



New Hanza Capital, AS

Interim Condensed Consolidated and Separate
Financial Statements

for the six-month period ended 30 June 2017
(unaudited)

Contents

General information3

Management report4

Summary4

Group key financial ratios5

Group performance indicators7

Management compliance statement.....8

Consolidated and Separate Financial Statements9

Statement of Profit or Loss and Other Comprehensive Income.....9

Statement of Financial Position10

Statement of Financial Position11

Statement of Cash Flows12

Statement of Changes in Shareholders Equity of the Group13

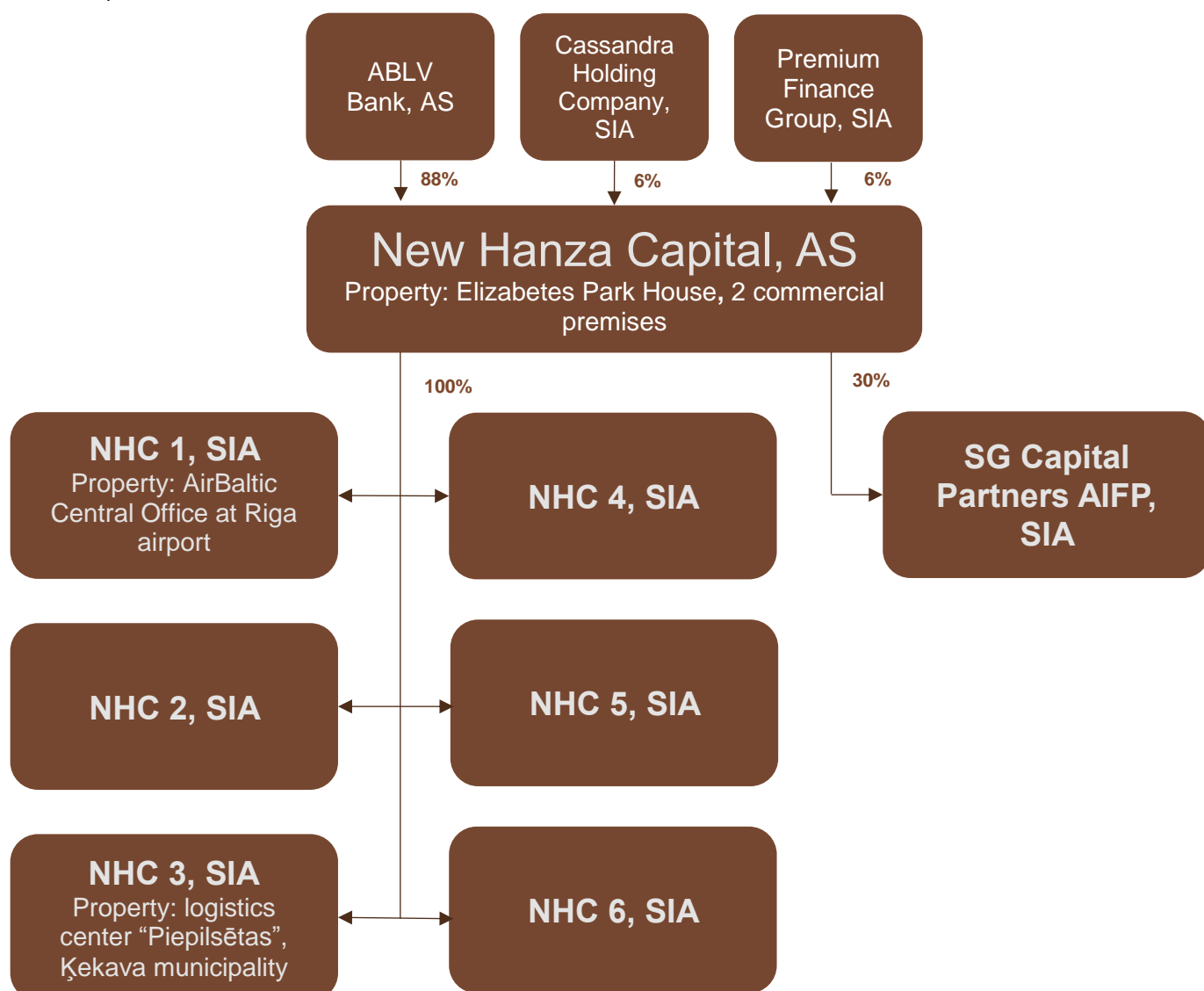
Statement of Changes in Shareholders Equity of the Company.....14

Notes to the Financial Statements.....15

General information

Name of the company	New Hanza Capital
Legal status of the company	Joint stock company
Registration number, place and date of registration	50003831571, Riga, 6 June 2006
Registered office	28A Pulkveža Brieža street, Riga, LV-1045, Latvia
Postal address	28A Pulkveža Brieža street, Riga, LV-1045, Latvia
NACE code, type of core activity	68.20 Renting and operating of own or leased real estate
Board Members and their respective position	Andris Kovaļčuks, Chairman of the Board Arnolds Romeiko, Board Member
Council Members and their respective position	Ernests Bernis, Chairman of the Council Ieva Valtere, Deputy Chairperson of the Council Māris Kannenieks, Council Member
Reporting period	01.01.2017 – 30.06.2017

Group structure



Management report

Summary

New Hanza Capital, AS, (hereinafter – the Company or NHC) is a company founded by the ABLV Group. The Company has been investing in commercial properties since 2015. New Hanza Capital, AS and its subsidiaries (hereinafter – the Group) focus on acquiring cash generating commercial properties with future income potential. Additionally, the Group works towards raising the level of rental service quality, thus facilitating sustainable urban environment development.

The business objective of the Company is to invest its own funds and the funds of third parties 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. Our priority is to invest in already existing and operating commercial properties. At the same time, part of our investments are intended to be made in various property construction and development projects, such as the financial and business centre *New Hanza* (located in the centre of Riga). The investment strategy entails direct acquisition of real estate objects, as well as purchase of company shares holding the respective properties.

