



# UNITED PARTNERS

Interim report for 12 months 2022

UPP Olaines OÜ



Interim report for 12 months 2022 (unaudited)

Reporting period: 01.01.2022 - 31.12.2022 ('12 months 2022')

Company name: UPP Olaines OÜ

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## MANAGEMENT REPORT FOR 12 MONTHS 2022

### General information

UPP Olaines OÜ (hereafter 'the Company' and 'the Group' when referred together with subsidiaries) 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 fourth quarter and twelve months of 2022

Sales revenue was 652 811 euros in 4Q 2022 (603 475 euros in 2021) and 2 615 111 euros for the twelve months of 2022 (2 468 596 euros for 2021). Operating income was 62 085 euros in 4Q 2022 (570 208 euros in 2021) and 3 275 542 euros for the twelve months of 2022 (2 263 629 euros for 2021). In 4Q 2022 the Group incurred a net loss in the amount of 185 105 euros (net income of 339 821 euros in 2021) and net income of 2 219 790 euros for the twelve months of 2022 (1 290 577 euros for 2021).

Increase in Sales revenue was due to changes in revenue calculation method. In 2022 the cost of goods and services sold (COGS) was calculated separately from Rental income, but in 2021 COGS was included in Rental income and instead of Sales revenue the Group reported Net rental income.

Lower Operating income in 4Q 2022 resulted from the real estate revaluation that took place in November 2022. The value of the Investment property decreased by 69 000 euros compared to March 2022 valuation, however the property improvements made during 2022 in the amount of 478 000 euros were also written off, which had a significant impact on 4Q results. In the revaluation that took place in March 2022, the value of the Investment property was increased by 1 600 000 euros and the property improvements made during 2021 in the amount of 185 000 euros were written off. The March revaluation affected positively Operating- and Net income for year 2022.

## Loan Extension Agreement of SIA Olaines Logistics

Luminor has issued a committe decision according to which the maturity of the loan provided by Luminor Bank AS to SIA Olaines Logistics will be extended until February 2025 and the principal amount is increased by at least 1 800 000 euros for the construction of the solar park in Olaines Logistics Park. The Bank Margin Interest Rate will be increased by 35 basis points to 2.75% to which is also added the three-month EURIBOR. We are considering various strategies for fixing the EURIBOR-dependent interest rate. We expect the corresponding agreements to be signed by end of March.

## Key indicators of financial performance and position for 12 months 2022

(in EUR)	4Q 2022	4Q 2021	12 months 2022	12 months 2021
Sales revenue	681 205	603 475	2 701 374	2 468 596
Operating income	62 085	570 208	3 275 542	2 263 629
EBITDA	609 651	570 208	2 388 715	2 263 629
Net income	(185 105)	339 821	2 219 790	1 290 577
(in EUR)			31.12.2022	31.12.2021
Investment property			32 870 000	31 320 000
Interest-bearing loans			25 309 361	26 358 361
Interest-bearing loans less shareholder's loan			22 352 333	23 416 333
			12 months 2022	12 months 2021
Net profit margin, % (Net income / Sales revenue)			82,17%	52,28%
ROA (Net income / Average fixed assets)			6,73%	4,00%
Debt-to-EBITDA (Interest-bearing loans less shareholder's loan / EBITA)			9,4	10,3
LTV (Interest-bearing loans less shareholder's loan / Investment property)			68,00%	74,76%
DSCR (EBITA/ Loan principal and interest payments on interest-bearing loans)			1,1	1,1

## Management board and supervisory board

The management board of UPP Olaines OÜ has one member: Marko Tali, the chairman of the board. The management board of Olaines Logistics SIA has also one member: Siim Sild, chairman of the 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 of UPP Olaines OÜ. The member of board of Olaines Logistics SIA receives remuneration according to Latvian legislation.

