

Interim report January–September 2022

A growing property portfolio and strong net lettings during the year have led to the profit from property management for the quarter and for the period have reached record levels. After the end of the period, Eastnine entered into a conditional agreement for the sale of its entire holding in Melon Fashion Group (MFG) for around EUR 193m.

January–September 2022

- Rental income increased by 36 per cent to EUR 21,804k (16,079), due to a larger property portfolio as well as higher occupancy and rent level. Rental income in a comparable portfolio increased by 1.2 per cent.
- Net operating income increased by 34 per cent to EUR 19,650k (14,625).
- Profit from property management increased by 26 per cent to EUR 9,813k (7,785), corresponding to EUR 0.44 per share (0.35).
- Unrealised value changes amounted to EUR 95,619k (15,009). Of these changes, EUR 7,535k (2,349) is attributable to properties, EUR 76,519k (11,999) to other investments, of which MFG contributed EUR 76,756k (10,399) and ECBPF2 EUR -236k (1,600), and derivatives comprised EUR 11,564k (661).
- At the end of the period, the book value of the holding in MFG amounted to EUR 198,586k, as the holding have been recognised at the agreed sale price in roubles although recalculated using the exchange rate prevailing on the reporting date. The book value exceeds the sale price with approximately EUR 5m.
- Realised value changes and dividends amounted to EUR 6,813k (3,906), of which the dividend from MFG amounted to EUR 6,813k (3,266).
- Profit/loss for the period amounted to EUR 108,837k (25,085), corresponding to EUR 4.90 per share after dilution (1.13).
- Net letting was positive and amounted to EUR 2,336k (-1,022). The economic occupancy rate increased to 94.3 per cent (90.0).

Key events during the third quarter

- Sustainability certificates were obtained for four properties during the quarter.
- During the third quarter, Eastnine has been part of the launch of a PropTech centre in Lithuania, intended to promote new innovation and sustainable property development in the future.

Key events after the end of the period

- Agreement has been entered into for a sale of Eastnine's entire holding in MFG to the price of EUR 193m. Provided that all conditions are met, including regulatory approval, the deal is expected to close in 2022.
- For the third year in a row, Eastnine received the top ranking of five stars in GRESB's annual ESG assessment of the real estate industry, thus advancing two positions among listed European companies.

CEO comment

Record earnings and an agreement to sell the holding in MFG

The property operations show record result following the growth in the portfolio, higher occupancy rate and rising rent levels. Eastnine's stable position with modern properties, strong tenants, and order in the finances, makes the future look reassuring despite global uncertainties. The agreed-upon sale of MFG would result in considerable growth opportunities.

The property business continues to deliver

Eastnine's positive development persists. Tenants continued to move in during the third and the early fourth quarter as the result of the strong net lettings activity in the first six months of the year, meaning that both the occupancy rate and the surplus ratio are rising. In combination with a higher average rent level and the acquisitions of the properties Nowy Rynek D in May this year and Uptown Park in December last year, we are yet again posting record earnings. Profit from property management has increased by 26 per cent so far this year, and with a full 60 per cent in the third quarter. We also clearly see the significance of growing the portfolio and thereby making efficiency gains. The profit from property management per share is rising for the third quarter in a row and has reached the highest level ever.

Stable tenants and finances

There are, however, causes for concern around the world, including Russia's invasion of Ukraine, high inflation, rising interest rates and forecasts indicating slumping growth. This affects, and will affect, Eastnine as well. The effects are sometimes positive, and sometimes negative. The war has resulted, among other, in a growing demand for good office space, especially in Vilnius. At present, we have not that many sq.m. to lease out, meaning that it will be harder to reach positive net lettings going forward. Inflation affects the income more than it affects property expenses, as nearly all of the annual rent income is indexed to inflation on different levels, while triple net lease agreements mean that the tenant is liable for the majority of the property expenses. There will probably be individual cases of tenants that will struggle with a higher cost level, but Eastnine's tenants are generally stable, which is reassuring. Rising market interest rates affect the cost of financing, but only for roughly a third of the liabilities, which do not carry fixed interest. None of our loans mature until October next year, while capital marketing financing comprises only 14 per cent of our financing and does not mature until mid-2024. The greatest concern is if growth will fall, and remain on a low level for many years to come. On the other hand, this would likely entail lower interest rates.

Agreement signed for the sale of the MFG holding

On 19 October, Eastnine announced that we had entered into an agreement with the listed Russian investment company Sistema PJSFC for the sale of our entire holding in the Russian fashion chain Melon Fashion Group, for a sale price of around EUR 193m. According to accounting policies, the sale price shall be recognised as the sales value of MFG, recalculated using the rouble exchange rate prevailing on the reporting date. The difference between the sale price in euro and the carrying amount on 30 September will be recognised in the fourth quarter, provided that the deal closes during that period. Note, however, that there are a number of conditions that must be met for the transaction to close and that are beyond Eastnine's control. These conditions include that approvals must be granted by the Russian anti-trust authorities and the Russian authorities for foreign investments in Russia, as well as that the deal



complies with applicable sanctions. If all conditions are met, the transaction is expected to be closed in 2022.

Eastnine's growth journey

In 2022, we acquired the newly-constructed prestige property Nowy Rynek D in Poznan, Poland. The acquisition means that the property portfolio grew by around 25 per cent, to around EUR 600m. Closing the sale of MFG would be a milestone for us. Not only would this mean that we would have met our goal of concentrating the business on real estate, but it would also provide opportunities to reach, or even exceed, the target of a EUR 700m property portfolio by the end of 2023. The focus remains, of course, to generate a sustainable and attractive yield for our shareholders.

Kestutis Sasnauskas, CEO

Report presentation

The interim report is presented at a webcast by Kestutis Sasnauskas, CEO and Britt-Marie Nyman, CFO and Deputy CEO on Wednesday 9 November, 10.00 a.m. CET. [Click here](#) to see the webcast.

An investor presentation will be available at www.eastnine.com 15 minutes before the start of the webcast. A recording of the webcast will also be available afterwards on the company's website.

Eastnine AB (publ)

For more information contact:

Kestutis Sasnauskas, CEO, +46 8-505 97 700

Britt-Marie Nyman, CFO and Deputy CEO, +46 70-224 29 35

Visit www.eastnine.com

Eastnine AB is a Swedish real estate company with a property value of EUR 604m and a long-term net asset value of EUR 486m as of 30 September 2022. Eastnine's vision is to create and provide the best venues where ideas can flow, people meet, and successful business can be developed. Eastnine's business concept is to be the leading long-term provider of modern and sustainable office and logistics premises in prime locations in selected markets in the Baltics and Poland. 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 9 November 2022.