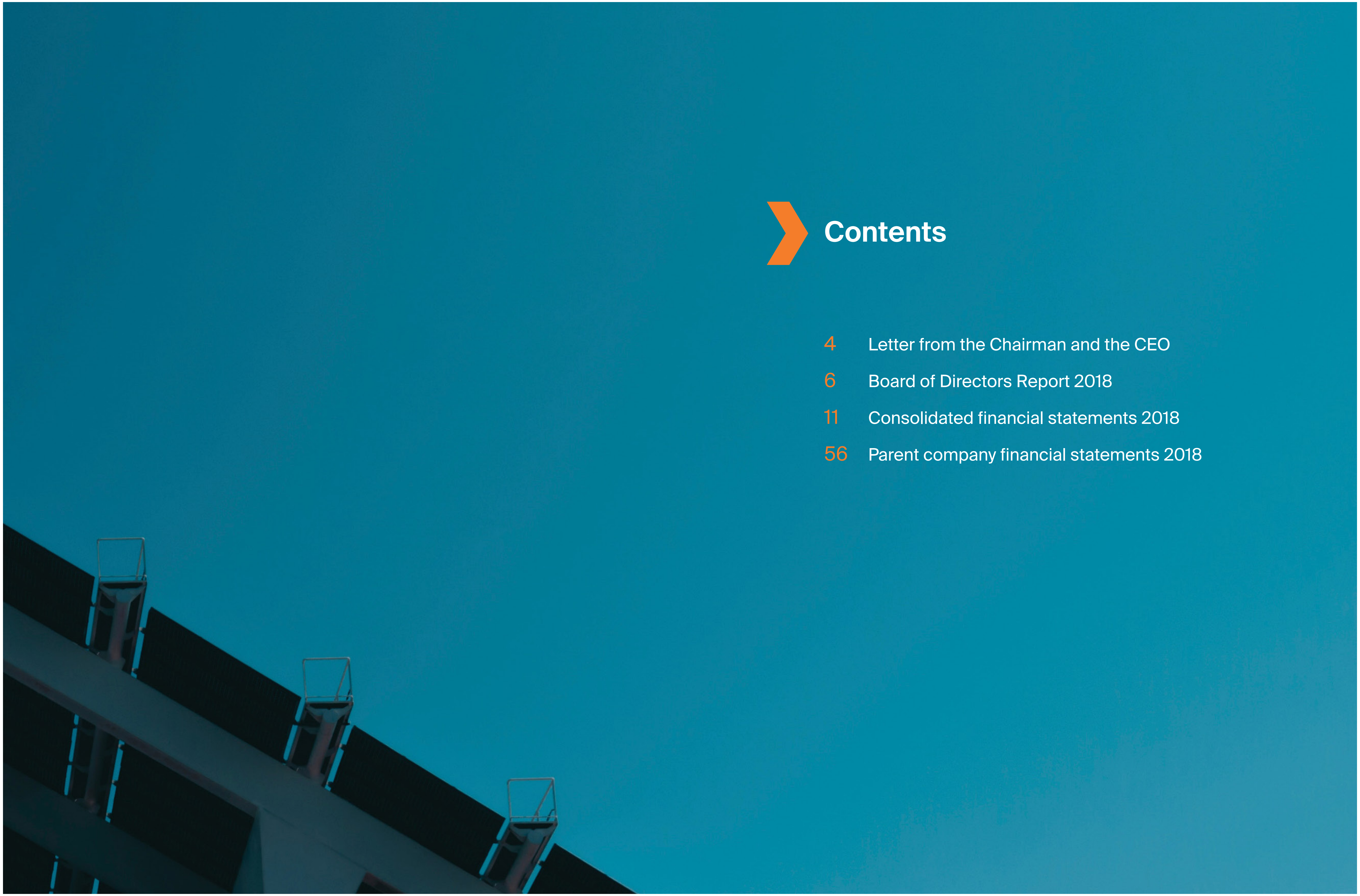
bulk™

Annual Report

2018

Annual Report 2018



Contents

Annual Report 2018

Letter from the Chairman and the CEO

2018 has been another year of fast paced development for Bulk Infrastructure AS. We reached the historical milestone of 400 thousand square meter of new built development in our Industrial Real Estate business. Within our Data Center business we launched commercial sales and started to add new customers at OS-IX and we completed the initial build project at N01 Campus. N01 is now getting ready to serve national and international data processing needs at scale with CBRE onboarded as our partner for daily operations. Within the business area Fiber Networks we have completed critical elements of the land based infrastructure, e.g., Oslo-Kristiansand, and we are progressing according to plan in our subsea fiber system projects such as Havfrue (The US, Ireland, Norway and Denmark).

During 2018 we have strengthened the organization with new and experienced colleagues. Examples include Data Center expertise within cooling, high voltage electricity and sales & marketing/PR. We attracted a high caliber CEO that brings experience from the C-suite of Fortune 500 companies through own experience as CDO in Telenor and from having been a partner in McKinsey & Company's Telecom, Media and Technology Practice. Our new CEO was onboarded during the fall and has started to take charge on building a more robust Bulk operating model that will scale in line with our future ambitions.

We have a positive view on the underlying market drivers and long-term growth for all of our business areas. The short-term growth rate might be influenced on national level by regulatory matters making diversification important.

We have named 2019 the year we will go "from build to operate and sell". With several Data Center and Fiber Networks build projects completed or in final stages, we will during the year strengthen our commercial muscle. This will include hiring of new people as well as building up a sales machine that can credibly attract both Nordic and International customers to existing and new infrastructure facilities. We will also continue the work to build a scalable operating model including extension of our ISO certificates, selectively adding more expertise, claryfing organizational responsibilities and strengthening core finance functions relating to performance management and capital allocation.

Our vision remains "racing to bring sustainable infrastructure to a global audience". Becoming the go-to player for anyone with a desire to leverage the Nordics for future data processing needs is an integrated part of this vision. With hard work, creativity, respect for our customers and a passionate team of competent professionals we are confident that we will get there.

Kind regards,

Peder Nærbø & Jon Gravråk

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

Our vision remains "racing to bring sustainable infrastructure to a global audience"

Annual Report 2018

Board of Directors Report 2018 - Bulk Infrastructure AS

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

Investment criteria

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

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

The Company´s headquarter is in Oslo municipality.

2018 in short
- Total revenues of NOK 200.0 million compared to NOK 645.1 million last year.
- The Group has a number of ongoing processes with various tenants for the development of new warehouse and logistics buildings.
- The development of data centers is in good progress after several years of analysis and strategic positioning. The Group has become one of the leading data center developers in Norway. The Group has projects ongoing in the Nordics including Oslo Internet Exchange (OS-IX), in Oslo, N01 Campus, in Vennesla, South Norway in addition to securing land for establishing a carrier neutral data center in Esbjerg at the west coast of Denmark.
- The dark fiber route between Oslo, Kristiansand and Stavanger is completed and will form part of the Norwegian Inter-City Ring. Construction between Bergen and Oslo has commenced and is expected to be finalized in 2019.
- The Group is a co-builder in a dark fiber route connecting USA, Ireland, Norway and Denmark with Facebook, Google and Aqua Comms. The project is estimated finalized late 2019.
- Bulk Infrastructure is now certified in accordance with ISO 9001 Quality Management and 14001 Environmental Management. The group is currently implementing ISO 22301 Business Continuity and 27001 Information Security, in addition to EU Code of Conduct for Datacenters Energy Efficiency and EN50600 for Data Center design.

Bulk consists of the following business areas:

Industrial Real Estate is a Nordic real estate developer, specializing in large modern warehouses, industrial buildings, cross-dock terminals and logistics parks. The company continues the operations developed through Bulk Infrastructure AS. The company was established in 2006 and have already developed and delivered over 340 000 m^2 of high quality, flexible and energy efficient facilities for customers. As of December 31, 2018, over 58 400 m^2 are under construction and ready to be handed over in 2019 and 2020.

Data Centers is an industrial developer of data centers and data center services. The company is focusing on Oslo Internet Exchange (OS-IX) data center in Oslo as well as N01 Campus in Vennesla. The company has created OS-IX from being an old legacy data center with superior international connectivity to a fully resilient modern data center facility including brand new infrastructure. OS-IX opened for customers on the new infrastructure in April 2018 and have had great success in securing customers. In Vennesla, south Norway the construction of the World's largest data center campus powered by renewable energy is emerging with two "carrier hotel" data centers for international connectivity. Recently the company secured land for building data centers in the city of Esbjerg on the west coast of Denmark. The company delivers quality in flexible and sustainable solutions for the national and international market.

Fiber Networks manages and operate long-haul fiber infrastructure. The current fiber infrastructure connects Oslo to Kristiansand and Vennesla (southern Norway) to Stavanger and Denmark. The dark fiber route Inter-City Ring between Oslo- Kristiansand – Stavanger – Bergen – Oslo is in progress and the group also co-own and build the subsea fiber cable Havfrue between USA Ireland, Norway and Denmark with Facebook, Google and Aqua Comms, which is estimated ready for service late 2019.

Going concern
In accordance with Section 3-3a of the Norwegian Accounting Act, we hereby confirm the assumption of going concern. The assumption is based on year-end 2018 status and The Group's long-term strategic forecasts for the years ahead. The Group has a solid financial position. Please also see note 4.

Future development

Warehousing, logistics and industrial buildings
- The demand for new and modern logistic properties are good and the demand expects to keep strong going forward. The Group has signed new lease agreements for construction of approximately 40,000 m^2 during 2018 with a yearly rent of approximately NOK 38.2 million.
Bulk is also involved in zoning and development of new logistics locations, both alone and in partnerships.
The transaction market for commercial property in the sector of Warehouse and Industrial real estate has been extremely strong. We expect low interest rates to continue to keep interest high for our new build projects.
The company continues to be ranked as the number one real estate developer in Norway and the Nordics in the Industrial and Warehouse segment (Euromoney 2018).

Data Centers - It is a strong national and international interest in the data center projects. The first data center customers are in place and there are several ongoing processes with both new and existing tenants. OS-IX is refurbished with new redundant power supply, meet-me-rooms, internet exchange and multiple ducts with dark fiber connectivity. The expectations to let out N01 Campus in the years to come are substantial. Multiple international companies have already visited N01 Campus. The construction of the first three data centers which form part of the network infrastructure and test center is close to completion.

Fiber networks - Dark fiber between Oslo and Kristiansand and Stavanger with links to Denmark is completed. This makes OS-IX and N01 Campus directly connected to international networks with global reach. Bulk has also started the dark fiber route project from Oslo to Bergen and this will together form the Norwegian Inter-City Ring. The Group also co-own and build the trans-Atlantic subsea fiber network between Wall, New Jersey in USA, Old Head in Ireland, Kristiansand in Norway and Blaabjerg in Denmark with Facebook, Google and Aqua Comms, which is estimated ready for service late 2019.

