

**Bulk Infrastructure AS**  
**Consolidated first half year 2019**

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



## Board of Directors Report first half year 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 371,000 m<sup>2</sup> of high quality, flexible and energy efficient facilities. As of June 30, 2019, additional 32,000 m<sup>2</sup> are under construction and ready to be handed over in second half of 2019 and 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.

## 1H 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 is 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 revenues of NOK 67.8 million first half year compared to NOK 122.2 million first half year last year. The difference is largely explained by 2018 sale of Industrial Real Estate investment properties and special characteristics around some projects in the Services part of our Data Center business. 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 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 the status as of June 30, 2019 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 10,000 sqm during 1H 2019. 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).

**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 H1 2019. 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 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. 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 H1 2019.

## Report on the annual accounts

Total income for The Group was NOK 67.8 million first half year compared to NOK 122.2 million first half year last year. The decrease of NOK 54.4 million mainly relates to gross revenue from sale of logistic buildings in first half year 2018 and lower external sales from the data center service business due to different nature of projects carried out, e.g., share of hardware re-selling in service provisioning. NOK 23.5 million of total income is generated from Industrial Real Estate in first half year 2019, compared to NOK 46.4 million first half year last year. The Data Centers area generates a total income of NOK 37.6 million in first half year 2019, compared to NOK 64.9 million in the first half year 2018. Profit for the first half year 2019 was NOK 34.8 million compared to NOK 47.3 million in the first half year 2018

The Group's operating profit was NOK 71.0 million in first half year 2019 compared to NOK 56.5 million first half year last year, while the profit before tax was NOK 49.0 million in first half year 2019, a decrease from NOK 62.0 million in the first half year 2018. Logistics contributed with a profit of NOK 91.1 million in first half year 2019, compared to NOK 62.8 million first half year last year.

Fair value adjustment on investment properties were NOK 111.3 million in first half year 2019, compared to NOK 59.8 million in the first half year 2018. The positive fair value adjustment is largely related to new signed customer contracts during 2019 and development of existing property and land.

Total current assets were NOK 449.4 million as of June 30, 2019 compared to NOK 468.3 million as of June 30, 2018.

Total cash were NOK 214.1 million as of June 30, 2019 compared to NOK 379.4 million as of June 30, 2018.

The Group's total liabilities amounted to NOK 865.3 million as of June 30, 2019, compared to NOK 836.0 million as of June 30, 2018. 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 18.8 million in first half year 2019 compared to NOK 18.7 million in the first half year 2018. The Group aims to reduce these costs significantly by strengthening its equity and is continuously working on financial structure.



Total assets at the end of the first half year amounted to NOK 2,576.9 million compared to NOK 1,957.8 million first half year last year. The equity-to-assets ratio as of June 30, 2019 was 66.4 %, compared to 57.3 % as of June 30, 2018.

The Group's financial position is strong.

## Research and development

The group has invested resources and know-how into research and development during H1 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 7/93 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 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 5.1 years last year to 6.3 years as of June 30, 2019 as new developed properties with long-term lease contracts has been entered. 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 11.4 % as of June 30, 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.

## 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

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 covers 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 focuses 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.

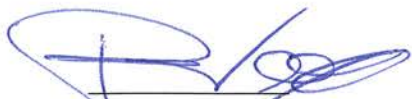
## Subsequent events

There are no material subsequent events after the reporting period.



Oslo, August 27, 2019

The board of Bulk Infrastructure AS



Peder Nærbo  
Chairman of the board



Torbjørn T. Moe  
Member of the board



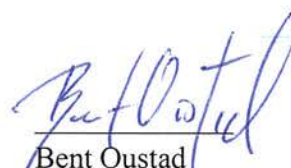
Lars Oskar Bustgaard  
Member of the board



Even Bratsberg  
Member of the board



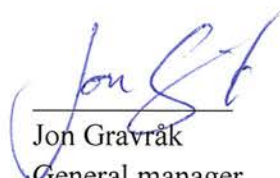
Nicholas B. Laird  
Member of the board



Bent Oustad  
Member of the board



Lars Erich Nilsen  
Member of the board



Jon Gravråk  
General manager

# **Bulk Infrastructure AS**

## **Consolidated first half year 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 the first half year 2019**

- 1 General information
- 2 Segment information
- 3 Investment property
- 4 Property, plant & Equipment
- 5 Intangible assets
- 6 Derivative financial instruments
- 7 Financial instruments
- 8 Paid in equity, shareholders and retained earnings
- 9 Subsequent events after the reporting period

