

# Hoivatilat announces preliminary information about the third quarter result and revises its 2019 guidance

Preliminary business review information 1 January – 30 September 2019 (unaudited)

Hoivatilat Plc stock exchange release, 4 November 2019 at 8 a.m.

## Summary January–September 2019

EUR thousand	30 Sep 2019	30 Sep 2018	Change, %	31 Dec 2018
Total revenue	16,894	12,528	34.8%	17,182
Result for the period	19,026	21,002	-9.4%	37,003
EPRA Earnings	7,797	5,186	50.3%	7,663
Earnings per share, undiluted (EUR)	0.75	0.83	-9.6%	1.46
Earnings per share, diluted (EUR)	0.74	0.82	-9.8%	1.45
EPRA Earnings per share (EPRA EPS, EUR)	0.31	0.20	55.0%	0.30
Value of investment properties	457,367	310,450	47.3%	348,899
EPRA NAV per share (EUR)	8.05	6.43	25.3%	7.28
Value of the lease portfolio (without index increases)	500,916	399,812	25.3%	426,953
Economic occupancy rate, %	100	100	-	100
Average maturity of the lease portfolio (years)	14.8	15.0	-	14.9

The impacts of IFRS 16, adopted on 1 January, on the key figures for the review period are shown below in the Financial development section.

## Significant events

- EPRA Earnings increased by 50%, and the value of the lease portfolio exceeded 500 EUR million during the review period
- 20 properties were completed
- Two school projects were secured through competitive bidding after the review period

## Financial guidance for 2019

Hoivatilat expects its total revenue to be around EUR 23 million in 2019. EPRA Earnings are expected to be at least 40% of revenue. The fair value of the investment properties is expected to be EUR 470–490 million at the end of 2019 (previously EUR 460–490 million). The guidance is based on the assumption that, in 2019, the company will not make significant purchases or sales of completed investment properties, and that the market yields used in the valuation of real estate will remain at their current level.

## Financial development

The value of investment properties at the end of September was EUR 457.4 (310.4) million, representing an increase of 47.3%. The company adopted the IFRS 16 standard on 1 January 2019. As a result of this, lease agreements on plots – which had previously been treated as other leases in line

with IAS 17 – were transferred to the consolidated balance sheet, where they increased the value of investment properties and non-current liabilities by EUR 27.9 million. The IFRS 16 standard has not been applied retrospectively, and the figures for the comparison period have not been adjusted in this respect. The valuation of investment properties on 30 September 2019 is based on the assumptions and yields applied in the half-year report per 30 June 2019. The next comprehensive external valuation of the property portfolio will be carried out based on the situation on 31 December 2019.

The rental occupancy rate was 100% (100%), with the average maturity of leases being 14.8 (15.0) years. The value of the lease portfolio (excluding index increases) was EUR 500.9 (399.8) million. At the end of the review period, the number of properties under construction and in the planning phase was 40 (44). Their investment value was EUR 146.7 (120.5) million.

<b>Properties, 30 September</b>	<b>Completed</b>		<b>In progress and not started*</b>		<b>Total</b>	
	Q3/2019	Q3/2018	Q3/2019	Q3/2018	Q3/2019	Q3/2018
Number of properties	148	107	40	44	188	151
Leasable area, thousand floor m <sup>2</sup>	126.5	93.8	53.4	46.9	179.9	140.8
Annual rents, EUR million	25.5	18.9	10.1	8.9	35.6	27.8
Investment (acquisition cost), EUR million	293.0	209.9	146.7	120.5	439.7	330.4

\* = Properties in progress and not started also include properties for which binding leases or preliminary agreements have been signed, but construction has not yet begun.

### Events after the review period

Hoivatilat Oyj announced on 25 October 2019 that it has been selected to implement the Salonpää School project in Oulu and the Central Uusimaa Christian School and Day-care Centre project in Järvenpää. Both projects will be implemented in line with the lease model and will also include facilities for early education. The buildings will be completed in August 2020 and December 2021. The total value of these two lease agreements is around EUR 22 million, with their duration being 25 years.

Hoivatilat Oyj  
Board of Directors

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**Hoivatilat in brief:**

Hoivatilat Oyj specialises in producing, developing, owning and leasing out nursing homes, day-care centres and service communities. Founded in 2008, the company has been working in cooperation with as many as 60 Finnish municipalities and has launched over 200 property projects throughout Finland and in Sweden. [www.hoivatilat.fi](http://www.hoivatilat.fi)