

# UPP & CO Kauno 53 OÜ

Interim Report

July – September 2017

# Main Events of 3Q 2017

## **Collateral established for Investors**

July 27<sup>th</sup> the Company established 2<sup>nd</sup> ranking mortgage over the property, building and equipment in favour of Investors in the amount EUR 6,110,000. According to Note Terms and Conditions, the mortgage releases the mother company United Partners Property OÜ Guarantee over the Company.

## **Changes in Terms and Conditions**

Due to establishing the mortgage in the amount EUR 6,110,000 and other conditions of the senior loan agreement, the Terms and Conditions had to be amended. July 27<sup>th</sup> the Company made a public announcement, where Investors consent was requested to amend the Terms as some provisions in the current wording were not fully in line with senior financing loan agreement. After the announcement the Company contacted each investor and forwarded the Request for Consent for changing the Terms, which included among other things the three provisions subject to amendment and the new wording of these provisions.

A waiver to change to wording of the Terms and Conditions was granted without exception by all Investors for all the Notes issued. With its 17<sup>th</sup> August resolution pursuant to Section 15.4 of the Terms, the Management Board confirmed the new wording of the Terms and Conditions.

## **United Partners establishes Investor Desk service**

In August the group company United Partners Advisory OÜ greeted a new member in our team. Glen Madis joined our forces with a mission to further improve relations with partners who have co-invested with United Partners in its projects. Glen can be contacted on all matters regarding the Notes, including if the investor wishes to buy or sell their Notes. Following are his contacts:

Glen Madis  
Investor relations  
+372 5513 102  
glen.madis@unitedpartners.ee

# Financial Performance (consolidated)

3Q 2017 – Net profit EUR 128,725

## Net Sales and Net Profit

- Net Sales amounted to **EUR 313,906** in 3<sup>rd</sup> quarter
- Net Operating Income amounted to **EUR 299,880** in 3<sup>rd</sup> quarter

## Expenses

- Operating expenses amounted to **EUR 19,930** in 3<sup>rd</sup> quarter
- Interest expense on loans and bonds issued amounted to **EUR 133,747**

## Interest-bearing liabilities

- Bank loan repaid in 3<sup>rd</sup> quarter **EUR 115,000**, loan outstanding **EUR 9,008,334**
- Bonds issued **EUR 4,700,000**

## DSCR

- Issuer consolidated **1.21**

# Statement of the Management Board

The financial and other additional information published in the Interim Report July – September 2017 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 2017 are not audited.



Hallar Loogma  
Member of the Management Board  
Tallinn, 31.10.2017

# Income Statement

(the Company, "Promalita" UAB and consolidated)

<b>PROFIT/LOSS STATEMENT</b> in euros	<b>K53</b>	<b>Promalita</b> 100%	<b>Cons.</b> 3Q2017	<b>YTD</b>	<b>Cons.</b> 2Q2017
Sales revenues	0	313,906	313,906	528,083	214,177
Other operating income	0	337	337	337	0
<b>Total revenues from operating activities</b>	<b>0</b>	<b>314,243</b>	<b>314,243</b>	<b>528,420</b>	<b>214,177</b>
Cost of goods sold	0	-7,578	-7,578	-25,375	-17,797
Administrative expenses	-1,381	-5,094	-6,475	-11,216	-4,741
Personnel expenses	0	-310	-310	-310	0
Depreciation of fixed assets	0	-5,567	-5,567	-5,567	0
<b>Total operating expenses</b>	<b>-1,381</b>	<b>-18,549</b>	<b>-19,930</b>	<b>-42,468</b>	<b>-22,538</b>
<b>Profit (loss) from operating activities</b>	<b>-1,381</b>	<b>295,694</b>	<b>294,313</b>	<b>485,952</b>	<b>191,639</b>
<b>Financial revenues (costs)</b>	<b>8,241</b>	<b>-149,071</b>	<b>-131,626</b>	<b>-248,568</b>	<b>-116,942</b>
<b>Net profit (loss) before taxation</b>	<b>6,860</b>	<b>146,623</b>	<b>162,687</b>	<b>237,384</b>	<b>74,697</b>
Corporate income tax	0	-33,962	-33,962	-40,612	-6,650
<b>Net profit (loss) of the period</b>	<b>6,860</b>	<b>112,661</b>	<b>128,725</b>	<b>196,772</b>	<b>68,047</b>

