



# UNITED PARTNERS

## INTERIM REPORT 12 MONTHS 2020

UPP Olaines OÜ



**INTERIM REPORT FOR 12 MONTHS 2020 (UNAUDITED)**

**Reporting period: 01.01.2020 – 31.12.2020 ('12 months 2020')**

**Company name:** UPP Olaines OÜ

**Registration number:** 14318601

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## MANAGEMENT REPORT FOR 12 MONTHS 2020

### General information

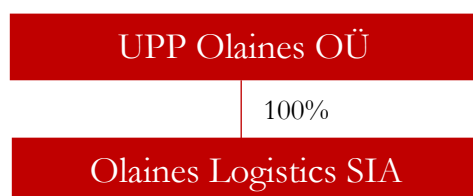
UPP Olaines OÜ (hereafter ‘the Company’) was established for the purpose of funding, acquiring and managing the real estate investment of Olaines Logistics Park: (buildings and land) located at “Šarlotes”, Olaines county, Olaines parish, Latvia, cadastre number 8080 003 0029, registered in the Land Register 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 business performance is not affected by seasonal factors. The activities of the Company have no environmental or social impact.

As the Company has been established solely for the purpose of funding, acquiring and managing the property, no strategic changes in the business are planned.

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.

The structure of UPP Olaines OÜ as of 31.12.2020 is as follows:



UPP Olaines OÜ is operating based on going concern.

### Management commentary for the 12 months of 2020

Net rental income was 2 637 007 euros for the 12 months of 2020 (2019 12 months: 2 589 379). Operating profit was 2 482 439 euros for the 12 months of 2020 (2019 12 months: 2 649 256). Net income was 1 370 964 euros for the 12 months of 2020 (2019 6 months: 1 399 103).

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 12 months 2020

(in EUR)	Q4 2020	Q4 2019	12 months 2020	12 months 2019
<b>Net rental income</b>	<b>657 849</b>	<b>654 287</b>	<b>2 637 007</b>	<b>2 589 379</b>
<b>Operating profit</b>	<b>618 950</b>	<b>769 377</b>	<b>2 482 439</b>	<b>2 649 256</b>
<b>Profit for the period</b>	<b>251 417</b>	<b>623 900</b>	<b>1 370 964</b>	<b>1 399 103</b>

(in EUR)	31.12.2020	31.12.2019
<b>Investment property</b>	<b>30 909 000</b>	<b>30 909 000</b>
<b>Interest-bearing loans</b>	<b>26 364 626</b>	<b>28 492 625</b>
<b>Interest-bearing loans less shareholder loan</b>	<b>23 416 326</b>	<b>25 544 325</b>

	12 months 2020
<b>Net profit margin</b> (Total comprehensive income for the period / Net rental income)	<b>56%</b>
<b>ROA</b> (Net profit for the period / Average total assets for the period)	<b>4,7%</b>
<b>DSCR</b> (Operating profit / Loan principal and interest payments on interest-bearing loans)	<b>1.1</b>

### **Management board and supervisory board**

The management board of UPP Olaines OÜ has one member: Marko Tali, Chairman of the Management Board. The supervisory board of UPP Olaines OÜ has 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.

In 2020 UPP Olaines OÜ formed an audit committee, which has three members.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
**Condensed consolidated interim statement of comprehensive income**

(in EUR)	Note	Q4 2020	Q4 2019	12 months 2020	12 months 2019
Net rental income	5	657 849	654 287	2 637 007	2 589 379
<b>Net rental income</b>		<b>657 849</b>	<b>654 287</b>	<b>2 637 007</b>	<b>2 589 379</b>
General and administrative expenses		(38 899)	(31 910)	(154 568)	(71 123)
Other income/cost			(16 000)		(16 000)
Profit/loss from revaluation of investment property		0	147 000	0	147 000
<b>Operating profit</b>		<b>618 948</b>	<b>769 377</b>	<b>2 482 439</b>	<b>2 649 256</b>
Financial income / (cost)		(436 793)	(145 477)	(1 111 475)	(1 250 103)
<b>Profit before income tax</b>		<b>251 417</b>	<b>623 900</b>	<b>1 370 964</b>	<b>1 399 153</b>
Äriühingu tulumaks					(50)
<b>Profit for the period</b>		<b>251 417</b>	<b>623 900</b>	<b>1 370 964</b>	<b>1 399 103</b>
<b>Total comprehensive income for the period</b>		<b>251 417</b>	<b>623 900</b>	<b>1 370 964</b>	<b>1 399 103</b>

