

28 February 2017

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

Organisation no. 994 817 477

BACKGROUND

The Company is the DigiPlex Group of Companies' second fully operational data centre in Oslo. It was founded in 2009 and is based in the Rosenholm Business Centre Campus.

The current data halls, rebuilt by the Company with new mechanical and electrical infrastructures, provide 1,500 m² of white technical space, fitted out according to customers' current and future requirements with state of the art security, functionality and sustainability.

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 the Norwegian Generally Accepted Accounting Principles [NGAAP].

The enclosed financial statements are the condensed interim results for the year ended 31 December 2016. These statements have been prepared in accordance with NGAAP, 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.

For the year ended 31 December 2016, the Company's operating revenues totalled NOK 49.0 million, a 6.7% increase compared to last year. Operating expenses totalled NOK 41.5 million, a 3.9% increase from last year which comprised of NOK 24.0 million of operational, management and accounting support costs, NOK 5.5 million of personnel costs, and a charge of NOK 12.0 million to reflect depreciation of the plant and equipment.

Operating income for 2016 was NOK 7.5 million, a 25% increase over the same period last year.

The Company incurred net finance costs of NOK 6.0 million, compared to NOK 6.4 million in 2015.

In light of the above, the earnings before taxes for 2016 came in at NOK 1.6 million, an increase of NOK 1.9 million as the result of an increase in operating income.

Cash generated from operations was NOK 12.9 million in 2016, compared to NOK 20.2 million in 2015. The 2015 figure was higher due to the collection of some outstanding debtors from a prior year.

DigiPlex Rosenholm AS

Profit & Loss statement

(amounts in NOK)

	Notes	Quarter ended 31 December		Year ended 31 December	
		2016 Un-audited NOK	2015 Un-audited NOK	2016 Un-audited NOK	2015 Audited NOK
OPERATING REVENUE AND EXPENSES					
Sales revenue		12,067,678	11,249,038	45,953,899	42,221,763
Other revenue		471,144	1,446,319	3,076,645	3,744,860
Personnel expenses		-1,740,594	-1,641,228	-5,485,212	-6,051,669
Depreciation	2	-3,241,828	-2,730,256	-12,003,465	-10,805,017
Other operating expenses		-6,390,902	-7,247,734	-24,001,861	-23,072,460
OPERATING INCOME/(LOSS)		1,165,498	1,076,139	7,540,006	6,037,477
Interest income		-170,887	23,938	69,611	116,400
Other financial income		32,996	2,054	73,877	60,794
Interest expense		-1,526,781	-1,731,476	-6,125,408	-6,543,347
Other financial expense		-3,021	-2,446	-3,195	-61,915
EARNINGS/(LOSS) BEFORE TAXES		-502,195	-631,791	1,554,891	-390,591
Taxes		-177,286	-368,571	-691,558	-433,695
ORDINARY PROFIT/(LOSS)		-679,481	-1,000,362	863,333	-824,286
NET PROFIT/(LOSS) FOR THE YEAR		-679,481	-1,000,362	863,333	-824,286
TRANSFERS AND ALLOCATIONS					
Transfer to equity gain/(loss)		-679,481	-1,000,362	863,333	-824,286
TOTAL TRANSFERS AND ALLOCATIONS		-679,481	-1,000,362	863,333	-824,286

DigiPlex Rosenholm AS

Balance Sheet

(amounts in NOK)

		As at 31 December 2016 Un-audited NOK	As at 31 December 2015 Audited NOK
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax advantage		6,047,869	6,739,427
Total intangible assets		6,047,869	6,739,427
Tangible assets			
Property, plant and equipment	2	221,734,737	230,068,256
Furniture, fittings and office equipment	2	24,167	32,004
Total tangible assets		221,758,904	230,100,260
TOTAL NON-CURRENT ASSETS		227,806,773	236,839,687
CURRENT ASSETS			
Goods on stock		436,737	416,705
Trade receivables		10,100,958	9,837,458
Other current assets		460,912	1,801,333
Bank deposits	3	14,369,393	15,144,962
TOTAL CURRENT ASSETS		25,368,000	27,200,458
TOTAL ASSETS		253,174,773	264,040,145
EQUITY AND LIABILITIES			
EQUITY			
Paid in equity			
Share capital		2,950,000	2,950,000
Total paid in equity		2,950,000	2,950,000
Earned equity			
Other equity		-17,209,499	-18,072,831
Total earned equity		-17,209,499	-18,072,831
Total equity		-14,259,499	-15,122,831
LIABILITIES			
Long term liabilities			
Liabilities to parent/related companies		249,277,148	259,277,148
Other long term liabilities		682,422	372,840
Total long term liabilities		249,959,570	259,649,988
Short term liabilities			
Trade liabilities		1,219,239	6,198,337
Liabilities to the public		2,419,205	1,256,369
Other short term liabilities		13,836,258	12,058,282
Total short term liabilities		17,474,702	19,512,988
Total liabilities		267,434,272	279,162,976
Total equity and liabilities		253,174,773	264,040,145

