

27/11/2015

DigiPlex Norway AS
Management Commentary
For the nine months ended 30 September 2015

Organisation no. 981 663 322

DigiPlex Norway AS (the Company), situated at Ulven in Oslo's Økern district, started operations in 2002 making it the most established data centre in the DigiPlex Group of Companies.

The Company provides 4,200 m² of white technical space, fitted out according to customers' current and future requirements with state of the art security, functionality and sustainability. It has now been fully operational for 13 years over which period it has attracted an impressive portfolio of customers, over half of which consist of governmental bodies. It also has a high customer renewal rate allowing the company to maintain a consistent and reliable operating revenue stream.

In the first nine months of the year, the Company's operating revenues totalled NOK 86.8 million whilst operating expenses totalled NOK 69.0 million, which comprised of NOK 27.8 million of operational, management and accounting support costs, NOK 26.5 million in depreciation and NOK 14.7 million of personnel costs.

In light of the above, operating income for the first nine months of the year came in at NOK 17.8 million.

Profit and Loss Statement

	Notes	Nine months Ended 30.09.2015 NOK	Quarter Ended 30.09.2015 NOK	Quarter Ended 30.06.2015 NOK	Quarter Ended 31.03.2015 NOK
OPERATING REVENUE AND EXPENSES					
Sales Revenue		78,883,691	26,925,877	25,632,639	26,325,175
Other Revenue		7,939,808	2,896,551	5,043,257	0
Personnel Expenses	6	(14,697,157)	(6,348,421)	(4,163,082)	(4,185,654)
Depreciation	1	(26,524,655)	(8,687,412)	(9,129,032)	(8,708,211)
Other Operating Expenses		(27,789,814)	(8,689,461)	(10,399,540)	(8,700,813)
OPERATING INCOME / (LOSS)		17,811,873	6,097,134	6,984,242	4,730,497
Interest Income		1,611,130	1,424,163	113,047	73,920
Other Financial Income		61,514	3,647	41,512	16,355
Interest Expense		(12,590,491)	(6,497,769)	(2,825,204)	(3,267,518)
Other Financial Expense		(409,182)	(361,749)	(16,700)	(30,733)
EARNINGS/(LOSS) BEFORE TAXES		6,484,844	665,426	4,296,897	1,522,521
Taxes	7	(1,750,908)	(179,665)	(1,160,161)	(411,082)
ORDINARY PROFIT/(LOSS)		4,733,936	485,761	3,136,736	1,111,439
NET PROFIT/(LOSS) FOR THE YEAR		4,733,936	485,761	3,136,736	1,111,439
TRANSFERS AND ALLOCATIONS					
Transfer to equity (Gain/Loss)	5	4,733,936	485,761	3,136,736	1,111,439
TOTAL TRANSFERS AND ALLOCATIONS		4,733,936	485,761	3,136,736	1,111,439

DigiPlex Norway AS				
Balance Sheet	Notes	30.09.2015	30.06.2015	31.03.2015
		NOK	NOK	NOK
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Deferred Tax Advantage	7	48,004,061	48,183,727	49,343,888
Total intangible assets		48,004,061	48,183,727	49,343,888
Tangible Assets				
Land, Buildings and Outfitting	1	426,457,844	430,017,233	436,889,783
Furniture & Fittings, Office Equipment	1	663,398	681,635	756,643
Total Tangible Assets		427,121,242	430,698,868	437,646,426
Financial Fixed Assets				
Loans to related companies		123,750,000	0	0
TOTAL NON-CURRENT ASSETS		598,875,303	478,882,595	486,990,314
CURRENT ASSETS				
Goods on stock		627,480	627,480	627,480
Trade receivables		33,996,252	37,536,994	15,479,393
Other Financial Assets (Restricted Cash Deposit)	4	634,112	705,820	381,388
Other Current Assets		4,623,507	3,408,473	7,376,009
Bank Deposits		62,817,803	24,968,486	35,300,488
TOTAL CURRENT ASSETS		102,699,154	67,247,253	59,164,758
TOTAL ASSETS		701,574,457	546,129,848	546,155,072
EQUITY AND LIABILITIES				
EQUITY				
Paid in Equity				
Share Capital	5	33,300,000	33,300,000	33,300,000
Share Premium Reserve		22,609,964	22,609,964	22,609,964
Total Paid in Equity		55,909,964	55,909,964	55,909,964
Earned Equity				
Other Equity	5	28,248,541	27,762,780	24,626,044
Total Earned Equity		28,248,541	27,762,780	24,626,044
TOTAL EQUITY		84,158,505	83,672,744	80,536,008
LIABILITIES				
Long Term Liabilities				
Debt to financial institutions	2	0	324,000,000	330,000,000
Bond Loan	2	568,323,462	0	0
Liabilities to the parent company	2	0	99,852,173	99,852,173
Other long term liabilities		6,929,278	6,774,488	6,774,488
Total Long Term Liabilities		575,252,740	430,626,661	436,626,661
Short Term Liabilities				
Trade Liabilities		4,435,273	3,301,784	1,587,988
Liabilities to the Public		5,142,770	5,061,801	4,133,984
Other Short Term Liabilities		32,585,169	23,466,858	23,270,431
Total Short Term Liabilities		42,163,212	31,830,443	28,992,403
TOTAL LIABILITIES		617,415,952	462,457,104	465,619,064
TOTAL EQUITY AND LIABILITIES		701,574,457	546,129,848	546,155,072

