

# Quarterly report

# Q1 2023

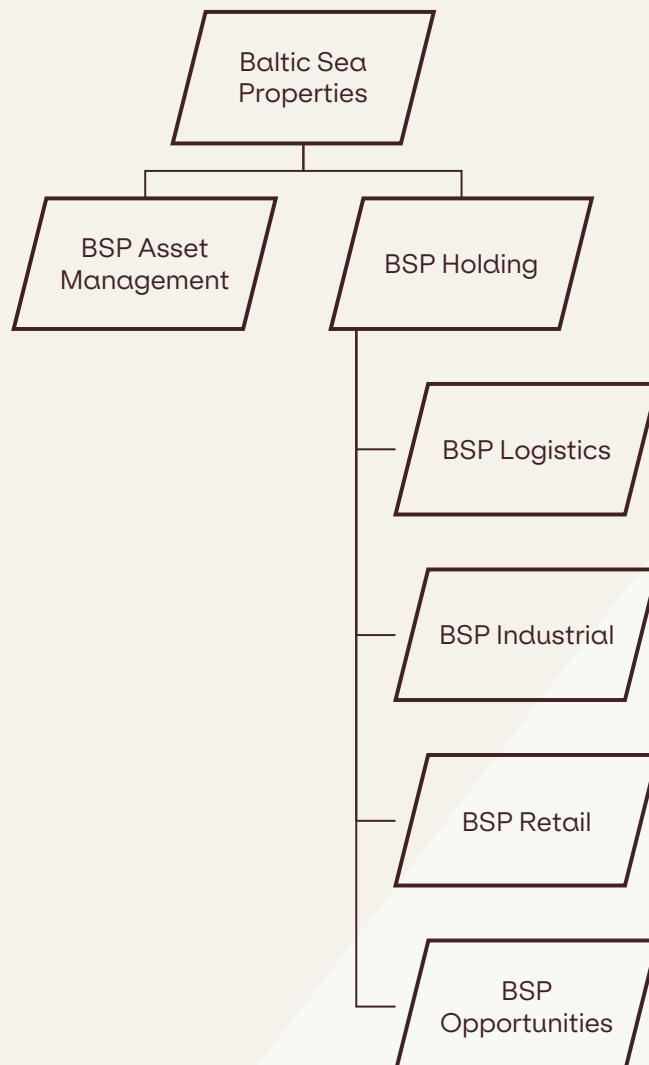
Baltic Sea Properties

# About us

Baltic Sea Properties is a Norwegian public listed, open-ended and fully integrated investment company. The company is among the Baltics' leading real estate investors and developers – owning a diversified cash flow generating portfolio of modern real estate in the logistics, industrial and commercial segments.

Our strategy is to develop long-term relationships with strong clients and to hold high-quality assets in attractive locations. We grow our portfolio by own developments and acquisitions with the objective to maximise shareholder values and the company's dividend capacity.

The property management is conducted through fully-owned subsidiaries by a professional management team with deep knowledge of the Baltic real estate market



# Contents

<b>About us</b>	<b>2</b>
<b>Our Vision, Mission &amp; Values</b>	<b>4</b>
<b>Highlights</b>	<b>6</b>
<b>Financial overview</b>	<b>8</b>
Key figures group	9
Financial results for first quarter	10
Financing	12
Comprehensive income & Net Asset Value	14
Net Asset Value (NAV)	16
Consolidated statements	18
<b>Investment Portfolio</b>	<b>24</b>
Rent roll	25
Investment strategy	26
BREEAM — Certification status	28
Market update from Newsec Baltics	30
<b>Property portfolio</b>	<b>32</b>
Client mix	33
Presentation of our properties	34
Land bank	43
<b>Contact</b>	<b>44</b>
<b>Euronext Growth Oslo</b>	<b>47</b>

## Disclaimer:

This report has been prepared by Baltic Sea Properties AS in good faith and to our best ability with the purpose to give the company's shareholders updated information about the company's operations and status. This document must not be understood as an offer or encouragement to invest in the company. The financial figures presented are unadited and may thus include discrepancies. Baltic Sea Properties AS further makes reservations that errors may have occurred in its calculations of key figures or in the development of the report which may contribute to an inaccurate impression of the company's status and/or operations. The report also includes descriptions and comments which are based on subjective assumptions and considerations, and thus must not be understood as a guarantee of future events or future profits.

# Our Vision

Our vision is to be the preferred real estate partner and leading investment company in the region.

We will achieve this by staying true to our mission and values.

# Our Mission

Our mission is to foster a great team, to provide high quality and sustainable solutions for our partners, thus creating superior long-term value and returns for our shareholders.



# Our Values

- **Commitment** to our people and their professional development.
- Focusing on **innovation and value creation**.
- **Respect** for our social and physical environment.
- **Accountability and fairness** with our stakeholders.
- **Reliability and integrity** in all we do



# Highlights

## Q1 2023 reporting

We are pleased to present our first quarter report, showcasing another period of strong performance and robust cash flow development.

Despite the market turbulence, pressure on valuations and facing challenges in the form of rising interest rates, we have managed to deliver steady results and maintain positive growth through Q1.

### A larger portfolio and higher rental revenue will sustain long-term results

Although we are experiencing a significant increase in financial costs due to rising interest rates, we firmly believe that the successful introduction of new developments and investment assets throughout 2022/2023 will play a pivotal role in sustaining the strong cash flow we have consistently achieved in recent years. We maintain our focus on disciplined growth and below follows some of the main activities from the company in Q1-2023.

- We successfully finalised the construction and handover of the Oribalt expansion project.
- Significant work with project pipeline – new acquisitions, developments, and portfolio expansions.
- Actively working with clients on property improvements, roof upgrades and solar panel installations.
- Continued work to professionalise and systemise our operations, to enable further growth.
- Ongoing processes to BREEAM certify the two DPD terminals – progressing well after the finalisation of 4 certifications in 2022 and so far in 2023.
- Transition from GAAP to International Financial Reporting Standards (IFRS) in our financial reporting.
- Continued development and investment in our ESG initiatives.



Oribalt | Expansion project completed Spring 2023

Despite the prevalent uncertainties, BSP remains with a significant investment pipeline supporting the company's growth ambitions, underlined by the following:

- Expansion of existing investment projects.
- New projects on own development land.
- Potential Built-to-suit (BTS) for new clients.
- Evaluating M&A strategies.

We place immense trust in our internal competence and firmly believe that our fundamental approach to how we conduct business will guide us through the current market turbulence. In fact, we view the challenges ahead as an opportunity to showcase our expertise and capitalise on emerging opportunities along the way.

As we navigate the evolving landscape of the market, we remain committed to providing you with transparent and reliable updates on our progress. We appreciate your continued support and confidence in our company, and we are excited about the potential that lies ahead.

Company	2023 Jan - Mar	2022 Jan-Mar	2022 Jan - Dec
Rental income (mEUR)	1.96	1.59	6.88
Income From Property Management (IFPM) (mEUR)	0.79	0.88	2.93
Return on Equity inc. dividend (NAV), 12 months (YTD)	12.4%	23.9%	12.2%
Investment properties value (mEUR)	97.59	63.78	96.67
Loan to Value investment portfolio (LTV) (excl. mezzanine facilities & seller credit)	54.2 %	50.5 %	53.9 %





Delamode | Expansion project completed Autumn 2022

# Financial overview

## Q1 2023

- Key figures group
- Financial results from first quarter
- Financing
- Comprehensive income & Net Asset Value
- Net Asset Value (NAV)
- Consolidated statements

Profit or loss  
Comprehensive income  
Financial position  
Changes in equity

Please note:

Unless stated otherwise, the financial figures presented in this chapter have been prepared using the same IFRS principles as described in the company's Annual Report 2022 (available for download on [balticsea.no](https://balticsea.no)). The consolidated statements presented in this quarterly report are however simplified from the IFRS requirements.

