

Interim report January-March 2020

Eastnine AB (publ) has the highest profit from property management ever in the first quarter 2020. Larger property portfolio, higher occupancy rate and rising rent levels explain the positive development. The corona pandemic had only a small financial impact on the ongoing real estate business, but has had a negative impact on the value of other investments.

January–March 2020

- Rental income increased by 52 per cent to EUR 4,475k (2,947). The increase is primarily attributable to a larger property portfolio, but also due to a higher occupancy rate and higher rent level. Rental income in a comparable portfolio increased by 5 per cent.
- Net operating income increased by 50 per cent to EUR 4,044k (2,689).
- Profit from property management increased by 77 per cent to EUR 2,262k (1,279).
- Unrealised value changes amounted to EUR -24,256k (3,803), of which EUR -2,738k (-) is attributable to properties, EUR -21,631k (3,669) to Melon Fashion Group (MFG), EUR 348k (789) to fund investment and EUR -235k (-656) to derivatives. The negative unrealised value changes are mainly an effect of the coronavirus pandemic.
- Profit/loss for the period amounted to EUR -22,253k (4,957), corresponding to EUR -1.05 per share (0.23).

Key events during the quarter

- The average rent level of net letting increased to EUR 16.3 per sq.m. per month, compared to an average of EUR 14.7 at the end of 2019.
- Net letting in the quarter amounted to EUR -85k, which is to be viewed in the context of the high occupancy rate.
- Occupancy increased by 3.0 percentage points to 95.7 per cent (92.7) and the average rent level in the entire property portfolio increased to EUR 15.0 per sq.m. per month (14.7).

Key events after the end of the period

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

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Comment from CEO

Real estate operations deliver record results and the Company is stable in an uncertain time

In the midst of turbulence, we are reporting our best-ever quarter in the real estate business. Rental income, net operating income, and profit from property management are at record high levels. Naturally, growth in the property portfolio is the primary reason, but factors such as a higher occupancy rate and higher rental levels contribute as well. Rental income in a comparable portfolio increased by five per cent. The occupancy rate rose to 95.7 per cent and the average rent level on the portfolio is now at EUR 15.0 per sq.m. per month, after an increase of 2 per cent since the beginning of the year. New lettings in the quarter were signed at a rent level of EUR 16.3.

The coronavirus pandemic will not leave anyone unaffected. People as well as companies and entire countries are affected, and most of them negatively. The pandemic affects and will continue to affect Eastnine, even if the effect on Eastnine's real estate business up until 30 April has been minor. The Company's strong balance sheet with low leverage, a focus on offices, chiefly large tenants and with good liquidity, means Eastnine has a stable footing and is well-prepared to handle questions or issues that arise. We have mapped out our risks and act on a daily basis to ensure the security and safety of our tenants and employees, as well as the financial stability of the Company. Eastnine has, in the first place, supported those tenants that have been hit hardest and that have not been able to carry out their operations due to lockdowns.

The most evident effect on Eastnine arising from the coronavirus pandemic is attributable to our investment in the Russian fashion chain Melon Fashion Group. Virtually all retail stores were closed on 1 April, as the President of Russia imposed a paid non-working period and restrictions on movement outside. According to reports, the country will gradually start to open again from mid-May. The decline in value, of EUR -21.6m, is partly due to a depreciation of the rouble, which in turn is largely based on a decline of the oil price, and partly due to an expected decline in sales and revenues following the closing of retail stores.

Just as others do, we hope that further countries will manage to control the spread of Covid-19 shortly and that life gradually can return to a new normal.

Presentation of the report

Today at 10 a.m. (CET) Kestutis Sasnauskas CEO at Eastnine and Britt-Marie Nyman CFO and deputy CEO will present the year-end report at a telephone conference. Please dial the following telephone numbers to participate: +46 8 566 427 05 (SE), +1 833 526 83 97 (US), +44 333 300 92 69 (UK), +45 781 501 07 (DK). The presentation for the telephone conference will be made available on www.eastnine.com 15 minutes before the conference begins.

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Eastnine AB (publ) is a Swedish real estate company with a property value of EUR 288m and a long-term net asset value of EUR 255m. Eastnine's vision is to create and provide prime venues where ideas can flow, people can meet, and successful business can be developed. The mission is that Eastnine shall be the leading long-term provider of modern and sustainable office premises in prime locations in the Baltic capitals. Eastnine is listed on Nasdaq Stockholm, Mid Cap, sector Real Estate.

This information is information that Eastnine AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 8.00 a.m. CET on 12 May 2020.

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