-end, and the fair value of the holdings is assessed on a quarterly basis.

Valuation methods for unlisted holdings

Holding	Class	Valuation method	Valuation assumptions
East Capital Baltic Property Fund II	Real Estate Funds	DCF	WACC 8-12%, Exit yield 6-8%
East Capital Baltic Property Fund III	Real Estate Funds	DCF	WACC 8-9%, Exit yield 7-8%
Melon Fashion Group	Other	DCF	Long-term growth 3.5%, Long term operating margin 10.9%, WACC 16.4%. A 25% minority and liquidity discount is applied

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

For the fair values of Real Estate Funds and Other - reasonably possible changes at the reporting date to one of the significant unobserv able inputs, provided other inputs constant, would have the following effects:

Sensivity analysis

Effect in EUR thousands	Real Estate Funds Fair value		Other Fair value	
31 December 2018	Increase	Decrease	Increase	Decrease
Exit yield, 0.5% movement	-2,007	2,315	-	-
Weighted average cost of capital (WACC) (movement 0.5% on funds and 1.0% on Other)	-887	903	-3,905	4,581
Long term growth, 0.2% movement	-	-	520	-505
Long term operating margin, 0.5% movement	-	-	1,464	-1,465

Changes in financial assets and liabilities in Level 3, EUR thousands	Real Estate Direct	Real Estate Funds	Other	Total
Opening balance 2018	74,164	37,064	48,613	159,840
Purchases/additions	29,725	3,451	-	33,176
Repayment of loan from group companies	-14,000	-	-	-14,000
Changes in fair value recognised net in profit/loss	2,878	3,471	299	6,649
Change in accounting principles as at 1 July 2018	-92,767	-	-	-92,767
Closing balance 31 December 2018	**-**	**43,986**	**48,912**	**92,898**

Changes in financial assets and liabilities in Level 3, EUR thousands	Real Estate Direct	Real Estate Funds	Other	Total
Opening balance 2017	30,419	36,656	50,039	117,114
Purchase/additions	36,300	6,033	-	42,333
Divestments/Reductions	-	-9,765	-7,026	-16,791
Changes in fair value recognised net in profit/loss	7,444	4,140	5,600	17,184
Closing balance 31 December 2017	**74,164**	**37,064**	**48,613**	**159,840**

28 FINANCIAL RISKS AND RISK MANAGEMENT

Eastnine is through its operations exposed to a variety of risks. The main identified risks are financial risks, operating risks and commercial risks. Financial risk management is handled primarily by the finance function in accordance with the Board's established finance policy. The Board may in special cases approve deviations from the policy.

FINANCIAL RISKS

Eastnine has exposure to the following risks:

(A) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the value of the holdings in financial instruments as well as cash flow in Eastnine.

(i) Currency risk

Currency risk is the risk that arises from volatility in currency exchange rates, as the value of recognized monetary assets and liabilities denominated in other currencies fluctuates due to changes in foreign exchange rates. Eastnine operates and invests internationally and holds both monetary (cash and cash equivalents) and non-monetary (investments in securities holdings) financial assets denominated in currencies other than the functional currency EUR. The only currency exposure in the Eastnine's investment activities, on 31 December 2018, are towards the rouble (RUB).

The Parent Company's operating expenses are mainly denominated in Swedish kronor (SEK) and it pays shareholder distributions in SEK. The Parent Company may decide to hedge these transactions. Spot, forward or option transactions may be used as part of the currency hedging strategy. Hedging transactions entail costs and may result in losses.

To avoid currency risk, cash and cash equivalents are mainly held in EUR.

The table below presents the Eastnine's monetary and non-monetary assets, which are denominated in currencies other than EUR.

Concentration of foreign currency assets

Monetary assets, EUR thousands	2018	2017
SEK	270	650
USD	-	1,306
Total	**270**	**1,956**

Non-monetary assets, EUR thousands	2018	2017
RUB	48,912	48,613
USD	-	31,315
MKD	-	10,286
Total	**48,912**	**90,214**

(ii) Interest rate risk

Interest rate risk is defined as the risk that developments in the interest market will have negative effects, especially in the form of increased interest expenses for loans and derivatives. However, changes in interest rates also affect the fair value of the Group's outstanding derivative instruments. Considering that revenue in operations does not directly coincide with interest rates, the effects of fluctuations on interest rates are limited by interest rate hedging measures. Interest rate swaps are used as hedging instruments. At the balance sheet date there were outstanding interest rate swaps with a total nominal amount of EUR 67,550k and a carrying amount in the balance sheet of EUR -957k. Eastnine does not apply hedge accounting. On 31 December 2018, 100 percent of the interest rates on real estate loans were hedged, with interest and capital tied up on average 4.7 years.

The table below summarises the effect of the most important market risks on Eastnine's profit or loss and equity.

Sensitivity analysis for market risks, EUR thousands

		Effect on profit or loss and equity	
Risk factors, EUR thousand	Change, %	2018	2017
Currency rate EUR/RUB	+/- 10	4,891	4,861
Value of securities holdings, level 3	+/- 10	9,290	8,568

(B) LIQUIDITY- AND FINANCING RISK

Liquidity risk is the risk that financial investments cannot be divested without considerable extra costs, and the risk that liquidity will not be available to meet payment obligations. Eastnine's investments in unlisted and less liquid assets mean that liquidity risk is present in terms of the capacity to quickly divest holdings. Due to the Eastnine's high equity ratio, the risk of suspension of payments is deemed low. The Board reviews on a quarterly basis the liquidity position relative to the known payment obligations for the next twelve months. At the end of 2018, Eastnine had cash and bank deposits equivalent to 21 percent of the total assets.