Please note that the quarterly figures in this report are unaudited.

# Key figures group

## Quarterly report — Q1 2023

Per share	Q1-2023	Q1-2022	31.12.2022	31.12.2021
Net Asset Value (NAV) in NOK	67.61	57.43	62.11	53.93
NAV in EUR	5.93	5.41	5.91	5.40
YTD Return NAV incl. dividend (EUR)	0.44 %	0.14 %	12.18 %	20.79 %
Dividend distributed (NOK)			1.50	1.50
Last transaction price per date (NOK)	50.00	48.60	50.00	50.50
Number of shares issued	6 688 232	6 688 232	6 688 232	6 688 232
EURNOK rate, balance sheet date <sup>1</sup>	11.39	10.00	10.51	9.99
EURNOK rate, YTD average <sup>2</sup>	10.98	10.26	10.10	10.16

1) EURNOK rate per balance sheet date is used when converting balance sheet figures.

2) EURNOK YTD average rate is used when converting P&L figures.

Group key figures (MNOK)	Q1-2023	Q1-2022	31.12.2022	31.12.2021
Fair value of portfolio	1 112	742	1 016	754
Value of equity based on NAV - BSP method	451	361	414	360
Value of equity based on NAV - BSP method (EUR)	39.6	36.1	39.5	36.1
Gross rent income per date	21.6	15,8	69.5	63.8
Net income from property management (IFPM)	8.7	9,0	29,7	26,3
Annulised contracted rent	88.4	67.12	88,4	66,46
NOI yield (investment projects)	7.88 %	7.60%	7.88 %	7.60 %
Dividend yield	-	-	2.6%	2.9%
Occupancy rate	99 %	98 %	99 %	98 %
WAULT (years)	8.9 yrs	9.66 yrs	9.10 yrs	10.1 yrs
IBD (incl. mezzanine & seller credit)	663	390	570	406
LTV investment portfolio (incl. mezzanine & seller credit)	59.33 %	53.17 %	59.42 %	53.9%
Net LTV (inc. Cash)	56.89 %	50.03 %	56.95 %	50.3 %
Interest cost coverage ratio (ICR) - inc. Group finance	2.48	3.25	2.39	2.45
Interest cost coverage ratio (ICR) - SPV finance	3.10	4.50	4.22	4.50

### Terms/abbreviations used in this report:

- NOI = Net operating income from property portfolio (incl. internal property management expenses)
- NOI yield = NOI / Market value of the investment portfolio excluding development land value (land bank).
- Net rent = Income from rental activity from property portfolio minus (-) all unrecovered property expenses (not including internal property management fees).
- IFPM (Income From Property Management) = Profit/loss before tax excluding depreciations, profit/loss/value movements on properties, realised investments, currency and other financial instruments.
- PPFM yield = Profit from Property Management/ Net Asset Value (NAV)
- IBD = Interest-Bearing Debt – all outstanding debt to credit institutions and/or other credit facilities
- LTV = Loan to Value ratio
- EBITDA = Earnings before interest, tax, depreciation and amortisation
- WAULT = Weighted average unexpired lease term
- Interest cost ratio (ICR) inc. group finance - Group EBITDA/all interest paid
- Interest cost ratio (ICR) SPV finance - Consolidated EBITDA of real estate subsidiaries/interest paid from real estate finance



# Financial results for first quarter

## Q1 2023 results

In Q1, we continued our trend of generating steady cash flow, bolstered by a remarkable 23% increase in rental income of mEUR 1.96 compared to Q1-22, mEUR 1.59. This substantial growth can be attributed to the successful introduction of new developments and investment assets throughout 2022 and CPI adjustments on existing leases.

Direct ownership costs in Q1-23 increased up to mEUR 0.1 (0.57) due to a larger portfolio. In total our net rent from operations has increased to mEUR 1.87 (1.54).

Central administration costs have increased compared to last year with aprox. mEUR 0.05 while other operating costs has decreased with mEUR 0.04. In sum, total operating expenses are similar to that of last year.

### Rising interest rates

The significant increase in the EURIBOR during 2022 and 2023, reflecting the overall trend across the markets, has resulted in higher funding cost for BSP in Q1-23 compared to last year. Although we have a significantly larger portfolio, the interest costs for first quarter was mEUR 0.62 compared to 0.28. Of the total, interest on our portfolio financing was mEUR 0.5 for the first quarter versus mEUR 0.25 last year.

In total, our net income from property management for the first quarter was mEUR 0.87 (0.88) slightly down from same period last year, mainly affected by the higher interest cost.

During the first quarter of the year, we also booked a decrease in fair value of investment properties of aprox. mEUR 0.3 due to higher construction cost than valuation of the expansion and other uncapitalised current repairs. Like for like, the valuation yield or discount rate have not increased further since our 31.12.22 valuations. In our development approach, we firmly focus on long-term quality of the buildings and together with our clients increase the lifecycle of the assets versus the short-term aim of maximising the results which often reduces quality.

### Currency

Normally we are giving our comments to our reporting in NOK currency. However, due to an extreme weakening of the NOK currency during the first quarter, we are giving our comparables in EUR. The reasons for this is to ensure transparency and give the investors comparative figures on our performance and not only by currency. NOK figures of the Q1 results you can find on page 14 and 18 in this report.

### Financing

We see that higher interest rates and pressure on valuations present large challenges for highly leveraged real estate companies, affecting their free cash flow and financing covenants. However, we have been proactive in optimising our capital structure to mitigate these effects. In BSP, we have maintained a disciplined approach to leverage throughout our operations. Our capital structure has been carefully optimised to strike a balance between keeping cash reserves and developing new projects and delivering consistent dividends to our valued shareholders. We remain confident that our solid platform will enable us to sustain our growth strategy, even in the face of a changing interest rate landscape.

### Valuations

Valuations of the properties have been conducted by two independent valuers, based on discounted cash flow (DCF) analyses, which is standard method and our normal practice. The portfolio was valued at a total of MEUR 97.59 in the NAV calculation per 31st of March 2023, based on valuations from Newsec and Oberhaus per 31st of December 2022 and adjusted for additional investments not included in the valuations. The Oribalt terminal has received a new valuation after completion of the expansion.

Per end of period (EUR)	Q1-2023	Q1-2022	2022
Rental income	1 966 143	1 594 545	6 881 875
Property expenses ex mng	-94 091	-57 748	-216 210
<b>Net rent</b>	<b>1 872 053</b>	<b>1 536 797</b>	<b>6 665 665</b>
Other operating income	31 156	52 255	112 605
Administration cost	-308 893	-260 151	-1 292 393
Other operating cost	-104 423	-144 061	-774 425
Net realised interest cost & finance expenses	-619 562	-305 806	-1 774 968
<b>Net income from property management (IFPM)</b>	<b>870 330</b>	<b>879 034</b>	<b>2 936 484</b>
Change in fair value of investment properties	-305 143	42 633	1 707 720
Changes in value of financial instruments	-80 382	334 170	1 019 107
Realised changes in value of investment properties		-	-197 979
Depreciation, amortisation and impairment	-22 546	-11 035	-
Net currency exchange differences	13 102	-5 274	97 137
<b>Profit before tax</b>	<b>475 362</b>	<b>1 239 528</b>	<b>5 562 469</b>
Current tax	-29 305	-26 517	-116 955
Deferred tax	-18 282	-175 717	-795 039
<b>Profit from continued operations</b>	<b>427 775</b>	<b>1 037 294</b>	<b>4 650 475</b>

# Financing

1st quarter report 2023 (unaudited)

Year	Debt maturity			Interest Swap maturity		
	EUR	Share %	Interest margin	EUR	Share %	Swap fixed rate
0-1 year				17 850 737	88.3 %	0.6 %
1-3 years				2 375 710	11,7 %	0.7 %
4-5 years	52 891 978	90.8 %	2.1 %			
Total funding real estate portfolio <sup>1</sup>	52 891 978	90.8 %	2.1 %	20 226 447	38.2 %	0.6 %
Mezzanine <sup>2</sup>	1 796 121	3.6 %	9.3 %			
Seller credit <sup>3</sup>	3 210 338	5.6 %	8.0 %			
<b>Sum loan</b>	<b>57 898 437</b>	<b>100.0 %</b>	<b>2.7%</b>	<b>20 226 447</b>	<b>34.9 %</b>	<b>0.6 %</b>

<sup>1</sup> Weighted average bank interest margin is 2.16 % + 3-months EURIBOR ( per 31st of December 2022). The interest swap is against 3-months EURIBOR.

