ANNUAL REPORT 2016

Racing to bring sustainable infrastructure to a global audience

bulk
join the race

Photography by André Clemetsen

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bulk.no

FOUNDER AND CHAIRMAN´S INTRODUCTION

Dear reader,

2016 will go down in history as one of the most interesting years for Bulk Infrastructure. We have made our mark as a 10-year-old company. We have seen the first buildings rise and become visible results at the data center park, NO1 Campus, and we have strengthened the company through organic growth and the acquisition of Data Center Technology. We are proud of our vision: *Racing to bring sustainable infrastructure to a global audience* – so there is no time to stand still! However, at a milestone like this I need to look back at what we have achieved and how we got here. The forgiving markets of our last five years make it easy to forget the challenge it was to get through our first five.

Like so many others we started up in 2006 at a peak in the Norwegian real estate market and spent our first investments buying land for developing logistic parks at aggressive prices. What was to follow was a series of defining moments that have tested our strength and our character. It was not easy to see it at the time, but it is clear to me now that our strategy and *our values* (page 8) are what got us through.

During the financial crisis from 2008 we saw both banks and investors running for the hills at the same time. This caused a lot of stress on our small organization at the time but with the high quality of our people we got through. We have since strengthened our organization, become a controlling investor and now have alternative means of financing from co-investors, banks and bonds. As we do not control time to cash flow in NO1 Campus and Bulk Networks, we have chosen not to use external financing for these investments. We now stand robust but nimble to make decisions at any sudden surprises or opportunities in the market.

As an investor we have delivered an annual IRR of 34% over our 10 years in spite of all the upfront investments in our Digital Logistics sector. Based on our capabilities and excellent people, I therefore remain very optimistic about 2017 as we expect to produce returns also in data centers and fiber networks by the end of this year.

I hope you will enjoy the 2016 annual report!

PEDER NÆRBØ
Chairman and Owner

Photography by André Clemetsen

Peder Nærbø

BULK INFRASTRUCTURE AS AN INDUSTRIAL INVESTOR

Bulk Infrastructure is an industrial investor and developer. The company has a long-term industrial approach to all our investments. Diversification, scalability and the potential to create predictable, long-term cash flows are our main investment criteria. This strategy has proven to be successful and Bulk will continue using the same approach going forward.

Active ownership and human resources are crucial aspects of our strategy to reach our goals. We employ this strategy by forming teams of versatile internal experts and specialists from different disciplines to ensure we live by our values: respect, passion and creative power. By combining people and our values, we find solutions and enhance value creation in a sustainable way.

Scalability and diversification are always important factors in any investment strategy Bulk considers. When you achieve success in any industry, it is important to keep your momentum. With our focus on scalability in the early stages of every project, we secure our value creation for the future. Our objective is to diversify risk by investing across multiple projects in uncorrelated sectors at the same time. This approach has proven successful in our logistics operations and we strive to achieve the same level of diversification in the fiber optic and digital logistic segments.

Bulk has an opportunistic investment approach and the ability to adapt rapidly when the market changes. We invest in capital-intensive industries, and as we develop new projects, we use the market changes to divest assets in order to secure profit and financial resources for future growth. We have proven our ability to secure profit from our development in logistics.

In all our investments and process, we strive to access the early stages of the value chain. Only by entering early and being hands-on from an early stage can we ensure that our product is as competitive as possible in a fluctuating market. We always strive to be forward thinking and to challenge the status quo. We combine existing technology with next generation thinking to deliver products that are ready for the future.

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Bulk has an opportunistic investment approach and the ability to adapt rapidly when the market changes.

QUICK FACTS

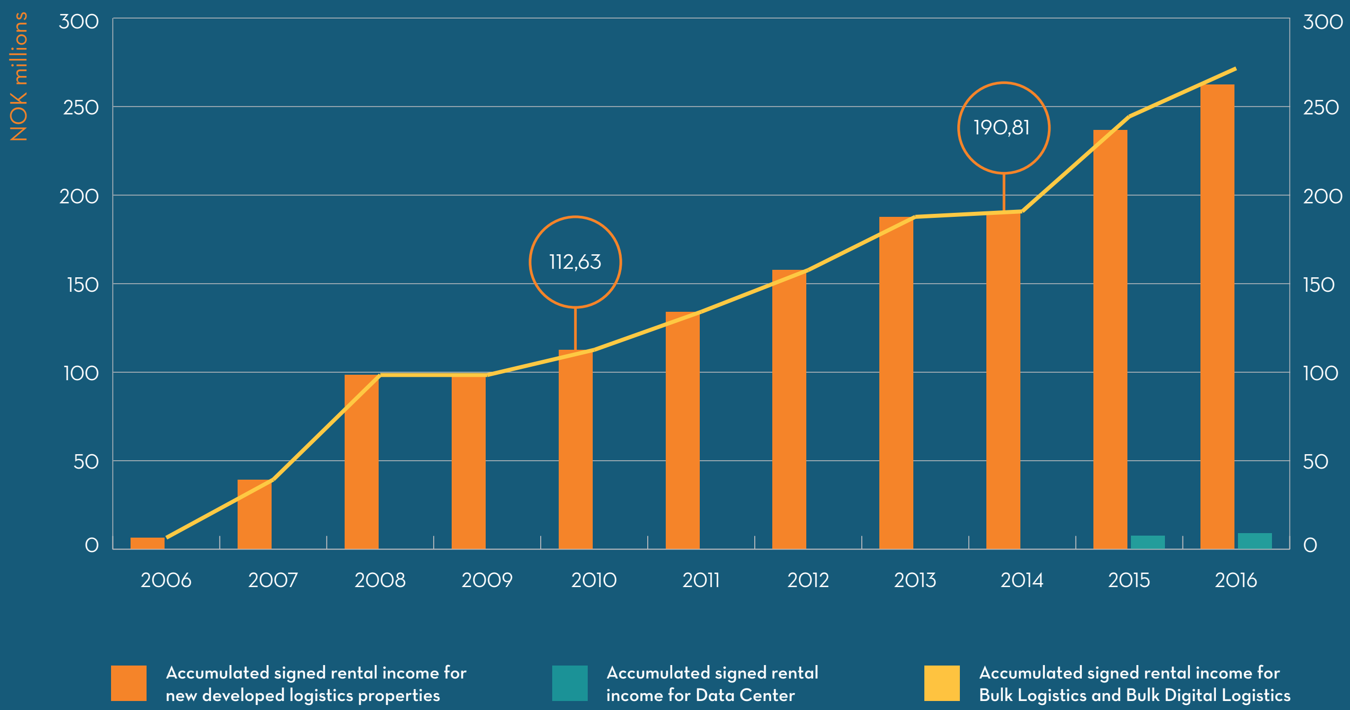
45 PEOPLE

34% IRR

4,094,000,000 NOK
LOGISTICS BUILDINGS BUILT AND SOLD

10 YEARS

Accumulated signed rental income for Bulk Logistics and Bulk Digital logistics 2006–2016



VISION – VALUES – STRATEGY – BRAND INSIGHT

The customer always comes first at Bulk, so we decided it was about time to ask our clients for their opinion of our work. In May 2016, we conducted a brand insight study through in-depth interviews with our external stakeholders. We wanted the study to reveal our strengths and weaknesses as seen from outside. To summarize, our clients say:

- The unique drive, customer service perspective and solution-oriented culture has created a company that enjoys true loyalty.
- Bulk is a forward thinking, innovative and exciting company.
- Bulk has a uniqueness within customer service and close relationships.
- Bulk is a good partner to work with, and their price-efficient concept of standardized logistics warehouses is well recognized and seen as a fresh breath of air in the industry.

The results of the study are truly remarkable. We are very proud and honored to see these responses.

To make our insight study more complete, we also held in-depth interviews with our employees. We are happy to see that this study showed the same results as the external study.

When we compared the results of the two studies, we realized that they clearly reflected our core beliefs. There are four words that stand out in all the replies: ***respect – creative power – passion***.

These four words represent ***our values*** and express what we believe in and how we behave.

RESPECT

CREATIVE POWER

PASSION

> *Racing to bring sustainable infrastructure to a global audience.*

CORPORATE SOCIAL RESPONSIBILITY

In our heart, we believe we can bring about positive changes for the environment, the local communities in which we operate and for fair operating practices.

In our mind, we know that new sustainable solutions must be profitable to succeed. To increase chances of making a profit, there must be a high degree of scalability.

In a sustainable society, we treasure more efficient use of energy, land and resources. Scalability will happen when a business model acknowledges the interdependency between these resources and builds supply chains with a higher degree of cooperation and integration.

Our vision and commitment is to ***bring sustainable infrastructures to a global audience***. In our quest to succeed, we challenge suppliers, financing partners, the central government and local communities, to think differently and see new ways of working together. Building a profitable, sustainable value chain is a joint effort and responsibility. We see this as a race that we can only win if we are a united, committed team with the same ambition.

WE BELIEVE

We believe that sustainability
is not a trend.

We believe it is a global race.

It is a race we cannot afford to lose.

We can only win this race if
we work together and have
the same goal.

Every day.

Join the race – welcome to BULK!

Photography by André Clemetsen

INTEGRATED MANAGEMENT SYSTEM

Bulk Infrastructure has a great passion for innovative thinking and we are committed to paths leading to positive 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.

We use our Integrated Management System to manage, secure and continuously improve all work processes that affect Quality, Health, Safety and Environment. We actively use and monitor our performance indicators, conduct systematic risk management and follow international standards and best practices to lead our company in a sustainable direction.

ISO 9001 Quality Management

ISO 14001 Environmental Management

ISO 22301 Business Continuity Management Systems

ISO 27001 Information Security Management Systems

Other standards:
EN 50600 European Standard for Data Center Design

European Commission Code of Conduct for Data Centre Energy Efficiency

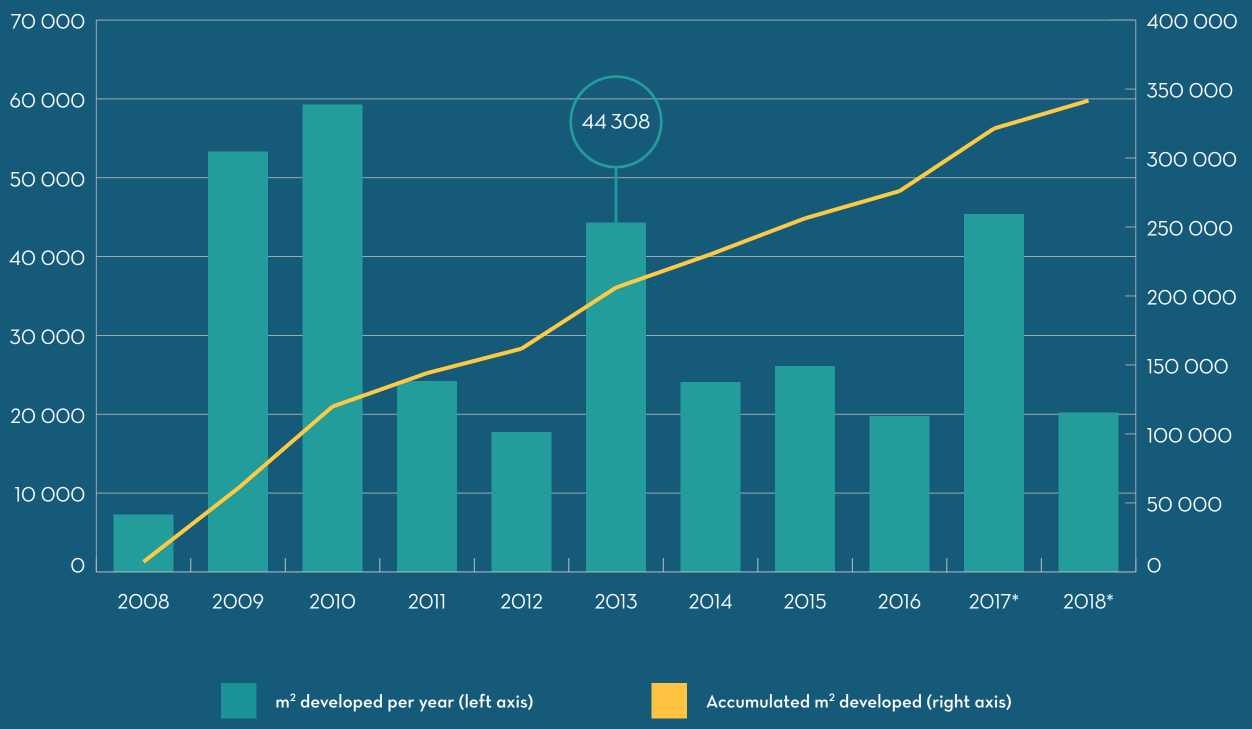
Photograpy by André Clemetsen

Topping out ceremony.

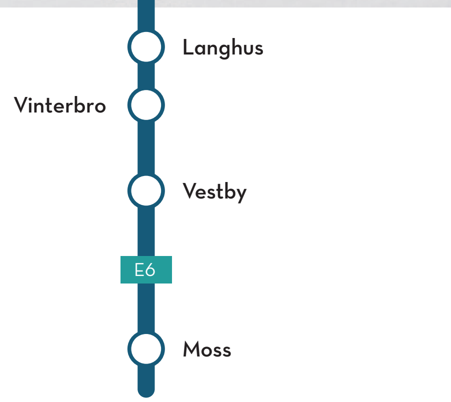
10 YEARS OF DELIVERING MODERN LOGISTICS TO THE SCANDINAVIAN MARKET

From our beginnings in 2006, Bulk's focus has been to establish several strategically located Bulk Parks and to offer modern, flexible and energy efficient logistic facilities. All our facilities are strategically located along the E6, Oslo's main transportation infrastructure. Location is the customer's primary consideration in terms of operational efficiency. We see this across clients from a variety of operational and commercial backgrounds.

Number of square meters developed per year and accumulated



The number of square meters developed per year is based on the year the new building was completed and delivered to the client. Annual average development is approximately 30,000 m². * For the years 2017 and 2018 the numbers represent signed and planned projects for completion during the two coming years.



LOCATION IS OUR MAIN DECISION CRITERIA

Location is one of the most important decision criteria when logistics clients select a real estate developer. The operational efficiency of the building is an important aspect of modern logistics facilities, however, in many cases, having the right location can multiply the economic effect for the logistics operator. This is why, at Bulk, we have a strong focus on securing strategic locations close to Oslo's main artery, the E6 highway, and we strive to be able to offer multiple locations. From a broader perspective, this focus has also contributed to logistics being relocating from crowded and inefficient areas around the downtown area, to more efficient locations along the E6. The result is a more sustainable solution both for the logistics operator and for society in general.

"

Bulk is seen as having created a unique concept, and the company has become a leading provider in their field (logistics).