Report on the annual accounts
Total income for The Group was NOK 200.0 million compared to NOK 645.1 million last year. The decrease of NOK 445.1 million mainly relates to high gross revenue from sale of logistic buildings in 2017. NOK 96.2 million of total income is generated from Industrial Real Estate in 2018, compared to NOK 497.0 million last year. The Data Centers area generates a total income of NOK 87.4 million in 2018, compared to NOK 129.7 million in 2017. The decrease in the Data Centers area is mainly due to reduced revenue related to external Data Center projects. Profit for 2018 was NOK 78.5 million compared to NOK 181.5 million in 2017.

The Group's operating profit was NOK 72.3 million in 2018 compared to NOK 198.2 million last year, while the annual net profit adjusted for minority interests was NOK 78.5 million in 2018, a decrease from NOK 181.4 million in 2017. Logistics contributes with a profit for the year of NOK 150.7 million in 2018, compared to NOK 245.6 million last year.

Fair value adjustment on investment properties were NOK 91.7 million in 2018, compared to NOK 87.7 million in 2017. The positive fair value adjustment is in mainly related to new signed customer contracts during 2018.

Total current assets were NOK 542.4 million as of December 31, 2018 compared to NOK 435.3 million as of December 31, 2017.

Total cash were NOK 416.6 million as of December 31, 2018 compared to NOK 286.8 million as of December 31, 2017.

The Group's total liabilities amounted to NOK 494.7 million as of December 31, 2018, compared to NOK 496.4 million as of December 31, 2017. 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 20.5 million in 2018 compared to NOK 23.9 million in 2017. The Group aims to reduce these costs significantly by strengthening its equity and has an ongoing process on financial structure.

Total assets at the end of the year amounted to NOK 2,164.5 million compared to NOK 1,640.8 million last year. The equity-to-assets ratio as of December 31, 2018 was 77.1 %, compared to 69.7 % as of December 31, 2017.

The Group's financial position is strong.

The Holding company's net result was NOK 242.7 million compared to NOK 172.8 million in 2017. The increase was mainly related to group contributions of NOK 254.0 million in 2018. Total assets were NOK 1,751.0 million as of December 31, 2018 compared to NOK 1,304.3 million last year. The increase in mainly related to increased investments in subsidiaries. The Holding company´s equity was NOK 1,577.7 million and the equity ratio as of December 31, 2018 was 90.1 %, compared to 73.6 % last year. The increase from NOK 959.8 million last year mainly relates to share issue of NOK 532.9 million in 2018.

Research and development

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

Financial risk

The Group is exposed to these types of risk:

Liquidity risk - The Group intends to have sufficient liquidity to meet all its obligations, including the new investments that are ongoing. The Group intends to maintain a reasonable amount of liquidity to meet unforeseen obligations. The Group continuously monitors the 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 11/89 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 2018. The Group's tenants normally pay quarterly and in advance. The lease agreements usually require an additional form of collateral or security.

Market risk

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

Rental Market for warehouses, logistic buildings and data centers. The Group is exposed to the risk of changes in lease and rental prices in the market. The Group has several long-term lease agreements in place. However, the weighted average lease term for tenants has increased from 4.6 years last year to 7.0 years as of December 31, 2018 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 3.7 % as of December 31, 2018 compared to 10.6 % as of December 31, 2017.

Working environment and personnel

The Group and dedicated employees has created a sound business culture, characterized by low bureaucracy and fast decision capabilities. The working environment in the Group is considered to be satisfactory; employees are dedicated and motivated and have made great efforts to ensure the successful growth of the Group. Sick leave amounted to 3.7 % of total working hours in 2018. The Group had 53 employees at the end of the year in addition to two external consultants working approximately 80 %. 17 % of the employees are women compared to 20 % last year.

There were no major accidents or injuries to the Groups personnel during 2018.

Gender equality and discrimination

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

Annual Report 2018

Environment reporting

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

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

Corporate governance - risk management and internal control

General

The board of directors have 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 address the organization and execution of the company's financial reporting, as well as cover the company's corporate values, ethical guidelines and principles of corporate social responsibility.

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

Annual review and risk management in the annual report

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

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

Corporate Social Responsibility

The Company's Corporate Social Responsibility (CSR) policy refers to our responsibility towards our environment. Our Company's existence is not lonely. It is part of a bigger system of people, values, other organizations and nature. The CSR of a business is to give back to the world just as it gives to us.

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 every partnership 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.

Profit/Loss for the year and allocation of funds

The Board of Directors proposes that the profit for the year for company amounting to NOK 242,706,128 will be transferred as follows;

Other equity	NOK	101,063,417
Dividend	NOK	141,642,711
Total brought forward	**NOK**	**242,706,128**

Oslo, March 28, 2019

The board of Bulk Infrastructure AS

Peder Nærbø
Chairman of the board

Torbjørn T. Moe
Member of the board

Lars Oskar Bustgaard
Member of the board

Even Bratsberg
Member of the board

Nicholas B. Laird
Member of the board

Bent Oustad
Member of the board

Lars Erich Nilsen
Member of the board

Jon Gravråk
General manager

Bulk Infrastructure AS
Consolidated financial statements 2018

Consolidated financial statements 2018

Presentations

Notes to the consolidated Financial statements for 2018

Consolidated statement of profit and loss and other comprehensive income

For the year ended 31 December 2018

	Notes	2018	2017
Rental income	3,22	28,147,054	33,407,156
Revenue property sales	3,8	44,738,390	395,579,874
Revenue from sales	3	72,936,537	110,886,083
Gain from sale of investment property	3,8	21,407,595	67,736,780
Other revenue	3	32,733,407	37,496,677
Total revenue and other income	**3,22**	**199,962,983**	**645,106,570**
Property-related expenses		6,622,581	7,364,664
Cost of property sales	3,8	20,669,370	330,330,630
Cost of sales	3	58,771,699	104,508,622
Other cost	23,24	133,334,702	92,372,085
Total expenses		**219,398,352**	**534,576,001**
"Operating profit before fair value adjustments on investment properties"		**-19,435,369**	**110,530,569**
Fair value adjustments on investment properties	8	91,725,431	87,655,897
Operating profit		**72,290,062**	**198,186,466**
"Share of profit/loss(-) of investments accounted for using the equity method"	12	4,142,604	-23,053,205
Finance income	12,25	4,577,251	9,382,509
Finance costs	25	20,526,699	23,876,356
Realised net financial items		**-11 806 844**	**-37 547 052**
Fair value adjustments on derivatives	25	1,851,572,	6,293,103
Net financial items		**-9,955,272**	**-31,253,949**
Profit before income tax		**62,334,790**	**166,932,517**
Income tax expense	26	-16,144,818	-14,557,276
Profit for the year		**78,479,608**	**181,489,793**
Other comprehensive income		-	-
Other comprehensive income for the year net of tax		**-**	**-**
Total comprehensive income		**78,479,608**	**181,489,793**
Attributable to:			
Shareholders in the parent Company		78,479,608	181,406,043
Non-controlling interests		-	83,750
Earnings per share basic and diluted (NOK)	17	0,45	1,31

Consolidated balance sheet

	Notes	2018	2017
Assets			
Intangible fixed assets			
Goodwill	10,11	16,947,796	16,947,796
Other intangible assets	10	1,869,692	4,271,065
Deferred tax assets	19	9,423,699	-
Total intangible assets		**28,241,187**	**21,218,861**
Non-current assets			
Investment property	4,6,8,23	804,478,389	588,030,954
Property, plant & equipment	9	654,391,622	416,830,489
Investment in Associated company	7,12	132,321,955	176,929,351
Other receivables	12,14	2,691,366	2,471,202
Total non-current assets		**1,593,883,332**	**1,184,261,996**
Current assets			
Inventories	27	5,518,728	5,639,208
Inventories property	8	71,954,386	48,869,370
Trade and other receivables	14,15	48,281,839	94,015,755
Cash and cash equivalents	14,16	416,649,770	286,761,696
Total current assets		**542,404,723**	**435,286,029**
Total assets		**2,164,529,242**	**1,640,766,886**

Annual Report 2018

Consolidated balance sheet

	Notes	2018	2017
Equity and liabilities			
Paid in equity			
Ordinary shares		2,283,783	1,737,769
Share premium		1,338,532,700	822,173,362
Total paid in equity	**17**	**1,340,816,483**	**823,911,131**
Retainded earnings			
Retainded earnings		328,977,202	320,536,054
Total retainded earnings		**328,977,202**	**320,536,054**
Non-controlling interests		**-**	**-38,460**
Total equity	**17**	**1,669,793,685**	**1,144,408,725**
Non-current liabilities			
Borrowings	14,18	244,734,297	217,176,235
Derivative financial instruments	13,14	10,525,938	11,794,378
Other long-term liabilities		-	30,000,000
Deferred income tax liabilities	19	-	6,817,510
Total non-current liabilities		**255,260,235**	**265,788,123**
Current liabilities			
Trade payables	20	51,336,548	64,792,734
Short-term portion of borrowings	13,14,18	124,786,000	90,347,218
Short-term portion of derivatives	13,14	1,309,271	1,892,403
Other payables	14	62,043,503	73,537,683
Total current liabilities	**14**	**239,475,322**	**230,570,038**
Total liabilities		**494,735,557**	**496,358,161**
Total equity and liabilities		**2,164,529,242**	**1,640,766,886**

Oslo, March 28, 2019
The board of Bulk Infrastructure AS

Peder Nærbø
Chairman of the board

Torbjørn T. Moe
Member of the board

Lars Oskar Bustgaard
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Even Bratsberg
Member of the board

Nicholas B. Laird
Member of the board

Bent Oustad
Member of the board

Lars Erich Nilsen
Member of the board

Jon Gravråk
General manager

Consolidated statement of changes in equity

	Paid in equity		Retained,earnings		
	Share capital	Share premium	Retained earnings	Non-controlling interests	Total equity
01.01.2017	**1,570,477**	**741,371,268**	**138,735,822**	**427,390**	**882,104,957**
Profit of the year			181,406,043	83,750	181,489,793
Share issue	167,292	80,802,094			80,969,386
Sale of group company				-549,600	-549,600
Translation differences			394,189		394,189
Total comprehensive income	**167,292**	**80,802,094**	**181,800,232**	**-465,850**	**262,303,768**
31.12.2017	**1,737,769**	**822,173,362**	**320,536,054**	**-38,460**	**1,144,408,725**
01.01.2018	**1,737,769**	**822,173,362**	**320,536,054**	**-38,460**	**1,144,408,725**
Profit of the year			78,479,608	-	78,479,608
Share issue	546,014	532,363,338			532,909,352
Cost of share issue		-16,004,000			-16,004,000
Sale of group company			-38,460	38,460	-
Dividend			-70,000,000		-70,000,000
Translation differences					-
Total comprehensive income	**546,014**	**516,359,338**	**8,441,148**	**38,460**	**525,384,960**
31.12.2018	**2,283,783**	**1,338,532,700**	**328,977,202**	**-**	**1,669,793,685**

