

Company UPP Olaines OÜ
Type Company Release
Category Management interim statement or quaterly financial report
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Attachments:

- UPPOlaines-10002565491-en.pdf (<http://oam.fi.ee/en/download?id=4030>)
- UPPOlaines-10002565493-et.pdf (<http://oam.fi.ee/en/download?id=4031>)

Currency

Title UPP Olaines OÜ consolidated unaudited financial results for Q2 and 6 months of 2019

MANAGEMENT REPORT FOR 6 MONTHS OF 2019

General information

UPP Olaines OÜ (hereafter 'the Company') was established for the purpose of funding, acquiring and managing the real estate investment of Olaines Logistics Park: (buildings and land) located at "Sharlotes", Olaines county, Olaines parish, Latvia, cadastre number 8080 003 0029, registered in the Land Register compartment No.5439 of the city of Olaine parish. The Company was established on 24.08.2017 and had no economic activity until 15.12.2017, when it acquired the cold storage warehouse Olaines Logistics Park.

The business performance is not affected by seasonal factors. The activities of the Company have no environmental or social impact.

As the Company has been established solely for the purpose of funding, acquiring and managing the property, no strategic changes in the business are planned.

The management board is aware of no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the period after the reporting period of these financial statements outside the course of its regular business activities.

UPP Olaines OÜ is operating based on going concern.

Management commentary for the reporting period

During Q2 2019 the company made 600,653 EUR in operating income and during the first half of 2019 the operating income amounted to 1,244,800 EUR in total. Compared to Q2 2018 the income has decreased by 6.6% and the semi-annual



operating income increased by 8.3% compared to the same period in 2018. The company suffered a penalty in the amount of 15,000 EUR by Finantsinspeksioon because it failed to publish the 2018 audited annual results in time, which had minor effect on Q2 2019 results. The overall increase in semi-annual operating profit is due to the transaction costs which occurred in the first half of 2018.

During Q2 2019 the company's financial expenses amounted to 413,416 EUR and during first half of 2019 the financial expenses amounted to 790,090 EUR in total. Compared to Q2 2018 the financial expenses have decreased by 40%, the semi-annual financial expenses decreased by 19.7% compared to the same period in 2018. The decrease in financial expenses is related to the initial recognition of interest rate swap which occurred in Q2 2018. In terms of cash flows the servicing of obligations has remained on similar level throughout reporting periods. The slight increase in repayments of obligations during first half of 2019 is due to the grace period in Q1 2018 during which the company did not repay investment loan principal for three months.

The company's sole business activity is to collect rental revenue, manage the Olaine property and service its liabilities to lenders and investors. Liabilities include the subordinated bonds with a fixed interest rate and the investment loan which rate is also fixed with an interest rate swap agreement. On the revenue side the company earns stable triple-net rental income from reputable tenants, which is fixed with medium-term agreements but is subject to indexation. Due to the economically fixed nature of the company, there needs to be major event in the overall economy or in the company's business activities for them to have significant effect on the company's financial results.

As of reporting date all regular business operations of the company are running smoothly, including duly and timely collection of rental and utilities payments from the tenants.

As of the end of Q2 2019, there is no vacancy in the premises.

Management board and supervisory board

The management board of UPP Olaines OÜ has one member: Marko Tali, the chairman of the management board.

The supervisory board of UPP Olaines OÜ has three members: Mart Tooming, Tarmo Rooteman, Hallar Loogma.

No remuneration or other benefits have been allotted to the members of the management board and supervisory board.

There are no employees in the company besides the members of the management and supervisory board.

Key indicators of financial performance and position for 6 months 2019



(in EUR)	Q2 2019	Q2 2018	6 months 2019	6 months 2018
Net rental income	639,720	653,579	1,291,518	1,278,097
Operating profit	600,653	643,001	1,244,800	1,148,914
Profit for the period	187,237	(50,226)	454,710	164,489
(in EUR)			30.06.2019	31.12.2018
Investment property			30,762,000	30,762,000
Interest-bearing loans			29,124,633	29,656,633
Interest-bearing loans less shareholder loan			26,076,333	26,608,333
				6 months 2019
Net profit margin (Total comprehensive income for the period / Net rental income)				35%
ROA (Net profit for the period / Average total assets for the period)				1.4%
DSCR (Operating profit / Loan principal and interest payments on interest-bearing loans)				1.1

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed consolidated interim statement of comprehensive income

(in EUR)	Note	Q2 2019	Q2 2018	6 months 2019	6 months 2018
Net rental income	5	639,720	653,579	1,291,518	1,278,097
Net rental income		639,720	653,579	1,291,518	1,278,097
General and administrative expenses		(24,067)	(10,578)	(31,718)	(129,183)
Other income / (cost)		(15,000)	0	(15,000)	0



Operating profit	600,653	643,001	1,244,800	1,148,914
Financial income / (cost)	(413,416)	(693,227)	(790,090)	(984,425)
Profit before income tax	187,237	(50,226)	454,710	164,489
Profit for the period	187,237	(50,226)	454,710	164,489
Total comprehensive income for the period	187,237	(50,226)	454,710	164,489

Condensed consolidated interim statement of financial position

(in EUR	Note	30.06.2019	31.12.2018
Cash and cash equivalents		598,495	426,691
Trade and other receivables		257,542	300,576
Total current assets		856,037	727,267
Investment property		30,762,000	30,762,000
Total non-current assets		30,762,000	30,762,000
TOTAL ASSETS		31,618,037	31,489,267
Trade and other payables		470,681	446,036
Financial derivatives		598,294	416,879
Loans and borrowings	6	1,064,000	1,064,004
Total current liabilities		2,132,975	1,926,919



Loans and borrowings	6	28,060,633	28,592,629
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Total non-current liabilities		28,060,633	28,592,629
 TOTAL LIABILITIES		 30,193,608	 30,519,548
Share capital		2,500	2,500
Retained earnings		1,421,929	967,219
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TOTAL EQUITY		1,424,429	969,719
TOTAL EQUITY AND LIABILITIES		31,618,037	31,489,267
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