

# BALTIC SEA PROPERTIES



Company Presentation

August 2023

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1. About us
2. Strategy
3. Portfolio
4. Financials
5. Risks
6. Economic environment
7. Investment opportunity



Company Presentation

August 2023

# About Us

- Vision, Mission & Values
- BSP in Brief
- Leadership



# Vision, Mission & Values

## Vision

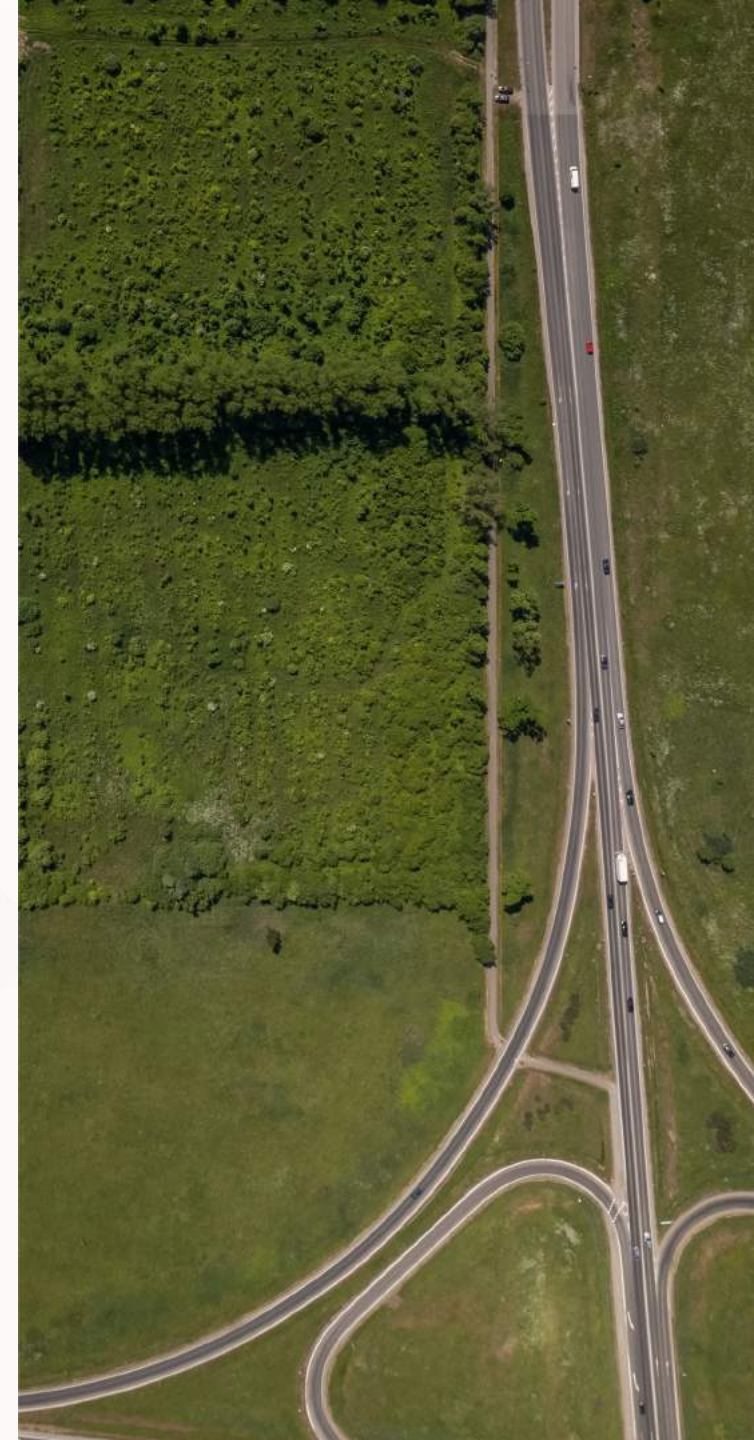
To be the preferred real estate partner and leading investment company in the region.

## Mission

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.