In addition to ongoing operations, Eastnine has commitments in investing activities, primarily relating to property invest-ment.

Financing risk is the risk that the costs associated with raising new debt increases and the ability to raise debt is limited. Financing risk is limited by Eastnine's finance policy, which stipulates an interest coverage ratio of at least 2.0x and a loan to value ratio of maximum 65 percent. At the end of 2018, loan to value ratio was 42.5 percent and interest coverage ratio 3.6x. Unused credit facilities amounted to EUR 102k.

Maturity structure financial assets and liablilites, EUR thousands

2018	Total	< 3 months	3-12 months	1-3 years	3-5 years	> 5 years
Trade receivables	330	330	-	-	-	-
Cash and cash equivalents	65,119	65,119	-	-	-	-
Total financial assets	**65,449**	**65,449**	**-**	**-**	**-**	**-**
Interest bearing liabilities including interest	74,040	1,155	3,459	8,977	60,448	-
Trade payables	1,952	1,952	-	-	-	-
Total financial liabilities	**75,992**	**3,107**	**3,459**	**8,977**	**60,488**	**-**

(C) CREDIT RISK

Credit risk is the risk that a party in a business transaction will cause a financial loss for Eastnine by failing to discharge its obligation.

The exposure to credit risk is mainly through derivative financial instruments, cash investment and the risk that tenants do not pay rent. Tenants are deemed solid and rent losses were negligible 2018.

The credit risk for cash and cash equivalents is limited by only granting credit to counterparties with an investment grade by a well-known rating agency and with a rating of two of three of the following levels; A (S&P), A (Fitch) and A1 (Moody's). Deposits in one single bank will not normally exceed 15 percent of the Company's total net asset value. Reporting to the Board regarding the credit risk is made quarterly.

29 RELATED PARTIES

RELATED PARTY RELATIONSHIPS

Eastnine AB has a related party relationship with its subsidiaries, see Note 17, Board members and employees.

INVESTMENT AGREEMENT

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. As a consequence, during the year the Company received repayments of EUR 0.2m (EUR 0.7m) regarding management fees originated in the other East Capital funds, before all of them were divested.

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.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND RELATED COMPANIES

Eastnine AB's management, Board members and their close relatives and related companies control 30 (26) percent of voting rights in the Company. For information about remuneration to senior executives please refer to Note 8.

OTHER TRANSACTIONS WITH RELATED PARTIES

Loan to Group Companies, EUR thousands	Loan	Interest during the year	Total accrued interest	Average interest rate, %	Maturity
UAB Eastnine Lithuania	27,527	1,376	1,376	5.00	2021
31 December 2018	27,527	1,376	1,376	5.00	

Loan to Group Companies, EUR thousands	Loan	Interest during the year	Total accrued interest	Average interest rate, %	Maturity
UAB Portarera	7,850	275	923	3.50	2019
UAB 3Burės	8,800	308	1,002	3.50	2019
UAB Solverta (3Burės third tower)	8,450	166	505	2.75	2019, 2021
31 December 2017	25,100	749	2,430	3.25	

30 SPECIFICATIONS FOR THE CASH-FLOW STATEMENT

Adjustments for non-cash items for operating activities

	Group		Parent company	
Group, EUR thousands	**2018**	2017	**2018**	2017
Unrealised changes in values	-11,177	-17,583	-4,777	-17,583
Depreciation and write-downs of fixed assets	198	-	-	-
Total	**-10,979**	**-17,583**	-4,777	**-17,583**

Interest paid and received

	Group		Parent company	
Group, EUR thousands	**2018**	2017	**2018**	2017
Interest received	4	-	-	-
Interest paid	-1,234	0	-3	0

31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent company	
Pledged assets for liabilitis, EUR thousands	**2018**	2017	**2018**	2017
Investment properties	129,266	-	-	-
Shares in subsidiaries	68,617	-	-	-
Total	**197,883**	**-**	-	**-**

Assets have been primarily pledged for bank loans. Covenants may exist in loan agreements in respect of interest coverage ratio and loan volume in relation to the fair value of the properties.

	Group		Parent company	
Contingent liabilities, EUR thousands	**2018**	2017	**2018**	2017
Guarantees in favor of subsidiaries	-	-	6,711	7,688
Total	-	-	**6,711**	**7,688**

32 INFORMATION ABOUT THE PARENT COMPANY

Eastnine is a registered Swedish limited liability company domiciled in Stockholm. The Parent Company's shares are registered on Nasdaq Stockholm. The address to corporate headquarters is Kungsgatan 35, Box 7214, 103 88 Stockholm, Sweden.

33 EVENTS AFTER THE END OF THE FINANCIAL YEAR

Britt-Marie Nyman has been appointed as CFO and deputy CEO, assuming position no later than 1 August.

3Burės third tower was awarded LEED Platinum certification in February.

Acquisition of S7 office park in Vilnius comprising 42,500 sqm for a total consideration of EUR 128m.

The Company repurchased a total of 287,426 shares during the period 1 January – 8 March 2019, corresponding to 1.3 percent of the Company's outstanding shares, at an average price of SEK 102.07 per share.

