

January - December 2019¹

- Rental income increased by 46 per cent to EUR 13,348k (9,130), due to a larger real estate portfolio and higher rent level.
- Net operating income increased by 55 per cent to EUR 11,946k (7,690).
- Profit from property management increased by 73 per cent to EUR 5,489k (3,180).
- Unrealised value changes amounted to EUR 26,944k (8,386) of which EUR 10,208k (5,483) is attributable to properties, EUR -1,006k (-782) to derivatives, and EUR 17,742k (3,685) to investments.
- Realised changes in value and dividends from investments amounted to EUR 5,403k (5,402).
- Profit/loss for the year amounted to EUR 35,266k (15,641), corresponding to EUR 1.66 per share (0.71).
- The equity/asset ratio amounted to 64 per cent (76) and the loan-to-value ratio to 47 per cent (43).
- The occupancy rate increased by 3.9 percentage points to 92.7 per cent (88.8).

¹Comparative figures refer to the period January - December 2018 (pro-forma) for income statement items and as per 31 December 2018 for balance sheet items.

- The Board proposes a dividend of 2.70 SEK per share (2.30), to be paid on two occasions in May and November respectively, each of 1.35 SEK per share. The dividend corresponds to 2.0 per cent of the net asset value as of year-end 2019 and a 17 per cent increase.

Key events during the fourth quarter

- The office properties Valdemara Centrs, comprising around 8,600 sq.m. in Riga, as well as S7-2, comprising around 16,000 sq.m. in Vilnius, were taken into possession in October.
- In December, Eastnine acquired and took possession of the property Kimmel in Riga, mainly comprised by a development site.
- In October, Eastnine divested its entire holding in East Capital Baltic Property Fund III at net asset value.
- Net leasing was positive during the quarter and amounted to EUR 99k annually. Average rent level was EUR 15.2 per sq.m. and month compared to an average of EUR 14.7 by the end of December 2019.

Key events after the end of the year

- No significant events have occurred after the end of the year.

Selective key figures, EUR k

	Reported 2019 Jan-Dec	Pro-forma ¹ 2018 Jan-Dec	Reported 2019 Oct-Dec	Reported 2018 Oct-Dec
Rental income	13,348	9,130	4,161	2,516
Net operating income	11,946	7,690	3,751	2,120
Profit from property management	5,489	3,180	1,699	1,085
Unrealised changes in value	26,944	8,386	16,534	7,186
Realised changes in value and dividends	5,403	5,402	2,588	2,928
Net profit/loss for the year/period ²	35,266	15,641	19,575	10,925
Return on equity, %	13.9	6.5	30.3	18.5
Surplus ratio, %	89	84	90	84
Investment properties	290,256	158,862	290,256	158,862
Property yield investments properties, %	5.3	6.1	6.1	6.0
Loan-to-value, %	47	43	47	43
Equity / asset ratio, %	64	76	64	76
Dividend per share, SEK	2.70 ⁴	2.30	-	-
NAV per share ^{2,3} , SEK	133	114	133	114
EPRA NAV per share ³ , SEK	137	116	137	116

1 EUR = 10,51 SEK as of 31 December 2019 (source: Reuters).

¹ Deviates from reported financial statements due to changes in accounting principles (see p. 11). ² All key figures correspond to reported figures. ³ Adjusted for share buybacks. ⁴ The Board's proposal.

Significant accounting changes: As of 1 July 2018, Eastnine applies consolidated financial reporting (per IFRS). Previously, Eastnine AB applied the investment entity consolidation exemption, with subsidiaries recognised at fair value through profit or loss. Historic numbers have not been restated in the financial statements on p. 16-18. This report does include historical pro-forma statements (p. 22) using the same new consolidation method as in the financial statements, for comparative purposes. Any references to pro-forma numbers are marked "pro-forma". All other financial information is based on actual non-restated financial statements as they were reported.

This is Eastnine

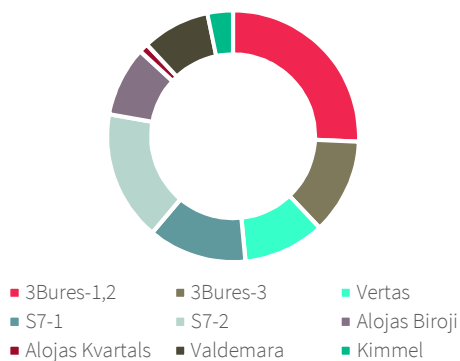
- **Swedish real estate company**
Listed on Nasdaq Stockholm Mid Cap and headquartered in Stockholm
- **Nordic tenants**
Primarily large Nordic companies with international operations
- **Baltic premium properties**
Investing in modern and sustainable office properties in prime locations in the Baltic capitals



Targets	Status 31 December 2019
Loan-to-value ratio below 65%	47%
Interest coverage ratio at least 2.0x	3.2x
The portfolio ¹ to be comprised exclusively of real estate by the end of 2020	63%
The profit from property management in Real Estate Direct shall have an annual capacity of EUR 15m by the end of 2020	EUR 11.6m (annualised Q4 2019)
Dividend at least 50% of profit from property management or at least 2% of NAV (up to and including completed streamlining as at 2020)	2.0% of NAV per 31 Dec 2019 (proposal)
Return on equity of 13-15% in the segment Real Estate Direct (over a five-year period)	14.3% (last 12 months)

¹Excluding cash

Property value, Real Estate Direct



73%
Growth in
profit from property
management

Rapid portfolio growth and improved earnings



Ending the year on a strong note

Eastnine ended 2019 on a strong note, in the same way as the year began. Profit from property management increased considerably, due primarily to an expanded portfolio but also due to higher rent level. Positive developments in both our property portfolio as well as in the fashion retailer Melon Fashion Group led to considerable unrealised value changes during the year, especially in the last quarter.

Focus on real estate

The property portfolio grew with large acquisitions in Vilnius and in Riga during the first and fourth quarter, and we have a clear picture of our goals. Numerous interesting acquisition properties in our pipeline allows us to continue our growth journey. A larger property portfolio means that we can increase our efficiency and hone our market offering.

At the beginning of the year, Eastnine owned properties worth just around EUR 160m. In 2019, we announced acquisitions of three properties in Vilnius and two in Riga, for a combined total of EUR 163m. Four of five properties were taken into possession during the year, and the remaining property is expected to be taken over before the end of March 2020. As a result, Eastnine accounted for the largest transaction volume in the Baltics in 2019. As of 31 December 2019, the total property value amounted to EUR 290m, of which around 80 per cent was concentrated in Vilnius and 20 per cent in Riga. The property acquisitions have been financed with a combination of bank loans and equity. The latter was freed by the gradual sale of investments in non-real estate assets in line with our strategy.

Cash-flow properties sprinkled with development projects

In Riga, we have four centrally located properties, of which two have considerable development potential. The latter are entirely in line with Eastnine's strategy of sprinkling some interesting and profitable development projects

among cash-flow properties. Up to 38,000 sq.m. could be developed in the newly acquired property Kimmel, formerly an old brewery.

The central location and size of the property gives us the chance not just to develop offices, but also venues for people to meet, including restaurants and entertainment for the benefit of the people of Riga. We also have the same view in Vilnius. At the same time, planning of the first wooden office building in the Baltics continues. With the Pine in Riga, we raise the bar for our sustainability efforts, as the plan is for the Pine to hold two sustainability certifications.

Aiming to be the best landlord

We believe that we have a unique and advantageous position as the only listed and long-term property company in the Baltic capitals. Our ambition is for Eastnine to be the foremost landlord within our segment. We want our office premises to give our tenants a competitive edge when it comes to attracting talent and creating business opportunities. Many of our tenants conduct highly skilled operations with international focus, often within IT. At the end of the year, the large Nordic tenants made up 53 per cent of total contract value.

Dedicated employees

The ambition to become the leading landlord can only be achieved with our own staff. We have during the year begun the process of establishing an office in Riga, and also recruited several talented colleagues to Eastnine, further expanding our competent team. Together, we are ready to take on yet another exciting year!

Kestutis Sasnauskas, CEO

Market

Geographic breakdown

All segments¹



■ Estonia 8%
■ Latvia 16%
■ Lithuania 48%
■ Russia 28%

Real Estate¹

(Real Estate Direct and Real Estate Funds)



■ Estonia 12%
■ Latvia 22%
■ Lithuania 66%

Real Estate Direct¹



■ Lithuania 76%
■ Latvia 24%

Market

Macro

Strong economic development in Lithuania and Estonia at the end of the year resulted in a 2019 GDP growth exceeding 3 per cent. The Latvian economy, however, slowed down as a result of weaker exports and lower investments. Growth landed at around 2 per cent. All in all, the Baltic economies proved to be resilient in the face of the international downturn with increased global insecurity and lower growth in Germany, an important export market. An undersupply of labour in the three countries continued to drive wage increases of 7–8 per cent, while inflation remained at a relatively low 2.3–2.8 per cent, which improved household purchasing power.

