

Bulk Infrastructure AS
Consolidated financial statement 2017

- 1. Profit and loss**
- 2. Consolidated balance sheet**
- 3. Change in equity**
- 4. Cashflow statement**
- 5. Notes to consolidated financial statements**



Board of Directors Report 2017 - Bulk Infrastructure AS

Business description

Bulk Infrastructure AS is an industrial investment company primarily investing in real estate developments within warehousing, logistics, data centers and infrastructure.

Investment criteria

- *Diversification*: investing in businesses with low market correlation.
- *Industrial approach*: long-term investment perspective with focus on standardization and scalability at the right time.
- *Cash flow*: create predictable long-term income.
- *Active ownership*: owner has controlling influence on the Company's investments.
- *Human resources*: internal versatile expertise where specialists from different disciplines form teams to ensure creativity, good solutions and enhance value creation.

The Company believes its investment criteria will ensure good investment decisions. Its objective is to diversify risk by investing across multiple projects in non-correlated sectors at the same time. The Company has an opportunistic investment approach and the ability to shift its focus rapidly when the market changes.

The Company's headquarter is in Oslo municipality.

2017 in short

- The Group has sold and handed over properties for NOK 395.6 million.
- The Group has signed lease agreements for new construction of approximately 24,700 m² and at a yearly rent of approximately NOK 16.6 million during 2017.
- The Group has a number of ongoing processes with various tenants for the development of new warehouse and logistics buildings.
- The development of data centers is in good progress after several years of analysis and mapping. The Group is now on the way of becoming one of the leading data center developer in Norway. The Group has projects ongoing in Oslo, *Oslo Internet Exchange (OS-IX)*, and in Vennesla on *N01 Campus*.
- The dark fiber route between Kristiansand – Stavanger – Bergen – Oslo is in progress.
- The Group participates in a dark fiber route between the US and Denmark with Facebook, Google and Aqua Comms, which is estimated finalized late 2019.
- Bulk Infrastructure is now certified in accordance with ISO 9001 Quality Management and 14001 Environmental Management. The group is currently implementing ISO 22301 Business Continuity and 27001 Information Security, in addition to EU Code of Conduct for Datacenters Energy Efficiency and EN50600 for Data Center design.

Bulk consists of the following business areas:

Logistics - Logibulk is a Nordic real estate developer, specializing in large modern warehouses, industrial buildings, cross-dock terminals and logistics parks. The company continues the operations developed through Bulk Eiendom AS. The company was established in 2006, and have already developed and delivered over 312 900 m² of high quality, flexible and energy efficient facilities for customers. As of December 31, 2017 over 28 000 m² are under construction and ready to be handed over in 2018.

Digital Logistics – Digibulk is an industrial developer of data centers and data center services. The company is focusing on Oslo Internet Exchange (OS-IX) data center in Oslo as well as N01 Campus in Vennesla. The company is developing OS-IX as “state of the art” data center including brand new infrastructure. We are constructing the world’s largest data center campus powered by renewable energy in Vennesla. The company deliver quality, flexibility and sustainable alternative for the national and international market.

Networks – Optibulk manages and operate long-haul fiber infrastructure. The current fiber infrastructure connects Oslo to Kristiansand and Vennesla (Southern Norway) to Denmark. The dark fiber route between Kristiansand – Stavanger – Bergen – Oslo is in progress and the group also participates in a dark fiber route between the US and Denmark with Facebook, Google and Aqua Comms, which is estimated finalized late 2019

Digibulk - Services delivers specialized resources and expertise for data center development projects. Digibulk – Services delivers both manpower and hardware.

Other Service is Bulks Service organization and manages shared cost for some of Logibulks properties and Digibulks Data Center properties, to both external customers and group companies. In addition, innovation projects are handled by other services.

Going concern

In accordance with Section 3-3a of the Norwegian Accounting Act, we hereby confirm the assumption of going concern. The assumption is based on year-end 2017 status and The Group's long-term strategic forecasts for the years ahead. The Group has a solid financial position.

Future development

Warehousing, logistics and industrial buildings - The demand for new and modern logistic properties are good and the demand expects to keep strong going forward. The Group has signed new lease agreements for construction of approximately 24,700 m² during 2017 with a yearly rent of approximately NOK 16.6 million. In addition, new lease agreements of totally 10,100 m² with a yearly rent of NOK 10.3 million has been signed on existing property during 2017. Bulk is also involved in regulation and development of new logistics locations, both alone and in partnerships. The transaction market for commercial property has been good through 2017. Through the year we have experienced an improvement in the lending from finance institutions; we expect low interest rates to keep interest high especially for new modern logistics and warehouse properties with long cash flow.

Data Centers - It is a strong national and international interest in the data center projects. The first data center customers are in place and there are several ongoing processes with both new

and existing tenants. OS-IX is refurbished with new 15-megawatt redundant power supply, meet-me-rooms, internet exchange and multiple ducts with dark fiber connectivity. The expectations to let out N01 Campus in the years to come are substantial. Multiple international companies have already visited N01 Campus. The construction and letting of the first data center is close to finalizing.

Fiber networks - Dark fiber between Oslo and Kristiansand and onwards to the continent is completed. This makes OS-IX and N01 Campus directly connected to the global Internet. Bulk has also started the dark fiber route project from Kristiansand to Stavanger and Bergen, and back to Oslo again. The Group also participates in a dark fiber route between the US and Denmark with Facebook, Google and Aqua Comms, which is estimated finalized late 2019.

Report on the annual accounts

Total income for The Group was NOK 645.1 million compared to NOK 213.3 million last year. This is an increase of NOK 431.8 million mainly related to revenue from property sales of NOK 395.6 million. NOK 496.7 million of total income is generated from Logistics in 2017, compared to NOK 113.6 million last year. The increase is mainly due to sale of properties of NOK 395.6 million from inventory property. The Service area generates a total income of NOK 148.2 million in 2017, compared to NOK 98.3 million last year. The increase in the service area is mainly due to high demand on Data Center Technology services on the partly owned data center property OS-IX. Profit for the year 2017 was NOK 181.5 million compared to NOK 107.6 million last year.

The Group's operating profit was NOK 198.2 million in 2017 compared to NOK 126.9 million last year, while the annual net profit adjusted for minority interests was NOK 181.4 million in 2017, an increase from NOK 107.5 million in 2016. Logistics contributes with a profit for the year of NOK 245.5 million in 2017, compared to NOK 140.8 million last year.

Total current assets were NOK 435.3 million as of December 31, 2017 compared to NOK 294.7 million as of December 31, 2016.

Total cash were NOK 286.8 million as of December 31, 2017 compared to NOK 244.2 million as of December 31, 2016.

The Group's total liabilities amounted to NOK 496.4 million as of December 31, 2017, compared to NOK 536.6 million as of December 31, 2016. This decrease is mainly related to sale of properties in 2017 and redemption of associated borrowings. The Group continuously monitors the Groups installments and expiration of the long-term debt and prepares action plans to be able to meet its obligations.

Other financial and interest costs amounted to NOK 23.9 million in 2017 compared to NOK 17.3 million in 2016. The increase is mainly related to increased average borrowings in 2017 compared with 2016. The Group aims to reduce these costs significantly by strengthening its equity and has an ongoing process on financial structure.

Total assets at the end of the year amounted to NOK 1,640.8 million compared to NOK 1,418.7 million last year. The equity-to-assets ratio as of December 31, 2017 was 69.7 %, compared to 62.2 % as of December 31, 2016.

The Group's financial position is strong.

The Holding company's net result was NOK 172.8 million compared to NOK 33.0 million in 2016. The increase was mainly related to increased group contribution of NOK 182.2 million compared to last year. Total assets were NOK 1.304.3 million as of December 31, 2017 compared to NOK 868.3 million last year. The increase is mainly related to increased investments in subsidiaries and loans to group companies. The Holding company's equity was NOK 1,029.8 million and the equity ratio as of December 31, 2017 was 79.0 %, compared to 89.4 % last year.

Research and development

The group has no material research and development project. The parent company has an internal software project under development.

Financial risk

The Group is exposed to these types of risk:

Liquidity risk - The Group intends to have sufficient liquidity to meet all its obligations, including the new investments that are ongoing. The Group intends to maintain a reasonable amount of liquidity to meet unforeseen obligations. The Group continuously monitors the Group's liquidity and has a long-term liquidity forecast in place.

Interest risk - The Group has loans with a number of financial institutions, all with long-term repayment plans. The Group is exposed to changes in NIBOR interest rates and SWAP interest. The distribution of fixed and floating interest rates was 26/74 by the end of the year.

Credit risk - The Group's warehouse and distribution properties are characterized by high standards, good locations, long lease agreements and reliable tenants. There were no material credit losses in 2017. The Group's tenants normally pay quarterly and in advance. The lease agreements usually require an additional form of collateral or security.

Market risk

The transaction market for commercial properties - Demand for commercial real estate in Norway is currently high. Particularly properties with long-term lease agreements and low rental fees are attractive. Demand is expected to keep strong as long the interest rates remain low. There has been a slowdown in the lending which in turn could affect the transaction market going forward.

Rental Market for warehouses, logistic buildings and data centers. The Group is exposed to the risk of changes in lease and rental prices in the market. The Group has several long-term lease agreements in place. However, the weighted average lease term for tenants has decreased from 8.3 years last year to 4.6 years as of December 31, 2017 as several properties with long-term lease contracts has been sold during 2017. The lease agreements provide The Group with fixed and predictable revenues throughout the contract period. Most lease agreements are adjusted annually 100 % in line with the consumer price index. The rate of vacancy in the group's properties is 10.6 % as of December 31, 2017. The vacancy is mainly due to 4400 m² of speculative warehouse in progress which is expected to be signed for lease during 2018 in addition to vacant premises in the older properties in Moss and Vestby.

Working environment and personnel

The Group and dedicated employees has created a sound business culture, characterized by low bureaucracy and fast decision capabilities. The working environment in the Group is considered to be satisfactory; employees are dedicated and motivated and have made great efforts to ensure the successful growth of the Group.

Sick leave amounted to 1.2 % of total working hours in 2017. The Group had 49 employees at the end of the year in addition to one full time external consultant and one working approximately 80% as an external consultant. 20 % of the employees are women compared to 17 % last year.

There were no major accidents or injuries to the Groups personnel during 2017.

Gender equality and discrimination

The Company is working actively, consciously and consistently to eliminate discrimination and unequal opportunities due to gender, nationality and activities such as recruitment, salaries, and working conditions.

Environment reporting

Bulk has great passion for innovative thinking and we approach committedly the paths leading to change. We deeply respect the environment, people and society as a whole. We embrace opportunities to contribute to global sustainable development. We use all our creative power to develop new high quality, reliable and clean solutions.

Our Integrated Management System is used to soundly manage, secure and continuously improve all work processes that affect Quality, Health, Safety and Environment. The use and follow up of our performance indicators, along with systematic risk management enable leading the company in a sustainable direction.

Subsequent events

There are no material subsequent events after the reporting period.

