

Interim report January-June 2020

The real estate activities are delivering strong results, making evident the advantages of a growing portfolio. Profit from property management increases by a full 83 per cent in comparison to rental income, which increases by 48 per cent. During the second quarter, the unrealised value changes are positive in properties as well as in other investments. During the first quarter, the coronavirus pandemic affected the values negatively.

January–June 2020

- Rental income increased by 48 per cent to EUR 8,942k (6,046). 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 7 per cent.
- Net operating income increased by 49 per cent to EUR 8,031k (5,401).
- Profit from property management increased by 83 per cent to EUR 4,432k (2,420).
- Unrealised value changes amounted to EUR -15,755k (7,305) during the period. The value change was negative in the first quarter, but positive in the second. Of the change in the period, EUR 2,584k (3,483) is attributable to real estate, EUR -17,678k (5,219) to investments and EUR -661k (-1,396) to derivatives.
- Profit/loss for the period amounted to EUR -12,513k (10,621), corresponding to EUR -0.59 per share (0.50).
- Average rent level increased to EUR 14.9 per sq.m. per month (14.7) and occupancy rate to 96.1 per cent (92.7).
- Net leasing amounted to EUR -899k. The average rent level on newly signed agreements amounted to EUR 16.4 per sq.m. per month, and renegotiated agreements to EUR 15.0.

Key events during the quarter

- Unrealised value changes amounted to EUR 8,501k (3,503) in the second quarter, of which EUR 5,322k (3,483) is attributable to real estate, EUR 3,605k (760) to investments and EUR -426k (-740) to derivatives.
- The acquisition of the S7-3 property in Vilnius was completed in June. The property comprises around 14,500 sq.m. at a purchase consideration of EUR 42.4m.

Events after the end of the period

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

Comment from CEO

Strong earnings in real estate operations

Summing up the first half of the year, we can conclude that the real estate business developed steadily and that we are delivering strong results, in spite of the large challenges posed by the pandemic. Rent income grew by 48 per cent compared to the same period last year, and profit from property management increased nearly twice as much, by 83 per cent. Clearly, our ambition to grow the property portfolio boosted the profit from property management.

Rent income in a comparable portfolio grew by 8 per cent during the quarter and 7 per cent during the first six months of the year. This is a result of strong lettings efforts in 2019. The occupancy rate increased somewhat further, to around 96 per cent, and new lettings are being agreed on at higher rent levels. At the end of the second quarter, we also see an increase in the number of inquiries from premise tenants. Even if we have some known tenant departures in the second half of 2020, the position appears considerably more stable and optimistic than we may have expected at the onset of the pandemic. The financial effects of the pandemic on Eastnine have thus far been limited, with discounts amounting to around EUR 125k during the period, corresponding to 0.6 per cent of annual rent.

Upward turn for Melon Fashion Group

Melon Fashion Group (MFG), which was heavily affected by the coronavirus pandemic and subsequent closing of all stores in April and most of May, is gradually returning to normal. At the end of June, around 600 stores, corresponding to 75 per cent of all shops, had opened. The company has exhibited considerable strength and adaptability during the crisis and achieved a positive EBITDA of 0.4 per cent during the first six months. Though most stores have been closed, during large parts of the second quarter, sales only declined by 2 per cent. Sales through e-commerce continued to increase strongly, growing by 140 per cent compared to the same period last year. The value of our holding in MFG increased during the second quarter by EUR 3.2m, corresponding to 7.1 per cent, as a result of a stronger ruble, after a decline in value due to the pandemic in the first quarter.

Offices of the future

When the first shock of the pandemic settles, the longer-term effects on our lifestyle will be reviewed. No doubt, we can conclude that it's possible - for a limited period, at least - to carry out some duties remotely and to have meetings online. For some, working remotely means an increased quality of life, while it's been a challenge for others. To build and nurture a corporate culture and a sense of community will require a place to meet. Therefore, I believe in a need of well-situated, modern, flexible and efficient offices, even if the way we use offices will change over time. We are well-equipped to find new solutions, create added value and competitive advantages for our tenants.

Presentation of the report

Today at 10.00 a.m. (CET) Eastnine's CEO Kestutis Sasnauskas and CFO/Deputy CEO Britt-Marie Nyman present the interim report at a telephone conference. Please dial the following number to participate:

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The presentation will be 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 336m and a long-term net asset value of EUR 260m as of June 30, 2020. 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.

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