## 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

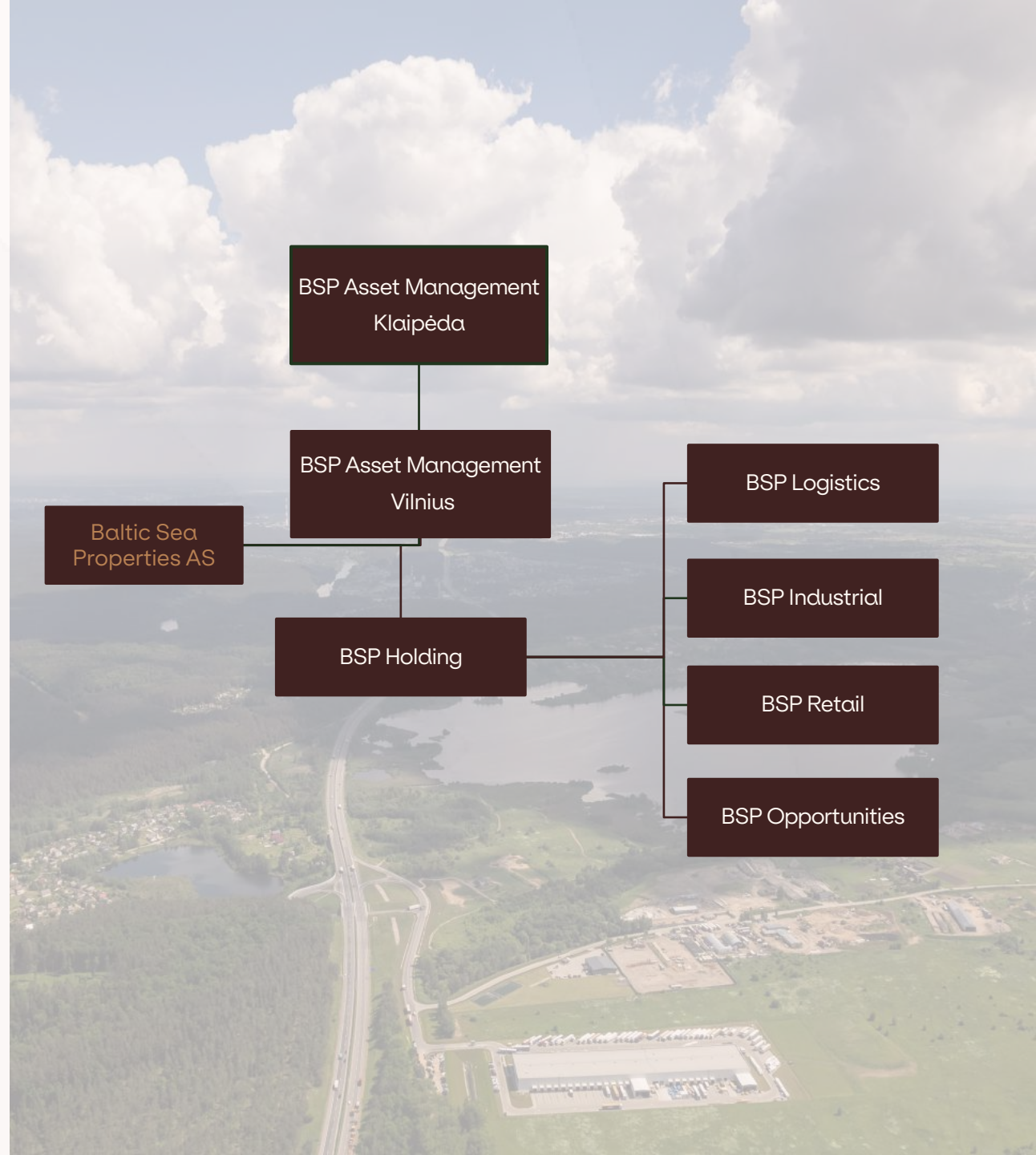


# BSP in Brief

- **Baltic Sea Properties AS (BSP)** is among the Baltics' leading real estate developers & investors – owning a portfolio of logistics, industrial and commercial assets.
- BSP is a public company listed on the Oslo Stock Exchange (OSE, EG: "BALT")
- BSP has a full service, professional management team with deep knowledge of the Baltic real estate market.
- BSP is expanding quickly by developing and acquiring new assets and forming new partnerships.

## Quick facts:

- |   |                              |
|---|------------------------------|
| ◦ Total leasable area of approx.        | <b>124 000 m<sup>2</sup></b> |
| ◦ Contractual annualised rental income  | <b>8.05 MEUR</b>             |
| ◦ Land bank for new development approx. | <b>215 750 m<sup>2</sup></b> |



# Leadership

Highly qualified team with vast experience in local and international real estate



**James Andrew Clarke**

Chairman & CIO

Executive MBA, BMI Executive Institute  
B.Sc. Construction Management & Engineering, SETU

25 years' experience in construction, development & investment in the Baltics, UK & Ireland



**Lars Christian Berger**

Group CEO

M.A. Business and Finance, Heriot-Watt

Extensive experience from asset management of multiple real estate funds across CEE.



**Sigitas Jautakis**

Managing Director, Vilnius  
M.Sc. Economics, Vilnius University

Previously Head of Newsec Asset and Property Management in the Baltics.



**John Afseth**

Board Member (non-executive)

Vast experience from multiple public & private companies across Europe.



**Bjørn Bjørø**

Board Member (non-executive)

Extensive experience from real estate investments in Norway and Baltics.



**John Mosvold**

Board Member (non-executive)

Extensive corporate and real estate experience in the Nordics & Baltics.



**Rolandas Jonuska**

Managing Director, Klaipėda

B.Sc. Mechanical Engineering, Klaipėda University

20 years' experience in real estate development & property management.



**Julija Nikitracienu**

Head of Legal

LL.M., Vilnius University, Law

Previously Associate Partner in Ellex Valiunas with focus on corporate law in real estate.



**Espen Aas**

Financial Controller & Investor Relations

M.Sc. Political Economy,  
Norwegian Business School (BI)

Significant experience as business manager for multiple real estate funds.

# Strategy

- Goals & Objectives
- Investment Strategy



# Goals & Objectives

- To target an average annual IRR (Internal Rate of Return) of **10-15%**.
- To target the company's equity growth to **100m EUR** before Y/E 2028.
- To target an annual dividend of **1.5-3.0%** of Net Asset Value (NAV).
- To monitor and investigate strategic M&A (Mergers and Acquisitions) opportunities.
- To sustain a growing, high quality and balanced investment portfolio - by continually researching, learning and developing our business & investment strategies.
- To continually identify, balance, mitigate and manage risks in the organisation, portfolio and individual projects.





# Investment Strategy

## Geography

**Baltic States** (primarily) – Lithuania, Latvia & Estonia

## Asset type

> **65%** Industrial & Logistics

< **35%** Other/Opportunity (including retail; office; DIY; hotels; residential; social & other infrastructure; renewable energy; and related private equity investment, etc.)

## Equity allocation

> **65%** Investment Projects

< **35%** Development Projects

## Joint venture projects

< **35%** of Net Asset Value

## Leverage

< **60%** LTV (Loan to Value) ratio for entire portfolio

## Cash reserves

> **5%** of Net Asset Value

# Portfolio

- Investment portfolio (Lithuania)
- Portfolio sustainability & certification status
- Development portfolio
- Development approach
- Project pipeline projections



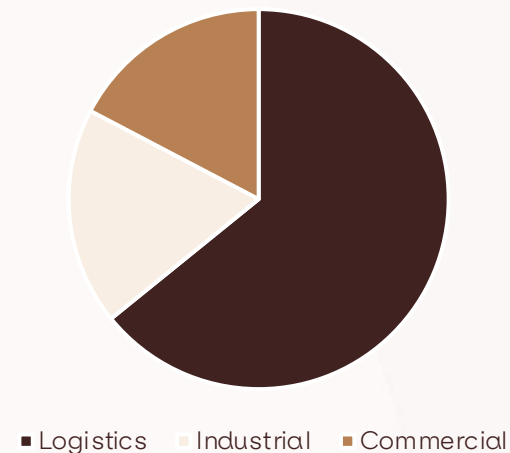


# Investment Portfolio (Lithuania)

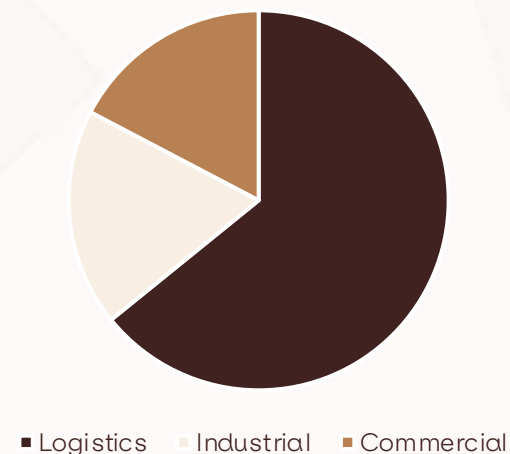
## Investment properties (1H 2023)

Gross Lease-able Area (GLA) of portfolio (m2)	124 064
Gross Asset Value (GAV) excluding land bank value (EUR)	94 500 000
Number of properties	13
Contracted annualised rent (EUR)	8 044 049
Gross yield (annual rental/GAV)	8.51 %
Net operating income (NOI) yield (annual NOI/GAV)	7.90 %
Occupancy	99.50 %
Weighted Average Unexpired Lease Term (WAULT) in years	9.51

### Portfolio mix by m<sup>2</sup>



### Portfolio mix by income



# Investment Portfolio (Lithuania)



**BSP Park - Vilnius A1** - Built to suit (BTS) logistics terminal leased to Oribalt.

Oribalt offers a wide spectre of logistics solutions for pharmaceutical producers across the Baltics.