Customer Insight Report, May 2016

SOLUTIONS NEVER DEPEND ON ONE VARIABLE ALONE

Logistic operations are constantly challenged by competition as well as new developments in infrastructure and technology. The margins can be minimal. Many of today's champions in their industry, have achieved their status thanks to their excellence in logistics operations. Decision processes are often complicated and time consuming, and our experience is that it can take years from an initial assessment to a final decision. Bulk's operations and team covers the entire value chain, from property development to delivering turnkey facilities, which enables us to provide added value for our clients throughout the decision-making process.

CONTINUOUS DEVELOPMENT, ALSO INTO THE FUTURE...

The Bulk team continuously strives to develop our offer to our clients. Over the past 10 years, we have designed the Bulk Module and Bulk cross-dock for the needs of the Scandinavian logistics facility operator. Reduced construction timescales and industry-leading specifications guarantee the long-term performance and flexibility of new facilities. In the coming years, Bulk will have an even greater focus on the sustainable side of the logistics solutions we offer, which in many cases has a direct correlation with financial benefits for logistics operators.

At Bulk, we strongly believe that putting sustainability higher on the agenda and focusing on today's environmental issues in our value chain will contribute to a cleaner and more energy-efficient product.

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The close and personal relationships between the Bulk staff and their clients has been highlighted as a major contributing factor in terms of their positive experience with the company.

Customer Insight Report, May 2016

BULK PARK BERGER

- **2007** Bought land plot
- **2009** 1st and 2nd building finished
- **2011** 3rd building finished
- **2014** 4th and 5th building finished
- **2015** 5th building finished

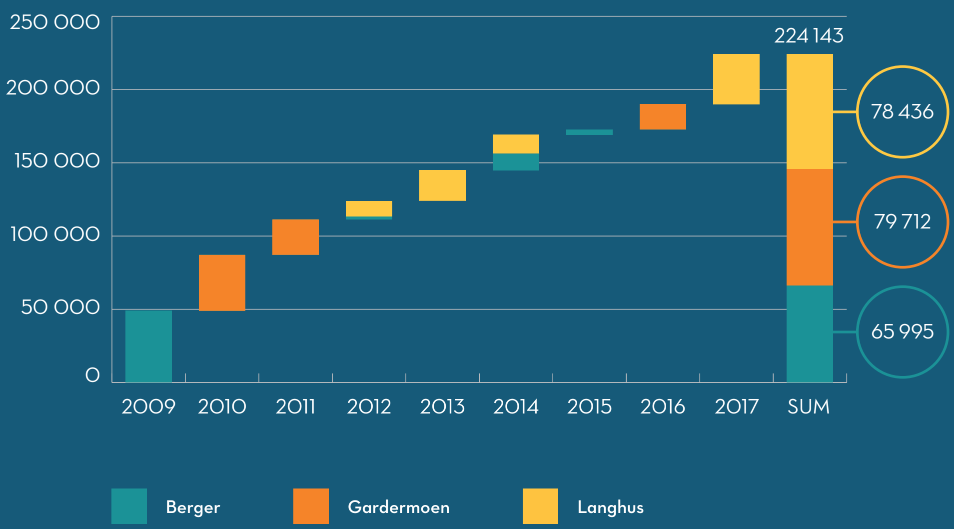
BULK PARK GARDERMOEN

- **2007** Bought option on land plot
- **2010** 1st building finished
- **2011** 2nd building finished
- **2016** 3rd and 4th building finished and extension on the 2nd building

BULK PARK LANGHUS

- **2010** Bought land plot
- **2012** 1st building finished
- **2013** 2nd building finished
- **2014** 3rd building finished
- **2017** 4th to 8th building finished

Built m² in the three completed Bulk Parks



18 BUILDINGS

19 TENANTS

LAND DEVELOPED 591,000 m²

AVERAGE LEASE TERM 15 YEARS

LOGISTICS 2016
ANOTHER YEAR WITH HIGH ACTIVITY

The high activity in logistics development continued in 2016, with seven contracts singed for new buildings. We built a total of 19,500 m^2 of new building space. During the year Bulk sold three of our four completed projects, acquired two logistics properties and 100,000 m^2 of land zoned for development.

During 2016, Bulk signed seven lease contracts for new build logistics facilities, with a total lettable building space of 42,375 m^2.
The high activity in lease contracts over the past few years has produced a solid pipeline for new development. A total of approximately 65,600 m^2 of new lettable space will be delivered over the two next years, which will bring Bulk to a total development of 340,000 m^2 since the company was established in 2006.

EXPANDING OUR PORTFOLIO WITH TWO NEW BUILDINGS

Bulk completed four projects in 2016, with a total of 19,500 m^2 of building space and contracted yearly rent of NOK 16 million[1]. By the end of the year, three of the four completed projects were sold, with a total property value of approx. NOK 209 million. Bulk also acquired two logistics properties during 2016, both in partnership with other investors. In March, the 11,100 m^2 building at Brennaveien 20B was taken over without tenants. By the end of 2016, the Brennaveien building had only 27% vacancy.

In November, we took over DHL's 17,379 m^2 logistics facility in Berger. Bulk will act as manager and developer for these properties going forward.

NEW LOGISTICS LOCATIONS

The company continues to develop new logistics locations and acquired Bjerkejordet at Lindeberg in November. Bjerkejordet is 193,000 m^2 of land zoned for development and buildable area of approx. 100,000 m^2. Bjerkejordet borders on both our existing development property at Lindeberg and the Farex property. Bulk has a strong focus on identifying and developing new properties along the E6, north and south of Oslo.

We are experiencing healthy activity in terms of future contracts and new building projects, however, it is challenging to find strategically located properties that are sufficiently large.

[1] **A part of the contracted rent is for outdoor storage.**

19,500 m^2
Completed new buildings during 2016

47,375 m^2
Signed contracts for new buildings

45,355 m^2
New buildings scheduled for 2017

Photograpy by André Clemetsen

TOPPING OUT CEREMONY

A “topping out” is a traditional ceremony in building projects normally held when the roof is completed. Bulk holds this ceremony for all our projects to show our appreciation of everyone involved in the project: tenants, contractors, consultants and all the workers.

Photograpy by André Clemetsen

DIGITAL LOGISTICS 2016 A YEAR OF TRANSITION

Digital Logistics hosts Bulk Infrastructure´s assets and projects within data centers and fiber optic networks. 2016 was a year of transition where analyses, investments and designs emerged as buildings and infrastructure both on and under the ground. Several milestones were reached across the board, but in particular the strengthening of our team through the acquisition of Data Center Technology further expands our skillsets and allows us to grow responsibly.

NORWAY AS A SERVICE

With an increased political instability in Europe and rising protectionism between nations we are experiencing a hardening debate about data sovereignty. This has probably played a significant role during 2016 with a record take-up for colocation data centers in Europe of 155 MW (CBRE European Data Centres, Q4 2016). The shift towards third party providers for data center services is accelerating. We decided to market our data center services under the tag line "Norway as a Service" in order to make us predictable to international customers. We are located in Norway, operated by Norwegians, controlled by Norwegian interest and protected by Norwegian international law. With Norway´s political stability and ultra low power cost and resilient renewable power this might be a breakthrough opportunity for Norway and Bulk´s Digital Logistics.

Oslo Internet Exchange (OS-IX)

OS-IX
oslo internet exchange

Late 2014 the 25,000 m^2 building Hans Møller Gasmans vei 9 was acquired. It was already the largest data center and most connected building in Norway. Its central Oslo location, access to power and national and international carriers, made it ideal to make the Oslo Internet Exchange. An Internet Exchange would guarantee international connectivity to Bulk´s Digital Logistics projects. Detailed planning to refurbish the building to a modern data center was required. With 6,000 m^2 live data center the existing tenants have participated in the planning for the refurbishment. The transformation from old to new technology with improved resilience started in 2016 by officially renaming the building Oslo Internet Exchange (OS-IX). We commenced construction for a new energy center of 14.4 MW and additional fiber and ducts were completed to the site. A dedicated floor was prepared for two new meet me rooms and a carrier hotel with the highest security. Finally about 5,500m^2 of non-data center related space was terminated to allow expansion for new co-location customers and to bring our own data center staff to the building.

Oslo data center of 25,000 m^2

14.4 MW new energy center on renewable energy

International Carrier hotel and modern colocation facilities

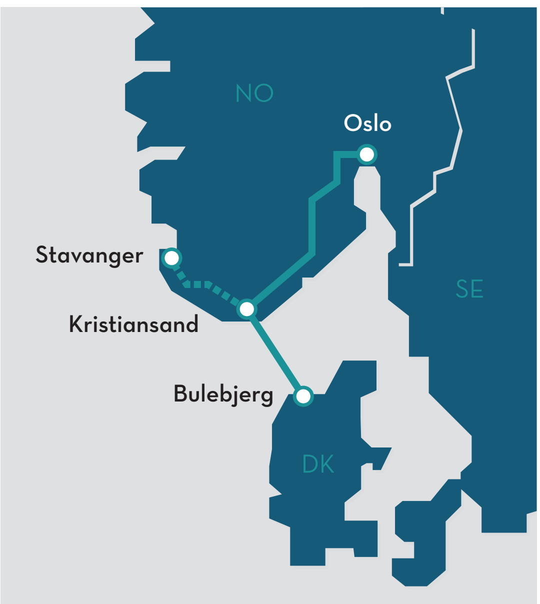
NO1 Campus

We completed the first prepared platform of 100.000 m^2 of land in 2016. Further the zoning of additional 300 hectares of adjacent land was accomplished for data center purpose. With 310 hectares of zoned land next to 3.6 GW of hydroelectric power, NO1 Campus has the ability to scale to become the World´s largest data center campus on renewable energy. Bulk Infrastructure also became a licensed utility company through NO1 Utilities. Two substations with capacity of up to 100 MW where 2 x 25 MW was installed were made ready for use. The shells of the first 2.5 MW IT load data center together with two redundant security houses with landing for fiber are completed. Technical fit-out has commenced.

310 hectares green data center campus

2 x 25 MW substations on renewable energy installed

Low latency to Europe



Bulk Networks

In our quest to provide ultimate connectivity to our sites and allow as many international carrier accesses as possible, we continue to invest in dark fiber networks. During 2016 Bulk Networks completed a fiber connection between NO1 Campus and Oslo Internet Exchange (OS-IX), and can now provide dark fiber from OS-IX to Bulebjerg in Denmark. Further we invested in new fiber between NO1 Campus and the city of Stavanger. This will allow us to have strategic dark fiber to connect to any future landing of sub-sea fiber cables between Norway and Continental Europe. In addition we find the substantial Oil and Offshore industry in Stavanger attractive as potential customers in our data center infrastructure. To expand our international sales and extend our network Bulk Networks also became a partner in Easy Fibre, an alliance of several Nordic dark fiber providers.

GROWTH AND DIVERSITY - PEOPLE CREATING SUCCESS

Bulk Infrastructure is about people. People create our success and this is the core of both Bulk Digital Logistics and Bulk Logistics. Our strong business growth has been accompanied by a strong growth in our team.

STRONG GROWTH

Bulk is experiencing rapid growth, and the number of employees increased from 27 to 45 in 2016. This is in line with our business strategy and ambitions for further growth through both organic growth and acquisitions. Acquiring Data Center Technology and Data Center Services was a major achievement, and added 11 employees to the team. Through this integration, Bulk has expanded our expertise in the digital logistics business.

DIVERSITY IS AN ADVANTAGE

Growth has also strengthened our diversity. Bulk has three offices in Norway in addition to the UK, Netherlands and Sweden. The age of our employees ranges from 21 to 71. Bulk is an equal opportunity employer. The percentage of women on our team has increased from 12 to 15.5 percent in 2016. Bulk sees diversity as a business advantage and we encourage our employees to be open-minded, act with respect and to avoid using stereotypes.

Growth and diversity. There is a difference of fifty years between Sebastian Stenberg (21) and Viggo Hegseth (71), and female representation increased by 5% in 2016. Laila Flaten is one of seven women working at Bulk.

Photograpy by André Clemetsen

Growth has also strengthened our diversity.

Peder challenged Ronny Stenberg for the first swim in April to mark the celebration of Bulk's first employee to mark a 10 year work anniversary.

Photograpy by André Clemetsen

Competence and development – key to Bulk's success.

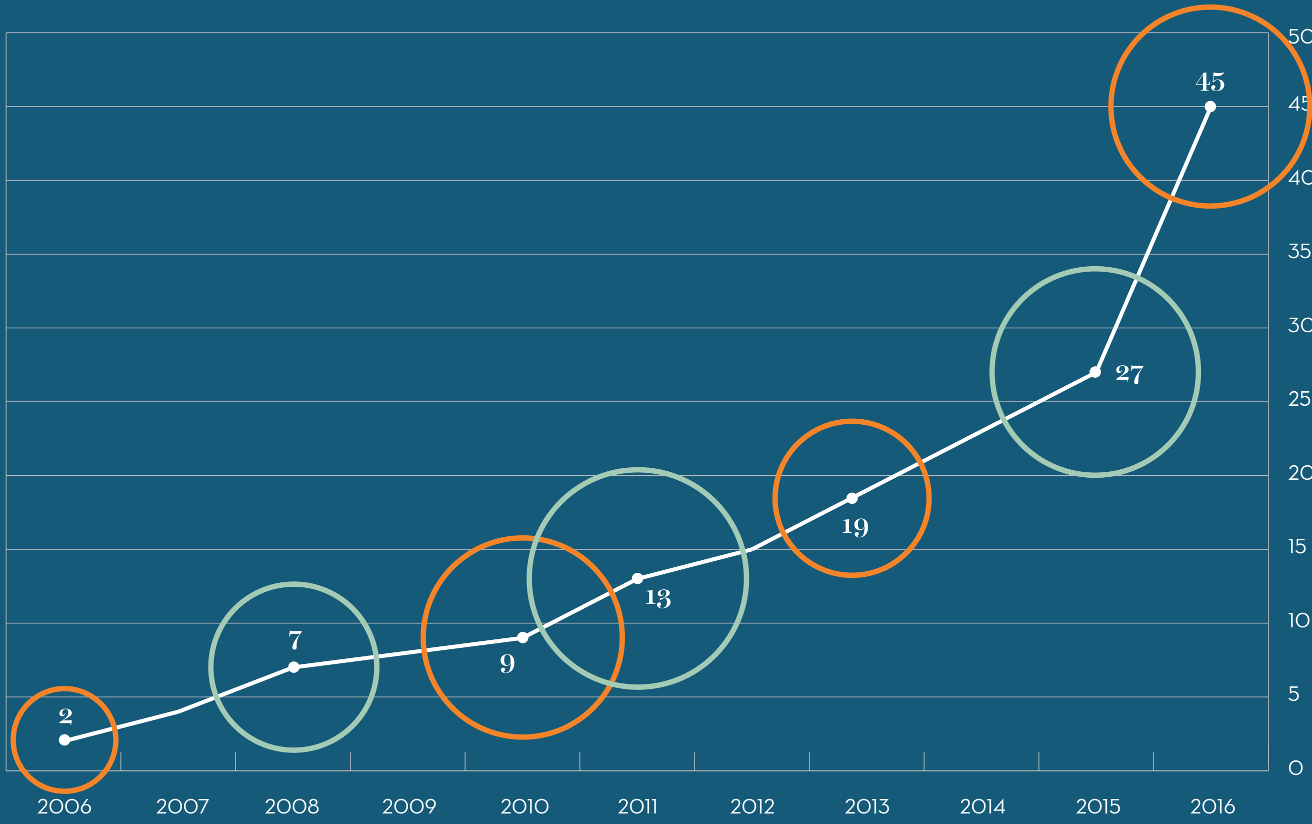
HEALTH, SAFETY & ENVIRONMENT

Safeguarding the health and safety of our employees is an inherent part of our value "respect". For 2016, Bulk had a sick leave absence rate of 1 percent and no accidents or near-accidents. The process of selecting and defining our company values in 2016 included all team members and will be further developed on an ongoing basis.

