

Mainor Ülemiste AS

Consolidated Interim Report for the 6 month period ended 30 June 2020 (unaudited)

Beginning of financial period	01.01.2020
End of financial period	30.06.2020
Registry Code	10348595
Address	Valukoja 8/1 Tallinn 11415 Harju maakond
Phone	+372 53 04 6992
Main business activity	leased or owned real estate rent and operation
E-mail	info@mainorulemiste.ee
Website	www.mainorulemiste.ee

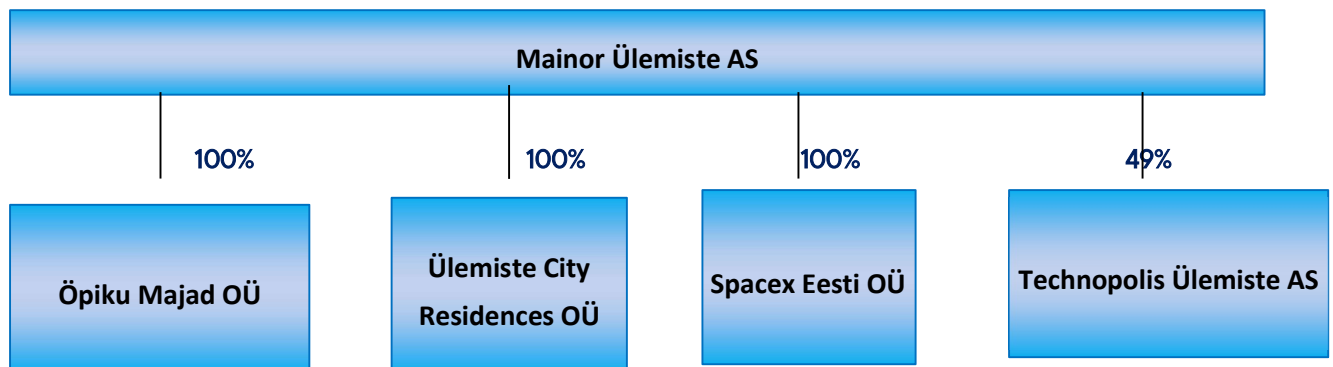
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Business Activity Compilation

Structure of consolidation group



In 2020, 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.

We will proceed with the planning for the office building *Alma Tomingas* with a leasable area of 16.5 thousand m² in cooperation with the architectural firm Pluss. This building will be another step on towards creating the talent centric environment in Ülemiste City.

At the same time, we are finalizing planning for a new educational complex with mobility and green areas for the growing schools in the town – Emil School and Tallinn International School – and for Kalli-kalli kindergarten. We are planning a new educational complex in cooperation with 3 + 1 Architects. The development of an educational cluster from kindergarten to higher education is a prerequisite for attracting talents.

At the end of February, we signed a 3.2 million euro loan agreement with SEB Bank to create the largest parking house in Ülemiste City, which will provide the city a total of 900 parking spaces. The construction of the parking house consists of two stages. The first stage was completed in the summer of 2018. The second phase was started in December last year, and when the building is completed, nearly 450 vehicles will be added. The whole project will be completed in October this year.

April - June 2020

Ülemiste City Live: How to emerge from the crisis as a winner?

Despite of the lockdown caused by the Covid crisis, we continued with the Ülemiste campus events - this time not physically, but digitally. From April to June, we organized a series of 8 webinars on burning topics in law, strategic management, economics, talents, start-ups, investing and returning to work safely. In total, more than 40 experts in their fields and top leaders of our community performed, focusing on finding practical solutions on how to emerge from the crisis together as a winner.

25th May 2020

Ülemiste City and the University of Tartu started a collaboration to build a unique tool to manage talent health and wellbeing

In the end of May, we started a cooperation with the University of Tartu to create a scientific model to improve the health and wellbeing of nearly 12,000 people in the Ülemiste City. It is part of a larger plan to create a working, living and development environment that motivates people and promotes their success. The research model focuses on three main factors - maximizing a person's physical, mental and social abilities. The created solution can later be successfully applied in other cities and campuses around the world. The tool is scheduled to be ready by the next spring.