Since February 2017, the Group has been indirectly engaged in the provision of third party funds management services in the Baltic countries at an institutional level. Moreover, the Group is considering opportunities to provide asset management services in the German market.

Main developments in the reporting period

January 2017

New Hanza Capital, AS introduced a new brand, thus commencing a new phase of its development. The graphic symbol of the Group's new logo is a stylised wall that symbolises the Group's stability and investment security. The crenelated wall bears an implicit reference to the Hanseatic League in the name of the Company. The Company also chose a new generation domain for the Group homepage — www.nh.capital.

February 2017

New Hanza Capital, AS acquired 30% of the shares in the alternative investment fund manager SG Capital Partners AIFP, SIA. SG Capital Partners AIFP, SIA provides third party funds management services at an institutional level.

March 2017

NHC 3, SIA entered into a loan agreement with Swedbank, AS for EUR 4 000 000, thus refinancing the loan for which an agreement between New Hanza Capital, AS as a lender and NHC 3, SIA as a borrower had been signed on 26 August 2016.

March 2017.

SG Capital Partners AIFP, SIA, in which 30% of the shares are owned by New Hanza Capital, AS, established an investment fund SG Capital Partners Fund 1, KS (hereinafter – the Fund) with the goal of acquiring sustainable commercial real estate in the Baltics. The Fund was closed with EUR 41 000 000 capital. Among the Fund's investors are the pension funds managed by SEB, Swedbank and INVL. The Fund is focused on acquisition of cash generating assets in the segments of office and commercial premises which meet high sustainability standards (BREEAM certification) or which have the potential to achieve such standards.

April 2017

New Hanza Capital, AS share capital was increased from EUR 15 000 000 to EUR 18 000 000.

June 2017

New Hanza Capital, AS share capital was increased from EUR 18 000 000 to EUR 25 000 000.

NHC 4, SIA bought real estate for EUR 4 620 000 at an auction.

Andris Kovaļčuks
Chairman of the Board

Arnolds Romeiko
Board Member

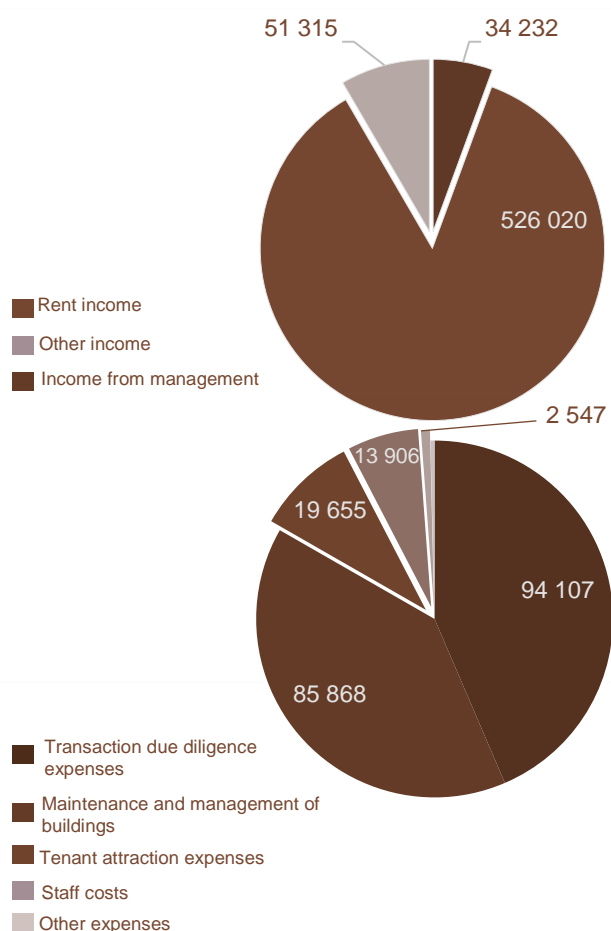
22 September 2017

Group key financial ratios

Statement of profit or loss of the Group	Unit	01.01.2017-30.06.2017	01.01.2016-30.06.2016	Change (%)
Revenue	EUR	611 567	111 568	448%
EBITDA*	EUR	207 970	(35 432)	687%
Profit after tax	EUR	115 778	6 720	1623%
FFO**	EUR	116 574	6 720	1635%

*EBITDA - earnings before interest, corporate income tax, depreciation and amortisation and impairment

**FFO = profit after tax + depreciation + amortisation – gains on sales



Group revenue First half of 2017, EUR

In the first half of 2017, the Group revenue continued to increase reaching EUR 612 thousand, which is 4.5 times greater than the previous period revenue. The increase in income from leasing of real estate can be explained by the growth of the investment property portfolio due to acquisition of the AirBaltic central office and the logistics centre “Piepilsētas”. In addition to the rent, income from property management accounted for EUR 34 thousand.

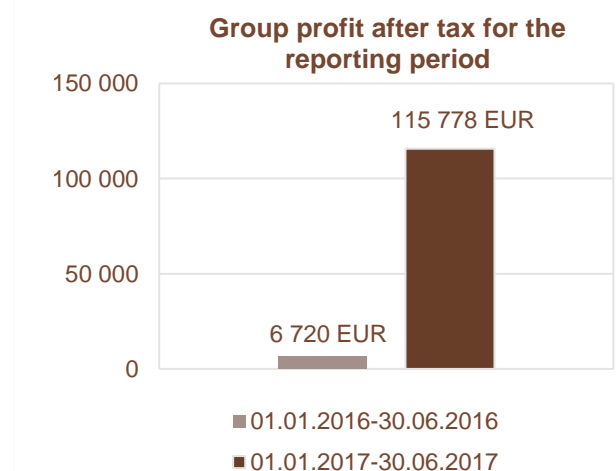
Group operating expenses First half of 2017, EUR

During the reporting period, Group operating expenses grew considerably as well. This was due to the emergence of additional expenses related to attraction of new tenants to the property “Piepilsētas”. In addition to the attraction of tenants, some cosmetic repairs of the premises were required. These expenses are stated as building maintenance expenses. In subsequent periods, expenses related to the property “Piepilsētas” will stabilise at a lower level.