PRO-FORMA

As of 1 July 2018, Eastnine Group reports consolidated financial statements of the parent company and its subsidiaries, including directly owned real estate subsidiaries. This change in status is accounted for prospectively, meaning that historic numbers have not been restated in the actual financial statements. However, consolidated pro-forma numbers are presented below for comparative purposes. The pro-forma consolidations are based on the actual subsidiaries and holdings within the group during the comparative periods.

INCOME STATEMENT - GROUP

EUR thousands	2018	2017
Rental income	9,130	5,703
Property expenses	-1,441	-1,668
Net operating income	**7,690**	**4,035**
Central administration expenses	-3,387	-4,154
Interest expenses	-1,212	-908
Other financial income and expenses	89	-318
Profit from property management	**3,180**	**-1,344**
Unrealised changes in value of properties	5,483	4,546
Unrealised changes in value of derivatives	-782	780
Unrealised changes in value of investments	3,685	9,574
Realised values and dividends from investments	5,402	4,536
Profit before tax	**16,969**	**18,092**
Deferred tax	-1,328	-1,007
Net profit/loss for the year	**15,641**	**17,085**

CONDENSED BALANCE SHEET - GROUP

EUR thousands	2018	2017
ASSETS		
Investment properties	158,862	92,395
Development properties	-	15,110
Long-term securities holdings	92,898	127,277
Other non-current assets	313	335
Total non-current assets	**252,074**	**235,116**
Other receivables	574	1,652
Cash and cash equivalents	65,119	44,991
Total current assets	**65,694**	**46,642**
TOTAL ASSETS	**317,767**	**281,759**
EQUITY AND LIABILITIES		
Share capital	3,660	3,658
Other contributed capital	260,145	280,027
Retained earnings incl. net profit/loss for the year	-22,986	-41,228
Total shareholders' equity	**240,819**	**242,457**
Non-current liabilities		
Liabilities to credit institutions	64,474	30,727
Derivatives	957	176
Deferred tax liabilities	3,745	2,417
Other non-current liabilites	1,251	893
Total non-current liabilities	**70,427**	**34,213**
Current liabilities		
Liabilities to credit institutions	3,076	1,818
Other liabilities	3,445	3,270
Total current liabilities	**6,521**	**5,088**
TOTAL EQUITY AND LIABILITIES	**317,767**	**281,759**

Five-Year Summary

Key figures	2018	2017	2016	2015	2014
Property-related					
Leasable area, sqm k 1)	62.8	37.8	-	-	-
Number of properties 1)	5	3	-	-	-
Property value, EUR k 1)	158,862	107,505	-	-	-
Surplus ratio, % 2)	84.2	70.8	-	-	-
Floor space occupancy rate, % 1)	88.8	97.0	-	-	-
Average rent, EUR/sqm/month 2)	14.5	13.8	-	-	-
WAULT, years 2)	2.8	2.5	-	-	-
Property yield, investments properties % 2)	6.1	5.3	-	-	-
Financial					
Rental income, EUR k 2)	9,130	5,703	-	-	-
Net operating income, EUR k 2)	7,690	4,035	-	-	-
Profit from property management, EUR k 2)	3,180	-1,344	-	-	-
LTV (loan-to-value) ratio, % 1)	42.5	30.3	-	-	-
Equity / asset ratio, %	75.8	86.1	99.3	99.8	99.8
Interest coverage ratio, multiple 2)	3.6x	n.m.	-	-	-
Average interest rate, % 2)	2.4	2.7	-	-	-
Return on equity, Real Estate Direct, % 2)	13.3	15.2	-	-	-
Return on equity, %	6.5	7.0	-	-	-
Share-related					
Net asset value (NAV), EUR k	240,819	242,457	247,558	253,561	261,314
EPRA NAV, EUR k 1)	245,521	245,050	-	-	-
Market capitalisation, EUR k	205,052	206,348	196,179	156,057	134,345
Market capitalisation, SEK k	2,078,197	2,028,711	1,879,784	1,429,199	1,272,589
Number of shares outstanding at the end of the period	22,370,261	24,816,033	28,161,563	28,476,792	29,943,260
Number of shares outstanding at the end of the period, adjusted for repurchased shares	21,501,102	22,948,205	25,604,463	28,161,563	29,943,260
Weighted average number of shares, adjusted for repurchased shares	22,128,389	24,334,377	27,026,616	29,337,616	31,839,341
Earnings per share, EUR 3)	0.71	0.70	0.49	0.25	-1.06
Dividend per share, EUR 4)	0.22	0.21	0.09	0.09	-
NAV per share, EUR	11.20	10.57	9.67	9.00	8.73
NAV per share, SEK	113.5	103.9	92.6	82.5	82.7
EPRA NAV per share, EUR 1)	11.42	10.68	-	-	-
EPRA NAV per share, SEK 1)	115.7	105.0	-	-	-
Share price, EUR 5)	9.17	8.32	6.97	5.54	4.49
Share price, SEK 5)	92.90	81.75	66.75	50.75	42.50
Other					
SEK/EUR	10.14	9.83	9.58	9.16	9.47
Number of employees	13	11	9	4	4

Basis for key figures	2018	2017
EPRA NAV		
Equity	240,819	242,457
Add back derivatives	957	176
Add back recognised deferred tax	3,745	2,417
	245,521	**245,050**
Interest coverage ratio, multiple		
Profit from property management	3,180	
Interest expenses	-1,212	
Profit before interest expenses	**4,392**	
Coverage multiple	3,6x	

1) 2017 key figures are based on pro forma. 2) 2017-2018 key figures are based on pro forma. 3) Following the company's share redemptions all historical earnings per share calculations have been adjusted accordingly. 4) Proposed dividend for 2018, SEK 2.30 per share corresponding to EUR 0.22 per share. 5) Not adjusted for dividend.

