



## **New Hanza Capital, AS**

Group and Company Condensed Interim Report  
for the three month period ended 31 March 2018  
(unaudited)

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## Disclaimer

The financial statements were prepared in Latvian and English. In the event of any discrepancies between the Latvian and the English reports, the Latvian version shall prevail.

## General information

Name of the Company	New Hanza Capital
Legal status of the company	Joint Stock Company
Registration No, place and date	50003831571, Riga, 6 June 2006
Legal address	Pulkveža Brieža iela 28A, Riga, LV-1045, Latvia
Postal address	Pulkveža Brieža iela 28A, Riga, LV-1045, Latvia
NACE code, Type of primary activity	68.20 Renting and operating of own or leased real estate 70.10 Activities of head offices

### Members of the Board and their positions

#### From 20 March 2018

Edgars Miļūns, Chairman of the Board  
Aija Hermane-Sabule, Member of the Board  
Arnolds Romeiko, Member of the Board

#### From 7 March 2018 till 19 March 2018

Aija Hermane-Sabule, Chairman of the Board  
Arnolds Romeiko, Member of the Board

#### From 1 March 2018 to 6 March 2018

Arnolds Romeiko, Member of the Board

#### From 4 August 2016 to 28 February 2018

Andris Kovalčuks, Chairman of the Board  
Arnolds Romeiko, Member of the Board

### Members of the Council and their positions

#### From 19 March 2018

Ernests Bernis, Chairman of the Council  
Edgars Pavlovičs, Deputy Chairperson of the Council  
Māris Kannenieks, Member of the Council

#### From 13 February 2018 till 18 March 2018

Ernests Bernis, Chairman of the Council  
Edgars Miļūns, Deputy Chairperson of the Council

Edgars Pavlovičs, Member of the Council  
Māris Kannenieks, Member of the Council

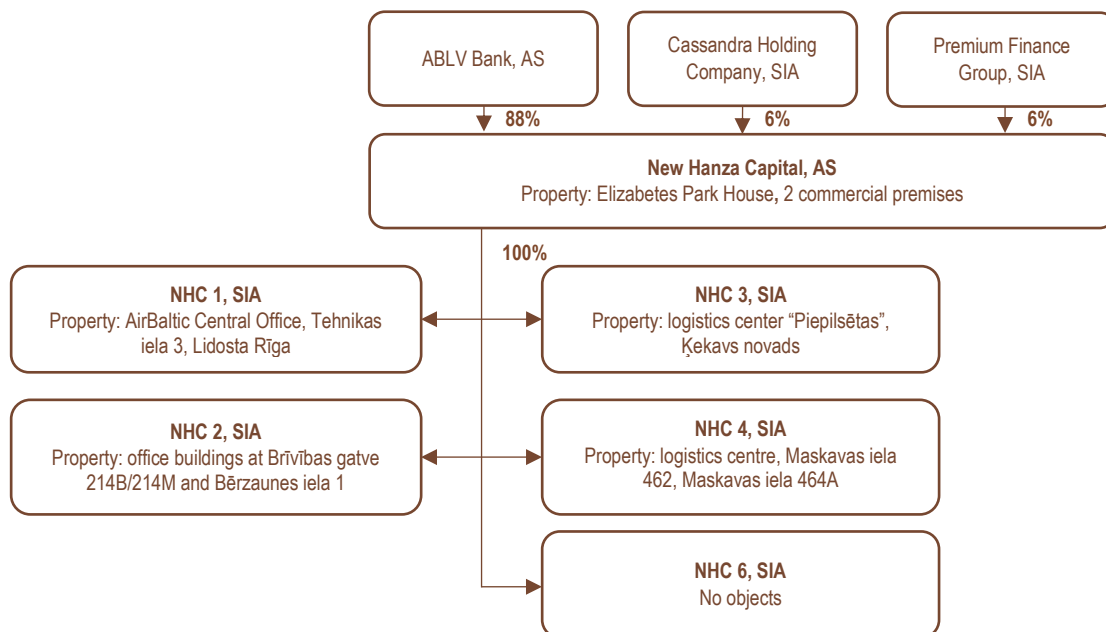
#### From 4 august 2016 to 12 February 2018

Ernests Bernis, Chairman of the Council  
Ieva Valtere, Deputy Chairperson of the Council  
Māris Kannenieks, Member of the Council

### Reporting period

1 January 2018 - 31 March 2018

### Group structure



## Group Management Report

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. The business objective of the Company 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. Our priority is to invest in already existing and operating commercial properties. At the same time, part of investments are intended to be made in various property construction and development projects. The investment strategy entails direct acquisition of real estate, as well as purchase of equity interest in companies holding the respective properties.

### Key events in the 1<sup>st</sup> quarter 2018

#### February

On 20 February 2018, Group company NHC 4, SIA obtained a loan of EUR 3 million from AS SEB banka. The loan matures on 7 February 2023.

On 22 February 2018, the Company received a payment of EUR 12.22 million from ABLV Bank, AS bond redemption and final bond coupon payment. The funds were used to cover the Company's loan from ABLV Bank, AS of EUR 453.5 thousand. Additionally, the Company placed a deposit with ABLV Bank, AS for EUR 6 million. This deposit was cancelled on March 28, 2018.

On 28 February 2018 the Company signed an agreement on the sale of the shares of associated company SG Capital Partners AIFP, SIA. The shares were sold to Pēteris Grieze, Harijs Švarcs and Rihards Šafranovičs. The transaction value is EUR 15 000.

On 28 February 2018 Andris Kovaļčuks handed in a resignation notice from the position of Chairman of the Board and CEO of the Company and its subsidiaries effective from 28 February 2018. Deputy CEO, Arnolds Romeiko continues working on the Company Board. In the period from 7 March 2018 to 19 March 2018 Aija Hermane-Sabule served as the Company Chairman of the Board. Starting from 20 March 2018 Edgars Mijūns serves as the Company Chairman of the Board. Aija Hermane-Sabule and Arnolds Romeiko continue to serve on the Company Board as Board Members.