Lease term: 2035  
Year built: 2020/2023  
GLA: 9 625 m<sup>2</sup>



**BSP Park – Vilnius East** – Acquired logistics terminal leased to Girteka Logistics.

Girteka Logistics is a leading European transport company based in Lithuania, providing services across Europe, Scandinavia, and CIS countries.

Lease term: 2026  
Year built: 2006  
GLA: 17 149 m<sup>2</sup>



**BSP Park – Vilnius A4** - Built to suit (BTS) logistics terminal leased out to Rhenus.

Rhenus Logistics is one of Europe's biggest transportation groups, and Rhenus LT covers the group's operations in the Baltics and Eastern Europe.

Lease term: 2035  
Year built: 2017/2020  
GLA: 18 226 m<sup>2</sup>



# Investment Portfolio (Lithuania)



**Klaipeda Business Park – Klaipeda FEZ –**  
Developed industrial business park in Klaipėda  
Free Economic Zone.

Klaipėda Business Park (KVP) offers multiple  
tenants industrial, commercial and office  
spaces with fully developed amenities.

Lease term: 2024-2028  
Year built: 2003-2008  
GLA: 24 500 m<sup>2</sup>



**BSP Park – Vilnius West** - Built to suit (BTS)  
logistics terminal leased out to Delamode  
Baltics.

Delamode Baltics is a dynamic supplier of  
freight forwarding-solutions to the global  
market.

Lease term: 2035  
Year built: 2020/2022  
GLA: 13 205 m<sup>2</sup>



**BSP Park – Vilnius A3** – Acquired logistics  
terminal leased to Vingės Terminalas.

Vingės Terminalas is a Lithuanian logistics  
company within export, transit, order  
processing and goods transport across  
Europe.

Lease term: 2038  
Year built: 2006  
GLA: 21 929 m<sup>2</sup>



# Investment Portfolio (Lithuania)



**Grandus Shopping Centre - Klaipeda –**  
Acquired neighbourhood shopping center,  
centrally located in Klaipėda city.

Grandus shopping centre offers over 20 sales  
& service outlets/units, and 230 parking  
spaces.

Lease term: 2024-2032  
Year built: 2005  
GLA: 11 437 m<sup>2</sup>



**BSP Retail - Rokiškis & Šilutė** - Acquired grocery  
retail centres leased to Maxima and other tenants.

Maxima is a leading retail chain in the Baltic  
States, operating supermarkets and  
hypermarkets in Lithuania, Latvia, Estonia,  
Bulgaria, and Poland.

Lease term: 2032  
Year built: 2017  
GLA: 4 358 m<sup>2</sup>



**BSP Park – Telsiai & Siauliai FEZ** - Built to suit  
(BTS) distribution centres, leased to DPDgroup.

DPDgroup is an international parcel delivery  
service, owned by France's La Poste, providing  
courier and express mail services in Europe  
and beyond.

Lease term: 2037-2042  
Year built: 2022  
Size: 3 881 m<sup>2</sup>



# Portfolio Sustainability & Certification Status



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  
BREEAM In-Use: "Very good"



DPD - Telšiai  
BREEAM In-Use: "Very good"



Klaipėda Business Park  
Status: Planning



Grandus Shopping  
Centre



Vingės terminal



Girteka terminal

## BREEAM®

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.

## BREEAM In-Use

The assessment of:

**UAB "BSP Logistic Property  
IV" (Rhenus)  
Metelių str. 12  
Vilnius  
LT-02236  
Lithuania**

has been carried out according to Technical Manual:

**BREEAM International In-Use: Commercial Version 6**

by a Licensed Assessor for:

**Baltic Sea Properties**





# Development Portfolio

## 2023 developments & acquisitions pipeline (Lithuania & Latvia)

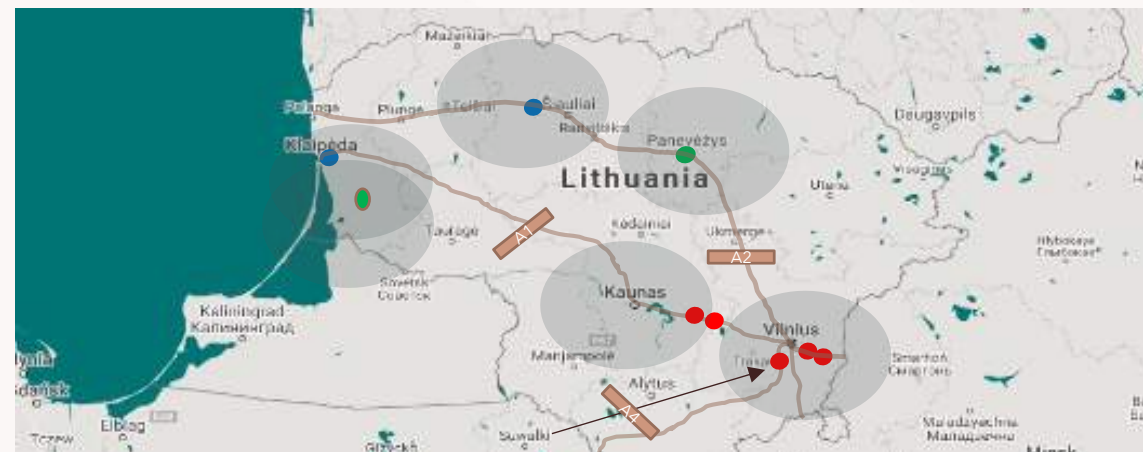
Segment	Location	GLA m2
Commercial - development	Klaipėda	7 200
Logistics – development	Vilnius	17 225
Industrial & logistics - development	Klaipėda	8 600
Logistics - development	Riga	12 000
Logistics - development	Vilnius	12 500
<b>Total</b>		<b>50 325</b>



Liepu Parkas, Klaipėda visualisation

## Development land bank (Lithuania)

Segment	Location	Land m <sup>2</sup>
Industrial & logistics	BSP Park – Vilnius A1	81 000
Logistics	BSP Park – Vilnius Vaidotai	45 300
Industrial & logistics	BSP Park – Vilnius A4	41 483
Industrial & logistics	BSP Park – Šiauliai FEZ	12 000
Commercial, retail & office	Liepu Parkas – Klaipėda	36 000
<b>Total</b>		<b>215 783</b>



Source: Company information

# Development Approach

## Client focus

Our projects are designed according to our clients' current and future needs. We offer our partners reliability, flexibility and value innovation - allowing us to grow together

## Attractive locations

We own and acquire development land in strategic locations for current and future park and portfolio expansion

## Quality buildings

We design and build our projects with a focus on superior design, quality materials, modern technology and sustainability

## Long-term

We believe in long-term partnership with strong clients and are committed to increasing the lifecycle value of our assets



