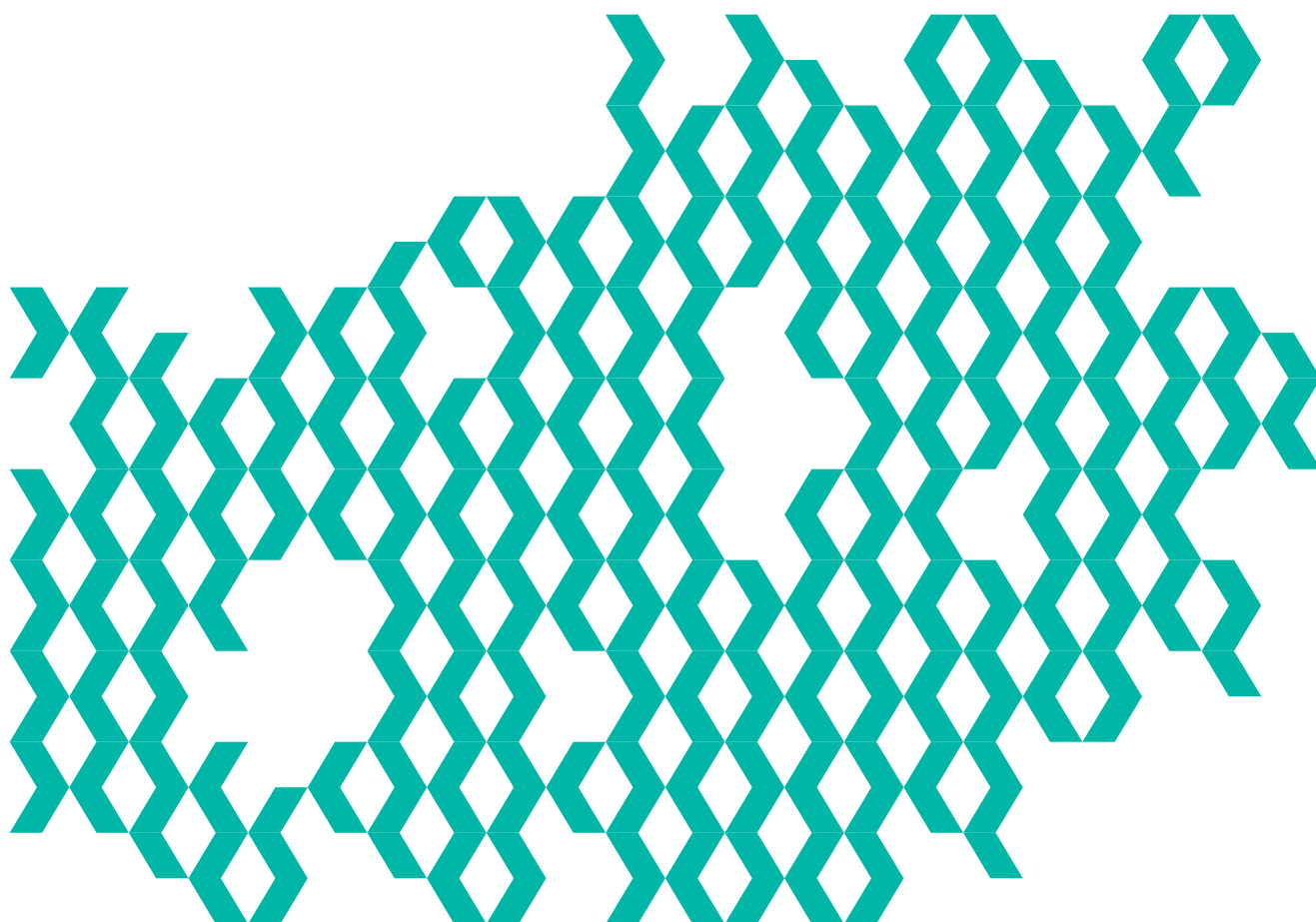




Annual Report

2019





Contents

- 4 Letter from the Chairman and the CEO
- 6 Board of Directors Report 2019
- 14 Consolidated financial statements 2019
- 62 Parent company financial statements 2019

Letter from the Chairman and the CEO

In the 2018 annual report we named 2019 the year that we would go “from build to operate and sell” and called out four priorities: Strengthening our commercial muscle, building a more scalable operating model including extension of ISO certificates, clarifying organizational responsibilities and strengthening the core finance functions.

One year later we are proud to have delivered on this as well as reaching a number of milestones in our business growth plan to bring sustainable infrastructure to a global audience. Our Data Center and Fiber Network sales teams have been revamped with four new hires including VP sales for both business areas. We have opened our London sales office and engaged with top tier global cloud companies, of which multiple have become Bulk customers. We have improved scalability of our Integrated Management System and earned multiple ISO certificates, now covering 9001 (Quality), 14001 (Environmental), 22301 (Business Continuity) and 27001 (Information Security). We have tightened our governance model with improved decision-making processes and established a clear line organization with empowered management teams in all business areas.

Finally, we have recruited multiple people to our Finance team including a new CFO with background as Group CFO in a listed telecoms player and prior to that experience from the “big-5” accounting firms. We also issued our inaugural bond, raising NOK 500 million to enable our continued growth. The successful bond issue is testament to strong investor interest in Bulk and the journey we are on.

The business has made some remarkable achievements. Our Fiber Networks Team has signed up contracts on both our subsea and terrestrial fiber networks, including with Amazon Web Services. They landed the Havfrue transatlantic fiber cable in Kristiansand, the first ever direct connect between Norway and the US. Our Data Centers Team established our first Data Center Campus in Denmark in a record time of only 7 months from start of ground

works till RFS (Ready for Service). We have now live customer operations at three scalable Data Center campuses (Oslo OS-IX, Kristiansand N01 and Esbjerg DK01). We are prepared to serve a global audience with seriously scalable infrastructure at the lowest Total Cost of Ownership in Europe – all on renewable energy. Our Industrial Real Estate business handed over 35 000 sqm of new builds and added the Norwegian cities of Trondheim and Stavanger to our real estate portfolio. We are also proud to have delivered the very first industrial building in Norway with a “very good” BREEAM-NOR rating, highlighting our pursuit for sustainable solutions in all business areas.

2020 will continue in the same direction. We will work hard every day to continuously earn the right to serve existing and new customers with scalable and sustainable solutions. Customer success is our top priority for 2020. We will continue scaling the Bulk-way, i.e., upgrading our IT tools and web, strengthening performance management and further empowering the business areas. We will remain creative and opportunistic in our investment approach to further add scalability to our asset portfolio. Finally, sustainability will remain a special priority as a core part of our vision. Not only in terms of enabling renewable energy consumption for our Fiber Networks and Data Center customers, but indeed in terms of making new and innovative sustainability solutions in our infrastructure and buildings themselves.

Writing this, the quickly spreading Corona virus increases uncertainty in the world. We feel privileged to operate in industries that contribute critically to society's management of the situation. Digital infrastructure enables the world of still moving forward despite the crisis. The need for resilient and sustainable solutions is growing. Logistics and warehousing ensure that physical goods can still reach the consumers. The need for more local inventories will likely be a fundamental outcome of the crisis, now that global supply chains are showing weaknesses.



Peder Nærbø (Chairman) and Jon Gravråk (CEO) in Bulk Infrastructure AS

Despite the underlying demand growth for our solutions, the Corona crisis will have an impact on Bulk as well. We will have to battle with uncertainty, faulty capital markets, changed supply chains and customers and partners in difficult situations. Our values of Respect, Creativity and Passion coupled with professional processes, strong management and an opportunistic approach give us comfort that we can come strengthened out of this global crisis.

Our vision remains “racing to bring sustainable infrastructure to a global audience”.

Kind regards,
Peder Nærbø & Jon Gravråk

Board of Directors Report 2019

- Bulk Infrastructure AS

Business description

Bulk Infrastructure is a leading provider of sustainable digital infrastructure in the Nordics. We are an industrial investor, developer and operator of industrial real estate, data centers and dark fiber networks. We believe in the value creation opportunity of enabling our digital society to be fully sustainable. Hence our vision: Racing to bring sustainable infrastructure to a global audience.

Our three Business Areas

Bulk Industrial Real Estate is a Nordic real estate developer, specializing in industrial buildings, large modern warehouses, cross-dock terminals and logistics parks. The business area was established in 2006 and has already developed and delivered to customers more than 378,000 m² of high quality, flexible and energy efficient facilities. As of December 31, 2019, additional 24,700 m² are under construction and ready to be handed over in 2020.

Bulk Data Centers is an industrial developer and operator of data centers and data center services across the Nordics. Bulk has a portfolio of assets, capabilities and partners to serve any data center customer requirement in a fast, secure, cost efficient and sustainable way. We operate scalable facilities, we continue to add new sites to our portfolio, and we have access to strategically located land. We have in-house expertise in data center design, engineering and operations that combined with our industrial real estate development experience and dark fiber network deployments allow us to shape the full value chain of the data processing infrastructure. We can serve customers in dedicated hyperscale facilities and customers in need of server racks in a Colo environment.

Bulk Fiber Networks owns and controls dark fiber infrastructure with the purpose of enabling the Nordics for large scale data processing. Our fiber infrastructure is modern with high capacity including both subsea and terrestrial systems. We can offer dark fiber to carriers, large scale data center customers and others that want to produce bandwidth services on top of our infrastructure. Bulk considers itself as an infrastructure provider within fiber, being a partner rather than a competitor to traditional carriers.

Bulk has available thousands of km of dark fiber, including both intercontinental, North European and intra-Nordic infrastructure that connects main European markets as well as the US. We continue to explore new subsea and terrestrial fiber routes that could be strategic enablers for the data center growth in the Nordics.

Investment criteria

- **Sustainability:** Target infrastructure opportunities that enable or deliver a fundamentally more sustainable global society
- **Critical Infrastructure:** Invest in infrastructure that is critical for the global, modern society
- **Long term perspective and Scalable:** Ability and willingness to invest with an industrial mindset with patience and focus on scalability from the start
- **Revenue visibility:** Create predictable cash flows from recurring revenue
- **Leveraging system value:** Invest in opportunities where Bulk has a significant advantage and can leverage competence, experience, track record, relations, assets, properties and/or market position

The Company believes its investment criteria will ensure good investment decisions. The Company has a strong capital reallocation capability that makes it robust to fundamental changes in market dynamics.

The Company's headquarter is in the city of Oslo in Norway.

2019 in short

Our financial results are a consolidation of different business models within our three Business Areas. Some of these business models represent financial results that can vary substantially from one financial reporting period to another despite limited variability in the underlying business. The primary reason for such fluctuations are a) portfolio sales of Industrial Real Estate projects, and b) delivery of data center services (e.g., design, installation, maintenance) where revenues occasionally include a significant proportion of hardware that is procured by Bulk and included in a services delivery. Additionally, there may be a difference between

timing of cash flow and revenue recognition for customer contracts within our Fiber Networks business in IFRS reports, due to the business model of selling Indefeasible Rights of Use (IRU). Please also see note 1.

- Total revenues of NOK 271.3 million compared to NOK 200.0 million last year.
- Industrial Real Estate: The Group has a number of ongoing processes with various tenants for the development of new warehouse and logistics buildings.
- Data Centers: The development and operation of a multi-site data center portfolio is in good progress. Our Data Center business is present in two Nordic countries with the ongoing development and operation of N01 Campus Vennesla (Norway) and OS-IX in Oslo (Norway), and with DK01 in Esbjerg (Denmark) as the latest addition to our portfolio.
- Fiber Networks: The Group has completed and is in progress of completing multiple dark fiber infrastructure systems at interregional, regional and national level.
- Group development: Bulk Infrastructure and/or relevant subsidiaries are now certified in accordance with ISO 9001 Quality Management, 14001 Environmental Management, 22301 Business Continuity and 27001 Information Security. EU Code of Conduct for Datacenters Energy Efficiency and EN50600 for Data Center design is currently being implemented.

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 2019 status and The Group's long-term strategic forecasts for the years ahead. The Group has a solid financial position. Please also see note 4.

Future development

Industrial Real Estate - The demand for new and modern industrial properties remains good and we expect continued healthy demand going forward. The Group has signed new lease agreements for construction of approximately 14,000 sqm during 2019 and 16,000 sqm on existing property. Bulk is also involved in zoning and development of new industrial real estate locations, both alone and in partnerships. The transaction market for commercial property in the Warehouse and Industrial real estate verticals has been strong. We expect low interest rates to continue to fuel market interest for our new build projects. The company was ranked as the number one real estate developer in Norway and the Nordics in the Industrial and Warehouse segment (Euromoney

2018). On the back of earning a BREEAM-NOR "Very Good" rating for our development in Bulk Flexipark, Vestby as the first industrial building with this rating in Norway, we strengthen our efforts to remain the leading developer of sustainable solutions with industrial real estate.

