PROSPECTUS

Baltic Sea Properties AS

(a private limited liability company organised under the laws of the Kingdom of Norway)
Business registration number: 988 691 771

Rights Issue raising between minimum NOK 24 million and maximum NOK 48 million in gross proceeds
Offer Price per Offer Share of NOK 30
Subscription Period from 9 of January 2019 to 23 of January 2019

Baltic Sea Properties AS (the "**Company**" or "**BSP**", together with its subsidiaries the "**Group**"), a company admitted to trading on Merkur Market, a multilateral trading facility operated by the Oslo Stock Exchange, is offering minimum 800,000 and maximum 1,600,000 new shares in the Company, each with a nominal value of NOK 0.10, at a subscription price of NOK 30 per share (the "**Offer Shares**"), in a rights issue (the "**Rights Issue**") directed towards the Company's existing shareholders as of 7 January 2019, as registered in the Norwegian Central Securities Depository (the "**VPS**") on 9 January 2019 (the "**Record Date**") ("**Existing Shareholders**"), raising gross proceeds of up to NOK 48 million. Completion of the Rights Issue and issuance of the Offer Shares is conditioned upon a minimum aggregate subscription of Offer Shares equalling an amount of NOK 24 million.

Each Existing Shareholder will be granted 0.31572 subscription rights (the "**Subscription Rights**") for every share in the Company (the Company's shares hereinafter referred to as the "**Shares**") registered as held as of the Record Date. The subscription period for the Offer Shares commences at 09:00 (CET) on 9 January 2019 and ends at 16:30 (CET) on 23 January 2019 (the "**Subscription Period**"). Oversubscription by holders of Subscription Rights is allowed. Subscription of Offer Shares in the Rights Issue without Subscription Rights is not allowed.

The Subscription Rights will not be admitted to trading or be tradable on Merkur Market. Subscription Rights that are not used to subscribe for Offer Shares before the end of the Subscription Period will lapse without compensation and be of no value to the holder.

The Company is not taking any action to permit a public offering of the Offer Shares in any jurisdiction other than Norway. The Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers of the Offer Shares pursuant to exercise of Subscription Rights may be lawfully made.

Investing in the Company's shares, including the Offer Shares, involves certain risks. See Section 7 "Risk Factors".

* * *

This Prospectus is a national prospectus and is registered in the Norwegian Register of Business Enterprises in accordance with section 7-10 of the Norwegian Securities Act. Neither the Financial Supervisory Authority of Norway nor any other public authority has performed a review, control or made any approval of the Prospectus. This Prospectus is not an EEA prospectus as defined in section 7-7 of the Norwegian Securities Act.

8 January 2019

IMPORTANT INFORMATION

This prospectus dated 8 January 2019 (the "**Prospectus**") has been prepared by the Company in connection with the Rights Issue. The Prospectus has been prepared to comply with Section 7-2 of the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related legislation and regulations. The Prospectus has been prepared in the English language only. The Prospectus has not been approved by the Financial Supervisory Authority of Norway or any other public authority, but has been registered with the Norwegian Register of Business Enterprises for reasons of public verifiability, pursuant to Section 7-10 of the Norwegian Securities Trading Act. The Prospectus is not subject to, and has not been prepared to comply with the EU Prospectus Directive (Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003) and related legislation.

Prospective investors are expressly advised that an investment in the Offer Shares entails high degree of financial and legal risks and that they should therefore read this Prospectus in its entirety, including but not limited to Section 7 "Risk Factors", when considering an investment in the Offer Shares. The contents of this Prospectus are not to be construed as legal, financial or tax advice. Each reader should consult his, her or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

None of the Company or any of their respective representatives or advisers is making any representation to any offeree, applicant or subscriber of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, applicant or subscriber under the laws applicable to such offeree, applicant or subscriber.

Prospective investors should assume that the information appearing in the Prospectus is accurate only as at the date on the front cover of the Prospectus, regardless of the time of delivery of the Prospectus or the Offer Shares. The business, financial condition, results of operations and prospects of the Company could have changed materially since that date. The Company expressly disclaims any duty to update this Prospectus except as required by applicable law. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances imply that there has been no change in the Company's affairs or that the information set forth in this Prospectus is correct as at any date subsequent to the date hereof.

All inquiries relating to this Prospectus must be directed to the Company. No other person is authorised to give information, or to make any representation, in connection with the Rights Issue or this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or their advisors.

No action has been, or will be, taken in any jurisdiction other than Norway by the Company that would permit an offering of the Offer Shares, or the possession or distribution of any documents relating thereto, or any amendment or supplement thereto, in any country or jurisdiction where specific action for such purpose is required. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute, an offer to sell or issue, or a solicitation of an offer to buy or apply for, any securities in any jurisdiction in any circumstances in which such offer or solicitation is not lawful or authorised. Persons into whose possession this Prospectus may come are required by the Company to inform themselves about and to observe such restrictions. The Company shall not be responsible or liable for any violation of such restrictions by prospective investors.

The securities described herein have not been and will not be registered under the US Securities Act of 1933 as amended (the "US Securities Act"), or with any securities authority of any state of the United States. Accordingly, the securities described herein may not be offered, pledged, sold, resold, granted, delivered, allotted, taken up, or otherwise transferred, as applicable, in the United States, except in transactions that are exempt from, or in transactions not subject to, registration under the US Securities Act and in compliance with any applicable state securities laws.

The Prospectus is subject to Norwegian Law. Any dispute arising in respect of or in connection with this Prospectus is subject to the exclusive jurisdiction of the Norwegian courts with Oslo District Court as legal venue in the first instance.

TABLE OF CONTENT

1. STATEMENTS

1.1 Responsibility of the Prospectus

This Prospectus has been prepared by the Company.

To the best knowledge of the Company, the information contained in this Prospectus is presented in accordance with the facts and contain no omissions likely to affect its import.

1.2 Third-party information

In certain Sections of this Prospectus information sourced from third parties has been reproduced. To the best knowledge of the Company, such third-party information has been accurately reproduced. As far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

1.3 Forward-looking information

This Prospectus contains forward-looking statements relating to, among other things, the business, strategy, the potential benefits of the Company's future operations, future progress and timing of development activities, future size and characteristics of the markets that could be addressed by the Company's expectations related to the use of proceeds from the Rights Issue, future financial performance and results, projected costs, prospects, plans and objectives of the Company and/or the industry in which it operates.

Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes", "expects", "intends", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this Prospectus, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development.

None of the Company or the Manager or any of their parent or subsidiary undertakings or any such person’s officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Prospectus or the actual occurrence of the forecasted developments. The Company assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to our actual results.

2. DESCRIPTION OF THE RIGHTS ISSUE

2.1 Background for and overview of the Rights Issue

On 7 January 2019, the Company's board of directors resolved to raise equity of between minimum NOK 24 million and up to maximum NOK 48 million through a rights issue in the Company by issuance of between minimum 800,000 and up to maximum 1,600,000 new shares in the Company (the Offer Shares) offered to Existing Shareholders in the Company as of the Record Date.

The net proceeds raised in the Rights Issue will be used to upgrade the Group's current property portfolio to secure existing cash flows, to invest in new project to secure new cash flows, as well as to strengthen the Company's equity for general corporate purpose.

The Rights Issue is directed towards the Company's Existing Shareholders as of 7 January 2019, as registered in the VPS as of 9 January 2019 (the Record Date).

The Offer Shares will be issued by the Company's board of directors pursuant to a resolution by the Company's annual general meeting on 30 May 2018, which authorized the Company's board of directors to increase the Company's share capital by up to NOK 160,000 in connection with rights issues in the Company.

2.2 Time table

The timetable set out below provides key dates for the Rights Issue:

Event	Date
Start of Subscription Period	09:00 (CET) 9 January 2019
End of Subscription Period...	16:30 (CET) 23 January 2019
Allocation of Offer Shares	24 January 2019
Notification of allocation to the investors..	24 January 2019
Payment date for the Offer Shares	28 January 2019
Registration of share capital increase	On or about 11 February 2019
Delivery of the Offer Shares to the VPS...	On or about 11 February 2019

The above dates are indicative and may be subject to change.

2.3 Subscription Period

The Subscription Period for the Rights Issue commences on 9 January 2019 at 09:00 (CET) and expires on 23 January 2019 at 16:30 (CET).

The Subscription Period may be extended at the discretion of the board of directors.

2.4 Offer Price per Offer Share

The Subscription Price per Offer Share is NOK 30.

2.5 Subscription Rights

Each Existing Shareholder will be granted 0.31572 Subscription Right for every Share registered as held in the Company as at the Record Date. One Subscription Right, subject to applicable securities law, gives the holder a preferential right to subscribe for and be allocated one Offer Share in the Company in the Rights Issue.

Oversubscription is allowed.

The Subscription Rights will not be admitted to trading or be tradable on Merkur Market or any other regulated market during the Subscription Period.

The Subscription Rights may be used to subscribe for Offer Shares in the Rights Issue before the expiry of the Subscription Period on 23 January 2019 at 16:30 (CET).

Subscription Rights that are not used to subscribe for Offer Shares in the Rights Issue before the expiry of the Subscription Period on 23 January 2019 at 16:30 (CET) will lapse without compensation and consequently be of no value.

2.6 Minimum subscription amount

Completion of the Rights Issue and issuance of the Offer Shares is conditioned upon a minimum aggregate subscription of 800,000 Offer Shares giving gross proceeds of NOK 24 million.

2.7 Subscription procedure

Subscription for Offer Shares shall be made by correctly completing and signing the subscription form included as Appendix 1 to the Prospectus (the "**Subscription Form**"), which must be delivered to the Company within the Subscription Period at the following address:

Baltic Sea Properties AS
post@balticsea.no
c/o Hagen, Berger & Aas AS
P.O. Box 2076 Vika
0125 Oslo
Norway

The subscriber is responsible for the correctness of the information contained in the Subscription Form. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrectly completed Subscription Forms may be disregarded at the sole discretion of the Company. The Company may not be held responsible for unavailable fax lines, unavailable internet lines or servers or other logistical or technical problems that may result in applications not being received in time or at all.

There is no minimum amount of Offer Shares for which applications by each of the Existing Shareholders in the Rights Issue must be made.

2.8 Allocation

Allocation of the Offer Shares is expected to take place on or about 24 January 2019. Information of allocation and payment instructions will be sent to the applicant on or about 24 January 2019 by way of a notification to be issued by the Company.

The Subscription Rights provides preferential rights to subscribe for the Offer Shares and, subject to timely subscription, all subscribers subscribing on the basis of Subscription Rights will be granted 1 Offer Share for each 1 Subscription Right held.

If not all Subscription Rights are exercised, subscribers having exercised their Subscription Rights and who have oversubscribed will be allocated Offer Shares proportionally based on the number of Subscription Rights such subscriber has exercised in accordance with section 10-4 of the Norwegian Limited Liability Companies Act.

No fractional Offer Shares will be allocated and Subscription Rights for less than a whole new Offer Share will not be guaranteed allocation. If the pro rata allocation described above results in fractional Offer Shares, the Board of Directors will make necessary rounding adjustments at its own discretion.

2.9 Payment for the Offer Shares

Payment for the Offer Shares allocated to an applicant falls due on 28 January 2019. Further settlement details will be sent out in the notification of allocation, scheduled to be distributed on or about 24 of January 2019.

The Company reserves the right to use proceeds from the Rights Issue before the appurtenant share capital increase has been registered with the Norwegian Register of Business Enterprises and the Offer Shares have been issued in the VPS.

2.10 VPS registration

The Company`s Shares are registered in book-entry form with the VPS under ISIN NO 0010810476. The Company`s registrar is Nordea Bank Norge ASA, with address Essendrops gate 7, 0368 Oslo, Norway.

In order to subscribe for and receive Offer Shares, the applicant must have a VPS account (an account with the VPS). VPS accounts can be established with authorized VPS registrars, which can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA.

Establishment of VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation.

2.11 Delivery of the Offer Shares

The Offer Shares will be delivered to the applicant`s VPS account on or about the same date as the registration of the capital increase with the Norwegian Registry of Business Enterprises, which is expected to be, subject to timely payment, on or about 11 February 2019.

2.12 Share capital following the Rights Issue

Subject to the Rights Issue being fully subscribed, the Company's share capital will increase from NOK 508,823.20 to NOK 668,823.20, divided on 6,688,232 shares, each with a par value of NOK 0.10.

2.13 Expenses and net proceeds

Subject to the Rights Issue being fully subscribed, total expenses are estimated to NOK 350,000.

2.14 Dilution

Subject to the Rights Issue being fully subscribed, the Rights Issue will result in an immediate dilution of approximately 23.9% for existing shareholders in the Company who do not participate in the Rights Issue.

2.15 Shareholders' rights attached to the Offer Shares

The Offer Shares will be ordinary Shares in the Company, each having a par value of NOK 0.10. The rights attached to the Offer Shares will be the same as those attached to the Company`s existing Shares and will rank pari passu with existing Shares in all respects from such time as the share capital increase in connection with the Rights Issue is registered with the Norwegian Register of Business Enterprises.