<sup>2</sup> Interest rate for the mezzanine loan is including margin. Mezzanine loan was renewed and increased to MEUR 5.0 in July 2022 and now expires in September 2024. MEUR 3.0 was repaid in November 2022 (credit facility is still available if needed).

<sup>3</sup> Interest rate for the seller credit is including margin. Interest cost all-inclusive. Seller credit is related to the transaction of Grandus SC and expires at the end of 2023.

Loan financing	31/03/2023	31/12/2022
Interest-bearing debt incl. mezzanine loan and seller credit (MEUR)	57.9	57.4
LTV incl. mezzanine loan and seller credit	59.33 %	59.38 %
Interest-bearing debt excl. mezzanine loan and seller credit (MEUR)	52.9	52.1
LTV excl. mezzanine loan and seller credit	54.20 %	53.92 %
12-month running interest rate all loans (margin)*	2.71 %	2.73 %
Interest rate hedging ratio	34.9 %	39.74 %
Interest rate coverage (ICR) - group	2.48	2.39
Interest rate coverage (ICR) - SPV finance	3.1	4.5
Time until maturity interest-bearing debt (weighted)	4.2 yrs	4.4 yrs
Time until maturity interest hedging contracts (weighted)	0.9 yrs	1.3 yrs

\* Excl. 3-months EURIBOR & swap agreements

(MEUR)	31/03/2023	31/12/2022
Interest-bearing debt, total	57.90	57.40
Interest-bearing debt, bank loan	52.89	52.13
Interest-bearing debt, mezzanine	1.80	2.07
Interest-bearing debt, seller credit	3.21	3.21
LTV, total	59.33 %	59.38 %



Oribalt | Expansion area while under construction (completed Spring 2023)



Net realised interest cost & finance expenses	Q1-2023		Q1-2022	
	NOK	EUR	NOK	EUR
<b>Interest expenses</b>				
Interest on RE portfolio	6 340 226	577 197	1 864 358	187 699
SWAP costs			609 361	61 349
SWAP income	-899 924	-81 927		
Interest mezzanine inc. Contract fee	465 000	42 332	364 043	36 651
Interest seller's credit	692 784	63 069		
<b>Sum interest expenses</b>	<b>6 598 086</b>	<b>600 672</b>	<b>2 837 762</b>	<b>285 699</b>
<b>Financial expenses</b>				
IFRS diff bank fees (amortisation of bank fees)	227 384	20 700	43 879	4 418
Reclass other IFRS differences (IFRS 16)	-19 893	-1 811	155 818	15 687
<b>Sum financial expenses</b>	<b>207 491</b>	<b>18 889</b>	<b>155 818</b>	<b>20 105</b>
<b>Sum net realised interest cost &amp; finance expenses</b>	<b>6 805 577</b>	<b>619 562</b>	<b>2 993 580</b>	<b>305 804</b>



Concept visualisation | Liepų Street, Klaipėda  
Liepų Parkas (3.6 hectare) | Retail and business park

# Comprehensive income & Net Asset Value

Q1 2023

For the year ended 31 December	Q1-2023	Q1-2022	2022	Q1-2023	Q1-2022	2022
Income from Property management						
Currency	EUR	EUR	EUR	NOK	NOK	NOK
	thousand	thousand	thousand	thousand	thousand	thousand
Rental income	1 966	1 595	6 882	21 597	15 838	69 521
Property expenses ex mng	-94	-58	-216	-1 034	-574	-2 184
<b>Net rent</b>	<b>1 872</b>	<b>1 537</b>	<b>6 666</b>	<b>20 564</b>	<b>15 265</b>	<b>67 337</b>
Other operating income	31	52	113	342	519	1 138
Administration cost	-309	-260	-1 292	-3 393	-2 584	-13 056
Other operating cost	-104	-144	-796	-1 147	-1 431	-8 046
Net realised interest cost & finance expenses	-620	-306	-1 775	-6 806	-3 037	-17 931
<b>Net income from property management (IFPM)</b>	<b>870</b>	<b>879</b>	<b>2 914</b>	<b>9 560</b>	<b>8 731</b>	<b>29 442</b>
Changes in value of investment properties	-305	43	1 708	-3 352	423	17 252
Changes in value of financial instruments	-80	334	1 019	-883	3 319	10 295
Realised changes in value of investment properties			-198			-2 000
Depreciation, amortisation and impairment	-23	-11	-22	-248	-110	-222
Net currency exchange differences	13	-5	97	144	-52	981
<b>Profit before tax</b>	<b>475</b>	<b>1 240</b>	<b>5 518</b>	<b>5 222</b>	<b>12 312</b>	<b>55 748</b>
Current tax	-29	-27	-117	-322	-263	-1 181
Deferred tax	-18	-176	-795	-201	-1 745	-8 032
<b>Profit from continued operations</b>	<b>428</b>	<b>1 037</b>	<b>4 606</b>	<b>4 699</b>	<b>10 303</b>	<b>46 535</b>
<b>Net asset value</b>	<b>Q1-2023</b>	<b>Q1-2022</b>	<b>2022</b>	<b>Q1-23</b>	<b>Q1-22</b>	<b>2022</b>
Currency	EUR	EUR	EUR	NOK	NOK	NOK
<b>Equity as recognised in balance sheet</b>	<b>39 065</b>	<b>34 779</b>	<b>38 586</b>	<b>445 106</b>	<b>405 682</b>	<b>347 485</b>
<b>Pr share</b>	<b>5.85</b>	<b>5.41</b>	<b>5.91</b>	<b>66.65</b>	<b>60.75</b>	<b>52.06</b>
<b>Net Asset Value - BSP method</b>						
Equity as recognised in balance sheet	39 065	34 779	38 586	445 106	347 631	405 682
Deferred tax according to balance sheet (-)	4 425	3 562	4 068	46 521	35 608	42 772
Equity excluding deferred tax	43 148	38 341	42 654	491 627	383 239	448 454
Deferred tax according to BSP original NAV definition (-)	3 523	2 238	3 203	40 139	22 372	32 032
<b>Net asset value - BSP Method</b>	<b>39 625</b>	<b>36 103</b>	<b>39 451</b>	<b>451 487</b>	<b>360 867</b>	<b>416 422</b>
<b>Pr share</b>	<b>5.93</b>	<b>5.41</b>	<b>5.91</b>	<b>67.61</b>	<b>54.08</b>	<b>62.11</b>





Nida | Klaipėda County

# Net Asset Value (NAV)

Net Asset Value (NAV) is a measure of the fair value of the company's net assets on an on-going long-term basis, calculated as the total value of the company's assets minus the total value of its liabilities, with certain adjustments.

Public and private real estate companies and real estate funds use slightly different adjustment principles when calculating their NAV. Below is therefore an explanation of how NAV is calculated in Baltic Sea Properties.