Data Centers - The underlying demand for data processing and storage infrastructure is fueled by the global megatrend of digitization. The Nordic market for data center capacity is expected to grow at unprecedented rates of 300 to 600 MW of yearly added capacity from 2019-2025. This reflects the strong value proposition of this region with regards to climate, energy surplus, energy mix (zero-emission), electricity prices and political stability (source: COWI report prepared to The Nordic Council of Ministers as of November 2018). Bulk Infrastructure AS has, through fully and partly owned subsidiaries, improved our position for taking a substantial market share of this growth going forward with new capacity developed in 2019. DK01, Bulks new scalable datacenter in Esbjerg (Denmark), was built in 2019 over a period of approx. 7 months. First customer is already in place. The combination of scalable data center assets at strategic locations in the Nordics and our capability to develop new sites with a short time to market, make Bulk a leading provider in the Nordics. The underlying recurring revenue growth across our asset portfolio is positive with new Nordic and International customers added during 2019.

Fiber networks - The dark fiber market, including both subsea and terrestrial systems, is seeing strong growth fueled by the same megatrends as for data processing and storage (digitization). Bulk is well positioned as a leading provider of large capacity transport fiber, both going into the Nordics and within the Nordics. Our ongoing fiber system development projects are progressing well. The Havfrue Cable System, the trans-Atlantic fiber route between US and the Nordics, had its branch connected to Kristiansand in December 2019. The whole system will be connected and ready for service within 2020. We continue to explore opportunities for initiating new fiber network developments that have strong revenue potential combined with being strategic enablers for the Nordic data center market. The underlying recurring revenue growth across our fiber networks portfolio is positive with new Nordic and International customers added on multiple fiber systems during 2019.

Report on the annual accounts

Total income for The Group was NOK 271.3 million compared to NOK 200.0 million last year. The increase of NOK 71.3 million mainly relates to full year effect of new real estate lease agreements and higher gross revenue from sale of logistic buildings. NOK 177.9 million of total income is

generated from Industrial Real Estate in 2019, compared to NOK 96.2 million last year. The Data Centers area generates a total income of NOK 79.6 million in 2019, compared to NOK 87.4 million in 2018. The decrease in the Data Centers area is mainly due to reduced revenue related to external Data Center projects. The Group's operating profit was NOK 69.8 million in 2019 compared to NOK 72.3 million last year, while the annual net profit adjusted for minority interests was NOK 33.5 million in 2019, a decrease from NOK 78.5 million in 2018.

Logistics contributes with a profit for the year of NOK 126.6 million in 2019, compared to NOK 150.7 million last year.

Fair value adjustment on investment properties were NOK 195.1 million in 2019, compared to NOK 91.7 million in 2018. The positive fair value adjustment is in mainly related to new signed customer contracts during 2019. Due to increased cost after 2018 on property under development realized in 2019, cost of property exceeds revenue from property sales. Revenue from realized property under development did however exceed the Group's cost for the related projects.

Total current assets were NOK 834.9 million as of December 31, 2019 compared to NOK 542.4 million as of December 31, 2018.

Total cash were NOK 458.6 million as of December 31, 2019 compared to NOK 416.6 million as of December 31, 2018.

The Group's total liabilities amounted to NOK 1,403.2 million as of December 31, 2019, compared to NOK 494.7 million as of December 31, 2018. The increase in mainly due to the new bond loan in addition to increased borrowings related to construction of new logistics properties. 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 40.8 million in 2019 compared to NOK 20.5 million in 2018. The Group monitors its financial cost and is continuously working on financial structure.

Total assets at the end of the year amounted to NOK 3,194.1 million compared to NOK 2,164.5 million last year. The equity-to-assets ratio as of December 31, 2019 was 56.1 %, compared to 77.1 % as of December 31, 2018.

The Group's financial position is strong.

The Holding company's net result was NOK -24.0 million compared to NOK 242.7 million in 2018. The decrease is

mainly related to group contributions of NOK 254.0 million in 2018. Total assets were NOK 2,391.3 million as of December 31, 2019 compared to NOK 1,751.0 million last year. The increase in mainly related to increased loans to group companies and increased bank deposits. The Holding company's equity was NOK 1,731.7 million and the equity ratio as of December 31, 2019 was 72.4 %, compared to 90.1 % last year. The increase is mainly related to capital increase during 2019.

Research and development

The group has invested resources and know-how into research and development during 2019. Our largest research investment relates to standardized high capacity data center designs that offer low cost of ownership, strong operational standards, sustainable solutions and short time to market for development. The objective is to benefit from the R&D project by being the fastest provider to deliver high quality and large data center capacity to the Nordic market going forward.

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 Groups 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 2/98 by the end of the period.

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 2019. The Group's tenants normally pay quarterly and in advance. The lease agreements usually require an additional form of collateral or security.

Currency Exchange risk - The Group is increasingly exposed to both cost and revenue in different currencies due to growth in international assets and customers. Processes and tools to manage these up and down-side risks are being developed in line with increased exposure.

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.

Rental Market for warehouses and logistic buildings - 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. The weighted average lease term for tenants has increased from 7.0 years last year to 7.2 years as of December 31, 2019 as new developed properties with long-term lease contracts has been finalized. 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 groups properties is 6.0 % as of December 31, 2019 compared to 3.7 % as of December 31, 2018 due to acquisition of existing property for development.

Demand for data center services and Fiber networks - The macro drivers for large scale demand for digital Nordic infrastructure are healthy and suggest strong market growth long term. The timing of such large-scale demand asset by asset is difficult to predict and hence exposes The Group to short term uncertainty on capacity development and utilization. Risk is managed by strong focus on our time to market capability that allows for better matching of capacity build-out and verified demand as well as discipline in build-up of fixed cost in early stages of new asset operations.

Working environment and personnel

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

Sick leave amounted to 2.8 % of total working hours in 2019. The Group had 56 employees at the end of the year in addition to three external consultants working approximately 90 %. 18 % of the employees are women compared to 17 % last year.

There were no major accidents or injuries to the Groups personnel during 2019.

Gender equality and discrimination

The Company is working actively, consciously and consistently to eliminate discrimination and unequal opportunities due to gender, nationality or other differences.

Environment reporting

Bulk has a vision to build sustainable infrastructure for a global audience. We respect the environment, people and society as a whole. We pursue opportunities to contribute to global sustainable development at scale. We use 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 helps us to build a stronger company that can handle larger and more complex business affecting larger stakeholder groups.

Corporate governance - risk management and internal control

General

It is the board of directors who has the responsibility to ensure that the company has sound and appropriate internal control systems and systems for risk management, and that these are proportionate to and reflect the extent and nature of the company's activities. Having effective internal control systems and systems for risk management in place may prevent the group from situations that can damage its reputation or financial standing. Furthermore, effective and proper internal control and risk management are important factors when building and maintaining trust, to reach the company's objectives, and ultimately create value.

Having in place an effective internal control system means that the company is better suited to manage commercial risk, operational risk, the risk of breaching legislation and regulations as well as other forms of risk that may be material to the company. As such, there is a correlation between the company's internal control systems and effective risk management. The internal control system shall also address the organization and execution of the company's financial reporting, as well as cover the company's corporate values, ethical guidelines and principles of corporate social responsibility.

The company shall comply with all laws and regulations that apply to the Group's business activities.

Annual review and risk management in the annual report

The board of directors annually reviews the company’s most important areas of risk exposure and the internal control arrangement in place for such areas. The review pay attention to any material shortcomings or weaknesses in the company’s internal control and how risks are being managed.

In the annual report, the board of directors describes the main features of the company’s internal control and risk management systems as they are connected to the company’s financial reporting. This cover the control environment in the company, risk assessment, control activities and information, communication and follow-up. The board of directors is obligated to ensure that it is updated on the company’s financial situation, and shall continually evaluate whether the company’s equity and liquidity are adequate in relation to the risk from the company’s activities, and take immediate action if the company’s equity or liquidity at any time is shown to be inadequate. The company’s management focus on frequent and relevant reporting of both operational and financial matters to the board of directors, where the purpose is to ensure that the board of directors has sufficient information for decision-making and is able to respond quickly to changing conditions. Board meetings are held frequently, and management reports is provided to the board as a minimum on a quarterly basis. Financial performance is reported on a quarterly basis.

Corporate Social Responsibility

The Company’s Corporate Social Responsibility (CSR) policy refers to our responsibility towards our environment.

This policy applies to our company and its subsidiaries. It may also refer to suppliers and partners. We want to be a responsible business that meets the highest standards of ethics and professionalism.

Our Company’s social responsibility falls under two categories: compliance and proactiveness. Compliance refers to our Company’s commitment to legality and willingness to observe community values. Proactiveness is every initiative to promote human rights, help communities and protect our natural environment.

- Our Company will:
- Respect the law
 - Honor its internal policies
 - Ensure that all its business operations are legitimate
 - Keep partnerships and collaboration open and transparent

We will always conduct business with integrity and respect

to human rights. We will promote:

- Safety and fair negotiations
- Respect toward the consumer
- Anti-bribery and anti-corruption practices

Protecting the environment
Our company recognizes the need to protect the natural environment. Keeping our environment clean and unpolluted is a benefit to all.

- Protecting people
We will ensure that we:
- Do not risk the health and safety of our employees and the community.
 - Avoid harming the lives of local and indigenous people.
 - Support diversity and inclusion.

Human rights

Our company is dedicated to protecting human rights. We are a committed equal opportunity employer and will abide by all fair labor practices. We will ensure that our activities do not directly or indirectly violate human rights.

Donations and aid

- Our company may preserve a budget to make monetary donations. These donations will aim to:
- Advance the arts, education and community events
 - Alleviate those in need

Preserving the environment

Apart from legal obligations, our company will proactively protect the environment and strive to create long term sustainable solutions for the next generations.

- Examples of relevant activities include:
- Creating sustainable digital infrastructure through developing environmentally friendly datacenters connected with fiber networks
 - Building energy friendly logistic properties
 - Recycling
 - Using green energy
 - Using environmentally-friendly technologies

Supporting the community

Our company may initiate and support community investment and educational programs. It can provide support to nonprofit organizations or movements to promote cultural and economic development of global and local communities.

Subsequent events

There are no material subsequent events after the reporting period. As a result of the Coronavirus Outbreak the Bulk Business Continuity Team has implemented comprehensive measures to reduce the spread and the effects on the business. The Coronavirus Outbreak is not considered to cause a significant long-term deterioration in economic conditions for the business.

Profit/Loss for the year and allocation of funds

The Board of Directors proposes that the loss for the year for Bulk Infrastructure AS amounting to NOK -23,987,343

will be transferred as follows;

Other equity	NOK	-166,931,373
To fund for valuation differences	NOK	-898,259
Dividend	NOK	143,842,289
Total brought forward	NOK	-23,987,343

The allocation is based on the Group’s estimated future earnings, cash forecasts, dividend policy and capital structure.

Oslo, March 27, 2020
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



Bent Oustad
Member of the board



Lars Erich Nilsen
Member of the board



Jon Gravråk
General manager



Bulk Infrastructure AS Consolidated financial statements 2019

- 15 Profit and loss
- 16 Consolidated balance sheet
- 18 Change in equity
- 19 Cashflow statement
- 20 Notes to the consolidated financial statements

Consolidated financial statements 2019

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 2019

- 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
- 9 Property, plant & equipment
- 10 Intangible assets
- 11 Goodwill
- 12 Joint venture and associated companies
- 13 Derivative financial instruments
- 14 Financial assets and liabilities
- 15 Trade and other receivables
- 16 Cash and cash equivalents
- 17 Paid in equity, shareholders and retained earnings
- 18 Interest-bearing debt
- 19 Deferred tax
- 20 Accounts payable and other payables
- 21 Options, contingent assets and contingent liabilities
- 22 Rental income
- 23 Real estate related costs and other operating expenses
- 24 Employee benefit expense
- 25 Financial income and costs
- 26 Income tax
- 27 Inventories
- 28 Operating leases (IFRS 16 disclosures)
- 29 Subsequent events after the reporting period
- 30 Bond loan