Going forward, growth is expected to slow down, in the near term due to external factors but also in the long term for structural reasons. The last decade has been very good for the Baltics, with a rapid GDP per capita convergence toward the EU average, but the convergence is expected to slow now that the gap has shrunk. Forecasts for 2020 suggest a GDP growth of around 2.5 per cent in the three countries, with a corresponding level of inflation.

Rental market

The office markets in Tallinn, Riga and Vilnius are stable, with balanced supply and demand and vacancy rates at continued low levels of around 5–6 per cent. Rental levels are slowly rising, probably due to elevated construction costs for new developments. In Vilnius, demand is driven primarily by Nordic and other international companies which are establishing or expanding a presence, while the Tallinn market is more locally driven. In Riga, development activities are accelerating. Over the coming years, we will see if Riga succeeds in following Vilnius in attracting more international companies.

Transaction market

The transaction volume in the Baltics was in line with the previous year and amounted to EUR 1,059m (1 119). Eastnine was the largest investor in the market with acquisitions totalling EUR 163m, followed by Deka Immobilien and the regional fund managers Eften Capital, East Capital, and Northern Horizon. Activity in the retail property segment has dampened while the office segment, especially in Vilnius, is highly sought after among investors. Yield requirements for high quality office properties in Tallinn, Riga and Vilnius has decreased to, or just under, 6 per cent.

¹Real Estate Direct: property value less liabilities to credit institutions.
Real Estate Funds and Other: Net Asset Value

Earnings January – December 2019¹

In 2019, rental income and the profit from property management of directly owned real estate assets increased greatly due to a larger real estate portfolio. Increased sales and earnings for MFG in combination with positive outlook and a strengthened ruble has increased the value of Eastnine's holding.

Fourth quarter in brief

- Rental income increased by 65 per cent to EUR 4,161k (2,516), mainly due to a larger real estate portfolio.
- Net operating income increased by 77 per cent to EUR 3,751k (2,120).
- Profit from property management increased by 57 per cent to EUR 1,699k (1,085).
- Unrealised changes in value amounted to EUR 16,534k (7,186), of which EUR 3,914k (863) was attributable to real estate assets, EUR 12,825k (5,443) to Melon Fashion Group (MFG), EUR -907k (1,497) to real estate funds and EUR 702k (-618) to derivatives.
- Realised changes in value and dividends from investments amounted to EUR 2,588k (2,928).
- Net profit for the period amounted to EUR 19,575k (10,925), corresponding to EUR 0.93 EUR per share (0.50) before dilution and EUR 0.92 (0.50) after dilution.
- Occupancy rate has increased by 2.5 percentage points during the quarter to 92.7 per cent.
- Net leasing was once again positive and amounted to EUR 99k in the quarter, with an average rent level of EUR 15.2 per sq.m.

Rental income

EUR k	2019 Jan-Dec	2018 ¹ Jan-Dec
Comparable properties	6,096	6,611
Completed development	2,231	449
Acquisitions	5,021	2,070
Rental income, in total	13,348	9,130

¹ Pro-forma

Financial reporting

Eastnine AB has made the assessment that the Company no longer falls within the IFRS classification of an investment entity, as a majority of the portfolio now consists of directly owned real estate assets. Since 1 July 2018, Eastnine Group 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.

The change in status is accounted for prospectively, meaning that historic numbers have not been restated in the actual financial statements on p. 16-18. This report also includes consolidated pro-forma numbers for the period Q1-Q2 2018, for comparative purposes (see p. 22). Any references to pro-forma numbers are marked "pro-forma".

Revenues

During the year, rental income increased by 46 per cent to EUR 13,348k (9,130), primarily due to a larger real estate portfolio, but also due to higher rent levels. Rental income in a comparable portfolio decreased by 8 per cent compared with the previous year, due to lower average occupancy during the year. New rental agreements on vacant premises have been signed at higher rent levels, meaning that the average rent level in the property portfolio has increased to EUR 14.7 per sq.m. at the end of the year, compared to EUR 14.5 per sq.m. at the end of 2018.

Earnings

Net operating income was EUR 11,946k (7,690), corresponding to a surplus ratio of 89 per cent (84). The high surplus ratio is due to the majority of lease agreements being triple-net, meaning that tenants cover costs related to the leased premises. The increase of 55 per cent in net operating income is mainly related to the acquisition of the properties S7-1 and S7-2 in Vilnius in February and October 2019, respectively, 3Bures-3 in Vilnius in September 2018, and Valdemara Centrs in Riga in October 2019.

Profit from property management increased to EUR 5,489k (3,180). Central administration expenses amounted to EUR -3,873 (-3,387).

Unrealised value changes in properties amounted to EUR 10,208k (5,483); in investments they amounted to EUR 17,742k (3,685), of which EUR 17,985k (299) is attributable to Melon Fashion Group and EUR -243k (1,213) to East Capital Baltic Property Fund II. Unrealised value changes in derivatives amounted to EUR -1,006k (-782).

Realised value changes and dividends amounted to EUR 5,403k (5,402), of which EUR 1,177k (-) from the divestment of East Capital Baltic Property Fund III, EUR 2,873k (3,196) to dividends from Melon Fashion Group, and EUR 1,280k (1,280) in dividends from East Capital Baltic Property Fund II.

Profit before tax amounted to EUR 37,836k (16,969). Net profit/loss for the year amounted to EUR 35,266k (15,641).

¹ Comparative figures refer to the period January - December 2018 (pro-forma) for income statement items and as per 31 December 2018 for balance sheet items.

Contribution to earnings, per segment

EUR k	2019 Jan-Dec
Profit from property management	9,413
Unrealised value changes in properties	10,208
Unrealised value changes in derivatives	-1,006
Contribution Real Estate Direct	18,615
Unrealised value changes	-243
Realised value changes and dividends	2,530
Contribution Real Estate Funds	2,287
Unrealised value changes	17,985
Realised values changes and dividends	2,873
Contribution Other	20,858
Central administration and other operating expenses	-3,873
Financial net, central	-51
Profit before tax, Group	37,836
Net profit for the year, Group	35,266

Investments and divestments

EUR m	2019 Jan-Dec	2018 Jan-Dec
S7-1	36.8	-
S7-2	47.6	-
Valdemara	25.3	-
Kimmel	9.5	-
3Burès-1,2	1.3	0.1
3Burès-3	0.2	16.3
Vertas	0.3	0.1
Alojas Biroji	0.1	25.6
Alojas Kvartals	-	4.0
Sum property investments	121.2	46.1
EC Baltic Property Fund III	2.0	3.5
Total investments	123.2	49.6
EC Baltic Property Fund III	25.1	-
EC Eastern Europe Small Cap Fund	-	16.2
Komercijalna Banka Skopje	-	13.9
EC Global Frontier Markets Fund	-	12.3
Total divestments	25.1	42.4

Segment Reporting

Pro-forma statements are not produced on a segment level for January - December 2018. The Real Estate Direct segment, comprising the directly owned property subsidiaries, generated a profit before tax of EUR 18,615k in 2019.

The Real Estate Funds segment, comprising the East Capital Baltic Property Fund II and III (holdings in Fund III have been divested in October 2019), generated a profit before tax of EUR 2,287k. The Other segment, which during the year was comprised solely of the holdings in Melon Fashion Group ("MFG"), generated a profit before tax of EUR 20,858k, with an impact of EUR 17,985k from unrealised value changes. The unrealised value change in MFG is a result from improved sales and profits during the year and MFGs forecasted of future sales. A stronger ruble has also contributed positively to the value change in euro. Unallocated central administration and other operating expenses amounted to EUR -3,873k and other unallocated items to net EUR -51k. Group profit before tax amounted to EUR 37,836k, and net profit to EUR 35,266k.

Financing

Liabilities to credit institutions amounted to EUR 137,771k (67,550) at the end of the year, corresponding to a loan-to-value ratio of 47 per cent (43). The increase in liabilities to credit institutions is primarily a result of new credits taken in conjunction with acquisitions during the year. Unutilised credit facilities amounted to EUR 23,700k (102). The average interest rate at the end of the year amounted to 2.3 per cent (2.5) and the proportion of fixed interest amounted to 79 per cent (97) of which 100 per cent (100) was fixed through swap arrangements.

