



NEW



HANZA



CAPITAL

New Hanza Capital, AS Group Performance Report

FOR THE 12 MONTHS PERIOD ENDED
31 DECEMBER 2018 (AUDITED DATA)

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.

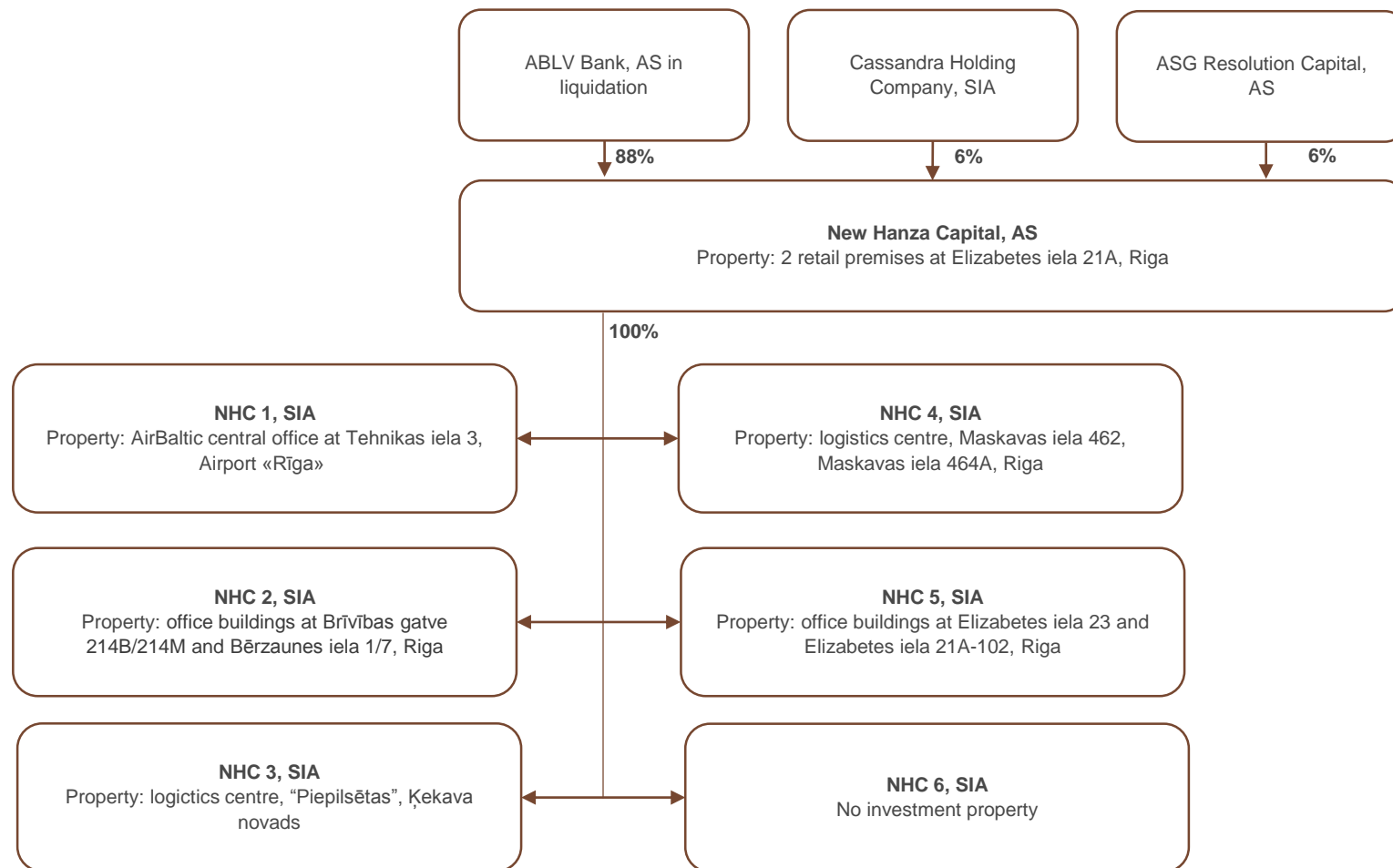
The investment strategy entails direct acquisition of real estate, as well as purchase of equity interest in companies holding the respective properties.

