

UPP & CO KAUNO 53 OÜ

CONSOLIDATED INTERIM REPORT FOR Q4

Beginning of reporting period: January 1st, 2020
End of reporting period: December 31st, 2020

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MANAGEMENT REPORT

General information

UPP & CO Kauno 53 OÜ, the parent company of the consolidation group, was founded in order to acquire and manage investment property and involve additional capital for these transactions.

In 2017, the company acquired 100% holding in Promalita UAB, a company registered in the Republic of Lithuania, which owns a logistics centre near Vilnius. The net internal area of the centre is 21,232 m² and it is fully rented out. Rimi retail chain is the anchor tenant.

The consolidation group considers the general (macroeconomic) condition of the operating environment to be good and its impact on economic performance is neutral. Likewise, the business operations of the consolidation group are not affected by seasonality as the economic activity is not cyclical by nature. The activities of the company have no major environmental and social impacts.

No risks related to fluctuations in currency exchange, interest and stock exchange rates have emerged during the financial year and the period of preparation of the report. Since the consolidation group was created solely for its current activities, there are no planned structural changes in business operations.

The management is not in possession of any information concerning trends, uncertainties, claims, obligations or events that could likely have a significant impact on the prospects of the consolidation group in the period following the reporting period outside the regular commercial activities of the consolidation group.

The commercial activities of the consolidation group constitute collecting income from rent, managing the real estate object, and servicing loan obligations. Loan obligations comprise bonds with a fixed interest rate and an investment loan whose interest is also fixed with a derivative contract. In terms of income, there is stable triple net lease income from lessees that is for the most part fixed with medium to long-term contracts and indexed according to inflation. Arising from the commercial activities of the consolidation group, its economic activities and financial results are generally not easily affected by various external factors.

Important events

Apart from the COVID-19 outbreak, there were no significant events or changes in the Company or the consolidation group during the reporting period. There were no changes or major events in the logistics center or its tenants during the reporting period.

No significant R&D projects or related expenditures are foreseen in the current or subsequent periods. Nor has the Group entered into any commitments or guarantees that could materially affect the results of the next financial periods.

As of the end of the reporting period the property is fully leased.

Comment on economic performance and management report

Net rental income was 325 237 euros for the fourth quarter of 2020 (2019 fourth quarter: 320 222). Operating profit was 232 713 euros for the fourth quarter of 2020 (2019 fourth quarter: 252 418). Net income was 43 840 euros for the fourth quarter of 2020 (2019 fourth quarter: 73 840).

The consolidation group is profitable and the increase in retained earnings ensures the required flexibility for bond redemption in the future. The Company is not planning to disburse the retained earnings before bond redemption. The Company has gradually reduced its obligation towards OP Bank, which strengthens the cash flow of the Company and provides the fundamentals for increase in profitability in the future.

No significant events other than regular operating activities, including the timely receipt of rent and utility charges, took place as of the end of the fourth quarter of 2020.

Financial ratios of the Group	2020 12 months	2019 12 months
Debt to equity ratio	8,12	11,18
Debt ratio	0,91	0,93
Long-term debt ratio	0,91	0,93
Return on equity %	22%	31%
Equity ratio	0,09	0,07
Return on assets %	1,99%	2,15%

Formulas for ratios

Debt to equity ratio = interest bearing liabilities/equity

Debt ratio = liabilities/(liabilities+ equity)

Long-term debt ratio = long-term liabilities/(long-term liabilities+ equity)

Return on equity (ROE %) = (net profit/average equity for 12 months)*100

Equity ratio = equity/average assets (12 months)

Return on assets (ROA %) = net profit/assets*100

Management board and Supervisory board

The management board of UPP & CO Kauno 53 OÜ consists of one member: Marko Tali, Chairman of the Management Board.

The supervisory board of UPP & CO Kauno 53 OÜ consists of three members: Mart Tooming, Tarmo Rooteman, Hallar Loogma.

No remuneration or other benefits are provided to the members of the management board and the supervisory board.

Other than the management board and the supervisory board, the Company has no employees.