At the end of the year, average capital tie-up period on liabilities to credit institutions was 3.5 years (4.7). Average fixed interest term was 3.1 years (4.7). The derivatives are measured at fair value and the change in value is recognised through profit or loss, with no effect on cash flow. At the end of the year, the fair value of derivatives was EUR -1,963k (-957). At the end of the period, the value is zero.

Income tax

The tax expenses for the year amounted to EUR -2,570k (-1,328), all of which relates to deferred tax in Lithuania where a corporate income tax of 15 per cent is applied. The deferred tax liability is primarily attributable to the difference between book value of properties and their tax value, as well as tax losses carried forward. No corporate income tax is paid in Estonia or Latvia, where a 20 per cent corporate income tax is levied only on distributed profits.

Financial position and net asset value

Equity amounted to EUR 268,192k (240,819) and the equity/asset ratio to 64 per cent (76). EPRA NAV per share was EUR 13.1 (11.4) corresponding to 137 SEK per share (116). Net asset value per share was EUR 12.7 (11.2) corresponding to 133 SEK per share (114).

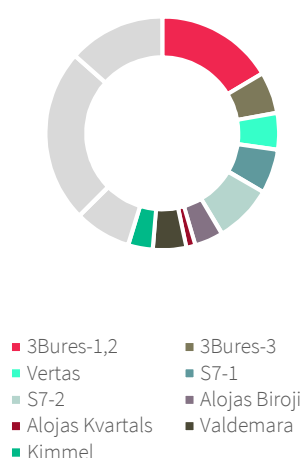
Cash flow

Cash flow from operating activities before changes in working capital amounted to EUR 9,968k for the year. Change in working capital was EUR -1,532k. Investment activities had an impact of EUR -98,230k. Financing activities had an impact of EUR 62,122k, of which EUR -3,525k refers to share buybacks, EUR -4,519k refers to dividend to shareholders and EUR 74,029k refers mainly to loans raised in connection with acquisitions. Total cash flow amounted to EUR -27,672k. Cash equivalents amounted to EUR 37,406k at the end of the year. Eastnine's total investments, including capital expenditures in existing real estate assets, amounted to EUR 123.2m. In October, Eastnine's entire holding in East Capital Baltic Property Fund III was divested at net asset value, corresponding to EUR 25.1m. No properties have been divested.

Real Estate Direct

The real estate portfolio is growing and consisted of around 99,500 sq.m. of lettable area in Vilnius and Riga as of year-end. Three new properties, with a total area of around 24,700 sq.m. have been taken into possession during the fourth quarter. Occupancy rate has increased both in comparison with the end of September and the end of 2018.

Real Estate Direct¹
% of portfolio



¹Property value less liabilities to credit institutions

Property portfolio

Eastnine's directly owned real estate portfolio is concentrated in modern office premises in the Baltic capitals. As of 31 December 2019, the portfolio consisted of nine investment properties, five in Vilnius and four in Riga, with a total lettable area of 99,484 sq.m. (62,840) and a fair value of EUR 290,256k (158,862). Floor space occupancy was 93 per cent (89) at the end of the year. Compared with the end of the previous quarter, the occupancy rate has risen by 2.5 percentage points, partly due to a high occupancy rate in acquired properties. The yield on the properties amounts to 6.1 per cent of annualised net operating income for Q4 2019 compared with 6.0 per cent in Q4 2018. There are currently no ongoing development projects in Eastnine's portfolio.

Eastnine intends to grow the property portfolio in the Baltic capitals. The goal is to complete the transformation into purely a real estate company before the end of 2020. The increase will mainly take place through acquisitions and development of modern and sustainable offices.

Vilnius

Eastnine's property portfolio in central Vilnius consisted on 31 December of five properties with a total lettable area of 79,514 sq.m., which is estimated to correspond to a market share of 25 per cent of the market for premium offices in the city. The combined property value on 31 December 2019 was EUR 225,821k.

In February 2019, Eastnine entered an agreement to acquire three properties, S7-1,2,3, in Vilnius for EUR 128m. By the end of the year, Eastnine had taken possession of S7-1 and S7-2. S7-3 is expected to be taken over before the end of March 2020.

The property 3Bures-1,2's vacancies gradually have been filled with new tenants. New lettings have in several cases resulted in higher rent levels, which had a positive impact on earnings.

Given the strong demand for modern office premises, the generally low vacancy and newly signed leases where the tenant has not yet moved in, the occupancy rate is expected to continue to rise during the first quarter of 2020.

Riga

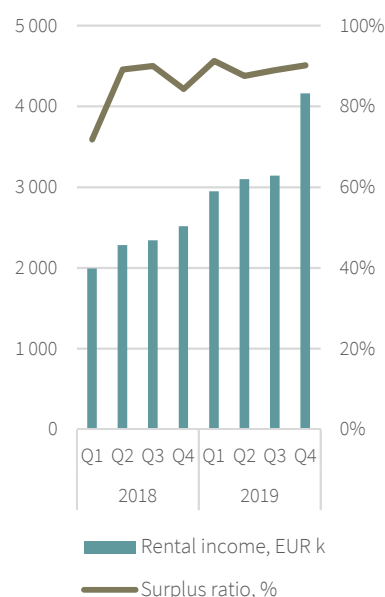
Eastnine's property portfolio in central Riga consists of four properties with a total lettable area of 19,970 sq.m., corresponding to around 20 per cent of the market share of the estimated premium market for offices. The combined property value in Latvia on 31 December 2019 was EUR 64,435k.

Alojas Biroji had some vacancies which have been gradually filled with new tenants. New lease agreements have been signed at a level of around EUR 15 per sq.m. per month, which is typical of the market.

Portfolio 31 December 2019

	Area (sq.m.)	Value (EURk)
Sum Vilnius	79,514	225,821
Sum Riga	19,970	64,435
Real Estate Direct	99,484	290,256

Rental income and surplus ratio



Tenants

Eastnine has around 150 lease agreements across 120 tenants. Danske Bank is the largest tenant with 18 per cent of total annual rent. The ten largest tenants lease 59,565 sq.m. at a total annual rent of EUR 10,359k.

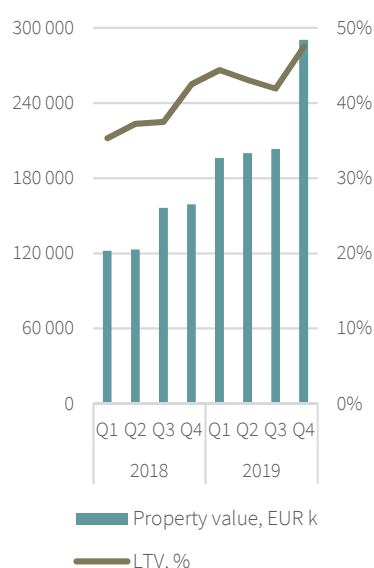
Tenant	Annual rent, EUR k	Share of annual contracted rent, %	Sq.m.	Lease term ¹ , years	Lease term (break option) ² , years
Danske Bank ³	2,873	18	16,400	2.6	2.6
Telia Lietuva	2,814	17	15,952	9.2	9.2
Swedbank	1,403	9	9,216	11.8	5.7
Visma	841	5	4,938	4.0	4.0
Citco	634	4	3,009	7.6	2.6
Webhelp	526	3	2,726	2.6	2.6
Lidl	381	2	2,310	2.5	0.5
Cobalt	323	2	1,816	5.0	5.0
Transact	283	2	1,430	8.5	2.5
Europos Socialinio	281	2	1,769	3.3	3.3
10 largest tenants	10,359	64	59,565	5.7	3.8

¹Weighted average of remaining lease term.

²Weighted average remaining lease term calculated up to "break option" date.

³After taken possession of S7-3, Danske Bank leases around 31,000 sq.m. at an annual rent of EUR 5,385k. Share under contract thus increases to around 29 per cent. Danske Bank's lease term, with or without break-option, increases to 3.5 years.

Property value and loan-to-value ratio



Acquisitions

Eastnine has acquired five properties during the year, comprising around 51,100 sq.m, of which around four comprising around 36,600 sq.m. have been taken into possession.

Value changes

Fair value of the properties increased by EUR 131,394k (51,357) during the year to EUR 290,256k (158,862) on 31 December 2019. Unrealised value changes during the year amounted for EUR 10,208k (5,483).

In the financial statements, the investment properties are valued at fair value in compliance with IAS 40. The fair value of investment properties that have been acquired in the most recent quarter is equal, at the time of the first report after the acquisition, to its purchase price. Other properties are internally valued according to a yield-based location price model. The valuation takes into account significant and unforeseen changes in rental income, demands on market returns or other events that may significantly change the property's market value. All properties are normally valued by an external, well-known valuation company at least once a year in order to validate the internal valuations. Properties that have been recently acquired are normally externally valued for the first time in a quarter 12 months from the acquisition.

