

29 November 2016

DigiPlex Fet AS (the Company)  
Management Commentary  
For the nine months to 30 September 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 following financial statements:

- 2015 audited financial statements dated 28 April 2016;
- Condensed interim Q1 2016 financial statements dated 27 May 2016; and
- Condensed interim H1 2016 financial statements dated 26 August 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 nine months ended 30 September 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 FIRST NINE MONTHS OF 2016

In the nine months ended 30 September 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 nine months ended 30 September 2016, the Company's operating revenues totalled NOK 56.6 million, an increase of NOK 38.1 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 23.3 million, an increase of NOK 5.6 million over the same period last year, which comprised of NOK 22.0 million of operational, management and accounting support costs and NOK 1.3 million of personnel costs.

EBITDA (Earnings Before Interest, Tax, Depreciation & Amortisation) for the nine months ended 30 September 2016 was NOK 33.3 million, compared to NOK 0.8 million in the same period last year.

A charge of NOK 30.1 million was made to reflect depreciation of the building compared to NOK 11.2 million in the first nine months of 2015. Net finance costs of NOK 20.8 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 nine months ended 30 September 2016 came in at NOK 17.6 million, a higher loss compared to the first nine months of 2015, of NOK 10.6 million. This was due to an increase in depreciation and in net finance costs.

Cash generated from operations was NOK 47.8 million in the first nine months of 2016, compared to NOK 21.6 million in the same period in 2015.

Total long term borrowings of NOK 494.4 million at 30 September 2016 reflect the Bond Issue completed in June 2014 and remain largely unchanged from the year end position. Shareholder loans, on the other hand, did not change in the third quarter of 2016.

At 30 September 2016 cash and cash equivalents stood at NOK 58.9 million compared to NOK 48.5 million at year end 2015.

**Income statement**

(amounts in NOK)

	Notes	Quarter ended 30 September		Nine months ended 30 September		Year ended 31 December
		2016 Un-audited	2015 Un-audited	2016 Un-audited	2015 Un-audited	2015 Audited
<b>Operating income and operating expenses</b>						
Revenue from services		19,791,020	5,667,787	55,010,744	18,333,946	35,475,429
Revenue from goods sold		1,033,811	3,031,658	1,555,375	153,977	1,383,117
Cost of goods sold		844,941	57,473	1,274,595	57,473	1,029,070
<b>Gross profit</b>		<b>19,979,890</b>	<b>8,641,972</b>	<b>55,291,524</b>	<b>18,430,450</b>	<b>35,829,476</b>
Employee benefits expense		521,552	520,284	1,367,289	1,439,664	2,044,274
Other expenses		7,212,339	4,721,898	20,696,731	16,106,330	24,139,763
Other gains and losses		0	15,337	0	126,019	145,556
<b>EBITDA</b>		<b>12,245,999</b>	<b>3,384,453</b>	<b>33,227,504</b>	<b>758,437</b>	<b>9,499,883</b>
Depreciation and amortisation	3	10,578,804	5,596,331	30,118,399	11,176,135	16,860,743
<b>Operating income/(loss)</b>		<b>1,667,195</b>	<b>-2,211,878</b>	<b>3,109,105</b>	<b>-10,417,698</b>	<b>-7,360,860</b>
Finance income		123,327	106,125	294,967	763,714	834,105
Finance costs		6,748,477	378,360	21,101,155	1,000,101	1,062,371
<b>Finance - net</b>		<b>-6,625,150</b>	<b>-272,235</b>	<b>-20,806,188</b>	<b>-236,387</b>	<b>-228,266</b>
<b>Profit/(loss) before income tax</b>		<b>-4,957,955</b>	<b>-2,484,113</b>	<b>-17,697,083</b>	<b>-10,654,085</b>	<b>-7,589,126</b>
Income tax expense/(benefit)		-1,239,489	-670,711	-4,424,271	-2,876,603	-1,808,617
<b>Profit/(loss) for the period</b>		<b>-3,718,466</b>	<b>-1,813,402</b>	<b>-13,272,812</b>	<b>-7,777,482</b>	<b>-5,780,509</b>
Profit/(loss) for the period attributable to the shareholders		-3,718,466	-1,813,402	-13,272,812	-7,777,482	-5,780,509
<b>Statement of comprehensive income/(loss)</b>						
Profit/(loss) for the period		-3,718,466	-1,813,402	-13,272,812	-7,777,482	-5,780,509
Other comprehensive income		0	0	0	0	0
<b>Total comprehensive income/(loss) for the period</b>		<b>-3,718,466</b>	<b>-1,813,402</b>	<b>-13,272,812</b>	<b>-7,777,482</b>	<b>-5,780,509</b>
<b>Total comprehensive income/(loss) attributable to shareholders</b>		<b>-3,718,466</b>	<b>-1,813,402</b>	<b>-13,272,812</b>	<b>-7,777,482</b>	<b>-5,780,509</b>