The above key ratios are deemed to be relevant for the type of operations conducted by Eastnine and to contribute to an increased understanding of the financial report.

The Board and the CEO assure that this annual accounts has been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts has been prepared in accordance with the international financial reporting standards referred to in Regulation (EC) no. 1606/2002 of the European Parliament and of the council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the financial position and results of the Parent Company and the Group. The statutory Administration Report of the Parent Company and the Group provides a fair review of the development of the Parent Company's and the Group's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the Group.

Stockholm, 19 March 2019

Liselotte Hjorth
Chairman of the Board

Peter Elam Håkansson
Board member

Johan Ljungberg
Board member

Nadya Wells
Board member

Peter Wågström
Board member

Kestutis Sasnauskas
Chief Executive Officer

Our Auditors' Report was submitted on 20 March 2019

KPMG AB

Peter Dahllöf
Authorised Public Accountant

The annual accounts and consolidated accounts, as indicated above, have been approved for publication by the Board on 19 March 2019. The statement of income statement and balance sheet of the Parent Company and the Group will be submitted to the shareholders' meeting for adoption on 15 May 2019.

Auditors’ Report (Translation from the Swedish original)

To the general meeting of the shareholders of Eastnine AB (publ), corp. id 556693-7404

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Eastnine AB (publ) for the year 2018, except for the corporate governance statement on pages 30-37, and the pro-forma information on pages 40-41 and 67-68. The company’s annual report and consolidated annual accounts are included on pages 40-69 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 30-37, and the pro-forma information on pages 40-41 and 67-68. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and balance sheet for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company’s Board of directors in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

VALUATION OF UNLISTED INVESTMENTS

See disclosures 15 and 18, and accounting principles on pages 51-52 in the annual account and consolidated accounts for detailed information and description of the matter.

DESCRIPTION OF KEY AUDIT MATTER

Eastnine has unlisted investments in the form of investment properties, shares and fund units that are measured at fair value, which is determined with reference to market information as well as significant unobservable input.

Some of the investments constitute illiquid instruments which are valued based on models and assumptions not observable by third parties (“level 3” investments in accounting terms). The fact that sales transactions of similar investments are rare, makes it difficult to support the estimated fair values with reference to other transactions. Therefore, valuation of level 3 investments are inherently risky and subsequent transactions in such securities may have significantly different outcomes compared to the previous valuations.

As of December 31, 2018, assets classified as level 3 amount to EUR 252 m, which corresponds to 79 percent of the company’s total assets.

RESPONSE IN THE AUDIT

Assessment of Eastnine’s valuation principles in relation to the accounting framework (IFRS).

Assessment of key controls over the valuation process including management’s assessment and approval of assumptions and methodologies used in model-based calculations, as well as management’s review of valuations provided by external experts.

Audit procedures to challenge the methodology and assumptions used in the valuation of level 3 assets.

Assessment of the methods of valuation models in comparison with industry practices and valuation guidelines.

Checking completeness and adequacy of the information disclosed in the Financial Statements relating to valuation of unlisted investments

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Eastnine AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 30-37 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Eastnine AB (publ) by the general meeting of the shareholders on the 9 June 2016. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2007.

Stockholm 20 March 2019

KPMG AB

Peter Dahllöf
Authorized Public Accountant

Sustainability notes

This section provides additional disclosures referencing GRI Standards Core option as well as GRI Standards for material topics listed in the GRI index on pages 74-75. The index provides comments for all cases where deviations from the standards occur.

GENERAL DISCLOSURES

ORGANISATIONAL PROFILE

102-8 Information on employees and other workers

	Total 2018	Sweden	Lithuania	Latvia	2017	2016
Total number of employees	15	8	6	1	12	12
Of which women	7	3	4	0	6	6
- full-time	7	3	4	1	5	6
- part-time	0	0	0	0	0	0
- temporary	0	0	0	0	1	0
Of which men	8	5	2	1	6	6
- full-time	7	4	2	1	6	5
- part-time	0	0	0	0	0	0
- temporary	1	1	0	0	0	1

102-09 Supply chain
Eastnine's suppliers include construction, property maintenance, and consulting companies. Construction and building maintenance services accounted for approximately 90% of total invoiced amount in 2018. Under 2019 a systematic process of environmental and social evaluation of suppliers will be established.

102-11 Precautionary Principle or approach
Eastnine's sustainability work is guided by the following policies: Eastnine Code of Conduct, Environmental Policy, IT Security Policy & Privacy Guidelines, and Whistleblower Policy. Supplier Code of Conduct and Tenant Engagement policies developed in 2018 are to be implemented during 2019. Eastnine conducts its operations in compliance with all applicable local and international laws and regulations and conducts environmental risk assessment as a part of the due diligence process at acquisition. Read more about Eastnine's risk management on pages 26-27.