DigiPlex Rosenholm AS

Cash Flow statement

(amounts in NOK)

	Quarter ended 31 December		Year ended 31 December	
	2016 Un-audited NOK	2015 Un-audited NOK	2016 Un-audited NOK	2015 Audited NOK
Profit/(loss) before income tax	-502,195	-631,791	1,554,891	-390,591
<i>Adjustments for:</i>				
Depreciation and amortisation charges	3,241,828	2,730,256	12,003,465	10,805,017
<i>Changes in working capital:</i>				
Trade and other receivables	-3,859,525	6,045,435	-263,500	6,638,293
Trade and other payables	3,519,385	4,603,375	-2,038,286	3,503,343
Inventories	-25,924	-357,254	-20,032	-357,254
Change in other assets	1,762,978	-	1,650,003	-
Income tax paid	-	-	-	-
Net cash flow from operating activities	4,136,547	12,390,021	12,886,541	20,198,808
Cash flows from investing activities				
Investments in land, buildings and equipment	-1,006,212	-3,714,597	-3,662,110	-7,901,040
Net cash flow from investing activities	-1,006,212	-3,714,597	-3,662,110	-7,901,040
Cash flows from financing activities				
Loans from related companies	30,000,000	-	20,000,000	123,750,000
Repayment of loan to parent company	-30,000,000	-	-30,000,000	-23,405,681
Repayment of loan	-	-	-	-101,264,336
Net cash flow from financing activities	-	-	-10,000,000	-920,017
Increase/(decrease) in cash during the period	3,130,335	8,675,424	-775,569	11,377,751
Cash balance at the beginning of the period	11,239,058	6,469,538	15,144,962	3,767,211
Cash balance at the end of the period	14,369,393	15,144,962	14,369,393	15,144,962

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

Digiplex Rosenholm AS is a Norwegian private limited liability company incorporated on 24 November 2009 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 994 817 477 and its registered business address is Selma Ellefsens vei 1, 0581 Oslo, Norway.

Digiplex Rosenholm AS provides highly secure, high-powered, energy-efficient and carrier-neutral data centre space at Rosenholmveien 25 outside Oslo, Norway, for its customers' information and communication technology equipment.

These condensed interim financial statements for the fourth quarter 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 the Accounting Act and Norwegian Generally Accepted Accounting Principles for small enterprises. They should be read in conjunction with the audited annual financial statements for the year ended 31 December 2015, issued on 28 April 2016, and the condensed interim Q1 2016, Q2 2016 and Q3 2016 financial statements 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 Tangible assets

Tangible assets	Plant and equipment	Furniture, fittings and office equipment	Total
Accumulated cost as at 1.1.2016	272,547,607	75,559	272,623,166
Additions	3,662,110	-	3,662,110
Disposals	-	-	-
Accumulated cost as at 31.12.2016	276,209,717	75,559	276,285,276
Accumulated depreciation	54,474,980	51,392	54,526,372
Net book value as at 31.12.2016	221,734,737	24,167	221,758,904
Depreciation for the period	11,995,628	7,837	12,003,465
Expected useful life	7-25 years	3-5 years	
Depreciation plan	Straight line	Straight line	

Note 3 Bank deposits

Bank deposits	31 Dec 2016	31 Dec 2015
Short term cash deposits, cash equivalents	14,187,327	14,776,151
Restricted cash employee tax deductions	182,066	368,811
Bank deposits	14,369,393	15,144,962