Eastnine

Reason: Post-results comment

Commissioned research

Not rated

Constr. & Real Estate

Warsaw to become the largest market

- Q2 report broadly in line with expectations
- The Bridge deal is the largest incremental news
- Significant earnings growth in 2027/2028e

Q2 report wrap

Eastnine's Q2 report saw rental income and NOI in line with expectations, while rec PTP was burdened by the large cash position and costs related to build-up of the organisation in Poland. The occupancy rate surprised positively and came in at 96.5% (+0.9pp q-o-q) while earnings capacity contracted sequentially on the Riga divestments, as expected.

The Bridge drives estimate revisions

As we highlighted in our fast comment last Tuesday, Eastnine has acquired The Bridge in central Warsaw with a rental value of EUR 18.2m at an underlying property value of EUR 300m. The occupancy rate is 92% and the deal will be financed with existing cash, new debt, and refinancings of the existing portfolio. We understand that the purchase price of EUR 260m is lower than the property value of EUR 300m due to remaining tenant adaptations (~EUR 15m), deductions for initial vacancies (e.g. Visa will move in during 2027) and rental discounts. Management sounds confident that the letting ratio will surpass the current 92% at completion (Q4'26e), but tenants will move in gradually, meaning that the reported occupancy will come down initially while the full effect from the acquisition will only start to show in 2028e.

Prime assets but with high yields

Unlike the Swedish office market, Eastnine's core markets are seeing strong GDP growth, low office vacancies and positive rent reversion. Supply growth is falling and demand remains solid. We expect this to fuel stronger like-for-like rental income growth than Swedish peers, and significantly better cash flow, especially after maintenance capex. At a normalised cash ROE (CEPS/EPRA NRV) of ~6.7%, the returns are more comparable to Swedish industrial companies (Catena/Sagax/SLP at ~7%) than office companies (Atrium Ljungberg, Fabege, Hufvudstaden at ~3%), but with prime CBD assets.

Estimate changes (%)

	2026e	2027e	2028e
Sales	2.0	21.8	26.4
NOI	1.9	23.1	28.1
CEPS	-8.5	6.1	14.8
EPRA NRV per share	-3.0	-2.6	-1.7

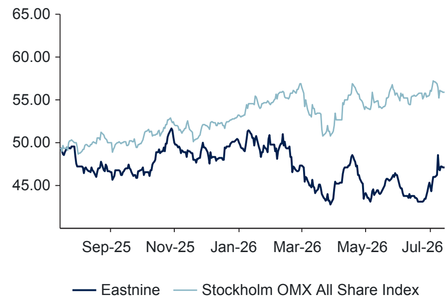
Source: ABG Sundal Collier

EAST-SE/EAST SS

Share price (SEK)	13/7/2026	47.15
MCap (SEKm)		4,632
MCap (EURm)		420
No. of shares (m)		98.2
Free float (%)		38.5
Av. daily volume (k)		121

Next event Q3 report 22 October 2026

Performance



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EURm	2024	2025	2026e	2027e	2028e
Sales	42	62	63	75	80
NOI	39	58	58	71	75
NOI margin (%)	92.8	93.4	92.5	93.6	93.9
CEPS	0.23	0.30	0.30	0.37	0.42
DPS	0.11	0.11	0.12	0.13	0.13
EPRA NRVPS	4.71	5.11	5.31	5.75	6.24
EPS	0.07	0.43	0.35	0.48	0.53
Rental growth	14.81	48.65	1.43	20.58	5.84
CEPS growth	18.59	28.87	1.59	21.49	13.80

	2026e	2027e	2028e
P/CEPS	14.2	11.7	10.3
P/EPRA NRV	0.80	0.74	0.68
Implicit yield (%)	5.1	6.3	6.7
Dividend yield (%)	2.8	3.0	3.0
Net LTV (%)	55.34	52.98	50.08

Source: ABG Sundal Collier, Company Data

Company description

Eastnine is a Swedish long-term real estate manager of modern, sustainable office premises at prime locations in the Baltics and Poland. Poland is the largest market for Eastnine, a market which is growing faster than the Nordics, and where office fundamentals outperform Sweden (e.g. lower occupancy rates).

[Sustainability information]

Risks

Real estate companies are subject to macro risks, supply of premises risk, supply of capital risk, debt availability risk, forex risk, regulatory risk, rental income risk, property cost risk, property value risk and ownership risk. We argue that the key specific risks related to Eastnine are macro risks, forex risks and portfolio risks.