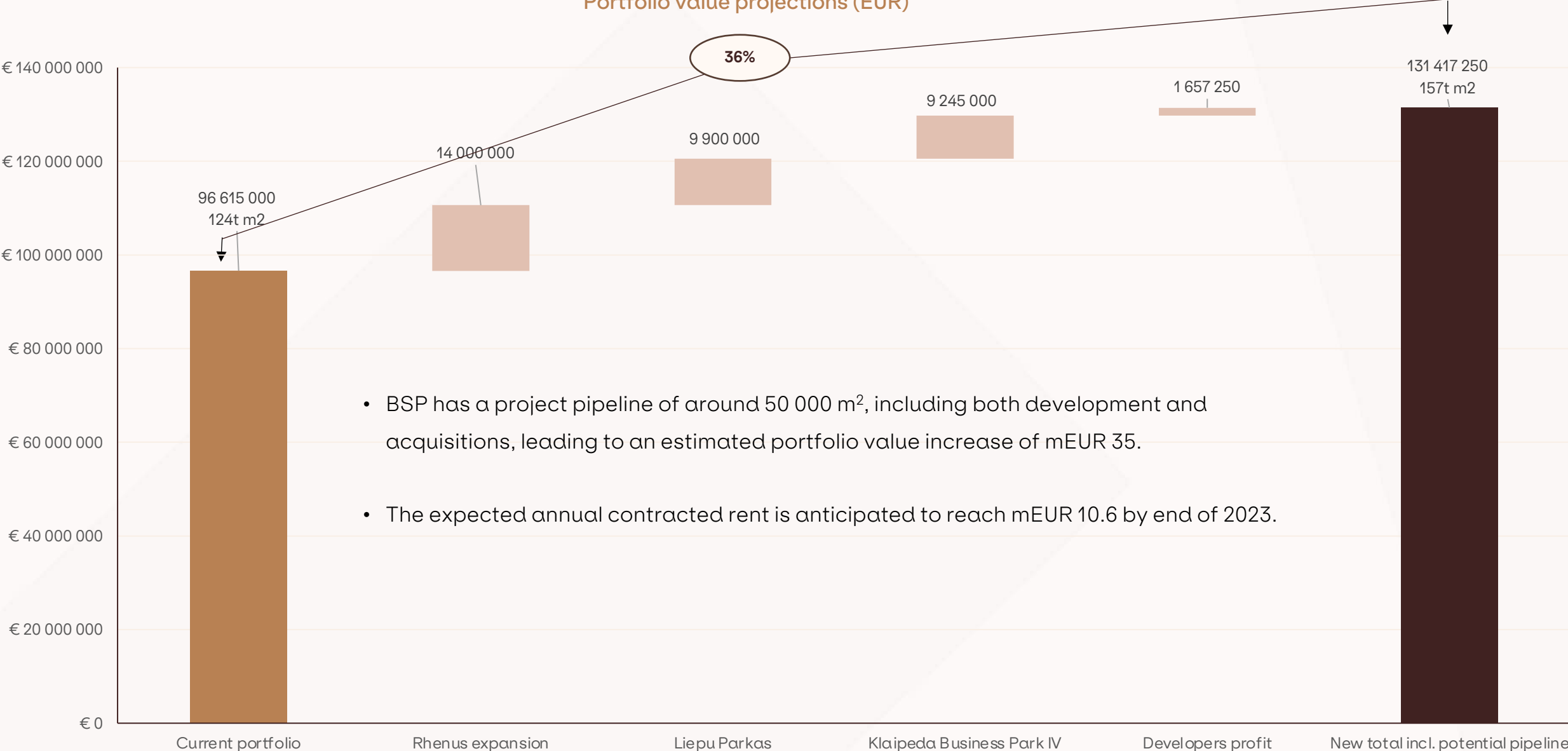
## Sustainability

Sustainability is an integral part of our development strategy, including the following standard initiatives in our new developments;

- Project functional life cycle design with expansion and flexibility considerations
- Roof construction to be designed and built to allow installation of solar panels
- Building to be certified with BREEAM in-use certification minimum "very good"

# Current Project Pipeline Projections

Portfolio value projections (EUR)



- BSP has a project pipeline of around 50 000 m<sup>2</sup>, including both development and acquisitions, leading to an estimated portfolio value increase of mEUR 35.
- The expected annual contracted rent is anticipated to reach mEUR 10.6 by end of 2023.



# Recent Development Track Record

## Projects developed

- 13 000 m<sup>2</sup> logistics terminal for Rhenus Logistics in 2017
- 5 000 m<sup>2</sup> expansion for Rhenus in 2020
- 6 600 m<sup>2</sup> logistic terminals for Oribalt in 2020
- 9 200 m<sup>2</sup> logistic terminals for Delamode in 2020
- 5 000 m<sup>2</sup> expansion for Delamode in Q2 2021
- 4 400 m<sup>2</sup> logistics terminals for French owned DPD in 2022
- 3 000 m<sup>2</sup> expansion for Oribalt completed Q1 2023

## Recognition

- “Strongest Brand Baltics – Developers Logistics” in 2020, 2021, 2022 and 2023 (European Real Estate 500)
- “Logistics/industrial developer of the year” 2020 (Euromoney Real Estate Survey)



# Financials

- Key Figures
- Finance
- Net Asset Value (NAV) Development



# Key figures – Baltic Sea Properties AS

## BSP Group

Investment portfolio	1H 2023	2022	2021	2020	2019
Numbers in tEUR					
<b>Investment projects (m2)</b>	<b>124 064</b>	<b>124 064</b>	<b>105 066</b>	<b>95 632</b>	<b>123 995</b>
Fair value of investment projects ex. development land	94 508	93 050	71 641	62 950	63 420
Development land value	3 620	3 620	3 800	1 750	2 000
<b>Sum fair value of investment projects and development land</b>	<b>98 128</b>	<b>96 670</b>	<b>75 441</b>	<b>64 700</b>	<b>65 420</b>
Annualised contractual rent	8 044	8 044	6 560	5 749	6 229
Net rent	3 855	6 666	6 141	5 526	
EBITDA	3 003	4 689	4 370	4 302	
Dividend yield	2,30 %	2,40 %	2,50 %	2,50 %	
<b>Balance sheet</b>					
Net Asset Value (EUR)	39 839	39 451	36 143	30 618	27 107
Net Asset Value (NOK)	466 277	414 778	361 024	320 575	267 375
Debt from credit institutions - RE portfolio	53 938	52 163	39 222	30 400	39 341
LTV - ex cash	54,97 %	53,96 %	51,99 %	46,99 %	60,14 %
Group financing	5 034	5 276	1 379	5 000	3 994
LTV group ex cash	60,10 %	59,42 %	53,82 %	54,71 %	66,24 %
LTV group inc. Cash	57,53 %	56,95 %	50,30 %	51,74 %	58,66 %
Cash	4 384	4 193	5 285	3 714	8 458

