

Eastnine interim report January–June 2024

Profit from property management increased by 21 per cent during the period and 26 per cent during the quarter, compared to last year. Net letting is positive and the occupancy rate and the surplus ratio have both increased compared with the most recently reported quarter. The newly acquired property Nowy Rynek E has contributed to earnings for just under a month.

January–June 2024

- Rental income increased by one per cent to EUR 18,409k (18,143).
- Net operating income increased by one per cent to EUR 17,037k (16,930), corresponding to a surplus ratio of 93 per cent (93).
- Profit from property management increased by 21 per cent to EUR 10,493k (8,651), corresponding to EUR 0.12 per share (0.10). The increase is primarily due to interest income.
- Unrealised value changes amounted to EUR -2,387k (-57,171). Of the changes, EUR -3,452k (-24,702) is attributable to properties and EUR 1,065k (-1,173) to derivatives.
- Profit/loss for the period amounted to EUR 5,347k (-46,576), corresponding to EUR 0.06 per share after dilution (-0.52).
- Net letting amounted to EUR 263k (-173). The economic occupancy rate was 93.6 per cent (93.1).
- Property value amounted to EUR 652m (574) at the end of the period.

Key events during the second quarter

- Eastnine acquired the newly built office property Nowy Rynek E in Poznan, Poland, for EUR 79.3m.
- Net letting was positive during the quarter and amounted to EUR 525k.
- The 2024 annual general meeting decided to increase the number of shares in the Company by splitting each share into four shares (share split). After the share split the total number of shares and votes amounts to 89,481,044.

CEO comment

Full focus on the next acquisition

Eastnine is reporting a strong improvement in earnings during the period and a positive development for a number of important key figures during the quarter, such as occupancy rate, net letting and surplus ratio. With the acquisition of Nowy Rynek E in June, Eastnine has obtained a leading position in Poznan, Poland and the future focus will be on the capital Warsaw.

Strong earnings despite high interest rates levels

Eastnine's profit from property management during the period increases by 21 per cent to a record high EUR 10,493k, despite an increase in the average interest rate during the past year. Interest income from our large cash holding is the single most important reason for the positive development in earnings. The acquisition of Nowy Rynek E in Poznan in mid-June will have a full impact on earnings from the third quarter. A number of important key figures show a satisfactory development compared with the immediate preceding quarter: net letting is positive, the occupancy rate is increasing and the surplus ratio likewise.

Eastnine the largest owner of offices in Poznan

The location of the property is important for every acquisition. Not just in a broad perspective such as choice of country or city but also at the micro level in the respective city. Poland has high growth, low unemployment and is one of the largest economies in the EU. The University city Poznan, with a population of approximately a million in the metropolitan area is located between Warsaw and Berlin, in a strategically good position for many international companies. The acquisition of Nowy Rynek E, the neighbouring property to D which was acquired two years ago, adds 28,800 sq.m. of office space and annual rents of almost EUR 6m to the portfolio. Eastnine thus became the largest player in Poznan with a total lettable area of 68,000 sq.m. The acquisition price for Nowy Rynek E amounted to EUR 79.3m, and among ten new tenants, McKinsey is the largest. The acquisition also contributes to broaden the tenant portfolio, which reduces dependence on individual tenants, and increases the average remaining occupancy time (WAULT) which now amounts to 4.2 years.

High yield

The weighted yield requirement amounts to 6.7 per cent, an increase of 0.2 percentage points during the second quarter. This increase has contributed to unrealised value changes of EUR -5.0m during the quarter. Together with the acquisition the total value of the portfolio now amounts to EUR 652m, corresponding to SEK 7.3 billion.

Financing

The acquisition of Nowy Rynek E was financed in cash and by a green bank loan of EUR 39.6m in the German bank Berlin Hyp. Thus, our loan-to-value ratio increased from 27 to 38 per cent. Future acquisitions are expected to increase the loan-to-value ratio, which should in the long term be around 50 per cent. The ECB's reduction of the policy rate at its meeting on 6 June was a welcome decision for us and other real estate companies. We hope that it will be followed by further rate cuts even though there is some uncertainty about the future. Eastnine's interest coverage ratio is at a relatively high level and capital tie-up and fixed interest are medium term.

Continued potential for acquisitions

Eastnine aims at further acquisitions. The strategy includes high quality office properties in well located areas characterised by life and movement. It should be attractive to work at our properties. We have a long-term perspective on the investments we make. After the most recent acquisition, we still have a strong acquisition capacity. Looking forward, our focus is on Poland, and its capital Warsaw.

I wish you all a pleasant summer.

Kestutis Sasnauskas, CEO

Report presentation

The interim report is presented on Friday 5 July 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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