Consolidated statement of profit and loss and other comprehensive income

For the year ended 31 December 2019

	Notes	2019	2018
Rental income	3,22	44,862,179	28,147,054
Revenue property sales	3,8	119,587,012	44,738,390
Revenue from sales	3	77,125,443	72,936,537
Gain from sale of investment property	3,8	6,874,649	21,407,595
Other revenue	3	22,848,166	32,733,407
Total revenue and other income	3,22	271,297,449	199,962,983
Property-related expenses	3	6,602,935	6,622,581
Cost of property sales	3,8	177,991,032	20,669,370
Cost of sales	3	53,922,041	58,771,699
Loss from sale of investment property	3,8	9,062,959	-
Other cost	23,24	149,017,620	133,334,702
Total expenses		396,596,587	219,398,352
"Operating profit before fair value adjustments on investment properties"		-125,299,138	-19,435,369
Fair value adjustments on investment properties	8	195,085,914	91,725,431
Operating profit		69,786,776	72,290,062
"Share of profit/loss(-) of investments accounted for using the equity method"	12	1,736,477	4,142,604
Finance income	12,25	6,119,025	4,577,251
Finance costs	25	40,752,433	20,526,699
Realized net financial items		-32,896,931	-11,806,844
Fair value adjustments on derivatives	25	189,481	1,851,572
Net financial items		-32,707,450	-9,955,272
Profit before income tax		37,079,326	62,334,790
Income tax expense	26	3,489,841	-16,144,818
Profit for the year		33,589,485	78,479,608
Other comprehensive income		-93,022	-
Other comprehensive income for the year, net of tax		-93,022	-
Total comprehensive income		33,496,463	78,479,608
Attributable to:			
Shareholders in the parent Company		33,496,918	78,479,608
Non-controlling interests		-455	-
Earnings per share basic and diluted (NOK)	17	0,16	0,45

Consolidated balance sheet

	Notes	2019	2018
Assets			
Intangible fixed assets			
Goodwill	10,11	16,947,796	16,947,796
Other intangible assets	10	4,375,882	1,869,692
Deferred tax assets	19	6,644,190	9,423,699
Total intangible assets		27,967,868	28,241,187
Other non-current assets			
Investment property	4,6,8,23	1,005,171,135	804,478,389
Property, plant & equipment	9	1,141,249,378	654,391,622
Investment in Associated company	7,12	147,758,390	132,321,955
Other receivables	12,14	419,899	2,691,366
Investment in shares		1,249,170	-
Right to use assets	28	35,337,266	-
Total other non-current assets		2,331,185,238	1,593,883,332
Total non-current assets		2,359,153,106	1,622,124,519
Current assets			
Inventories	27	5,568,749	5,518,728
Property under development	8	209,519,310	71,954,386
Trade and other receivables	14,15	161,251,648	48,281,839
Cash and cash equivalents	14,16	458,607,304	416,649,770
Total current assets		834,947,011	542,404,723
Total assets		3,194,100,117	2,164,529,242

Consolidated balance sheet

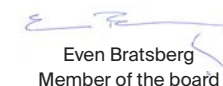
	Notes	2019	2018
Equity and liabilities			
Paid in equity			
Ordinary shares		2,630,242	2,283,783
Own shares		-110,011	-
Share premium		1,659,982,225	1,338,532,700
Total paid in equity	17	1,662,502,456	1,340,816,483
Retained earnings			
Retained earnings		120,941,851	328,977,202
Total retained earnings		120,941,851	328,977,202
Non-controlling interests		7,499,531	-
Total equity	17	1,790,943,838	1,669,793,685
Non-current liabilities			
Bond loan	14,18,30	453,475,000	-
Borrowings	14,18	324,920,974	244,734,297
Derivative financial instruments	13,14	10,550,112	10,525,938
Right to use liabilities	28	36,331,606	-
Total non-current liabilities		825,277,692	255,260,235
Current liabilities			
Trade payables	20	82,538,135	51,336,548
Short-term portion of borrowings	13,14,18	324,375,711	124,786,000
Short-term portion of derivatives	13,14	1,095,616	1,309,271
Other payables	14	169,869,125	62,043,503
Total current liabilities	14	577,878,587	239,475,322
Total liabilities		1,403,156,279	494,735,557
Total equity and liabilities		3,194,100,117	2,164,529,242

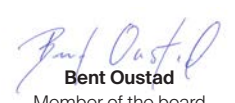
Oslo, March 27, 2020

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

Bent Oustad
Member of the board

Lars Erich Nilsen
Member of the board

Jon Gravråk
General manager

Consolidated statement of changes in equity

	Note	Paid in equity			Retained earnings		Total equity
		Share capital	Own shares	Share premium	Retained earnings	Non-controlling interests	
1/1/2018		1,737,769		822,173,362	320,536,054	-38,460	1,144,408,725
Total comprehensive income					78,479,608	-	78,479,608
Share issue		546,014		532,363,338			532,909,352
Cost of share issue				-16,004,000			-16,004,000
Transactions with minority					-38,460	38,460	-
Dividend					-70,000,000		-70,000,000
12/31/2018		2,283,783		1,338,532,700	328,977,202	-	1,669,793,685
1/1/2019		2,283,783	-	1,338,532,700	328,977,202	-	1,669,793,685
Total comprehensive income					33,496,918	-455	33,496,463
Share issue	17	346,459		321,449,525			321,795,984
Purchase own shares	17		-110,011		-106,754,741		-106,864,752
Dividend	17				-134,777,958		-134,777,958
Sale of shares to minority	17					7,499,986	7,499,986
Other changes					430		430
12/31/2019		2,630,242	-110,011	1,659,982,225	120,941,851	7,499,531	1,790,943,838

Cashflow statement - consolidated

	Note	2019	2018
Cash flow from operations			
Profit before income taxes		37,079,326	62,334,790
Adjust for:			
Depreciation	9	27,305,611	14,888,440
Fair value adj. on investment properties	8	-195,085,914	-91,725,431
Finance income	25	-8,044,983	-10,571,427
Finance costs	25	40,752,433	20,526,699
Cashflow before change in working capital		-97,993,527	-4,546,929
Change in working capital			
Trade and other receivables		-146,085,629	45,634,232
Trade and other payables		175,358,815	-24,950,366
Property under development		-194,390,746	-23,085,016
Net cash flow from operations (A)		-263,111,087	-6,948,079
Cash flow from investments			
Purchase and improvements of investments property	8	-238,365,485	-305,880,182
Sale of investment property		175,932,831	149,543,312
Cash effect sale of investment property		712,691	51,528,216
Dividend received		1,300,000	46,750,000
Purchase of shares in other companies		-14,999,958	-15,026,478
Purchase of fixed assets	9,10	-516,669,557	-250,050,201
Net cash flow from investments (B)		-592,089,478	-323,135,334
Cash flow from financing			
Sale of shares in group companies		7,499,986	-
Interest paid including interest paid on derivatives		-32,899,892	-19,603,551
Interest received		2,288,590	672,842
Proceeds from Borrowings	18	733,251,388	31,996,844
Share issue		321,795,984	516,905,352
Dividend paid		-134,777,958	-70,000,000
Net cash flow from financing (C)		897,158,098	459,971,487
Net change in cash and cash equivalents (A+B+C)		41,957,534	129,888,074
Cash and cash equivalents at the beginning of the period		416,649,770	286,761,696
Change in currency exchange rate		-	-
Cash and cash equivalents at the end of the period		458,607,304	416,649,770
Restricted funds	16	3,523,838	222,773,979

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 and infrastructure group Bulk Infrastructure AS.

Bulk Industrial Real Estate is a Nordic real estate developer, specializing in industrial buildings, large modern warehouses, cross-dock terminals and logistics parks. The business area was established in 2006 and has already developed and delivered to customers more than 378,000 m² of high quality, flexible and energy efficient facilities. As of December 31, 2019, additional 24,700 m² are under construction and ready to be handed over in 2020.

Bulk Data Centers is an industrial developer and operator of data centers and data center services across the Nordics. Bulk has a portfolio of assets, capabilities and partners to serve any data center customer requirement in a fast, secure, cost efficient and sustainable way. We operate scalable facilities, we continue to add new sites to our portfolio, and we have access to strategically located land. We have in-house expertise in data center design, engineering and operations that combined with our industrial real estate development experience and dark fiber network deployments

allow us to shape the full value chain of the data processing infrastructure. We can serve customers in dedicated hyperscale facilities and customers in need of server racks in a Colo environment.

Bulk Fiber Networks owns and controls dark fiber infrastructure with the purpose of enabling the Nordics for large scale data processing. Our fiber infrastructure is modern with high capacity including both subsea and terrestrial systems. We can offer dark fiber to carriers, large scale data center customers and others that want to produce bandwidth services on top of our infrastructure. Bulk considers itself as an infrastructure provider within fiber, being a partner rather than a competitor to traditional carriers. Bulk has available thousands of km of dark fiber, including both intercontinental, North European and intra-Nordic infrastructure that connects main European markets as well as the US. We continue to explore new subsea and terrestrial fiber routes that could be strategic enablers for the data center growth in the Nordics.

The Board of Directors authorized these financial statements for issue on March 27, 2020.

Note 2

Accounting principles

2.1	General	2.14	Share capital
2.2	Changes in accounting policies	2.15	Trade payables and other short-term payables
2.3	Consolidation	2.16	Borrowings
2.4	Foreign currency translation	2.17	Borrowing costs
2.5	Investment property	2.18	Current and deferred income tax
2.6	Property, plant and equipment	2.19	Provisions
2.7	Non-current assets held for sale	2.20	Revenue recognition
2.8	Lease agreements	2.21	Real estate related costs and other costs
2.9	Goodwill	2.22	Interest income
2.10	Impairment of non-financial assets	2.23	Classification of assets and debt
2.11	Financial assets	2.24	Dividends
2.12	Trade receivables	2.25	Segment information
2.13	Cash and cash equivalents		

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 2019
Several new standards and amendments to standards and interpretations are effective for the fiscal year 2019.

IFRS 16 LEASES
IFRS 16 Leases replaces existing IFRS leases requirements, IAS 17 Leases. This standard results 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 adoption of IFRS 16 has had an impact on the classification and recognition of the Groups financial assets and liabilities, both in the form of recognition of operating lease assets/liabilities and in the form of classification and recognition of assets and revenue from the Groups IRU (Indefeasible Right of Use) contracts for dark fiber. See also note 28.

AMENDMENTS TO IAS 19
The IASB has published the following amendments to IAS 19 effective 1 January 2019:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET ADOPTED BY THE GROUP
Several new standards and amendments to standards and interpretations are not mandatory for 31 December 2019 reporting periods and have not been early adopted in 2019 by the group. New standards and amendments that are relevant for the group are set out below.

AMENDMENTS TO IAS 1 AND IAS 8
The IASB has published amendments to IAS 1 and IAS 8, effective 1 January 2020, to clarify the definition of ‘material’ and to align the definition used in the new Conceptual Framework and the standards themselves. The changes relate to a revised definition of ‘material’, now defined as: ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.’

The amendments to IAS 1 and IAS 8 are not expected to have significant impact on the classification and recognition of the Groups financial assets and liabilities.

AMENDMENTS TO IFRS 9, IAS 39 AND IFRS 7
The IASB has published amendments to IFRS 9, IAS 39 and IFRS 7 regarding interest rate benchmarks. The amendments will affect entities that apply the hedge accounting requirements of IFRS 9 or IAS 39 to hedging relationships directly affected by the interest rate benchmark reform. The amendments modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. The changes will mandatorily apply to all hedging relationships that are directly affected by the interest rate benchmark reform. The amendments to IFRS 9, IAS 39 and IFRS 7 are not expected to have significant impact on the classification and recognition of the Groups financial assets and liabilities.

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

2.2 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.

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.

2.3 Foreign currency translation

The group's presentation currency is NOK. This is also the functional currency of the parent company and the subsidiaries.

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.

2.4 Investment property

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

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.

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.

2.5 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 reliable 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.

2.6 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 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.

2.7 Lease agreements

(A) WHEN A GROUP COMPANY IS THE LESSEE

Upon lease commencement the Group recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred. After lease commencement, the Group measures the right-of-use asset using a cost model, unless:

- 1) the right-of-use asset is an investment property and the Group fair values its investment property under IAS 40; or
- 2) the right-of-use asset relates to a class of property, plant and equipment (PPE) to which the Group applies IAS 16's revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued

Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Group uses its incremental

borrowing rate. Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability and are initially measured using the index or rate as at the commencement date. Amounts expected to be payable by the Group under residual value guarantees are also included. Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss in the period in which the event or condition that triggers payment occurs.

The lease liability is subsequently remeasured to reflect changes in:

- the lease term (using a revised discount rate)
- the assessment of a purchase option (using a revised discount rate)
- the amounts expected to be payable under residual value guarantees (using an unchanged discount rate)
- future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate)

The remeasurements are treated as adjustments to the right-of-use asset.

(B) WHEN A GROUP COMPANY IS THE LESSOR

The group classifies each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

- the lease transfers ownership of the asset to the lessee by the end of the lease term
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised.
- the lease term is for the major part of the economic life of the asset, even if title is not transferred.
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
- the leased assets are of a specialized nature such that only the lessee can use them without major modifications being made.

Upon lease commencement, the Group recognize assets held under a finance lease as a receivable at an amount equal to the net investment in the lease. The group recognizes finance income over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment. The Group recognizes operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.