PRIDE & RESPECT

We are extremely proud of our employees. They are skilled, knowledgeable, caring and always eager to help. Flexibility, scalability and dependability are qualities we value in our employees, just as in our projects. These qualities ensure that competence is transferable throughout our projects and our company. Competence and development are key for our success, both for the company and for the individual. In order to succeed with our ambitious goals, we depend on our employees: it is our people who create success. That is why we have such a strong focus on respect, creative power and passion in all our work and all parts of our organization.

Ten years development of employees



ACQUISITION OF DATA CENTER TECHNOLOGY (DCT)

As a part of Bulk's data center strategy, Bulk acquired 100 percent of the Scandinavian technology company, Data Center Technology AS (DCT) in 2016. The acquisition of DCT represents a new chapter for Bulk, after ten years of organic growth, Bulk is now in a position to make strategic acquisitions.

The acquisition of DCT strengthens our core teams, bringing together both specialized resources and expertise, supporting our current and future data center development projects – which is important for the strong growth we are experiencing.

Quick facts about DCT – 2016

- Built and delivered 1,300 m^2 of new data centers
- Completed 22 data center projects
- Currently operates 26 data center service agreements

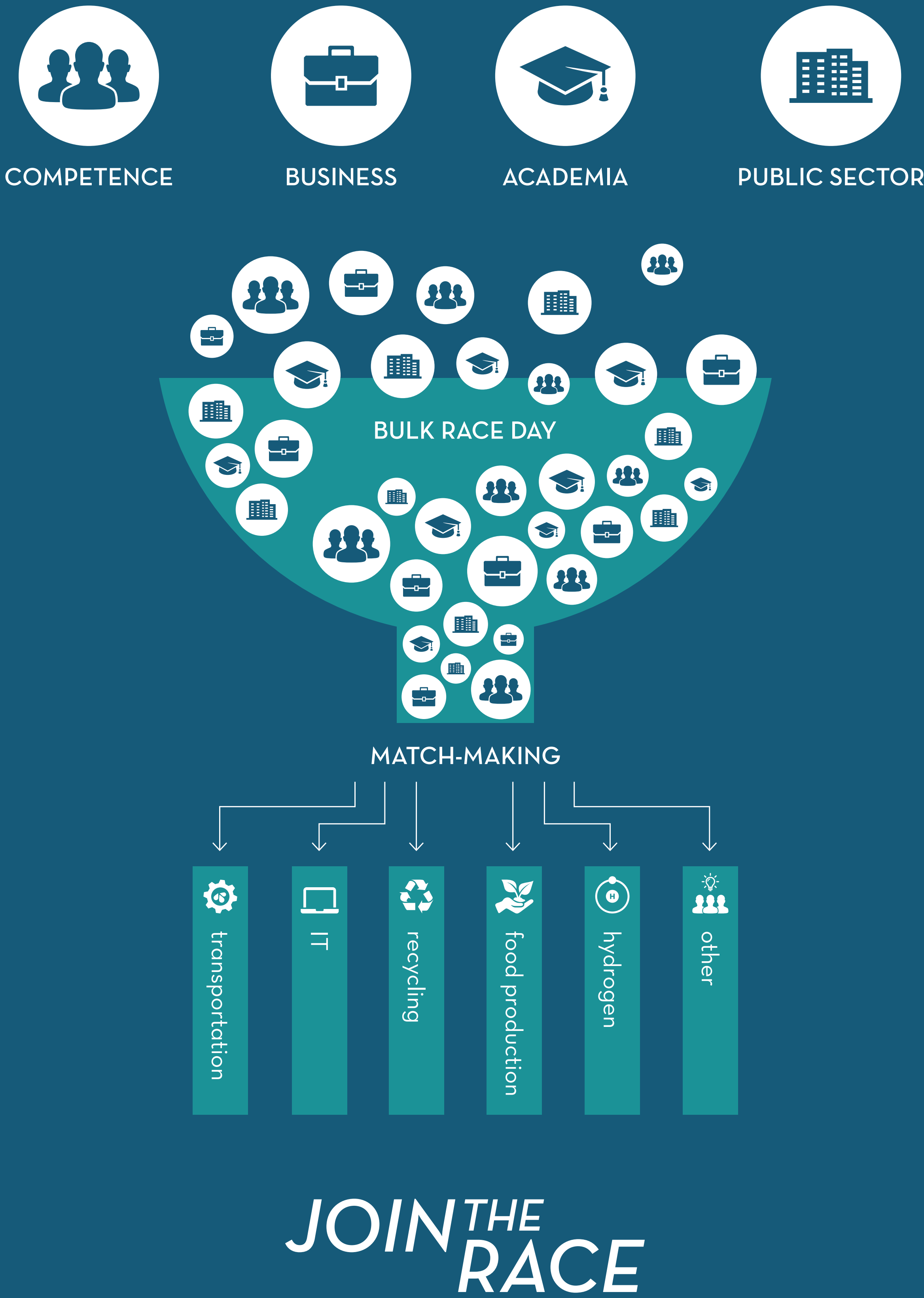
BULK RACE DAY 2016 – A GREAT SUCCESS

2016 was the year when Bulk Infrastructure created an arena for dialogue and sustainable solutions. Free of charge and open to anyone wanting to contribute with an idea, project or future solution fitting in with a green and sustainable approach. We named it Bulk Race Day.

- More than three hundred representatives from business, academia, the public sector, politicians and others participated in Bulk Race Day 2016.
- More than 30 different initiatives and projects were registered.
- These initiatives will be further developed in the years to come.

Would you like to join the race for sustainability or find out more?

- www.bulkraceday.no
- https://www.youtube.com/watch?v=aawNfRiyZg8


COMPETENCE
BUSINESS
ACADEMIA
PUBLIC SECTOR
BULK RACE DAY
MATCH-MAKING
transportation
IT
recycling
food production
hydrogen
other
JOIN THE RACE

ELECTRIC CITY AGDER

By 2020, the Agder Region will be home to more than half of the Norwegian hydropower surplus. Bulk Infrastructure is developing the world's largest data center campus on renewable energy – NO1 Campus in "Electric City Agder" – Because it is the ultimate European "Electric City".

LONG TRADITIONS

Hydropower has long been the backbone of Norwegian industry and a major contributing factor in the development of Norway in general. Our hydropower resources have been crucial for value creation and growth in Norway for over a hundred years, and will continue to play a vital role in the future. The Agder Region was built on the energy resources in the area, and it is all too easy to forget the hard work of generations past. Nevertheless, Agder has the advantage of hydropower and a long tradition as an electric city.

WHY ELECTRIC CITY AGDER?

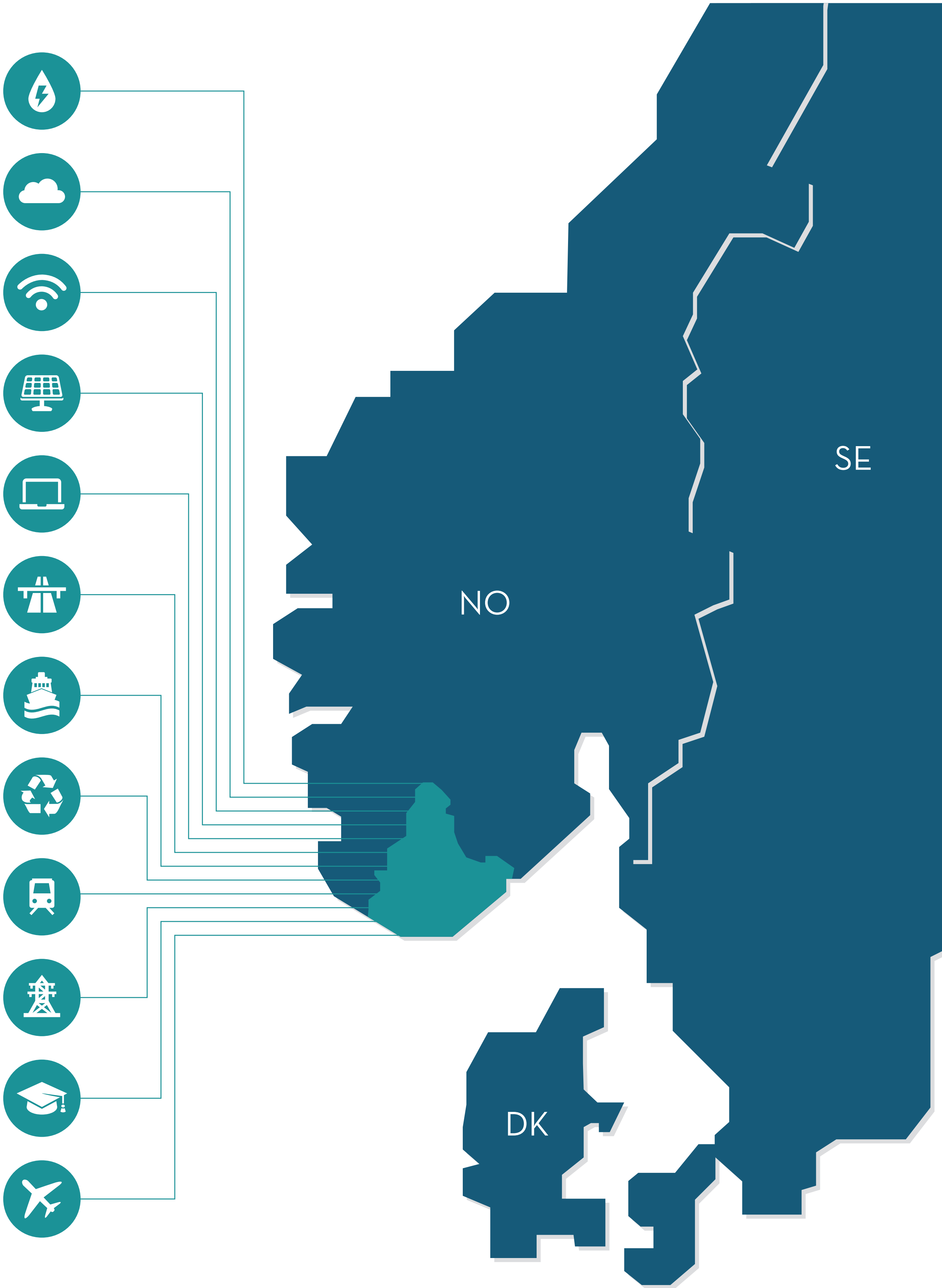
Agder satisfies all requirements for establishing a data center: Renewable energy, a surplus of hydroelectric energy, a cool and stable climate, easy access to important infrastructure like ports, railways, international airports, roads and a university, combined with a predictable political framework and a low electricity spot price. Not to mention the attractive city of Kristiansand. Electric City Agder has all these qualities and functions as an Electric Region.

HOW?

There is an evolving focus on smart cities and green communities around the world, but so far, there are few results other than isolated cases and examples of innovative solutions. Therefore, there is an urgent need to enhance the underlying infrastructure and strive for a completely electrified transport sector, provide electric charging systems for ferries and ships as well as electric vehicle supply equipment, fast chargers and smart grids.

QUICK FACTS:

- Hydropower is an environmentally friendly and renewable energy source
- 98% of all power production in Norway comes from hydropower
- Globally, 1/6 of power production comes from hydropower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Photograpy by André Clemetsen

The Board from the upper left: John-Erik Tønnesen (CEO), Lars Oskar Bustgaard, Nicholas B. Laird.
First row from the left: Even Bratsberg, Peder Nærbø and Torbjørn T. Moe.

REPORT FROM THE BOARD OF DIRECTORS 2016 - BULK INFRASTRUCTURE AS

BUSINESS DESCRIPTION

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

INVESTMENT CRITERIA

- ***Diversification:*** investing in businesses with low market correlation.
- ***Industrial approach:*** long-term investment perspective with focus on standardisation and scalability at the right time.
- ***Cash flow:*** create predictable long-term 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 office is in Oslo municipality.

2016 IN SHORT

- In 2016 the Group have experienced full effect of the restructuring completed in 2015 with extensive reorganization of subsidiaries.
- The Group has sold and handed over properties for NOK 209 million. In addition, the Group has also entered into forward agreements for the sale of NOK 275 million in property value where properties to be handed over in 2017.
- The Group has signed lease agreements for new construction of approximately 22,200 m^2 and at a yearly rent of approximately NOK 19.2 million during 2016.
- The Group has a number of ongoing processes with various tenants for the development of new warehouse and logistics buildings.
- The development of data centres is in good progress after several years of analysis and mapping. The Group is now on the way of becoming the leading data centre developer in Norway. The Group has projects ongoing in Oslo, *Oslo Internet Exchange* (OS-IX), and in Vennesla on *NO1 Campus*.
- The dark fibre route between OS-IX-Oslo S-Kristiansand-Denmark is now completed with connection to *NO1 Campus*, Vennesla.
- In 2016, Bulk Infrastructure has initiated several processes to ensure that procedures and activities is in line with certain commonly accepted standards. The company is currently implementing ISO 9001 Quality Management, 14001 Environmental Management, 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:

Bulk Logistics AS is a Nordic real estate developer, specialising in large modern warehouses, industrial buildings, cross-dock terminals and logistics parks. The company continues the operations developed through Bulk Eiendom AS. Established in 2006, and have already developed and delivered over 274,000 m^2 of high quality, flexible and energy efficient facilities for customers.

Bulk Digital Logistics AS 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 NO1 Campus in Vennesla. The company is developing OS-IX as "state of the art" data center including brand new infrastructure. We are constructing the world's largest data center campus powered by renewable energy in Vennesla. The company deliver quality, flexibility and sustainable alternative for the national and international market.

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

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 2016 status and The Group's long-term strategic forecasts for the years ahead. The Group has a solid financial position.

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 22,200 m^2 during 2016. Bulk is also involved in regulation and development of new logistics locations, both alone and in partnerships. The transaction market for commercial property has been good through 2016. Through the year we have experienced an improvement in the lending from finance institutions; we expect low interest rates to keep interest high especially for new modern logistics and warehouse properties with long cash flow.

