

## Mainor Ülemiste AS

### Consolidated Interim Report for the 6 month period ended 30 June 2019 (unaudited)

<b>Beginning of financial period</b>	01.01.2019
<b>End of financial period</b>	30.06.2019
<b>Registry Code</b>	10348595
<b>Address</b>	Valukoja 8/1 Tallinn 11415 Harju maakond
<b>Phone</b>	+372 53 04 6992
<b>Main business activity</b>	leased or owned real estate rent and operation
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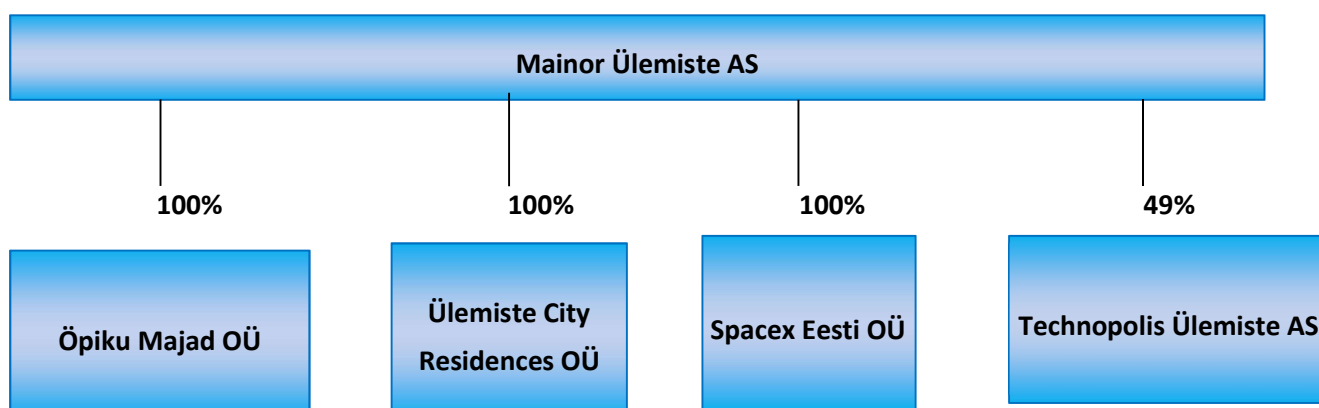
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## Business Activity Compilation

## Structure of consolidation group



In 2018, the entity was engaged in development of Ülemiste City office space, including construction of new buildings and renovation of existing buildings, renting premises, providing tenants with necessary services and developing these services, preparing new real estate projects.

**January 2019****An international business and education network to be created at Ülemiste City**

The Estonian Entrepreneurship University of Applied Sciences and the developers of Ülemiste City wish to support the development of the intellectual environment of the district more and more. In cooperation with seven partner universities, they have established a new business and education network in the Nordics and Baltics called “Building Educational Cooperation in Smart City”. The purpose of this network is cooperation with other universities in the Nordics and Baltics in the fields of business, education and the work environment, to create new, important solutions for the future city and education, share international experience and learn from the best on how to find, involve and retain talent. Three meetings of the network will be held in 2019 in Ülemiste City within the cooperation project. These three-day events will entail meetings of companies, students and lecturers, joint discussions, open lectures for sharing experiences and knowledge, a hackathon, and much more. The focus topics this year are creative entrepreneurship, IT and digitalisation, and workplace-based learning.

**February 19, 2019****New e-Estonia Briefing Centre taking Estonian digital success stories to the world**

On 19 February, President of the Republic of Estonia Kersti Kaljulaid opened the new e-Estonia Briefing Centre in the Öpiku Building in Ülemiste City, which introduces our unique digital society and e-solutions to high-level foreign visitors from both the private and public sector. The Managing Director of the Briefing Centre Liina Maria Lepik says interest in Estonia’s e-solutions has continued to grow over the years. “Last year, the e-Estonia Briefing Centre received more than 800 delegations and close to 9,000 guests, exceeding the previous year by 20%. Our e-story is unique and fascinates the international community, and a number of e-solutions which seem common to us are still utopian to a large part of the world. One of the objectives of our Briefing Centre is to bring interested parties from foreign countries together with those Estonian businesses that provide e-solutions and, thereby, to increase Estonia’s export of e-services,” she explained.

**March 2019****Ülemiste City commenced a new development stage**

The cornerstone of a 12-storey office building was laid today at Ülemiste City; this is the first building that will be completed in the next major development stage of the district. The office building at 1 Sepapaja Street is situated at a strategically important location for the district – at the intersection of Suur-Sõjamäe Street and Lõõtsa Streets, which are the main gateways to the campus. In addition, this is also the first building to be completed in the next major development stage of the district, which was introduced in the autumn. The office building, which will be completed in spring 2020, will have 10,800 m<sup>2</sup> of rentable space; in addition, a multistorey car park for 540 cars will be constructed. Technopolis Ülemiste AS will invest a total of 25 million euros into the construction of the 12-storey office building, five-storey car park, and town square.

**April 2019****IT sector „Deed of the Year“: International House of Estonia is bringing the entire country under one roof**

International House of Estonia, which was launched by Mainor Ülemiste AS together with Enterprise Estonia and which has only been operating for five months, was awarded as the "Deed of the Year" 2018 by Estonian Association of Information Technology and Telecommunications (ITL). The service centre alleviates the labour shortage especially in the IT sector as well as in other fields, which lack professionals and skilled workers. In other words, the International House helps the employee from a foreign country to settle needed issues at one place in one day, which otherwise would take a month or two by visiting different institutions.

