

Action Summary – 25 April 2023

Analyst Theodore R. O'Neill *is initiating coverage of UC Asset LP with a Buy rating and a \$4 price target.*

- **Rebranding.** The company is rebranding itself as *The Ultimate Cultivation Asset*, following its expansion into the cannabis property market. Since cannabis is not federally legalized, SEC reporting companies are not allowed to directly invest in the cannabis business, but they can invest in cannabis *properties*, and this is where UCASU has a proven track record and expertise. The company also changed its accounting method in mid-2022 and has no plans to restate results due to the expense, nevertheless, we expect it to be profitable in 2023.
- **Seven-year record of accomplishment in real estate.** UCASU invests in real estate properties for capital appreciation. Its focus is on innovative investment strategies in fast-growth metropolitan areas. It has purchased properties for both capital appreciation and income.
- **Cannabis expansion opportunity.** The company is expanding its portfolio in cannabis-related properties, particularly greenhouses, to make it a major part of its portfolio.
- **Golden age for private capital.** Growers need capital for capital expenditures, but, under Federal law, cannabis industry participants do not have access to the U.S. banking system, public capital markets or other traditional sources of financing.
- **Attractive Valuation.** Based on our discounted future earnings model, the value of all future earnings is \$4/unit. The units are trading at a 23% - 24% discount to their peers.

4/24 Unit closing price: \$1.23 USD	Market cap: \$6.7 million	Multiple of book: 1.6x	EV/2024 Sales: 1.7
Units outstanding: 5.5 million	Insider ownership: 3%	3-mo avg. daily trading volume: <1,000	Dividend 2023 /Yield: NA but has paid a dividend in the past

GAAP estimates (EPS in USD – Revenue in USD millions)

Period	EPS	Revenue	Net Income Margin
1H22A	(\$0.15)	\$0.01	
2H22E	<u>(\$0.05)</u>	<u>\$0.00</u>	
FY22E	<u>(\$0.21)</u>	<u>\$0.01</u>	<u>NMF</u>
1H23E	\$0.04	\$1.20	
2H23E	<u>\$0.04</u>	<u>\$1.00</u>	
FY23E	<u>\$0.07</u>	<u>\$2.20</u>	<u>18%</u>
1H24E	\$0.01	\$0.40	
2H24E	<u>\$0.01</u>	<u>\$0.50</u>	
FY24E	<u>\$0.02</u>	<u>\$0.90</u>	<u>11%</u>

Note: Numbers may not add due to rounding or change in unit count. See our full model at the back of this report.

Cash balance (in USD millions)

• 2021A	• \$2.1
• 2022A	• \$0.6
• 2023E	• \$1.8
• 2024E	• \$1.9

LT Borrowings (in USD millions)