Five properties have been externally valued during the year, of which one was valued in the last quarter. The external valuations were carried out by Newsec and Colliers.

Current earning capacity

In order to facilitate the assessment of the company's current position, Eastnine will include “Current earning capacity” starting in the 2019 year-end report. Earning capacity is a theoretical assessment to describe the company's current earnings as of 31 December 2019.

Earning capacity is not to be regarded as a prognosis for the coming twelve months, but as a snapshot of the potential yield the Company can generate under given circumstances. It is based on the current property portfolio as of the reporting day.

Earning capacity does not contain an assessment of the development of rent levels, vacancy, property expenses, interest rates, value changes or other factors that may affect earnings.

Eastnine's calculated earning capacity is based on the following assumptions about income and costs:

- Rental income comprises contracted income including rent supplements, with deductions for any rental discounts.
- Property costs are based on an assessment of the operating expenses from a typical year, maintenance costs, property tax and site leasehold fees. Operating costs include costs for property administration.
- Financial income and expenses have been calculated from the company's credit portfolio and average interest rate level as of the reporting day.
- Costs for central administration has been calculated on the basis of the current organisation and property portfolio as of reporting day.

Contracted acquisitions

Eastnine has agreed to acquire the S7-3 property in Vilnius. The property is expected to be taken over before the end of March 2020, at an agreed purchase price of around EUR 43m. The property is fully let. Annual rental income amounts to approximately EUR 2.5m, with an estimated surplus ratio of 98 per cent.

	2019 31 Dec
Current earning capacity, EUR k	
Rental income	17,143
Property expenses	-1,456
Net operating income	15,687
Central administration expenses	-3,870
Interest expenses	-3,122
Other financial income and expenses	-59
Profit from property management	8,636
Key figures, current earning capacity	
Surplus ratio, %	92
Interest coverage ratio, multiple	3.8
Average interest level, %	2.3
Property yield investment properties, %	5.4
Investment properties, EUR k	290,256

Real Estate Funds

Real Estate Funds % of portfolio



■ EC Baltic Property Fund II

East Capital Baltic Property Fund II

Eastnine's holdings in East Capital Baltic Property Fund II, which is stated at fair value, decreased by -1.1 per cent during the year. Eastnine received dividends of EUR 1,280k in 2019. The fund has a total of five properties in offices, logistics and retail, of which four are in Tallinn and one in Riga. The fund was prolonged in the beginning of 2020 until May 2021. Eastnine aims to release invested fund capital during 2020 in favor of additional investments in properties.

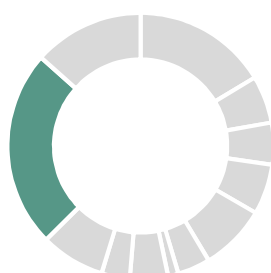
Eastnine's share of the fund, %	44
Fair value of Eastnine's holding, EURk	21,812
% of Eastnine's equity	8.1
Unrealised changes in value Jan – Dec, EURk	-243
Realised changes in value and dividends Jan – Dec, EURk	1,280
Total return Jan – Dec, %	4.7

Divested fund holding

Eastnine's entire holding in East Capital Baltic Property Fund III was divested at net asset value, corresponding to EUR 25.1m, in the fourth quarter 2019. Realised value change from the divestment of the holding amounted to EUR 1,177k during 2019.

Other

Other % of portfolio



■ Melon Fashion Group

Melon Fashion Group

Melon Fashion Groups total sales during the year increased by 30 per cent and amounted to RUB 22,990m, compared to RUB 17,630m the previous year. The increase in sales was primarily due to strong growth in e-commerce sales and acquisition of the SELA brand. MFG's aggregate online sales increased by 127 per cent during the year and made up 21 per cent (12) of MFG's total sales during 2019.

MFG's EBITDA for 2019, excluding effects from IFRS 16, amounted to RUB 2,833m, compared to RUB 2,078m in 2018. The EBITDA margin amounted to 12.3 per cent (11.8) during the year and to 13.7 per cent during the fourth quarter (13.9). The total number of retail stores amounted to 822, including 265 stores operated by franchise partners, and the total retail area to 160,000 sq.m.

Eastnine has during the year received a dividend corresponding to EUR 2,873k, of which EUR 1,940k in the fourth quarter of 2019. The fair value of Eastnine's MFG holding increased during the full year 2019 by EUR 17,985k as a result of MFGs increased sales and earnings in combination with positive outlook for MFG and a stronger ruble.

Eastnines share of the company, %	36
Fair value of Eastnine's holding, EURk	66,897
% of Eastnine's equity	24.9
Unrealised changes in value Jan – Dec, EURk	17,985
Realised changes in value and dividends Jan – Dec, EURk	2,873
Total return Jan – Dec, %	42.6

Other information

Risks and uncertainties

The dominant risks in Eastnine's operations are commercial risks in the form of changes in rent levels, vacancies and interest rates, as well as changes in the economic or business climate, and exchange rates in the markets where Eastnine is present. A more detailed description of Eastnine's material risks and uncertainties is provided in the Company's Annual Report 2018 on pages 64-65. An assessment for the coming months is provided in the Market section on p. 4.

Properties are recognised at fair value, and value changes are recognised through profit or loss in Eastnine's income statement. In the sensitivity analysis on p. 20 in this report, the effect on e.g. earnings in case of a value change in the property values is shown.

Organisational and investment structure

Eastnine AB (publ) (the Parent Company) is a real estate company listed on Nasdaq Stockholm, Mid Cap. With the exception of Melon Fashion Group, which 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 the Eastnine Group.

At year-end, the Eastnine Group employed 19 full-time employees, of which nine were employed at the head office in Stockholm, eight in Vilnius as well as one in Tallinn and Riga each.

Parent Company

Net profit/loss before tax for the year amounted to EUR 19,037k (6,744). This result is primarily attributable to an unrealised value change in Melon Fashion Group of EUR 17,985k (300), dividend from MFG of EUR 2,873k (3,196), and operating expenses and financial income. See p. 21 for the Parent Company's income statement and balance sheet.

Dividend

The Board proposes a dividend of 2.70 SEK per share (2.30), to be paid on two occasions in May and November respectively, each of 1.35 SEK per share. The dividend corresponds to 2.0 per cent of the net asset value as of year end 2019 and a 17 per cent increase.

Related parties

On 31 December 2019, Eastnine AB had a related party relationship with its subsidiaries, Board members and employees. Eastnine AB's management, Board members and their close relatives, and related companies control 29.7 per cent of voting rights in the Company as at year-end. Outside of loans to group companies, no material

transactions were made during the year between Eastnine and related parties.

Sustainability

In Q1 2019 the property 3Burès-3 in Vilnius received a LEED Platinum Core & Shell certification, in addition to the LEED Platinum certification awarded 3Bures-1,2. The property S7-1 as well as S7-2 have been awarded Breeam Excellent. If S7-3 obtains the same certification, five of Eastnine's ten properties will be environmentally certified, each with the top classifications LEED Platinum or Breeam Excellent. Environmental classification efforts have begun for two of the remaining office properties. Eastnine's first sustainability report, which was produced according to the Global Reporting Initiatives guidelines (GRI referenced) and published as part of the 2018 annual report, contains information about the company's primary concerns, aims and indicators. Eastnine AB is a member of GRESB.

Eastnine have begun assessing a new development of a wooden office building in Riga - The Pine. This building is planned to receive double sustainability certificates: LEED Platinum and WELL.

Commitments

Eastnine has a commitment to fulfill the acquisition of the property S7-3 in Vilnius, as part of a major acquisition which was announced in February 2019. Completion is estimated to take place before the end of March 2020 and the purchase price to amount to around EUR 43m.

Accounting principles

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) 34 Interim Financial Reporting and applicable provisions in the Swedish Annual Accounts Act (Årsredovisningslagen). The interim report for the Parent Company has been prepared in accordance with the Swedish Financial Reporting Board's standard RFR 2 and the Swedish Annual Accounts Act Chapter 9, Interim report. Differences in rounding may occur in this report.

During the period 1 January 2014 – 30 June 2018, Eastnine AB applied the investment entity consolidation exemption in IFRS 10, which means that all holdings, including holdings in subsidiaries, are recognised at fair value through profit or loss. In assessing 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 consists of directly owned real estate assets. As of 1 July 2018, the 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.

