

UPP & CO Kauno 53 OÜ

Interim Report

April – June 2018

Main Events of 2Q 2018

Maintenance works on UAB Rimi Lithuania new premises have been completed

The premises where UAB CAT Cargo Logistics used to operate have been handed over for regular operations to Rimi from the first quarter of 2018. The premises needed some light maintenance works which were completed in February. Additionally to the works that were performed, a faulty ventilation was detected as the weather got hotter. The reason was a burnt through plug in a fuse box that was replaced by the end of June and from there on out no further problems have arisen.

Regular technical maintenance of the premises

During the second quarter the main focus have been on the out-doors issues which were discovered during the regular technical evaluation of the property. An additional expertise has been made for the bigger and technically more complex works of (i) asphalt repair next to the loading docks and in-doors; and (ii) concrete flooring on the sections that are most intensively used. Negotiations with multiple contractors have started. This process is expected to continue throughout the third quarter. Additionally a small scale roofing works were performed in order to avoid any potential leaks during the approaching autumn season.

Vacancy, payment behaviour and indexation

As of 30th of June 2018 there is no vacancy in the building and all rental and utilities payments are received in time from all tenants.

Quarterly interest payment

Interest for UPP & CO Kauno 53 OÜ bonds was paid on July 17th, 2018. Interest was paid to the investors who held the notes as of July 10th, 2018.

Trends in the warehouse space in Lithuania during the first half of 2018

During the first half of 2018 the logistics market was continuously supported by lively industrial production growth and positive export dynamics. Currently eight new industrial/logistics properties are under construction in Vilnius, which will add around 65 000 sq. m. of new space, representing roughly 10% of the total gross leasable area in Vilnius. Despite the increased supply, market vacancy has remained on the 2% level. This would implicate that there is enough demand on the market to sink the additional warehouse space supply. We expect the rental rates to remain stable and any meaningful growth in near future would result from indexation of rent rates. In conclusion, the situation in Lithuanian warehouse space has been stable over the past years and this trend is expected to continue in the second half of 2018. (*Source: Ober-Haus Market Report Baltic states 2018*)

Financial Performance (consolidated)

2Q 2018 – Net profit **EUR 118 055**

Net Sales and Net Profit

- Net Sales amounted to **EUR 309 129** in 2nd quarter
- Net Operating Income amounted to **EUR 305 155** in 2nd quarter

Expenses

- Operating expenses amounted to **EUR 9 135** in 2nd quarter
- Interest expense on loans and bonds issued amounted to **EUR 144 966**

Interest-bearing liabilities

- Bank loan repaid in 2nd quarter **EUR 115 000**, loan outstanding **EUR 8 663 335**
- Issued bonds outstanding **EUR 4 700 000**

DSCR

- Issuer consolidated **1.2**

Statement of the Management Board

The financial and other additional information published in the Interim Report April – June 2018 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 April – June 2018 are not audited.

Hallar Loogma
Member of the Management Board
Tallinn, 27.07.2018

Income Statement

(the Company, "Promalita" UAB and consolidated)

PROFIT/LOSS STATEMENT in euros	K53	Promalita 100%	Cons. 2Q2018	YTD	Cons. 1Q2018
Sales revenues	0	309 129	309 129	618 475	309 346
Other operating income	0	2 921	2 921	2 921	0
Total revenues from operating activities	0	312 050	312 050	621 396	309 346
Cost of goods sold	0	0	0	0	0
Administrative expenses	-1 994	-2 795	-4 789	-12 944	-8 155
Personnel expenses	0	-438	-438	-876	-438
Depreciation of fixed assets	0	-3 908	-3 908	-8 421	-4 513
Total operating expenses	-1 994	-7 141	-9 135	-22 241	-13 106
Profit (loss) from operating activities	-1 994	304 909	302 915	599 155	296 240
Financial revenues (costs)	5 120	-150 086	-144 966	-288 635	-143 669
Net profit (loss) before taxation	3 126	154 823	157 949	310 520	152 571
Corporate income tax	0	-39 894	-39 894	-79 442	-39 548
Net profit (loss) for the period	3 126	114 929	118 055	231 078	113 023

Balance Sheets

(the Company, "Promalita" UAB and consolidated)

BALANCE SHEET	K53	Promalita	Cons.	Cons.
in euros		100%	30.06.2018	31.03.2018
ASSETS				
Current assets				
Cash and bank	38 809	61 939	100 748	68 495
Accounts receivable and prepayments	700	14 097	14 797	10 731
Stock	0	0	0	0
Total current assets	39 509	76 036	115 545	79 226
Non-current assets				
Long-term financial investments	3 200	0	0	0
Log-term loans	5 488 700	0	0	0
Real Estate investments	0	15 350 000	15 350 000	15 350 000
Fixed assets	0	29 888	29 888	33 796
Goodwill	0	1 280 818	1 280 818	1 280 818
Total non-current assets	5 491 900	16 660 706	16 660 706	16 664 614
TOTAL ASSETS	5 531 409	16 736 742	16 776 251	16 743 840
LIABILITIES AND EQUITY				
Current liabilities				
Short-term loans	0	230 000	230 000	345 000
Accounts payables and other settlements	77 288	38 524	115 812	118 950
Total current liabilities	77 288	268 524	345 812	463 950
Non-current liabilities				
Long-term bank loan	0	8 433 333	8 433 333	8 433 333
Long-term bonds	4 700 000	0	4 700 000	4 700 000
Long-term shareholder's loan	736 350	5 488 700	736 350	743 750
Long-term provisions	0	2 091 191	2 091 191	2 051 297
Total non-current liabilities	5 436 350	16 013 224	15 960 874	15 928 380
TOTAL LIABILITIES	5 513 638	16 281 748	16 306 686	16 392 330
EQUITY				
Share capital	2 500	2 500	2 500	2 500
Retained earning	15 271	452 494	467 065	349 010
Retained earning from previous periods	9 527	224 660	235 987	235 987
Retained earnings from current period	5 744	227 834	231 078	113 023
TOTAL EQUITY	17 771	454 994	469 565	351 510
TOTAL LIABILITIES AND EQUITY	5 531 409	16 736 742	16 776 251	16 743 840

Cash Flow Statement

(the Company, "Promalita" UAB and consolidated)

CASH FLOW STATEMENT in euros	K53	Promalita 100%	Cons. 2Q2018	Cons. 1Q2018
Profit from operating activities	-1 994	304 909	302 915	296 240
Amortization	0	3 908	3 908	4 513
Corrections	0	0	0	0
Change in operating receivables and prepayments	200	-4 266	-4 066	-1 887
Change in reserves	0	0	0	0
Change in operating liabilities and advances	-825	-2 311	-3 136	-9 775
Cash flows from operations	-2 619	302 240	299 621	289 091
Received interest	110 995	0	1	0
Cash flows from investments	110 995	0	1	0
Loans received and bonds issued	52 600	0	52 600	22 000
Repayments of loans and redeemed bonds	-60 000	-115 000	-175 000	-115 000
Paid interest	-105 876	-150 087	-144 969	-167 341
Cash flows from financing	-113 276	-265 087	-267 369	-260 341
Total cash flows	-4 900	37 153	32 253	28 750
Cash at the beginning of period	43 709	24 786	68 495	39 745
Changes in cash	-4 900	37 153	32 253	28 750
Cash at the end of period	38 809	61 939	100 748	68 495

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