

26 August 2016

DigiPlex Fet AS (the Company)  
Management Commentary  
For the half year ended 30 June 2016

Organisation no. 912 189 287

## BACKGROUND

The Company was founded in July 2013 when it signed one of the largest data centre deals in Europe for its facility at Heiaveien 9 in the municipality of Fetsund, near Oslo.

The 20-year contract with EVRY AS (one of the two largest IT service companies in the Nordics) secures revenue for its 4,200 m<sup>2</sup> of IT space, served by 8.4 megawatts of power. The high security facility will benefit from the Company's industry leading Air-to-Air cooling technology delivering a power usage efficiency which provides a sustainable performance with minimum environmental footprint.

This report should be read in conjunction with the Company's 2015 audited financial statements dated 28 April 2016, and the condensed interim Q1 2016 financial statements dated 27 May 2016, 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 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 HALF YEAR

In the half year ended 30 June 2016 the Company successfully delivered the last two phases (each 700m<sup>2</sup> of white space) of the data centre to EVRY AS (i.e. on 1 January 2016 and 3 March 2016), approximately one month earlier than provided for in the Agreement with EVRY.

The Company and EVRY entered into an additional agreement in this period where the Company will be compensated, throughout the term of the existing 20-year contract, for undertaking additional construction and project management work. This construction work was finalised during the half year ended 30 June 2016. The additional construction work was funded by an additional shareholder loan.

For the half year ended 30 June 2016, the Company's operating revenues totalled NOK 35.7 million, an increase of NOK 26.0 million over the same period last year due to the phased handover of each 700m<sup>2</sup> totalling 4,200m<sup>2</sup>. Operating expenses totalled NOK 14.8 million, an increase of NOK 2.3 million over the same period last year, which comprised of NOK 14.0 million of operational, management and accounting support costs and NOK 0.8 million of personnel costs.

EBITDA (Earnings Before Interest, Tax, Depreciation & Amortisation) for the six months ended 30 June 2016 were NOK 21.0 million, compared to a loss of NOK 2.6 million in the same period last year.

A charge of NOK 19.5 million was made to reflect depreciation of the building compared to NOK 5.6 million in the first half of 2015. Net finance costs of NOK 14.2 million are reflected in the Income Statement; compared to a negligible amount in the same period last year, as construction is now complete and the capitalisation of net finance costs thereby ceased from the date of final handover on 1 March 2016.

In light of the above, the loss before income tax for the half year ended 30 June 2016 came in at NOK 12.7 million, a higher loss compared to the first half of 2015, of NOK 4.6 million. This was due to an increase in depreciation and in net finance costs.

Cash generated from operations was NOK 35.4 million in the first half of 2016, compared to NOK 1.3 million in the same period in 2015.

Total long term borrowings of NOK 493.9 million at 30 June 2016 reflect the Bond Issue completed in June 2014 and remain largely unchanged from the year end position. Shareholder loans, on the other hand, increased by NOK 60.0 million during the second quarter of 2016, in order to finance the additional construction work ordered by EVRY.

At 30 June 2016 cash and cash equivalents stood at NOK 56.8 million compared to NOK 48.5 million at year end 2015.

**Income statement**

(amounts in NOK)