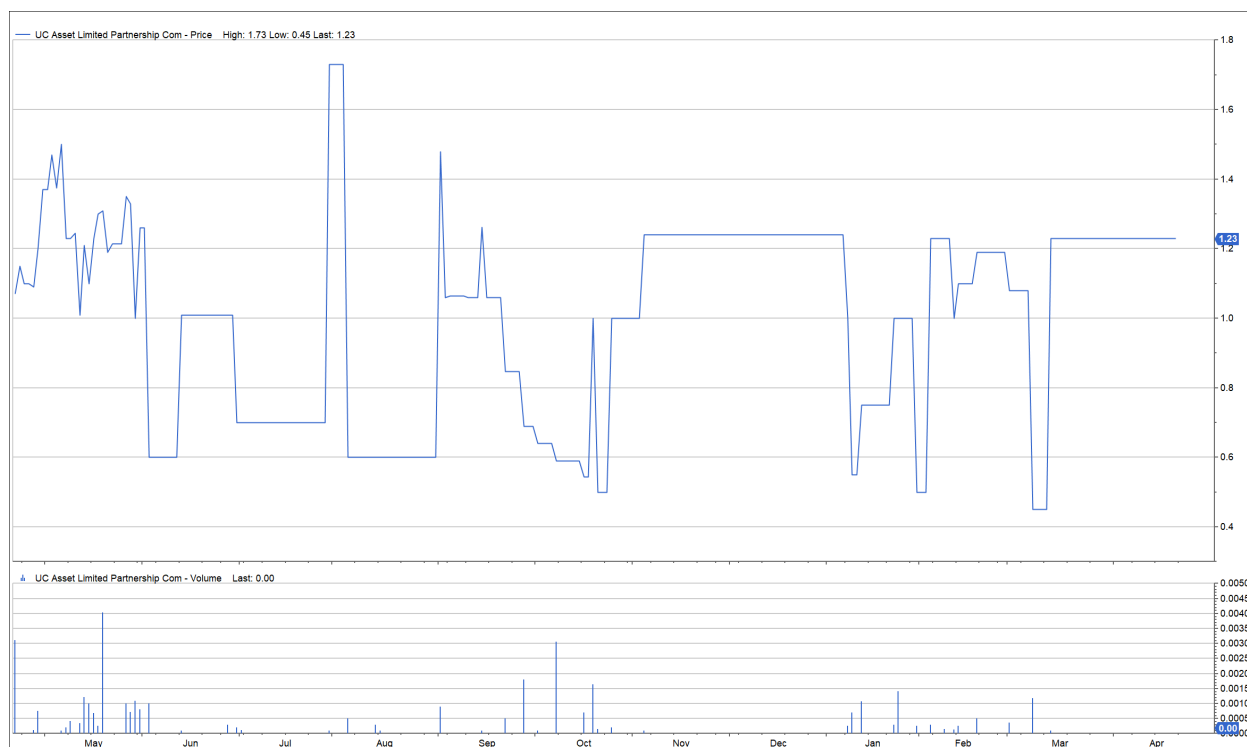
• 2021A	• \$0.4
• 2022A	• \$0.4
• 2023E	• \$0.4
• 2024E	• \$0.4

Risks/Valuation

- Risks: competitive marketplace, regulatory issues involved with the new business
- Our \$4 price target is derived from our discounted future earnings model

Company description: UC Asset is a master limited partnership (MLP) investing in and managing to grow a property portfolio for the cultivation of medical plants, with a strategy to balance near-term profitability and long-term sustainability

Figure 1 – UC Asset LP – One-Year Trading snapshot



Source: FactSet

Investment Thesis

We are initiating coverage of UC Asset LP with a Buy rating and a \$4 price target. Our investment thesis is driven by:

Expertise and record of accomplishment in Real Estate. UC Asset is engaged in residential and commercial real estate development and redevelopment primarily in Atlanta, GA. The business is structured as a publicly traded limited partnership (Master Limited Partnership or MLP) rather than a real estate investment trust (REIT) to appeal to investors looking for long-term growth. Unlike a REIT, it does not have an obligation to pay a dividend. However, it did pay dividends twice in the past 5 years. The last dividend was \$0.10/unit for the year 2021.

Cannabis expansion opportunity. The company is expanding its portfolio in cannabis-related properties, particularly greenhouses, to make it a major part of its portfolio.

Favorable sentiment. We believe the convergence of changing public attitudes and increased legalization momentum and regulation of cannabis, is generating investment interest in cannabis-related opportunities.

Golden age for private capital. Growers need capital for capital expenditures, but, under Federal law, cannabis industry participants do not have access to the U.S. banking system, public capital markets or other traditional sources of financing.

Planning for Federal legalization. Building cannabis cultivation facilities in every newly legalized state may yield good short-term returns, however, it risks a loss of investment once cannabis products are federally legalized. When that happens, we believe it will create an integrated national market and cause growers to concentrate in states, where growing cannabis is most cost-efficient. UC Asset has determined which states offer the lowest construction, energy and labor costs and are most likely where growers will migrate. Its plan is to not just invest in cannabis properties, but those properties that should see significant growth once cannabis becomes federally legal.