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. Other payments, free rental periods or other incentives are also recognized on a straight-line basis over the lease term. The Group classifies its long-term fiber IRUs (Indefeasible right of use) as finance leases for the following reasons:

- The leases transfer substantially all the risks and rewards incidental to ownership of the underlying fiber assets.
- The lease terms are for the major part of the economic life of the fiber assets.

The Group classifies its short-term fiber IRUs as operational leases, as none of the above criteria for classification as financial lease are met for these IRUs.

2.8 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.

2.9 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.

2.10 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) FINANCIAL ASSETS AT AMORTIZED COST

Financial assets at amortized cost 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 financial assets at amortized cost comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Financial assets at amortized cost are initially recognized at fair value, transaction costs are added to the carrying amount. Financial assets at amortized cost are subsequently carried at amortized cost.

IMPAIRMENT OF FINANCIAL ASSETS

The group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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. 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 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.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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. 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.

2.11 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.

2.12 Inventory

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

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.

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 is recognized when control of a good or service transfers to a customer. The group has applied the modified retrospective approach for 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 in accordance with IAS 17 Leases.

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

REVENUE FROM PROPERTY SALES

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 reliable measured.

If the contract is considered a sale of a completed property, revenue is recognized at the point in time when control of the property is transferred to the buyer. This is normally when development is completed. 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.

The group satisfies its obligations in contracts regarding sale of property upon completion of the development. Payment terms from property sales are usually upon completion in the case of construction of a property and upon delivery in the case of sale of completed properties. Contracts generally do not have significant financing components, but occasionally contracts relating to property sales contain guarantee rent components.

REVENUE FROM SALES

Revenue from sales is comprised of sale of fiber capacity (IRUs) and revenue from sales from data centers.

Revenue from sales from data centers is comprised of sale of data center services and related goods. The revenue is recognized when control of the goods or services are transferred to the customer. The amount recognized reflects the amount which the group expects to be entitled in exchange for those goods or services.

Revenue from sale of fiber capacity (IRUs) is recognized based on the classification of individual contracts as either financial or operational leases. Long-term IRU are classified as financial leases, under which the Group recognizes assets held as receivable at amounts equal to the net investment in the respective lease. The Group recognizes income of the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment. IRUs are usually paid in full upon handover, at which point the net investment is recognized as revenue from sales. Short-term IRUs are classified as operational leases, under which the Group recognizes lease payments on a straight-line basis.

The group satisfies its obligations in contracts with customers regarding sale of fiber capacity or data center services upon delivery, or as services are rendered. Payment terms for revenue from sales are typically 30 days.

OTHER REVENUE

Other revenue consists of business management for external parties, shared cost charged to tenants and other revenue. Other revenue is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services.

The group satisfies its obligations in contracts with customers regarding other revenue upon delivery, or as services are rendered. Payment terms for other revenue are typically 30 days.

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



Note 3

Segment information

Bulk Infrastructure Group has the following strategic operating segments by 31.12.19 presented ex. internal transactions in accordance with internal reporting to management

All operating activities are based in Norway

Operating profit and loss after segment 31.12.19	Industrial Real Estate		Data Centers		Fiber Networks		Group/other*		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Rental income	44,862,179	28,147,054	-	-	-	-	-	-	44,862,179	28,147,054
Revenue property sales	119,587,012	44,738,390	-	-	-	-	-	-	119,587,012	44,738,390
Revenue from sales	-	-	75,798,239	72,356,015	1,327,204	580,522	-	-	77,125,443	72,936,537
Gain from sale of investment property	6,874,649	21,407,595	-	-	-	-	-	-	6,874,649	21,407,595
Other revenue	6,593,190	1,919,501	3,845,264	15,051,888	-	-	12,409,712	15,762,018	22,848,166	32,733,407
Total revenue and other income	177,917,030	96,212,540	79,643,503	87,407,903	1,327,204	580,522	12,409,712	15,762,018	271,297,449	199,962,983
Property-related expenses	6,602,935	6,622,581	-	-	-	-	-	-	6,602,935	6,622,581
Cost of property sales	177,991,032	20,669,370	-	-	-	-	-	-	177,991,032	20,669,370
Cost of sales	-	-	53,006,302	58,079,797	915,739	691,902	-	-	53,922,041	58,771,699
Loss from sale of investment property	9,062,959	-	-	-	-	-	-	-	9,062,959	-
Other cost	5,428,172	599,797	61,132,155	50,197,090	6,438,068	2,984,635	76,019,225	79,553,180	149,017,620	133,334,702
Total expenses	199,085,098	27,891,748	114,138,457	108,276,887	7,353,807	3,676,537	76,019,225	79,553,180	396,596,587	219,398,352
"Operating profit before fair value adjustments on investment properties"	-21,168,068	68,320,792	-34,494,954	-20,868,984	-6,026,603	-3,096,015	-63,609,513	-63,791,162	-125,299,138	-19,435,369
Fair value adjustments on investment properties	195,085,914	91,725,431	-	-	-	-	-	-	195,085,914	91,725,431
Operating profit	173,917,846	160,046,223	-34,494,954	-20,868,984	-6,026,603	-3,096,015	-63,609,513	-63,791,162	69,786,776	72,290,062
Realised net financial items	-23,146,321	-12,468,362	-1,312,566	-18,972,669	-702,351	-749,456	-7,735,693	20,383,643	-32,896,931	-11,806,844
Fair value adjustments on derivatives	189,481	1,851,572	-	-	-	-	-	-	189,481	1,851,572
Net financial items	-22,956,840	-10,616,790	-1,312,566	-18,972,669	-702,351	-749,456	-7,735,693	20,383,643	-32,707,450	-9,955,272
Profit before income tax	150,961,006	149,429,433	-35,807,520	-39,841,653	-6,728,954	-3,845,471	-71,345,206	-43,407,519	37,079,326	62,334,790
Income tax expense	24,354,597	-1,304,512	-11,636,728	-7,709,283	-5,343,591	-1,309,572	-3,884,437	-5,821,451	3,489,841	-16,144,818
Profit for the year	126,606,409	150,733,945	-24,170,792	-32,132,370	-1,385,363	-2,535,899	-67,460,769	-37,586,068	33,589,485	78,479,608
Other comprehensive income	-	-	-88,550	-	-4,473	-	-	-	-93,022	-
Other comprehensive income for the year, net of tax	-	-	-88,550	-	-4,473	-	-	-	-93,022	-
Total comprehensive income	126,606,409	150,733,945	-24,259,342	-32,132,370	-1,389,836	-2,535,899	-67,460,769	-37,586,068	33,496,463	78,479,608

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

Note 3 part 2

Revenue from contracts with customers

Set out below is the disaggregation of the group's revenue from contracts with customers
All operating activities are based in Norway

Segments	Industrial Real Estate		Data Centers		Fiber Networks		Group/other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Rental income	44,862,179	28,147,054	-	-	-	-	-	-	44,862,179	28,147,054
Revenue property sales	119,587,012	44,738,390	-	-	-	-	-	-	119,587,012	44,738,390
Revenue from sales	-	-	75,798,239	72,356,015	1,327,204	580,522	-	-	77,125,443	72,936,537
Gain from sale of investment property	6,874,649	21,407,595	-	-	-	-	-	-	6,874,649	21,407,595
Other revenue										
- Shared costs tenants	6,593,190	1,919,501	3,845,264	15,051,888	-	-	-	-	10,438,454	16,971,389
- Business management/other	-	-	-	-	-	-	12,409,712	15,762,018	12,409,712	15,762,018
Total revenue from contracts with customers	177,917,030	96,212,540	79,643,503	87,407,903	1,327,204	580,522	12,409,712	15,762,018	271,297,449	199,962,983

The group is not dependent on any single, large customer, as it has multiple business areas and a wide range of customers.

Revenue recognition:

Rental income is recognized over time. Revenue property sales is recognized point in time.
Revenue from sales from Data Centers is recognized point in time, while revenue from sales from Fiber Networks is recognized over time.
Gain from sale of investment property is recognized point in time.
Other revenue is recognized over time.



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 finical derivatives. The group has operations in Norway, Denmark and the UK.

INTEREST RATE RISK

The group's interest rate risk arises on a short and long 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 a share of its borrowings at fixed 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, 2019 NOK 40,6 million of the Group's borrowings of NOK 1 137,3 million is hedged at a fixed rate. Hedged nominal amount of 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 5.7 million for 2019 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 material 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 spesific customers except associated companies. The group deems obligations to the group to be in default when payments are 90 days past due.

Please also see aging analysis in note 15.

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 2019 is in progress.

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

The table below illustrates the maturity structure of liabilities.

Expected cashflow					
<i>Financial liability 2019</i>	Carrying amount	Year 1	Year 2	Year 3-5	After year 5
Bond loan	453,475,000			453,475,000	
Borrowings (bank)	649,296,685	55,295,553	165,142,010	131,453,029	297,406,093
Other short-term liabilities	-				
Trade payables	82,538,135	82,538,135			
Interest costs (bond loan)	-	28,750,315	28,750,315	51,431,119	
Interest costs (bank)	-	28,098,531	23,116,642	16,413,594	13,442,755
Other current payables	169,869,125	169,869,125			
Derivative financial intruments	11,645,728	1,095,616	1,065,208	3,147,521	6,337,383
<i>Financial liability 2018</i>	Carrying amount	Year 1	Year 2	Year 3-5	After year 5
Borrowings (bank)	369,520,297	94,786,000	18,761,124	178,726,645	77,246,528
Other short-term liabilities	-	30,000,000			
Trade payables	51,336,548	51,336,548			
Interest costs (bank)	-	11,886,497	9,791,553	6,147,903	2,850,397
Other current payables	62,043,503	62,043,503			
Derivative financial intruments	11,835,209	1,309,271	1,192,399	3,006,415	6,327,124

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 cash flows relating to the agreements. The present value is calculated based on interest rate curves on the date of appraisal. The calculations are made by the bank with which the agreement is made.

Sensitivity effect of change in variables (MNOK):

Variables	Change in variables	Fair value change	
		+ 1 %	- 1 %
NIBOR	+/- 1 %	5,00	-5,64

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 and reduce the Groups interest cost. The group seeks to maintain a satisfactory equity ratio, but 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 65 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 2018 and 2019. The Groups LTV is 25,4 per cent as of December 31, 2019. To change the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to share-holders, 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.

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.

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 recognized in the financial statements. The management also 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.
Impairment considerations regarding property, plant and equipment
Investment property is recognized at fair value on the year end date.

Note 7

Investments in subsidiaries, joint ventures and associated companies

Group:		
Subsidiaries:	Office location	Vote- / Ownership 31.12
Bulk Industrial Real Estate AS	Oslo	100,0 %
Bulk Eiendom Farex AS	Oslo	100,0 %
Bulk Lindeberg II AS	Oslo	100,0 %
Bulk Lindeberg IV AS	Oslo	100,0 %
Bulk Lindeberg V AS	Oslo	100,0 %
Bulk Lindeberg VI 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 II AS	Oslo	100,0 %
Bulk Vestby I AS	Oslo	100,0 %
Bulk Marina AS	Oslo	100,0 %
Bulk Berger IV AS	Oslo	100,0 %
Bulk Forus AS	Oslo	100,0 %
Bulk Eiendom Solgaard Skog AS	Oslo	100,0 %
Logibulk I AS	Oslo	100,0 %
Bulk Ormlia AS	Oslo	100,0 %
Hofstad Næring 5 AS	Oslo	100,0 %
Bulk Data Centers AS	Oslo	100,0 %
N01 Services AS	Oslo	100,0 %
N01 Utilities AS	Oslo	100,0 %
N01 Real Estate AS	Oslo	100,0 %
N01 Power AS	Oslo	100,0 %
Bulk Fiber 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 %
Bulk Fiber Networks Denmark ApS	Herlev, Denmark	100,0 %
Bulk Fiber Networks UK Ltd	London, UK	100,0 %
Bulk Infrastructure UK Ltd	London, UK	100,0 %
Fiberlykta AS	Oslo	100,0 %
Norway as a Service AS	Oslo	100,0 %
Bulk Facility Services AS	Oslo	100,0 %
Infragreen Communications AS	Oslo	100,0 %
Oslo Internet Exchange AS	Oslo	100,0 %
DK01 ApS	Smørum, Denmark	100,0 %
Bulk Innovation AS	Oslo	100,0 %
Data Center Technology AS	Oslo	100,0 %
Data Center Services AS	Oslo	100,0 %
Klub Bulk AS	Oslo	92,5 %
Joint Venture		
OS-IX Eiendom Holding AS	Oslo	50,0 %
AE Bulk Co-Invest AS	Oslo	50,0 %

Note 8

Investment property and property under development

INVESTMENT PROPERTY	2019	2018
Fair value 1.1	804,478,389	588,030,954
Additions:		
- Capital expenditure	134,211,566	290,853,707
- Acquisition of property	104,153,919	15,026,475
- Sale of property	-175,932,831	-137,403,792
Transferred to property under development	-56,825,822	-43,754,386
Changes in fair value	195,085,914	91,725,431
Fair value 31.12	1,005,171,135	804,478,389

Income and expenses from investment property	2019	2018
Income from rent	44,862,179	28,147,054
Expenses related to leased property	-6,602,935	-6,622,581

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.