STAKEHOLDER ENGAGEMENT

102-40 List of stakeholder groups
102-42 Identifying and selecting stakeholders
102-43 Approach to stakeholder engagement
102-44 Key topics and concerns raised
Eastnine aspires to create effective routines for continuous and effective dialogue with its stakeholders to ensure that the company stays focused on the issues viewed as critical by our stakeholders. The table below presents the groups that we identify as major stakeholders with respect to Eastnine's business operations. It also gives examples of main channels for communication with our stakeholders and issues revealed as critical in the dialogue with those groups.

Group	Channels	Key sustainability topics
Tenants	One-on-one meetings, emails, phone calls, surveys	Flexible and healthy office space, energy consumption, customer service/satisfaction, business ethics and reputation
Employees	Workshops, web-based surveys, performance review	Training and education, healthy workplace, diversity, business ethics and anti-corruption, energy efficiency, emissions, waste management
Investors	AGM, quarterly and annual reports, press releases, conference calls, seminars, one-on-one meetings	Business ethics and anti-corruption, energy efficiency, emissions, employee satisfaction, sustainable supply chain
Society	Participation in associations, networks, conferences	Energy efficiency, emissions, waste management, material usage, recycling job creation, sustainable supply chain
Suppliers	One-on-one meetings	Purchasing process, business ethics and reputation

102-41 Collective bargaining agreements
20% of Eastnine's employees are covered by collective bargaining agreements

REPORTING PRACTICE

102-46 Defining report content and topic Boundaries
102-47 List of material topics

The content of this report is based on a materiality analysis conducted during 2018 for the purpose of this report. Employee input was collected during a sustainability workshop conducted in May 2018 and further supplemented by an online questionnaire in October. Tenant input was based on issues raised by tenants previously and and collected by our property managers. In 2019 tenant dialogue will be supplemented by an entity level survey that would allow to monitor possible shifts in tenant preferences with potential impact on Eastnine's materiality analysis. Largest shareholders and board members were invited to provide their input via web-based surveys. The supporting analysis included review of relevant industry standards, reporting frameworks, peer practices as well as guidance and recommendations such as *UNEP Sustainability Metrics: Translation and Impact on Property Investment and Management.* We intend to address the relevance of the results of 2018 materiality analysis in order to timely respond to potential changes in our environment and stakeholder preferences. A table below provides a list of material issues, associated GRI Standards topics and topic boundaries with indications of where the impacts occur in the value chain.

		Impact occurs/Boundaries			
Eastnine's material topics	GRI Standards topic	Supply chain	Operations	Tenants	Page reference
Business ethics and anti-corruption	Anti-corruption	•	•	•	14, 74
Customer satisfaction	Customer health and safety		•	•	14-15, 76
Employee satisfaction	Training and Education		•		14-15, 76
Equal opportunity and non-discrimination	Diversity and Equal Opportunity, Non-discrimination		•		76
Energy performance	Energy		•	•	15, 75
Carbon emissions	Emission	•	•	•	15, 75
Waste management	Effluents and waste	•	•	•	78
Material usage	Materials	•	•		78
Sustainable supply chain	Supplier social assessment Supplier environmental assessment	•	•		79

102-48 Restatements of information
102-49 Changes in reporting
102-50 Reporting period
102-51 Date of most recent report
102-52 Reporting cycle

Eastnine's Annual Report is for the period 1 January to 31 December 2018. This is the first sustainability report. The reporting of sustainability information will be conducted annually.

102-53 Contact point for questions regarding the report
Lilia Kouzmina, CFA /Head of Sustainability at Eastnine lilia.kouzmina@eastnine.com

102-54 Claims of reporting in accordance with the GRI Standards
102-55 GRI content index
102-56 External assurance

Eastine's sustainability report has been prepared in reference to GRI Standards Core option. Deviations from GRI Standards requirements are provided in the GRI index on pages 74-75. This report also represents Eastnine's Communication on Progress in line with the UN Global Compact guidelines. The report has not been externally assured.

MATERIAL TOPICS DISCLOSURES

ANTI-CORRUPTION

103-1 Explanation of the material topic and its Boundary
103-2 The management approach and its components
103-3 Evaluation of the management approach
205-2 Communication and training about anti-corruption policies and procedures
205-3 Confirmed incidents of corruption and actions taken

At Eastnine, we are convinced that responsible practices and sound business ethics are essential for building sustainable relationships with suppliers, customers, and other business partners and stakeholders. Eastnine has zero tolerance for any form of bribery, extortion or corruption. During the past year, Eastnine's Code of Conduct was updated to reflect on our status as signatory to the Global Compact. The updated Eastnine's Employee Code of Conduct along with the routines for the use of whistleblowing tool was communicated to all employees of the company. Thereafter, all employees participated in the anti-corruption training organized in Stockholm in December 2018. The training was facilitated by an expert from the Swedish Anti-Corruption Institute. The communication of Eastnine's anti-corruption policies and procedures via Supplier Code of Conduct to our partners will be conducted during 2019. Further needs for specific policies and procedures to mitigate corruption risks will be assessed continuously. No incidents of corruption were reported during 2018.. The updated Code of Conduct and the signing of Global Compact was a result of the evaluation of management approach to this topic.