Data Centers - It is a strong national and international interest in the data center projects. It is an ongoing process with public authorities, investors and both new and existing tenants. OS-IX is undergoing refurbishing with new 15-megawatt redundant power supply, meet-me-rooms, internet exchange and multiple ducts with dark fiber connectivity. The expectations to let out NO1 Campus in the years to come are substantial. Multiple international companies have already visited NO1 Campus. The construction and letting of the first data center is ongoing.

Fiber networks - Dark fiber between Oslo and Kristiansand and onwards to the continent is completed. This makes OS-IX and NO1 Campus directly connected to the global Internet.

REPORT ON THE ANNUAL ACCOUNTS

Total income for The Group was NOK 213.3 million compared to NOK 96.7 million last year. This is an increase of NOK 116.6 million mainly related to higher multiple sales of underlying properties in 2016 and the acquisition of Data Center Technology AS (DCT). NOK 113.6 million of total income is generated from Logistics in 2016, compared to NOK 70.9 million last year. The Service area generates a total income of NOK 98.3 million in 2016, compared to NOK 25.6 million last year. The increase in the service area is mainly due to the acquisition of DCT. Profit for the year 2016 was NOK 107.6 million compared to NOK 34.9 million last year.

The Group's operating profit was NOK 126.9 million in 2016 compared to NOK 22.8 million last year, while the annual net profit adjusted for minority interests was NOK 107.5 million in 2016, an increase from NOK 34.8 million in 2015. Bulk Logistics contributes with a profit for the year of NOK 140.8 million in 2016, compared to NOK 42.2 million last year.

Total current assets was NOK 294.7 million as of December 31, 2016 compared to NOK 222.9 million as of December 31, 2015.

The Group's total liabilities amounted to NOK 536.6 million as of December 31, 2016, compared to NOK 363.9 million as of December 31, 2015. This increase is mainly due to financing of new projects.

Other financial and interest costs amounted to NOK 17.3 million in 2016 compared to NOK 17.1 million in 2015. The Group aims to reduce these costs significantly by strengthening its equity.

Total assets at the end of the year amounted to NOK 1,418.7 million compared to NOK 974.9 million last year. The equity-to-assets ratio as of December 31, 2016 was 62.2%, compared to 62.7% as of December 31, 2015.

The Group's financial position is strong.

The Holding company's net result was NOK 33.0 million compared to NOK 142.3 million in 2015. The reduction was mainly related to reduced financial income from subsidiaries compared to last year. Total assets was NOK 868.3 million as of December 31, 2016 compared to NOK 714.4 million last year. The Holding company´s equity was NOK 776.0 million and the equity ratio as of December 31, 2016 was 89.4%, compared to 78.3% last year.

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 on going. The Group intends to maintain a reasonable amount of liquidity to meet unforeseen obligations.

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 floating and fixed interest rates was nearly 30/70 by the end of the year.

Credit risk - The Group's warehouse and distribution properties are characterised by high standards, good locations, long lease agreements and reliable tenants. There was no credit loss in 2016. 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 as interest rates remain low. There has been a slowdown in the lending will of the banks which in turn could affect the transaction market going forward.

Rental Market for warehouses, logistic buildings and data centres. The Group is exposed to the risk of changes in lease/rental prices in the market. Fluctuations in unemployment and inflation affect the Group. The Group has several long-term lease agreements in place. However, the weighted average lease term for tenants has increased from 5.7 year last year to 8.3 years as of December 31, 2016 as several long-term lease contracts has been entered during 2016. 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 buildings is low.

WORKING ENVIRONMENT AND PERSONNEL

Sick leave amounted to 1% of total working hours in 2016. The Group had 44 employees at the end of the year in addition to two full time external consultants. 17% of the employees are women compared to 12% last year.

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.

ENVIRONMENT REPORTING

The Group wants to protect the environment. The Company attempt to select and purchase eco-friendly materials, energy saving technical solutions and to implement environmentally friendly projects and operational procedures at all our projects and properties.

PROFIT/LOSS FOR THE YEAR AND ALLOCATION OF FUNDS

The Board of Directors proposes that the profit for the year for The Holding Company amounting to NOK 33,011,880 will be transferred as follows;

Other equity	**NOK 33,011,880**

Oslo, March 28, 2017

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

JOHN ERIK TØNNESSEN
General manager

CONSOLIDATED FINANCIAL STATEMENT 2016

CONSOLIDATED FINANCIAL STATEMENT 2016

PRESENTATIONS

NOTES TO THE CONSOLIDATED ACCOUNTS FOR 2016

Consolidated statement of profit and loss and other comprehensive income

FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	2016	2015
Rental income	3,21	31,201,906	29,340,290
Other revenue	3,21	182,081,644	67,357,181
Total income	**3,21**	**213,283,550**	**96,697,471**
Property-related expences	22	16,204,064	13,789,922
Other cost	22,23	130,671,458	57,706,779
Total expenses		**146,875,522**	**71,496,701**
Operating profit before fair value adjustments on investment properties		**66,408,028**	**25,200,770**
Fair value adjustments on investment properties	8	60,533,070	-2,392,186
Operating profit		**126,941,098**	**22,808,584**
Share of profit of investments accounted for using the equity method	11	-1,658,466	-
Finance income	24	1,871,188	6,615,199
Finance costs	24	17,335,313	17,083,687
Realised net financial items		**-17,122,591**	**-10,468,488**
Fair value adjustments on derivatives	24	4,517,878	4,251,278
Net financial items		**-12,604,713**	**-6,217,210**
Profit before income tax		**114,336,385**	**16,591,374**
Income tax expense	6, 25	6,727,908	-18,329,356
Profit for the year		**107,608,477**	**34,920,730**
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income		**107,608,477**	**34,920,730**
Attributable to:			
Shareholders in the parent Company		107,508,226	34,804,427
Non-controlling interests		100,251	116,303
Number of shares outstanding		138,195,158	119,343,640
Weighted average number of shares outstanding		120,397,141	42,353,735
Earnings per share (NOK)		0.89	0.82
Earnings per share, diluted (NOK)		0.89	0.82

Consolidated balance sheet

	Note	2016	2015	01.01.2015
Assets				
Intangible fixed assets				
Goodwill	9,10	16,947,796	-	-
Other intangible assets	9	8,332,471	2,607,130	-
Total intangible assets		**25,280,267**	**2,607,130**	**-**
Non-current assets				
Investment property	4,6,8,22	719,619,392	574,579,991	561,942,917
Property, plant & equipment	8	262,857,908	127,447,155	47,130,495
Investment in Associated company	7,11	113,794,716	40,676,925	40,551,925
Other receivables	11,13	2,419,662	6,697,812	293,431
Total non-current assets		**1,098,691,678**	**749,401,883**	**649,918,768**
Current assets				
Inventories	26	5,436,700	4,570,510	4,570,510
Receivables related parties	13	-	8,775,331	119,091,326
Trade and other receivables	13,14	45,082,994	27,542,874	29,352,716
Cash and cash equivalents	13,15	244,198,461	181,972,274	223,722,039
Total current assets		**294,718,155**	**222,860,989**	**376,736,591**
Total assets		**1,418,690,100**	**974,870,002**	**1,026,655,359**

Consolidated balance sheet

	Note	2016	2015	01.01.2015
Equity and liabilities				
Paid in equity				
Ordinary shares		1,570,477	1,193,446	100,000
Share premium		741,371,268	558,436,826	-
Total paid in equity	**16**	**742,941,745**	**559,630,272**	**100,000**
Retainded earnings				
Retainded earnings		138,735,822	51,028,853	626,003,591
Total retainded earnings		**138,735,822**	**51,028,853**	**626,003,591**
Non-controlling interests		**427,390**	**291,280**	**174,977**
Total equity	**16**	**882,104,957**	**610,950,405**	**626,278,568**
Non-current liabilities				
Borrowings	13,17	367,303,952	253,871,020	276,244,646
Derivative financial instruments	12,13	19,979,884	24,497,762	28,749,040
Other long-term liabilities		2,166,666	-	12,648,791
Deferred income tax liabilities	18	21,211,756	15,051,069	33,380,425
Total non-current liabilities		**410,662,258**	**293,419,851**	**351,022,902**
Current liabilities				
Trade payables	19	44,325,789	15,015,665	9,490,336
Short-term portion of borrowings	13,17	14,192,671	24,295,841	-
Other payables	13,17	67,404,425	31,188,240	39,863,553
Total current liabilities	**13**	**125,922,885**	**70,499,746**	**49,353,889**
Total liabilities		**536,585,143**	**363,919,597**	**400,376,791**
Total equity and liabilities		**1,418,690,100**	**974,870,002**	**1,026,655,359**

Oslo, March 28, 2017

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

JOHN ERIK TØNNESSEN
General manager

Consolidated statement of changes in equity

	Paid in equity		Retained earnings			
	Share capital	**Share premium**	**Retained earnings**	**Other reserves**	**Non-controlling interests**	**Total equity**
01.01.2015	**100,000**	**-**	**626,003,591**	**-**	**174,977**	**626,278,568**
						-
Profit of the year			34,804,427		116,303	34,920,730
Share issue	1,093,446	558,436,826	-559,530,272			-
Share issue cost in the group			1,933,843			1,933,843
Disposals in minority share			-52,182,736			-52,182,736
Total comprehensive income	**1,093,446**	**558,436,826**	**-574,974,738**	**-**	**116,303**	**-15,328,163**
31.12.2015	**1,193,446**	**558,436,826**	**51,028,853**	**-**	**291,280**	**610,950,405**
01.01.2016	**1,193,446**	**558,436,826**	**51,028,853**	**-**	**291,280**	**610,950,405**
Profit of the year			107,508,226		100,251	107,608,477
Share issue	377,031	182,934,442				183,311,473
Dividend approved			-23,868,728			-23,868,728
Translation differences			4,067,471		35,859	4,103,330
Total comprehensive income	**377,031**	**182,934,442**	**87,706,969**	**-**	**136,110**	**271,154,552**
31.12.2016	**1,570,477**	**741,371,268**	**138,735,822**	**-**	**427,390**	**882,104,957**

Cashflow statement - consolidated

	Notes	2016	2015
Cash flow from operations			
Profit before income taxes		114,336,385	16,591,374
Adjust for:			
Fair value adj. on investment properties	8	-60,533,070	2,392,186
Finance income	24	-6,389,066	-10,866,477
Finance costs	24	17,335,313	17,083,687
Cashflow before change in working capital		64,749,562	25,200,770
Change in working capital			
Trade and other receivables		-5,352,829	105,721,456
Trade and other payables		65,526,309	-3,149,984
Net cash flow from operations (A)		**124,923,042**	**127,772,242**
Cash flow from investments			
Purchase and improvements of investments property	8	-62,340,090	-40,797,706
Net change in financial investments		-73,117,791	-125,000
Purchase of shares in other companies		-50,516,667	-6,583,430
Sale of shares in other companies		29,052,665	-
Purchase of fixed assets		-142,990,377	-72,765,449
Net cash flow from investments (B)		**-299,912,260**	**-120,271,585**
Cash flow from financing			
Interest paid including interest paid on derivatives		-17,335,313	-17,083,687
Interest received		1,871,188	6,615,199
Proceeds from increased debt/repayments of loan	17	105,496,428	-10,726,576
Change in equity		171,051,830	-
Dividend paid		-23,868,728	
Disbursement from changes in minority share		-	-28,055,358
Net cash flow from financing (C)		**237,215,405**	**-49,250,422**
Net change in cash and cash equivalents (A+B+C)		**62,226,187**	**-41,749,765**
Cash and cash equivalents at the beginning of the period		181,972,274	223,722,039
Change in currency excange rate		-	-
Cash and cash equivalents at the end of the period		**244,198,461**	**181,972,274**
Restricted funds	15	3,010,527	5,319,670

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 group Bulk Infrastructure AS.

Bulk Logistics AS is a Nordic real estate developer, specialising in large modern warehouses, industrial buildings, cross-dock terminals and logistics parks. Bulk was established in 2006 and has unique expertise within the field of business, finding land, tenants and construction of logistics properties. Bulk´s logistics business is centered in the core logistic areas of Norway and has acquired a considerable land bank in the proximity to the European route 6 surrounding Oslo.

Bulk Digital Logistics AS is an industrial developer of data centers and data center services. Bulk offers data center development by finding land, design buildings in dialogue with tenants and complete construction of modern data centers. Bulk's two main sites for data center development is in Oslo, Oslo Internet Exchange (OS-IX) and at Vennesla, NO1 Campus.

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

NOTE 2

– *Accounting principles*

2.1 General

The consolidated financial statement has been prepared in accordance with International Financial Reporting Standards (IFRS) as determined by the EU, and in accordance with amendments following the Norwegian Accounting Act.

The consolidated financial statement has been prepared under the historical cost convention, with the following exceptions:

- Investment properties are recognized at their fair value
- Real estate used by the owner is recognized at its fair value with change in value against other income and expenditure.
- 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 STANDARS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET ADOPTED BY THE GROUP

A number of new standards and amendments to standards and interpretations are not mandatory for December 31, 2016 reporting periods and have not been early adopted in 2016 by the group. New standards and amendments that are expected to have an impact on the consolidated financial statements are set out below:

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial Instruments: Recognition and Measurement with a single model that has initially only two classification categories: amortized cost and fair value. 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. The biggest change is where the fair value option is adopted for financial liabilities, the changes in fair value due to changes in own credit risk are recognized in other comprehensive income. IFRS 9 simplifies the requirements for hedge accounting by linking hedging effectiveness more closely to management's risk control and provides a greater scope for assessment. Meanwhile hedge documentation is still required. The standard is effective for the fiscal year 2018, but early adoption is permitted. The group still has not fully assessed the impact of IFRS 9.

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 existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer loyalty programs. The standard is mandatory for annual periods beginning January 1, 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 which is in line with the current revenue recognition at the group. The standard is effective for the fiscal year 2018, but early adoption is permitted. The group still has not fully assessed the impact of IFRS 15.

IFRS 16 LEASES

IFRS 16 Leases replaces existing IFRS leases requirements, IAS 17 Leases. This standard will result 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 affective at fiscal year 2019. The group still has not fully assessed the impact of IFRS 16.

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

2.2 Changes in accounting principles

The company has previously prepared the consolidated financial statements in accordance with Accounting Act and good accounting practice in Norway, but in 2016 decided to prepare consolidated accounts in accordance with international standards Financial Reporting (IFRS) as adopted by the EU, and the additional provisions of Norwegian Accounting. In according with the first year implementation of IFRS, eariler years accounting figures have been restated material accounting principles and effect og these is described in note 28.

2.3 Consolidation

SUBSIDIARIES

When the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all the three following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power 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 fully consolidated from the date on which control is transferred to the group. Subsidiaries are deconsolidated from the date control ceases.

