



NEW



HANZA



CAPITAL

New Hanza Capital, AS Group Performance Report

FOR THE 3 MONTHS PERIOD ENDED
31 MARCH 2019

Basic Information

New Hanza Capital, AS, a company founded in 2006, has been investing in commercial properties since the end of 2015. The Company and its subsidiaries (the Group) focus on acquiring cash generating commercial properties with future income potential.

New Hanza Capital, AS business objective is to invest its own funds, as well as third party funds in commercial properties, sustainably increase rental income and promote long-term property value and capital growth. The Group specialises in the acquisition of office buildings, warehouses and logistic centres.

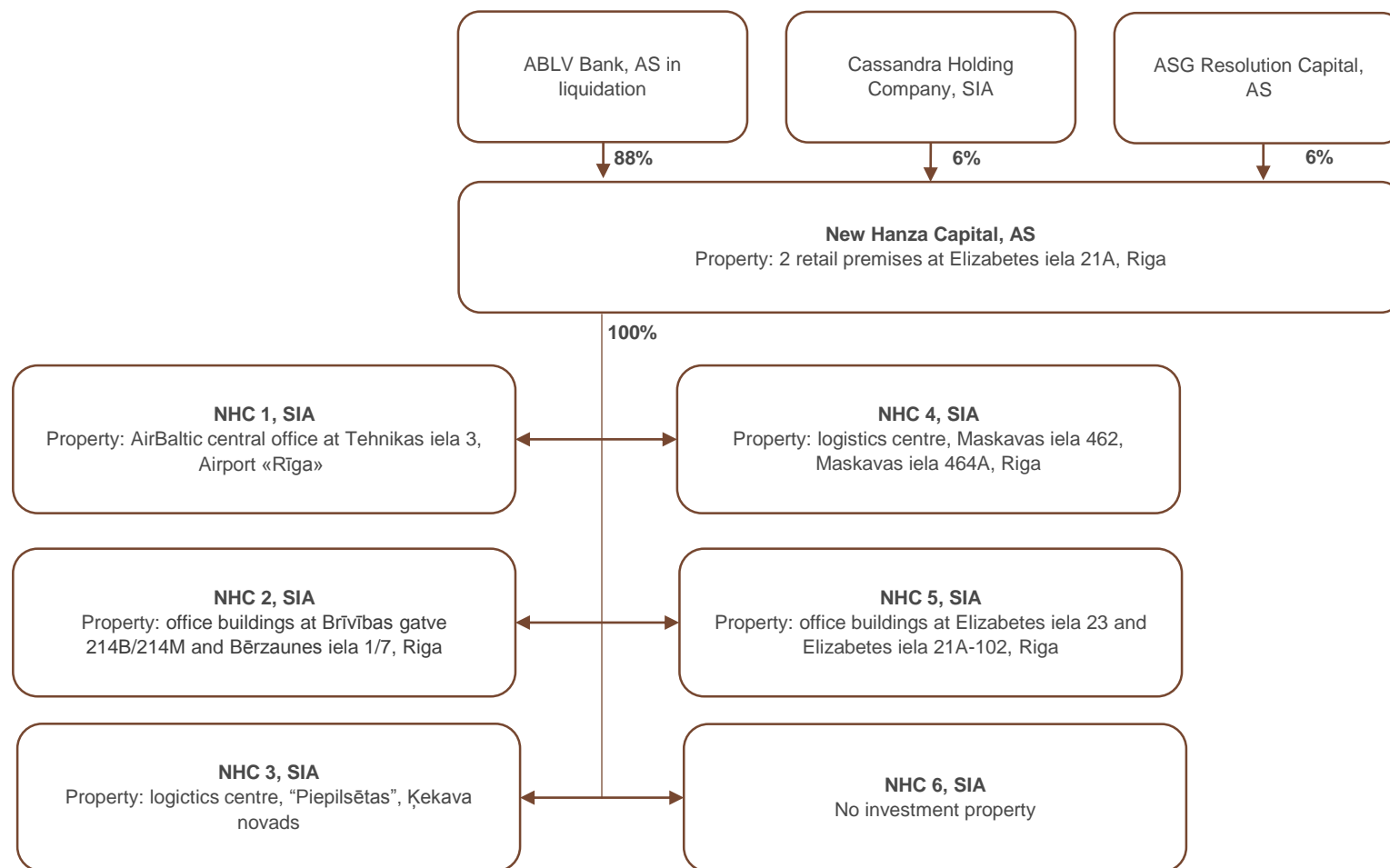
The investment strategy entails direct acquisition of real estate, as well as purchase of equity interest in companies holding the respective properties.

