

Eastnine interim report January–March 2024

2024 opens with a new record level in profit from property management, in spite of lower occupancy rate and higher financing expenses. This improvement, compared to the first quarter of 2023, is attributable to interest income.

January–March 2024

- Rental income is materially unchanged, amounting to EUR 9,064k (9,051).
- Net operating income was EUR 8,359k (8,376), corresponding to a surplus ratio of 92 per cent (93).
- Profit from property management increased by 17 per cent to EUR 5,326k (4,549), corresponding to EUR 0.24 per share (0.20). The increase is primarily due to interest income.
- Unrealised value changes amounted to EUR 2,250k (-18,115). Of these changes, EUR 1,534k (-16,811) is attributable to real estate and EUR 716k (-1,304) to derivatives. Unrealised value changes in properties corresponded to 0.3 per cent.
- Realised value changes and dividends were zero (EUR 444k).
- Profit/loss for the period amounted to EUR 5,032k (-11,708), corresponding to EUR 0.23 per share after dilution (-0.53).
- Net letting amounted to EUR -263k (65). The economic occupancy rate was 92.7 per cent (93.1).
- The property value was EUR 576m (574) at the end of the period.

Key events during the first quarter

- The property Uptown Park in Vilnius has received the sustainability certification LEED Platinum for an existing building. 100 per cent of Eastnine's property portfolio is now sustainability-certified.
- Bank loans totalling EUR 62m have been refinanced during the quarter. After refinancing, there are now remain only EUR 23m of bank loans to refinance in 2024.
- The lease agreement with Danske Bank for around 14,500 sq.m. in S7-3 in Vilnius has been extended for five years. It now expires in February 2030.

CEO comment

Profit from property management at new record level

Eastnine has had a strong beginning to 2024, presenting a profit from property management exceeding every previous quarter. This is a fact in spite of a hesitant market and with a policy rate remaining at the highest level since 2008.

New record level earnings

Eastnine's profit from property management increased by 17 per cent compared to the same period last year, resulting in the highest quarterly earnings ever - in spite of a somewhat hesitant rental market. Rental income has been positively impacted by an annual index adjustment of slightly more than 3 per cent, but has also been negatively affected by a lower occupancy rate. The occupancy rate at the end of March, at 92.7 per cent, is 0.4 percentage points lower than at the turn of the year, and 3.9 percentage points lower than in March 2023, when it was 96.6 per cent high. Net letting during the quarter is somewhat negative. During the quarter, Eastnine extended the lease with Danske Bank, who rents the entire property S7-3 in Vilnius of around 14,500 sq.m. The extension is for five years, so that the lease now ends in the first quarter of 2030. Property expenses were lower than in the fourth quarter but higher than in the same period last year, due to higher vacancies. Net interest income has been positively affected by cash deposits in a bank account with good interest, but negatively affected as maturing loans were refinanced at a higher interest rate than previously due to generally higher market interest rates.

Financing and important key figures

During the quarter, Eastnine has refinanced the majority of the loans maturing in 2024. Only EUR 23m remain to refinance by the end of the year. At the time of writing, the European Central Bank is expected to begin lowering the interest rate in June. This may mean that interest rates have reached their peak for this cycle. The interest coverage ratio increased to 2.7 per cent, the average remaining lease period to 4.1 years, and the average rent level to EUR 200 per sq.m. per year. Both the capital tie-up and fixed interest periods have increased, to 2.9 and 2.0 years, respectively.

Stable property values

Unrealised value changes in Eastnine's property portfolio amounted to EUR 1,534k during the quarter. The values increased in spite of rising weighted yield requirements in the valuations, having increased by nearly 0.2 percentage points to 6.5 per cent. That movement was counteracted by the rising rent level in our own portfolio, which is the result of index adjustments in the leases as of 1 January 2024.

Entire property portfolio certified

During the quarter, Eastnine has reached its long-term goal of obtaining sustainability certifications for the entire portfolio. The property Uptown Park obtained the highest level in the LEED framework, Platinum, becoming one of eight properties in Vilnius with this certification. The high demands made, and the points received in categories like energy performance and indoor environment, is proof of the quality of our properties. The month of March crushed previous heat records around the world, further emphasising the need to continue to impact and improve efficiencies, in our own business as well as in the industry as a whole. Eastnine aims to be a leader in sustainability. In March, we participated as sponsor, member and property owner at The Built Environment Decarbonisation Bootcamp event, held by PropTech Lithuania in Vilnius. The event was a forum to discuss climate challenges and an opportunity for entrepreneurs to pitch their innovations.

Focus on Poland

Ten years ago, Eastnine acquired its first property, and over the past five years the property portfolio has doubled in size. The entire portfolio is located in Poland and in the Baltics. These are economies that are growing, and are calculated to continue growing, faster than the EU average. In addition, the yields in our markets are higher than in Sweden. Our ambition is to continue on our growth journey and make profitable property acquisitions on these markets. In the next step, our sights are set on Poland. We conduct a thorough analysis in order to manage our capital, so that we can offer shareholders a sustainable and attractive return on investments in Eastnine.

Kestutis Sasnauskas, CEO



Report presentation

The interim report is presented on Thursday 25 April 2024 at 10.00 CET. [Click here](#) to see the webcast.

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

Eastnine AB (publ)

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