

Bulk Infrastructure Holding AS

Consolidated first half year 2020

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Board of Directors Report first half year 2020 - Bulk Infrastructure Holding 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 394,000 m² of high quality, flexible and energy efficient facilities. As of June 30, 2020, additional 24,000 m² are under construction and ready to be handed over in 2020/2021.

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.

1H 2020 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 can include a significant proportion of hardware that is procured by Bulk and included in a services delivery. Additionally, there will often 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).

- Total revenue was NOK 350.5 million in the first half year compared to NOK 67.8 million first half year last year. The difference is mainly explained by the sale of a Real Estate property. The underlying recurring revenue business is stable in the Industrial Real Estate business and growing in our Data Center and Fiber Networks businesses.
- 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 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.
- Bulk Infrastructure did also towards the end of H1 20 execute on the planned reorganization of its group structure. Bulk Infrastructure Holding AS is now the new holding company in the group, while group functions and ownership in the separate business areas are handled in the subsidiary Bulk Infrastructure Group AS.

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 the status as of June 30, 2020 and The Group's long-term strategic forecasts for the years ahead. The Group has a solid financial position.

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 9,000 sqm during 1H 2020. 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.

Data Centers - The underlying demand for data processing and storage infrastructure is fueled by the global megatrend of digitization and the Nordic market stands out with a strong value proposition due to the climate, energy surplus, energy mix (zero-emission), electricity prices and political stability.

Bulk Infrastructure Holding 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 H1 2020. 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 H1 2020.

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 have met some challenges related to weather conditions and permitting processes. The Havfrue system with landings in Norway, Denmark and the US as well as the Bergen – Oslo stretch of the Inter-city Ring are expected to be completed and operational in 2020. The Havfrue landing in Ireland as well as a new system linking Denmark with Dublin, are expected to be completed in 2021. We also 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. As The Norwegian Communications Authorities selected Telia Carrier to build a secure diverse fiber route between Norway and abroad, Telia Carrier will serve as an anchor customer on Bulk's new secure route from Oslo via Kristiansand to Denmark (the Havsil cable).

Report on the interim accounts

Total revenue for The Group was NOK 350.5 million first half year compared to NOK 67.8 million first half year last year. The increase of NOK 282.7 million mainly relates to gross revenue from sale of a logistic building in first half year 2020. NOK 319.6 million of total revenue is generated from Industrial Real Estate in first half year 2020, compared to NOK 23.5 million first half year last year. The Data Centers area generates a total income of NOK 28.2 million in first half year 2020, compared to NOK 37.6 million in the first half year 2019.

Profit for the first half year 2020 was NOK 42.3 million compared to NOK 34.8 million in the first half year 2019.

The Group's operating profit was NOK 72.3 million in first half year 2020 compared to NOK 71.0 million first half year last year, while the profit before tax was NOK 39.8 million in first half year 2020, a decrease from NOK 49.0 million in the first half year 2019. Logistics contributed with a profit of NOK 96.7 million in first half year 2020, compared to NOK 91.1 million first half year last year.

Fair value adjustment on investment properties were NOK 91.5 million in first half year 2020, compared to NOK 111.3 million in the first half year 2019. The positive fair value adjustment is largely related to new signed customer contracts during the first half year of 2020 and development of existing property and land.

Total current assets were NOK 387.3 million as of June 30, 2020 compared to NOK 449.4 million as of June 30, 2019. The reduction is mainly related to hand over of property under development in the first half year 2020.

Total cash were NOK 280.4 million as of June 30, 2020 compared to NOK 214.1 million as of June 30, 2019.

The Group's total liabilities amounted to NOK 1,230.0 million as of June 30, 2020, compared to NOK 865.3 million as of June 30, 2019. The increase is mainly related to the new bond loan in the second half year 2019. 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 26.0 million in first half year 2020 compared to NOK 18.8 million in the first half year 2019.

