

Company UPP Olaines OÜ
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Attachments:

- Olaines_2Q+6mo+2021_ENG.pdf (<http://oam.fi.ee/en/download?id=5663>)
- Olaines_2Q+6mo+2021_EST.pdf (<http://oam.fi.ee/en/download?id=5664>)

Currency

Title UPP Olaines OÜ consolidated unaudited financial results for Q2 and 6 months of 2021

MANAGEMENT REPORT FOR 6 MONTHS 2021

General information

UPP Olaines OÜ (hereafter 'the Company' and 'the Group' when referred together with subsidiaries) 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 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.

Financial commentary for the second quarter and six months of 2021

Net rental income was 638 000 euros in 2Q 2021 (651 646 euros in 2Q 2020) and 1 238 198 euros for the six months of 2021 (1 308 860 euros for 6 months of 2020). Operating profit was 588 383 euros in 2Q 2021 (608 349 euros in 2Q 2020) and 1 150 490 euros for the six months of 2021 (1 228 263 euros for 6 months of 2020). Net income was 349 591 euros in 2Q 2021 (328 545 euros in 2Q 2020) and 653 092 euros for the six months of 2021 (657 652 euros for 6 months 2020).

Decrease in net rental income and operating profit was due to the changes in the



lease agreements which the management also reflected upon in the 1Q 2021 commentary. During the transition period, the premises subject to the changes in the lease agreements did not produce lease income for the period of two weeks. On top of the collection loss, the Group also made minor operational works and installed LED lights for the new tenant, which had additional impact on net rental income and operating profit.

Net income was not affected by these events compared to the previous reporting period. That is because the decrease in financial costs, which is due to the repaid principal in between the reporting periods, absorbed the loss of income and operational costs related to the changes in lease agreements. This also contributed to the higher net income in 2Q 2021 when compared to 2Q 2020.

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.

Key indicators of financial performance and position for 6 months 2021

(in EUR)	2Q 2021	2Q 2020	6 months 2021	6 months 2020
Net rental income	638 000	651 646	1 238 198	1 308 860
Operating profit	588 383	608 349	1 150 492	1 228 263
Profit for the period	349 591	328 545	653 092	657 652
(in EUR)			30.06.2021	30.06.2020
Investment property			31 320 000	30 909 000
Interest-bearing loans			26 890 361	28 226 632
Interest-bearing loans less shareholder's loan			23 948 333	25 278 332
			6 months 2020	6 months 2020
Net profit margin, % (Total comprehensive income / Net rental revenue)			52,8%	50,2%



ROA (Net profit / Average fixed assets)	4,17%	4,25%
LTV (Interest-bearing loans less shareholder's loan / Investment property)	76,6%	81,8%
DSCR (Operating profit / Loan principal and interest payments on interest-bearing loans)	1,1	1,2

Management board and supervisory board

The management board of UPP Olaines OÜ has one member: Marko Tali, the chairman of the board. The management board of Olaines Logistics SIA has also one member: Siim Sild, chairman of the 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 of UPP Olaines OÜ. The member of board of Olaines Logistics SIA receives remuneration according to Latvian legislation.

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed consolidated interim statement of comprehensive income

(in EUR)	Note	2Q 2021	2Q 2020	6 months 2021	6 months 2020
Net rental income	4	638 000	651 646	1 238 198	1 308 860
Net rental income		638 000	651 646	1 238 198	1 308 860
General and administrative expenses		(49 617)	(43 297)	(87 706)	(80 624)
Operating profit		588 383	608 349	1 150 492	1 228 236
Financial income / (cost)		(238 792)	(279 804)	(497 400)	(570 584)



Profit before income tax	349 591	328 545	653 092	657 652
Income tax	0	0	0	0
Profit for the period	349 591	328 545	653 092	657 652
Total comprehensive income for the period	349 591	328 545	653 092	657 652

Condensed consolidated interim statement of financial position

(in EUR)	Note	30.06.2021	30.06.2020
Cash and cash equivalents		707 233	555 735
Trade and other receivables		213 135	392 830
Total current assets		920 368	948 565
Investment property		31 320 000	30 909 000
Total non-current assets		31 320 000	30 909 000
TOTAL ASSETS		32 240 368	31 857 565
Trade and other payables		463 717	431 635
Financial derivatives		274 156	434 250
Loans and borrowings	5	1 064 004	1 064 004
Total current liabilities		1 801 877	1 929 889
Loans and borrowings	5	25 826 357	26 896 627
Total non-current liabilities		25 826 357	26 896 627



TOTAL LIABILITIES	27 628 234	28 826 516
Share capital	2 500	2 500
Retained earnings	4 609 634	3 028 549
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TOTAL EQUITY	4 612 134	3 031 049
TOTAL EQUITY AND LIABILITIES	32 240 368	31 857 565
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