# Finance

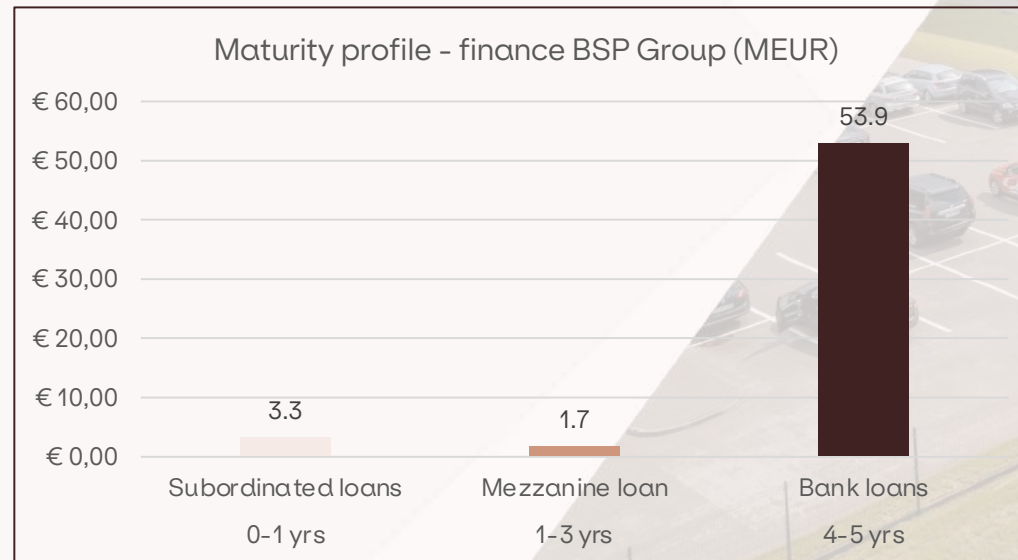
Year	Debt maturity			Interest Swap maturity		
	EUR	Share %	Interest margin	EUR	Share %	Swap fixed rate
0-1 year				17 305 324	88,03 %	0,58 %
1-3 years				2 354 042	11,97 %	0,72 %
4-5 years	53 937 907	91,46 %	2,19 %			
Total funding real estate portfolio <sup>1</sup>	53 937 907	91,46 %	2,19 %	19 659 366	36,45 %	0,60 %
Mezzanine <sup>2</sup>	1 708 817	2,90 %	9,30 %			
Seller credit <sup>3</sup>	3 324 800	5,64 %	8,00 %			
<b>Sum loan</b>	<b>58 971 525</b>	<b>100 %</b>	<b>2,72 %</b>	<b>19 659 366</b>	<b>33,34 %</b>	<b>0,60 %</b>

<sup>1</sup> Weighted average bank interest margin is 2.19 % + 3-months EURIBOR ( per 30th of June 2023). 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 MEUR 3.0 was repaid in November 2022 (credit facility is still available if needed). The loan facility expires in September 2024

<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.

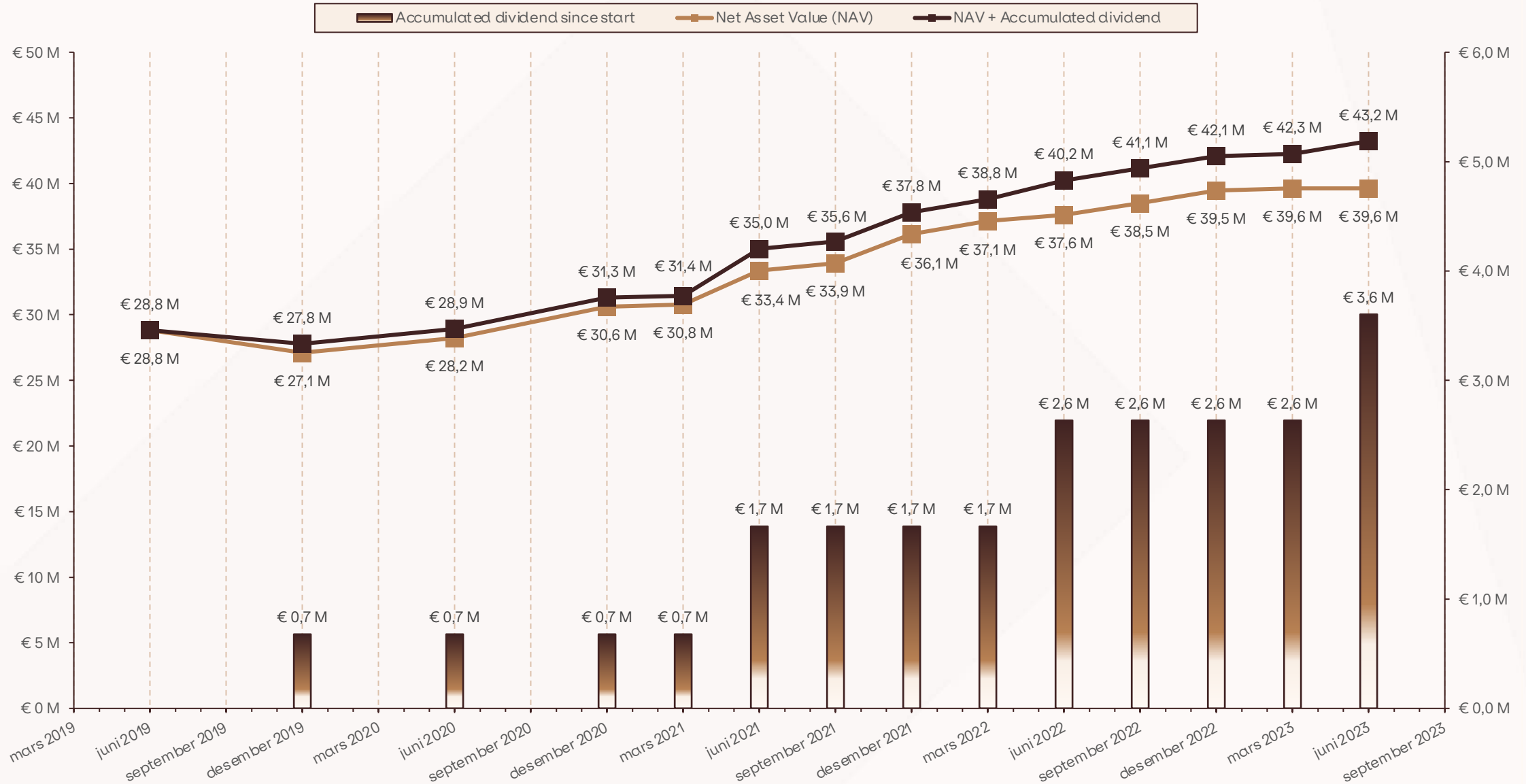
Loan financing	30/06/2023	31/12/2022
Interest-bearing debt incl. mezzanine loan and seller credit (MEUR)	58.9	57.4
LTV incl. mezzanine loan and seller credit	60.10 %	59.38 %
Interest-bearing debt excl. mezzanine loan and seller credit (MEUR)	53.9	52.1
LTV excl. mezzanine loan and seller credit	54.97 %	53.92 %
12-month running interest margin all loans (margin)*	2.73 %	2.73 %
Interest rate hedging ratio	33.34 %	39.74 %
Interest rate coverage (ICR) - group	2.34	2.39
Interest rate coverage (ICR) - SPV finance	2.92	4.5
Time until maturity interest-bearing debt (weighted)	3.92 yrs	4.4 yrs
Time until maturity interest hedging contracts (weighted)	0.66 yrs	1.3 yrs