Total assets at the end of the first half year amounted to NOK 2,934.3 million compared to NOK 2,576.9 million first half year last year. The equity-to-assets ratio as of June 30, 2020 was 58.1 %, compared to 66.4 % as of June 30, 2019.

The Group's financial position is strong.

Research and development

The group has invested resources and know-how into research and development during H1 2020. 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, with a combination of long-term repayment plans and short-term construction financing. The Group is exposed to changes in NIBOR interest rates and SWAP interest. The distribution of fixed and floating interest rates was 5/95 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 the first half year 2020. 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 are attractive. Demand is expected to keep strong as long as 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 decreased from 6.3 years last year to 5.2 years as of June 30, 2020 as a property with long-term lease contract has been sold. 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 4.4 % as of June 30, 2020 compared to 6.0 % as of December 31, 2019 due to new lease agreements in existing properties.

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.

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 businesses 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

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 are 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.

Covid-19






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.

Subsequent events

There are no material subsequent events after the reporting period.

Oslo, August 27, 2020

The board of Bulk Infrastructure Holding 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
Bent Oustad
Member of the board
Lars Erich Nilsen
Member of the board
Jon Gravråk
General manager

Bulk Infrastructure Holding AS

Consolidated first half year 2020

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Consolidated statement of profit and loss and other comprehensive income
For the first half year ended June 30, 2020

	Notes	June 30, 2020 Unaudited	June 30, 2019 Unaudited	Year 2019 Audited
Rental income	2	22 442 877	20 572 343	44 862 179
Revenue property sales	2	296 090 023	-	119 587 012
Revenue from sales	2	23 809 362	33 183 037	77 125 443
Gain from sale of investment property	2,3	-	1 635 230	6 874 649
Other revenue	2	8 193 981	12 404 519	22 848 166
Total revenue and other income	2	350 536 243	67 795 129	271 297 449
Property-related expenses		3 968 495	5 602 613	6 602 935
Cost of property sales		261 575 345	-	177 991 032
Cost of sales		26 778 554	36 886 342	53 922 041
Loss from sale of investment property		-	-	9 062 959
Other cost		77 394 311	65 526 581	149 017 620
Total expenses		369 716 705	108 015 536	396 596 587
Operating profit before fair value adjustments on investment properties		-19 180 462	-40 220 407	-125 299 138
Fair value adjustments on investment properties	3	91 526 182	111 254 748	195 085 914
Operating profit		72 345 720	71 034 341	69 786 776
Share of profit/loss(-) of investments accounted for using the equity method		-6 402 167	-3 720 106	1 736 477
Finance income		5 635 202	1 925 113	6 119 025
Finance costs		26 034 823	18 820 389	40 752 433
Realised net financial items		-26 801 788	-20 615 382	-32 896 931
Fair value adjustments on derivatives		-5 727 407	-1 451 470	189 481
Net financial items		-32 529 195	-22 066 852	-32 707 450
Profit before income tax		39 816 525	48 967 489	37 079 326
Income tax expense		-2 479 425	14 156 026	3 489 841
Profit for the year		42 295 950	34 811 463	33 589 485
Other comprehensive income		-22 539	-5 085	-93 022
Other comprehensive income for the year, net of tax		-22 539	-5 085	-93 022
Total comprehensive income		42 273 411	34 806 378	33 496 463
<i>Attributable to:</i>				
Shareholders in the parent Company		42 271 287	34 806 378	33 496 918
Non-controlling interests		2 124	-	-455
Earnings per share basic and diluted (NOK)	8	0,19	0,17	0,16