ACQUISITIONS OF SUBSIDIARIES/OTHER ENTITIES – 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 minority interest in the acquire. The minority interest is valued either at fair value or by the minority share of the net assets. When investing in related companies goodwill is included in the recognized value of the investment. Goodwill is recognized at acquisition value with deduction of any accumulated devaluations. Goodwill is not depreciated but an impairment test is performed each year. Negative goodwill is recognized as income on the date of acquisition.

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

JOINT ARRANGEMENTS
Joint arrangements are classified as joint operations and joint ventures based on legal structure and the agreements.

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 carring 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 are no longer applied.

Investments in associates 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. The group's investment in associates includes goodwill identified on acquisition.

ELIMINATION OF TRANSACTIONS
Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Unrealised gains on transactions with associates are eliminated with the group's share of the company. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.4 Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using NOK. This is also the functional currency of the parent company and all 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.

2.5 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 included 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. Recognized value also include replacement cost for parts of the existing investment property at the time when the cost is incurred and the terms for recognition has been met.

After initial recognition the investment property is then recognized at fair value. Profit or loss from changes in fair value are presented in the income statement when 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 charged to the income statement during the financial period in which they are incurred.

Investment properties are derecognized when they are sold or are permanently out of operations and no future economic benefit is expected if disposed of. All gains or losses relating to sales or disposal are presented in the income statement the same year as disposal. 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.

2.6 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 stated at historical cost less depreciation and write downs. Historical cost includes expenditure that is directly attributable to he acquisition of the item.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropiate, 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 charged to the income statement during the financial period in with they incur.

Land and R&D, and software is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. Expected useful economic is as follows:

Buildings	-	2% linear
Tecnhical instr.	-	7-20% linear
Parking	-	5% linear
Fixtures and fittings	-	10-25% linear
Equipment	-	5% linear

2.7 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 property is included in this category from the time when a Letter of intent relating to sale of the property exists. Investment properties classified as held for sale is measured at fair value.

2.8 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 pay remuneration to consultants in negotiations of new lease agreements. Remuneration paid in relation to new lease agreements is included in the carrying amount of the investment property and is amortized over the life of the lease agreement.

Payments, free rental period or other incentives given to the lessee are accrued on a straight-line basis over the period of the lease.

2.9 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, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognized immediately as an expense.

Goodwill is capitalized as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

2.10 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset'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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.11 Financial assets

CLASSIFICATION
The group classifies its financial assets in the following categories: (a) at fair value through profit or loss and (b) loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. 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 categorised 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 in the income statement. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other gains and losses' in the period in which they arise.

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) LOANS AND RECEIVABLES
Loans and receivables 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 loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Loans and receivables are initially recognized at fair value, transaction costs are added to the carrying amount. Loans and receivables are subsequently carried at amortized cost.

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. 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.

OTHER FINANCIAL OBLIGATIONS
Other financial obligations include all obligations not classified at fair value over the income statement. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Financial obligations are initially recognized at fair value, and transaction costs are expensed in the income statement. Obligations are subsequently carried at amortized cost.

Financial obligations are derecognized when the obligation to rights to meet the obligation have expired. This normally happens when the group pay their obligations.

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 realise the asset and settle the liability simultaneously.

2.12 Trade receivables

Trade receivables are amounts due from customers for merchandise 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.

2.13 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.

Borrowings with floating interest rate is measured at amortized cost.

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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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 deferred tax. Tax 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 charge 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 income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for 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 income tax is 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 income tax asset is realised or the deferred income tax liability is settled. Deferred income 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 income 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 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 comprise of rental income, service fees and administration fees from the properties. Rental income is recognized over the life of the lease agreement. Income from through-invoicing of costs to tenants is recognized in the period when they are rendered according to contract.

Income from sale of goods and services is recognized when delivered and when risk and control are considered transferred.

SALE OF PROPERTY UNDER DEVELOPMENT

For properties that are under development and where a contract has been entered into regarding the sale of the property upon completion, the contract and the assessment of it is carefully reviewed and whether the construction of a property or the sale of a completed property is assessed. Construction-in-progress is not depreciated. Once the asset is complete and available for use, depreciation is commenced.

When the contract states that the construction of a property has been agreed, the income is recognized in accordance with the percentage of completion method in line with the building's progress. If the sale of a completed property has been agreed, the income will first be recognized when the significant risks and rewards of ownership of the real property have been transferred to the buyer.

In some contracts the conditions are prepared with the terms that works in progress are continually transferred to the buyer in their current condition. For these contracts the percentage of completion accounting method are used and the income is recognized in accordance with the percentage of completion. The continuous transfer of works in progress is used when (i) the buyer has the control over the construction works, typically when the plot that is being built is owned by the final customer, and

(ii) all significant risks and rewards of ownership of the work in progress in its current condition are transferred to the customer in line with the progress og the work, typically when the buyer cannot return the unfinished property. In such situations, the progress is measured as accrued costs in the accounting period against the estimated total costs.

2.21 Real estate related costs and other costs

Costs directly related to the operation of existing properties are recognized as real estate related costs, other costs are included as administration costs. Costs are recognized as they are accrued.

2.22 Interest income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument Interest income on impaired loan and receivables is recognized using the original effective interest rate.

2.23 Classification of assets and debt

Current assets and short term debt expected to be settled within 12 months, and other items that are included in the company's normal operating cycle are classified as current. Strategic investments are classified as fixed assets. The short term share of the long-term debt is classified as short term.

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 performancce of the operating segments, has been indentified as the corporate management.

Photography by André Clemetsen

NOTE 3

– *Segment information*

Bulk Infrastructure consern has the following strategic operating segments by December 31, 2016. All operating activities is based in Norway.

Operating profit and loss after segment 31.12.2016	**Bulk Logistics**		**Bulk Digital Logistics**	
	2016	**2015**	**2016**	**2015**
Rental income	31,201,906	29,340,290	-	-
Other revenue	82,366,640	41,583,288	1,411,254	90,955
Total income	**113,568,546**	**70,923,578**	**1,411,254**	**90,955**
Property-related expences	3,621,107	4,690,285	-	-
Other cost	1,065,496	1,330,437	3,271,132	334,118
Total expenses	**4,686,603**	**6,020,722**	**3,271,132**	**334,118**
Operating profit before fair value adjustments on investment properties	**108,881,943**	**64,902,856**	**-1,859,878**	**-243,163**
Fair value adjustments on investment properties	60,533,070	-2,392,186	-	-
Operating profit	**169,415,013**	**62,510,670**	**-1,859,878**	**-243,163**
Realised net financial items	**-16,685,059**	**-17,323,944**	**588,918**	**-119,644**
Fair value adjustments on derivatives	4,517,878	4,251,278	-	-
Net financial items	**-12,167,181**	**-13,072,666**	**588,918**	**-119,644**
Profit before income tax	**157,247,832**	**49,438,004**	**-1,270,960**	**-362,807**
Income tax expense	16,448,914	7,193,064	-1,754,445	-158,686
Profit for the year	**140,798,918**	**42,244,940**	**483,485**	**-204,121**
Other comprehensive income	-	-	-	-
Other comprehensive income for the year, net of tax	**-**	**-**	**-**	**-**
Total comprehensive income	**140,798,918**	**42,244,940**	**483,485**	**-204,121**

** Including Parent Company*

	Bulk Networks		Bulk Services *		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	-	-	-	-	31,201,906	29,340,290
	50,000	50,000	98,253,750	25,632,938	182,081,644	67,357,181
	50,000	**50,000**	**98,253,750**	**25,632,938**	**213,283,550**	**96,697,471**
	-	-	12,582,957	9,099,637	16,204,064	13,789,922
	2,677,008	2,291,751	123,657,822	53,750,473	130,671,458	57,706,779
	2,677,008	**2,291,751**	**136,240,779**	**62,850,110**	**146,875,522**	**71,496,701**
	-2,627,008	**-2,241,751**	**-37,987,029**	**-37,217,172**	**66,408,028**	**25,200,770**
	-	-	-	-	60,533,070	-2,392,186
	-2,627,008	**-2,241,751**	**-37,987,029**	**-37,217,172**	**126,941,098**	**22,808,584**
	-64,879	**-2,373,196**	**-961,571**	**9,348,296**	**-17,122,591**	**-10,468,488**
	-	-	-	-	4,517,878	4,251,278
	-64,879	**-2,373,196**	**-961,571**	**9,348,296**	**-12,604,713**	**-6,217,210**
	-2,691,887	**-4,614,947**	**-38,948,600**	**-27,868,876**	**114,336,385**	**16,591,374**
	-1,905,843	-1,393,647	-6,060,718	-23,970,087	6,727,908	-18,329,356
	-786,044	**-3,221,300**	**-32,887,882**	**-3,898,789**	**107,608,477**	**34,920,730**
	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
	-786,044	**-3,221,300**	**-32,887,882**	**-3,898,789**	**107,608,477**	**34,920,730**

Operating profit and loss after segment 31.12.2016	Bulk Logistics		Bulk Digital Logistics	
	2016	**2015**	**2016**	**2015**
Assets				
Intangible fixed assets				
Goodwill	-	-	-	-
Other intangible assets	-	-	-	-
Total intangible assets	**-**	**-**	**-**	**-**
Non-current assets				
Investment property	719,619,392	574,579,991	-	-
Property, plant & equipment	196,875	219,375	168,359,500	33,182,202
Investment in Associated company	-	-	71,007,786	40,676,925
Other receivables	100,000	100,000	94,326	55,408
Total non-current assets	**719,916,267**	**574,899,366**	**239,461,612**	**73,914,535**
Current assets				
Inventories	4,570,510	4,570,510	-	-
Receivables related parties	-	-	-	-
Trade and other receivables	14,249,532	4,692,742	12,037,811	3,063,264
Cash and cash equivalents	13,266,671	9,155,185	7,421,902	881,793
Total current assets	**32,086,713**	**18,418,437**	**19,459,713**	**3,945,057**
Total assets	**752,002,980**	**593,317,803**	**258,921,325**	**77,859,592**
Liabilities				
Total long-term liablities	357,064,623	290,783,009	-	-
Total short-term liablities	39,880,886	27,485,246	34,748,450	7,032,525
Total liabilites	**396,945,509**	**318,268,255**	**34,748,450**	**7,032,525**

** Including Parent Company*

	Bulk Networks		Bulk Services *		Total	
	2016	2015	2016	2015	2016	2015
	-	-	16,947,796	-	16,947,796	-
	-	-	8,332,471	2,607,130	8,332,471	2,607,130
	-	**-**	**25,280,267**	**2,607,130**	**25,280,267**	**2,607,130**
	-	-	-	-	719,619,392	574,579,991
	86,848,238	85,798,605	7,453,295	8,246,973	262,857,908	127,447,155
	-	-	42,786,930	-	113,794,716	40,676,925
	260,838	729,095	1,964,498	5,813,309	2,419,662	6,697,812
	87,109,076	**86,527,700**	**52,204,723**	**14,060,282**	**1,098,691,678**	**749,401,883**
	-	-	866,190	-	5,436,700	4,570,510
	-	-	-	8,775,331	-	8,775,331
	260,838	729,095	18,534,813	19,057,773	45,082,994	27,542,874
	1,613,328	2,622,768	221,896,560	169,312,528	244,198,461	181,972,274
	1,874,166	**3,351,863**	**241,297,563**	**197,145,632**	**294,718,155**	**222,860,989**
	88,983,242	**89,879,563**	**318,782,553**	**213,813,044**	**1,418,690,100**	**974,870,002**
	-	-	53,597,635	2,636,842	410,662,258	293,419,851
	92,583	11,894	51,200,966	35,970,081	125,922,885	70,499,746
	92,583	**11,894**	**104,798,601**	**38,606,923**	**536,585,143**	**363,919,597**

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.

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. 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 recognised value of financial assets.

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.

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 2016	**Booked amount**	**Year 1**	**Year 2**	**Year 3-5**	**After year 5**
Borrowings (bank)	381,496,623	14,192,671	126,779,112	173,183,188	67,341,652
Interest costs (bank)	2,618,423	2,618,423			
Trade payables	44,325,789	44,325,789			
Other current payables	64,786,002	64,786,002			
Derivative financial intruments	19,979,884	5,534,961	2,853,618	3,405,890	8,185,415
Other long-term liabilities	2,166,666		2,166,666		
Financial liability 2015	**Booked amount**	**Year 1**	**Year 2**	**Year 3-5**	**After year 5**
Borrowings (bank)	278,166,861	24,295,841	12,788,113	194,087,483	46,995,424
Interest costs (bank)	415,379	415,379			
Trade payables	15,015,665	15,015,665			
Other current payables	30,772,861	30,772,861			
Derivative financial intruments	24,497,762	5,576,637	5,666,477	5,075,621	8,179,027
Other long-term liabilities	-				

Interest on borrowings and financial cost on derivates is estimated for year 1 and 2 only. When calculating interest costs only ordinary instalments are taken into consideration, and any loans with final maturity in year 1 or 2 are assumed refinanced.

NOTE 5

– *Capital structure and capital management*

The main goal of the group capital management is to secure that the group maintain a satisfactory net asset value. The capital base will secure the implementation of existing and possible new development projects. The capital base is decisive in securing satisfactory borrowing facilities and conditions taken the group operations into consideration. The group manage the capital base and make appropriate changes based on a continuous monitoring of economic factors and the short and medium term prospects.

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 has used estimates based on their best judgement and realistic assumptions. Some situations or changes in the market situation may lead to changes in estimates and in turn influence the group assets, debt, equity and profits.

The group's most significant estimates relates to the following:

- Fair value of investment property
- Fair value of financial instruments
- Deferred tax

Investment property is recognized at fair value on the year end date.

Deferred tax benefit based on loss carried forward is recognized to the degree where there is clear indications and objective evidence that future taxable income will be available to utilize the loss.