The Group applies the same accounting principles and valuation methods as in the latest annual report, with the exception mentioned below regarding IFRS 16. Other new or revised IFRS standards or other IFRIC interpretations applying from 1 January 2019 have not had a material effect on the Group's financial statements.

New accounting principles

IFRS 16 Leasing contracts

IFRS 16 Leasing contracts replaced IAS 17 Leasing contract as of 1 January 2019. The standard essentially does not affect Eastnine as a property owner and lessor, as the financial advantages and risks in the ownership of real estate still fundamentally rests with the company. For Eastnine as a lessee, this change primarily concerns rent of premises and site leasehold fees. Eastnine's leasing agreements and site leases are reported in the balance sheet as a usage right and a leasing liability without retroactive recalculation. The usage right and the liability has been initially valued at the present value of all future lease payments. Where the lease specifies an eternal

leasing period, no amortisation of the leasing liability is reported. Instead, the value is considered unchanged up until the fee is renegotiated and the usage right is considered to be eternal without depreciation. With regards to those contracts where the lease term is fixed, the usage right is linearly depreciated and the leasing liability is amortized when the fee is paid. Residual site leasehold fees are stated as financial costs, unlike previous years when they were stated as property costs. As of 1 January 2019, the leasing liability amounts to EUR 358k, all of which relates to site leasehold fees.

In addition to the stated usage rights, Eastnine as a tenant also has some lease agreements at a smaller value relating to office equipment. These are stated as operational lease agreements and are written off linearly over the rental period.

The change in accounting principle has had a minor effect on some key figures such as surplus ratio and equity/asset ratio.

Events after the end of the year

No significant events have occurred after the end of the year.

The CEO certifies that the year-end report provides a true and fair overview of the activities, position and earnings of the Parent Company and the Group and describes the significant risks confronting the Parent Company and the Group.

Stockholm, 21 February 2020

Kestutis Sasnauskas
CEO

Review Report

To the Board of Directors of Eastnine AB (publ)

Corp. id. 556693-7404

Introduction

We have reviewed the condensed interim financial information (interim report) of Eastnine AB (publ) as of 31 December 2019 and the twelve-month period then ended except for the pro-forma information on pages 1, 5, 22 and 23. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 21 February 2020

KPMG AB

Peter Dahllöf

Authorized Public Accountant

(Translation from the Swedish original)

Share

The Eastnine share is listed on Nasdaq Stockholm Mid Cap. The share price increased by 48 per cent to SEK 137.4 during the year, and as of 31 December market cap amounted to SEK 2.9bn. Total return for the share amounted to 51 per cent.

Number of shares

The total number of shares in Eastnine amounted to 22,370,261 as of 31 December 2019. Adjusted for treasury shares, the number of outstanding shares was 21,149,061. The weighted average number of outstanding shares for the year, adjusted for buy-back, was 21,187,491. The number of shareholders increased by 11 per cent during the year and totalled 5,634 at year-end. The free float was 63 per cent. At the end of the year, the share price was SEK 137.4 after an increase of 48 per cent since the beginning of the year. The total return, including dividends, amounted to 51 per cent.

Dividend

The Board proposes to the Annual General Meeting a dividend of SEK 2.70 per share (2.30) for the 2019 financial year, paid semiannually. The dividend would correspond to a dividend growth of 17 per cent. According to the standing dividends policy, Eastnine's annual dividend is to amount

to at least 50 per cent of net operating income and, during Eastnine's transformation into a real estate company, at least 2.0 per cent of net asset value. A dividend of SEK 2.70 per share corresponds to 2.0 per cent of NAV.

Buy-back

During the period 1 January through 31 March 2019, Eastnine repurchased 352,041 shares at an average price of SEK 104 per share. Eastnine's Board has decided not to renew the repurchase mandate after it expired on 31 March 2019, and therefore no further shares have been repurchased. On 31 December 2019, the Company held 1,221,200 own shares in treasury, corresponding to 5.5 per cent of total outstanding shares.

At the AGM 2019, the Board received a new mandate to decide on share buy-back, providing that the company's holding of treasury shares not exceed at any time 10 per cent of all shares in the company.

Largest shareholders as at 31 December 2019

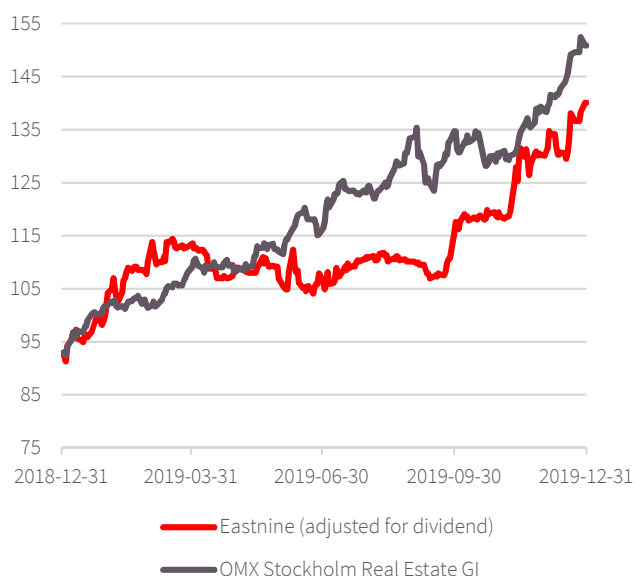
Shareholder	Number of shares	%
Peter Elam Håkansson ¹	6,048,551	27.0
Keel Capital	2,268,884	10.1
Mertiva AB	1,515,205	6.8
Lazard Asset Management	1,491,577	6.7
Nordnet Pensionsförsäkring	1,148,450	5.1
Norges Bank	688,770	3.1
Kestutis Sasnauskas	446,443	2.0
Dimensional Fund Advisors	347,604	1.6
Prioritet Finans	300,000	1.3
Jacob Grapengiesser	167,861	0.8
10 largest	14,423,345	64.5
Eastnine AB (repurchased shares)	1,221,200	5.5
Others	6,725,716	30.0
Total	22,370,261	100.0

¹ Private and via companies (East Capital Holding AB and Rytu Invest AB). Source: Monitor

Key figures

Data per share	2019 31 Dec	2018 31 Dec
NAV, EUR	12.7	11.2
EPRA NAV, EUR	13.1	11.4
Share price, EUR	13.1	9.2
NAV, SEK	133	114
EPRA NAV, SEK	137	116
Share price, SEK	137.4	92.9

EASTNINE share price vs OMX Stockholm Real Estate GI



A low-angle, upward-looking shot of a modern skyscraper with a glass facade. The building's structure is composed of a grid of dark metal frames and large glass panels. The perspective creates a sense of height and scale, with the building's edges converging towards the top of the frame. The entire image is overlaid with a uniform teal or cyan color, giving it a monochromatic, corporate feel. The text "Financial statements, condensed" is centered in the upper half of the image in a white, sans-serif font.

Financial statements, condensed

Statement of Comprehensive Income - Group

EUR thousands	2019 ¹ Jan-Dec	2018 ² Jan-Dec	2019 ¹ Oct-Dec	2018 ¹ Oct-Dec
Rental income	13,348	4,855	4,161	2,516
Property expenses	-1,402	-631	-410	-396
Net operating income	11,946	4,225	3,751	2,120
Central administration expenses	-3,873	-1,677	-1,184	-1,055
Interest expenses	-2,225	-616	-790	-350
Other financial income and expenses	-359	369	-78	369
Profit from property management	5,489	2,302	1,699	1,085
Unrealised changes in value of properties	10,208	4,538	3,914	863
Unrealised changes in value of derivatives	-1,006	-276	702	-618
Unrealised changes in value of investments	17,742	5,881	11,918	6,941
Realised value changes and dividends from investments	5,403	2,953	2,588	2,928
Changes in fair value of subsidiaries and associated companies	-	1,035	-	-
Dividends received	-	930	-	-
Other income	-	119	-	-
Staff expenses	-	-880	-	-
Other operating expenses	-	-582	-	-
Financial income	-	683	-	-
Financial expenses	-	-40	-	-
Profit/loss before tax	37,836	16,662	20,821	11,199
Deferred tax	-2,570	-1,021	-1,246	-273
Net profit/loss for the year/period³	35,266	15,641	19,575	10,925
Number of shares outstanding, adjusted for repurchased shares, thousand	21,149	21,501	21,149	21,501
Weighted average number of shares before dilution, thousand	21,187	22,128	21,149	21,649
Weighted average number of shares after dilution, thousand	21,231	22,162	21,195	21,682
Earnings per share before dilution, EUR	1.66	0.71	0.93	0.50
Earnings per share after dilution, EUR	1.66	0.71	0.92	0.50

¹ Eastnine as a consolidating real estate company

² Eastnine as an investment entity during the first six months and as a consolidating real estate company for the last six months.