Attractive Valuation. Based on our discounted future earnings model, the value of all future earnings is \$4/unit. The units are trading at a 23% - 24% discount to their peers. This broadly confirms our view that, along with our discounted earnings model, the units are undervalued.

Valuation and Price Target

Valuation Methodology

We believe UCASU is undervalued, and we support that belief with two valuation techniques. For the purpose of determining our price target we use a discounted future earnings model, which we then compare to its valuation relative to peers.

Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$4 is based on a discounted earnings model. For valuation purposes, we sum up all future earnings on a GAAP basis and discount them at 9%. We assume earnings growth picks up in 2025 as more properties are added to the portfolio. Our valuation model is shown in Figure 2 below. Note, this model understates future new services and growth through acquisitions and probably understates the tax benefits, but offsetting that, the earnings never have a down year. The implied unit price is \$4.05, which we round to \$4.00.

Figure 2 – UC Asset LP – Price Target Calculation

Discounted Earnings			\$4.05
	Year 1 is 2023	Forecast EPS	Discounted EPS
	1	0.07	\$0.07
	2	0.02	\$0.02
	3	0.10	\$0.08
	4	0.20	\$0.14
	5	0.30	\$0.19
	Terminal Value		\$3.55

Source: Litchfield Hills Research LLC

Valuation Relative to Peers

Figure 3 is a summary of our UCASU peer comparison. The units are trading at a 23% - 24% discount to their peers. These broadly confirm our view that, along with our discounted earnings model, the units are undervalued.

Figure 3 – UC Asset LP – Valuation of Peers

FactSet Ticker	Company Name	Closing Price	Market Cap \$MM	EV \$MM	2024 Consensus Multiples (Except book multiple)		
					Market Cap / Sales	EV /Sales	Price to Book
IIPR-US	Innovative Industrial Properties Inc	\$68.65	1,922	1,927	6.33	6.35	1.46
CURA-CA	Curaleaf Holdings, Inc.	\$2.40	1,496	2,647	1.12	1.72	3.76
TLRY-US	Tilray Brands, Inc.	\$2.35	1,452	1,645	2.18	2.36	0.54
GTII-CA	Green Thumb Industries Inc.	\$6.85	1,417	1,990	1.21	1.69	1.25
CRON-CA	Cronos Group Inc	\$1.82	694	(189)	5.93		0.84
WEED-CA	Canopy Growth Corporation	\$1.32	654	1,038	2.00	2.98	1.04
SNDL-US	SNDL Inc.	\$1.42	370	226			0.51
NLCP-US	NewLake Capital Partners, Inc.	\$12.50	268	238	4.34	3.86	0.81
AFCG-US	AFC Gamma, Inc.	\$11.88	243	300	3.12	3.66	1.37
ACB-US	Aurora Cannabis Inc.	\$0.60	183	150	0.92	0.62	0.76
OGI-CA	OrganiGram Holdings Inc	\$0.52	162	110	1.10	0.77	0.88
IHL-AU	Incannex Healthcare Limited	\$0.08	127	84	NMF	NMF	7.56
FFNT-CA	4Front Ventures Corp.	\$0.18	119	343	0.64	1.83	5.22
INCR-US	InterCure Ltd.	\$2.17	103	110			1.10
BYND-CA	BYND Cannasoft Enterprises, Inc.	\$2.40	91	75			3.78
MAPS-US	WM Technology, Inc. Class A	\$0.74	69	175	0.51	0.81	6.95
MYMD-US	MyMD Pharmaceuticals, Inc.	\$1.70	67	61			3.12
HEXO-CA	HEXO Corp.	\$1.17	51	166	0.57	1.80	0.46
CWEB-CA	Charlotte's Web Holdings, Inc.	\$0.33	50	39	0.56	0.44	1.06
PW-US	Power REIT	\$3.00	10	53			0.38
IONC-CA	Ionic Brands Corp.	\$0.00	1	33			
	AVERAGE				2.18	2.22	2.14
UCASU-US	UC Asset Limited Partnership Com	\$1.23	7	7	1.69	1.69	1.62
	UCASU-US Discount to peers:				-23%	-24%	-24%

