

CONSOLIDATED INTERIM REPORT

UPP & CO KAUNO 53 OÜ

Beginning of reporting period: January 1st, 2020
End of reporting period: March 31st, 2020

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MANAGEMENT REPORT

General information

UPP & CO Kauno 53 OÜ (hereafter 'the Company' and 'Group' when referred together with subsidiaries) was founded for the purpose of financing, acquisition and management of the investment property Vievis Logistics Park (buildings and registered immovable). The location of Vievis Logistics Park is Kauno 53, Vievis, Republic of Lithuania, cadastral register number 4400-1185-1420. The Company was founded on 30.01.2017 and it did not engage in economic activities until 17.04.2017 when the warehouse of Vievis Logistics Park was acquired.

The commercial activities of the Company are not affected by seasonal factors and lack any social or environmental impact.

The Company has been founded solely for the purpose of financing, acquisition and management of Vievis Logistics Park; therefore no strategic changes in the commercial activities of the Company have been planned.

UPP & CO Kauno 53 OÜ is a going concern.

The impact of COVID-19 on the Company's economic activity

The coronavirus, which started spreading all over the world in early 2020 and caused a global economic recession in March 2020, also reached the Baltic States, which led to the closure of borders to foreign nationals and schools, and panic buying of convenience goods. The scope of the consequences of the recession caused by the pandemic is unclear, but there is little doubt that they will be serious.

The virus outbreak has had no direct impact on the economic activities of the Company. The virus has had an impact on the economic activities of the companies that lease the property acquired by the Company, which may have an indirect impact on the Company's performance results. Some signs of stabilisation of the COVID-19 outbreak could be seen at the time this report was prepared, but the scope and impact of the recession on the Group's performance results is still difficult to assess. The best estimate of the management board is that if the virus outbreak and the resulting recession do not worsen significantly, the impact of these circumstances on the Group's performance results will be moderate due to the area of activities of the companies that lease property from the Company.

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 sales revenues were 327 570 euros for the first quarter of 2020, in line with the first quarter of 2019 where net sales revenues accounted for 325 225 euros.

Net operating income was 253 301 euros for the first quarter of 2020, decreased by 4,6% from 265 655 euros for the first quarter of 2019. The decrease in net operating income for the reporting period is due to increased operating expenses.

Net income was 83 045 euros for the first quarter of 2020, in line with the first quarter of 2019 where net income accounted for 82 907 euros.

Financial ratios of the Group	2020 3 months	2019 3 months
Debt to equity ratio	10,36	14,69
Debt ratio	0,92	0,94
Long-term debt ratio	0,92	0,94
Return on equity %	6,50%	8,89%
Equity ratio	0,07	0,05
Return on assets %	0,49%	0,49%

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>31.03.2020</u>	<u>31.03.2019</u>
Cash	276 921	205 245
Receivables and prepayments	148 438	18 253
Total current assets	<u>425 359</u>	<u>223 498</u>
Investment properties	15 750 000	15 700 000
Tangible fixed assets	12 210	19 401
Goodwill	800 513	1 013 981
Total fixed assets	<u>16 562 723</u>	<u>16 733 382</u>
TOTAL ASSETS	<u>16 988 082</u>	<u>16 956 880</u>
Short-term loans payable	460 000	460 000
Payables and prepayments	176 074	120 818
Total current liabilities	<u>636 074</u>	<u>580 818</u>
Long-term loans payable	12 770 185	13 230 183
Long-term provisions	2 304 861	2 213 732
Total non-current liabilities	<u>15 075 046</u>	<u>15 443 915</u>
TOTAL LIABILITIES	<u>15 711 120</u>	<u>16 024 733</u>
Share capital	2 500	2 500
Retained earnings	1 274 462	929 647
TOTAL EQUITY	<u>1 276 962</u>	<u>932 147</u>
TOTAL LIABILITIES AND EQUITY	<u>16 988 082</u>	<u>16 956 880</u>

CONSOLIDATED INCOME STATEMENT
(EUR)

	2020 1Q	2019 1Q
Sales revenue	327 570	325 225
Other operating expenses	-18 982	-3 641
Staff costs	-81	-84
Depreciation of fixed assets	-55 206	-55 845
Operating profit	253 301	265 655
Financial income (expenses)	-139 177	-139 993
Profit before income tax	114 124	125 662
Income tax	-31 079	-42 755
Net profit for financial year	83 045	82 907
including the share of the owners of the parent company in net profit	83 045	82 907

CONSOLIDATED CASH FLOW STATEMENT (EUR)

	2020 1Q	2019 1Q
Operating profit (loss)	253 301	265 655
Adjustments (depreciation of fixed assets)	55 206	55 845
Change in receivables and prepayments related to operating activities	-136 980	-8 517
Change in payables and prepayments related to operating activities	-3 350	-12 429
Total cash flow from operating activities	298 177	300 554
Total cash flow from investing activities	0	0
Repayments of loans received and redemption of bonds	-115 000	-115 000
Interest paid	-139 175	-139 993
Total cash flow from financing activities	-254 175	-254 993
Total cash flow	-85 998	45 461
Cash at beginning of period	362 919	159 684
Change in cash	-85 998	45 561
Cash at end of period	276 921	205 245

Statement of the Management Board

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

Marko Tali
Member of the Management Board
Tallinn, 05.05.2020