**Group Management Report (continued)****Group key financial indicators**

The Group result for the reporting period amounts to a EUR 204 thousand profit after tax. The Company closed the 1Q 2018 with a loss of EUR 18 thousand. The Group profit for the reporting period is in line with management expectations. The Company losses were primarily caused by expenses associated with due emitted bond coupons, as well as professional service and deal due diligence expenses. As the Group subsidiaries act according to the Company's objectives and the nature of their activities in the reporting period did not differ materially from that of the Company the Group management focusses on analysing only the consolidated results of the Group.

<b>Group profit and cash flow indicators</b>	<b>Unit</b>	<b>01.01.2018- 31.03.2018</b>	<b>01.01.2017- 31.03.2017</b>	<b>Change %</b>
Income	EUR	936 696	270 047	246.86%
Adjusted EBITDA	EUR	338 127	48 349	599.35%
Adjusted EBIT	EUR	335 581	48 349	594.08%
Profit after tax	EUR	204 205	27 162	651.80%
Cash flows from operating activities	EUR	(93 676)	2 801 580	-103.34%
<b>Group balance sheet indicators</b>	<b>Unit</b>	<b>31.03.2018</b>	<b>31.12.2017</b>	<b>Change %</b>
Assets	EUR	55 386 943	52 362 834	5.78%
<i>Incl. investment property</i>	EUR	35 547 746	35 453 395	0.27%
<i>Incl. current assets</i>	EUR	19 781 743	16 835 146	17.50%
Shareholders' equity	EUR	33 158 446	32 954 241	0.62%
Liabilities	EUR	22 228 497	19 408 593	14.53%
<i>Incl. short term liabilities</i>	EUR	2 344 879	1 861 576	25.96%
<b>Group financial ratios</b>	<b>Unit</b>	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>Change %</b>
Adjusted EBITDA margin	%	25.83%	2.78%	830.01%
Adjusted EBIT margin	%	25.45%	2.78%	816.41%
Net profit margin	%	358.97%	-12.98%	n/a
Equity ratio	%	58.63%	56.60%	3.60%
Return on equity	%	34.45%	-1.01%	n/a
Return on assets	%	20.20%	-0.57%	n/a
Total liquidity ratio	%	625.59%	354.30%	76.57%
<b>Investment property indicators of the Group</b>	<b>Unit</b>	<b>31.03.2018</b>	<b>31.12.2017</b>	<b>Change %</b>
Number of investment properties	pcs.	8	8	-
Market value of investment properties	EUR	35 547 746	35 453 395	0.27%
Rentable area	m2	69 768	69 768	-
Annual contractual rent fee	EUR	2 786 648	2 875 981	-3.11%
Return on investment properties at market value	%	7.84%	8.11%	-3.36%
WAULT	years	3.37	3.48	-3.21%
Weighted average rent rate	EUR/m2 p.m.	4.09	4.24	-3.49%
Weighted average occupancy	% of rentable area	75%	85%	-11.96%

**Explanation of indicators and ratios**

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

**Adjusted EBIT** = Earnings before interest, taxes, gains and losses from investment property revaluation

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

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

**Net profit margin** = Net profit (in a 12 month period) / revenue (in a 12 month period) \* 100%

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

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

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

**Total liquidity ratio** = current assets at the reporting date / current liabilities at the reporting date

**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

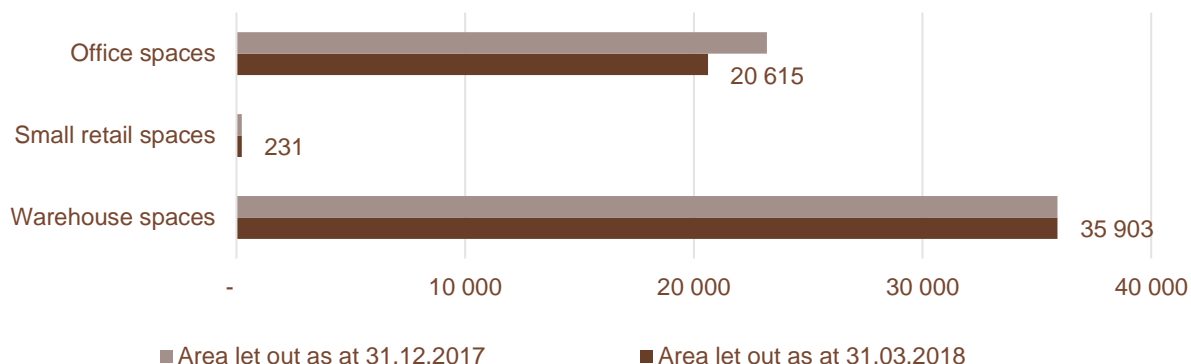
**Weighted average rental rate** = area (m2) weighted average rental rate at the given date, EUR/m2 p.m.