The increase in transaction due diligence expenses during the reporting period is related to the Group’s growing efforts to expand its investment property portfolio.

Group result for the reporting period

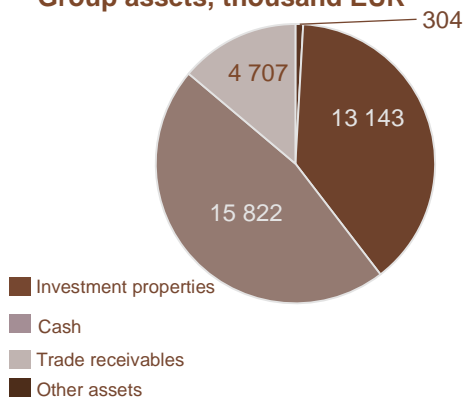
The Group closed the reporting period with a profit after tax of EUR 115 778, which by 17 times exceeds the result for the first half of 2016. Such sharp growth is related to rent income from the AirBaltic central office at 3 Tehnikas street, Riga Airport, and the logistics centre “Piepilsētas”, Krustkalni, Ķekava municipality, which were acquired in May and November 2016 respectively.



Group balance sheet

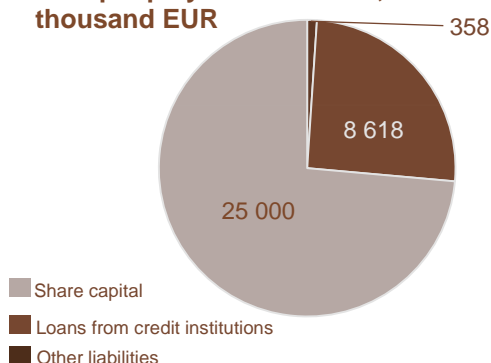
		30.06.2017	31.12.2016	Change (%)
Assets	EUR	33 975 876	19 976 142	70%
<i>incl. investment properties</i>	EUR	13 143 000	13 143 000	-
<i>incl. current assets</i>	EUR	20 622 090	6 699 958	208%
Equity	EUR	25 083 813	14 968 035	68%
Liabilities	EUR	8 892 063	5 008 107	78%
<i>incl. current liabilities</i>	EUR	654 936	258 407	153%

Group assets, thousand EUR



During the reporting period, the number of investment properties owned by the Group did not change. Meanwhile, in order to facilitate future investment property portfolio growth, the Company share capital was increased twice for the total amount of EUR 10 000 000 in the reporting period. Part of the funds were used in participation at auction, as a result of which the Company's subsidiary NHC 4, SIA started a new investment property acquisition process. The property is located in Riga and consists of a land plot and a warehouse with a gross area of 25 000 m². Property ownership in the name of NHC 4, SIA is planned to be registered by the end of 2017.

Group equity and liabilities, thousand EUR



The considerable increase in the Group liabilities in comparison with the end of 2016 is due to the loan agreement signed in the first quarter of 2017. On the 3rd of March 2017, NHC 3, SIA obtained a loan from Swedbank, AS to partially refinance the loan received from New Hanza Capital, AS for acquisition of real estate.

The increase in the current liabilities was caused by the decision to reclassify tenant security deposits from non-current to current liabilities, as well as the current portion of the new Swedbank, AS loan which will be amortised during the current reporting year.

Financial ratios of the Group*		30.06.2017	31.12.2016
EBITDA margin	%	13.31%	-31.47%
Shareholder equity ratio	%	63.67%	60.44%
Return on equity	%	-0.28%	-2.29%
Return on assets	%	-0.18%	-1.38%
Overall liquidity ratio		31.49	25.93

* Ratio definitions:

EBITDA margin = EBITDA (12-month period) / revenue (12-month period) * 100%

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

Average value of equity = (equity at the beginning of a 12-month period + equity at the end of a 9-month period + equity at the end of a 6-month period + equity at the end of a 3-month period + equity at the end of the reporting period) / 5 periods

Average value of assets = (assets at the beginning of a 12-month period + assets at the end of a 9-month period + assets at the end of a 6-month period + assets at the end of a 3-month period + assets at the end of the reporting period) / 5 periods

Return on equity (ROE) = profit or loss after tax (12-month period) / average value of equity * 100%

Return on assets (ROA) = profit or loss after tax (12-month period) / average value of assets * 100%

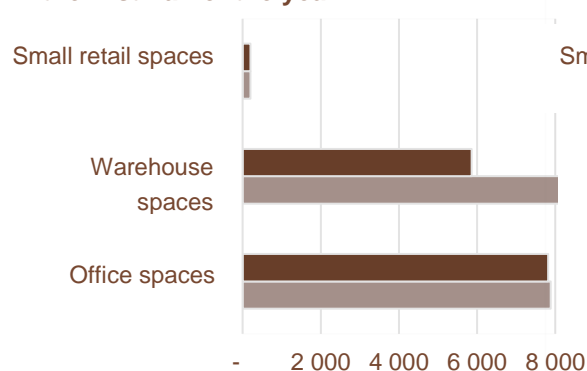
Overall liquidity ratio = current assets at the end of the reporting period / current liabilities at the end of the reporting period

Group performance indicators

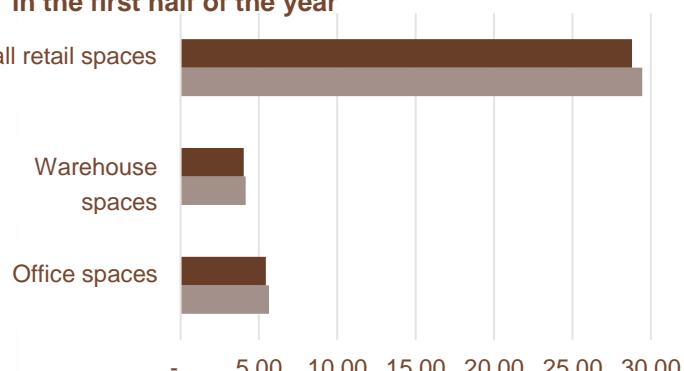
Operating segment – direct investments in Latvia

The Group management has defined the following strategic operating segments of the Group: direct investments in Latvia, asset management in the Baltic countries and asset management in Germany. During the reporting period the Group was primarily active in the segment direct investments in Latvia. More information on the Group activity in other reporting segments can be found in the report section “Operating segments”.

