



NEW



HANZA



CAPITAL

# New Hanza Capital, AS Group Performance Report

FOR THE SIX MONTHS PERIOD ENDED  
30 JUNE 2018

# 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.

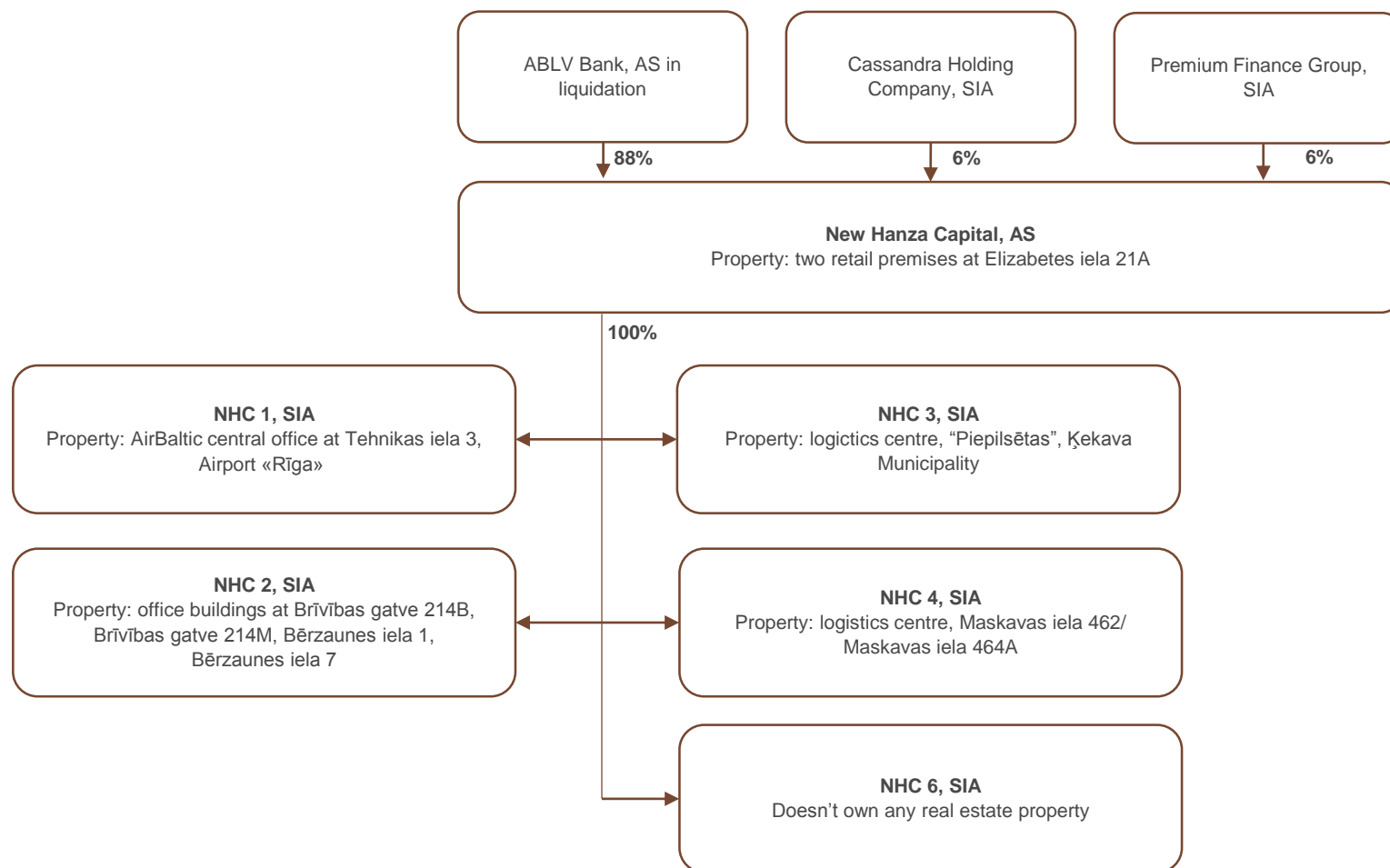
The investment strategy entails direct acquisition of real estate, as well as purchase of equity interest in companies holding the respective properties.