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

## Group performance indicators

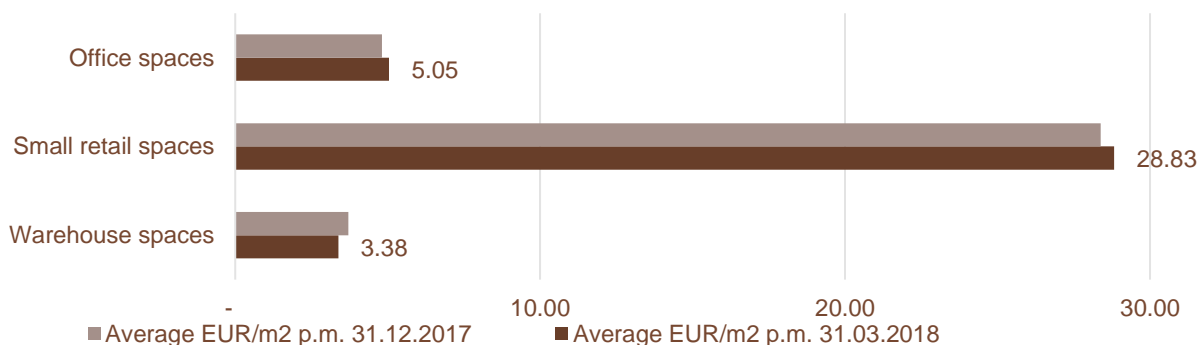
During the reporting period the Group did not acquire any new investment properties. Instead, the Group is working on the improvement and development of existing properties. Particularly, the Group management plans to finalize the development concept of the logistics centre on Maskavas iela 462 / 464A, and plans to start detailed design and planning works in the 2<sup>nd</sup> quarter 2018. Moreover, the Group continues with reconstruction concept development for the three office buildings in the territory of the former State Electrotechnical Factory (VEF) in Riga, Brīvības gatve 214B, Brīvības gatve 214M and Bērzaunes iela 1.

### Rented area of the Group investment properties in breakdown by space type, m<sup>2</sup>



During the 1<sup>st</sup> quarter 2018 there was an 11% decrease in the average monthly rent per square meter in the Group office spaces. This change was caused by the on-going optimization of the tenant mix in the VEF territory offices. The Group acquired the aforementioned office buildings in the 3<sup>rd</sup> quarter 2017. Tenant mix optimization, as well as planned rent indexation lead to a 5% increase in the average monthly rent per square meter in the Group office spaces during the reporting period.

### Weighted average rent in Group investment properties by space type, EUR/m<sup>2</sup>



### Top 5 tenants by rented area in the reporting period:

Tenant	Rented area (m <sup>2</sup> ), 31.03.2018
LATAKKO SIA	25 926
Air Baltic Corporation, AS	6 217
Mikrotīkls, SIA	4 355
FORANS, SIA	2 829
DLW Latvija, SIA	2 742
<b>Total</b>	<b>42 068</b>

## Statement of the Management's responsibility

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

The condensed interim financial statements for the three month period and the notes thereto set out on pages 8 through 19 are prepared in accordance with the source documents and present truly and fairly the financial position of the Company and the Group as at 31 March 2018 and 31 December 2017, and the results of their operations, changes in the share capital and reserves and cash flows for the three months of 2018 and the three months of 2017.

The aforementioned interim condensed financial statements for the three-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.

On behalf of the Board:



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Aija Hermane-Sabule  
*Board member*



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Arnolds Romeiko  
*Board member*

24 May 2018

## Group and Company Condensed Interim Financial Statements

### Statements of Profit and Loss and Other Comprehensive Income for the three month period ended 31 March 2018

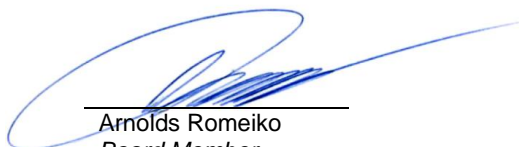
	Notes	Group 01.01.2018 - 31.03.2018 EUR	Group 01.01.2017 - 31.03.2017 EUR	NHC 01.01.2018 - 31.03.2018 EUR	NHC 01.01.2017 - 31.03.2017 EUR
Income	7	936 696	270 047	78 100	24 086
Operating expenses	8	(532 085)	(112 160)	(92 143)	(26 692)
<b>Gross profit</b>		<b>404 611</b>	<b>157 887</b>	<b>(14 043)</b>	<b>(2 606)</b>
Selling expenses		-	(4 491)	-	(4 491)
Administrative expenses	9	(102 606)	(76 182)	(85 341)	(69 377)
Other operating income		37 890	17	37 890	17
Other operating expenses		(4 314)	(28 882)	(1 102)	(23 182)
Other interest and similar income		30 643	-	168 072	54 342
Interest and similar expenses	10	(162 019)	(21 187)	(123 500)	(2 061)
Investment property revaluation		-	-	-	-
<b>Profit / (loss) before taxes</b>		<b>204 205</b>	<b>27 162</b>	<b>(18 024)</b>	<b>(47 358)</b>
Corporate income tax for the reporting period		-	-	-	-
Deferred tax		-	(4 144)	-	7 104
<b>Profit / (loss) of the reporting period</b>		<b>204 205</b>	<b>23 018</b>	<b>(18 024)</b>	<b>(40 254)</b>
<b>Total amount of comprehensive income</b>		<b>204 205</b>	<b>23 018</b>	<b>(18 024)</b>	<b>(40 254)</b>

The accompanying notes on pages 12 to 19 form an integral part of these financial statements.

On behalf of the Board:



Aija Hermans-Sabule  
Board Member



Arnolds Romeiko  
Board Member

24 May 2018





## Statements of Cash Flows for the three month period ended 31 March 2018

Notes	Group	Group	NHC	NHC
	01.01.2018 - 31.03.2018	01.01.2017 - 31.03.2017	01.01.2018 - 31.03.2018	01.01.2017 - 31.03.2017
	EUR	EUR	EUR	EUR
<b>Cash flows from operating activities</b>				
Profit / (loss) of the reporting period before tax	204 205	23 018	(18 024)	(40 254)
Adjustments for:				
Depreciation of fixed assets	2 546	-	2 546	-
Interest income	(30 643)	-	(168 072)	54 342
Interest expenses	(162 019)	21 187	(123 500)	2 061
<b>Profit before changes in working capital</b>	<b>14 089</b>	<b>44 205</b>	<b>(307 050)</b>	<b>16 149</b>
Interest received	30 000	-	30 000	(54 342)
(Increase)/ decrease in trade receivables	(555 655)	16 875	(77 733)	(42 514)
Increase/ (decrease) in payables	378 382	2 761 687	100 162	2 677 294
Interest expenses	39 508	(21 187)	989	(2 061)
<b>Cash flows from/ (used in) operating activities</b>	<b>(93 676)</b>	<b>2 801 580</b>	<b>(253 632)</b>	<b>2 594 526</b>
<b>Cash flows from investing activities</b>				
Acquisition of investment property	11	(94 351)	-	-
Acquisition of shares in related companies/ net cash paid	-	(7 500)	-	(7 500)
Sale of shares in related companies/ net cash received	7 500	-	7 500	-
Dividends received	6 793	-	-	-
Loans issued	(171 859)	-	-	(25 000)
Loans repaid	50 000	-	532 385	4 165 000
Investments in financial instrument	8 679 684	-	8 686 659	-
<b>Net cash flows generated from/ (used in) investing activities</b>	<b>8 477 767</b>	<b>(7 500)</b>	<b>9 226 544</b>	<b>4 132 500</b>
<b>Cash flows from financing activities</b>				
Loans received	17	3 000 000	4 000 000	-
Repayment of shareholder loans	17	(435 967)	(28 184)	(334 965)
<b>Net cash flows from financing activities</b>	<b>2 564 033</b>	<b>3 971 816</b>	<b>(334 965)</b>	<b>(5 389)</b>
<b>Increase/(decrease) in net cash during the reporting period</b>	<b>10 948 124</b>	<b>6 765 896</b>	<b>8 637 947</b>	<b>6 721 637</b>
Cash at the beginning of the reporting period	4 219 179	6 544 927	4 032 651	6 503 861
<b>Cash at the end of the reporting period</b>	<b>15 167 303</b>	<b>13 310 823</b>	<b>12 670 598</b>	<b>13 225 498</b>

The accompanying notes on pages 12 to 19 form an integral part of these financial statements.

On behalf of the Board:



Aija Hermane-Sabule  
Board Member



Arnolds Romeiko  
Board Member

24 May 2018

### Group Statement of Changes to the Shareholders Equity for the three month period ended 31 March 2018

	Notes	Paid-in share capital	Reserves	Retained earnings/ (uncovered loss) of previous periods	Profit / (loss) of the reporting period	Total capital and reserves
<b>At 1 January 2017</b>		15 000 000	-	(31 965)	-	14 968 035
<b>Total comprehensive income</b>						
Total comprehensive income for the reporting period		-	-	-	23 018	23 018
<b>As at 31 March 2017</b>		15 000 000	-	(31 965)	23 018	14 991 053
<b>At 1 January 2018</b>		25 000 000	-	7 954 241	-	32 954 241
<b>Total comprehensive income</b>						
Total comprehensive income for the reporting period		-	-	-	204 205	204 205
<b>As at 31 March 2018</b>	16	25 000 000	-	7 954 241	204 205	33 158 446

### Company Statement of Changes to the Shareholders Equity for the three month period ended 31 March 2018

	Notes	Paid-in share capital	Reserves	Retained earnings/ (uncovered loss) of previous periods	Profit / (loss) of the reporting period	Total capital and reserves
<b>At 1 January 2017</b>		15 000 000	-	(14 650)	-	14 985 350
<b>Total comprehensive income</b>						
Total comprehensive income for the reporting period		-	-	-	(40 254)	(40 254)
<b>As at 31 March 2017</b>		15 000 000	-	(14 650)	(40 254)	14 945 096
<b>At 1 January 2018</b>		25 000 000	-	(362 755)	-	24 637 245
<b>Total comprehensive income</b>						
Total comprehensive income for the reporting period		-	-	-	(18 024)	(18 024)
<b>As at 31 March 2018</b>	16	25 000 000	-	(362 755)	(18 024)	24 619 221

The accompanying notes on pages 12 to 19 form an integral part of these financial statements.

On behalf of the Board:



Aija Hermane-Sabule  
Board Member



Arnolds Romeiko  
Board Member

24 May 2018

## Notes to the condensed interim financial statements

### 1. The reporting entity and group

The entity preparing the condensed interim Group consolidated financial statements and the Company separate financial statements New Hanza Capital, AS (the Company or NHC) was registered with the Enterprise Register of the Republic of Latvia on 6 June 2006. The legal address of the Company is Pulkveža Brieža iela 28A, Riga, LV-1045. For information on the Company's ownership structure please refer to page 3. Information on ultimate beneficial owners of the Company largest shareholder is available on the largest shareholder's homepage [www.ablv.com](http://www.ablv.com). 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 Group consolidated and the Company separate financial statements for the period from 1 January 2018 to 31 March 2018 present the financial information of the Company and its subsidiaries (the Group). In line with applicable requirements, these interim condensed consolidated financial statements for the period from 1 January 2018 to 31 March 2018 include the Company's interim condensed separate financial statements. The Company is the Group parent company.

The Group consists of the following companies:

New Hanza Capital, AS – the Company owns two commercial premises in Elizabetes iela 21A, Riga, leased to long term tenants.

NHC 1, SIA was registered in the Latvian Enterprise Register on 9 September 2009. The legal address of the NHC 1, SIA is Pulkveža Brieža iela 28A, Riga, LV-1045. The line of business of NHC 1, SIA is lease and management of own real estate property. 100% of shares of NHC 1, SIA were acquired by the Company and included in the Group on 21 January 2016. NHC 1, SIA owns an office building at Tehnikas iela 3, Riga International Airport in Mārupe district, which is leased out to Air Baltic Corporation, AS.

NHC 2, SIA was registered in the Latvian Enterprise Register on 25 January 2016. The legal address of the Company is Pulkveža Brieža iela 28A, Riga, LV-1045. The line of business of NHC 2, SIA is lease and management of own or leased real estate property. The Company holds 100% of share capital of NHC 2, SIA and it is included in the Group. NHC 2, SIA owns three office buildings in Riga, the territory of the former State Electrotechnical Factory (VEF), Brīvības gatve 214B, Brīvības gatve 214M and Bērzaunes iela 1.