16th June 2020

Study: Ülemiste City is the 5th largest economy in Estonia

According to a recent study conducted by Estonian Entrepreneurship University of Applied Sciences, Ülemiste City ranks 5th after Tallinn, Tartu, Pärnu and Narva in terms of tax revenues. Today, the city's 10,000 employees earn more than 1.6 billion euros a year. IT companies export as much as 3/4 of their services, which is half as much as in the rest of Estonia and accounts for almost 1/3 of the entire Estonian IT sector's exports.

18th June 2020

Worlds first self-driving public transport in open traffic

In mid-June, we opened the world's first self-driving public transport platform based on three buses in Ülemiste City. You can take a bus from Ülemiste City to the airport and Ülemiste Center. The aim of the international project FABULOS is to make self-driving vehicles a natural part of public transport and testing in Ülemiste City will last until the end of August. The project is run by the Mobile Civitatem Consortium, which includes Modern Mobility, TalTech, Auve Tech and Fleet Complete.

As of 30.06.2020 a total of 18 people were employed by Mainor Ülemiste AS, with a total salary of 388 thousand euros (30.06.2019: 354 thousand euros), of which salary expenses to memers of the board and management consisted of 113 thousand euros (30.06.2020: 107 thousand euros).

Key financial ratios	30.06.2020	30.06.2019
Return on equity – ROE (%)	3.1%	3.3%
Return on assets – ROA (%)	1.7%	1.8%
Operating margin (%)	82.6%	85.3%
Net Profit margin (%)	63.2%	64.8%
Dividends payout ratio (%)	11.4%	15.0%
Increase in revenue (%)	0.8%	24.9%

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 2020 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 2020 Consolidated financial statements in the report are not audited.



Margus Nõlvak

Member of the Management Board

Consolidated Financial Statements

Consolidated Statement of Financial Position

(in thousands of euros)

	Notes	30.06.2020	31.12.2019	30.06.2019
ASSETS				
Investment property	2	146 900	137 780	129 631
Tangible assets	3	132	130	118
Intangible assets	4	104	128	44
Trade and other receivables	5,6	10 308	9 801	10 249
Financial investment	9	40 811*	40 314	38 420
Cash and cash equivalents	10	9 494	12 937	11 988
TOTAL ASSETS		207 749	201 090	190 450
EQUITY				
Share capital at par value	11	18 200	18 200	18 200
Statutory capital reserve		1 920	1 920	1 920
Retained earnings		88 237	77 520	77 519
Profit for the financial year		3 390	12 102	3 447
TOTAL EQUITY		111 747	109 742	101 086
LIABILITIES				
Provisions	14	264	264	263
Borrowings	12	91 425	86 511	82 807
Derivatives		345	345	0
Trade and other payables	13	3 968	4 228	6 294
TOTAL LIABILITIES		96 002	91 348	89 364
TOTAL LIABILITIES AND EQUITY		207 749	201 090	190 450

*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- 30.06.2020	01.01- 30.06.2019
Revenue	15	5 365	5 321
Cost of Sales	17	-1 304	-1 607
Gross Profit		4 061	3 714
Marketing expenses	18	-95	-81
Administration expenses	19	-1 453	-1 104
Revenues from financial investment*	9	1 881	2 013
Other operating income	16	43	2
Other operating expenses	21	-4	-7
Operating Profit		4 433	4 537
<i>Financial income and expenses</i>			
Interest income	22	25	30
Interest expense	23	-1 033	-1 050
Other financial income and expenses	24	-35	-55
Total financial income and expenses		-1 043	-1 075
Profit before tax		3 390	3 462
Income tax expense	26	0	-15
Net Profit for the year		3 390	3 447
Total comprehensive income for the year		3 390	3 447
Attributable to the owners of the company		3 390	3 447