	Notes	Quarter ended 30 June		Half year ended 30 June		Year ended 31
		2016 Un-audited	2015 Un-audited	2016 Un-audited	2015 Un-audited	December 2015 Audited
<b>Operating income and operating expenses</b>						
Revenue from services		19,516,719	6,629,294	35,219,724	9,706,673	35,475,429
Revenue from goods sold		389,190	81,805	521,564	81,805	1,383,117
Cost of goods sold		423,204	57,473	429,654	57,473	1,029,070
<b>Gross profit</b>		<b>19,482,705</b>	<b>6,653,626</b>	<b>35,311,634</b>	<b>9,731,005</b>	<b>35,829,476</b>
Employee benefits expense		358,526	401,764	845,737	919,380	2,044,274
Other expenses		6,568,761	6,719,978	13,484,392	11,326,959	24,139,763
Other gains and losses		0	6,327	0	110,682	145,556
<b>EBITDA</b>		<b>12,555,418</b>	<b>-474,443</b>	<b>20,981,505</b>	<b>-2,626,016</b>	<b>9,499,883</b>
Depreciation and amortisation	3	10,755,282	4,094,028	19,539,595	5,579,804	16,860,743
<b>Operating income/(loss)</b>		<b>1,800,136</b>	<b>-4,568,471</b>	<b>1,441,910</b>	<b>-8,205,820</b>	<b>-7,360,860</b>
Finance income		137,520	334,281	171,640	657,589	834,105
Finance costs		8,069,024	292,927	14,352,678	621,741	1,062,371
<b>Finance - net</b>		<b>-7,931,504</b>	<b>41,354</b>	<b>-14,181,038</b>	<b>35,848</b>	<b>-228,266</b>
<b>Profit/(loss) before income tax</b>		<b>-6,131,368</b>	<b>-4,527,117</b>	<b>-12,739,128</b>	<b>-8,169,972</b>	<b>-7,589,126</b>
Income tax expense/(benefit)		-1,532,842	-1,222,322	-3,184,782	-2,205,892	-1,808,617
<b>Profit/(loss) for the period</b>		<b>-4,598,526</b>	<b>-3,304,795</b>	<b>-9,554,346</b>	<b>-5,964,080</b>	<b>-5,780,509</b>
Profit/(loss) for the period attributable to the shareholders		-4,598,526	-3,304,795	-9,554,346	-5,964,080	-5,780,509
<b>Statement of comprehensive income/(loss)</b>						
Profit/(loss) for the period		-4,598,526	-3,304,795	-9,554,346	-5,964,080	-5,780,509
Other comprehensive income		0	0	0	0	0
<b>Total comprehensive income/(loss) for the period</b>		<b>-4,598,526</b>	<b>-3,304,795</b>	<b>-9,554,346</b>	<b>-5,964,080</b>	<b>-5,780,509</b>
<b>Total comprehensive income/(loss) attributable to shareholders</b>		<b>-4,598,526</b>	<b>-3,304,795</b>	<b>-9,554,346</b>	<b>-5,964,080</b>	<b>-5,780,509</b>

## Statement of financial position

(amounts in NOK)

Assets	Notes	As at 30 June	As at 31	As at 30 June
		2016	December	2015
		Un-audited	Audited	Un-audited
<b>Non-current assets</b>				
Deferred tax asset		6,151,561	2,966,779	3,364,054
Property, plant & equipment	3	689,728,894	670,198,873	607,897,901
Other non-current assets		4,258,305	4,136,094	0
<b>Total non-current assets</b>		<b>700,138,760</b>	<b>677,301,746</b>	<b>611,261,955</b>
<b>Current assets</b>				
Inventories		1,066,060	1,066,060	0
Trade and other receivables		17,746,806	21,146,118	25,819,368
Bank deposits	2	56,835,029	48,498,775	120,451,098
<b>Total current assets</b>		<b>75,647,895</b>	<b>70,710,953</b>	<b>146,270,466</b>
<b>Total assets</b>		<b>775,786,655</b>	<b>748,012,699</b>	<b>757,532,421</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		30,000	30,000	30,000
Retained earnings		-18,400,106	-8,845,760	-9,029,331
<b>Total equity</b>		<b>-18,370,106</b>	<b>-8,815,760</b>	<b>-8,999,331</b>
<b>Non-current liabilities</b>				
Bond loan		493,922,916	492,895,417	495,867,917
<b>Total non-current liabilities</b>		<b>493,922,916</b>	<b>492,895,417</b>	<b>495,867,917</b>
<b>Current liabilities</b>				
Trade and other payables		31,151,375	54,850,572	61,581,365
Shareholder loan		269,082,470	209,082,470	209,082,470
<b>Total current liabilities</b>		<b>300,233,845</b>	<b>263,933,042</b>	<b>270,663,835</b>
<b>Total equity and liabilities</b>		<b>775,786,655</b>	<b>748,012,699</b>	<b>757,532,421</b>