Overview over input used for valuation	2019	2018
Valuation level	3	3
Valuation model	DCF	DCF
Fair value as of December 31	1,005,171,135	804,478,389
Total sqm	77,721	72,471
Current rent per sqm (range)	305 - 1,400	1,063 - 441
Current rent per sqm (average)	779	858
Remaining lease period actual contracts (range)	19,0 - 0,1	20,1 - 0,3
Remaining lease period actual contracts (average)	7,1	9,1
Market rent per sqm (range)	1,400 - 300	1,025 - 421
Market rent per sqm (average)	777	763
Estimated CPI	2,0 %	3,5 %
Actual vacancy	6,0 %	3,7 %
Valuation yield/discount rate (range)	5 % - 8 %	7,99 % - 5,18 %
Valuation yield/discount rate (average)	6,19 %	5,52 %

Note 8

Investment property continues

All investment properties are valued using discounted 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 below are the separate effects of changes in these variables (amounts in NOK million):

Variables	Changes in variables	Fair value change	
		+	-
Yield	+/- 0.25%	-23	54
Market rent	+/- 5%	37	-9

PROPERTY UNDER DEVELOPMENT	2019	2018
Value 1.1	71,954,386	48,869,370
Additions:		
- Reclassification from invenstment property	56,825,822	43,754,386
- Additions	253,577,409	-
- Sale of inventory property under development	-172,838,307	-20,669,370
Inventory value 31.12	209,519,310	71,954,386

Note 9

Property, plant & Equipment

	Datacenter buildings	Datacenter technical infrastructure	Datacenter land	Under construction	Other fixed assets	Fiber networks	Total
Accumulated cost							
Balance at January 1, 2018	6,770,821	-	73,093,348	236,030,927	10,948,749	98,605,489	425,449,334
Additions	15,477,040	52,067,345	20,547,287	8,236,790	10,504,061	140,329,991	247,162,514
Disposals	-	-	-	-	-3,619,700	-	-3,619,700
Reclassification from intangible assets	-	-	-	5,016,459	-	-	5,016,459
Transfer from assets under construction	8,168,307	29,035,565	278,837	-38,393,601	-	910,892	-
Balance at December 31, 2018	30,416,168	81,102,909	93,919,472	210,890,576	17,833,110	239,846,372	674,008,607

Balance at January 1, 2019	30,416,168	81,102,909	93,919,472	210,890,576	17,833,110	239,846,372	674,008,607
Additions	136,560	4,283,314	1,613,725	144,130,943	4,002,764	359,665,399	513,832,706
Disposals	-	-	-	-	-	-	-
Transfer from assets under construction	36,184,127	80,520,061	-	-116,704,188	-	-	-

Balance at December 31, 2019	66,736,855	165,906,284	95,533,197	238,317,331	21,835,874	599,511,771	1,187,841,313
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Accumulated depreciation							
Balance at January 1, 2018	2,539,541	-	-	-	6,031,196	48,108	8,618,845
Disposals	-	-	-	-	-3,617,700	-	-3,617,700
Depreciation charge for the year	1,601,657	10,040,439	236,821	-	2,684,441	52,482	14,615,840

Balance at December 31, 2018	4,141,198	10,040,439	236,821	-	5,097,937	100,590	19,616,985
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Balance at January 1, 2019	4,141,198	10,040,439	236,821	-	5,097,937	100,590	19,616,985
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	2,744,345	17,380,778	1,093,308	-	2,638,424	3,118,095	26,974,950

Balance at December 31, 2019	6,885,543	27,421,217	1,330,129	-	7,736,361	3,218,685	46,591,935
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Net book value							
At January 1, 2018	4,231,280	-	73,093,348	236,030,927	4,917,553	98,557,381	416,830,489

At December 31, 2018	26,274,970	71,062,470	93,682,651	210,890,576	12,735,173	239,745,782	654,391,622
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At January 1, 2019	26,274,970	71,062,470	93,682,651	210,890,576	12,735,173	239,745,782	654,391,622
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At December 31, 2019	59,851,312	138,485,067	94,203,068	238,317,331	14,099,513	596,293,086	1,141,249,378
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Expected useful economic life	50 years	5-14 years	-	-	4-10 years	20 years	
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All property, plant and equipment is located in Norway and Denmark.

The Group is contractually bound to acquire substantial additional fiber networks property, plant & equipment.

Note 10

Intangible assets

	Goodwill	Software licenses	Other intangible assets	Total
Cost				
Balance at January 1, 2018	16,947,796	887,524	3,420,440	21,255,761
Additions	-	475,563	2,412,124	2,887,687
Reclassified to property, plant & equipment	-	-	-5,016,459	-5,016,459
Balance at December 31, 2018	16,947,796	1,363,087	816,105	19,126,988
Balance at January 1, 2019	16,947,796	1,363,087	816,105	19,126,988
Additions	-	493,476	2,343,375	2,836,851
Balance at December 31, 2019	16,947,796	1,856,563	3,159,480	21,963,839
Accumulated amortization and impairment				
Balance at January 1, 2018	-	36,900	-	36,900
Amortization charge for the year	-	272,600	-	272,600
Balance at December 31, 2018	-	309,500	-	309,500
Balance at January 1, 2019	-	309,500	-	309,500
Amortization charge for the year	-	330,661	-	330,661
Balance at December 31, 2019	-	640,161	-	640,161
Net book value				
At January 1, 2018	16,947,796	850,624	3,420,440	21,218,861
At December 31, 2018	16,947,796	1,053,587	816,105	18,817,488
At December 31, 2019	16,947,796	1,216,402	3,159,480	21,323,678

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

Goodwill: indefinite
Software licenses: 3-5 years
Software under development: n.a.

Note 11

Goodwill and impairment

Impairment testing for cash-generating units containing goodwill

Goodwill is included in the balance sheet with a total amount of NOK 16 947 796. The Goodwill originates from 2016 with the acquisition of Data Center Technology AS (DCT AS). DCT AS with subsidiary constitutes a 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 etx. Was used to determine the best estimate. The WACC was calculated to 13.6 % after 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 industy 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
- Capital structure: Based on the industry average (comparable companies) equity ratio of 10 %.

IMPAIRMENT - TEST RESULT AND CONCLUSION

The value of DCT AS exceeds the 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

There has not been any business combinations since 2016.

2016

June 1, 2016, Bulk Infrastructure AS aquired 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 aquisition 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 hight quality of services. The management believes the aquisition results in better position related to the development of data centers. Shareholding is equal to woting 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

Note 12

Joint venture and associated companies

Associated companies 2019

	Foundation / Acquisition date	Country	Office location	Ownership	Book value 1.1	Share issues / dividends	Share of net profit after tax	Book value 31.12
OS-IX Eiendom Holding AS	20.11.2015	Norway	Oslo	50%	118,434,397	14,999,958,	-768,735	132,665,620
AE Bulk Co-Invest AS	02.11.2016	Norway	Oslo	50%	13,887,558	-1,300,000,	2,505,212	15,092,770
Total					132,321,955	13,699,958	1,736,477	147,758,390

Figures on 100% basis in accordance with NGAAP

Company	Assets	Liabilities	Total income	Equity	Net Profit
OS-IX Eiendom Holding AS - Parent company only	350,831,331	696,095	350,135,236		9,405,462
AE Bulk Co-Invest AS - Parent company only	28,447,847	4,228,741	24,219,106	-	34,439,536
Total	379,279,178	4,924,836	374,354,342	-	43,844,998

Associated companies 2018

	Foundation / Acquisition date	Country	Office location	Ownership	Book value 1.1	Share issues / dividends	Share of net profit after tax	Book value 31.12
OS-IX Eiendom Holding AS	20.11.2015	Norway	Oslo	50%	132,954,217	-	-14,519,820	118,434,397
AE Bulk Co-Invest AS	02.11.2016	Norway	Oslo	50%	43,975,134	-48,750,000	18,662,424	13,887,558
Total					176,929,351	-48,750,000	4,142,604	132,321,955

Figures on 100% basis in accordance with NGAAP

Company	Assets	Liabilities	Equity	Total income	Net Profit
OS-IX Eiendom Holding AS - Parent company only	323,600,218	12,870,359	310,729,859		-3,290,658
AE Bulk Co-Invest AS - Parent company only	22,423,181	593	22,422,588	-	803,482
Total	346,023,399	12,870,952	333,152,447	-	-2,487,176

Summary of financial information in the consolidated financial statement of OS-IX Holding AS on 100% basis
in accordance with IFRS

Income statement:	2019	2018	
Total income	42,208,077	33,056,512	
Total expenses	47,578,060	50,073,641	
Operating profit	-5,369,983	-17,017,129	
Net financial items	-11,669,026	-9,615,382	
Profit before income tax	-17,039,009	-26,632,511	
Tax expence	-13,224,067	5,138,721	
Profit for the year	-3,814,942	-31,771,232	
Balance sheet:			
Assets			
Non-current assets	473,494,046	477,663,069	
Current assets	56,502,203	28,629,898	
- Cash and cash equivalents	37,115,740	20,318,642	
Total assets	529,996,249	506,292,967	
Equity and liabilities			
Equity	249,423,147	222,291,409	
Current liabilities	24,721,338	17,110,747	
- current financial liabilities other than accounts payable and provisions	16,097,460	7,299,012	
Non-current liabilities	255,851,765	266,890,811	
Total Equity and liabilities	529,996,249	506,292,967	
Reconciliation of carrying amount			
	Shareholding (%)	2019	2018
Net assets	100 %	249,423,147	222,291,409
Group's shareholding in the company	50 %	124,711,574	111,145,705
Carrying amount of Group's shareholding	50 %	124,711,574	111,145,705

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 151.3 million higher than the carrying amount included in the above summary of financial information as of December 31, 2019.

Summary of financial information in the consolidated financial statement of AE- Bulk Co-Invest AS on 100% basis
in accordance with IFRS

Income statement:	2019	2018	
Rental income			
Other revenue	-	-	
Total income	-	-	
Property-related expenses	-	-	
Administrative expenses	203,567	466,205	
Total expenses	203,567	466,205	
Operating profit	-203,567	-466,205	
"Share of profit of investments accounted for using the equity method"			
Finance income			
Fair value adjustments on derivatives			
Net financial items	5,213,989	38,214,212	
Profit before income tax	5,010,422	37,748,007	
Income tax expense		76,532	
Profit for the year	5,010,422	37,671,474	
Balance sheet:			
Assets			
Non-current assets	32,061,046	29,515,394	
Current assets	107,285	4,470,663	
- Cash and cash equivalents	107,285	4,446,968	
Total assets	32,168,331	33,986,057	
Equity and liabilities			
Equity	32,167,738	29,757,316	
Current liabilities	593	4,228,741	
- current financial liabilities other than accounts payable and provisions	-	-	
- non-current financial liabilities other than accounts payable and provisions	-	-	
Total Equity and liabilities	32,168,331	33,986,057	
Reconciliation of carrying amount	Shareholding (%)	2019	2018
Net assets	100 %	32,167,738	29,757,316
Group's shareholding in the company	50 %	16,083,869	14,878,658
Carrying amount of Group's shareholding	50 %	16,083,869	14,878,658

Note 13

Derivative financial instruments

	2019	2018
Interest rate swaps	-11,645,728	-11,835,209
Total liabilities	-11,645,728	-11,835,209

<i>Interest rate swaps</i>	2019	2018
Nominal amount interest rate swaps	-40,560,000	-40,560,000
Total nominal amount	-40,560,000	-40,560,000



Carrier neutral Data Centers at Bulk's N01 Campus outside city of Kristiansand, Norway.

Note 14

Assets and liabilities

	Carrying amount as at 31.12.2019	Fair value as at 31.12.2019	Carrying amount as at 31.12.2018	Fair value as at 31.12.2018
Non-current financial assets				
Other receivables - non-current	419,899	419,899	2,691,366	2,691,366
Total non-current financial assets	419,899	419,899	2,691,366	2,691,366

Current financial assets				
Trade and other receivables	161,251,648	161,251,648	48,281,839	48,281,839
Cash and cash equivalents	458,607,304	458,607,304	416,649,770	416,649,770
Total current financial assets	619,858,952	619,858,952	464,931,609	464,931,609

Total financial assets	620,278,851	620,278,851	467,622,975	467,622,975
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Non-current financial liabilities				
Bond loan	453,475,000	453,475,000	-	-
Borrowings	324,920,974	324,920,974	244,734,297	244,734,297
Derivative financial instruments	10,550,112	10,550,112	10,525,938	10,525,938
Total non-current financial liabilities	335,471,086	335,471,086	255,260,235	255,260,235

Current financial liabilities				
Trade payables	82,538,135	82,538,135	51,336,548	51,336,548
Short-term portion of borrowings	324,375,711	324,375,711	124,786,000	124,786,000
Short-term portion of derivatives	1,095,616	1,095,616	1,309,271	1,309,271
Other payables	169,869,125	169,869,125	62,043,503	62,043,503
Total current financial liabilities	577,878,587	577,878,587	239,475,322	239,475,322

Total financial liabilities	913,349,673	913,349,673	494,735,557	494,735,557
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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 recognized 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, 2019 and carrying amount of the borrowings is considered not to be significantly different from the fair value.

