



UNITED PARTNERS

INTERIM REPORT 3 MONTHS 2021

UPP Olaines OÜ



INTERIM REPORT FOR 3 MONTHS 2021 (UNAUDITED)

Reporting period: 01.01.2021 – 31.03.2021 ('3 months 2021')

Company name: UPP Olaines OÜ

Registration number: 14318601

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MANAGEMENT REPORT FOR 3 MONTHS 2021

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 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.

UPP Olaines OÜ is operating based on going concern.

Financial commentary for the first quarter of 2021

Net rental income was 600 198 euros for the 3 months of 2021 (2020 3 months: 657 214). Operating profit was 562 109 euros for the 3 months of 2021 (2020 3 months: 619 887). Net income was 303 501 euros for the 3 months of 2021 (2020 3 months: 358 561).

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.

Changes in lease agreements

On 15th January 2021 the lease agreement expired with Plesko Real Estate SIA, who leased 1,573 sqm of warehousing and administrative premises.

On 15th March 2021 the lease agreement expired with Premier Restaurants Latvia SIA, who leased 2,382 sqm of warehousing and administrative premises.

On 18th January 2021 a new lease agreement was concluded with NNL LV SIA for 5 years. NNL LV SIA will lease 2,663 sqm of warehousing and administrative premises. The company is offering 3PL services to known Baltic clients such as Premia and Maxima.

On 16th April 2021 the lease agreement with Girtekos Logistikos SIA was amended, SIA Girtekos Logistikos will lease additional 1,177 sqm of warehousing and administrative premises.

The changes in lease agreements will not impact the Group's 2021 income noticeably, except for the 1st quarter of 2021 when the handing over of the premises took place.

Changes in United Partners Group logistics investments structure

In March 2021 United Partners Group OÜ restructured its logistics investment holding structure. Previously the direct parent of the Company was United Partners Property OÜ, which also managed

United Partners Group residential development investments. As of March 2021 United Partners Group OÜ logistics investment holding companies, including the Company, are now under the direct ownership of holding company UPP Logistics Properties OÜ, which in turn is under the ownership of United Partners Property OÜ. The goal of the restructuring was to create separate administration units for United Partners Group logistics and residential investments.

Key indicators of financial performance and position for 3 months 2021

(in EUR)	Q1 2021	Q1 2020
Net rental income	600 198	657 214
Operating profit	562 109	619 887
Profit for the period	303 501	329 107

(in EUR)	31.03.2021	31.03.2020
Investment property	31 320 000	30 909 000
Interest-bearing loans	27 156 360	28 226 632
Interest-bearing loans less shareholder loan	24 214 332	25 278 332

(in EUR)	Q1 2021	Q1 2020
Net profit margin (Total comprehensive income for the period / Net rental income)	50,6%	49%
ROA (Net profit for the period / Average total assets for the period)	0,94%	1,04%
DSCR (Operating profit / Loan principal and interest payments on interest-bearing loans)	1,1	1,2

Management board and supervisory board

The management board of UPP Olaines OÜ has one member: Marko Tali, the 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 have been allotted to the members of the management board and supervisory board.

There are no employees in the company besides the members of the management and supervisory board.

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

(in EUR)	Note	Q1 2021	Q1 2020
Net rental income	5	600 198	657 214
Net rental income		600 198	657 214
General and administrative expenses		(38 089)	(37 327)
Operating profit		562 109	619 887
Financial income / (cost)		(258 608)	(290 780)
Profit before income tax		303 501	329 107
Income tax		0	0
Profit for the period		303 501	329 107
Total comprehensive income for the period		303 501	329 107

Condensed consolidated interim statement of financial position

(in EUR)	Note	31.03.2021	31.03.2020
Cash and cash equivalents		671 494	534 344
Trade and other receivables		197 408	313 568
Total current assets		868 902	847 912
Investment property		31 320 000	30 909 000
Total non-current assets		31 320 000	30 909 000
TOTAL ASSETS		32 188 902	31 756 912
Trade and other payables		438 615	379 344
Financial derivatives		331 384	448 432
Loans and borrowings	6	1 064 004	1 064 004
Total current liabilities		1 834 003	1 891 780
Loans and borrowings	6	26 092 356	27 162 628
Total non-current liabilities		26 092 356	27 162 628
TOTAL LIABILITIES		27 926 359	29 054 408
Share capital		2 500	2 500
Retained earnings		4 260 043	2 700 004
TOTAL EQUITY		4 262 543	2 702 504
TOTAL EQUITY AND LIABILITIES		32 188 902	31 756 912

Condensed consolidated interim statement of cash flows

(in EUR)	Note	Q1 2021	Q1 2020
Operating profit		562 109	619 887
Decrease / (increase) in trade and other receivables related to operating activities		-71 787	-144 354
Increase / (decrease) in trade and other payables related to operating activities		15 681	16 710
Paid income tax		0	-50
Total cash flows from / used in operating activities		506 003	492 193
Repayments of loans and borrowings		(266 001)	(266 000)
Interests paid		(244 881)	(253 323)
Total cash flows from / used in financing activities		(510 882)	(519 323)
Net increase / (decrease) in cash and cash equivalents		(4 879)	(27 130)
Cash and cash equivalents at the beginning of the period		676 373	561 474
Cash and cash equivalents at the end of the period		671 494	534 344