On 7 January 2019, the Company´s board of directors resolved to issue dividend of NOK 1 per Share pursuant to an authorization granted by the Company´s annual general meeting on 30 May 2018. Subscribers in the Rights Issue being allocated Offer Shares will have a right to dividend pursuant to such resolution. The dividend distribution is conditioned upon the minimum subscription of NOK 24 million in the Rights Issue.

Other than the above, the Offer Shares will give shareholders` rights as of the date of the share capital increase is registered in the Norwegian Register of Business Enterprises.

2.16 Selling and transfer restrictions

Following completion of the registration of the Offer Shares in the VPS, there are no general selling or transfer restrictions related to the Offer Shares.

However, no action has or will be taken in any jurisdiction (other than Norway) that would permit the possession or distribution of any documents relating to the Offer Shares or the Rights Issue, or, to permit a public offer of the Company`s Shares where specific action for that purpose is required. The Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers of the Offer Shares pursuant to exercise of Subscription Rights may be lawfully made.

3. PRESENTATION OF THE COMPANY AND ITS BUSINESS

3.1 Corporate information

3.1.1 General

Baltic Sea Properties AS is registered in the Company Register with company code 988 691 771. The business address of the Company is Rosenkrantz' gate 20, 0160 Oslo (Norway) with phone number +47 930 94 319.

The legal name of the Company is Baltic Sea Properties AS ("**BSP**"). The Company was established on 9 September 2005 and registered in the Norwegian Register of Business Enterprises on 14 October 2005. The Company is a limited liability company incorporated in accordance with the Norwegian Limited Liability Companies Act.

3.1.2 Purpose and business

Baltic Sea Properties AS is a Norwegian real estate company focusing on commercial real estate in the Baltics. The Company's objective, by article of associations - is to invest in, develop, let and operate, as well as to divest properties in Europe, either directly or indirectly through other companies, and all that is connected with this, see section 3 of the Company's articles of association, included as Appendix 1 to the Prospectus. The Company's management of the portfolio is through six solely-owned subsidiaries including a 10 Ha land plot which was purchased at the end of 2018. All current subsidiaries are registered in Lithuania. In addition to the land plot, five subsidiaries own commercial real estate within logistics, industrial and retail segment.

The Group's operations are located in Lithuania and thus subject to Lithuanian law.

3.2 The business

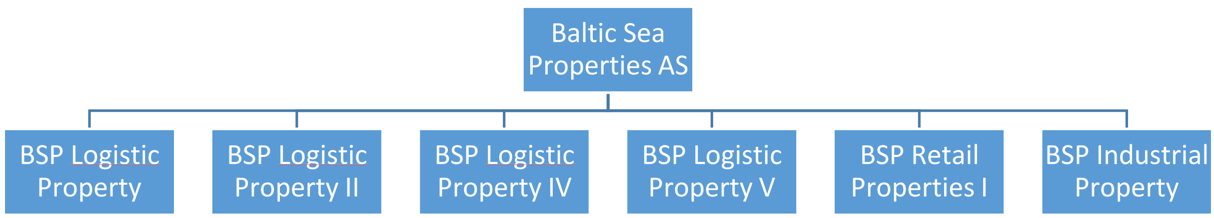
3.2.1 Background

The Company was originally a real estate syndicate facilitated by the Verdispar group in 2005. In 2006, the Group acquired two logistics terminals, one industrial building, and a portfolio of 23 grocery stores in Lithuania. In 2017 the Company completed another logistics terminal which is let to the German logistics company Rhenus. BSP's own team attended to the project management and coordination of the construction process.

Historically, the administration of the Company has been conducted by a management company, and since its establishment in 2005, the Company has been managed by three different companies: Verdispar Management AS (2005-2010), Newsec Asset Management Baltics AS (2010-2014) and Hagen, Berger & Aas AS (2014 –2017). During fall of 2017, Lars Christian Berger was hired as the Company's CEO, while Hagen, Berger & Aas AS still assists with financial management and accounting, cf. section 4.3.2 «Business management agreement with Hagen, Berger & Aas AS».

3.2.2 Organizational Chart

Baltic Sea Properties is organized as a holding company with five solely-owned subsidiaries which all are located in Lithuania.



The holding company also has ownership stakes in one other real estate company, cf. the table below.

Subsidiaries and affiliated companies – Country of registration and ownership stake

Company	Country of reg.	Ownership stake
UAB BSP Retail Properties I	Lithuania	100 %
UAB BSP Logistic Property	Lithuania	100 %
UAB BSP Logistic Property II	Lithuania	100 %
UAB BSP Logistic Property IV	Lithuania	100 %
UAB BSP Industrial Property	Lithuania	100 %
UAB BSP Logistic Property V (currently land plot)	Lithuania	100 %
Emerging Europe Commercial Properties AS	Norway	3.8 %

3.2.3 **Staff**

The Company had 4 employees as per the Prospectus date.

3.2.4 **Properties and tenants**

All lease agreements in the Company are CPI[1]-adjusted (cap 3.5%) except for the prolonged shops with Norfa as a tenant.

3.2.4.1 BSP Logistic Property UAB

Tenant: Girteka

BSP Logistic Property is registered with company code 3005 13479 in Lithuania and owns 100 % of a logistics terminal outside of Vilnius. The building has 17.149 square meters leasable area which is let to Girtekas Logistika UAB (company code 1264 10751), a part of Girteka Logistics Group, a family-owned logistics company with over 8.300 employees, 3.300 trucks and 3.500 trailers and operations across Europe, Scandinavia and Russia. The lease agreement with Girtekos Logistika UAB expires in 2025.

The company is currently in dialogue with the tenant regarding a maintenance program for the property.

3.2.4.2 BSP Logistic Property II UAB

Tenant: Vinges Terminalas

BSP Logistic Property II is registered with company code 3005 66994 in Lithuania and owns 100 % of a logistics terminal outside of Vilnius. The building has 21.929 square meter leasable area which is let to Vingės Terminalas UAB (company code 1227 70150). Vinges Terminalas UAB is a logistics company operating within exports, transit of goods, orders, and shipments. The tenant has a wide range of clients from across Europe and Russia on long-term contracts. In 2010, during the aftermath of the Financial Crisis, the lease price was renegotiated to a lower level, with the price difference being converted to debt. During the summer of 2017, BSP once again reduced the lease price with apx. 5 % annually until 2020. It was simultaneously established a payment plan for the debt until 2020. On 31.12.2018, BSP acquired a 10 Ha land plot situated just outside Vilnius on the road to Kaunas were Vinge was part owner. Hence, the accumulated debt was set offed in the transaction. Further, the debt is solely covered by the tenant.

The lease agreement with Vingės Terminalas UAB expires in 2032.

The company is currently in dialogue with the tenant regarding potential upgrades to the property.

3.2.4.3 BSP Retail Properties I UAB

Tenant: Norfa

BSP Retail Properties I UAB is registered with company code 3005 66962 in Lithuania and owns 100 % of 23 retail stores across Lithuania. The properties have a total of 43.489 square meter leasable area which is let to Norfos

[1] CPI = Consumer Price Index

Mažmena UAB («Norfa» / company code 1107 78328). Norfos Mažmena UB is part of the Norfa chain, which is Lithuania's third biggest supermarket chain with a total turnover of EUR 458 million (2017, after VAT) and 3.300 employees.

The current lease agreement with Norfos Mažmena UAB expires in February 2019, and the existing tenant does not intend to prolong the lease agreement for all 23 stores. Existing tenant have agreed on prolongation for 15 stores, with 7 of these shops maturing in 2027 and 7 shops maturing in 2025. The anchor tenancy on a 7000 m2 shopping center in Utena is prolonged to 2023. Moreover, existing tenant have a right to buy and entered into a preliminary purchase agreement for three additional shops which are considered sold by the company.

The company have prolonged 2 other shops to alternative players; One to an electronics provider and to a farmer's market. Lease term of the latter is approximately 7 years. The prolongation of the 3 remaining stores are still unresolved with only a few months left until maturity date. The administration is engaged in negotiations to resolve the matter and are confident to find a solution for tenancy in time for most of the remaining shops.

The current level of the rental income from the Norfa portfolio is approximately 45 – 50 % higher than the current market price. Hence, the Company expects a corresponding decrease in its revenue from <u>this</u> portfolio after the current lease agreement expires in February 2019.

Based on this expectation of reduced rental income from 2019, the company has made financial impairments since 2014 with a total size of approximately EUR 20 million (pr. Q3 18) in order to account for the expiration of the current lease agreement with Norfos Mažmena UAB.

Budgeted rental income from the Norfa portfolio in 2019 is MEUR 2,2. The company is currently in negotiations concerning two new stores, which will potentially strengthen the portfolio and partially compensate for some of the loss of rental income.

Furthermore, the company has agreed with a new bank on refinancing for the Norfa portfolio.

3.2.4.4 BSP Industrial Property UAB

Tenant: AQ Wiring systems

BSP Industrial Property UAB is registered with company code 3006 06321 in Lithuania and owns 100 % of an industrial building in Panevezys. The property has a total of 10.410 sqm leasable area which is let to AQ Wiring Systems UAB (company code 1484 27212). AQ Wiring Systems UAB is part of the AQ Wiring AB of Sweden, a global producer of components to, and systems for, industrial clients, producing wiring systems and injection moulding among other products. The lease agreement with AQ Wiring Systems UAB expires in 2022.

The company has initiated negotiations with the tenant about prolongation of the current contract, as well as a potential expansion project for the property.

3.2.4.5 BSP Logistic Property IV UAB

Tenant: Rhenus

BSP Logistic Property IV UAB is registered with company code 3033 01652 in Lithuania and owns 100 % of a logistics terminal in Vilnius. The property has a total of 13.492 sqm leasable area which is let to Rhenus Svoris UAB (company code 1201 45513). Rhenus Svoris is part of the Rhenus Logistics group, a logistics company with 610 offices, 29.000 employees and EUR 4,8 billion in revenue. Rhenus Svoris covers the Rhenus group's operations in the Baltics and Belarus, and are located in Vilnius, Kaunas, Riga, Tallin and Minsk. The Company's lease agreement with Rhenus Svoris expires in 2032.

The company is currently in dialogue with the tenant regarding a potential expansion project for the property.
The current loan financing of the portfolio is currently subject to refinancing together with the Norfa portfolio.

3.2.4.6 BSP Logistic Property V UAB

Tenant: N/A

BSP Logistic Property V UAB is a newly established SPV which owns a 10-hectare land plot situated just outside Vilnius on the main road to Kaunas. The Company believes its location makes it a very attractive land for logistics and industrial players taking advantage of the connection between the two major cities of Lithuania and its close proximity to the ring road of Vilnius.

3.2.4.7 New projects

Baltic Sea Properties AS have been involved in tenders for developing new premises for several International logistic- and industrial players during the end of 2018. Now, BSP has won 2 of these tenders, expecting to sign lease agreements before the end of first quarter of 2019. Lastly, BSP is currently negotiating a third project for development in which is expected to be closed with similar time frame as the two other projects.

"Project 1" – Vilnius:

Mid-December 2018 the company won the tender for the development of a 6,500 sqm logistics terminal for one of the Baltics' largest transporters of pharmaceuticals, with scheduled delivery by the summer of 2020. The company will under the discussed agreement also have the option for an expansion project of additional 5,000 sqm.

Terms have been agreed for a 12-year unbreakable bare-house agreement with parent company guarantee, and the parties are currently negotiating lease terms. Bank financing for the project is being negotiated in tandem with this process.

The company expects negotiations to be concluded within the first quarter of 2019.

"Project 2" – Vilnius:

The company recently signed a letter of intent (LOI) with a British logistics group for the development of a 5,000 sqm logistics terminal tailored for online retail, with scheduled delivery by the end of second quarter 2020. The company will under the discussed agreement also have the option for an expansion project of additional 5,000 sqm.

Terms have been agreed for a 12,5-year unbreakable bare-house agreement with parent company guarantee, and the parties are currently negotiating lease terms. Bank financing for the project is being negotiated in tandem with this process.

The company expects negotiations to be concluded within the first quarter of 2019.

"Project 3" – Alytus:

The company recently signed a letter of intent (LOI) with a British furniture producer for the development of 10,500 sqm production facility, with scheduled delivery by July 2020.

Terms have been agreed for a 15-year unbreakable bare-house agreement with parent company guarantee, and the parties are currently negotiating lease terms. Bank financing for the project is being negotiated in tandem with this process.

The company expects negotiations to be concluded within the first quarter of 2019.

3.2.4.8 Overview of tenants and premises

Company	Segment	Tenant	Budget rent 2019	% income	GLA (sqm)	% GLA	WAULT (yrs)	Maturity
BSP LP	Logistics	Girteka	923 779	16,2 %	17 954	18,0 %	0,82	2025
BSP LP II	Logistics	Vinge	1 065 403	18,7 %	21 929	21,9 %	1,49	2032
BSP IP	Industrial	AQ Wiring	788 858	13,9 %	10 410	10,4 %	0,30	2022
BSP RP I	Retail	Norfa	2 144 143	37,7 %	36 219	36,2 %	3,30	2019-2027
BSP LP IV	Logistics	Rhenus Svoris	767 376	13,5 %	13 492	13,5 %	1,31	2032
Totalt			**5 689 560**	**100 %**	**100 004**	**100 %**	**7,21**	

3.2.5 Ownership in Emerging Europe Commercial Properties AS

The Company also holds 46,250 shares in Emerging Europe Commercial Properties AS ("**EECP**").