**Bulk Infrastructure AS**  
**Consolidated statement of profit and loss and other comprehensive income**  
**For the first half year ended June 30, 2019**

	Notes	June 30, 2019 Unaudited	June 30, 2018 Unaudited	Year 2018 Audited
Rental income	2	20 572 343	11 643 948	28 147 054
Revenue property sales	2	-	34 110 744	44 738 390
Revenue from sales	2	33 183 037	54 192 521	72 936 537
Gain from sale of investment property	2,3	1 635 230	-	21 407 595
Other revenue	2	12 404 519	22 213 809	32 733 407
<b>Total revenue and other income</b>	<b>2</b>	<b>67 795 129</b>	<b>122 161 022</b>	<b>199 962 983</b>
Property-related expenses		5 602 613	4 916 027	6 622 581
Cost of property sales		-	20 669 370	20 669 370
Cost of sales		36 886 342	43 510 649	58 771 699
Other cost		65 526 581	56 367 928	133 334 702
<b>Total expenses</b>		<b>108 015 536</b>	<b>125 463 974</b>	<b>219 398 352</b>
<b>Operating profit before fair value adjustments on investment properties</b>		<b>-40 220 407</b>	<b>-3 302 952</b>	<b>-19 435 369</b>
Fair value adjustments on investment properties	3	111 254 748	59 848 992	91 725 431
<b>Operating profit</b>		<b>71 034 341</b>	<b>56 546 040</b>	<b>72 290 062</b>
Share of loss of investments accounted for using the equity method		3 720 106	4 772 240	-4 142 604
Finance income		1 925 113	27 001 017	4 577 251
Finance costs		18 820 389	18 730 957	20 526 699
<b>Realised net financial items</b>		<b>-20 615 382</b>	<b>3 497 820</b>	<b>-11 806 844</b>
Fair value adjustments on derivatives		-1 451 470	1 986 760	1 851 572
<b>Net financial items</b>		<b>-22 066 852</b>	<b>5 484 580</b>	<b>-9 955 272</b>
<b>Profit before income tax</b>		<b>48 967 489</b>	<b>62 030 620</b>	<b>62 334 790</b>
Income tax expense		14 156 026	14 725 719	-16 144 818
<b>Profit for the year</b>		<b>34 811 463</b>	<b>47 304 901</b>	<b>78 479 608</b>
<i>Other comprehensive income</i>		-5 085	-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>-5 085</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>34 806 378</b>	<b>47 304 901</b>	<b>78 479 608</b>
<i>Attributable to:</i>				
Shareholders in the parent Company		34 806 378	47 304 901	78 479 608
Non-controlling interests		-	-	-
Earnings per share basic and diluted (NOK)	8	0,17	0,32	0,45

## Bulk Infrastructure AS

### Consolidated balance sheet

	Notes	June 30, 2019 Unaudited	June 30, 2018 Unaudited	Year 2018 Audited
<b>Assets</b>				
<i>Intangible fixed assets</i>				
Goodwill	4	16 947 796	16 947 796	16 947 796
Other intangible assets	4	3 803 351	1 108 048	1 869 692
Deferred tax assets		-	-	9 423 699
<b>Total intangible assets</b>		<b>20 751 147</b>	<b>18 055 844</b>	<b>28 241 187</b>
 <i>Non-current assets</i>				
Investment property	3	983 819 783	787 702 107	804 478 389
Property, plant & equipment	4	941 741 041	539 641 279	654 391 622
Investment in Associated company		143 601 807	141 587 392	132 321 955
Other receivables	7	656 104	2 523 244	2 691 366
Operating lease assets		36 968 212	-	-
<b>Total non-current assets</b>		<b>2 106 786 947</b>	<b>1 471 454 022</b>	<b>1 593 883 332</b>
 <i>Current assets</i>				
Inventories		5 567 674	5 751 804	5 518 728
Inventories property	3	198 221 088	28 200 000	71 954 386
Trade and other receivables	7	31 510 260	54 868 516	48 281 839
Cash and cash equivalents	7	214 078 569	379 431 878	416 649 770
<b>Total current assets</b>		<b>449 377 591</b>	<b>468 252 198</b>	<b>542 404 723</b>
 <b>Total assets</b>		<b>2 576 915 685</b>	<b>1 957 762 064</b>	<b>2 164 529 242</b>