Quarterly estimates

Income statement (EURm)	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26e	Q4'26e
Rental income	15,61	15,16	15,53	15,43	15,43	15,27	15,28	16,62
Operating costs	-0,95	-0,97	-1,05	-1,11	-1,38	-1,14	-1,03	-1,11
Net operating income	**14,66**	**14,19**	**14,48**	**14,32**	**14,05**	**14,13**	**14,25**	**15,51**
NOI margin (%)	*93,9*	*93,6*	*93,2*	*92,8*	*91,0*	*92,5*	*93,2*	*93,3*
Central administration	-1,21	-1,18	-1,04	-1,27	-1,31	-1,35	-1,22	-1,63
Recurring EBIT	**13,45**	**13,01**	**13,44**	**13,05**	**12,74**	**12,78**	**13,03**	**13,88**
Net financial items	-5,66	-5,08	-5,22	-6,01	-5,07	-5,53	-5,20	-5,93
Income from property management	**7,80**	**7,94**	**8,22**	**7,05**	**7,67**	**7,25**	**7,83**	**7,96**
Unrealised value changes, real estate	19,35	-0,06	4,99	-3,17	-2,68	2,93	4,63	4,65
Unrealised value changes, investments	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Unrealised value changes, derivatives	0,53	-2,35	1,73	1,50	4,08	-3,66	0,00	0,00
Realised value changes	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Profit before tax	**27,67**	**5,53**	**14,95**	**5,38**	**9,07**	**6,52**	**12,46**	**12,61**
Current tax	-0,45	-1,21	-0,50	0,14	-0,23	-0,55	-0,24	-0,24
Deferred tax	-4,93	1,08	-4,80	-1,12	-1,34	-1,01	-1,63	-1,65
Net profit to shareholders	**22,30**	**5,39**	**9,65**	**4,40**	**7,50**	**4,96**	**10,59**	**10,72**
Cash earnings	**7,35**	**6,73**	**7,72**	**7,19**	**7,44**	**6,70**	**7,60**	**7,72**
CEPS	**0,08**	**0,07**	**0,08**	**0,07**	**0,08**	**0,07**	**0,08**	**0,08**

Source: ABG Sundal Collier, Company data

Income Statement (EURm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Rental income	**13**	**19**	**22**	**30**	**36**	**42**	**62**	**63**	**75**	**80**
Other income	0	0	0	0	0	0	0	0	0	0
Operating costs	-1	-2	-2	-3	-3	-3	-4	-5	-5	-5
NOI	**12**	**17**	**19**	**27**	**34**	**39**	**58**	**58**	**71**	**75**
NOI margin (%)	*89.5*	*91.2*	*89.4*	*90.7*	*93.0*	*92.8*	*93.4*	*92.5*	*93.6*	*93.9*
Adm. costs	-4	-4	-4	-4	-4	-4	-5	-6	-7	-7
All other income & costs	0	0	0	0	0	0	0	0	0	0
Recurring EBIT	8	14	15	23	30	35	53	52	64	68
Net financial items	-3	-4	-6	-10	-12	-12	-22	-22	-27	-26
Income from property management	5	10	10	13	18	22	31	31	37	42
Value chg. realized	0	0	0	0	0	0	0	0	0	0
Value chg. unrealized	10	17	16	9	-35	-4	21	10	19	19
Value chg. derivatives	3	-0	6	19	-8	-5	1	0	0	0
Pretax profit	19	27	32	42	-25	13	54	41	56	61
Deferred tax	-3	-5	-4	-4	3	-5	-10	-6	-7	-8
Current tax	0	0	0	-0	-0	-2	-2	-1	-1	-1
Net profit	16	23	28	38	-22	6	42	34	47	52
Minority interest	0	0	0	0	0	0	0	0	0	0
Div. Pref/D-shares and hybrids	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	16	23	28	38	-22	6	42	34	47	52
Cash earnings	**5**	**10**	**10**	**13**	**17**	**21**	**29**	**29**	**36**	**41**
Other related information	-	-	-	-	-	-	-	-	-	-
Tax Rate (%)	13.6	16.7	11.3	10.6	10.4	52.1	22.0	16.9	15.0	15.0
Investments in developments	-2	-2	-5	-6	-2	-4	-6	-7	-17	-5
Acquisitions	-119	-62	-76	-121	0	-320	0	-260	0	0
Other investments	-	-	-	-	-	-	-	-	-	-
Divestments	0	0	0	0	0	0	0	37	0	0
EPS	**0.19**	**0.27**	**0.32**	**0.43**	**-0.25**	**0.07**	**0.43**	**0.35**	**0.48**	**0.53**
CEPS	**0.06**	**0.12**	**0.11**	**0.15**	**0.19**	**0.23**	**0.30**	**0.30**	**0.37**	**0.42**
Dividend per share	0.06	0.07	0.07	0.08	0.11	0.11	0.11	0.12	0.13	0.13
Payout ratio of CEPS	98.98	57.24	65.11	53.58	54.49	46.51	38.62	39.91	34.50	30.69
Rental growth	173.15	43.73	12.22	40.72	19.36	14.81	48.65	1.43	20.58	5.84
NOI growth	225.7	46.5	9.9	42.9	22.3	14.6	49.5	0.5	22.0	6.2
CEPS growth	109.33	81.71	-8.66	38.28	30.56	18.59	28.87	1.59	21.49	13.80

