

## Eastnine: Interim Report January – September 2019

1 January – 30 September 2019

- Rental income increased by 39 per cent to EUR 9,187k (6,614) due to an expanded property portfolio. On an identical portfolio, rental income decreased by 12 per cent due to lower average occupancy rate during the period.
- Net operating income increased by 47 per cent to EUR 8,196k (5,569).
- Profit from property management increased by 81 per cent to EUR 3,790k (2,095).
- Unrealised value changes amounted to EUR 11,587k (1,201) of which EUR 6,294k (4,620) is attributable to Real Estate Direct, EUR -1,707k (-164) to interest rate derivatives, and EUR 7,000k (-3,256) to investments.
- Realised changes in value and dividends from investments amounted to EUR 1,638k (2,474).
- Profit/loss for the period amounted to EUR 15,691k (4,716), corresponding to EUR 0.74 (0.21) per share.
- The equity/asset ratio as per 30 September amounted to 71 per cent (76) and the loan-to-value ratio to 42 per cent (43). The occupancy rate increased by 1.4 percentage points to 90.2 per cent (88.8).

Key events during the third quarter

- On 25 September, a press release announced the acquisition of the 8,600 sq.m. office property Valdemara Centrs in Riga for EUR 25m.
- Net leasing during the quarter was positive and amounted to EUR 853k, with an average rent level of EUR 15.3 per sq.m. and month.

Key events after the third quarter

- Saule Zabulionyte started as country manager in Latvia on 1 October 2019.
- On 11 October 2019 Eastnine took possession of the office property S7-2 in Vilnius and on 15 October Valdemara Centrs in Riga.
- On 22 October 2019, a contract was signed for sale of the whole of Eastnine's holding in East Capital Baltic Property Fund III. The purchase price was around EUR 25.1m, corresponding to fair value on 30 September 2019.

# eastnine

## **Comment from CEO**

### **The property portfolio is expanding quickly and vacancies are being filled**

“Eastnine’s property portfolio is growing rapidly. During the third quarter we announced the acquisition of the office property Valdemara Centrs in central Riga. Through our new properties Valdemara and S7-2 in Vilnius CBD, both added to the portfolio in October, we are increasing our presence and our offering in two of our markets. Together with the acquisition of S7-1 in Vilnius in February, the property portfolio has increased in value by approximately 70 per cent year to date and at the turn of the year, we will take possession of S7-3 in Vilnius with an additional 14,500 sq.m.

New letting has been strong during the quarter and the occupancy increased by 2.5 percentage points to 90.2 per cent compared to the end of June. We expect a further increase in occupancy in the last quarter of the year due to lease contracts where the tenant has not yet taken up occupation. Rental levels are also developing positively. The average rent level was EUR 14.7 per sq.m. at the end of September compared with EUR 14.5 per sq.m. at the year-end. The average rent level for new leasing during the quarter is EUR 15.3 per sq.m.

The business climate is good in all three Baltic capitals. Demand for sustainable premises is increasing at the expense of premises in less favourable locations. There are a number of attractive properties for acquisition in our niche of first-class offices in central business districts. Overall, we are looking forward to a good end of 2019”, says Eastnine’s CEO Kestutis Sasnauskas.

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*Eastnine AB (publ) is a Swedish real estate company with a property value of EUR 203m and a net asset value of EUR 249m. The company is currently transitioning into a focused real estate company, with an aim to generate predictable cash flows by being a long-term provider of sustainable prime office space in the Baltic capitals. Eastnine is listed on Nasdaq Stockholm, Mid Cap, sector Real Estate.*

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