

28 February 2017

DigiPlex Norway AS (the Company)
Management Commentary
For the year ended 31 December 2016

Organisation no. 981 663 322

BACKGROUND

The Company is situated at Ulven in Oslo's Økern district and 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 14 years over which period it has attracted an impressive portfolio of customers, of which approximately a third consists of government bodies. It also has a high customer renewal rate allowing the Company to maintain a consistent and reliable operating revenue stream.

This report should be read in conjunction with the Company's following financial statements:

- 2015 audited financial statements dated 28 April 2016;
- Condensed interim Q1 2016 financial statements dated 27 May 2016;
- Condensed interim H1 2016 financial statements dated 26 August 2016; and
- Condensed interim Q3 2016 financial statements dated 29 November 2016.

All of the above have been prepared in accordance with International Financial Reporting Standards (IFRS).

The enclosed financial statements are the condensed interim results for the year ended 31 December 2016. These statements have been prepared in accordance with IFRS, are not a full set of accounts, and have not been audited.

UPDATE FOR THE YEAR ENDED 31 DECEMBER 2016

During the course of 2016, the Company continued to provide IT housing solutions to its existing customer base.

On 29 January 2016, the bond loan of NOK 575.0 million raised in July 2015 (FRN DigiPlex Norway AS Senior Secured Callable Bond Issue 2015/2019), was listed on the Oslo Børs.

For the year ended 31 December 2016, the Company's operating revenues totalled NOK 143.9 million, a 13.6% increase from last year. Operating expenses totalled NOK 77.7 million, an 11.2% increase from last year which comprised of NOK 53.5 million of operational, management and accounting support costs and NOK 24.2 million of personnel costs.

EBITDA (Earnings Before Interest, Tax, Depreciation & Amortisation) for the year was NOK 66.3 million, a 16.5% increase on last year.

A charge of NOK 42.0 million was made to reflect depreciation of the plant and equipment, and the Company incurred net finance costs of circa NOK 23.2 million compared to NOK 40.4 million and NOK 18.3 million respectively in 2015.

In light of the above, the profit before income tax for the year came in at NOK 1.0 million, compared to a loss before income tax of NOK 1.8 million last year.

Cash generated from operations was NOK 69.5 million in 2016, compared to NOK 63.6 million in 2015.

Total borrowings of NOK 566.7 million at 31 December 2016 reflect the Bond Issue completed in July 2015, whilst cash and cash equivalents stood at NOK 39.1 million compared to NOK 46.6 million at year end 2015.

Income statement
(all amounts in NOK)

	Notes	Quarter ended 31 December		Year ended 31 December	
		2016 Un-audited	2015 Un-audited	2016 Un-audited	2015 Audited
Operating income and operating expenses					
Revenue from services		35,303,496	31,682,751	129,860,595	115,872,346
Revenue from goods sold		5,601,800	2,141,297	14,060,629	10,842,894
Cost of goods sold		5,242,137	1,639,701	13,181,623	9,389,190
Gross profit		35,663,159	32,184,347	130,739,601	117,326,050
Employee benefits expense		8,158,574	6,162,445	24,195,796	20,859,602
Other expenses		9,902,693	13,474,728	40,290,351	39,582,746
EBITDA		17,601,892	12,547,174	66,253,454	56,883,702
Depreciation and amortisation	3	10,597,938	13,889,247	42,039,263	40,413,902
Operating profit		7,003,954	-1,342,073	24,214,191	16,469,800
Finance income		2,256,056	1,790,847	8,390,859	3,463,491
Finance costs		7,926,939	8,731,126	31,555,774	21,730,799
Finance - net		-5,670,883	-6,940,279	-23,164,915	-18,267,308
Profit/(loss) before income tax		1,333,071	-8,282,352	1,049,276	-1,797,508
Income tax expense/(benefit)		333,268	1,541,611	262,319	3,292,519
Profit/(loss) for the period		999,803	-9,823,963	786,957	-5,090,028
Profit/(loss) for the period attributable to the shareholders		999,803	-9,823,963	786,957	-5,090,028
Statement of comprehensive income/(loss)					
Profit/(loss) for the period		999,803	-9,823,963	786,957	-5,090,028
Other comprehensive income		0	0	0	0
Total comprehensive income/(loss) for the period		999,803	-9,823,963	786,957	-5,090,028
Total comprehensive income/(loss) attributable to shareholders		999,803	-9,823,963	786,957	-5,090,028