Premises let out by the Group in breakdown by categories (m²) – dynamics in the first half of the year



Premises of the Group's investment properties in breakdown by average monthly rent defined in the agreements (average EUR/m² per month) – dynamics in the first half of the year



■ Area let out as at 31.12.2016
■ Area let out as at 30.06.2017

■ Average EUR/m² as at 31.12.2016
■ Average EUR/m² as at 30.06.2017

During the reporting period, the number of the investment properties owned by the Group did not change. Meanwhile, a near full occupancy was achieved in the logistics centre “Piepilsētas”. Consequently, the average occupancy rate of the Group’s properties increased up to 91.6%. At the same time, due to increased occupancy of the logistics centre, the average rent per square meter defined in the lease agreements for the Group’s properties decreased to 5.16 EUR/m² per month.

Top 5 tenants

Tenant	Area let out, m ² 30.06.2017
Air Baltic Corporation, AS	6 217
Mikrotīkls, SIA	4 355
FORANS, SIA	2 829
THREE L TECHNOLOGIES, SIA	2 320
DLW Latvija, SIA	2 192

Key indicators of the Group's investment properties	Unit	30.06.2017	31.12.2106	Change %
Number of investment properties	pc.	4	4	-
Market value of investment properties	EUR	13 143 000	13 143 000	-
Rental area	m ²	19 808	19 808	-
Annual rent defined in the agreements	EUR	1 126 196	856 367	31.51%
Return on investment properties at market value*	%	8.57%	6.52%	
WAULT**		3.72	4.22	-11.85%
Weighted average rental rate***	EUR/m ² p.m.	5.16	5.19	-0.54%
Weighted average occupancy****	% of the rental area	91.59%	69.61%	31.58%

*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.

Management compliance statement

The Board of New Hanza Capital, AS is responsible for the preparation of the interim condensed financial statements of the Company for the six-month period, as well as for the preparation of the interim condensed financial statements of the Company and its subsidiaries.

The interim condensed financial statements for the six-month period and the notes there to set out on pages 15 through 23 are prepared in accordance with the source documents and present truly and fairly the financial position of the Company and the Group as at 30 June 2017 and 31 December 2016, and the results of their operations, changes in the share capital and reserves and cash flows for the first half of 2017 and the year 2016.

The aforementioned interim condensed financial statements for the six-month period are prepared on a going concern basis in conformity with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. Prudent and reasonable judgments and estimates have been made by the management in preparation of these interim condensed financial statements.

The Board of the Company is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets, and the prevention and detection of fraud and other irregularities in the Group.



Andris Kovaļčuks
Chairman of the Board



Arnolds Romeiko
Board Member

22 September 2017

Consolidated and Separate Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

		Group	Group	NHC	NHC
	Notes	01.01.2017- 30.06.2017	01.01.2016- 30.06.2016	01.01.2017- 30.06.2017	01.01.2016- 30.06.2016
		EUR	EUR	EUR	EUR
Revenue	7	611 567	111 568	79 264	40 246
Operating expenses	8	(216 083)	(33 119)	(79 074)	(2 738)
Gross profit		395 484	78 449	190	37 508
Selling and distribution expenses		(4 550)	-	(4 491)	-
Administrative expenses	9	(151 260)	(111 174)	(137 768)	(104 924)
Other operating income		17	8	17	8
Other operating expenses		(32 517)	(2 715)	(23 348)	(2 715)
Other interest and similar income		-	-	80 060	55 686
Interest and similar expenses		(69 326)	(24 815)	(3 842)	(24 815)
Profit / (loss) before tax		137 848	(60 247)	(89 182)	(39 252)
Corporate income tax		(26 759)	-	-	-
Deferred corporate income tax		4 689	66 967	13 377	7 821
Profit / (loss) for the period		115 778	6 720	(75 805)	(31 431)
Other comprehensive income		-	-	-	-
Total comprehensive income		115 778	6 720	(75 805)	(31 431)

The accompanying notes on pages 15 to 23 form an integral part of these financial statements.



Andris Kovaļčuks
Chairman of the Board



Arnolds Romeiko
Board Member

22 September 2017

Statement of Financial Position

	Notes	Group 30.06.2017 EUR	Group 31.12.2016 EUR	NHC 30.06.2017 EUR	NHC 31.12.2016 EUR
Assets					
Non-current assets					
Property, plant and equipment		65 412	-	60 891	-
Investment properties	10	13 143 000	13 143 000	748 000	748 000
Investments in related companies	11	-	-	2 616 362	2 616 362
Investments in associated companies	12	7 500	-	7 500	-
Loans to related companies	13	-	-	1 458 000	587 000
Finance lease receivables		17 347	17 347	17 347	17 347
Deferred tax assets		120 527	115 837	24 398	11 020
Total non-current assets		13 353 786	13 276 184	4 932 498	3 979 729
Current assets					
Trade receivables	14	4 707 125	95 195	-	-
Receivables from related companies		-	-	58 720	760
Loans to related companies	13	-	-	4 744 000	5 061 000
Finance lease receivables		8 358	8 358	8 358	8 358
Other assets	15	84 605	51 478	18 525	26 329
Cash	16	15 822 002	6 544 927	15 644 917	6 503 861
Total current assets		20 622 090	6 699 958	20 474 520	11 600 308
Total assets		33 975 876	19 976 142	25 407 018	15 580 037

The accompanying notes on pages 15 to 23 form an integral part of these financial statements.



