

CONSOLIDATED INTERIM REPORT

UPP & CO KAUNO 53 OÜ

Beginning of reporting period: January 1st, 2022
End of reporting period: March 31st, 2022

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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 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. 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.

The consolidation group considers the macroeconomic condition of the operating environment to be uncertain, mainly due to expected rise interest rates and slowing economic growth, however the impact of these conditions to the economic performance for the current financial year is expected to be neutral. 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.

The consolidation group was created solely for managing the logistics centre and 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.

Important events

Prolongation of bank loan agreement

On 30th March 2022, Promalita UAB, a subsidiary of the consolidation group, prolonged the loan agreement with OP bank until 31st March, 2027. The interest rate also increased from 1.75% to 1.91% due to increased cost of capital of the bank. The loan amount and the repayment schedule remained unchanged.

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 316 432 euros for the first quarter of 2022 (2021 first quarter: 329 799). Operating profit was 642 116 euros for the first quarter of 2022 (2021 first quarter: 242 647). Net income was 442 283 euros for the first quarter of 2022 (2021 first quarter: 85 666).

The increase in operating and net profit was due to investment property revaluation made by certified evaluators.

Financial ratios of the Group	2022 3 months	2021 3 months
Net profit margin %	139.77%	26%
Debt to equity ratio	6.22	9.38
Debt ratio	0.86	0.9
Long-term debt ratio	0.72	0.76
Return on equity %	18.59%	5.27%
Equity ratio	0.14	0.10
Return on assets %	2.58%	0.51%

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>31.03.2022</u>	<u>31.03.2021</u>
Cash	631 377	512 323
Receivables and prepayments	<u>12 521</u>	<u>7 973</u>
Total current assets	<u>643 898</u>	<u>520 296</u>
Investment properties	16 150 000	15 750 000
Tangible fixed assets	1 826	6 477
Goodwill	<u>373 577</u>	<u>587 045</u>
Total fixed assets	<u>16 525 403</u>	<u>16 343 522</u>
TOTAL ASSETS	<u>17 169 301</u>	<u>16 863 818</u>
Short-term loans payable	460 000	460 000
Payables and prepayments	<u>152 281</u>	<u>181 207</u>
Total current liabilities	<u>612 281</u>	<u>641 207</u>
Long-term loans payable	11 850 184	12 310 184
Long-term provisions	<u>2 328 413</u>	<u>2 287 625</u>
Total non-current liabilities	<u>14 178 597</u>	<u>14 597 809</u>
TOTAL LIABILITIES	<u>14 790 878</u>	<u>15 239 016</u>
Share capital	2 500	2 500
Retained earnings	<u>2 375 923</u>	<u>1 622 302</u>
TOTAL EQUITY	<u>2 378 423</u>	<u>1 624 802</u>
TOTAL LIABILITIES AND EQUITY	<u>17 169 301</u>	<u>16 863 818</u>

CONSOLIDATED INCOME STATEMENT

(EUR)

	1Q 2022	1Q 2021
Sales revenue	316 432	329 799
Other revenues	400 000	0
Total revenues from operating activities	716 432	329 799
Cost of goods sold	-197	0
Other operating expenses	-19 525	-32 458
Staff costs	-114	-97
Depreciation of fixed assets	-54 480	-54 597
Operating profit	642 116	242 647
Financial income (expenses)	-124 627	-140 132
Profit before income tax	517 489	102 515
Income tax	-75 206	-16 849
Net profit for financial year	442 283	85 666
including the share of the owners of the parent company in net profit	442 283	85 666

CONSOLIDATED CASH FLOW STATEMENT

(EUR)	1Q 2022	1Q 2021
Operating profit (loss)	642 116	242 647
Adjustments (depreciation of fixed assets)	54 480	54 597
Other corrections	-400 000	0
Change in receivables and prepayments related to operating activities	-322	-1 491
Change in payables and prepayments related to operating activities	-22 515	-5 919
Total cash flow from operating activities	273 759	289 834
Repayments of loans received and redemption of bonds	-115 000	-115 000
Interest paid	-124 626	-140 132
Total cash flow from financing activities	-239 626	-255 132
Total cash flow	34 133	34 702
Cash at beginning of period	597 244	477 621
Change in cash	34 133	34 702
Cash at end of period	631 377	512 323

Statement of the Management Board

The financial and other additional information published in the Interim Report January – March 2022 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 2022 are not audited.

Marko Tali
Member of the Management Board
Tallinn, 23.08.2022