**May 2019****Ülemiste City is striving to be an independent city**

Mainor Ülemiste AS set a cornerstone for the Lurich quarter's 13 floor residential building in the beginning of May in Ülemiste City, which has so far operated as a business campus, in order for the campus to become independent with permanent residents. "Ülemiste City aims to operate as a completely independent city. In addition to the first homes, the plan for the next five years is to open a health centre and complete a new education complex to ensure goods and services essential for living and a diverse transport connection with the entire world," explained Margus Nõlvak, Member of the Board of Mainor Ülemiste. He added that by 2025, a person living and working in Ülemiste City will not even have a reason to leave the campus on daily basis. The investment volume of the Lurich building is 14.6 million euros, financed by OP Bank Plc Estonian branch; the rentable area of offices and rental apartments is altogether 9,000 m<sup>2</sup> and it will be completed in the first half of 2020.

**June 2019****Ülemiste Health Centre opened its doors**

In the beginning of June, Ülemiste Health Centre's first floor opened its doors, where general practitioners and Benu Pharmacy are located. In August, the second floor will be opened with Synlab and Medemis and in October, the third floor where Qvalitas will be operating. The investment volume of Mainor Ülemiste AS is over 3 million euros, financed by OP Bank Plc Estonian branch and the rentable area is over 5,000 m<sup>2</sup>.

## Ülemiste City will become a City of the Future

On the basis of the idea launched by Mainor Ülemiste AS, Tallinn University of Technology (TalTech) will open a professorship of the City of the Future in autumn, which will be financed by almost half a million euros in the next five years by the developers of Ülemiste City Mainor Ülemiste AS and Technopolis Ülemiste AS. Within the framework of the professorship, Ülemiste City will turn into a test bed of a sort, where data about the operation of a modern city is gathered, processed and synthesised, and innovative solutions are tested in the same setting in order to improve the environment. Innovation created here can be scaled over Tallinn, over Estonia and why not even further. The partners of the project include the developers of Ülemiste City Mainor Ülemiste AS and Technopolis Ülemiste AS, TalTech, the City of Tallinn, the technology giant Ericsson and a number of other private sector enterprises, mostly based in Ülemiste City.

## A lavish green building will connect Ülemiste City and the airport

Mainor Ülemiste AS confirmed the work of the architectural bureau PLUSS as the final winner of the new architecture competition, by which a modern up to 20,000 square metre business building will be constructed next to the planned terminal building of Tallinn Airport. The Sepise 7 building with 12 aboveground floors and one underground floor is expected to be built at the end of 2020 and the doors should be open in 2022.

As of 30.06.2019 a total of 18 people were employed by Mainor Ülemiste AS, with a total salary of 354 thousand euros (30.06.2018: 300 thousand euros), of which salary expenses to members of the board and management consisted of 107 thousand euros (30.06.2018: 98 thousand euros).

Key financial ratios	30.06.2019	30.06.2018
Return on equity – ROE (%)	3,4%	3,4%
Return on assets – ROA (%)	1,9%	2,0%
Operating margin (%)	85,3%	103,8%
Net Profit margin (%)	64,8%	74,9%
Dividends payout ratio (%)	15,0%	14,5%
Increase in revenue (%)	24,9%	13,7%

Formulas underlying the calculation of ratios:

Return on equity – ROE (%) = net profit / average equity for the reporting period x 100

Return on assets – ROA (%) = net profit / average assets for the reporting period x 100

Operating margin (%) = operating profit / revenue x 100

Net profit margin (%) = net profit / revenue x 100

Dividend payout ratio (%) = dividends paid / net profit for the previous year x 100

Increase in revenue (%) = (revenue for the reporting period / revenue for the previous period – 1) x 100

## Management confirmation and signatures

The financial and other additional information published in the 1H 2019 Interim Report 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 group.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

1H 2019 Consolidated financial statements in the report are not audited.



Margus Nõlvak

Juhatuse esimees

## Consolidated Financial Statements

## Consolidated Statement of Financial Position

*(in thousands of euros)*

	Notes	30.06.2019	31.12.2018	30.06.2018
<b>ASSETS</b>				
Investment property	2	129 631	122 630	112 307
Tangible assets	3	118	100	61
Intangible assets	4	44	53	5
Trade and other receivables	5,6	10 249	10 597	11 721
Financial investment	9	38 420*	37 748	34 377
Cash and cash equivalents	10	11 988	9 620	9 049
<b>TOTAL ASSETS</b>		<b>190 450</b>	<b>180 748</b>	<b>167 520</b>
<b>EQUITY</b>				
Share capital at par value	11	18 200	19 200	19 200
Statutory capital reserve		1 920	1 920	1 920
Retained earnings		77 519	69 585	69 585
Profit for the financial year		3 447	9 334	2 825
<b>TOTAL EQUITY</b>		<b>101 086</b>	<b>100 039</b>	<b>93 530</b>
<b>LIABILITIES</b>				
Provisions	14	263	263	247
Borrowings	12	82 807	77 807	68 692
Derivatives		0	126	0
Trade and other payables	13	6 294	2 513	5 051
<b>TOTAL LIABILITIES</b>		<b>89 364</b>	<b>80 709</b>	<b>73 990</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>190 450</b>	<b>180 748</b>	<b>167 520</b>

\*Without change of valuation of Mainor Ülemiste AS's and associate companies' investments properties