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

Consolidated Statement of Cash Flows

(in thousands of euros)

	Notes	30.06.2020	30.06.2019
<i>Cash flows from operating activities</i>			
Net profit for the year		3 390	3 462
Adjustments:			
Depreciation and amortization of non-current assets	3,4	53	29
Profit (loss) from fixed asset sales and write-offs		0	0
Other adjustments		-21	18
Profit (loss) from financial investments	9	-1 881	-2 013
Other financial income and other financial expenses		35	55
Interest expenses		1 008	1 020
Changes in receivables from operating activities		-410	348
Changes in payables from operating activities		-121	1 986
Net cash generated by operating activities		2 053	4 905

Cash flows from investing activities			
Sales of property, plant and equipment	3	31	0
Payments for property, plant and equipment	3	-46	-38
Payments for investment property	2	-9 120	-6 941
Loans granted	5	0	0
Repayment of loans granted		0	740
Interest received		0	140
Dividends received	9,27	1 384	1 341
Net cash used in investing activities		-7 751	-4 758
<i>Cash flows from financing activities</i>			
Proceeds from borrowings	12	6 233	42 411
Repayment of borrowings	12	-1 215	-37 401
Capital lease payments		-19	-15
Interest paid		-1 360	-1 374
Dividends paid	11	-1 384	-1 400
Net cash from financing activities		2 255	2 221
Total cash flows		-3 443	2 368
Cash and cash equivalents at the beginning of the period	10	12 937	9 620
Net change in cash and cash equivalents		-3 443	2 368
Cash and cash equivalents at the end of the period	10	9 494	11 988

Consolidated Statement of Changes in Equity

(in thousands of euros)

	Share capital	Statutory reserve	Retained earnings	Total Equity
Balance at 31.12.2018	19 200	1 920	78 919	100 039
Dividends declared	0	0	-1 400	-1 400
Decrease in share capital	-1 000	0	0	-1 000
Total comprehensive income 01.01-30.06.2019	0	0	3 447	3 447
Balance at 30.06.2019	18 200	1 920	80 966	101 086
Total comprehensive income 01.07-31.12.2019	0	0	8 656	8 656
Balance at 31.12.2019	18 200	1 920	89 622	109 742
Dividends declared	0	0	-1 384	-1 384
Total comprehensive income 01.01-30.06.2020	0	0	3 390	3 390
Balance at 30.06.2020	18 200	1 920	91 627	111 747

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 a n 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 AS 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 investments 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
Balance at 31.12.2018		122 630
Additions 01.01-30.06.2019		7 001
Balance at 30.06.2019		129 631
Additions 01.07-31.12.2019		7 204
Gain (loss) on property revaluation	20	945
Balance at 31.12.2019		137 780
Additions 01.01-30.06.2020		9 120
Balance at 30.06.2020		146 900

Note 3. Property, plant and equipment

(in thousands of euros)

	Machinery and equipment	Equipment and fixtures	Prepayments	Total
01.01.2019-31.12.2019				
Carrying amount at 01.01.2019	25	75	0	100
Incl. acquisition cost	37	203	0	240
Incl. accumulated depreciation	-12	-128	0	-140
Acquisition and improvements	0	43	32	75
Disposals	0	-6	0	-6
Depreciation of sold and disposed assets	0	6	0	6
Depreciation	-7	-38	0	-45
Carrying amount at 31.12.2019	18	80	32	130
Incl. Acquisition cost	37	237	32	306
Incl. Accumulated amortization	-19	-157	0	-176

