



BALTIC SEA PROPERTIES

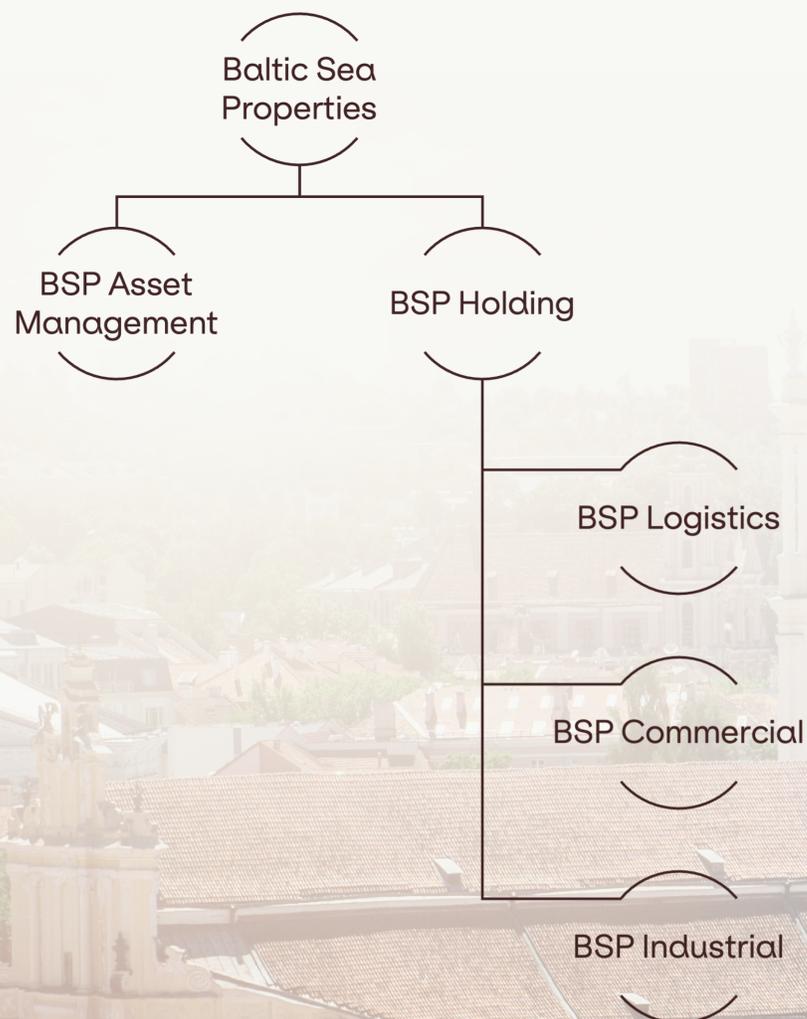
Quarterly report - Q1 2024

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



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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



CEO's comment

Quarterly report Q1 2024 (unaudited)

We are pleased to present our first quarter report, marking another period of revenue growth and sustained cash flow development despite a challenging real estate market and rising financing costs. Our EBITDA grew by 3% year-on-year, although income from property management (IFPM) decreased due to these costs. Notably, our Net Asset Value (NAV) has strengthened by 1.84% (5.85% in NOK) since the end of last year, reflecting a robust operational strategy and resilience in our long-term investments.

Operational highlights and development focus

Our commitment to expanding and enhancing our development pipeline has been exemplified by entering into a new development and lease agreement with ESO, a subsidiary of the Ignitis Group, the leading energy and distribution company in the Baltic region. This agreement, centered on a strategic 4,340 sqm office and warehouse complex at "Liepų Parkas" in Klaipėda, kickstarts an important project within our 16,000 sqm business and retail park. This move, alongside our expansion project for Rhenus totaling more than 22 million EUR in investments, showcases our proactive strategy in pursuing growth through both owned developments and build-to-suit projects.

Strategic review and future growth

The current high interest rate environment showcases the necessity of scale in our operations. We expect EURIBOR to stabilise over the next 1-2 years, yet it remains clear that rates will not return to previous lows. In response, we are undertaking a strategic review with investment banks Sparebank 1 Markets and Norne Securities to explore varied growth options. This strategic initiative, complemented by insights from our recent investor roadshow, sets the stage for future announcements. We plan to continue communicating our progress transparently and anticipate revealing further details in the coming weeks.

Commitment to long-term value creation

Above all, our focus remains committed on developing high-yielding, sustainable quality assets that deliver long-term returns for our clients and shareholders. The attractive yield spread relative to the Nordics, combined with our strategic initiatives, positions us well to capitalise on both high cash yield returns and value growth potential.

We are optimistic about our financial results and strategic direction. Our dedicated team, resilience in our long-term strategy, and the current opportunities reassure our confidence in achieving significant scale and success in the Baltic real estate market.



Lars Christian Berger
CEO





Large frame | Concept visualisation of Liepų Parkas (retail and business park, Liepų Street, Klaipėda)
Small frame | Construction in progress, May 2024

Financial overview

Q1 2024

- Key figures group
- Financial results
- Income From Property Management (IFPM)
- Financing
- Financial expenses overview
- Loan-to-Value (LTV)
- Net Asset Value (NAV)
- Consolidated statements

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). The consolidated statements presented in this quarterly report are however simplified from the IFRS requirements.

Please note that the quarterly/half-yearly figures in this report are unaudited.

Key figures group

Quarterly report Q1 2024 (unaudited)

Per share	31/03/2024	31/12/2023	31/12/2022
Net Asset Value (NAV) in NOK	72.99	68.95	62.11
NAV in EUR	6.25	6.13	5.91
YTD Return NAV incl. dividend (EUR)	1.84%	6.39%	12.11 %
YTD Return NAV incl. dividend (NOK)	5.85%	13.56%	17.95 %
Dividend distributed (NOK)	-	1.60	1.50
Dividend distributed (EUR)	-	0.14	0.15
Last transaction price per date (NOK)	49.4	47.40	50.00
Number of shares issued	6 688 232	6 688 232	6 688 232
EURNOK rate, balance sheet date ¹	11.68	11.24	10.51
EURNOK rate, YTD average ²	11.42	11.42	10.10

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	31/03/2024	31/12/2023	31/12/2022
Fair value of portfolio (MNOK)	1 170	1 121	1 016
Fair value of portfolio (MEUR)	100.2	99.8	96.7
Value of equity based on NAV - BSP method (MNOK)	487	460	414
Value of equity based on NAV - BSP method (MEUR)	41.7	40.9	39.5
Annualised contracted rent (MNOK)	102.2	93.6	88.4
Annualised contracted rent (MEUR)	8.9	8.3	8.0
Net income from property management (IFPM) (MNOK)	6.6	33.3	29.7
Net income from property management (IFPM) (MEUR)	0.6	2.9	3.0
NOI yield (investment projects)	8.05 %	8.06%	7.88 %
Dividend yield (NAV)	-	2.44%	2.50%
Occupancy rate	100%	100%	99 %
WAULT (years)	9.16	9.1 yrs	9.1 yrs
IBD (incl. mezzanine facility) (NOK)	673	656	604
IBD (incl. mezzanine facility) (EUR)	57.6	58.3	57.4
LTV investment portfolio (incl. mezzanine facility)	57.48%	58.43%	59.42 %
Net LTV (inc. Cash)	55.52%	56.37%	56.95 %
Interest coverage ratio (ICR) - Group	1.71	2.09	2.39
Interest coverage ratio (ICR) - SPV finance	2.11	3.10	4.22