## Consolidated Statement of Comprehensive Income

(in thousands of euros)

	Notes	01.01- 30.06.2019	01.01.- 30.06.2018
Revenue	15	5 321	4 260
Cost of Sales	17	-1 607	-1 289
<b>Gross Profit</b>		<b>3 714</b>	<b>2 971</b>
Marketing expenses	18	-81	-82
Administration expenses	19	-1 104	-929
Revenues from financial investment*	9	2 013	2 092
Other operating income	16	2	4
Other operating expenses	21	-7	-3
<b>Operating Profit</b>		<b>4 537</b>	<b>4 053</b>
<i>Financial income and expenses</i>			
Interest income	22	30	44
Interest expense	23	-1 050	-1 041
Other financial income and expenses	24	-55	-231
<b>Total financial income and expenses</b>		<b>-1 075</b>	<b>-1 228</b>
<b>Profit before tax</b>		<b>3 462</b>	<b>2 825</b>
Income tax expense	26	-15	0
<b>Net profit for the year</b>		<b>3 447</b>	<b>2 825</b>
<b>Total comprehensive income for the year</b>		<b>3 447</b>	<b>2 825</b>
Attributable to the owners of the company		3 447	2 825

\*Without change of valuation of Mainor Ülemiste AS's and associate companies' investments properties

## Consolidated Statement of Cash Flows

(in thousands of euros)

	Note	30.06.2019	30.06.2018
<i>Cash flows fro operating activities</i>			
Net profit for the year		3 462	2 825
Adjustments:			
Depreciation and amortization of non-current assets	3,4	29	24
Profit (loss) from fixed asset sales and write-offs		0	0
Other adjustments		18	13
Profit (loss) from financial investments	9	-2 013	-2 092
Other financial income and other financial expenses		55	231
Corporate income tax paid		1 020	997
Changes in receivables from operating activities		348	-696
Changes in payables from operating activities		1 986	1 517
<b>Net cash generated by operating activities</b>		<b>4 905</b>	<b>2 819</b>

*Cash flows from investing activities*

Sales of property, plant and equipment	3	0	0
Payments for property, plant and equipment	3	-38	-7
Payments for investment property	2	-6 941	-10 238
Loans granted	5	0	-25
Repayment of loans granted		740	0
Interest received		140	2
Dividends received	9,27	1 341	616
<b>Net cash used in investing activities</b>		<b>-4 758</b>	<b>-9 652</b>

*Cash flows from financing activities*

Proceeds from borrowings	12	42 411	15 438
Repayment of borrowings	12	- 37 401	-7 683
Issue of bonds	12	0	6 205
Redemption of bonds	12	0	-5 000
Capital lease payments		-15	-15
Interest paid		-1 374	-1 231
Dividends paid	11	-1 400	-1 232
<b>Net cash from financing activities</b>		<b>2 221</b>	<b>6 482</b>

**Total cash flows**

2 368 -351

**Cash and cash equivalents at the beginning of the period**

10 9 620 9 400

Net change in cash and cash equivalents

2 368 -351

**Cash and cash equivalents at the end of the period**

10 11 988 9 049

## Consolidated Statement of Changes in Equity

*(in thousands of euros)*

	Share capital	Statutory reserve	Retained earnings	Total Equity
<b>Balance at 31.12.2017</b>	<b>19 200</b>	<b>1 920</b>	<b>70 817</b>	<b>91 937</b>
Dividends declared	0	0	-1 232	-1 232
Total comprehensive income for the year	0	0	9 334	9 334
<b>Balance at 31.12.2018</b>	<b>19 200</b>	<b>1 920</b>	<b>78 919</b>	<b>100 039</b>
Dividends declared	0	0	-1 400	-1 400
Decrease in share capital	-1 000	0	0	-1 000
Total comprehensive income for the period	0	0	3 447	3 447
<b>Balance at 30.06.2019</b>	<b>18 200</b>	<b>1 920</b>	<b>80 966</b>	<b>101 086</b>

Detailed information on changes in equity is disclosed in Note 11.

## Notes to the consolidated financial statements

**Note 1. Reporting entity**

Mainor Ülemiste AS (hereafter also as „the Group“ or „the Entity“) is an entity registered in the Republic of Estonia and its main activity is to develop Ülemiste City business area located next to Tallinn Airport at the territory of former Dvigatel factory. Mainor Ülemiste AS shareholders are Estonian registered entities Smart City Group with 83,84% of shares and Logit Eesti AS with 16,16% of shares.

**Note 2. Investment property**

(in thousands of euros)

The Group presents investment property as office and production building which are either rented out or real estate with development potential but without defined exact future purpose. All the property investments are located in Tallinn in a business district Ülemiste City.