³ Total Comprehensive Income for the period corresponds to Net profit/loss for the period

Statement of Financial Position- Group

EUR thousands	2019 31 Dec	2018 31 Dec
ASSETS		
Non-current assets		
Intangible assets	2	6
Investment properties	290,256	158,862
Right-of-use assets, leaseholds	1,204	-
Equipment	216	94
Long-term securities holdings	88,709	92,898
Other non-current receivables	175	213
Total non-current assets	380,562	252,074
Current assets		
Current receivables	1,588	377
Prepaid expenses and accrued income	767	198
Cash and cash equivalents	37,406	65,119
Total current assets	39,761	65,694
TOTAL ASSETS	420,322	317,767
EQUITY AND LIABILITIES		
Equity		
Share capital	3,660	3,660
Other contributed capital	252,252	260,145
Retained earnings including other reserves	-22,986	-38,626
Net profit/loss for the year	35,266	15,641
Total Equity	268,192	240,819
Non-current liabilities		
Liabilities to credit institutions	132,571	64,474
Derivatives	1,963	957
Deferred tax liabilities	6,315	3,745
Lease liability	1,175	-
Other non-current liabilities	1,745	1,251
Total non-current liabilities	143,769	70,427
Current liabilities		
Liabilities to credit institutions	5,200	3,076
Other liabilities	2,211	2,645
Accrued expenses and deferred income	951	801
Total current liabilities	8,361	6,521
TOTAL EQUITY AND LIABILITIES	420,322	317,767

Statement of Changes in Equity - Group

EUR Thousands	Share capital	Other contributed capital	Retained earnings	Total equity
Opening equity 1 January, 2019	3,660	260,145	-22,986	240,819
Net profit/loss for the period	-	-	35,266	35,266
Total comprehensive income	-	-	35,266	35,266
Dividend to shareholders	-	-4,519	-	-4,519
Share buy-back	-	-3,525	-	-3,525
Long-term incentive programme (LTIP)	-	151	-	151
Closing equity 31 December, 2019	3,660	252,252	12,280	268,192

EUR Thousands	Share capital	Other contributed capital	Retained earnings	Total equity
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 shareholders	-	-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	-22,986	240,819

Statement of Cash Flow - Group

EUR thousands	2019 Jan-Dec	2018 Jan-Dec	2019 Oct-Dec	2018 Oct-Dec
Operating activities				
Profit/loss before tax	37,836	16,662	20,821	11,199
Adjustments not included in cash flow from operating activities	-27,868	-10,979	-16,438	-7,178
Cash flow from operating activities before changes in working capital	9,968	5,682	4,383	4,021
Cash flow from changes in working capital				
Increase (-)/decrease(+) in other current receivables	-1,742	457	-1,143	519
Increase (+)/decrease(-) in other current payables	210	-4,322	1,406	-313
Cash flow from operating activities	8,436	1,817	4,646	4,227
Investing activities				
Investments in existing properties	-1,965	-4,761	-667	-1,897
Acquisition of properties	-119,221	-	-82,399	-
Purchase of equipment	-152	-17	-105	-13
Investments in other financial assets	-1,982	-	-	-
Divestment of other financial assets	25,090	-	25,090	-
Cash flow from investing activities	-98,230	-4,778	-58,081	-1,910
Financing activities				
New loans	74,029	12,981	53,829	9,641
Repayment of loans	-3,808	-1,097	-1,245	-592
Payment of lease liabilities	-55	-	-55	-
Repayment of shareholder contributions	-	11,513	-	-
Dividend to shareholders	-4,519	-4,451	-2,259	-2,211
Own share buy-back	-3,525	-12,880	-	-2,576
Cash flow from financing activities	62,122	6,066	50,270	4,262
Cash flow for the period	-27,672	3,105	-3,165	6,578
Cash and cash equivalent at the beginning of the period	65,119	13,168	40,596	58,515
Effect of consolidating subsidiaries from 1 July 2018 ¹	-	48,869	-	-
Exchange rate differences in cash and cash equivalents	-41	-22	-25	26
Cash and cash equivalent at the end of the period	37,406	65,119	37,406	65,119

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

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 and as a consolidating real estate company for the last six months.

EUR thousands	Real Estate	Real Estate			
1 January – 31 December, 2019	Direct	Funds	Other	Unallocated	Total
Rental income	13,348	-	-	-	13,348
Property expenses	-1,402	-	-	-	-1,402
Net operating income	11,946	-	-	-	11,946
Central administration expenses	-	-	-	-3,873	-3,873
Interest expenses	-2,225	-	-	-	-2,225
Other financial income and expenses	-308	-	-	-51	-359
Profit from property management	9,413	-	-	-3,924	5,489
Unrealised changes in value of properties	10,208	-	-	-	10,208
Unrealised changes in value of derivatives	-1,006	-	-	-	-1,006
Unrealised changes in value of investments	-	-243	17,985	-	17,742
Realised value changes and dividends from investments	-	2,530	2,873	-	5,403
Profit/loss before tax	18,615	2,287	20,858	-3,924	37,836
Deferred tax	-2,570	-	-	-	-2,570
Net profit/loss for the year	16,045	2,287	20,858	-3,924	35,266
Value of properties	290,256	-	-	-	290,256
Value of securities holdings	-	21,812	66,897	-	88,709
Liabilities to credit institutions	137,771	-	-	-	137,771

EUR thousands	Real Estate	Real Estate			
1 January – 31 December, 2018	Direct	Funds	Other	Unallocated	Total
Rental income	4,855	-	-	-	4,855
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 securities holdings	-	43,986	48,912	-	92,898
Liabilities to credit institutions	67,550	-	-	-	67,550

Long-term securities holdings

The following table analyses securities holdings measured at fair value in compliance with level 3. Derivatives are measured continuously at fair value according to level 2. Changes in fair value are recognised in profit and loss. At the end of the period, the fair value of liabilities to credit institutions essentially corresponded with the carrying amounts.

31 December, 2019

Changes in financial assets and liabilities in Level 3, EUR thousands	Real Estate		Total
	Funds	Other	
Opening balance 1 January, 2019	43,986	48,912	92,898
Purchases/additions	1,982	-	1,982
Divestments/Reductions	-25,090	-	-25,090
Unrealised changes in values recognised net in profit/loss	-243	17,985	17,742
Realised changes in values recognised net in profit/loss	1,177	-	1,177
Closing balance 31 December, 2019	21,812	66,897	88,709

31 December, 2018

Changes in financial assets and liabilities in Level 3, EUR thousands	Real Estate		Total
	Funds	Other	
Opening balance 1 January, 2018	37,064	48,613	85,677
Purchases/additions	3,451	-	3,451
Unrealised changes in values recognised net in profit/loss	3,471	299	3,770
Closing balance 31 December, 2018	43,986	48,912	92,898

Real Estate Funds consists of holdings in East Capital Baltic Property Fund II. Other consists of the holdings in Melon Fashion Group. The properties of the real estate fund are normally valued externally at year-end at the request of the fund manager. Internal valuation is made quarterly by the fund manager. Melon Fashion Group is valued by Eastnine on a quarterly basis. More information on the holdings, including fair value changes during the period, can be found on page 10 in this report.

Holding	Segment	Valuation method	Valuation assumptions
East Capital Baltic Property Fund II	Real Estate Funds	DCF	WACC 8-9%, Exit yield 6-8% Long-term growth 3.5%, Long term operating margin 9.6%, WACC 16.9%. A 25% minority and liquidity discount is applied
Melon Fashion Group	Other	DCF	

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 unobservable inputs, provided other inputs constant, would have the following effects:

Effect in EUR thousands

31 December, 2019

Sensitivity analysis	Real Estate Funds		Other	
	Fair value		Fair value	
Exit yield (+/- 0.5% movement)	-978	1,122	-	-
Weighted average cost of capital (WACC) (movement +/- 0.5% on funds and +/- 1.0% on Other)	-193	200	-5,267	6,148
Long term growth rate (+/- 0.4% movement)	-	-	1,396	-1,315
Long term operating margin (+/- 0.5% movement)	-	-	2,295	-2,295

Sensitivity analysis - Properties

31 December, 2019

Change in property value	Impact on pre-tax profit, EURk	Equity / asset ratio,	Loan-to-value ratio,
+5%	14,513	65%	45%
0	-	64%	47%
-5%	-14,513	63%	50%

Earnings and key ratios are affected by realised and unrealised changes in the value of properties. The table shows the effect of a 5 per cent change in value before deferred tax deduction.