	Machinery and equipment	Equipment and fixtures	Prepayments	Total
01.01.2020-30.06.2020				
Carrying amount at 01.01.2020	18	80	32	130
Acquisition and improvements	35	2	8	45
Sales	-31	0	0	-31
Reclassification from prepayment	0	35	-35	0
Depreciation of sold and disposed assets	16	0	0	16
Depreciation	-4	-24	0	-28
Carrying amount at 30.06.2020	34	93	5	132
Incl. Acquisition cost	41	274	5	320
Incl. Accumulated depreciation	-7	-181	0	-188

Note 4. Intangible assets

(in thousands of euros)

	Computer software	Other intangible assets	Total
01.01.2019-31.12.2019			
Carrying amount at 01.01.2019	53	0	53
Purchase of intangible assets	103	0	103
Depreciation	-28	0	-28
Carrying amount at 31.12.2019	128	0	128
Incl. Acquisition cost	157	0	157
Incl. Accumulated depreciation	-29	0	-29
01.01.2020-30.06.2020			
Carrying amount at 01.01.2020	128	0	128
Purchase of intangible assets	1	0	1
Depreciation	-25	0	-25
Carrying amount at 30.06.2020	104	0	104
Incl. Acquisition cost	158	0	158
Incl. Accumulated depreciation	-54	0	-54

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

	Notes	30.06.2020	Due within 1 year
Financial assets			
Trade receivables	5,6	1 189	1 189
Allowance for doubtful receivables	5,6	-63	-63
Receivable from other entities in Mainor AS group	27	8 745	8 745
Total financial assets		9 871	9 871
Non-financial assets			
Prepaid taxes	7	339	339
Other receivables and prepayment		98	98
Total non-financial assets		437	437
Total receivables and prepayment		10 308	10 308

	Note	30.06.2019	Due within 1 year
Financial assets			
Trade receivables	5,6	849	849
Allowance for doubtful receivables	5,6	-33	-33
Receivables from other entities in Mainor AS group	27	8 658	8 658
Finantsvarad kokku		9 474	9 474
Non-financial assets			
Prepaid taxes	7	677	677
Other receivables and prepayment		98	95
Total non-financial assets		775	775
Total receivables and prepayments		10 249	10 249

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

	Note	30.06.2020	30.06.2019
Trade receivables	9	1 189	849
Doubtful receivables	9	-63	-33
Total		1 126	816
Doubtful receivables			
Doubtful receivables at the beginning of the period		-41	-749
Receivables classified as doubtful		-22	-17
Doubtful receivables classified as uncollectible		0	733
Doubtful receivables at the end of period	9	-63	-33

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

	Note	30.06.2020		30.06.2019	
		Prepayment	Payable	Prepayment	Payable
Value added tax		339	0	677	180
Personal income tax		0	25	0	24
Social tax		0	40	0	39
Other taxes		0	42	0	56
Total	7,13	339	107	677	299

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	Primary activity	Participation rate (%) 30.06.2020	Participation rate (%) 31.12.2019	Participation rate (%) 30.06.2019
12804904	Öpiku Majad OÜ	Real Estate activities	100 %	100 %	100 %
14578228	Ülemiste City Residences OÜ	Real Estate activities	100 %	100 %	100 %
12783421	Spacex Eesti OÜ	Real Estate activities	100 %	100 %	100 %

Shares in subsidiaries at cost value

Company	30.06.2019	31.12.2019	30.06.2020
Öpiku Majad OÜ	10 250	10 250	10 250
Ülemiste City Residences OÜ	2	2	2
Total	10 252	10 252	10 252

Shares in subsidiaries by equity method

Company	30.06.2019	Profit by equity method	31.12.2019	Profit by equity method	30.06.2020
Öpiku Majad OÜ	21 131	2 880	24 011	2 081	26 092
Ülemiste City Residences OÜ	2	-2	0	0	0
Spacex Eesti OÜ	0	0	0	0	0
Total	21 133	2 878	24 011	0	26 092

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 thousandds of euros)

Shares in associate companies, general information

Affiliates registry code	Company	Primary activity	Participation rate (%) 30.06.2020	Participation rate (%) 31.12.2019	Participation rate (%) 31.06.2019
11978111	Technopolis Ülemiste AS	Real Estate activities	49 %	49 %	49 %

Shares in associate companies, detail information

Company	30.06.2019	Profit by equity method	31.12.2019	Dividends	Profit by equity method	30.06.2020
Technopolis Ülemiste AS	38 420	1 894	40 314	-1 384	1 881	40 811*
Kokku	38 420	1 894	40 314	-1 384	1 881	40 811*

*Without change of valuation investments properties

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 sätted 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 of last quarter.