	Note	Investment property
<b>Balance at 31.12.2017</b>		<b>102 070</b>
Additions		17 783
Gain (loss) on property revaluation	20	2 777
<b>Balance at 31.12.2018</b>		<b>122 630</b>
Additions		7 001
Gain (loss) on property revaluation	20	0
<b>Balance at 30.06.2019</b>		<b>129 631</b>

**Note 3. Property, plant and equipment**

(in thousands of euros)

	Machinery and equipment	Equipment and fixtures	Total
01.01.2018-31.12.2018			
<b>Carrying amount at 01.01.2018</b>	<b>32</b>	<b>46</b>	<b>78</b>
Acquisition and improvements	0	66	66
Disposals	0	-5	-5
Depreciation of sold and disposed assets	0	5	5
Depreciation	-7	-45	-52
<b>Carrying amount at 31.12.2018</b>	<b>25</b>	<b>75</b>	<b>100</b>
incl. acquisition cost	37	203	240
incl. Accumulated depreciation	-12	-128	-140

	Machinery and equipment	Equipment and fixtures	Total
01.01.2019-30.06.2019			
<b>Carrying amount at 01.01.2019</b>	<b>25</b>	<b>75</b>	<b>100</b>
Acquisition and improvements	0	38	38
Disposals	0	0	0
Depreciation of sold and disposed assets	0	0	0
Depreciation	-4	-16	-20
<b>Carrying amount at 30.06.2019</b>	<b>21</b>	<b>97</b>	<b>118</b>
incl. acquisition cost	<b>37</b>	<b>220</b>	<b>278</b>
Incl. accumulated depreciation	-12	-144	-160

#### Note 4. Intangible assets

(in thousands of euros)

	Note	Computer software	Other intangible assets	Total
01.01.2018-31.12.2018				
<b>Balance at 01.01.2018</b>		<b>5</b>	<b>0</b>	<b>5</b>
Purchase of intangible assets		49	0	49
Amortization		-1	0	-1
<b>Balance at 31.12.2018</b>		<b>53</b>	<b>0</b>	<b>53</b>
incl. acquisition cost		54	0	54
incl. accumulated amortization		-1	0	-1
01.01.2019-30.06.2019				
<b>Balance at 01.01.2019</b>		<b>53</b>	<b>0</b>	<b>53</b>
Purchase of intangible assets		0	0	0
Amortization		-9	0	-9
<b>Balance at 30.06.2019</b>		<b>44</b>	<b>0</b>	<b>44</b>
incl. Acquisition cost		54	0	54
incl. accumulated amortization		-10	0	-10

**Note 5. Receivables and prepayment***(in thousands of euros)*

	Note	30.06.2019	Due within 1 year
<b>Financial assets</b>			
Trade receivables	5,6	849	849
Allowance for doubtful receivables	5,6	-33	-33
Receivable from other entities in Mainor AS group	27	8 658	8 658
<b>Finantsvarad kokku</b>		<b>9 474</b>	<b>9 474</b>
<b>Non-financial assets</b>			
Prepaid taxes	7	677	677
Other receivables and prepayments		98	98
<b>Total non-financial assets</b>		<b>775</b>	<b>775</b>
<b>Total receivables and prepayments</b>		<b>10 249</b>	<b>10 249</b>

	Note	31.12.2018	Due within 1 year
<b>Financial assets</b>			
Trade receivables	5,6	1 623	1 623
Allowance for doubtful receivables	5,6	-749	-749
Receivables from other entities in Mainor AS group	27	9 609	9 609
<b>Finantsvarad kokku</b>		<b>10 483</b>	<b>10 483</b>
<b>Non-financial assets</b>			
Prepaid taxes	7	82	82
Other receivables and prepayments		32	32
<b>Total non-financial assets</b>		<b>114</b>	<b>114</b>
<b>Total receivables and prepayments</b>		<b>10 597</b>	<b>10 597</b>

**Note 6. Trade receivables***(in thousands of euros)*

	Note	30.06.2019	31.12.2018
Trade receivables	9	849	1 623
Doubtful receivables	9	-33	-749
<b>Total</b>		<b>816</b>	<b>874</b>
Doubtful receivables			
Doubtful receivables at the beginning of the period		-749	-316
Receivables classified as doubtful		-17	-438
Doubtful receivables classified as uncollectible		733	5
Doubtful receivables at the end of period	9	-33	-749

**Note 7. Prepaid taxes and taxes payable***(in thousands of euros)*

	Note	30.06.2019		31.12.2018	
		Prepayment	Payable	Prepayment	Payable
Value added tax		677	180	82	5
Personal income tax		0	24	0	24
Social tax		0	39	0	42
Other taxes		0	56	0	6
<b>Total</b>	<b>7,13</b>	<b>677</b>	<b>299</b>	<b>82</b>	<b>77</b>

**Note 8. Shares in subsidiaries***(in thousands of euros)*

Information about shares in subsidiaries is relevant only for Mainor Ülemiste AS stand-alone financial statements. In consolidated financial statements, subsidiaries are presented as consolidated line by line.

Subsidiary registry code	Company	Core business	Ownership interest (%) 30.06.2019	Ownership interest (%) 31.12.2018
12804904	Öpiku Majad OÜ	Real estate activities	100 %	100 %
14578228	Ülemiste City Residences OÜ	Real estate activities	100 %	100%
12783421	Spacex Eesti OÜ	Real estate activities	100 %	100 %

## Shares in subsidiaries at cost valuel

Company	31.12.2018	Acquisition	30.06.2019
Öpiku Majad OÜ	10 250	0	10 250
Ülemiste City Residences OÜ	2	0	2
<b>Total</b>	<b>10 252</b>	<b>0</b>	<b>10 252</b>

## Shares in subsidiaries by equity method

Company	31.12.2018	Acquisition	Profit by equity method	30.06.2019
Öpiku Majad OÜ	19 438	0	1 693	21 131
Ülemiste City Residences OÜ	2	0	0	2
Spacex Eesti OÜ	0	0	0	0
<b>Total</b>	<b>19 440</b>	<b>0</b>	<b>0</b>	<b>21 133</b>

According to the decision of the Management Board, SpaceX Eesti OÜ will not be consolidated into the Group's report because the company will not have any economic activity since June 2018.

