

CONSOLIDATED INTERIM REPORT

UPP & CO KAUNO 53 OÜ

Beginning of reporting period: January 1st, 2022
End of reporting period: September 30st, 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 because of rising interest rates and predicted decline in economic activity, however, management estimates the impact of these conditions to the economic performance for the current financial year to be neutral. Higher interest rates lead to an increase in the cost of credit, which affect the financial results of the next year to a certain extent. Nevertheless it will not affect the consolidation group's ability to service its debts, since the consolidation group has accumulated enough reserves and a large portion of the consolidation group's borrowing costs have been fixed.

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.

Comment on economic performance and management report

Net rental income was 320 986 euros for the third quarter of 2022 (2021 third quarter: 327 766). Operating profit was 251 563 euros for the third quarter of 2022 (2021 third quarter: 234 093). Net income was 117 338 euros for the third quarter of 2022 (2021 third quarter: 94 643).

The increase in operating and net profit was due to lower administrative costs if compared with 2021 third quarter, where administrative costs were affected by legal costs related to changing the Terms and Conditions of the Note Issue.

Financial ratios of the Group	2022 9 months	2021 9 months
Net profit margin %	36,56%	28,87%
Debt to equity ratio	4,63	6,90
Debt ratio	0,85	0,89
Long-term debt ratio	0,82	0,87
Return on equity %	29,90%	16,62%
Equity ratio	0,15	0,11
Return on assets %	3,95%	1,65%

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 loan liabilities/(long-term loan liabilities+ equity)

Return on equity (ROE %) = (net profit/average equity for 12 months)*100

Equity ratio = equity/(average assets for 12 months)

Return on assets (ROA %) = net profit/(average assets for 12 months)*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>30.09.2022</u>	<u>30.09.2021</u>
Cash	691 703	533 519
Receivables and prepayments	8 830	9 317
Total current assets	<u>700 533</u>	<u>542 836</u>
Investment properties	16 150 000	15 750 000
Tangible fixed assets	699	4 055
Goodwill	266 843	480 311
Total fixed assets	<u>16 417 542</u>	<u>16 234 366</u>
TOTAL ASSETS	<u>17 118 075</u>	<u>16 777 202</u>
Short-term loans payable	460 000	460 000
Payables and prepayments	111 362	141 245
Total current liabilities	<u>571 362</u>	<u>601 245</u>
Long-term loans payable	11 620 184	12 080 184
Long-term provisions	2 318 808	2 278 019
Total non-current liabilities	<u>13 938 992</u>	<u>14 358 203</u>
TOTAL LIABILITIES	<u>14 510 354</u>	<u>14 959 448</u>
Share capital	2 500	2 500
Retained earnings	2 605 221	1 815 254
TOTAL EQUITY	<u>2 607 721</u>	<u>1 817 754</u>
TOTAL LIABILITIES AND EQUITY	<u>17 118 075</u>	<u>16 777 202</u>

CONSOLIDATED INCOME STATEMENT

(EUR)	2022 Q3	2022 9 months	2021 Q3	2021 9 months
Sales revenue	320 986	959 509	327 766	985 069
Other revenues	0	400 000	0	0
Total revenues from operating activities	320 986	1 359 509	327 766	985 069
Cost of goods sold	-534	-731	0	0
Other operating expenses	-15 397	-56 138	-38 920	-87 679
Staff costs	-112	-340	-97	-290
Depreciation of fixed assets	-53 380	-162 340	-54 656	-163 752
Operating profit	251 563	1 139 960	234 093	733 348
Financial income (expenses)	-117 049	-358 985	-120 528	-400 651
Profit before income tax	134 514	780 975	113 565	332 697
Income tax	-17 176	-109 394	-18 922	-54 079
Net profit for financial year	117 338	671 581	94 643	278 618
including the share of the owners of the parent company in net profit	117 338	671 581	94 643	278 618

CONSOLIDATED CASH FLOW STATEMENT

(EUR)	2022 Q3	2022 9 months	2021 Q3	2021 9 months
Operating profit (loss)	251 563	1 139 960	234 093	733 348
Adjustments (depreciation of fixed assets)	53 380	162 340	54 656	163 752
Other corrections	0	-400 000	0	0
Change in receivables and prepayments related to operating activities	-2 112	3 370	915	-2 834
Change in payables and prepayments related to operating activities	-18 720	-120 660	-11 737	-82 365
Total cash flow from operating activities	284 111	785 010	277 927	811 901
Loans issued and bonds purchased	0	0	-350 000	-350 000
Repayment of issued loans and bond redemption	0	0	350 000	350 000
Repayments of loans received and redemption of bonds	-115 000	-345 000	-115 000	-345 000
Interest paid	-117 051	-275 051	-139 834	-411 003
Paid dividends	0	-70 500	0	0
Total cash flow from financing activities	-232 051	-690 551	-254 834	-756 003
Total cash flow	52 060	94 459	23 093	55 898
Cash at beginning of period	639 643	597 244	510 426	477 621
Change in cash	52 060	94 459	23 093	55 898
Cash at end of period	691 703	691 703	533 519	533 519

Statement of the Management Board

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

Marko Tali
Member of the Management Board
Tallinn, 03.11.2022