Source: ABG Sundal Collier, Company Data

Balance Sheet (EURm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Properties	**290**	**372**	**470**	**606**	**574**	**935**	**960**	**1,198**	**1,234**	**1,258**
Goodwill	0	0	0	0	0	0	0	0	0	0
Deferred tax asset	0	0	0	0	0	0	0	0	0	0
Ass. companies and JVs	0	0	0	0	0	0	0	0	0	0
Financial assets	89	102	122	0	0	0	0	6	0	0
Other assets	4	3	32	211	11	16	19	23	25	26
Cash and liquid assets	37	24	29	20	129	31	51	21	12	14
Total assets	**420**	**502**	**653**	**837**	**713**	**983**	**1,031**	**1,249**	**1,271**	**1,297**
Shareholders equity	268	310	376	479	400	437	468	485	520	560
Pref. and D shares + minorities	0	0	0	0	0	0	0	0	0	0
Hybrids	0	0	0	0	0	0	0	0	0	0
Deferred tax	6	11	14	19	16	21	31	36	44	52
Interest bearing debt	138	173	241	327	284	495	502	691	666	644
Other liabilities	8	8	21	13	13	29	30	37	41	42
Total liabilities and equity	**420**	**502**	**653**	**837**	**713**	**983**	**1,031**	**1,249**	**1,271**	**1,297**

Source: ABG Sundal Collier, Company Data

Other balance sheet related infor. (EURm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Net IB debt	12	47	90	307	156	464	451	663	654	630
Rental area m2 (000)	99	121	143	183	176	272	272	313	313	313
Equity ratio (%)	64	62	58	57	56	44	45	39	41	43
Net loan to value	4.02	12.55	19.17	50.65	27.14	49.63	46.97	55.34	52.98	50.08
ICR real estate	3.12	3.52	2.63	2.36	2.44	2.87	2.41	2.41	2.36	2.60
BVPS	3.16	3.64	4.24	5.39	4.50	4.80	4.79	4.96	5.32	5.73
EPRA NRV per share	3.27	3.65	4.41	5.49	4.64	4.71	5.11	5.31	5.75	6.24

Source: ABG Sundal Collier, Company Data

Valuation (EURm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e

Valuation (EURm)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e
Shares outstanding adj.	85	89	89	89	89	98	98	98	98	98
Share price	47.15	47.15	47.15	47.15	47.15	47.15	47.15	47.15	47.15	47.15
Market cap. (m)	361	379	380	380	380	418	418	418	418	418
P/E (x)	22.1	16.0	13.4	10.0	nm	63.2	10.0	12.4	8.8	8.0
P/CEPS	66.0	36.3	39.7	28.7	22.0	18.6	14.4	14.2	11.7	10.3
Implicit yield (%)	3.1	4.0	4.1	5.4	6.1	4.2	6.3	5.1	6.3	6.7
Yield on BV (%)	4.1	4.7	4.1	4.5	5.9	4.1	6.0	4.8	5.7	6.0
Dividend yield (%)	1.5	1.6	1.6	1.9	2.5	2.5	2.7	2.8	3.0	3.0
P/EPRA NRV	1.31	1.17	0.97	0.78	0.92	0.91	0.84	0.80	0.74	0.68
P/BVPS (x)	1.35	1.17	1.01	0.79	0.95	0.89	0.89	0.86	0.80	0.75
EV/NOI (x)	30.25	21.63	19.73	13.81	11.30	10.83	7.24	7.21	5.91	5.57

Source: ABG Sundal Collier, Company Data

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