Source: Litchfield Hills Research LLC and FactSet

Company Background and Strategy

UC Asset LP is a limited partnership formed on February 1, 2016. It invests in real estate properties for capital appreciation or income. Its focus for the first five years has been on innovative investment strategies in fast-growth metropolitan areas, mostly Atlanta, GA and Dallas, TX. Upon investing in a property, it may hold for appreciation, or it may seek to collect investment income from the continuous operation of the property. As an investor, UC Asset does not manage the operation of any property, except for some insignificant management activities. It forms partnerships with third-party operators/managers, under which the third party acquires the right to operate/manage the property by paying rent, forming a profit-sharing partnership, or by other arrangements which may be innovative.

UC Asset LP is managed by its General Partner, UCF Asset LLC. The individuals who own and control UCF Asset LLC are Larry Xianghong Wu and Gregory Bankston. Larry Xianghong Wu holds a Ph.D. from Renmin University and has worked in finance for almost 30 years. Gregory Bankston, on the other hand, is a managing member of the general partner with more than 20 years of real estate expertise. Larry Xianghong Wu owns an 80% interest in UCF Asset LLC, with Gregory Bankston owning the remaining 20%. UCF Asset LLC does not engage in any business activities other than partnership management.

Business Operations

The company operates through three subsidiaries: Atlanta Landsight LLC, SHOC Holdings LLC, and Hotal LLC. Atlanta Landsight LLC is a subsidiary that procures, renovates, and sells commercial and residential properties. The other two subsidiaries, SHOC Holdings LLC and Hotal LLC were founded in 2020. Atlanta Landsight LLC (ALS) owns seven residential properties in Atlanta, Greensboro, and North Carolina. It also owns developable land in Farmersville, Texas. ALS has finished the redevelopment of four of these seven properties. The remaining three properties are either under development or under hold. The company also owns Rufus Rose House in downtown Atlanta.

In 2021, SHOC Holding LLC acquired a triplex building in downtown Atlanta for a total consideration of \$750,000. This property will be managed and operated by an independent third party for rental purposes. Hotal LLC, on the other hand, doesn't own any properties to date.

UC Asset also invests in private debts and other non-property-based possibilities, provided that the revenue generated by such debts and other opportunities does not exceed 10% of the Partnership's overall revenue. The company is seeking to expand its portfolio in cannabis-related properties, particularly greenhouses, to make it a major part of its portfolio because of the massive opportunity that the segment offers.

Cannabis Cultivation Market Opportunity

The Regulated Cannabis Industry

Cannabis Overview

We believe that a convergence of changing public attitudes and increased legalization momentum in various states toward regulated cannabis, and medical-use cannabis, is generating investment interest in cannabis-related opportunities. The cannabis industry is still emerging but increasingly, state-licensed cannabis cultivation, processing and dispensing facilities are becoming sophisticated business enterprises that use state-of-the-art technologies, well-honed business, and operational processes to produce and dispense at scale high-quality, high-consistency cannabis products.

In the United States, the development and growth of the regulated cannabis industry has generally been driven by state law and regulation. Accordingly, market conditions vary on a state-by-state basis. State laws that legalize and regulate medical-use cannabis allow patients to consume cannabis for medicinal reasons with a designated healthcare provider's

recommendation, subject to various requirements and limitations. States have authorized numerous medical conditions as qualifying conditions for treatment with medical-use cannabis, which vary significantly from state to state and may include, among others, treatment for cancer, glaucoma, HIV/AIDs, wasting syndrome, pain, nausea, seizures, muscle spasms, multiple sclerosis, post-traumatic stress disorder (PTSD), migraines, arthritis, Parkinson's disease, Alzheimer's, lupus, residual limb pain, spinal cord injuries, inflammatory bowel disease and terminal illness. As of December 31, 2021, 36 states, the District of Columbia, and four of five U.S. territories have passed laws allowing their citizens to use medical cannabis. It is fully legal in 22 states (see Figure 4).