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

	30.06.2020	31.12.2019	30.06.2019
Current accounts with banks	9 494	12 937	11 988
Kokku	9 494	12 937	11 988

Mainor Ülemiste AS belongs to the consolidated group of Mainor ASi.

Note 11. Share capital

	30.06.2020	31.12.2019	30.06.2019
Number of shares	30 333 333	30 333 333	30 333 333
Nominal value of shares <i>(in euros)</i>	0.60	0.60	0.60
Share capital <i>(in thousands of euros)</i>	18 200	18 200	18 200

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 2020 the shareholders were paid dividends in the amount 1,384 thousand euros (2019: 1,400 thousand euros), which means that dividend per share was 4.5 eurocents (in 2019 it was 4.4 eurocents per share).

Note 12. Borrowings*(tuhandetes eurodes)*

	30.06.2020	Breakdown by residual maturity		
		Within 12 months	Within 1-5 years	Over 5 years
Bank loans	81 358	3 103	78 255	0
Bonds	10 000	0	10 000	0
Finance lease liabilities	67	30	37	0
Total	91 425	3 133	88 292	0

	31.12.2019	Breakdown by residual maturity		
		Within 12 months	Within 1-5 years	Over 5 years
Bank loans	76 442	2 720	73 722	0
Bonds	10 000	0	10 000	0
Finance lease liabilities	69	31	38	0
Total	86 511	2 751	83 760	0

The followings claims are included in long-term borrowings at 30.06.2020:

- Luminor Bank AS 6,125 thousand euros (2019: 6,125), of which the short-term part is 0 euros (2019: 0 euros);
- COOP Pank AS 4,181 thousand euros (2019: 4,322 thousand euros), of which the short-term part 190 thousand euros (2019: 271 thousand euros);
- LHV Pank AS 14,055 thousand euros (2019: 14,121 thousand euros), of which the short-term part 135 thousand euros;
- OP Bank Estonian Branch 18,430 thousand euros (2019: 13,805 thousand euros), of which the short-term part 477 thousand euros (2019: 728 thousand euros);
- SEB Pank AS 38,567 thousand euros (2019: 38,069 thousand euros), of which the short-term part 1,579 thousand euros (2019: 1,579 thousand euros).

Interest of the bank loans range is 1.8%-4.5%.

Note 13. Payables and prepayments

(in thousands of euros)

	Note	30.06.2020	Breakdown by residual maturity	
			12 months	1-5 years
Financial liabilities				
Trade payables		2 680	2 680	0
Other payables		0	0	0
<i>incl interest payable</i>		0	0	0
Liabilities to companies in Mainor AS group	27	87	87	0
Total financial liabilities		2 767	2 767	0
Non-financial liabilities				
Payables to employees		128	128	0
Taxes payable	7	107	107	0
Prepayments received		871	145	726
Future expenses		95	95	0
Total non-financial liabilities		1 201	475	726
Total payables and prepayments		3 968	3 242	726

	Note	30.06.2019	Breakdown by residual maturity	
			12 months	1-5 years
Financial liabilities				
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		139	128	0
Total financial liabilities		5 029	5 029	0

Non-financial liabilities

Payables to employees		108	108	0
Taxes payable	7	299	299	0
Prepayments received		625	123	502
Future expenses		233	233	0
Total non-financial liabilities		1 265	763	502
Total payables and prepayments		6 294	2 027	502

Note 14. Provisions*(in thousands of euros)*

	30.06.2019	Formation/ Adjustment	31.12.2019	30.06.2020
Compensation for loss of ability to work	263	1	264	264
incl short-term	50	4	54	54
incl long-term	213	-3	210	210

Provisions have been recognised for former employees of AS Dvigatel for incapacitation benefits and personal pension payment obligations. The balance as of 30.06.2020 includes a short-term portion in the amount of 54 thousand euros and long-term portion in the amount of 210 thousand euros.