Condensed consolidated interim statement of changes in equity

(in EUR)	Share capital	Retained earnings	Total equity
Balance at 31.12.2020	2 500	3 956 542	3 959 042
Total comprehensive income	0	303 501	303 501
Balance at 31.03.2021	2 500	4 260 043	4 260 043

(in EUR)	Share capital	Retained earnings	Total equity
Balance at 31.12.2019	2 500	2 370 897	2 373 397
Total comprehensive income		329 107	329 107
Balance at 31.03.2020	2 500	2 700 004	2 702 504

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 31.03.2021 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 3 months 2021 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 31.12.2020. 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
			31.03.2021	31.03.2020	
Olaines Logistics SIA	UPP Olaines OÜ	Latvia	100%	100%	Holding company

5. Reportable segments

Area of activity	External revenue	
	Q1 2021	Q1 2020
(in EUR)		
Net rental income	600 198	671 312
Total	600 198	671 312

Geographic area	External revenue	
	Q1 2021	Q1 2020
(in EUR)		
Latvia	600 198	671 312
Total	600 198	671 312

Geographic area	Investment property	
	31.03.2021	31.03.2020
(in EUR)		
Latvia	31 320 000	30 909 000
Total	31 320 000	30 909 000

6. Loans and borrowings

31.03.2021	Short-term	Long-term	Total	Currency	Interest	Due date
(in EUR)						
Bank loan	1 064 004	16 935 328	17 999 332	EUR	Euribor+ ^{3m} 2,4%	30.11.2022
Bonds	0	6 215 000	6 215 000	EUR	7%	10.11.2022
Shareholder loan	0	2 942 028	2 942 028	EUR	8%	Termless
Total loan liabilities	1 064 004	26 092 356	27 156 360			

31.03.2020	Short-term part	Long-term part	Total	Currency	Interest rate	Due date
(in EUR)						
Bank loan	1 064 000	17 999 328	19 063 332	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%	Termless
Total loan liabilities	1 064 000	27 162 628	28 226 632			

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 31.03.2021	Level 1	Level 2	Level 3
(in EUR)			
Financial liabilities			
Derivative instruments		331 384	

As of 31.03.2020	Level 1	Level 2	Level 3
(in EUR)			
Financial liabilities			
Derivative instruments		448 432	

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

As of 31.03.2021	Level 1	Level 2	Level 3	Carrying amount
<i>(in EUR)</i>				
Financial assets				
Cash and cash equivalents	671 494			671 494
Trade and other receivables			197 408	197 408
Financial liabilities				
Interest-bearing loans and borrowings			27 156 360	27 156 360
Trade and other payables			438 615	438 615
<hr/>				
As of 31.03.2020	Level 1	Level 2	Level 3	Carrying amount
<i>(in EUR)</i>				
Financial assets				
Cash and cash equivalents	534 344			534 344
Trade and other receivables			313 568	313 568
Financial liabilities				
Interest-bearing loans and borrowings			28 226 632	28 226 632
Trade and other payables			379 344	379 344

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	
			31.03.2021	31.03.2020
UPP Logistics Properties OÜ	Immediate parent entity	Estonia	100%	0%
United Partners Property OÜ	Immediate parent entity	Estonia	0%	100%
United Partners Group OÜ	Ultimate parent entity and controlling party	Estonia	100%	100%

During 3 months 2021, related party transactions occurred regarding the loan granted by UPP Logistics Properties OÜ to UPP Olaines OÜ, as detailed below:

Loans from United Partners Property OÜ	3 months 2021	3 months 2020
(in EUR)		
Beginning of the period loan balance (31.12.2020)	2 948 300*	2 948 300*
Interest charged	(51 486)	(44 225)*
Interest paid	0	0
End of the period loan balance (31.03.2021)	2 942 028	2 948 300

*The lender was United Partners Property OÜ

In March 2021 United Partners Group OÜ restructured its logistics investment holding structure. Previously the direct parent of the Company was United Partners Property OÜ, which also managed United Partners Group residential development investments. As of March 2021 United Partners Group OÜ logistics investment holding companies, including the Company, are now under the direct ownership of holding company UPP Logistics Properties OÜ, which in turn is under the ownership of United Partners Property OÜ. With the restructuring United Partners Property OÜ also handed over to UPP Logistics Properties OÜ the shareholder's loan granted to the Company. The goal of the restructuring was to create separate administration units for United Partners Group logistics and residential investments.

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 3 months ended 31 March 2021 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 3 months 2021 and that there has been no occurrence of an Extraordinary Early Redemption Event in 3 months 2021.

Signed digitally,

Marko Tali

Chairman and Member of the Management Board of UPP Olaines OÜ

30.04.2021, Tallinn