Consolidated balance sheet

	Notes	June 30, 2020 Unaudited	June 30, 2019 Unaudited	Year 2019 Audited
Assets				
<i>Intangible assets</i>				
Goodwill	4	16 947 796	16 947 796	16 947 796
Other intangible assets	4	6 082 044	3 803 351	4 375 882
Deferred tax assets		8 972 572	-	6 644 190
Total intangible assets		32 002 412	20 751 147	27 967 868
<i>Non-current assets</i>				
Investment property	3	1 167 729 987	983 819 783	1 005 171 135
Property, plant & equipment	4	1 170 828 333	941 741 041	1 141 249 378
Investment in Associated company		141 356 223	143 601 807	147 758 390
Investment in shares		1 249 170	-	1 249 170
Other receivables	7	744 298	656 104	419 899
Operating lease assets		33 152 571	36 968 212	35 337 266
Total non-current assets		2 515 060 582	2 106 786 947	2 331 185 238
<i>Current assets</i>				
Inventories		5 789 729	5 567 674	5 568 749
Inventories property	3	-	198 221 088	209 519 310
Trade and other receivables	7	101 099 044	31 510 260	161 251 648
Cash and cash equivalents	7	280 378 910	214 078 569	458 607 304
Total current assets		387 267 683	449 377 591	834 947 011
Total assets		2 934 330 677	2 576 915 685	3 194 100 117


BULK INFRASTRUCTURE HOLDING AS

	Notes	June 30, 2020 Unaudited	June 30, 2019 Unaudited	Year 2019 Audited
Equity and liabilities				
<i>Paid in equity</i>				
Ordinary shares		2 630 242	2 542 242	2 630 242
Share premium		-110 011	-102 459	-110 011
Own shares		1 659 982 225	1 580 078 225	1 659 982 225
Total paid in equity	8	1 662 502 456	1 582 518 008	1 662 502 456
<i>Retained earnings</i>				
Retained earnings		33 808 580	129 103 013	120 941 851
Total retained earnings		33 808 580	129 103 013	120 941 851
Non-controlling interests		8 004 956	-	7 499 531
Total equity		1 704 315 991	1 711 621 021	1 790 943 838
<i>Non-current liabilities</i>				
Bond loan	7, 10	454 225 000	-	453 475 000
Borrowings	7	298 424 198	344 632 910	324 920 974
Derivative financial instruments	6, 7	15 754 409	12 116 269	10 550 112
Other long-term liabilities		-	30 000 000	-
Deferred income tax liabilities		-	9 289 220	-
Operating lease liabilities		32 804 531	37 087 279	36 331 606
Total non-current liabilities		801 208 138	433 125 678	825 277 692
<i>Current liabilities</i>				
Trade payables	7	38 782 326	55 891 257	82 538 135
Short-term portion of borrowings	7	147 731 290	267 970 766	324 375 711
Short-term portion of derivatives	7	1 618 726	1 170 410	1 095 616
Dividend		143 338 989	-	-
Other payables	7	97 335 219	107 136 555	169 869 125
Total current liabilities		428 806 550	432 168 988	577 878 587
Total liabilities		1 230 014 688	865 294 666	1 403 156 279
Total equity and liabilities		2 934 330 677	2 576 915 685	3 194 100 117

Oslo, August 27, 2020

The board of Bulk Infrastructure Holding AS


 Peder Nærbø
 Chairman of the board


 Torbjørn T. Moe
 Board member


 Lars Oskar Bustgaard
 Board member


 Even Bratsberg
 Board member


 Bent Oustad
 Board member


 Lars Erich Nilsen
 Board member


 Jon Gravrak
 CEO

Consolidated statement of changes in equity

	Paid in equity			Retained earnings	Non-controlling interests	Total
	Share capital	Own shares	Share premium			
01.01.2019	2 283 783	-	1 338 532 700	328 977 202	-	1 669 793 685
Profit of the period				34 806 378		34 806 378
Dividend approved				-134 777 958		-134 777 958
Purchase own shares		-102 459		-99 897 525		-99 999 984
Capital increase	258 459		241 545 525			241 803 984
Translation differences				-5 085		-5 085
30.06.2018	2 542 242	-102 459	1 580 078 225	129 103 012	-	1 711 621 020
01.01.2020	2 630 242	-110 011	1 659 982 225	120 941 851	7 499 531	1 790 943 838
Profit of the period				42 271 287	2 124	42 273 411
Dividend approved				-143 842 289	503 300	-143 338 989
Translation differences				14 437 731		14 437 731
30.06.2020	2 630 242	-110 011	1 659 982 225	33 808 579	8 004 956	1 704 315 991