Note 15. Sales revenue*(in thousand euros)*

	Note	01.01.- 30.06.2020	01.01.- 30.06.2019
Revenue from contracts with customer			
Other revenue		250	209
Revenue from administrative services		1 002	1 118
Total revenue from contracts with customer		1 252	1 397
Revenue from other sources			
Rental income from operating leases		4 075	3 812
Revenue from parking service in garage		38	112
Total revenue from other sources		4 113	3 924
Total revenue		5 365	5 321

(in thousand euros)

	Note	01.01.- 30.06.2020	01.01.- 30.06.2019
Revenue from contracts with customer			
Fixed incidental costs		74	68
Incidental costs		928	1 120
Conference room service		17	51
Parking in the outdoor		133	37

Illuminated advertising	21	17
Other one-off services	79	104
Total revenue from contracts with customer	1 252	1 397
Revenue from other sources		
Shared office rent	124	113
Office rent	2 235	2 400
Industrial rent	851	950
Other rent	860	349
Monthly-based accomodation service	5	0
Parking in the garage	38	112
Total revenue from other sources	4 113	3 924
Total revenue	5 365	5 321

Note 16. Other operating income*(in thousands of euros)*

	Note	01.01.- 30.06.2020	01.01.- 30.06.2019
Gain/loss from change in fair value from investments in properties	2	0	0
Other income		43	2
Total		43	2

Note 17. Cost of Sales*(in thousands of euros)*

	01.01.- 30.06.2020	01.01.- 30.06.2019
Elektricity	-379	-613
Heating	-147	-177
Water- and sewage expense	-59	-102
Security costs	-23	-41
State and local taxes	-37	-42
Property maintance	-463	-522
Other	-196	-110
Total	-1 304	-1 607

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

	Note	01.01.- 30.06.2020	01.01.- 30.06.2019
Salary expenses and taxes		-30	-17
Advertising, PR		-65	-64
Kokku		-95	-81

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

	Note	01.01.- 30.06.2020	01.01.- 30.06.2019
Salary expenses and taxes	18,20	-503	-485
Compensation expenses for incapacitation		-21	-19
Expenses from doubtful claims		-21	-18
Amortization and depreciation	3,4	-53	-29
Other miscellaneous expenses		-855	-553
Kokku		-1 453	-1 104

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

	01.01.- 30.06.2020	01.01.- 30.06.2019
Salary expenses	-388	-354
Social- and unemployment tax expense	-134	-139
Pension expense	-8	-7
Social tax on pensions	-3	-2
Total	-533	-502
Average number of full-time employees	18	18

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

	01.01.- 30.06.2020	01.01.- 30.06.2019
Loss on disposal of fixed assets	0	0
Other operating expenses	-4	-7
Total	-4	-7

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

	01.01.- 30.06.2020	01.01.- 30.06.2019
Interest income from Mainor AS group companies	25	25
Interest income from other receivables	0	5
Interest income from bonds	0	0
Total	25	30

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

	01.01.- 30.06.2020	01.01.- 30.06.2019
Interest expenses from loans	-877	-884
Interest expense from financial lease	-1	-1
Interest rate fixation fee	-10	-20
Interest expenses from other liabilities	0	0
Interest expense from Bond	-145	-145
Interest expenses from derivatives	0	0
Total	-1 033	-1 050

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

	Note	01.01.- 30.06.2020	01.01.- 30.06.2019
Other interest expenses from Mainor group liabilities		-34	-43
Other financial income		0	0
Other finance expenses		-1	0
Risk fee		0	-12
Total		-35	-55

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

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

	30.06.2020	30.06.2019
Rental expenses for the reporting period	-2	-2
Succeeding periods operating lease cost from active contracts:		
Short-term portion of payment up to 12 months	1	5
Long-term portion of payment up to 2-5 years	0	2

Entity as a lessor

The entity has leased office and production premises.