NHC 3, SIA was registered in the Latvian Enterprise Register on 20 May 2016. The legal address of the Company is Pulkveža Brieža iela 28A, Riga, LV-1045. The line of business of NHC 3, SIA is lease and management of own or leased real estate property. The Company holds 100% of share capital of NHC 3, SIA and it is included in the Group. NHC 3, SIA owns an office and warehouse complex, located in *Piepiļšētas*, Krustkalni, Ķekavas pagasts, Ķekavas novads. The complex is rented out on a long-term basis.

NHC 4, SIA was registered in the Latvian Enterprise Register on 15 November 2016. The legal address of the Company is Pulkveža Brieža iela 28A, Riga, LV-1045. The line of business of NHC 4, SIA is lease and management of own or leased real estate property. The Company holds 100% of share capital of NHC 4, SIA and it is included in the Group. NHC 4, SIA owns a warehouse complex in Riga, Maskavas iela 462 and Maskavas iela 464A. The complex is predominantly rented out on a long-term basis.

Subsidiaries NHC 5, SIA and NHC 6, SIA were registered with the Enterprise Register of Latvia on 15 November 2016. The legal address of these companies is Pulkveža Brieža iela 28A, Riga, LV-1045. The line of business of NHC 5, SIA and NHC 6, SIA is lease and management of own or leased real estate property. The Company holds 100% of share capital of NHC 5, SIA and NHC 6, SIA and these companies are included in the Group. During the reporting period NHC 5, SIA and NHC 6, SIA did not own any real estate.

### 2. Accounting principles

These interim condensed Group consolidated and Company stand-alone financial statements were prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union on a going concern basis.

These interim financial statements cover the 3 months from 1 January 2018 to 31 March 2018. The accounting methods are consistently applied by all companies within the Group.

### **3. Estimates and judgments**

The preparation of financial statements requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key judgments and estimates are:

#### **a) Valuation of investment property**

Land and buildings held to earn rental income are classified as investment property and are measured at fair value, with any changes in fair value recognised as profit or loss in the statement of comprehensive income. Investment property is valued by an external certified appraiser (refer to Note 11 - Investment property). In cases where specific assumptions of the external appraiser are not deemed to be acceptable, there may be internal value corrections.

#### **b) Business combination vs acquisition of assets**

The Group acquires investment property with effective rent agreements. In order to establish whether the acquired investment property qualifies as a business the Group performs an analysis based on the criteria laid down in IFRS 3 Business Combinations. It has been determined by the management that the investment properties acquired during the reporting year do not qualify as businesses as these properties were acquired with rent agreements but without any agreements that determine processes such as real estate management.

#### **c) Recognition of investment property**

Investment property is recognised by the Group after the title to the property has been registered in the Land Register or the act of acceptance and transfer of the property has been approved.

#### **d) Determining fair value of financial instruments**

The fair value of financial assets is determined based on external documents such as investment portfolio overviews issued by credit institutions and information available on NASDAQ Riga website regarding the market value of financial assets.

### **4. Consolidation**

These interim condensed consolidated financial statements include New Hanza Capital, AS and all subsidiaries and associated companies controlled by New Hanza Capital, AS (the Group parent company). Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Detailed information on Company subsidiaries is disclosed in Note 12 and Note 19.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated upon consolidation. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

### **5. Cash**

All amounts in these financial statements are expressed in the Latvian national currency – euro (EUR). The Euro is the Group's accounting and functional currency. Transactions in foreign currencies were not made during the reporting period.

### **6. Subsequent events**

These interim condensed financial statements reflect subsequent events that provide evidence of circumstances that existed at the end of the reporting period (adjusting events). Where the nature of subsequent events is other than adjusting, they are disclosed in the notes to the interim condensed financial statements only if they are significant.

**7. Revenue**

	Group 01.01.2018 - 31.03.2018 EUR	Group 01.01.2017 - 31.03.2017 EUR	NHC 01.01.2018 - 31.03.2018 EUR	NHC 01.01.2017 - 31.03.2017 EUR
Income from lease and management of premises	926 692	261 078	19 734	19 310
Other revenue	10 004	8 969	58 366	4 776
<b>Total</b>	<b>936 696</b>	<b>270 047</b>	<b>78 100</b>	<b>24 086</b>

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

**8. Operating expenses**

	Group 01.01.2018 - 31.03.2018 EUR	Group 01.01.2017 - 31.03.2017 EUR	NHC 01.01.2018 - 31.03.2018 EUR	NHC 01.01.2017 - 31.03.2017 EUR
Maintenance of buildings	312 638	27 455	821	775
Transaction due diligence expenses	163 744	16 606	50 129	-
Other operating expenses	17 056	42 182	2 546	-
Personnel expenses	38 647	25 917	38 647	25 917
<b>Total</b>	<b>532 085</b>	<b>112 160</b>	<b>92 143</b>	<b>26 692</b>

**9. Administrative expenses**

	Group 01.01.2018 - 31.03.2018 EUR	Group 01.01.2017 - 31.03.2017 EUR	NHC 01.01.2018 - 31.03.2018 EUR	NHC 01.01.2017 - 31.03.2017 EUR
Personnel expenses	44 450	55 858	44 450	55 858
Professional services	28 372	19 767	12 799	13 379
Other administrative expenses	29 784	557	28 092	140
<b>Total</b>	<b>102 606</b>	<b>76 182</b>	<b>85 341</b>	<b>69 377</b>

