

## CONSOLIDATED INTERIM REPORT

### UPP & CO KAUNO 53 OÜ

Beginning of reporting period: January 1<sup>st</sup>, 2021  
End of reporting period: September 30<sup>st</sup>, 2021

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# MANAGEMENT REPORT

## General information

UPP & CO Kauno 53 OÜ, the parent company of the consolidation group, was founded in order to acquire and manage investment property and involve additional capital for these transactions.

In 2017, the company acquired 100% holding in Promalita UAB, a company registered in the Republic of Lithuania, which owns a logistics centre near Vilnius. The net internal area of the centre is 21,232 m<sup>2</sup> and it is fully rented out. Rimi retail chain is the anchor tenant.

The consolidation group considers the general (macroeconomic) condition of the operating environment to be good and its impact on economic performance is neutral. Likewise, the business operations of the consolidation group are not affected by seasonality as the economic activity is not cyclical by nature. The activities of the company have no major environmental and social impacts.

No risks related to fluctuations in currency exchange, interest and stock exchange rates have emerged during the financial year and the period of preparation of the report. Since the consolidation group was created solely for its current activities, there are no planned structural changes in business operations.

The management is not in possession of any information concerning trends, uncertainties, claims, obligations or events that could likely have a significant impact on the prospects of the consolidation group in the period following the reporting period outside the regular commercial activities of the consolidation group.

The commercial activities of the consolidation group constitute collecting income from rent, managing the real estate object, and servicing loan obligations. Loan obligations comprise bonds with a fixed interest rate and an investment loan whose interest is also fixed with a derivative contract. In terms of income, there is stable triple net lease income from lessees that is for the most part fixed with medium to long-term contracts and indexed according to inflation. Arising from the commercial activities of the consolidation group, its economic activities and financial results are generally not easily affected by various external factors.

## Important events

Apart from the COVID-19 outbreak, there were no significant events or changes in the Company or the consolidation 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 rental income was 327 766 euros for the third quarter of 2021 (2020 third quarter: 325 693). Operating profit was 234 093 euros for the third quarter of 2021 (2020 third quarter: 254 848). Net income was 94 693 euros for the third quarter of 2021 (2020 third quarter: 99 323).

The consolidation group is profitable and the increase in retained earnings ensures the required flexibility for bond redemption in the future. The Company is not planning to disburse the retained earnings before bond redemption. The Company has gradually reduced its obligation towards OP Bank, which strengthens the cash flow of the Company and provides the fundamentals for increase in profitability in the future.

No significant events other than regular operating activities, including the timely receipt of rent and utility charges, took place in the third quarter of 2021.

<b>Financial ratios of the Group</b>	<b>2021 9 months</b>	<b>2020 9 months</b>
Net profit margin %	28,28%	29,88%
Debt to equity ratio	8,23	8,74
Debt ratio	0,89	0,91
Long-term debt ratio	0,72	0,89
Return on equity %	16,60%	19,69%
Equity ratio	0,11	0,09
Return on assets %	1,66%	1,73%

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#### **Formulas for ratios**

Net profit margin % = total comprehensive income for the period/net rental income\*100

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

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#### **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>30.09.2021</u>	<u>30.09.2020</u>
Cash	533 519	360 058
Receivables and prepayments	9 317	143 846
<b>Total current assets</b>	<b><u>542 836</u></b>	<b><u>503 904</u></b>
Investment properties	15 750 000	15 750 000
Tangible fixed assets	4 055	8 938
Goodwill	480 311	693 779
<b>Total fixed assets</b>	<b><u>16 234 366</u></b>	<b><u>16 452 717</u></b>
<b>TOTAL ASSETS</b>	<b><u>16 777 202</u></b>	<b><u>16 956 621</u></b>
Short-term loans payable	460 000	460 000
Payables and prepayments	141 245	174 475
<b>Total current liabilities</b>	<b><u>601 245</u></b>	<b><u>634 475</u></b>
Long-term loans payable	12 080 184	12 540 184
Long-term provisions	2 278 019	2 295 255
<b>Total non-current liabilities</b>	<b><u>14 358 203</u></b>	<b><u>14 835 439</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>14 959 448</u></b>	<b><u>15 469 914</u></b>
Share capital	2 500	2 500
Retained earnings	1 815 254	1 484 207
<b>TOTAL EQUITY</b>	<b><u>1 817 754</u></b>	<b><u>1 486 707</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>16 777 202</u></b>	<b><u>16 956 621</u></b>

**CONSOLIDATED INCOME STATEMENT**  
(EUR)

	2021 Q3	2021 9 months	2020 Q3	2020 9 months
Sales revenue	327 766	985 069	325 693	979 782
Other operating expenses	-38 920	-87 679	-15 965	-56 436
Staff costs	-97	-290	-80	-240
Depreciation of fixed assets	-54 656	-163 752	-54 800	-165 212
<b>Operating profit</b>	<b>234 093</b>	<b>733 348</b>	<b>254 848</b>	<b>757 894</b>
<b>Financial income (expenses)</b>	<b>-120 528</b>	<b>-400 651</b>	<b>-138 577</b>	<b>-416 420</b>
<b>Profit before income tax</b>	<b>113 565</b>	<b>332 697</b>	<b>116 271</b>	<b>341 474</b>
Income tax	-18 922	-54 079	-16 948	-48 684
<b>Net profit for financial year</b>	<b>94 643</b>	<b>278 618</b>	<b>99 323</b>	<b>292 790</b>
including the share of the owners of the parent company in net profit	94 643	278 618	99 323	292 790

## CONSOLIDATED CASH FLOW STATEMENT

(EUR)

	<u>2021</u> <u>Q3</u>	<u>2021</u> <u>9</u> <u>months</u>	<u>2020</u> <u>Q3</u>	<u>2020</u> <u>9</u> <u>months</u>
Operating profit (loss)	234 093	733 348	254 848	757 894
Adjustments (depreciation of fixed assets)	54 656	163 752	54 800	165 212
Change in receivables and prepayments related to operating activities	915	-2 834	5 474	-135 635
Change in payables and prepayments related to operating activities	-11 737	-82 365	-4 525	-28 954
<b>Total cash flow from operating activities</b>	<b>277 927</b>	<b>811 901</b>	<b>310 597</b>	<b>758 517</b>
Repayments of loans received and redemption of bonds	-115 000	-345 000	-115 000	-345 000
Interest paid	-139 834	-411 003	-138 538	-416 378
<b>Total cash flow from financing activities</b>	<b>-254 834</b>	<b>-756 003</b>	<b>-253 538</b>	<b>-761 378</b>
<b>Total cash flow</b>	<b>23 093</b>	<b>55 898</b>	<b>57 059</b>	<b>-2 861</b>
<b>Cash at beginning of period</b>	<b>510 426</b>	<b>477 621</b>	<b>302 999</b>	<b>362 919</b>
Change in cash	23 093	55 898	57 059	-2 861
<b>Cash at end of period</b>	<b>533 519</b>	<b>533 519</b>	<b>360 058</b>	<b>360 058</b>

### Statement of the Management Board

The financial and other additional information published in the Interim Report July – September 2021 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 July – September 2021 are not audited.

Marko Tali  
Member of the Management Board  
Tallinn, 31.10.2021