## Note 9. Shares in associate companies

(in thousands of euros)

Shares in associate companies, general information

Affiliates registry code	Name of associate	Primary activity	Participation rate (%) 30.06.2019	Participation rate (%) 31.12.2018
11978111	Technopolis Ülemiste AS	Real Estate activities	49 %	49 %

Shares in associate companies, detail information

Company	31.12.2018	Dividends	Profit (loss) from equity method	30.06.2019
Technopolis Ülemiste AS	37 748	-1 341	2 013	38 420*
<b>Kokku</b>	<b>37 748</b>	<b>-1 341</b>	<b>2 013</b>	<b>38 420*</b>

\*Without change of valuation investments properties

As of 31.12.2018 the capital of Technopolis Ülemiste AS is 78 408 thousand euros and Mainor Ülemiste AS holds 38 420 thousand euros. According to the Technopolis Ülemiste AS shareholders' agreement, Mainor Ülemiste AS has a right to a put option where the entity has a right to demand that Technopolis OY buys the shares held by Mainor Ülemiste AS within 6 months of the demand. As an annex to the shareholders' agreement it is stated that the sales price of the shares is the share of net asset value of the company but not less than the net asset value as of the end of last quarter.

**Note 10. Cash and cash equivalents***(in thousands of euros)*

	30.06.2019	31.12.2018
Current accounts with banks	11 988	9 620
Cash on hand	0	0
<b>Total</b>	<b>11 988</b>	<b>9 620</b>

The bank account of Mainor Ülemiste AS at SEB Bank is included into the group account of AS Mainor, the parent company of Mainor Ülemiste AS.

**Note 11. Share capital**

	30.06.2018	31.12.2018
Number of shares	30 333 333	32 000 000
Nominal value of shares <i>(in euros)</i>	0,60	0,60
Share capital <i>(in thousands of euros)</i>	18 200	19 200

The share capital of Mainor Ülemiste AS consist of 30 333 333 ordinary shares with a face value of 0,60 euros, which is divided as follows:

- Smart City Group, which owns 25 430 311 shares
- LOGiT Eesti AS, which owns 4 903 022 shares

In 2019 the shareholders were paid dividends in the amount of 1 400 thousand euros (2018: 1 232 thousand euros), which means that dividend per share was 4,4 eurocent (in 2018 it was 3,8 eurocent per share).

On December 7, 2018, the Extraordinary General Meeting of Shareholders held a decision to decrease the share capital by 5,2% or EUR 1 000 000,20 to increase the return on equity to EUR 18 199 999,80. As of 30.06.2019 the reduction of share capital is registered in the Commercial Register. The shareholders were paid in July 2019.

**Note 12. Borrowings***(in thousands of euros)*

	30.06.2019	Breakdown by residual maturity		
		Within 12 months	Within 1-5 years	Over 5 years
Bank loans	72 722	2 376	70 346	0
Bonds	10 000	0	10 000	0
Finance lease liabilities	85	31	54	0
<b>Total</b>	<b>82 807</b>	<b>2 407</b>	<b>80 400</b>	<b>0</b>



	31.12.2018	Breakdown by residual maturity		
		Within 12 months	Within 1-5 years	Over 5 years
Bank loans	63 707	2 376	61 331	0
Bonds	10 000	0	10 000	0
Other long-term liabilities	4 000	0	4 000	0
Finance lease liabilities	100	31	69	0
<b>Total</b>	<b>77 807</b>	<b>2 407</b>	<b>75 400</b>	<b>0</b>

The followings claims are included in long-term borrowings at 30.06.2019:

- Luminor Bank ASile 6 125 thousand euros (2018: 8 281), of which the short-term part is 0 thousand euros (2018: 78 thousand euros);
- COOP Pank AS 4 463 tuhat eurot (2018: 2 746), of which the short-term part is 190 thousand euros (2018: 166);
- LHV Pank AS 14 187 thousand euros (2018: 14 251), of which the short-term part is 130 thousand euros;
- OP Bank Estonian branch 9 377 thousand euros (2018: 8 208 ), of which the short-term part is 477 thousand euros (2018: 471);
- SEB Pank AS 38 570 thousand euros, of which the short-term part is 1 579 thousand euros.

Interest of the bank loans range is 1,85%-4,5%.

### Note 13. Payables and prepayments

(in thousands of euros)

	Note	30.06.2019	Breakdown by residual maturity	
			12 months	1-5 years
<b>Financial liabilities</b>				
Trade payables		3 890	3 890	0
Other payables		1 000	1 000	0
<i>incl. interest payable</i>		0	0	0
Liabilities to companies in Mainor AS group	27	139	139	0
<b>Total financial liabilities</b>		<b>5 029</b>	<b>5 029</b>	<b>0</b>
<b>Non-financial liabilities</b>				
Payables to employees		108	108	0
Taxes payable	7	299	299	0
Prepayments received		625	123	502
Future expenses		233	233	0
<b>Total non-financial liabilities</b>		<b>1 265</b>	<b>763</b>	<b>502</b>
<b>Total payables and prepayments</b>		<b>6 294</b>	<b>5 792</b>	<b>502</b>