**10. Interest and similar expenses**

	Group 01.01.2018 - 31.03.2018 EUR	Group 01.01.2017 - 31.03.2017 EUR	NHC 01.01.2018 - 31.03.2018 EUR	NHC 01.01.2017 - 31.03.2017 EUR
Coupon payments for issued bonds	122 511	-	122 511	-
Interest expenses on loans from credit institutions	39 508	21 187	989	2 061
<b>Total</b>	<b>162 019</b>	<b>21 187</b>	<b>123 500</b>	<b>2 061</b>

**11. Investment property**

Group	Investment property EUR
<b>At 31 December 2016</b>	<b>13 143 000</b>
Acquired	14 249 749
Revaluation result recognised in profit or loss as a gain on revaluation of investment property	8 060 646
<b>At 31 December 2017</b>	<b>35 453 395</b>
<b>Acquisition</b>	<b>94 351</b>
<b>At 31 March 2018</b>	<b>35 547 746</b>
NHC	Investment property EUR
<b>At 31 December 2016</b>	<b>748 000</b>
Revaluation result recognised in profit or loss as a gain on revaluation of investment property	-
<b>At 31 December 2017</b>	<b>748 000</b>
<b>At 31 March 2018</b>	<b>748 000</b>

The fair value of the Group's investment property is measured in the fourth quarter of every year or more often if the Group becomes aware of material changes in the quality of long-term investments or a loss event. Fair values of investment properties may be determined also by reference to prior appraisals not older than 12 months from the valuation date.

**12. Investments in subsidiaries**

	EUR
<b>Balance as at 31.12.2016</b>	<b>2 616 362</b>
Contributions to other share capitals	3 080 000
<b>Balance as at 31.12.2017</b>	<b>5 696 362</b>
<b>Balance as at 31.03.2018</b>	<b>5 696 362</b>

Company name	Number of shares as at 31.03.2018 %	Investment carrying amount as at 31.03.2018 EUR	Subsidiary equity value as at 31.03.2018 EUR	Profit/loss of the subsidiary in the reporting period EUR
NHC 1, SIA	100	1 276 362	2 286 891	69 013
NHC 2, SIA	100	2 000 000	3 510 597	988
NHC 3, SIA	100	1 300 000	2 507 802	113 175
NHC 4, SIA	100	1 100 000	5 983 327	85 727
NHC 5, SIA	100	10 000	(56 146)	(38 955)
NHC 6, SIA	100	10 000	3 116	(926)
<b>Total</b>		<b>5 696 362</b>	<b>14 235 587</b>	<b>229 022</b>

Company name	Number of shares as at 31.12.2017 %	Investment carrying amount as at 31.12.2017 EUR	Subsidiary equity value as at 31.12.2017 EUR	Profit/loss of the subsidiary in the reporting period EUR
NHC 1, SIA	100	1 276 362	2 217 878	789 630
NHC 2, SIA	100	2 000 000	3 509 609	1 523 125
NHC 3, SIA	100	1 300 000	2 394 627	1 199 678
NHC 4, SIA	100	1 100 000	5 897 600	4 798 252
NHC 5, SIA	100	10 000	(17 191)	(26 539)
NHC 6, SIA	100	10 000	4 042	(5 306)
<b>Total</b>		<b>5 696 362</b>	<b>14 006 565</b>	<b>8 278 840</b>

**13. Loans to related companies**

	Group 31.03.2018 EUR	Group 31.12.2017 EUR	NHC 31.03.2018 EUR	NHC 31.12.2017 EUR
<b>Long term</b>				
<b>Loans to subsidiaries</b>	-	-	370 761	7 734 000
NHC 1, SIA	-	-	370 761	387 000
NHC 2, SIA	-	-	-	6 445 000
NHC 3, SIA	-	-	-	902 000
<b>Short term</b>				
<b>Loans to subsidiaries</b>	121 859	-	11 604 854	4 774 000
NHC 2, SIA	-	-	6 494 728	-
NHC 3, SIA	-	-	902 000	-
NHC 4, SIA	-	-	3 984 362	4 744 000
NHC 5, SIA	-	-	101 905	30 000
Other related companies	121 859	-	121 859	-
<b>Total</b>	<b>121 859</b>	<b>-</b>	<b>11 975 615</b>	<b>12 508 000</b>

Loans to related companies include loans to subsidiaries and loans to Group related companies disclosed as credit lines. The annual interest rate for all loans is 4.5%. The loans are unsecured. As at 31 March 2018 there are no overdue payments on the issued loans.

**14. Other assets**

	Group 31.03.2018 EUR	Group 31.12.2017 EUR	NHC 31.03.2018 EUR	NHC 31.12.2017 EUR
Prepayments	221 018	-	-	-
Accrued income	129 076	156 871	138 072	-
Deferred expense	122 281	84 197	50 055	45 218
Taxes	33 497	39 543	13 689	14 371
Other assets	-	6 975	-	-
<b>Total</b>	<b>505 872</b>	<b>287 586</b>	<b>201 816</b>	<b>59 589</b>

**15. Cash**

	Group 31.03.2018 EUR	Group 31.12.2017 EUR	NHC 31.03.2018 EUR	NHC 31.12.2017 EUR
Balances on bank accounts: ABLV Bank, AS*	12 250 756	4 160 289	12 057 231	4 032 651
Balances on bank accounts: Other	2 916 547	58 890	613 367	-
<b>Total</b>	<b>15 167 303</b>	<b>4 219 179</b>	<b>12 670 598</b>	<b>4 032 651</b>

\*The Board believes that that the funds in ABLV Bank, AS accounts are fully recoverable.