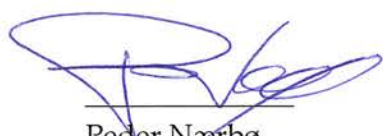
Profit/Loss for the year and allocation of funds

The Board of Directors proposes that the profit for the year for The Holding Company amounting to NOK 172,833,758 will be transferred as follows;

Other equity	NOK 102,833,758
<u>Dividend</u>	<u>NOK 70,000,000</u>
Total brought forward	NOK 172,833,758

Oslo, March 22, 2018

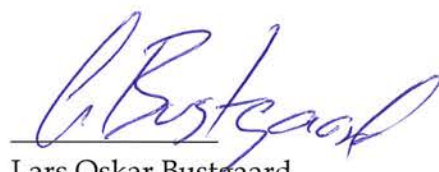
The board of Bulk Infrastructure AS



Peder Nærbø
Chairman of the board



Torbjørn T. Moe
Member of the board



Lars Oskar Bustgaard
Member of the board



Even Bratsberg
Member of the board



Nicholas B. Laird
Member of the board



John Erik Tønnessen
General manager

Bulk Infrastructure AS

Consolidated financial statement 2017

Presentations

- 1 Consolidated statement of profit and loss and other comprehensive income
- 2 Consolidated balance sheet
- 3 Consolidated statement of changes in equity
- 4 Cashflow statements- consolidated

Notes to the consolidated accounts for 2017

- 1 General information
- 2 Accounting principles
- 3 Segment information
- 4 Financial risk management
- 5 Capital structure and capital management
- 6 Accounting estimates
- 7 Investments in subsidiaries, joint ventures and associated companies
- 8 Investment property, property, plant and equipment
- 9 Intangible assets
- 10 Goodwill
- 11 Joint venture and associated companies
- 12 Derivative financial instruments
- 13 Financial instruments
- 14 Trade and other receivables
- 15 Cash and cash equivalents
- 16 Paid in equity, shareholders and retained earnings
- 17 Interest-bearing debt
- 18 Deferred tax
- 19 Accounts payable and other payables
- 20 Contingent assets and contingent liabilities
- 21 Rental income
- 22 Real estate related costs and other operating expenses
- 23 Employee benefit expense
- 24 Financial income and costs
- 25 Income tax
- 26 Inventories
- 27 Subsequent events after the reporting period

Bulk Infrastructure AS
Consolidated statement of profit and loss and other comprehensive income
For the year ended 31 December 2017

	Notes	2017	2016
Rental income	3,21	33 407 156	31 201 906
Revenue property sales	3,8	395 579 874	-
Revenue from sales	3	110 886 083	69 299 526
Gain from sale of investment property	3,8	67 736 780	76 284 397
Other revenue	3	37 496 677	36 497 721
Total revenue and other income	3,21	645 106 570	213 283 550
Property-related expenses	22	17 243 263	16 204 064
Cost of property sales	3,8	330 330 630	-
Cost of sales	3	94 630 023	59 687 837
Other cost	22,23	92 372 085	70 983 621
Total expenses		534 576 001	146 875 522
Operating profit before fair value adjustments on investment properties		110 530 569	66 408 028
Fair value adjustments on investment properties	8	87 655 897	60 533 070
Operating profit		198 186 466	126 941 098
Share of loss of investments accounted for using the equity method	11	23 053 205	1 658 466
Finance income	11,24	9 382 509	1 871 188
Finance costs	24	23 876 356	17 335 313
Realised net financial items		-37 547 052	-17 122 591
Fair value adjustments on derivatives	24	6 293 103	4 517 878
Net financial items		-31 253 949	-12 604 713
Profit before income tax		166 932 517	114 336 385
Income tax expense	25	-14 557 276	6 727 908
Profit for the year		181 489 793	107 608 477
<i>Other comprehensive income</i>		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income		181 489 793	107 608 477
<i>Attributable to:</i>			
Shareholders in the parent Company		181 406 043	107 508 226
Non-controlling interests		83 750	100 251
Earnings per share basic and diluted (NOK)	16	1,31	0,89

Bulk Infrastructure AS

Consolidated balance sheet

	Notes	2017	2016
Assets			
<i>Intangible fixed assets</i>			
Goodwill	9,10	16 947 796	16 947 796
Other intangible assets	9	4 271 065	8 332 471
Total intangible assets		21 218 861	25 280 267
 <i>Non-current assets</i>			
Investment property	4,6,8,22	588 030 954	719 619 392
Property, plant & equipment	8	416 830 489	262 857 908
Investment in Associated company	7,11	176 929 351	113 794 716
Other receivables	11,13	2 471 202	2 419 662
Total non-current assets		1 184 261 996	1 098 691 678
 <i>Current assets</i>			
Inventories	26	5 639 208	5 436 700
Inventories property	8	48 869 370	-
Trade and other receivables	13,14	94 015 755	45 082 994
Cash and cash equivalents	13,15	286 761 696	244 198 461
Total current assets		435 286 029	294 718 155
 Total assets		1 640 766 886	1 418 690 100


Bulk Infrastructure AS

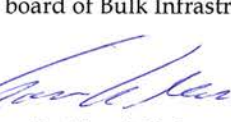
Consolidated balance sheet


	Notes	2017	2016
Equity and liabilities			
<i>Paid in equity</i>			
Ordinary shares		1 737 769	1 570 477
Share premium		822 173 362	741 371 268
Total paid in equity	16	823 911 131	742 941 745
<i>Retained earnings</i>			
Retained earnings		320 536 054	138 735 822
Total retained earnings		320 536 054	138 735 822
Non-controlling interests		-38 460	427 390
Total equity	16	1 144 408 725	882 104 957
<i>Non-current liabilities</i>			
Borrowings	13,17	217 176 235	367 303 952
Derivative financial instruments	12,13	11 794 378	14 444 923
Other long-term liabilities		30 000 000	2 166 666
Deferred income tax liabilities	18	6 817 510	21 211 756
Total non-current liabilities		265 788 123	405 127 297
<i>Current liabilities</i>			
Trade payables	19	64 792 734	44 325 789
Short-term portion of borrowings	12,13,17	90 347 218	14 192 671
Short-term portion of derivatives	12,13	1 892 403	5 534 961
Other payables	13	73 537 683	67 404 425
Total current liabilities	13	230 570 038	131 457 846
Total liabilities		496 358 161	536 585 143
Total equity and liabilities		1 640 766 886	1 418 690 100


Oslo, March 22, 2018

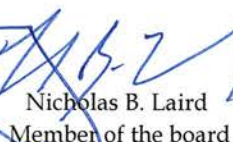
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Member of the board


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Member of the board


John Erik Tønnessen
General manager

Bulk Infrastructure AS
Consolidated statement of changes in equity

	Paid in equity		Retained earnings	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings		
01.01.2016	1 193 446	558 436 826	51 028 853	291 280	610 950 405
Profit of the year			107 508 226	100 251	107 608 477
Share issue	377 031	182 934 442			183 311 473
Dividend approved			-23 868 728		-23 868 728
Translation differences			4 067 471	35 859	4 103 330
Total comprehensive income	377 031	182 934 442	87 706 969	136 110	271 154 552
31.12.2016	1 570 477	741 371 268	138 735 822	427 390	882 104 957
01.01.2017	1 570 477	741 371 268	138 735 822	427 390	882 104 957
Profit of the year			181 406 043	83 750	181 489 793
Share issue	167 292	80 802 094			80 969 386
Sale of group company				-549 600	-549 600
Translation differences			394 189		394 189
Total comprehensive income	167 292	80 802 094	181 800 232	-465 850	262 303 768
31.12.2017	1 737 769	822 173 362	320 536 054	-38 460	1 144 408 725

Bulk Infrastructure AS

Cashflow statement - consolidated

	Note	2017	2016
Cash flow from operations			
Profit before income taxes		166 932 517	114 336 385
Adjust for:			
Depreciation	8	2 133 841	2 079 921
Fair value adj. on investment properties	8	-87 655 897	-60 533 070
Finance income	24	-9 382 509	-6 389 066
Finance costs	24	46 929 561	17 335 313
Cashflow before change in working capital		118 957 513	66 829 483
Change in working capital			
Trade and other receivables		-49 186 809	-5 352 829
Trade and other payables		27 398 469	63 446 388
Net cash flow from operations (A)		97 169 173	124 923 042
Cash flow from investments			
Purchase and improvements of investments property	8	-51 482 003	-62 340 090
Sale of property		119 782 643	-
Sale of investment property	8	101 300 000	-
Change in financial investments		-	-73 117 791
Purchase of shares in other companies		-84 999 636	-50 516 667
Sale of shares in other companies		-	29 052 665
Purchase of fixed assets		-152 061 338	-142 990 377
Net cash flow from investments (B)		-67 460 334	-299 912 260
Cash flow from financing			
Interest paid including interest paid on derivatives		-23 876 356	-17 335 313
Interest received		1 901 202	1 871 188
Proceeds from Borrowings	17	-46 139 836	105 496 428
Share issue		80 969 386	171 051 830
Dividend paid		-	-23 868 728
Net cash flow from financing (C)		12 854 396	237 215 405
Net change in cash and cash equivalents (A+B+C)		42 563 235	62 226 187
Cash and cash equivalents at the beginning of the period		244 198 461	181 972 274
Change in currency exchange rate		-	-
Cash and cash equivalents at the end of the period		286 761 696	244 198 461
Restricted funds	15	3 279 188	3 010 527

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 1 General information

Bulk Infrastructure AS is a limited liability company registered in Norway. The head office of the company is in Frognerstranda 2, Oslo, Norway. The company is the parent company of the real estate group Bulk Infrastructure AS.

Logistics - Logibulk is a Nordic real estate developer, specializing in large modern warehouses, industrial buildings, cross-dock terminals and logistics parks. The company continues the operations developed through Bulk Eiendom AS. The company was established in 2006 and have already developed and delivered over 312 900 m² of high quality, flexible and energy efficient facilities for customers. As of December 31, 2017, over 28 000 m² are under construction and ready to be handed over in 2018.

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Other Service is Bulks Service organization and manages shared cost for some of Logibulks properties and Digibulks Data Center properties. In addition, innovation projects are handled by other services.

The Board of Directors and the CEO authorized these financial statements for issue on March 22, 2018.

Note 2 Accounting principles

2.1 General

2.2 Changes in accounting policies

2.3 Consolidation

2.4 Foreign currency translation

2.5 Investment property

2.6 Property, plant and equipment

2.7 Non-current assets held for sale

2.8 Lease agreements

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

2.9 Goodwill
2.10 Impairment of non-financial assets
2.11 Financial assets
2.12 Trade receivables
2.13 Cash and cash equivalents
2.14 Share capital
2.15 Trade payables and other short-term payables
2.16 Borrowings
2.17 Borrowing costs
2.18 Current and deferred income tax
2.19 Provisions
2.20 Revenue recognition
2.21 Real estate related costs and other costs
2.22 Interest income
2.23 Classification of assets and debt
2.24 Dividends
2.25 Segment information

2.1 General

The consolidated financial statement has been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU. The group also present additional disclosures as required under the Norwegian Accounting Act.

The consolidated financial statement has been prepared on a historical cost basis, with the following exceptions:

- Investment properties are recognized at their fair value and changes in fair value is recognized as fair value adjustment in the income statement
- Financial derivatives are recognized at their fair value over the profit and loss statement

The consolidated accounts have been prepared with consistent accounting principles for similar transactions and events. The corresponding figures have been prepared on the basis of the same accounting principles.

New and amended standards effective from 2017

New and amended standards effective from 2017 has not significantly impacted the 2017 financial statements.

New standards, interpretations and amendments to existing standards not yet adopted by the Group

A number of new standards and amendments to standards and interpretations are not mandatory for 31 December 2017 reporting periods and have not been early adopted in 2017 by the group. New standards and amendments that are relevant for the group are set out below

IFRS 9 Financial instruments

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and liabilities and hedge accounting. Under IFRS 9, financial assets are classified into three categories: fair value through other comprehensive income, fair value through profit and amortized cost. The measurement category is determined on initial recognition of the asset.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

The classification depends on the entity's business model for managing its financial instruments and the characteristics of the cash flows of the individual instrument. Equity instruments shall initially be measured at fair value. The company may elect to present value changes in other comprehensive income, but the choice is binding, and subsequent gain or loss cannot be reclassified to income. Impairment due to credit risk should be recognized based on expected loss rather than the current model where losses must be incurred. For financial liabilities, the standard is more or less based on IAS 39.

The standard is effective for the fiscal year 2018, but early adoption is permitted. The adoption of IFRS 9 will, based on the Groups analysis, not be of significance for the group.

IFRS 15 Revenue from contracts with customers

The IASB has issued a new standard for recognition of revenue. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces all existing revenue recognition guidance. The standard is mandatory for annual periods beginning 1 January 2018 or later. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard is effective for the fiscal year 2018, but early adoption is permitted. The adoption of IFRS 15 will, based on the Groups analysis, not have significant impact on the groups revenue recognition.

The group has the following types of revenues

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term. The adoption of IFRS 15 will not have significant impact on recognition of rental income.

