

Company UPP Olaines OÜ
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Attachments:

- UPPOlaines-10002956811-en.pdf (<http://oam.fi.ee/en/download?id=4160>)
- UPPOlaines-10002956813-et.pdf (<http://oam.fi.ee/en/download?id=4161>)

Currency

Title UPP Olaines OÜ consolidated unaudited financial results for Q3 and 9 months of 2019

Management commentary for the third quarter of 2019 ('Q3 2019')

During Q3 2019 the company made 634,901 EUR in operating income and during the first 9 months of 2019 the operating income amounted to 1,879,700 EUR in total. Compared to Q3 2018 the operating income has increased by 6.3% and compared to first 9 months of 2018 the operating income has increased by 7.6%. The difference in operating income on quarterly basis is mainly due to adjustment made in Q3 2018 to correct mistakes of the previous quarters of 2018. 9 month results outperform comparative period of 2018 mainly due to rent indexation and decrease in administrative costs.

During Q3 2019 the company's financial costs amounted to 323,574 EUR and during 9 months of 2019 the financial costs amounted to 1,111,940 EUR in total. Compared to Q3 2019 the financial expenses have increased by 60% and compared to 9 months of 2018 the financial expenses have decreased by 6.6%. The increase of nearly 60% YoY in financial costs in Q3 is caused by the abnormally low financial costs in Q3 2018 which were affected by significant changes in the current value of the interest rate swap agreement. Since the financial cost takes into account the current balance of the interest rate swap agreement, it can affect the quarterly financial income and expenses significantly. Comparing longer periods gives a better indication for trends in company's cost of financing.

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 Q3 2019, there is no vacancy in the premises.

Key indicators of financial performance and position for 9 months 2019

(in EUR)	Q3 2019	Q3 2018	9 months 2019	9 months 2018
Net rental income	642,452	599,759	1,933,970	1,877,856
Operating profit	634,901	596,731	1,879,700	1,745,645
Profit for the period	311,327	392,785	767,760	557,274
(in EUR)			30.09.2019	31.12.2018
Investment property			30,762,000	30,762,000
Interest-bearing loans			28,958,633	29,656,633
Interest-bearing loans less shareholder loan			25,910,333	26,608,333
				9 months 2019
Net profit margin (Total comprehensive income for the period / Net rental income)				40%
ROA (Net profit for the period / Average total assets for the period)				2.4%
DSCR (Operating profit / Loan principal and interest payments on interest-bearing loans)				1.3

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed consolidated interim statement of comprehensive income

(in EUR)	Note	Q3 2019	Q3 2018	9 months 2019	9 months 2018
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Net rental income	5	642,452	599,759	1,933,970	1,877,856
Net rental income		642,452	599,759	1,933,970	1,877,856
General and administrative expenses		(7,551)	(3,028)	(39,270)	(132,211)
Other income / (cost)		0	0	(15,000)	0
Operating profit		634,901	596,731	1,879,700	1,745,645
Financial income / (cost)		(323,574)	(203,946)	(1,111,940)	(1,188,371)
Profit before income tax		311,327	392,785	767,760	557,274
Profit for the period		311,327	392,785	767,760	557,274
Total comprehensive income for the period		311,327	392,785	767,760	557,274

Condensed consolidated interim statement of financial position

(in EUR)	Note	30.09.2019	31.12.2018
Cash and cash equivalents		719,578	426,691
Trade and other receivables		206,490	300,576
Total current assets		926,068	727,267
Investment property		30,762,000	30,762,000
Total non-current assets		30,762,000	30,762,000
TOTAL ASSETS		31,688,068	31,489,267
Trade and other payables		376,757	446,036



Financial derivatives		615,204	416,879
Loans and borrowings	6	1,064,004	1,064,004
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Total current liabilities		2,055,961	1,926,919
Loans and borrowings	6	27,894,629	28,592,629
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Total non-current liabilities		27,894,629	28,592,629
TOTAL LIABILITIES		29,950,590	30,519,548
Share capital		2,500	2,500
Retained earnings		1,734,979	967,219
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TOTAL EQUITY		1,737,479	969,719
TOTAL EQUITY AND LIABILITIES		31,688,068	31,489,267
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