



NEW



HANZA



CAPITAL

New Hanza Capital, AS Group Performance Report

FOR THE NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 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.

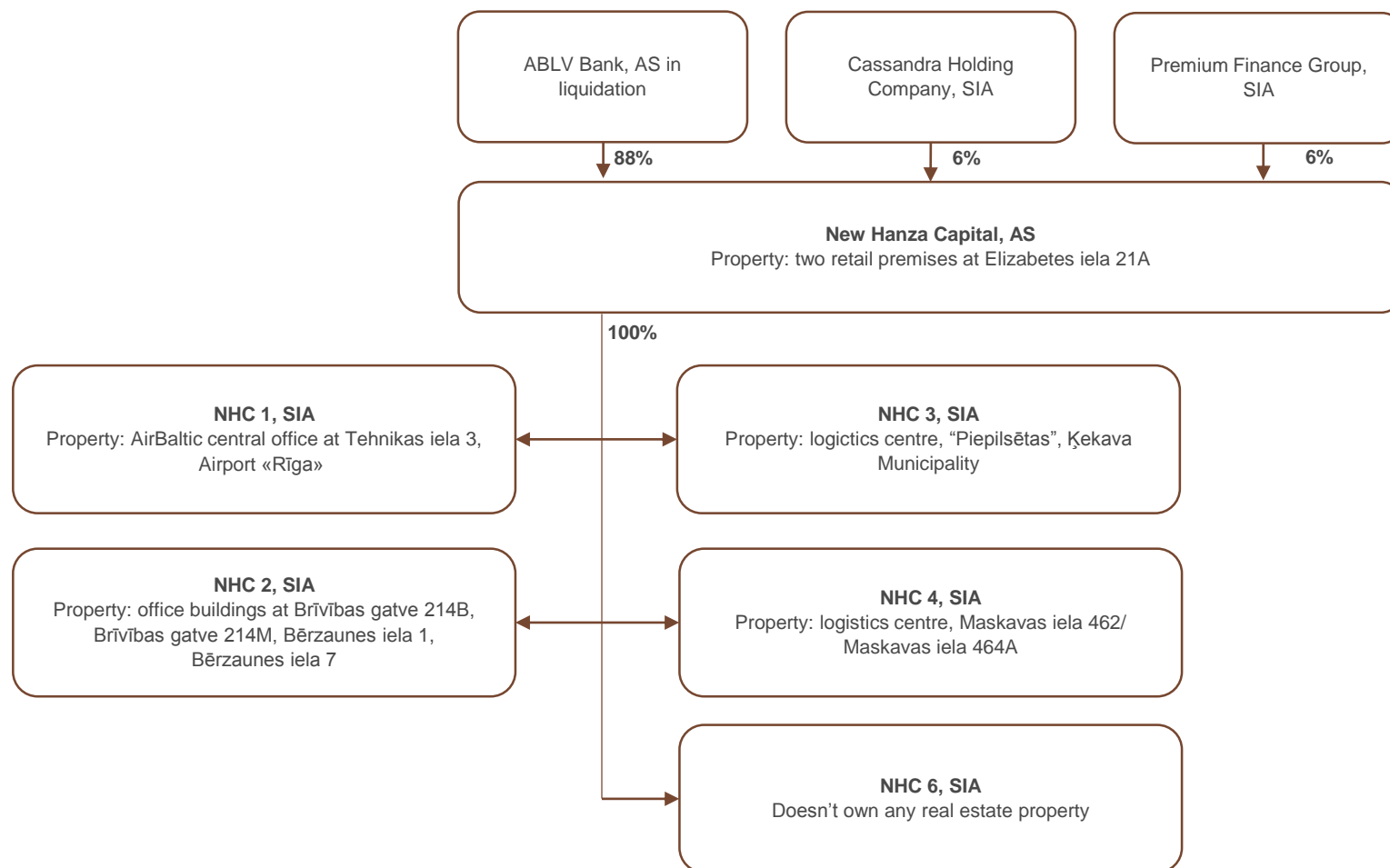
The investment strategy entails direct acquisition of real estate, as well as purchase of equity interest in companies holding the respective properties.