Sale of property under development

For properties that are under development and where a contract has been entered into regarding the sale of the property upon completion, it is carefully considered whether the contract comprises construction of a property or the sale of a completed property.

When the contract is considered to be for the construction of a property, revenue is recognized in accordance with the percentage of completion method in line with the building's progress providing that the outcome of the construction contract can be reliably measured. The adoption of IFRS 15 will not have significant impact on recognition of sale of properties treated as construction of a property.

If the contract is considered a sale of a completed property, revenue is recognized when the significant risks and rewards of ownership of the property have been transferred to the buyer. This is normally when development is completed. If, however, the contracts term and conditions are such that work in progress are continually transferred to the buyer, revenue is recognized in accordance with the percentage of completion method. The continuous transfer of works in progress is used when

- (i) the buyer has the control over the work in progress, typically when the land that is being built is owned by the final customer, and
- (ii) all significant risks and rewards of ownership of the work in progress in its current condition are transferred to the customer in line with the progress, typically when the buyer cannot return the unfinished property.

If percentage of completion method applies, progress is measured based on cost incurred in proportion to the estimated total costs.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

The adoption of IFRS 15 will not have significant impact on recognition of sale of a completed property.

Revenue from sales is recognized when goods and services, primarily from Digibulk-Services, have been delivered and the risk has passed to the customer. The adoption of IFRS 15 will not have significant impact on recognition of revenue from sale.

Other revenue, income arising from expenses recharged to tenants, is recognized in the period the associated cost is incurred. The adoption of IFRS 15 will not have significant impact on recognition of expenses recharged to tenants.

IFRS 16 Leases

IFRS 16 Leases replaces existing IFRS leases requirements, IAS 17 Leases. This standard will result in almost all leases being capitalized, since the distinction between financial and operational leases is removed. Under the new standard, both an asset (the right to use the leased item) and a financial liability (the value of future lease payments) are recognized. The only exceptions are short-term leases or leases of low value. IFRS 16 is effective from the fiscal year 2019. The group still has not fully assessed the impact of IFRS 16.

There are no other IFRS standards or IFRIC interpretations not yet effective, that are expected to have a material impact on the financial statements.

2.3 Consolidation

Subsidiaries

When the company has control over an investee, it is classified as a subsidiary. The company controls an investee if the company has power over the investee, is exposed to variable returns from the investee, and has the ability to use its power over the investee to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date the group gains control until the date control ceases.

Acquisitions of subsidiaries – business combinations

The group applies the acquisitions method to account for acquisition of subsidiaries or other entities. The assets and debt transferred in business combinations are recognized at their fair values at the acquisition date. Deferred tax is calculated based on the difference between fair value and the tax bases of assets and debt.

Goodwill is calculated as the excess of the consideration and the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquire. The minority interest is valued either at fair value or by the non-controlling interest share of the net assets. Goodwill is recognized at cost less any accumulated impairment losses. Goodwill is not depreciated but an impairment test is performed each year. If the fair value of net asset is in excess of consideration transferred ("negative goodwill") a gain is recognized in profit and loss on the date of acquisition.

Acquisition of subsidiaries not viewed as business combinations

Acquisition of entities in which the activities do not constitute a business, are accounted for as a purchase of assets. The acquisition cost is allocated to the acquired assets and no deferred tax is calculated for temporary differences that arises at initial recognition.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements are classified as joint operations and joint ventures depending on the rights and obligations of the parties to the arrangement.

Joint operations

The group has no joint operations.

Joint ventures

Joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. Profits and losses arising on transactions between the Group and joint ventures are recognized only to the extent of unrelated investors' interests in the entity. The investor's share in the joint venture's profits and losses resulting from these transactions is eliminated against the carrying amount of the investment in the joint venture.

Associates

Investments in associates are entities over which the group has significant influence but not control (generally accompanying a shareholding of between 20% and 50% of the voting rights). Associates are included using the equity method from the date when the group achieves significant influence. When the group no longer have significant influence the equity method is no longer applied. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

Elimination of transactions

Inter-company transactions and balances between group companies are eliminated.

Unrealized gains on transactions with associates are eliminated to the extent of the group's interest in the associate. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.4 Foreign currency translation

The group's presentation currency is NOK. This is also the functional currency of the parent company and the majority of the subsidiaries. Two subsidiaries have functional currency SEK. The Swedish companies are under liquidation.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items in foreign currencies are translated to the year-end transaction date. Foreign exchange gains and losses are recognized in the income statement.

2.5 Investment property

Property held with the purpose of achieving rental income, increase in value or both are classified as investment property. Investment property also includes property under development for future use as investment property.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Investment property is initially recognized at cost including transaction costs. Transaction costs include stamp duty, lawyer's fees and commission to bring the property to the condition that is necessary to put the property into operation. Carrying amount also include incurred replacement cost for parts of the existing investment property if the terms for recognition has been met.

After initial recognition, the investment property is recognized at fair value. Gains or losses arising from changes in fair value are recognized in profit and loss in the period they arise.

Subsequent costs relating to investment property are included in the carrying amount if it is probable that they will result in future economic benefits for the investment property and the costs can be measured reliably. Expenses relating to operations and maintenance of the investment property are recognized in profit and loss in the financial period in which they are incurred.

Investment properties are derecognized when they are sold or are permanently withdrawn from use and no future economic benefit is expected if disposed of. All gains or losses relating to sales or disposal are recognized in profit and loss.

Gains or losses from disposal of investment property is the difference between net selling price and the carrying amount of the asset in the previous year's financial statements or interim report if published, which is the latest.

Investment property is transferred from investment property only when there is a change in use. A reclassification from investment property to inventories is made when development with a view to sell is commenced.

2.6 Property, plant and equipment

Properties that do not qualify as investment property is presented as property, plant and equipment. All property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably measured. All other repairs and maintenance are recognized in profit and loss as incurred.

Land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. All other items of property, plant and equipment are depreciated over their expected useful economic lives. Expected useful economic is as follows:

Buildings -	2 % linear
Technical instr. -	7-20 % linear
Parking -	5 % linear
Fixtures and fittings -	10-25 % linear
Equipment -	5 % linear

2.7 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Investment properties classified as held for sale is measured at fair value.

2.8 Lease agreements

(a) When a group company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments, including prepayments, made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(b) When a group company is the lessor

Property leased on an operational lease is included in investment property on the group balance sheet. Rental income is included on a straight-line basis over the period of the lease. The group pays fee to consultants in negotiations of new lease agreements. Fees paid in relation to new lease agreements is included in the carrying amount of the investment property and is amortized over the lease term.

Payments, free rental period or other incentives are recognized on a straight-line basis over the lease term.

2.9 Goodwill

Goodwill represents the excess of the cost of a business combination over, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

The cost of a business combination comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and. Direct costs of acquisition are recognized immediately as an expense.

Goodwill is measured at cost less any accumulated impairment loss.

2.10 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill, intangible assets that have an indefinite useful life or intangible assets not ready to use are also tested annually for impairment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). An impairment loss is recognized for the amount by which the asset's/CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Prior impairments of non-financial assets other than goodwill, are reviewed for possible reversal at each reporting date.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

2.11 Financial assets and liabilities

Financial assets

The group currently classifies its financial assets in one of the following categories: (a) at fair value through profit or loss and (b) loans and receivables. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Financial assets are initially recognized at fair value, and transaction costs are expensed. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is presented as financial items in the income statement.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Loans and receivables are initially recognized at fair value, transaction costs are added to the carrying amount. Loans and receivables are subsequently carried at amortized cost.

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Other financial liabilities

Other financial liabilities include all financial liabilities not classified at fair value through profit and loss. All the group's financial liabilities, except for derivatives, are classified as other financial liabilities.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Other financial liabilities obligations are initially recognized at fair value net of directly attributable transaction costs. Other financial liabilities are subsequently measured at amortized cost.

Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires. This normally happens when the group pays the financial liability.

Financial liabilities are presented as non-current liabilities when the group has an unconditional right to defer settlement for at least 12 months after of the end of the reporting period.

Offsetting financial assets and obligations

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.12 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank deposits, other short-term highly liquid investments with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's, equity share capital (treasury shares), the consideration paid is deducted from equity. When such ordinary shares are subsequently reissued, any consideration received, is included in equity attributable to the company's equity holders. Voting rights related to treasury shares are annulled and no dividend is allocated to treasury shares.

2.15 Trade payables and other short-term payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest method. The difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are included in the cost of those assets.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.18 Current and deferred income tax

The tax expense for the period comprises current and changed in deferred tax. Tax expense is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

2.19 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Restructuring provisions typically comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.20 Revenue recognition

Revenue comprise of rental income, revenue from property sales, revenue from sales and other revenue.

Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term.

Income arising from expenses recharged to tenants is recognized in the period the associated cost is incurred.

Sale of property under development

For properties that are under development and where a contract has been entered into regarding the sale of the property upon completion, it is carefully considered whether the contract comprises construction of a property or the sale of a completed property.

When the contract is considered to be for the construction of a property, revenue is recognized in accordance with the percentage of completion method in line with the building's progress providing that the outcome of the construction contract can be reliably measured.

If the contract is considered a sale of a completed property, revenue is recognized when the significant risks and rewards of ownership of the property have been transferred to the buyer. This is normally when development is completed. If, however, the contracts term and conditions are such that work in progress are continually transferred to the buyer, revenue is recognized in accordance with the percentage of completion method. The continuous transfer of works in progress is used when

(i) the buyer has the control over the work in progress, typically when the land that is being built is owned by the final customer, and

(ii) all significant risks and rewards of ownership of the work in progress in its current condition are transferred to the customer in line with the progress, typically when the buyer cannot return the unfinished property.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

If percentage of completion method applies, progress is measured based on cost incurred in proportion to the estimated total costs.

Revenue from sale

Revenue from sales is recognized when goods and services have been delivered and the risk has passed to the customer.

Other revenue

Other revenue is recognized as it is earned.

2.21 Property-related expenses and other costs

Costs directly related to the operation of existing properties are recognized as property-related expenses, other costs are included as administration costs. Costs are recognized as incurred.

Cost of property sales and cost of sales

Cost of sales associated with property sales are recognized when the property is handed over to the buyer and the risk has passed to the buyer. Cost of sales are recognized when goods have been delivered and the risk has passed to the customer

2.22 Interest income

Interest income is recognized using the effective interest method.

2.23 Classification of assets and debt

Assets and liabilities expected to be settled within 12 months, and other items that are included in the company's normal operating cycle are classified as current. First year installment of the long-term debt is classified as current liabilities.

2.24 Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the corporate management.