Cashflow statement - consolidated

	Note	2018	2017
Cash flow from operations			
Profit before income taxes		62,334,790	166,932,517
Adjust for:			
Depreciation	9	14,888,440	2,133,841
Fair value adj. on investment properties	8	-91,725,431	-87,655,897
Finance income	25	-10,571,427	-9,382,509
Finance costs	25	20,526,699	46,929,561
Cashflow before change in working capital		-4,546,929	118,957,513
Change in working capital			
Trade and other receivables		45,634,232	-49,186,809
Trade and other payables		-24,950,366	27,398,469
Inventories property		-23,085,016	-48,869,370
Net cash flow from operations (A)		**-6,948,079**	**48,299,803**
Cash flow from investments			
Purchase and improvements of investments property	8	-305,880,182	-51,482,003
Sale of property		12,139,520	168,652,013
Sale of investment property	8	137,403,792	101,300,000
Cash effect sale of investment property		51,528,216	-
Dividend received		46,750,000	-
Purchase of shares in other companies		-15,026,478	-84,999,636
Sale of shares in other companies		-	-
Purchase of fixed assets	9,10	-250,050,201	-152,061,338
Net cash flow from investments (B)		**-323,135,334**	**-18,590,964**
Cash flow from financing			
Interest paid including interest paid on derivatives		-19,603,551	-23,876,356
Interest received		672,842	1,901,202
Proceeds from Borrowings	18	31,996,844	-46,139,83
Share issue		516,905,352	80,969,386
Dividend paid		-70,000,000	-
Net cash flow from financing (C)		**459,971,487**	**12,854,396**
Net change in cash and cash equivalents (A+B+C)		**129,888,074**	**42,563,235**
Cash and cash equivalents at the beginning of the period		286,761,696	244,198,461
Change in currency excange rate		-	-
Cash and cash equivalents at the end of the period		**416,649,770**	**286,761,696**
Restricted funds	16	222,773,979	3,279,188

Note 1

General information

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

Industrial Real estate
Bulk Industrial Real Estate is a Nordic industrial real estate developer, specializing in large modern warehouses, industrial buildings, cross-dock terminals and logistics parks. The business area continues the operations developed through Bulk Eiendom AS. The company was established in 2006 and has already developed and delivered over 312 900 m² of high quality, flexible and energy efficient facilities for customers. As of December 31, 2018, over 58 400 m² are under construction and ready to be handed over in 2019 and 2020.

Data Centers
Bulk Data Centers is an industrial developer of data centers and data center services. The company operates the Oslo Internet Exchange (OS-IX) data center in Oslo as well as N01 Campus in Vennesla. The company has developed OS-IX from being an old legacy data center with superior international connectivity to a fully resilient modern data center facility including brand new infrastructure. OS-IX opened for customers on the new infrastructure in April 2018 and has had great success in attracting customers. In Vennesla, south Norway, the construction of the World's largest data center campus powered by renewable energy is ongoing with two "carrier hotel" data centers for international connectivity. Recently the company secured land for building data centers in the city of Esbjerg on the west coast of Denmark. The company delivers quality in flexible and sustainable solutions for the national and international market

Fiber Networks
Bulk Fiber Networks manages and operates long-haul fiber infrastructure. The current fiber infrastructure connects Oslo to Kristiansand and Vennesla (southern Norway) to Stavanger and Denmark. The dark fiber route Inter-City Ring between Oslo-Kristiansand – Stavanger – Bergen – Oslo is under construction and the group also co-own and build the subsea fiber cable Havfrue between USA, Ireland, Norway and Denmark with Facebook, Google and Aqua Comms. The Havfrue connection is estimated to be ready for service late 2019.

The Board of Directors authorized these financial statements for issue on March 28, 2019.

Note 2

Accounting principles

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

Annual Report 2018

2.1 General

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

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

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

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

New and amended standards effective from 2018
Several new standards and amendments to standards and interpretations are effective for the fiscal year 2018.

IFRS 9 FINANCIAL INSTRUMENTS
IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and liabilities and hedge accounting. Under IFRS 9, financial assets are classified into three categories: fair value through other comprehensive income, fair value through profit and amortized cost. The measurement category is determined on initial recognition of the asset. The classification depends on the entity's business model for managing its financial instruments and the characteristics of the cash flows of the individual instrument. Equity instruments shall initially be measured at fair value. The company may elect to present value changes in other comprehensive income, but the choice is binding, and subsequent gain or loss cannot be reclassified to income. Impairment due to credit risk should be recognized based on expected loss rather than the current model where losses must be incurred. For financial liabilities, the standard is more or less based on IAS 39. All financial assets and liabilities except derivatives are measured at amortised cost both under IAS 39 and IFRS 9.The adoption of IFRS 9 has not had significant impact on the classification and recognition of the Groups financial assets and liabilities.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS
The IASB has issued a new standard for recognition of revenue. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces all existing revenue recognition guidance. The standard is mandatory for annual periods beginning 1 January 2018 or later. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard is effective for the fiscal year 2018. The Group has applied the modified retrospective approach for implementation of IFRS 15. The adoption of IFRS 15 has not had significant impact on the Groups revenue recognition.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term in accordance with IAS 17 Leases. The adoption of IFRS 15 has thus not impacted the recognition of rental income. The adoption of IFRS 16 Leases for the fiscal year 2019 (see below) is not expected to have material impact on rental income.

For properties that are under development and where a contract has been entered into regarding the sale of the property upon completion, it is carefully considered whether the contract comprises construction of a property or the sale of a completed property under current IFRS. When the contract is considered to be for the construction of a property, revenue is recognized in accordance with the percentage of completion method in line with the building's progress providing that the outcome of the construction contract can be reliable measured. If the contract is considered a sale of a completed property, revenue is recognized when the ownership of the property have been transferred to the buyer. This is normally when development is completed.

Under IFRS 15, revenue is recognized over time if the property has no alternative use and Bulk has an enforceable right to payment for performance completed to date or if the customer controls the assets as it is created.

Revenue from sales is recognized when goods and services, primarily from the Data Centers and Fiber business areas, have been delivered and control has passed to the customer. The adoption of IFRS 15 has not had significant impact on recognition of revenue from sales.

Other revenue, mainly income arising from expenses recharged to tentants and business management, is recognized in the period in which the associated cost is incurred. The group considers this method of recognizing revenue relating to recharged expenses to most accurately depict the transfer of goods or services to customers.

AMENDMENS TO IAS 40
The IASB has issued amendments to IAS 40 Investment Property regarding clarification on the requirements on transfers to, or from, investment property. The amendments aim to better reflect the principle that a change in use would involve:

a) an assessment of whether a property meets, or has ceased to meet, the definition of investment property; and
(b) supporting evidence that such a change in use has occurred.

As such, an asset must meet, or cease to meet, the definition of investment property, and there must be evidence of the change in use.

The adoption of the amendments to IAS 40 has not had significant impact on the recognition of investment property.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET ADOPTED BY THE GROUP
Several new standards and amendments to standards and interpretations are not mandatory for 31 December 2018 reporting periods and have not been early adopted in 2018 by the group. New standards and amendments that are relevant for the group are set out below.

IFRS 16 LEASES
IFRS 16 Leases replaces existing IFRS leases requirements, IAS 17 Leases. This standard results in almost all leases being capitalized, since the distinction between financial and operational leases is removed. Under the new standard, both an asset (the right to use the leased item) and a financial liability (the value of future lease payments) are recognized. The only exceptions are short-term leases or leases of low value. IFRS 16 is effective from the fiscal year 2019. The Group has assessed that the impact of IFRS 16 will not have a significant impact on the recognition of leases. Although IFRS 16 becomes effective starting 1.1.2019, IAS 8 requires entities to disclose known or reasonably estimable information relevant to assessing the possible impact that the application of new accounting standards which have not yet been adopted. The impact that the application of IFRS 16 will have on the Group's financial statements in the period of initial application has been disclosed in note 28.

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

2.2 Consolidation

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

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

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

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

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

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

JOINT OPERATIONS
The group has no joint operations.

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

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

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

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

2.3 Foreign currency translation

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

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

2.4 Investment property

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

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

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

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

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

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

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

2.5 Property, plant and equipment

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

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

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

2.6 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

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

2.7 Lease agreements

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

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

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

2.8 Goodwill

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

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

2.9 Impairment of non-financial assets

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

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

2.10 Financial assets and liabilities

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

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

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

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

(B) FINANCIAL ASSETS AT AMORTIZED COST
Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's financial assets at amortized cost comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

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

IMPAIRMENT OF FINANCIAL ASSETS
The group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Annual Report 2018

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

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

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

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

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

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES
Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risk s and rewards of ownership. Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires. This normally happens when the group pays the financial liability.

2.11 Trade receivables

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

2.12 Inventory

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

2.13 Cash and cash equivalents

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

2.14 Share capital

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

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

2.15 Trade payables and other short-term payables

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

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

2.16 Borrowings

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

2.17 Borrowing costs

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

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

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

2.18 Current and deferred income tax

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

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

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

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

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

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

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

2.19 Provisions

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

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

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

2.20 Revenue recognition

Revenue is recognized when control of a good or service transfers to a customer. The group has applied the modified retrospective approach for revenue recognition.

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

RENTAL INCOME
Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term in accordance with IAS 17 Leases.

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

REVENUE FROM PROPERTY SALES
For properties that are under development and where a contract has been entered into, revenue is recognized over time in accordance with the percentage of completion method in line with the building's progress, providing that the outcome of the construction contract can be reliably measured, when the property has no alternative use and Bulk has an enforceable right to payment for performance completed to date or if the customer controls the assets as they are created.

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

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

For contracts regarding properties that are under development, the group satisfies its obligations over time during the development process, in line with the building's progress. In the case of sale of a completed property, the group satisfies its obligations upon completion of the development, when the building is delivered to the customer. Payment terms in either case are usually upon completion/delivery of the properties. Contracts generally do not have significant financing components, but occasionally contracts relating to property sales contain guarantee rent components.

REVENUE FROM SALES
Revenue from sales is comprised of sale of fiber capacity and revenue from data centers. Revenue from sales is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services.

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

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

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

2.21 Property-related expenses and other costs

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

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

2.22 Interest income

Interest income is recognized using the effective interest method.