Andris Kovaļčuks
Chairman of the Board



Arnolds Romeiko
Board Member

22 September 2017

Statement of Financial Position

	Notes	Group 30.06.2017 EUR	Group 31.12.2016 EUR	NHC 30.06.2017 EUR	NHC 31.12.2016 EUR
Equity and liabilities					
Equity					
Share capital		25 000 000	15 000 000	25 000 000	15 000 000
Accumulated (loss) / retained earnings		(31 965)	113 514	(14 650)	113 514
Profit / (loss) for the period		115 778	(145 479)	(75 805)	(128 164)
Total equity	17	25 083 813	14 968 035	24 909 545	14 985 350
Non-current liabilities					
Loans from credit institutions	18	8 237 127	4 627 465	446 238	457 160
Other liabilities	19	-	122 235	-	14 200
Total non-current liabilities		8 237 127	4 749 700	446 238	471 360
Current liabilities					
Loans from credit institutions	18	380 497	113 098	21 746	21 584
Trade payables		5 205	25 481	86	2 844
Payables to related companies		-	-	912	1 007
Taxes payable		68 214	5 433	-	-
Other liabilities	19	178 447	-	14 200	-
Accrued liabilities		22 573	114 395	14 291	97 892
Total current liabilities		654 936	258 407	51 235	123 327
Total equity and liabilities		33 975 876	19 976 142	25 407 018	15 580 037

The accompanying notes on pages 15 to 23 form an integral part of these financial statements.



Andris Kovaļčuks
Chairman of the Board



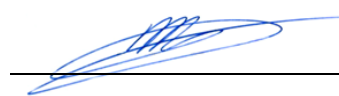
Arnolds Romeiko
Board Member

22 September 2017

Statement of Cash Flows

Notes	Group 01.01.2017- 30.06.2017 EUR	Group 01.01.2016- 30.06.2016 EUR	NHC 01.01.2017- 30.06.2017 EUR	NHC 01.01.2016- 30.06.2016 EUR
Cash flows to/ from operating activities				
(Loss)/ profit s before tax	137 848	(60 247)	(89 182)	(39 252)
Adjustments for:				
Impairment of property, plant and equipment	796	-	731	-
Interest income	-	-	(80 060)	(55 686)
(Gain)/ loss on revaluation of investment properties	-	-	-	-
Interest expenses	69 326	24 815	3 842	24 815
Profit before changes in working capital	207 970	(35 432)	(164 669)	(70 123)
Loans repaid	-	-	-	-
Interest received	-	-	21 340	55 686
(Increase)/ decrease in inventories	-	-	-	-
(Increase)/ decrease in receivables	(4 645 057)	(641 703)	8 564	312 101
Increase/ (decrease) in payables	2 078	94 651	(86 700)	4 403
Interest paid	(64 509)	(24 203)	(3 597)	(24 203)
Corporate income tax paid	(26 759)	-	-	-
Net cash flows to/ from operating activities	(4 526 278)	(606 687)	(225 062)	277 864
Cash flows to/ from investing activities				
Purchase of shares in related companies and associates	(7 500)	-	(7 500)	(1 291 362)
Purchase of investment properties	-	(6 232 801)	-	-
Purchase of property, plant and equipment	(66 208)	-	(61 622)	-
Purchase of other assets	-	(58 817)	-	-
Loans issued	-	-	(6 819 000)	(5 925 000)
Loans repaid	-	-	6 265 000	-
Net cash flows to/ from investing activities	(73 708)	(6 291 618)	(623 122)	(7 216 362)
Cash flows to/ from financing activities				
Proceeds from issued share capital	10 000 000	3 500 000	10 000 000	3 500 000
Loans obtained	4 000 000	2 889 403	-	2 889 403
Repayment of borrowings and shareholder loans	(122 939)	-	(10 760)	-
Net cash flows to/ from financing activities	13 877 061	6 389 403	9 989 240	6 389 403
Net cash flow for the year	9 277 075	(508 902)	9 141 056	(549 095)
Cash at the beginning of the period	6 544 927	716 873	6 503 861	716 873
Cash at the end of the period	16 15 822 002	207 971	15 644 917	167 778

The accompanying notes on pages 15 to 23 form an integral part of these financial statements.



Andris Kovalčuks
Chairman of the Board



Arnolds Romeiko
Board Member

22 September 2017

Statement of Changes in Shareholders Equity of the Group

	Notes	Paid-in share capital	Reserves	Retained earnings/ accumulated (loss)	Profit/ (loss) for the period	Total share capital and reserves
As at 1 January 2016		1 500 000	40 813	72 701	-	1 613 514
Total comprehensive income						
Total comprehensive income for the reporting period		-	-	-	6 720	6 720
Shareholder transactions						
Share issue		3 500 000	-	-	-	3 500 000
As at 30 June 2016		5 000 000	40 813	72 701	6 720	5 120 234
As at 1 January 2017		15 000 000	-	(31 965)		14 968 035
Total comprehensive income						
Total comprehensive income for the reporting period		-	-	-	115 778	115 778
Shareholder transactions						
Share issue		10 000 000	-	-	-	10 000 000
As at 30 June 2016	22	-	-	-	-	-
As at 30 June 2017		25 000 000	-	(31 965)	115 778	25 083 813

The accompanying notes on pages 15 to 23 form an integral part of these financial statements.

Andris Kovaļčuks
Chairman of the Board

Arnolds Romeiko
Board Member

22 September 2017

Statement of Changes in Shareholders Equity of the Company

	Notes	Paid-up share capital	Reserves	Retained earnings/ accumulated (loss)	Profit/ (loss) for the period	Total share capital and reserves
As at 1 January 2016		1 500 000	40 813	72 701	-	1 613 514
Total comprehensive income						
Total comprehensive income for the reporting period		-	-	-	(31 431)	(31 431)
Shareholder transactions						
Share issue		3 500 000	-	-	-	3 500 000
As at 30 June 2016		5 000 000	40 813	72 701	(31 431)	5 082 083
As at 1 January 2017		15 000 000	-	(14 650)	-	14 985 350
Total comprehensive income						
Total comprehensive income for the reporting period		-	-	-	(75 805)	(75 805)
Shareholder transactions						
Share issue		10 000 000	-	-	-	10 000 000
As at 30 June 2016	22	-	-	-	-	-
As at 30 June 2017		25 000 000	-	(14 650)	(75 805)	24 909 545

The accompanying notes on pages 15 to 23 form an integral part of these financial statements.



