

## Board of Directors Report first half year 2016 - Bulk Infrastructure AS - Group

### Business area description

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

### Investment criteria

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

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

The Company's office is in Oslo municipality.

### First half year 2016 in short

- Bulk has acquired 100% of the Scandinavian technology company, Data Center Technology AS (DCT) as of June 1, 2016.
- The Group has executed sale of properties for MNOK 113 in first half year of 2016. In addition the Group has also entered into forward agreements for the sale of MNOK 364 in property value where the properties will be built in the coming years.
- The Group has signed lease agreements for new construction of approximately 5,000 m<sup>2</sup> during first half year 2016.
- The Group has a number of ongoing processes with various tenants for the development of new warehouse and logistics buildings.
- The development of data centres is in good progress after several years of analysis and mapping. The Group is now on the way of becoming the leading data centre developer in Norway. The Group has projects ongoing in Oslo, *Oslo Internet Exchange (OS-IX)*, and in Vennesla on *N01 Campus*.
- The dark fiber route between Oslo-Kristiansand-Denmark is completed with connection to *N01 Campus*, Vennesla.
- The Group completed the restructuring in the second half of 2015 the Group with extensive reorganization of subsidiaries. The restructuring was completed with internal sales transactions and direct and indirect mergers. This affect the comparative figures first half year 2015.

**Bulk consists of the following business areas:**

**Bulk Logistics AS** is a Nordic real estate developer, specialising in large modern warehouses, industrial buildings, cross-dock terminals and logistics parks. The company continues the operations developed through Bulk Eiendom AS. Established in 2006, and have already developed and delivered over 259 000 m<sup>2</sup> of high quality, flexible and energy efficient facilities for customers.

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

**Bulk Networks AS** is a company that manages and operate long-haul fiber infrastructure. The current fiber infrastructure connects Oslo to Kristiansand and Vennesla (South Norway) to Denmark.

## **Report on the first half year 2016 accounts**

Total operating income for The Group was MNOK 76.0 the first half year 2016 compared to MNOK 25.0 first half year last year. This is an increase of MNOK 51 mainly related to forward sale of properties in 2016.

The Group's net profit was MNOK 14.3 in first half year 2016 compared to a net loss of MNOK -13.8 for the first half year last year.

Other financial and interest costs amounted to NOK 12.6 in first half year 2016 compared to MNOK 26.2 in first half year 2015. Due to extensive growth, The Company have high financing and interest costs in periods with multiple ongoing projects. The Company aims to reduce these costs significantly by strengthening its equity.

Total current assets was MNOK 97.5 as of 30 June 2016 compared to MNOK 192.3 as of 30 June 2015. The decrease is mainly related to reduction in cash of MNOK 79.0.

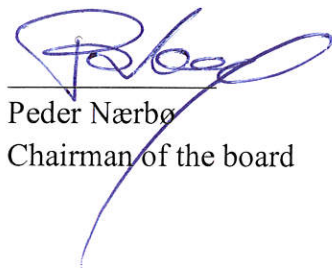
The Group's total liabilities amounted to MNOK 354.6 as of 30 June 2016, compared to MNOK 1 004.2 as of 30 June 2015. This reduction is mainly due to liabilities to shareholders related to the restructuring of the Group. MNOK 686.7 of the liabilities are converted to equity second half year of 2015.

Total assets at the end of the period amounted to MNOK 868.0, compared to MNOK 887.0 the same period last year. The equity-to-assets ratio as of 30 June 2016 was 59.1 %, compared to 59.0 % as of 31 December 2015.

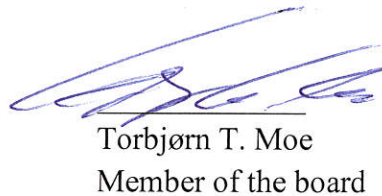
The Group's financial position is strong.

Oslo, 24 August 2016

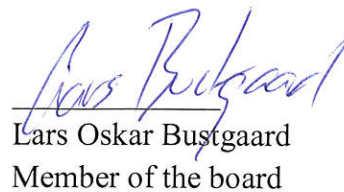
The Board of Directors of Bulk Infrastructure AS



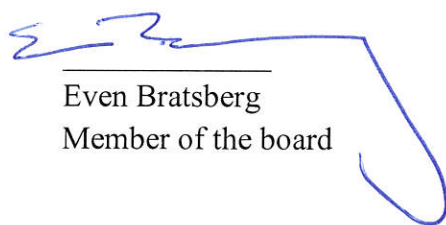
Peder Nærbo  
Chairman of the board



Torbjørn T. Moe  
Member of the board



Lars Oskar Bustgaard  
Member of the board



Even Bratsberg  
Member of the board



John Erik Tønnessen  
General manager

# Income Statement

## Bulk Infrastructure - Group

### Report for the period ending June 30, 2016

	30 June 2016	30 June 2015
Revenue	17 140 314	3 303 230
Other operating income	58 853 319	21 657 298
<b>Total operating income</b>	<b>75 993 633</b>	<b>24 960 528</b>
Cost of sales	16 317 105	873 470
Payroll expenses	17 302 355	11 184 006
Depreciation and amortisation	5 977 713	3 188 903
Other operating expenses	12 860 520	16 230 120
<b>Operating expenses</b>	<b>52 457 693</b>	<b>31 476 499</b>
<b>Operating result</b>	<b>23 535 940</b>	<b>-6 515 971</b>
Interest income from group companies	2 914 800	18 420 152
Other interest income	270 614	444 289
Other financial income	76 059	-208
Changes in market value of financial assets	27 431	0
Write-down on financial fixed assets	0	1 717 482
Interest expense to group companies	2 885 164	16 371 948
Other interest expenses	7 629 913	8 071 484
Other financial expenses	2 074 745	62 129
<b>Net financial income and expenses</b>	<b>-9 300 918</b>	<b>-7 358 810</b>
<b>Ordinary result before tax</b>	<b>14 235 021</b>	<b>-13 874 779</b>
Tax on ordinary result	-75 930	-75 929
<b>Ordinary result</b>	<b>14 310 951</b>	<b>-13 798 851</b>
<b>Net profit (+) or loss (-) for the year</b>	<b>14 310 951</b>	<b>-13 798 851</b>
Minority share	36 345	54 295