# Net Asset Value (NAV) Development

NAV & dividend development



# Risk Management

- General
- Real Estate Market, Portfolio & Assets
- Real Estate Development
- Suppliers/Contractors
- Tenants/Income & Vacancy
- Capital Management & Interest Rates
- Liquidity
- Currency
- Corporate Governance & Code Of Conduct
- Human resource Management



# Risk Management

Risks	Major Factors & Issues	Mitigation & Management
General	<p><b>Political</b> – Invasion of Ukraine &amp; embargos</p> <p><b>Economic</b> – Inflation, growth &amp; interest rates</p> <p><b>Social</b> - Cost of living &amp; demographics</p> <p><b>Technological</b> - E-commerce &amp; automation</p> <p><b>Environmental</b> - Climate &amp; EU taxonomy</p> <p><b>Legal &amp; tax</b> – Possible changes in legislation</p>	<p>NATO membership, refocus of transit logistics</p> <p>Contingencies, discipline &amp; cautious growth ambitions</p> <p>Good ESG &amp; HRM policies, tenant considerations</p> <p>Understanding changes in logistics, retail &amp; office</p> <p>ESG policies, sustainability, renewable energy</p> <p>Awareness &amp; proactive mitigation measures</p>
Real Estate Market	<p>Economic uncertainty creating negative implications for liquidity, finance &amp; valuations</p>	<p>Long term grow &amp; hold strategy of existing portfolio with long leases and solid financing.</p> <p>Market may offer good value opportunities for growth</p>
Real Estate Portfolio	<p>Sector demand and attractiveness changes and implications of embargos, E-commerce &amp; remote working trends</p>	<p>Maintaining a balanced portfolio with quality assets, good locations with sustainable income from strong tenants. Continually adapting investment &amp; development strategies for new opportunities.</p>
Real Estate Assets	<p>Increased focus on environmental impact &amp; sustainability of buildings/projects</p>	<p>Long term life cycle approach with CAPEX and upgrade investments to maintain and improve quality and sustainability of the projects</p>
Real Estate Development	<p>Controlling quality, cost, safety and delivery time of projects.</p>	<p>Long term partnerships with reliable partners with established project management procedures and policies</p>
Suppliers/Contractors	<p>Real &amp; opportunistic inflationary pressure</p>	<p>Long term partnership, win-win approach with integrated supply chain management</p>

# Risk Management

Risks	Major Factors & Issues	Mitigation/Management
Tenants/Income	Profitability stress due to inflation & global economic slowdown	Tenant partnership approach with long term leases and good communication.
Vacancy	New leases and renewals	Portfolio weighted average unexpired lease term is over 9 years. Market rent levels for attractive premises
Capital Management	Balancing of equity & debt. Debt availability & refinancing terms	Strong partnerships with leverage rates under 60% Loan to Value (including banks and mezzanine finance) and with favourable finance terms.
Interest Rates	Euribor interest rates staying elevated	Adequate debt service contingencies Some interest rate hedging
Liquidity	Market uncertainty	Quality assets and maintaining cash reserves Already extended loan terms with Luminor
Currency	All income in Euro, small part cost in NOK	Maintaining minimal EUR/NOK cost exposure
Corporate Governance	Professionalism and ensuring compliance with fiduciary duties	Structured internal control measures Education & best practice policy adoption

# Risk Management

## Risks

## Major Factors & Issues

## Mitigation/Management

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### Code of Conduct

Corruption, gross negligence, irresponsible business practices and/or partnerships

Strict policies with high standards of integrity and zero-tolerance policy for any breaches

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### Human Resources Management

Maintaining professional, motivated and responsible people. Business process continuity risk for key executives

Good HRM policies. Respectful working environment with fair remuneration packages with a strong focus on education/training & professional development. Developed standard procedures with shared responsibility to reduce continuity risks.

# Economic Environment

- Economic Forecast 2024
- Lithuania At A Glance
- Transport Network
- Real Estate Yield Spread Comparison