Andris Kovalčuks
Chairman of the Board



Arnolds Romeiko
Board Member

22 September 2017

Notes to the Financial Statements

1. The reporting Company and the Group

The interim condensed consolidated and separate financial statements are prepared by New Hanza Capital, AS (hereinafter – the Company). The Company was registered with the Republic of Latvia Enterprise Register on 6 June 2006. The registered office of the Company is at 28A Pulkveža Brieža street, Riga, LV-1045.

Since the end of 2015 the Company has been investing its own funds and the funds of third parties in cash generating commercial properties.

The interim condensed consolidated and separate financial statements for the six-month period present financial information on the Company and its subsidiaries (hereinafter – the Group). In line with the applicable requirements, the Company separate financial statements have been included in the interim condensed consolidated financial statements for the six-month period. The Company is the parent company of the Group.

The Group consists of the following companies:

New Hanza Capital, AS – the company owns two commercial premises at 21A Elizabetes street, Riga; let out to long-term tenants.

NHC 1, SIA – the company owns an office building at 3 Tehnikas street, Riga airport, Mārupe municipality; the building is let out to Air Baltic Corporation, AS.

NHC 3, SIA - the company owns an office and warehouse complex “Piepilsētas”, Krustkalni, Ķekava municipality; the property is let out to long-term tenants.

NHC 2, SIA – at the time of preparation of these interim condensed financial statements, the company has finalised a real estate purchase process by paying the remaining portion of the purchase amount and registering the respective real estate with the Land Register.

NHC 4, SIA – by the date of these interim condensed financial statements, the company has made an advance payment for a real estate acquisition.

NHC 5, SIA and NHC 6, SIA - at the time of preparation of these interim condensed financial statements, the company did not own any real estate.

2. Basis of preparation

The interim condensed Group consolidated and Company separate financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union. The interim condensed financial statements have been prepared on a historical cost basis, except for investment properties which are measured at fair value.

The interim condensed financial statements cover the period 1 January 2017 through 30 June 2017.

The interim condensed financial statements provide a true and fair view of the financial position of the Group and the Company and their financial results and cash flows.

The accounting methods are consequently applied by all the Group companies.

3. Estimates and judgments

The preparation of interim condensed financial statements requires the management to make judgments and estimates that affect the application of accounting policies, reported amounts of assets, liabilities, income and expenses. Future events may occur which cause the assumptions used in arriving at the estimates to change. Such estimates and assumptions are based on most reliable information available to the management in respect to specific events and actions.

The estimates and underlying assumptions are reviewed on a regular basis. Changes in the accounting estimates are recognised in the period when those estimates are reviewed and in subsequent periods.

The key estimates and assumptions relate to the valuation of investment properties, recognition of deferred tax assets, business combination or acquisition of assets.

4. Consolidation

The interim condensed financial statements include New Hanza Capital, AS and all subsidiaries controlled by New Hanza Capital, AS (the Group parent company). Control exists when the Group has the power to govern, directly or indirectly, the financial and operating policies of a company so as to benefit from its activities. The financial statements of the subsidiaries are included in the interim condensed consolidated statements from the starting date of the control until the date of it ceasing. The composition of the Group is disclosed in Note 11.

For the purposes of consolidation, intragroup balances and unrealised gains resulting from intragroup transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains only to the extent there are no indication of impairment.

5. Cash

The monetary unit used in these interim condensed financial statements is euro (EUR), the official monetary unit of the Republic of Latvia.

No transactions in foreign currencies were carried out during the reporting period.

6. Subsequent events

Post-period-end events that provide additional information about the Group's and Company's position at the reporting date (adjusting events) are reflected in these financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

7. Revenue

Revenue represents income generated during the reporting period from the Group's operating activities – sales of real estate, lease and management of premises, net of value added tax and discounts.

	Group	Group	NHC	NHC
	01.01.2017- 30.06.2017	01.01.2016- 30.06.2016	01.01.2017- 30.06.2017	01.01.2016- 30.06.2016
	EUR	EUR	EUR	EUR
Income from lease of premises and management services	580 795	111 568	38 940	40 246
Other income	30 772	-	40 324	-
Total	611 567	111 568	79 264	40 246

8. Operating expenses

	Group	Group	NHC	NHC
	01.01.2017- 30.06.2017	01.01.2016- 30.06.2016	01.01.2017- 30.06.2017	01.01.2016- 30.06.2016
	EUR	EUR	EUR	EUR
Transaction due diligence expenses	94 107	24 606	62 574	427
Maintenance and management of buildings	86 281	8 513	1 863	2 311
Tenant attraction expenses	19 655	-	-	-
Staff costs	13 906	-	13 906	-
Other operating expenses	1 338	-	-	-
Depreciation	796	-	731	-
Total	216 083	33 119	79 074	2 738

9. Administrative expenses

	Group	Group	NHC	NHC
	01.01.2017- 30.06.2017	01.01.2016- 30.06.2016	01.01.2017- 30.06.2017	01.01.2016- 30.06.2016
	EUR	EUR	EUR	EUR
Staff costs	109 654	63 552	109 654	63 552
Professional services and other administrative expenses	41 606	47 622	28 114	41 372
Total	151 260	111 174	137 768	104 924

10. Investment properties

Group	Investment properties EUR
As at 31 December 2016	13 143 000
As at 30 June 2017	13 143 000

The fair value of investment properties is based on valuation performed by an independent appraiser who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

The fair value of the Group's investment properties is determined in the fourth quarter of each year or more often if the Group obtains information on significant changes in the quality of any of its investment properties or after an occurrence of a material loss event.