Consolidated cash flow statement

	Notes	June 30, 2020	June 30, 2019
Cash flow from operations			
Profit before income taxes		39 816 525	48 967 489
Adjust for:			
Depreciation	4, 5	14 804 616	12 009 548
Fair value adjustment on investment property	3	-91 526 182	-111 254 748
Finance income		766 965	-1 925 113
Finance costs		31 762 230	23 991 965
Cashflow before change in working capital		-4 375 846	-28 210 858
Change in working capital			
Trade and other receivables		271 311 230	-87 651 197
Trade and other payables		-143 454 242	86 735 040
Net cash flow from operations (A)		123 481 142	-29 127 015
Cash flow from investments			
Purchase and improvements of investments property		-71 032 670	-124 912 463
Sale of property under development		20 883 592	-
Dividend received		-	2 000 000
Purchase of shares in associated companies		-	-15 000 000
Purchase of fixed assets		-28 769 640	-301 038 476
Net cash flow from investments (B)		-78 918 718	-438 950 939
Cash flow from financing			
Interest paid including interest paid on derivatives		-26 034 823	-18 820 389
Interest received		5 635 202	4 217 722
Proceeds from Borrowings		-202 391 197	273 083 379
Payment share issue		-	241 803 984
Payment purchase of own shares		-	-99 999 984
Dividend paid		-	-134 777 958
Net cash flow from financing (C)		-222 790 818	265 506 754
Net change in cash and cash equivalents (A+B+C)		-178 228 394	-202 571 200
Cash and cash equivalents at the beginning of the period		458 607 304	416 649 770
Cash and cash equivalents at the end of the period		280 378 910	214 078 570
Restricted funds		3 387 289	64 039 549

Notes to the consolidated accounts for first half year 2020

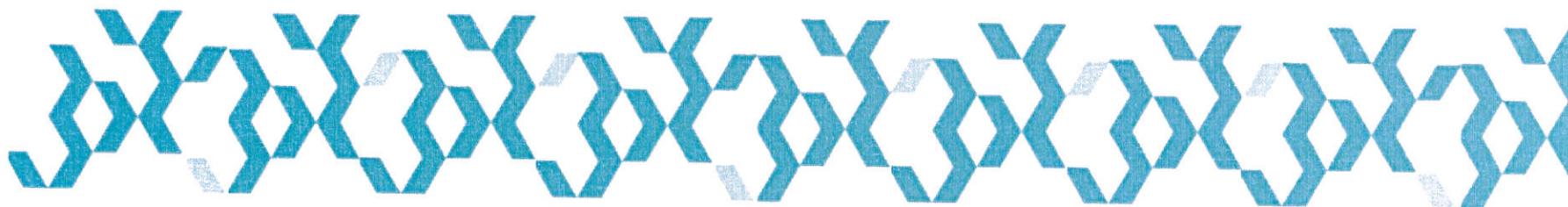
Note 1 General information

Bulk Infrastructure Holding 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 Group AS.

These interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2019 annual report.

The interim financial statements have not been audited.

The accounting policies applied by the Group in these interim consolidated financial statements are consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2019. Please refer to Note 2 - Accounting principles to the Consolidated Financial Statement in the 2019 annual report for information on the Group's accounting policies. The annual report is available on www.bulkinfrastructure.com/.