Annual Report 2018

2.23 Classification of assets and debt

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

2.24 Dividend distribution

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

2.25 Segment reporting

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

Bulks datacenter in Oslo, Os-Ix (Oslo Internet Exchange)

Annual Report 2018

Note 3

Segment information

Bulk Infrastructure Group has the following strategic operating segments by 31.12.18 presented ex. internal transactions in accordance with internal reporting to management

All operating activities are based in Norway

Operating profit and loss after segment 31.12.18	Industrial Real Estate		Data Centers		Fiber Networks		Group/other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Rental income	28,147,054	33,407,156	-	-	-	-	-	-	28,147,054	33,407,156
Revenue property sales	44,738,390	395,579,874	-	-	-	-	-	-	44,738,390	395,579,874
Revenue from sales	-	-	72,356,015	110,467,083	580,522	419,000	-	-	72,936,537	110,886,083
Gain from sale of investment property	21,407,595	67,736,780	-	-	-	-	-	-	21,407,595	67,736,780
Other revenue	1,919,501	310,497	15,051,888	19,264,729	-	-	15,762,018	17,921,451	32,733,407	37,496,677
Total revenue and other income	**96,212,540**	**497,034,307**	**87,407,903**	**129,731,812**	**580,522**	**419,000**	**15,762,018**	**17,921,451**	**199,962,983**	**645,106,570**
Property-related expenses	6,622,581	7,364,664	-	-	-	-	-	-	6,622,581	7,364,664
Cost of property sales	20,669,370	330,330,630	-	-	-	-	-	-	20,669,370	330,330,630
Cost of sales	-	-	58,079,797	104,016,559	691,902	492,063	-	-	58,771,699	104,508,622
Other cost	599,797	835,765	50,197,090	19,482,263	2,984,635	3,069,316	79,553,180	68,984,741	133,334,702	92,372,085
Total expenses	**27,891,748**	**338,531,059**	**108,276,887**	**123,498,822**	**3,676,537**	**3,561,379**	**79,553,180**	**68,984,741**	**219,398,352**	**534,576,001**
"Operating profit before fair value adjustments on investment properties"	**68,320,792**	**158,503,248**	**-20,868,984**	**6,232,990**	**-3,096,015**	**-3,142,379**	**-63,791,162**	**-51,063,290**	**-19,435,369**	**110,530,569**
Fair value adjustments on investment properties	91,725,431	87,655,897	-	-	-	-	-	-	91 725 431	87 655 897
Operating profit	160,046,223	246,159,145	-20,868,984	6,232,990	-3,096,015	-3,142,379	-63,791,162	-51,063,290	72,290,062	198,186,466
Realised net financial items	**-12,468,362**	**-11,057,994**	**-12,468,362**	**-23,410,120**	**-12,468,362**	**-177,293**	**25,598,242**	**-2,901,645**	**-11,806,844**	**-37,547,052**
Fair value adjustments on derivatives	1,851,572	6,293,103	-	-	-	-	-	-	1,851,572	6,293,103
Net financial items	**-10,616,790**	**-4,764,891**	**-12,468,362**	**-23,410,120**	**-12,468,362**	**-177,293**	**25,598,242**	**-2,901,645**	**-9,955,272**	**-31,253,949**
Profit before income tax	**149,429,433**	**241,394,254**	**-33,337,346**	**-17,177,130**	**-15,564,377**	**-3,319,672**	**-38,192,920**	**-53,964,935**	**62,334,790**	**166,932,517**
Income tax expense	-1,304,512	-4,161,057	-7,709,283	-496,604	-1,309,572	-1,724,146	-5,821,451	-8,175,469	-16,144,818	-14,557,276
Profit for the year	**150,733,945**	**245,555,311**	**-25,628,063**	**-16,680,526**	**-14,254,805**	**-1,595,526**	**-32,371,469**	**-45,789,466**	**78,479,608**	**181,489,793**
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**150,733,945**	**245,555,311**	**-25,628,063**	**-16,680,526**	**-14,254,805**	**-1,595,526**	**-32,371,469**	**-45,789,466**	**78,479,608**	**181,489,793**

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

Annual Report 2018

Note 3 part 2

Revenue from contracts with customers

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

Operating profit and loss after segment 31.12.18	Industrial Real Estate		Data Centers		Fiber Networks		Group/other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Rental income	28,147,054	33,407,156	-	-	-	-	-	-	28,147,054	33,407,156
Revenue property sales	44,738,390	395,579,874	-	-	-	-	-	-	44,738,390	395,579,874
Revenue from sales	-	-	72,356,015	110,467,083	580,522	419,000	-	-	72,936,537	110,886,083
Gain from sale of investment property	21,407,595	67,736,780	-	-	-	-	-	-	21,407,595	67,736,780
Other revenue										
- Shared costs tenants	1,919,501	310,497	15,051,888	19,264,729	-	-	-	-	16,971,389	19,575,226
- Business management/other	-	-	-	-	-	-	15,762,018	17,921,451	15,762,018	17,921,451
Total revenue from contracts with customers	**96,212,540**	**497,034,307**	**87,407,903**	**129,731,812**	**580,522**	**419,000**	**15,762,018**	**17,921,451**	**199,962,983**	**645,106,570**

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

Technical corridor at Bulks datacenter in Oslo, Os-Ix (Oslo Internet Exchange)

Note 4

Financial risk management

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

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

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

To reduce the interest rate exposure, it is group policy to maintain an overall maximum share of its borrowings at floating interest rates. The distribution between floating and fixed rates will not necessarily be the same for all group companies. Some of the current loan agreements have hedging ratio-covenants. The group use interest rate derivatives to manage their interest rate exposure. As of December 31, 2018 NOK 40,6 million of the Group's borrowings of NOK 339,5 million is hedged at a fixed rate. Hedged nominal amount of NOK 40,6 expires in 2033. The sensitivity is calculated by the Group, and the Groups interest cost is estimated to increase/decrease by NOK 1.8 million for 2018 based on a change in the interest rate of +/- 0.5%.

CREDIT RISK
Credit risk is the risk of loss when a party is unable to redeem their obligations to the group. The risk is mainly linked to trade receivables and other receivables and based on historical losses the risk is considered not significant. The risk is managed by doing thorough evaluations of the credit quality of the customer when new lease agreements are signed, demand deposits or guarantees, and perform regular monitoring of the credit quality of significant customers. The maximum exposure to credit risk at year end is equal to the carrying amount of financial assets. There are no material amounts outstanding to spesific customers except partly owned companies. The group deems obligations to the group to be in default when payments are 90 days past due. Please also see aging analysis in note 15.

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

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

The table below illustrates the maturity structure of liabilities.

		Expected cashflow			
Financial liability 2018	**Carrying amount**	**Year 1**	**Year 2**	**Year 3-5**	**After year 5**
Borrowings (bank)	369,520,297	94,786,000	18,761,124	178,726,645	77,246,528
Other short-term liabilities	-	30,000,000			
Trade payables	51,336,548	51,336,548			
Interest costs (bank)	-	11,886,497	9,791,553	6,147,903	2,850,397
Other current payables	62,043,503	62,043,503			
Derivative financial intruments	11,835,209	1,309,271	1,192,399	3,006,415	6,327,124
Financial liability 2017	**Carrying amount**	**Year 1**	**Year 2**	**Year 3-5**	**After year 5**
Borrowings (bank)	307,523,453	90,347,218	92,805,946	64,167,838	60,202,450
Other short-term liabilities	30,000,000		30,000,000		
Trade payables	64,792,734	64,792,734			
Interest costs (bank)	-	9,680,709	6,301,533	3,405,367	2,221,470
Other current payables	73,537,683	73,537,683			
Derivative financial intruments	13,686,781	1,892,403	1,338,577	3,246,715	7,209,086

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

Annual Report 2018

Fair value of financial derivatives
Fair value of derivatives, including interest rate swaps, is determined upon the present value of future cash flows relating to the agreements. The present value is calculated based on interest rate curves on the date of appraisal. The calculations are made by the bank with which the agreement is made.

Sensitivity effect of change in variables (MNOK):

		Fair value change	
Variables	**Change in variables**	**+1%**	**-1%**
NIBOR	+/-1%	-5,24	5,99

Note 5

Capital structure and capital management

The group's objectives relating to capital management are to ensure continued operation, to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The main objective of the group's capital management is to maintain a good debt and equity ratio and reduce the Groups interest cost. The group need a satisfactory equity ratio, but where the main focus is related to the debt ratio (loan-to-value/LTV). The LTV ratio is calculated as gross debt divided by gross property value. The group's goal is to have a debt ratio below 60 per cent. According to the group's loan agreements the LTV ratio should not exceed 75 per cent respectively. Requirements related to LTV in the loan agreements are adhered to both by year-end and for the first half year periods in 2017 and 2018. The Groups LTV is 24,4 per cent as of December 31, 2018. To change the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

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

Note 6

Accounting estimates

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

ESTIMATES
The group's most significant estimates relates to the following:
Fair value of investment property, see note 8
Investment property is recognized at fair value on the year end date.

JUDGEMENTS
There is one property sold in 2017 which revenue is not recognised as a rent agreement with a tentant is not entered into, and the transaction price is contingent upon a rent agreement being signed. The property is recognised as "inventories properties" as of December 31, 2018.

Note 7

Investments in subsidiaries, joint ventures and associated companies

Group:		
Subsidiaries:	**Office location**	**Vote- / Ownership 31.12**
Bulk Logistics AS	Oslo	100,0 %
Bulk Eiendom Farex AS	Oslo	100,0 %
Bulk Lindeberg II AS	Oslo	100,0 %
Bulk Lindeberg III AS	Oslo	100,0 %
Bulk Lindeberg IV AS	Oslo	100,0 %
Bulk Lindeberg V AS	Oslo	100,0 %
Bulk Lindeberg VI AS	Oslo	100,0 %
Bulk Gardermoen IV AS	Oslo	100,0 %
Bulk Vinterbro II AS	Oslo	100,0 %
Bulk Eiendom Vestby AS	Oslo	100,0 %
Bulk Eiendom Vestby I AS	Oslo	100,0 %
Bulk Eiendom Vestby II AS	Oslo	100,0 %
Bulk Marina AS	Oslo	100,0 %
Bulk Berger IV AS	Oslo	100,0 %
Bulk Eiendom Solgaard Skog AS	Oslo	100,0 %
Logibulk I AS	Oslo	100,0 %
Bulk Ormlia AS	Oslo	100,0 %
Hofstad Næring 5 AS	Oslo	100,0 %
Bulk Digital Logistics AS	Oslo	100,0 %
N01 Services AS	Oslo	100,0 %
N01 Utilities AS	Oslo	100,0 %
N01 Real Estate AS	Oslo	100,0 %
N01 Power AS	Oslo	100,0 %
Bulk Networks AS	Oslo	100,0 %
Electric City-Link Norway AS	Oslo	100,0 %
Optibulk Skagerak AS	Oslo	100,0 %
Optibulk Havfrue AS	Oslo	100,0 %
Fiberlykta AS	Oslo	100,0 %
Norway as a Service AS	Oslo	100,0 %
Bulk Facility Services AS	Oslo	100,0 %
Infragreen Communications AS	Oslo	100,0 %
Oslo Internet Exchange AS	Oslo	100,0 %
Bulk Innovation AS	Oslo	100,0 %
Data Center Technology AS	Oslo	100,0 %
Data Center Services AS	Oslo	100,0 %
Joint Venture		
OS-IX Eiendom Holding AS	Oslo	50,0 %
AE Bulk Co-Invest AS	Oslo	50,0 %