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	4Q 2022	4Q 2021	12 months 2022	12 months 2021
Sales revenue	5	681 205	603 475	2 701 374	2 468 596
Cost of goods sold	7	(24 747)	0	(136 876)	0
<b>Gross profit</b>		<b>656 458</b>	<b>603 475</b>	<b>2 564 498</b>	<b>2 468 596</b>
General and administrative expenses	8	(46 807)	(33 267)	(175 783)	(204 967)
Real estate investment revaluation	5	(69 000)	0	1 550 000	0
Depreciation of fixed assets		(478 566)	0	(663 173)	0
<b>Operating income</b>		<b>62 085</b>	<b>570 208</b>	<b>3 275 542</b>	<b>2 263 629</b>
Financial income / (cost)		(247 190)	(230 387)	(1 055 752)	(973 052)
<b>Profit before income tax</b>		<b>(185 105)</b>	<b>339 821</b>	<b>2 219 790</b>	<b>1 290 577</b>
Income tax		0	0	0	0
<b>Net income</b>		<b>(185 105)</b>	<b>339 821</b>	<b>2 219 790</b>	<b>1 290 577</b>
<b>Total comprehensive income for the period</b>		<b>(185 105)</b>	<b>339 821</b>	<b>2 219 790</b>	<b>1 290 577</b>

### Condensed consolidated interim statement of financial position

(in EUR)	Note	31.12.2022	31.12.2021
Cash and cash equivalents		516 673	706 599
Trade and other receivables		245 822	339 207
<b>Total current assets</b>		<b>762 495</b>	<b>1 045 806</b>
Investment property	5	32 870 000	31 320 000
<b>Total non-current assets</b>		<b>32 870 000</b>	<b>31 320 000</b>
<b>TOTAL ASSETS</b>		<b>33 632 495</b>	<b>32 365 806</b>
Trade and other payables		853 062	595 748
Financial derivatives	9	0	162 078
Loans and borrowings	6	16 137 333	23 416 333
<b>Total current liabilities</b>		<b>16 990 395</b>	<b>24 174 159</b>
Loans and borrowings	6	9 172 028	2 942 028
<b>Total non-current liabilities</b>		<b>9 172 028</b>	<b>2 942 028</b>
<b>TOTAL LIABILITIES</b>		<b>26 162 423</b>	<b>27 116 187</b>
Share capital		2 500	2 500
Retained earnings		7 467 572	5 247 119
<b>TOTAL EQUITY</b>		<b>7 470 072</b>	<b>5 249 619</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>33 632 495</b>	<b>32 365 806</b>

### Condensed consolidated interim statement of cash flows

(eurodes)	Note	4Q 2022	4Q 2021	12 months 2022	12 months 2021
<b>Operating income</b>		<b>62 085</b>	<b>570 208</b>	<b>3 275 542</b>	<b>2 263 629</b>
Adjustments		547 566	0	(886 827)	0
Decrease / (increase) in receivables		16 659	(49 925)	93 384	(28 556)
Increase / (decrease) in payables		21 495	(19 661)	66 605	(165 654)
Other adjustments		0	0	(185 177)	0
<b>Cash flows from operating activities</b>		<b>647 805</b>	<b>500 622</b>	<b>2 363 527</b>	<b>2 069 419</b>
Paid for real estate investments		(107 143)	0	(477 333)	0
Received interests		0	0	0	0
<b>Cash flows from investment activities</b>		<b>(107 143)</b>	<b>0</b>	<b>(477 333)</b>	<b>0</b>
Loans received		15 000		15 000	
Repayments of loans and borrowings		(266 000)	(266 000)	(1 064 000)	(1 064 000)
Interests paid		(240 246)	(240 892)	(1 027 120)	(975 193)
<b>Cash flows from financing activities</b>		<b>(491 246)</b>	<b>(506 892)</b>	<b>(2 076 120)</b>	<b>(2 039 193)</b>
<b>Net increase / (decrease) in cash and equivalents</b>		<b>49 416</b>	<b>(6 270)</b>	<b>(189 926)</b>	<b>30 226</b>
Cash and equivalents at the beginning of the period		467 257	712 869	706 599	676 373
Cash and cash equivalents and the end of the period		516 673	706 599	516 673	706 599