**16. Share capital**

	Group 31.03.2018 EUR	Group 31.12.2017 EUR	NHC 31.03.2018 EUR	NHC 31.12.2017 EUR
ABLV Bank, AS	88 22 000 000	88 22 000 000	88 22 000 000	88 22 000 000
PREMIUM FINANCE GROUP, SIA	6 1 500 000	6 1 500 000	6 1 500 000	6 1 500 000
Cassandra Holding Company, SIA	6 1 500 000	6 1 500 000	6 1 500 000	6 1 500 000
<b>Total</b>	<b>25 000 000</b>	<b>25 000 000</b>	<b>25 000 000</b>	<b>25 000 000</b>



**Notes to the condensed interim financial statements (continued)**

As at 31 December 2017 share capital amounted to EUR 25 000 000 and consisted of 25 000 000 shares with nominal value of EUR 1. All shares are fully paid. As at 31 March 2018 the share capital amounts to EUR 25 000 000 representing 25 000 000 shares with nominal value of EUR 1. All shares are fully paid.

**17. Loans and bonds**

	Group 31.03.2018 EUR	Group 31.12.2017 EUR	NHC 31.03.2018 EUR	NHC 31.12.2017 EUR
Long term loans from credit institutions	10 382 760	8 046 159	-	435 238
Issued debt securities (bonds)*	9 414 004	9 414 004	9 414 004	9 414 004
<b>Total long term loans</b>	<b>19 796 764</b>	<b>17 460 163</b>	<b>9 414 004</b>	<b>9 849 242</b>
Short-term part of long-term loans from credit institutions	497 944	381 501	-	21 914
Short term part of issued debt securities (bonds)*	585 996	585 996	585 996	585 996
Accrued interest on long term loans	-	11 522	-	324
Accrued liabilities for coupon interest payments on issued debt securities (bonds)*	225 955	103 444	225 955	103 444
<b>Total short-term-loans</b>	<b>1 309 895</b>	<b>1 082 463</b>	<b>811 951</b>	<b>711 678</b>
<b>Total long and short term loans</b>	<b>21 106 659</b>	<b>18 542 626</b>	<b>10 225 955</b>	<b>10 560 920</b>
<b>Changes in loans</b>	<b>31.03.2018</b>	<b>31.12.2017</b>	<b>31.03.2018</b>	<b>31.12.2017</b>
<b>At the beginning of the reporting period</b>	<b>18 542 626</b>	<b>4 743 827</b>	<b>10 560 920</b>	<b>479 025</b>
Loans received	3 000 000	4 000 000	-	-
Loans repaid	(558 435)	(316 167)	(457 433)	(21 592)
Changes in accrued loan and coupon interest liabilities	122 468	114 966	122 468	103 487
Debt securities (bonds) issued *	-	10 000 000	-	10 000 000
<b>At the end of the reporting period</b>	<b>21 106 659</b>	<b>18 542 626</b>	<b>10 225 955</b>	<b>10 560 920</b>
<b>Loans by category of lender</b>	<b>31.03.2018</b>	<b>31.12.2017</b>	<b>31.03.2018</b>	<b>31.12.2017</b>
Related Credit institutions	4 147 104	4 631 329	-	457 476
Other credit institutions	6 733 600	3 807 853	-	-
Debt securities (bonds) issued *	10 225 955	10 103 444	10 225 955	10 103 444
<b>Total loans</b>	<b>21 106 659</b>	<b>18 542 626</b>	<b>10 225 955</b>	<b>10 560 920</b>
<b>Loans by maturity</b>	<b>31.03.2018</b>	<b>31.12.2017</b>	<b>31.03.2018</b>	<b>31.12.2017</b>
< 1 year (short term part of long term loans)*	1 309 895	1 082 463	811 951	711 678
1 – 5 years	19 796 764	17 460 163	9 414 004	9 849 242
> 5 years	-	-	-	-
<b>Total loans</b>	<b>21 106 659</b>	<b>18 542 626</b>	<b>10 225 955</b>	<b>10 560 920</b>

It is specified in loan agreements that the interest coverage ratio and the LTV ratio should be calculated on a quarterly basis. The Group companies comply with the thresholds set for these ratios and the loan covenants.

\* The bonds were issued in EUR and the total nominal value of the issue was EUR 10 000 000 and the nominal value of a bond is EUR 1 000. The annual interest rate is fixed at 4.9% and coupon payments are made twice a year. Initial placement price: 100% of the face value. The issue date is 16 October 2017, and the maturity date is 16 October 2022. The issuer may exercise the call option prematurely. On 19 October 2017, the bonds were admitted to regulated market — included in the Baltic Bond List of Nasdaq Riga (ISIN LV0000802312).

**18. Other liabilities**

	Group 31.03.2018 EUR	Group 31.12.2017 EUR	NHC 31.03.2018 EUR	NHC 31.12.2017 EUR
Long term				
Security deposits received from tenants	86 854	86 854	-	-
Short term				
Security deposits received from tenants	302 226	224 657	14 200	14 200
<b>Total</b>	<b>389 080</b>	<b>311 511</b>	<b>14 200</b>	<b>14 200</b>

**Notes to the condensed interim financial statements (continued)****19. Operating segments**

The operating activities of the Group are analysed by the Board of the Company on the level of individual group companies. The operating income represents revenue generated from lease of premises.

The subsidiaries do not employ any staff and professional services are outsourced. The Company has agreements in place with its subsidiaries concerning management services. These management services include strategic management, day-to-day management and supervision of investments. Compensation for the management services is set on an arm's length basis.

