



BPT HANSA LUX SICAV-SIF

QUARTERLY FUND REPORT Q3 2019

COMMENTARY

BPT Hansa SICAV-SIF is a direct real estate fund investing in commercial properties in Northern Germany, mainly Berlin. The fund is designed for institutional investors, German and international, and should be seen as a long-term investment product.

ACTIVITIES OVER THE QUARTER

During Q3 2019, the NAV has increased significantly from EUR 131.04 (June 2019) to EUR 151.91 (September 2019). This performance was mainly driven by the new valuation of Bessemerstraße (+32%) and the sales of the Wärtsilä property with a premium of 14% compared to the latest valuation.

The average occupancy rate in Q3 2019 increased slightly from 90.8% to 92.5%, which is related to new lease agreements in Berlins Trachenbergring property. Net rental income amounted to EUR 716 thousand in Q3 2019 (EUR 723 thousand Q2 2019).

The Fund's direct property yield (DPY) slightly decreases by 0.1% to now 6.2% in Q3 2019.

The DPY of the Wärtsilä property in Hamburg slightly increased to 7.7% (7.5% in Q2 2019) which is in line with the budget (7.6%). The DPY in Bessemerstraße increased to 10.1% (9.4% Q2 2019) and still continues to outperform its budget (7.3%). The DPY in Walsroder Straße increased to 7.7% (6.2% Q2 2019). The DPY in Trachenbergring in Berlin decreased to 3.0% (4.2% Q2 2019) and is below the new budget (5.1%).

The fund management team successfully closed the disposal of Schlenzigstraße in Hamburg as of 21 September 2019. In total, the investment of Schlenzigsraße has contributed a levered IRR of 11.8% for the investors. In addition, the team prepared the payout of the sales proceeds. The cash balance of the SPV allowed a cash upstream and a distribution of 5.75m EUR (equals 23.5% per share) which was executed early October 2019.

On July 9th the management team signed the SPA to sell the asset Bessemerstraße for EUR 23.5m. The closing is planned to take place in February 2020. Currently the fund management team is working on the pre-closing conditions to fulfil the obligations of the sales purchase agreement within the next four months.

Fund performance

NAV per share (IFRS)	EUR 151.91
Latest dividend per share, EUR (paid out in Q2 2019)	EUR 4.0
Total return since inception	73.0%
Return since inception annualised	4.8%

Portfolio

Number of properties*	4
Average gross property value*	EUR 14.4m
Occupancy ratio (quarter average)	92.5%

*Wärtsilä asset disposed as at the end of Q3 2019.

Fund facts

Fund inception (as of the first NAV)	January 2008
Expected exit	2023
Status	Closed-end
Total share capital	EUR 24.3m
Net asset value	EUR 37.0m
Gross property value*	EUR 47.9m
Gross asset value (GAV)*	EUR 63.0m
Total cash and cash equivalents	EUR 11.1m
Loans	EUR 20.3m
Loan to value	42.4%
Interest coverage	4.20

*Disposed Wärtsilä asset is not included.

Top 5 holdings

Trachenbergring 93	Office	Berlin
Bessemerstrasse	Office	Berlin
Wärtsilä*	Office/Industrial	Hamburg
Walsroder Strasse	Office	Hanover
Weight of total gross value		100%

Top 5 holdings based on gross property value.

* Asset disposed as at the end of Q3 2019.

Fees

Management fee	0.75% p.a. of GAV of the portfolio
Acquisition fee	0.3% of the total acquisition sum
Incentive fee	20% above a hurdle rate of 7% RoE
Subscription fee	max. 1.95% (depending on size)

Regarding Walsroder Str. there is an interested party in negotiation for taking over the vacant unit in the ground floor with 152 sqm (former Generali unit). With this closing, which will take place in Q4 2019, the property would be nearly fully let. Re-letting the Generali space will require TIs of approx. EUR 40k but would result in a fully indexed 10y rental contract with "Region Hannover", a municipal tenant with best credit rating.

