

29 August 2017

DigiPlex Norway AS (the Company)
Management Commentary
For the half year ended 30 June 2017

Organisation no. 981 663 322

BACKGROUND

The Company is situated at Ulven in Oslo's Økern district and started operations in 2000, 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 more than 16 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 2016 audited financial statements dated 28 April 2017, and the condensed interim Q1 2017 financial statements dated 30 May 2017, both of which are prepared in accordance with International Financial Reporting Standards (IFRS).

The enclosed financial statements are the condensed interim results for the half year ended 30 June 2017. These statements have been prepared in accordance with IFRS, are not a full set of accounts, and have not been audited.

UPDATE FOR THE HALF YEAR ENDED 30 JUNE 2017

During the first half year of 2017, the Company continued to provide IT housing solutions to its existing customer base.

For the half year ended 30 June 2017, the Company's operating revenues totalled NOK 72.9 million, compared to NOK 68.9 million in the same period last year. Operating expenses totalled NOK 36.0 million, a 1% decrease from the same period last year, which comprised of NOK 23.2 million of operational, management and accounting support costs, and NOK 12.8 million of personnel costs.

EBITDA (Earnings Before Interest, Tax, Depreciation & Amortisation) for the half year was NOK 36.9 million, a 13% increase on the same period last year.

A charge of NOK 21.1 million was made to reflect depreciation of the plant and equipment, and the Company incurred net finance costs of circa NOK 10.7 million compared to NOK 20.9 million and NOK 11.7 million respectively in the same period last year.

In light of the above, the profit before income tax for the half year came in at NOK 5.2 million, compared to a loss before income tax of NOK 36 thousand in the same period last year.

Cash generated from operations was NOK 56.0 million, compared to NOK 10.0 million in the same period last year.

Borrowings totalled NOK 568.1 million as at 30 June 2017, which reflects the Bond Issue completed in July 2015, and remains largely unchanged from the same period last year.

As at 30 June 2017, cash and cash equivalents stood at NOK 57.9 million compared to NOK 39.1 million at year end 2016.

Income statement
(all amounts in NOK)

	Notes	Quarter ended 30 June		Half year ended 30 June		Year ended 31
		2017	2016	2017	2016	December
Operating income and operating expenses		Un-audited	Un-audited	Un-audited	Un-audited	2016 Audited
Revenue from services		31,769,214	31,089,632	66,380,165	63,192,125	129,260,596
Revenue from goods sold		3,461,256	3,982,774	6,499,514	5,726,901	14,060,629
Total revenue		35,230,470	35,072,406	72,879,679	68,919,026	143,321,225
Cost of goods sold		3,267,105	3,834,298	5,975,949	5,277,625	13,181,623
Employee benefits expense		5,452,779	4,327,051	12,777,548	9,824,301	26,697,793
Other expenses		7,044,222	9,844,938	17,215,126	21,223,235	37,845,180
EBITDA		19,466,364	17,066,119	36,911,056	32,593,865	65,596,629
Depreciation and amortisation	3	10,503,004	10,642,819	21,086,684	20,905,192	42,039,261
Operating profit		8,963,360	6,423,300	15,824,372	11,688,673	23,557,368
Finance income		2,343,768	2,116,026	4,818,171	3,969,289	8,390,859
Finance costs		7,676,963	8,633,746	15,468,720	15,694,738	31,555,774
Finance - net		-5,333,195	-6,517,720	-10,650,549	-11,725,449	-23,164,915
Profit/(loss) before income tax		3,630,165	-94,420	5,173,823	-36,776	392,453
Income tax expense/(benefit)		871,240	-23,605	1,241,718	-9,194	1,990,571
Profit/(loss) for the period		2,758,925	-70,815	3,932,105	-27,582	-1,598,118
Profit/(loss) for the period attributable to the shareholders		2,758,925	-70,815	3,932,105	-27,582	-1,598,118
Statement of comprehensive income/(loss)						
Profit/(loss) for the period		2,758,925	-70,815	3,932,105	-27,582	-1,598,118
Other comprehensive income		0	0	0	0	0
Total comprehensive income/(loss) for the period		2,758,925	-70,815	3,932,105	-27,582	-1,598,118
Total comprehensive income/(loss) attributable to shareholders		2,758,925	-70,815	3,932,105	-27,582	-1,598,118

Statement of financial position
(all amounts in NOK)

Assets	Notes	As at 30 June	As at 31	As at 30 June
		2017	December	2016
		Un-audited	Audited	Un-audited
Non-current assets				
Deferred tax asset		43,230,161	44,471,879	46,471,644
Property, plant and equipment	3	379,242,792	393,928,060	404,760,174
Furniture and fixtures	3	1,459,871	1,245,445	1,135,358
Loans to related parties		203,750,000	183,750,000	163,750,000
Total non-current assets		627,682,824	623,395,384	616,117,176
Current assets				
Inventories		459,484	447,702	588,042
Trade and other receivables		22,834,441	39,531,607	60,445,001
Bank deposits	2	57,920,416	39,142,926	19,379,274
Total current assets		81,214,341	79,122,235	80,412,317
Total assets		708,897,165	702,517,619	696,529,493
Equity and liabilities				
Equity and liabilities	Notes	As at 30 June	As at 31	As at 30 June
		2017	December	2016
		Un-audited	Audited	Un-audited
Equity				
Share capital		33,300,000	33,300,000	33,300,000
Share premium reserve		22,609,964	22,609,964	22,609,964
Retained earnings		20,758,564	16,826,459	18,396,995
Total equity		76,668,528	72,736,423	74,306,959
Non-current liabilities				
Bond loan		568,081,000	566,688,250	565,274,346
Total non-current liabilities		568,081,000	566,688,250	565,274,346
Current liabilities				
Trade and other payables		45,363,370	47,907,151	40,857,296
Deposits from customers		8,913,320	8,818,819	8,844,029
Public tax liabilities		9,870,947	6,366,978	7,246,863
Total current liabilities		64,147,637	63,092,948	56,948,188
Total equity and liabilities		708,897,165	702,517,619	696,529,493

