

# UPP & CO KAUNO 53 OÜ

## CONSOLIDATED INTERIM REPORT FOR Q3

Beginning of reporting period: January 1<sup>st</sup>, 2020  
End of reporting period: September 30<sup>th</sup>, 2020

Registry code: 14194597

Registered office: Pärnu mnt 141  
Tallinn  
11314  
Harju County

Telephone: +372 661 6450

e-mail address: [property@unitedpartners.ee](mailto:property@unitedpartners.ee)  
website address: [www.unitedpartners.ee](http://www.unitedpartners.ee)

# 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 m<sup>2</sup> and it is fully rented out. Rimi retail chain is the anchor tenant.

The 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 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 Company 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 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 325 693 euros for the third quarter of 2020 (2019 third quarter: 320 908). Operating profit was 254 848 euros for the third quarter of 2020 (2019 third quarter: 256 037). Net income was 99 323 euros for the third quarter of 2020 (2019 third quarter: 146 165).

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 third quarter of 2020.

| <b>Financial ratios of the Group</b> | <b>2020 9 months</b> | <b>2019 9 months</b> |
|--------------------------------------|----------------------|----------------------|
| Debt to equity ratio                 | 8,74                 | 12,56                |
| Debt ratio                           | 0,91                 | 0,94                 |
| Long-term debt ratio                 | 0,89                 | 0,92                 |
| Return on equity %                   | 19,69%               | 20,74%               |
| Equity ratio                         | 0,09                 | 0,06                 |
| Return on assets %                   | 1,73%                | 1,31%                |

---

#### **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>30.09.2020</u> | <u>30.09.2019</u> |
|--------------------------------------|-------------------|-------------------|
| Cash                                 | 360,058           | 300,531           |
| Receivables and prepayments          | 143,846           | 11,226            |
| <b>Total current assets</b>          | <b>503,904</b>    | <b>311,757</b>    |
| Investment properties                | 15,750,000        | 15,700,000        |
| Tangible fixed assets                | 8,938             | 15,888            |
| Goodwill                             | 693,779           | 907,247           |
| <b>Total fixed assets</b>            | <b>16,452,717</b> | <b>16,623,135</b> |
| <b>TOTAL ASSETS</b>                  | <b>16,956,621</b> | <b>16,934,892</b> |
| Short-term loans payable             | 460,000           | 460,000           |
| Payables and prepayments             | 174,475           | 120,981           |
| <b>Total current liabilities</b>     | <b>634,475</b>    | <b>603,213</b>    |
| Long-term loans payable              | 12,540,184        | 13,000,189        |
| Long-term provisions                 | 2,295,255         | 2,281,949         |
| <b>Total non-current liabilities</b> | <b>14,835,439</b> | <b>15,282,138</b> |
| <b>TOTAL LIABILITIES</b>             | <b>15,469,914</b> | <b>15,863,119</b> |
| Share capital                        | 2,500             | 2,500             |
| Retained earnings                    | 1,484,207         | 1,069,273         |
| <b>TOTAL EQUITY</b>                  | <b>1,486,707</b>  | <b>1,071,773</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b>16,956,621</b> | <b>16,934,892</b> |

## CONSOLIDATED INCOME STATEMENT

(EUR)

|  | <u>2020</u><br><u>3Q</u> | <u>2020</u><br><u>9 months</u> | <u>2019</u><br><u>3Q</u> | <u>2019</u><br><u>9 months</u> |
|--|--------------------------|--------------------------------|--------------------------|--------------------------------|
| Sales revenue  | 326,693                  | 979,782                        | 320,908                  | 967,559                        |
| Other operating expenses   | -15 965                  | -56,436                        | -9,467                   | -35,035                        |
| Staff costs  | -80                      | -240                           | -84                      | -252                           |
| Depreciation of fixed assets   | -54 800                  | -165,212                       | -55,320                  | -166,324                       |
| <b>Operating profit</b>  | <u><b>254,848</b></u>    | <u><b>757,894</b></u>          | <u><b>256,037</b></u>    | <u><b>765,948</b></u>          |
| <b>Financial income (expenses)</b>                                       | <b>-138,577</b>          | <b>-416,420</b>                | <b>-141,390</b>          | <b>-422,094</b>                |
| <b>Profit before income tax</b>  | <b>116,271</b>           | <b>341,474</b>                 | <b>114,647</b>           | <b>343,854</b>                 |
| Income tax   | -16,948                  | -48,684                        | -38,524                  | -121,566                       |
| <b>Net profit for financial year</b>                                     | <u><b>99,323</b></u>     | <u><b>292,790</b></u>          | <u><b>76,123</b></u>     | <u><b>222,288</b></u>          |
| including the share of the owners of the<br>parent company in net profit | <u>99,323</u>            | <u>292,790</u>                 | <u>76,123</u>            | <u>222,288</u>                 |

## CONSOLIDATED CASH FLOW STATEMENT

(EUR)

|   | <u>2020</u><br><u>3Q</u> | <u>2020</u><br><u>9 months</u> | <u>2019</u><br><u>3Q</u> | <u>2019</u><br><u>9 months</u> |
|---|--------------------------|--------------------------------|--------------------------|--------------------------------|
| Operating profit (loss)   | 254,848                  | 757,894                        | 256,037                  | 765,948                        |
| Adjustments (depreciation of fixed assets)                            | 54,800                   | 165,212                        | 55,320                   | 166,324                        |
| Change in receivables and prepayments related to operating activities | 5,474                    | -135,635                       | -792                     | -1,790                         |
| Change in payables and prepayments related to operating activities    | -4,525                   | -28,954                        | -32,522                  | -33,758                        |
| <b>Total cash flow from operating activities</b>                      | <b>310,597</b>           | <b>758,517</b>                 | <b>278,043</b>           | <b>896,724</b>                 |
| Repayments of loans received and redemption of bonds                  | -115,000                 | -345,000                       | -153,333                 | -345,000                       |
| Interest paid   | -138,538                 | -416,378                       | -141,390                 | -410,877                       |
| <b>Total cash flow from financing activities</b>                      | <b>-253,538</b>          | <b>-761,378</b>                | <b>-294,723</b>          | <b>-755,877</b>                |
| <b>Total cash flow</b>  | <b>27,059</b>            | <b>-2,861</b>                  | <b>-16,680</b>           | <b>140,847</b>                 |
| <b>Cash at beginning of period</b>                                    | <b>302,999</b>           | <b>362,919</b>                 | <b>317,211</b>           | <b>159,684</b>                 |
| Change in cash  | 57,059                   | -2,681                         | -16,680                  | 140,847                        |
| <b>Cash at end of period</b>  | <b>360,058</b>           | <b>360,058</b>                 | <b>300,531</b>           | <b>300,531</b>                 |

### Statement of the Management Board

The financial and other additional information published in the Interim Report July – September 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 July – September 2020 are not audited.

Marko Tali  
Member of the Management Board  
Tallinn, 30.10.2020