### Condensed consolidated interim statement of changes in equity

(in EUR)	Share capital	Retained earnings	Equity
<b>Balance at 31.12.2021</b>	<b>2500</b>	<b>5 247 119</b>	<b>5 249 619</b>
Total comprehensive income		2 219 790	2 219 790
Other changes		663	663
<b>Balance at 31.12.2022</b>	<b>2500</b>	<b>7 467 572</b>	<b>7 470 072</b>

(in EUR)	Share capital	Retained earnings	Equity
<b>Balance at 31.12.2020</b>	<b>2500</b>	<b>3 956 582</b>	<b>3 959 082</b>
Total comprehensive income		1 290 577	1 290 577
Other changes		(40)	(40)
<b>Balance at 31.12.2021</b>	<b>2500</b>	<b>5 247 119</b>	<b>5 249 619</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### NOTE 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 31.12.2022 is as follows:



### NOTE 2 Summary of significant accounting policies

#### Basis of preparation

These unaudited condensed consolidated interim financial statements of UPP Olaines OÜ for 12 months 2022 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 31.12.2021. 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.

#### 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.

### NOTE 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.

#### NOTE 4 Subsidiaries

UPP Olaines OÜ has a dominant holding in the following companies:

Company name	Direct parent company	Country of location	Holding		Activities
			31.12.2022	31.12.2021	
Olaines Logistics SIA	UPP Olaines OÜ	Latvia	100%	100%	Asset-owning company

#### NOTE 5 Reportable segments

Area of activity (in EUR)	4Q 2022	Income from third parties		
		4Q 2021	12 months 2022	12 months 2021
Net rental income	652 811	603 475	2 615 111	2 468 596
Other income	28 394		86 263	
<b>Total Sales revenue</b>	<b>681 205</b>	<b>603 475</b>	<b>2 701 374</b>	<b>2 468 596</b>

Geographical region (in EUR)	4Q 2022	Income from third parties		
		4Q 2021	12 months 2022	12 months 2021
Total Sales revenue, Latvia	681 205	603 475	2 701 374	2 468 596
<b>Total</b>	<b>681 205</b>	<b>603 475</b>	<b>2 701 374</b>	<b>2 468 596</b>

Geographical region (in EUR)	Investment property			
	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Latvia	32 870 000	31 320 000	31 320 000	30 909 000
<b>Total</b>	<b>32 870 000</b>	<b>31 320 000</b>	<b>31 320 000</b>	<b>30 909 000</b>

#### NOTE 6 Loans and borrowings

31.12.2022 (in EUR)	Loans and borrowings by maturity				
	0-12 months	1-5 years	Total	Interest rate	Maturity
Bank loan	16 137 333	0	16 137 333	3m Euribor+2,4%	31.01.2023
Subordinated bonds	0	6 215 000	6 215 000	6%	25.02.2025
Shareholder's loan	0	2 957 028	2 957 028	7%	Termless
<b>Total loan liabilities</b>	<b>16 137 333</b>	<b>9 172 028</b>	<b>25 309 361</b>		

31.12.2021 (in EUR)	Loans and borrowings by maturity				
	0-12 months	1-5 years	Total	Interest rate	Maturity
Bank loan	17 201 333	0	17 201 333	3m Euribor+2,4%	30.11.2022



Subordinated bonds	6 215 000	0	6 215 000	7%	10.11.2022
Shareholder's loan	0	2 942 028	2 942 028	7%	Termless
<b>Total loan liabilities</b>	<b>23 416 333</b>	<b>2 942 028</b>	<b>26 358 361</b>		

