

# Eastnine Year-end report 2023

Profit from property management increased by 32 per cent in 2023, reaching a record high. This positive development is chiefly the result of a larger property portfolio and an improved net interest income following the sale of Melon Fashion Group (MFG).

## January-December 2023

- Rental income increased by 19 per cent to EUR 36,166k (30,299), as a result of a larger property portfolio as well as a higher average occupancy rate and rent level during the year. In a comparable portfolio, rental income increased by 9 per cent.
- Net operating income increased by 22 per cent to EUR 33,631k (27,487), corresponding to a surplus ratio of 93 per cent (91).
- The profit from property management increased by 32 per cent to EUR 17,698k (13,413), corresponding to EUR 0.80 per share (0.60). Higher interest income following the sale of the holdings in MFG in August, and lower interest expenses following the redemption of Eastnine's only bond in October, contributed positively to the profit.
- Unrealised value changes amounted to EUR -42,452k (92,589). Of these changes, EUR -34,685k (9,383) is attributable to properties, EUR -7,767k (12,417) to derivatives and zero (70,789) to other investments. Unrealised value changes in properties corresponded to -5.7 per cent.
- Realised value changes and dividends amounted to EUR -49,870k (7,075), primarily related to the sale of the holding in MFG.
- Profit/loss for the year amounted to EUR -72,048k (108,560), corresponding to EUR -3.24 per share after dilution (4.88).
- Net letting amounted to EUR -270k (2,048). The economic occupancy rate was 93.1 per cent (96.3).
- The property value was EUR 574m (606) at the end of the year.

## Key events during the fourth quarter

- Unrealised value changes properties and net letting were both positive in the fourth quarter and amounted to EUR 21k (1,848) and EUR 334k (-288) respectively.
- In October, Eastnine's only bond was redeemed early. The amount redeemed corresponded to around EUR 46m.
- In December, the Board adopted a new business plan.

## Key events after the end of the year

- The Board proposes a dividend of SEK 4.64 per share (3.40), to be paid in quarterly instalments, each of SEK 1.16 per share. The proposed dividend, an increase of 36 per cent, amounts to 53 per cent of the profit from property management, net of tax.

## CEO comment

### Record profit after an historic year

Eastnine concludes 2023 by delivering the highest profit from property management of any single calendar year ever. After successfully completing the sale of the MFG holding, our single most important goal during the year, we were able to redeem Eastnine's only bond early and invest the remaining cash with good return. Now we are focusing on the next step: acquiring further modern and sustainable office properties that contribute to improved profitability. All in line with the new business plan that was adopted in December.

#### Profit from property management at record level

The 2023 profit from property management is at a record high, in spite of higher financing expenses. Excluding one-off expenses connected with the redemption of Eastnine's bond, the profit/loss for the fourth quarter is also at the highest level ever. There are two deals in particular that contributed to the increased profits this year: the acquisition of the Nowy Rynek D property in May 2022 and the sale of the MFG holding in August 2023. The acquisition of Nowy Rynek D meant that we received rental income throughout the whole year in 2023, as compared to the previous year in which we received rental income for only eight months. The sale of the MFG holding allowed us to redeem the bond early and place the remaining liquidity with good return. Both of these deals contributed to the strengthening of important key figures. The occupancy rate, surplus ratio and the rent level averaged higher levels in 2023 than in 2022. A high occupancy rate has a positive impact on rental income and also reduces property expenses. During the fourth quarter, we achieved positive net letting again after two quarters of negative figures, the latter owing to the high occupancy rate.

#### Stable financing

Eastnine enjoys a low loan-to-value ratio and large cash balances. The capital tie-up period will increase during the first quarter as we will refinance the brunt of the loans maturing in 2024, with slightly longer terms.

#### Value changes in properties

Following three quarters of relatively large, negative unrealised value changes in properties, property values remained essentially unchanged throughout the fourth quarter. The weighted yield requirement as used in the valuations continued to grow, rising by 0.2 percentage points to 6.4 per cent. At the same time, however, market rent levels also rose. There are good reasons to believe that the trend of rising yield requirements on properties, and falling property values, may be coming to an end as a result of lower inflation rates and falling long-term interest rates. Negative unrealised value changes during the full year 2023 amounted to 5.7 per cent.

#### New business plan and high total return

In December 2023, the Board adopted a new business plan, as the previous plan ended at the end of 2023. Eastnine shall acquire more modern and sustainable office properties in our markets in Poland and the Baltics, provided that these acquisitions contribute to further profitability. The overarching goal, in the old business plan as well as in the new, was and remains to create a sustainable, attractive total return on investment for our shareholders. In 2023, the total return on our shareholders' investment amounted to a healthy 46 per cent.

I would like to conclude my statement by thanking all of my colleagues for their excellent contributions over the past year. We have a small, effective organisation, meaning that every person and every contribution is important.

**Kestutis Sasnauskas, CEO**



## Report presentation

The Year-end report is presented on Wednesday 7 February 2024 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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