## Assets valuation and adjustments for NAV:

- Investment (income generating) property and development land is valued and included using the most recent market value based on independent valuations (using discounted cash flow method.)
- External financial investments are valued and included at their most recently published/recorded NAV (alternatively most recent transaction price if NAV is not available.)
- Development property, unfinished construction and other assets are valued and included at book value (cost price less depreciation)

## Liabilities adjustments for NAV:

- Financial liabilities are valued and included at book value.
- Deferred tax liabilities are valued and included at 50 % of the deferred profit tax calculated on the difference between the current property market value and tax book value. (This adjustment principle is based on market practice and a deemed fair value basis)
- Interest rate swaps are valued and included at book value.
- Other liabilities are valued and included at book value.

Net Asset Value (NAV) per share development	31/03/2023	31/12/2022	31/12/2021	31/12/2020
NAV (NOK) - BSP method (IFRS)	67.11	62.11	53.93	48.08
Dividend (NOK)		1.50	1.50	1.00
12-month return inc. dividend	20.47%	18.08 %	15.24 %	
NAV (EUR) - BSP method (IFRS)	5.93	5.91	5.40	4.59
Dividend (EUR)		0.15	0.15	0.10
12-month return inc. dividend	12.4%	12.18 %	20.79 %	
Applied EURNOK conversion rate	11.3940	10.5138	9.9888	10.4703





Vilnius | Old Town

**Consolidated statement of profit or loss***Amounts in NOK thousand*

<b>Year to date</b>	<b>31 March 2023</b>	<b>31 December 2022</b>	<b>31 March 2022</b>
Rental income	21 597	69 521	15 838
Gain from sale of fixed assets	-	-	-
Other income	342	1 138	519
<b>Total operating income</b>	<b>21 939</b>	<b>70 659</b>	<b>16 357</b>
Payroll and related costs	3 393	13 056	2 584
Depreciation, amortisation and impairment	248	219	110
Other operating expenses	2 181	11 789	2 005
<b>Total operating expenses</b>	<b>5 821</b>	<b>25 063</b>	<b>4 698</b>
<b>Change in fair value of investment properties</b>	<b>(3 352)</b>	<b>17 252</b>	<b>423</b>
<b>Operating profit</b>	<b>12 766</b>	<b>62 847</b>	<b>12 083</b>
Change in fair value of financial instruments	(883)	10 295	3 319
Financial income	59	456	-
Financial expenses	(6 865)	(18 387)	(3 037)
Net currency exchange differences	144	981	(52)
<b>Net financial income (cost)</b>	<b>(7 545)</b>	<b>(6 654)</b>	<b>230</b>
<b>Profit before income tax</b>	<b>5 222</b>	<b>56 193</b>	<b>12 312</b>
Income tax expense	322	1 181	263
Change in deferred tax liability/asset	201	8 032	1 745
<b>Profit for the period</b>	<b>4 699</b>	<b>46 979</b>	<b>10 304</b>
<b>Earnings per share</b>	<b>31 March 2023</b>	<b>31 December 2022</b>	<b>31 March 2022</b>
Basic	0.70	7.04	1.54
Diluted	0.70	7.04	1.54
<b>Profit is attributable to:</b>	<b>31 March 2023</b>	<b>31 December 2022</b>	<b>31 March 2022</b>
Owners of Baltic Sea Properties group	4 699	46 979	10 304
Non-controlling interests	-	-	-

**Consolidated statement of comprehensive income***Amounts in NOK thousand*

<b>Year to date</b>	<b>31 March 2023</b>	<b>31 December 2022</b>	<b>31 March 2022</b>
<b>Profit for the period</b>	<b>4 699</b>	<b>46 979</b>	<b>10 304</b>
<b>Other comprehensive income not to be reclassified to profit and loss</b>			
Foreign currency translation differences	34 724	21 020	(10 158)
	<b>34 724</b>	<b>21 020</b>	<b>(10 158)</b>
<b>Total comprehensive income for the period</b>	<b>39 423</b>	<b>68 000</b>	<b>146</b>
<b>Total comprehensive income is attributable to:</b>			
- Owners of Baltic Sea Properties group	39 423	68 000	146
- Non-controlling interests	-	-	-
	<b>39 423</b>	<b>68 000</b>	<b>146</b>

**Consolidated statement of financial position***Amounts in NOK thousand*

<i>Per date</i>	31 March 2023	31 December 2022	31 March 2022
<b>Assets</b>			
Investment property	1 137 887	1 040 278	765 215
Other operating assets	1 535	1 727	994
Right-of-use assets	215	231	317
Financial derivatives, non-current	6 166	6 581	253
Other financial non-current assets	-	-	-
Long-term receivables	145	134	13
<b>Total non-current assets</b>	<b>1 145 948</b>	<b>1 048 952</b>	<b>766 792</b>
Trade receivables	3 790	4 071	1 955
Financial derivatives, current	-	-	-
Other receivables and other current assets	5 432	3 726	3 041
Cash and cash equivalents	47 652	44 083	45 952
<b>Total current assets</b>	<b>56 874</b>	<b>51 880</b>	<b>50 948</b>
<b>Investment property held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>1 202 822</b>	<b>1 100 832</b>	<b>817 741</b>



**Consolidated statement of financial position***Amounts in NOK thousand*

<i>Per date</i>	<b>31 March 2023</b>	<b>31 December 2022</b>	<b>31 March 2022</b>
<b>Equity</b>			
Share capital	669	669	669
Share premium	118 788	118 788	118 788
Other paid-in equity	-1	-1	-2
<b>Total paid-in equity</b>	<b>119 456</b>	<b>119 456</b>	<b>119 455</b>
Retained earnings	325 650	286 226	228 175
<b>Total equity</b>	<b>445 106</b>	<b>405 682</b>	<b>347 631</b>
<b>Liabilities</b>			
Deferred tax liabilities	46 521	42 772	35 608
Interest-bearing liabilities	601 033	541 659	359 091
Lease liabilities, non-current	25 883	23 919	23 150
Financial derivatives, non-current	-	-	791
Other non-current provisions	145	134	212
<b>Total non-current liabilities</b>	<b>673 582</b>	<b>608 483</b>	<b>418 853</b>
Lease liabilities, current	220	220	252
Interest-bearing liabilities, current	56 929	60 150	29 436
Trade payables	9 297	8 149	7 963
Income tax payable	2 645	2 132	2 709
Financial derivatives, current	-	-	-
Other current liabilities	15 043	16 014	10 897
<b>Total current liabilities</b>	<b>84 134</b>	<b>86 666</b>	<b>51 257</b>
<b>Total equity and liabilities</b>	<b>1 202 822</b>	<b>1 100 832</b>	<b>817 741</b>

**Consolidated statement of changes in equity**

Amounts in NOK thousand

Attributable to owners of Baltic Sea Properties AS							
	Share capital	Share premium reserve	Other paid-in equity	Retained earnings	Total	Non-controlling interests	Total equity
<b>Equity at 1 January 2022</b>	<b>669</b>	<b>118 788</b>	<b>(2)</b>	<b>228 029</b>	<b>347 485</b>	<b>-</b>	<b>347 485</b>
Net profit for the period	-	-	-	46 979	46 979	-	46 979
Capital increase	-	-	-	-	-	-	-
Share based payments	-	-	-	230	231	-	231
Other comprehensive income for the period	-	-	-	21 020	21 020	-	21 020
<b>Total comprehensive income in the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68 000</b>	<b>68 000</b>	<b>-</b>	<b>68 000</b>
<b>Transactions with owners of the company:</b>							
Transaction with non-controlling interests	-	-	-	-	-	-	-
Dividends paid	-	-	-	(10 032)	(10 032)	-	(10 032)
<b>Equity at 1 January 2023</b>	<b>669</b>	<b>118 788</b>	<b>(1)</b>	<b>286 227</b>	<b>405 683</b>	<b>-</b>	<b>405 683</b>
	Share capital	Share premium reserve	Other paid-in equity	Retained earnings	Total	Non-controlling interests	Total equity
<b>Equity at 1 January 2023</b>	<b>669</b>	<b>118 788</b>	<b>(1)</b>	<b>286 227</b>	<b>405 683</b>	<b>-</b>	<b>405 683</b>
Net profit for the period	-	-	-	4 699	4 699	-	4 699
Capital increase	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	34 724	34 724	-	34 724
<b>Total comprehensive income in the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39 423</b>	<b>39 423</b>	<b>-</b>	<b>39 423</b>
<b>Transactions with owners of the company:</b>							
Transaction with non-controlling interests	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
<b>Equity at 31 March 2023</b>	<b>669</b>	<b>118 788</b>	<b>(1)</b>	<b>325 650</b>	<b>445 106</b>	<b>-</b>	<b>445 106</b>