NHC	Investment properties EUR
As at 31 December 2016	748 000
As at 30 June 2017	748 000

11. Investments in related companies

Investments in related companies	EUR
Carrying amount as at 31 December 2016	2 616 362
Carrying amount as at 30 June 2017	2 616 362

Name of the company	Number of shares owned 31.12.2016 %	Carrying amount of investment 31.12.2016 EUR	Equity of the related company 31.12.2016 EUR	Profit/ (loss) of the related company in the reporting period EUR
NHC 1, SIA	100	1 276 362	1 379 569	103 207
NHC 2, SIA	100	10 000	(3 515)	(13 515)
NHC 3, SIA	100	1 300 000	1 194 949	(105 051)
NHC 4, SIA	100	10 000	9 348	(652)
NHC 5, SIA	100	10 000	9 348	(652)
NHC 6, SIA	100	10 000	9 348	(652)
Total		2 616 362	2 599 047	(17 315)

Name of the company	Number of shares owned 30.06.2017 %	Carrying amount of investment 30.06.2017 EUR	Equity of the related company 30.06.2017 EUR	Profit/ (loss) of the related company in the reporting period EUR
NHC 1, SIA	100	1 276 362	1 510 716	131 146
NHC 2, SIA	100	10 000	(6 068)	(2 553)
NHC 3, SIA	100	1 300 000	1 299 396	104 447
NHC 4, SIA	100	10 000	(14 515)	(23 863)
NHC 5, SIA	100	10 000	(6 680)	(16 028)
NHC 6, SIA	100	10 000	7 782	(1 566)
Total		2 616 362	2 790 631	191 583

12. Investments in associated companies

Name of the company	Number of shares owned	Carrying amount of investment	Equity of the associated company	Profit/ (loss) of the associated company in the reporting period	30 % of equity 30.06.2017
	30.06.2017 %	30.06.2017 EUR	30.06.2017 EUR	30.06.2017 EUR	30.06.2017 EUR
SG Capital Partners AIFP, SIA	30	7 500	29 689	14 287	8 907
Total		7 500	29 689	14 287	8 907

13. Loans to related companies

	Group 30.06.2017 EUR	Group 31.12.2016 EUR	NHC 30.06.2017 EUR	NHC 31.12.2016 EUR
Non-current portion				
Loans to subsidiaries	-	-	1 458 000	587 000
Current portion				
Loans to subsidiaries	-	-	4 744 000	5 061 000
Total loans to subsidiaries	-	-	6 202 000	5 648 000

Loans to related companies include loans to subsidiaries granted in the form of a credit line. The loans are not secured. As at 30 June 2017, there were no overdue loan payments.

14. Trade receivables

	Group 30.06.2017 EUR	Group 31.12.2016 EUR	NHC 30.06.2017 EUR	NHC 31.12.2016 EUR
Prepayments for real estate	4 683 857	-	-	-
Trade receivables	16 355	-	95 195	-
Other prepayments	6 913	-	-	-
Total	4 707 125	-	95 195	-

15. Other assets

	Group 30.06.2017 EUR	Group 31.12.2016 EUR	NHC 30.06.2017 EUR	NHC 31.12.2016 EUR
Prepaid expense	60 802	29 040	4 304	2 796
Overpaid value added tax	23 803	19 979	14 183	16 497
Accrued income	-	2 459	-	7 036
Other assets	-	-	38	-
Total	84 605	51 478	18 525	26 329

16. Cash

	Group 30.06.2017 EUR	Group 31.12.2016 EUR	NHC 30.06.2017 EUR	NHC 31.12.2016 EUR
Account balance, ABLV Bank, AS *	15 706 871	6 477 868	15 644 917	6 503 861
Account balance, Swedbank, AS	115 085	67 059	-	-
Account balance, HypoVereinsbank (Germany)	46	-	-	-
Total	15 822 002	6 544 927	15 644 917	6 503 861

* Cash is held in the accounts with ABLV Bank, AS, a related party to the Group and the Company.

17. Equity

As at 31 December 2016, the share capital of the Company was EUR 15 000 000 and consisted of 15 000 000 shares. The par value of each share is EUR 1. All the shares are fully paid.

On 12 April 2017, the share capital of the Company was increased up to EUR 18 000 000 and consisted of 18 000 000 shares. The par value of each share is EUR 1. All the shares are fully paid.

On 5 May 2017, the share capital of the Company was increased up to EUR 25 000 000 and consisted of 25 000 000. The par value of each share is EUR 1. All the shares are fully paid.

Shareholding structure:

	Group 30.06.2017		Group 31.12.2016		NHC 30.06.2017		NHC 31.12.2016	
	%	EUR	%	EUR	%	EUR	%	EUR
ABLV Bank, AS	88	22 000 000	88	13 200 000	88	22 000 000	88	13 200 000
PREMIUM FINANCE GROUP, SIA	6	1 500 000	8	1 200 000	6	1 500 000	8	1 200 000
Cassandra Holding Company, SIA	6	1 500 000	4	600 000	6	1 500 000	4	600 000
Total	100	25 000 000	100	15 000 000	100	25 000 000	100	15 000 000

In the reporting period, the Group had positive **equity of EUR 25 083 813**, which shows the Group's ability to continue as a going concern.

In the reporting period, the Company had positive **EUR 24 909 545**, which shows the Company's ability to continue as a going concern.