# Balance Sheets

(the Company, "Promalita" UAB and consolidated)

<b>BALANCE SHEET</b>	<b>K53</b>	<b>Promalita</b>	<b>Cons.</b>	<b>Cons.</b>
in euros		100%	30.09.2017	30.06.2017
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank	24,858	20,753	45,611	14,093
Accounts receivable and prepayments	69,487	45,945	45,261	72,823
Stock	0	10,223	10,223	0
<b>Total current assets</b>	<b>94,345</b>	<b>76,921</b>	<b>101,095</b>	<b>86,916</b>
<b>Non-current assets</b>				
Long-term financial investments	700	0	0	0
Log-term loans	5,463,700	0	0	0
Real Estate investments	0	15,350,000	15,350,000	15,514,002
Fixed assets	0	21,049	21,049	24,389
Goodwill	0	1,259,106	1,259,106	1,052,975
<b>Total non-current assets</b>	<b>5,464,400</b>	<b>16,630,155</b>	<b>16,630,155</b>	<b>16,591,366</b>
<b>TOTAL ASSETS</b>	<b>5,558,745</b>	<b>16,707,076</b>	<b>16,731,250</b>	<b>16,678,282</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Short-term loans	0	114,999	114,999	0
Accounts payables and other settlements	85,475	114,207	131,311	185,013
<b>Total current liabilities</b>	<b>85,475</b>	<b>229,206</b>	<b>246,310</b>	<b>185,013</b>
<b>Non-current liabilities</b>				
Long-term bank loan	0	8,893,335	8,893,335	9,123,333
Long-term bonds	4,700,000	0	4,700,000	4,700,000
Long-term shareholder's loan	763,700	5,463,700	763,700	719,500
Long-term provisions	0	1,937,839	1,937,839	1,879,889
<b>Total non-current liabilities</b>	<b>5,463,700</b>	<b>16,294,874</b>	<b>16,294,874</b>	<b>16,422,722</b>
<b>TOTAL LIABILITIES</b>	<b>5,549,175</b>	<b>16,524,080</b>	<b>16,541,184</b>	<b>16,607,735</b>
<b>EQUITY</b>				
Share capital	2,500	2,500	2,500	2,500
Retained earnings	7,070	180,496	187,566	68,047
<b>TOTAL EQUITY</b>	<b>9,570</b>	<b>182,996</b>	<b>190,066</b>	<b>70,547</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>5,558,745</b>	<b>16,707,076</b>	<b>16,731,250</b>	<b>16,678,282</b>

# Cash Flow Statement

(the Company, "Promalita" UAB and consolidated)

<b>CASH FLOW STATEMENT</b> in euros	<b>K53</b>	<b>Promalita</b> 100%	<b>Cons.</b> 3Q2017	<b>Cons.</b> 2Q2017
Profit from operating activities	-1,381	295,694	294,313	191,639
Corrections	0	-6,810	-6,810	0
Change in operating receivables and prepayments	1,116	-25,044	-23,928	-57,701
Change in reserves	0	-10,233	-10,233	-24,389
Change in operating liabilities and advances	-2,104	-15,173	-17,277	29,641
Paid interest	-94,000	-166,247	-133,747	-35,714
<b>Cash flows from operations</b>	<b>-96,369</b>	<b>72,187</b>	<b>102,318</b>	<b>103,476</b>
Acquisition of subsidiary	0	0	0	-14,590,527
Loans issued and bonds purchased	-54,000	0	0	0
Repayment of issued loans and bond redemption	4,500	0	0	0
Received interest	126,500	0	0	6
<b>Cash flows from investments</b>	<b>77,000</b>	<b>0</b>	<b>0</b>	<b>-14,590,251</b>
Loans received and bonds issued	44,200	54,000	44,200	14,615,500
Repayments of loans and redeemed bonds	0	-119,500	-115,000	-212,667
<b>Cash flows from financing</b>	<b>44,200</b>	<b>-65,500</b>	<b>-70,800</b>	<b>14,402,833</b>
<b>Total cash flows</b>	<b>24,831</b>	<b>6,687</b>	<b>31,518</b>	<b>-83,942</b>
Cash at the beginning of period	27	14,066	14,093	98,035
Changes in cash	24,831	6,687	31,518	-83,942
Cash at the end of period	24,858	20,753	45,611	14,093

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