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 Global Technologies, 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	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

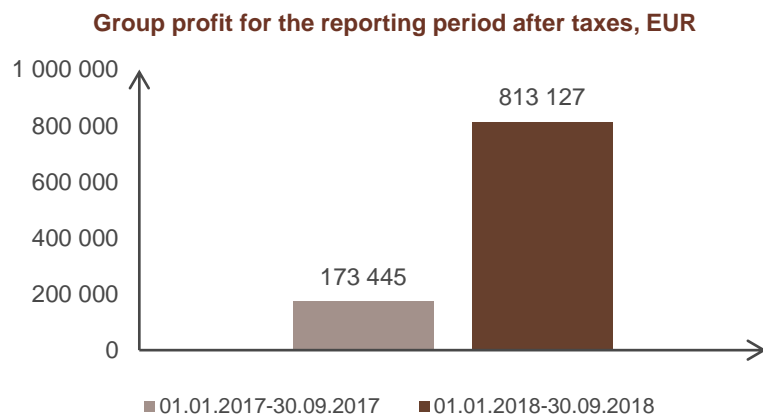




Profit and loss figures

Group Profit	Value	01.01.2018-30.09.2018	01.01.2017-30.09.2017	Change %
Earnings	EUR	2 851 614	893 666	219.09%
Adjusted EBITDA	EUR	1 188 360	332 211	257.71%
Profit after Tax	EUR	813 127	173 445	368.81%
Operating cash flow	EUR	379 541	(5 726 065)	n/a

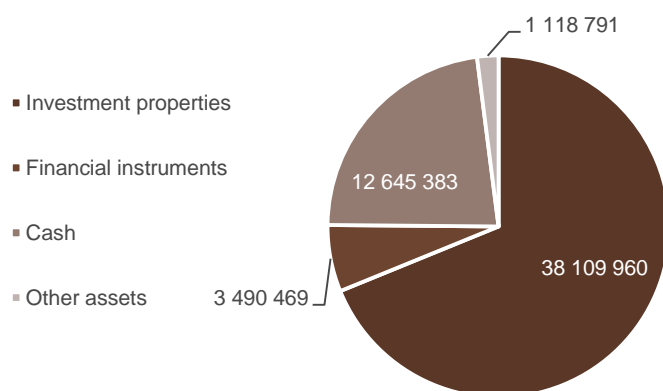
Adjusted EBITDA - Earnings before interest, tax, depreciation and amortization, gains and losses from investment property revaluation



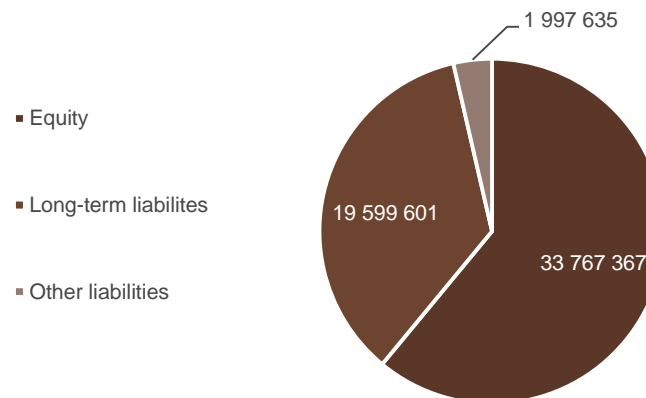
Assets and Liabilities

Group Balance Sheet	Value	30.09.2018	31.12.2017	Cgange (%)
Assets	EUR	55 364 603	52 362 834	5.73%
Incl. investment properties	EUR	38 109 960	35 453 395	7.49%
Incl. current assets	EUR	16 869 881	16 835 146	0.21%
Equity	EUR	33 767 367	32 954 241	2.47%
Liabilities	EUR	21 597 236	19 408 593	11.28%
Incl. short-term liabilities	EUR	1 997 635	1 861 576	7.31%

Group assets, EUR



Group equity and liabilities, EUR





Financial ratios

Group financial ratios	Value	30.09.2018	30.09.2017
Adjusted EBITDA margin	%	34.15%	27.41%
Equity ratio	%	64.83%	61.60%
Return on equity (ROE)	%	29.62%	0.33%
Return on assets (ROA)	%	19.20%	0.20%
Total liquidity ratio	%	844.49%	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) / $(1/2 * \text{value of equity at the beginning of the 12 month period} + 1/2 * \text{value of equity at the end of the 12 month period}) * 100\%$