EECP is a Norwegian real estate company focused on Baltic real estate. The company owns a portfolio consisting of 10 local shopping malls/supermarkets let to the retail chain Maxima, considered one of the best tenants in the whole Baltic region.

BSP considers its stake in EECP as a good long-term investment.

3.2.6 Dividend policy

The Company aims to operate in a way that generates good and stable returns on the Company's total equity. The Company will, through its shareholder policy, contribute to making the Shares an attractive and liquid financial instrument which gives the Shareholders competitive return through dividends and appreciation in share prices.

The Company has defined an annual dividend target of NOK 2.5 per share, but the actual allocation to dividends must also take into consideration the developments in the Company's financial results, market conditions, new projects, investment needs, and equity requirements.

The table below shows total dividend allocation for the last three financial years (2015 – 2017), which were distributed to the shareholders subsequent to the succeeding Annual General Meetings.

Distribution of dividends in the period 2016-2018

Year of dividend distribution	2018 *	2017	2016
Dividend (thousands, NOK)	Up to 6,688	6,360	12,721
Dividend per share (NOK)	1.00	1.25	2.50

**As of the date of the Prospectus, the Board has resolved to distribute NOK 1.00 per Share following completion of the Rights Issue, however, conditioned upon minimum subscriptions of Offer Shares amounting to NOK 24 million in the Rights Issue.*

4. BOARD OF DIRECTORS AND MANAGEMENT

4.1 General information

The Company is a limited liability company incorporated in accordance with the Norwegian Limited Liability Companies Act. The Company's highest authority is the General Meeting. All Shareholders of the Company have the right to participate or be represented by proxy at the General Meetings, to vote and propose decisions on topics to be included in the agenda for the meetings. The Company's articles of association stipulate that the Company may use electronic communication to summon General Meetings in accordance with the provisions set out in section 5-11a of the Norwegian Limited Liability Companies Act.

According to Norwegian law, the Board is responsible for, among other, monitoring of the running management of the Company to secure proper administration of its operations. The Company's CEO is Lars Christian Berger. The Company also has a business management agreement with Hagen, Berger & Aas AS.

4.2 The Board

4.2.1 Board Members

The Company's articles of association specify that the Board must consist of 3-5 members, elected by the General Meeting. As of the Prospectus Date, the Board consists of 5 members. All Board Members have their business address at Rosenkrantz' gate 20, 0160 Oslo.

As of the date of this Prospectus, the Board of Baltic Sea Properties AS consists of the following persons:

Name	Role	First elected	Elected until	Number of shares	% ownership stake
Sigurd Persson	Styrets leder	2018	2020	0	0%
John Afseth	Styremedlem	2010	2020	253,877	4.99 %
Bjørn Bjøro	Styremedlem	2018	2020	374,926	7.37 %
John David Mosvold	Styremedlem	2015	2020	35,361	0.69 %
James Clarke	Styremedlem	2017	2020	0	0%

Number of shares includes direct and indirect ownership.

None of the board members have agreed to limitations in their right to sell their shares in the Company.

The Board Members' backgrounds as of the date of the Prospectus are listed below:

Name	Born	Address	Background
Sigurd Persson	1968	Brendamyrvegen 8 5534 Haugesund Norway	Mr. Persson is chairman of the board, and brings with him leadership and board room experience from various companies including the real estate sector. Mr. Persson also holds the role as chairman of the boards of Baltic Commercial Properties AS and Emerging Europe Commercial Properties AS, both entities invested in Lithuanian real estate.
John Afseth	1954	Architectu Gatve 102-37, 04222 Vilnius, Lithuania	Dr. Afseth was chairman of the board from 2010 until May 2018 and has long experience as leader and board member from several companies admitted to trade on Merkur Market, Oslo Axess and Oslo Stock Exchange (i.e. Gentian Diagnostics AS, Aqua BioTechnology ASA, IGE

			Exploration AB and Simtronics ASA). Afseth is also a board member in Emerging Europe Commercial Properties AS, another Norwegian real estate company operating in Lithuania. Mr. Afseth has a Ph.D in microbiology and pharmacology from the Universitety of Oslo and is also a trained dentist (DDS).
Bjørn Bjøro	1948	Betzy Kjelsbergs v. 2B 0486 Oslo Norway	Mr. Bjøro was leader of Baltic Sea Properties' election committee until he was elected Board Member in May 2018. He has been a member of the financial committee of Centralkirken congregation for more than 25 years, which manages apx MNOK 125. Mr. Bjøro has also been a board member of Baltinor Property for several years, a company invested in industrial real estate in Lithuania. Mr. Bjøro is also board member in Eiendomskapital Buskerud AS, chairman of the board in Eiendomskapital Norge V AS and has been responsible for the project management for these properties.
John David Mosvold	1959	Holsteinveien 34 0860 Oslo Norway	Mr. Mosvold has been a board member since 2015 and brings with him extensive experience with projects related to real estate and shipping in both Norway and the Baltics. He has been active in the Baltics since the latter half of the 1990's and contributes to the board with both valuable business experience and local knowledge. Mr. Mosvold was educated at BI Norwegian Business School.
James Andrew Clarke	1977	Liepų g. 24-3 9211 Klaipėda Lithuania	Mr. Clarke has been a board member since October 2017. He is an Irish citizen but has lived in Lithuania since the beginning of the 2000's and has held leading roles in several local real estate companies (including Baltic Equity Group and Baltic Real-Estate Developments). Currently, he is the owner of a portfolio of logistics terminals, business parks, and shopping malls. Mr. Clarke was educated at the Baltic Institute of Corporate Governance, Baltic Management Institute and Waterford Institute of Technology.

All board members are considered to be independent from the Company's management and significant business relationships. Both Bjørn Bjøro and John Afseth represents large shareholders in the Company as of the date of this Prospectus.

The remaining board members are considered to be independent from the Company's largest Shareholders.

4.2.2 Options, warrants and other financial instruments owned by board members

No board member has options, warrants, subscription rights, or other financial instruments which gives them right to Shares in the Company.

4.2.3 Board Remuneration

The Annual General Meeting on the 30th of May 2018, set the board remuneration for the period until the next Annual General Meeting as follows:

- Chairman of the Board: NOK 300.000 p.a.
- Other Board Members: NOK 200.000 per member p.a.

4.2.4 Election committee

The Company has an election committee consisting of a leader and one other member. Both are elected for two years by the Annual General Meeting. According to the decision on the Annual General Meeting of 30th of May 2018, the current election committee is made up by John Arne Brennsund (chairman) and Arne Sunde, who are both invested through their private companies.

4.3 Management

4.3.1 CEO

The Company's management is made up by one permanent employee, CEO Lars Christian Berger:

Name	Born	Address	Background
Lars Christian Berger	1986	Hegermanns gate 12 A 0478 Oslo Norway	Lars Christian Berger has been the Company's CEO since November 2017 and has previously been the Company's asset manager since 2014. Mr. Berger is also co-owner of Hagen, Berger & Aas AS ("HBA") which has a business management agreement with Baltic Sea Properties. Mr. Berger was educated at Herriot-Watt University and BI Norwegian Business School.

The CEO has an indirect ownership stake in the Company of 0,2 % through Hagen, Berger & Aas AS.

4.3.2 Business management agreement with Hagen, Berger & Aas AS

Those parts of the Company's management that are not conducted by the CEO, is handled by Hagen, Berger & Aas AS through a business management agreement. The CEO holds an ownership stake in Hagen, Berger & Aas AS of 30 %.

4.4 Employees

The Company has as of the Prospectus Date four employees including the CEO, of which three are employed in Lithuania and one (CEO) in Norway.

4.5 Potential conflicts of interest and other information about the Board and Management's suitability

There are no familial relationships between the Board and Management's members and/or regulatory bodies.

The chairman of the Board, Mr. Sigurd Persson has an indirect ownership stake in, and is elected chairman in, Emerging Europe Commercial Properties AS ("EECP") where the Company also owns 3.8 % of the shares, and which owns 0.8 % of the shares in the BSP.

One board member, Mr. John Afseth, has an ownership stake in, and is elected board member in, Emerging Europe Commercial Properties AS ("**EECP**") where the Company also owns 3.8 % of the shares, and which owns 0.8 % of the shares in the BSP.

The CEO of the Company, Mr. Lars Christian Berger, is also co-owner in Hagen, Berger & Aas AS ("**HBA**") with a 30 % ownership stake. HBA is currently the asset manager of EECP where the Company owns 3.8 % of the shares, and which owns 0.8 % of the shares in the Company.

The Company has a management agreement with UAB EECP Retail Properties I, a subsidiary of EECP where the Company owns 3.8 % of the shares, and which owns 0.8 % of the shares in the Company.

The Company is aware that the above-mentioned may involve different positions of interest in certain matters, and both the Board and Management are careful in how they conduct their responsibilities around these parts of the Company's operations.

No member of the Company's Board or Management has been convicted for financial crime, been involved in bankruptcies, receiverships or liquidations as member of board or management, been involved in administrative prosecutions and sanctions, including sanctions from industry organizations, or been denied the right to act as leader of a company or similarly within the last five years.

5. FINANCIAL INFORMATION

5.1 General

The following tables present selected financial information from the Company's audited financial statements as of and for the year which ended on the 31 December 2017, as well as un-audited interim figures for the nine-months period ending on the 30 September 2018. The audited financial statements have been prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles for small enterprises (NGAAP).

Please refer to Appendix 3 for the Group's audited financial statement of 2017

5.2 Statement of income

GROUP PROFIT & LOSS (NOK)	**Unaudited 30.09.2018**	**Unaudited 30.09.2017**	**Audited 31.12.2017**	**Audited 31.12.2016**
Rental income	55 413 066	49 912 121	67 468 469	62 830 525
Other operating income	535 594	2 420 086	2 631 325	-
Operating income	**55 948 660**	**52 332 207**	**70 099 794**	**62 830 525**
Wages & social costs	3 276 531	1 663 495	2 424 553	1 966 236
Depreciations	17 688 229	16 494 782	22 557 856	21 167 391
Revaluation of depreciations	-	-	-3 622 964	-5 363 886
Impairments	16 254 368	-	45 459 715	-
Other operating expenses	3 999 729	4 007 666	7 068 634	18 077 937
Sum operating expenses	**41 218 857**	**22 165 943**	**73 887 794**	**35 847 678**
Profit/loss from operations	**14 729 803**	**30 166 264**	**-3 788 000**	**26 982 847**
Other interest income	396 930	65 600	164 189	80 683
Other financial income	1 583 763	1 309 954	3 310 166	1 419 493
Currency profit/loss	1 391 946	-205 197	-487 374	-
Other interest expenses	7 460 426	6 286 834	10 835 134	10 412 717
Impairments	-	-	-	-
Revaluation of depreciations	-	-	-	-
Other financial expenses	535 952	1 214 226	272 543	2 024 760
Net financial activities	**-4 623 739**	**-6 330 703**	**-8 120 696**	**-10 937 301**
Profit/loss before taxes	**10 106 063**	**23 835 562**	**-11 908 696**	**16 045 546**
Taxes	-	-	-4 723 511	4 410 299
Profit/loss after taxes	**10 106 063**	**23 835 562**	**-7 185 185**	**11 635 246**

5.3 Statement of financial position

GROUP BALANCE SHEET (NOK)	Unaudited 30.09.2018	Unaudited 30.09.2017	Audited 31.12.2017	Audited 31.12.2016
Land and buildings	536 311 719	611 597 350	588 558 771	584 914 992
Total fixed assets				
Investments in shares, etc.	6 218 545	1 046 265	6 218 545	-
Other non-current receivables	-	3 411 051	-	-
Total non-current financial assets	**6 218 545**	**4 457 316**	**6 218 545**	**-**
Total non-current assets	**542 530 264**	**616 054 666**	**594 777 316**	**584 914 992**
Trade receivables	4 130 962	4 443 895	4 376 361	4 300 473
Accrued income	3 921 467	3 798 307	3 970 941	3 605 381
Loans to affiliated companies	10 115 011	-	6 928 824	-
Other account receivables	1 579 713	4 636 631	3 900 990	4 462 501
Total accounts receivables	**19 747 153**	**12 878 833**	**19 177 115**	**12 368 356**
Cash and cash equivalents	53 469 947	33 072 143	35 634 998	37 553 649
Total current assets	**73 217 100**	**45 950 976**	**54 812 112**	**49 922 005**
TOTAL ASSETS	**615 747 364**	**662 005 642**	**649 589 428**	**634 836 997**

GROUP BALANCE SHEET (NOK)	**Unaudited 30.09.2018**	**Unaudited 30.09.2017**	**Audited 31.12.2017**	**Audited 31.12.2016**
EQUITY				
Share capital	508 823	508 823	508 823	508 823
Share premium	-2 042	-2 342	-2 042	-2 342
Own shares	71 466 930	71 413 230	71 466 930	71 413 230
Total invested equity	**71 973 712**	**71 919 711**	**71 973 712**	**71 919 712**
Other reserves	98 525 308	100 531 027	105 425 199	98 203 601
Total retained earnings	**98 525 308**	**100 531 027**	**105 425 199**	**98 203 601**
Profit/loss per date	10 106 063	23 835 562	-	-
Sum equity	**180 605 083**	**196 286 301**	**177 398 911**	**170 123 313**