## Bulk Infrastructure AS

### Consolidated balance sheet

	Notes	June 30, 2019 Unaudited	June 30, 2018 Unaudited	Year 2018 Audited
<b>Equity and liabilities</b>				
<i>Paid in equity</i>				
Ordinary shares		2 542 242	1 737 769	2 283 783
Share premium		1 580 078 225	822 173 362	1 338 532 700
Own shares		-102 459	-	-
<b>Total paid in equity</b>	<b>8</b>	<b>1 582 518 008</b>	<b>823 911 131</b>	<b>1 340 816 483</b>
<i>Retained earnings</i>				
Retained earnings		129 103 013	297 840 954	328 977 202
<b>Total retained earnings</b>		<b>129 103 013</b>	<b>297 840 954</b>	<b>328 977 202</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>-38 460</b>	<b>-</b>
<b>Total equity</b>		<b>1 711 621 021</b>	<b>1 121 713 625</b>	<b>1 669 793 685</b>
<i>Non-current liabilities</i>				
Borrowings	7	344 632 910	397 419 238	214 734 297
Derivative financial instruments	6,7	12 116 269	10 298 092	10 525 938
Other long-term liabilities		30 000 000	30 000 000	30 000 000
Deferred income tax liabilities		9 289 220	21 562 220	-
Operating lease liabilities		37 087 279	-	-
<b>Total non-current liabilities</b>		<b>433 125 678</b>	<b>459 279 550</b>	<b>255 260 235</b>
<i>Current liabilities</i>				
Trade payables	7	55 891 257	57 554 383	51 336 548
Short-term portion of borrowings	7	267 970 766	35 819 134	124 786 000
Short-term portion of derivatives	7	1 170 410	1 401 929	1 309 271
Other payables	7	107 136 555	281 993 443	62 043 503
<b>Total current liabilities</b>		<b>432 168 988</b>	<b>376 768 889</b>	<b>239 475 322</b>
<b>Total liabilities</b>		<b>865 294 666</b>	<b>836 048 439</b>	<b>494 735 557</b>
<b>Total equity and liabilities</b>		<b>2 576 915 685</b>	<b>1 957 762 064</b>	<b>2 164 529 242</b>

Oslo, August 27, 2019

The board of Bulk Infrastructure AS

 <b>Peder Nærbø</b> Chairman of the board	 <b>Torbjørn T. Moe</b> Member of the board	 <b>Lars Oskar Bustgaard</b> Member of the board	 <b>Even Bratsberg</b> Member of the board
 <b>Nicholas B. Laird</b> Member of the board	 <b>Bent Oustad</b> Member of the board	 <b>Lars Erich Nilsen</b> Member of the board	 <b>Jon Gravråk</b> CEO



**Bulk Infrastructure AS**  
**Consolidated statement of changes in equity**

	Paid in equity			Retained earnings	Non-controlling interests	Total equity
	Share capital	Own shares	Share premium	Retained earnings		
01.01.2018	1 737 769	-	822 173 362	320 536 054	-38 460	1 144 408 725
Profit of the period				47 304 901		47 304 901
Dividend approved				-70 000 000		-70 000 000
Total comprehensive income	-	-	-	-22 695 099	-	-22 695 099
30.06.2018	1 737 769	-	822 173 362	297 840 954	-38 460	1 121 713 625
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
Total comprehensive income	258 459	-102 459	241 545 525	-199 869 105	-	41 832 420
Translation differences				-5 085		-5 085
Total other comprehensive income	-	-	-	-5 085	-	-5 085
30.06.2019	2 542 242	-102 459	1 580 078 225	129 103 012	-	1 711 621 020