Terms/abbreviations used in this report:

- Fair value of portfolio = valuation of the real estate assets
- 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.
- 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 Coverage Ratio (ICR) Group - Group EBITDA/all interest paid
- Interest Coverage Ratio (ICR) SPV finance - Consolidated EBITDA of real estate subsidiaries/interest paid from real estate finance
- ROE = Return on Equity

Financial results

Quarterly report Q1 2024 (unaudited)

Rental income performance

For the quarter ended 31st March 2024, our rental income reached mEUR 2.07, a 5 % increase over mEUR 1.97 reported at the end of 1st quarter 2023. This growth is primarily due to CPI adjustments on existing leases.

Operational cost and net rent

The direct ownership costs for the 1st quarter of 2024 amounted to mEUR 0.09, on par with the same period last year. The net rent amounted to mEUR 1.97, signifying a sound return on our portfolio, where the majority of owner costs are recovered through the lease agreements.

Administration Costs and Other Operating Expenses

Administration costs for the 1st quarter were mEUR 0.30, largely unchanged from the year before. Other operating expenses increased to mEUR 0.15 from mEUR 0.10 last year.

Net income from property management

Net income from property management (IFPM) stood at mEUR 0.58, which is a decrease from mEUR 0.87 reported per the end of 1st quarter 2023. The reduction in IFPM derives heavily from the significant increase in funding costs.

Fair Value Adjustments and Valuation Methodology

Our valuation of our investment properties increased by mEUR 0.39 during 1st quarter (of which mEUR 0.20 was booked as fair value gains in the profit/loss statement), reflecting new investments completed during the period. We continue to employ the standard Discounted Cash Flow (DCF) method for our valuations, conducted by independent valuers. As of 31.03.2024, the portfolio was valued at mEUR 100.18 (mEUR 99.79 per year-end 2023).

Interest Costs and Finance Expenses

Compared to the 1st quarter of 2023 we experienced higher funding costs, with net realised interest cost & finance expenses reaching mEUR 0.95, an increase from mEUR 0.62 reported at the 1st quarter 2023. This increase aligns with the rising trend in global interest rates, yet our financial management still maintains a healthy margin above our covenant thresholds. We predict that interest will remain high throughout 2024, although it is expected to decrease towards the end of the year as inflation across Europe appears to be declining.

Profitability and Taxation

The profit before tax for 1st quarter 2024 was mEUR 0.79. The current tax expense for the period was reduced by mEUR 0.04 during the quarter thanks to the utilisation of deferred tax assets.

Net Asset Value development

Despite the pressures on valuations over time, BSP has managed to maintain a steady return, primarily due to our conservative approach to valuation methodology over a longer period. Across Europe, most real estate companies have been, and continue to be, significantly impacted by declining market valuations on their portfolios. Despite an average 7-8 % increase in our valuation yield over the past two years, our portfolio valuation has remained resilient, largely due to CPI-adjusted rent increases and enhancements in some of our lease agreements through professional asset management preserving our nominal values throughout. This strategy has laid a strong foundation for the future, positioning us well to capitalise on what we believe will be improving yields and lower discount rates in the medium to longer term period.

Income From Property Management

Specification

Income From Property Management	31/03/2024	31/12/2023	31/03/2023	31/03/2024	31/12/2023	31/03/2023
	EUR thousand	EUR thousand	EUR thousand	NOK thousand	NOK thousand	NOK thousand
Rental income	2 065	7 994	1 966	23 577	91 286	21 597
Property expenses ex mng	-96	-323	-94	-1 092	-3 683	-1 034
Net rent	1 970	7 671	1 872	22 484	87 603	20 564
Other operating income	15	66	31	169	754	342
Administration cost	-302	-1 356	-309	-3 443	-15 487	-3 393
Other operating cost	-152	-522	-104	-1 737	-5 956	-1 147
EBITDA	1 531	5 859	1 490	17 474	66 918	16 365
Net realised interest cost & finance expenses	-950	-2 940	-620	-10 840	-33 582	-6 806
Net income from property management (IFPM)	581	2 919	870	6 634	33 336	9 560
Changes in value of investment properties	195	347	-305	2 228	3 961	-3 352
Changes in value of financial instruments	25	-565	-80	288	-6 449	-883
Realised changes in value of investment properties	-	-	-	-	-	-
Depreciation, amortisation and impairment	-15	-91	-23	-166	-1 035	-248
Net currency exchange differences	6	5	13	65	58	144
Profit before tax	793	2 615	475	9 049	29 869	5 222
Current tax	-	176	-29	-	2 013	-322
Deferred tax	-75	-255	-18	-854	-2 913	-201
Profit from continued operations	718	2 537	428	8 196	28 969	4 699
Net Asset Value (NAV)	31/03/2024	31/12/2023	31/03/2023	31/03/2024	31/12/2023	31/03/2023
Currency	EUR	EUR	EUR	NOK	NOK	NOK
Equity as recognised in balance sheet	40 789	40 041	39 065	476 520	450 061	445 106
Pr share	6.11	6.00	5.85	71.34	67.40	66.65
Net Asset Value - BSP method						
Equity as recognised in balance sheet	40 789	40 041	39 065	476 520	450 061	445 106
Deferred tax according to balance sheet (-)	4 483	4 317	4 083	52 371	48 518	46 521
Equity excluding deferred tax	45 272	44 358	43 148	528 891	498 579	491 627
Deferred tax according to BSP original NAV definition (-)	3 551	3 390	3 523	41 488	38 109	40 139
Net asset value - BSP Method	41 721	40 967	39 625	487 402	460 470	451 487
Pr share	6.25	6.13	5.93	72.99	68.95	67.61

Financing

Quarterly report Q1 2024 (unaudited)

Year	Debt maturity			Interest Swap maturity		
	EUR	Share %	Interest margin	EUR	Share %	Swap fixed rate
0-1 year	-	-	-	-	-	-
1-3 years	-	-	-	2 502 386	100.00 %	0.72 %
4-5 years	52 451 369	91.09 %	2.19 %	-	-	-
Total funding real estate portfolio¹	52 451 369	91.09 %	2.19 %	2 502 386	4.77 %	0.72 %
Mezzanine ²	4 279 906	7.43 %	9.30 %	-	-	-
Seller credit ³	852 653	1.48 %	8.00 %	-	-	-
Sum loan	57 583 928	100 %	2.80 %		4.35 %	0.72 %

¹ Weighted average bank interest margin is 2.19 % + 3-months EURIBOR (per 31st of March 2024). The interest swap is against 3-months EURIBOR.

