

Year-end report 2022

Larger property portfolio, positive net letting and higher rent level result in a record profit from property management for 2022. In the fourth quarter, Eastnine signed a conditional agreement for the sale of its holding in Melon Fashion Group (MFG) for EUR 193m. The transaction is expected to close in the first quarter of 2023, provided that the remaining conditions are met.

January–December 2022

- Rental income increased by 41 per cent to EUR 30,299k (21,530), due to a larger property portfolio as well as higher occupancy rate and rent level. The rental income in a comparable portfolio increased by 4 per cent.
- Net operating income increased by 43 per cent to EUR 27,487k (19,237).
- Profit from property management increased by 41 per cent to EUR 13,413k (9,526), corresponding to EUR 0.60 per share (0.43).
- Unrealised value changes amounted to EUR 92,589k (61,303). Of these changes, EUR 9,383k (16,306) is attributable to properties, EUR 70,789k (43,648) to other investments, and EUR 12,417k (1,349) to derivatives.
- The holding in MFG is recognised at the agreed-upon sale price in EUR.
- Realised value changes and dividends amounted to EUR 7,075k (5,113), of which the dividend from MFG was EUR 7,075k (3,266).
- Profit/loss for the period amounted to EUR 108,560k (72,334), corresponding to EUR 4.88 per share after dilution (3.25).
- Net letting was positive and amounted to EUR 2,048k (-1,720). The economic occupancy rate increased to 96.3 per cent (90.0).
- Property value has increased by 29 per cent to EUR 606m (470), mainly due to acquisitions.

Key events during the fourth quarter

- A conditional agreement has been entered into for the sale of Eastnine's entire holding in MFG for EUR 193m. The transaction has been approved by Russian authorities. Eastnine's assessment is that the transaction can be completed during the first quarter of 2023, provided that all remaining conditions are met.
- For the third year in a row, Eastnine received the highest rating (five stars) in GRESB's annual ESG assessment of the real estate industry (GRESB Real Estate Assessment), and advanced to ninth place overall among listed European companies.
- Eastnine's property Valdemara Centrs obtained the sustainability certificate LEED Gold.

Key events after the end of the year

- The Board of Directors proposes a dividend of SEK 3.40 per share (3.00), to be distributed quarterly on four payment occasions of 0.85 SEK/share per occasion. The proposed dividend corresponds to 51 per cent of the profit from property management less current tax.

CEO comment

EASTNINE AB

Strong net lettings and new acquisitions increased the profit from property management

Eastnine's real estate business showed a very strong development in 2022. The profit from property management increased by 41 per cent following new acquisitions, gradually increasing occupancy rate and higher rent level. During the fourth quarter, an agreement was reached on the sale of the holding in MFG, and the deal may be completed in the first quarter of 2023. In this event, Eastnine will have gained considerable opportunities to continue on its growth trajectory.

Profit from property management at record highs

Eastnine's profit from property management has grown considerably during 2022 as a result of new property acquisitions, strong positive net letting, and rising rent level. Profit from property management has reached a record level, in spite of rising interest rates and negative one-off items during the fourth quarter. During the year, we have entered a new market: the city of Poznan in Poland, where we acquired the newly constructed office building Nowy Rynek D. The property Uptown Park in Vilnius, Lithuania, affected earnings in full for the first time in 2022, as it was acquired at the end of 2021. The positive net letting during the year amounted to all of 9,300 sq.m., corresponding to nearly EUR 2,050k in annual rent. The occupancy rate rose by more than 6 percentage points, amounting to more than 96 per cent at year-end. Rent levels rose after rents were index-adjusted, chiefly in January 2022.

Stable tenants and finances

Russia's invasion of Ukraine, which began in February 2022, is unfortunately still ongoing. The war has caused terrible damage in Ukraine and, taken together with the aftermath of the pandemic, driven up inflation worldwide. In turn, this caused market interest rates to rise and forecast of falling growth. The demand for office space has been high, especially in Vilnius. All of these factors affect us as well, and will continue to have an impact on us. Inflation means both increased rental income and property expenses. Higher occupancy rate, however, result in a positive net for us, as principally the entire annual rent is indexed at various levels, and property expenses are in principle entirely charged to the tenants, thanks to triple-net lease agreements. Rising market interest rates have increased the cost of financing for the third of the debt without fixed interest rate. Negative impacts can be expected if growth continues to be weak in the long term, but the latest indications from major European countries suggest that the outlook is somewhat better than initially expected.

Eastnine ever greener

We have continued our sustainability efforts in a variety of areas throughout the year, and this development has been positive to say the least. A further three properties have obtained sustainability certificates and two properties have obtained certificates at higher levels than previously. At year-end, 94 per cent of the property portfolio held sustainability certificates. Green leases have now also been introduced in Riga, meaning that the proportion of green leases has risen to 68 per cent. Green financing opportunities are now available from more banks on our markets, and the proportion of green financing has more than doubled during the year, now amounting to 64 per cent. In the autumn, Eastnine launched Proptech Camp together with the Rokit innovation centre and the Baltic Sandbox startup accelerator. The purpose is to support ideas and technologies for a sustainable future in property development in Lithuania.



Agreement for the sale of MFG and future

During the fourth quarter, Eastnine signed an agreement with the Russian investment company Sistema PJSFC for the sale of our entire holding in the Russian fashion chain MFG. The sale price purchase consideration amounts to EUR 193m. The transaction is conditional on factors which are beyond Eastnine's control. Since the agreement was signed, approval has been granted by Russian anti-trust authorities and the Russian authorities for foreign investments in Russia. However, there remains some conditions that must be fulfilled. Eastnine's assessment is that the transaction may be completed in the first quarter of 2023. If the sale is completed, Eastnine will be in a very good position to continue its future growth. Finally, I would like to express my gratitude to my colleagues at Eastnine. The high earnings in the property business are proof of their strong engagement and goal-oriented efforts.

Kestutis Sasnauskas, CEO

Report presentation

The Year-end report is presented at a webcast on Wednesday 8 February, 10.00 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 606m and a long-term net asset value of EUR 486m as of 31 December 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 CET on 8 February 2023.