



NEW



HANZA



CAPITAL

# Report on New Hanza Capital, AS Group Performance

Q1-Q3 2017



# Basic Information

New Hanza Capital, AS was founded in 2006 for implementation of real estate development projects in Latvia.

Since 2016 the company is also investing its funds in commercial properties.

In 2017 it started investing third party funds into commercial properties in Latvia, Lithuania, Estonia and Germany.

New Hanza Capital, AS biggest shareholder is ABLV Bank, AS which owns 88% of shares.

Currently the company is managing commercial properties with total rented floor space of approximately 31,000 m<sup>2</sup>.





# Council



**Ernests Bernis**  
Chairman of the Council



**Ieva Valtere**  
Deputy Chairman of the Council



**Māris Kanneieks**  
Member of the Council

# Valde



**Andris Kovaļčuks**  
Chairman of the Board



**Arnolds Romeiko**  
Member of the Board

# Operating segments

Direct investments in Latvia:

- properties managed by Pillar RE Services, SIA;
- development projects managed by Pillar Management, SIA.



Third party investment management in Baltics:

- 30% participation in SG Capital Partners AIFP, SIA.



Third party investment management in Germany:

- fund administration ensured by International Real Estate Kapitalverwaltungsgesellschaft mbH;
- local partners network is being created for property management.



# First investments in Latvia

3 office buildings at former VEF territory:

- rental area – 22 000 m<sup>2</sup>;
- largest tenants – Intrum Justitia Software Development Centre, SIA, Accenture Latvia branch.



AirBaltic Central Office at Riga Airport:

- rental area – 6 217 m<sup>2</sup>;
- largest tenant – AS Air Baltic Corporation.



# First investments in Latvia

Logistics Centre “Piepilsētas”:

- rental area – 13 360 m<sup>2</sup>;
- largest tenants – Mikrotīkls, SIA;  
FORANS, SIA.



2 retail premises at Elizabetes Park House:

- rental area – 213 m<sup>2</sup>;
- largest tenant – Tavex, SIA.



# Third party investment management

SG Capital Partners AIFP, SIA is registered Alternative Investment Fund Manager.



SG Capital Partners has established a sustainable commercial real estate fund SG Capital Partners Fund 1, KS:



- investments in Riga, Vilnius and Tallinn;
- cash flow assets, mainly in office and retail space segments;
- additional objective – to improve the sustainability of buildings (BREEAM, LEEDS).



Capital of the Fund – EUR 41,160 million.



Duration of the Fund – 8 +1+1 years. Investment period – 4 years.





# Third party investment management

In September 2017 Alternative investment fund in Germany has been established, raising EUR 60 million capital.

Fund administration ensured by International Real Estate Kapitalverwaltungsgesellschaft mbH.



Fund custodian bank is BNP Paribas Securities Services.



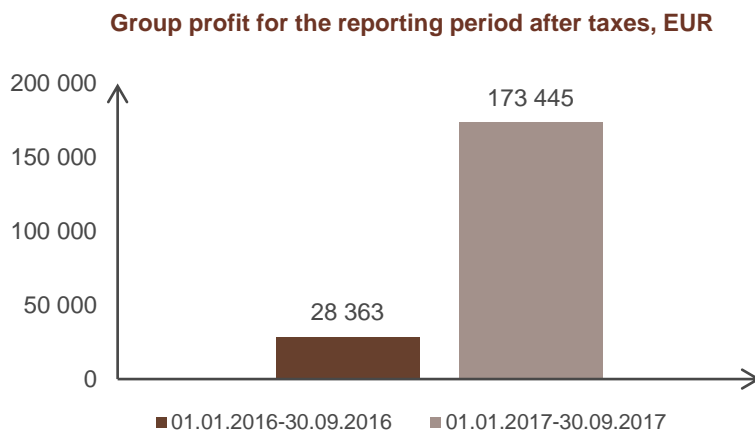
Partners network in Germany is being created for property management.

# Profit and loss figures

Group Profit	Value	01.01.2017- 30.09.2017	01.01.2016- 30.09.2016	Change (%)
Earnings	EUR	893 666	229 058	290%
EBITDA	EUR	332 211	(41 009)	NA
Profit after tax	EUR	173 445	28 363	512%
FFO	EUR	169 176	(102 784)	NA

**EBITDA** - earnings before interest, enterprise income tax, depreciation and amortisation, and fixed assets value decrease

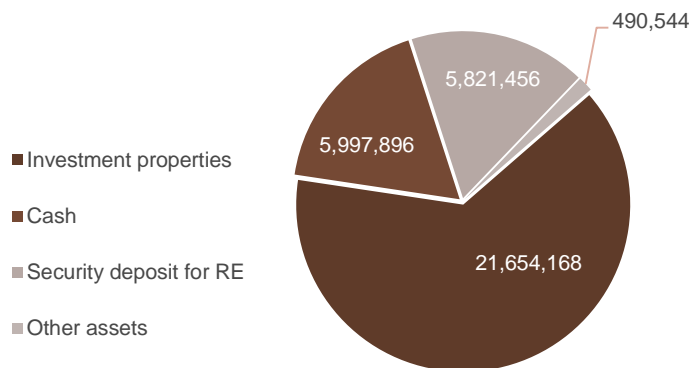
**FFO** = profit after taxes + depreciation + amortisation – profit from property sale + deferred tax