	Note	Breakdown by residual maturity		
		31.12.2018	12 months	1-5 years
<b>Financial liabilities</b>				
Trade payables		1 174	1 174	0
Other payables		179	179	0
<i>incl. interest payable</i>		179	179	0
Liabilities to companies in Mainor AS group		157	157	0
<b>Total financial liabilities</b>		<b>1 510</b>	<b>1 510</b>	<b>0</b>
<b>Non-financial liabilities</b>				
Payables to employees		216	216	0
Taxes payable	7	77	77	0
Prepayments received		619	133	486
Future expenses		91	91	0
<b>Total non-financial liabilities</b>		<b>1 003</b>	<b>517</b>	<b>486</b>
<b>Total payables and prepayments</b>		<b>2 513</b>	<b>2 027</b>	<b>486</b>

## Note 14. Provisions

(in thousands of euros)

	31.12.2018	Formation/ Adjustment	30.06.2019
Compensation for loss of ability to work	263	0	263
incl. short-term	50	0	50
Incl. long-term	213	0	213

Provisions have been recognised for former employees of AS Dvigatel for incapacitation benefits and personal pension payment obligations. The balance as of 30.06.2019 includes a short-term portion in the amount of 50 thousand euros and a long-term portion in the amount of 213 thousand euros.

## Note 15. Sales revenue

(in thousands of euros)

	Note	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
<b>Revenue from contracts with customer</b>			
Other revenue		209	377
Revenue from administrative services		1 188	2 087
<b>Total revenue from contracts with customer</b>		<b>1 397</b>	<b>2 464</b>
<b>Revenue from other sources</b>			
Rental income from operating leases		3 812	6 334
Revenue from parking service in garage		112	63
<b>Total revenue from other sources</b>		<b>3 924</b>	<b>6 334</b>
<b>Total revenue</b>		<b>5 321</b>	<b>8 798</b>

<i>(in thousands of euros)</i>	Note	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
<b>Revenue from contracts with customer</b>			
Fixed incidental costs		68	117
Incidental costs		1 120	1 970
Conference room service		51	72
Parking in the outdoor		37	67
Advertising		17	18
Other one-off services		104	156
<b>Total revenue from contracts with customer</b>		<b>1 397</b>	<b>2 464</b>
<b>Revenue from other sources</b>			
Shared office rent		113	138
Office rent		2 400	3 530
Industrial rent		950	2 008
Other rent		349	658
Parking in the garage		112	63
<b>Total revenue from other sources</b>		<b>3 924</b>	<b>6 334</b>
<b>Total revenue</b>		<b>5 321</b>	<b>8 798</b>

## Note 16. Other operating income

*(in thousands of euros)*

	Note	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
Gain/loss from change in fair value from investments in properties	2	0	2 777
Other income		2	34
<b>Total</b>		<b>2</b>	<b>2 811</b>

## Note 17. Cost of Sales

*(in thousands of euros)*

	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
Electricity	-613	-1 193
Heating	-177	-289
Water- and sewage expense	-102	-197
Security costs	-41	-72
State and local taxes	-42	-73
Property maintenance	-522	-553
Other	-110	-365
<b>Total</b>	<b>-1 607</b>	<b>-2 742</b>

**Note 18. Marketing expense***(in thousands of euros)*

	Note	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
Personnel expenses		-17	-56
Advertisement, PR		-64	-129
<b>Total</b>		<b>-81</b>	<b>-185</b>

**Note 19. Administration expenses***(in thousands of euros)*

	Note	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
Various office expenses		-12	-25
Investigatory and development expenses		-12	-10
Business trip expenses		-17	-13
Training expenses		-13	-27
Expenses from doubtful claims		-18	-420
Personnel expenses		-485	-799
Amortization and depreciation	3,4	-29	-45
Legal expenses		-53	-65
Insurance expenses		-26	-37
Management expenses		-180	-300
Consultation expenses		-61	-63
Bank fees expense		-35	-65
IT expenses		-12	-36
Compensation expense for incapacitation		-19	-53
Other		-132	-299
<b>Total</b>		<b>-1 104</b>	<b>-2 257</b>

**Note 20. Salary expenses***(in thousands of euros)*

	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
Salary expense	-354	-624
Social- and unemployment tax expense	-139	-209
Pension expense	-7	-14
Social tax on pensions	-2	-5
Vacation reserve	0	-3
<b>Total</b>	<b>-502</b>	<b>-855</b>
Average number of full-time employees	18	19

**Note 21. Other operating expenses***(in thousands of euros)*

	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
Loss on disposal of fixed assets	0	0
Other operating expenses	-7	-15
<b>Total</b>	<b>-7</b>	<b>-15</b>

**Note 22. Interest income***(in thousands of euros)*

	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
Interest income from Mainor AS group companies	25	394
Interest income from other receivables	5	2
Interest income from bonds	0	26
<b>Total</b>	<b>30</b>	<b>422</b>

**Note 23. Interest expenses***(in thousands of euros)*

	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
Interest expenses from loans	-884	-1 830
Interest expense from financial lease	-1	-3
Interest rate fixation fee	-20	-69
Interest expenses from other liabilities	0	-2
Interest expense from Bonds	-145	-570
Interest expenses from derivatives	0	-126
<b>Total</b>	<b>-1 050</b>	<b>-2 600</b>

**Note 24. Other financial income and expense***(in thousands of euros)*

	Note	01.01.2019- 30.06.2019	01.01.2018- 31.12.2018
Other interest expenses from Mainor group liabilities		-43	-157
Other financial income		0	0
Other finance expense		0	-158
Risk fee		-12	-46
<b>Total</b>		<b>-55</b>	<b>-361</b>

**Note 25. Operating lease***(in thousands of euros)*Entity as a lessee

Mainor Ülemiste AS had leased office furniture for clients under operating lease.