Currently, there are over 77 thousand square meters of commercial space under the company management.

The largest shareholder of New Hanza Capital, AS is ABLV Bank, AS in liquidation, which owns 88% of the company's shares.



Group structure





Council



Ernests Bernis
Chairman of the Council



Edgars Pavlovičs
Deputy Chairman of the Council



Māris Kannenieks
Member of the Council

Board



Edgars Miļūns
Chairman of the Board



Arnolds Romeiko
Member of the Board



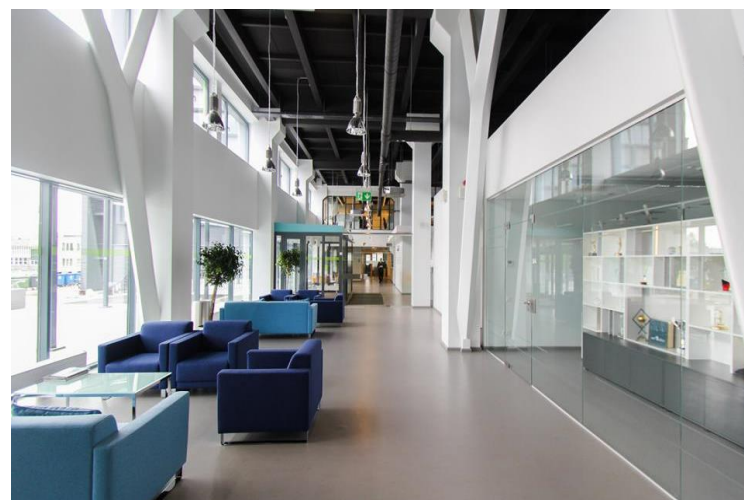
Aija Hermane – Sabule
Member of the Board

Group investment properties



AirBaltic Headquarters at Riga Airport

Type of real estate	Office building
Major tenant	Air Baltic Corporation, AS
In service as of	2016
Area for rent, m2	6 217
Floors	4
Parking spaces	77
Acquisition date	02.05.2016



VEF-Brīvības gatve 214B, 214M and Bērzaunes iela 1

Type of real estate	Office buildings
Major tenant	Dentsu Aegis Network Latvia, SIA
In service as of	2008
Area for rent, m2	22 085
Floors	4 - 9
Parking spaces	237
Acquisition date	18.09.2017



VEF-Bērzaunes iela 7

Type of real estate	Office building
Major tenant	SKY DREAM CLINIC
In service as of	2003
Area for rent, m2	3 224
Floors	5
Parking spaces	66
Acquisition date	17.07.2018



Small retail premises at Elizabetes Park House

Type of real estate	Retail premises
Major tenant	Tavex, SIA
In service as of	2013
Area for rent, m2	231
Floors	1
Acquisition date	27.12.2012



Logistics Centre «Piepilsētas», Ķekava Municipality

Type of real estate	Logistics Centre
Major tenant	FORANS, SIA
In service as of	2009
Area for rent, m2	13 360
Floors	2
Parking spaces	123
Acquisition date	27.11.2016



Logistics Centre, Maskavas iela 462/464A

Type of real estate	Logistics Centre
Major tenant	Latakko, SIA
In service as of	2004 - 2009
Area for rent, m2	27 874
Floors	2
Land area, ha	12.55
Acquisition date	05.01.2018



Office building Elizabetes 23/Elizabetes 21A-102

Type of real estate	Office building
Major tenant	Vincit Advisory, SIA
In service as of	2004
Area for rent, m2	4 382
Floors	6
Acquisition date	02.05.2018



Group performance indicators

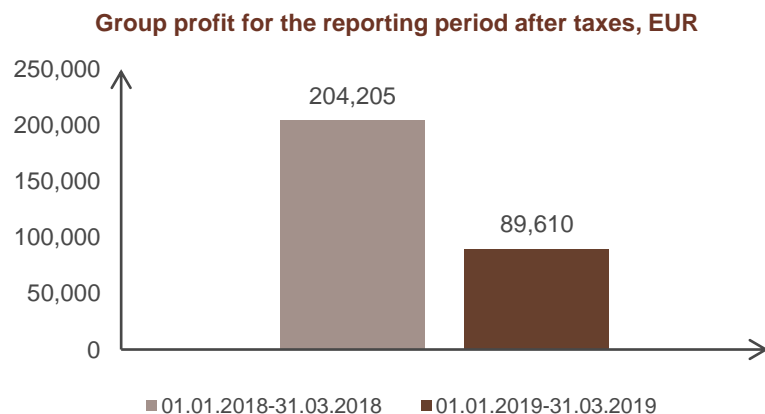




Profit and loss figures

Group Profit	Value	01.01.2019- 31.03.2019	01.01.2018- 31.03.2018	Change, %
Earnings	EUR	919 292	936 696	-1.86%
Adjusted EBITDA	EUR	268 816	333 035	-19.28%
Profit after Tax	EUR	89 610	204 205	-56.12%
Operating cash flow	EUR	231 051	(93,676)	n/a