Note 8

Investment property and inventories property

INVESTMENT PROPERTY	2018	2017
Fair value 1.1	588,030,954	719,619,392
Additions:		
- Capital expenditure	290,853,707	209,773,661
- Acquisition of property	15,026,475	51,482,003
- Sale of property	-137,403,792	-101,300,000
Transferred to inventories property	-43,754,386	-379,200,000
Changes in fair value	91,725,431	87,655,897
Fair value 31.12	**804,478,389**	**588,030,954**

Income and expenses from investment property	2018	2017
Income from rent	28,147,054	33,407,156
Expenses related to leased property	-6,622,581	-7,364,664

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

Overview over input used for valuation

Overview over input used for valuation	2018	2017
Valuation level	3	3
Valuation model	DCF	DCF
Fair value as of December 31	804,478,389	588,030,954
Total sqm	72,471	49,766
Current rent per sqm (range)	1,063 - 441	1,069 - 522
Current rent per sqm (average)	858	801
Remaining lease period actual contracts (range)	20,1 - 0,3	10,5-1,3
Remaining lease period actual contracts (average)	9,1	6,0
Market rent per sqm (range)	1,025 - 421	1,000 - 468
Market rent per sqm (average)	763	719
Estimated CPI	3,5 %	2,3,%
Actual vacancy	3,7 %	10,7,%
Valuation yield/discount rate (range)	7,99 % - 5,18 %	9,75 % - 5,50,%
Valuation yield/discount rate (average)	5,52 %	7,45,%

Note 8 Investment property continues

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

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

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

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

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

Fair value of investment property

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

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

		Fair value change	
Variables	**Changes in variables**	**+**	**-**
Yield	+/- 0.25%	-24	27
Market rent	+/- 5%	21	-21

INVENTORIES PROPERTY	**2018**	**2017**
Value 1.1	48,869,370	-
Additions:		
- Reclassification from invenstment property	43,754,386	379,200,000
- Additions	-	-
- Sale of inventory property	-20,669,370	-330,330,630
Inventory value 31.12	**71,954,386**	**48,869,370**

Note 9

Property, plant & Equipment

	Datacenter buildings	Datacenter technical infrastructure	Datacenter land	Under construction	Other fixed assets	Fiber networks	Total
Accumulated cost							
Balance at January 1, 2017	6,775,948	-	59,526,467	108,929,032	7,300,128	86,848,238	269,379,813
Additions	11,196	-	13,566,881	119,701,895	3,648,621	11,757,251	148,685,844
Other adjustments - VAT	-16,323	-	-	-	-	-	-16,323
Reclassification from intangible assets	-	-	-	7,400,000	-	-	7,400,000
Transfer from assets under construction	-	-	-	-	-	-	-
Balance at December 31, 2017	**6,770,821**	**-**	**73,093,348**	**236,030,927**	**10,948,749**	**98,605,489**	**425,449,334**
Balance at January 1, 2018	6,770,821	-	73,093,348	236,030,927	10,948,749	98,605,489	425,449,334
Additions	15,477,040	52,067,345	20,547,287	8,236,790	10,504,061	140,329,991	247,162,514
Disposals	-	-			-3,619,700		-3,619,700
Other adjustments - VAT	-	-	-	-	-	-	-
Reclassification from intangible assets	-	-	-	5,016,459	-	-	5,016,459
Transfer from assets under construction	8,168,307	29,035,565	278,837	-38,393,601	-	910,892	
Balance at December 31, 2018	**30,416,168**	**81,102,909**	**93,919,472**	**210,890,576**	**17,833,110**	**239,846,372**	**674,008,607**
Accumulated depreciation							
Balance at January 1, 2017	2,136,541	-	-	-	4,385,363	-	6,521,904
Depreciation charge for the year	403,000	-	-	-	1,645,833	48,108	2,096,941
Balance at December 31, 2017	**2,539,541**	**-**	**-**	**-**	**6,031,196**	**48,108**	**8,618,845**
Balance at January 1, 2018	2,539,541	-	-	-	6,031,196	48,108	8,618,845
Disposals	-	-	-	-	-3,617,700	-	-3,617,700
Depreciation charge for the year	1,601,657	10,040,439	236,821	-	2,684,441	52,482	14,615,840
Balance at December 31, 2018	**4,141,198**	**10,040,439**	**236,821**	**-**	**5,097,937**	**100,590**	**19,616,985**
Net book value							
At January 1, 2017	**4,639,407**	**-**	**59,526,467**	**108,929,032**	**2,914,765**	**86,848,238**	**262,857,909**
At December 31, 2017	**4,231,280**	**-**	**73,093,348**	**236,030,927**	**4,917,553**	**98,557,381**	**416,830,489**
At January 1, 2018	**4,231,280**	**-**	**73,093,348**	**236,030,927**	**4,917,553**	**98,557,381**	**416,830,489**
At December 31, 2018	**26,274,970**	**71,062,470**	**93,682,651**	**210,890,576**	**12,735,173**	**239,745,782**	**654,391,622**
Expected useful economic life	50 years	5-14 years	-	-	4-10 years	20 years	

All property, plant and equipment is located in Norway.

Note 10

Intangible assets

	Goodwill	Software licenses	Software under development	Total
Cost				
Balance at January 1, 2017	16,947,796	184,999	8,147,471	25,280,267
Additions	-	702,525	2,672,969	3,375,494
Reclassified to property, plant & equipment	-	-	-7,400,000	-7,400,000
Balance at December 31, 2017	16,947,796	887,524	3,420,440	21,255,761
Balance at January 1, 2018	16,947,796	887,524	3,420,440	21,255,761
Additions	-	475,563	2,412,124	2,887,687
Reclassified to property, plant & equipment	-	-	-5,016,459	-5,016,459
Balance at December 31, 2018	16,947,796	1,363,087	816,105	19,126,988
Accumulated amortization and impairment				
Balance at January 1, 2017	-	-	-	-
Amortization charge for the year	-	36,900	-	36,900
Balance at December 31, 2017	-	36,900	-	36,900
Balance at January 1, 2018	-	36,900	-	36,900
Amortization charge for the year	-	272,600	-	272,600
Balance at December 31, 2018	-	309,500	-	309,500
Net book value				
At January 1, 2017	**16,947,796**	**184,999**	**8,147,471**	**25,280,267**
At December 31, 2017	**16,947,796**	**850,624**	**3,420,440**	**21,218,861**
At December 31, 2018	**16,947,796**	**1,053,587**	**816,105**	**18,817,488**

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

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

Note 11

Goodwill and impairment

Impairment testing for cash-generating units containing goodwill.

Goodwill is included in the balance sheet with a total amount of NOK 16 947 796. The Goodwill was originated in 2016 with the acqusition of Data Center Technology AS (DCT AS). DCT AS with subsidiary constitutes one cash generating unit (CGU). An annual impairment test is performed for this CGU.

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

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

DISCOUNT RATE ASSUMPTIONS
The required rate of return was calculated by use of the WACC methodology. The imput data of the WACC was was chosen by individual assessment of each parameter. Information from representative sources, peer groups etx. Was used to determine the best estimate. The WACC was calculated to 13.6 % after tax.

The following parameteres were applied:

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

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

BUSINESS COMBINATIONS

2018
There has not been any business combinations in 2018.

2017
There has not been any business combinations in 2017.

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

Allocation of values from the aquistions distributes as follows:

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

Note 12

Joint venture and associated companies

Associated companies 2018

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

Figures on 100% basis in accordance with NGAAP

Company		**Assets**	**Liabilities**	**Equity**	**Net Profit**
OS-IX Eiendom Holding AS	- Parent company only	323,600,218	12,870,359	310,729,859	-3,290,658
AE Bulk Co-Invest AS	- Parent company only	28,447,847	4,228,741	24,219,106	34,439,536
Total		**352,048,065**	**17,099,100**	**334,948,965**	**31,148,878**

Associated companies 2017

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

Figures on 100% basis in accordance with NGAAP

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

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

Income statement:		2018	2017
Total income		**33,056,512**	**27,214,598**
Total expenses		**50,073,641**	**61,329,764**
Operating profit		**-17,017,129**	**-34,115,166**
Net financial items		**-9,615,382**	**-7,706,777**
Profit before income tax		**-26,632,511**	**-41,821,943**
Tax expence		5,138,721	3,807,977
Profit for the year		**-31,771,232**	**-45,629,920**
Balance sheet:			
Assets			
Non-current assets		**477,663,069**	**447,578,275**
Current assets		28,629,898	76,281,362
- Cash and cash equivalents		20,318,642	56,692,690
Total assets		**506,292,967**	**523,859,637**
Equity and liabilities			
Equity		222,291,409	254,977,741
Current liabilities		17,110,747	53,044,906
- current financial liabilities other that accounts payable and provisions		7,299,012	7,299,012
Non-current liabilities		266,890,811	215,836,990
Total Equity and liabilities		**506,292,967**	**523,859,637**
Reconciliation of carrying amount			
	Shareholding (%)	**2018**	**2017**
Net assets	100 %	222,291,409	254,977,741
Group's shareholding in the company	50 %	111,145,705	127,488,871
Carrying amount of Group's shareholding	**50 %**	**111,145,705**	**127,488,871**

The OS-IX Group's property is classified as property, plant and equipment and measured at cost minus accumulated depreciation and impairment. The fair value of the property is NOK 101.6 million higher than the carrying amount included in the above summary of financial information as of December 31, 2018.