31 December, 2019

Cash flow and earnings	Change	Effect, EURk
Rental income ¹	5%	832
Property expenses ¹	5%	82
Market interest rate	+/- 0.5 per cent point	+33 / -88
	+/- 1.0 per cent point	-115 / -176

The sensitivity analysis shows the effects on the Group's cash flow and earnings on an annualised basis after taking into account of the full effect of each parameter. A change in market interest rates has little effect on interest expenses as currently about 80 per cent of the interest is fixed using fixed-interest derivatives. 34 per cent of liabilities to credit institutions are subject to the zero interest rate floor.

¹ Quarterly figures, annualised

Income Statement - Parent Company

EUR thousands	2019 Jan-Dec	2018 Jan-Dec	2019 Oct-Dec	2018 Oct-Dec
Other income	74	167	8	22
Central administration expenses	-3,210	-2,750	-916	-789
Operating profit/loss	-3,136	-2,583	-908	-767
Profit/loss from shares in group companies	-16	4,477	-1	-
Unrealised changes in value of investments	17,985	300	12,825	5,447
Dividend received from investments	2,873	3,196	1,940	2,266
Financial income	1,383	1,376	348	347
Financial expense	-52	-22	-29	26
Profit/loss before tax	19,037	6,744	14,175	7,320
Income tax	-	-	-	-
Net profit/loss for the year/period	19,037	6,744	14,175	7,320

Balance Sheet - Parent Company

EUR thousands	2019 31 Dec	2018 31 Dec
ASSETS		
Fixed assets		
Right-of-use asset, leaseholds	596	-
Equipment	88	-
Shares in group companies	143,433	146,946
Other long-term securities holdings	66,897	48,912
Loans to group companies	27,527	27,527
Total non-current assets	238,541	223,385
Current assets		
Other receivables	2	2
Accrued interest income	2,753	1,376
Prepaid expenses and accrued income	63	74
Cash and cash equivalents	3,038	7,898
Total current assets	5,856	9,350
TOTAL ASSETS	244,396	232,736
EQUITY AND LIABILITIES		
Equity		
<i>Restricted capital</i>		
Share capital	3,660	3,660
<i>Unrestricted capital</i>		
Share premium reserve	252,252	260,145
Retained earnings including other reserves	-31,882	-38,626
Net profit/loss for the year	19,037	6,744
Total equity	243,066	231,922
Non-current liabilities		
Lease liability	567	-
Other non-current liabilities	63	11
Total non-current liabilities	631	11
Current liabilities		
Other liabilities	242	259
Accrued expenses and deferred income	457	543
Total current liabilities	699	803
TOTAL EQUITY AND LIABILITIES	244,396	232,736

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 for the period Q1-Q2 2018 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	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Rental income	4,161	3,142	3,099	2,947	2,516	2,339	2,282	1,993
Property expenses	-410	-347	-387	-258	-396	-235	-249	-562
Net operating income	3,751	2,795	2,712	2,689	2,120	2,104	2,034	1,431
Central administration expenses	-1,184	-826	-936	-927	-1,055	-621	-1,008	-702
Interest expenses	-790	-498	-526	-411	-350	-266	-319	-278
Other financial income and expenses	-78	-101	-109	-72	369	0	20	-299
Profit from property management	1,699	1,370	1,141	1,279	1,085	1,217	727	151
<i>Unrealised change in values:</i>								
- Properties	3,914	2,810	3,483	-	863	3,675	945	-
- Derivatives	702	-311	-740	-656	-618	342	-372	-134
- Investments	11,918	1,782	760	4,459	6,941	-1,060	-2,233	37
Realised values and dividends from investments	2,588	22	1,595	22	2,928	25	1,668	781
Profit before tax	20,821	5,673	6,239	5,103	11,199	4,199	735	836
Deferred tax	-1,246	-604	-575	-146	-273	-748	-182	-125
Net profit/loss for the period	19,575	5,069	5,664	4,957	10,925	3,451	553	711

Condensed Balance Sheet - Group

EUR thousands	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018
ASSETS								
Investment properties	290,256	203,276	199,882	195,972	158,862	156,102	122,843	121,995
Development properties	-	-	-	-	-	-	26,721	19,768
Right-of-use assets, leaseholds	1,204	1,086	465	465	-	-	-	-
Long-term securities holdings	88,709	101,881	98,117	97,357	92,898	85,957	86,932	92,769
Other non-current assets	393	297	266	270	313	296	419	430
Total non-current assets	380,562	306,541	298,730	294,063	252,074	242,356	236,915	234,961
Other receivables	2,355	1,211	897	813	574	1,105	1,014	5,331
Cash and cash equivalents	37,406	40,596	42,772	43,794	65,119	58,515	63,558	56,497
Total current assets	39,761	41,807	43,668	44,607	65,694	59,620	64,572	61,827
TOTAL ASSETS	420,322	348,348	342,399	338,670	317,767	301,976	301,487	296,789
EQUITY AND LIABILITIES								
Share capital	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,658
Other contributed capital	252,252	252,218	252,184	256,669	260,145	262,666	266,007	274,982
Retained earnings incl. net profit/loss for the period	12,280	-7,295	-12,364	-18,029	-22,986	-33,911	-37,362	-40,518
Total shareholders' equity	268,192	248,583	243,480	242,300	240,819	232,415	232,305	238,122
Liabilities to credit institutions	132,571	81,628	84,297	84,297	64,474	55,772	54,638	48,534
Derivatives	1,963	2,665	2,353	1,614	957	339	682	309
Deferred tax liabilities	6,315	5,069	4,465	3,891	3,745	3,472	2,724	2,542
Lease liability	1,175	1,085	465	465	-	-	-	-
Other non-current liabilities	1,745	1,470	1,567	1,452	1,251	2,338	2,045	1,745
Total non-current liabilities	143,769	91,916	93,148	91,719	70,427	61,921	60,089	53,130
Liabilities to credit institutions	5,200	3,560	1,780	2,670	3,076	2,729	1,029	1,533
Other liabilities	3,161	4,289	3,991	1,981	3,445	4,911	8,065	4,003
Total current liabilities	8,361	7,849	5,771	4,651	6,521	7,640	9,094	5,536
TOTAL EQUITY AND LIABILITIES	420,322	348,348	342,399	338,670	317,767	301,976	301,487	296,789

Key figures

The below key figures 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 table presents the key figures and performance measures that are not defined by IFRS which is why a reconciliation of key figures is also provided. Definitions can also be found on page 24.