Bulk Infrastructure AS
Notes to the consolidated accounts for 2017

Note 3 Segment information

Bulk Infrastructure Group has the following strategic operating segments by 31.12.17 presented ex. internal transactions in accordance with internal reporting to management:

All operating activities is based in Norway

Operating profit and loss after segment 31.12.17

	Logistics - Logbulk			Digital Logistics - Digibulk			Networks - Optibulk			Digibulk - Services			Other Services *			Total	
	2017	2016		2017	2016		2017	2016		2017	2016		2017	2016		2017	2016
Rental income	33 115 531	31 082 427	-	-	-	-	-	-	-	-	-	-	291 625	119 479	-	33 407 156	31 201 906
Revenue property sales	395 579 874	-	-	-	-	-	-	-	-	-	-	-	-	-	-	395 579 874	-
Revenue from sales	-	-	-	-	-	-	-	-	-	110 886 083	69 299 526	-	-	-	-	110 886 083	69 299 526
Gain from sale of investment property	65 738 937	76 284 397	-	-	-	-	-	-	-	-	-	-	1 997 843	-	-	67 736 780	76 284 397
Other revenue	2 267 406	6 203 721	81 000	1 411 254	1 113 000	50 000	1 267 588	3 231 428	25 603 318	37 496 677	21 263 550	-	-	-	-	37 496 677	21 263 550
Total revenue and other income	496 703 748	113 568 545	81 000	1 411 254	1 113 000	50 000	1 121 553 671	72 530 954	25 722 797	645 106 570	211 263 550	-	36 057 151	12 582 957	-	645 106 570	211 263 550
Property-related expenses	6 361 070	3 621 107	-	-	-	-	-	-	-	-	-	-	10 882 193	12 582 957	-	17 243 263	16 204 064
Cost of property sales	330 330 630	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330 330 630	-
Cost of sales	-	-	-	26 735	-	-	-	-	-	94 603 288	59 687 837	-	-	-	-	94 603 023	59 687 837
Other cost	1 519 000	1 065 496	-	1 332 526	3 271 132	2 677 088	11 124 724	10 882 697	75 483 318	53 087 268	53 087 268	-	-	-	-	92 372 085	70 983 621
Total expenses	338 210 730	4 686 603	1 359 261	3 271 132	2 912 487	2 677 088	105 728 012	70 570 534	65 670 245	534 576 001	146 875 522	-	86 365 511	65 670 245	-	534 576 001	146 875 522
Operating profit before fair value adjustments on investment properties	158 493 018	108 881 942	-1 278 261	-1 859 878	-2 799 487	-2 627 088	6 425 659	1 960 420	-39 947 448	110 530 569	66 408 028	-	-50 308 360	-39 947 448	-	110 530 569	66 408 028
Fair value adjustments on investment properties	87 655 897	60 533 070	-	-	-	-	-	-	-	-	-	-	-	-	-	87 655 897	60 533 070
Operating profit	246 148 915	169 415 012	-1 278 261	-1 859 878	-2 799 487	-2 627 088	6 425 659	1 960 420	-39 947 448	198 186 466	126 941 098	-	-50 308 360	-39 947 448	-	198 186 466	126 941 098
Realised net financial items	-11 058 152	-16 685 059	-23 221 151	588 918	-172 537	64 879	-233 710	85 962	-1 047 533	-37 547 052	-17 122 591	-	-2 861 502	-1 047 533	-	-37 547 052	-17 122 591
Fair value adjustments on derivatives	6 293 103	4 517 878	-	-	-	-	-	-	-	-	-	-	-	-	-	6 293 103	4 517 878
Net financial items	-4 765 049	-12 167 181	-23 221 151	588 918	-172 537	64 879	-233 710	85 962	-1 047 533	-37 547 052	-17 122 591	-	-2 861 502	-1 047 533	-	-37 547 052	-17 122 591
Profit before income tax	241 383 866	157 247 831	-24 499 412	-1 270 960	-2 972 024	-2 691 887	6 191 949	2 046 382	-40 994 981	166 913 517	114 336 305	-	-53 169 862	-40 994 981	-	166 913 517	114 336 305
Income tax expense	-4 157 771	16 148 914	-2 106 858	-1 754 445	-1 675 939	-1 905 813	1 709 782	1 766 325	-7 827 043	-8 326 380	-14 552 276	-	-8 326 380	-7 827 043	-	-14 552 276	-6 727 986
Profit for the year	245 539 637	140 798 917	-22 392 554	-483 485	-1 296 085	-786 044	4 482 167	280 167	-44 843 372	181 489 793	107 608 477	-	-44 843 372	-44 843 372	-	181 489 793	107 608 477
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	245 539 637	140 798 917	-22 392 554	-483 485	-1 296 085	-786 044	4 482 167	280 167	-44 843 372	181 489 793	107 608 477	-	-44 843 372	-44 843 372	-	181 489 793	107 608 477

* Including Parent Company
Please also see note 2 for further explanation of the segments

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 4 Financial risk management

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group's overall risk management programme seeks to minimise potential adverse effects on the group's financial performance.

Market risk

The group is exposed to market risk arising from changes in interest rates and foreign exchange rates. The exposure is reduced mainly by the use of financial derivatives. The group has all its operations in Norway, and is not directly exposed to foreign exchange rate risk.

Interest rate risk

The group's interest rate risk arises on a short and medium term because part of the company's borrowings are held at variable rates. The debt is serviced with income from lease agreements. The lease is not altered according to interest rate levels, but according to the terms of the lease contract. Changes in the interest rate level will have a direct impact on the future cash flow for the group.

To reduce the interest rate exposure, it is group policy to maintain an overall maximum share of its borrowings at floating interest rates. The distribution between floating and fixed rates will not necessarily be the same for all group companies. Some of the current loan agreements have hedging ratio-covenants. The group use interest rate derivatives to manage their interest rate exposure. As of December 31, 2017 NOK 80,2 million of the Group's borrowings of NOK 307,5 million is hedged at a fixed rate. Hedged nominal amount of NOK 39,6 million expires in 2018 and NOK 40,6 expires in 2033. The sensitivity is calculated by the Group, and the Groups interest cost is estimated to increase/decrease by NOK 1.7 million for 2017 based on a change in the interest rate of +/- 0.5%.

Credit risk

Credit risk is the risk of loss when a party is unable to redeem their obligations to the group. The risk is mainly linked to trade receivables and other receivables and based on historical losses the risk is considered not significant. The risk is managed by doing thorough evaluations of the credit quality of the customer when new lease agreements are signed, demand deposits or guarantees, and perform regular monitoring of the credit quality of significant customers. The maximum exposure to credit risk at year end is equal to the carrying amount of financial assets. There are no material amounts outstanding to specific customers except partly owned companies. Please also see aging analysis in note 14.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet their obligations at maturity, and the risk that the group will not be able to meet their liquidity obligations without a significant increase in cost. At a broader perspective, liquidity risk also include the risk that the group is not able to finance necessary investments in the properties. The Group continuously monitors the Groups liquidity and has a long-term liquidity forecast in place. Management also monitors the Groups installments and expiration of the long-term debt and prepares action plans to be able to meet its obligations. A plan to refinance the Groups debt with expiration in 2018 is in progress.

Liquidity risk is reduced by having a sufficient liquidity reserve, and by ensuring that the debt maturities are distributed over time.

The table below illustrates the maturity structure of liabilities.

2017		Expected cashflow			
Financial liability	amount	Year 1	Year 2	Year 3-5	After year 5
Borrowings (bank)	307 523 453	90 347 218	92 805 946	64 167 838	60 202 450
Other long-term liabilities	30 000 000		30 000 000		
Trade payables	64 792 734	64 792 734			
Interest costs (bank)	-	9 680 709	6 301 533	3 405 367	2 221 470
Other current payables	73 537 683	73 537 683			
Derivative financial instruments	13 686 781	1 892 403	1 338 577	3 246 715	7 209 086

2016		Expected cashflow			
Financial liability	Carrying amount	Year 1	Year 2	Year 3-5	After year 5
Borrowings (bank)	381 496 623	14 192 671	126 779 112	173 183 188	67 341 652
Other long-term liabilities	2 166 666		2 166 666		
Trade payables	44 325 789	44 325 789			
Interest costs (bank)	-	13 815 371	11 214 441	5 680 137	2 484 907
Other current payables	67 404 425	67 404 425			
Derivative financial instruments	19 979 884	5 534 961	2 853 618	3 405 890	8 185 415

When calculating interest costs only ordinary instalments are taken into consideration.

Fair value of financial derivatives

Fair value of derivatives, including interest rate swaps, is determined upon the present value of future calculated based on interest rate curves on the date of appraisal. The calculations are made by the bank

Sensitivity effect of change in variables (MNOK):

Variables	Change in variab	Fair value change	
		+ 1 %	- 1%
NIBOR	+/- 1 %	-6,72	5,83

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 5 Capital structure and capital management

The group's objectives relating to capital management are to ensure continued operation, to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The main objective of the group's capital management is to maintain a good debt and equity ratio. The group need a satisfactory equity ratio, but where the main focus is related to the debt ratio (loan-to-value/LTV). The LTV ratio is calculated as gross debt divided by gross property value. The group's goal is to have a debt ratio below 60 per cent. According to the group's loan agreements the LTV ratio should not exceed 75 per cent respectively. Requirements related to LTV in the loan agreements are adhered to both by year-end and for the first half year periods in 2016 and 2017. To change the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group's capital needs are influenced by the need for a liquidity reserve for existing and possible new projects. Completed real estate projects with no strategic value for the group will be considered disposed.

Solidity and liquidity

Equity and liquidity reserve are central key figures in the management of the group capital structure. The group liquidity reserve should be in proportion to all ongoing projects and any new projects.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 6 Accounting estimates

When preparing the financial accounts according to IFRS the group management makes judgement that may have significant impact on the amounts recognised in the financial statements. The management also used makes estimates based on assumption. Uncertainty relating to these assumptions and estimates may require material adjustment to the carrying amount of the group assets or liabilities in future periods.

Estimates

The group's most significant estimates relates to the following:

Fair value of investment property, see note 8

Investment property is recognized at fair value on the year end date.

Judgements

The group management has used estimates based on their best judgement and realistic assumptions related to multiple property transactions in 2017. Several properties have been sold during 2017. These have been both investment property and inventory property. The properties have been finalized properties, properties in progress and properties not yet started.

Gain on sale on investment property is recognised "net" int the profit and loss statement, while sale of inventory property is recognised "gross" as revenue and cost of sales.

A land area aquired with the intention to build logistic property for rent and thus classified as investment property as per December 31, 2016, has in 2017 been reclassified from investment property to inventory. The reclassification was made upon commencement of developement of properties with a view to sale, evidenced by an agreement to develope and sell logistic property on the land area. Legal title to the land area was transferred to the buyer in 2017. The agreement covered the construction of several logistic building on the land area. Some where completed as of December 31, 2017 while two will be completed in 2018. Judgement has been applied in allocation of the transaction price two the land and the logistic buildings.

Revenue has been recognised for properties completed in 2017. Revenue has not been recognised for the two properties to be completed in 2108. For one of the properties, revenue is not recognised as construction has not started. The other property revenue is not recognised as a rent agreement with a tentant is not entered into, and the transaction price is contingent upon a rent agreement being signed. The two properties are recognised as "inventories properties" as of December 31, 2107.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 7 Investments in subsidiaries, joint ventures and associated companies

Group:

Subsidiaries:	Office location	Vote-/ Ownership 31.12
Bulk Logistics AS	Oslo	100,0 %
Bulk Eiendom Farex AS	Oslo	100,0 %
Bulk Eiendom Lindeberg AS	Oslo	100,0 %
Bulk Lindeberg II AS	Oslo	100,0 %
Bulk Gardermoen IV AS	Oslo	100,0 %
Bulk Vinterbro II AS	Oslo	100,0 %
Bulk Eiendom Vestby AS	Oslo	100,0 %
Bulk Eiendom Vestby I AS	Oslo	100,0 %
Bulk Eiendom Vestby II AS	Oslo	100,0 %
Bulk Marina AS	Oslo	100,0 %
Bulk Berger IV AS	Oslo	100,0 %
Bulk Eiendom Solgaard Skog AS	Oslo	100,0 %
Logibulk I AS	Oslo	100,0 %
Bulk Nebbenes I AS	Oslo	100,0 %
Bulk Digital Logistics AS	Oslo	100,0 %
N01 Services AS	Oslo	100,0 %
N01 Utilities AS	Oslo	100,0 %
N01 Real Estate AS	Oslo	100,0 %
Bulk Networks AS	Oslo	100,0 %
Electric City-Link Norway AS	Oslo	100,0 %
Optibulk Skagerak AS	Oslo	100,0 %
Optibulk Havfrue AS	Oslo	100,0 %
Norway as a Service AS	Oslo	100,0 %
Bulk Facility Services AS	Oslo	100,0 %
Bulk Fugleåsen Drift AS	Oslo	100,0 %
Infragreen Communications AS	Oslo	100,0 %
Oslo Internet Exchange AS	Oslo	100,0 %
Bulk Innovation AS	Oslo	100,0 %
Data Center Technology AS	Oslo	100,0 %
Data Center Services AS	Oslo	100,0 %
Data Center Services AB	Stockholm	100,0 %
Data Center Technology Sverige AB	Stockholm	79,0 %

Joint Venture

OS-IX Eiendom Holding AS	Oslo	50,0 %
AE Bulk Co-Invest AS	Oslo	50,0 %

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 8 Investment property

INVESTMENT PROPERTY

	2017	2016
Fair value 1.1	719 619 392	574 579 991
Additions:		
- Capital expenditure	209 773 661	23 752 181
- Acquisition of property	51 482 003	60 754 150
- Sale of property	-101 300 000	-
Transferred to inventories property	-379 200 000	-
Changes in fair value	87 655 897	60 533 070
Fair value 31.12	588 030 954	719 619 392