Trakai Castle | Vilnius County

# Investment portfolio

## Q1 2023

- Rent roll
- Investment strategy
- Sustainability BREEAM — Certification status
- Market update from Newsec Baltics

# Rent roll

## Client list

### Contracted rent roll

Company	Segment	Client	Contractual annualised rent (EUR) <sup>1</sup>	GLA	WAULT
BSP LP	Logistics	Girteka		17 149	2,8
BSP LP II	Logistics	Vinges		21 929	15,6
BSP LP IV	Logistics	Rhenus		18 226	11,8
BSP LP V <sup>2</sup>	Logistics	Delamode		13 205	12,0
BSP LP VI <sup>4</sup>	Logistics	Oribalt		9 629	12,6
BSP LP VII <sup>3</sup>	Logistics	DPD		1 771	14,6
BSP LP VIII <sup>3</sup>	Logistics	DPD		2 370	19,6
Klaipeda Business Park (KVP)	Industrial	Multiple		23 990	3,7
BSP RP I	Retail	Multiple		1 337	2,8
BSP RP V	Retail	Maxima		3 021	9,8
BSP Grandus	Retail	Multiple		11 437	4,5
<b>Sum</b>			<b>8 044 049</b>	<b>124 064</b>	<b>8.9</b>

1) Contractual annualised rent in this table is CPI-adjusted for 2023.

2) The expansion project for Delamode was completed in September 2022.

3) The development projects for DPD were completed in October 2022.

4) The expansion project for Oribalt was completed in March 2023.

### Terms/abbreviations used in the table above:

- GLA: Leasable area.
- Contractual annualised rent: Group contracted annual rent including from projects under development.

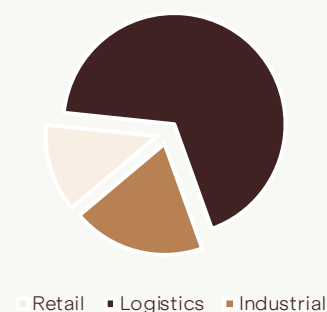
### Portfolio based on rental income



### High-profile clients



### Portfolio based on GLA



# Investment strategy

Investing in Baltic Sea Properties gives an investor exposure to high-yielding, quality commercial real estate assets in the Baltic region.

We have a clear strategy for sustainable growth, ambitions to achieve economy of scale and believe the attractive yield spread to the Nordics will still enable both high cash yield returns and value growth potential.

Our overall goals and objectives are to:

- 01 Target an average annual net IRR (internal rate of return) of 10-15 %
- 02 Continually integrate leading sustainability & ESG principles
- 03 Monitor and investigate strategic M&A opportunities
- 04 Sustain a growing, high quality and balanced investment portfolio
- 05 Continually identify, balance, mitigate and manage risks



# Our development approach



# Sustainability in development

Building for the future — a holistic approach to new developments.

We are working actively with both building- and system-optimising solutions to improve the sustainability and reduce the carbon emission footprint of our operations.

We focus on the long-term longevity of our buildings and optimising our strategic locations. That is why we always design the buildings in our new developments to be durable for the long-term, focusing on high-quality material and solutions which offer building flexibility and adaptability for business and operational changes, different clients, and lease cycles over its lifespan.

We believe transition of the sustainability and quality in the operations should be imbedded in the development of buildings, also for industrial and logistics. Hence, at an early stage in the process in our built-to-suit developments, we offer a variety of sustainability solutions to our clients, including but not limited to:

**BREEAM In-Use “Very Good” certification as a minimum**

**Efficiency-focused designs, emphasising longevity and flexibility for future adaptations**

**Solar panels, geothermal heating and heat pumps**

**Waste, recycling and smart water systems**

**Internal and external LED-lighting in all buildings**





**Delamode terminal**  
BREEAM In-Use: "Very good"



**Oribalt terminal**  
BREEAM In-Use: "Very good"



**Rhenus terminal**  
BREEAM In-Use: "Very good"



**Maxima retail stores**  
BREEAM In-Use: "Good"



**DPD - Šiauliai**  
Status: Ongoing



**DPD - Telšiai**  
Status: Ongoing



**Klaipėda Business Park**  
Status: Planning



**Grandus Shopping Centre**



**Vingės terminal**



**Girtėka terminal**

# BREEAM<sup>®</sup>

BREEAM is an environmental assessment and rating system that measures a building's sustainability performance across categories like energy use, water consumption, materials, and waste, aiming to promote sustainable building practices and reduce environmental impact. The resulting rating indicates the building's sustainability performance and can be used to demonstrate a commitment to sustainability and improve long-term building performance.

# Market Update

Provided by Kristina Živatkauskaitė and Mindaugas Kulbokas at Newsec Baltics (13 April 2023)

## Are we back to the “new normal”?

2022 was a year of slowing down before moving forward. It turned out, unexpectedly, to be a roller coaster for Lithuania and the region. While the country has not experienced such a potent combination of challenges in recent history, its economy was still able to stay in the growth zone, generating a 1.9% rise in GDP last year. With high prices and one of the highest inflation rates in Europe (HICP rose at an annual average rate of 18.9%), still-low unemployment (below 6.0%), constrained consumption, and rising interest rates, we entered a new period.

One of the economy's most important pillars, manufacturing, is already slowing, as are the nation's exports. Thus, growth and future prospects will depend heavily on foreign demand. In fact, the foreign investors already doing business in the country continue to make long-term plans, and news still abounds regarding projects to build factories.

Projections for 2023 vary widely. Much will depend on the extent to which the economy enters a recession, how quickly prices grow, and whether or not Ukraine is supported in its war with Russia, the aggressor. Also relevant is how domestic consumption is affected. The economy is expected to stay at its current level (with GDP growth of up to 1%) and inflation to be kept under control at 8–9%, though that will require increasing efforts. The Lithuanian government's annual budget posted has been complimented for including programmes to promote exports and investments as well as a variety of aid to help residents and businesses manage rising energy costs.

## Volume of real estate investment transactions were at the long-term average

The number of real estate investment transactions decreased in 2022 for several reasons. One is the market's record-breaking performance in 2021, which was hard to repeat. Another is that market uncertainty increased. While local investors remained active, sellers' and buyers' return expectations increasingly diverged.

In the Baltic region as a whole, real estate investments exceeded EUR 840 million last year, with about EUR 365 million of those investments made in Lithuania. After a four-year break, Lithuania's retail segment attracted the most interest, garnering total investments of about 220 million. It is extremely uncommon for a single real estate segment to accumulate that much invested capital in one year. Even in the Lithuanian office segment, which enjoys high demand, that amounted was surpassed just once in history.

After a long period of uncertainty and no clear direction looking forward, expected yields made a stronger upward move. Neither prime nor secondary segments were immune to the change in expectations. The evolution of the high-interest-rate environment will determine how long and how much yields rise, but the “new normal” may come sooner than expected.