Statement of financial position
(all amounts in NOK)

Assets	Notes	As at 31	As at 31
		December	December
		2016	2015
		Un-audited	Audited
Non-current assets			
Deferred tax asset		46,200,127	46,462,450
Property, plant and equipment	3	393,928,060	422,571,725
Furniture and fixtures	3	1,245,445	821,918
Loans to related parties		183,750,000	143,750,000
Total non-current assets		625,123,632	613,606,093
Current assets			
Inventories		447,702	518,878
Trade and other receivables		40,398,232	39,658,787
Bank deposits	2	39,142,925	46,608,916
Total current assets		79,988,859	86,786,581
Total assets		705,112,491	700,392,674
Equity and liabilities			
Equity and liabilities	Notes	As at 31	As at 31
		December	December
		2016	2015
		Un-audited	Audited
Equity			
Share capital		33,300,000	33,300,000
Share premium reserve		22,609,964	22,609,964
Retained earnings		19,211,534	18,424,577
Total equity		75,121,498	74,334,541
Non-current liabilities			
Bond loan		566,688,250	563,574,986
Total non-current liabilities		566,688,250	563,574,986
Current liabilities			
Trade and other payables		48,116,945	49,901,453
Deposits from customers		8,818,820	8,030,879
Public tax liabilities		6,366,978	4,550,815
Total current liabilities		63,302,743	62,483,147
Total equity and liabilities		705,112,491	700,392,674

Statement of changes in equity
(all amounts in NOK)

	Notes	Share capital	Share premium reserve	Retained earnings	Total equity
As at 1 January 2015		33,300,000	22,609,964	23,514,605	79,424,569
Profit/(loss) for the period		0	0	-5,090,028	-5,090,028
Other comprehensive income/(loss)		0	0	0	0
Total comprehensive income/(loss)		0	0	-5,090,028	-5,090,028
Total transactions with shareholders recognised directly in equity		0	0	0	0
As at 31 December 2015		33,300,000	22,609,964	18,424,577	74,334,541
As at 1 January 2016		33,300,000	22,609,964	18,424,577	74,334,541
Profit/(loss) for the period		0	0	786,957	786,957
Other comprehensive income/(loss)		0	0	0	0
Total comprehensive income/(loss)		0	0	786,957	786,957
Total transactions with shareholders recognised directly in equity		0	0	0	0
As at 31 December 2016		33,300,000	22,609,964	19,211,534	75,121,498

Statement of cash flow

(all amounts in NOK)

	Notes	Quarter ended 31 December		Year ended 31 December	
		2016	2015	2016	2015
		Un-audited	Un-audited	Un-audited	Audited
Profit/(loss) before income tax		1,333,071	-8,282,352	1,049,276	-1,797,508
Adjustments for:					
Depreciation and amortisation charges	3	10,597,938	13,889,247	42,039,263	40,413,902
Adjustment for financial activities		5,670,883	4,299,747	23,164,915	15,626,776
Changes in working capital			0		
Trade and other receivables		-2,699,240	-1,039,028	-739,445	-997,426
Trade and other payables		8,053,939	7,841,261	3,932,864	10,235,408
Inventories		35,318	108,600	71,176	108,600
Net cash flow from operating activities		22,991,909	16,817,475	69,518,049	63,589,752
Cash flows from investing activities					
Investment in property, plant and equipment	3	-7,916,955	-10,161,647	-13,819,125	-18,934,893
Issue/repayment of loans to/from related parties		-30,000,000	-20,000,000	-40,000,000	-143,750,000
Interest received from related parties		1,439,655	1,582,050	4,686,784	2,604,000
Net cash flow from investing activities		-36,477,300	-28,579,597	-49,132,341	-160,080,893
Cash flows from financing activities					
Proceeds from issue of bond		0	0	0	575,000,000
Transaction cost related to the issuing of bond		0	0	0	-7,015,000
Repayment of loan		0	0	0	-336,000,000
Repayment of shareholder loan		0	0	0	-99,852,173
Interest paid		-7,110,538	-5,080,877	-27,851,699	-17,429,856
Net cash flow from financing activities		-7,110,538	-5,080,877	-27,851,699	114,702,971
Net (decrease)/increase in cash and cash equivalents		-20,595,929	-16,842,999	-7,465,991	18,211,830
Cash and cash equivalents at beginning of the period		59,738,854	63,451,915	46,608,916	28,397,086
Cash and cash equivalents at end of the period	2	39,142,925	46,608,916	39,142,925	46,608,916