<b>Assets</b>	<b>31.03.2018</b>	<b>31.12.2017</b>
	<b>EUR</b>	<b>EUR</b>
NHC	35 079 373	35 454 711
NHC1	7 000 469	6 950 207
NHC2	10 584 999	10 334 866
NHC3	7 376 947	7 297 145
NHC4	13 171 557	10 659 790
Other	69 087	33 239
Eliminated intra-group transactions	(17 895 489)	(18 367 124)
<b>Total</b>	<b>55 386 943</b>	<b>52 362 834</b>
<b>Liabilities</b>	<b>31.03.2018</b>	<b>31.12.2017</b>
	<b>EUR</b>	<b>EUR</b>
NHC	10 460 152	10 817 466
NHC1	4 713 578	4 732 329
NHC2	7 074 402	6 825 257
NHC3	4 869 145	4 902 518
NHC4	7 188 230	4 762 190
Other	122 117	39 595
Eliminated intra-group transactions	(12 199 127)	(12 670 762)
<b>Total</b>	<b>22 228 497</b>	<b>19 408 593</b>

**Notes to the condensed interim financial statements (continued)**

<b>Profit or Loss Statement for the period from 01.01.2018-31.03.2018</b>	<b>NHC</b>	<b>NHC1</b>	<b>NHC2</b>	<b>NHC3</b>	<b>NHC4</b>	<b>Other</b>	<b>Eliminated upon consolidation</b>	<b>Total</b>
Net sales (external)	27 925	109 106	323 415	180 051	296 199	-	-	936 696
Net sales (internal)	50 175	-	-	-	-	-	(50 175)	-
Operating expenses	(92 143)	(8 261)	(235 534)	(26 698)	(132 554)	(36 895)	-	(532 085)
<b>Gross profit</b>	<b>(14 043)</b>	<b>100 845</b>	<b>87 881</b>	<b>153 353</b>	<b>163 645</b>	<b>(36 895)</b>	<b>(50 175)</b>	<b>404 611</b>
Administrative expenses	(85 341)	(11 421)	(15 247)	(12 956)	(18 857)	(2 166)	43 382	(102 606)
Other operating income	37 890	-	-	-	-	-	-	37 890
Other operating expenses	(1 102)	(1 212)	-	(1 250)	(750)	-	-	(4 314)
Other interest received and similar income	168 072	-	-	-	-	-	(137 429)	30 643
Interest paid and similar expenses	(123 500)	(19 199)	(71 646)	(25 972)	(58 311)	(820)	137 429	(162 019)
<b>Profit/(loss) before taxes</b>	<b>(18 024)</b>	<b>69 013</b>	<b>988</b>	<b>113 175</b>	<b>85 727</b>	<b>(39 881)</b>	<b>(6 793)</b>	<b>204 205</b>
CIT	-	-	-	-	-	-	-	-
<b>(Loss) / profit of the reporting period</b>	<b>(18 024)</b>	<b>69 013</b>	<b>988</b>	<b>113 175</b>	<b>85 727</b>	<b>(39 881)</b>	<b>(6 793)</b>	<b>204 205</b>

<b>Profit or Loss Statement for the period from 01.01.2017-31.03.2017</b>	<b>NHC</b>	<b>NHC1</b>	<b>NHC2</b>	<b>NHC3</b>	<b>NHC4</b>	<b>Other</b>	<b>Eliminated upon consolidation</b>	<b>Total</b>
Net sales (external)	19 310	107 613	-	143 124	-	-	-	270 047
Net sales (internal)	4 776	-	-	-	-	-	(4 776)	-
Operating expenses	(26 692)	(4 834)	-	(63 615)	(15 500)	(1 519)	-	(112 160)
<b>Gross profit</b>	<b>(2 606)</b>	<b>102 779</b>	<b>-</b>	<b>79 509</b>	<b>(15 500)</b>	<b>(1 519)</b>	<b>(4 776)</b>	<b>157 887</b>
Sales expenses	(4 491)	-	-	-	-	-	-	(4 491)
Administrative expenses	(69 377)	(3 221)	(1 125)	(4 388)	(937)	(1 910)	4 776	(76 182)
Other operating income	17	-	-	-	-	-	-	17
Other operating expenses	(23 182)	(1 212)	-	(4 488)	-	-	-	(28 882)
Other interest and similar income	54 342	-	-	-	-	-	(54 342)	-
Interest paid and similar expenses	(2 061)	(25 247)	(166)	(48 050)	(5)	-	54 342	(21 187)
<b>Profit/(loss) before taxes</b>	<b>(47 358)</b>	<b>73 099</b>	<b>(1 291)</b>	<b>22 583</b>	<b>(16 442)</b>	<b>(3 429)</b>	<b>-</b>	<b>27 162</b>
CIT	-	-	-	-	-	-	-	-
Deferred CIT	7 104	(10 966)	194	(3 456)	2 466	514	-	(4 144)
<b>(Loss) / profit of the reporting period</b>	<b>(40 254)</b>	<b>62 133</b>	<b>(1 097)</b>	<b>19 127</b>	<b>(13 976)</b>	<b>(2 915)</b>	<b>-</b>	<b>23 018</b>

**20. Subsequent events**

On 9 April 2018 the Group Company NHC 5, SIA share capital was increased to EUR 8 200 000. The Company has applied for 96 000 NHC 5, SIA shares, as well as gave up pre-emptive rights to the remaining NHC 5, SIA shares. As a result, the Company participation in NHC 5, SIA has decreased to 1.29%. Within the process of share capital increase ABLV Bank, AS used property contribution to pay for the NHC 5, SIA share capital increase, and acquired 98.71% participation in NHC 5, SIA. On 11 April 2018 NHC 5, SIA share capital increase has been registered in the Register of Enterprises.

On 10 May 2018 the Company has acquired a 0.28% participation in New Hanza Centre, SIA (reg. No. 40203037667) by acquiring 100 000 shares for EUR 100 000. 1 share nominal value is EUR 1.00. New Hanza Centre, SIA primary activity is renting and operating of own or leased real estate. The Company participation in New Hanza Centre, SIA aims to provide capital for technical design completion of the offices on M. Tāla iela 3, Riga and earn dividends upon project completion.

On 16 May 2018 the Company has acquired a 0.25% participation in Pillar Development, SIA (reg. No. 40103222826) by acquiring 100 000 shares for EUR 100 000. 1 share nominal value is EUR 1.00. Pillar Development, SIA primary activity is renting and operating of own or leased real estate. The Company participation in Pillar Development, SIA aims to provide capital for reconstruction completion of the historical Riga cargo station and earn dividends upon project completion.