## Population growth creates new demand for property

The growing population of the country has brought changes in many real estate segments. Vilnius city is rapidly approaching a figure of 600,000 residents thanks to internal and external migration. The residential rental market has had to accommodate the rapidly growing population, while office market demand changes have been absorbed by companies relocating their operations instead of organically investing and growing in the country. This has stimulated market activity and an increase in rental prices.

## Future possibilities and Lithuania's breakthrough in manufacturing

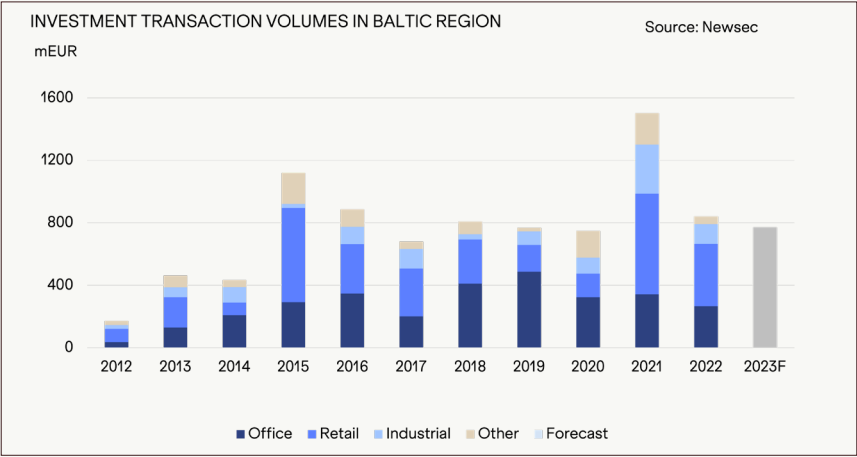
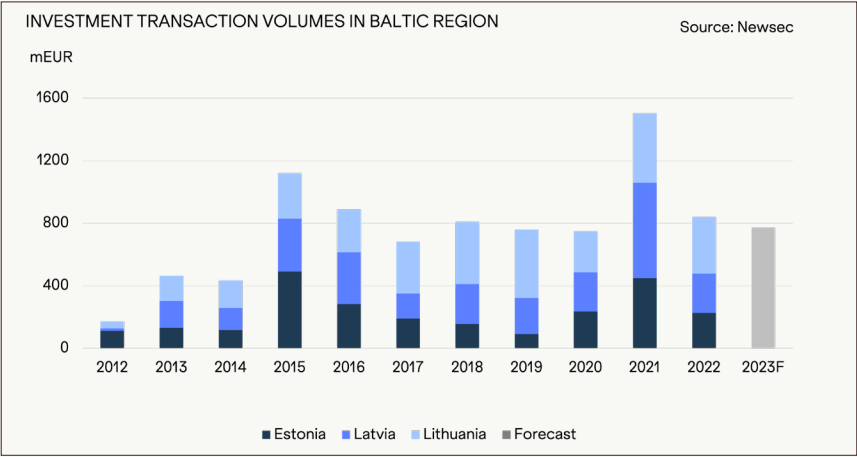
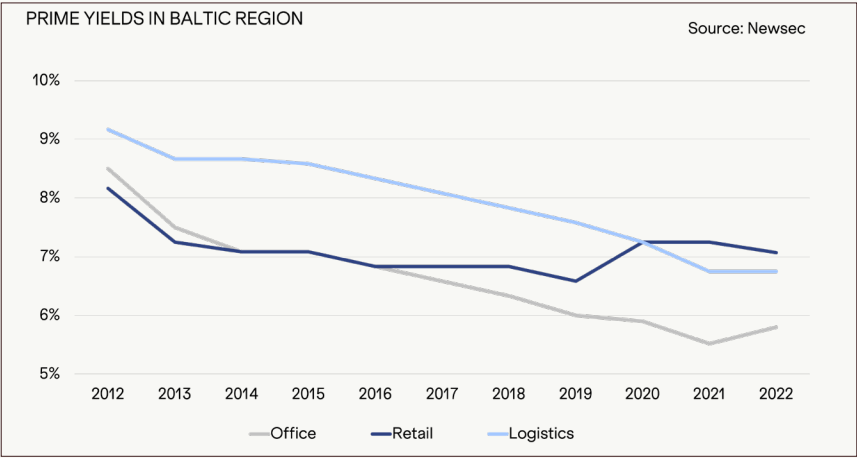
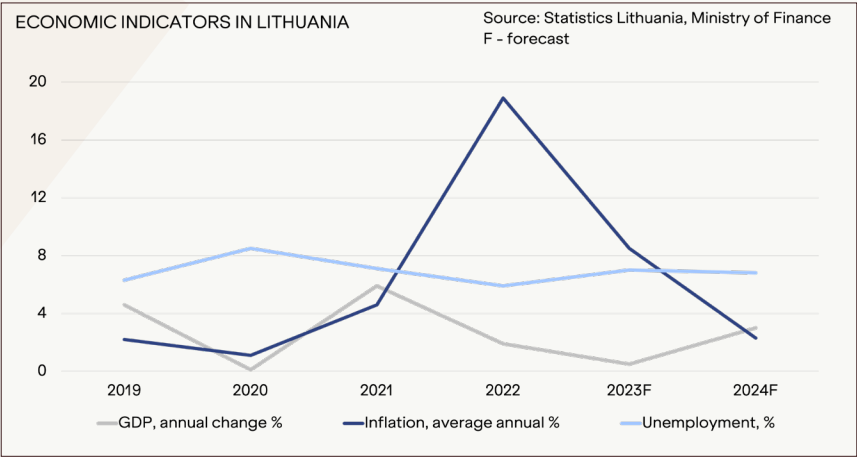
Lithuania has increased its attractiveness and become a destination for foreign investment in the manufacturing sector. The country has a strong industrial base and the government has taken steps to promote foreign investment, including by offering a range of incentives and grants. Foreign investors are also offered good access skilled labour and innovative technology. As a result, Lithuania has seen a surge in manufacturing investment in recent years. Nearly EUR 1 billion in investments has been earmarked for such projects involving the construction and expansion of at least 600,000 sqm of factory premises in 2022–2023. Both domestic and international businesses foresee opportunities to expand and pursue the development of high-value-added industry in Lithuania.

## Industrial and logistics market is set for significant warehouse projects

This segment awaits speculative development. In the current geopolitical and macroeconomic context, essentially only large developers have enough equity to assume the risk of undertaking projects speculatively. Small and medium-sized developers have projects planned but are hesitant to start them. In the warehouse market, there are two directions for development: large projects for own needs and speculative projects for those taking a broader view. Both options will successfully increase extremely high quality and often certified asset portfolios. This will ensure long-term prospects for development and strong market positions.

## Stock-office projects will boost business efficiency

A new supply of stock-office projects targets different sizes of businesses and offers new quality, consolidation opportunities, and very accessible and visible locations. Developers are confident about the planning and construction of such projects since they see further signs of increasing demand. The market will see adjustments of vacancy levels and rental rates for these projects in 2023. Smaller-scale projects are better able to adapt their delivery timelines fast and follow market trends.



