



**UNITED PARTNERS**

**INTERIM REPORT 9 MONTHS 2020**

UPP Olaines OÜ



**INTERIM REPORT FOR 9 MONTHS 2020 (UNAUDITED)**

**Reporting period: 01.01.2020 – 30.09.2020 ('9 months 2020')**

**Company name:** UPP Olaines OÜ

**Registration number:** 14318601

**Address:** Pärnu mnt 141, Tallinn, 11314, Estonia

**Telephone:** +372 6616 450

**E-mail:** [property@unitedpartners.ee](mailto:property@unitedpartners.ee)

## MANAGEMENT REPORT FOR 9 MONTHS 2020

### General information

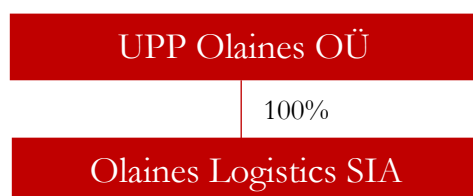
UPP Olaines OÜ (hereafter ‘the Company’) was established for the purpose of funding, acquiring and managing the real estate investment of Olaines Logistics Park: (buildings and land) located at “Šarlotes”, Olaines county, Olaines parish, Latvia, cadastre number 8080 003 0029, registered in the Land Register 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 Group as of 30.09.2020 is as follows:



UPP Olaines OÜ is operating based on going concern.

### Management commentary for the 9 months of 2020

Net rental income was 1 979 158 euros for the nine months of 2020 (2019 9 months: 1 940 078). Operating profit was 1 863 489 euros for the nine months of 2020 (2019 9 months: 1 881 404). Net income was 1 031 187 euros for the nine months of 2020 (2019 9 months: 769 464).

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 group, there needs to be major event in the overall economy or in the group’s business activities for them to have significant effect on the group’s financial results.

### Key indicators of financial performance and position for 9 months 2020

(in EUR)	Q3 2020	Q3 2019	9 months 2020	9 months 2019
<b>Net rental income</b>	<b>670,298</b>	<b>648,560</b>	<b>1,979,158</b>	<b>1,940,078</b>
<b>Operating profit</b>	<b>635,253</b>	<b>636,604</b>	<b>1,863,489</b>	<b>1,881,404</b>
<b>Profit for the period</b>	<b>373,535</b>	<b>314,754</b>	<b>1,031,187</b>	<b>769,464</b>

(in EUR)	30.09.2020	31.12.2019
<b>Investment property</b>	<b>30,909,000</b>	<b>30,909,000</b>
<b>Interest-bearing loans</b>	<b>27,694,631</b>	<b>28,492,625</b>
<b>Interest-bearing loans less shareholder loan</b>	<b>24,746,331</b>	<b>25,544,325</b>

	9 months 2020
<b>Net profit margin, %</b> (Total comprehensive income for the period / Net rental income)	<b>52%</b>
<b>ROA, %</b> (Net profit for the period / Average total assets for the period)	<b>3.2%</b>
<b>DSCR</b> (Operating profit / Loan principal and interest payments on interest-bearing loans)	<b>1.2</b>

### Management board, supervisory board and audit committee

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 Group 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	Q3 2020	Q3 2019	9 months 2020	9 months 2019
Net rental income	5	670,298	648,560	1,979,158	1,940,078
<b>Net rental income</b>		<b>670,298</b>	<b>648,650</b>	<b>1,979,158</b>	<b>1,940,078</b>
General and administrative expenses		(35,045)	(11,956)	(115,669)	(43,674)
Other income / (cost)		0	0	0	(15,000)
<b>Operating profit</b>		<b>635,253</b>	<b>636,604</b>	<b>1,863,489</b>	<b>1,881,404</b>
Financial income / (cost)		(261,718)	(321,850)	(832,302)	(1,111,940)
<b>Profit before income tax</b>		<b>373,535</b>	<b>314,754</b>	<b>1,031,187</b>	<b>769,464</b>
<b>Profit for the period</b>		<b>373,535</b>	<b>314,754</b>	<b>1,031,187</b>	<b>769,464</b>
<b>Total comprehensive income for the period</b>		<b>373,535</b>	<b>314,754</b>	<b>1,031,187</b>	<b>769,464</b>

**Condensed consolidated interim statement of financial position**

(in EUR)	Note	30.09.2020	31.12.2019
Cash and cash equivalents		752,089	561,474
Trade and other receivables		317,024	204,939
<b>Total current assets</b>		<b>1,069,113</b>	<b>766,413</b>
Investment property		30,909,00	30,909,00
<b>Total non-current assets</b>		<b>30,909,00</b>	<b>30,909,00</b>
<b>TOTAL ASSETS</b>		<b>31,978,113</b>	<b>31,675,413</b>
Trade and other payables		471,396	358,749
Financial derivatives		407,502	455,217
Loans and borrowings	6	1,064,004	1,064,004
<b>Total current liabilities</b>		<b>1,942,902</b>	<b>1,877,966</b>
Loans and borrowings	6	26,630,627	27,428,625
<b>Total non-current liabilities</b>		<b>26,630,627</b>	<b>27,428,625</b>
<b>TOTAL LIABILITIES</b>		<b>28,573,529</b>	<b>29,306,591</b>
Share capital		2,500	2,500
Retained earnings		3,402,084	2,366,322
<b>TOTAL EQUITY</b>		<b>3,404,584</b>	<b>2,368,822</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,978,113</b>	<b>31,675,413</b>