Income and expenses from investment property	2017	2016
Income from rent	33 407 156	31 201 906
Expenses related to leased property	-17 243 263	-16 204 064

Fair value of the Group's investment property is based on a valuation by a qualified independent valuer. The valuation is carried out twice a year.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 8 Investment property continues

Overview over input used for valuation

	2017	2016
Valuation level	3	3
Valuation model	DCF	DCF
Fair value as of December 31	588 030 954	719 619 392
Total sqm	49 766	62 556
Current rent per sqm (range)	1 069 - 522	1 135 - 510
Current rent per sqm (average)	801	870
Remaining lease period actual contracts (range)	10,5 - 1,3	15,5 - 1,4
Remaining lease period actual contracts (average)	6,0	8,3
Market rent per sqm (range)	1 000 - 468	1 113 - 467
Market rent per sqm (average)	719	866
Estimated CPI	2,3 %	2,0 %
Actual vacancy	10,7 %	8,6 %
Valuation yield/ discount rate (range)	9,75 % - 5,50 %	9,75 % - 5,50 %
Valuation yield/ discount rate (average)	7,45 %	6,83 %

Bulk Infrastructure AS
Notes to the consolidated accounts for 2017

Note 8 Investment property continues

All figures are in NOK million

All investment properties is valued by using discountat cash flow. Key factors are ongoing revenue and expenses relating to the property, market lease, discount factor and inflation. Macro economic assumptions are used, but each property is also subject to individual appraisal. To determine each discount rate, the property location, attractiveness, quality and the general market conditions for real estate, credit market, solidity of tenants and contracts are considered. The sensitivity when evaluating fair value for investment property is connected to yield, interest rate level, inflation (CPI) and marked lease for the properties.

Future leasing payments:

The payments are estimated based on actual location, type and condition of the current building. The estimates are supported by existing leases, as well as recently lease agreements for similar properties in the same area.

Discount rate:

The discount rate is based on existing market rates, adjusted for the estimated uncertainty in terms of size and future cash flows.

Estimated vacancies:

The estimate is firmly set on the basis of the actual market conditions and the expected market conditions at the end of existing leases.

Cost of Ownership:

The cost of ownership expenses are estimated based on the estimated maintenance costs regarding maintaining the building's capacity over its economic lifetime.

Fair value of investment property

Investment property is recognized at fair value based on estimation of value from an independent party, Akershus Eiendom AS.

The sensitivity of the fair value of investment properties are thus among others associated yield, interest rates, inflation (CPI) and the market rent for the properties. As indicated the separate effects of changes in these variables (amounts in NOK million):

Variables	Changes in variables	Fair value change	
		+	-
Yield	+/- 0.25%	-13	14
Market rent	+/- 5%	12	-12

INVENTORIES PROPERTY

	2017	2016
Value 1.1	-	-
Additions:		
- Reclassification from invensment property	379 200 000	-
- Additions	-	-
- Sale of inventory property	-330 330 630	-
Inventory value 31.12	48 869 370	-

Bulk Infrastructure AS
Notes to the consolidated accounts for 2017

Note 8 Property, plant & Equipment

	Buildings	Land and parking	Under construction	Fixtures and fittings	Fiber	Total
<i>Accumulated cost</i>						
Balance at January 1, 2016	6 206 053	28 155 190	5 011 011	6 648 021	85 798 605	131 818 880
Additions	569 895	31 371 277	103 918 021	356 210	1 049 633	137 265 036
Acquired through business combinations	-	-	-	295 897	-	295 897
Disposals	-	-	-	-	-	-
Transfer from assets under construction	-	-	-	-	-	-
Balance at December 31, 2016	6 775 948	59 526 467	108 929 032	7 300 128	86 848 238	269 379 813
Balance at January 1, 2017	6 775 948	59 526 467	108 929 032	7 300 128	86 848 238	269 379 813
Additions	11 196	13 566 881	119 701 895	3 648 621	11 757 251	148 685 844
Other adjustments - VAT	-16 323	-	-	-	-	-16 323
Reclassification from intangible assets	-	-	7 400 000	-	-	7 400 000
Balance at December 31, 2017	6 770 821	73 093 348	236 030 927	10 948 749	98 605 489	425 449 334
<i>Accumulated depreciation</i>						
Balance at January 1, 2016	1 745 941	-	-	2 625 784	-	4 371 725
Depreciation charge for the year	390 600	-	-	1 689 321	-	2 079 921
Balance at December 31, 2016	2 136 541	-	-	4 385 363	-	6 521 904
Balance at January 1, 2017	2 136 541	-	-	4 385 363	-	6 521 904
Depreciation charge for the year	403 000	-	-	1 645 833	48 108	2 096 941
Balance at December 31, 2017	2 539 541	-	-	6 031 196	48 108	8 618 845
<i>Net book value</i>						
At January 1, 2016	4 460 112	28 155 190	5 011 011	4 022 237	85 798 605	127 447 155
At December 31, 2016	4 639 407	59 526 467	108 929 032	2 914 765	86 848 238	262 857 909
At December 31, 2017	4 231 280	73 093 348	236 030 927	4 917 553	98 557 381	416 830 489

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 9 Intangible assets

	Goodwill	Software licenses	Software under development	Total
<i>Cost</i>				
Balance at January 1, 2016	-	157 520	2 607 130	2 764 650
Acquired through business combinations	16 947 796	-	-	16 947 796
Additions	-	27 480	5 540 341	5 567 821
Balance at December 31, 2016	16 947 796	184 999	8 147 471	25 280 267
Balance at January 1, 2017	16 947 796	184 999	8 147 471	25 280 267
Additions	-	702 525	2 672 969	3 375 494
Reclassified to property, plant & equipmer	-	-	-7 400 000	-7 400 000
Balance at December 31, 2017	16 947 796	887 524	3 420 440	21 255 761
<i>Accumulated amortization and impairment</i>				
Balance at January 1, 2016	-	-	-	-
Amortization charge for the year	-	-	-	-
Balance at December 31, 2016	-	-	-	-
Balance at January 1, 2017	-	-	-	-
Amortization charge for the year	-	36 900	-	36 900
Balance at December 31, 2017	-	36 900	-	36 900
<i>Net book value</i>				
At January 1, 2016	-	157 520	2 607 130	2 764 650
At December 31, 2016	16 947 796	184 999	8 147 471	25 280 267
At December 31, 2017	16 947 796	850 624	3 420 440	21 218 861

Current estimates of useful economic live of intangible assets are as follows:

Goodwill: indefinite

Software licenses: 3-5 years

Software under development: n.a.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 10 Goodwill and impairment

Impairment testing for cash-generating units containing goodwill

Goodwill is included in the balancesheet with a total amount of NOK 16 947 796. The Goodwill originated in 2016 with the acquisition of DCT AS in 2016. DCT AS with subsidiaries comprises of one cash generating unit (CGU). An annual impairment test is performed for this CGU.

Cash flow projections and assumptions

The model was based on a 5 year forecast of discounted cash flow plus a terminal value (calculated by Gordon's model). The net discounted cash flows were calculated before tax. The NPV-model included the following assumptions:

The estimated cash flows included in the impairment test includes a five years projection based on the long term business plan. Estimated cash flow projections beyond the period covered by the most recent long term business plan are derived by extrapolating the projections based on the forecasts using a growth rate of 2.0 % for subsequent years.

Discount rate assumptions

The required rate of return was calculated by use of the WACC methodology. The input data of the WACC was chosen by individual assessment of each parameter. Information from representative sources, peer groups etc. Was used to determine the best estimate. The WACC was calculated to 13.6 % pre tax. The following parameteres were applied:

- Risk free rate: 3.5 %. Based market rate for covered bonds.
- Beta: 1.00 Based on unlevered beta for industry peer group.
- Market Risk Premium: 5 % (post tax). Based on market sources
- Cost of debt: 4.6 % Based on risk free rate plus risk component (3 %)
- Capital structure: Based on the industry average (comparable companies) equity ratio of 10 %.

Impairment - test result and conclusion

Value in use for DCT AS exceeds carrying amount. A reasonable change in assumptions used, would not cause the carrying amount to exceed the recoverable amount. No impairment loss is recognized.

Business combination

2017

There has not been any business combinations in 2017.

2016

June 1, 2016, Bulk Infrastructure AS acquired 100% of the shares in Data Center Technologies AS for NOK 23.3 million. The share value is based on a valuation performed. Data Center Technologies AS is a privat limited Company with head office in Oslo, Norway. The Company delivers data center services. The acquisition resulted in immaterial assets, goodwill, of NOK 16.9 million mainly related to creation and maintenance of durable customer and supplier relationships as well as high quality of services. The management believes the acquisition results in better position related to the development of data centers. Shareholding is equal to voting rights.

Allocation of values from the acquisitions distributes as follows:

	Fair value recognized
Non-current assets	
Property, plant & equipment	225 639
Cash and cash equivalents	2 374 056
Receivables	14 307 463
Inventories	1 574 219
Total assets	18 481 377
Liabilities	
Trade payables	-6 574 696
Other short-term liabilities	-5 591 150
Deferred tax	-3 684
Total liabilities	-12 169 531
Net identified assets at fair value	6 311 846
Goodwill	16 947 796
Consideration transferred	23 259 642
Capital Increase	12 259 642
Cash	6 666 667
Sales credit	4 333 333
Consideration transferred	23 259 642

Bulk Infrastructure AS
Notes to the consolidated accounts for 2017

Note 11 Joint venture and associated companies

Associated companies 2017

	Foundation/ Acquisition date	Country	Office location	Ownership	Book value 1.1	Share issue/ exits	Share of net profit after tax	Book value 31.12
OS-IX Eiendom Holding AS	20.11.2015	Norway	Oslo	50 %	71 007 786	84 999 636	-23 053 205	132 954 217
AE Bulk Co-Invest AS	02.11.2016	Norway	Oslo	50 %	42 786 930	-	1 188 204	43 975 134
Total					113 794 716	84 999 636	-21 865 001	176 929 351

Company	Assets	Liabilities	Equity	Total income	Net Profit
OS-IX Eiendom Holding AS -Parent company only	320 808 247	6 787 730	314 020 517	-	2 116 738
AE Bulk Co-Invest AS -Parent company only	87 376 109	96 539	87 279 570	-	-566 478
Total	408 184 356	6 884 269	401 300 087	-	1 550 260

Associated companies 2016

	Foundation/ Acquisition date	Country	Office location	Ownership	Book value 1.1	Share issue/ exits	Share of net profit after tax	Book value 31.12
OS-IX Eiendom Holding AS	20.11.2015	Norway	Oslo	50 %	40 676 925	30 000 000	330 861	71 007 786
AE Bulk Co-Invest AS	02.11.2016	Norway	Oslo	50 %	-	44 219 312	-1 432 382	42 786 930
Terrabulk AS	01.07.2016	Norway	Oslo	50 %	-	-	-556 945	-
Total					40 676 925	74 219 312	-1 658 466	113 794 716

Company	Assets	Liabilities	Equity	Total income	Net Profit
OS-IX Eiendom Holding AS -Parent company only	145 002 156	3 097 649	141 904 507	-	1 015 575
AE Bulk Co-Invest AS -Parent company only	87 864 277	18 229	87 846 048	-	-567 576
Total	232 866 433	3 115 878	229 750 555	-	447 999

Summary of financial information in the consolidated financial statement of OS-IX Holding AS (100%)

Income statement:

	2017	2016
Rental income	27 214 598	26 050 649
Total income	27 214 598	26 050 649
Property-related expenses	16 000 158	12 808 962
Writedown fixed assets	37 869 090	-
Administrative expenses	7 460 516	4 245 203
Total expenses	61 329 764	17 054 165
Operating profit	-34 115 166	8 996 484
Finance income	8 596 955	3 148 560
Finance costs	16 303 732	10 893 867
Net financial items	-7 706 777	-7 745 307
Profit before income tax	-41 821 943	1 251 177
Tax expence	3 807 977	484 083
Profit for the year	-45 629 920	767 094

Balance sheet:

Assets

Non-current assets	447 578 275	359 922 183
Current assets	76 281 362	19 401 276
- Cash and cash equivalents	56 692 690	5 220 518
Total assets	523 859 637	379 323 459

Equity and liabilities

Equity	254 977 741	139 670 570
Current liabilities	53 044 906	17 166 014
- current financial liabilities other than accounts payable and provisions	7 299 012	2 003 609
Non-current liabilities	215 836 990	222 486 875
Total Equity and liabilities	523 859 637	379 323 459

Reconciliation of carrying amount

	Shareholding (%)	2017	2016
Net assets	100 %	254 977 741	139 670 570
Group's shareholding in the company	50 %	127 488 871	69 835 285
Carrying amount of Group's shareholding	50 %	127 488 871	69 835 285

The OS-IX Group's property is classified as property, plant and equipment and measured at cost minus accumulated depreciation and impairment. The fair value of the property is NOK 105.5 million higher than the carrying amount included in the above summary of financial information as of December 31, 2017.