Figure 4 – UC Asset LP – Cannabis Legality by State

State	Legal Status	Medicinal	Decriminalized	State	Legal Status	Medicinal	Decriminalized
Alabama	Mixed	Yes	No	Missouri	Fully Legal	Yes	Yes
Alaska	Fully Legal	Yes	Yes	Montana	Fully Legal	Yes	Yes
Arizona	Fully Legal	Yes	Yes	Nebraska	Fully Illegal	No	Yes
Arkansas	Mixed	Yes	No	Nevada	Fully Legal	Yes	Yes
California	Fully Legal	Yes	Yes	New Hampshire	Mixed	Yes	Yes
Colorado	Fully Legal	Yes	Yes	New Jersey	Fully Legal	Yes	Yes
Connecticut	Fully Legal	Yes	Yes	New Mexico	Fully Legal	Yes	Yes
Delaware	Mixed	Yes	Yes	New York	Fully Legal	Yes	Yes
District of Columbia	Fully Legal	Yes	Yes	North Carolina	Fully Illegal	No	Yes
Florida	Mixed	Yes	No	North Dakota	Mixed	Yes	Yes
Georgia	Mixed	CBD Oil Only	No	Ohio	Mixed	Yes	Yes
Hawaii	Mixed	Yes	Yes	Oklahoma	Mixed	Yes	No
Idaho	Fully Illegal	No	No	Oregon	Fully Legal	Yes	Yes
Illinois	Fully Legal	Yes	Yes	Pennsylvania	Mixed	Yes	No
Indiana	Mixed	CBD Oil Only	No	Rhode Island	Fully Legal	Yes	Yes
Iowa	Mixed	CBD Oil Only	No	South Carolina	Fully Illegal	No	No
Kansas	Fully Illegal	No	No	South Dakota	Mixed	Yes	No
Kentucky	Mixed	CBD Oil Only	No	Tennessee	Mixed	CBD Oil Only	No
Louisiana	Mixed	Yes	Yes	Texas	Mixed	CBD Oil Only	No
Maine	Fully Legal	Yes	Yes	Utah	Mixed	Yes	No
Maryland	Mixed*	Yes	Yes	Vermont	Fully Legal	Yes	Yes
Massachusetts	Fully Legal	Yes	Yes	Virginia	Fully Legal	Yes	Yes
Michigan	Fully Legal	Yes	Yes	Washington	Fully Legal	Yes	Yes
Minnesota	Mixed**	Yes	Yes	West Virginia	Mixed	Yes	No
Mississippi	Mixed	Yes	Yes	Wisconsin	Mixed	CBD Oil Only	No
				Wyoming	Fully Illegal	No	No

Source: DISA Global Solutions, Inc.

Cannabis Industry Growth and Trends

Headset.io, a cannabis consulting and data company, projects that legal cannabis sales could exceed \$50 billion by 2025.

As the cannabis industry continues to evolve and mature, innovative products are being developed for consumers. In addition to smoking and vaporizing dried leaves, cannabis can be incorporated into a variety of edibles, vaporizers, spray products, transdermal patches and topicals. These additional form factors are driving a significant portion of the growth.

Shifting Public Attitudes and State Law

The changing public attitudes surrounding cannabis has been a catalyst for the growth of the United State regulated cannabis industry. According to a 2021 poll conducted by the Pew Research Center, 91% of U.S. adults say that marijuana

should be legal, while only 9% say that it should not. Additionally, regardless of political affiliation, the majority of participants indicate they are in favor of legalization.

As legalization is currently on a state-by-state basis, the expansion of the cannabis industry is impacted by the regulatory processes of each state. States may restrict the number of cannabis licenses (cultivation, distribution, rental processing) permitted; impose significant taxes on cannabis products; and even limit the medical conditions that are eligible for cannabis treatment. As such, it is difficult to predict the economic potential and trajectory of new markets. Accordingly, it is important to evaluate each State's regulatory structure as part of evaluating investment opportunities.