Statement of changes in equity
(all amounts in NOK)

	Notes	Share capital	Share premium reserve	Retained earnings	Total equity
As at 1 January 2016		33,300,000	22,609,964	18,424,577	74,334,541
Profit/(loss) for the period		0	0	-1,598,118	-1,598,118
Other comprehensive income/(loss)		0	0	0	0
Total comprehensive income/(loss)		0	0	-1,598,118	-1,598,118
Total transactions with shareholders recognised directly in equity		0	0	0	0
As at 31 December 2016		33,300,000	22,609,964	16,826,459	72,736,423
As at 1 January 2017		33,300,000	22,609,964	16,826,459	72,736,423
Profit/(loss) for the period		0	0	3,932,105	3,932,105
Other comprehensive income/(loss)		0	0	0	0
Total comprehensive income/(loss)		0	0	3,932,105	3,932,105
Total transactions with shareholders recognised directly in equity		0	0	0	0
As at 30 June 2017		33,300,000	22,609,964	20,758,564	76,668,528

Statement of cash flow
 (all amounts in NOK)

	Notes	Quarter ended 30 June		Half year ended 30 June		Year ended 31
		2017	2016	2017	2016	December
		Un-audited	Un-audited	Un-audited	Un-audited	2016 Audited
Profit/(loss) before income tax		3,630,165	-94,420	5,173,823	-36,776	392,453
Adjustments for:						
Depreciation and amortisation charges	3	10,503,004	10,642,819	21,086,684	20,905,192	42,039,261
Adjustment for financial activities		5,333,195	6,517,720	10,650,549	11,725,449	25,191,504
Changes in working capital			0			
Trade and other receivables		2,224,642	-32,881,997	16,697,166	-18,731,214	127,180
Trade and other payables		3,697,096	5,088,530	2,447,441	-3,835,599	609,799
Inventories		-11,782	0	-11,782	-69,164	71,178
Net cash flow from operating activities		25,376,320	-10,727,348	56,043,881	9,957,888	68,431,375
Cash flows from investing activities						
Investment in property, plant and equipment	3	-4,487,709	-2,592,544	-6,615,842	-3,407,080	-13,819,124
Issue of loans to related parties		0	0	-20,000,000	-20,000,000	-40,000,000
Interest received from related parties		2,239,546	0	4,661,516	0	5,952,618
Net cash flow from investing activities		-2,248,163	-2,592,544	-21,954,326	-23,407,080	-47,866,506
Cash flows from financing activities						
Interest paid		-7,572,741	-6,823,720	-15,312,065	-13,780,449	-28,030,858
Net cash flow from financing activities		-7,572,741	-6,823,720	-15,312,065	-13,780,449	-28,030,858
Net (decrease)/increase in cash and cash equivalents		15,555,416	-20,143,613	18,777,490	-27,229,642	-7,465,989
Cash and cash equivalents at beginning of the period		42,365,000	39,522,886	39,142,926	46,608,915	46,608,915
Cash and cash equivalents at end of the period	2	57,920,416	19,379,274	57,920,416	19,379,274	39,142,926

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 six months ended 30 June 2017 do not include all of the information required for a full set of annual financial statements, and 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 2016, dated 28 April 2017, and the condensed interim Q1 2017 financial statement dated 30 May 2017, which have been prepared in accordance with International Financial Reporting Standards ('IFRS').

The accounting principles applied in the audited 2016 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	30 Jun 2017	31 Dec 2016
Short term cash deposits	56,065,983	38,012,034
Restricted cash	1,854,433	1,130,892
Bank deposits	57,920,416	39,142,926

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

As at 30 June 2017, the Company had a restricted bank account with a total amount of NOK 1,854,433 related to employee's tax deductions.

Note 3 - Property, plant and equipment

	Land	Building	Plant and equipment	Furniture and fixtures	Total
As at 31 December 2016					
Accumulated cost	7,430,578	80,134,520	677,913,491	4,130,630	769,609,219
Accumulated depreciation	0	48,614,849	322,935,680	2,885,185	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
Year to date ended 30 June 2017					
Opening net book amount	7,430,578	31,519,671	354,977,811	1,245,445	395,173,505
Additions	0	0	5,983,470	632,372	6,615,842
Reclassifications	0	0	0	0	0
Depreciation charge	0	1,602,691	19,066,047	417,946	21,086,684
Net book amount	7,430,578	29,916,980	341,895,234	1,459,871	380,702,663
As at 30 June 2017					
Accumulated cost	7,430,578	80,134,520	683,896,961	4,763,002	776,225,061
Accumulated depreciation	0	50,217,540	342,001,727	3,303,131	395,522,398
Accumulated impairment	0	0	0	0	0
Net book amount	7,430,578	29,916,980	341,895,234	1,459,871	380,702,663
Depreciation for 2017	0	1,602,691	19,066,047	417,946	21,086,684
Estimated useful life	N/A	15-25 years	10-25 years	3-5 years	

Definitions

DigiPlex Norway AS' 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.