**Statement of financial position**  
(amounts in NOK)

Assets	Notes	As at 30	As at 31	As at 30
		September	December	September
		2016	2015	2015
		Un-audited	Audited	Un-audited
<b>Non-current assets</b>				
Deferred tax asset		7,391,050	2,966,779	4,034,765
Property, plant & equipment	3	684,732,292	670,198,873	640,221,547
Other non-current assets		4,201,018	4,136,094	0
<b>Total non-current assets</b>		<b>696,324,360</b>	<b>677,301,746</b>	<b>644,256,312</b>
<b>Current assets</b>				
Inventories		1,066,060	1,066,060	0
Trade and other receivables		24,969,250	21,146,118	18,567,804
Bank deposits	2	58,943,245	48,498,775	102,607,082
<b>Total current assets</b>		<b>84,978,555</b>	<b>70,710,953</b>	<b>121,174,886</b>
<b>Total assets</b>		<b>781,302,915</b>	<b>748,012,699</b>	<b>765,431,198</b>
<b>Equity and liabilities</b>				
Equity and liabilities	Notes	As at 30	As at 31	As at 30
		September	December	September
		2016	2015	2015
		Un-audited	Audited	Un-audited
<b>Equity</b>				
Share capital		30,000	30,000	30,000
Retained earnings		-22,118,572	-8,845,760	-10,842,733
<b>Total equity</b>		<b>-22,088,572</b>	<b>-8,815,760</b>	<b>-10,812,733</b>
<b>Non-current liabilities</b>				
Bond loan		494,436,664	492,895,417	496,131,667
<b>Total non-current liabilities</b>		<b>494,436,664</b>	<b>492,895,417</b>	<b>496,131,667</b>
<b>Current liabilities</b>				
Trade and other payables		39,887,019	54,850,572	71,029,794
Shareholder loan		269,067,804	209,082,470	209,082,470
<b>Total current liabilities</b>		<b>308,954,823</b>	<b>263,933,042</b>	<b>280,112,264</b>
<b>Total equity and liabilities</b>		<b>781,302,915</b>	<b>748,012,699</b>	<b>765,431,198</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>		<b>30,000</b>	<b>-3,065,250</b>	<b>-3,035,250</b>
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>		<b>0</b>	<b>-5,780,510</b>	<b>-5,780,510</b>
<b>Total transactions with shareholders recognised directly in equity</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>As at 31 December 2015</b>		<b>30,000</b>	<b>-8,845,760</b>	<b>-8,815,760</b>
<b>As at 1 January 2016</b>		<b>30,000</b>	<b>-8,845,760</b>	<b>-8,815,760</b>
Profit/(loss) for the period		0	-13,272,812	-13,272,812
Other comprehensive income/(loss)		0	0	0
<b>Total comprehensive income/(loss)</b>		<b>0</b>	<b>-13,272,812</b>	<b>-13,272,812</b>
<b>Total transactions with shareholders recognised directly in equity</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>As at 30 September 2016</b>		<b>30,000</b>	<b>-22,118,572</b>	<b>-22,088,572</b>

**Statement of cash flow**

(amounts in NOK)