Annual Report 2018

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

Income statement:	2018	2017
Total income	**-**	**5,986,729**
Total expenses	**466,205**	**6,303,022**
Operating profit	**-466,205**	**-316,293**
Net financial items	**38,214,212**	**-2,102,471**
Profit before income tax	**37,748,007**	**-2,418,764**
Income tax expense	76,532	-444,636
Profit for the year	**37,671,474**	**-1,974,129**
Balance sheet:		
Assets		
Non-current assets	29,515,394	129,232,290
Current assets	4,470,663	5,682,626
- Cash and cash equivalents	4,446,968	4,533,030
Total assets	**33,986,057**	**134,914,916**
Equity and liabilities		
Equity	29,757,316	78,906,331
Current liabilities	4,228,741	1,008,585
- current financial liabilities other that accounts payable and provisions	-	141,038
Total Equity and liabilities	**33,986,057**	**134,914,916**
Reconciliation of carrying amount	**2018**	**2017**
Net assets	29,757,316	78,906,331
Group's shareholding in the company	14,878,658	39,453,166
Carrying amount of Group's shareholding	**14,878,658**	**39,453,166**

Note 13

Derivative financial instruments

	2018	2017
Interest rate swaps	-11,835,209	-13,686,781
Total liabilities	**-11,835,209**	**-13,686,781**

Interest rate swaps	2018	2017
Nominal amount interest rate swaps	-40,560,000	-80,160,000
Total nominal amount	**-40,560,000**	**-80,160,000**

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

Note 14

Assets and liabilities

	Carrying amount as at 31.12.2018	Fair value as at 31.12.2018	Carrying amount as at 31.12.2017	Fair value as at 31.12.2017
Non-current financial assets				
Other receivables - non-current	2,691,366	2,691,366	2,471,202	2,471,202
Total non-current financial assets	**2,691,366**	**2,691,366**	**2,471,202**	**2,471,202**
Current financial assets				
Trade and other receivables	48,281,839	48,281,839	94,015,755	94,015,755
Cash and cash equivalents	416,649,770	416,649,770	286,761,696	286,761,696
Total current financial assets	**464,931,609**	**464,931,609**	**380,777,451**	**380,777,451**
Total financial assets	**467,622,975**	**467,622,975**	**383,248,653**	**383,248,653**
Non-current financial liabilities				
Borrowings	244,734,297	244,734,297	217,176,235	217,176,235
Derivative financial instruments	10,525,938	10,525,938	11,794,378	11,794,378
Total non-current financial liabilities	**255,260,235**	**255,260,235**	**228,970,613**	**228,970,613**
Current financial liabilities				
Trade payables	51,336,548	51,336,548	64,792,734	64,792,734
Short-term portion of borrowings	124,786,000	124,786,000	90,347,218	90,347,218
Short-term portion of derivatives	1,309,271	1,309,271	1,892,403	1,892,403
Other payables	62,043,503	62,043,503	73,537,683	73,537,683
Total current financial liabilities	**239,475,322**	**239,475,322**	**230,570,038**	**230,570,038**
Total financial liabilities	**494,735,557**	**494,735,557**	**459,540,651**	**459,540,651**

Fair value hierarchy for financial instruments recognized at fair value
Financial derivatives recognized at fair value are interest rate swaps.
The valuations are based on second level input in the fair value hierarchy of IFRS 13.

Fair value of financial instruments recognised at amortised cost
For trade receivables, trade payables and other short-term receivables and payables, the carrying amount is a reasonable approximation for fair value due to the short term nature of these assets and liabilities. The borrowings has an interest rate that is considered similar to the terms the Group could achieve as of December 31, 2018 and fair value of the borrowings is considered not to be significantly different from the fair value.

Note 15

Trade and other receivables

	2018	2017
Trade receivables	10,968,486	58,285,973
Other current receivables	37,313,353	35,729,782
Trade and other receivables	**48,281,839**	**94,015,755**

	2018	2017
Provision for impairment of trade receivables at 1.1	**1,184,546**	**848,386**
This years provision for receivables impairment	-	336,160
Loss on receivables	-	-
Reversal of prior years provision	-1,074,103	-
Provision for impairment of trade receivables at 31.12	**110,443**	**1,184,546**

Ageing of trade and other receivables

	Total	Not due	0-30d	30-60d	60-90d	>90d
2018	48,281,839	45,282,141	1,796,960	260,750	540,761	401,227
2017	94,015,755	94,015,755	-	-	-	-

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

Note 16

Cash and cash equivalents

	2018	2017
Cash and cash equivalents	193,875,791	284,431,489
Restricted funds	222,773,979	2,330,207
Total	**416,649,770**	**286,761,696**

Annual Report 2018

Note 17

Paid in equity, shareholders and retained earnings

	2018	2017
Share capital	2,283,783	1,737,769

	Total shares		Share capital (IN NOK)		Share premium	
	2018	2017	2018	2017	2018	2017
A shares						
Issued stock and paid in capital						
At the beginning of the year	146,559,763	138,195,157	1,465,598	1,381,952	822,173,362	741,371,268
Capital increase	54,601,368	8,364,606	546,014	83,646	532,363,338	80,802,094
At the end of the year	**201,161,131**	**146,559,763**	**2,011,611**	**1,465,598**	**1,354,536,700**	**822,173,362**
B shares						
Issued stock and paid in capital						
At the beginning of the year	1	1	0.01	0.01	-	-
At the end of the year	**1**	**1**	**0.01**	**0.01**	**-**	**-**
C shares						
Issued stock and paid in capital						
At the beginning of the year	27,217,124	18,852,518	272,171	188,525	-	-
Capital increase		8,364,606		83,646	-	-
At the end of the year	**27,217,124**	**27,217,124**	**272,171**	**272,171**	**-**	**-**

The total numer of shares are 228 378 256, each valued at NOK 0,01, and NOK 2 283 783 in total. The shares are divided into 201 161 131 A-shares, 1 B-share and 27 217 124 C-shares. The B-share have twice the votes of the total A-shares plus one vote. The C-shares have no right to vote or dividend. Apart from these exceptions, all shares have equal rights.

The company's largest shareholders at 31.12	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	125,295,224	62.29%	1	27,217,124	66.78%
Geveran Trading Co. Limited	A	Cyprus	30,737,705	15.28%			13.46%
Totomo AS	A	Norway	10,200,000	5.07%			4.47%
Prospero AS	A	Norway	8,621,000	4.29%			3.77%
Morellen AS	A	Norway	7,357,689	3.66%			3.22%
Levada AS	A	Norway	6,567,237	3.26%			2.88%
Elipica AS	A	Norway	5,851,270	2.91%			2.56%
Other shareholders (36 of > 1 %)	A	Norway	6,531,006	3.25%			2.86%
Total number of shares at 31.12			**201,161,131**	**100%**	**1**	**27,217,124**	**100%**

Dividend
The company paid NOK 70 million in dividend in 2018. A proposed dividend of NOK 141 642 711 is to be approved at the AGM in 2019.

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

	2018	2017
Other comprehensive income attributable to shareholders in the parent Company	78,479,608	181,406,043
Weighted average number of outstanding shares, excluding C shares	174,234,430	138,813,911
Basic and diluted earnings per share	0.45	1.31

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

Backup generators at Bulk's ultra-scalable N01 Campus outside city of Kristiansand, Norway.

Note 18

Interest-bearing debt

	2018	2017
Total interest-bearing debt, nominal value	369,520,297	307,523,453
- of which hedged (fixed interest rate)	40,560,000	80,160,000
Hedging Ratio	11%	26%
Average interest rate at floating rate, including margin (%)	5,1 %	4,3 %
Average remaining duration, borrowings (years)	4,9 years	4,7 years
Average remaining duration, hedging contracts (years)	14,0 years	8,1 years
Total interest-bearing debt, nominal value	369,520,297	307,523,453
First year instalments of debt (short-term)	124,786,000	90,347,218
Long-term interest-bearing debt excluding first year instalments	**244,734,297**	**217,176,235**

Maturity on long-term debt

	2018	2017
Year 2	18,761,124	92,805,946
Year 3-5	178,726,645	64,167,838
After year 5	77,246,528	60,202,450
Total	**274,734,297**	**217,176,234**

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

	2018	2017
Investment property	804,478,389	588,030,954
Total pledged assets	**804,478,389**	**588,030,954**
Borrowings secured with pledged assets	**369,520,297**	**307,523,453**

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

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

Note 19

Deferred tax

	Losscarried forward	Financial derivative instruments	Other items	Investment property	Total deferred tax asset
Changes in deferred tax assets					
01.01.2017	51,366,156	4,486,641			55,852,797
Changes in deferred tax		-1,151,738	17,227,581		16,075,843
Reclassification from deferred tax liability	8,547,924		-13,959,068		-5,411,144
Change related to sold companies	-2,432,586				-2,432,586
Effect of changed tax rate	-2,140,256	-186,943	581,628		-1,745,572
31. 12.2017	**55,341,236**	**3,147,960**	**3,850,141**	**-**	**62,339,338**
Changes in deferred tax	15,784,278	-407,346	3,402	3,616,251	18,996,585
Change related to sold companies	-20,610				-20,610
Effect of changed tax rate	-2,205,250	-136,868	-167,397		-2,509,515
31. 12.2018	**68,899,654**	**2,603,746**	**3,686,146**	**3,616,251**	**78,805,797**

Change in deferred tax liabilities	Investment property	Profit and loss account	Other items	Total deferred tax liability
01.01.2017	62,166,981	938,506	13,959,068	77,064,554
Reclassification to deferred tax assets	-	-	-13,959,068	-13,959,068
Change related to sold companies	-2,178,673	-90,884	-	-2,269,557
Changes in deferred tax	11,112,018	-161,704	-	10,950,314
Effect of changed tax rate	-2,590,291	-39,104	-	-2,629,395
31.12.2017	**68,510,035**	**646,814**	**-**	**69,156,848**
31.12.2017	68,510,035	646,814	-	69,156,848
Reclassification to deferred tax assets	-	-	-	-
Change related to sold companies	-	-	-	-
Changes in deferred tax	3,183,934	-123,739	-	3,060,195
Effect of changed tax rate	-2,806,825	-28,122	-	-2,834,947
12/31/2018	**68,887,144**	**494,953**	**-**	**69,382,096**

Annual Report 2018

Reconciliation net recognized deferred tax /(-)tax assets

	31.12.2018	31.12.2017
01.01.	6,817,509	21,211,756
Deferred tax from business combinations	-	
Change related to sold companies	-96,390	163,029
Deferred tax expense (income) recognized in profit and loss	-15,819,390	-13,673,452
Effect to changed tax rate - recognized in profit and loss	-325,428	-883,823
Net recognized deferred tax liability 31.12	**-9,423,699**	**6,817,509**

See note 26 for tax expense

Current income tax liabilities

	31.12.2018	31.12.2017
Current income tax	-	-
Change in prior years	-	-
Total current income tax liabilities	**-**	**-**

Loss carried forward

Loss carried forward as of December 31:

	31.12.2018	31.12.2017
No expiring date	-313,180,248	-240,614,076
Total loss carried forward	**-313,180,248**	**-240,614,076**

There is no deferred tax recognized in comprehensive income.

