

ML 33 Holding AS

Consolidated interim financial statements

Six months ended 30 June 2017

INTERIM REPORT 2017

IMPORTANT EVENTS IN THE FIRST HALF OF 2017

No important events have occurred during the accounting period as of 30 June 2017.

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 Statoil 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

The Group operating profit for the period was NOK 105,8 million and comprises revenues of NOK 109,1 million which relates to the leasing of investment property to Statoil from 1 January 2017 to 30 June 2017, as well as operating expenses of NOK 3,3 million.

The Group had a net gain or loss of NOK 0 from fair value adjustment of investment property that reflects the changes in the market value of our investment property.

Net financial items was an expense of NOK 56,8 million and includes a net gain from fair value adjustment of the non-listed and listed bond with NOK 11,9 million as well as financial expenses of NOK 69,9 million.

Profit before tax was NOK 48,9 million, and the Group recorded a loss tax expense of NOK 15,8 million.

Profit after tax was NOK 33,1 million.

CASH FLOWS

Net cash flow from operations was NOK 45,7 million and was negatively impacted by changes in working capital. Net cash flow from financing activities was negative by NOK 41,0 million after a dividend payment of NOK 41 million. The net change in cash and cash equivalents was negative at NOK 86 million. Cash and cash equivalents at the end of the period was positive by NOK 18,2 million.

INTERIM REPORT 2017

FINANCIAL POSITION

As at 30 June 2017, the Group's total non-current assets was NOK 4 231.2 million of which investment property arising from the Acquisition was NOK 4 214.9 million.

As at 30 June 2017, the Group's non-current liabilities was 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 62,3 million of which cash and cash equivalents was NOK 18,2 million. Total current liabilities was NOK 58,1 million of which NOK 58,1 million relates to the current portion of the non-listed and listed bond and the loan against Koksa Eiendom AS.

Total assets were NOK 4 276,6 million and total equity was NOK 1 127.6 million as of 30 June 2017.

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 2017, all loans consisting of the non-listed bond with maturity date 18 January 2023, the listed bond with maturity date 27 December 2021 and the loan against Koksa Eiendom AS with maturity date 15 April 2018 had fixed rate interest. The bonds are carried at fair value through profit or loss, while the loan against Koksa Eiendom AS is carried at amortized cost. 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, Statoil 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.

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 2017 in accordance with the Bond Rules. The Group is in compliance with the continuing obligations.

INTERIM REPORT 2017

DECLARATION BY THE BOARD OF DIRECTORS

To the best of the board's knowledge, the interim financial statements for the first half of 2017 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 2017. 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 2017. 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.

Oslo, 29.08.2017

Ingolf Arne Eikenes Johansen
Chairman of the Board

Gunnar Torsnes
Board member

Christian Bruusgaard
Board member

Egil Garder
Board member

Anders C. G. Wilhelmsen
Board member

ML 33 Holding AS
CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

<i>Amounts in NOK thousand</i>	<i>Notes</i>	H1 2017	H1 2016	FY 2016
		Unaudited	Unaudited	Audited
Revenues	7	109 131	-	105 435
Operating expenses		(3 297)	-	(3 534)
Operating profit before fair value adjustments		105 833	-	101 901
Net gain/(loss) from fair value adjustment of investment property		-	34 368	265 525
Operating profit		105 833	34 368	367 426
Net gain/(loss) from fair value adjustment of interest- bearing liabilities	9	11 929		52 331
Financial income		1 097		1 033
Financial expenses	9	(69 904)	(24 024)	(94 433)
Net financial items		(56 878)	(24 024)	(41 069)
Profit/(loss) before tax		48 955	58 391	326 357
Income tax expense		(15 843)	(78 569)	(26 371)
Profit/(loss) for the period		33 113	(20 178)	299 986

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

ML 33 Holding AS
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK thousand</i>	H1 2017	H1 2016	FY 2016
	Unaudited	Unaudited	Audited
Profit/(loss) for the period	33 113	(20 178)	299 986
Other comprehensive income			-
Other comprehensive income net of tax			-
Total comprehensive income	33 113	(20 178)	299 986

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

ML 33 Holding AS
CONSOLIDATED INTERIM BALANCE SHEET

<i>Amounts in NOK thousand</i>	<i>Notes</i>	H1 2017	H1 2016	FY 2016
		Unaudited	Unaudited	Audited
Non-current assets				
Deferred tax assets		320	121 217	16 277
Investment property	10	4 214 050	3 915 660	4 214 923
Total non-current assets		4 214 370	4 036 877	4 231 200
Current assets				
Accounts receivable			355	119
Receivables from related party		42 668		17 740
Other current receivables		1 438	5 220	1 584
Cash and cash equivalents		18 203	77 221	104 940
Total current assets		62 309	82 796	124 383
Total assets		4 276 679	4 119 673	4 355 583
Equity and liabilities				
Share capital		100	100	100
Share premium		785 775	835 421	835 421
Retained earnings		341 741	20 179	299 986
Total equity		1 127 616	855 700	1 135 507
Non-current liabilities	8	3 090 949	3 199 570	3 101 089
Total non-current liabilities		3 090 949	3 199 570	3 101 089
Current liabilities		58 116	64 404	117 970
Trade and other payables				477
Other current liabilities				538
Total current liabilities		58 116	64 404	118 985
Total equity and liabilities		4 276 679	4 119 673	4 355 583