# Bulk Infrastructure AS

## Cashflow statement - consolidated

	Note	June 30, 2019	June 30, 2018
<b>Cash flow from operations</b>			
Profit before income taxes		48 967 489	62 030 620
Adjust for:			
Depreciation	4,5	12 009 548	1 140 204
Fair value adj. on investment properties	3	-111 254 748	-59 848 992
Finance income		-1 925 113	-28 987 777
Finance costs		23 991 965	23 503 197
<b>Cashflow before change in working capital</b>		<b>-28 210 859</b>	<b>-2 162 747</b>
<b>Change in working capital</b>			
Trade and other receivables		-87 651 197	59 651 971
Trade and other payables		86 735 040	48 913 203
<b>Net cash flow from operations (A)</b>		<b>-29 127 016</b>	<b>106 402 427</b>
<b>Cash flow from investments</b>			
Purchase and improvements of investments property	3	-124 912 463	-139 822 161
Sale of property		-	-
Sale of investment property	3	-	-
Change in financial investments		-	-
Dividend received		2 000 000	-
Purchase of shares in associated companies		-15 000 000	-
Sale of shares in other companies		-	-
Purchase of fixed assets		-301 038 476	-120 787 979
<b>Net cash flow from investments (B)</b>		<b>-438 950 939</b>	<b>-260 610 140</b>
<b>Cash flow from financing</b>			
Interest paid including interest paid on derivatives		-18 820 389	-18 730 957
Interest received		4 217 722	9 820 736
Proceeds from Borrowings		273 083 379	125 714 919
Payment share issue		241 803 984	200 073 197
Payment purchase own shares		-99 999 984	-
Dividend paid		-134 777 958	-70 000 000
<b>Net cash flow from financing (C)</b>		<b>265 506 754</b>	<b>246 877 895</b>
<b>Net change in cash and cash equivalents (A+B+C)</b>		<b>-202 571 201</b>	<b>92 670 182</b>
Cash and cash equivalents at the beginning of the period		416 649 770	286 761 696
Change in currency exchange rate		-	-
<b>Cash and cash equivalents at the end of the period</b>		<b>214 078 569</b>	<b>379 431 878</b>
Restricted funds		64 039 549	2 488 986

## **Bulk Infrastructure AS**

### **Notes to the consolidated accounts for first half year 2019**

#### **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 ultimate parent company of the real estate group Bulk Infrastructure AS.

These interim financial statements have been prepared in accordance with IAS 34 - Interim Financial

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, 2018. Please refer to Note 2 - Accounting principles to the Consolidated Financial Statement in the 2018 annual report for information on the Group's accounting policies. The annual report is available on [www.bulk.no](http://www.bulk.no).

**Bulk Infrastructure AS**  
**Notes to the consolidated accounts for first half year 2019**

**Note 2 Segment information**

Bulk Infrastructure Group has the following strategic operating segments by 30.06.19 presented ex. internal transactions in accordance with internal reporting to management

