

Interim report January–June 2023

The property business continues to develop well, in spite of rising interest expenses. Profit from property management rose by close to 50 per cent during the period due to a larger property portfolio, an improved occupancy rate and a higher average rent level. There are continued discussions for the sale of our holding in Melon Fashion Group, now valued at EUR 162m.

January–June 2023

- Rental income increased by 34 per cent to EUR 18,143k (13,576), due to a larger property portfolio as well as higher occupancy rates and higher average rent level. The rental income in a comparable portfolio increased by 12 per cent.
- Net operating income increased by 41 per cent to EUR 16,930k (12,049), corresponding to a surplus ratio of 93 per cent (89).
- Profit from property management increased by 49 per cent to EUR 8,651k (5,810), corresponding to EUR 0.39 per share (0.26).
- Unrealised value changes amounted to EUR -57,171k (33,457). Of these changes, EUR -24,702k (10,002) is attributable to properties, EUR -31,296k (18,412) to other investments, and EUR -1,173k (5,043) to derivatives.
- The holding in MFG is valued at EUR 162,059k based on the price level in ongoing sales discussions. Current level has mainly been affected by a depreciation of the rouble.
- Realised value changes and dividends amounted collectively to EUR 338k (6,552), comprising a dividend from MFG of EUR 238k (6,552), costs relating to a divestment of MFG of EUR -197k (-) and repayments from ECBPF2 of EUR 298k (-).
- Profit/loss for the period amounted to EUR -46,576k (43,311), corresponding to EUR -2.10 per share after dilution (1.95).
- Net letting was negative and amounted to EUR -173k (2,121). The economic occupancy rate was unchanged at 96.3 per cent (96.3).
- Unrealised value changes in properties were -4.1 per cent. The yield requirement used in valuations rose by 0.5 percentage points to 6.1 per cent.

Key events during the second quarter

- Eastnine was ranked first among the 361 companies on Nasdaq Stockholm in Allbright Foundation's ranking of gender equality in senior management and the Board.

- Eastnine has refinanced all bank loans that were maturing in 2023, amounting to EUR 56.5m. In connection with refinancing, a further EUR 10.5m in loans have been raised. These credits mature in October 2026.

Key events after the end of the period

- No significant events have taken place after the end of the period.

CEO comment

The property business is on track

The property operations exhibit strength, and profit from property management has risen by close to 50 per cent in spite of rising interest expenses. During the second quarter, we refinanced all loans maturing in 2023 and raised additional financing in connection with this, improving liquidity. There are continued discussions relating to a potential sale of MFG, but at a lower value than previously.

Strength in the real estate business

The real estate business continues to deliver results even while Eastnine, like all real estate companies, feels the effects of rising interest expenses. Profit from property management grew by 49 per cent during the first six months of the year, compared to the same period last year. This was primarily the result of Eastnine's acquisition of Nowy Rynek D in Poznan, Poland, in May 2022. A higher occupancy rate and higher rent level has also contributed. However, profit from property management for the second quarter was lower than in the first quarter, mainly due to rising interest expenses. The occupancy rate is at the same level as at the end of last year, 96.3 per cent. Net letting is negative during the period but should be considered in light of the high occupancy rate. Eastnine strives for a continued high occupancy rate in its properties, supporting this by improving its services to customers. By staying in close touch with our tenants, we are able to meet their needs at an early stage.

Financing and interest expenses

During the second quarter, we have refinanced all loans that were originally maturing in 2023. In connection with the refinancing of EUR 56.5m, we have also increased our borrowing by approximately EUR 10.5m, improving liquidity. We feel that conditions in the banking sector are still healthy. Inflation is starting to decline in many countries, including Sweden. However, the downward trend has not been sufficiently large, or sufficiently clear, for central banks to stop raising interest rates. As recently as last week, the Swedish central bank raised the key policy rate by 0.25 percentage points to 3.75 per cent, at the same time as the bank indicated that there may be at least one further increase during the autumn. The ECB's next monetary policy meeting is scheduled for the end of July. Naturally, we are closely monitoring the development of the inflation.



Negative unrealised value changes on properties

Rising yield requirements have meant that property yields on our markets have also turned upwards. During the first six months of the year, the average yield in our valuations rose by 0.5 percentage points to 6.1 per cent. The unrealised change in the value of the properties during the first half of the year amounted to EUR -24.7m, corresponding to -4.1 per cent. This negative change in value must be considered in the light of the last two years of positive value changes, totalling EUR 25.7m.

Discussions about a sale of MFG

The sales agreement signed in October 2022, for our share in MFG, was terminated during the first quarter of 2023. The reason for the termination was that there were still unfulfilled conditions in the agreement, and the assumption was that these would not be met. Since then, efforts to divest our holding have continued and at the end of the second quarter, the sales discussions are still ongoing. In terms of value, these discussions are at a somewhat lower price level than before, mainly due to a depreciation of the rouble, which has led to a negative unrealised change in the value of MFG during the second quarter.

Eastnine at the top of the Allbright ranking

In terms of gender equality in senior management and Board of directors, Eastnine is the best of the 361 companies on the Nasdaq Stockholm. This is the outcome of the Allbright Foundation's annual comparison. We are happy and proud of this result; in our view, having as even a gender distribution as possible is a strength for the company. Of course, expertise in multiple dimensions and the ability to make use of that expertise in a team remains the most important things to all positions and in all recruitment processes – even if that, at certain points, may mean that either gender is relatively over-represented.

From all of us to all of you: have a great summer!

Kestutis Sasnauskas, CEO

Report presentation

The interim report is presented at a webcast on Friday 7 July at 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)

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EASTNINE AB



Eastnine AB is a Swedish real estate company with a property value of EUR 582m and a long-term net asset value of EUR 433m as of 30 June 2023. 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 and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 7:00 CET on 7 July 2023.