Summary of financial information in the consolidated financial statement of AE- Bulk Co-Invest AS (100%)

Income statement:

	2017	2016
Rental income	5 986 729	441 419
Other revenue	-	2 211
Total income	5 986 729	443 630
Property-related expenses	4 438 227	368 869
Administrative expenses	1 864 795	168 394
Total expenses	6 303 022	537 263
Operating profit	-316 293	-93 633
Finance income	3 348	5 656
Finance costs	2 105 819	3 053 438
Net financial items	-2 102 471	-3 047 782
Profit before income tax	-2 418 764	-3 141 415
Income tax expense	-444 636	-883 686
Profit for the year	-1 974 129	-2 257 729

Balance sheet:

Assets		
Non-current assets	129 232 290	131 924 175
Current assets	5 682 626	2 609 871
- Cash and cash equivalents	4 533 030	2 486 533
Total assets	134 914 916	134 534 046
Equity and liabilities		
Equity	78 906 331	78 836 193
Current liabilities	1 008 585	697 853
- current financial liabilities other than accounts payable and provisions	141 038	43 705
Non-current liabilities	55 000 000	55 000 000
Total Equity and liabilities	134 914 916	134 534 046

Reconciliation of carrying amount

	Shareholding (%)	2017	2016
Net assets	100 %	78 906 331	78 836 193
Group's shareholding in the company	50 %	39 453 166	39 418 097
Added value	50 %	-	-
Carrying amount of Group's shareholding	50 %	39 453 166	39 418 097

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 12 Derivative financial instruments

	2017	2016
Interest rate swaps	-13 686 781	-19 979 884
Total liabilities	-13 686 781	-19 979 884

Interest rate swaps

	2017	2016
Nominal amount interest rate swaps	-80 160 000	-133 160 000
Total nominal amount	-80 160 000	-133 160 000

Bulk Infrastructure AS
Notes to the consolidated accounts for 2017

Note 13 Financial instruments

31.12.2017	2017			
	Financial derivatives at fair value through profit and loss	Loans and receivables	Other financial liabilities	Total
Assets				
Other receivables - non-current		2 471 202		2 471 202
Trade receivables		58 285 973		58 285 973
Other receivables		35 729 782		35 729 782
Cash and cash equivalents		286 761 696		286 761 696
Total Financial assets	-	383 248 653	-	383 248 653
Liabilities				
Borrowings			307 523 453	307 523 453
Financial derivatives	13 686 781			13 686 781
Other long-term liabilities			30 000 000	30 000 000
Trade payables			64 792 734	64 792 734
Other payables			73 537 683	73 537 683
Total Financial liabilities	13 686 781	-	475 853 870	489 540 651

31.12.2016	2016			
	Financial derivatives at fair value through profit and loss	Trade and other receivables	Other financial liabilities	Total
Assets				
Other receivables - non-current		2 419 662		2 419 662
Trade receivables		25 520 901		25 520 901
Other receivables		19 562 093		19 562 093
Cash and cash equivalents		244 198 461		244 198 461
Total Financial assets	-	291 701 117	-	291 701 117
Liabilities				
Borrowings			381 496 623	381 496 623
Financial derivatives	19 979 884			19 979 884
Other long-term liabilities			2 166 666	2 166 666
Trade payables			44 325 789	44 325 789
Other payables			67 404 425	67 404 425
Total Financial liabilities	19 979 884	-	495 393 503	515 373 387

Fair value hierarchy for financial instruments recognized at fair value

Financial derivatives recognized at fair value are interest rate swaps.

The valuations are based on second level input in the fair value hierarchy of IFRS 13.

Fair value of financial instruments recognised at amortised cost

For trade receivables, trade payables and other short-term receivables and payables, the carrying amount is a reasonable approximation for fair value due to the short term nature of these assets and liabilities. The borrowings has an interest rate that is considered similar to the terms the Group could achieve as of December 31, 2017 and fair value of the borrowings is considered not to be significantly different from the fair value.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 14 Trade and other receivables

	2017	2016
Trade receivables	58 285 973	25 520 901
Other current receivables	35 729 782	19 562 093
Trade and other receivables	94 015 755	45 082 994

	2017	2016
Provision for impairment of trade receivables at 1.1	848 386	823 411
This years provision for receivables impairment	336 160	44 075
Loss on receivables	-	-19 100
Reversal of prior years provision	-	-
Provision for impairment of trade receivables at 31.12	1 184 546	848 386

Ageing of trade and other receivables

	Total	Not due and within < 30 days	30-60d	60-90d	>90d
2017	94 015 755	94 015 755	-	-	-
2016	45 082 994	44 687 264	-	-	395 730

Book value of trade and other receivables in the group's balance sheet is considered to provide a reasonable estimate of the fair value.

Bulk Infrastructure AS
Notes to the consolidated accounts for 2017

Note 15 Cash and cash equivalents

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	284 431 489	241 001 399
Restricted funds	2 330 207	3 197 062
Total	286 761 696	244 198 461

Bulk Infrastructure AS
Notes to the consolidated accounts for 2017

Note 16 Paid in equity, shareholders and retained earnings

	2017	2016
Share capital	1,737,769	1,570,477

Change in paid in equity and share premium:

	Total shares		Share capital (IN NOK)		Share premium	
	2017	2016	2017	2016	2017	2016
A shares						
Issued stock and paid in capital						
At the beginning of the year	138,195,157	119,343,639	1,381,952	1,193,436	741,371,268	558,436,826
Capital increase	8,364,606	18,851,518	83,646	188,515	80,802,094	182,934,442
At the end of the year	146,559,763	138,195,157	1,465,598	1,381,952	822,173,362	741,371,268
B shares						
Issued stock and paid in capital						
At the beginning of the year	1	1	0.01	0.01	-	-
At the end of the year	1	1	0.01	0.01	-	-
C shares						
Issued stock and paid in capital						
At the beginning of the year	18,852,518	1,000	188,525	10	-	-
Capital increase	8,364,606	18,851,518	83,646	188,515	-	-
At the end of the year	27,217,124	18,852,518	272,171	188,525	-	-

The total number of shares are 173 776 888, each valued at NOK 0,01, and NOK 1 737 769 in total. The shares are divided into 146 559 763 A-shares, 1 B-share and 27 217 124 C-shares. The B-share have twice the votes of the total A-shares plus one vote. The C-shares have no right to vote or dividend. Apart from these exceptions, all shares have equal rights.

The company's largest shareholders at 31.12

Largest shareholders	Type of account	Country	Number of shares	A-Share %	Number of B-shares	Number of C-shares	Share of capital %
Bulk Industrier AS	A,B and C	Norway	104,803,421	71.51 %	1	27,217,124	75.97 %
Totomo AS	A	Norway	9,700,000	6.62 %			5.58 %
Prospero AS	A	Norway	7,800,758	5.32 %			4.49 %
Morellen AS	A	Norway	7,107,689	4.85 %			4.09 %
Levada AS	A	Norway	6,157,401	4.20 %			3.54 %
Elipica AS	A	Norway	5,501,270	3.75 %			3.17 %
Other shareholders (36 of > 1 %)	A	Norway	5,489,224	3.75 %			3.16 %
Total number of shares at 31.12			146,559,763	100 %	1	27,217,124	100 %

Dividend

The company has not paid dividend in 2017. It is proposed dividend of NOK 70 million to be approved at the AGM in 2018.

Average number of shares

Basic and diluted earnings per share are calculated by dividing total comprehensive income attributable to shareholders in the parent Company by the weighted average number of A and B shares outstanding during the year.

	2017	2016
Other comprehensive income attributable to shareholders in the parent Company	181,406,043	107,508,226
Weighted average number of outstanding shares, excluding C shares	138,813,911	120,397,142
Basic and diluted earnings per share	1.31	0.89

C shares are not included in weighted average number of outstanding shares as the C shares have no voting rights or dividend rights. The C shares are only redeemable to their face value.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 17 Interest-bearing debt

	2017	2016
Total interest-bearing debt, nominal value	307 523 453	381 496 623
- of which hedged (fixed interest rate)	80 160 000	133 160 000
Hedging Ratio	26 %	35 %
Average interest rate at floating rate, including margin (%)	4,3 %	2,6 %
Average remaining duration, borrowings (years)	4,7 years	6,0 years
Average remaining duration, hedging contracts (years)	8,1 years	6,6 years
Total interest-bearing debt, nominal value	307 523 453	381 496 623
First year instalments of debt (short-term)	90 347 218	14 192 671
Long-term interest-bearing debt excluding first year instalments	217 176 235	367 303 952

Maturity on long-term debt

	2017	2016
Year 2	92 805 946	126 779 112
Year 3-5	64 167 838	173 183 188
After year 5	60 202 450	67 341 652
Total	217 176 234	367 303 952

The recognized carrying amount of the assets pledged as security for liabilities as per 31.12

	2017	2016
Investment property	588 030 954	719 619 392
Total pledged assets	588 030 954	719 619 392
Borrowings secured with pledged assets	307 523 453	381 496 623

In addition to pledged investments property, the group has established priority pledge in the shares of subsidiaries, factoring and bank accounts.

Please see note 5 for further info regarding the Groups covenants.

Bulk Infrastructure AS
Notes to the consolidated accounts for 2017

Note 18 Deferred tax

	Loss carried forward	Financial derivative instruments	Other items	Total deferred tax asset
Changes in deferred tax assets				
01.01.2016	48 636 407	6 124 441	-	54 760 848
Changes in deferred tax	4 675 206	-1 392 822	-	3 282 384
Effect of changed tax rate	-1 945 456	-244 978	-	-2 190 434
31.12.2016	51 366 156	4 486 641	-	55 852 798
Changes in deferred tax	8 547 924	-1 151 738	17 227 581	24 623 767
Reclassification from deferred tax liability	-	-	-13 959 068	-13 959 068
Change related to sold companies	-2 432 586	-	-	-2 432 586
Effect of changed tax rate	-2 140 256	-186 943	581 628	-1 745 572
31.12.2017	55 341 237	3 147 960	3 850 141	62 339 338

	Investment property	Profit and loss account	Other items	Total deferred tax liability
Change in deferred tax liabilities				
01.01.2016	55 003 778	327 944	14 480 196	69 811 917
Changes in deferred tax	9 363 354	623 680	57 798	10 044 832
Deferred tax from business combinations	-	-	282	282
Effect of changed tax rate	-2 200 151	-13 118	-579 208	-2 792 477
31.12.2016	62 166 981	938 506	13 959 068	77 064 554

Reclassification to deferred tax assets	-	-	-13 959 068	-13 959 068
Change related to sold companies	-2 178 673	-90 884	-	-2 269 557
Changes in deferred tax	11 112 018	-161 704	-	10 950 314
Effect of changed tax rate	-2 590 291	-39 104	-	-2 629 395
31.12.2017	68 510 035	646 814	-	69 156 848

Reconciliation net recognized deferred tax

	31.12.2017	31.12.2016
01.01.	21 211 756	15 051 069
Deferred tax from business combinations	-	282
Change related to sold companies	163 029	-
Deferred tax expense (income) recognized in profit and loss	-13 673 452	6 762 448
Effect to changed tax rate - recognized in profit and loss	-883 823	-602 043
Net recognized deferred tax liability 31.12	6 817 509	21 211 756

See note 24 for tax expense

Current income tax liabilities

	31.12.2017	31.12.2016
Current income tax	-	-
Change in prior years	-	-
Total current income tax liabilities	-	-

Loss carried forward

Loss carried forward as of December 31:

	31.12.2017	31.12.2016
No expiring date	-240 614 076	-214 025 649
Total loss carried forward	-240 614 076	-214 025 649

There is no deferred tax recognized in comprehensive income.