LIABILITIES	**Unaudited 30.09.2018**	**Unaudited 30.09.2017**	**Audited 31.12.2017**	**Audited 31.12.2016**
Deferred tax liabilities	9 929 060	16 776 358	10 321 125	16 194 956
Total provisions for liabilities	**9 929 060**	**16 776 358**	**10 321 125**	**16 194 956**
Financial debts	407 348 096	424 452 537	423 432 892	385 860 798
Other non-current liabilities	1 353 653	-	2 528 775	5 293 446
Total non-current liabilities	**408 701 749**	**424 452 537**	**425 961 667**	**391 154 244**
Trade payables	766 497	6 445 292	887 228	8 827 570
Income tax payable	-	-	397 118	977 052
Payable dues and other taxes	1 400 074	1 260 394	1 791 047	1 608 905
Payable dividends	-	90 276	-	6 360 290
Current portion of long-term debts	5 958 016	14 795 930	24 773 110	25 793 214
Other current liabilities	8 386 886	1 898 553	8 059 223	13 797 453
Total current liabilities	**16 511 472**	**24 490 445**	**35 907 725**	**57 364 484**
Total liabilities	**435 142 281**	**465 719 341**	**472 190 517**	**464 713 685**
SUM EQUITY & LIABILITIES	**615 747 363**	**662 005 642**	**649 589 428**	**634 836 997**

5.4 Statement of cash flow

GROUP CASH FLOW STATEMENT (NOK)	Audited 31.12.2017	Audited 31.12.2016
Cash flows from operational activities		
Profit/loss before taxes	-11 908 697	16 045 546
- Paid taxes during the period	-977 052	-754 039
-/+ Ordinary amortisations	22 557 856	21 167 391
+ Reversal of impairments on tangible fixed assits/shares	41 836 751	-5 363 886
+ Profit/loss from sales of tangible fixed assets/shares	-	-
+/- Changes in accounts receivable and other receivables	-6 808 760	-701 233
+/- Changes in accounts payable	-7 940 342	8 372 603
+/- Changes in short-term liabilities	-5 738 229	13 606 221
Effect from currency differences	-30 462 636	22 443 045
+/- Changes in other periodical differences	-571 059	-1 712 734
= Net cash flow from operational activities	**-12 167**	**73 102 914**
Cash flows from investment activities		
+ Payments from sales of tangible fixed assets	-	-
- Payments to purchase tangible fixed assets incl. reclassifications	-23 168 967	-46 775 291
- Payments to purchase shares	-6 218 545	-
+ Payments from sales of shares and other investments	-	-
= Net cash flows from investment activities	**-29 387 512**	**-46 775 291**
Cash flows from financing activities		
+/- Net payments to/from new short-term loans to credit institutions	-6 313 551	-73 320 168
+/- Net payments to/from new long-term loans to credit institutions	40 100 869	49 054 784
+/- Net payments to/from new other other long-term loans	-	-
+/- Net payments to/from new other long-term receivables	-	-
+ Sales of own shares	54 000	476 000
- Payment of dividends to minority stakeholders	-	-
- Payment of dividends	-6 360 290	-12 911 812
= Net cash flows from financing activities	**27 481 027**	**-36 701 196**
= Net changes in cash and cash equivalents	**-1 918 651**	**-10 373 573**
+ Balance of cash and cash equivalents at the beginning of the period	37 553 649	47 927 222
+ Balance of cash and cash equivalents at the end of the period	**35 634 998**	**37 553 649**
Restricted assets per 31.12.	37 911	1 661

5.5 Equity

Parent company*:

(NOK)	**Share capital**	**Own shares**	**Share premium**	**Retained earnings**	**Sum**
Equity 01.01.2016	508 823	-6 342	70 941 230	51 036 991	122 480 702
Extraordinary dividend	0	0	0	0	0
Provision for dividend	0	0	0	-6 360 290	-6 360 290
Acquisition (-) / sale of own shares	0	4 000	472 000	0	476 000
This year's profit/loss	0		0	5 275 863	5 275 863
Equity 31.12.2016	**508 823**	**-2 342**	**71 413 230**	**49 952 563**	**121 872 276**
Equity 1.1	508 823	-2 342	71 413 230	49 952 564	121 872 275
Extraordinary dividend	0	0	0	0	0
Provision for dividend	0	0	0	0	0
Acquisition (-) / sale of own shares	0	300,5	53 700	0	54 000
This year's profit/loss	0		0	14 734 658	14 734 658
Equity 31.12.2017	**508 823**	**-2 042**	**71 466 930**	**64 687 221**	**136 660 933**
Equity 01.01.2018	508 823	-2 042	71 466 930	64 687 221	136 660 933
Extraordinary dividend	-	-	-	-	-
Provision for dividend	-	-	-	-	-
Acquisition (-) / sale of own shares	-	-	-	-	-
This year's profit/loss	-	-	-	1 254 115	-
Equity 30.09.2018	**508 823**	**-2 042**	**71 466 930**	**65 941 336**	**137 915 049**

** The figures presented in the table represents the figures of Baltic Sea Properties AS only, and not the Group on a consolidated basis.*

Group:

(NOK)	Share capital	Own shares	Share premium	Retained earnings	Sum
Equity 01.01.2016	508 823	-6 342	70 941 230	101 496 047	172 939 759
Extraordinary dividend	-	-	-	-	-
Provision for dividend	-	-	-	-6 360 290	-6 360 290
Acquisition (-) / sale of own shares	-	4 000	472 000	-	476 000
This year's profit/loss	-	-	-	11 635 247	11 635 247
Currency adjustments *	-	-	-	-8 567 404	-8 567 404
Equity 31.12.2016	**508 823**	**-2 342**	**71 413 230**	**98 203 601**	**170 123 313**
Equity 01.01.2017	508 823	-2 342	71 413 230	98 203 601	170 123 313
Extraordinary dividend	-	-	-	-	-
Provision for dividend	-	-	-	-	-
Acquisition (-) / sale of own shares	-	301	53 700	-	54 000
This year's profit/loss	-	-	-	-7 185 185	-7 185 185
Currency adjustments *	-	-	-	14 406 783	14 406 783
Equity 31.12.2017	**508 823**	**-2 042**	**71 466 930**	**105 425 199**	**177 398 910**
Equity 01.01.2018	508 823	-2 042	71 466 930	105 425 199	177 398 910
Extraordinary dividend	-	-	-	-	-
Provision for dividend	-	-	-	-	-
Acquisition (-) / sale of own shares	-	-	-	-	-
This year's profit/loss (not distributed)	-	-	-	10 106 063	10 106 063
Currency adjustments *	-	-	-	-6 899 891	-6 899 891
Equity 30.09.2018	**508 823**	**-2 042**	**71 466 930**	**108 631 371**	**180 605 083**

**Currency adjustment of equity stems from the currency rate on equity in the subsidiaries which is eliminated in the group, as well as the differential between the applied average rate in the P&L and the rate per 31.12 applied in the balance sheet.*

5.6 Significant events after 31 December 2018

Since 31st of December 2018, the Company have agreed refinancing terms for BSP RP I and BSP LPIV. Other than this, there have been no significant events affecting the Company's business since 31 December 2018.

6. SHARES AND SHARE CAPITAL

6.1 Description of the Shares and the share capital

As of the date of this Prospectus, the Company’s share capital is NOK 508,823.20 divided on 5,088,232 shares, each with a par value of NOK 0.10. The Company only has one class of shares, and all Shares carries equal shareholder’s right.

As of the date of the Prospectus, the Company has 20,415 shares in treasury.

6.2 Historical development in share capital and number of shares

The table below shows the development of the Company’s share capital since its incorporation in 2005:

Date of registration	Type of change	Change in share capital (NOK)	Par value of shares (NOK)	Share capital after change (NOK)
14.10.2005	Incorporation	-	0.10	100,000.00
22.11.2005	Share capital increase	17,130.00	0.10	117,130.00
26.01.2006	Share capital increase	108,860.00	0.10	225,990.00
04.04.2006	Share capital increase	119,850.70	0.10	345,840.70
23.10.2006	Share capital increase	172,920.00	0.10	518,760.70
31.12.2013	Redemption of shares held in treasury	(9,937.5)	0.10	508,823.20

If the Rights Issue is fully subscribed, the Company’s share capital will increase by NOK 160,000 to NOK 668,823.20, divided on 6,688,232, shares, each with a nominal value of NOK 0.10.

6.3 Board authorisations

The Company’s Annual General Meeting on the 30 May 2018 granted the Board with an authorization to increase the Company’s share capital with up to NOK 160,000 by issue of up to 1,600,000 new shares in the Company, at a price per share of minimum NOK 30 and maximum NOK 50, which will be used for the purpose of the Rights Issue. The authorization is valid until the Company’s Annual General Meeting in 2019.

Further to the same Annual General Meeting, the Board was granted with an authorization to distribute dividends of up to NOK 2.5 per share by disbursement of the Company’s share premium account. The authorization is valid until the Company’s Annual General Meeting in 2019. The Board utilized the authorization on 7 January 2019 to distribute dividend, see Section 2.15 “Shareholders' rights attached to the Offer Shares”.

6.4 Options and warrants

As of the date of this Prospectus, the Company has not issued any options, warrants, convertible or exchangeable securities which give the right to Shares or share capital in the Company.

6.5 Shareholder structure

The Company's 10 largest shareholders as registered in the VPS on 7 January 2019:

#	Shareholder	Number of Shares	%
1	Bonorum AS	496,112	9.75
2	Centralkirken	374,926	7.37
3	Carpe Diem Afseth AS	253,877	4.99
4	Pippi Invest AS	185,000	3.64
5	Visgun II AS	122,689	2.41
6	Trivon AS	113,630	2.23
7	Olav Hjortset AS	108,519	2.13
8	Dag Haakon Lilleby	87,600	1.72
9	Rieve Gruppen 2 AS	86,838	1.71
10	John Arne Brennsund	60,000	1.18
10	Nipa AS	60,000	1.18
	Total top 10 shareholders	**1,934,161**	**38.01**
	Other shareholders	3,154,071	61.99
	Total 253 shareholders		**100%**

6.6 VPS

The Company's shares are registered in the Norwegian Central Securities Depository with ISIN NO NO0010810476. The Company's share registrar is Nordea Bank Norge ASA (address: Essendrops gate 7, 0368 Oslo, Norway).

6.7 Company's articles of association – Mandatory Offering

The Company and its shareholders are not subject to the Norwegian Securities Trading Act's mandatory offer requirements, however, section 10 of the Company's articles of association stipulates that shareholders who through acquisition becomes the owner of Shares representing more than 1/3 of the votes of the Company, must make an offer to purchase the remaining shares of the Company in accordance with the rules set out in chapter 6 of the Norwegian Securities Trading Act.

The mandatory offering may to a certain extent limit the shareholders ability to exercise their rights related to the shares as the articles of association provides that until the offer is made or a sale is completed, the shareholders cannot exercise rights attaching to the shares exceeding the limit for the mandatory offer other than the right to receive dividend and to exercise preferential rights in the event of share capital increases.

The Company's articles of association follow as Appendix 2 to this Prospectus.

6.8 Withholding tax on dividend

Dividends distributed to shareholders who are individuals not resident on Norway for tax purposes, are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the Company distributing the dividends.

7. RISK FACTORS

An investment in the Company's Shares, including the Offer Shares, should be considered as a high-risk investment. Below is a summary of certain risk factors relating to the Company and the Rights Issue, which the Company deems most significant as at the date of this Prospectus. The risks discussed below are not the only ones facing the Company. Additional risks not presently known to the Company or which the Company currently deems immaterial may also adversely affect the Company. If any of the risks facing the Company should actually occur, individually or together with other circumstances, the Company's business, prospects, financial position, and operating results could be materially and adversely affected, which may cause a decline in the value of the shares that could result in a loss of all or part of any investment in the shares.

Prospective investors should carefully consider the risks relating to the Company and should consult his or her own expert advisors as to the suitability of an investment in the shares. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance. These risks should also be considered in connection with the cautionary statement regarding forward looking statements set forth in Section 1.3 "Forward-looking information" above.

7.1 Risks related to the operations of Baltic Sea Properties

7.1.1 Tenant risk

The Company's main operations are to let the existing portfolio of properties to multiple individual tenants (in the following, the Company's properties are jointly referred to as the «**Properties**» and the tenants as the «**Tenants**»). Problems related to the Tenant´s ability to pay may occur within the agreed leasing period through the Tenants failing to pay and that receivables, due to bankruptcies or for other reasons, are lost. The Company thus has a credit risk associated with its Tenants. For a more detailed overview of the Tenants and lease agreements, please refer to Section 3 «Presentation of the Company and its business» above.

In addition to the risk for defaulted lease agreements, the Company considers it probable that Properties with expiring lease agreements will require renovation/upgrades before a new lease term can begin. Such matters may affect the Company in the negative through for example extraordinary renovation expenses and/or loss of lease revenues for a certain period.