	Note	30.06.2020	30.06.2019
Income from operating lease	15	4 113	3 924
Succeeding periods operating lease profit from active contracts:			
Within 12 months		7 584	7 107
1 to 5 years		18 950	20 189
Over 5 years		1 810	2 454
Carrying amount of assets leased	6	146 900	129 631

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

The company's retained earnings as of 30.06.2020 amounted 91,627 thousand euros (31.12.2019: 89,622 thousand euros). As of the 1 January 2019 according to the income tax law (TuMS) § 4 lg 5 ja § 50¹ 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. The maximum income tax liability that would arise if all of the undistributed profits were distributed would be 18,325 thousand euros (31.12.2019: 17,924 thousand euros), therefore the net dividend that could be paid out is 73,302 thousand euros (31.12.2019: 64,774 thousand euros). Mainor Ülemiste AS did not pay income tax on dividends paid in the first half of 2020, as the amount of dividends paid was equal to the dividends received from the associated company. 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 30.06.2020	Liabilities 30.06.2020	Receivables 30.06.2019	Liabilities 30.06.2019
Parent company	8 573	0	8 337	0
Other companies in Mainor AS consolidation group	171	87	282	139
Affiliated companies	10	66	10	51
Members of the management board and council, their family members and significant shareholders	21	2	42	2

Transactions with related parties in period 01.01-30.06.2020	Purchases	Sales	Granted loans	Loan repayments
Affiliated companies	244	34	0	0
Other companies in Mainor AS consolidation group	944	410	0	0
Members of the management board and council, their family members and significant shareholders	54	57	0	0

Transactions with related parties in period 01.01-30.06.2019	Purchases	Sales	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

Companies, who belongs to Mainor AS consolidation group, and with whom has made transaction in 2020 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 2020, are follows: Nets OÜ, Ülemiste Center OÜ, RVVE Grupp OÜ, RS Büroo OÜ, Flennert OÜ, Lasteharidus OÜ, SK Kehra Käsipall, Tooma Energia OÜ ja Nordic Financial Group OÜ.

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

Affiliated companies, with whom has made transaction in 2020, are Technopolis Ülemiste AS.

The services included in the real estate investment were purchased from consolidation group companies in the amount of 77 thousand euros and in the previous financial year 43 thousand euros.

Accrued interest income for the grant of guarantees to the ultimate parent company's and receivable from immediate parent company was 25 thousands euros (2019: 25 thousands euros).

Associate Technopolis Ülemiste AS paid dividends in the amount of 1,384 thousand euros (2019: 1,341 thousand euros).

Note 28. Unconsolidated Statement of Financial Position

(in thousands of euros)

	30.06.2020	31.12.2019	30.06.2019
ASSETS			
Investments properties	55 541	54 070	53 766
Property, plant and equipment	131	128	116
Intangible assets	104	128	44
Trade and other receivables	22 875	21 233	19 990
Financial investments into subsidiaries	10 252	10 252	10 252
Financial investments in equity method	40 811	40 314	38 420
Cash and cash equivalents	10 307	12 798	11 646
TOTAL ASSETS	140 021	138 923	134 234
EQUITY			
Share capital	18 200	18 200	18 200
Statutory reserve	1 920	1 920	1 920
Retained earnings	74 479	68 332	68 332
Profit (loss) for the financial year	1 331	7 532	1 754
Total Equity	95 930	95 984	90 206
LIABILITIES			
Provision	264	264	263
Borrowings	43 052	41 429	41 874
Trade and other payables	775	1 246	1 891
TOTAL LIABILITIES	44 091	42 939	44 028
TOTAL LIABILITIES AND EQUITY	140 021	138 923	134 234