Notes to the consolidated accounts for first half year 2020

Note 2 Segment information

Bulk Infrastructure Group has the following strategic operating segments by 30.06.20 presented ex. internal transactions in accordance with internal reporting to management

All operating activities are based in Norway

Operating profit and loss after segment 30.06.20	Industrial Real Estate		Data Centers		Fiber Networks		Group/other		Total	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Rental income	22 442 877	20 572 343	-	-	-	-	-	-	22 442 877	20 572 343
Revenue property sales	296 090 023	-	-	-	-	-	-	-	296 090 023	-
Revenue from sales	-	-	22 980 478	32 496 639	828 884	686 398	-	-	23 809 362	33 183 037
Gain from sale of investment property	-	1 635 230	-	-	-	-	-	-	-	1 635 230
Other revenue	1 054 300	1 289 604	5 211 781	5 069 295	-	-	1 927 900	6 045 620	8 193 981	12 404 519
Total revenue and other income	319 587 200	23 497 177	28 192 259	37 565 934	828 884	686 398	1 927 900	6 045 620	350 536 243	67 795 129
Property-related expenses	3 968 495	5 602 613	-	-	-	-	-	-	3 968 495	5 602 613
Cost of property sales	261 575 345	-	-	-	-	-	-	-	261 575 345	-
Cost of sales	-	-	20 363 111	36 358 752	6 415 443	527 590	-	-	26 778 554	36 886 342
Other cost	5 214 651	225 948	47 316 097	25 646 879	5 263 600	1 851 054	19 599 963	37 802 700	77 394 311	65 526 581
Total expenses	270 758 491	5 828 561	67 679 208	62 005 631	11 679 043	2 378 644	19 599 963	37 802 700	369 716 705	108 015 536
Operating profit before fair value adjustments on investment properties	48 828 709	17 668 616	-39 486 949	-24 439 697	-10 850 159	-1 692 246	-17 672 063	-31 757 080	-19 180 462	-40 220 407
Fair value adjustments on investment properties	91 526 182	111 254 748	-	-	-	-	-	-	91 526 182	111 254 748
Operating profit	140 354 891	128 923 364	-39 486 949	-24 439 697	-10 850 159	-1 692 246	-17 672 063	-31 757 080	72 345 720	71 034 341
Realised net financial items	-10 624 442	-10 624 442	-3 568 683	-3 568 683	-87 254	-87 254	-12 521 409	-6 335 003	-26 801 788	-20 615 382
Fair value adjustments on derivatives	-5 727 407	-1 451 470	-	-	-	-	-	-	-5 727 407	-1 451 470
Net financial items	-16 351 849	-12 075 912	-3 568 683	-3 568 683	-87 254	-87 254	-12 521 409	-6 335 003	-32 529 195	-22 066 852
Profit before income tax	124 003 042	116 847 452	-43 055 632	-28 008 380	-10 937 413	-1 779 500	-30 193 472	-38 092 083	39 816 525	48 967 489
Income tax expense	27 280 669	25 706 439	-	-	-	-	-29 760 094	-11 550 413	-2 479 425	14 156 026
Profit for the year	96 722 373	91 141 013	-43 055 632	-28 008 380	-10 937 413	-1 779 500	-433 377	-26 541 670	42 295 950	34 811 463
Other comprehensive income	-	-	-22 539	-5 085	-	-	-	-	-22 539	-5 085
Other comprehensive income for the year, net of tax	-	-	-22 539	-5 085	-	-	-	-	-22 539	-5 085
Total comprehensive income	96 722 373	91 141 013	-43 078 171	-28 013 465	-10 937 413	-1 779 500	-433 377	-26 541 670	42 273 411	34 806 378

Notes to the consolidated accounts for first half year 2020

Note 3 Investment property

INVESTMENT PROPERTY

	2020	2019
Fair value 1.1	1 005 171 135	804 478 394
Additions:		
- Capital expenditure	71 032 670	13 541 370
- Acquisition of property	-	111 371 093
- Sale of property	-	-
Transferred to assets held for sale	-	-
Changes in fair value	91 526 182	111 254 748
Fair value 30.06	1 167 729 987	983 819 783
Aquisition cost 30.06	745 826 460	729 597 733
Property under development	-	198 221 088
Income and expenses from investment property	2020	2019
Income from rent	22 442 877	20 572 343
Expenses related to leased property	-3 968 495	-5 602 613

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.