ENERGY

103-1 Explanation of the material topic and its Boundary
103-2 The management approach and its components
103-3 Evaluation of the management approach

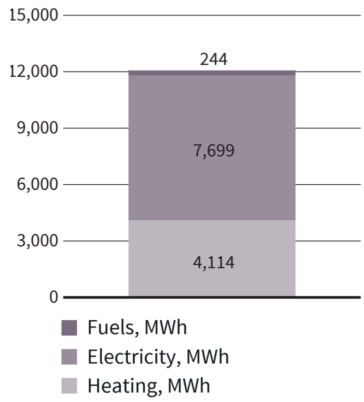
Energy consumption and efficiency is essential for commercially and environmentally viable real estate operations. It is the direct cause of GHG emissions to the atmosphere and is one the main aspects assessed in the framework of building certification schemes. Eastnine's 2030 goal is to achieve 100% renewable energy consumption. During the year we collected data to establish the baseline for Eastnine's asset energy performance and conducted benchmarking against Nordic and European peers. In 2019 we intend to conduct energy audits for all of our properties and use this as input for establishing goals for energy consumption in the future periods. In 2018 an energy performance analysis was introduced as a part of environmental due diligence at acquisitions. Total energy consumption includes tenant electricity.

302-1 Energy consumption within the organization
302-3 Energy intensity

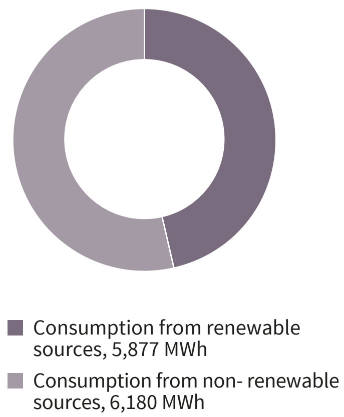
Total consumption [MWh]	Electricity [MWh]	Heating [MWh]	Fuels [MWh]	Consumption from renewable sources [MWh]	Energy intensity kWh/sqm
12,057	7,699	4,114	244	5,877	196

Conversion factors and calculations are facilitated by Energy Star portfolio manager tool. Read more about Energy Star at www.energystar.gov. Data for cooling consumption cannot be separated from electricity and heating consumption and thereby is not reported separately. Energy intensity is calculated as total energy consumption within the organization consisting of electricity including tenant electricity, heating and fuels divided by the gross floor area in sqm. Fuels refers to oil used in oil burners and kitchen stoves on the premises.

Total energy consumption, 2018



Total energy consumption, 2018



EMISSIONS

305-1 Direct (Scope 1) GHG emissions
305-2 Energy indirect (Scope 2) GHG emissions
305-4 GHG emissions intensity

Scope	2018 Total emissions, $mTCO_2e$	2018 emission intensity	Source of emission	Methodology used for conversion factors and calculations
Scope 1	100	40 $kgCO_2$/sqm	Fuel used in oil burners and kitchen stoves on the premises	Energy Star portfolio manager
Scope 2	2,432		Electricity and district heating purchased by Eastnine	

Gases included into Scope 1 and Scope 2 calculations: CO_2, CH_4, N_2O. Emissions data is automatically calculated in Energy Star portfolio manager database based on monthly energy consumption for each individual asset. More information on conversion factors used can be found at https://portfoliomanager.energystar.gov/pdf/reference/Emissions.pdf Gross floor area (GFA) in sqm is used to calculate Eastnine's emission intensity based on Scope 1 and Scope 2 emissions.

TRAINING AND EDUCATION

103-1 Explanation of the material topic and its Boundary
103-2 The management approach and its components
103-3 Evaluation of the management approach
404-3 Percentage of employees receiving regular performance and career development reviews

Employee satisfaction is a crucial factor for Eastnine's development, its capacity to reach stated goals and its utlimate business success. It has also direct impact on the quality of services Eastnine provides to its customers, its ability to retain key employees, and attract new talent. An employee survey conducted in 2018 indicates that training and professional development is considered important for overall job satisfaction. In 2018 performance and career development review was conducted with 100% of Eastnine employees. Supporting documentation for the career performance and development review was updated to reflect on Eastnine's new commitments and focus on sustainability aspects. An annual employee survey is to used as evaluation mechanism for the management approach to this topic. The format and supporting documentation for performance review will be continuously re-evaluated to ensure that no critical aspects are being omitted.

DIVERSITY AND EQUAL OPPORTUNITY

405-1 Diversity of governance bodies and employees

	2018	2017	2016
BOARD OF DIRECTORS			
Women			
less than 30	0	0	0
30-50	1	1	1
over 50	1	1	1
Men			
less than 30	0	0	0
30-50	1	0	0
over 50	2	3	3
MANAGEMENT			
Women			
less than 30	0	0	0
30-50	1	1	2
over 50	0	0	0
Men			
less than 30	0	0	0
30-50	1	1	1
over 50	0	0	0
EMPLOYEES			
Women			
less than 30	3	2	1
30-50	3	3	3
over 50	0	0	0
Men			
less than 30	2	1	2
30-50	5	4	3
over 50	0	0	0
Total	20	17	17

NON-DISCRIMINATION

406-1 Incidents of discrimination and corrective actions taken

No cases of discrimination were reported in 2018. The anonymous employee survey conducted in October 2018 containing specific questions related to discrimination did not indicate any incidents of non-reported discrimination.