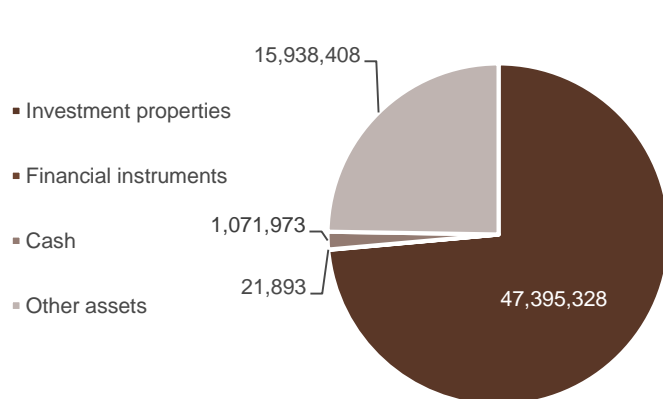
Adjusted EBITDA - Earnings before interest, tax, depreciation and amortization, gains and losses from investment property revaluation



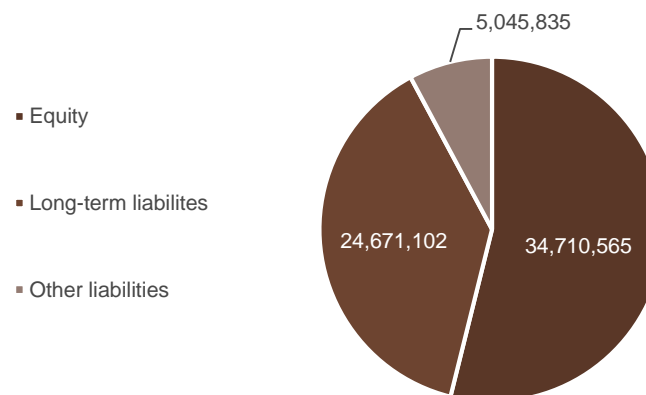
Assets and Liabilities

Group Balance Sheet	Value	31.03.2019	31.03.2018	Cgange (%)
Assets	EUR	62,427,502	56,079,789	11.32%
Incl. investment properties	EUR	47,263,412	39,108,000	20.85%
Incl. current assets	EUR	13,946,999	16,308,182	-14.48%
Equity	EUR	34,710,565	34,620,955	0.26%
Liabilities	EUR	21,458,834	19,408,593	10.56%
Incl. short-term liabilities	EUR	2,459,407	1,861,577	32.11%

Group assets, EUR



Group equity and liabilities, EUR



Financial ratios

Group financial ratios	Value	01.04.2018 - 31.03.2019	01.04.2017- 31.03.2018
Adjusted EBITDA margin	%	39.02%	26.47%
Equity ratio	coef.	0.83	1.51
Return on equity (ROE)	%	4.57%	33.72%
Return on assets (ROA)	%	3.78%	51.04%
Total liquidity ratio	coef.	4.58	6.63

Adjusted EBITDA margin = Adjusted EBITDA (in a 12 month period) / revenue (in a 12 month period) * 100%