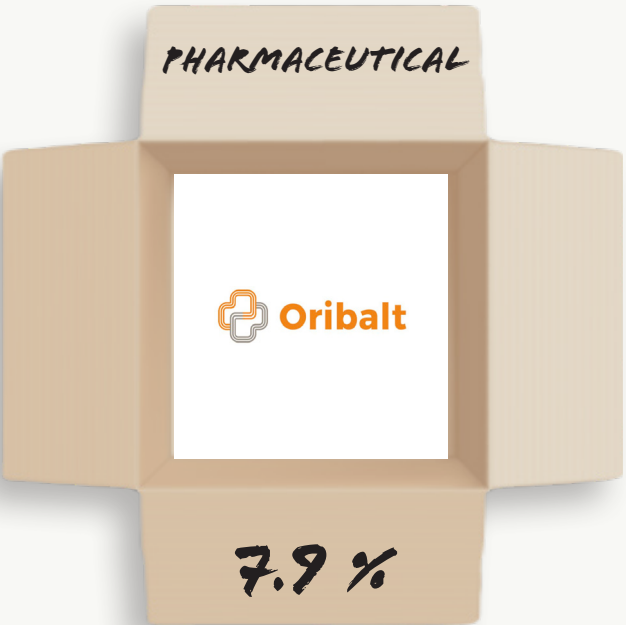
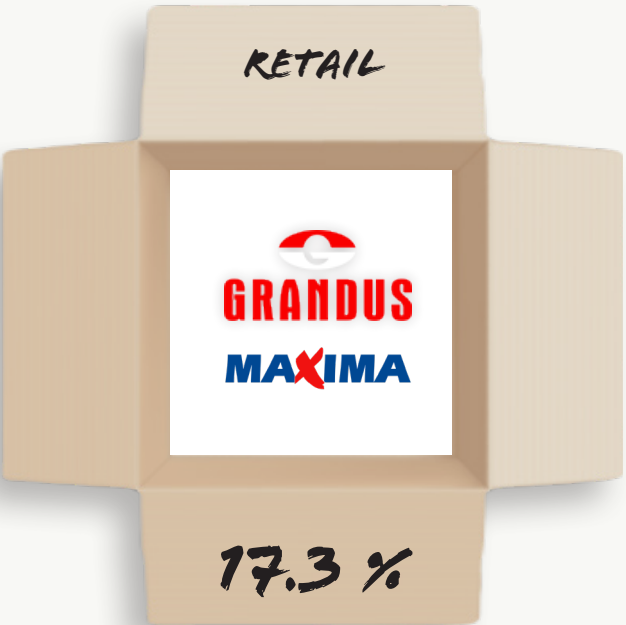
# Property portfolio

## Q1 2023

- Client mix
- Presentation of our properties
- Land bank

# Client mix

Distribution of rent income



# Rhenus | Logistics

<b>Company name:</b>	<b>BSP Logistic Property 4</b>
<b>Client:</b>	<b>Rhenus Logistics</b>
<b>Location:</b>	<b>Highway A4, Vilnius, Lithuania</b>
<b>GLA:</b>	<b>18 226 m<sup>2</sup></b>
<b>Maturity lease agreement:</b>	<b>2035</b>

The property was finalised in June 2017 and further expanded in 2020. It is currently leased by UAB Rhenus Logistics, a subsidiary of the Rhenus Group.

The Rhenus Group is one of Europe's biggest transportation groups, and UAB Rhenus Logistics covers the group's operations in the Baltics and part of the East European network.





# Vingès Terminalas | Logistics

<b>Company name:</b>	<b>BSP Logistic Property 2</b>
<b>Client:</b>	<b>Vingès Terminalas</b>
<b>Location:</b>	<b>Highway A3, Vilnius, Lithuania</b>
<b>GLA:</b>	<b>21 929 m<sup>2</sup></b>
<b>Maturity lease agreement:</b>	<b>2038</b>

The property is strategically located along the highway between Vilnius og Minsk in Belarus.

Vingès Terminalas is a local logistics company within the the Vingès Logistics Group, operating within export, transit, order processing and goods transport. The company has a wide spectre of clients in Europe and CEE.



# Girteka | Logistics

<b>Company name:</b>	<b>BSP Logistic Property</b>
<b>Client:</b>	<b>Girteka Logistics</b>
<b>Location:</b>	<b>Highway A3, Vilnius, Lithuania</b>
<b>GLA:</b>	<b>17 149 m<sup>2</sup></b>
<b>Maturity lease agreement:</b>	<b>2026</b>

The property is leased by Girteka Logistics, one of Europe's leading transportation companies, strategically located by Vilnius International Airport.

The property has a land area of 42 907 m<sup>2</sup> with 11 458 m<sup>2</sup> storage, 2 014 m<sup>2</sup> frozen storage, 3 348 m<sup>2</sup> cold storage and 1 134 m<sup>2</sup> office.





# Delamode | Logistics

<b>Company name:</b>	<b>BSP Logistic Property 5</b>
<b>Client:</b>	<b>Delamode Baltics</b>
<b>Location:</b>	<b>Highway A1, Vilnius, Lithuania</b>
<b>GLA:</b>	<b>13 205 m<sup>2</sup></b>
<b>Maturity lease agreement:</b>	<b>2035</b>

The property was finalised in August 2020 and is currently leased by Delamode Baltics, a dynamic supplier of freight forwarding-solutions to the global market.

In July 2021, BSP signed an agreement with Delamode to expand the facility. The expansion project (apx. 4 780 m<sup>2</sup>) was completed in September 2022.



# Oribalt | Logistics

<b>Company name:</b>	<b>BSP Logistic Property 6</b>
<b>Client:</b>	<b>Oribalt</b>
<b>Location:</b>	<b>Highway A1, Vilnius, Lithuania</b>
<b>GLA:</b>	<b>9 625 m<sup>2</sup></b>
<b>Maturity lease agreement:</b>	<b>2035</b>

The property was finalised in August 2020 and is currently leased by Oribalt. An expansion area of apx. 2 800 m<sup>2</sup> was handed over to the client in 2023.

Oribalt offers a wide spectre of logistics solutions for pharmaceutical producers, including storage, distribution, transportation and direct delivery.



Small frame | Terminal after expansion



# Klaipėda Business Park (KVP) | Business park

<b>Company name:</b>	<b>Klaipėdos verslo parkas</b>
<b>Clients:</b>	<b>Multiple (27)</b>
<b>Location:</b>	<b>Klaipėda, Lithuania</b>
<b>GLA:</b>	<b>23 990 m<sup>2</sup></b>
<b>Maturity lease agreement:</b>	<b>2022-2035</b>

Klaipėda Business Park (KVP) offers its tenants industrial, commercial and office spaces within the Free Economic Zone of Klaipėda.

The property was acquired by BSP in April 2021.



## RP 1/RP 5 | Retail

Company name:	BSP Retail Properties 1 BSP Retail Properties 5
Main clients:	Maxima/Multi-tenant
Location:	Lithuania
GLA:	4 358 m <sup>2</sup>
Maturity lease agreements:	2022 - 2034





# DPD | Development

Company name:	BSP Logistic Property 7 BSP Logistic Property 8
Client:	DPD
Location:	Šiauliai & Telšiai, Lithuania
GLA:	4 141 m <sup>2</sup>
Maturity lease agreements:	2042 & 2037
Status:	Completed

In October 2022 we delivered two new terminals to DPD, one of the world's largest distribution operators, and the official opening ceremony was held on the 18<sup>th</sup> of November.



# Grandus | Retail

Company name:	UAB Prekybos centras Grandus
Clients:	Multiple
Location:	Klaipėda, Lithuania
GLA:	11 437 m <sup>2</sup>
Maturity lease agreements:	2022-2032

Grandus is a neighborhood shopping center located along one of the main access road to the center of Klaipėda. The center is located in the immediate vicinity of a larger residential area that ensures good access to visitors every day.

The asset was acquired by BSP in May 2022.





# Land bank | Development

Type:	Land plots for development
Locations:	Vilnius and Klaipėda, Lithuania
Area:	17.9 hectare
Zoning:	Commercial
Project:	Design & planning

Strategically located land plots along strategic road networks near Vilnius and Klaipėda.