Currently, there are over 75 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 |



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

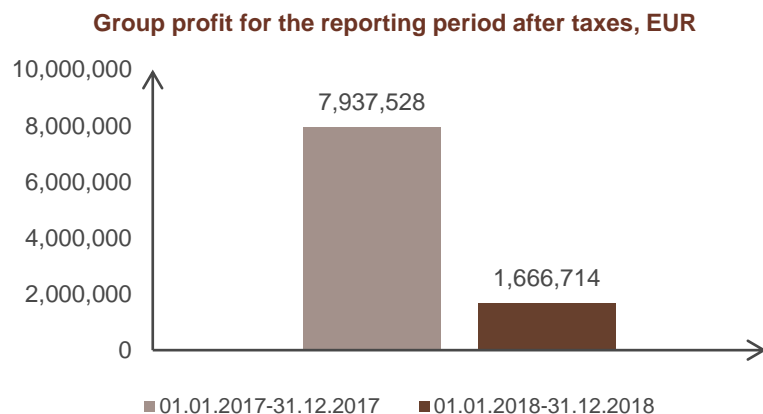




Profit and loss figures

| Group Profit | Value | 01.01.2018-31.12.2018 | 01.01.2017-31.12.2017 | Change, % |
|---------------------|-------|-----------------------|-----------------------|-----------|
| Earnings | EUR | 3 841 838 | 1 643 524 | 133.76% |
| Adjusted EBITDA | EUR | 1 556 469 | 326 858 | 376.19% |
| Profit after Tax | EUR | 1 666 714 | 7 973 528 | -79.10% |
| Operating cash flow | EUR | (11 158 056) | 481 330 | n/a |

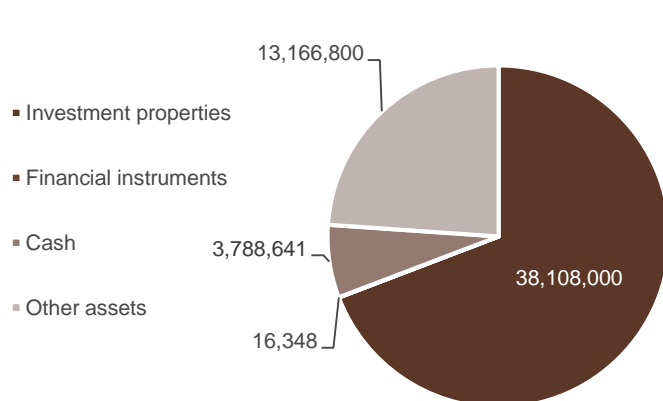
Adjusted EBITDA - Earnings before interest, tax, depreciation and amortization, gains and losses from investment property revaluation



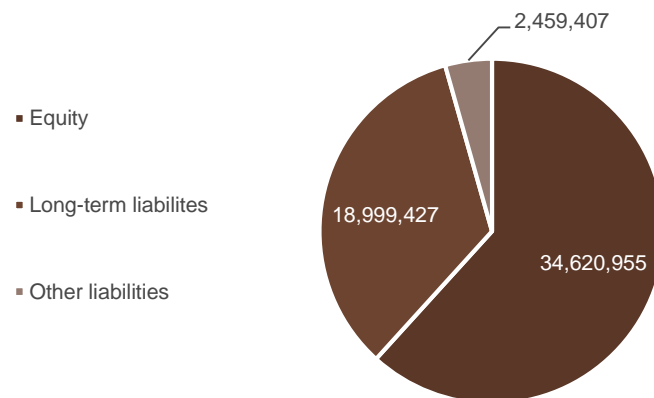
Assets and Liabilities

| Group Balance Sheet | Value | 31.12.2018 | 31.12.2017 | Cgange (%) |
|------------------------------|-------|------------|------------|------------|
| Assets | EUR | 56 079 789 | 52 362 834 | 7.10% |
| Incl. investment properties | EUR | 39 108 000 | 35 453 395 | 10.31% |
| Incl. current assets | EUR | 16 308 182 | 16 828 171 | -3.09% |
| Equity | EUR | 34 620 955 | 32 954 241 | 5.06% |
| 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 | 31.12.2018 | 31.12.2017 |
|------------------------|-------|------------|------------|
| Adjusted EBITDA margin | % | 40.24% | 19.89% |
| Equity ratio | % | 62.31% | 66.27% |
| Return on equity (ROE) | % | 4.93% | 33.09% |
| Return on assets (ROA) | % | 3.07% | 21.93% |
| Total liquidity ratio | coef. | 6.63 | 9.04 |

