

Interim report January-September 2021

Eastnine's rental income and net operating income increased due to a larger property portfolio. The issue of a bond, entailing higher interest expense during the quarter, will lead to a larger property portfolio and higher earnings. The positive development of sales entailed a positive value change of the holding in MFG during the third quarter.

The period January-September 2021

- Rental income increased by 15 per cent to EUR 16,079k (13,936), as a result of a larger property portfolio. In a comparable portfolio rental income decreased by 6 per cent, due to higher vacancies in Riga.
- Net operating income increased by 17 per cent to EUR 14,625k (12,514).
- Profit from property management increased by 12 per cent to EUR 7,785k (6,951) due to a larger property portfolio. During the third quarter, profit from property management has been negatively affected by increased interest expense after a bond issue, the capital of which is yet to be invested.
- Unrealised value changes amounted to EUR 15,009k (-6,826). Of this change, EUR 2,349k (2,386) is attributable to properties, EUR 11,999k (-8,539) to other investments and EUR 661k (-673) to derivatives.
- Dividend from other investments was EUR 3,906k (-).
- Profit/loss for the period amounted to EUR 25,085k (-1,349), corresponding to EUR 1.13 per share (-0.06).
- The average rent level was EUR 15.0 per sq.m. and month (14.9) and the economic occupancy rate amounted to 89.6 per cent (92.1). Net letting was EUR -1,022k. The rent level for new lease agreements and renegotiated agreements, EUR 15.2 and 15.4 respectively per sq.m. and month, was higher than the average rent level in the portfolio.

Key events during the third quarter

- Eastnine issued a green bond of EUR 45m at the beginning of July.

Key events after end of the period

- A new larger letting has been made to the Norwegian IT company Pearl at the property Valdemara Centrs in Riga. The lease agreement has a term of six years with moving-in in the spring of 2022.
- For the second year running, Eastnine obtained the highest number of stars, five, in GRESB's annual global assessment of the real estate industry. Eastnine was awarded 92 points (87).
- The property S7-1 in Vilnius has obtained the sustainability certification BREEAM In-Use Outstanding.
- The Board of Directors has decided that the net loan-to-value ratio on properties may amount to at most 60 per cent (the previous wording referred to the loan-to-value ratio on properties).

CEO comment in brief

Focus on growth in the property portfolio

Eastnine's bond issue in July enables continued growth of the property portfolio, with the focus on high quality office and logistics properties in all three Baltic countries. In 2021 to date, we have acquired two office properties. Further acquisitions will improve the profit from property management.

Rental income and net operating income continued to develop positively during the third quarter after taking possession of two additional properties at the end of the second quarter. Higher interest expense after the bond issue in July had a negative impact on profit from property management, however, as the capital has not yet been invested. We are now focusing on enlarging the property portfolio and are working with several different potential acquisitions in the office and logistics sectors.

The Baltics are characterised by strong optimism with a high growth rate in all of the Baltic countries' economies as well as high growth forecasts for the coming years. It is reported in Vilnius that letting of newly built office space is at a record-high level and that not so much new office space will be produced 2022. A high level of economic activity is basically positive although there are some areas of concern that merit special attention. There is for example a great demand for labour in certain highly qualified occupations, which has led to a high rate of wage increases. Unfortunately, the lower vaccination rate, particularly in Latvia, has also led to a sharp increase in Covid-19 cases and additional pressure on the health service.

The value development of the property portfolio, excluding acquisitions and investments, was almost zero during the quarter. Market yields in the Baltics, for both office as well as logistic properties, have continued to decrease during the autumn, however. The value of Eastnine's holding in Melon Fashion Group (MFG) and East Capital Baltic Property Fund II rose during the third quarter. In MFG's case, this is due, inter alia, to the change to a higher sales forecast for the full year 2021, based on the outcome to date this year, and in the case of the fund due to higher property values. The strong growth and EBITDA development for MFG opens up divestment opportunities, which may take the form of an IPO and, depending on market conditions, could occur before summer 2022.

In mid-October, Eastnine was awarded 92 points in GRESB's global comparison of sustainability in the real estate industry. We are for the second consecutive year among the best 20 per cent of the companies, this time with a still higher point score than last year. At about the same time, Eastnine's property S7-1 in Vilnius, was the second property in the Baltics to be awarded the grade Outstanding according to the BREEAM In-Use sustainability certification standard. There are some factors which to a very great extent have contributed to the high mark. The basic idea of the building is to put the emphasis on people. We are working hard to offer the highest quality on our properties and services and thus create a competitive advantage for our tenants. The demand for creative and efficient meeting places takes over where the demand for traditional and outdated offices is slowing.

Kestutis Sasnauskas
CEO



The report is presented by Kestutis Sasnauskas, CEO of Eastnine, and Britt-Marie Nyman, CFO and Deputy CEO Wednesday 10 November, 2021, 10.00 a.m. CET.

Please join the event a few minutes before the presentation begins. Presentation materials will be available at www.eastnine.com 15 minutes before the start of the webcast. Click [here](#) to see to the webcast. A recording of the webcast will also be available afterwards on the company's website.

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Eastnine AB is a Swedish real estate company with a property value of EUR 416m and a long-term net asset value of EUR 343m as of 30 September 2021. 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 and logistics premises in prime locations in the Baltics. Eastnine is listed on Nasdaq Stockholm Mid Cap, sector Real Estate.

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