Bulk Infrastructure AS
Notes to the consolidated accounts for 2017

Note 19 Accounts payable and other payables

	2017	2016
Trade payables	64 792 734	44 325 789
Accrued salaries, public duties	20 470 942	15 541 930
Accrued expenses	53 066 741	51 862 495
Total	138 330 417	111 730 214

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 20 Contingent assets and contingent liabilities

The Group has four different options to acquire a property on certain terms and conditions. The group is obliged to buy approximately 6.5 %, 30.000 sq.m., of the total property for NOK 6.8 million, if certain conditions are met to keep the option.

The options has different end dates from April to December 2019.

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 21 Rental income

<i>Recognized rental income</i>	2017	2016
Recognized minimum rent from minimum payments	33 407 156	31 201 906
Recognized variable rent	-	-
Total income from rent	33 407 156	31 201 906

Future minimum payments to be received under non-cancellable leases:

	2017	2016
Within 1 year	30 567 403	37 499 724
During year 2	44 184 311	38 139 413
2 to 5 year	127 507 422	89 642 244
After 5 years	351 794 650	165 907 204
Total	554 053 786	331 188 585

Recognized value of assets leased under operating leases are as follow:

	2017	2016
Investment property	588 030 954	719 619 392
Total	588 030 954	719 619 392

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 22 Real estate related costs and other operating expenses

Real estate related costs:

	2017	2016
Operating costs relating to real estate	7 101 214	5 194 566
Other real estate expenses	10 142 049	11 009 498
Total cost related to property	17 243 263	16 204 064

	2017	2016
Administration costs:		
Staff costs (see note 23)	55 516 481	39 984 487
Depreciation	2 133 841	2 079 921
Management, accounting, legal and consulting fees	10 345 670	9 695 567
Auditors	1 501 775	1 393 617
Rent cost	4 561 519	4 412 288
Other operating expenses	18 312 799	13 417 741
Total other operating expenses	92 372 085	70 983 621

	2017	2016
Audit fees		
Statutory audit (including technical assistance with reporting)	946 375	757 700
Tax and other advice (including technical assistance with tax papers)	555 400	635 917
Total audit costs	1 501 775	1 393 617

The group as lessee - operating leases

Bulk has its offices in rented premises and is not a tenant of the group's owned properties.

Bulk Infrastructure AS
Notes to the consolidated accounts for 2017

Note 23 Employee benefit expense

	2017	2016
Salaries and remuneration	45 500 913	32 450 928
Social security costs	6 732 584	4 793 047
Pension cost for defined contribution plan	1 126 642	1 239 890
Other employee expenses	2 156 342	1 500 622
Total payroll costs	55 516 481	39 984 487

Number of employees at 31 December	49	44
------------------------------------	----	----

Pursuant to the Norwegian Act on Mandatory Occupational Pension, Bulk Infrastructure AS, must operate certain pension plans. The company has plans which satisfy these requirements (a defined contribution plan for all employees).

Board of Directors	Chairman of the Board	Board member
Salaries and bonus	2 674 828	2 524 828
Other remunerations	82 007	71 499
Total	2 756 835	2 596 327

Shares held by executive officers and directors

The following board members and chief executives have indirect ownership of 78.13 % in total in Bulk Infrastructure AS:

Board of directors			Ownership	Capital ratio
Peter Nærbø	Board Chairman	indirect ownership	71,51 %	75,97 %
Torbjørn T. Moe	Board member	indirect ownership	6,62 %	5,58 %

The group CEO is hired through JET Consulting AS. The agreement has an end date August 31, 2018.

	2017	2016
Fee	1 567 143	1 327 752

Bulk Infrastructure AS **Notes to the consolidated accounts for 2017**

Note 24 Financial income and costs

Finance income

	2017	2016
Interest income	840 406	616 413
Other finance income	8 542 103	1 254 775
Total finance income	9 382 509	1 871 188

Finance costs

	2017	2016
Interest expense on borrowings measured at amortised cost	14 654 190	8 486 396
Finance expense on derivatives	4 324 606	5 608 611
Share of loss of investments accounted for using the equity method	23 053 205	1 658 466
Other finance costs	4 897 560	3 240 306
Total finance costs	46 929 561	18 993 779
Net realized financial items	-37 547 052	-17 122 591

Net gains / losses on financial assets / liabilities valued at fair value

Derivatives

	2017	2016
Fair value adjustments on derivatives	6 293 103	4 517 878
Net gain on financial instruments at fair value	6 293 103	4 517 878

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 25 Income Tax

	2016	2016
Tax payable	-	-
Change in deferred tax	-14 557 276	6 727 908
Income tax expense	-14 557 276	6 727 908
Profit before income tax	166 932 517	114 336 385
Income tax expense calculated at 23 % (24 %)	38 394 479	27 440 732
Effect of changed tax rate	-883 823	-1 286 534
Permanent differences	-99 831	-1 118 035
Non taxable revenue	-51 968 100	-18 308 255
Income tax expense	-14 557 276	6 727 908
Effective tax rate	-8,7 %	5,9 %

Effective tax rate is lower than the general Norwegian tax rate, mainly due to that gain on sale of shares is exempted from tax.

See note 18 for deferred tax.

Bulk Infrastructure AS
Notes to the consolidated accounts for 2017

Note 26 Inventories

	2017	2016
Gravel	4 539 420	4 539 420
Spareparts - datacenter	1 099 788	897 280
Total Inventories	5 639 208	5 436 700

Bulk Infrastructure AS

Notes to the consolidated accounts for 2017

Note 27 Subsequent events after the reporting period

Events after the balance sheet date are events, favourable or unfavourable, that occurs between the balance sheet date and the date that the financial statements are authorised for issue.

Such events can be events that provide information regarding conditions that existed at the balance sheet date resulting in adjustments of the financial statement, or events that do not require such adjustments.

There are no material subsequent events after the reporting period.

Financial statement 2017
Bulk Infrastructure AS

Income statement

Bulk Infrastructure AS

Operating income and operating expenses	Note	2017	2016
Sales revenue	7	38 149 045	26 906 962
Other operating income	7	866 446	188 430
Operating Income		39 015 491	27 095 393
Payroll expenses	2	47 748 317	33 872 590
Depreciation of tangible and intangible fixed assets	6	1 996 300	1 689 800
Other operating expenses	2	17 677 692	16 454 925
Operating expenses		67 422 309	52 017 315
Operating profit/loss		-28 406 818	-24 921 922
Financial income and expenses			
Income from subsidiaries	10	189 439 665	7 234 893
Interest income from group entities	9	11 897 274	12 592 670
Other interest income		1 589	0
Other financial income	10	2 408 981	42 422 585
Writ-down of other financial fixed assets	10	987 064	548 575
Interest expense to group entities	9	2 869 460	453 082
Other financial expenses		2 954 423	2 281 503
Net financial income and expenses		196 936 562	58 966 988
Result before tax		168 529 744	34 045 066
Tax expense	5	-4 304 014	1 033 186
Result for the year		172 833 758	33 011 880
Allocation of result for the year			
Other equity		102 833 758	33 011 880
Dividends		70 000 000	0
Total brought forward	4	172 833 758	33 011 880

Balance sheet

Bulk Infrastructure AS


Assets	Note	2017	2016
Fixed assets			
<i>Intangible fixed assets</i>			
Research and development	6	3 420 440	8 147 471
Licences, patents etc.	6	850 625	185 000
Deferred tax asset	5	26 493 384	22 189 370
Total intangible assets		30 764 448	30 521 841
<i>Tangible fixed assets</i>			
Land, buildings and other real estate	6, 9	9 356 805	9 764 931
Equipment., fixtures and fittings and other movables	6, 8, 9	4 713 026	2 620 804
Total tangible fixed assets		14 069 831	12 385 736
<i>Financial fixed assets</i>			
Investments in subsidiaries	8, 10	563 480 087	293 228 681
Loans to group companies	9	416 874 223	263 632 603
Investments in associated companies	10	42 683 673	43 670 737
Bonds		2 050 000	2 204 500
Total financial fixed assets		1 025 087 983	602 736 521
Total fixed assets		1 069 922 263	645 644 098
Current assets			
<i>Inventories</i>			
<i>Receivables</i>			
Accounts receivables	9	16 977 465	2 763 763
Other receivables	10	191 977 221	9 246 636
Total debtors		208 954 686	12 010 399
<i>Investments</i>			
<i>Bank deposits, cash and cash equivalents</i>			
Bank deposits, cash and cash equivalents	11	25 396 521	210 643 216
Total bank deposits, cash and cash equivalents		25 396 521	210 643 216
Total current assets		234 351 208	222 653 615
Total assets		1 304 273 471	868 297 713


Balance sheet

Bulk Infrastructure AS


Equity and liabilities	Note	2017	2016
Equity			
<i>Paid in equity</i>			
Share capital	3, 4	1 737 769	1 570 477
Share premium reserve	4	822 173 362	741 371 268
Total restricted equity		823 911 131	742 941 745
<i>Retained earnings</i>			
Other equity	4	135 845 637	33 011 879
Total retained earnings		135 845 637	33 011 879
Total equity		959 756 768	775 953 624
Liabilities			
<i>Provisions</i>			
<i>Other long-term liabilities</i>			
Other long term liabilities	9	249 228 334	73 308 422
Total of other long term liabilities		249 228 334	73 308 422
<i>Current liabilities</i>			
Trade payables	9	3 417 219	4 163 940
Public duties payable		4 512 756	2 394 821
Dividends	4	70 000 000	0
Other short term liabilities		17 358 394	12 476 906
Total short term liabilities		95 288 369	19 035 667
Total liabilities		344 516 703	92 344 089
Total equity and liabilities		1 304 273 471	868 297 713

Oslo March 22, 2018
The board of Bulk Infrastructure AS


Peder Nærbo
Chairman of the board


Torbjørn Toresson Moe
Member of the board


Lars Oskar Bustgaard
Member of the board


Even Bratsberg
Member of the board


Nicholas Buchanan Laird
Member of the board


John Erik Tønnessen
General Manager

Indirect cash flow

Bulk Infrastructure AS

Cash flows from operating activities	Note	2017	2016
Profit/loss before tax		168 529 744	34 045 066
Depreciation		1 996 300	1 689 800
Change in accounts receivable		-14 213 702	386 394
Change in accounts payable		-746 721	1 229 256
Change in provisions for public fees and taxes		2 117 935	-351 453
Change in accruals		4 881 488	-23 184 854
Net cash flows from operating activities		162 565 044	13 814 209
 Cash flows from investment activities			
Increase long- term claims		-152 100 057	-144 333 809
Payments for purchase of fixed assets		381 011	-6 757 201
Payments for purchase of shares		-270 251 406	-83 349 642
Proceeds from short-term claims		-182 730 585	123 443 829
Net cash flows from investment activities		-604 701 037	-110 996 823
 Cash flows from financing activities			
Repayment of long-term debt		175 919 912	-16 294 179
Proceeds from new equity		80 969 386	183 311 472
Net cash flows from financing activities		256 889 298	167 017 293
 Net change in cash and cash equivalents		-185 246 695	69 834 679
Cash and cash equivalents at the start of the period		210 643 216	164 677 265
Cash and cash equivalents at the end of the period		25 396 521	234 511 944

Notes to the financial statement 2017

Note 1 Accounting principles

The financial statements are presented in accordance with relevant Norwegian laws and generally accepted accounting principles for small enterprises. The principles are outlined below and have been consistently applied to all periods presented, unless otherwise is stated.