## NOTE 7 Cost of goods sold

(in EUR)	4Q 2022	4Q 2021	12 months 2022	12 months 2021
Current repairs	(8 790)	0	(49 788)	0
Cleaning service	0	0	0	0
Removal of snow	0	0	(15 527)	0
Property insurance	(1 859)	0	(8 953)	0
Real estate- and Land taxes	(14 098)	0	(62 608)	0
Other services	0	0	0	0
<b>Total</b>	<b>(24 747)</b>	<b>0</b>	<b>(136 876)</b>	<b>0</b>

## NOTE 8 General administrative expenses

(eurodes)	4Q 2022	4Q 2021	12 months 2022	12 months 2021
Management fee (group companies)	(25 593)	(25 593)	(102 372)	(106 398)
Phone, post, office expenses	(199)	(221)	(931)	(920)
Bank fees	(67)	(48)	(1 198)	(302)
Nasdaq and depository fees	(3 073)	(2 089)	(10 755)	(9 559)
Legal, consulting	(8 786)	0	(14 138)	(1 395)
Accounting and auditing	(1 507)	(1 179)	(22 782)	(22 566)
Salaries	(1 500)	(1 500)	(6 000)	(6 000)
Social tax	(358)	(358)	(1 420)	(1 420)
Other administrative expenses	(5 724)	(2 279)	(16 187)	(56 407)
<b>Total</b>	<b>(46 807)</b>	<b>(33 267)</b>	<b>(175 783)</b>	<b>(204 967)</b>

## NOTE 9 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).

31.12.2022 (in EUR)	Financial liabilities		
	Level 1	Level 2	Level 3
Derivative instruments		0	

<b>31.12.2021</b>	Financial liabilities		
(in EUR)	Level 1	Level 2	Level 3
Derivative instruments		162 078	

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

<b>31.12.2022</b>				
(in EUR)	Level 1	Level 2	Level 3	Carrying amount
<b>Financial assets</b>	<b>516 673</b>		<b>245 822</b>	<b>762 495</b>
Cash and cash equivalents	516 673			516 673
Trade and other receivables			245 822	245 822
<b>Financial liabilities</b>			<b>26 162 423</b>	<b>26 162 423</b>
Interest-bearing loans and borrowings			25 309 361	25 309 361
Trade and other payables			853 062	853 062

<b>31.12.2021</b>				
(in EUR)	Level 1	Level 2	Level 3	Carrying amount
<b>Financial assets</b>	<b>706 599</b>		<b>339 207</b>	<b>1 045 806</b>
Cash and cash equivalents	706 599			706 599
Trade and other receivables			339 207	339 207
<b>Financial liabilities</b>			<b>26 954 109</b>	<b>26 954 109</b>
Interest-bearing loans and borrowings			26 358 361	26 358 361
Trade and other payables			595 748	595 748

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

#### NOTE 10 Transactions with related parties

##### Parent entities

The company is controlled by the following entities:

Name	Type	Residence	Ownership interest	
			31.12.2022	31.12.2021
UPP Logistics Properties OÜ	Immediate parent	Eesti	100%	100%

##### Related party transactions and balances

During 12 months 2022, related party transactions occurred regarding the loan granted by UPP Logistics Properties OÜ to UPP Olaines OÜ, as detailed below:

<b>Loans from UPP Logistics Properties OÜ</b>		
(in EUR)	12 months 2022	12 months 2021
Beginning of period loan balance	2 942 028	2 948 300
Interest expense	(205 971)	(205 942)
Interest paid	0	0
Balance correction	15 000	(6 272)

End of period loan balance

2 957 028

2 942 028

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## 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 12 months ended 31 December 2022 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 and that there has been no occurrence of an Extraordinary Early Redemption Event in 12 months 2022.

Signed digitally,

Marko Tali

Chairman of board of UPP Olaines OÜ

30.03.2023, Tallinn