

UPP & CO Kauno 53 OÜ

Interim Report

April – June 2017

Main Events of 2Q 2017

UPP & CO Kauno 53 OÜ acquires Rimi central logistics centre in Lithuania

“Promalita” UAB a subsidiary of the Company acquired “Retmeta” UAB on April 20th. Retmeta is the owner of Rimi LC property. To finance the acquisition a financing agreement with OP Bank Lithuania was signed and a bond issue was carried out successfully in the amount of 4.7 MEUR. On top of that additional owners’ equity was required which was provided by United Partners Property, the parent of the Company.

Rimi LC is the central warehouse of Rimi in Lithuania. It was constructed between 2007 – 2008 and it has 21,232 leasable square meters. The anchor tenant “Hakonlita” UAB (Rimi Lietuva’s real-estate arm) leases 18,047 square meters.

UPP & CO Kauno 53 OÜ subordinated bonds admitted for trading

On June 12th Nasdaq announced the admission to trading of UPP & CO Kauno 53 OÜ subordinated bonds by Nasdaq Tallinn on Nasdaq Baltic First North as of June 12th 2017. Our First North adviser in this process was TSG Baltic (former Varul Advokaadibüroo) represented by Marko Kairjak. More information – <http://www.nasdaqbaltic.com/en/news/press-releases/?id=3800117>.

We welcome new tenant “Nasdaq Vilnius Services” UAB

On June 15th we handed over premises to Nasdaq Vilnius Services. We wish them a pleasant stay!

From June Girteka and Girteka Logistics have also increased their premises and as of today the property is fully leased.

Merger of “Promalita” UAB and Retmeta “UAB”

According to Lithuanian financial assistance regulation, Rimi LC can’t be pledged in favour of OP Bank and the Bondholders until the property has been reregistered under Promalita’s assets. On June 22nd, just before midsummer holidays, the merger of Promalita and Retmeta was commenced. Rimi LC was deregistered from Retmeta’s assets and reregistered under Promalita. As a result of the merger Retmeta was deregistered from the Lithuanian registry. Our advisor in this merger was Ellex Valiunas, represented by Lina Radaviciene and Rima Kondrataite.

Financial Performance (consolidated)

2Q 2017 – Net profit EUR 68,047

Net Sales and Net Profit

- Net Sales amounted to **EUR 214,177** in 2nd quarter.
- Net Operating Income amounted to **EUR 191,639**.

Expenses

- Operating expenses amounted to **EUR 22,538** in 2nd quarter.
- Interest expense on loans and bonds issued amounted to **EUR 121,893**.

Interest-bearing liabilities

- Consolidated interest-bearing liabilities amounted to **EUR 13,823,333**. The Company's largest creditor is OP Bank Lithuania.

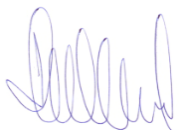
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- Consolidated: **1.64**
- "Promalita" UAB: **1.61**

Statement of the Management Board

The financial and other additional information published in the Interim Report April – June 2017 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.

Consolidated financial statements in the report for the period April – June 2017 are not audited.



Hallar Loogma
Member of the Management Board
Tallinn, 28.07.2017

Income Statements

(the Company, "Promalita" UAB and consolidated)

PROFIT/LOSS STATEMENT in euros for period April - June 2017	K53	Promalita 100%	Consolidated	Consolidated 1Q 2017
Sales revenues	0	214,177	214,177	0
Total revenues from operating activities	0	214,177	214,177	0
Cost of goods sold	0	-17,797	-17,797	0
Administrative expenses	-4,741	0	-4,741	0
Total operating expenses	-4,741	-17,797	-22,538	0
Profit (loss) from operating activities	-4,741	196,380	191,639	0
Financial revenues (costs)	4,951	-121,893	-116,942	0
Net profit (loss) before taxation	210	74,487	74,697	0
Corporate income tax	0	-6,650	-6,650	0
Net profit (loss) of the period	210	67,837	68,047	0

Balance Sheets

(the Company, "Promalita" UAB and consolidated)

BALANCE SHEET	K53	Promalita	Consolidated	Consolidated
in euros		100%	30.06.2017	31.03.2017
ASSETS				
Current assets				
Cash and bank	27	14,066	14,093	2,500
Accounts receivable and prepayments	112,413	73,091	72,823	0
Stock	0	24,389	24,389	0
Total current assets	112,440	111,546	111,305	2,500
Non-current assets				
Long-term financial investments	700	0	0	0
Log-term loans	5,274,200	0	0	0
Real Estate investments	0	15,514,002	15,514,002	0
Goodwill	0	1,052,275	1,052,975	0
Total non-current assets	5,274,900	16,566,277	16,566,977	0
TOTAL ASSETS	5,387,340	16,677,823	16,678,282	2,500
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payables and other settlements	105,130	190,064	185,013	0
Total current liabilities	105,130	190,064	185,013	0
Non-current liabilities				
Long-term bank loan	0	9,123,333	9,123,333	0
Long-term bonds	4,700,000	0	4,700,000	0
Long-term shareholder's loan	579,500	5,414,200	719,500	0
Long-term provisions	0	1,879,889	1,879,889	0
Total non-current liabilities	5,279,500	16,417,422	16,422,722	0
TOTAL LIABILITIES	5,384,630	16,607,486	16,607,735	0
EQUITY				
Share capital	2,500	2,500	2,500	2,500
Retained earnings	210	67,837	68,047	0
Current year	210	67,837	68,047	0
TOTAL EQUITY	2,710	70,337	70,547	2,500
TOTAL LIABILITIES AND EQUITY	5,387,340	16,677,823	16,678,282	2,500

Cash Flow Statements

(the Company, "Promalita" UAB and consolidated)

CASH FLOW STATEMENT in euros for period April - June 2017	UPP&CO K53	Promalita 100%	Consolidated
Profit from operating activities	-4,741	196,380	191,639
Change in operating receivables and prepayments	-107,468	-59,714	-57,701
Change in reserves	0	-24,389	-24,389
Change in operating liabilities and advances	105,130	34,692	29,641
Paid interest	0	-35,714	-35,714
Cash flows from operations	-7,079	111,255	103,476
Acquisition of subsidiary	-700	-14,590,257	-14,590,257
Loans issued and bonds purchased	-5,485,200	0	0
Repayment of issued loans and bond redemption	211,000	0	0
Received interest	6	0	6
Cash flows from investments	-5,274,894	-14,590,257	-14,590,251
Loans received and bonds issued	5,415,500	14,685,200	14,615,500
Repayments of loans and redeemed bonds	-136,000	-287,667	-212,667
Cash flows from financing	5,279,500	14,397,533	14,402,833
Total cash flows	-2,473	-81,469	-83,942
Cash at the beginning of period	2,500	95,535	98,035
Changes in cash	-2,473	-81,469	-83,942
Cash at the end of period	27	14,066	14,093

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