Note 20

Accounts payable and other payables

	2018	2017
Trade payables	51,336,548	64,792,734
Accrued salaries, public duties	26,906,649	20,470,942
Accrued expenses	35,136,854	53,066,741
Total	**113,380,051**	**138,330,417**

Note 21

Contingent assets and contingent liabilities

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

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

Note 22

Rental income

Recognized rental income	2018	2017
Recognized minimum rent from minimum payments	28,147,054	33,407,156
Recognized variable rent	-	-
Total income from rent	**28,147,054**	**33,407,156**

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

	2018	2017
Within 1 year	35,799,899	30,567,403
During year 2	39,043,701	44,184,311
2 to 5 year	129,578,601	127,507,422
After 5 years	297,260,152	351,794,650
Total	**501,682,354**	**554,053,786**

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

	2018	2017
Investment property	804,478,389	588,030,954
Total	**804,478,389**	**588,030,954**

Annual Report 2018

Note 23

Real estate related costs and other operating expenses

Administration costs:	2018	2017
Staff costs (see note 24)	67,450,245	55,516,481
Depreciation	14,888,440	2,133,841
Management, accounting, legal and consulting fees	17,121,624	10,345,670
Auditors	2,513,226	1,501,775
Rent cost	3,419,159	4,561,519
Other operating expenses	27,942,008	18,312,799
Total other operating expenses	**133,334,702**	**92,372,085**

Audit fees	2018	2017
Statutory audit (including technical assistance with reporting)	1,318,250	946,375
Tax and other advice (including technical assistance with tax papers)	1,194,976	555,400
Total audit costs	**2,513,226**	**1,501,775**

The group as lessee - operating leases
Bulk has its offices in rented premises and is not a tenant of the group's owned properties. The group recognised NOK 2.0 million in operating expenses related to investment property that did not generate rental income in 2018.

Note 24

Employee benefit expense

	2018	2017
Salaries and remuneration	54,093,145	45,500,913
Social security costs	7,417,281	6,732,584
Pension cost for defined contribution plan	1,337,538	1,126,642
Other employee expenses	4,602,281	2,156,342
Total payroll costs	**67,450,245**	**55,516,481**
Number of employees at 31 December	53	49

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

Remuneration of senior management and the Board of directors 2018

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

General manager Jon Gravråk was hired from August 20, 2018.

Remuneration of senior management and the Board of directors 2017

Name	Title	Salary	Bonus	Pension	Board fee	Other benefits
Peder Nærbø	Chairman of the board	2,054,210	620,617	33,530		82,007
Torbjørn T. Moe	Member of the board	1,904,211	620,617	33,136		71,499
Lars O. Bustgaard	Member of the board				175,000	
Even Bratsberg	Member of the board				150,000	
Nicolas B. Laird	Member of the board				100,000	
Total		**3,958,422**	**1,241,234**	**66,666**	**425,000**	**153,506**

SHARES HELD BY EXECUTIVE OFFICERS AND DIRECTORS

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

Board of directors			Ownership	Capital ratio
Peter Nærbø	Chairman of the board	indirect ownership	62.29%	66.78%
Torbjørn T. Moe	Board member	indirect ownership	5.07%	4.47%

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

	2018	2017
Fee	1,141,801	1,567,143

Note 25

Financial income and costs

	2018	2017
Share of profit/loss(-) of investments accounted for using the equity method	4,142,604	-23,053,205

Finance income	**2018**	**2017**
Interest income	670,929	840,406
Other finance income	3,906,322	8,542,103
Share of profit from investments accounted for using the equity method		
Total finance income	**4,577,251**	**9,382,509**

Finance costs	**2018**	**2017**
Interest expense on borrowings measured at amortised cost	17,362,695	14,654,190
Finance expense on derivatives	1,866,311	4,324,606
Other finance costs	1,297,693	4,897,560
Total finance costs	**20,526,699**	**23,876,356**
Net financial items	**-11,806,844**	**-37,547,052**

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

Derivatives	**2018**	**2017**
Fair value adjustments on derivatives	1,851,572	6,293,103
Net gain on financial instruments at fair value	**1,851,572**	**6,293,103**

Note 26

Income Tax

	2018	2017
Tax payable	-	-
Change in deferred tax	-37,241,667	-34,718,132
Change in deferred tax due to fair value change Investment Property	21,096,849	20,160,856
Income tax expense	**-16,144,818**	**-14,557,276**
Profit before income tax	62,334,790	166,932,517
Income tax expense calculated at 23 % (24 %)	14,337,002	38,394,479
Effect of changed tax rate	-325,428	-883,823
Permanent differences	-5,362,696	-99,831
Non taxable revenue	-24,793,695	-51,968,100
Income tax expense	**-16,144,818**	**-14,557,276**
Effective tax rate	-25.9 %	-8.7 %

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

See note 19 for deferred tax.

Note 27

Inventories

	2018	2017
Gravel	4,539,420	4,539,420
Spareparts - datacenter	979,308	1,099,788
Total Inventories	**5,518,728**	**5,639,208**

Annual Report 2018

Note 28

Operating Leases (IFRS 16 disclosure)

1. Future minimum lease payments	**2018**	**2017**
Less than one year	4,460,905	4,337,133
Between one and five years	16,800,861	13,044,265
More than five years	36,910,023	45,127,525
Total	**58,171,789**	**62,508,923**

2. Amounts recognised in profit loss	**2018**	**2017**
Lease expense	4,337,133	4,176,169
Contingent rent expense	-	-
Sub-lease income	-	-
Total	**4,337,133**	**4,176,169**

The following is a disclosure of the reconciliation of the operating lease commitments at the end of the annual reporting period immediately preceding the date of initial application of IFRS 16 (1.1.2019), discounted using the incremental borrowing rate ate the date of inital application and the lease liabilities recognised in the statement of financial position at the same date.

Operating lease commitments 31.12.2018	58,171,789
Discounted using the incremental borrowing rate 01.01.2019	38,599,158
Lease liability recognised 01.01.2019	38,599,158

Note 29

Subsequent events after the reporting period

Events after the balance sheet date are events, favourable or unfavourable, that occurs between the balance sheet date and the date that the financial statements are authorised for issue. Such events can be events that provide information regarding conditions that existed at the balance sheet date resulting in adjustments of the financial statement, or events that do not require such adjustments.

There are no material subsequent events after the reporting period.

Bulk Infrastructure AS Financial statement 2018

Income statement

	Note	2018	2017
Sales revenue	6	40,054,857	38,149,045
Other operating income	6	3,570,097	866,446
Total operating income		**43,624,954**	**39,015,491**
Personnel expenses	1	56,983,576	47,748,317
Depreciation of tangible and intanglible fixed assets	5	2,850,410	1,996,300
Other operating expenses	1	25,424,090	17,677,692
Total operating expenses		**85,258,075**	**67,422,309**
Operating profit/loss		**-41,633,122**	**-28,406,818**
Financial income and expenses			
Income from subsidiaries	9	253,969,761	189,439,665
Income from associated companies	9	17,046,453	-
Interest income from group companies	8	10,424,465	11,897,274
Other interest income		-	1,589
Other financial income	9	216,669	2,408,981
Writ-down of other financial fixed assets	9	-	987,064
Interest expense to group companies	8	393,411	2,869,460
Other financial expenses		6,273,618	2,954,423
Net financial items		**274,990,319**	**196,936,562**
Result before tax		**233,357,197**	**168,529,744**
Tax expense	4	-9,348,931	-4,304,014
Result for the year		**242,706,128**	**172,833,758**

Allocation of result for the year			
Other equity		101,063,418	102,833,758
Dividends		141,642,711	70,000,000
Total brought forward	3	**242,706,128**	**172,833,758**

Balance sheet

	Note	2018	2017
Assets			
Fixed assets			
Intangible assets			
Research and development	5	816,105	3,420,440
Licences, patents etc.	5	1,053,587	850,625
Deferred tax assets	4	35,842,315	26,493,384
Total intangible assets		**37,712,007**	**30,764,448**
Tangible assets			
Land, buildings and other real estate	5, 8	8,949,664	9,356,805
Equipment, fixtures and fittings and other movables	5, 7, 8	8,559,238	4,713,026
Total tangible assets		**17,508,902**	**14,069,831**
Financial fixed assets			
Investments in subsidiaries	7, 9	957,566,632	563,480,087
Loan to group companies	8	310,159,170	416,874,223
Investments in associated companies	9	10,980,126	42,683,673
Bonds		2,112,000	2,050,000
Total financial fixed assets		**1,280,817,928**	**1,025,087,983**
Total fixed assets		**1,336,038,837**	**1,069,922,263**
Current assets			
Receivables			
Accounts receivables	8	8,543,431	16,977,465
Other short-term receivables	8, 9	258,939,185	191,977,221
Total receivables		**267,482,616**	**208,954,686**
Bank deposits, cash and cash equivalents			
Bank deposits, cash and cash equivalents	10	147,517,008	25,396,521
Total bank deposits, cash and cash equivalents		**147,517,008**	**25,396,521**
Total current assets		**414,999,624**	**234,351,208**
Total assets		**1,751,038,461**	**1,304,273,471**

Balance sheet

	Note	2018	2017
Paid in equity			
Share capital	2, 3	2,283,783	1,737,769
Share premium reserve	3	1,338,532,700	822,173,362
Total paid-up equity		**1,340,816,482**	**823,911,131**
Retained earnings			
Other equity	3	236,909,055	135,845,637
Total retained earnings		**236,909,055**	**135,845,637**
Total equity		**1,577,725,537**	**959,756,768**
Liabilities			
Long-term liabilities			
Other long term liabilities	8, 9	5,837,517	249,228,334
Total of other long term liabilities		**5,837,517**	**249,228,334**
Current liabilities			
Trade payables	8	3,578,916	3,417,219
Public duties payable		1,479,589	4,512,756
Dividend	3	141,642,711	70,000,000
Other current debt		20,774,190	17,358,394
Total current debt		**167,475,407**	**95,288,369**
Total liabilities		**173,312,924**	**344,516,703**
Total equity and liabilities		**1,751,038,461**	**1,304,273,471**

Oslo, March 28, 2019
The board of Bulk Infrastructure AS

Peder Nærbø
Chairman of the board

Torbjørn T. Moe
Member of the board

Lars Oskar Bustgaard
Member of the board

Even Bratsberg
Member of the board

Nicholas B. Laird
Member of the board

Bent Oustad
Member of the board

Lars Erich Nilsen
Member of the board

Jon Gravråk
General manager

Cash flow statement

	Note	2018	2017
Cash flow from operations			
Earnings before tax		233,357,197	168,529,744
Depreciation and amortization	6	2,850,410	1,996,300
Change in accounts receivables		8,434,034	-14,213,702
Change in accounts payable		161,697	-746,721
Change in provisions for public fees and taxes		-3 033 167	2,117,935
Other changes in accruals		-66 584 203	4,881,488
Net cash flow from operations		**175,185,968**	**162,565,044**
Cash flow from investing activites			
Increase long-term claims		138,356,600	-152,100,057
Proceeds from long-term claims			
Purchases of fixed assets	6	-3,888,108	381,011
Effects mergers			
Purchases of shares in other companies		-394,086,545	-270,251,406
Purchases of other investments			
Proceeds from short-term claims		-66,961,964	-182,730,585
Net cash flow from investing activites		**-326,580,016**	**-604,701,036**
Cash flow from financing activites			
Proceeds from new equity		516,905,352	80,969,386
Proceeds from borrowings			
Repayment of long-term debt		-243,390,817	175,919,912
Net cash flow from financing activites		**273,514,535**	**256,889,298**
Net cash flow for the period		**122,120,487**	**-185,246,695**
Cash and equivalents at beginning of year		25,396,522	210,643,216
Cash and equivalents at end of year		**147,517,008**	**25,396,521**

Annual Report 2018

Accounting principles

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

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment (PPE) are assets held for long-term ownership and use. PPE are valued at historical cost less subsequent depreciation and impairments. Historical cost includes expenditure directly attributable to the acquisition of the items. Depreciation is calculated based on estimated useful lives for the assets. Impairments occur when historical cost exceeds long-term fair value. Previous impairments may be reversed if there are significant changes in value.