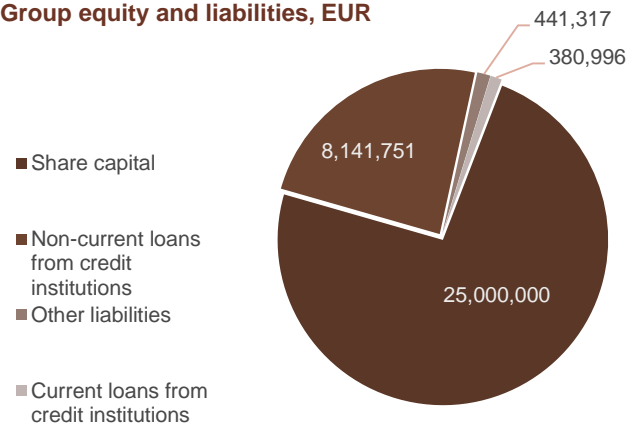
# Assets and Liabilities

Group Balance Sheet	Value	30.09.2017	31.12.2016	Change (%)
Assets	EUR	33 964 064	19 976 142	70%
Incl. investment properties	EUR	21 654 168	13 143 000	65%
Incl. current assets	EUR	12 072 102	6 699 958	80%
Equity	EUR	25 141 480	14 968 035	68%
Liabilities	EUR	8 822 584	5 008 107	76%
Incl. short-term liabilities	EUR	680 833	258 407	163%

Group assets, EUR



Group equity and liabilities, EUR



# Financial ratios

Group financial ratios	Value	30.09.2017	31.12.2016
EBITDA margin	%	24.85%	-31.47%
Shareholder equity ratio	%	66.55%	60.44%
Return on equity	%	-0.0023%	-2.29%
Return on assets	%	-0.0015%	-1.38%
Overall liquidity ratio		7.13	25.93

**EBITDA margin** = EBITDA (12 months) / earnings (12 months) \* 100%

**Shareholder equity ratio** = average value of equity / average value of assets

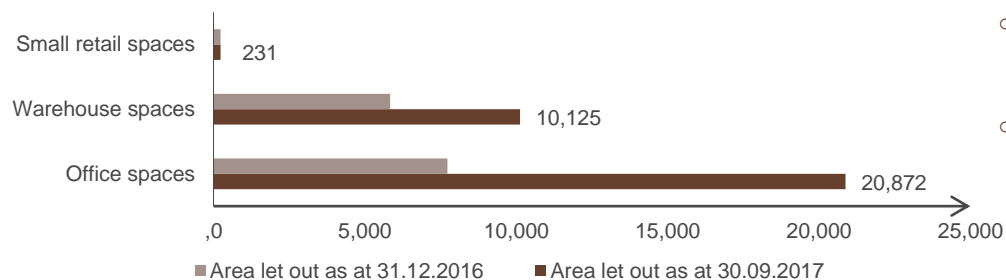
**ROE** = profit or loss after taxes (12 months) / average value of equity \* 100%

**ROA** = profit or loss after taxes (12 months) / average value of assets \* 100%

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

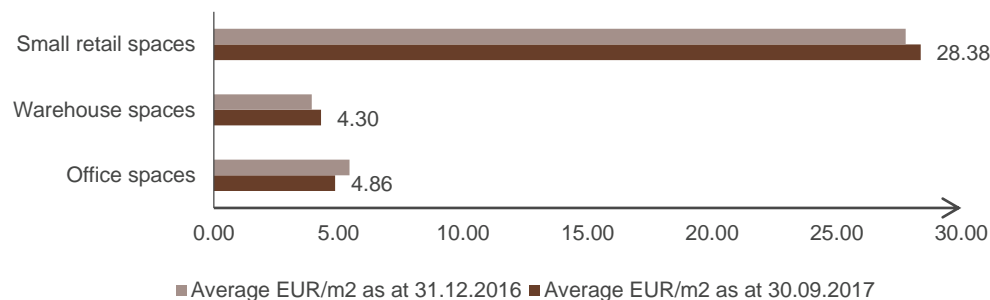
# Portfolio performance

**Rented area of the Group properties in breakdown by categories, m2**



- A new tenant attraction for the logistics centre «Piepilsētas» has contributed to the growth of the rented warehouse space in Q1-Q3 2017.
- The acquisition of 3 office buildings in the former VEF territory facilitated the increase of the rented office space in Q1-Q3 2017.

**Weighted average rent in Group properties by type of use, EUR/m2**



- The decrease in weighted average rents for office space in Q1-Q3 2017 occurred after office buildings acquisition in the former VEF territory.

# Portfolio performance summary

Key indicators of the Group's investment properties	Unit	30.09.2017	31.12.2016	Change %
Number of investment properties	pcs.	7	4	
Market value of investment properties	EUR	21 654 168	13 143 000	64.76%
Rental area	m2	41 893	19 808	111.49%
Annual rent defined in the agreements	EUR	1 822 295	856 367	112.79%
Return on investment properties at market value	%	8.57%	6.52%	31.51%
WAULT		2.83	4.22	-33.03%
Weighted average rental rate	EUR/m2	4.86	5.18	-6.17%
Weighted average occupancy	% of rented space	74.54%	69.61%	7.08%

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

**WAULT** – 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.

**Weighted average occupancy** – area (m2) weighted average occupancy of the investment properties at the given date.



# 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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