

# Interim report January–September 2023

**Eastnine has a very stable financial position following the sale of the holding in Melon Fashion Group (MFG) in August and the redemption of Eastnine's sole bond at the beginning of October. Profit from property management for the quarter and the period reached new record highs. Interest income, a larger property portfolio, and a higher average occupancy rate and rent levels impacted positively.**

## January–September 2023

- Rental income increased by 25 per cent to EUR 27,200k (21,804), as a result of a larger property portfolio as well as a higher average occupancy rate and rent level during the period. In a comparable portfolio, rental income increased by 11 per cent.
- Net operating income increased by 29 per cent to EUR 25,411k (19,650), corresponding to a surplus ratio of 93 per cent (90).
- Profit from property management increased by 35 per cent to EUR 13,215k (9,813), corresponding to EUR 0.59 per share (0.44).
- Unrealised value changes amounted to EUR -37,143k (95,619). Of these changes, EUR -34,706k (7,535) is attributable to real estate, EUR -2,437k (11,564) to derivatives and zero (76,519) to other investments. Unrealised value changes in properties corresponded to -5.7 per cent of the property value at the beginning of the year.
- Realised value changes and dividends amounted to EUR -49,870k (6,813), primarily related to the sale of the holding in MFG.
- Profit/loss for the period amounted to EUR -72,220k (108,837), corresponding to EUR -3.25 per share after dilution (4.90).
- Net letting amounted to EUR -604k (2,336). The economic occupancy rate was 95.3 per cent (96.3).
- Property value amounted to EUR 573m (606) at the end of the period.

## Key events during the third quarter

- Eastnine divested its shareholding in MFG for EUR 144m.
- The holders of Eastnine's bond approved changed terms, enabling the bond to be redeemed early.

## Key events after the end of the period

- In October 2023, the bond was redeemed early. The total redemption amounted to around EUR 46m.

CEO comment

## **An historical quarter**

**As early as 2017, the decision was made that Eastnine would divest all non-property investments, so as to instead focus on building a portfolio of directly-owned office properties. In August 2023, Eastnine was able, after long and persistent efforts, to finally complete the work by selling the holding in MFG. We are now in the comfortable position of enjoying a healthy cash balance in a market offering good investment opportunities.**

### **Purely a real estate company**

Eastnine's Board decided in 2017 that Eastnine was to change focus, from various investments in Eastern Europe, to directly-owned investment properties in the Baltics. Gradually, investments in e.g. energy utilities and banks were sold off, and new, modern office properties were acquired in Lithuania, Latvia and, as of late, Poland as well. Finally, at the turn of the year 2021/2022, only one other investment remained: the holding in the Russian fashion retailer, Melon Fashion Group. After a long process, with many challenges along the way, we managed to complete the divestment in August this year, which changed our financial position in a very positive direction.

### **Stable financing**

This influx of liquidity enabled an early redemption of our nominal EUR 45m bond at the beginning of October, meaning that debt financing now comprises bank loans alone. The redemption of the bond will, ceteris paribus, have a clear positive effect on the financial key figures for the fourth quarter. Already in the third quarter, figures such as the interest coverage ratio improved somewhat, in spite of continued increases in market interest rates. This is because we placed the surplus liquidity from the sale of MFG, in the latter half of the quarter, in bank accounts with relatively high returns.

### **Profit from property management at an all time high**

A larger property portfolio as well as a higher average rent level and occupancy rate, compared to 2022, means that rental income has increased by 25 per cent during the period. Profit from property management increased by all of 35 per cent during the period, in spite of increasing interest expenses. As a matter of fact, the profit from property management for the period and for the third quarter was the highest measured in Eastnine's history. A contributory factor was the large cash balance, which provides ample interest income. The occupancy rate, though falling somewhat during the quarter and year, is still very high at 95.3 per cent. Net letting was negative during the period, but should be considered in relation to the high occupancy rate. The surplus ratio was at a considerable 93 per cent during the period.



### **Negative unrealised value change in properties**

The property yields in our markets have continued upward throughout the third quarter. This applies to our valuations as well. The average yield requirement used in our valuations increased by 0.1 percentage points during the third quarter, and by 0.6 percentage points year-to-date, to 6.2 per cent. At the same time, market rent has gradually increased during the year. The unrealised value change in properties amounted to EUR -35m during the period, corresponding to -5.7 per cent.

### **Good liquidity provides opportunities**

The sale of the holding in MFG means that we, even after having redeemed the bond, have a large cash balance. This comes at a time when property prices have fallen, and there are more sellers than buyers on the market. With our liquidity position, we have very good opportunities to carry out attractive and value-adding acquisitions.

### **Kestutis Sasnauskas, CEO**

### **Report presentation**

The interim report is presented at a webcast on Thursday 26 October at 10.00 CET. [Click here](#) to see the webcast.

An investor presentation will be available at [www.eastnine.com](http://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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Visit [www.eastnine.com](http://www.eastnine.com)

*Eastnine AB is a Swedish real estate company with a property value of EUR 573m and a long-term net asset value of EUR 408m as of 30 September 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.*

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