18. Loans from credit institutions

The Group loans as at 31 December 2016:

Non-current portion		Maturity	31.12.2016
Loan from ABLV Bank, AS *	EUR	17.02.2021	457 160
Loan from ABLV Bank, AS **	EUR	15.06.2021	3 102 000
Loan from ABLV Bank, AS **	EUR	15.05.2021	1 068 305
Total non-current loans from credit institutions			4 627 465
Current portion		Maturity	31.12.2016
Loan from ABLV Bank, AS *	EUR	Within one year	21 584
Loan from ABLV Bank, AS **	EUR	Within one year	-
Loan from ABLV Bank, AS **	EUR	Within one year	91 514
Total current loans from credit institutions			113 098

The Group loans as at 30 June 2017:

Non-current portion		Maturity	30.06.2017
Loan from ABLV Bank, AS *	EUR	17.02.2021	446 238
Loan from ABLV Bank, AS **	EUR	15.06.2021	3 102 000
Loan from ABLV Bank, AS **	EUR	15.05.2021	1 021 889
Loan from Swedbank, AS ***	EUR	03.03.2020	3 667 000
Total non-current loans from credit institutions			8 237 127
Current portion		Maturity	30.06.2017
Loan from ABLV Bank, AS *	EUR	Within one year	21 746
Loan from ABLV Bank, AS **	EUR	Within one year	-
Loan from ABLV Bank, AS **	EUR	Within one year	92 351
Loan from Swedbank, AS ***	EUR	Within one year	266 400
Total current loans from credit institutions			380 497

* On 18 April 2016, the Company received a loan from ABLV Bank, AS to invest in the subsidiaries of New Hanza Capital, AS. The loan is secured by a real estate pledge – the real estate object at 21A-101 Elizabetes street and 21A - 103 Elizabetes street, Riga. The funds in New Hanza Capital, AS accounts with ABLV Bank, AS are pledged as financial collateral.

** On 2 August 2016, NHC 1, SIA received loans from ABLV Bank, AS to partly refinance the loan issued by New Hanza Capital, AS for the acquisition of real estate. The loan is secured by a real estate pledge – the real estate object at 3 Tehnikas street, Riga Airport, Mārupe municipality. All funds in the NHC 1, SIA accounts with ABLV Bank, AS are pledged as financial collateral.

*** On 3 March 2017, NHC 3, SIA received a loan from Swedbank, AS to partly refinance the loan issued by New Hanza Capital, AS for the acquisition of real estate. The loan is secured by a real estate pledge – the real estate object "Piepilsētas", Krustkalni, Ķekava municipality.

The loan agreements provide that the lenders shall calculate interest coverage ratios and loan-to-value ratios on a quarterly basis. The Group companies comply with the specified ratio thresholds and meet the respective credit terms.

19. Other liabilities

	Group 30.06.2017 EUR	Group 31.12.2016 EUR	NHC 30.06.2017 EUR	NHC 31.12.2016 EUR
Non-current portion				
Security deposits from tenants	-	122 235	-	14 200
Current portion				
Security deposits from tenants	178 447	-	14 200	-
Total other liabilities	178 447	122 235	14 200	14 200

20. Operating segments

The Group management has defined the following strategic Group operating segments: direct investments in Latvia, asset management in the Baltic countries and asset management in Germany. The Group financial statements for the reporting period mainly present the financial results from the direct investments in Latvia. During the reporting period the Group did not earn any revenue from asset management in Germany, while the expenses incurred in this operating segment enhanced Group prospects for asset management in Germany.

Statement of profit or loss by segments

	Group 01.01.2017- 30.06.2017	Group 01.01.2017- 30.06.2017	Associate SG Capital Partners AIFP, SIA 01.01.2017- 30.06.2017
	Direct investments in Latvia	Asset management in Germany	Asset management in the Baltic countries **
Revenue	611 567		59 203
Operating expenses	(161 193)	(54 890)	(53)
Gross profit	450 374	(54 890)	59 150
Selling and distribution expenses	(4 550)	-	-
Administrative expenses	(96 120)	(55 140)	(46 215)
Other operating income	17	-	1 422
Other operating expenses	(32 517)	-	(70)
Other interest and similar income	-	-	-
Interest and similar expenses	(69 326)	-	-
Profit / (loss) before tax	247 878	(110 030)	14 287

Statement of financial position by segments

	Group 30.06.2017	Group 30.06.2017	Associate SG Capital Partners AIFP, SIA 30.06.2017
	Direct investments in Latvia*	Asset management in Germany*	Asset management in the Baltic countries **
Non-current assets	13 353 786	-	1 581
Current assets	20 622 090	-	51 619
Total assets	33 975 876	-	53 200
Equity***	25 083 813	-	37 218
Non-current liabilities	8 237 127	-	-
Current liabilities	654 936	-	15 982
Total equity and liabilities	33 975 876	-	53 200

* The result of the operating segment "Asset management in Germany" is included in the balance of the operating segment "Direct investments in Latvia".

**The associate SG Capital Partners AIFP, SIA is the only entity engaged in asset management in the Baltic countries. SG Capital Partners AIFP, SIA financial data is disclosed for information purposes only. Information on the Group's investments in the associated company is disclosed in Note 12 to the financial statements.

21. Subsequent events

On 12 July 2017, the Company received the final payment of EUR 25 705 for the sale of real estate in accordance with the real estate hire-purchase agreement, dated 22 December 2014.

On 14 July 2017, the Company increased the share capital of NHC 4, SIA up to EUR 1 100 000.

In July 2017, New Hanza Capital, AS started cooperation with one of the leading real estate investment fund management companies in Germany.

On 7 August 2017, the Company issued another loan of EUR 1 010 000 to NHC 2, SIA in the form of a credit line.

On 7 August 2017, NHC 2, SIA made a prepayment of EUR 1 000 000 for real estate in accordance with the real estate purchase agreement, dated 7 August 2017. The real estate consists of three office buildings in the territory of the former State Electrotechnical Factory (VEF) in Riga, 214B Brīvības avenue, 214M Brīvības avenue and 1 Bērzaunes street.

On 6 September 2017, NHC 2, SIA paid the outstanding purchase price of EUR 7 459 182 for the acquisition of real estate. The ownership in the name of NHC 2, SIA was registered with the Land Register on 18 September 2017.

On 13 September 2017, the Company increased the share capital of NHC 2, SIA from EUR 10 000 to EUR 2 000 000.

Andris Kovaļčuks
Chairman of the Board

Arnolds Romeiko
Board Member

22 September 2017