Cannabis Industry Access to Capital

Currently, the illegal status of cannabis under federal law limits the ability of industry participants to fully access the U.S. banking system, public capital markets and other traditional sources of financing. This creates an opportunity for UC Asset to deploy capital to companies seeking to finance licensed cannabis cultivation facilities.

Investment Opportunity – Finance of Cannabis Greenhouse/Cultivation Facilities

Within the broader cannabis-related investment opportunity, we believe the ownership of greenhouse cultivation facilities (Figure 5) represents an attractive risk-adjusted investment area of focus. The ownership of cannabis cultivation facilities should lead to more predictable income and potentially lower overall risk than investing in cannabis operating companies directly involved in the cultivation, manufacturing or distribution of cannabis products while still generating higher investment yields than traditional real estate asset classes.

Figure 5 – UC Asset LP – Cannabis Greenhouse



Source: FullBloom Greenhouse

Federal Legalization and Likely Impact

We believe that the convergence of changing public attitudes and increased legalization momentum in various states toward regulated cannabis will ultimately lead to Federal legalization.

Under current state laws, only cannabis produced in State A may be sold in State A. This creates a lot of inefficiencies. Since all the cannabis is grown indoors, it is more expensive to grow in states with higher electricity costs and those that have to heat greenhouses in the winter. Construction costs are higher in some states than others. While it isn't likely to be acknowledged, we believe there is some amount of cross-border cannabis smuggling in order to service dispensaries where there isn't enough State grown product to meet demand. This is a law enforcement headache. We believe that all these factors will drive Federal legalization.

When it is legalized federally, we believe that there will be a movement by growers to relocate to states where the growing costs are lowest.

The UC Asset Plan

UC Asset management has been active in identifying states where the costs for growers are lowest and intends to acquire properties that will in the interim, serve the state, but will become high in demand once Federal legalization occurs.

In some of these states, lately, farmers and builders have invested intensively in cannabis properties without proper knowledge of cannabis cultivation. This business is highly capital-intensive and has left several farmers deeply in debt. This opens the door for UC Asset to partner with these farmers and buy their properties so that they can have sufficient working capital to grow their business. As the business grows, UC Asset will be in a good position to identify and acquire cannabis properties and lease them to the business. Since the company introduced its cannabis investment strategy, it has signed three LOIs to invest in several cannabis properties in different states, for a total investment of \$2.2 million. The company hopes to expand its cannabis properties portfolio to \$50 million.

Figure 6 – UC Asset LP – Cannabis Greenhouse



Source: UC Asset LP

UC Asset had invested in cannabis-related businesses before. In 2020, it reached a deal to convert its 72-acre farmland in Dallas, TX into a medical agriculture project. In January 2023, the company sold this farmland for \$1.91 million, booking a gross profit of \$550,000 on the sale.

\$3 million cannabis property in Oklahoma

In January 2023, UC Asset entered an MOU to acquire a 10,000-square-foot cannabis property in Oklahoma. Upon closing the acquisition, the company will invest \$1 million to build an extra 5,000 square feet of cannabis cultivation facility at the same site.

After the acquisition, the current operator of the property, Fire Ranch Farm, will continue to rent the property from UC Asset. UC Asset expects to receive monthly rents representing a 14.4% cash-on-cash annual return. The lease is locked for 3 years, and monthly rent will increase by 5% every 24 months after the first 3 years.

According to Greg Bankston, managing general partner at UC asset, this property has the capacity to host full-cycle cannabis production -- from creating clones/genetics to extracting cannabinoids.