# Economic Forecast 2024

**GDP, forecast 2024**  
volume % change on preceding year

2.7 %

Lithuania

1.1 %

Sweden

1.6 %

Euro Area

**Unemployment rate, forecast 2024**  
number of unemployed as a percentage of total labour force

6.5 %

Lithuania

8.1 %

Sweden

6.7 %

Euro Area

**Labour productivity, forecast 2024**  
real GDP per occupied person, % change on preceding year

3.0 %

Lithuania

0.9 %

Sweden

1.0 %

Euro Area

**Gross debt, forecast 2024**  
general government, as % of GDP

36.6 %

Lithuania

30.7 %

Sweden

89.9 %

Euro Area

**GDP**  
forecast 2023

0.5 %

**Unemployment**  
forecast 2023

6.6 %

**Labour productivity**  
forecast 2023

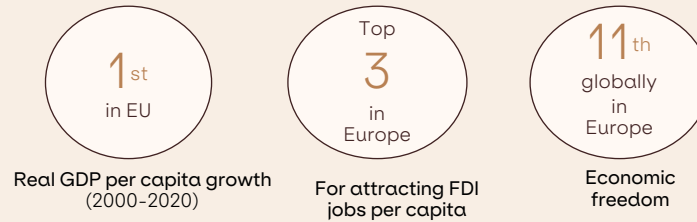
1.2 %

**Gross debt**  
forecast 2023

37.1 %

# Lithuania At A Glance

## Business environment



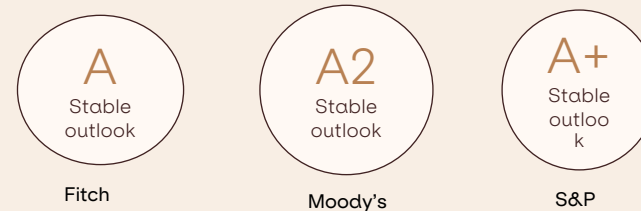
## Low bureaucracy



## Local talent



## Strong credit ratings



NATO  
membership

2004

EU  
membership

2004

€uro  
adoption

2015

OECD  
membership

2018



# Transport Network

## Internationally renowned public logistics centres

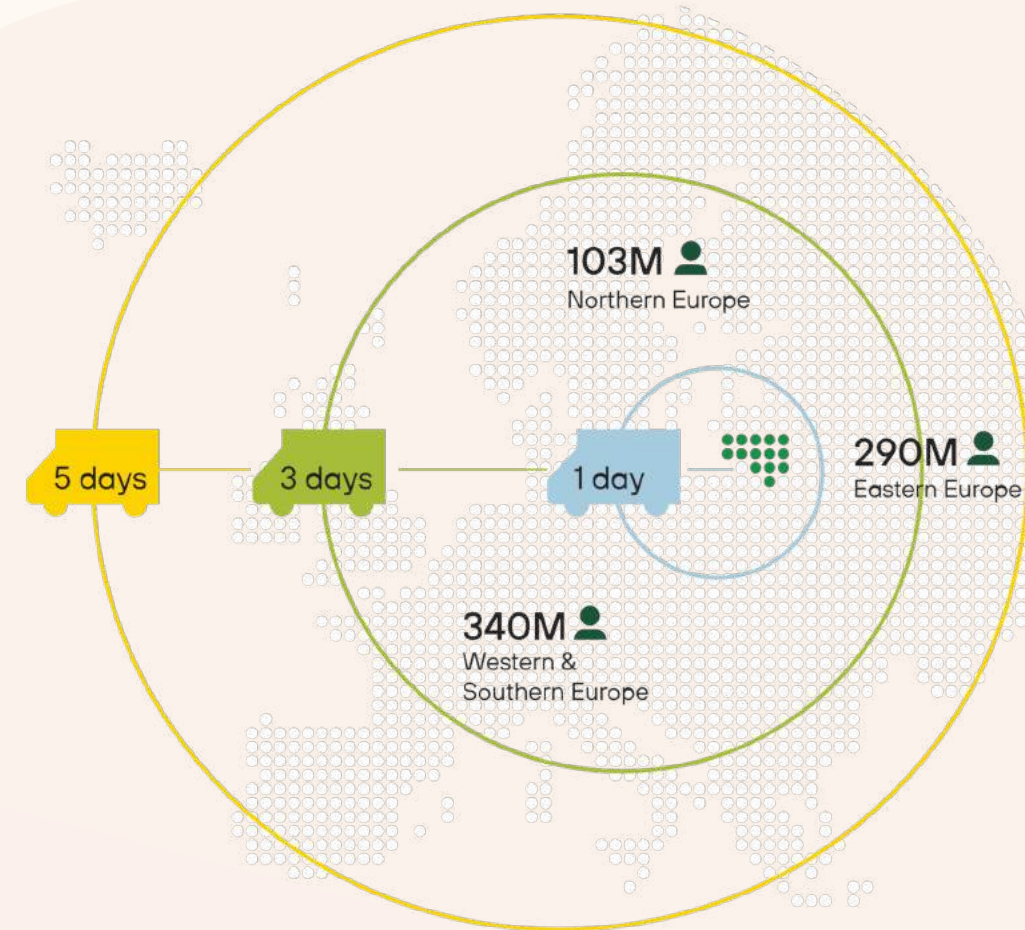
- Logistics centers have been established at important infrastructure cross roads, and provide companies with efficient one-stop-shop solutions
- Companies gain competitive advantage through clustering around transportation infrastructure which creates a faster and more efficient logistics process
- Other benefits include fast-tracked customs procedures

## Modern transport and energy transmission infrastructure

- Best road system in the Baltic and ranked 1st in Central and Eastern Europe when it comes to quality of roads
- Klaipeda is the northernmost ice-free deep-water port on the Eastern shore of the Baltic Sea, and offers the widest range of shipping routes
- 100% of energy resources may be imported from independent suppliers – Existing gas, oil port terminals and Electricity links with Scandinavian countries.

## Importance of logistics

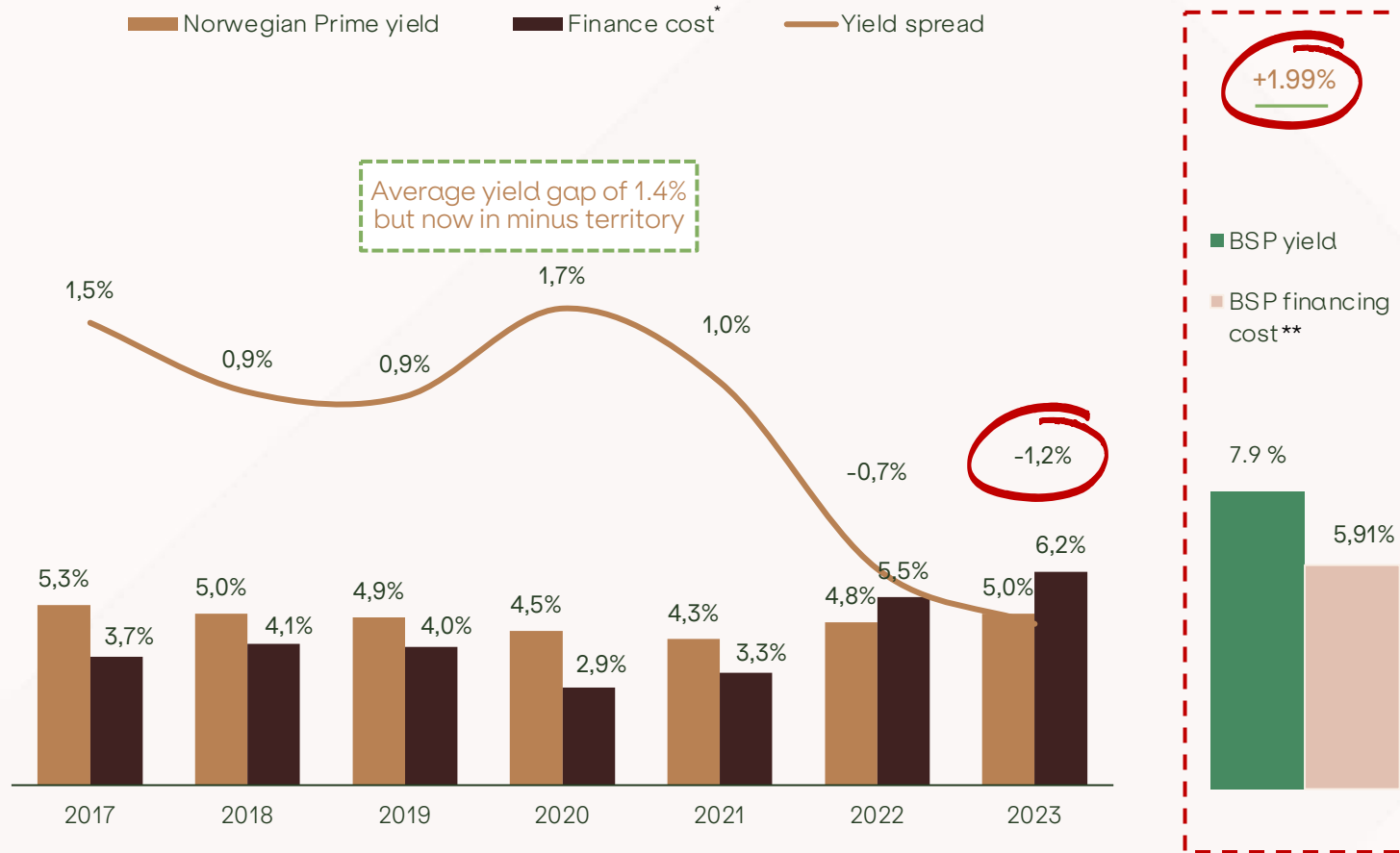
- As reported by the Bank of Lithuania, the logistics and warehousing sector represents the largest portion of exported services and contributed approximately 13% to the national GDP in 2021.
- In 2022, the total value of Lithuania's export concluded for 44.2 bn EUR and indicated a 28% increase relative to 2021.
- Lithuania is recognized as the 2nd in CEE for quality of cargo routes which inter-connect Western Europe and Asia.
- Lithuania is highly valued by companies for its favorable business environment, deep industry expertise, and robust infrastructure, all of which offer tangible benefits to new market entrants.