² Interest rate for the mezzanine loan is including margin. In October, the company decided to draw up mNOK 30 on same conditions. The loan facility expires in September 2024.

³ 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 2024.

Loan financing	31/03/2024	31/12/2023
Interest-bearing debt incl. Mezzanine loan and seller credit (MEUR)	57.6	58.30
LTV incl. mezzanine loan and seller credit	57.48%	58.43%
Interest-bearing debt excl. mezzanine loan and seller credit (MEUR)	52.4	53.02
LTV excl. mezzanine loan and seller credit	52.36%	53.13%
12-month running interest margin all loans (margin)*	2.82%	2.83%
Interest rate hedging ratio	4.35%	4.29%
Interest rate coverage (ICR) - group	1.71	2.09
Interest rate coverage (ICR) - SPV finance	2.11	2.68
Time until maturity interest-bearing debt (weighted)	3.1 yrs	3.4 yrs
Time until maturity interest hedging contracts (weighted)	1.0 yrs	1.3 yrs

* Excl. 3-months EURIBOR & swap agreements.

** LTV does not include cash position.

(MEUR)	31/03/2024	31/12/2023
Interest-bearing debt, total	57.58	58.30
Interest-bearing debt, bank loan	52.45	53.02
Interest-bearing debt, mezzanine	4.29	4.45
Interest-bearing debt, seller credit	0.85	0.84
Cash	3.54	3.64
Net LTV, total	55.52%	56.37%

* LTV does not include cash position, only interest bearing debt/valuation of RE assets

Financial expenses overview

Specification

BSP Group	Per 31/03/2024		Per 31/12/2023	
	NOK	EUR	NOK	EUR
EBITDA	17 473 521	1 530 684	66 917 866	5 859 400
Interest payable	10 221 269	895 385	31 990 528	2 801 125
ICR - group	1.71	1.71	2.09	2.09
Net realised interest cost & finance expenses				
Interest on real estate portfolio	9 342 343	818 391	32 951 035	2 885 380
SWAP costs	41 781	3 660	41 797	3 660
SWAP income	-449 603	-39 385	-5 939 299	-520 051
Interest mezzanine incl. contract fee	1 175 417	102 967	2 513 583	220 104
Interest seller's credit	188 959	16 553	2 732 817	239 301
Interest income	-77 627	-6 800	-311 398	-27 268
Sum interest expenses	10 221 269	895 385	31 990 528	2 801 125

Consolidated SPV-financed entities	Per 31/03/2024		Per 31/12/2023	
	NOK	EUR	NOK	EUR
EBITDA (incl. internal management cost)	18 776 006	1 644 782	72 474 739	6 345 966
Interest payable	8 901 016	778 816	27 055 266	2 368 988
ICR - SPV finance	2.11	2.11	2.68	2.68
Net realised interest cost & finance expenses				
Interest on real estate portfolio	9 340 174	818 201	32 952 766	2 885 380
SWAP costs	10 445	915	41 799	3 660
SWAP income	(449 603)	(39 385)	(5 939 299)	(520 051)
Sum interest expenses	8 901 016	2 368 988	27 055 266	2 368 988

Terms/abbreviations used above:

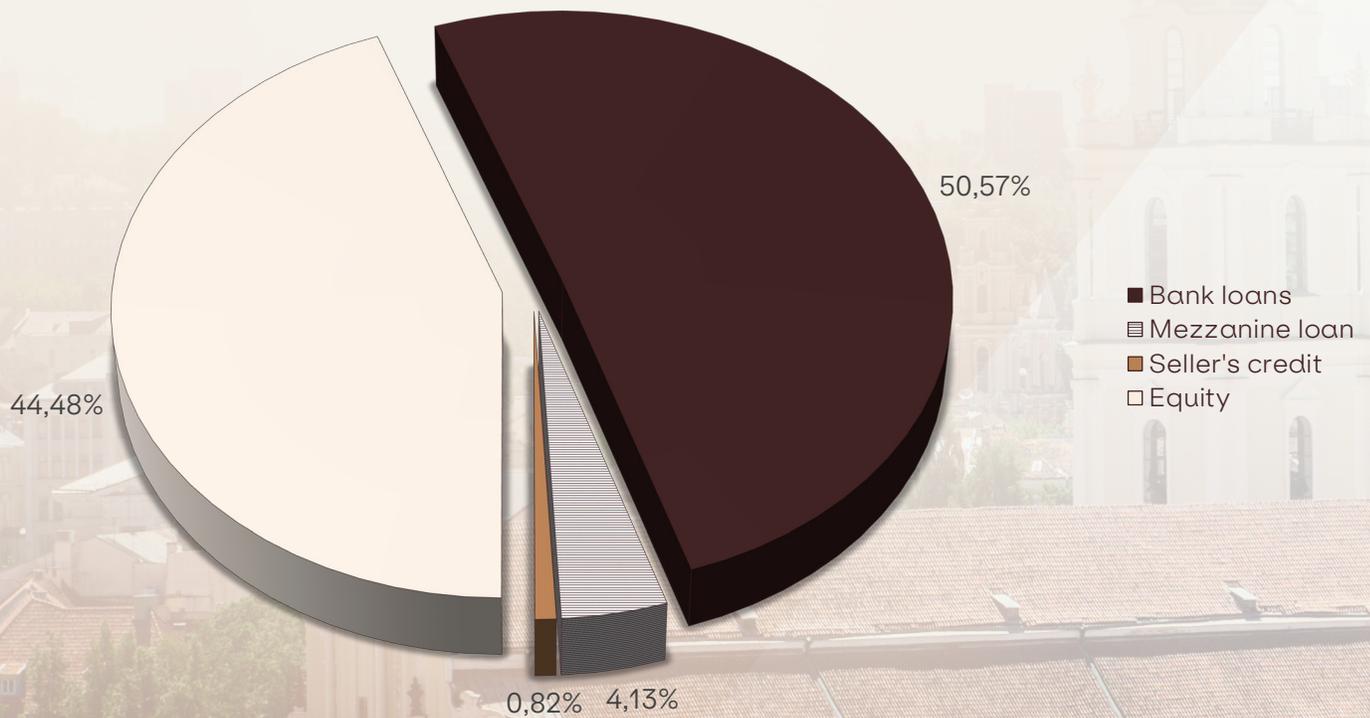
EBITDA = Earnings Before Interest, Taxes, Depreciations and Amortisations
ICR = Interest Coverage Ratio

Loan-to-Value (LTV)