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 Eiendom Lindeberg 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 Deliveien 3 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%
Bulk Eiendom Berger AS	Oslo	91.5%
Bulk Langhus II AS	Oslo	100.0%
Bulk Digital Logistics AS	Oslo	100.0%
NO1 Services AS	Oslo	100.0%
NO1 Utilities AS	Oslo	100.0%
NO1 Real Estate AS	Oslo	100.0%
Bulk Networks AS	Oslo	100.0%
Bulk Infrastructure Landfiber AS	Oslo	100.0%
Bulk Infrastructure Seafiber AS	Oslo	100.0%
Norway as a Service AS	Oslo	100.0%
Bulk Facility Services AS	Oslo	100.0%
Bulk Fugleåsen Drift 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%
Data Center Services AB	Stockholm	100.0%
Data Center Technology Sverige AB	Stockholm	79.0%
Joint Venture		
OS-IX Eiendom Holding AS	Oslo	50.0%
AE Bulk Co-Invest AS	Oslo	50.0%

NOTE 8

– *Investment property*

INVESTMENT PROPERTY	**2016**	**2015**
Fair value 01.01.	574,579,991	561,942,917
Additions:		
Value added improvements on property	23,752,181	15,029,260
Purchase of property	60,754,150	-
Sale of property	-	-
Transferred to assets held for sale	-	-
Net change in adjustments of fair value	60,533,070	-2,392,186
Fair value 31.12.	**719,619,392**	**574,579,991**
Investment property classified as held for sale	-	-

Profit and loss relating to investment property	**2016**	**2015**
Income from rent	31,201,906	29,340,290
Expenses related to leased property	-16,204,064	-13,789,922
Expenses related to non-leased property	-	-

NOTE 8

– Investment property continues

Overview over input used for valuation 2016	
Valuation level	3
Valuation model	DCF
Fair value as of 31.12.2016	719,619,392
Total m^2	62,556
Current rent per m^2 (range)	1 135 - 510
Current rent per m^2 (average)	870
Remaining lease period actual contracts (range)	15,5 - 1,4
Remaining lease period actual contracts (average)	8.3
Market rent per m^2 (range)	1 113 - 467
Market rent per m^2 (average)	866
Estimated CPI	2.0%
Actual vacancy	8.6%
Valuation yield/discount rate (range)	9,75% - 5,50%
Valuation yield/discount rate (average)	6.83%

Overview over input used for valuation 2015	
Valuation level	3
Valuation model	DCF
Fair value as of 31.12.2015	574,579,991
Total m^2	40,988
Current rent per m^2 (range)	1 097 - 491
Current rent per m^2 (average)	889
Remaining lease period actual contracts (range)	11,6 - 1,9
Remaining lease period actual contracts (average)	5.7
Market rent per m^2 (range)	1 038 - 493
Market rent per m^2 (average)	821
Estimated CPI	2.5%
Actual vacancy	13.0%
Valuation yield/discount rate (range)	11,00% - 6,25%
Valuation yield/discount rate (average)	7.96%

NOTE 8

– *Investment property continues*

All figures are in NOK million.

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 recognised 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 the separate effects of changes in these variables (amounts in NOK million):

		Fair value change	
Variables	**Changes in variables**	**+**	**-**
Yield	+/- 0.25%	25	-27
Market rent	+/- 5%	-22	20

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%	-7.93	7.98

NOTE 8

– *Property, plant & Equipment*

	Buildings	Land and parking	Under construction	Fixtures and fittings	Equipment	Total
Accumulated cost						
Balance at 01.01.2015	2,844,999	26,559,542	-	5,756,210	14,293,304	49,454,055
Additions	3,361,054	1,595,648	5,011,011	891,811	71,505,301	82,364,825
Balance at 31.12.2015	6,206,053	28,155,190	5,011,011	6,648,021	85,798,605	131,818,880
Balance at 01.01. 2016	6,206,053	28,155,190	5,011,011	6,648,021	85,798,605	131,818,880
Additions	569,895	31,371,277	103,918,021	356,210	1,049,633	137,265,036
Acquired through business combinations	-	-	-	295,897	-	295,897
Balance at 31.12.2016	6,775,947	59,526,467	108,929,032	7,300,128	86,848,238	269,379,812
Accumulated depreciation						
Balance at 01.01.2015	1,459,941	-	-	863,619	-	2,323,560
Depreciation charge for the year	286,000	-	-	1,762,165	-	2,048,165
Balance at 31.12.2015	1,745,941	-	-	2,625,784	-	4,371,725
Balance at 01.01.2016	1,745,941	-	-	2,625,784	-	4,371,725
Acquired through business combinations	-	-	-	70,258	-	70,258
Depreciation charge for the year	390,600	-	-	1,689,321	-	2,079,921
Balance at 31.12.2016	2,136,541	-	-	4,385,363	-	6,521,904
Net book value						
At 01.01.2015	**1,385,058**	**26,559,542**	**-**	**4,892,591**	**14,293,304**	**47,130,495**
At 31.12.2015	**4,460,112**	**28,155,190**	**5,011,011**	**4,022,237**	**85,798,605**	**127,447,155**
At 31.12.2016	**4,639,406**	**59,526,467**	**108,929,032**	**2,914,765**	**86,848,238**	**262,857,908**

NOTE 9

– Intangible assets

	Goodwill	R&D and Software	Total
Cost			
Balance at 01.01.2015	-	-	-
Acquired through business combinations			
Additions		2,607,130	2,607,130
Balance at 31.12.2015	-	2,607,130	2,607,130
Balance at 01.01.2016	-	2,607,130	2,607,130
Acquired through business combinations	16,947,796		16,947,796
Additions	-	5,725,341	5,725,341
Balance at 31.12.2016	16,947,796	8,332,471	25,280,267
Accumulated amortization and impairment			
Balance at 01.01.2015	-	-	-
Amortization charge for the year	-	-	-
Balance at 31.12.2015	-	-	-
Balance at 01.01.2016	-	-	-
Amortization charge for the year	-	-	-
Balance at 31.12.2016	-	-	-
Net book value			
At 01.01.2015	**-**	**-**	**-**
At 31.12.2015	**-**	**2,607,130**	**2,607,130**
At 31.12.2016	**16,947,796**	**8,332,471**	**25,280,267**

Current estimates of useful economic live of intangible assets are as follows:
Goodwill: indefinite
R&D and software: 5 years

NOTE 10

– *Goodwill and impairment*

Impairment testing for cash-generating units containing goodwill.

Goodwill is included in the balancesheet with a total amount of NOK 16,947,796. The Goodwill originated in 2016 with the acqusition of DCT AS in 2016. DCT AS with subsidiaries comprises of 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 11.5% pre tax.

The following parameteres were applied:

- Risk free rate: 3.5%. Based market rate for covered bonds.
- Beta: 0.84%. Based on unlevered beta for industy peer group.
- Market Risk Premium: 5% (post tax). Based on market sources.
- Cost of debt: 5.3% Based on risk free rate plus risk component (3%)
- Capital structure: Based on the industry average (comparable companies) equity ratio of 10%.

SENSITIVITY ANALYSIS

The following sensitivity analysis were caaried out carried out to test whether changes in relevant parameteres would influence the conclusion;

1. Changes in cash flows: The analysis showed that a great decline to negative figures in free cash flow was necessary to change conclusion. The result indicated that there had to be a significant decline in the market situation to trigger impairment.

2. Changes in discount rates. The analysis showed that a great increase in discount rate with was needed to change the conclusion. The result indicated that the test was robust in terms of the level of discount rate.

IMPAIRMENT - TEST RESULT AND CONCLUSION

Value in use for DCT AS exceeds carrying amount. The impairment test indicated no requirement to write down.

BUSINESS COMBINATION
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 of NOK 16.9 million. The management believes the aquisition results in better position related to the development of data centers. Shareholding is equal to woting rights.

The group has recognized total revenue of NOK 72.5 million and total comprehensive income of NOK 0.3 million for the period after acquisition in 2016.

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**
Cash paid	6,666,667
Net cash paid	**6,666,667**

NOTE 11

– *Joint venture and associated companies*

Associated companies 2016

	Foundation / Acquisition date	Country	Office location	Ownership	Book value 1.1	Additions / exits	Share of net profit after tax	Book value 31.12
Accumulated cost								
OS-IX Eiendom Holding AS	20.11.2015	Norway	Oslo	50%	40,676,925	30,000,000	330,861	71,007,786
AE Bulk Co-Invest AS	02.11.2016	Norway	Oslo	50%	-	44,219,312	-1,432,382	42,786,930
Terrabulk AS	01.07.2016	Norway	Oslo	50%	-	-	-556,945	-
Total					**40,676,925**	**74,219,312**	**-1,658,466**	**113,794,716**

Company	Assets	Liabilities	Equity	Total income	Net Profit
OS-IX Eiendom Holding AS	145,002,156	3,097,649	141,904,507	-	1,015,575
AE Bulk Co-Invest AS	87,864,277	18,229	87,846,048	-	-567,576
Total	**232,866,433**	**3,115,878**	**229,750,555**	**-**	**447,999**

Associated companies 2015

	Foundation / Acquisition date	Country	Office location	Ownership	Book value 1.1	Additions / exits	Share of net profit after tax	Book value 31.12
OS-IX Eiendom Holding AS	20.11.2015	Norway	Oslo	50%	-	40,676,925	-	40,676,925
Total					**-**	**40,676,925**	**-**	**40,676,925**

Company	Assets	Liabilities	Equity	Total income	Net Profit
OS-IX Eiendom Holding AS	82,052,359	1,163,429	80,888,933	-	1,074,134
Total	**82,052,359**	**1,163,429**	**80,888,933**	**-**	**1,074,134**

Summery of significant items in the consolidated financial statement of OS-IX Holding AS

Income statement:	**2016**	**2015**
Rental income	26,050,649	26,309,373
Other revenue	-	7,434,329
Total income	**26,050,649**	**33,743,702**
Property-related expences	12,808,962	17,998,990
Administrative expenses	4,245,203	5,530,407
Total expenses	**17,054,165**	**23,529,397**
Operating profit	**8,996,484**	**10,214,305**
Finance income	3,148,560	1,596,235
Finance costs	10,893,867	11,856,993
Net financial items	**-7,745,307**	**-10,260,758**
Profit before income tax	**1,251,177**	**-46,453**
Tax expence	484,083	-18,723
Profit for the year	**767,094**	**-27,730**
Balance sheet:		
Assets		
Non-current assets	359,922,183	299,030,553
Current assets	19,401,276	21,884,024
- Cash and cash equivalents	5,220,518	18,639,990
Total assets	**379,323,459**	**320,914,577**
Equity and liabilities		
Equity	139,670,570	82,790,023
Current liabilities	17,166,014	10,478,287
- current financial liabilities other that accounts payable and provisions	2,003,609	3,123,242
Non-current liabilities	222,486,875	227,646,267
Total Equity and liabilities	**379,323,459**	**320,914,577**

Reconciliation of carrying amount	**Shareholding (%)**	**2016**	**2015**
Net assets	100%	139,670,570	82,790,023
Group's shareholding in the company	50%	69,835,285	41,395,012
Added value	50%	-	-
Carrying amount of Group's shareholding	**50%**	**69,835,285**	**41,395,012**

Summery of significant items in the consolidated financial statement of AE Bulk Co-Invest AS

Income statement:	**2016**	**2015**
Rental income	441,419	
Other revenue	2,211	
Total income	**443,630**	**-**
Property-related expences	368,869	
Administrative expenses	168,394	
Total expenses	**537,263**	**-**
Operating profit	**-93,633**	**-**
Finance income	5,656	
Finance costs	3,053,438	
Net financial items	**-3,047,782**	**-**
Profit before income tax	**-3,141,415**	**-**
Income tax expense	-883,686	
Profit for the year	**-2,257,730**	**-**
Balance sheet:		
Assets		
Non-current assets	131,924,175	
Current assets	2,609,871	
- Cash and cash equivalents	2,486,533	
Total assets	**134,534,046**	**-**
Equity and liabilities		
Equity	78,836,193	
Current liabilities	697,853	
- current financial liabilities other that accounts payable and provisions	43,705	
Non-current liabilities	55,000,000	
Total Equity and liabilities	**134,534,046**	**-**

Reconciliation of carrying amount	**Shareholding (%)**	**2016**	**2015**
Net assets	100%	78,836,193	n/a
Group's shareholding in the company	50%	39,418,097	n/a
Added value	50%	-	n/a
Carrying amount of Group's shareholding	**50%**	**39,418,097**	**n/a**

NOTE 12

– *Derivative financial instruments*

	2016	2015	2014
Interest rate swaps	-19,979,884	-24,497,762	-28,749,040
Total liabilities	**-19,979,884**	**-24,497,762**	**-28,749,040**

Interest rate swaps	2016	2015	2014
National amount interest rate swaps	-133,160,000	-141,444,000	-149,528,000
Total national amount	**-133,160,000**	**-141,444,000**	**-149,528,000**

NOTE 13

– *Financial instruments*

2016					
31.12.2016	**Financial derivatives at fair value through profit and loss**	**Trade and other receivables**	**Financial liabilities recognised at amortised cost**	**Other financial liabilities**	**Total**
Assets					
Financial investments		2,419,662			2,419,662
Trade receivables		25,520,901			25,520,901
Receivables related parties		-			-
Other receivables		19,562,093			19,562,093
Cash and cash equivalents		244,198,461			244,198,461
Total Financial assets	**-**	**289,281,455**	**-**	**-**	**291,701,117**
Liabilities					
Non current borrowings			367,303,952		367,303,952
Financial derivatives	19,979,884				19,979,884
Other long-term liabilities				2,166,666	2,166,666
Accounts payable and other current liabilities			14,192,671	111,730,214	125,922,885
Total Financial liabilities	**19,979,884**	**-**	**381,496,623**	**113,896,880**	**515,373,387**

2015					
31.12.2015	**Financial derivatives at fair value through profit and loss**	**Trade and other receivables**	**Financial liabilities recognised at amortised cost**	**Other financial liabilities**	**Total**
Assets					
Financial investments		6,697,812			6,697,812
Trade receivables		10,482,054			10,482,054
Receivables related parties		8,775,331			8,775,331
Other receivables		17,060,820			17,060,820
Cash and cash equivalents		181,972,274			181,972,274
Total Financial assets	**-**	**224,988,291**	**-**	**-**	**224,988,291**
Liabilities					
Non current borrowings			253,871,020		253,871,020
Financial derivatives	24,497,762				24,497,762
Other long-term liabilities				-	-
Accounts payable and other current liabilities			24,295,841	46,203,905	46,203,905
Total Financial liabilities	**24,497,762**	**-**	**278,166,861**	**46,203,905**	**324,572,687**

FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS RECOGNISED AT FAIR VALUE

Financial derivatives recognized at fair value are interest rate swaps. The value of these, is based on actual value. These valuations are based on the second level in the framework of IFRS 7.

FAIR VALUE OF FINANCIAL INSTRUMENTS RECOGNISED AT AMORTISED COST

Financial instruments recognized at amortized cost consists of receivables and liabilities with floating rates. Recognized value is a good indication of fair value for these receivables and liabilities. The adjustments in market rate and debt conditions are reflected in the interest rates.