There is a risk that current Tenants would not renew their lease contracts. This could potentially cause the Properties to be unoccupied for a certain interval, resulting in periods of reduced or no turnover, which would affect the Company's financial situation negatively.

Currently the Company is expecting a significant fall in the revenues from the moment the current Norfa portfolio lease contract expires in 2019. Please refer to Section 3 «Presentation of the Company and its business» for a more detailed description of the status of the negotiations.

7.1.2 Market risk

The return on the Company's investments will largely depend on the lease revenue generated by the Properties, costs associated with upgrades and maintenance, cost of financing, expenses to management and other services, and changes in the Properties market value. Lease revenue and market value of real estate is generally affected by the macro-economic conditions, such as GDP growth, employment figures, inflation and changes to the interest levels.

7.1.3 Residual value

There is a general risk related to residual values since all properties are unique, which may cause significant uncertainty related to its liquidity in the market and the pricing of the Property at a future time of exit. The Company has no guarantee that the Company's estimated property values actually reflect the real residual values in an exit scenario.

7.1.4 Changes in legislation and business conditions

Management of property is subject to legislation and regulations on many levels, including taxation, land use and regulation, environmental protection and security to mention some. Introduction of new laws and rules or changes to existing regulations, both future and retroactively, may cause the Company further responsibilities and/or restrictions which again can cause increased expenses or reduced income.

Public authorities can use its right to expropriate the Properties if the conditions for expropriation are met. Expropriation will give the Company the right to compensation, but there is no guarantee that this compensation will fully compensate the Company's actual loss from expropriation.

7.1.5 Risk related to the Company's cross-border activities

The Company's operations are mainly happening outside of Norway by the Company owning and letting the Properties in Lithuania. The Company is thus subject to risk related to international operations such as political unrest, which may change the market and conditions for the Company's business.

International operations are generally subject to a wide range of risks, including language, legal and cultural, unforeseen regulatory requirements, challenges with managing operations and staff across borders, different technical standards (there are many technical standards for the real estate sector alone), unpredictable tax systems, and uncertainty related to the protection of operations and ownership rights.

7.1.6 Operating expenses

Of the Company's lease agreements, four out of five are so-called «bare-house» agreements where the responsibility for external maintenance, risks related to property tax, and the responsibility to pay for insurance(s) is transferred to the Tenant. However, according to the lease agreements for the shops Norfa has prolonged (beyond 2019), the Company has to cover certain upgrades and adaptations to the construction. This means the Company carries the risk if the operating expenses for upgrades get higher than projected. In such instances there can occur disagreements with the Tenant about who should cover certain unforeseen and/or disproportional upgrades to the premises.

7.1.7 Future capital requirements

The Company may experience the need for further capital and/or financing. Future capital requirements may result in new rights/share issues in the Company, which would carry with it the risk for dilution of Shareholders who do not have the ability or desire to participate in new issues.

The Company may experience that adequate sources of financing may not be available, or available at attractive terms and conditions, when needed. The Company's ability to obtain additional financing will depend in part upon prevailing market conditions as well as conditions of its business and its operating results, those factors may affect its efforts to arrange additional financing on satisfactory terms. Failure to do so could have a material adverse effect on the Company's solvency, business, operations and financial conditions.

7.1.8 Financial risk

The cost of borrowing money is a substantial cost in real estate projects financed with debt. The Company's long-term debt was per the date of the Prospectus consisting of bank loans with 1st priority pledges in the Properties. Moreover, mother company surety is provided for loans related to the Company´s subsidiaries; BSP RP I and BSP LP IV.

The interest cost alone makes up a big part of the Company's expenses. The risk for higher interest levels and possibility for changes in terms when the financing expires, is an important risk factor with real estate projects. Higher debt ratio involves greater risk.

The Company's interest risk related to bank financing can be reduced through long-term hedging arrangements. The market value of entered interest rate hedges will vary with changes in the interest level and remaining duration of the contract. If the market rate for the equivalent maturity is lower than the rate according to the contract, the contracts will be a negative contribution to the Company's financial results and thus affect the value of the Company and the Shares. If selling one of the Subsidiaries, any hedging arrangements involved will also affect the final sales proceeds since hedges will normally have to be settled in relation to such a sale. The Board will consider its hedging strategy on running basis and may change its positions in the future. All of the Subsidiaries, except BSP Logistic Property IV has hedging arrangements for all or parts of their bank loans.

The loan agreements with the banks include a variety of covenants with specific requirements to the Subsidiaries equity ratio among other things, interest coverage ratio and the loan to value of pledged properties. The loan agreements also include limitations on the Subsidiaries freedom to distribute dividends, which may constrict the cash flow from the Subsidiaries to the Company.

7.1.9 Currency risk

The Company reports its financial figures in Norwegian kroner (NOK), but the Subsidiaries have most of their revenue and expenses in Euros. For transactions and conversions of currency, there will thus be a conversion risk. The Company's results and financial position will thus be affected by the future developments between the currencies' exchange rate.

7.1.10 Dependence on key personnel

The Company has four employees, of which one is CEO. The Company is thus highly dependent on a few key people. The Company's daily activities may thus be affected if some of these quit.

7.1.11 Risk of miscalculating investments

As previously described in section 3.2.5 «Ownership in Emerging Europe Commercial Properties» the Company has a minority stake in this company. BSP considers its stake in EECP as a good long-term investment, but there is no guarantee that the Company's assumptions about this investment will be met.

7.2 Other risk and other concerns related to the Shares

7.2.1 Liquidity of the Share

Active, liquid markets will normally involve lower pricing volatility and a more efficient trading platform for shares. If there is no active market for the shares, the share price might be more volatile, and it may be harder to complete a transaction. Even if there is an open market, there may be little or no demand for the shares, which will make it difficult or impossible to resell the shares. This may again have a negative effect on the price of the shares.

Although the Company currently considers that being admitted to trade on Merkur Market is providing a more efficient market platform for the Company's Shares, there are no guarantees that the Company will remain on Merkur Market in the future. If the Shares are taken off Merkur Market, it may get harder for the Shareholders to trade their Shares, and this may have a negative effect on the share price.

APPENDIX 1 – SUBSCRIPTION FORM

Baltic Sea Properties AS **RIGHTS ISSUE**	**SUBSCRIPTION FORM** **Securities no. ISISN NO 0010810476**

General information: This subscription form is used for subscription of offer shares in the rights issue of minimum NOK 24 million and up to maximum NOK 48 million (the "Rights Issue") in Baltic Sea Properties AS (the "Company") by issuance of minimum 800,000 new shares and up to maximum 1,600,000 new shares in the Company, each with a nominal value of NOK 0.10, at a subscription price of NOK 30 each (the "Offer Shares"). The terms and conditions for the Rights Issue is included in the prospectus prepared by the Company dated 8 January 2019 (the "Prospectus"). Terms defined in the Prospectus shall have the same meaning in this subscription form (the "Subscription Form").

Subscription procedures: The subscription period will commence at 09:00 hours (CET) on 9 January 2019 and end at 16:30 hours (CET) on 23 January 2019 (the "Subscription Period"). Correctly completed subscription forms must be received by the Company at the e-mail or address set out below no later than at 16:30 (CET) on 23 January 2019:

- **Baltic Sea Properties AS, post@balticsea.no, c/o Hagen, Berger & Aas AS, P.O. Box 2076 Vika, 0125 Oslo, Norway**

The subscriber is responsible for the correctness of the information filled into the Subscription Form. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Manager without notice to the subscriber.

Subscription Price: The subscription price in the Rights Issue is NOK 30 per Offer Share (the "Subscription Price").

Subscription Rights: The shareholders of the Company as of 7 January 2019 (as registered in the VPS as of 9 January 2019 (the "Record Date) (the "Existing Shareholders"), will be granted preferential rights to subscribe for, and be allocated, Offer Shares in the Rights Issue equal to their pro rata shareholding in the Company as of the Record Date. Each Existing Shareholder will be granted 0.31572 Subscription Right for every share registered as held in the Company as at the Record Date. One Subscription Right, subject to applicable securities law, gives the holder a preferential right to subscribe for and be allocated one Offer Share in the Company in the Rights Issue. Oversubscription is allowed. **The Subscription Rights will not be admitted to trading or be tradable on Merkur Market or any other regulated market during the Subscription Period. Subscription Rights that are not used to subscribe for Offer Shares in the Rights Issue before the expiry of the Subscription Period on 23 January 2019 at 16:30 (CET) will lapse without compensation and consequently be of no value.**

Allocation of Offer Shares: The Offer Shares will be allocated to the subscribers based on exercised Subscription Rights as described in the Prospectus. No fractional Offer Shares will be allocated. The Company reserves the right to round off, reject or reduce any subscription for Offer Shares not covered by Subscription Rights. Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact on the subscriber's obligation to pay for the number of Offer Shares allocated. Notifications of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed on or about 24 January 2019.

Payment: The payment for the Offer Shares allocated to a subscriber falls due on 28 January 2019. Further settlement details will be sent out in the notification of allocation, scheduled to be distributed on or about 24 January 2019. The Company reserves the right to use proceeds from the Rights Issue before the appurtenant share capital increase has been registered with the Norwegian Register of Business Enterprises and the Offer Shares have been issued in the VPS. Overdue payments will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100. If a subscriber fails to comply with the terms of payment or should payments not be made when due, the subscriber will remain liable for payment of the Offer Shares allocated to it and the Offer Shares allocated to such subscriber will not be delivered to the subscriber.

DETAILS OF THE SUBSCRIPTION:

Number of Offer Shares subscribed (incl. over-subscription):		
↳	**Subscription Price per Offer Share:** **NOK 30**	**Subscription amount to be paid:** **NOK** ________________________

I/we hereby irrevocably (i) subscribe for the number of Offer Shares specified above subject to the terms and conditions set out in this Subscription Form and in the Prospectus, (ii) authorise and instruct the chairman of the board of directors in the Company to take all actions required to transfer such Offer Shares allocated to me/us to the VPS Registrar and ensure delivery of the beneficial interests to such Offer Shares to me/us in the VPS, on my/our behalf, including, but not limited to, formally subscribe for the Offer Shares in connection with the Board of Directors resolution to issue the Offer Shares and (iii) confirm and warrant to have read the Prospectus and that I/we are eligible to subscribe for Offer Shares under the terms set forth therein.

Place and date Must be dated in the Subscription Period.	**Binding signature** The subscriber must have legal capacity. When signed on behalf of a company or pursuant to an authorisation, documentation in the form of a company certificate or power of attorney must be enclosed.

INFORMATION ON THE SUBSCRIBER – ALL FIELDS MUST BE COMPLETED

First name:	
Surname/company:	
VPS account number:	
Street address:	
Post code/district/ Country:	
Personal ID number/ organisation number:	
Nationality:	
E-mail address:	
Daytime telephone number:	

APPENDIX 2 – ARTICLES OF ASSOCATION

APPENDIX 3 – FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2017

BALTIC SEA PROPERTIES

Business address:

Rosenkrantz' gate 20
2. etasje
0160 OSLO

Postal address:

Baltic Sea Properties AS
c/o HAGEN, BERGER & AAS AS
Postboks 2076 Vika
0125 OSLO

E-mail:

LCB@balticsea.no

Tel:

+47 930 94 319

AABØ-EVENSEN & CO
ATTORNEYS-AT-LAW

Vedtekter
for
Baltic Sea Properties AS
Ajour per 19. oktober 2017

§1 Firma

Selskapet er et aksjeselskap ved navn Baltic Sea Properties AS.

§ 2 Forretningskontor

Selskapets forretningskontor er i Oslo kommune.

§ 3 Formål

Selskapets formål er å investere i, utvikle, leie ut og drive samt realisere eiendommer i Europa, enten for direkte eller indirekte gjennom andre selskaper, og alt som står i forbindelse med dette.

§ 4 Aksjekapital

Selskapets aksjekapital er NOK 508.823,20 fordelt på 5.088.232 aksjer hver pålydende NOK 0,10.

§ 5 Omsettelighet og forkjøpsrett

Selskapets aksjer skal være fritt omsettelige, slik at aksjelovens regler om forkjøpsrett og styresamtykke ved erverv av aksjer ikke kommer til anvendelse ved omsetning av selskapets aksjer. Selskapets aksjer skal være registrert i Verdipapirsentralen.

§ 6 Styret

Selskapet skal ha et styre som skal bestå av 3-5 medlemmer etter generalforsamlingens nærmere beslutning. Selskapets firma tegnes av to styremedlemmer i fellesskap. Styret kan meddele prokura.

§ 7 Generalforsamlingens oppgaver

Den ordinære generalforsamling skal behandle følgende saker:

1. Godkjennelse av årsregnskapet og årsberetningen, herunder utdeling av utbytte
2. Andre saker som etter loven eller vedtektene hører under generalforsamlingen

§ 8 Valgkomité

Selskapet skal ha en valgkomité. Valgkomiteen skal fremlegge forslag for generalforsamlingen om valg av styremedlemmer, medlemmer til valgkomiteen samt honorarer for slike verv.

Valgkomiteen skal bestå av minst en leder og ett medlem som velges for to år av generalforsamlingen. Minst halvparten av komiteens medlemmer skal være uavhengig styret og selskapets største aksjonærer.