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Property-related								
Leasable area, sqm k ¹	99.5	74.5	74.5	74.9	62.8	62.7	49.4	49.4
Number of properties ¹	9	6	6	6	5	5	5	5
Property value, EUR k ¹	290,256	203,276	199,882	195,972	158,862	156,102	149,564	141,762
Surplus ratio, % ¹	90%	89%	88%	91%	84%	90%	89%	72%
Occupancy rate, % ¹	92.7%	90.2%	87.7%	92.0%	88.8%	97.5%	99.6%	99.6%
Average rent, EUR/sqm/month ¹	14.7	14.7	14.7	14.8	14.5	14.3	14.5	14.5
WAULT, years ¹	5.0	3.0	3.3	2.8	2.8	2.8	1.9	2.2
Property yield investments properties, % ¹	6.1%	5.5%	5.5%	6.1%	6.0%	6.8%	6.9%	5.4%
Financial								
Rental income, EUR k ¹	4,161	3,142	3,099	2,947	2,516	2,339	2,282	1,993
Net operating income, EUR k ¹	3,751	2,795	2,712	2,689	2,120	2,104	2,034	1,431
Profit from property management, EUR k ¹	1,699	1,370	1,141	1,279	1,085	1,217	727	151
LTV (loan-to-value) ratio, % ¹	47%	42%	43%	44%	43%	37%	37%	35%
Debt ratio, multiple ¹	13.4x	10.8x	12.1x	12.3x	15.9x	9.9x	13.6x	17.2x
Equity / asset ratio, %	64%	71%	71%	72%	76%	77%	77%	80%
Interest coverage ratio, multiple ¹	3.2x	3.8x	3.2x	4.1x	4.1x	5.6x	3.3x	1.5x
Average interest, % ¹	2.8%	2.3%	2.4%	2.2%	2.3%	2.2%	2.4%	2.5%
Average interest level, % ¹	2.3%	2.3%	2.3%	2.4%	2.5%	2.4%	2.4%	2.4%
Return on equity Real Estate Direct, % ¹	20.3%	15.7%	16.7%	6.2%	9.8%	24.1%	9.9%	4.5%
Return on equity, %	30.3%	8.2%	9.3%	8.2%	18.5%	5.9%	0.9%	1.2%
Share-related								
Net asset value (NAV), EUR k	268,192	248,583	243,480	242,300	240,819	232,415	232,305	238,122
EPRA NAV, EUR k ¹	276,470	256,316	250,298	247,804	245,521	236,226	235,711	240,974
Market capitalisation, EUR k	276,546	225,322	213,772	229,466	197,085	194,321	198,618	190,256
Market capitalisation, SEK k	2,905,881	2,415,223	2,258,720	2,389,844	1,997,452	2,007,332	2,074,547	1,959,635
Number of shares outstanding, thousand	22,370	22,370	22,370	22,370	22,370	22,370	22,370	24,816
Number of shares outstanding, adjusted for repurchased shares, thousand	21,149	21,149	21,149	21,149	21,501	21,795	22,164	22,370
Weighted average number of shares, adjusted for repurchased shares, thousand	21,187	21,200	21,227	21,305	22,128	22,290	22,454	22,591
Earnings per share, EUR	0.93	0.24	0.27	0.23	0.50	0.16	0.02	0.03
Dividend per share, EUR ²	0.26	-	-	-	0.22	-	-	-
Dividend per share, SEK ²	2.70	-	-	-	2.30	-	-	-
NAV per share, EUR	12.7	11.8	11.5	11.5	11.2	10.7	10.5	10.6
NAV per share, SEK	133	126	122	119	114	110	109	110
EPRA NAV per share, EUR ¹	13.1	12.1	11.8	11.7	11.4	10.8	10.6	10.8
EPRA NAV per share, SEK ¹	137	130	125	122	116	112	111	111
Share price, EUR ³	13.1	10.7	10.1	10.8	9.2	8.9	9.0	8.5
Share price, SEK ³	137.40	114.20	106.80	113.00	92.90	92.10	93.60	87.60
Other								
SEK/EUR	10.51	10.72	10.57	10.41	10.14	10.33	10.44	10.30
Number of employees at the end of the period	19	17	16	13	13	14	13	12
Basis for key figures, EUR k								
Rental income	4,161	3,142	3,099	2,947	2,516	2,339	2,282	1,993
Net operating income	3,751	2,795	2,712	2,689	2,120	2,104	2,034	1,431
Surplus ratio, %	90%	89%	88%	91%	84%	90%	89%	72%
Property value	290,256	203,276	199,882	195,972	158,862	156,102	149,564	141,762
Liabilities to credit institutions	137,771	85,187	86,077	86,967	67,550	58,501	55,666	50,067
LTV (loan-to-value) ratio, %	47%	42%	43%	44%	43%	37%	37%	35%
Profit from property management	1,699	1,370	1,141	1,279	1,085	1,217	727	151
Interest expenses	790	498	526	411	350	266	319	278
Profit before interest expenses	2,489	1,868	1,667	1,690	1,434	1,483	1,046	429
Interest coverage ratio, multiple	3.2x	3.8x	3.2x	4.1x	4.1x	5.6x	3.3x	1.5x
Equity	268,192	248,583	243,480	242,300	240,819	232,415	232,305	238,122
Add back derivatives	1,963	2,665	2,353	1,614	957	339	682	309
Add back recognised deferred tax	6,315	5,069	4,465	3,891	3,745	3,472	2,724	2,542
EPRA NAV, EUR k	276,470	256,316	250,298	247,804	245,521	236,226	235,711	240,974

¹ Key figures for the period Q1-Q2 2018 are based on pro-forma figures

² Proposed dividend for 2019, SEK 2.70 per share corresponding to EUR 0.26 per share

³ Not adjusted for dividend

Definitions and glossary

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

Property yield, investment properties

Net operating income divided by the average value of investment properties.

This indicator shows the earnings generation of the properties before financial and central administration items.

Net operating income

Rental income less property expenses.

Profit from property management

Earnings before value changes, dividends received and taxes.

Average rental income

Average rent at the end of the period.

Rental income

Debited rents, rental accruals, and rental guarantees less rental discounts.

Rent value

Contracted annual rents which are current at the end of the period with supplements for discounts and estimated market rent for vacant premises.

Net letting

Annual rent income from contracts signed during the period less that of contracts terminated during the period.

Triple-net rent

Lease agreements where the tenant, in addition to the base rent, also pays costs related to the leased area. These costs include operational and maintenance costs, property taxes, site leasehold fees, insurance and property upkeep.

Lettable area

Total area available for letting.

Occupancy rate, by area

Occupancy rate in relation to lettable area.

Occupancy rate, financial

Contracted annual rent at the end of the period in relation to the rent value.

This indicator is used to facilitate the estimation of rental income for vacant premises and other financial vacancies.

Vacancy rate, financial

Annual rent for vacant premises at the end of the period in relation to the rent value at the end of the period.

Vacancy rate, by area

Vacancy rate in relation to lettable area.

WAULT

Average remaining term of rental agreements, weighted according to contracted rental income (Weighted average unexpired lease term). If the lease agreement includes a break option at a certain date, this date is used in the calculation of WAULT.

The indicator shows the weighted risk of future vacancies.

Surplus ratio

Net operating income in relation to rental income.

FINANCIAL KEY FIGURES

Return on equity

Net profit-loss for the period, recalculated on a 12-month basis, in relation to average equity.

Return on equity, Real Estate Direct

Net profit/loss for the period, recalculated on a 12-month basis, in the Real Estate Direct segment as a per cent of average equity attributable to the segment.

LTV (loan-to-value) ratio

Liabilities to credit institutions in relation to property value.

EBITDA

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

Average interest

Interest expenses, recalculated on a 12-month basis, divided by average liabilities to credit institutions.

Average interest rate

Average interest rate on the Group's liabilities to credit institutions at the end of the period.

Average capital tie-up period

Average remaining term for liabilities to credit institutions by the end of the period.

Interest coverage ratio

Profit from property management, with reversal of interest expenses, in relation to interest expenses.

Debt coverage ratio

Net operating income for the period, with reversal of central administration expenses and recalculated on a 12-month basis, in relation to liabilities to credit institutions.

Equity/asset ratio

Equity in relation to total assets.

Net asset value discount/premium

The difference between net asset value and market capitalisation. If market cap is lower than NAV the shares are traded at a NAV discount; if market cap is higher, shares are traded at a premium.

SHARE-RELATED KEY FIGURES**EPRA NAV (long-term net asset value)**

Equity with reversal of derivatives and deferred tax liabilities according to the balance sheet.

EPRA NAV per share

EPRA NAV in relation to the number of outstanding shares (excluding treasury shares).

Profit from property management per share

Profit from property management divided by the average number of shares during the period.

NAV (net asset value)

Total equity.

NAV per share

NAV in relation to the total number of outstanding shares (excluding treasury shares.)

Earnings per share

Period earnings attributable to equity holders of the Parent Company in relation to the average number of outstanding shares.

GLOSSARY**Break option**

Unilateral option allowing the tenant to terminate the lease agreement prematurely. The clause usually refers to a right on the part of the tenant to terminate a lease without additional rent payments.

Gross area

Gross area is the sum of the area of all the floors up to the exterior of the surrounding building sections. The term is used e.g. with regards to property valuations.

Property

Relates to real estate in possession through ownership or site leaseholds.

IFRS

Abbreviation for International Financing Reporting Standard. IFRS is an international reporting standard for the preparation of group statements.

Zero-interest floor

Clause in credit agreements meaning that a negative Euribor interest rate is considered as zero.

Interest derivatives

Agreements for the purchase and sale of interest, the price and conditions of which depend on factors such as time, inflation rates, and market. Derivative agreements are usually entered into in order to ensure predictable interest rate levels for some part or the entirety of interest-bearing loans. Interest rate swaps are a type of derivative where the value on balance day is zero and which expires without further payment flows.

Fair value

Fair value is the price at which a property transfer may take place between independent and informed parties which have an interest in the transaction taking place. Fair value is considered to be equal to the acquisition value at the acquisition date, after which the fair value may change over time.

Share buy-back

Purchasing of own shares on the stock market. Swedish companies have the option to own up to 10 per cent of their own outstanding shares, given approval from the AGM.



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Financial calendar

Annual General Meeting 2020: 12 May 2020
Interim report January - March 2020: 12 May 2020
Interim report January - June 2020: 17 July 2020
Interim report January - September 2020: 11 November 2020
Year-end report 2020: 24 February 2021

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The information in this interim report is the information which Eastnine AB is required to disclose under the EU Market Abuse Regulation and the Securities Markets Act.

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This is a translation of the original Swedish language interim report. In the event of discrepancies, the original Swedish wording shall prevail.

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