	30.06.2019	2018
Rental expenses for the reporting period	-2	-5
Succeeding periods operating lease cost from active contracts:		
Short-term portion of payment up to 12 months	5	5
Long-term portion of payment up to 2-5 years	2	4

Entity as a lessor

The entity has leased office and production premises.

	Note	30.06.2019	2018
Income from operating lease	15	3 924	6 334
Succeeding periods operating lease profit from active contracts:			
Within 12 months		7 107	7 332
1 to 5 years		20 189	21 974
Over 5 years		2 454	3 382
Carrying amount of assets leased	6	129 631	122 630

Mainor Ülemiste AS has leased office and production premises.

Lease contracts concluding by the entity are typically 1-5 years in duration. In some exceptional cases, when it comes to large-scale contracts, the lease period is 10-15 years.

**Note 26. Income tax**

<i>(in thousands of euros)</i>	30.06.2019	2018
Retained earnings	77 519	78 919
Profit of the year	3 448	9 334
<b>Profit before tax</b>	<b>80 967</b>	<b>88 253</b>
Estimated income tax calculated at 14% tax rate	0	0
Estimated income tax calculated at 20% tax rate	16 193	17 651
<b>Calculated income tax</b>	<b>16 193</b>	<b>17 651</b>
Dividends declared and paid during the reporting period	1 400	1 232
Further paid tax-exempt dividends	1 342	1 232
Taxable dividends	58	0
Estimated income tax calculated 20% tax rate	15	0
<b>Income tax expense for the period</b>	<b>15</b>	<b>0</b>
<b>Effective income tax rate</b>	<b>0,4%</b>	<b>0%</b>

The company's retained earnings as of 30.06.2019 amounted to 80 966 thousand euros (31.12.2018: 88 253 thousand euros). As of the 1 January 2019 according to the income tax law (TuMS) § 4 lg 5 ja § 50<sup>1</sup> lower tax rate 14% (14/86) applies to dividends paid on a regular basis. Thus, a resident company can be subject to a lower tax rate of 14/86 and a standard rate of 20/80 for the taxation of dividends. A resident company can apply a lower tax rate of 14/86 in 2019 to one third of the profit distributed in 2018 from which a resident company has paid income tax. When dividends are paid to owners, the income tax expense is partly due to 14/86 and partly 20/80 of the amount paid out as net dividend. The maximum income tax liability that would arise if all of the undistributed profits were distributed would be 16 193 thousand euros (31.12.2018: 17 651 thousand euros), therefore the net dividend that could be paid out is 64 774 tuhat eurot (31.12.2018: 70 602 thousand euros). Mainor Ülemiste AS accounted for an additional income tax of 15 thousand euros on dividends paid in the first half of 2019.

## Note 27. Related party transactions

(in thousands of euros)

Mainor Ülemiste AS related parties are:

- The ultimate parent of the group Mainor AS through the parent company Smart City Group AS
- Owners of the entity: Smart City Group AS (83.84%), Logit Eesti AS (16.16%)
- Companies related to management and supervisory board

Balances with related parties	Receivables 30.06.2019	Liabilities 30.06.2019	Receivables 31.12.2018	Liabilities 31.12.2018
Parent company	8 377	0	9 117	0
Other companies in Mainor AS consolidation group	282	139	492	157
Affiliated companies	10	51	34	21
Members of the management board and council, their family members and significant shareholders	42	2	15	1

Transactions with related parties in period 01.01-30.06.2019	Purchases	Salesd	Granted loans	Loan repayments
Affiliated companies	197	40	0	0
Other companies in Mainor AS consolidation group	305	397	0	0
Members of the management board and council, their family members and significant shareholders	32	109	0	0

Transactions with related parties in 2018	Purchases	Sales	Granted loans	Loan repayments
Affiliated companies	142	120	0	0
Other companies in Mainor AS consolidation group	1 763	620	0	0
Members of the management board and council, their family members and significant shareholders	35	145	0	0

Companies, who belongs to Mainor AS consolidation group, and with whom has made transactions in 2019, are follows: Eesti Ettevõtluskõrgkool Mainor AS, Dvigatel-Energeetika AS, Doranova Baltic OÜ, Mairenestal OÜ, Tallinn International School OÜ ja Mainor AS.

Companies related to Supervisory Council and the Management Board, their intermediate families and the companies in which they hold control or have significant influence, and with whom has made transaction in 2019, are follows: Nets OÜ, Ülemiste Center OÜ, RVVE Grupp OÜ, Disain Pluss OÜ, RS Büroo OÜ, Flennert OÜ, Lasteharidus OÜ ja Tallinn International School OÜ.

Mainor AS is the company controlling the parent Smart City Group Ltd. with a participation rate of 83.84%.

Affiliated companies, with whom has made transactions in 2019, are Technopolis Ülemiste AS.

The services included in the real estate investment were purchased from consolidation group companies in the amount of 43 thousand euros and in the previous financial year 156 thousand euros.

Accrued interest income for the grant of guarantees to the ultimate parent company's and receivable from immediate parent company was 25 thousand euros (2018: 393 thousand euros).

Associate Technopolis Ülemiste AS paid dividends in the amount of 1,341 thousand euros (2018: 1,232 thousand euros).

