ML 33 Holding AS

Consolidated interim financial statements

Six months ended 30 June 2018

INTERIM REPORT 2018

IMPORTANT EVENTS IN THE FIRST HALF OF 2018

No important events have occurred during the accounting period as of 30 June 2018.

THE COMPANY AND GROUP

ML 33 Holding AS was incorporated 08 April 2014 and the company is located in Oslo.

THE BUSINESS

The Group's business is to own, manage and lease real estate. The Group's revenue is related to rental income from the Group's investment property in the Oslo area at Fornebu to Equinor ASA.

CONTINUED OPERATION

The interim financial statements have been presented on a going concern basis and the board confirms that the necessary conditions have been met.

DEVELOPMENT IN RESULTS AND POSITION

GROUP

STATEMENT OF PROFIT OR LOSS

Rental income rose from NOK 109.1 million in the period ending 30 June 2017 to NOK 110.4 million in the period ending 30 June 2018.

The commercial property leases provide fixed revenues over their term. The change in rental income for 2018 is primarily related to change in the consumer price index (CPI).

The operating profit before fair value adjustments for the period was NOK 107.9 million (June 2017: NOK 105.8 million and comprises rental income of NOK 110.4 million (June 2017: NOK 109.1 million) which relates to the rental of investment property to Equinor, as well as operating expenses of NOK 2.4 million(June 2017: NOK 3.2 million).

The marked value of the investment property was NOK 4 200.00 million in 2018.

Net gain/(loss) from fair value adjustment of investment property, was NOK 0, as a consequence of no change in the market value of the investment property in 2018.

Valuation per 30 June 2018 was obtained from Newsec AS, an independent professional valuation specialist. The valuation is mainly based on the discounted cash flow method, which involves discounting expected future cash flows over a specified period using an estimated discount rate.

Net financial items in 2018 was an expense of NOK 41.7 million (June 2017: NOK 56.8 million and includes a net gain from fair value adjustment of our non-listed and listed bond with NOK 28.7 million (June 2017: net gain NOK 11.9 million. The Group values its unlisted and listed bonds (all with fixed interest rates) at fair value in the Group's balance sheet. The fair value of both listed and unlisted bonds with fixed interest rates is determined based on Nordic Bond Pricing, an independent external valuer.

Net finance expenses related to interest expenses of our non-listed, listed bond and interest expense on the Loan from Koksa Eiendom AS was NOK 71.2 million in total (June 2017: NOK 69.9 million).

INTERIM REPORT 2018

Profit before tax was NOK 66.1 million (June 2017: NOK 48.9 million) and an income tax expense of NOK 15.5 million was recognized in the 2018 accounts (June 2017: NOK 15.8 million).

As a result, net profit after tax for the year was NOK 50.5 million (June 2017: NOK 33.1 million).

CASH FLOWS

Net cash flow from operations was NOK 19.9 million (June 2017: NOK 45.7 million.

Net cash flow from financing activities was NOK 76.6 million (June 2017: NOK 41.0 million) after a dividend payment of NOK 65.5 million and payment of loan from Koksa Eiendom AS. The net change in cash and cash equivalents was negative at NOK 56.7 million (June 2017: NOK 86.7 million. Cash and cash equivalents at the end of the period was positive by NOK 25.8 million (June 2017: NOK18.2 million.)

FINANCIAL POSITION

As at 30 June 2018, the Group's total non-current assets was NOK 4 212.1 million (June 2017: NOK 4 214.3 million) of which investment property arising from the Acquisition was NOK 4 214.9 million.

As at 30 June 2018, the Group's non-current liabilities was NOK 3 069.9 million (June 2017: NOK 3 090.9 million), mainly related to the non-current portion of both the non-listed and the listed bond as well as other liabilities related to a loan from Koksa Eiendom AS.

Total current assets were NOK 53.0 million (June 2017: NOK 62.3 million) of which cash and cash equivalents was NOK 25.8 million (June 2017: NOK 18.2 million. Total current liabilities was NOK 68.2 million (June 2017: NOK 58.1 million) of which NOK 47.4 million (June 2017:NOK 58,1 million) relates to the current portion of the non-listed and listed bond and the loan against Koksa Eiendom AS. NOK 20.8 million relates to deferred tax as of 30 June 2018.

Total assets were NOK 4 265.1 million (June 2017: NOK 4 276,6 million) and total equity was NOK 1 126.9 million (June 2017: NOK 1 127.6) million as of 30 June 2018.

