

## Year-end report 2021

**Eastnine's rental income and net operating income increased due to a larger property portfolio. Unrealised value changes were large during the fourth quarter, which contributed to an increase in the long-term NAV per share of 24 per cent to SEK 182 during the year. The Board is willing to consider evaluating property investments in Poland.**

### January-December 2021

- Rental income increased by 12 per cent to EUR 21,530k (19,186), as a result of a larger property portfolio. In a comparable portfolio, rental income decreased by 6 per cent, due to higher vacancies.
- Net operating income increased by 10 per cent to EUR 19,237k (17,497).
- Profit from property management decreased by 5 per cent to EUR 9,526k (10,011). The profit was negatively affected by increased interest expense after a bond issue.
- Unrealised value changes amounted to EUR 61,303k (30,044). Of this change, EUR 16,306k (17,383) is attributable to properties, EUR 43,648k (13,443) to other investments, of which Melon Fashion Group (MFG) EUR 42,509k (12,423), and EUR 1,349k (-782) to derivatives.
- Dividend from other investments was EUR 4,767k (640). Realised value change was EUR 346k (-).
- Profit/loss for the year amounted to EUR 72,334k (36,155), corresponding to EUR 3.25 per share after dilution (1.70).
- Net letting was EUR -1,720k (-771) and average annual rent EUR 179 per sq.m. (179). The economic occupancy rate was 90.0 per cent (92.1).
- For the 2021 financial year, the Board of Directors proposes a dividend of SEK 3.40 per share (3.00) paid in quarterly instalments. This dividend would correspond to an increase of 13 per cent.

### Key events during the fourth quarter

- For the second year running, Eastnine received the highest number of stars, five, in GRESB's annual global assessment of sustainability work in the real estate industry. The number of points increased to 92 (87).
- Eastnine acquired the office property Uptown Park in Vilnius for EUR 40m. The acquisition was financed with cash and cash equivalents and will have full impact on the result from the first quarter of 2022.

### Key events after the end of the year

- The major part of Eastnine's investment in East Capital Baltic Property Fund II of EUR 19,028k is expected to be released during the first quarter of 2022.
- During January 2022, dividend of EUR 6,461k was received from MFG.
- The Board of Directors is willing to consider evaluating future real estate investments, both in offices and logistics, in Poland.

CEO comment

## Open to property acquisitions in Poland

**Eastnine's real estate portfolio increased in 2021, although there was a short-term negative impact on profit from property management. The strategic acquisition at the end of the year will increase earnings capacity from 2022. The Company is going to evaluate real estate investments in Poland, as a complement to the Baltics, which would further improve future growth and yield potential.**

### Growth and earnings

Eastnine continued to grow through three property acquisitions during the year, two of which were in Vilnius and one in Riga. Our rental income rose by 12 per cent to EUR 21m. Net operating income increased by 10 per cent, although it was negatively affected by an increase in vacancies during the year. Profit from property management has been weighed down by bond expenses and one-off items related to an acquisition that did not take place during the second half of 2021. At year-end, we made a major acquisition of a modern office property at a new location for us, a fast-growing area in Vilnius. With this acquisition, we also welcomed new tenants in exciting industries: Bentley Systems, a US company that develops software for computer-supported construction and Vinted, which is Lithuania's first unicorn and one of Europe's largest e-commerce platforms for second-hand clothing. Vinted is now our fourth largest tenant, after Danske Bank, Telia and Swedbank, and Bentley Systems is number eight.

### Evaluating property acquisitions in Poland

During the year, we have also added logistics as a segment and are evaluating a number of acquisition and development projects in this segment. In addition, in early 2022, we have decided to investigate Poland as a geographic investment area. With 38 million inhabitants, Poland is six times as large as the whole of the Baltics, but at the same time very similar in its legal and commercial structure. Beside Warsaw, there are eight regional cities, which resemble the Baltic capitals in terms of size and the offering of office and logistics properties. The inclusion of Poland would open up much greater future growth and yield opportunities.

### High pressure in the Baltic economy

Both the growth rate and inflation were at high levels in the Baltic countries during 2021. Measured as an annual average, the GDP increase was 4–5 per cent in both Latvia and Lithuania as well as in Sweden and the Eurozone. Estonia is a couple of percentage points higher due to a pension reform that has been an additional stimulation for growth. The inflation rate is at a higher level in the Baltics than in Sweden and the Eurozone. Strong demand from investors is continuing to push down the yield requirements for properties, most of all in the logistics segment.

### Large unrealised value changes

The lower yield requirement levels have had a positive effect on the value of Eastnine's properties during the last quarter and the year. The unrealised value change of the properties amounted to EUR 16m during the year, of which EUR 14m in the fourth quarter. During the year and the fourth quarter, the value of our holding in the Russian fashion chain Melon Fashion Group has developed well due to the positive development of sales and earnings. The unrealised value change amounts to EUR 43m during the year, of which EUR 32m during the fourth quarter, and the value amounted to EUR 121m at year-end. MFG's



positive development has led to Eastnine receiving dividend of EUR 3.3m in 2021 and EUR 6.5m at the beginning of 2022. The strong growth and EBITDA development of MFG open the way for divestment, which can take the form of listing and may, depending on the state of the market, take place before summer of 2022. Eastnine's holding in East Capital Baltic Property Fund II is being wound up and the EUR 19m is expected to be repaid during 2022, mainly during the first quarter. Repayment of over EUR 5m was received in December 2021.

### **The green company**

Since the start, we have put sustainability at the centre of our activities. During the year, we have improved our result in GRESB, retained our leading position as regards equality of opportunity among Swedish listed companies and continued to receive a high rating from our personnel. In a survey, all staff reported that Eastnine is a "great place to work". We will continue to work to make our properties greener at the same time as we prioritise green financing. At present, 81 per cent of our property space has been sustainability certified and during the year we have gone from zero to 26 per cent of green sources of finance. With the starting point at year-end 2021, all the exciting work in process and all of our committed personnel focused on achieving the Company's goals, we look forward to an exciting 2022.

Kestutis Sasnauskas  
CEO

The report is presented at a webcast the same day by Kestutis Sasnauskas, CEO and Britt-Marie Nyman, CFO and Deputy CEO Friday 11 February 2022, 09.15 a.m. CET.

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

### **Eastnine AB (publ)**

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*Eastnine AB is a Swedish real estate company with a property value of EUR 470m and a long-term net asset value of EUR 392m as of 31 December 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.*

*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 11 February 2022.*

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