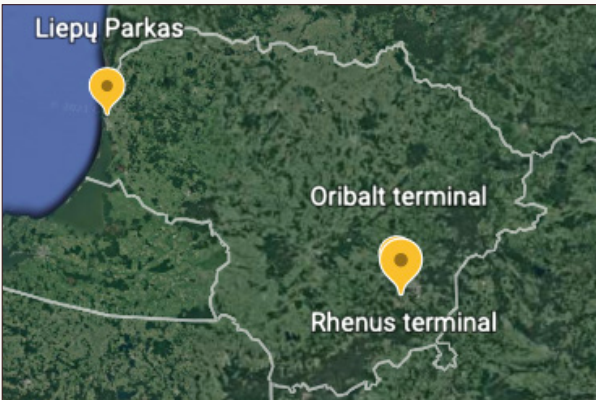
Liepy Parkas  
(3.6 hectare)  
Liepy Street, Klaipėda



By Oribalt terminal  
(6.9 hectare)  
Highway A1, Vilnius



By Rhenus terminal  
reserved for expansion (4.1 hectare)  
Highway A4, Vilnius



# Contact



**Lars Christian Berger**

CEO

+47 930 94 319  
[LCB@BalticSea.no](mailto:LCB@BalticSea.no)

**Oslo**

Apotekergata 10  
0180 Oslo

Norway



**James Andrew Clarke**

Chairman & CIO

+370 612 37 515  
[JAC@BalticSea.no](mailto:JAC@BalticSea.no)

**Klaipėda**

Pramones str. 8A  
LT-94102 Klaipėda

Lithuania



**Sigitas Jautakis**

Director, Vilnius

+370 652 47 287  
[SJ@BalticSea.no](mailto:SJ@BalticSea.no)

**Vilnius**

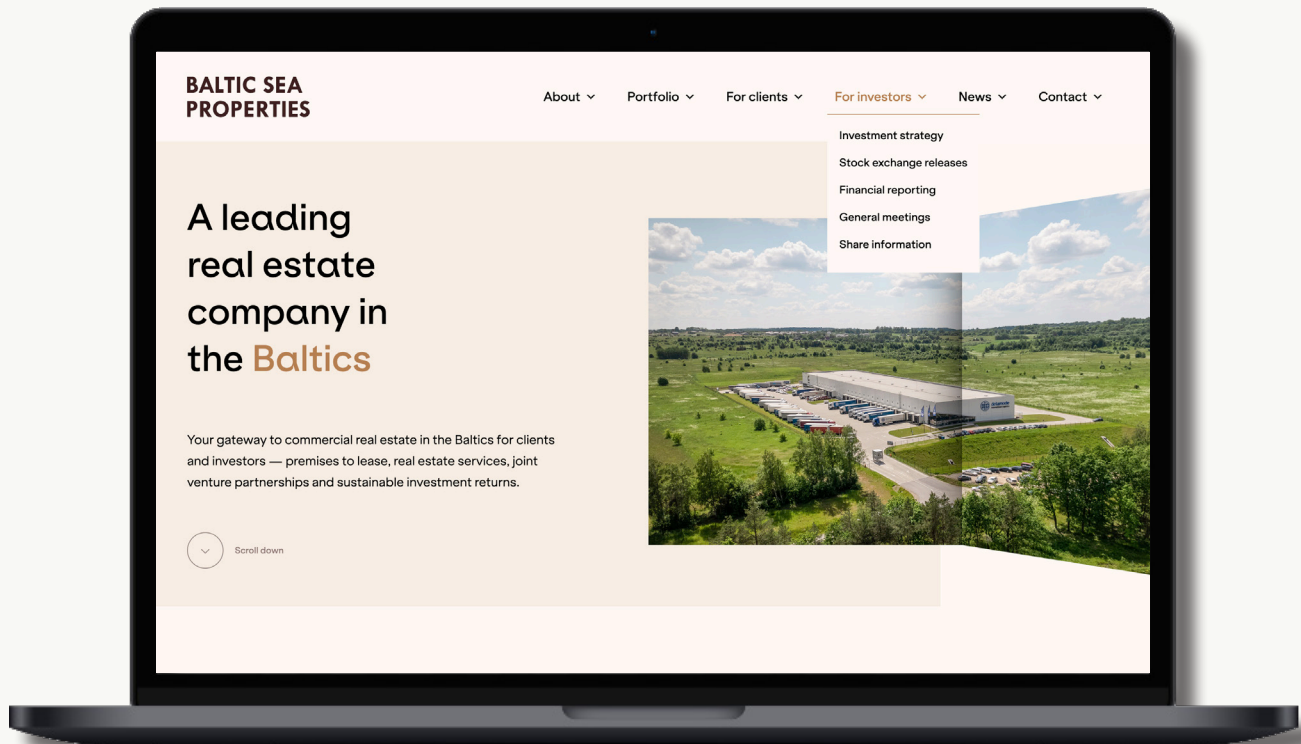
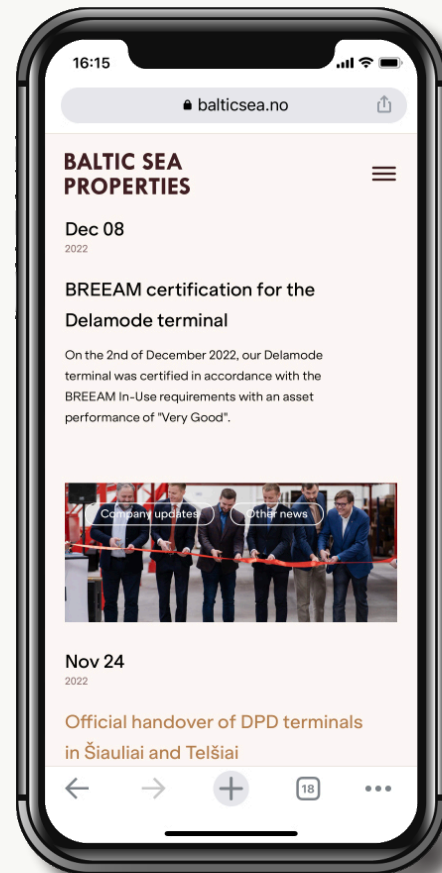
Didzioji str. 10A-29  
LT-01128 Vilnius

Lithuania

[www.balticsea.no](http://www.balticsea.no)



Visit [BalticSea.no](https://BalticSea.no)  
for our latest news  
& updates



# European Real Estate Brand Awards 2022

Proudly awarded 1<sup>st</sup> place in the category

***“Strongest Brand***

***Baltics Developers logistics”***

for three consecutive years!

2022 : 1<sup>st</sup> place

2021 : 1<sup>st</sup> place

2020 : 1<sup>st</sup> place

EUROPEAN  
REAL  
ESTATE  
BRAND  
INSTITUTE

# Euronext Growth Oslo

Baltic Sea Properties AS has since 2017 been listed for trading on Merkur Market/Euronext Growth Oslo, a MTF under Oslo Stock Exchange.

Since Euronext's acquisition of Oslo Stock Exchange in June 2019, trading at Euronext Growth Oslo has been migrated to Euronext's trading system Optiq. The trading system gives all trading on Euronext marketplaces in Europe access to trading on the marketplaces under Oslo Stock Exchange. Pricing data is available on [live.euronext.com](https://live.euronext.com) where trades are updated in real-time.

Euronext Growth Oslo is subject to Euronext's rulebook regime.

For more information, please refer to the following links:

English: [https://www.oslobors.no/ob\\_eng/Oslo-Boers/About-Oslo-Boers/Web-pages-has-been-moved-to-Euronext](https://www.oslobors.no/ob_eng/Oslo-Boers/About-Oslo-Boers/Web-pages-has-been-moved-to-Euronext)

Norwegian: <https://www.oslobors.no/Oslo-Boers/Om-Oslo-Boers/Nettsider-flyttes-til-Euronext>

## Useful info:

As Baltic Sea Properties (ticker: BALT) is listed for trading on Euronext Growth Oslo, the share may be traded through different channels. You may for instance place purchase or sales orders on different online trading platforms.

Contact your custodian, stock broker or bank for more information.



# EURONEXT