**Condensed consolidated interim statement of cash flows**

(in EUR)	Q3 2020	Q3 2019	9 months 2020	9 months 2019
<b>Profit before income tax</b>	<b>373,535</b>	<b>314,754</b>	<b>1,031,187</b>	<b>769,494</b>
Adjustment:				
Financial cost / (income)	261,718	321,850	832,302	1,111,940
<b>Operating results before changes in working capital</b>	<b>635,253</b>	<b>636,604</b>	<b>1,863,489</b>	<b>1,881,404</b>
Decrease / (increase) in trade and other receivables related to operating activities	112,070	6,211	(102,722)	174,004
Increase / (decrease) in trade and other payables related to operating activities	(4,471)	(95,165)	11,480	(214,290)
Paid corporate income tax			(50)	
<b>Total cash flows from / used in operating activities</b>	<b>742,852</b>	<b>547,650</b>	<b>1,772,197</b>	<b>1,841,118</b>
Proceeds from loans and borrowings	0	100,000	0	100,000
Repayments of loans and borrowings	(266,000)	(266,000)	(798,002)	(798,003)
Interests paid	(280,498)	(260,566)	(783,581)	(850,228)
<b>Total cash flow from / used in financing activities</b>	<b>(546,498)</b>	<b>(426,566)</b>	<b>(1,581,583)</b>	<b>(1,548,231)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>196,354</b>	<b>121,083</b>	<b>190,615</b>	<b>292,887</b>
Cash and cash equivalents at the beginning of the period	555,735	598,495	561,474	426,691
<b>Cash and cash equivalents at the end of the period</b>	<b>752,089</b>	<b>719,578</b>	<b>752,089</b>	<b>719,578</b>

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

(in EUR)	Share capital	Retained earnings	Total equity
Balance at 31.12.2019	2,500	2,366,322	2,368,822
Total comprehensive income	0	1,035,762	1,035,762
<b>Balance at 30.09.2020</b>	<b>2,500</b>	<b>3,402,084</b>	<b>3,404,584</b>

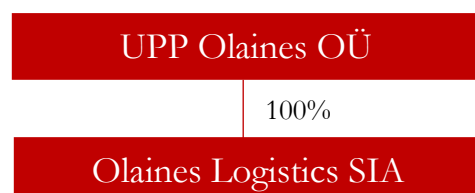
(in EUR)	Share capital	Retained earnings	Total equity
Balance at 31.12.2018	2,500	967,219	969,719
Total comprehensive income	0	769,464	769,464
<b>Balance at 30.09.2019</b>	<b>2,500</b>	<b>1,736,683</b>	<b>1,739,183</b>

## 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 Group as of 30.09.2020 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 9 months 2019 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
			30.09.2020	31.12.2019	
Olaines Logistics SIA	UPP Olaines OÜ	Latvia	100%	100%	Holding company

On January 22<sup>nd</sup> 2020 Olaines Logistics Parks SIA was merged with its parent company Olaines Logistics SIA. The merger was the parent company and the company will continue to operate under the name Olaines Logistics SIA.

#### 5. Reportable segments

Area of activity	External revenue			
	Q3 2020	Q3 2019	9 months 2020	9 months 2019
(in EUR)				
Net rental income	670,298	648,560	1,979,158	1,940,078
<b>Total</b>	<b>670,298</b>	<b>648,560</b>	<b>1,979,158</b>	<b>1,940,078</b>

Geographic area	External revenue			
	Q3 2020	Q3 2019	9 months 2020	9 months 2019
(in EUR)				
Latvia	670,298	648,560	1,979,158	1,940,078
<b>Total</b>	<b>670,298</b>	<b>648,560</b>	<b>1,979,158</b>	<b>1,940,078</b>

Geographic area	Investment property	
	30.09.2020	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

30.09.2020	Short-term part	Long-term part	Total	Currency	Interest rate	Due date
(in EUR)						
Bank loan	1,064,004	17,467,327	18,531,331	EUR	<sup>3m</sup> 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>1,064,004</b>	<b>26,630,627</b>	<b>27,694,631</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	<sup>3m</sup> 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>27,428,625</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 30.09.2020	Level 1	Level 2	Level 3
(in EUR)			
<b>Financial liabilities</b>			
Derivative instruments		455,217	

As of 31.12.2019	Level 1	Level 2	Level 3
(in EUR)			
<b>Financial liabilities</b>			
Derivative instruments		407,502	

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

<b>As of 30.09.2020</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	752,089			752,089
Trade and other receivables			317,024	317,024
<b>Financial liabilities</b>				
Interest-bearing loans and borrowings			27,694,631	27,694,631
Trade and other payables			471,396	471,396
<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	561,474			561,474
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			358,749	358,749

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:

Name	Type	Place of incorporation	Ownership interest	
			30.09.2020	31.12.2019
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 periodm related party transactions occurred regarding the loan granted by United Partners Property OÜ to UPP Olaines OÜ, as detailed below:

Loans from United Partners Property OÜ	9 months 2020	9 months 2019
(in EUR)		
Beginning of the period loan balance	2,948,300	3,048,300
Interest charged	(132,674)	(135,823)
Interest paid	(35 725)	(72,258)
End of the period loan balance	2,948,300	3,148,300

## **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 9 months ended 30th September 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 1.2 for the 9 months 2020 and that there has been no occurrence of an Extraordinary Early Redemption Event in 9 months 2020.

Signed digitally,

Marko Tali

Chairman and Member of the Management Board of UPP Olaines OÜ

30.10.2020, Tallinn