NOTE 14

– *Trade and other receivables*

	2016	2015
Trade receivables	25,520,901	10,482,054
Other current receivables	19,562,093	17,060,820
Trade and other receivables	**45,082,994**	**27,542,874**

	2016	2015
Provision for impairment of trade receivables at 01.01	823,411	930,011
This years provision for receivables impairment	44,075	-
Loss on receivables	-19,100	-25,360
Reversal of prior years provision	-	-81,240
Provision for impairment of trade receivables at 31.12	**848,386**	**823,411**

Ageing of trade receivables	**Total**	**Not due and within < 30 days**	**30-60d**	**60-90d**	**>90d**
2016	25,520,901	25,125,171	-	-	395,730
2015	10,482,054	10,147,480	-	-	334,574

NOTE 15

– *Cash and cash equivalents*

	2016	2015
Cash and cash equivalents	241,001,399	176,652,604
Restricted funds	3,197,062	5,319,670
Total	**244,198,461**	**181,972,274**

NOTE 16

– *Paid in equity, shareholders and retained earnings*

	2016	2015
Share capital	1,570,477	1,193,446

Change in paid in equity and share premium:

	Total shares		Paid in equity *(IN NOK)*		Share premium	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
A shares						
Issued stock and paid in capital						
At the beginning of the year	119,343,639	119,343,639	1,193,436	100,000	558,436,826	558,436,826
Capital increase	18,851,518	-	188,515	1,093,436	182,934,442	-
At the end of the year	**138,195,157**	**119,343,639**	**1,381,952**	**1,193,436**	**741,371,268**	**558,436,826**
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	1,000	1,000	10	-	-	-
Capital increase	18,851,518	-	188,515	10	-	-
At the end of the year	**18,852,518**	**1,000**	**188,525**	**10**	**-**	**-**

The total numer of shares are 157,047,676, each valued at NOK 0,01, and NOK 1,570,477 in total. The shares are divided into 138,195,157 A-shares, 1 B-shares and 18,852,518 C-shares. 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 at 31.12.2016	Type of account	Country	Number of A-shares	Number of B-shares	Number of C-shares	Share %
Bulk Industrier AS	A,B and C	Norway	97,564,521	1	18,852,518	70.60%
Levada AS	A	Norway	12,107,977			8.76%
Totomo AS	A	Norway	9,423,252			6.82%
Morellen AS	A	Norway	6,900,864			4.99%
Elipica AS	A	Norway	5,397,858			3.91%
Prospero AS	A	Norway	1,643,358			1.19%
Other shareholders (21 of > 1%)	A	Norway	5,157,327			3.73%
Total number of shares at 31.12.2016			**138,195,157**	**1**	**18,852,518**	**100%**

Dividend

The company has paid dividend NOK 23,868,728 (NOK 0.20 per share) in 2016 and NOK 0 in 2015.
It is no proposed dividend to be approved at the AGM in 2017.

NOTE 17

– Interest-bearing debt

	2016	2015
Total interest-bearing debt, nominal value	381,496,623	278,166,861
- of which hedged (fixed interest rate)	133,160,000	141,444,000
Hedging Ratio	35%	51%
Average interest rate, including margin (%)	5.3%	6.1%
Average remaining duration, borrowings (years)	6,0 years	5,2 years
Average remaining duration, hedging contracts (years)	6,6 years	7,6 years
Total interest-bearing debt, nominal value	381,496,623	278,166,861
First year instalments of debt (short-term)	14,192,671	24,295,841
Long-term interest-bearing debt excluding first year instalments	**367,303,952**	**253,871,020**

Maturity on long-term debt	**2016**	**2015**
Year 2	126,779,112	12,788,113
Year 3-5	173,183,188	194,087,483
After year 5	67,341,652	46,995,424
Total	**367,303,952**	**253,871,020**

The recognized value of the assets pledged as security
for liabilities as per 31.12.

	2016	2015
Investment property and property held for sale	719,619,392	574,579,991
Total pledged assets	719,619,392	574,579,991
Borrowings secured with pledged assets	**381,496,623**	**278,166,861**

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

NOTE 18

– *Deferred tax*

	Loss carried forward	Financial derivative instruments	Total deferred tax asset
Changes in deferred tax assets			
01.01.2015	24,187,535	7,762,241	31,949,776
Changes in deferred tax	24,448,872	-1,637,800	22,811,072
31.12.2015	**48,636,407**	**6,124,441**	**54,760,848**
Changes in deferred tax	4,675,206	-1,392,822	3,282,384
Change related to new acquisitions	-	-	1
Effect of changed tax rate	-1,945,456	-244,978	-2,190,434
31.12.2016	**51,366,156**	**4,486,641**	**55,852,798**

Change in deferred tax liabilities	Investment property	Profit and loss account	Other items	Total deferred tax liability
01.01.2015	49,848,746	663,540	14,817,914	65,330,201
Changes in deferred tax	5,155,031	-335,597	-337,718	4,481,716
31.12.2015	**55,003,778**	**327,944**	**14,480,196**	**69,811,917**
Change related to new acquisitions	-	-	282	282
Changes in deferred tax	9,363,354	623,680	57,798	10,044,832
Effect of changed tax rate	-2,200,151	-13,118	-579,208	-2,792,477
31.12.2016	**62,166,980**	**938,506**	**13,959,068**	**77,064,554**

	2016	2015
01.01.	15,051,069	33,380,425
Change related to new acquisitions	282	-
Change related to sales	0	
Changes in deferred tax	6,762,448	-15,175,492
Effect of changed tax rate	-602,043	-3,153,864
Net recognized deferred tax liability 31.12.	**21,211,756**	**15,051,069**

Current income tax liabilities	2016	2015
Current income tax	-	-
Change in prior years	-	-
Total current income tax liabilities	**-**	**-**

Loss carried forward as of 31.12.	2016	2015
Indefinite	-214,025,652	-194,545,627
Total loss carried forward	**-214,025,652**	**-194,545,627**

There is no deferred tax recognized in comprehensive income.

NOTE 19

– *Accounts payable and other payables*

	2016	2015
Trade payables	44,325,789	15,015,665
Accrued salaries, public duties	15,541,930	12,899,210
Accrued expenses	51,862,495	18,289,030
Total	**111,730,214**	**46,203,905**

NOTE 20

– *Provisions for contingent assets and contingent liabilities*

In connection with the sale of properties or companies, the seller will normally provide a guarantee relating to the transferred properties and/or companies. Provisions for matters related to guarantees are recognized if it is likely to cause an outflow of resources. The group has sold three properties in 2016. There are noe outstanding issues related to the sales as per December 31, 2016.

Hence, the group has not recognized any provisions relating to the sales. The Group has an option to acquire one property on certain terms and conditions. The group is obliged to buy approximately 6.5% of the total property if certain conditions are met to keep the option.

NOTE 21

– *Rental income*

Recognized rental income	2016	2015
Recognized minimum rent from minimum payments	31,201,906	29,340,290
Recognized variable rent	-	-
Total income from rent	**31,201,906**	**29,340,290**

Future minimum payments under non-cancellable leases:

	2016	2015
Within 1 year	37,499,724	27,307,832
During year 2	38,139,413	37,499,724
2 to 5 year	89,642,244	101,151,604
After 5 years	165,907,204	192,537,257
Total	**331,188,585**	**358,496,417**

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

	2016	2015
Investment property	719,619,392	574,579,991
Total	**719,619,392**	**574,579,991**

NOTE 22

– *Real estate related costs and other operating expenses*

Real estate related costs:	**2016**	**2015**
Operating costs relating to real estate	5,194,566	3,365,820
Other real estate expenses	11,009,498	10,424,102
Total cost related to property	**16,204,064**	**13,789,922**

Administration costs:	**2016**	**2015**
Cost of sales	59,687,837	526,783
Staff costs (see note 23)	39,984,487	33,126,111
Depreciation	2,079,921	2,048,165
Management, accounting, legal and consulting fees	9,695,567	5,877,791
Auditors	1,393,617	1,286,481
Rent cost	4,412,288	3,705,180
Other operating expenses	13,417,741	11,136,268
Total other operating expenses	**130,671,458**	**57,706,779**

Audit fees:	**2016**	**2015**
Statutory audit (including technical assistance with reporting)	757,700	715,661
Tax and other advice (including technical assistance with tax papers)	635,917	570,820
Total audit costs	**1,393,617**	**1,286,481**

THE GROUP AS LESSEE - OPERATING LEASES
The group Bulk Infrastructure is not a tenant of the group's properties.

NOTE 23

– *Employee benefit expense*

	2016	2015
Salaries and remuneration	32,450,928	28,070,539
Social security costs	4,793,047	3,385,377
Pension cost for defined contribution plan	1,239,890	638,829
Other employee expenses	1,500,622	1,031,366
Total payroll costs	**39,984,487**	**33,126,111**
Number of employees at 31.12.	44	25

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).

Board of Directors	**Chairman of the Board**	**Board member**
Salaries and bonus	1,774,214	1,574,704
Other remunerations	99,755	100,857
Total	**1,873,969**	**1,675,561**

SHARES HELD BY EXECUTIVE OFFICERS AND DIRECTORS
The following board members have indirect ownership of 77.65% in total in Bulk Infrastructure AS:

Board of directors			
Peter Nærbø	Board Chairman	indirect ownership	70.60%
Torbjørn T. Moe	Board member	indirect ownership	6.82%
Executives			
Espen B Danielsen	Chief executive	indirect ownership	0.23%

The group CEO is hired through JET Consulting AS. The agreement has an end date February 15, 2018.

	2016	2015
Fee	1,327,752	n/a

NOTE 24

– *Financial income and costs*

Finance income	**2016**	**2015**
Interest income	1,871,188	6,615,199
Total finance income	**1,871,188**	**6,615,199**

Finance costs	**2016**	**2015**
Interest expense on borrowings measured at amortised cost	17,335,313	17,083,687
Finance expense on derivatives	-	-
Fair value adjustments on derivatives	-4,517,878	-4,251,278
Other finance costs	-	-
Total finance costs	**12,817,435**	**12,832,409**

Net financial items	**-10,946,247**	**-6,217,210**

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

Derivatives	**2016**	**2015**
Interest rate derivatives	-4,517,878	-4,251,278
Total loss on fair value hedging	**-4,517,878**	**-4,251,278**

Included in these amounts are the effects of acquisitions and sales, as well as changes in value during the period.

NOTE 25

– Income Tax

	2016	2015
Tax payable	-	-
Change in deferred tax	6,727,908	-18,329,356
Income tax expense	**6,727,908**	**-18,329,356**
Profit before income tax	114,336,385	16,591,374
Income tax expense calculated at 24% (25%)	27,440,732	4,147,844
Effect of changed tax rate	-1,286,534	-3,153,864
Permanent differences	-1,118,035	-7,691,023
Non taxable revenue	-18,308,255	-11,632,312
Income tax expense	**6,727,908**	**-18,329,355**
Effective tax rate	5.9%	-110.5%

Effective tax rate is reduced due to tax free sales of shares.
For 2015 tax income is due to revaluation of tax losses carried forward.

NOTE 26

– Inventories

	2016	2015
Finished goods	5,436,700	4,570,510
Total Inventories	**5,436,700**	**4,570,510**
Specification		
Spareparts Data Center Services AS	866,190	
Gravel stock Bulk Gardermoen IV AS	4,570,510	4,570,510

NOTE 27

– 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.

Bulk has in mid March 2017 signed a letter of intent (LoI) for sale of a portfolio of approximately 31,000 m^2 of warehouse properties and approximately 60,000 m^2 of land with a non-disclosed buyer. The properties are expected to be handed over during 2017.

NOTE 28

– Effect of change in accounting principles to IFRS

			Note
NGAAP	**Equity 31.12.2014**	**521,258,549**	
	Effect of change in accounting principles to IFRS		
	Investment property valuated to fair value	148,297,178	A
	Financial derivatives at fair value	-28,749,040	B
	Change in deferred taxes	-32,325,241	C
	Total transition effects	87,222,897	
IFRS	**Equity 01.01.2015**	**608,481,446**	
NGAAP	**Equity 31.12.2015**	**500,342,752**	
	Effect of change in accounting principles to IFRS		
	Investment property valuated to fair value	153,151,122	A
	Financial derivatives at fair value	-24,497,762	B
	Change in deferred taxes	-18,045,707	C
	Total transition effects	110,607,653	
IFRS	**Equity 31.12.2015**	**610,950,405**	
NGAAP	**Net profit of the year 2015**	**25,468,374**	
	Effect of change in accounting principles to IFRS		
	Change in fair value of Investment properties'	-2,392,186	A
	Change in fair value of financial derivatives	4,251,278	B
	Change in deferred tax	161,901	C
	Reversal depreciation of investment properties	5,713,881	D
	Reversal impairment of investment properties	1,717,482	
	Total transition effects	9,452,356	
IFRS	**Total comprehensive income 2015**	**34,920,730**	

A Inventment properties are valued at fair value according to IAS 40, with change in value over income statement.

B Financial derivaties recongnized at fair value, with changes in value over the income statement.

C Change in deferred tax relating to the difference between the fair value and tax valueof investment properties and derivatives.

D Reversal of amortization related to the use of the fair vaule of investment properties.

FINANCIAL STATEMENT 2016
BULK INFRASTRUCTURE AS

ORG.NR.: 996 501 876

Operating income and expenses

	Note	2016	2015
Revenue	7	26,906,962	10,365,171
Other operating income	7	188,430	1,493,829
Operating income		**27,095,393**	**11,859,000**
Payroll expenses	2	33,872,590	32,840,861
Depreciation and amortization expense	6	1,689,800	1,353,000
Other operating expenses	2	16,454,925	14,219,492
Operating expenses		**52,017,315**	**48,413,353**
Operating profit		**-24,921,922**	**-36,554,353**
Financial income and expenses			
Income from subsidiaries and other group entities	10	7,234,893	122,270,554
Interest income from group entities	9	12,592,670	22,828,566
Other financial income	10	42,422,585	46,833,959
Depreciation of other financial fixed assets	10	548,575	-
Interest expense to group entities	9	453,082	12,415,439
Other financial expenses		2,281,503	1,152,542
Net financial income and expenses		**58,966,988**	**178,365,098**
Operating result before tax		**34,045,066**	**141,810,745**
Tax on ordinary result	5	1,033,186	-490,141
Operating result after tax		**33,011,880**	**142,300,886**
Annual net profit		**33,011,880**	**142,300,886**
Brought forward			
Dividend	4	-	23,868,728
Net brought forward		**33,011,880**	**142,300,886**

Assets

	Note	2016	2015
Fixed assets			
Intangible fixed assets			
Research and development	6	8,147,471	2,449,610
Concessions, patents, licences and similar rights	6	185,000	157,520
Deferred tax asset	5	22,189,370	23,222,556
Total intangible assets		**30,521,841**	**25,829,686**
Tangible fixed assets			
Buildings and land	6	9,764,931	9,924,749
Equipment and other movables	6,8	2,620,804	3,118,926
Total tangible fixed assets		**12,385,736**	**13,043,676**
Financial fixed assets			
Investments in subsidiaries	8,10	293,228,681	209,879,039
Loans to group companies	9	263,632,603	164,999,031
Investments in associated companies	10	43,670,737	-
Options		2,204,500	175,000
Total financial fixed assets		**602,736,521**	**375,053,070**
Total fixed assets		**645,644,098**	**413,926,431**
Current assets			
Debtors			
Accounts receivables	9	2,763,763	3,150,157
Other receivables		9,246,636	132,690,465
Total debtors		**12,010,399**	**135,840,622**
Cash and bank deposits	11	210,643,216	164,677,265
Total current assets		**222,653,615**	**300,517,887**
Total assets		**868,297,713**	**714,444,317**