# Balance Sheet

## Bulk Infrastructure - Group

### Report for the period ending June 30, 2016

	30 June 2016	30 June 2015
<b>Assets</b>		
<b>Fixed assets</b>		
<b>Intangible fixed assets</b>		
Research and development	4 602 623	0
Concessions, patents, licences etc.	185 000	0
Deferred tax asset	0	0
<b>Total intangible fixed assets</b>	<b>4 787 622</b>	<b>0</b>
<b>Tangible fixed assets</b>		
Land, buildings and other property	707 040 935	500 470 908
Machinery and plant	219 375	0
Fixtures and fittings, tools etc	3 775 575	4 008 394
<b>Total tangible fixed assets</b>	<b>711 035 885</b>	<b>504 479 302</b>
<b>Financial fixed assets</b>		
Investments in subsidiaries	51 252 192	40 706 925
Loans to group companies	1 093 988	149 313 164
Bonds and other receivables	2 331 437	200 000
<b>Total financial fixed assets</b>	<b>54 677 617</b>	<b>190 220 089</b>
<b>Total fixed assets</b>	<b>770 501 124</b>	<b>694 699 390</b>
<b>Current assets</b>		
<b>Stocks</b>	<b>5 187 443</b>	<b>4 570 510</b>
<b>Receivables</b>		
Trade receivables	16 685 231	57 003 767
Other receivables	35 320 990	11 467 950
<b>Total short term receivables</b>	<b>52 006 221</b>	<b>68 471 716</b>
<b>Investments</b>		
Listed investments	1	156
<b>Total investments</b>	<b>1</b>	<b>156</b>
<b>Cash and cash equivalents</b>	<b>40 283 218</b>	<b>119 256 403</b>
<b>Total current assets</b>	<b>97 476 883</b>	<b>192 298 785</b>
<b>Total assets</b>	<b>867 978 007</b>	<b>886 998 175</b>

# Balance Sheet

## Bulk Infrastructure - Group

### Report for the period ending June 30, 2016

	30 June 2016	30 June 2015
<b>Equity and liabilities</b>		
<b>Equity</b>		
<b>Shareholder's equity</b>		
Share capital	1 193 446	100 000
Share premium reserve	558 436 826	0
<b>Total contributed equity</b>	<b>559 630 272</b>	<b>100 000</b>
<b>Retained earnings</b>		
Other equity	-46 283 876	-117 315 541
<b>Total retained earnings</b>	<b>-46 283 876</b>	<b>-117 315 541</b>
<b>Total equity</b>	<b>513 346 396</b>	<b>-117 215 541</b>
Minority share of equity	327 625	229 272
<b>Liabilities</b>		
<b>Provisions</b>		
Other provisions	0	19 886 527
<b>Total provisions</b>	<b>0</b>	<b>19 886 527</b>
<b>Other non-current liabilities</b>		
Liabilities to financial institutions	282 922 458	272 222 340
Liabilities to group company	0	84 389 333
<b>Total non-current liabilities</b>	<b>282 922 458</b>	<b>356 611 673</b>
<b>Current liabilities</b>		
Trade payable	23 837 493	10 561 210
Tax payable	38 452	1 131 891
Public duties payable	3 538 207	3 666 231
Other short term liabilities	44 295 000	612 356 184
<b>Total current liabilities</b>	<b>71 709 151</b>	<b>627 715 515</b>
<b>Total liabilities</b>	<b>354 631 610</b>	<b>1 004 213 715</b>
<b>Total equity and liabilities</b>	<b>867 978 007</b>	<b>886 998 175</b>

# Cash flow statement

## Bulk Infrastructure - Group

### Report for the period ending June 30, 2016

	30 June 2016	30 June 2015
<b><i>Cash flow from operations</i></b>		
Earnings before tax	14 235 021	-13 874 779
Depreciation and amortization	5 977 713	3 188 903
Change in accounts receivable	-5 619 869	-49 829 884
Change in accounts payable	8 821 828	1 070 874
Other changes in accruals	-38 078 221	88 669 218
<b><i>Cash flow from investing activities</i></b>		
Proceeds from long-term claims	12 036 637	0
Purchases of fixed and intangible assets	-145 876 831	-47 066 948
Purchase of shares in associated companies	-12 500 000	-40 676 925
Changes in other investments	2 422 130	0
<b>Net cash flow from investing activities</b>	<b>-143 918 064</b>	<b>-117 872 280</b>
<b><i>Cash flow from financing activities</i></b>		
Changes in current liabilities	12 500 000	0
Repayment of long-term debt	-17 360 121	-16 671 097
Proceeds from borrowing	22 115 718	0
<b>Net cash flow from financing activities</b>	<b>17 255 597</b>	<b>-16 671 097</b>
<b>Net cash flow for the period</b>	<b>-141 689 056</b>	<b>-104 465 636</b>
Cash and equivalents at beginning of period	181 972 274	223 722 039
<b>Cash and equivalents at end of period</b>	<b>40 283 218</b>	<b>119 256 403</b>