Note 15

Trade and other receivables

	2019	2018
Trade receivables	15,524,783	10,968,486
Other current receivables	145,726,865	37,313,353
Trade and other receivables	161,251,648	48,281,839

	2019	2018
Provision for impairment of trade receivables at 1.1	110,443	1,184,546
This years provision for receivables impairment	-	-
Loss on receivables	-	-
Reversal of prior years provision	-50,000	-1,074,103
Provision for impairment of trade receivables at 31.12	60,443	110,443

Ageing,of,trade,and,other,receivables

	Total	Not due	0-30d	30-60d	60-90d	>90d
2019	161,251,648	156,603,691	2,378,085	-	1,868,645	401,227
2018	48,281,839	45,282,141	1,796,960	260,750	540,761	401,227

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

Note 16

Cash and cash equivalents

	2019	2018
Cash and cash equivalents	455,083,466	193,875,791
Restricted funds	3,523,838	222,773,979
Total	458,607,304	416,649,770

Note 17

Paid in equity, shareholders and retained earnings

	2019	2018
Share capital	2,630,242	2,283,783

	Total shares		Share capital (IN NOK)		Share premium	
	2019	2018	2019	2018	2019	2018
A shares						
Issued stock and paid in capital						
At the beginning of the year	201,161,131	146,559,763	2,011,611	1,465,598	1,354,536,700	822,173,362
Capital increase	34,645,900	54,601,368	346,459	546,014	321,449,525	532,363,338
At the end of the year	235,807,031	201,161,131	2,358,070	2,011,611	1,675,986,225	1,354,536,700

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	27,217,124	27,217,124	272,171	272,171	-	-
Capital increase	-	-	-	-	-	-
At the end of the year	27,217,124	27,217,124	272,171	272,171	-	-

The total numer of shares are 263 024 200, each valued at NOK 0,01, and NOK 2 630 242 in total share capital. The shares are divided into 235 807 075 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 A-shares	Share %	Number of B-shares	Number of C-shares	Share of capital %	Share of votes
Bulk Industrier AS	A,B and C	Norway	143,779,355	63,96 %	1	27,217,124	67,85 %	87,99 %
Geveran Trading Co. Limited	A	Cyprus	32,663,461	14,53 %			12,96 %	4,84 %
Totomo AS	A	Norway	10,750,000	4,78 %			4,27 %	1,59 %
Prospero AS	A	Norway	9,256,000	4,12 %			3,67 %	1,37 %
Morellen AS	A	Norway	7,676,719	3,41 %			3,05 %	1,14 %
Levada AS	A	Norway	7,052,237	3,14 %			2,80 %	1,05 %
Elipica AS	A	Norway	5,851,270	2,60 %			2,32 %	0,87 %
Other shareholders (> 1 %)	A	Norway	7,776,889	3,46 %			3,09 %	1,15 %
Total number of outstanding shares at 31.12			224,805,931	100 %	1	27,217,124	100 %	100 %
Klub Bulk AS (own shares)	A	Norway	11,001,100					
Total number of shares			235,807,031					

Dividend

The company paid NOK 134 777 958 in dividend in 2019. A proposed dividend of NOK 143 842 289 is to be approved at the AGM in 2020.

Own shares

The company acquired 11 001 100 own shares at a total cost of NOK 106 864 752 through its subsidiary Klub Bulk AS in 2019. The company sold 74,495 shares (7,49%) in Klub Bulk AS at a total consideration of NOK 7,5 million in 2019.

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 weightet average number of A and B shares outstanding during the year.

	2019	2018
Other comprehensive income attributable to shareholders in the parent Company	33,496,918	78,479,608
Weighted average number of outstanding shares, excluding C shares	211,463,992	174,234,430
Basic and diluted earnings per share	0,16	0,45

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



Bulk's Data Center, DK01, outside Esbjerg, Denmark.

Note 18

Interest-bearing debt

	2019	2018
Total interest-bearing debt, nominal value	1,102,771,685	369,520,297
- of which hedged (fixed interest rate)	40,560,000	40,560,000
Hedging Ratio	4 %	11 %
Average interest rate at floating rate, including margin (%)	5,0,%	5,1 %
Average remaining duration, borrowings (years)	4,5	4,9 years
Average remaining duration, hedging contracts (years)	13,0 years	14,0 years
Total interest-bearing debt, nominal value	1,102,771,685	369,520,297
First year instalments of debt (short-term)	324,375,711	124,786,000
Long-term interest-bearing debt excluding first year instalments	778,395,974	244,734,297

Maturity on long-term debt

	2019	2018
Year 2	165,142,010	18,761,124
Year 3-5	131,453,029	178,726,645
After year 5	481,800,935	77,246,528
Total	778,395,974	274,734,297

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

	2019	2018
Investment property	1,005,171,135	804,478,389
Total pledged assets	1,005,171,135	804,478,389
Borrowings secured with pledged assets	1,102,771,685	369,520,297

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.

Note 19

Deferred tax

Changes in deferred tax assets	Loss carried forward	Investment property	Financial derivatives	Profit and loss account	Other items	Total deferred tax/ (-)tax assets
01.01.2018	-55,341,236	68,510,035	-3,147,960	646,814	-3,850,141	6 817 512
Changes in deferred tax	-15,784,278	-432,317	407,346	-123,739	-3,402	-15 936 390
Change related to sold companies	20,610					20 610
Effect of changed tax rate	2,205,250	-2,806,825	136,868	-28,122	167,397	-325 432
31.12.2018	-68,899,654	65,270,893	-2,603,746	494,953	-3,686,146	-9 423 700

Changes in deferred tax assets	Loss,carried forward	Investment property	Financial derivatives	Profit and loss account	Other items	Total deferred tax/ (-)tax assets
01.01.2019	-68,899,654	65,270,893	-2,603,746	494,953	-3,686,146	-9 423 700
Changes in deferred tax	-32,622,050	26,064,914	41,686		5,139,724	-1 375 726
Change related to purchased/sold companies	36,253	4,613,936		-494,953		4 155 236
31.12.2019	-101,485,45	95,949,743	-2,562,060	-	1,453,578	-6 644 190

Reconciliation net recognized deferred tax /(-)tax assets

	31.12.2019	31.12.2018
01.01.	-9,423,700	6,817,512
Change related to sold companies	4,155,236	20,610
Deferred tax expense (income) recognized in profit and loss	-1,375,726	-15,936,390
Effect to changed tax rate - recognized in profit and loss	-	-325,432
Net recognized deferred tax liability 31.12	-6,644,190	-9,423,700

See note 26 for tax expense

Current income tax liabilities

	31.12.2019	31.12.2018
Current income tax	-	-
Change in prior years	-	-
Total current income tax liabilities	-	-

Loss carried forward

	31.12.2019	31.12.2018
No expiring date	-461,297,503	-313,180,248
Total loss carried forward	-461,297,503	-313,180,248

There is no deferred tax recognized in comprehensive income.

Note 20

Accounts payable and other payables

	2019	2018
Trade payables	82,538,135	51,336,548
Accrued salaries, public duties	52,968,435	26,906,649
Accrued expenses	116,900,690	35,136,854
Total	252,407,260	113,380,051



Bulk's Data Center, OS-IX, Oslo, Norway.

Note 21

Options, contingent assets and contingent liabilities

The Group has options to acquire land on certain terms and conditions, both zoned and unzoned. The group is not obliged to exercise any of the options.

Note 22

Rental income

Recognized rental income	2019	2018
Recognized minimum rent from minimum payments	44,862,179	28,147,054
Recognized variable rent	-	-
Total income from rent	44,862,179	28,147,054

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

	2019	2018
Within 1 year	39,990,554	35,799,899
During year 2	47,833,481	39,043,701
2 to 5 year	122,350,771	129,578,601
After 5 years	155,105,434	297,260,152
Total	365,280,240	501,682,354

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

	2019	2018
Investment property	1,005,171,135	804,478,389
Total	1,005,171,135	804,478,389

Note 23

Real estate related costs and other operating expenses

Administration costs:	2019	2018
Staff costs (see note 24)	66,089,721	67,450,245
Depreciation	27,305,611	14,888,440
Management, accounting, legal and consulting fees	29,101,688	17,121,624
Auditors	3,013,469	2,513,226
Depreciation right of use assets	3,101,642	3,419,159
Other operating expenses	20,405,490	27,942,008
Total other operating expenses	149,017,620	133,334,702

Audit fees	2019	2018
Statutory audit (including technical assistance with reporting)	1,973,484	1,318,250
Tax and other advice (including technical assistance with tax papers)	1,039,985	1,194,976
Total audit costs	3,013,469	2,513,226

The group as lessee - operating leases

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

The group recognized no operating expenses related to investment property that did not generate rental income in 2019.

Note 24

Employee benefit expense

	2019	2018
Salaries and remuneration	50,669,878	54,093,145
Social security costs	9,183,446	7,417,281
Pension cost for defined contribution plan	1,598,066	1,337,538
Other employee expenses	4,638,331	4,602,281
Total payroll costs	66,089,721	67,450,245

Number of employees at 31 December	56	53
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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).

Remuneration of senior management and the Board of directors 2019

Name	Title	Salary	Bonus	Pension	Board fee	Other benefits
Jon Gravråk	CEO	2,890,427	223,215	39,672	-	144,474
Gaute Krekling	CFO (from 01.11.2019)	316,666	-	6,512	-	19,887
Peder Nærbø	Chairman of the board	2,603,864	523,680	43,620	125,000	131,884
Torbjørn T. Moe	Member of the board	2,319,588	496,312	43,104	125,000	140,178
Lars O. Bustgaard	Member of the board				125,000	
Even Bratsberg	Member of the board				125,000	
Nicolas B. Laird	Member of the board				125,000	
Bent Oustad	Member of the board				75,000	
Lars Erich Nilsen	Member of the board				75,000	
Total		8,130,545	1,243,207	126,396	775,000	436,423

Remuneration of senior management and the Board of directors 2018

Name	Title	Salary	Bonus	Pension	Board fee	Other benefits
Jon Gravråk	CEO	1,115,367	-	15,910	-	47,084
Peder Nærbø	Chairman of the board	2,517,135	350,000	40,890	50,000	136,015
Torbjørn T. Moe	Member of the board	2,224,227	320,000	40,410	50,000	89,793
Lars O. Bustgaard	Member of the board				100,000	
Even Bratsberg	Member of the board				125,000	
Nicolas B. Laird	Member of the board				100,000	
Bent Oustad	Member of the board				-	
Lars Erich Nilsen	Member of the board				-	
Total		5,856,729	670,000	97,210	425,000	272,892

CEO Jon Gravråk was hired from August 20, 2018.

Shares held by executive officers and directors

The following board members and chief executives have indirect ownership of 67.36 % in total in Bulk Infrastructure AS:

Board of directors			Ownership	Capital ratio
Peder Nærbø	Chairman of the board	indirect ownership	63,96 %	67,85 %
Torbjørn T. Moe	Board member	indirect ownership	4,78 %	4,27 %

CEO Jon Gravråk and CFO Gaute Krekling have ownership of 3% and 0,75%, respectively, of Klub Bulk AS, which owns 4,67% of the total number of shares in Bulk Infrastructure AS. Klub Bulk AS' shares in Bulk Infrastructure AS are not included in the total number of outstanding shares, as Klub Bulk AS is a subsidiary of Bulk Infrastructure AS, and its shares in Bulk Infrastructure AS are considered own shares.

The former General manager John-Erik Tønnessen was hired through JET Consulting AS. The agreement ended August 31, 2018.