**Statement of changes in equity**

(un-audited) (amounts in NOK)

	Notes	Share capital	Retained earnings/ (Accumulated loss)	Total equity
<b>As at 1 January 2015</b>		30,000	-3,065,250	-3,035,250
Profit/(loss) for the period		0	-5,780,510	-5,780,510
Other comprehensive income/(loss)		0	0	0
<b>Total comprehensive income/(loss)</b>		0	-5,780,510	-5,780,510
<b>Total transactions with shareholders recognised directly in equity</b>		0	0	0
<b>As at 31 December 2015</b>		30,000	-8,845,760	-8,815,760
<b>As at 1 January 2016</b>		30,000	-8,845,760	-8,815,760
Profit/(loss) for the period		0	-9,554,346	-9,554,346
Other comprehensive income/(loss)		0	0	0
<b>Total comprehensive income/(loss)</b>		0	-9,554,346	-9,554,346
<b>Total transactions with shareholders recognised directly in equity</b>		0	0	0
<b>As at 30 June 2016</b>		30,000	-18,400,106	-18,370,106

**Statement of cash flow**

(amounts in NOK)

	Notes	Quarter ended 30 June		Half year ended 30 June		Year ended 31
		2016	2015	2016	2015	2015
		Un-audited	Un-audited	Un-audited	Un-audited	Audited
<b>Loss before income tax</b>		<b>-6,131,368</b>	<b>-4,527,117</b>	<b>-12,739,128</b>	<b>-8,169,972</b>	<b>-7,589,126</b>
Adjustments for:						
Depreciation and amortisation charges	3	10,755,282	4,094,028	19,539,595	5,579,804	16,860,743
Adjustment for financial activities		7,928,133	-41,354	14,181,038	-35,848	-1,364,405
Changes in working capital						
Trade and other receivables		10,099,190	-5,016,115	3,399,312	-6,295,356	-1,622,104
Trade and other payables		6,116,977	8,759,500	11,150,635	10,230,130	2,971,836
Inventories		0	0	0	0	-1,066,060
Change in other assets		-158,492	0	-122,211	0	-4,136,094
<b>Net cash flow from operating activities</b>		<b>28,609,722</b>	<b>3,268,942</b>	<b>35,409,241</b>	<b>1,308,758</b>	<b>4,054,790</b>
<b>Cash flows from investing activities</b>						
Investment in property, plant and equipment	3	-58,367,872	-84,906,357	-73,751,098	-160,127,341	-217,627,202
Interest paid capitalised on qualifying asset		0	-8,088,707	0	-14,841,977	-30,950,360
Interest received		0	334,281	0	657,589	0
<b>Net cash flow from investing activities</b>		<b>-58,367,872</b>	<b>-92,660,783</b>	<b>-73,751,098</b>	<b>-174,311,729</b>	<b>-248,577,562</b>
<b>Cash flows from financing activities</b>						
Proceeds from borrowings (shareholder loan)		60,000,000	0	60,000,000	0	0
Repayment of shareholder loan		0	0	0	0	0
Interest paid		-7,068,983	-292,927	-13,321,889	-621,741	-1,054,263
<b>Net cash flow from financing activities</b>		<b>52,931,017</b>	<b>-292,927</b>	<b>46,678,111</b>	<b>-621,741</b>	<b>-1,054,263</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>23,172,867</b>	<b>-89,684,768</b>	<b>8,336,254</b>	<b>-173,624,712</b>	<b>-245,577,035</b>
Cash and cash equivalents at beginning of the period		33,662,162	210,135,866	48,498,775	294,075,810	294,075,810
Exchange gains/losses on cash and cash equivalents		0	0	0	0	0
<b>Cash and cash equivalents at end of the period</b>	2	<b>56,835,029</b>	<b>120,451,098</b>	<b>56,835,029</b>	<b>120,451,098</b>	<b>48,498,775</b>

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

DigiPlex Fet AS ('the Company') is a Norwegian private limited liability company incorporated on 3 July 2013 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 912 189 287 and its registered business address is Ulvenveien 89B, 0581 Oslo, Norway.