Current assets and liabilities

Balances that fall due within a year are classified as current assets and liabilities. The value of current assets is presented as the lower historical cost and fair value.

Property, plant and equipment

Property, plant and equipment (PPE) are assets held for long-term ownership and use. PPE are valued at historical cost less subsequent depreciation and impairments. Historical cost includes expenditure directly attributable to the acquisition of the items.

Depreciation is calculated based on estimated useful lives for the assets. Impairments occur when historical cost exceeds long-term fair value. Previous impairments may be reversed if there are significant changes in value.

Investments in other companies

The cost method is applied to investments in subsidiaries and associated companies. Cost may vary with capital contributions. Investments are subject to impairments if permanent fair value is lower than cost. Previous impairments may be reversed if there are significant changes in value.

The group has refrained from submitting consolidated financial statements in accordance with regulations for small enterprises.

Dividends are classified as financial income. Capital contributions from previous ownership are classified as return of capital and will reduce historic cost.

Receivables

Receivables are recognized at fair value. A provision for impairment is established when objective evidence exists that the company will be unable to collect the entire amount due in accordance with the original terms of the each receivable.

Tax

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 23 % on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated.

Cash Flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Changes in accounting principles

There were no changes in the accounting principles applied by the company in 2017.

Consolidated financial statements

Bulk Infrastructure AS is included in the consolidated financial statements of Bulk Industrier AS. The consolidated financial statements are available by request from Bulk Industrier AS, Frognerstranda 2 in Oslo.

Notes to the financial statement 2017

Note 2 Personnel expenses, number of employees, remuneration, loan to employees

Payroll expenses	2017	2016
Salaries/wages	39 665 275	27 746 550
Social security fees	5 127 637	4 045 270
Pension expenses	875 142	1 142 080
Other remuneration	2 080 263	938 690
Total	47 748 317	33 872 590

Average number of employees during the financial year	33	29
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Salaries and remunerations to executives	Board Chairman	Board members
Salaries and bonuses	2 674 828	2 524 828
Other remunerations	82 007	71 499
Total	2 756 835	2 596 327

The board got a total pay of NOK 425 000 in 2017

OTP (Statutory occupational pension)

The company is required to have a pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenstepensjon"). The company's pension scheme meets the requirement of this law.

Expensed audit fee

Expenses paid to the auditor for 2017 amounts to NOK 1 319 870,- excl.mva.

Statutory audit fee (incl. technical assistance with financial statements)	340 000
Other assistance	979 870
Total audit fees	1 319 870

Notes to the financial statement 2017

Note 3 Share capital and shareholder information

Share capital	Number	Nominal value	Book value
Ordinary shares	173 776 888	0,01	1 737 769

Share capital	Number	Nominal value	Book value
A-shares	146 559 763	0,01	1 465 597,63
B-shares	1	0,01	0,01
C-shares	27 217 124	0,01	272 171,24

The B-shares have twice the votes of the A-shares plus one vote. The C-shares have no right to vote or dividend. Apart from these exceptions, all shares have equal rights.

The company's largest shareholders 31 December 2017:

Shareholders:	Type off account	Country	Number of A-shares	Share %	Number of B-shares	Number of C-shares	Share of capital %
Bulk Industrier AS	A, B and C	Norway	104 803 421	71,51 %	1	27 217 124	75,97 %
Totomo AS	A	Norway	9 700 000	6,62 %			5,58 %
Prospero AS	A	Norway	7 800 758	5,32 %			4,49 %
Morellen AS	A	Norway	7 107 689	4,85 %			4,09 %
Levada AS	A	Norway	6 157 401	4,20 %			3,54 %
Elpica AS	A	Norway	5 501 270	3,75 %			3,17 %
Other shareholders (36 of > 1%)	A	Norway	5 489 224	3,75 %			3,16 %
Total number of shares			146 559 763	100,00 %	1	27 217 124	100,00 %

The following board members have indirect ownership of 78,13% in total in Bulk Infrastructure AS:

Board Chairman, Peder Nærbø, indirect ownership of 71,51 %

Board member, Torbjørn T. Moe, indirect ownership of 6,62 %

Note 4 Equity

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity 01.01	1 570 477	741 371 268	33 011 880	775 953 624
Capital increase	167 292	80 802 094		80 969 386
Provision for dividends			-70 000 000	-70 000 000
Annual net profit/loss			172 833 758	172 833 758
Equity 31.12	1 737 769	822 173 362	135 845 638	959 756 768

Notes to the financial statement 2017

Note 5 Tax

This year's tax expense	2017	2016
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax advantage	-4 304 014	1 033 186
Tax expense on ordinary profit/loss	-4 304 014	1 033 186
Taxable income:		
Ordinary profit/loss before tax	168 529 744	34 045 066
Permanent differences	-184 027 768	-40 845 442
Changes temporary differences	2 310 262	-1 290 045
Received Group contribution	0	7 234 893
Taxable income	-13 187 763	-855 528
Payable tax in the balance:		
Payable tax on this year's result	-1 690 435	-1 808 723
Payable tax on received Group contribution	1 690 435	1 808 723
Total payable tax in the balance	0	0

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

	2017	2016	Difference
Tangible fixed assets	-280 197	-427 988	-147 791
Accounts receivable	0	-565 025	-565 025
Allocations and more	-9 871 360	-6 848 282	3 023 078
Total	-10 151 557	-7 841 295	2 310 262
Accumulated loss to be brought forward	-105 037 070	-84 614 414	20 422 656
Basis for calculation of deferred tax	-115 188 626	-92 455 709	22 732 917
 Deferred tax (23 % / 24 %)	 -26 493 384	 -22 189 370	 4 304 014

Notes to the financial statement 2017

Note 6 Fixed assets

	Land	Buildings	Moveables and machines	R&D and software	Total
Purchase cost 01.01	5 125 525	6 775 947	6 779 231	8 332 471	27 013 175
Additions			3 648 622	3 914 294	7 562 916
Disposals		-5 126		-7 400 000	-7 405 126
SkatteFUNN tax				-538 800	
Purchase cost 31.12	5 125 525	6 770 821	10 427 853	4 307 965	26 632 165
Acc. depr. 31.12		2 539 541	5 714 827	36 900	8 291 268
Book value 31.12	5 125 525	4 231 280	4 713 026	4 271 065	18 340 897
Depr. this year		403 000	1 556 400	36 900	1 996 300
	Not depreciated	14-18 years, linear	3-5 years, linear	5 years, linear/ not depreciated	

Note 7 Transactions with related parties

Bulk Infrastructure AS provide services in accounting and administration to related companies and companies in the group. The services are priced according to current market conditions. In 2017, fees for accounting, administration and project management of NOK 32 642 061 have been recognized as income.

Note 8 Liabilities to credit institutions

	2017	2016
Liabilities secured by collateral:		
Debt to credit institutions	-70 743 452	-65 271 339
Book value of collateral:		
Shares in subsidiaries	529 512 751	265 408 039
Property in subsidiaries	-	62 177 993
Cars	2 924 300	1 523 700
Total book value of collateral	532 437 051	329 109 732

The company has placed a surety of NOK 5 000 000 for three subsidiaries; Bulk Eiendom Solgaard Skog AS, Bulk Eiendom Vestby I AS and Bulk Eiendom Farex AS.

Notes to the financial statement 2017

Note 9 Debtors, liabilities, pledged assets and guarantees etc.

Long-term receivables with minimum maturity of 1 year

NOK 0 of receivables are due later than 1 year.

<i>Long-term debt with minimum maturity of 5 years</i>	2017	2016
Debt to credit institutions	0	0
Debt to group companies	0	0

<i>Balances with group companies</i>	2017	2016
Long-term claims on group companies	416 874 223	263 632 603
Accounts receivable from group companies	12 932 420	1 107 324
Claims on group contributions	189 439 665	7 234 893
Long-term debt to group companies	-178 484 883	-5 870 417
Short-term debt to group companies	0	-1 457 172
Total	440 761 426	264 647 231

Other debt have priority over debt to group companies. Balances with group companies are charged with an interest rate equal to NIBOR 3M + 4% p.a.

Note 10 Investments in subsidiaries, associates and joint ventures

Company	Ownership/ voting rights	Book value	Profit og loss for 2017	Equity pr. 31.12
Bulk Logistics AS	100 %	121 774 314	229 787 169	167 771 406
Bulk Digital Logistics AS	100 %	374 018 937	-25 305 897	349 844 253
Bulk Networks AS	100 %	33 719 500	-876 135	31 782 835
Norway as a Service AS	100 %	147 300	-46 729	25 436
Bulk Facility Services AS	100 %	39 000	-229 630	-190 630
Bulk Fuglåsén Drift AS	100 %	268 800	-13 850	205 226
Infragreen Communication AS	100 %	4 348 000	-381 963	150 188
Oslo Internet Exchange AS	100 %	95 610	-26 377	17 899
Data Center Technology AS	100 %	29 023 626	5 484 863	7 125 224
Bulk Innovation AS	100 %	45 000	-39 228	-26 525
AE Bulk Co- Invest AS	50 %	43 670 737	-566 478	43 639 785

The companies are based in Oslo, Norway.

Bulk Infrastructure AS have in 2017 received group contributions of NOK 189 439 665.

Notes to the financial statement 2017

Note 11 Restricted funds

Funds of NOK 1 793 402 restricted to employees taxes are included in the cash-post in the balance sheet.

Responsibility statement by the Board of Directors - Bulk Infrastructure AS

The Board of Directors have today treated and approved the annual report and financial statements for Bulk Infrastructure AS (the parent company) and the Group, the consolidated accounts, as of December 31, 2017. The consolidated financial statements have been prepared in accordance with the EU-approved IFRS standards and interpretations, together with the additional disclosure requirements in the Norwegian Accounting Act to be applied as of December 31, 2017. The financial statements for the parent company are prepared in accordance with relevant Norwegian laws and generally accepted accounting principles in Norway as of December 31, 2017.

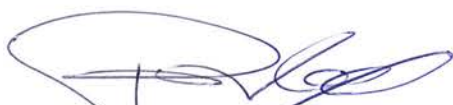
The annual report for the Group and the parent company is in compliance with the Accounting Act.

To the best of our knowledge we confirm that;

- the 2017 financial statements for the Group and the parent company are prepared in accordance with applicable accounting standards
- the provided information in the financial statements gives a true and fair view of the Group and the parent company's assets, liabilities, financial position and results of operations as of December 31, 2017
- the Board of Directors report provides the Group and the parent company a fair view of
 - development, performance and position of the Group and parent company
 - the most important risks and uncertainties the Group and the parent company faces

Oslo, March 22, 2018

The board of Bulk Infrastructure AS



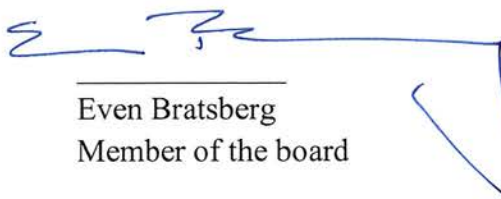
Peder Nærbo
Chairman of the board



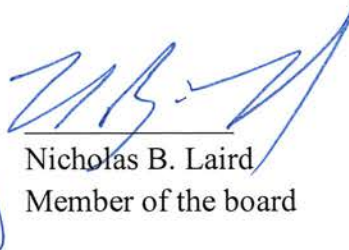
Torbjørn T. Moe
Member of the board



Lars Oskar Bustgaard
Member of the board



Even Bratsberg
Member of the board



Nicholas B. Laird
Member of the board



John Erik Tønnessen
General manager

Independent Auditor's Report

To the General Meeting of Bulk Infrastructure AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bulk Infrastructure AS. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2017 and income statement, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements present fairly, in all material respects, the financial position of the group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information



Management is responsible for the other information. The other information comprises the Board of Directors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the parent company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements



Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 22 March 2018

BDO AS

A handwritten signature in blue ink, reading 'Johan Henrik L'orange', is written over the printed name.

Johan Henrik L'orange
State Authorised Public Accountant