	2018
Fee	1,141,801

Note 25

Financial income and costs

	2019	2018
Share of profit/loss(-) of investments accounted for using the equity method	1,736,477	4,142,604

Finance income	2019	2018
Interest income	2,288,590	670,929
Other finance income	3,830,435	3,906,322
Total finance income	6,119,025	4,577,251

Finance costs	2019	2018
Interest expense on borrowings measured at amortised cost	32,000,965	17,362,695
Finance expense on derivatives	898,927	1,866,311
Other finance costs	7,852,541	1,297,693
Total finance costs	40,752,433	20,526,699

Net financial items	-32,896,931	-11,806,844
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Net gains / losses on financial assets / liabilities valued at fair value

Derivatives	2019	2018
Fair value adjustments on derivatives	189,481	1,851,572
Net gain on financial instruments at fair value	189,481	1,851,572

Note 26

Income Tax

	2019	2018
Tax payable	-	-
Change in deferred tax	-22,575,073	-37,241,667
Change in deferred tax due to fair value change Investment Property	26,064,914	21,096,849
Income tax expense	3,489,841	-16,144,818
Profit before income tax	37,079,326	62,334,790
Income tax expense calculated at 22 % (23 %)	8,157,452	14,337,002
Effect of changed tax rate	-	-325,432
Permanent differences	42,303,866	-5,362,692
Non taxable revenue	-46,971,476	-24,793,695
Income tax expense	3,489,841	-16,144,818
Effective tax rate	9,4 %	-25,9 %

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

See note 19 for deferred tax.

Note 27

Inventories

	2019	2018
Gravel	4,539,420	4,539,420
Inventory data center	1,029,329	979,308
Total Inventories	5,568,749	5,518,728

Note 28

Operating Leases (IFRS 16 disclosure)

	2019	2018
Property, plant and equipment owned	-	-
Right of use assets, except for investment property	35,337,266	38,599,158
Total	35,337,266	38,599,158

Right of use assets	Seafiber	Office equipment	Land and buildings	Total
Balance at 01 January	24,406,215	771,837	13,421,106	38,599,158
Depreciations	-1,509,663	-270,367	-1,481,863	-3,261,892
Balance at 31 December	22,896,552	501,471	11,939,243	35,337,266

Maturity analysis - contractual undiscounted cash flows	2019	2018
Less than one year	4,366,233	4,460,905
Between one and five years	16,497,192	16,800,861
More than five years	30,363,662	36,910,023
Total undiscounted lease liabilities at 31 December	51,227,087	58,171,789
Lease liabilities included in the statement of financial position at 31 December	36,331,606	38,599,158

Amount recognized in profit or loss	2019
Interest on lease liabilities	2,202,691

Amount recognized in cash flow statement

Total cash flow from leases	4,470,243
------------------------------------	------------------

Additional information according to IFRS 16.59 (b)	2019
Options to extend not yet committed to	-
Options to terminate not yet committed to	-
Residual value guarantees not included in the measurement of lease liabilities	-
Leases not yet commenced to which the lessee is committed	-

Other information

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the statement of financial position at the date of initial application 6,32 %

The Group does not apply the requirements in IFRS 16 nr 22-49 for short term leases or leases where the underlying assets has low value. The lease payments for such leases are recognized as costs linearly over the lease periods.

Note 29

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. As a result of the Coronavirus Outbreak the Group Continuity Team has implemented comprehensive measures to reduce the spread and the effects on the business. The Coronavirus Outbreak is not considered to cause a significant long-term deterioration in economic conditions for the business.

Note 30

Bond loan

Bulk Infrastructure AS 19/24 FRN
Bulk Infrastructure AS issued a 5 year NOK 500 million senior unsecured FRN bond 15 October 2019

Specification	
ISIN	NO0010865876
Maturity date	15.10.2024
Amsount	NOK 500,000,000
Coupon	Nibor 3m + 4,5%
Coupon type	FRN
Coupon frequency	Quarterly
Trustee	Nordic Trustee AS

Financial covenants
Equity ratio > 35%.

Security
Unsecured.

Listing
The Bond is not listed as of December 31, 2019.

Main Events 2019 - Bulk Fiber Networks



Havfrue landing

In January 2018 it was announced that Bulk Infrastructure would be one of the co-builders of the new trans-Atlantic cable HAVFRUE and that Bulk would also be the owner and landing party for the Norwegian branch to the system.

The agreement covers termination points in the New Jersey Fiber Exchange (NJFX), in Wall New Jersey, USA, Dublin, Ireland, and Bulk’s facilities at both the NO1 Campus in Southern Norway and their facility in Western Denmark.

In December 2019 the cable ship, Responder, entered Kristiansand with the Norwegian branch of the cable. It was celebrated with more than 300 guests at Kick in Kristiansand. Among the guests and speakers were The minister of Digitalization from the Norwegian Government, local politicians, people from the data center industry and from the subsea cable industry. A brand

new cable system is making waves in the subsea industry. The 7,851-kilometer subsea cable system is the first to traverse the North Atlantic and connect the U.S. to mainland Nordic countries in nearly two decades and this is the first time Norway gets directly connected with the US.

At its deepest point, the cable lies approximately 5200 meters below sea level. System capacity: 176TB/s. The capacity of the HAVFRUE system is 1,000 times greater than the most recent cable on this route across the Atlantic.



Amazon agreement

In March 2019, Bulk Infrastructure and Amazon Web Services signed an agreement for the cloud service provider’s use of Bulk’s trans-Atlantic subsea cable HAVFRUE.

The agreement will include Bulk’s subsea network on HAVFRUE from New Jersey, USA to Ireland, Norway, and Denmark including selected European terrestrial backhaul links. - Over all, this agreement is a great proof of concept for Nordic connectivity. Then for Bulk of course it’s a huge learning opportunity working with a global content player in this space, which AWS is, said Peder Nærbø in media around the world.



Main Events 2019 - Bulk Industrial Real Estate



Breeam NOR Certification

Bulk Infrastructure received confirmation in 2019 that the company's warehouse and logistics building in Bulk Flexipark Vestby, is now officially certified to BREEAM-NOR "Very Good".



This is the first time in Norway that an industrial building has received this environmental certification.

- We have worked systematically with standardized and modular building with the goal of achieving energy-efficient and sustainable buildings over many years, said Rune Bang, Vice President Projects at Bulk Infrastructure AS in the media.

- So it is with great pleasure and pride that we have now with this certification received confirmation that we are working in the right direction, said Bang.

Aberdeen acquires three properties from Bulk

In 2019 Aberdeen Standard Investments acquired a portfolio of three logistics properties from Bulk Infrastructure AS.

Two of the properties are located in Vestby, south of Oslo, and the third property is located within Bulk Park Lindeberg, next to the main highway (E6) and around 10 minutes from Oslo Airport Gardermoen. The properties have a combined lettable area of around 16,000 square meters and are mainly warehouse- and logistics properties with long lease contracts. Iron Mountain occupies the properties located at Vestby, and Alimenta AS has moved into the newly built logistics property at Lindeberg.



2019 handover: 35 000 Sqm.

In 2019 Bulk had a total handover of 35 thousand sqm to customers, including completion of NLP-Melhuus, Tibnor-Eidsvoll and Alimenta-Lindeberg.



Signed leases: 14 000 Sqm.

In 2019 Bulk signed lease for 14 thousand sqm new projects, and 16 thousands sqm of existing buildings.

Main Events 2019 - Bulk Data Centers



Opening of DK01 Campus

In 2019 Bulk Infrastructure, opened its third data center campus, DK01 Campus, this time in Esbjerg, on the west coast of Denmark.

Bulk owns an area of 50 000 sqm. that can initially scale to 20MW. Additional land and power are available for further expansion. It took Bulk about six months to build an operational Data Center in Esbjerg, on the west coast of Denmark. Anchor customers have already installed equipment and the site is up and running. DK01 campus now provides a unique opportunity to connect directly into high capacity subsea and terrestrial networks combined with flexible colocation and data center build solutions.

- Our data center Campus, DK01, in Esbjerg is the perfect place for us to enable a neutral traffic exchange point in Denmark.

We have good relations in the Danish market as well as the international market who need a central location within the EU, said Jon Gravråk, CEO at Bulk Infrastructure AS in the media. Esbjerg has several subsea fiber systems terminating within or nearby. These include Havfrue (US, Ireland, Norway, Denmark), Havhingsten (Ireland, Denmark), Cobra (The Netherlands, Denmark), Skagerrak 4 (Norway Denmark), DANICE (Iceland, Denmark). Combined with excellent terrestrial connectivity, this makes DK01Campus the main international entry point to the Nordics and enables Bulk DK01 Campus to be the natural internet exchange point.



UK office opening

Bulk Infrastructure announced in 2019 that they open their UK office, in London.

- Setting up a UK-based office in London is a natural thing for us to do now. Our portfolio with international customers is growing, and it's important to be even closer to our clients, said CEO Jon Gravråk in Bulk Infrastructure AS.

- With new international fiber routes and Bulk's datacenter parks in Denmark and Norway, Bulk is attracting customers way outside the Nordic region. In March 2019, Amazon Web Services signed an agreement with Bulk, and more companies are expected to follow, says Gravråk. Rob Elder is appointed as Vice President Sales and Warren Barrie is appointed as International Sales Director.

Bulk Infrastructure AS Financial statement 2019

- 63 Income statement
- 64 Balance sheet
- 66 Cash flow statement
- 67 Notes to financial statement
- 78 Auditors report

Income statement

Operating income and operating expenses	Note	2019	2018
Sales revenue	7	41,621,107	40,054,857
Other operating income	7	1,460,171	3,570,097
Total operating income		43,081,277	43,624,954
Personnel expenses	2	57,226,536	56,983,576
Depreciation of tangible and intangible fixed assets	6	2,921,851	2,850,410
Other operating expenses	2	27,512,101	25,424,090
Total operating expenses		87,660,487	85,258,075
Operating profit/loss		-44,579,210	-41,633,122
Financial income and expenses			
Income from subsidiaries	10	6,195,462	253,969,761
Income from associated companies	11	401,741	17,046,453
Interest income from group companies	9	32,339,000	10,424,465
Other financial income		1,975,600	216,669
Writ-down of other financial fixed assets	10	5,986,510	-
Interest expense to group companies	9	-	393,411
Other financial expenses		18,217,863	6,273,618
Net financial items		16,707,431	274,990,319
Result before tax		-27,871,779	233,357,197
Tax expense	5	-3,884,436	-9,348,931
Result for the year		-23,987,343	242,706,128
Allocation of result for the year			
Other equity		-166,931,373	101,063,418
To fund for valuation differences		-898,259	-
Dividends		143,842,289	141,642,711
Total brought forward	4	-23,987,343	242,706,128

Balance sheet

Assets	Note	2019	2018
Fixed assets			
<i>Intangible assets</i>			
Research and development	6	2,572,478	816,105
Licences, patents etc.	6	1,216,402	1,053,587
Deferred tax assets	5	39,726,751	35,842,315
Total intangible assets		43,515,632	37,712,007
<i>Tangible assets</i>			
Land, buildings and other real estate	6, 9	9,626,205	8,949,664
Equipment, fixtures and fittings and other movables	6, 8, 9	6,729,993	8,559,238
Total tangible assets		16,356,198	17,508,902
<i>Financial fixed assets</i>			
Investments in subsidiaries	8, 10	1,044,293,631	957,566,632
Loan to group companies	9	917,941,464	310,159,170
Investments in associated companies	11	10,081,867	10,980,126
Bonds		-	2,112,000
Total financial fixed assets		1,972,316,962	1,280,817,928
Total fixed assets		2,032,188,791	1,336,038,837
Current assets			
<i>Receivables</i>			
Accounts receivables	9	4,572,839	8,543,431
Other short-term receivables	9, 10	14,521,996	258,939,185
Total receivables		19,094,835	267,482,616
<i>Bank deposits, cash and cash equivalents</i>			
Bank deposits, cash and cash equivalents	12	340,033,187	147,517,008
Total bank deposits, cash and cash equivalents		340,033,187	147,517,008
Total current assets		359,128,021	414,999,624
Total assets		2,391,316,813	1,751,038,461

Balance sheet

Equity and liabilities	Note	2019	2018
Equity			
<i>Paid in equity</i>			
Share capital	3, 4	2,630,242	2,283,783
Share premium reserve	4	1,659,982,225	1,338,532,700
Total paid-up equity		1,662,612,466	1,340,816,482
<i>Retained earnings</i>			
Other equity	4	69,079,422	236,909,055
Total retained earnings		69,079,422	236,909,055
Total equity		1,731,691,889	1,577,725,537
Liabilities			
<i>Other long-term liabilities</i>			
Bonds	13	453,587,500	-
Other long-term liabilities	9, 10	4,266,808	5,837,517
Total other long-term liabilities		457,854,308	5,837,517
Current debt			
Trade payables		2,478,272	3,578,916
Public duties payable		4,881,050	1,479,560
Dividend	4	143,842,289	141,642,711
Liabilities to group companies		26,727,783	29
Other current debt	9	23,841,223	20,774,190
Total current debt		201,770,616	167,475,407
Total liabilities		659,624,924	173,312,924
Total equity and liabilities		2,391,316,813	1,751,038,461

Oslo, March 27, 2020

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	 Bent Oustad Member of the board
 Lars Erich Nilsen Member of the board		 Jon Gravråk General manager

Indirect cash flow

	Noter	2019	2018
Cash flows from operating activities			
Profit/loss before tax		-27,871,779	233,357,197
Depreciation	6	2,921,851	2,850,410
Write-downs of long-term investments	10	5,986,510	-
Change in accounts receivable		3,970,592	8,434,034
Change in accounts payable		-1,100,645	161,697
Change in provisions for public fees and taxes		30,129,244	-3,033,167
Change in accruals		-138,575,678	-66,584,203
Net cash flows from operating activities		-124,539,905	175,185,969
Cash flows from investment activities			
Increase long- term claims		-	138,356,600
Proceeds from long-term claims		-604,772,035	-
Payments for purchase of fixed assets	6	-3,688,336	-3,888,108
Payments for purchase of shares	10	-92,713,509	-394,086,545
Proceeds from short-term claims		244,417,189	-66,961,964
Net cash flows from investment activities		-456,756,691	-326,580,017
Cash flows from financing activities			
Proceeds from the issuance of new long-term liabilities	13	453,587,500	-
Repayment of long-term debt		-1,570,709	-243,390,817
Proceeds from new equity	4	321,795,984	516,905,352
Net cash flows from financing activities		773,812,775	273,514,535
Net change in cash and cash equivalents			
		192,516,179	122,120,487
Cash and cash equivalents at the end of the period			
Cash and cash equivalents at the start of the period		147,517,008	25,396,521
Cash and cash equivalents at the end of the period		340,033,187	147,517,008

Note 1

Accounting principles

The financial statements are presented in accordance with relevant Norwegian laws and generally accepted accounting principles for other 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.

