

UPP & CO Kauno 53 OÜ

Interim Report

July – September 2018

Main Events of 3Q 2018

Changes in the corporate governance bodies of UPP & CO Kauno 53 OÜ and its subsidiary Priomalita UAB

During the September 13th shareholders and supervisory meeting of UPP & CO Kauno 53 OÜ (the Issuer), it was decided to change the board of directors and supervisory board of the Company and its subsidiary Promalita UAB.

Marko Tali, former member of the supervisory board of the Company was appointed as a new member of the board for the Company and Promalita UAB. Present board members of the Company Hallar Loogma and Kevin Soon were called back from the board. Hallar Loogma will also be called back from the board of Promalita UAB. Hallar Loogma will continue as a member of the supervisory board of the Company. On October 8th the changes in the management bodies of the Company were registered in the company register, the changes in Promalita UAB management shall commence during October.

Technical audit for the warehouse

Between 14th – 17th of August, Cityservice conducted a throughout technical audit for the property. Majority of the deficiencies discovered are mechanical, meaning that they have been caused by a small impact with a truck or a forklift and are easily repairable. No major deficiencies were discovered when auditing the supportive structures, water and sewage, electrical systems and ventilation systems.

Vacancy, payment behaviour and indexation

As of 30th of September 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 October 17th, 2018. Interest was paid to the investors who held the notes as of October 12th, 2018.

Financial Performance (consolidated)

3Q 2018 – Net profit **EUR 122 910**

Net Sales and Net Profit

- Net Sales amounted to **EUR 309 129** in 3rd quarter
- Net Operating Income amounted to **EUR 305 482** in 3rd quarter

Expenses

- Operating expenses amounted to **EUR 7 442** in 3rd quarter
- Interest expense on loans and bonds issued amounted to **EUR 142 074**

Interest-bearing liabilities

- Bank loan repaid in 3rd quarter **EUR 117 000**, loan outstanding **EUR 8 546 335**
- 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 July – September 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 July – September 2018 are not audited.

Marko Tali
Member of the Management Board
Tallinn, 23.10.2018

Income Statement

(the Company, "Promalita" UAB and consolidated)

PROFIT/LOSS STATEMENT in euros	K53	Promalita 100%	Cons. 3Q2018	YTD	Cons. 2Q2018
Sales revenues	0	309 129	309 129	927 604	309 129
Other operating income	0	3 795	3 795	6 716	2 921
Total revenues from operating activities	0	312 924	312 924	934 320	312 050
Cost of goods sold	0	0	0	0	0
Administrative expenses	-2 020	-1 446	-3 466	-16 410	-4 789
Personnel expenses	0	-81	-81	-957	-438
Depreciation of fixed assets	0	-3 895	-3 895	-12 316	-3 908
Total operating expenses	-2 020	-5 422	-7 442	-29 683	-9 135
Profit (loss) from operating activities	-2 020	307 502	305 482	904 637	302 915
Financial revenues (costs)	6 362	-148 436	-142 074	-430 709	-144 966
Net profit (loss) before taxation	4 342	159 066	163 408	473 928	157 949
Corporate income tax	0	-40 498	-40 498	-119 940	-39 894
Net profit (loss) of the period	4 342	118 568	122 910	353 988	118 055

Balance Sheets

(the Company, "Promalita" UAB and consolidated)

BALANCE SHEET	K53	Promalita	Cons.	Cons.
in euros		100%	30.09.2018	30.06.2018
ASSETS				
Current assets				
Cash and bank	38 010	18 731	56 741	100 748
Accounts receivable and prepayments	36 014	117 471	117 776	14 797
Stock	0	0	0	0
Total current assets	74 024	136 202	174 517	115 545
Non-current assets				
Long-term financial investments	3 200	0	0	0
Log-term loans	5 460 850	0	0	0
Real Estate investments	0	15 350 000	15 350 000	15 350 000
Fixed assets	0	25 995	25 995	29 888
Goodwill	0	1 280 818	1 280 818	1 280 818
Total non-current assets	5 464 050	16 656 813	16 656 813	16 660 706
TOTAL ASSETS	5 538 074	16 793 015	16 831 330	16 776 251
LIABILITIES AND EQUITY				
Current liabilities				
Short-term loans	0	115 000	115 000	230 000
Accounts payables and other settlements	79 849	78 581	122 483	115 812
Total current liabilities	79 849	193 581	237 483	345 812
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	5 460 850	736 350	736 350
Long-term provisions	0	2 131 689	2 131 689	2 091 191
Total non-current liabilities	5 436 350	16 025 872	16 001 372	15 960 874
TOTAL LIABILITIES	5 516 199	16 219 453	16 238 855	16 306 686
EQUITY				
Share capital	2 500	2 500	2 500	2 500
Retained earning	19 375	571 062	589 975	467 065
Retained earning from previous periods	9 527	224 660	235 987	235 987
Retained earnings from current period	9 848	346 402	353 988	231 078
TOTAL EQUITY	21 875	573 562	592 475	469 565
TOTAL LIABILITIES AND EQUITY	5 538 074	16 793 015	16 831 330	16 776 251

Cash Flow Statement

(the Company, "Promalita" UAB and consolidated)

CASH FLOW STATEMENT in euros	K53	Promalita 100%	Cons. 3Q2018	Cons. 2Q2018
Profit from operating activities	-2 020	307 502	305 482	302 915
Amortization	0	3 895	3 895	3 908
Corrections	0	0	0	0
Change in operating receivables and prepayments	295	-103 376	-103 081	-4 066
Change in reserves	0	0	0	0
Change in operating liabilities and advances	0	4 606	4 606	-3 136
Cash flows from operations	-1 725	212 627	210 902	299 621
Repayment of loans issued	27 850	0	0	0
Received interest	74 824	0	0	1
Cash flows from investments	102 674	0	0	1
Loans received and bonds issued	2 000	0	2 000	52 600
Repayments of loans and redeemed bonds	-2 000	-142 850	-117 000	-175 000
Paid interest	-101 748	-112 985	-139 909	-144 969
Cash flows from financing	-101 748	-255 835	-254 909	-267 369
Total cash flows	-799	-43 208	-44 007	32 253
Cash at the beginning of period	38 809	61 939	100 748	68 495
Changes in cash	-799	-43 208	-44 007	32 253
Cash at the end of period	38 010	18 731	56 741	100 748

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