CUSTOMER HEALTH AND SAFETY

103-1 Explanation of the material topic and its Boundary
103-2 The management approach and its components
103-3 Evaluation of the management approach
416-1 Assessment of the health and safety impacts of product and service categories
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

Health aspects of built environment are increasingly important for our tenants and broader society in general. Sickness related to stress and insufficient physical activity results in high social costs and loss of productivity in the scope of commercial activities. Given that, our customers increasingly focus on the health aspects of working environment such as air quality, ventilation, day light, opportunities for physical exercise, etc. We have a twofold approach to this issue. First, we treat building certification as a tool to ensure high environmental standards of the office space we offer to our customers, and second, we intend to work with policies and tools to encourage tenant behaviour aligned with healthy lifestyle. Promotion of staircase use, availability of exercise equipment and showering facilities to encourage bicycle use, are examples of actions included in our tenant engagement in place for three out of four of Eastnine's properties. The implementation process was started end of 2018 and will continue throughout 2019. There were no incidents of non-compliance reported in 2018 with regards to the health and safety impacts of our buildings.

GRI Index

Eastnine is a first time reporter of sustainability information. The sustainability report on pages 13-15 and 68-72 is GRI-inspired with regards to the principles and methods underlying stakeholder dialogue, materiality analysis and reporting of significant material topis of Eastnine's operations in the sustainability context. The material in the report references GRI Standards: Core. This GRI index below provides comments for all cases where deviations from the standards occur.

GENERAL DISCLOSURES

GRI Standard	Disclosure	Disclosure title	UNGC Principles	Page reference	Comments
GRI 101:	FOUNDATION 2016				
GRI 102:	GENERAL DISCLOSURES 2016				
ORGANISATIONSPROFIL					
	102-1	Name of the organization		1	
	102-2	Activities, brands, products, and services		17-24	
	102-3	Location of headquarters		30	
	102-4	Location of operations		2, 17-22	
	102-5	Ownership and legal form		30,38	
	102-6	Markets served		2,17-22	
	102-7	Scale of the organization		4	
	102-8	Information on employees and other workers	3,6	36-37, 73	
	102-9	Supply chain		73	
	102-10	Significant changes to the organization and its supply chain		40,73	
	102-11	Precautionary Principle or approach	7	32-33, 73	
	102-12	External initiatives		13-14	
	102-13	Membership of associations		14	
STRATEGY					
	102-14	Statement from senior decision-maker		7	
ETHICS AND INTEGRITY					
	102-16	Values, principles, standards, and norms of behavior	10	13-14, 30	
GOVERNANCE					
	102-18	Governance structure		30-33	
STAKEHOLDER ENGAGEMENT					
	102-40	List of stakeholder groups		73	
	102-41	Collective bargaining agreements		73	
	102-42	Identifying and selecting stakeholders		73	
	102-43	Approach to stakeholder engagement		13, 73	
	102-44	Key topics and concerns raised		73	
REPORTING PRACTICE					
	102-45	Entities included in the consolidated financial statements		40-41	
	102-46	Defining report content and topic Boundaries		74	
	102-47	List of material topics		13, 74	
	102-48	Restatements of information		not-applicable/ 2018 is the first reporting period	
	102-49	Changes in reporting			
	102-50	Reporting period		74	
	102-51	Date of most recent report		74	
	102-52	Reporting cycle		74	
	102-53	Contact point for questions regarding the report		74	
	102-54	Claims of reporting in accordance with the GRI Standards		74	
	102-55	GRI content index		77-79	
	102-56	External assurance		74	

MATERIAL TOPICS

GRI Standard	Disclosure	Disclosure title	UNGC Principles	SDG	Page reference	Comments
MATERIAL TOPICS						
GRI 200 ECONOMIC STANDARD SERIES						
ANTI-CORRUPTION						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary			74	
	103-2	The management approach and its components			14,74	
	103-3	Evaluation of the management approach			74	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures			14, 74	
	205-3	Confirmed incidents of corruption and actions taken	10		74	
GRI 300 ENVIRONMENTAL STANDARDS SERIES						
MATERIAL						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		3,12		Information not available. The effort to definie management approach, its components and its evaluation is to be started during 2019
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 301: Materials	301-2	Recycled input materials used				
ENERGY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		7	15, 75	
	103-2	The management approach and its components			15, 75	
	103-3	Evaluation of the management approach			15, 75	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	6, 9		75	
	302-3	Energy intensity	6, 9		75	
EMISSIONS						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		11, 12	15	
	103-2	The management approach and its components			14-15	
	103-3	Evaluation of the management approach			15	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	7,8,9		75	
	305-2	Energy indirect (Scope 2) GHG emissions	7,8,9		75	
	305-4	GHG emissions intensity			75	
EFFLUENTS AND WASTE						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		11,12		Information not available. The work to define management approach and its evaluaiton will be started under 2019
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method				
SUPPLIER ENVIRONMENTAL ASSESSMENT						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		12		Information not available. The work to define management approach and its evaluaiton will be started under 2019
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria				

MATERIAL TOPICS

GRI Standard	Disclosure	Disclosure title	UNGC Princip-les	SDG	Page reference	Comments
MATERIAL TOPICS						
GRI 400 SOCIAL STANDARDS SERIES						
TRAINING AND EDUCATION						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary			13, 14, 76	
	103-2	The management approach and its components			13, 14,76	
	103-3	Evaluation of the management approach			14,76	
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	6		76	
DIVERSITY AND EQUAL OPPORTUNITY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary			Definition of management approach and its evaluaiton is ongoing and the results will be presented in the next sustainability report	
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	1,2, 4, 6		76	
NON-DISCRIMINATION						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary			Definition of management approach and its evaluaiton is ongoing and the results will be presented in the next sustainability report	
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	1,2,4, 6		76	
SUPPLIER SOCIAL ASSESSMENT						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary			Information not available. The effort to define management approach, its components and its evaluation is to be started during 2019	
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria				
CUSTOMER HEALTH AND SAFETY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary		11	14, 15, 76	
	103-2	The management approach and its components			14, 15, 76	
	103-3	Evaluation of the management approach			14, 15, 76	
GRI 414: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories			14, 76	
	416-2	Incidents of non-compliance concerning the healthand safety impacts of products and services			14, 76	

Definitions

Eastnine applies European Securities and Markets Authority (ESMA) guidelines on alternative performance measures. According to these guidelines, an alternative performance measure is a financial metric of historical or future earnings performance, financial position, financial results or cash flows, which is not defined or stated in applicable rules for financial reporting (IFRS and the Swedish Annual Accounts Act).