Sources: Statistics Lithuania, Eurostat, Trading Economics, Invest Lithuania, European Commission, Colliers International, Datamonitor, Newsec Baltics,

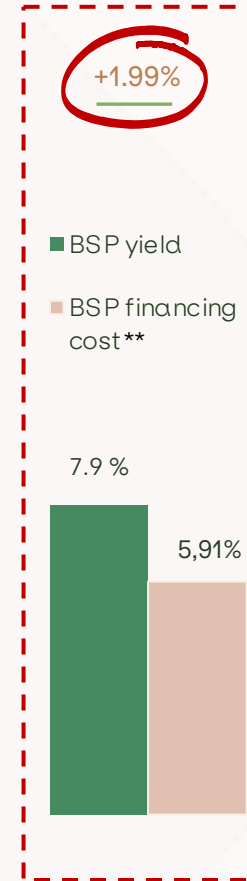
# Real Estate Yield Spread Comparison

## Yield spreads for Norwegian versus BSP prime logistics



## Yield gap for BSP

- BSP attracts solid financing from international and local banks with funding costs fixed to EURIBOR, with competitive margins and conditions.
- Over the past 10 years, Norwegian prime logistics have been unable to achieve yield levels similar to BSP, with an average yield gap of 1.4%, although it is currently negative.
- Currently, BSP maintains a yield gap of around +1.99% compared to Norwegian yield gap of -1.20% for prime logistics.



Source: Newsec, Norges Bank, Company information

\* Average bank margin is based on *Union Bankundersøkels* where the Q1 2023 average margin for new real estate 5-year bank loan has been applied across the data series for Norwegian comparison.

\*\* All in BSP finance cost is current average bank margin in BSP group + 5y EURIBOR SWAP

# Investment Opportunity

- Investment Rationale
- BSP Investment Case



# Investment Rationale

## Yield

## Platform

## Financing

## Market position

## Timing

### High-yielding quality assets

We hold a portfolio of commercial real estate assets with high occupancy in good locations, yielding stable and reliable cash flows from highly creditworthy clients.

### Yield-gap to the Nordics

The Baltics offers attractive risk-adjusted returns, allowing the investor to capitalise on a market position of high cash flow returns and dividend capacity.

### Nordic governance, local property management

We are listed for trade on Euronext Growth Oslo and headquartered in Norway, with operations and local management offices in Vilnius and Klaipėda.

### Investment strategy

We focus on long-term ownership and create added value by developing projects designed for alternative users and changing demands.

### Market access

As a Nordic investor in the Baltics, we get access to both the Nordic and Baltic banking and capital markets.

### Preferred client

Being a Nordic stock-listed company makes us a low-risk client for local banks, giving us access to the best available terms.

### Solid financing platform

Our robust financing platform allows us to capitalise on new opportunities while maintaining strong cash flow in our operations.

### Preferred partner

Our Nordic governance and open-book policy makes us a trusted landlord by international and local clients.

### Our people

Our team's proven track record and personal connections with top-level executives gives us a seat at the table where and when it matters.

### Geography

The combined population of the Nordics and the Baltics surpasses 30 million.

### Current market cycle

The current macro-economic conditions create a lucrative entry point at discounted pricing.

### Megatrends

The Baltics is ideally located to serve as a logistics hub to the Baltics, Nordics and central Europe in the era of e-commerce and nearshoring.

### Untapped potential

Our stock comes with the unreleased potential of economies of scale, with an organization rigged for increased portfolio size.

# BSP Investment Case

## Why invest in the Baltics?

- Fundamental drivers:
  - Strong **GDP growth** in past economic cycle and well positioned for future growth. (add stats)
  - **Low public & private debt levels.** (add stats)
  - Well **regulated environment**, with progressive governance and highly skilled labor.
  - Global & regional **competitive advantages** from cost, proximity and efficiency. (add stats)
  - Excellent **developed infrastructure.**
- Economic stability & regional security ensured by **Euro, EU and NATO membership.**

## Why invest in Logistics, Industrial & Commercial real estate now?

- Baltic companies and real estate tenants have shown **strong resilience** in the current economic slowdown and have many competitive advantages.
- Strong logistics and industrial real estate demand in the Baltics, also related with global **supply chain regionalization** trends.
- Transition to a **new economic cycle** provides medium term growth opportunities in the real estate sector.
- Real estate yields have already increased significantly (100-150bpts), providing **strong rental yields** and medium-term valuation growth from rent inflation and possible yield decreases.
- Opportunities in the market for acquisitions due to some distressed sellers and over-leveraged investors.

# BSP Investment Case

## Why Baltic Sea Properties?

- **Nordic governance** with a regulated and visible platform on Oslo stock exchange
- Solid leadership and **professional management** with a strong track record
- Clearly established **investment parameters and risk management** including portfolio strategy, leverage, reserves, dividends, etc.
- Highly experienced & fully **Integrated developer, investor & manager** with no external fees or leakage
- High-yielding (8% approx.) **quality assets** in a diversified portfolio, with a strong development **project pipeline** and attractive land bank
- BSP holds a **solid financing** platform to seize new opportunities.
- **5-year growth & profitability strategy** – strong growth opportunities to increase economy of scale to >100 EURm NAV, with very attractive risk adjusted return projections of 10-15% IRR (without entry discount)
- **5-year exit & share liquidity strategy:**
  - Dividend policy – ensuring attractive annual returns
  - Stock exchange - increased share liquidity from scale, performance, buy-back policy, economic timing and visibility (potential main listing)
  - M&A opportunities - highly visible platform for potential mergers and acquisitions
  - Portfolio sale – alternative/contingency liquidity strategy based on market value of assets
- **Current share valuation** - Significant share discount (25-30%) to Net Asset Value (NAV), thus ensuring potential upside while mitigating downside risks

# Disclaimer

This presentation has been prepared by Baltic Sea Properties AS in good faith and to our best ability with the purpose to give information about the company's operations and status.

This document must not be understood as an offer or encouragement to invest in the company. Baltic Sea Properties AS further makes reservations that errors may have occurred in its calculations of key figures or in the development of the presentation which may contribute to an inaccurate impression of the company's status and/or operations.

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