Cash Flow Statement

	Nine months Ended 30.09.2015 NOK	Quarter Ended 30.09.2015 NOK	Quarter Ended 30.06.2015 NOK	Quarter Ended 31.03.2015 NOK
Cash flows from operating activities				
Cash received from customers	86,823,499	29,822,428	30,675,896	26,325,175
Cash paid for wages and other operating expenses	(42,486,971)	(15,037,882)	(14,562,622)	(12,886,467)
Cash received from interest	1,672,644	1,427,810	154,559	90,275
Cash paid for interest and finance fees	(12,999,673)	(6,859,518)	(2,841,904)	(3,298,251)
Change in short term assets and liabilities	2,097,288	12,813,267	(15,252,025)	4,536,046
Net cash provided (used) by operating activities	35,106,787	22,166,105	(1,826,096)	14,766,778
Cash flows from investing activities				
Investments in buildings and equipment	(8,773,246)	(5,109,786)	(2,181,474)	(1,481,986)
Net cash provided (used) by investing activities	(8,773,246)	(5,109,786)	(2,181,474)	(1,481,986)
Cash flows from financing activities				
Cash received from Bond Issue (net of fees)	568,323,462	568,323,462	0	0
Loans to related companies	(123,750,000)	(123,750,000)	0	0
Repayment to parent company	(99,852,173)	(99,852,173)	0	0
Amortisation of loan	(336,000,000)	(324,000,000)	(6,000,000)	(6,000,000)
Net cash provided (used) in financing activities	8,721,289	20,721,289	(6,000,000)	(6,000,000)
Increase (decrease) in cash during the period	35,054,830	37,777,608	(10,007,570)	7,284,792
Cash balance at the beginning of the period	28,397,084	25,674,306	35,681,876	28,397,084
Cash balance at the end of the period	63,451,914	63,451,914	25,674,306	35,681,876

DigiPlex Norway AS
Notes to the Financial Statements

Accounting principles

The financial statements for the quarter and nine months ended 30 September 2015 have been prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP).

Accounting policies

Sales Revenues

IT housing service revenues will be recognised and expensed over the designated term of each respective contract.

Classification and valuation of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. Current assets are valued at the lower of cost price and net realisable value. Short term liabilities are reflected in the balance sheet at nominal value on the establishment date.

Fixed assets are valued at purchase cost. Fixed assets whose value will deteriorate are depreciated on a straight line basis over the asset's estimated useful life. The fixed assets are written down to net realisable value if a value reduction occurs which is not believed to be temporary.

Fixed assets

Fixed assets are reflected in the balance sheet and depreciated over the asset's expected useful life on a straight-line basis. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the purchase date.

Debtors

Trade debtors and other debtors are reflected in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is carried out based on expected loss.

Foreign currencies

Monetary items in foreign currencies are translated at the exchange rate on the balance sheet date.

Tax

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 27% on the basis of the temporary differences which exist between accounting and tax values, and any carry forward losses 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. Deferred tax and tax benefits which may be shown in the balance sheet are presented net. The Company chose to capitalise the deferred tax advantage.