Notes to the consolidated accounts for first half year 2020

Note 4 Property, plant & Equipment

	Datacenter buildings	Datacenter technical infrastructure	Datacenter land	Under construction	Other fixed assets	Fiber networks	Total
Accumulated cost							
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	53 268	2 787 054	1 132 505	71 688 198	195 543	223 248 249	299 104 817
Other adjustments - VAT	-	-	-	-	-	-	-
Reclassification from intangible assets	-	-	-	-	-	-	-
Balance at June 30, 2019	30 469 436	83 889 963	95 051 977	282 578 774	18 028 653	463 094 621	973 113 424
Balance at January 1, 2020	66 736 855	165 906 284	95 533 197	238 317 331	21 835 874	599 511 771	1 187 841 312
Additions	3 318 748	948 554	5 599 458	3 227 591	2 973 933	10 805 702	26 873 986
Transfer from assets under construction	143 755 765	6 800 366	7 363 638	-157 919 768	-	-	-
Net exchange differences	-	-	-	15 746 246	-	-	15 746 246
Balance at June 30, 2020	213 811 368	173 655 203	108 496 293	99 371 400	24 809 807	610 317 473	1 230 461 544
Accumulated depreciation							
Balance at January 1, 2019	4 141 198	10 040 439	236 821	-	5 097 937	100 590	19 616 985
Depreciation charge for the year	1 371 880	8 656 129	202 989	-	1 498 160	26 240	11 755 398
Impairment losses	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance at June 30, 2019	5 513 078	18 696 568	439 810	-	6 596 097	126 830	31 372 383
Balance at January 1, 2020	6 885 543	27 421 217	1 330 129	-	7 736 361	3 218 685	46 591 935
Depreciation charge for the year	1 426 677	8 697 155	420 041	-	1 473 602	1 023 801	13 041 276
Balance at June 30, 2020	8 312 220	36 118 372	1 750 170	-	9 209 963	4 242 486	59 633 211
Net book value							
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
At June 30, 2019	24 956 358	65 193 395	94 612 167	282 578 774	11 432 556	462 967 791	941 741 041
At January 1, 2020	59 851 312	138 485 067	94 203 068	238 317 331	14 099 513	596 293 086	1 141 249 377
At June 30, 2020	205 499 149	137 536 831	106 746 123	99 371 400	15 599 844	606 074 987	1 170 828 333

Notes to the consolidated accounts for first half year 2020

Note 5 Intangible assets

Cost	Goodwill	Software licenses	Software under development	Total
Balance at January 1, 2019	16 947 796	1 363 087	816 105	19 126 988
Additions	-	361 100	1 572 559	1 933 659
Balance at June 30, 2019	16 947 796	1 724 187	2 388 664	21 060 647
Balance at January 1, 2020	16 947 796	1 856 563	3 159 480	21 963 839
Additions	-	1 895 654	-	1 895 654
Balance at June 30, 2020	16 947 796	3 752 217	3 159 480	23 859 493
Accumulated amortization and impairment				
Balance at January 1, 2019	-	55 350	-	55 350
Amortization charge for the period	-	254 150	-	254 150
Balance at June 30, 2019	-	309 500	-	309 500
Balance at January 1, 2020	-	640 161	-	640 161
Amortization charge for the period	-	189 492	-	189 492
Balance at June 30, 2020	-	829 653	-	829 653
Net book value				
At January 1, 2019	16 947 796	1 307 737	816 105	19 071 638
At June 30, 2019	16 947 796	1 414 687	2 388 664	20 751 147
At January 1, 2020	16 947 796	1 216 402	3 159 480	21 323 678
At June 30, 2020	16 947 796	2 922 564	3 159 480	23 029 840

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

Goodwill: indefinite

Software licenses: 3-5 years

Software under development: n.a.