Specification

Loan-to-Value ratio	Per 31/03/2024		Per 31/12/2023	
	NOK	EUR	NOK	EUR
Net nominal interest-bearing debt excl. mezzanine loan	612 763 119	52 451 369	595 940 050	53 017 219
Mezzanine	50 000 000	4 279 906	50 000 000	4 448 201
Seller's credit	9 961 120	852 653	9 398 185	836 100
Net nominal interest-bearing debt incl. mezzanine loan	672 724 239	57 583 928	655 338 235	58 301 520
Valuation of real estate portfolio	1 170 316 658	100 176 902	1 121 658 258	99 787 221
Loan to value excl. cash	57.48 %	57.48 %	58.43%	58.43%
Cash	41 398 653	3 543 647	40 889 578	3 637 701
Loan to value incl. cash (Net LTV)	55.52 %	55.52 %	56.37%	56.37%

Net LTV per 31/03/2024



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 (YTD)	31/03/2024	31/12/2023	31/12/2022
NAV (NOK) - BSP method (IFRS)	72.99	68.95	62.11
Dividend (NOK)	-	1.60	1.50
Return on equity inc. dividend (NOK)	5.85%	13.56 %	17.95 %
NAV (EUR) - BSP method (IFRS)	6.25	6.13	5.91
Dividend (EUR)	-	0.15	0.15
Return on equity inc. dividend (EUR)	1.84%	6.39 %	12.11 %
Applied EURNOK conversion rate	11.68	11.24	10.51

Consolidated statement of profit or loss

Amounts in NOK thousand

Year to date	31 March 2024	31 December 2023	31 March 2023
	<i>Unaudited</i>		<i>Unaudited</i>
Rental income	23 577	91 286	21 597
Gain from sale of fixed assets	-	-	-
Other income	169	754	342
Total operating income	23 746	92 041	21 939
Payroll and related costs	3 443	15 487	3 393
Depreciation, amortisation and impairment	166	1 035	248
Other operating expenses	2 830	9 639	2 181
Total operating expenses	6 438	26 162	5 821
Change in fair value of investment properties	2 228	3 961	-3 352
Operating profit	19 536	69 840	12 766
Change in fair value of financial instruments	288	-6 449	-883
Financial income	78	311	59
Financial expenses	-10 918	-33 892	-6 865
Net currency exchange differences	65	58	144
Net financial income (cost)	-10 487	-39 971	-7 545
Profit before income tax	9 049	29 869	5 222
Income tax expense	-	-2 013	322
Change in deferred tax liability/asset	854	2 913	201
Profit for the period	8 196	28 968	4 699
Earnings per share	31 March 2024	31 December 2023	31 March 2023
Basic	1.23	4.34	0.70
Diluted	1.23	4.34	0.70
Profit is attributable to:	31 March 2024	31 December 2023	31 March 2023
- Owners of Baltic Sea Properties group	8 196	28 968	4 699
- Non-controlling interests	-	-	-

Consolidated statement of comprehensive income

Amounts in NOK thousand

Year to date	31 March 2024	31 December 2023	31 March 2023
	<i>Unaudited</i>		<i>Unaudited</i>
Profit for the period	8 196	28 968	4 699
Other comprehensive income not to be reclassified to profit and loss			
Foreign currency translation differences	18 263	26 008	34 724
	18 263	26 008	34 724
Total comprehensive income for the period	26 459	54 977	39 424
Total comprehensive income is attributable to:			
- Owners of Baltic Sea Properties group	26 459	54 977	39 424
- Non-controlling interests	-	-	-
	26 459	54 977	39 424



Liepy Parkas | Construction in progress, May 2024

Consolidated statement of financial position

Amounts in NOK thousand

<i>Per date</i>	31 March 2024	31 December 2023	31 March 2023
	<i>Unaudited</i>		<i>Unaudited</i>
Assets			
Investment property	1 199 913	1 150 216	1 137 887
Other operating assets	1 621	1 631	1 535
Right-of-use assets	97	133	215
Financial derivatives, non-current	406	412	6 166
Other financial non-current assets	-	-	-
Long-term receivables	2 485	2 391	145
Total non-current assets	1 204 523	1 154 786	1 145 948
Trade receivables	3 411	3 209	3 790
Financial derivatives, current	310	214	0
Other receivables and other current assets	3 706	3 089	5 432
Cash and cash equivalents	41 399	40 888	47 652
Total current assets	48 826	47 400	56 874
Investment property held for sale	-	-	-
Total assets	1 253 348	1 202 185	1 202 822

Consolidated statement of financial position

Amounts in NOK thousand

<i>Per date</i>	31 March 2024	31 December 2023	31 March 2023
	<i>Unaudited</i>		<i>Unaudited</i>
Equity			
Share capital	669	669	669
Share premium	118 788	118 788	118 788
Other paid-in equity	-1	-1	-1
Total paid-in equity	119 456	119 456	119 456
Retained earnings	357 064	330 605	325 650
Total equity	476 520	450 061	445 106
Liabilities			
Deferred tax liabilities	52 371	48 518	46 521
Interest-bearing liabilities	640 268	616 955	601 033
Lease liabilities, non-current	30 243	29 051	25 883
Financial derivatives, non-current	-	-	-
Other non-current provisions	-	-	145
Total non-current liabilities	722 882	694 522	673 582
Lease liabilities, current	241	232	220
Interest-bearing liabilities, current	33 193	37 460	56 929
Trade payables	5 542	3 237	9 297
Income tax payable	18	-	2 645
Financial derivatives, current	-	-	-
Other current liabilities	14 952	16 671	15 043
Total current liabilities	53 946	57 601	84 134
Total equity and liabilities	1 253 348	1 202 185	1 202 822

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
Equity at 1 January 2023	669	118 788	-1	286 227	405 683	-	405 683
Net profit for the period	-	-	-	28 968	28 968	-	28 968
Capital increase	-	-	-	-	-	-	-
Share based payments	-	-	-	89	89	-	89
Other comprehensive income for the period	-	-	-	26 008	26 008	-	26 008
Total comprehensive income in the period	-	-	-	55 065	55 065	-	55 065
<i>Transactions with owners of the company:</i>	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-
Dividends paid	-	-	-	-10 687	-10 687	-	-10 687
Equity at 31 December 2023	669	118 788	-1	330 605	450 061	-	450 061
	Share capital	Share premium reserve	Other paid-in equity	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2024	669	118 788	(1)	330 605	450 061	-	450 061
Net profit for the period	-	-	-	8 196	8 196	-	8 196
Capital increase	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	18 263	18 263	-	18 263
Total comprehensive income in the period	-	-	-	26 459	26 459	-	26 459
<i>Transactions with owners of the company:</i>	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Equity at 31 March 2024	669	118 788	(1)	357 064	476 520	-	476 520



Vilnius | City view on a summer day

Market Update

Provided by Kristina Živatkauskaitė and Mindaugas Kulbokas at Newsec Baltics (26 March 2024)

2024 begins with a more positive outlook

Lithuania's open economy has demonstrated resilience in the face of challenges. GDP performed better than expected in 2023, contraction only a modest 0.3% in the year. While negative, that number has paved the way to positive expectations for 2024. Forecasts are for a rebound to 1.7% growth this year.