**Condensed consolidated interim statement of financial position**

(in EUR)	Note	31.12.2020	31.12.2019
Cash and cash equivalents		676 373	561 474
Trade and other receivables		171 124	204 939
<b>Total current assets</b>		<b>847 497</b>	<b>766 413</b>
Investment property		30 909 000	30 909 000
<b>Total non-current assets</b>		<b>30 909 000</b>	<b>30 909 000</b>
<b>TOTAL ASSETS</b>		<b>31 756 497</b>	<b>31 675 413</b>
Trade and other payables		369 527	358 761
Financial derivatives		363 979	455 204
Loans and borrowings	6	1 064 004	1 064 000
<b>Total current liabilities</b>		<b>1 797 510</b>	<b>1 877 966</b>
Loans and borrowings	6	26 364 633	27 428 625
<b>Total non-current liabilities</b>		<b>26 364 633</b>	<b>27 428 625</b>
<b>TOTAL LIABILITIES</b>		<b>28 251 136</b>	<b>29 306 591</b>
Share capital		2 500	2 500
Retained earnings		3 591 861	2 366 322
<b>TOTAL EQUITY</b>		<b>3 594 361</b>	<b>2 368 822</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31 756 497</b>	<b>31 675 413</b>

**Condensed consolidated interim statement of cash flows**

(in EUR)	Note	Q4 2020	Q4 2019	12 months 2020	12 months 2019
<b>Profit before income tax</b>		<b>251 417</b>	<b>629 689</b>	<b>1 370 964</b>	<b>1 399 153</b>
Financial cost/(income)		367 533	137 984	1 111 475	1 250 103
Adjustment		0	(147 000)	0	(147 000)
<b>Cashflow from operating activities before changes in working capital</b>		<b>618 950</b>	<b>620 673</b>	<b>2 482 439</b>	<b>2 502 256</b>
Decrease / (increase) in trade and other receivables related to operating activities		214 346	(34 013)	111 624	95 637
Increase / (decrease) in trade and other payables related to operating activities		(4 108)	(23 896)	7 372	(200 738)
Paid income tax		0	(54)	(50)	(54)
<b>Total cash flows from / used in operating activities</b>		<b>829 188</b>	<b>560 464</b>	<b>2 601 385</b>	<b>2 397 101</b>
Received interests		0	0	0	2
<b>Total cash flows from investing activities</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
Repayments of loans and borrowings		(266 000)	(465 998)	(1 064 001)	(1 164 000)
Interests paid		(488 904)	(252 582)	(1 272 485)	(1 098 333)
Dividends paid		(150 000)		(150 000)	
<b>Total cash flows from / used in financing activities</b>		<b>(904 904)</b>	<b>(718 580)</b>	<b>(2 486 486)</b>	<b>(2 262 333)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(75 716)</b>	<b>(158 116)</b>	<b>114 899</b>	<b>134 770</b>
Cash and cash equivalents at the beginning of the period		<b>752 089</b>	<b>719 578</b>	<b>561 474</b>	<b>426 691</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>676 373</b>	<b>561 461</b>	<b>676 373</b>	<b>561 461</b>

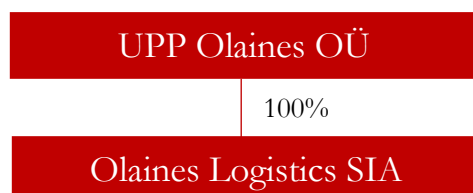
**Condensed consolidated interim statement of changes in equity**

(in EUR)	Retained earnings	Share capital	Total equity
Balance at 31.12.2018	967 291	2 500	969 710
Total comprehensive income	1 399 103	0	1 399 103
Balance at 31.12.2019	2 366 322	2 500	2 368 822
Total comprehensive income	1 370 964	0	1 370 964
Adjustment	4 575	0	4 575
Dividend payment	-150 000	0	-150 000
<b>Balance at 31.12.2020</b>	<b>3 591 861</b>	<b>2 500</b>	<b>3 594 361</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****1. Corporate information**

UPP Olaines OÜ is a company established on 24.08.2017 and incorporated in Estonia.

The structure of UPP Olaines OÜ as of 31.12.2020 is as follows:



For more information on subsidiaries, see Note 4.

**2. Summary of significant accounting policies****2.1 Basis of preparation**

These unaudited condensed consolidated interim financial statements of UPP Olaines OÜ for 12 months 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31.12.2019. They do not include all of the information required for the complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the end of last annual financial statements.

**2.2 Changes in significant accounting policies**

The accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

A number of new IFRS standards are effective from 01.01.2019, but they do not have a material effect on the Group's financial statements.

**3. Critical accounting estimates and assumptions**

Management of the Group makes estimates and assumptions concerning the future when preparing the interim financial statements of the Group. Such estimates and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, and the disclosure of contingent assets and contingent liabilities.