Note 1 - Statement of compliance, basis of preparation, and significant accounting policies

Digiplex Norway AS is a Norwegian private limited liability company incorporated on 1 March 2000 and regulated by the Norwegian Private Limited Liability Companies Act and supplementing Norwegian laws and regulations. The Company is registered in the Norwegian Companies Registry with company registration number 981 663 322 and its registered business address is Selma Ellefsens vei 1, 0581 Oslo, Norway.

Digiplex Norway AS provides highly secure, high-powered, energy-efficient and carrier-neutral data centre space at Selma Ellefsens vei 1, in Oslo, Norway, for its customers' information and communication technology equipment.

These condensed interim financial statements for the twelve months ended 31 December 2016 do not include all of the information required for a full set of annual financial statements, and they have not been audited.

They have been prepared in accordance with International Accounting Standard ('IAS') 34, 'Interim Financial Reporting'. They should be read in conjunction with the audited annual financial statements for the year ended 31 December 2015, issued on 28 April 2016, which have been prepared in accordance with International Financial Reporting Standards ('IFRS') and with the condensed interim financial statements for the quarters ended 31 March 2016, 30 June 2016 and 30 September 2016, issued on 27 May 2016, 26 August 2016 and 29 November 2016 respectively.

The accounting principles applied in the audited 2015 annual financial statements have also been applied to these statements. For further information regarding the accounting principles applied, please refer to the abovementioned reports.

Note 2 - Bank deposits**Bank deposits**

	31 December 2016	31 December 2015
Short term cash deposits	38,012,034	45,723,645
Restricted cash	1,130,891	885,271
Bank deposits	39,142,925	46,608,916

Cash and cash equivalents consist of short term cash deposits and cash equivalents held at financial institutions.

As at 31 December 2016, the Company had a bank account with a total restricted amount of NOK 1,130,891 which relates to employee's tax deductions.

Note 3 - Property, plant and equipment

	Land	Building	Plant and equipment	Furniture and fixtures	Total
As at 31 December 2015					
Accumulated cost	7,430,578	80,134,520	664,891,370	3,333,627	755,790,095
Accumulated depreciation	0	45,409,468	284,475,274	2,511,709	332,396,451
Accumulated impairment	0	0	0	0	0
Net book amount	7,430,578	34,725,052	380,416,096	821,918	423,393,644
Year ended 31 December 2016					
Opening net book amount	7,430,578	34,725,052	380,416,096	821,918	423,393,644
Additions	0	0	13,022,119	797,005	13,819,124
Reclassifications	0	0	0	0	0
Depreciation charge	0	-3,205,381	-38,460,404	-373,478	-42,039,263
Net book amount	7,430,578	31,519,671	354,977,811	1,245,445	395,173,505
As at 31 December 2016					
Accumulated cost	7,430,578	80,134,520	677,913,489	4,130,632	769,609,219
Accumulated depreciation	0	48,614,849	322,935,678	2,885,187	374,435,714
Accumulated impairment	0	0	0	0	0
Net book amount	7,430,578	31,519,671	354,977,811	1,245,445	395,173,505
Depreciation for 2016	0	3,205,381	38,460,404	373,478	42,039,263
Estimated useful life	N/A	15-25 years	10-25 years	3-5 years	

Definitions

DigiPlex Norway AS's financial information is prepared in accordance with International Financial Reporting Standards ('IFRS'). Additionally, some alternative performance measures have been provided, these are defined as follows:

EBITDA is earnings before interest, tax, depreciation and amortisation.