§ 9 Elektronisk kommunikasjon

Selskapet kan benytte elektronisk kommunikasjon når det skal gi meldinger, varsler, informasjon, dokumenter, underretninger og lignende etter aksjeloven til aksjonærene. Selskapet kan benytte forenklet innkalling etter Aksjeloven § 5-11a.

§ 10 Tilbudsplikt

Dersom en aksjeeier i selskapet gjennom erverv blir eier av aksjer som representerer mer enn 1/3 av stemmene i selskapet, plikter aksjeeieren å gi tilbud om kjøp av de øvrige aksjene i selskapet («Tilbudsplikt») i samsvar med til enhver tid gjeldende regler om tilbudsplikt for selskaper notert på norsk regulert marked i verdipapirhandelloven kapittel 6 og tilhørende forskrift (samlet betegnet «Verdipapirregelverket») så langt disse passer, med følgende presiseringer:

(i) For Tilbudsplikten gjelder like med en erververs egne aksjer, aksjer som eies eller erverves av nærstående som nevnt i verdipapirhandelloven § 2-5, og Tilbudsplikt inntrer uavhengig av om ervervet foretas av aksjeeieren selv eller av aksjeeierens nærstående som nevnt i verdipapirhandelloven § 2-5.

(ii) Tilbudsplikten oppheves dersom erverver innen 4 uker etter ervervet avhender aksjer slik at aksjeinnehavet etter salget representerer mindre enn 1/3 av stemmene i selskapet.

(iii) Et ubetinget tilbud om kjøp av alle øvrige aksjer i selskapet og et tilbudsdokument skal sendes til selskapets styre innen 4 uker etter at erverver ble eier av aksjer som representerer mer enn 1/3 av stemmene. Styret skal straks sende tilbudet og tilbudsdokumentet til alle øvrige aksjeeiere i selskapet. Fristen for å akseptere tilbudet skal ikke settes kortere enn 4 uker.

(iv) Inntil tilbud fremsettes eller salg er gjennomført, kan det for den del av aksjene som overstiger tilbudspliktgrensen, ikke utøves andre rettigheter i selskapet enn retten til å heve utbytte for aksjene og til å utøve fortrinnsrett ved kapitalforhøyelse.

(v) Tilbudsprisen skal være minst like høy som høyeste vederlag erververen har betalt eller avtalt i perioden 6 måneder før Tilbudsplikten inntrådte.

(vi) Der Verdipapirregelverket henviser til allmennaksjeloven skal aksjelovens tilsvarende bestemmelser gjelde så langt de passer.

(vii) For øvrig gjelder Verdipapirregelverket så langt det passer.

***

MORSELSKAP				KONSERN	
2017	**2016**	**RESULTATREGNSKAP**		**2017**	**2016**
		Driftsinntekter	**Noter**		
-	-	Leieinntekter		67 468 469	62 830 525
753 988	99 401	Andre driftsinntekter		2 631 325	-
753 988	**99 401**	**Sum driftsinntekter**		**70 099 794**	**62 830 525**
		Driftskostnader			
899 036	741 985	Lønnskostnader	**3**	2 424 553	1 966 236
-	-	Avskrivning på driftsmidler	**4**	22 557 856	21 167 391
-	-	Reversering av nedskrivning på driftsmidler	**4**	-3 622 964	-5 363 886
-	-	Nedskrivning av driftsmidler	**4**	45 459 715	-
3 739 550	13 359 515	Andre driftskostnader	**3,10**	7 068 634	18 077 937
4 638 587	**14 101 500**	**Sum driftskostnader**		**73 887 794**	**35 847 678**
-3 884 599	**-14 002 099**	**Driftsresultat**		**-3 788 000**	**26 982 847**
		Finansinntekter og -kostnader			
18 769 880	21 061 036	Mottatt utbytte fra datterselskaper	**2**	-	-
142 084	141 677	Renteinntekter konsern	**2**	-	-
126 160	4 324	Annen renteinntekt		164 189	80 683
-	58 538	Annen finansinntekt		3 310 166	1 419 493
313 246	95 745	Valutainntekt/Valutatap		-487 374	-
153 605	74 067	Rentekostnad konsern	**2**	-	-
578 508	2 009 289	Annen rentekostnad	**9**	10 835 134	10 412 717
		Reversering av nedskrivning på driftsmidler		-	-
-	-	Nedskrivning av driftsmidler	**4**		
-	-	Nedskrivning finansielle anleggsmidler	**2**	-	-
-	-	Annen finanskostnad	**9**	272 543	2 024 760
18 619 257	**19 277 964**	**Netto finansposter**		**-8 120 696**	**-10 937 301**
14 734 659	**5 275 865**	**Ordinært resultat før skatt**		**-11 908 697**	**16 045 546**
-	**-**	**Skatt på ordinært resultat**		**-4 723 511**	**4 410 299**
14 734 659	**5 275 865**	**ÅRSRESULTAT**		**-7 185 185**	**11 635 246**
		Overføringer			
-	6 360 290	Avsatt til utbytte			
-	-	Overført udekket tap			
14 734 659	-1 084 426	Overført fra annen egenkapital			
14 734 659	**5 275 864**	**Sum overføringer**			

MORSELSKAP 2017	MORSELSKAP 2016	BALANSE	Noter	KONSERN 2017	KONSERN 2016
		EIENDELER	**Noter**		
		ANLEGGSMIDLER			
		Immaterielle eiendeler			
-	-	Utsatt skattefordel		0	-
-	**-**	**Sum Immaterielle eiendeler**		**0**	**-**
		Varige driftsmidler			
-	-	Tomter, bygninger o.a. fast eiendom	**4,9**	588 558 771	584 914 992
-	**-**	**Sum varige driftsmidler**		**588 558 771**	**584 914 992**
		Finansielle driftsmidler			
142 029 092	136 677 297	Investering i datterselskaper	**2**	-	-
1 046 265	-	Investeringer i tilknyttet selskap	**12**	1 046 265	-
5 172 280	-	Andre aksjeinvesteringer	**13**	5 172 280	-
-	-	Andre mellomværende konsern		-	-
3 803 030	4 078 525	Lån til datterselskaper	**2**	-	-
152 050 667	**140 755 822**	**Sum finansielle driftsmidler**		**6 218 545**	**-**
152 050 667	**140 755 822**	**Sum anleggsmidler**		**594 777 316**	**584 914 992**
		OMLØPSMIDLER			
		Fordringer			
2 258	-	Kundefordringer		4 376 361	4 300 473
-	-	Påløpt inntekt		3 970 941	3 605 381
6 928 824	-	Lån til tilknyttet selskap	**12**	6 928 824	-
63 260	32 810	Andre fordringer		3 900 990	4 462 501
6 994 341	**32 810**	**Sum fordringer**		**19 177 115**	**12 368 356**
		Bankinnskudd, kontanter			
397 088	1 201 613	Bankinnskudd, kontanter o.l.	**8**	35 634 998	37 553 649
7 391 429	**1 234 423**	**Sum omløpsmidler**		**54 812 112**	**49 922 005**
159 442 096	**141 990 246**	**SUM EIENDELER**		**649 589 428**	**634 836 997**

MORSELSKAP 2017	MORSELSKAP 2016	BALANSE	Noter	KONSERN 2017	KONSERN 2016
		EGENKAPITAL OG GJELD	**Noter**		
		EGENKAPITAL			
		Innskutt egenkapital			
508 823	508 823	Aksjekapital	**6,7**	508 823	508 823
-2 042	-2 342	Egne aksjer	**6**	-2 042	-2 342
71 466 930	71 413 230	Overkurs	**6**	71 466 930	71 413 230
71 973 712	**71 919 712**	**Sum innskutt egenkapital**		**71 973 712**	**71 919 712**
		Opptjent egenkapital			
64 687 222	49 952 564	Annen egenkapital	**6**	105 425 199	98 203 601
64 687 222	**49 952 564**	**Sum opptjent egenkapital**		**105 425 199**	**98 203 601**
136 660 934	**121 872 276**	**Sum egenkapital**		**177 398 911**	**170 123 313**
		GJELD			
		Avsetning til forpliktelser			
-	-	Utsatt skatt	**5**	10 321 125	16 194 956
-	**-**	**Sum avsetning til forplikelser**		**10 321 125**	**16 194 956**
		Annen langsiktig gjeld			
21 248 888	-	Lån fra selskap i samme konsern	**2**	-	-
-	-	Lån fra kredittinstitusjoner	**9**	423 432 892	385 860 798
-	-	Annen langsiktig gjeld		2 528 775	5 293 446
21 248 888	**-**	**Sum langsiktig gjeld**		**425 961 667**	**391 154 244**
		Kortsiktig gjeld			
-	-	Lån fra kredittinstitusjoner	**9**	24 773 110	25 793 214
465 684	168 445	Leverandørgjeld		887 228	8 827 570
-	-	Betalbar skatt	**5**	397 118	977 052
59 605	-	Skyldige offentlige avgifter		1 791 047	1 608 905
-	6 360 290	Avsatt utbytte	**6**	-	6 360 290
-	-	Gjeld til selskap i samme konsern	**2**	-	-
1 006 985	13 589 234	Annen kortsiktig gjeld		8 059 223	13 797 453
1 532 274	**20 117 970**	**Sum kortsiktig gjeld**		**35 907 725**	**57 364 484**
22 781 162	**20 117 970**	**Sum gjeld**		**472 190 517**	**464 713 685**
159 442 096	**141 990 246**	**SUM EGENKAPITAL OG GJELD**		**649 589 428**	**634 836 997**

Oslo, den 15. mai 2018

John Afseth
Styrets leder

Lars Christian Berger
Daglig leder

James Andrew Clarke
Styremedlem

Egidijus Damulis
Styremedlem

John David Mosvold
Styremedlem

Baltic Sea Properties AS

KONTANTSTRØMANALYSE

Mor 2017	Mor 2016		Note	Konsern 2017	Konsern 2016
			Kontantstrømmer fra operasjonelle aktiviteter		
14 734 659	5 275 864		Resultat før skattekostnad	-11 908 697	16 045 546
-	-	-	Periodens betalte skatter	-977 052	-754 039
-	-	-/+	Ordinære avskrivninger	22 557 856	21 167 391
-	-	+	Revesersering nedskrivninger av anleggsmidler/aksjer	41 836 751	-5 363 886
-	-	+	Tap\Gevinst ved salg av anleggsmidler/aksjer	-	-
-6 961 531	-32 810	+/-	Endring i kundefordringer og andre fordringer	-6 808 760	-701 233
297 239	110 574	+/-	Endring i leverandørgjeld	-7 940 342	8 372 603
-12 582 250	13 403 811	+/-	Endring i kortsiktig gjeld	-5 738 229	13 606 221
-	-		Effekt av valutaendringer	-30 462 636	22 443 045
59 605	-36 786	+/-	Endring i andre tidsavgrensningsposter	-571 059	-1 712 734
-4 452 277	18 720 653	=	Netto kontantstrøm fra operasjonelle aktiviteter	-12 167	73 102 914
			Kontantstrømmer fra investeringsaktiviteter		
-	-	+	Innbetalinger ved salg av varige driftsmidler	-	-
-	-	-	Utbetalinger ved kjøp av varige driftsmidler inkl omklassifisering	-23 168 967	-46 775 291
-11 570 340	-	-	Utbetalinger ved kjøp av aksjer og andeler	-6 218 545	-
-	-	+	Innbetalinger ved salg av aksjer og andeler samt andre investeringer	-	-
-11 570 340	-	=	Netto kontantstrøm fra investeringsaktiviteter	-29 387 512	-46 775 291
			Kontantstømmer fra finansieringsaktiviter		
-	-	+/-	Nto innbetalinger/utbetalinger ved opptak av ny kortsiktig gjeld til kredittinstitusjon	-6 313 551	-73 320 168
-	-7 814 739	+/-	Nto innbetalinger/utbetalinger ved opptak av ny langsiktig gjeld til kredittinstitusjon	40 100 869	49 054 784
275 495	90 920	+/-	Nto innbetalinger/utbetalinger av annen langsiktig gjeld	-	-
21 248 888	-	+/-	Nto innbetalinger/utbetalinger av andre langsiktige fordringer	-	-
54 000	476 000	+	Salg av egne aksjer	54 000	476 000
-	-	-	Utbetaling av utbytte til minoritetsinteresser	-	-
-6 360 290	-12 911 812	-	Utbetaling av utbytte	-6 360 290	-12 911 812
15 218 092	-20 159 631	=	Netto kontantstrøm fra finansieringsaktiviteter	27 481 027	-36 701 196
-804 526	-1 438 978	=	Netto endring i kontanter og kontantekvivalenter	-1 918 651	-10 373 573
1 201 613	2 640 591	+	Beholdning av kontanter og kontantekvivalenter ved periodens begynnelse	37 553 649	47 927 222
397 087	**1 201 613**	=	**Beholdning av kontanter og kontantekvivalenter ved periodens slutt**	**35 634 998**	**37 553 649**
37 911	1 661		Bundne midler pr 31.12	37 911	1 661

Oslo, den 15. mai 2018

John Afseth - Styrets leder :

Lars Christian Berger - Daglig leder :

Egidijus Damulis - Styremedlem :

John David Mosvold - Styremedlem :

James Andrew Clarke - Styremedlem :

Noter til regnskapet 2017

Note 1 Regnskapsprinsipper

Konsernet utgjøres av følgende selskaper: Baltic Sea Properties AS (mor) og de utenlandske datterselskapene som alle holder til i Lithauen:

BSP Logistic Property UAB
BSP Logistic Property II UAB
BSP Retail Properties I UAB
BSP Industrial Property UAB
BSP Logistic Property IV UAB

Ved innarbeidelsen av utenlandsk datterselskap er poster i utenlandsk valuta omarbeidet til NOK til kurs på balansedagen. Anvendte regnskapsprinsipper i utenlandsk datterselskap er samtidig omarbeidet til NGAAP.