Equity and liabilities

	Note	2016	2015
Paid-in equity			
Share capital	3,4	1,570,477	1,193,446
Share premium reserve	4	741,371,268	558,436,826
Total paid-in equity		**742,941,745**	**559,630,272**
Retained earnings			
Other equity	4	33,011,879	-
Total retained earnings		**33,011,879**	**-**
Total equity		**775,953,624**	**559,630,272**
Liabilities			
Long term liabilities			
Other long term liabilities	9	73,308,422	113,471,329
Total long term liabilities		**73,308,422**	**113,471,329**
Current liabilities			
Trade creditors	9	4,163,940	2,934,684
Public duties payable		2,394821	2,746,274
Dividends	4	-	23,868,728
Other short term liabilities		12,476,906	11,793,030
Total current liabilities		**19,035,667**	**41,342,716**
Total liabilities		**92,344,089**	**154,814,045**
Total equity and liabilities		**868,297,713**	**714,444,317**

Oslo, March 28, 2017

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

JOHN ERIK TØNNESSEN
General manager

Cash flow statement

	Note	2016	2015
Cash flow from operations			
Earnings before tax		34,045,066	141,810,745
Cash paid for income taxes	5	–	-924,955
Depreciation and amortization	6	1,689,800	1,353,000
Change in accounts receivables		386,394	-2,280,431
Change in accounts payable		1,229,256	2,821,696
Change in provisions for public fees and taxes		-351,453	2,622,476
Other changes in accruals		-23,184,854	25,155,944
Net cash flow from operations		**13,814,209**	**170,558,475**
Cash flow from investing activites			
Increase long-term claims		-144,333,809	-153,501,600
Proceeds from long-term claims		–	12,598,738
Purchases of fixed assets	6	-6,757,201	-6,859,995
Effects mergers		–	168,736,247
Purchases of shares in other companies		-83,349,642	–
Proceeds from short-term claims		123,443,829	-122,270,554
Net cash flow from investing activites		**-110,996,823**	**-101,297,164**
Cash flow from financing activites			
Proceeds from new equity		183,311,472	–
Proceeds from borrowings		–	94,674,685
Repayment of long-term debt		-40,162,907	–
Net cash flow from financing activites		**143,148,565**	**94,674,685**
Net cash flow for the period		**45,965,951**	**163,935,996**
Cash and equivalents at beginning of year		164,677,265	741,269
Cash and equivalents at end of year		**210,643,216**	**164,677,265**

NOTE 1

– *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.

CURRENT ASSETS AND LIABILITIES
Balances that fall due within a year are classified as current assets and liabilities. The value of current assets is presented as the lower historical cost and fair value.

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 the each receivable. A provision of NOK 565,025 has been made in 2016.

TAXES
The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 24% (25% in 2015) based on the temporary differences which exist between accounting and tax values, and any losses carried forward for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated.

CHANGES IN ACCOUNTING PRINCIPLES
There were no changes in the accounting principles applied by the company in 2016.

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 i Oslo.

NOTE 2

– *Payroll expenses, remunerations, employees, etc.*

2.1 – Payroll expenses and pensions

	2016	2015
Wages	27,746,550	28,070,539
Payroll taxes	4,045,270	3,385,377
Pensions	1,142,080	638,829
Other payroll expenses	938,690	746,116
Total payroll expenses	**33,872,590**	**32,840,861**

The group has had an average of 29 employees in 2016. The company's pension schemes meet the requirements of the law of compulsory occupational pension.

2.2 – Salaries and remunerations to executives

	Board Chairman	Board members
Salaries and bonuses	1,774,214	1,574,704
Other remunerations	99,755	100,857
Total payroll expenses	**1,873,969**	**1,675,561**

No fee was paid to the board in 2016.

The group CEO is hired trough JET Consulting AS. The agreement has an end date February 15, 2018.

	2016	2015
Fee	1,327,752	n/a

2.3 – Auditors' fee

Expensed auditors' fee for 2016 was NOK 465,900 (VAT deducted). The components of the fee are as follows.

	2016	2015
Statutory audit	210,000	340,137
Other assistance	255,900	439,332

NOTE 3

– *Shareholder information*

The total number of shares are 157,047,676, each valued at NOK 0,01 and NOK 1,570,477 in total. The shares are divided into 138,195,157 A-shares, 1 B-share and 18,852,518 C-shares. 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. As of December 31, 2016, the company had the following shareholders.

2.1 – Payroll expenses and pensions

Largest shareholders	Type of account	Country	Number of A-shares	Number of B-shares	Number of C-shares	Share %
Bulk Industrier AS	A, B and C	Norway	97,564,521	1	18,852,518	70,60%
Levada AS	A	Norway	12,107,977			8,76%
Totomo AS	A	Norway	9,423,252			6,82%
Morellen AS	A	Norway	6,900,864			4,99%
Elipica AS	A	Norway	5,397,858			3,91%
Prospero AS	A	Norway	1,643,358			1,19%
Other shareholders (21 of > 1%)	A	Norway	5,157,327			3,73%
			138,195,157	**1**	**18,852,518**	**100%**

The following board members have indirect ownership of 77,42% in total in Bulk Infrastructure AS:

- Board Chairman, Peder Nærbø, indirect ownership of 70,60%
- Board member, Torbjørn T. Moe, indirect ownership of 6,82%

NOTE 4

– *Shareholders' equity*

	Share capital	Share premium	Retained earnings	Uncovered loss	Total equity
Equity 31.12.2015	1,193,446	558,436,826	–	–	559,630,272
Capital increase	377,030	182,934,442	–	–	183,311,472
Profit for the year	–	–	33,011,880	–	33,011,880
Provision for dividends	–	–	–	–	-
Equity as of 31.12.2016	1,570,477	741,371,268	33,011,880	–	775,953,624

NOTE 5

– *Taxes*

5.1 – Temporary differences

	2016	2015	Change
Fixed assets	213,680	-427,988	641,668
Receivables	-565,025	-565,025	–
Provisions in the accounts	-8,779,995	-6,848,282	-1,931,713
Total temporary differences	-9,131,340	-7,841,295	-1,290,045
Accumulated losses carried forward	-83,758,886	-84,614,414	855,528
Net temporary differences	-92,890,226	-92,455,709	-434,517
Deferred tax liability/claim, 24% and 25%	23,222,556	22,189,370	1,033,186

5.2 – Basis f or income tax expense

	2016	2015
Earnings before tax	34,045,066	141,810,745
Permanent differences	-40,845,443	-150,506,842
Change in temporary differences	-1,290,045	3,548,309
Use /accumulation of losses carried forward	8,090,421	5,147,788
Taxable income	–	–
Income tax (25%)	–	–

5.3 – Components of tax expense

	2016	2015
Income tax	–	–
Effect of changed tax rate	924,557	1,857,805
Change in deferred tax	108,629	-25,097,509
Change in deferred tax from merged companies	–	22,749,563
Tax expense	1,033,186	-490,141

NOTE 6

– Fixed assets

	Land	Buildings	Moveables and machines	R&D and software	Total
Purchase cost 01.01.2016	5,125,525	6,451,324	6,021,995	2,607,130	20,205,974
Additions	–	360,983	670,877	5,725,341	6,757,201
Disposals	–	–	–	–	–
Purchase cost 31.12.2016	5,125,525	6,812,307	6,692,872	8,332,471	26,963,175
Acc. depr. 31.12.2016	–	-1,791,300	-4,453,668	–	-6,244,968
Book value 31.12.2016	5,125,525	5,021,007	2,239,204	8,332,471	20,718,207
Depreciations this year	–	-139,200	-1,550,600	–	-1,689,800
	Not depreciated	*14-18 years, linear*	*3-5 years, linear*	*Not depreciated*	

NOTE 7

– Transactions with related parties

Bulk Infrastructure AS provide services in accounting and administration to related companies and companies in the group. The services are priced according to current market conditions. In 2016, fees for accounting, administration and project management of NOK 26,710,364 have been recognized as income.

NOTE 8

– *Liabilities to credit institutions*

	2016	2015
Liabilities secured by collateral:		
Debt to credit institutions	65,271,339	2,164,896
Total liabilities secured by collateral:	**65,271,339**	**2,164,896**
Book value of collateral:		
Shares in subsidiaries	265,408,039	-
Property in subsidiaries	62,177,993	-
Cars	1,523,700	2,348,600
Total book value of collateral:	**329,109,732**	**2,348,600**

The company has placed a surety of NOK 5 million for two subsidiaries; Bulk Eiendom Solgaard Skog AS and Bulk Eiendom Farex AS.

NOTE 9

– *Receivables and liabilities*

9.1 – Long-term receivables with minimum maturity of 1 year

NOK 263,632,603 of receivables are due later than 1 year.

9.2 – Long-term debt with minimum maturity of 5 years

	2016	2015
Debt to credit institutions	-	-
Debt to group companies	-	-

9.3 – Balances with group companies

	2016	2015
Long-term claims on group companies	263,632,603	164,999,031
Accounts receivable from group companies	1,107,324	3,150,157
Claims on group contributions	7,234,893	122,270,554
Long-term debt to group companies	- 5,870,417	- 111,306,433
Short-term debt to group companies	- 1,457,172	–

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

NOTE 10

– Investments in subsidiaries and other group companies

Company	Ownership	Book value	Profit or loss for 2016	Equity 31.12.2016
Bulk Logistics AS	100%	121,774,314	- 1,393,891	120,380,423
Bulk Digital Logistics AS	100%	109,914,225	1,550,462	111,085,438
Bulk Networks AS	100%	33,719,500	- 868,779	32,658,970
Norway As A Service AS	100%	45,000	- 55,346	- 30,135
Bulk Facilty Services AS	100%	39,000	116,987	39,000
Bulk Fuglåsen Drift AS	100%	39,000	- 38,818	- 10,724
Infragreen Communication AS	100%	4,348,000	- 693,044	532,151
Oslo Internet Exchange AS	100%	45,000	- 45,764	- 6,334
Bulk Innovation AS	100%	45,000	- 26,727	12,703
Data Center Technology AS	100%	23,259,642	3,490,297	1,229,422
AE Bulk Co-Invest AS	50%	43,670,737	- 567,576	87,864,277

The companies are based in Oslo.
Bulk Infrastructure AS have in 2016 received group contributions of NOK 7,234,893.

NOTE 11

– Restricted funds

Funds of NOK 1,336,435 restricted to employees taxes are included in the cash-post in the balance sheet.

BDO AS
Munkedamsveien 45
Postboks 1704 Vika
0121 Oslo

Independent Auditor's Report

To the General Meeting of 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 2016, and the income statement and cash flow statement 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 2016 and income statement, statement of changes in equity, cash flow 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 the parent company as at 31 December 2016, 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 as at 31 December 2016, 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, 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 in accordance with law and regulations, including fair presentation of the financial statements of the parent company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

BDO

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

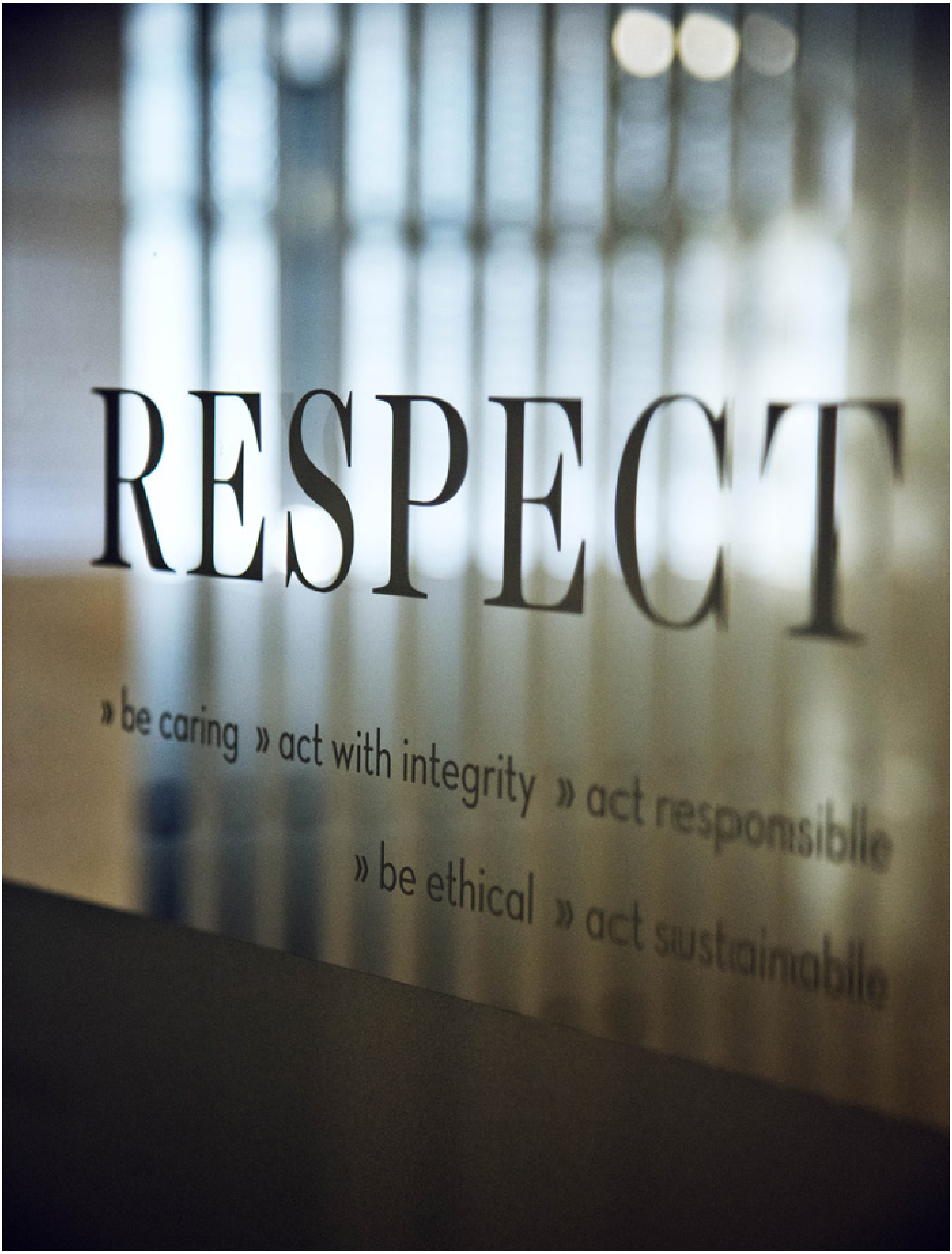
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements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

Opinion on Registration and Documentation

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

Oslo, 29th March 2017
BDO AS

Johan Henrik L'orange
State Authorised Public Accountant



Photograpy by André Clemetsen

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