One beacon of strength is the labour market, as an increasing population has helped keep the unemployment rate quite stable at 6.8%. Inflation, while present, is under control, having gradually declined to under 9% on an average annual basis while the year-on-year rate fell below 2% by year-end. All eyes are on the prospect of an interest rate cut in the end of the first half of 2024.

More broadly, Lithuania appears well-positioned to start a recovery. Encouraging economic indicators and optimistic forecasts suggest the most challenging phase may now be behind us.

The economic and geopolitical challenges of the past two years had consequences for the market. There were substantial hurdles to investments in commercial real estate in the Baltic region. Towards the end of 2023, however, things turned around quite unexpectedly in Lithuania and total real estate investment for the year was almost the same as in 2022. Real estate transactions in the Baltics totalled EUR 785 million. Lithuania contributed 55% of that figure, which is just over 80% of the long-term average for the region.

Local investors have been asserting dominance in the market over at least the last three years, and their influence is perceptibly still on the rise. Meanwhile, some long-standing Nordic investors have maintained their interest and involvement in the market as well.

We expect the market size to remain at current levels, with foreign investor interest likely to grow only in the long term. Thus, the activity of local investors is crucial and may significantly impact the annual results of real estate investments. The transaction volume indicates a narrowed gap between current interest rates and the targeted returns on commercial projects, highlighting a potential alignment in the market.

In the Baltic region, especially Lithuania, the decline in market activity has been more moderate than in the broader European context. Such resilience reflects opportunities, capacities, and the keen interest of local investors, who continue to underpin overall market vitality. While there's a shortage of assets that are easy to sell, there are still appealing opportunities that catch the eye of the local investors. Considering how well 2023 ended, we

feel quite positive about what's coming in 2024.

The office segment and its lead in the investment market

Each Baltic country had its real estate investment segment leader in 2023. The highlight of the year was Lords LB Asset Management's agreement at year end to acquire the Ozas Campus from Technopolis. That major transaction underscores the continued prominence of the office segment. It includes 106,000 sqm of gross leasable area spread across six buildings, or almost 10% of the modern office stock on the Vilnius market. It sets a precedent for strategic investments, shaping the future trajectory of the city's office sector.

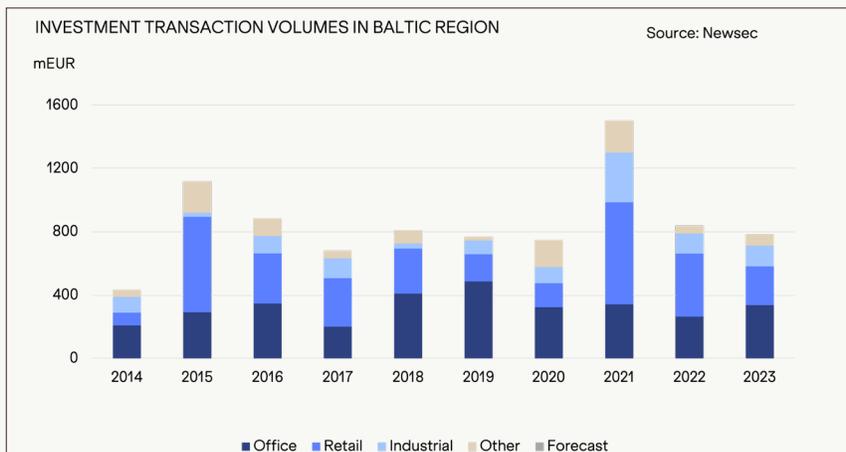
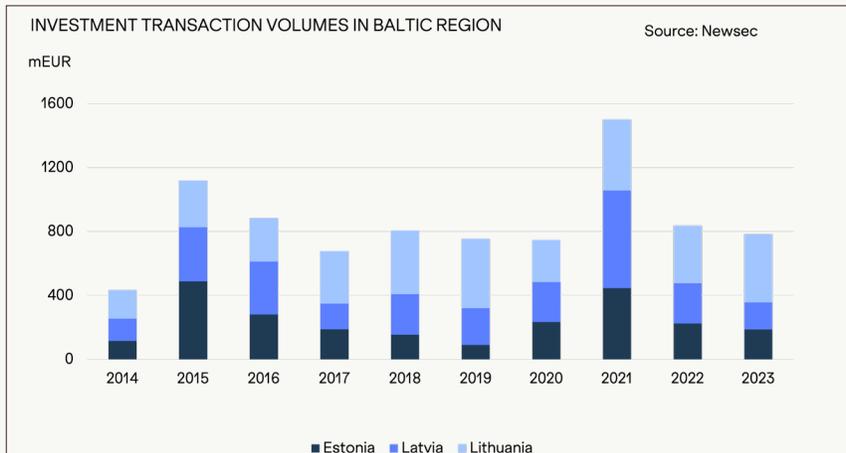
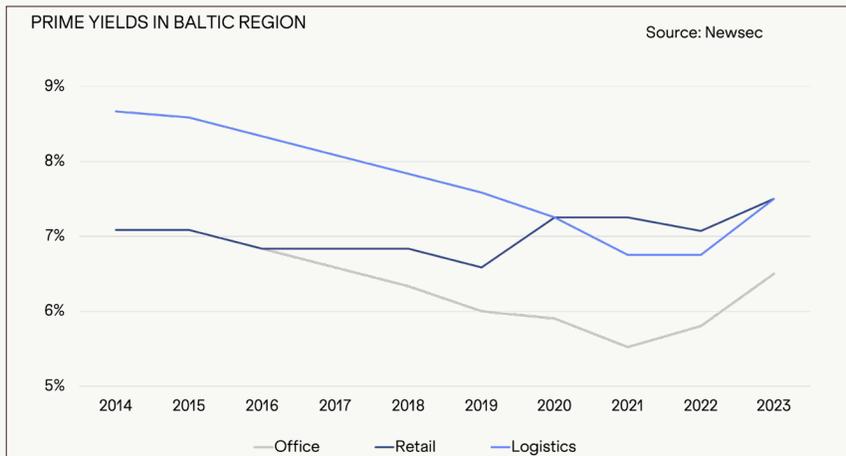
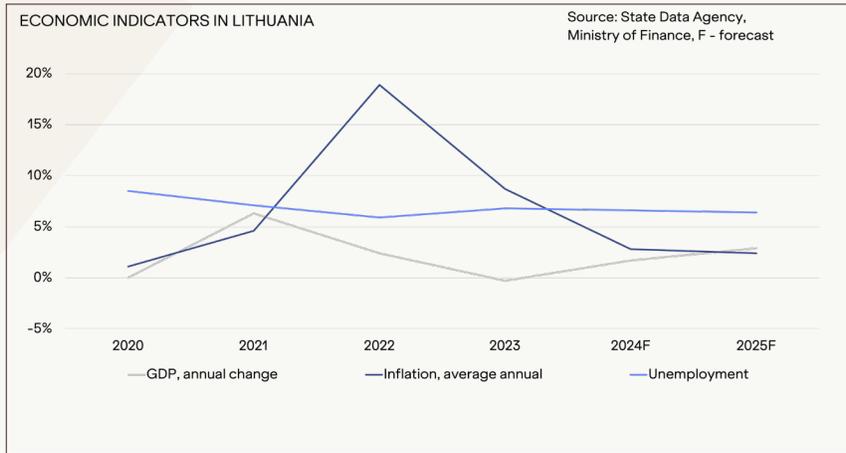
Resilience on the office market

The Vilnius office market has proven resilient, maintaining a relatively stable vacancy rate thanks to take-up aligning with new supply. Looking ahead to 2024, though, we anticipate a reduction in new supply. Given the economic uncertainties, developers are adapting their strategies.