Det vises til note 2 for ytterligere informasjon om selskapene i konsernet.

Årsregnskapet er satt opp i samsvar med regnskapsloven og utarbeidet etter norske regnskapsstandarder og anbefalinger til god regnskapsskikk for små foretak.

Hovedregel for vurdering og klassifisering av eiendeler og gjeld

Anleggsmidler med begrenset økonomisk levetid balanseføres til anskaffelseskost og er gjenstand for planmessige avskrivninger. Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi.

Kundefordringer og andre fordringer oppføres til pålydende etter fradrag for avsetning til forventede tap. Avsetningen til tap gjøres på grunnlag av en individuell vurdering av de enkelte fordringene.

Selskapets langsiktige og kortsiktige gjeld balanseføres til nominelt mottatt beløp på etableringstidspunktet. Gjelden er ikke gjenstand for opp-/nedvurderinger som følge av renteendringer. 1.års avdrag klassifiseres som kortsiktig gjeld.

Inngåtte rentebytteavtaler balanseføres til virkelig verdi per balansedato. Endring i markedsverdi resultatføres som finansinntekt/finanskostnad.

Skatt
Skattene kostnadsføres når de påløper dvs. at skattekostnaden er knyttet til det regnskapsmessige resultat før skatt. Skatt knyttet til egenkapitaltransaksjoner, som konsernbidrag, føres mot egenkapitalen. Skattekostnaden består av betalbar skatt og endring i utsatt skatt.

Utsatt skatt i balansen beregnes på grunnlag av midlertidige forskjeller mellom regnskapsmessige og skattemessige verdier. Årsaken til at utsatt skatt oppstår er ulike periodiseringer av det regnskapsmessige og det skattemessige resultat.

Omregning av utenlandsk valuta
Ved innarbeidelsen av utenlandsk datterselskap er eiendeler og gjeld i utenlandsk valuta omarbeidet til NOK til kurs på balansedagen, mens inntekter og kostnader i utenlandsk valuta er omarbeidet til NOK til gjennomsnittskurs. Omregningsdifferanser føres direkte i egenkapitalen.

Transaksjoner i utenlandsk valuta regnes om til NOK ved bruk av transaksjonskursen. Valutagevinster og -tap som oppstår ved betaling av slike transaksjoner, og ved omregning av pengeposter (eiendeler og gjeld) i utenlandsk valuta ved årets slutt til kursen på balansedagen, resultatføres.
Det er ved utarbeidelsen av regnskapet anvendt følgende kurser (NOK/EUR).

	2017	2016	
Kurs ved balansedagen	9,8403	9,0863	8,30 %
Gjennomsnittskurs	9,3295	9,2928	0,40 %

Konsern
Investeringer i datterselskaper er i selskapsregnskapet vurdert etter kostmetoden.
Datterselskapet er konsolidert inn i konsernregnskapet etter oppkjøpsmetoden.

Note 2 - Datterselskaper

Morselskapet:
Baltic Sea Properties AS har som eneste formål å investere i selskaper i Baltikum som igjen investerer i og utvikler eiendommer for salg og utleie.

Selskap	Forretningskontor	Eierandel	Egenkapital 31.12	Resultat 31.12	Lån / Gjeld til datter 31.12	Herav renter
BSP Logistic Property UAB	Vilnius, Litauen	100 %	-2 771 543	4 445 220	-1 415 277	-8 277
BSP Logistic Property II UAB	Vilnius, Litauen	100 %	40 644 733	3 982 091	678 046	101 871
BSP Retail Properties I UAB	Vilnius, Litauen	100 %	90 068 195	-24 362 796	-14 986 545	-107 947
BSP Industrial Property UAB	Vilnius, Litauen	100 %	40 705 402	2 569 321	-1 722 081	-13 281
BSP Logistic Property IV UAB	Vilnius, Litauen	100 %	12 397 842	2 186 804	-	16 113

Morselskapet mottok til sammen MNOK 18,8 i utbytte fra datterselskaper i løpet av 2017.

Bokført verdi av aksjene:

	Anskaffelseskost	Bokført verdi 01.01	Avgang	Tilgang 1)	Nedskrivning	Bokført verdi 31.12
BSP Logistic Property UAB	44 638 524	-			0	0
BSP Logistic Property II UAB	21 663 499	24 695 660			0	24 695 660
BSP Retail Properties I UAB	86 546 159	87 192 297			-0	87 192 297
BSP Industrial Property UAB	16 494 982	18 792 791			-0	18 792 791
BSP Logistic Property IV UAB	5 750 395	5 996 549		5 351 795	0	11 348 344
SUM	175 093 559	136 677 297	-	5 351 795	0	142 029 092

1) Tilgangen gjelder kapitalforhøyelse i datter.

Konsernet:
Konsernet har ingen investeringer i datterselskap som ikke er konsolidert.

Note 3 Lønnskostnader

Morselskapet:

Morselskapet hadde i 2017 andre driftskostnader og lønnskostnader på til sammen kr 3 739 550
Av dette utgjorde kostnader til lønn/godtgjørelse og honorar til revisor følgende:

Lønn/Godtgjørelser	**2017**	**2016**
Lønninger, gratiale m.m.	162 909	-
Styrehonorar	625 000	650 000
Arbeidsgiveravgift	111 127	91 650
Andre sosiale utgifter	-	-
Sum	**899 036**	**741 650**

Fordeling av lønn/godtgjørelser (eks. arbeidsgiveravgift)	**2017**	**2016**
Daglig leder i morselskap	162 909	-
Styreleder	225 000	280 000
Øvrige styremedlemmer	400 000	370 000
Øvrige ansatte	-	-
Sum	**787 909**	**650 000**

Daglig leder ble ansatt med tiltredelse i november 2017.
Daglig leder er også medeier i Hagen, Berger & Aas AS som selskapet har en avtale med om regnskap/forretningsførsel.

Revisor	**2017**	**2016**
Lovpålagt revisjon	86 250	60 000
Andre attestasjonstjenester	-	51 000
Skatterådgivning og andre tilleggstjenester	175 625	-
Sum godtjørelse til revisor	**261 875**	**111 000**

Konsernet:
Konsernet hadde i 2017 andre driftskostnader og lønnskostnader på til sammen kr 9 493 187.
Av dette utgjorde kostnader til lønn/godtgjørelse og honorar til revisor følgende:

Lønn/Godtgjørelser	**2017**	**2016**
Lønninger, gratiale m.m.	1 229 291	915 461
Styrehonorar	690 773	650 000
Arbeidsgiveravgift	504 489	400 440
Andre sosiale utgifter	-	335
Sum	**2 424 553**	**1 966 236**

Fordeling av lønn/godtgjørelser (eks. arbeidsgiveravgift)	**2017**	**2016**
Daglig leder i morselskap	162 909	-
Styreleder	290 773	280 000
Øvrige styremedlemmer	400 000	370 000
Øvrige ansatte	1 066 382	915 461
Sum	**1 920 064**	**1 565 461**

Daglig leder ble ansatt med tiltredelse i november 2017.
Daglig leder er også medeier i Hagen, Berger & Aas AS som selskapet har en avtale med om regnskap/forretningsførsel.

Revisor	2017	2016
Lovpålagt revisjon	264 444	211 008
Andre attestasjonstjenester	-	51 000
Skatterådgivning og andre tilleggstjenester	175 625	-
Sum godtjørelse til revisor	**440 069**	**262 008**

Note 4 Varige driftsmidler (verdi av eiendommene)

Morselskapet:
Morselskapet har ingen varige driftsmidler.

Konsernet:

Varige driftsmidler i datterselskapene:	BSP LP IV	BSP IP	BSP RP I	BSP LP	BSP LP II	Bygninger/ Tomter Sum
Anskaffelseskost pr 01.01	49 844 466	70 769 661	449 494 016	197 608 050	119 507 081	887 223 273
Tilgang	23 149 286	-	19 681	-	-	23 168 967
Avgang	-	-	-	-	-	-
Valutaendring	4 136 197	5 872 613	37 299 945	16 397 925	9 916 945	73 623 625
Anskaffelseskost pr 31.12	77 129 949	76 642 275	486 813 641	214 005 975	129 424 026	984 015 865
Akkumulerte nedskrivninger tidligere år	-	(796 995)	(17 095 975)	(59 059 066)	-	(76 952 035)
Akkumulerte avskrivninger tidligere år	-	-17 963 518	-125 020 632	-50 816 073	-31 556 022	(225 356 245)
Årets reversering av nedskrivninger	-	-	-	3 622 964	-	3 622 964
Årets nedskrivning	-	(796 641)	(44 663 074)	-	-	(45 459 715)
Årets avskrivninger	(992 763)	(2 002 182)	(12 490 002)	(3 622 964)	(3 449 944)	(22 557 856)
Valutaendring på akk. av- og nedskrivninger, tidligere år	-	-1 556 786	-11 793 131	-9 117 667	-2 618 584	(25 086 167)
Valutaendring på årets av- og nedskrivninger	-54 353	-153 233	-3 271 571	-0	-188 882	(3 668 039)
Akkumulerte av- og nedskrivninger pr 31.12	(1 047 116)	(23 269 356)	(214 334 385)	(118 992 805)	(37 813 431)	(395 457 094)
Balanseført verdi pr 31.12	**76 082 833**	**53 372 918**	**272 479 256**	**95 013 170**	**91 610 595**	**588 558 771**
Økonomisk levetid (år)	35	35	35	35	35	
Avskrivningsplan	Lineær	Lineær	Lineær	Lineær	Lineær	

*Agioregulering på årets avskrivninger skyldes bruk av gjennomsnittskurs i resultatregnskapet og bruk av kurs pr 31.12. i balansen.

Bygninger/tomter består av totalt 26 ferdigutviklede eiendommer i Litauen som er fullt utleide eiendommer innenfor logistikk, varehandel og industrieiendom. Det opplyses videre om at 13 av de til sammen 26 tomtene er statlige festetomter på lange leieavtaler.
Leieavtalene er behandlet som operasjonelle leieavtaler og det er kostnadsført kr 65 833 i festeavgift i året.
Festeavgiften reguleres årlig ihht kommunale vedtak.

Eiendommene er verdivurdert pr. årsslutt. Verdivurderingene er utarbeidet av Ober-Haus som har valgt å benytte metoden *Discounted Cash Flow* .

Valutaendring på bygninger/tomter knytter seg til endring i kurs på anskaffelseskost ved innregning til 31.12.
og er satt opp ihht. NRS Transaksjoner og regnskap i utenlandsk valuta.

Det er på konsernnivå gjort avsetning for investeringer i UAB BSP Retail Properties I knyttet til leietakertilpasninger for å opprettholde leienivået for eiendomsporteføljen.
Avsatt beløp pr 31.12 var MNOK 19,7 (MEUR 2).

Note 5 Skatter

Morselskapet:

Årets skattekostnad fremkommer slik:	**2017**	**2016**
Betalbar skatt på årets resultat	-	-
Utsatt skatt	-	-
Skattekostnad ordinært resultat	-	-

Betalbar skatt i årets skattekostnad fremkommer slik:		
Ordinært resultat før skattekostnad	14 734 659	5 275 864
Permanente forskjeller	-18 297 095	-21 119 573
Endring midlertidige forskjeller	-13 213 030	13 285 271
Anvendelse av underskudd til fremføring	-	-
Grunnlag betalbar skatt	-16 775 466	-2 558 438
Skatt	-	-
Betalbar skatt på årets resultat	-	-

Betalbar skatt i balansen fremkommer slik:		
Betalbar skatt på årets resultat	-	-
Sum betalbar skatt	-	-

Spesifikasjon av grunnlag for utsatt skatt:

Forskjeller som utlignes:	**Endring**	**2017**	**2016**
Forskjell mellom regnskapsmessig og skattemessig verdi av fordringer	-535 552	631 297	95 745
Regnskapsmessige avsetninger for forpliktelser	-12 677 479	-703 537	-13 381 016
Fremførbart underskudd	16 775 467	-56 255 765	-39 480 298
Endring av ligning - reduksjon av underskudd til fremføring	-	-	-
Sum	3 562 436	-56 328 005	-52 765 569
Utsatt skatt/skattefordel		-12 955 441	-12 663 737
Aktuell skattesats		*23 %*	*24 %*

Da det er usikkert om selskapet får benyttet seg av den utsatte skattefordelen, har en valgt å ikke bokføre denne.

Konsernet:

Konsernet er ikke eget skattesubjekt, og skattekostnad, skattefordeler og betalbar skatt stammer dermed fra de ulike selskapene i konsernet.