MARKET RISK

The Group is exposed to the real estate market risk. The lease contract is fixed until 2027 adjusted with KPI yearly and with a steady and reliable tenant limiting the exposure. The Group applies the fair value option marking the investment property to market every reporting date through the consolidated profit or loss. The market value of the investment property may therefore have a significant impact on the consolidated profit or loss and the balance sheet. Even though there is no immediate cash flow effect, management is following changes in fair value of investment property closely.

The Group's policy is to fix the rate on its borrowings. As at 30 June 2018, all loans consisting of the non-listed bond with maturity date 18 January 2023 and the listed bond with maturity date 27 December 2021 had fixed rate interest. The bonds are carried at fair value through profit or loss. Changes in market interest rates may significantly affect the fair value of the bonds, with a corresponding impact on financial items in the profit and loss statements. Even though there is no immediate cash flow effect, the Group is following changes in fair value of the bonds closely.

The Group has assessed its credit risk to be low. The Group has a single lessee, Equinor ASA, which is a large corporation with good credit history and solid credit ratings and cash balances are held in financial institutions with solid credit ratings.

INTERIM REPORT 2018

LIQUIDITY RISK

The Group's liquidity risk is characterized by a potential risk of not being able to meet obligations to vendors and loan creditors.
The ability to service the debt depends on the Group's cash flow from operating activities. The Group regularly monitors cash flow situation by setting up cash flow forecasts based on the forecasts of the liquidity reserves, including cash equivalents and borrowing facilities. The forecasts are set by the individual's subsidiaries and is regularly monitored by the Group.

The Board considers the company's and group’s liquidity as satisfactory, and it is not decided to introduce measures to change the liquidity risk.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board ensures that the company has good internal control and suitable systems for risk management appropriate to the scope and the nature of the company’s activities, including the company’s core values and ethical and social responsibility guidelines.

The Group’s management focuses on establishing good internal control routines over financial reporting. The company performs its business based on rolling forecasts and financial and operational key performance indicators.
The Group’s finance policy is to safeguard management of the most material financial risks that the company is facing, and this is followed up by the finance department. Accounting issues are analyzed on an on-going basis, and the auditor is consulted when necessary.

The Board of Directors has prepared this interim report for 2018 in accordance with the Bond Rules. The Group is in compliance with the continuing obligations

DECLARATION BY THE BOARD OF DIRECTORS

To the best of the board’s knowledge, the interim financial statements for the first half of 2018 have been prepared in accordance with applicable accounting standards, and the information in the financial statements provides a true and fair picture of the overall assets, liabilities, financial position and financial results of the Group at 30 June 2018.
To the best of the board’s knowledge, the directors’ half-year report provides a true and fair overview of important events in the accounting period and their influence on the financial statements for the first half of 2018.
To the best of the board’s knowledge, the description of the most important risk factors and uncertainties facing the business in the next accounting period and of significant transactions with related parties also provide a true and fair overview.

INTERIM REPORT 2018

Oslo, 23.08.2018

Ingolf Arne Eikenes Johansen
Chairman of the Board

Gunnar Torsnes Board member	Egil Garder Board member
Pål G. Benestad Board member	Anders C. G. Wilhelmsen Board member

ML 33 Holding AS
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

Amounts in NOK thousand	*Notes*	**H1 2018 Unaudited**	**H1 2017 Unaudited**	**FY 2017 Audited**
Rental income	*7*	110 446	109 131	218 262
Operating expenses		(2 469)	(3 297)	(5 364)
Operating profit before fair value adjustments		**107 977**	**105 833**	**212 898**
Net gain/(loss) from fair value adjustment of investment property		-	-	-
Operating profit		**107 977**	**105 833**	**212 898**
Net gain/(loss) from fair value adjustment of interest- bearing liabilities	*9*	28 770	11 929	(6 916)
Financial income		727	1 097	1 886
Financial expenses	*9*	(71 288)	(69 904)	(138 651)
Net financial items		**(41 791)**	**(56 878)**	**(143 681)**
Profit/(loss) before tax		**66 196**	**48 955**	**69 217**
Income tax expense		(15 598)	(15 843)	(21 762)
Profit/(loss) for the period		**50 598**	**33 113**	**47 455**

The accompanying notes are an integral part of the Consolidated Interim Financial Statements