PROPERTY RELATED KEY FIGURES

AVERAGE CAPITAL TIE-UP PERIOD
Average maturity of gross debt at end of period.

AVERAGE RENT, EUR PER SQ.M
Rental income in relation to average leasable floor space.

EARNINGS CAPACITY
Key figures of properties owned at the end of the period, based on performance over the last 12 months or estimates for properties held less than 12 months. The figures provide an overview but is not a forecast.

FLOOR SPACE OCCUPANCY/VACANCY RATE
Let/unlet floor space in relation to total leasable floor space.

GROSS LEASABLE FLOOR SPACE (GLA)
Total gross floor space available for leasing.

PROPERTY YIELD, INVESTMENT PROPERTY
Net operating income for the period (annualised) divided by average value of investment properties.

RENTAL INCOME
Charged rents, rent surcharges and rental guarantees less rent discount.

RENTAL VALUE
Rental income and estimated market rent for vacant units.

TRIPLE-NET LEASE
Lease agreement under which the tenant is responsible for all the costs relating to the asset being leased, in addition to the rent fee applied under the lease.

SURPLUS RATIO
Net operating income in relation to total rental income.

WAULT
Average remaining lease term to maturity of the portfolio weighted according to contracted rental income (Weighted average unexpired lease term).

FINANCIAL KEY FIGURES

AVERAGE INTEREST RATE
Interest expense divided by average interest-bearing debt (liabilities to credit institutions) for the period.

EBIT
Operating profit after depreciation/ amortisation of non-current assets (Earnings before Interest and Tax).

EBITDA
Profit before depreciation, amortisation and impairment (Earnings before Interest, Tax, Depreciation and Amortisation).

EQUITY RATIO
Total equity as a percentage of total assets.

FAIR VALUE
See market value.

INTEREST COVERAGE RATIO
Profit from property management excluding interest expenses, in relation to interest expenses.

IRR (INTERNAL RATE OF RETURN)
Annual average return on the invested amount calculated from the original investment, final selling amount and other capital flows, considering when in time these payments were made to or from Eastnine.

LTV (LOAN-TO-VALUE) RATIO
Liabilities to credit institutions divided by property value.

MARKET VALUE
The value of which a holding is assumed to be able to be sold for at a given time. Listed holdings at the bid quote on the balance sheet date. To establish the market value of unlisted holdings, various valuation methods are used as applicable.

NAV DISCOUNT
The difference between net asset value (NAV) and market capitalisation in relation to NAV. If market cap is lower than NAV the shares are traded with a NAV discount; if market cap is higher, they are traded with a premium.

RETURN ON EQUITY
Profit/loss for the period (annualised) as a percentage of average shareholders' equity.

RETURN ON EQUITY, REAL ESTATE DIRECT
Profit/loss for the period (annulised) from segment Real Estate Direct as a percentage of average equity in Real Estate Direct.

SHARE-RELATED KEY FIGURES

AVERAGE NUMBER OF OUTSTANDING SHARES
Registered number of shares less shares held by the Company.

EARNINGS PER SHARE
Net profit for the period attributable to equity holders of the Parent Company, divided by average number of shares outstanding during the year.

EPRA NAV
Total shareholders equity including derivatives and deferred tax liabilities

EQUITY PER SHARE
Shareholders' equity, attributable to equity holders of the Parent Company, divided by number of outstanding shares at the end of the period.

NAV (NET ASSET VALUE)
Total shareholders equity

NAV PER SHARE
Net asset value per share in relation to the total number of registered shares on the balance sheet date (excluding repurchased shares).

SHARE BUY-BACK
Purchasing of own shares on the stock market. Swedish companies have the option to own up to 10 percent of their own outstanding shares conditioned AGM approval.

Financial information and calendar

Annual General Meeting 2019	15 May 2019
Interim Report for the first quarter	15 May 2019
Interim Report for the second quarter	17 July 2019
Interim Report for the third quarter	8 November 2019

The annual report, other financial reports and information as well as press releases, are available on www.eastnine.com.

Shareholders and other interested persons may sign-up on the website for a subscription to Eastnine's reports and press releases to be sent directly to their e-mail address. The printed annual report is sent to shareholders who have notified Eastnine that they wish to receive printed financial information.

Annual General Meeting 2019

The Annual General Meeting 2019 will be held on Wednesday, 15 May 2019 at 15.00 CET at Näringslivets Hus, Storgatan 19 in Stockholm. More information is available on www.eastnine.com. Shareholders who wish to submit a proposal for consideration at the Annual General meeting should send such proposal to the Chairman of the Board in good time prior to publication of the notice of the meeting, which is scheduled to be published in April 2019.

eastnine™

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