During the first half of 2016 the Company continued providing highly secure, high-powered, energy-efficient and carrier-neutral data centre space at Heiaveien 9 in the municipality of Fetsund, near Oslo, Norway, for its customer's information and communication technology equipment with the complete delivery of six phases of 700m<sup>2</sup> each of "white space".

These condensed interim financial statements 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, and the condensed interim Q1 2016 financial statements issued on 27 May 2016, which have been prepared in accordance with International Financial Reporting Standards ('IFRS').

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**

	30 June 2016	31 Dec 2015
Short term bank deposits	42,191,895	8,219,250
Restricted cash	14,643,134	40,279,525
<b>Bank deposits</b>	<b>56,835,029</b>	<b>48,498,775</b>

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

As at 30 June 2016 the Company had bank accounts with restricted amount of NOK 14 643 134, of which NOK 9 809 424 was pledged in favour of the Bond Trustee. Within this, NOK 3 746 062 can only be released once the final account with the contractor is finalised. Meanwhile, NOK 6 063 362 can only be drawn from the account with the Bond Trustee's written consent pursuant to the Bond Agreement. NOK 4 750 000 is to be applied towards the settlement of the final account with the project contractor. The remaining balance of NOK 83 710 are restricted funds related to employees tax deductions.

**Note 3 - Property, plant and equipment**

	Land	Asset under construction	Buildings	Plant and equipment	Furniture and fixtures	Total
<b>As at 31 December 2015</b>						
Accumulated cost	38,520,577	104,969,223	543,133,409	256,561	179,846	687,059,616
Accumulated depreciation	0	0	-16,773,507	-55,410	-31,826	-16,860,743
Accumulated impairment	0	0	0	0	0	0
<b>Net book amount</b>	<b>38,520,577</b>	<b>104,969,223</b>	<b>526,359,902</b>	<b>201,151</b>	<b>148,020</b>	<b>670,198,873</b>
<b>Period ended 30 June 2016</b>						
Opening net book amount	38,520,577	104,969,223	526,359,902	201,151	148,020	670,198,873
Additions	0	38,978,878	0	90,739	0	39,069,617
Reclassifications	0	-143,948,101	143,948,101	0	0	0
Depreciation charge	0	0	-19,474,419	-41,045	-24,131	-19,539,595
<b>Net book amount</b>	<b>38,520,577</b>	<b>0</b>	<b>650,833,584</b>	<b>250,845</b>	<b>123,889</b>	<b>689,728,895</b>
<b>As at 30 June 2016</b>						
Accumulated cost	38,520,577	0	687,081,510	347,300	179,846	726,129,233
Accumulated depreciation	0	0	-36,247,926	-96,455	-55,957	-36,400,338
Accumulated impairment	0	0	0	0	0	0
<b>Net book amount</b>	<b>38,520,577</b>	<b>0</b>	<b>650,833,584</b>	<b>250,845</b>	<b>123,889</b>	<b>689,728,895</b>
<b>Depreciation for the half year</b>	<b>0</b>	<b>0</b>	<b>19,474,419</b>	<b>41,045</b>	<b>24,131</b>	<b>19,539,595</b>
Estimated useful life			7-25 years	5 years	3 years	

The majority of the project retention funds were released in the second quarter of 2016, which already had been booked as additions to asset under construction.

Capital expenditure contracted for at the end of the reporting period but not yet incurred is circa NOK 20 million.