Currently, there are over 70 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	Intrum Justitia Software Development Centre, SIA
In service as of	2008
Area for rent, m2	27 340
Floors	4 - 9
Parking spaces	237
Acquisition date	18.09.2017





# 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	Mikrotīkls, 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



## Group performance indicators



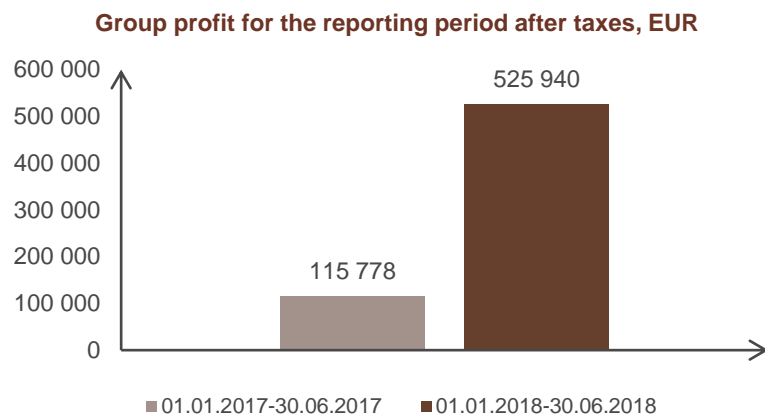




# Profit and loss figures

Group Profit	Value	01.01.2018-30.06.2018	01.01.2017-30.06.2017	Change %
Earnings	EUR	1 906 135	611 567	211.68%
Adjusted EBITDA	EUR	797 851	207 970	283.64%
Profit after Tax	EUR	525 940	115 778	354.27%
Operating cash flow	EUR	197 248	(4 526 277)	n/a

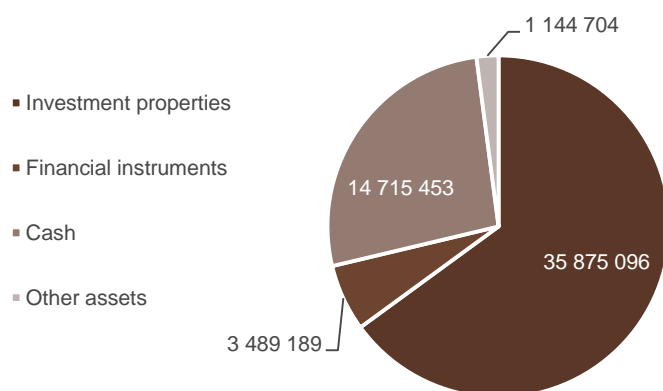
**Adjusted EBITDA** - Earnings before interest, tax, depreciation and amortization, gains and losses from investment property revaluation



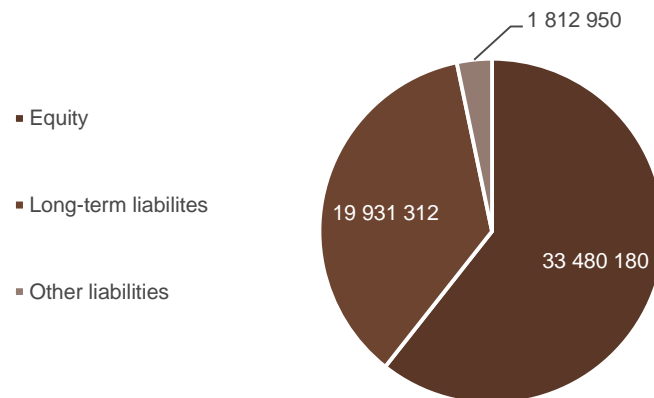
# Assets and Liabilities

Group Balance Sheet	Value	30.06.2018	31.12.2017	Cgange (%)
Assets	EUR	55 224 442	52 362 834	5.46%
Incl. investment properties	EUR	35 875 096	35 453 395	1.19%
Incl. current assets	EUR	18 976 022	16 835 146	12.72%
Equity	EUR	33 480 180	32 954 241	1.60%
Liabilities	EUR	21 744 262	19 408 593	12.03%
Incl. short-term liabilities	EUR	1 812 950	1 861 576	-2.61%

Group assets, EUR



Group equity and liabilities, EUR





# Financial ratios

Group financial ratios	Value	30.06.2018	31.12.2017
Adjusted EBITDA margin	%	30.52%	18.52%
Equity ratio	%	61.75%	66.25%
Return on equity	%	25.13%	0.05%
Return on assets	%	15.52%	0.03%
Total liquidity ratio	%	1046.69%	904.35%

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

**Equity ratio** =  $(1/2 * \text{value of equity at the beginning of the 12 month period} + 1/2 * \text{value of equity at the end of the 12 month period}) / (1/2 * \text{value of assets at the beginning of the 12 month period} + 1/2 * \text{value of assets at the end of the 12 month period}) * 100\%$