Note 1 Fixed Assets

Fixed assets	Land	Building	Fit out	Furniture & Fittings, Office equipment	Intangible Assets	Total
Cost 1.1.2015	6,925,176	80,134,520	646,791,452	3,004,054	301,955	737,157,157
Additions	0	0	8,670,428	102,818	0	8,773,246
Disposals	0	0	0	0	0	0
Cost 30.9.2015	6,925,176	80,134,520	655,461,880	3,106,872	301,955	745,930,403
Accumulated depreciation	0	44,608,122	271,455,610	2,443,474	179,030	318,686,236
Accumulated write down	0	0	0	0	122,925	122,925
Net book value 30.9.2015	6,925,176	35,526,398	384,006,270	663,398	0	427,121,242
Depreciation for the period	0	2,404,035	23,916,499	204,121	0	26,524,655
Expected useful life	0	25 years	10-25 years	3-5 years	3-5 years	
Depreciation plan	None	Straight line	Straight line	Straight line	Straight line	

Note 2 Long term debt

Debt to parent company:	Q3 2015	Q2 2015	Q1 2015
DigiPlex Norway Acquisitions L.L.C	0	99,852,173	99,852,173
Total	0	99,852,173	99,852,173
Debt to financial institutions:	Q3 2015	Q2 2015	Q1 2015
Term Loan	0	324,000,000	330,000,000
Total	0	324,000,000	330,000,000
Debt to Bond holders:	Q3 2015	Q2 2015	Q1 2015
Bond Loan	568,323,462	0	0
Total	568,323,462	0	0

FRN DigiPlex Norway AS Senior Secured Callable Bond Issue 2015/2019

ISIN NO: 001 0741747	Issue date	17/07/2015
Bond trustee: Nordic Trustee ASA	Amount	575,000,000 NOK
	Duration	4 Years

The Bondholders have a first ranking priority mortgage over the Company's property at Ulvenveien 89 B in Oslo, and its debtors ledger as collateral for the Bondholders. The debtors ledger, and assets of a related entity, DigiPlex Rosenholm AS (DRAS) is also cross collateralised as security for the Bondholders. As at the date of this report, the Company has forwarded circa NOK 124m of the bond funds to DRAS (in accordance with the Bond Agreement).

Note 3 Transactions with related parties

Purchase of services	Q3 2015	Q2 2015	Q1 2015
- Companies controlled by members of the management or Board of DigiPlex Norway AS	3,387,000	6,601,000	655,000
Total	3,387,000	6,601,000	655,000

Note 4 Restricted bank deposits, overdraft facilities

The Company has one restricted cash item.
The restricted bank deposit relates to employee tax deductions in the amount of NOK 634,112.

Note 5 Shareholder's equity, share capital and shareholder information

Equity change in the year

	Share capital	Share premium reserve	Other Equity	Total
Opening Balance 01.01.2015	33,300,000	22,609,964	23,514,605	79,424,569
Profit/(loss) for the period	0	0	4,733,936	4,733,936
Shareholder's equity 30.09.2015	33,300,000	22,609,964	28,248,541	84,158,505

The share capital of NOK 33,300,000 consists of 33,300 shares of NOK 1,000 each. All shares have equal rights.

Shareholders as at 30.09.2015	Shares	Total	Ownership
DigiPlex Norway Acquisitions L.L.C., Washington D.C, USA	33,300	33,300,000	100%

Note 6 Payroll expenses, number of employees, remunerations, loans to employees, etc.

Average number of full-time employees for the first nine months of 2015 was 18.

	Q3 2015	Q2 2015	Q1 2015	Total
Salaries	5,224,726	3,446,971	3,387,968	12,059,665
Payroll tax	745,512	526,048	489,803	1,761,363
Pensions	266,311	119,698	114,654	500,663
Other personnel costs	111,872	70,365	193,229	375,466
Total	6,348,421	4,163,082	4,185,654	14,697,157

Note 7 Income Tax

Calculation of deferred tax and change in deferred tax	Changes	30/09/2015	31/12/2014
Temporary differences			
Fixed assets	0	(81,598,861)	(81,598,861)
Receivables	0	(252,115)	(252,115)
Net temporary differences	0	(81,850,976)	(81,850,976)
Carry forward losses	6,484,844	(95,941,844)	(102,426,688)
Basis for deferred tax in the balance sheet	6,484,844	(177,792,820)	(184,277,664)
Deferred tax and change in deferred taxes			
27% deferred tax benefit	(1,750,908)	(48,004,061)	(49,754,969)
Not shown in the balance sheet	0	0	0
Deferred tax/tax benefit in the balance sheet	(1,750,908)	(48,004,061)	(49,754,969)
Payable taxes			
Basis for payable taxes			
Result before tax charges		6,484,844	12,443,844
Permanent differences		0	25,674
Basis for payable taxes (*)		6,484,844	12,469,518
Change in temporary differences		0	5,521,040
Taxable income		6,484,844	17,990,558
Utilisation of carry forward losses		(6,484,844)	(17,990,558)
Basis for payable taxes (in the tax charge)		0	0
Tax charge in the profit and loss accounts			
27% of basis for payable taxes (in the tax charge)		0	
Change in deferred taxes		1,750,908	
Tax charge of the year		1,750,908	

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.