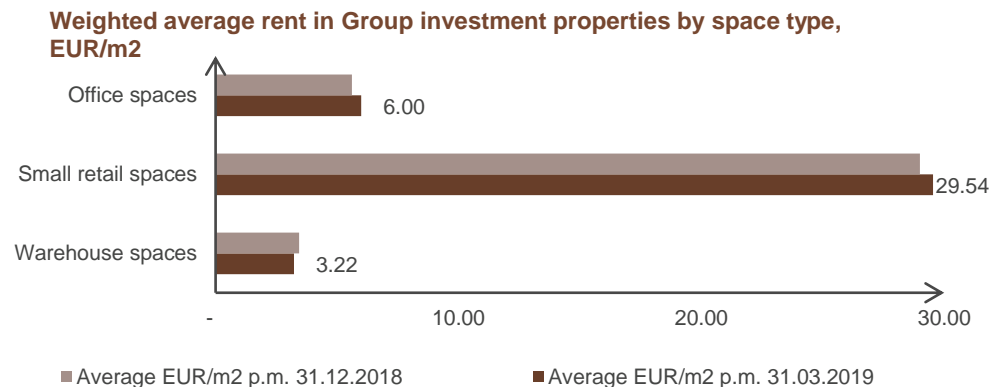
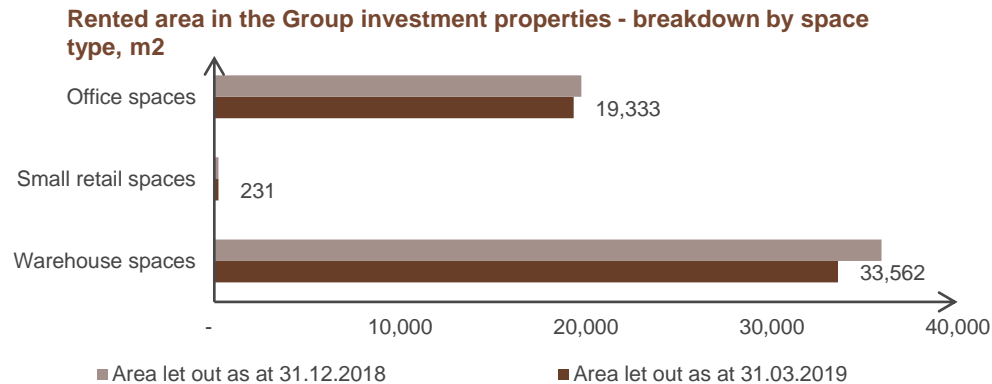
Equity ratio = $(1/2 * \text{value of equity at the beginning of the 12 month period} + 1/2 * \text{value of equity at the end of the 12 month period}) / (1/2 * \text{value of assets at the beginning of the 12 month period} + 1/2 * \text{value of assets at the end of the 12 month period})$

ROE = profit or loss after tax (in a 12 month period) / $(1/2 * \text{value of equity at the beginning of the 12 month period} + 1/2 * \text{value of equity at the end of the 12 month period}) * 100\%$

ROA = profit or loss after tax (in a 12 month period) / $(1/2 * \text{value of assets at the beginning of the 12 month period} + 1/2 * \text{value of assets at the end of the 12 month period}) * 100\%$

Total liquidity ratio = current assets at the end of reporting period / short-term liabilities at the end of reporting period

Portfolio performance



- During the reporting period the Group expanded its investment property portfolio with two investment properties – an office building on Elizabetes iela 23 and office spaces on Elizabetes iela 21A-102 with a total area of 4,324.9 square meters and 689.4 square meters respectively. Office spaces on Elizabetes iela 21A-102 are fully leased, whereas the majority of Elizabetes iela 23 office building tenants are in rotation. There is also a planned decrease in the tenant number in the office building on Brīvības gatve 214M as the management prepares the building for reconstruction. As a result of the aforementioned activities the Group closed the 1st quarter 2019 with a slight decrease in the total rented area of the Group offices.

- Decrease in the rented area of the Group warehouses recorded at the end of the 1st quarter 2019 resulted from tenant rotation in one of the Group warehouses – “Piepilsētas”.
- During the reporting period there was a 7% decrease in the average rents charged in Group offices as a result of Elizabetes iela 21A-102 office space acquisition where average rents are significantly higher than in other Group offices. The Group management expects a further increase in the average office rents charged in Group offices once tenant rotation on Elizabetes iela 23 is complete.

Portfolio performance summary

Key indicators of the Group's investment properties	Unit	31.03.2019	31.12.2018	Change %
Number of investment properties	pcs.	11	9	22.22%
Market value of investment properties	EUR	47,395,328	39,108,000	21.19%
Rental area	m2	77,406	72,992	6.05%
Annual rent defined in the agreements	EUR	2,772,658	2,890,062	-4.06%
Return on investment properties at market value	%	5.9%	7.4%	-1.50%
WALE	years	3.19	2.33	36.91%
Weighted average rental rate	EUR/m2	4.35	4.31	0.93%
Occupancy	% of rented space	69%	77%	-8.00%

Return on investment properties at market value = annual rent defined in lease agreements / market value of investment properties.

WALE – area (m2) weighted average unexpired lease term at the given date.

Weighted average rental rate – area (m2) weighted average rental rate at the given date, EUR/m2 p.m.

Occupancy = occupied area (m2) of the investment properties at the given date expressed as a percentage of the total property leasable area



About this presentation

Author of this presentation is New Hanza Capital, AS registration No. 50003831571, legal address: 28a Pulkveža Brieža Street, Riga, Latvia.

The presentation is intended for informative purposes only.

Additional information is available on New Hanza Capital, AS website **www.nh.capital**.

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