ML 33 Holding AS
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousand	**H1 2018 Unaudited**	**H1 2017 Unaudited**	**FY 2017 Audited**
Profit/(loss) for the period	**50 598**	**33 113**	**47 455**
Total comprehensive income	**50 598**	**33 113**	**47 455**

The accompanying notes are an integral part of the Consolidated Interim Financial Statements

ML 33 Holding AS
CONSOLIDATED INTERIM BALANCE SHEET

Amounts in NOK thousand	*Notes*	**H1 2017 Unaudited**	**H1 2017 Unaudited**	**FY 2017 Audited**
Non-current assets				
Deferred tax assets		-	320	-
Investment property	*10*	4 212 126	4 214 050	4 213 037
Total non-current assets		**4 212 126**	**4 214 370**	**4 213 037**
Current assets				
Accounts receivable				
Receivables from related party		27 053	42 668	56 550
Other current receivables		140	1 438	539
Cash and cash equivalents		25 851	18 203	82 638
Total current assets		**53 044**	**62 309**	**139 728**
Total assets		**4 265 170**	**4 276 679**	**4 352 765**
Equity and liabilities				
Share capital		100	100	100
Share premium		835 421	785 775	835 421
Retained earnings		291 466	341 741	306 441
Total equity		**1 126 987**	**1 127 616**	**1 141 963**
Non-current liabilities	*8*	3 069 904	3 090 949	3 098 673
Total non-current liabilities		**3 069 904**	**3 090 949**	**3 098 673**
Deferred tax		20 874	-	5 486
Current liabilities	*8*	47 405	58 116	106 405
Trade and other payables				239
Other current liabilities				-
Total current liabilities		**68 279**	**58 116**	**112 129**
Total equity and liabilities		**4 265 170**	**4 276 679**	**4 352 765**

The accompanying notes are an integral part of the Consolidated Interim Financial Statements

ML 33 Holding AS

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Amounts in NOK thousand	**Share capital**	**Share Premium**	**Retained earnings**	**Total equity**
Shareholders' equity 1 January 2017	100	835 421	299 986	**1 135 508**
Profit/(loss) for the period			47 455	**47 455**
Dividend paid			(41 000)	**(41 000)**
Shareholders' equity December 2017	**100**	**835 421**	**306 441**	**1 141 963**
Shareholders' equity 1 January 2018	100	835 421	306 441	**1 141 963**
Profit/(loss) for the period			50 598	**50 598**
Other comprehensive income for the period				**-**
Total comprehensive income for the period				
Dividend paid			(65 574)	**(65 574)**
Shareholders' equity 30 June 2018	**100**	**835 421**	**291 465**	**1 126 987**

The accompanying notes are an integral part of the Consolidated Interim Financial Statements

ML 33 Holding AS
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Amounts in NOK thousands	**H1 2018 Unaudited**	**H1 2017 Unaudited**	**FY 2017 Audited**
Cash flow from operating activities			
Profit/(loss) before tax	66 196	48 957	69 217
Fair value adjustment on investment property			-
Fair value adjustment of interest- bearing liabilities	(28 770)	(11 930)	6 916
Accrued interest	(47 518)	(58 624)	170
Issuance cost reclassified to financing activities		-	-
Change in working capital	29 999	(24 139)	(38 423)
Net cash flow from operations	**19 907**	**(45 736)**	**37 881**
Cash flow from investments			
Purchase of investment property, net of cash acquired	-	-	-
Net cash flow from investments	**-**	**-**	**-**
Cash flow from financing			
Proceeds from issuance of interest- bearing liabilities	-	-	-
Issuance costs of interest-bearing liabilities	-	-	-
Repayments of interest-bearing liabilities	(11 122)		(19 183)
Paid dividend	(65 574)	(41 000)	(41 000)
Issuance of share capital	-	-	-
Net cash flow from financing	**(76 696)**	**(41 000)**	**(60 183)**
Net Change in Cash and Cash Equivalents	**(56 789)**	**(86 736)**	**(22 302)**
Cash and cash equivalents at the beginning of the period	82 638	104 940	104 940
Cash and cash equivalents at the end of period	**25 851**	**18 203**	**82 638**

The accompanying notes are an integral part of the Consolidated Interim Financial Statements

ML 33 Holding AS
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 General information

ML 33 Holding AS, formerly known as Arctic Prosjekt 2 AS (the "Company") and its subsidiaries' (together, the "Group") business is related to rental of properties in the Oslo area. The Company was incorporated 8 April 2014 and is domiciled in Oslo, Norway. The Company has no employees, and limited operating activity.