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

ML 33 Holding AS

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK thousand</i>	Share capital	Share Premium	Retained earnings	Total equity
Shareholders' equity 1 January 2016	30	4	1	35
Profit/(loss) for the period				
Other comprehensive income for the period				
Total comprehensive income for the period			-	-
Increase in equity 30 June 2016	70	835 416		835 486
Shareholders' equity 30 June 2016	70	835 416	-	835 486
Shareholders' equity 1 January 2017	100	835 416	299 987	1 135 503
Profit/(loss) for the period			33 113	33 113
Other comprehensive income for the period		(8 641)	8 641	-
Total comprehensive income for the period				
Dividend paid		(41 000)		(41 000)
Shareholders' equity 30 June 2017	100	785 775	341 741	1 127 616

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

ML 33 Holding AS
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

<i>Amounts in NOK thousands</i>	H1 2017	H1 2016	FY 2016
	Unaudited	Unaudited	Audited
Cash flow from operating activities			
Profit/(loss) before tax	48 957	(58 391)	326 357
Fair value adjustment on investment property		34 367	(265 525)
Fair value adjustment of interest- bearing liabilities	(11 930)		(52 331)
Accrued interest	(58 624)		50 267
Issuance cost reclassified to financing activities			23 693
Change in working capital	(24 139)	50 952	(18 213)
Net cash flow from operations	(45 736)	26 928	64 248
Cash flow from investments			
Purchase of investment property, net of cash acquired	-	(1 443 704)	(1 443 812)
Net cash flow from investments	-	(1 443 704)	(1 443 812)
Cash flow from financing			
Proceeds from issuance of interest- bearing liabilities		682 000	682 000
Issuance costs of interest-bearing liabilities		(23 524)	(23 693)
Repayments of interest-bearing liabilities			(9 325)
Paid dividend	(41 000)		
Issuance of share capital		835 486	835 486
Net cash flow from financing	(41 000)	1 493 962	1 484 468
Net Change in Cash and Cash Equivalents	(86 736)	77 186	104 904
Cash and cash equivalents at the beginning of the period	104 940	35	35
Cash and cash equivalents at the end of period	18 203	77 221	104 940

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. Please refer to Note 15 Asset Acquisition in the consolidated financial statements for 2016 for further information.

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 29.08. 2017. 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 2017 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 2016, 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 2016.

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 2016. As such, the effects of IFRS 9, IFRS 15 and IFRS 16 are assessed as unchanged compared to the preliminary assessment performed in connection with the annual IFRS financial statements for the year ended 31 December 2016, 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 2016.

Note 5 Financial risk factors

A description of main financial risk factors is included in Note 14 in the consolidated financial statements for 2016.

Note 6 Related party transactions

Above the dividend paid to ML 33 Invest AS of NOK 41 million, the owner of ML 33 Holding AS, there has not been any major related parties transactions during H1 2017.

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 Statoil ASA.

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

<i>Amounts in NOK thousand</i>	H1 2017	H1 2016	FY 2016
Revenues	109 131	-	105 435

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

<i>Amounts in NOK thousand</i>	H1 2017	H1 2016	FY 2016
Bond A	2 385 824	2 506 944	2 399 936
Bond B	694 003	682 000	691 821
Other interest bearing liabilities	11 122	10 626	9 333
Total non-current liabilities	3 090 949	3 199 570	3 101 089

Current liabilities due within one year

Bond A	45 467	-	94 696
Bond B	416	-	417
Other interest bearing liabilities	12 233	64 404	22 857
Total current liabilities	58 116	64 404	117 970
Total non-current and current liabilities	3 149 065	3 263 974	3 219 059

Note 9 Net financial items

<i>Amounts in NOK thousand</i>	H1 2017	H1 2016	FY 2016
Net gain/(loss) from fair value adjustment of interest- bearing liabilities			
Change in fair value Bond A	14 112	-	62 152
Change in fair value Bond B	(2 182)	-	(9 821)
Total Net gain/(loss) from fair value adjustment of interest-bearing liabilities	11 931	-	52 331
Interest expenses			
Interest expenses Bond A	50 107	-	49 840
Interest expenses Bond B	18 755	-	19 172
Interest expenses Loan from Koksa Eiendom AS	1 041	-	1 301
Other interest expenses	-	-	427
Total interest expenses	69 904	-	70 740
Other financial expenses	-	24 024	23 693
Total financial expenses	69 904	24 024	94 433

Note 10 Investment Property

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

<i>Amounts in NOK thousand</i>	H1 2017	H1 2016	FY 2016
Opening balance	4 214 923		3 950 135
Acquisition		3 950 028	
Amortisation of letting fees and tenant adaptations	(873)		(737)
Change in fair value from investment properties	-	(34 368)	265 525
Closing balance	4 214 050	3 915 660	4 214 923