Although estimates and underlying assumptions are reviewed on an ongoing basis and they are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from the estimates. The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

#### 4. Subsidiaries

The company has a controlling interest in the following entities:

Name	Immediate parent entity	Place of incorporation	Ownership interest		Activity
			31.12.2020	31.12.2019	
Olaines Logistics SIA	UPP Olaines OÜ	Latvia	100%	100%	Holding company

#### 5. Reportable segments

Area of activity	External revenue			
	Q4 2020	Q4 2019	12 months 2020	12 months 2019
(in EUR)				
Net rental income	657 849	654 287	2 637 007	2 589 379
<b>Total</b>	<b>657 849</b>	<b>654 287</b>	<b>2 637 007</b>	<b>2 589 379</b>

Geographic area	External revenue			
	Q4 2020	Q4 2019	12 months 2020	12 months 2019
(in EUR)				
Latvia	657 840	654 287	2 637 007	2 589 379
<b>Total</b>	<b>657 840</b>	<b>654 287</b>	<b>2 637 007</b>	<b>2 589 379</b>

Geographic area	Investment property	
	31.12.2020	31.12.2019
(in EUR)		
Latvia	30 909 000	30 909 000
<b>Total</b>	<b>30 909 000</b>	<b>30 909 000</b>

#### 6. Loans and borrowings

31.12.2020	Short-term part	Long-term part	Total	Currency	Interest rate	Due date
(in EUR)						
Bank loan	1 064 004	17 201 326	18 265 330	EUR	Euribor+ <sup>3m</sup> 2,4%	30.11.2022
Bonds	0	6 215 000	6 215 000	EUR	7%	10.11.2022
Shareholder loan	0	2 948 300	2 948 300	EUR	6%	15.11.2022
<b>Total loan liabilities</b>	<b>1 064 004</b>	<b>26 364 626</b>	<b>27 428 630</b>			



31.12.2019	Short-term part	Long-term part	Total	Currency	Interest rate	Due date
(in EUR)						
Bank loan	1 064 000	18 265 325	19 329 325	EUR	3m Euribor+2,4%	30.11.2022
Bonds	0	6 215 000	6 215 000	EUR	7%	10.11.2022
Shareholder loan	0	2 948 300	2 948 300	EUR	6%	15.11.2022
<b>Total loan liabilities</b>	<b>1 064 000</b>	<b>27 428 628</b>	<b>28 492 625</b>			

## 7. Fair value measurement

### Financial assets and liabilities carried at fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As of 31.12.2020	Level 1	Level 2	Level 3
(in EUR)			
<b>Financial liabilities</b>			
Derivative instruments		363 979	

As of 31.12.2019	Level 1	Level 2	Level 3
(in EUR)			
<b>Financial liabilities</b>			
Derivative instruments		455 217	

**Financial assets and liabilities not carried at fair value but for which fair value is disclosed**

<b>As of 31.12.2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Carrying amount</b>
<i>(in EUR)</i>				
<b>Financial assets</b>				
Cash and cash equivalents	676 375			676 375
Trade and other receivables			171 124	171 124
<b>Financial liabilities</b>				
Interest-bearing loans and borrowings			27 428 633	27 428 633
Trade and other payables			369 527	369 527
<hr/>				
<b>As of 31.12.2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Carrying amount</b>
<i>(in EUR)</i>				
<b>Financial assets</b>				
Cash and cash equivalents	561 462			561 462
Trade and other receivables			204 939	204 939
<b>Financial liabilities</b>				
Interest-bearing loans and borrowings			28 492 625	28 492 625
Trade and other payables			358 762	358 762

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

## 8. Transactions with related parties

### Parent entities

The company is controlled by the following entities:

<b>Name</b>	<b>Type</b>	<b>Place of incorporation</b>	<b>Ownership interest</b>	
			<b>31.12.2020</b>	<b>31.12.2019</b>
United Partners Property OÜ	Immediate parent entity	Estonia	100%	100%
United Partners Group OÜ	Ultimate parent entity and controlling party	Estonia	100%	100%

During the reporting and reference period, related party transactions occurred regarding the loan granted by United Partners Property OÜ to UPP Olaines OÜ, as detailed below:

<b>Loans from United Partners Property OÜ</b>	<b>12 months 2020</b>
<i>(in EUR)</i>	
Beginning of the period loan balance (31.12.2019)	2 948 300
Interest charged	(277 730)
Interest paid	(144 487)
End of the period loan balance (31.12.2020)	2 948 300

## **STATEMENT OF THE MANAGEMENT BOARD**

The CEO and member of the management board confirms that financial and other information published in this interim report of UPP Olaines OÜ for the 12 months ended 31 December 2020 provides a true and fair view of the company's business development, financial performance and financial position.

According to the Terms and Conditions of UPP Olaines OÜ Subordinated Note Issue section 3.5.3 and 3.5.4, the Management confirms that the Company's debt service coverage ratio on consolidated level is greater or equal than 1.1 for the 12 months 2020 and that there has been no occurrence of an Extraordinary Early Redemption Event in 12 months 2020.

Signed digitally,

Marko Tali

Chairman and Member of the Management Board of UPP Olaines OÜ

31.01.2021, Tallinn