Tenant profiles are unique in the Baltic region, particularly in Lithuania. Global Business Services (GBS) companies with large numbers of employees, the thriving startup scene, and the robust Fintech ecosystem collectively account for a big portion of the office market. That diverse mix together with IT companies and varied other local tenants ensures steady demand and is helping keep office occupancy high. New demand from international companies, which is eagerly anticipated, should further strengthen the market in Vilnius. As the office market navigates anticipated changes, the overarching theme is adaptability.

Growth in sustainability and proactive strategies for the industrial segment

The industrial segment is seeing heightened activity, particularly in warehouse development, with a focus on built-to-suit projects for large end users. Notably, there is a growing trend towards attractive portfolio creation, particularly in Lithuania. For warehouse properties, sustainability has become a highly relevant topic. The logistics and industrial segment is at a juncture, having drawn significant attention after recent major projects in Lithuania. Grocery and DIY retailers are primarily taking a built-to-own or built-to-suit approach. As those new projects near completion, vacancies and availability are shifting towards older stock, and that is making most speculative market developers put further new developments on hold. Still, a few proactive logistics and warehouse developers are taking the risk and planning new deliveries.



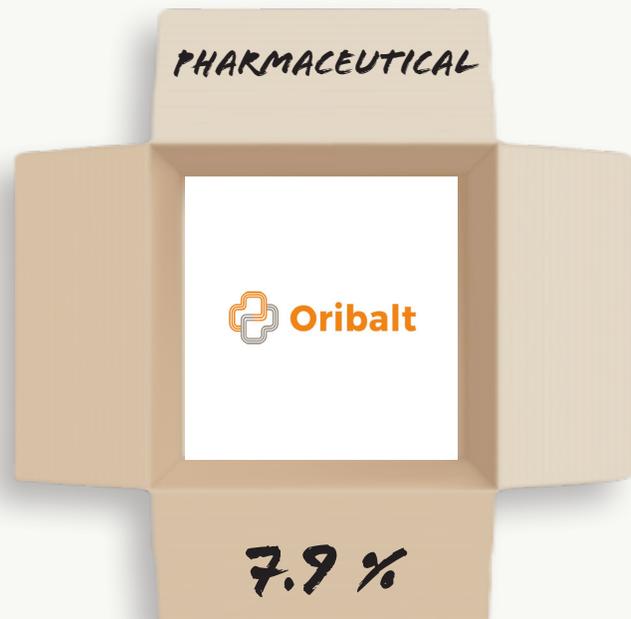
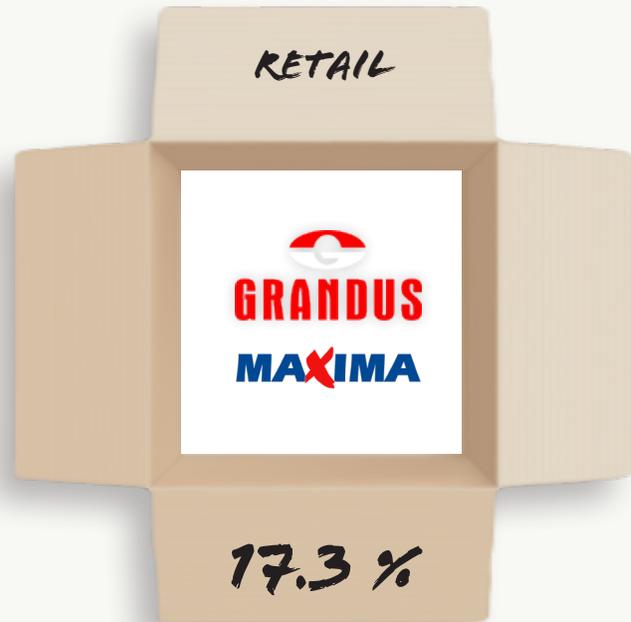
Property portfolio

Q1 2024

- Client mix
- Investment strategy
- Our development approach
- Sustainability in development
- BREEAM certification status
- Investment projects
- Development projects

Client mix

Distribution of 2024 rent income



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
BREEAM In-Use: "Very good"



DPD - Telšiai
BREEAM In-Use: "Excellent"



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.

BSP Park - Vilnius A4 | Logistics

Client:	Rhenus Logistics
Location:	Highway A4, Vilnius, Lithuania
GLA:	18 226 m²
Expansion project:	17 255 m²

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. In August 2023, we agreed on an expansion project of 17 255 m² with expected handover in 2026¹. Upon completion the logistics terminal will be approx. 35 600 m².

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.



¹ Originally Q2/Q3 2025.

BSP Park - Vilnius A3 | Logistics

Client: Vingès Terminalas
Location: Highway A3, Vilnius, Lithuania
GLA: 21 929 m²

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.



BSP Park - Vilnius East | Logistics

Client: Girteka Logistics
Location: Highway A3, Vilnius, Lithuania
GLA: 17 149 m²

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 m² with 11 458 m² storage, 2 014 m² frozen storage, 3 348 m² cold storage and 1 134 m² office.



BSP Park - Vilnius West | Logistics

Client: Delamode Baltics
Location: Highway A1, Vilnius, Lithuania
GLA: 13 205 m²

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 m²) was completed in September 2022.



BSP Park - Vilnius A1 | Logistics

Client: Oribalt
Location: Highway A1, Vilnius, Lithuania
GLA: 9 625 m²

The property was finalised in August 2020 and is currently leased by Oribalt. An expansion area of apx. 2 800 m² 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

Clients: Multiple (27)
Location: Klaipėda, Lithuania
GLA: 23 990 m²

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



BSP Retail I & II | Commercial

Main clients:

Maxima/Multi-tenant

Location:

Lithuania

GLA:

4 358 m²



BSP Park Šiauliai FEZ & BSP Park Telšiai | Logistics

Client: DPD
Location: BSP Park Šiauliai FEZ & BSP Park Telšiai
GLA: 4 141 m²

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 18th of November.



Grandus Shopping Center | Commercial

Clients: Multiple
Location: Klaipėda, Lithuania
GLA: 11 437 m²

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.