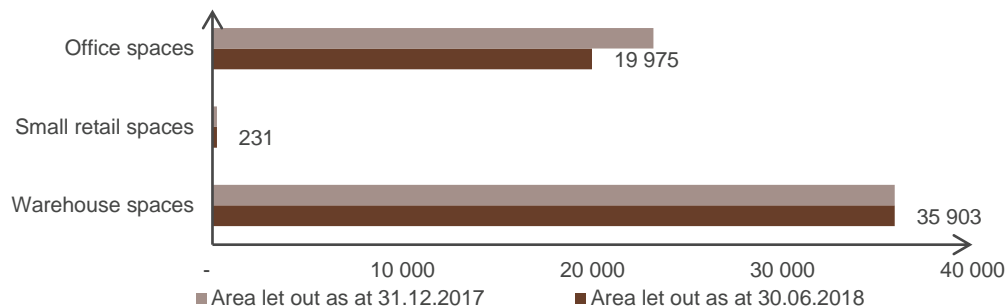
**ROE** = profit or loss after tax (in a 12 month period) /  $(1/2 * \text{value of equity at the beginning of the 12 month period} + 1/2 * \text{value of equity at the end of the 12 month period}) * 100\%$

**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

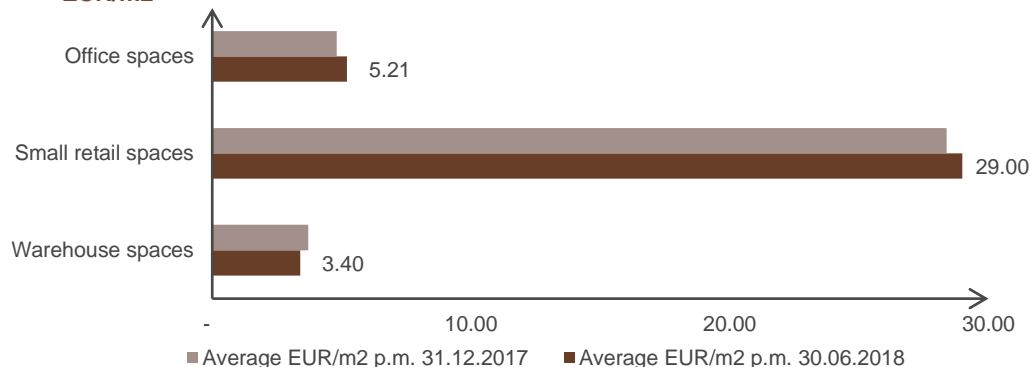
# Portfolio performance

**Rented area of the Group investment properties in breakdown by space type, m2**



- The number of investment properties owned by the Group has not changed. Instead of acquiring new objects, the Group focuses on development and improvement of existing investment properties.
- In the 1st quarter 2018 the Group management finalized the development concept of the logistics centre on Maskavas iela 462/464A, moving to detailed design and planning works in the 2nd quarter 2018. Moreover, detailed design and planning works are ongoing within the reconstruction project in one of the the VEF territory office buildings - Brīvības gatve 214M.

**Weighted average rent in Group investment properties by space type, EUR/m2**



- There was a 12% decrease in the average monthly rent per square meter in the Group office spaces. This change was caused by the active property management works in the VEF territory offices, including rent increases to market level, as well as tenant payment discipline evaluation.
- Tenant mix optimization, as well as planned rent indexation lead to an 8% increase in the average monthly rent per square meter in the Group office spaces.

# Portfolio performance summary

Key indicators of the Group's investment properties	Unit	30.06.2018	31.12.2017	Change %
Number of investment properties	pcs.	8*	8	-
Market value of investment properties	EUR	35 875 096	35 453 395	1.19%
Rental area	m2	69 768	69 768	-
Annual rent defined in the agreements	EUR	2 808 309	2 875 981	-2.35%
Return on investment properties at market value	%	7.83%	8.11%	-3.50%
WALE	years	3.18	3.48	-8.76%
Weighted average rental rate	EUR/m2	4.15	4.24	-2.21%
Occupancy	% of rented space	81%	85%	-4.88%

**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

\*On 15 June 2018 the Group's subsidiary NHC 2, SIA acquired an additional office building in the territory of the former VEF at Bērzaunes iela 7. NHC 2, SIA recognized Bērzaunes 7 office building acquisition in the company books on 23 July 2018.



# About this presentation

Author of this presentation is Joint Stock Company 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](http://www.nh.capital)**.

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