Other Innovative Investments

Atlanta is the #1 fastest growing, most affordable residential real estate market in the U.S. Part of the reason for its growth is it is HQ for 88 public and nearly 16,000 private companies. Between 2013 and 2019, three massive headquarters were built in Dunwoody and Sandy Springs north of Atlanta totaling nearly three million sq. ft. In addition to cannabis, UC Asset has started investing in historical properties in Atlanta. It intends to collaborate with blockchain technology companies to issue Non-Fungible Tokens (NFT) based on certain derivative property rights under this approach. If this method is successful, ALS may buy other historical sites in the future to develop similar collaborations.

It has also purchased a property in downtown Atlanta with the intention of developing a shared home-office accommodation space for business professionals.

Rufus Rose House, a historic landmark in downtown Atlanta

In December 2022, UC Asset received a building permit from the City of Atlanta to renovate the Rufus Rose House (Figure 7), a historic landmark in downtown Atlanta. Built in 1901, this 121-year-old mansion is one of the oldest buildings, and the only standing Victorian mansion, in downtown Atlanta. Affectionately referred to as the "Rose on Peachtree", it has been listed on the National Register of Historic Places since 1977. The company acquired this property in 2021.

Figure 7 – UC Asset, LP – Rufus Rose House



Source: UC Asset LP

In addition to its value as a historic heritage, this property has significant per unit financial value potential as office space. Further, the refurbished Rose on Peachtree will attract the attention of 50-60 million visitors/tourists to Atlanta every year. Besides possible tourism revenue, the company will also seek to monetize the intangible value of the property through new technologies, such as NFTs. There are other revenue sources for this historic landmark. For example, properties that are designated as a Landmark Building or Site can transfer unused development rights to other property owners, who can buy those rights and increase the density of their constructions. This is called Transfer of Development Rights (TDR). According to a local non-profit, HistoricAtlanta.org, the TDR of Rufus Rose House may be worth \$2 million. Although UC Asset management believes that this number is high, it believes that the TDR of Rufus Rose House will become increasingly valuable, as downtown Atlanta development rights become scarcer.

Financial Projections and Guidance

The company changed its accounting methodology in 2022. Since inception, it has adopted fair market value accounting under ASC (Accounting Standards Codification) 946-10-15. The fair market value of the portfolio properties is assessed and reassessed each year by the end of the fiscal year, using one of the following methods: 1) independent appraisals conducted by licensed and independent third parties; 2) executed contracts which provide definitive amount of selling a property, discounted to current value; or 3) cost-based valuation when there are no other reasonable methods available. On March 22, 2022, the management of UC Asset was notified that the US Security and Exchange Commission objected to the Company's conclusion that UC Asset LP and its subsidiaries met the criteria to apply fair market value accounting. As a result, the Company has changed to historical cost accounting for its financial statements. For most investors, this will make it look more like a traditional business. We also reclassified 1H22 income to move *Unrealized loss on marketable securities* to *Other Expense* along with *Interest income*, which nets against *Interest expense* in *Other Expense*.

We assume it will be profitable in 2023, but we must observe a couple of quarters under the new accounting plan, in order to refine our estimates. The company has provided guidance that it will record \$1MM in gross profit in 2023.

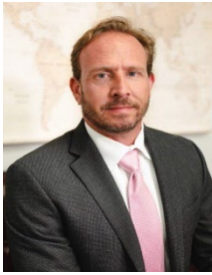
Management

Dr. Larry Xianghong Wu, Founder & General Partner



Dr. Larry Xianghong Wu has over 30 years of experience in the finance industry. He holds a Ph.D. in public policy from Renmin University and a B.S. in geophysics from the University of Science and Technology of China. He started his career at the largest technology conglomerate in China. Post this he worked as a liaison officer at a Chinese Embassy and as a freelance consultant for a few years. He was a CEO of a family office of a billion-dollar portfolio, mostly consisting of real estate, before founding UC Asset in 2015.

Gregory C. Bankston, General Partner



Gregory C. Bankston has over 20 years of experience in real estate. He worked with Kelly Williams Reality, an American technology, and international real estate franchise. He was awarded "Rookie of the Year" during his first year of service at Kelly's. After 2008 he started his own practice in property development and management. He has an eye for potential investment opportunities and has expertise in managing high-quality real estate properties. He joined UC Asset LP in 2016.