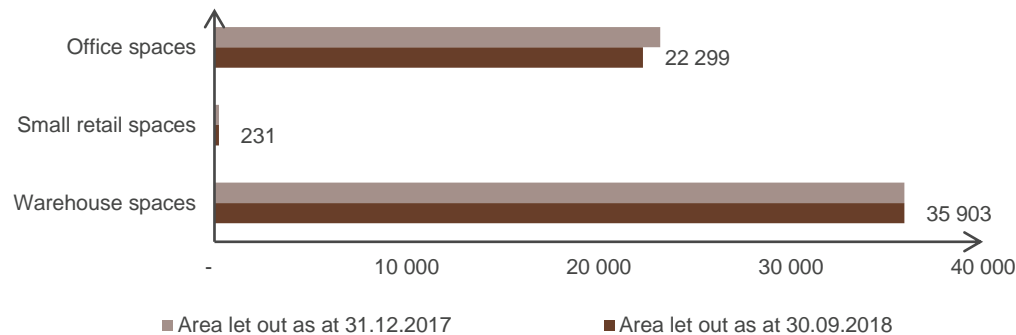
ROA = profit or loss after tax (in a 12 month period) / $(1/2 * \text{value of assets at the beginning of the 12 month period} + 1/2 * \text{value of assets at the end of the 12 month period}) * 100\%$

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



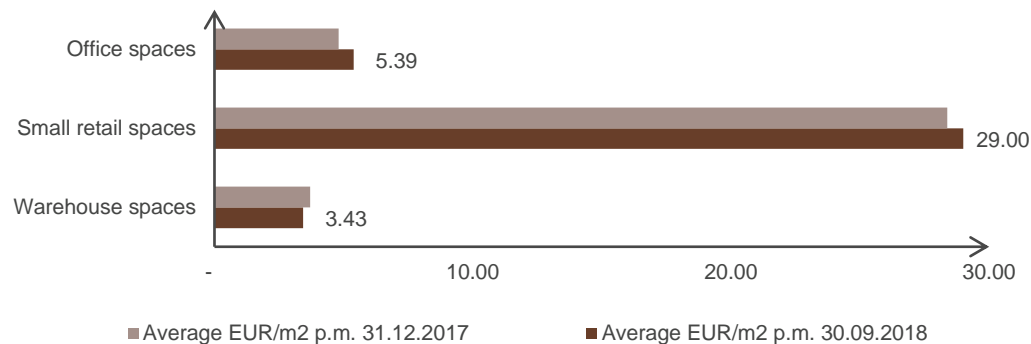
Portfolio performance

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



- The Group expanded its investment property portfolio with the acquisition of Bērzaunes iela 7 office building in the VEF territory. As a result the total net leasable area in the Group investment properties exceeded 70 thousand square meters. The Group took over the existing lease agreements, and recognized Bērzaunes 7 office building acquisition in the company books on 23 July 2018. The Bērzaunes iela 7 office building total leasable area amounts to 3200 square meters. Currently, there are 18 tenants in the building. The largest tenant is "Sky Dream Clinic", a dentistry and aesthetic medicine centre.

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



- There was a 4% decrease in the total leased office area during the reporting period. This change stems from 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 also lead to a 12% increase in the average monthly rent per square meter in the Group office spaces during the reporting period.

Portfolio performance summary

Key indicators of the Group's investment properties	Unit	30.09.2018	31.12.2017	Change %
Number of investment properties	pcs.	9	8	12.50%
Market value of investment properties	EUR	38 109 960	35 453 395	7.49%
Rental area	m2	72 992	69 768	4.62%
Annual rent defined in the agreements	EUR	3 003 403	2 875 981	4.43%
Return on investment properties at market value	%	7.88%	8.11%	-2.85%
WALE	years	2.95	3.48	-15.23%
Weighted average rental rate	EUR/m2	4.28	4.24	1.02%
Occupancy	% of rented space	80%	85%	-5.88%

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



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**.

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