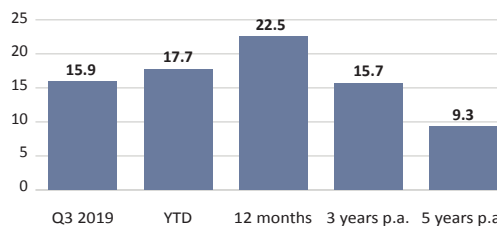
The fund management team is currently preparing a CAPEX investment plan for the Trachenberg asset. The team strongly believes in the large upside potential regarding both future rental levels and capital value. The measurements will improve the market position and the ERVs of the asset significantly.

MARKET OUTLOOK

According to JLL, the German real estate investment market recorded a transaction volume of 25 billion in Q3 2019. One main driver for this high result was the sales of the "Millenium Portfolio", acquired by CommerzReal from Generali for EUR 2.5 billion. According to Savills, EUR 43.4 billion were invested into commercial real estate assets (YTD), which is 2% lower than in the same period last year. The main reason for this decrease is the on-going shortage of products on the German market. In the year to date, 46% of the commercial transaction volume was accounted for offices. So far, the German real estate market was characterized by numerous major transactions. In total, there were already five portfolio transactions with a volume of at least EUR 1 billion each this year. In the whole of 2018, there were only three. By the end of the year, the commercial transaction volume could rise up to EUR 65 billion, which would once again set a new record and will be driven partly by the takeover of the Canadian REIT DREAM Global by Blackstone Group for approx. EUR 4.2 billion, with assets in Germany changing hands worth approx. EUR 3 billion and expected closing in Q4 2019.

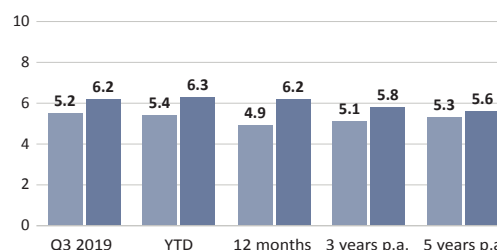
The inflation rate further decreased from 1.6% in June to 1.2% in September; mainly caused due to decreasing energy costs. In September 2019, the unemployment rate was with 4.9% the lowest September rate since the re-unification.

Total Fund Return



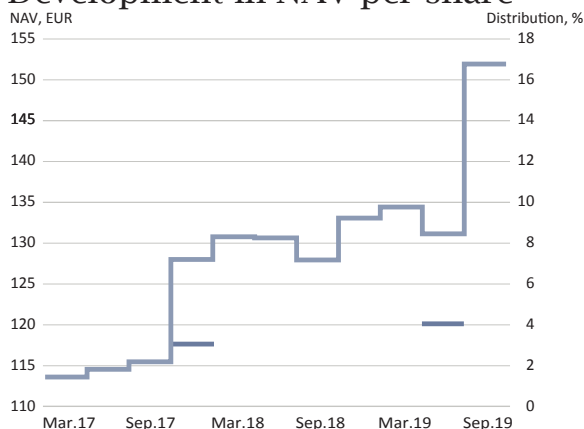
Total fund return is calculated as NAV-to-NAV taking into account distributed dividend and net capital invested for the year

Net initial yield (NIY) p.a. and direct property yield (DPY) p.a.



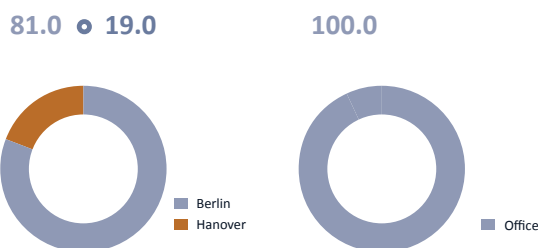
NIY (light blue) is calculated as the net operating income divided by gross property value annualized. DPY (dark blue) is calculated as the net operating income divided by the acquisition costs annualized.

Development in NAV per share



Development in NAV (light blue) is excluding reinvested dividends. Historical dividends (dark blue) will be shown at the time they are deducted from the NAV per share.

Allocation in percent



Allocation is calculated based on gross property value.

* After disposal of Wärttilä

FUND MANAGER



Sebastian Russ

Email: sebastian.russ@nh-cap.com

Direct tel: +49 30 20 21 59 886