On 30 June 2016 (the "Acquisition date"), the Company completed the acquisition (the "Acquisition") of Martin Linges vei 33 AS Group (the "Seller"), including Martin Linges vei 33 AS, Campus B AS and Campus P2 AS. Following the Acquisition, the Group was formed. On 14 December 2017, Campus B AS and Campus P2 AS were merged with Martin Linges vei 33 AS.

All amounts in these consolidated interim financial statements are presented in NOK thousands unless otherwise stated. Due to rounding, there may be differences in the summation columns.

These consolidated interim financial statements were approved at the meeting of the Board of Directors on 23.08. 2018. These consolidated interim financial statements have not been audited.

Note 2 Basis of preparation

These consolidated interim financial statements for the six months ended 30 June 2018 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRS as adopted by the European Union ('IFRS').

Note 3 Accounting policies

The accounting policies applied in the preparation of the consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statements for the year ended 31 December 2017.

Update on standards, amendments and interpretations of existing standards that have not come into force and where the Group has not chosen early implementation

The Group is still assessing the impact of IFRS 9 *Financial instruments* , IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases* . There are no material changes in the Group's business and type of financial instruments, contracts with customers and leases compared to 31 December 2017. As such, the effects of IFRS 9, IFRS 15 and IFRS 16 are assessed as unchanged compared to the preliminary assessement performed in connection with the annual IFRS financial statements for the year ended 31 December 2017, as included in Note 1.

Note 4 Estimates, judgements and assumptions

The preparation of interim financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
In preparing these consolidated interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2017.

Note 5 Financial risk factors

A description of main financial risk factors is included in Note 14 in the consolidated financial statements for 2017.

Note 6 Related party transactions

Above the dividend paid to ML 33 Invest AS of NOK 65,6 million, the owner of ML 33 Holding AS, there has not been any major related parties transactions during H1 2018.

Note 7 Operating segments

The Group's business is to own, manage and lease real estate. The Group's revenue is related to rental income from the Group's investment property in the Oslo area at Fornebu to Equinor ASA.

The Group's performance is reviewed by the chief operating decision makers as one reporting segment.

Amounts in NOK thousand	**H1 2018**	**H1 2017**	**FY 2017**
Rental income	110 446	109 131	218 262

Note 8 Interest bearing Liabilities

The unlisted bond (Bond A) and the listed bond (Bond B) both are recorded at fair value with changes in fair value through the consolidated statement of profit or loss.

Non-current liabilities, due > 1 year

Amounts in NOK thousand	**H1 2018**	**H1 2017**	**FY 2017**
Bond A	2 374 400	2 385 824	2 402 624
Bond B	695 504	694 003	696 049
Other interest bearing liabilities	-	11 122	-
Total non-current liabilites	3 069 904	3 090 949	3 098 673

Current liabilities due within one year

Bond A	47 348	45 467	94 866
Bond B	416	416	417
Other interest bearing liabilities	-	12 233	11 122
Total current liabilities	47 764	58 116	106 405
Total non-current and current liabilities	3 117 668	3 149 065	3 205 078

Note 9 Net financial items

Amounts in NOK thousand	**H1 2018**	**H1 2017**	**FY 2017**
Net gain/(loss) from fair value adjustment of interest- bearing liabilities			
Change in fair value Bond A	28 224	14 112	(2 688)
Change in fair value Bond B	545	(2 182)	(4 228)
Total Net gain/(loss) from fair value adjustment of interest-bearing liabilities	**28 770**	**11 931**	**(6 916)**
Interest expenses			
Interest expenses Bond A	52 332	50 107	99 746
Interest expenses Bond B	18 755	18 755	37 510
Interest expenses Loan from Koksa Eiendom AS	134	1 041	1 396
Other interest expenses	66	-	
Total interest epxenses	**71 287**	**69 904**	**138 651**
Other financial expenses		-	
Total financial expenses	**71 287**	**69 904**	**138 651**

Note 10 Investment Property

Investment property is recorded at fair value with changes in fair value through the consolidated statement of profit or loss.

Amounts in NOK thousand	**H1 2018**	**H1 2017**	**FY 2017**
Opening balance	4 213 037	4 214 923	4 214 923
Acquisition			
Amortisation of letting fees and tenant adaptions	(911)	(873)	(1 886)
Change in fair value from investment properties		-	
Closing balance	**4 212 126**	**4 214 050**	**4 213 037**