All operating activities are based in Norway

**Operating profit and loss after segment 30.06.19**

	Industrial Real Estate		Data Centers		Fiber Networks		Group/other		Total	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Rental income	20 572 343	11 643 948	-	-	-	-	-	-	20 572 343	11 643 948
Revenue property sales	-	34 110 744	-	-	-	-	-	-	-	34 110 744
Revenue from sales	-	-	32 496 639	53 694 092	686 398	498 429	-	-	33 183 037	54 192 521
Gain from sale of investment property	1 635 230	-	-	-	-	-	-	-	1 635 230	-
Other revenue	1 289 604	627 789	5 069 295	11 196 788	-	-	6 015 620	10 389 232	12 404 519	22 313 809
<b>Total revenue and other income</b>	<b>23 497 177</b>	<b>46 382 481</b>	<b>37 565 934</b>	<b>64 890 880</b>	<b>686 398</b>	<b>498 429</b>	<b>6 045 620</b>	<b>10 389 232</b>	<b>67 795 129</b>	<b>122 161 072</b>
Property-related expenses	5 602 613	4 916 027	-	-	-	-	-	-	5 602 613	4 916 027
Cost of property sales	-	20 669 370	-	-	-	-	-	-	-	20 669 370
Cost of sales	-	-	36 338 752	43 076 820	527 590	433 829	-	-	36 866 342	43 510 649
Other cost	225 948	193 459	25 646 879	19 579 315	1 851 054	1 554 945	37 802 700	35 040 009	65 526 581	56 867 928
<b>Total expenses</b>	<b>5 828 561</b>	<b>25 778 856</b>	<b>62 005 631</b>	<b>62 656 335</b>	<b>2 378 644</b>	<b>1 988 774</b>	<b>37 802 700</b>	<b>35 040 009</b>	<b>108 015 536</b>	<b>125 463 974</b>
<b>Operating profit before fair value adjustments on investment properties</b>	<b>17 668 616</b>	<b>20 603 625</b>	<b>-24 439 697</b>	<b>2 234 545</b>	<b>-1 692 246</b>	<b>-1 490 345</b>	<b>-31 757 080</b>	<b>-24 650 777</b>	<b>-40 220 407</b>	<b>-3 302 952</b>
Fair value adjustments on investment properties	111 251 748	59 848 992	-	-	-	-	-	-	111 251 748	59 848 992
<b>Operating profit</b>	<b>128 923 364</b>	<b>80 452 617</b>	<b>-24 439 697</b>	<b>2 234 545</b>	<b>-1 692 246</b>	<b>-1 490 345</b>	<b>-31 757 080</b>	<b>-24 650 777</b>	<b>71 034 341</b>	<b>56 546 040</b>
Realised net financial items	-10 024 442	-4 959 797	-3 568 683	-6 702 858	-87 254	-1 960 393	-6 335 003	17 120 868	-20 615 382	3 197 820
Fair value adjustments on derivatives	-1 451 470	1 986 760	-	-	-	-	-	-	-1 451 470	1 986 760
<b>Net financial items</b>	<b>-12 075 912</b>	<b>-2 973 037</b>	<b>-3 568 683</b>	<b>-6 702 858</b>	<b>-87 254</b>	<b>-1 960 393</b>	<b>-6 335 003</b>	<b>17 120 868</b>	<b>-22 066 852</b>	<b>5 884 580</b>
<b>Profit before income tax</b>	<b>116 847 452</b>	<b>77 479 580</b>	<b>-28 008 380</b>	<b>-4 468 313</b>	<b>-1 779 500</b>	<b>-3 450 738</b>	<b>-38 092 083</b>	<b>-7 529 909</b>	<b>48 967 489</b>	<b>62 030 620</b>
Income tax expense	25 706 439	14 725 719	-	0	-	-	-11 550 413	-	14 156 026	14 725 719
<b>Profit for the year</b>	<b>91 141 013</b>	<b>62 753 861</b>	<b>-28 008 380</b>	<b>-4 468 313</b>	<b>-1 779 500</b>	<b>-3 450 738</b>	<b>-26 541 670</b>	<b>-7 529 909</b>	<b>34 811 463</b>	<b>47 304 901</b>
Other comprehensive income	-	-	-5 085	-	-	-	-	-	-5 085	-
<b>Other comprehensive income for the year, net of tax</b>	<b>-</b>	<b>-</b>	<b>-5 085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-5 085</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>91 141 013</b>	<b>62 753 861</b>	<b>-28 013 465</b>	<b>-4 468 313</b>	<b>-1 779 500</b>	<b>-3 450 738</b>	<b>-26 541 670</b>	<b>-7 529 909</b>	<b>34 806 378</b>	<b>47 304 901</b>

**Bulk Infrastructure AS**  
**Notes to the consolidated accounts for first half year 2019**

**Note 3 Investment property**

**INVESTMENT PROPERTY**

	<b>2019</b>	<b>2018</b>
Fair value 1.1	804 478 394	588 030 954
Additions:		
- Capital expenditure	13 541 370	139 822 161
- Acquisition of property	111 371 093	-
- Sale of property	-	-
Transferred to assets held for sale	-	-
Transferred to inventories property	-56 825 822	-
Changes in fair value	111 254 748	59 848 992
<b>Fair value 30.06</b>	<b>983 819 783</b>	<b>787 702 107</b>
 Aquisition cost 30.06	 729 597 733	 545 230 091
 Property classified as inventory	 198 221 088	 28 200 000
 <b>Income and expenses from investment property</b>	 <b>2019</b>	 <b>2018</b>
Income from rent	20 572 343	11 643 948
Expenses related to leased property	-5 602 613	-4 916 027

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



**Bulk Infrastructure AS**  
**Notes to the consolidated accounts for first half year 2019**

**Note 4 Property, plant & Equipment**

	Datacenter buildings	Datacenter technical infrastructure	Datacenter land	Under construction	Other fixed assets	Fiber networks	Total
<i>Accumulated cost</i>							
Balance at January 1, 2018	6 770 821	-	73 093 348	236 030 927	10 948 749	98 605 489	425 449 334
Additions	-	-	-	77 065 427	372 320	41 478 339	118 916 086
Reclassification from intangible assets	-	-	-	5 016 459	-	-	5 016 459
Disposals	-	-	-	-	-	-	-
Transfer from assets under construction	-	-	-	-	-	-	-
Balance at June 30, 2018	6 770 821	-	73 093 348	318 112 813	11 321 069	140 083 828	549 381 879
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
<i>Accumulated depreciation</i>							
Balance at January 1, 2018	2 539 541	-	-	-	6 031 196	48 108	8 618 845
Acquired through business combinations	-	-	-	-	-	-	0
Depreciation charge for the year	243 198	-	-	-	852 316	26 240	1 121 754
Balance at June 30, 2018	2 782 739	-	-	-	6 883 512	74 348	9 740 599
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
Balance at June 30, 2019	5 513 078	18 696 568	439 810	-	6 596 097	126 830	31 372 383
<i>Net book value</i>							
At January 1, 2018	4 231 280	-	73 093 348	236 030 927	4 917 553	98 557 381	416 830 489
At June 30, 2018	3 988 082	-	73 093 348	318 112 813	4 437 557	140 009 480	539 641 280
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