Member of Management Board
Marko Tali

CONSOLIDATED INTERIM ANNUAL ACCOUNTS

CONSOLIDATED BALANCE SHEET

(EUR)

	<u>31.12.2020</u>	<u>31.12.2019</u>
Cash	477 621	362 919
Receivables and prepayments	7 688	11 458
Total current assets	<u>485 309</u>	<u>374 377</u>
Investment properties	15 750 000	15 750 000
Tangible fixed assets	7 707	14 049
Goodwill	640 412	853 880
Total fixed assets	<u>16 398 119</u>	<u>16 617 929</u>
TOTAL ASSETS	<u>16 883 428</u>	<u>16 992 306</u>
Short-term loans payable	460 000	460 000
Payables and prepayments	175 275	143 297
Total current liabilities	<u>635 275</u>	<u>603 297</u>
Long-term loans payable	12 425 184	12 885 183
Long-term provisions	2 292 428	2 309 664
Total non-current liabilities	<u>14 717 612</u>	<u>15 194 847</u>
TOTAL LIABILITIES	<u>15 352 887</u>	<u>15 798 144</u>
Share capital	2 500	2 500
Retained earnings	1 528 041	1 191 662
TOTAL EQUITY	<u>1 530 541</u>	<u>1 194 162</u>
TOTAL LIABILITIES AND EQUITY	<u>16 883 428</u>	<u>16 992 306</u>

CONSOLIDATED INCOME STATEMENT

(EUR), per year

	2020 12 months	2020 4Q	2019 12 months	2019 4Q
Sales revenue	1 305 019	325 237	1 287 781	320 222
Other operating revenue	0	0	50 000	50 000
Other operating expenses	-94 341	-37 905	-46 255	-12 557
Staff costs	-261	-22	-292	-40
Depreciation of fixed assets	-219 809	-54 597	-221 531	-55 207
Other costs	0	0	-1 337	0
Operating profit	990 607	232 713	1 068 366	302 418
Financial income (expenses)	-609 800	-193 380	-562 170	-140 076
Profit before income tax	380 807	39 333	506 196	162 342
Income tax	-44 183	4 507	-141 039	-19 473
Net profit for financial year	336 624	43 840	365 157	142 869
including the share of the owners of the parent company in net profit	336 624	43 840	365 157	142 869

CONSOLIDATED CASH FLOW STATEMENT

(EUR), per year

	<u>2020</u> <u>12 months</u>	<u>2020 4Q</u>	<u>2019</u> <u>12 months</u>	<u>2019 4Q</u>
Operating profit (loss)	990 607	232 713	1 068 366	302 418
Adjustments (depreciation of fixed assets)	219 809	54 597	171 531	5 206
Change in receivables and prepayments related to operating activities	523	136 158	-1 965	-1 723
Change in payables and prepayments related to operating activities	-23 119	5 835	-24 003	10 373
Total cash flow from operating activities	1 187 820	429 303	1 213 929	316 274
Repayments of loans received and redemption of bonds	-460 000	-115 000	-590 000	-245 000
Interest paid	-613 118	-196 740	-550 694	-138 886
Total cash flow from financing activities	-1 073 118	-311 740	-1 010 694	-253 886
Total cash flow	114 702	117 563	203 235	62 388
Cash at beginning of period	362 919	360 058	159 684	300 531
Change in cash	114 702	117 563	203 235	62 388
Cash at end of period	477 621	477 621	362 919	362 919

Statement of the Management Board

The financial and other additional information published in the Interim Report October – December 2020 is true and complete. Consolidated financial statements give a true and fair view of the actual financial position, results of operations and cash flows of the Company. According to the Terms and Conditions of the Note Issue, the Company confirms that during the interim report period there has been non-occurrence of an Extraordinary Early Redemption Event and according to Clause 3.4.12 of the Terms the Collateral is properly insured at all times.

Consolidated financial statements in the report for the period October – December 2020 are not audited.

Marko Tali
Member of the Management Board
Tallinn, 10.02.2021