	Notes	Quarter ended 30 September		Nine months ended 30 September		Year ended 31 December
		2016	2015	2016	2015	2015
		Un-audited	Un-audited	Un-audited	Un-audited	Audited
<b>Loss before income tax</b>		<b>-4,957,955</b>	<b>-2,484,113</b>	<b>-17,697,083</b>	<b>-10,654,085</b>	<b>-7,589,126</b>
Adjustments for:						
Depreciation and amortisation charges	3	10,578,804	5,596,331	30,118,399	11,176,135	16,860,743
Adjustment for financial activities		6,625,150	272,235	20,806,188	236,387	-1,364,405
Changes in working capital						
Trade and other receivables		-7,222,444	25,446,415	-3,823,132	19,151,059	-1,622,104
Trade and other payables		7,277,153	-8,482,672	18,427,788	1,747,458	2,971,836
Inventories		0	0	0	0	-1,066,060
Change in other assets		57,287	0	-64,924	0	-4,136,094
<b>Net cash flow from operating activities</b>		<b>12,357,995</b>	<b>20,348,196</b>	<b>47,767,236</b>	<b>21,656,954</b>	<b>4,054,790</b>
<b>Cash flows from investing activities</b>						
Investment in property, plant and equipment	3	-3,908,932	-30,409,228	-77,660,030	-190,536,569	-217,627,202
Interest paid capitalised on qualifying asset		0	-7,510,749	0	-22,352,726	-30,950,360
Interest received		0	106,125	0	763,714	0
<b>Net cash flow from investing activities</b>		<b>-3,908,932</b>	<b>-37,813,852</b>	<b>-77,660,030</b>	<b>-212,125,581</b>	<b>-248,577,562</b>
<b>Cash flows from financing activities</b>						
Proceeds from borrowings (shareholder loan)		-14,666	0	59,985,334	0	0
Repayment of shareholder loan		0	0	0	0	0
Interest paid		-6,326,180	-378,360	-19,648,069	-1,000,101	-1,054,263
<b>Net cash flow from financing activities</b>		<b>-6,340,846</b>	<b>-378,360</b>	<b>40,337,265</b>	<b>-1,000,101</b>	<b>-1,054,263</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>2,108,217</b>	<b>-17,844,016</b>	<b>10,444,471</b>	<b>-191,468,728</b>	<b>-245,577,035</b>
Cash and cash equivalents at beginning of the period		56,835,029	120,451,098	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 period</b>	2	<b>58,943,246</b>	<b>102,607,082</b>	<b>58,943,246</b>	<b>102,607,082</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 three quarters 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 and Q2 2016 financial statements issued on 27 May 2016 and 26 August 2016 respectively, 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**

<b>Bank deposits</b>	<b>30 Sep 2016</b>	<b>31 Dec 2015</b>
Short term bank deposits	49,453,164	8,219,250
Restricted cash	9,490,081	40,279,525
<b>Bank deposits</b>	<b>58,943,245</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 September 2016, the Company had bank accounts with restricted amount of NOK 9,490,081. NOK 9,450,893 is to be applied towards the settlement of running development projects with the project contractor. The remaining balance of NOK 39,188 are restricted funds related to employees tax deductions.

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

	<b>Land</b>	<b>Asset under construction</b>	<b>Buildings</b>	<b>Plant and equipment</b>	<b>Furniture and fixtures</b>	<b>Total</b>
<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 September 2016</b>						
Opening net book amount	38,520,577	104,969,223	526,359,902	201,151	148,020	670,198,873
Additions	2,500,000	38,978,878	3,082,200	90,739	0	44,651,817
Reclassifications	0	-143,948,101	143,948,101	0	0	0
Depreciation charge	0	0	-30,016,160	-70,527	-31,713	-30,118,400
<b>Net book amount</b>	<b>41,020,577</b>	<b>0</b>	<b>643,374,043</b>	<b>221,363</b>	<b>116,307</b>	<b>684,732,290</b>
<b>As at 30 September 2016</b>						
Accumulated cost	41,020,577	0	690,171,673	347,300	179,846	731,719,396
Accumulated depreciation	0	0	-46,797,630	-125,937	-63,539	-46,987,106
Accumulated impairment	0	0	0	0	0	0
<b>Net book amount</b>	<b>41,020,577</b>	<b>0</b>	<b>643,374,043</b>	<b>221,363</b>	<b>116,307</b>	<b>684,732,290</b>
<b>Depreciation for the first nine months</b>	<b>0</b>	<b>0</b>	<b>30,016,160</b>	<b>70,527</b>	<b>31,713</b>	<b>30,118,400</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.