## Bulk Infrastructure AS

### Notes to the consolidated accounts for first half year 2019

#### Note 5 Intangible assets

	Goodwill	Software licenses	Software under development	Total
<i>Cost</i>				
Balance at January 1, 2018	16 947 796	887 524	3 420 440	21 255 760
Additions	-	275 874	1 596 019	1 871 893
Reclassified to property, plant & equipmer	-	-	-5 016 459	-5 016 459
Balance at June 30, 2018	16 947 796	1 163 398	-	18 111 194
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
<i>Accumulated amortization and impairment</i>				
Balance at January 1, 2018	-	36 900	-	36 900
Amortization charge for the period	-	18 450	-	18 450
Balance at June 30, 2018	-	55 350	-	55 350
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
<i>Net book value</i>				
At January 1, 2018	16 947 796	850 624	3 420 440	21 218 860
At June 30, 2018	16 947 796	1 108 048	-	18 055 844
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

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

Goodwill: indefinite

Software licenses: 3-5 years

Software under development: n.a.

## Bulk Infrastructure AS

### Notes to the consolidated accounts for first half year 2019

#### Note 6 Derivative financial instruments

	30.06.2019	30.06.2018	31.12.2018
Interest rate swaps	-13 286 679	-11 700 021	-11 835 209
<b>Total liabilities</b>	<b>-13 286 679</b>	<b>-11 700 021</b>	<b>-11 835 209</b>

#### *Interest rate swaps*

	30.06.2019	30.06.2018	31.12.2018
Nominal amount interest rate swaps	-40 560 000	-40 560 000	-40 560 000
<b>Total nominal amount</b>	<b>-40 560 000</b>	<b>-40 560 000</b>	<b>-40 560 000</b>

**Bulk Infrastructure AS**  
**Notes to the consolidated accounts for first half year 2019**

**Note 7 Financial instruments**

	Carrying amount as at 30.06.2019	Fair value as at 30.06.2019	Carrying amount as at 30.06.2018	Fair value as at 30.06.2018
<i>Non-current financial assets</i>				
Other receivables - non-current	656 104	656 104	2 523 244	2 523 244
<b>Total non-current financial assets</b>	<b>656 104</b>	<b>656 104</b>	<b>2 523 244</b>	<b>2 523 244</b>
<i>Current financial assets</i>				
Trade and other receivables	31 510 260	31 510 260	54 868 516	54 868 516
Cash and cash equivalents	214 078 569	214 078 569	379 431 878	379 431 878
<b>Total current financial assets</b>	<b>245 588 829</b>	<b>245 588 829</b>	<b>434 300 394</b>	<b>434 300 394</b>
<b>Total financial assets</b>	<b>246 244 933</b>	<b>246 244 933</b>	<b>436 823 638</b>	<b>436 823 638</b>
<i>Non-current financial liabilities</i>				
Borrowings	344 632 910	344 632 910	397 419 238	397 419 238
Derivative financial instruments	12 116 269	12 116 269	10 298 092	10 298 092
<b>Total non-current financial liabilities</b>	<b>356 749 179</b>	<b>356 749 179</b>	<b>407 717 330</b>	<b>407 717 330</b>
<i>Current financial liabilities</i>				
Trade payables	55 891 257	55 891 257	57 554 383	57 554 383
Short-term portion of borrowings	267 970 766	267 970 766	35 819 134	35 819 134
Other payables	107 136 555	107 136 555	281 993 443	281 993 443
<b>Total current financial liabilities</b>	<b>430 998 578</b>	<b>430 998 578</b>	<b>375 366 960</b>	<b>375 366 960</b>
<b>Total financial liabilities</b>	<b>787 747 757</b>	<b>787 747 757</b>	<b>783 084 290</b>	<b>783 084 290</b>

**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, 2019 and fair value of the borrowings is considered not to be significantly different from the fair value.