Notes to the consolidated accounts for first half year 2020

Note 6 Derivative financial instruments

	30.06.2020	30.06.2019	31.12.2019
Interest rate swaps	-17 373 135	-13 286 679	-11 645 728
Total liabilities	-17 373 135	-13 286 679	-11 645 728

Interest rate swaps

	30.06.2020	30.06.2019	31.12.2019
Nominal amount interest rate swaps	-40 560 000	-40 560 000	-40 560 000
Total nominal amount	-40 560 000	-40 560 000	-40 560 000

Respect



Creative power



Passion



Notes to the consolidated accounts for first half year 2020

Note 7 Financial instruments

	Carrying amount as at 30.06.2020	Fair value as at 30.06.2020	Carrying amount as at 30.06.2019	Fair value as at 30.06.2019
Non-current financial assets				
Other receivables - non-current	744 298	744 298	656 104	656 104
Total non-current financial assets	744 298	744 298	656 104	656 104
Current financial assets				
Trade and other receivables	101 099 044	101 099 044	31 510 260	31 510 260
Cash and cash equivalents	280 378 910	280 378 910	214 078 569	214 078 569
Total current financial assets	381 477 954	381 477 954	245 588 829	245 588 829
Total financial assets	382 222 252	382 222 252	246 244 933	246 244 933
Non-current financial liabilities				
Bond loan	454 225 000	454 225 000	-	-
Borrowings	298 424 198	298 424 198	344 632 910	344 632 910
Derivative financial instruments	15 754 409	15 754 409	12 116 269	12 116 269
Total non-current financial liabilities	768 403 607	768 403 607	356 749 179	356 749 179
Current financial liabilities				
Trade payables	38 782 326	38 782 326	55 891 257	55 891 257
Short-term portion of borrowings	147 731 290	147 731 290	267 970 766	267 970 766
Short-term portion of derivatives	-	-	-	-
Other payables	97 335 219	97 335 219	107 136 555	107 136 555
Total current financial liabilities	283 848 835	283 848 835	430 998 578	430 998 578
Total financial liabilities	1 052 252 442	1 052 252 442	787 747 757	787 747 757

Fair value hierarchy for financial instruments recognized at fair value

Financial derivatives recognized at fair value are interest rate swaps.

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

Fair value of financial instruments recognised at amortised cost

For trade receivables, trade payables and other short-term receivables and payables, the carrying amount is a reasonable approximation for fair value due to the short term nature of these assets and liabilities. The borrowings has an interest rate that is considered similar to the terms the Group could achieve as of June 30, 2020 and fair value of the borrowings is considered not to be significantly different from the fair value.

Notes to the consolidated accounts for first half year 2020

Note 8 Paid in equity, shareholders and retained earnings

Share capital					30.06.2020	30.06.2019		
					2 630 242	2 542 242		
Change in paid in equity and share premium:								
	Total shares		Share capital (IN NOK)		Own shares (IN NOK)		Share premium (IN NOK)	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019
A shares								
Issued stock and paid in capital								
At the beginning of the year	235 807 031	201 161 131	2 358 070	2 011 611	-110 011	-110 011	1 659 982 225	1 338 532 700
Own shares purchased	-	-	-	-	-	-	-	-
Capital increase	-	25 845 900	-	258 459	-	-	-	-
At the end of the period	235 807 031	227 007 031	2 358 070	2 270 071	-110 011	-110 011	1 659 982 225	1 580 078 225
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 period	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 period	27 217 124	27 217 124	272 171	272 171	-	-	-	-

The total number of shares are 263 024 200, each valued at NOK 0,01, and NOK 2 630 242 in total. 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.