Development projects | In progress

BSP Park – Vilnius A4

Client:	Rhenus Logistics
Type:	Expansion project
Location:	Metelių str. 12, Vilnius
GLA:	17 255 m ²
Handover (est.):	2026



Liepų Parkas

Clients:	ESO (Ignitis Grupe)
Type:	Retail/business park
Location:	Liepų str. 80, Klaipėda
Size:	3.6 hectare
Handover (est.):	Q4 2024/Q1 2025



On the 4th of March 2024, we announced that we had entered into a new development and lease agreement with ESO, a subsidiary of the public listed energy company Ignitis Group.

Read more on balticsea.no.

Available land | For development

Project: BSP Park – Vilnius A1
Type: Land plot for development
Location: Maišinės vil. 1C, LT-21401 Trakai region
Size: 6.9 hectare
Zoning: Commercial

6.9 hectare strategically located by the A1 Highway to Vilnius, next to our Oribalt terminal.



Small frame | Concept visualisation

Available land | For development

Project: Klaipėda Business Park – Stage 4
Type: Land plot for development
Location: Pramones str. 8A, Klaipėda
Size: 2.2 hectare
Zoning: Commercial

2.2 hectare development land adjacent to our existing business park in Klaipėda, within the Free Economic Zone. The expansion of the business park can be up to 16,000 m² GLA.



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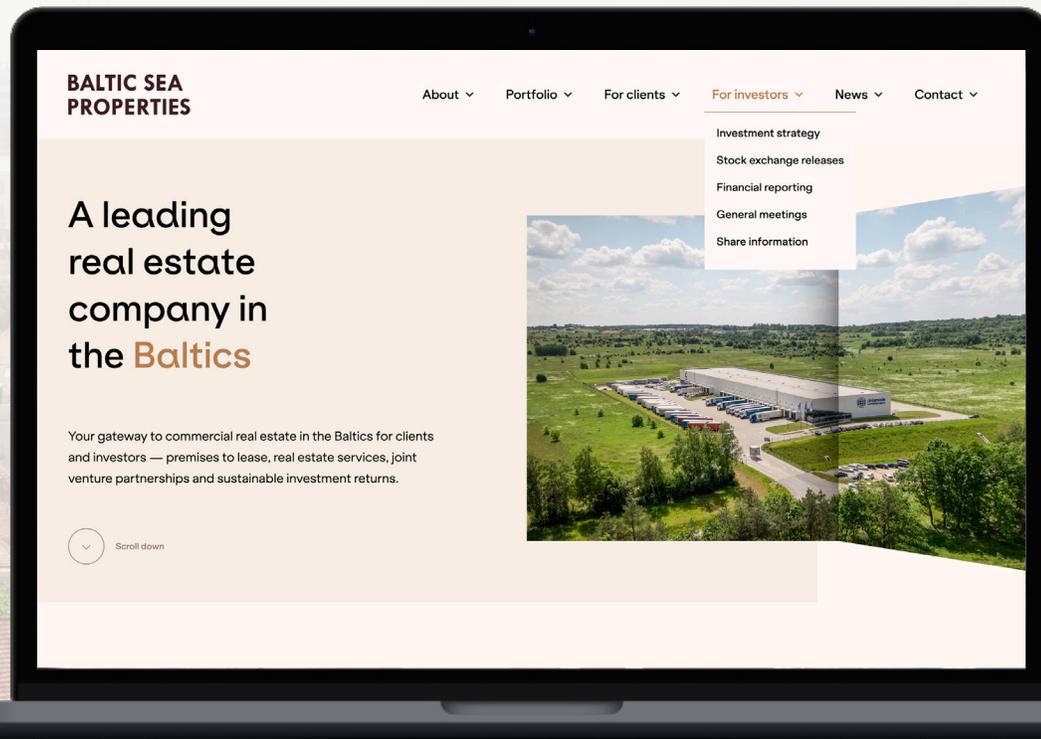
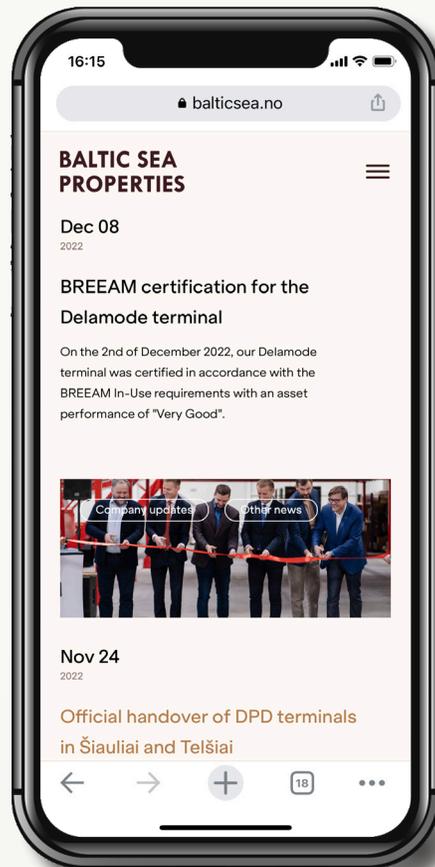
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Euronext Growth Oslo

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 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

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.



Appendix 1

Reconciliation of APM's*

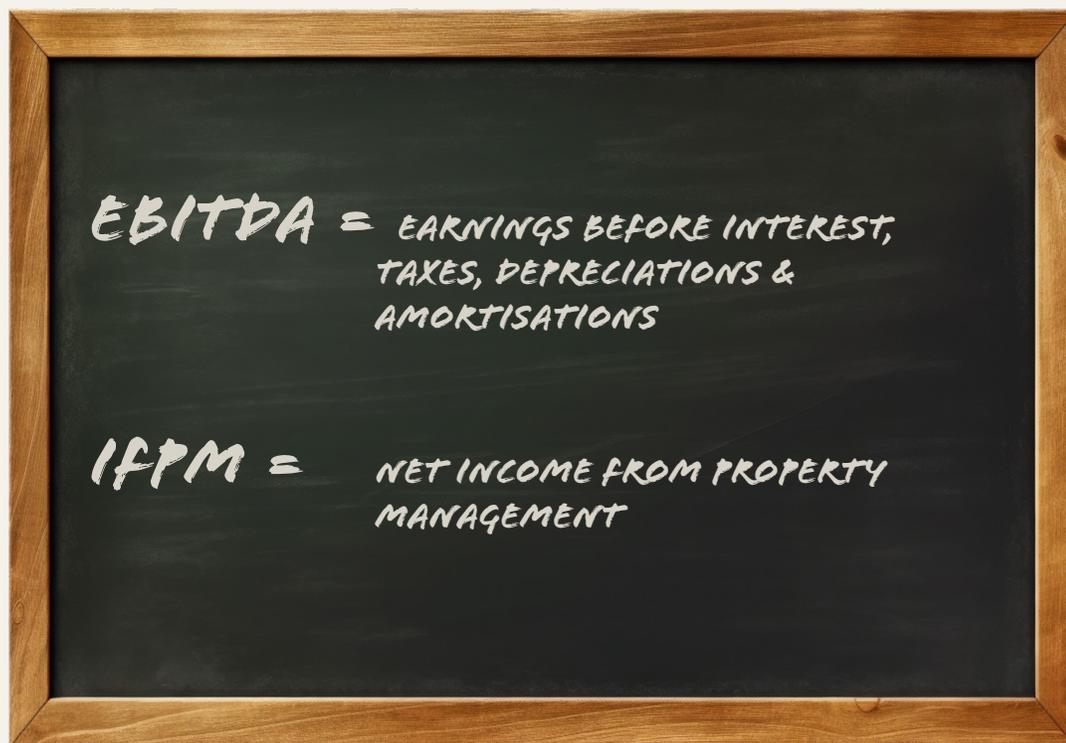
* Alternative Performance Measures

- IFPM & EBITDA
- Loan-to-Value ratio (LTV)
- Net Asset Value (NAV)
- Interest Coverage Ratio (ICR)