CLASSIFICATION AND ASSESSMENT OF BALANCE SHEET ITEMS

Assets intended for long term ownership or use are classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

BOND LOAN

The bond is measured by amortized cost according to the Norwegian Accounting Act chapter 5. Amortized cost calculated by effective interest rate is accepted in the standard assessment guidelines. The amortized cost of an asset is comprised by original cost, minus transactions between the parties (eg. payments, interest and fees), plus effective interest. An impairment would decrease the calculated 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 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 22 % 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 2019.

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.

Note 2

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

Payroll expenses	2019	2018
Salaries/wages	44,511,660	46,918,839
Social security fees	7,304,783	5,800,830
Pension expenses	1,168,968	1,022,680
Other remuneration	4,241,125	3,241,226
Total	57,226,536	56,983,576

Average number of employees during the financial year	42	40
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Salaries and remunerations to executives	Cheif Executive Officer	Board Chairman	Board members
Salaries and bonuses	3,153,314	3,171,164	2,859,004
Other remunerations	144,474	256,884	790,178
Total	3,297,788	3,428,048	3,649,182

The board got a total pay of NOK 775 000 in 2019

The CEO Jon Gravr  k has a trade credit of NOK 1 000 609 pr 31.12.2019 in connection with the share scheme for employees owning shares in Klub Bulk. The trade credit is charged with a interest rate of 2,5% in accordance with the "Normrente" set by the Tax Commision office.

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 tjenestepensjon"). The company's pension scheme meets the requirement of this law.

Expensed audit fee

Expenses paid to the auditor for 2019 amounts to NOK 1 287 000,- excl.mva.

Statutory audit fee	582,000
Tax advisory	31,000
Assurance services	542,000
Other assistance	132,000
Total audit fees	1,287,000

Note 3

Share capital and shareholder information

Share capital	Number	Nominal value	Book value
Ordinary shares	263,024,156	0,01	2,630,242

Share capital	Number	Nominal value	Book value
A-shares	235,807,031	0,01	2,358,070,31
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 2019:

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	143,779,355	60,97 %	1	27,217,124	65,0 %
Geveran Trading Co. Limited	A	Cyprus	32,663,461	13,85 %			12,4 %
Klub Bulk AS	A	Norway	11,001,100	4,67 %			4,2 %
Totomo AS	A	Norway	10,750,000	4,56 %			4,1 %
Prospero AS	A	Norway	9,256,000	3,92 %			3,5 %
Morellen AS	A	Norway	7,676,719	3,26 %			2,9 %
Levada AS	A	Norway	7,052,237	2,99 %			2,7 %
Elpica AS	A	Norway	5,851,270	2,48 %			2,2 %
Total >1%			228,030,142	96,7 %	1	27,217,124	97,00 %

ownership share

Total other	A	Norway	7,776,889	3,0 %	-	-	3,0 %
Total number of shares			235,807,031	99,7%	1	27,217,124	100 %

The following board members have indirect ownership of 69,1 % in total in Bulk Infrastructure AS:

Board Chairman, Peder N  rb  , indirect ownership of 65,01 %

Board member, Torbj  rn T. Moe, indirect ownership of 4,09 %

Note 4

Equity

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity 01.01	2,283,783	1,338,532,700	236,909,055	1,577,725,537
Capital inrcrease	346,459	321,449,525		321,795,984
Provision for dividends			-143,842,289	-143,842,289
Annual net profit/loss			-23,987,343	-23,987,343
Equity 31.12	2,630,242	1,659,982,225	69,079,422	1,731,691,889

Note 5

Tax

This year's tax expense	2019	2018
Entered tax on ordinary profit/loss:		
Payable tax	-	-
Changes in deffered tax assets	-3,884,436	-9,348,931
Tax expense on ordinary profit/loss	-3,884,436	-9,348,931
Taxable income:		
Ordinary result before tax	-27,871,779	233,357,197
Permanent differences	10,245,250	-281,181,310
Changes in temporary differences	-4,526,408	3,846,793
Taxable income	-22,152,936	-43,977,319
Payable tax in the balance:		
Payable tax on this year's result	-1,363,002	-
Payable tax on received Group contribution	1,363,002	-
Total payable tax in the balance	-	-

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:

	2019	2018	Difference
Tangible assets	1,359,218	1,941,339	582,120
Allocations and more	-10,831,162	-15,939,690	-5,108,528
Total	-9,471,944	-13,998,351	-4,526,408
Entered allocated return	-	30,000	30,000
Accumulated loss to be brought forward	-171,104,199	-148,951,263	22,152,936
Basis for deferred tax assets	-180,576,143	-162,919,614	17,656,529
Deferred tax assets (22 %)	-39,726,751	-35,842,315	3,884,436

Note 6

Fixed assets

	Land	Buildings	Moveables and machines	R&D and software	Total
Purchase cost 01.01	5,125,525	6,765,380	12,254,542	2,179,192	26,324,639
Additions	-	1,128,412	310,075	2,249,849	3,688,336
Disposals	-	-	-	-	-
Purchase cost 31.12	5,125,525	7,893,792	12,564,617	4,429,041	30,012,975
Acc. depr. 31.12	-	3,393,112	5,834,623	640,161	9,867,896
Book value 31.12	5,125,525	4,500,680	6,729,993	3,788,880	20,145,079
Depr. this year	-	451,871	2,139,319	330,661	2,921,851
	Not depreciated	10-15 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 2019, fees for accounting, administration and project management of NOK 33 000 276 have been recognized as income. The company has obtained a success fee of NOK 200 000 in 2019 associated with the sale of a related company. The recognized success fee is equivalent to 20 % of the underlying increase in value.

Note 8

Liabilities to credit institutions

	2019	2018
Liabilities secured by collateral:		
Debt to credit institutions	-4,266,808	-5,837,517
Book value of collateral:		
Shares in subsidiaries	1,044,293,631	957,566,632
Property in subsidiaries	-	-
Cars	5,537,574	6,919,556
Total book value of collateral	1,049,831,204	964,486,188

The company has placed a surety of NOK 5 000 000 each for three subsidiaries; Bulk Eiendom Solgaard Skog AS, Bulk Eiendom Vestby I AS and Bulk Eiendom Farex AS. They have also placed a surety of NOK 15 000 000 for Logibulk I AS.

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.

Long-term debt with minimum maturity of 5 years	2019	2018
Debt to credit institutions	-	-
Debt to group companies	-	-
Balances with group companies	2019	2018
Long-term claims on group companies	917,941,464	310,159,170
Accounts receivable from group companies	4,704,012	5,162,716
Claims on group contributions	6,195,462	253,969,761
Claims on associatated companies	-	2,000,000
Long-term debt to group companies	-	-
Short-term debt to group companies	-26,741,783	-
Total	902,099,155	571,291,647

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	Cost price	Writ-down	Book value
Bulk Industrial Real Estate AS	100%	121,774,314	-	121,774,314
Bulk Data Centers AS	100%	490,749,431	-	490,749,431
Bulk Fiber Networks AS	100%	309,933,751	-	309,933,751
Norway as a Service AS	100%	147,300	147,300	-
Bulk Facility Services AS	100%	39,000	-	39,000
Infragreen Communication AS	100%	4,348,000	4,348,000	-
Oslo Internet Exchange AS	100%	1,446,210	1,446,210	-
Data Center Technology AS	100%	29,023,626	-	29,023,626
Bulk Innovation AS	100%	45,000	45,000	-
Klub Bulk AS	92,50%	92,653,509	-	92,653,509
Nye Bulk Infrastructure	100%	60,000	-	60,000
BI newco AS	100%	60,000	-	60,000
Sum		1,050,280,141	5,986,510	1,044,293,631

The companies are based in Oslo, Norway.

Company	Book value	P/L for 2019 (100 %)	Equity pr. 31.12 (100 %)
Bulk Industrial Real Estate AS	121,774,314	16,014,161	42,232,895
Bulk Data Centers AS	490,749,431	-8,434,564	439,189,808
Bulk Fiber Networks AS	309,933,751	-8,669,471	296,962,238
Norway as a Service AS	-	-46,960	-76,118
Bulk Facility Services AS	39,000	226,309	165,718
Infragreen Communication AS	-	-264,479	-419,266
Oslo Internet Exchange AS	-	-857,280	-17,320
Data Center Technology AS	29,023,626	1,175,643	5,950,038
Bulk Innovation AS	-	-48,461	-121,442
Klub Bulk AS	92,653,509	-72,803	100,067,127
Nye Bulk Infrastructure	60,000	-	39,930
Sum	1,044,233,631	-977,905	883,973,608

Bulk Infrastructure AS have in 2019 received group contributions of NOK 6,195,462.

Note 11

Investments in associated company accounted for according to the equity method

Company	Location	Ownership	Voting rights
AE Bulk Co-Invest AS	Oslo, Norway	50%	50 %

Analysis of additional value:

Name of subsidiary:	AE Bulk Co-Invest AS
Balance sheet equity at the acquisition date	27,500
Identifiable fair value adjustments	-
Goodwill	-
Acquisition cost	27,500

Calculation of result portion for the year:

Name of subsidiary:	AE Bulk Co-Invest AS
Share of result for the year	401,741
Depreciation of allocated additional value	-
Depreciation of goodwill	-
Result portion for the year	401,741

Calculation of balance sheet value 31.12

Name of subsidiary:	AE Bulk Co-Invest AS
Balance sheet value 01.01	10,980,126
Share of the result for the year	401,741
Transfers to/from(-) the company (dividends,group contributions)	-1,300,000
Other changes during the year	-
Balance sheet value 31.12	10,081,867

Note 12

Restricted funds

Funds of NOK 2,910,143 restricted to employees taxes are included in the cash-post in the balance sheet.

Note 13

Bulk Infrastructure AS AS issued a 5 year NOK 500 million senior unsecured FRN bond 15 October 2019

Spesification	
ISIN	NO00110865876
Maturity date	10/15/2024
Amount	NOK 500 000 000
Coupon	Nibor 3 mnd + 4,5 %
Coupon type	FRN
Coupon Frequency	Quarterly
Trustee	Nordic Trustee AS

Financial covenants

Issuer’s financial covenants:
Equity ratio > 35%

Security

Unsecured

Listing

The bond is not listed as of December 31, 2019

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, 2019. 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, 2019. 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, 2019.

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 2019 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, 2019
 - 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 27, 2020
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

Bent Oustad
Member of the board

Lars Erich Nilsen
Member of the board

Jon Gravråk
General manager





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0121 Oslo
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Independent Auditor's Report

To the General Meeting in Bulk Infrastructure AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bulk Infrastructure AS.

<p>The financial statements comprise:</p> <ul style="list-style-type: none">• The financial statements of the parent company, which comprise the balance sheet as at 31 December 2019, the income statement and cash flows 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 2019, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	<p>In our opinion:</p> <ul style="list-style-type: none">• 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 Bulk Infrastructure AS as at 31 December 2019, 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 give a true and fair view of the financial position of the group Bulk Infrastructure AS as at 31 December 2019, 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.
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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 and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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 and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:
<https://revisorforeningen.no/revisjonsberetninger>

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's and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, March 31st 2020
BDO AS

Johan Henrik L'orange
State Authorised Public Accountant

Note: Translation from Norwegian prepared for information purposes only.



Bulk is racing to bring
sustainable infrastructure
to a global audience



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