

CONSOLIDATED INTERIM REPORT

UPP & CO KAUNO 53 OÜ

Beginning of reporting period: January 1st, 2021
End of reporting period: March 31st, 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 m² 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 329 799 euros for the first quarter of 2021 (2020 first quarter: 327 570). Operating profit was 242 647 euros for the first quarter of 2021 (2020 first quarter: 253 301). Net income was 85 666 euros for the first quarter of 2021 (2020 first quarter: 83 045).

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 first quarter of 2021.

Financial ratios of the Group	2021 3 months	2020 3 months
Net profit margin %	26%	25%
Debt to equity ratio	9,38	10,36
Debt ratio	0,90	0,92
Long-term debt ratio	0,76	0,92
Return on equity %	5,27%	6,50%
Equity ratio	0,10	0,07
Return on assets %	0,51%	0,49%

Formulas for ratios

Net profit margin %, total comprehensive income for the period/net rental income

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>31.03.2021</u>	<u>31.03.2020</u>
Cash	512 323	276 921
Receivables and prepayments	7 973	148 438
Total current assets	<u>520 296</u>	<u>425 359</u>
Investment properties	15 750 000	15 750 000
Tangible fixed assets	6 477	12 210
Goodwill	587 045	800 513
Total fixed assets	<u>16 343 522</u>	<u>16 562 723</u>
TOTAL ASSETS	<u>16 863 818</u>	<u>16 988 082</u>
Short-term loans payable	460 000	460 000
Payables and prepayments	181 207	176 074
Total current liabilities	<u>641 207</u>	<u>636 074</u>
Long-term loans payable	12 310 184	12 770 185
Long-term provisions	2 287 625	2 304 861
Total non-current liabilities	<u>14 597 809</u>	<u>15 075 046</u>
TOTAL LIABILITIES	<u>15 239 016</u>	<u>15 711 120</u>
Share capital	2 500	2 500
Retained earnings	1 622 302	1 274 462
TOTAL EQUITY	<u>1 624 802</u>	<u>1 276 962</u>
TOTAL LIABILITIES AND EQUITY	<u>16 863 818</u>	<u>16 988 082</u>

CONSOLIDATED INCOME STATEMENT
(EUR)

	2021 1Q	2020 1Q
Sales revenue	329 799	327 570
Other operating expenses	-32 458	-18 982
Staff costs	-97	-81
Depreciation of fixed assets	-54 597	-55 206
Operating profit	242 647	253 301
Financial income (expenses)	-140 132	-139 177
Profit before income tax	102 515	114 124
Income tax	-16 849	-31 079
Net profit for financial year	85 666	83 045
including the share of the owners of the parent company in net profit	85 666	83 045

CONSOLIDATED CASH FLOW STATEMENT (EUR)

	2021 1Q	2020 1Q
Operating profit (loss)	242 647	253 301
Adjustments (depreciation of fixed assets)	54 597	55 206
Change in receivables and prepayments related to operating activities	-1 491	-136 980
Change in payables and prepayments related to operating activities	-5 919	-3 350
Total cash flow from operating activities	289 834	298 177
Repayments of loans received and redemption of bonds	-115 000	-115 000
Interest paid	-140 132	-139 175
Total cash flow from financing activities	-255 132	-254 175
Total cash flow	34 702	-85 998
Cash at beginning of period	477 621	362 919
Change in cash	34 702	-85 998
Cash at end of period	512 323	276 921

Statement of the Management Board

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

Marko Tali
Member of the Management Board
Tallinn, 30.04.2021