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

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

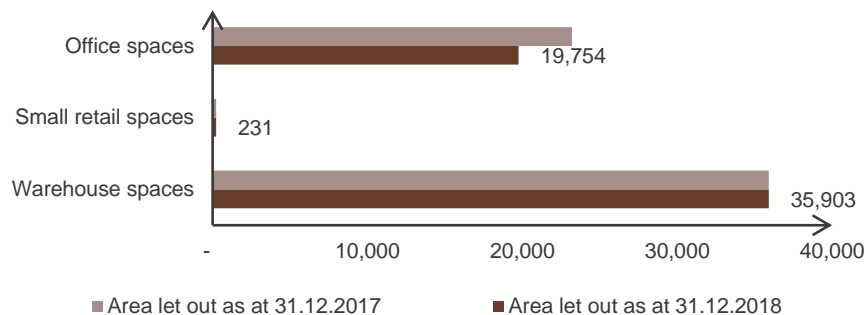
ROE = profit or loss after tax (in a 12 month period) / $(1/2 * \text{value of equity at the beginning of the 12 month period} + 1/2 * \text{value of equity at the end of the 12 month period}) * 100\%$

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

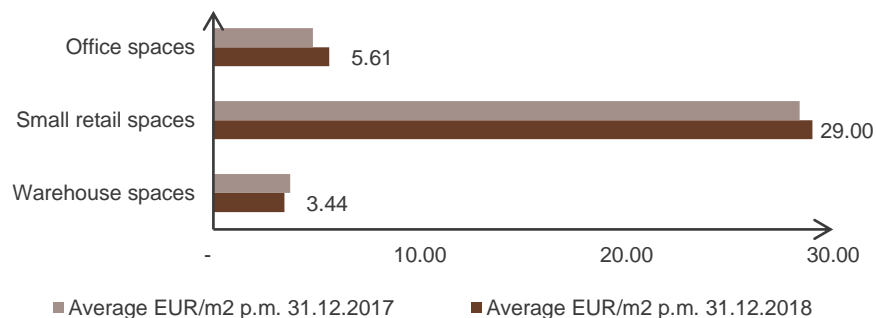
Total liquidity ratio = current assets at the end of reporting period / short-term liabilities at the end of reporting period

Portfolio performance

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



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



- During the reporting period 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 at the end of the reporting period. 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 3 200 square meters. At the acquisition date there were 18 tenants in the building. The largest tenant was "Sky Dream Clinic", a dentistry and aesthetic medicine center.

- In spite of the increase in the total leasable area in the Group office segment resulting from the Bērzaunes iela 7 office acquisition there was a 15% 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. The Group acquired the aforementioned office buildings in the 3rd quarter 2017.
- Tenant mix optimization, as well as planned rent indexation also lead to a 17% 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 | 31.12.2018 | 31.12.2017 | Change % |
|---|-------------------|------------|------------|----------|
| Number of investment properties | pcs. | 9 | 8 | 12.50% |
| Market value of investment properties | EUR | 39 108 000 | 35 453 395 | 10.31% |
| Rental area | m2 | 72 992 | 69 768 | 4.62% |
| Annual rent defined in the agreements | EUR | 2 890 062 | 2 875 981 | 0.49% |
| Return on investment properties at market value | % | 7.39% | 8.11% | -8.88% |
| WALE | years | 2.33 | 3.48 | -33.05% |
| Weighted average rental rate | EUR/m2 | 4.31 | 4.24 | 1.65% |
| Occupancy | % of rented space | 77% | 85% | -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.

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

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