Årets skattekostnad rapportert for konsernet utgjøres av følgende :	**2017**	**2016**
Beregnet betalbar skatt norsk virksomhet	-	-
Endring utsatt skatt/skattefordel norsk virksomhet	-	-
Beregnet betalbar skatt utenlandsk virksomhet	2 048 031	2 459 014
Endring utsatt skatt/skattefordel utenlandsk virksomhet inkl valutaeffekter	-6 771 543	1 951 285
Konsernets skattekostnad	**-4 723 511**	**4 410 299**

Det er benyttet 15 % skattesats i konsernets beregning av utsatt skatt.

Konsernet har ikke tidligere, men balansefører fra og med årsregnskapet 2017 utsatt skattefordel i datterselskapet UAB Logistic Property.
Endringen skyldes at man på bakgrunn av selskapets driftsutsikter forventer å kunne benytte den utsatte skattefordelen fremover.
Estimatendringer medfører en reduksjon i konsernets skattekostnad tilsvarende bokført utsatt skattefordel i UAB Logistic Property.

Note 6 Egenkapital

Morselskapet:	Aksje-kapital	Egne aksjer	Overkurs	Annen Egenkapital	Sum
Egenkapital 1.1	**508 823**	**-2 342**	**71 413 230**	**49 952 564**	**121 872 275**
Tilleggsutbytte	-	-	-	-	-
Avsatt utbytte	-	-	-	-	-
Kjøp (-) / salg av egne aksjer	-	301	53 700	-	54 000
Årets resultat	-		-	14 734 658	14 734 658
Egenkapital 31.12	**508 823**	**-2 042**	**71 466 930**	**64 687 221**	**136 660 933**

Konsernet:	Aksje-kapital	Egne aksjer	Overkurs	Annen Egenkapital	Sum
Egenkapital 1.1	**508 823**	**-2 342**	**71 413 230**	**98 203 601**	**170 123 313**
Tilleggsutbytte	-	-	-	-	-
Avsatt utbytte	-	-	-	-	-
Kjøp (-) / salg av egne aksjer	-	301	53 700	-	54 000
Årets resultat	-	-	-	-7 185 185	-7 185 185
Agioregulering*	-	-	-	14 406 783	14 406 783
Egenkapital 31.12	**508 823**	**-2 042**	**71 466 930**	**105 425 199**	**177 398 910**

*Agioregulering på egenkapital skyldes endring i valutakurs på egenkapital i datterselskap som elimineres i konsernet, samt differanse som følge av bruk av gjennomsnittskurs i resultatregnskapet og bruk av kurs pr 31.12 i balansen.

Note 7 Aksjekapital, aksjonærinformasjon og eierstruktur

Aksjekapitalen pr 31.12 består av følgende aksjeklasser:

	Antall	Pålydende	Balanseført
Ordinære aksjer	5 088 232	0,10	508 823

Selskapet har gjennom året solgt totalt 40 000 egne aksjer.

Eierstruktur:

De 10 største aksjonærene i morselskapet pr. 31.12 var:

	Ordinære aksjer	Stemme-/ eierandel
BONORUM AS	453 112	8,9 %
CENTRALKIRKEN	374 926	7,4 %
CARPE DIEM AFSETH AS	253 877	5,0 %
PIPPI INVEST AS	185 000	3,6 %
VISGUN AS	122 689	2,4 %
OLAV HJORTESET AS	108 519	2,1 %
DAG HAAKON LILLEBY	87 600	1,7 %
RIEVE GRUPPEN 2 AS	86 838	1,7 %
TRIVON A/S	66 318	1,3 %
NIPA AS	60 000	1,2 %
Totalt antall aksjer for de 10 største aksjonærene	**1 798 879**	**35,4 %**

Aksjer eid av ledende ansatte indirekte i Baltic Sea Properties AS via investeringsselskaper	**Ledende ansatt**	**Rolle**	**Antall ordinære aksjer**
CARPE DIEM AFSETH AS	John Afseth	Styreleder	253 877
AM INVESTMENT AS	John D. Mosvold	Styremedlem	7 600
HOLSTEIN INVEST AS	John D. Mosvold	Styremedlem	20 161
UAB Reinhard	Egidijus Damulis	Styremedlem	5 000

Note 8 Bankinnskudd

Morselskapet:	2017	2016
Total likviditetsbeholdning pr 31.12	397 088	1 201 613
Herav bundne bankinnskudd	37 911	1 161

Det er nok bundne midler til å dekke selskapets skyldige forskuddstrekk pr 31.12.

Konsernet:	2017	2016
Total likviditetsbeholdning pr 31.12	35 634 998	3 755 649
Herav bundne bankinnskudd	37 911	1 161

Det er nok bundne midler til å dekke konsernets skyldige forskuddstrekk pr 31.12.

Note 9 Gjeld til kredittinstitusjoner

Morselskapet:

BSP AS har stilt morselskapsgaranti for banklånene til BSP Logistic Property IV UAB og BSP Retail Properties I UAB. Begge lån er omtalt nedenfor.

Konsernet:
Datterselskapene til BSP AS har per 31.12. gjeld til kredittinstitusjoner på NOK 448 206 002. NOK 24 773 110 er klassifisert som kortsiktig, og NOK 423 432 892 er klassifisert som langsiktig.

	Langsiktig gjeld	Gjeld reklassifisert til kortsiktig gjeld	Markedsverdi rentesikring	Totalt
BSP Logistic Property UAB	82 107 891	4 060 280	459 572	86 627 743
BSP Logistic Property II UAB	61 239 353	3 028 320	342 767	64 610 440
BSP Retail Properties I UAB	196 117 434	11 736 718	1 559 417	209 413 569
BSP Industrial Property UAB	29 840 059	1 475 607	167 019	31 482 685
BSP Logistic Property IV UAB	54 128 154	2 912 768	-	57 040 923
SUM	423 432 892	23 213 693	2 528 775	449 175 360

Datterselskapet BSP Logistic Property IV UAB ble nystiftet i 2014. Formålet med selskapet er å utvikle, og senere drive utleie, av en ny logistikkterminal. Den nye logistikkterminalen ble overlevert til leietaker i juni 2017.
Selskapet har en gjeld til Swedbank per 31.12.17 på NOK 57 040 923. Lånet er har en rentesats på 1,79 % + 3 mnd euribor. Det stilles krav til eiendomsverdi minst skal utgjøre 130 % av lånesaldo. Videre stilles det krav til betalingsevne etter prinsippet DSCR (Debts service Coverage Ratio). Selskapet er per 31.12.2017 i overenstemmelse med lånebetingelsene.

Datterselskapene BSP Logistic Property, BSP Logistic Property II og BSP Industrial Property er samlet i ett lån, til sammen NOK 181 751 510. Lånene ble samlet til ett ettersom selskapet fikk bedre betingelser enn om de respektive selskaper skulle re-finansiert hver for seg. Lånet har en rentesikringsavtale til fast rentesats på 2,37 %.
Det stilles krav til betalingsevne etter prinsippet DSCR (Debt Service Coverage Ratio) og at eiendomsverdiene minst skal utgjøre 130 % av lånesaldo. Selskapet er per 31.12.2017 i overenstemmelse med lånebetingelsene.
Lånet forfaller i sin helhet 31.11.2021.

Datterselskapet BSP Retail Properties I UAB har pr 31.12.17 gjeld til Swedbank på NOK 209 413 569.
Lånet har en rentesats på 1,6 % pluss 3 måneder Euribor. Det foreligger også en rentesikringsavtale for deler av lånet (MEUR 5,9) på 2,37%.
Det stilles krav fra banken at eiendomsverdi skal minst utgjøre 125% av lånesaldo samt krav til betalingsevne etter prinsippet DSCR. Selskapet er per 31.12.2017 i overenstemmelse lånebetingelsene.
Lånet forfaller i sin helhet 17.01.2019

Konsernets tomter og eiendommer med bokført verdi NOK 608 239 371 er stilt som sikkerhet for lånene.

Note 10 Driftskostnader

Morselskapet:

	2017	2016
Revisjonshonorarer	261 875	111 000
Regnskapshonorarer	109 969	115 536
Honorar for økonomisk bistand	140 000	83 352
Juridisk bistand	911 041	381 723
Forvaltningshonorarer	671 504	832 547
Aksjonærregister o.l.	147 543	66 425
Reiser, møter og lignende	150 221	261 684
Forsikringer	32 470	38 250
Kostnader forbundet med tap i Lagmannsretten	48 203	11 372 526
Andre driftskostnader	1 266 725	96 472
Sum driftskostnader	**3 739 550**	**13 359 515**

Konsernet:	**2017**	**2016**
Revisjonshonorarer	440 069	241 564
Regnskapshonorarer	450 364	444 539
Honorar for økonomisk bistand	140 000	-
Juridisk bistand	1 283 122	868 842
Forvaltningshonorarer	671 504	832 547
Aksjonærregister o.l.	147 543	66 425
Reiser, møter og lignende	150 221	261 684
Forsikringer	231 681	246 130
Kostnader forbundet med tap i Lagmannsretten	48 203	11 372 526
Andre driftskostnader	3 505 927	3 743 680
Sum driftskostnader	**7 068 634**	**18 968 932**

Note 11 Usikre forpliktelser

Skattemyndighetene ba i 2011 om opplysninger vedrørende tidligere fradragsførte emisjonskostnader knyttet til ligning for 2006. Selskapet fikk redusert sitt fremførbare underskudd med kr 23 688 757. Dette var andel av emisjons-/tilretteleggingshonorar som ble ansett å være en del av investeringen som dermed ikke ga skattemessig fradrag. Videre sier vedtaket at tilleggsskatt på 30 % av skatten av kr 23 688 757, totalt kr 1 989 856, vil bli effektuert første år selskapet går med skattemessig overskudd. Det foreligger dermed en betinget forpliktelse på kr 1 989 856 som det ikke er avsatt for i regnskapet da selskapet vurderer det som mindre enn 50 % sannsynlig at det vil gå med skattemessig overskudd.

Note 12 Tilknyttede selskaper

Selskapet ervervet i 2017 25 % av aksjene i selskapet UAB Pagal Mus hvor styreleder John Afseth også eier 25 %.
Selskapet har dessuten ytt lån til UAB Pagal Mus i løpet av året pålydende til sammen NOK 6 667 993.
Etter årsslutt har hovedstolen blitt økt med ytterligere MNOK 5,16 (EUR 530 000).
Styret har etter årsslutt vedtatt å søke realisasjon av investeringen og innløsing av lånene. Realisasjonen gjennomføres i løpet av 2018.

Selskapet ansatte i november 2017 Lars Christian Berger som daglig leder.
Berger eier 30 % av aksjene i selskapet Hagen, Berger & Aas AS som leverer forretningsførertjenester til selskapet.

Note 13 Andre aksjeinvesteringer

Bokført verdi av aksjene:

	Anskaffelseskost	**Bokført verdi 01.01**	**Avgang**	**Tilgang**	**Nedskrivning**	**Bokført verdi 31.12**
Emerging Europe Commercial Properties AS	5 172 280	-	-	5 172 280	-	5 172 280
SUM	5 172 280	-	-	5 172 280	-	5 172 280

Konsernet:

	Anskaffelseskost	**Bokført verdi 01.01**	**Avgang**	**Tilgang**	**Nedskrivning**	**Bokført verdi 31.12**
Emerging Europe Commercial Properties AS	5 172 280	-	-	5 172 280	-	5 172 280
SUM	5 172 280	-	-	5 172 280	-	5 172 280

BDO AS
Munkedamsveien 45
Postboks 1704 Vika
0121 Oslo

Uavhengig revisors beretning

Til generalforsamlingen i Baltic Sea Properties AS

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Baltic Sea Properties AS' årsregnskap som består av:

- selskapsregnskapet, som består av balanse per 31. desember 2017, resultatregnskap for regnskapsåret avsluttet per denne datoen og noter, herunder et sammendrag av viktige regnskapsprinsipper, og
- konsernregnskapet, som består av balanse per 31. desember 2017, resultatregnskap for regnskapsåret avsluttet per denne datoen og noter, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening:

- er årsregnskapet avgitt i samsvar med lov og forskrifter
- gir selskapsregnskapet et rettvisende bilde av den finansielle stillingen til Baltic Sea Properties AS per 31. desember 2017 og av selskapets resultater for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.
- gir konsernregnskapet et rettvisende bilde av den finansielle stillingen til konsernet Baltic Sea Properties AS per 31. desember 2017 og av konsernets resultater for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet er ledelsen ansvarlig for å ta standpunkt til selskapets og konsernets evne til fortsatt drift, og på tilbørlig måte å opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.

- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets og konsernets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets og konsernets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet og konsernet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

- innhenter vi tilstrekkelig og hensiktsmessig revisjonsbevis vedrørende den finansielle informasjonen til enhetene eller forretningsområdene i konsernet for å kunne gi uttrykk for en mening om det konsoliderte regnskapet. Vi er ansvarlige for å lede, følge opp og gjennomføre konsernrevisjonen. Vi alene er ansvarlige for vår revisjonskonklusjon.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Uttalelse om øvrige lovmessige krav

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets og konsernets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo, 15. mai 2018
BDO AS

Steinar Andersen
Statsautorisert revisor