## Note 28. Unconsolidated Statement of Financial Position

(in thousands of euros)

	30.06.2019	31.12.2018
<b>ASSETS</b>		
Investments properties	53 766	52 550
Property, plant and equipment	116	98
Intangible assets	44	53
Trade and other receivables	19 990	26 650
Financial investments into subsidiaries	10 252	10 252
Financial investments in equity method	38 420	37 748
Cash and cash equivalents	11 646	9 315
<b>TOTAL ASSETS</b>	<b>134 234</b>	<b>136 666</b>
<b>EQUITY</b>		



Share capital	18 200	19 200
Statutory reserve	1 920	1 920
Retained earnings	68 332	64 235
Profit (loss) for the financial year	1 754	5 496
<b>Total Equity</b>	<b>90 207</b>	<b>90 851</b>
LIABILITIES		
Provision	263	263
Borrowings	41 874	44 457
Trade and other payables	1 890	1 095
<b>TOTAL LIABILITIES</b>	<b>44 027</b>	<b>45 815</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>134 234</b>	<b>136 666</b>

## Note 29. Unconsolidated Statement of Comprehensive Income

(in thousands of euros)

	01.01-30.06.2019	2018
Revenue	2 404	5 012
Cost of sales	-849	-1 844
<b>Gross profit</b>	<b>1 555</b>	<b>3 168</b>
Marketing expenses	-68	-155
Administrative expenses	-1 033	-2 272
Revenues from financial investments	2 013	5 462
Other revenues	1	13
Other costs	-6	-14
<b>Operating profit</b>	<b>2 462</b>	<b>6 202</b>
<i>Financial income and expenses</i>		
Interest income	29	1 578
Interest expense	-666	-1 939
Other financial income and expenses	-55	-345
<b>Total financial income and expenses</b>	<b>-692</b>	<b>-706</b>
Profit before tax	1 770	5 496
Income tax expense	-15	0
<b>Net profit for the year</b>	<b>1 755</b>	<b>5 496</b>
<b>Total comprehensive income for the year</b>	<b>1 755</b>	<b>5 496</b>

**Note 30. Unconsolidated Statement of Cash Flows**

	01.01- 30.06.2019	2018
<i>Cash flows from operating activities</i>		
Net profit for the year	1 769	5 496
Adjustments:		
Depreciation and amortization of non-current assets	29	45
Profit (loss) from fixed asset sales and write-offs	0	0
Change in fair value of investments property	0	-9
Profit (loss) from financial investments	-2 013	-5 462
Other financial income and expenses	55	-1 233
Interest paid and other financial expenses	637	1 939
Other adjustments	7	435
Income tax on dividends	0	0
Changes in receivables from operating activities	860	-107
Changes in payables from operating activities	-915	141
<b>Net cash from operating activities</b>	<b>429</b>	<b>1 245</b>
<i>Cash flows from investing activities</i>		
Sales of property, plant and equipment	0	0
Payments for property, plant and equipment	-38	-115
Payments for investment property	-1 216	-1 911
Acquisition of a subsidiary	0	-2
Loans granted	-55	-1 456
Repayment of loans	3 912	1 450
Interest received	2 781	132
Dividends received	1 341	1 232
<b>Net cash used in investing activities</b>	<b>6 725</b>	<b>-670</b>
<i>Cash flows from financing activities</i>		
Proceeds from borrowings	1 800	8 625
Repayment of borrowings	-4 387	-7 827
Issuance of bonds	0	7 380
Bond redemption	0	-5 000
Principal payments of finance lease	-2	-5
Interest paid	-834	-1 863
Other financial expense	0	-361
Dividends paid	-1 400	-1 232
<b>Net cash used in financing activities</b>	<b>-4 823</b>	<b>-283</b>
<b>Total cash flows</b>	<b>2 331</b>	<b>293</b>
<i>Cash and cash equivalents at the beginning of the financial year</i>	9 315	9 022
Net change in cash equivalents	2 331	293
<i>Cash and cash equivalents at the end of the year</i>	11 646	9 315

**Note 31. Unconsolidated Statement of Changes in Equity**

	Share capital	Statutory reserve	Retained earnings	Total
<b>Balance 31.12.2017</b>	<b>19 200</b>	<b>1 920</b>	<b>65 467</b>	<b>86 587</b>
<b>Adjusted unconsolidated equity at 31.12.2017</b>	<b>19 200</b>	<b>1 920</b>	<b>70 817</b>	<b>91 937</b>
Dividends declared	0	0	-1 232	-1 232
Comprehensive income for the year	0	0	5 496	5 496
<b>Balance 31.12.2018</b>	<b>19 200</b>	<b>1 920</b>	<b>69 731</b>	<b>90 851</b>
Value of interests under control and significant influence under the equity method	0	0	19 440	19 440
Cost value of interest under control and significant influence	0	0	-10 252	-10 252
<b>Adjusted unconsolidated equity at 31.12.2018</b>	<b>19 200</b>	<b>1 920</b>	<b>78 919</b>	<b>100 039</b>
Dividends declared	0	0	-1 400	-1 400
Decrease in share capital	-1 000	0	0	-1 000
Comprehensive income for the period	0	0	1 755	1 755
<b>Balance as of 30.06.2019</b>	<b>18 200</b>	<b>1 920</b>	<b>70 086</b>	<b>90 206</b>
Value of interests under control and significant influence under the equity method	0	0	21 133	21 133
Cost value of interests under control and significant influence	0	0	-10 252	-10 252
<b>Adjusted unconsolidated equity at 30.06.2019</b>	<b>18 200</b>	<b>1 920</b>	<b>80 965</b>	<b>101 087</b>