Note 29. Unconsolidated Statement of Comprehensive income*(in thousands of euros)*

	01.01- 30.06.2020	01.01- 30.06.2019
Revenue	2 282	2 404
Cost of sales	-627	-849
Gross profit	1 655	1 555
Marketing expenses	-91	-68
Administrative expenses	-1 466	-1 034
Revenue from financial investments	1 881	2 013
Other revenues	43	1
Other costs	-4	-6
Operating profit	2 018	2 461
<i>Financial income and expenses</i>		
Interest income	25	29
Interest expense	-677	-666
Other financial income and expenses	-35	-55
Total financial income and expenses	-687	-692
Profit before tax	1 331	1 769
Income tax expense	0	-15
Net profit for the year	1 331	1 754
Total comprehensive income for the year	1 331	1 754

Note 30. Unconsolidated Statement of Cash Flows

	01.01- 30.06.2020	01.01- 30.06.2019
<i>Cash flows from operating activities</i>		
Net profit for the year	1 331	1 769
Adjustments:		
Depreciation and amortization of non-current assets	53	29
Profit (less) from fixed asset sales and write-offs	-3	0
Change in fair value of investments property	0	0
Profit (loss) from financial investments	-1 881	-2 013
Other financial income and expenses	10	55
Interest paid and other financial expenses	677	637
Other adjustments	-31	7
Income tax on dividends	0	0
Changes in receivables from operating activities	-269	860
Changes in payables from operating activities	-372	-915
<i>Net cash from operating activities</i>	-485	429
<i>Cash flows from investing activities</i>		
Sales of property, plant and equipment	31	0
Payments for property, plant and equipment	-46	-38
Payments for investment property	-1 471	-1 216
Acquisition of a subsidiary	0	0
Loans granted	-1 375	-55
Repayment of loans	0	3 912
Interest received	0	2 781
Dividends received	1 384	1 341
<i>Net cash used in investing activities</i>	-1 477	6 725
<i>Cash flows from financing activities</i>		
Loans received	2 100	1 800
Repayment of borrowings	-385	-4 387
Principal payments of finance lease	-6	-2
Interest paid	-854	-834
Other financial expense	0	0
Dividends paid	-1 384	-1 400
<i>Net cash used in financing activities</i>	-529	-4 823
Total cash flows	-2 491	2 331
<i>Cash and cash equivalents at the beginning of the financial year</i>	12 798	9 315
Net change in cash equivalents	-2 491	2 331
<i>Cash and cash equivalents at the end of the year</i>	10 307	11 646

Note 31. Unconsolidated Statement of Changes in Equity

	Share capital	Statutory reserve	Retained earnings	Total equity
Balance at 30.06.2019	18 200	1 920	70 086	90 206
Adjusted unconsolidated equity at 30.06.2019	18 200	1 920	80 966	101 086
Comprehensive income for the year	0	0	5 778	5 778
Balance at 31.12.2019	18 200	1 920	75 863	95 984
Value of interests Under Control and significant influence under the equity method	0	0	24 010	24 010
	0	0	-10 252	-10 252
Adjusted unconsolidated equity at 31.12.2019	18 200	1 920	89 622	109 742
Dividends declared	0	0	-1 384	-1 384
Comprehensive income for the year	0	0	1 331	1 331
Balance at 30.06.2020	18 200	1 920	75 810	95 930
Value of interests Under Control and significant influence under the equity method	0	0	26 069	26 069
Cost value of interests under Control and significant influence	0	0	-10 252	-10 252
Adjusted unconsolidated equity at 30.06.2020	18 200	1 920	91 627	111 747