**Bulk Infrastructure AS**  
**Notes to the consolidated accounts for first half year 2019**

**Note 8 Paid in equity, shareholders and retained earnings**

	30.06.2019	30.06.2018
Share capital	2 542 242	1 737 769

Change in paid in equity and share premium:

	Total shares		Share capital (IN NOK)		Own shares (IN NOK)		Share premium (IN NOK)	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018
<b>A shares</b>								
Issued stock and paid in capital								
At the beginning of the year	201 161 131	146 559 763	2 011 611	1 465 598	-	-	1 338 532 700	822 173 362
Own shares purchased	-	-	-	-	-102 459	-	-	-
Capital increase	25 845 900	-	258 459	-	-	-	241 545 525	-
<b>At the end of the period</b>	<b>227 007 031</b>	<b>146 559 763</b>	<b>2 270 071</b>	<b>1 465 598</b>	<b>-102 459</b>	<b>-</b>	<b>1 580 078 225</b>	<b>822 173 362</b>
<b>B shares</b>								
Issued stock and paid in capital								
At the beginning of the year	1	1	0,01	0,01	-	-	-	-
<b>At the end of the period</b>	<b>1</b>	<b>1</b>	<b>0,01</b>	<b>0,01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C shares</b>								
Issued stock and paid in capital								
At the beginning of the year	27 217 124	27 217 124	272 171	272 171	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-
<b>At the end of the period</b>	<b>27 217 124</b>	<b>27 217 124</b>	<b>272 171</b>	<b>272 171</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The total number of shares are 254 224 156, each valued at NOK 0,01, and NOK 2 542 242 in total. The shares are divided into 227 007 031 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 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	136 605 482	60,18 %	1	27 217 124	64,44 %
Geveran Trading Co. Limited	A	Norway	32 663 461	14,39 %			12,85 %
Klub Bulk AS (subsidiary of Bulk Infrastructure AS)	A	Norway	10 245 900	4,51 %			4,03 %
Totomo AS	A	Norway	10 750 000	4,74 %			4,23 %
Prospero AS	A	Norway	9 256 000	4,08 %			3,64 %
Morellen AS	A	Norway	7 676 719	3,38 %			3,02 %
Levada AS	A	Norway	7 052 237	3,11 %			2,77 %
Elipica AS	A	Norway	5 851 270	2,58 %			2,30 %
Other shareholders (36 of > 1 %)	A	Norway	6 905 962	3,04 %			2,72 %
<b>Total number of shares at 30.06</b>			<b>227 007 031</b>	<b>100 %</b>	<b>1</b>	<b>27 217 124</b>	<b>100 %</b>

**Dividend**

Dividend of NOK 141,6 million was approved at the AGM in 2019. The dividend was paid in first half year 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 weighted average number of A and B shares outstanding during the year.

	30.06.2019	30.06.2018
Other comprehensive income attributable to shareholders in the parent Company	34 806 378	47 304 901
Weighted average number of outstanding shares, excluding C shares	209 817 944	146 559 764
Basic and diluted earnings per share	0,17	0,32

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



## **Bulk Infrastructure AS**

### **Notes to the consolidated accounts for first half year 2019**

#### **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.

## **Bulk Infrastructure AS**

### **Notes to the consolidated accounts for first half year 2019**

#### **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 2018. 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 the Company or its business. Any reliance on the information above is at the risk of the 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 AS (the parent company) and the Group, the consolidated accounts, as of June 30, 2019. 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, 2019.

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 2019 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, 2019
- 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, 2019



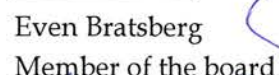
Peder Nærbø  
Chairman of the board



Torbjørn T. Moe  
Member of the board



Lars Oskar Bustgaard  
Member of the board




Even Bratsberg  
Member of the board



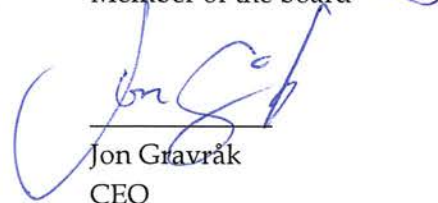
Nicholas B. Laird  
Member of the board



Bent Oustad  
Member of the board



Lars Erich Nilsen  
Member of the board



Jon Gravråk  
CEO