IFPM & EBITDA

Reconciliation



Reconciliation with IFRS figures				
(TNOK)	31/03/2024	31/12/2023	Page	Source
Rental income	NOK 23 577	NOK 91 286		Consolidated Profit/Loss Statement
Other income	NOK 169	NOK 754		Consolidated Profit/Loss Statement
Payroll and related costs	-NOK 3 443	-NOK 15 487		Consolidated Profit/Loss Statement
Other operating expenses	-NOK 2 830	-NOK 9 639		Consolidated Profit/Loss Statement
EBITDA	NOK 17 474	NOK 66 914	11, 13	
Financial income	NOK 78	NOK 311		Consolidated Profit/Loss Statement
Financial expenses	-NOK 10 918	-NOK 33 892		Consolidated Profit/Loss Statement
IFPM	NOK 6 634	NOK 33 334	9, 11	

Loan-to-Value ratio (LTV)

Reconciliation

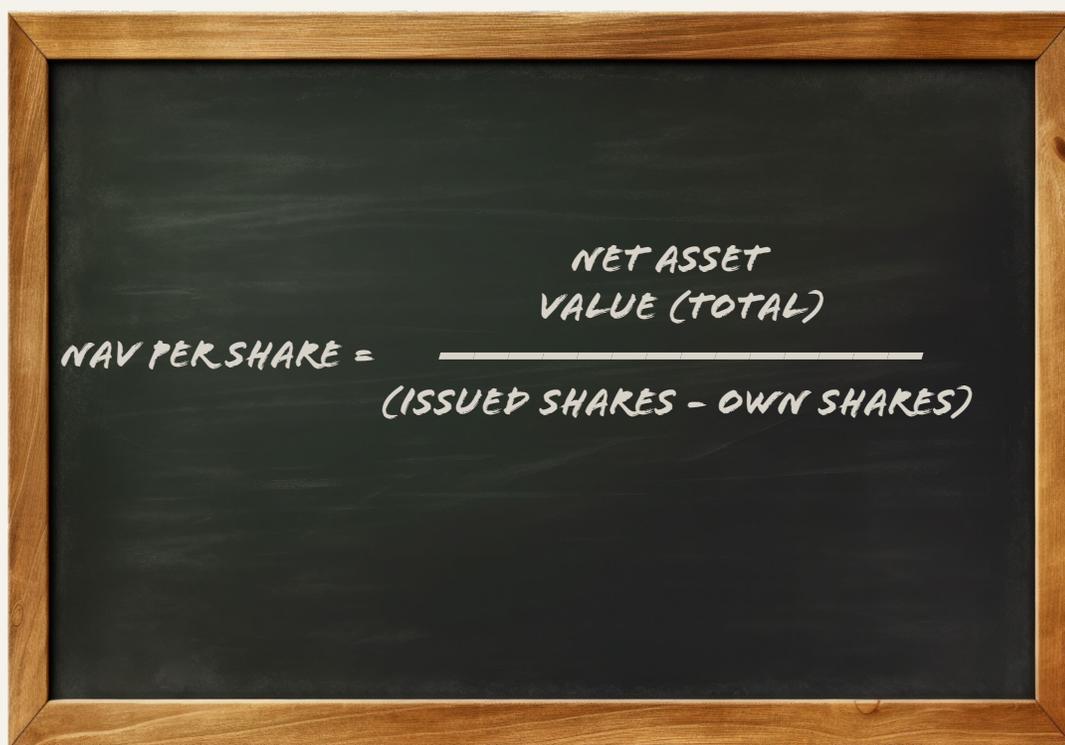
$$LTV = \frac{\text{NET NOMINAL INTEREST-BEARING DEBT}}{\text{FAIR VALUE OF INVESTMENT PROPERTY}}$$

$$NET LTV = \frac{\text{NET NOMINAL INTEREST-BEARING DEBT}}{\text{FAIR VALUE OF INVESTMENT PROPERTY + CASH}}$$

Reconciliation with IFRS figures				
(TNOK)	31/03/2024	31/12/2023	Page	Source
Interest-bearing liabilities (non-current)	640 268	616 955		Consolidated statement of financial position
Interest-bearing liabilities (current)	33 193	37 460		Consolidated statement of financial position
+ IFRS adjustments (periodisation & amortisation)	(748)	923		Internal calculation
Net nominal interest-bearing debt	672 713	655 338		
Investment property	1 199 913	1 150 216		Consolidated statement of financial position
- Right-of-use assets	(29 596)	(28 876)		Internal calculation/ Note 4 of annual report
Fair value of investment property	1 170 317	1 121 340		
Cash	41 399	40 888		Consolidated statement of financial position
Fair value of investment property + Cash	1 211 715	1 162 227		
LTV	57.48%	58.44%	9, 12, 15	
Net LTV	55.52%	56.39%	9, 12, 15	

Net Asset Value (NAV)

Reconciliation



Reconciliation with IFRS figures				
	31/03/2024	31/12/2023	Page	Source
Total equity (TNOK)	476 520	450 061		Consolidated statement of financial position
+ Deferred tax liabilities (TNOK)	52 371	48 518		Consolidated statement of financial position
- Deferred tax according to BSP original NAV definition (TNOK)	(41 488)	(38 109)	15	(See description on cited page)
Net Asset Value (TNOK)	487 402	460 470		
Number of issued shares (excl. own shares)	6 679 622	6 679 622		VPS
NAV per share	72.99	68.95	9, 11, 15	

Interest Coverage Ratio (ICR)

Reconciliation

$$ICR^* = \frac{EBITDA}{NET INTEREST EXPENSES}$$

* INTEREST COVERAGE RATIO

Reconciliation with IFRS figures				
(TNOK)	31/03/2024	31/12/2023	Page	Source
EBITDA (Group)	17 474	66 918	46	Own calculations
Interest income	-78	-311		
Interest expenses (incl. hedge effect)	10 298	32 260		
Other adjustments	0	0		
Net interest expenses	10 221	31 949		
ICR (Group)	1.71	2.09	10, 11	



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