Figure 8 – UC Asset LP – Income Statement (\$000 except per unit)

December year-end	2022E		2022E	2023E		2023E	2024E		2024E
	1H22A	2H22E	Year	1H23E	2H23E	Year	1H24E	2H24E	Year
Total revenue	\$8	\$0	\$8	\$1,200	\$1,000	\$2,200	\$400	\$500	\$900
Cost of Goods	0	0	0	700	500	1,200	100	150	250
Gross Profit	8	0	8	500	500	1,000	300	350	650
Gross Margin	NMF	NMF	NMF	41.7%	50.0%	45.5%	75.0%	70.0%	72.2%
Management Fees	90	90	180	90	90	180	90	90	180
Professional Fees	100	100	200	100	100	200	100	100	200
Other G&A	180	50	230	25	25	50	25	25	50
Total Expenses	370	240	610	215	215	430	215	215	430
Earnings (loss) from Operations	(363)	(240)	(603)	285	285	570	85	135	220
Operating Margin	NMF	NMF	NMF	23.8%	28.5%	25.9%	21.3%	27.0%	24.4%
Other Expense	(482)	(50)	(532)	(50)	(50)	(100)	(50)	(50)	(100)
Pre-Tax Income	(844)	(290)	(1,134)	235	235	470	35	85	120
Pre-Tax Margin	NMF	NMF	NMF	19.6%	23.5%	21.4%	8.8%	17.0%	13.3%
Taxes (benefit)	0	0	0	35	35	71	5	13	18
Tax Rate	0.0%		0.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Net Income (loss)	(\$844)	(\$290)	(\$1,134)	\$200	\$200	\$400	\$30	\$72	\$102
Net Margin	NMF	NMF	NMF	16.6%	20.0%	18.2%	7.4%	14.5%	11.3%
Earnings per unit	(\$0.15)	(\$0.05)	(\$0.21)	\$0.04	\$0.04	\$0.07	\$0.01	\$0.01	\$0.02
Average units outstanding	5,485	5,500	5,493	5,500	5,500	5,500	5,500	5,500	5,500

Source: Company reports and Litchfield Hills Research LLC

Figure 9 – UC Asset LP – Balance Sheet (\$millions)

December year-end	FY2024E	FY2023E	FY2022E	FY2021A
Balance sheet				
Current Assets				
Cash and S.T.I.	\$1,857	\$1,755	\$555	\$2,106
Accounts receivable	675	675	675	657
Inventories	0	0	0	0
Other assets	0	0	0	0
Total Current Assets	2,532	2,430	1,230	2,764
Net PP&E	2,000	2,000	3,000	2,804
Other non-current assets	15	15	15	34
Total Assets	\$6,547	\$6,445	\$6,045	\$7,480
Current Liabilities				
AP and Accrued	\$1	\$1	\$1	\$1
Other current liabilities	0	0	0	0
Total current liabilities	1	1	1	1
Interest bearing borrowings	400	400	400	400
Other Liabilities	0	0	0	0
Total Liabilities	401	401	401	401
Stockholders' Equity				
Preferred stock	0	0	0	300
Share Capital	6,146	6,044	5,644	6,778
Additional paid-in-capital	0	0	0	0
Retained earnings	0	0	0	0
Cum. Other comp and treasury stock	0	0	0	0
Total stockholders' equity	6,146	6,044	5,644	7,078
Total Liabilities and equity	\$6,547	\$6,445	\$6,045	\$7,480

Source: Company reports and Litchfield Hills Research LLC

Disclosures:

Analyst Certification

We, the Litchfield Hills Research Department, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company and the underlying securities.

FINRA Compliant Research Report

We, the Litchfield Hills Research Department, hereby certify that this report is compliant with FINRA research rules 2241, 3110, the analyst is registered with FINRA and the report has been reviewed by a Supervisory Analyst.

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Litchfield Hills Research LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

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