Notes to the consolidated accounts for first half year 2020

Note 8 Paid in equity, shareholders and retained earnings

The company's largest shareholders at 30.06.2019

Largest shareholders	Type of 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	143 669 055	63,91 %	1	27 217 124	67,81 %
Geveran Trading Co. Limited	A	Norway	32 663 461	14,53 %			12,96 %
Totomo AS	A	Norway	10 750 000	4,78 %			4,27 %
Prospero AS	A	Norway	9 256 000	4,12 %			3,67 %
Morellen AS	A	Norway	7 676 719	3,41 %			3,05 %
Levada AS	A	Norway	7 052 237	3,14 %			2,80 %
Elpica AS	A	Norway	5 851 270	2,60 %			2,32 %
Other shareholders (36 of > 1 %)	A	Norway	7 887 189	3,51 %			3,13 %
Total number of outstanding shares at 31.12			224 805 931	100 %	1	27 217 124	100 %
Klub Bulk AS (own shares)	A	Norway	11 001 100				
Total number of shares			235 807 031				

Dividend

A dividend of NOK 143,8 million was approved in 2020. The dividend has not been paid as of 30.06.2020.

Average number of shares

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

	30.06.2020	30.06.2019
Other comprehensive income attributable to shareholders in the parent Company	42 271 287	34 806 378
Weighted average number of outstanding shares, excluding C shares	224 805 932	209 817 944
Basic and diluted earnings per share	0,19	0,17

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

Notes to the consolidated accounts for first half year 2020

Note 9 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.

Note 10 Bond loan

Bulk Infrastructure Holding AS 19/24 FRN

Bulk Infrastructure AS, renamed Bulk Infrastructure Holding AS, issued a 5 year NOK 500 million senior unsecured FRN bond 15 October 2019. The Bond loan is transferred to Bulk Infrastructure Group AS as of July 1, 2020 as part of the Bulk Group reorganization.

Specification

ISIN	6
Maturity date	15.10.2024
Amount	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 June 30, 2020.

Notes to the consolidated accounts for first half year 2020

Disclaimer

The information included in this Report may contain certain forward-looking statements that address activities, events or development that Bulk expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors, including but not limited to, economic and market conditions in the geographic areas and markets in which Bulk is or will be operating, counterparty risk, interest rates, access to financing, fluctuations in currency exchange rates, and changes in governmental regulations. For a further description of other relevant risk factors, we refer to the annual report for 2019. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward-looking statements. Inaccuracies or mistakes may occur in the information given above about current status of reader, and Bulk disclaims any liability in this respect.



Responsibility statement by the Board of Directors and the CEO

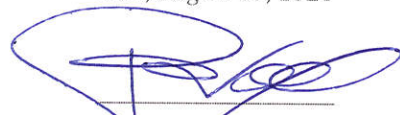
The Board of Directors and the CEO have today treated and approved the first half year report for Bulk Infrastructure Holding AS (the parent company) and the Group, the consolidated accounts, as of June 30, 2020. The consolidated first half year report has been prepared in accordance with the EU-approved IFRS standards and interpretations, together with the additional disclosure requirements in the Norwegian Accounting Act to be applied as of June 30, 2020.

The first half year report for the Group is in compliance with the Accounting Act.


To the best of our knowledge we confirm that;

- the first half year report 2020 for the Group are prepared in accordance with applicable accounting standards
- the provided information in the first half year report gives a true and fair view of the Group's assets, liabilities, financial position and results of operations as of June 30, 2020
- the Board of Directors report provides the Group and the parent company a fair view of
 - development, performance and position of the Group
 - the most important risks and uncertainties the Group faces

Oslo, August 27, 2020




Peder Nærbø
Chairman of the board



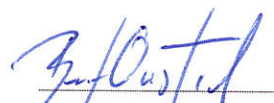
Torbjørn T. Moe
Member of the board




Lars Oskar Bustgaard
Member of the board



Even Bratsberg
Member of the board



Bent Oustad
Member of the board



Lars Erich Nilsen
Member of the board



Jon Gavråk
CEO