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

The group has refrained from submitting consolidated financial statements in accordance with regulations for small enterprises. Dividends are classified as financial income. Capital contributions from previous ownership are classified as return of capital and will reduce historic cost.

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

TAX
The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 22 % on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated.

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

CHANGES IN ACCOUNTING PRINCIPLES
There were no changes in the accounting principles applied by the company in 2018.

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

Note 1

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

Payroll expenses	2018	2017
Salaries/wages	46,918,839	39,665,275
Social security fees	5,800,830	5,127,637
Pension expenses	1,022,680	875,142
Other remuneration	3,241,226	2,080,263
Total	**56,983,575**	**47,748,317**
Average number of employees during the financial year	**36**	**33**

Salaries and remunerations to executives	Cheif Executive Officer	Board Chairman	Board members
Salaries and bonuses	1,115,367	2,917,135	2,594,227
Other remunerations	62,994	176,905	130,203
Total	**1,178,361**	**3,094,040**	**2,724,430**

The board got a total pay of NOK 425,000 in 2018

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

Expensed audit fee
Expenses paid to the auditor for 2018 amounts to NOK 839,000,- excl.mva.

Statutory audit fee (incl. technical assistance with financial statements)	425,000
Other assistance	414,000
Total audit fees	**839,000**

Annual Report 2018

Note 2

Share capital and shareholder information

Share capital	Number	Nominal value	Book value
Ordinary shares	228,378,256	0.01	2,283,783

Share capital	Number	Nominal value	Book value
A-shares	201,160,131	0.01	2,011,601
B-shares	1	0.01	0
C-shares	27,217,124	0.01	272,171

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

The company's largest shareholders 31 December 2018:

Shareholders:	Type off account	Country	Number of A-shares	Share %	Number of B-shares	Number of C-shares	Share of capital %
Bulk Industrier AS	A, B and C	Norway	125,295,224	62.29 %	1	27,217,124	66.78 %
Geveran Trading Co. Limited	A	Cyprus	30,737,705	15.28 %			13.46 %
Totomo AS	A	Norway	10,200,000	5.07 %			4.47 %
Prospero AS	A	Norway	8,621,000	4.29 %			3.77 %
Morellen AS	A	Norway	7,357,689	3.66 %			3.22 %
Levada AS	A	Norway	6,567,237	3.26 %			2.88 %
Elpica AS	A	Norway	5,851,270	2.91 %			2.56 %
Other shareholders (36 of > 1%)	A	Norway	6,531,006	3.24 %			2.86 %
Total number of shares			**201,161,131**	**100,00 %**	**1**	**27,217,124**	**100,00 %**

The following board members have indirect ownership of 78,13% in total in Bulk Infrastructure AS:
Board Chairman, Peder Nærbø, indirect ownership of 66,78 %
Board member, Torbjørn T. Moe, indirect ownership of 4,47 %

Note 3

Equity

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity 01.01	1,737,769	822,173,362	135,845,637	959,756,768
Capital inrcrease	546,014	532,363,338		532,909,352
Cost capital increase		-16,004,000		-16,004,000
Provision for dividends			-141,642,711	-141,642,711
Annual net profit/loss			242,706,128	242,706,128
Equity 31.12	**2,283,783**	**1,338,532,700**	**236,909,055**	**1,577,725,537**

Note 4

Tax

This year's tax expense	**2018**	**2017**
Entered tax on ordinary profit/loss:		
Payable tax		
Changes in deferred tax advantage	-9,348,931	-4,304,014
Tax expense on ordinary profit/loss	**-9,348,931**	**-4,304,014**
Taxable income:		
Ordinary result before tax	233,357,197	168,529,744
Permanent differences	-281,181,310	-184,027,768
Changes temporary differences	3,846,793	2,310,262
Taxable income	**-43,977,319**	**-13,187,763**
Payable tax in the balance:		
Payable tax on this year's result	**-913,045**	**-1,690,435**
Payable tax on received Group contribution	913,045	1,690,435
Total payable tax in the balance	**-**	**-**

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

	2018	2017	Difference
Tangible assets			
Allocations and more	-15,939,690	-9,871,360	6,068,330
Total	**-13,998,351**	**-10,151,558**	**3,846,793**
Entered allocated return	30,000	-	-30,000
Accumulated loss to be brought forward	-148,951,263	-104,973,944	43,977,319
Basis for calculation of deferred tax	**-162,919,614**	**-115,125,502**	**47,794,112**
Deferred tax assets (22 % / 23 %)	**-35,842,315**	**-26,478,865**	**9,363,450**

Note 5

Fixed assets

	Land	Buildings	Moveables and machines	R&D and software	Total
Purchase cost 01.01	5,125,525	6,770,821	10,427,853	4,307,964	26,632,163
Additions			5,541,262	1,178,088	6,719,350
Disposals		-5,441	-3,714,573	-3,306,860	-7,026,874
Purchase cost 31.12	5,125,525	6,765,380	12,254,542	2,179,192	26,324,639
Acc. depr. 31.12		2,941,241	3,695,304	309,500	6,946,045
Book value 31.12	5,125,525	3,824,139	8,559,238	1,869,692	19,378,594
Depr. this year		401,700	2,176,110	272,600	2,850,410
	Not depreciated	*14-18 years, linear*	*3-5 years, linear*	*5 years, linear/ not depreciated*	

Note 6

Transactions with related parties

Bulk Infrastructure AS provide services in accounting and administration to related companies and companies in the group. The services are priced according to current market conditions. In 2018, fees for accounting, administration and project management of NOK 31,863,308 have been recognized as income. The company has obtained a succsess fee of NOK 6,788,555 in 2018 associated with the sale of a related company. The recognized success fee is equivalent to 20 % of the underlying increase in value.

Note 7

Liabilities to credit institutions

	2018	2017
Liabilities secured by collateral:		
Debt to credit institutions	-5,837,517	-70,743,452
Book value of collateral:		
Shares in subsidiaries	957,566,632	529,512,751
Property in subsidiaries	-	-
Cars	6,919,556	2,924,300
Total book value of collateral	**964,486,188**	**532,437,051**

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

Note 8

Debtors, liabilities, pledged assets and guarantees etc.

Long-term receivables with minimum maturity of 1 year
NOK 0 of receivables are due later than 1 year.

Long-term debt with minimum maturity of 5 years	2018	2017
Debt to credit institutions	-	-
Debt to group companies	-	-

Balances with group companies	2018	2017
Long-term claims on group companies	310,159,170	416,874,223
Accounts receivable from group companies	5,162,716	12,932,420
Claims on group contributions	253,969,761	189,439,665
Claims on associtated companies	2,000,000	-
Long-term debt to group companies	-	-178,484,883
Short-term debt to group companies	-	-
Total	**571,291,647**	**440,761,426**

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

Annual Report 2018

Note 9

Investments in subsidiaries, associates and joint ventures

Company	Ownership/ voting rights	Book value	Profit or loss for 2018 (100 %)	Equity pr. 31.12 (100 %)
Bulk Logistics AS	100 %	121,774,314	108,447,328	26,218,734
Bulk Digital Logistics AS	100 %	490,749,431	-18,990,375	447,624,372
Bulk Networks AS	100 %	309,933,751	-2,365,377	305,631,709
Norway as a Service AS	100 %	147,300	-54,594	-29,158
Bulk Facility Services AS	100 %	39,000	130,040	-60,591
Infragreen Communication AS	100 %	4,348,000	-304,975	-154,787
Oslo Internet Exchange AS	100 %	1,446,210	-528,539	839,960
Data Center Technology AS	100 %	29,023,626	-2,350,829	4,774,395
Bulk Innovation AS	100 %	45,000	-46,456	-72,981
Klub Bulk AS	100 %	60,000	-	39,930
Sum		957,566,632	83,936,223	784,811,583
AE Bulk Co- Invest AS	50 %	10,980,126	34,439,536	24,219,106

The companies are based in Oslo, Norway.

Bulk Infrastructure AS have in 2018 received group contributions of NOK 253,969,761. From associated company they have received a share of profit of NOK 17,046,453 and dividends of 49,750,000.

Note 10

Restricted funds

Funds of NOK 1,112 restricted to employees taxes are included in the cash-post in the balance sheet.

Responsibility statement by the Board of Directors - Bulk Infrastructure AS

The Board of Directors have today treated and approved the annual report and financial statements for Bulk Infrastructure AS (the parent company) and the Group, the consolidated accounts, as of December 31, 2018. The consolidated financial statements have been prepared in accordance with the EU-approved IFRS standards and interpretations, together with the additional disclosure requirements in the Norwegian Accounting Act to be applied as of December 31, 2018. The financial statements for the parent company are prepared in accordance with relevant Norwegian laws and generally accepted accounting principles in Norway as of December 31, 2018.
The annual report for the Group and the parent company is in compliance with the Accounting Act.

To the best of our knowledge we confirm that;

- the 2018 financial statements for the Group and the parent company are prepared in accordance with applicable accounting standards
- the provided information in the financial statements gives a true and fair view of the Group and the parent company's assets, liabilities, financial position and results of operations as of December 31, 2018
- the Board of Directors report provides the Group and the parent company a fair view of

  - development, performance and position of the Group and parent company

  - the most important risks and uncertainties the Group and the parent company faces

Oslo, March 28, 2019
The board of Bulk Infrastructure AS

Peder Nærbø
Chairman of the board

Torbjørn T. Moe
Member of the board

Lars Oskar Bustgaard
Member of the board

Even Bratsberg
Member of the board

Nicholas B. Laird
Member of the board

Bent Oustad
Member of the board

Lars Erich Nilsen
Member of the board

Jon Gravråk
General manager

Annual Report 2018

BDO AS
Munkedamsveien 45
Postboks 1704 Vika
0121 Oslo

Independent Auditor's Report

To the General Meeting in Bulk Infrastructure AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bulk Infrastructure AS.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2018, income statement, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2018, and income statement, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of Bulk Infrastructure AS as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway..
- The accompanying financial statements give a true and fair view of the financial position of the group Bulk Infrastructure AS as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, statements on Corporate Governance and Corporate Social Responsibility and other information in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

Oslo, March 28th, 2019
BDO AS

Johan Henrik L'orange
State Authorised Public Accountant

Bulk is racing to bring sustainable infrastructure to a global audience

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