

# Interim report January-September 2020

**The real estate business continues to develop positively. Profit from property management increased by 83 per cent as a result of a larger property portfolio and higher rent level. In the third quarter, unrealised value changes to the holding in Melon Fashion Group (MFG) amounted to EUR 8.7m.**

## The period January–September 2020

- Rental income increased by 52 per cent to EUR 13,936k (9,187). The increase is primarily attributable to a larger property portfolio, but also due to a higher rent level and higher occupancy rate. Rental income in a comparable portfolio increased by 6 per cent.
- Net operating income increased by 53 per cent to EUR 12,514k (8,196).
- Profit from property management increased by 83 per cent to EUR 6,951k (3,790).
- Unrealised value changes amounted to EUR -6,826k (11,587). Of the change, EUR 2,386k (6,294) is attributable to real estate, EUR -8,539k (7,000) to investments and EUR -673k (-1,707) to derivatives.
- Profit/loss for the period amounted to EUR -1,349k (15,691), corresponding to EUR -0.06 per share (0.74).
- The average rent level amounted to EUR 14.8 per sq.m. per month (14.7) and the occupancy rate to 94.2 per cent (92.7). Net letting amounted to EUR -898k. The average rent level on newly signed agreements amounted to EUR 15.9 per sq.m. per month, and renegotiated agreements to EUR 15.3.

## Key events during the quarter

- Unrealised value changes amounted to EUR 8,929k (4,281) in the third quarter, of which EUR -198k (2,810) is attributable to real estate, EUR 9,139k (1,782) to investments and EUR -12k (-311) to derivatives.
- The property Vertas-2 in Vilnius was acquired and taken into possession at the end of September. The purchase price was EUR 20.0m.
- Eastnine has established a green financing framework which obtained the Dark Green/Excellent classification from CICERO.
- Eastnine made third place in the Allbright Foundation's ranking of gender equality among Swedish listed companies.

## Events after the end of the period

- Eastnine has established a new business plan. One of the new targets is to double the size of the property portfolio, to reach EUR 700m, by the end of 2023.
- The Board has set the targets for the requirements in the incentive program, LTIP 2020.
- Vertas-1 in Vilnius has obtained LEED Platinum certification.



CEO comment:

### **Strong third quarter for Eastnine**

**Eastnine delivers a strong third quarter, in the property management business as well as in other investments. A larger property portfolio has a clear impact on profitability, and the company's continued growth is a key goal. According to the new business plan, the property portfolio is to double and amount to EUR 700m by the end of 2023.**

### **Strong results development**

Eastnine delivers a strong operating profit for the third quarter and the nine-month period. Revenues rose by 59 per cent during the third quarter compared to the same period last year. At the same time, profit from property management increased by as much as 84 per cent. The first nine months of the year showed the same tendency. The fact that we have been able to grow our property portfolio by 76 per cent in one year evidently has a positive impact on profitability in the real estate operations. The coronavirus pandemic has, thus far at least, had a very limited impact on our earnings. Our focus on modern and sustainable offices, as well as on Nordic tenants with international operations, confers stability. During the first quarter of 2020, Eastnine revalued the holdings in MFG as a result of the coronavirus pandemic, which, together with a weakened ruble, resulted in a negative unrealised value change. In the third quarter, the holdings have been revalued upwards.

### **New business plan**

The Board of Eastnine has decided on a new business plan which extends to the end of 2023. The target is that the property portfolio shall double during that period, reaching EUR 700m by the end of 2023. This growth shall be conducted in an orderly fashion and serve the purpose of giving shareholders a sustainable, attractive total return. The dividend shall, over time, amount to at least 50 per cent of the profit from property management, and the return on equity shall be at least 10 per cent in the long term. At the same time, risk mitigation targets such as the loan-to-value ratio and equity/asset ratio have been tightened.

### **Sustainable Eastnine**

Lastly, but not least, I want to draw your attention to our sustainability efforts, which constitute a central part of our business. We are happy to see that these ambitious and goal-oriented efforts are paying off. We are ranked in the top third in the Allbright Foundation's comparison of gender equality in Swedish listed companies. During the third quarter, we launched a green financing framework which obtained the highest grade, Dark Green and Excellent, from CICERO. This is an assessment which only a handful, very large real estate companies in Sweden, have achieved. A full 87 per cent of the portfolio has, at the beginning of October, obtained sustainability certificates on the level of BREEAM Excellent or LEED Platinum. We are determined to make our property management fully climate-neutral by 2030 and are working systematically to drive green initiatives in the Baltics. In this area, particularly, we see that there is still much left to do in our business area, and our efforts are making a noticeable difference already.

Kestutis Sasnauskas, CEO Eastnine

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**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:

SE: +46 8 505 583 58

US: +1 833 823 05 87

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The presentation will be available on [www.eastnine.com](http://www.eastnine.com) 15 minutes before the conference begins.

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Visit [www.eastnine.com](http://www.eastnine.com)

*Eastnine AB (publ) is a Swedish real estate company with a property value of EUR 357m and a long-term net asset value of EUR 272m as of September 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.*

*This information is information that Eastnine AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 7.00 a.m. CET on 5 November 2020.*