

26 August 2016

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

During the course of the half year ended 30 June 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 half year ended 30 June 2016, the Company's operating revenues totalled NOK 64.1 million, a 12% increase over the same period last year. Operating expenses totalled NOK 31.5 million, a 15% increase over the same period last year which comprised of NOK 21.7 million of operational, management and accounting support costs and NOK 9.8 million of personnel costs.

EBITDA (Earnings Before Interest, Tax, Depreciation & Amortisation) for the six months ended 30 June 2016 were NOK 32.6 million, a 10% increase over the same period last year.

A charge of NOK 20.9 million was made to reflect depreciation of the building, and the Company incurred net finance costs of circa NOK 11.7 million compared to NOK 17.8 million and NOK 5.9 million respectively in the first half of 2015.

In light of the above, the loss before income tax for the half year ended 30 June 2016 came in at NOK 0.04 million, compared to a profit before income tax of NOK 5.8 million in the same period last year. This was due to an increase in net finance costs.

Cash generated from operations was NOK 10.0 million in the first half of 2016, compared to NOK 18.8 million in the same period in 2015. Trade and other receivables increased by NOK 20.8 million, mainly due to an increase in related party receivables.

Total borrowings of NOK 565.3 million at 30 June 2016 reflect the Bond Issue completed in July 2015, whilst cash and cash equivalents stood at NOK 19.4 million compared to NOK 46.6 million at year end 2015.

Digiplex Norway AS

Income statement (all 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
Operating income and operating expenses						
Revenue from services		31,089,632	27,066,060	63,192,125	55,246,531	108,664,526
Revenue from goods sold		479,589	781,940	921,381	1,754,540	10,842,894
Cost of goods sold		331,113	383,368	472,105	923,876	9,389,190
Gross profit		31,238,108	27,464,632	63,641,401	56,077,195	110,118,230
Employee benefits expense		4,327,051	4,163,082	9,824,301	8,348,736	20,859,602
Other expenses		9,844,938	7,188,275	21,223,235	18,176,477	32,374,926
EBITDA		17,066,119	16,113,275	32,593,865	29,551,982	56,883,702
Depreciation and amortisation	3	10,642,819	9,129,032	20,905,192	17,837,243	40,413,902
Operating profit		6,423,300	6,984,243	11,688,673	11,714,739	16,469,800
Finance income		2,116,026	170,914	3,969,289	244,834	3,463,491
Finance costs		8,633,746	2,858,259	15,694,738	6,140,155	21,730,799
Finance - net		-6,517,720	-2,687,345	-11,725,449	-5,895,321	-18,267,308
Profit/(loss) before income tax		-94,420	4,296,898	-36,776	5,819,418	-1,797,508
Income tax expense/(benefit)		-23,605	1,160,161	-9,194	1,571,243	3,292,519
Profit/(loss) for the period		-70,815	3,136,737	-27,582	4,248,175	-5,090,028
Profit/(loss) for the period attributable to the shareholders		-70,815	3,136,737	-27,582	4,248,175	-5,090,028
Statement of comprehensive income/(loss)						
Profit/(loss) for the period		-70,815	3,136,737	-27,582	4,248,175	-5,090,028
Other comprehensive income		0	0	0	0	0
Total comprehensive income/(loss) for the period		-70,815	3,136,737	-27,582	4,248,175	-5,090,028
Total comprehensive income/(loss) attributable to shareholders		-70,815	3,136,737	-27,582	4,248,175	-5,090,028

Digiplex Norway AS

Statement of financial position (all amounts in NOK)

Assets	Notes	As at 30 June	As at 31	As at 30 June
		2016	December	2015
		Un-audited	Audited	Un-audited
Non-current assets				
Deferred tax asset		46,471,644	46,462,450	48,183,727
Property, plant and equipment	3	404,760,174	422,571,725	430,017,233
Furniture and fixtures	3	1,135,358	821,918	681,635
Loans to related parties		163,750,000	143,750,000	0
Total non-current assets		616,117,176	613,606,093	478,882,595
Current assets				
Inventories		588,042	518,878	627,480
Trade and other receivables		60,445,001	39,658,787	40,945,467
Bank deposits	2	19,379,274	46,608,916	25,674,306
Total current assets		80,412,317	86,786,581	67,247,253
Total assets		696,529,493	700,392,674	546,129,848

Equity and liabilities	Notes	As at 30 June	As at 31	As at 30 June
		2016	December	2015
		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		18,396,995	18,424,577	27,762,780
Total equity		74,306,959	74,334,541	83,672,744
Non-current liabilities				
Bond loan		565,274,346	563,574,986	0
Debt to financial institutions		0	0	324,000,000
Loan from related companies		0	0	99,852,173
Total non-current liabilities		565,274,346	563,574,986	423,852,173
Current liabilities				
Trade and other payables		40,857,296	49,901,453	26,768,642
Deposits from customers		8,844,029	8,030,879	6,774,488
Public tax liabilities		7,246,863	4,550,815	5,061,801
Total current liabilities		56,948,188	62,483,147	38,604,931
Total equity and liabilities		696,529,493	700,392,674	546,129,848

Digiplex Norway AS

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	-27,582	-27,582
Other comprehensive income/(loss)		0	0	0	0
Total comprehensive income/(loss)		0	0	-27,582	-27,582
Total transactions with shareholders recognised directly in equity		0	0	0	0
As at 30 June 2016		33,300,000	22,609,964	18,396,995	74,306,959

Digiplex Norway AS

Statement of cash flow (all amounts in NOK)

	Notes	Quarter ended 30 June		Half year ended 30 June		Year ended 31
		2016	2015	2016	2015	December
		Un-audited	Un-audited	Un-audited	Un-audited	2015 Audited
Profit/(loss) before income tax		-94,420	4,296,898	-36,776	5,819,418	-1,797,509
Adjustments for:						
Depreciation and amortisation charges	3	10,642,819	9,129,032	20,905,192	17,837,243	40,413,902
Adjustment for financial activities		6,517,720	2,687,345	11,725,449	5,895,321	15,626,776
Changes in working capital						
Trade and other receivables		-32,881,997	-18,090,065	-18,731,214	-2,284,106	-997,426
Trade and other payables		5,088,530	2,838,039	-3,835,599	-8,431,873	10,235,408
Inventories		0	0	-69,164	0	108,600
Net cash flow from operating activities		-10,727,348	861,249	9,957,888	18,836,003	63,589,752
Cash flows from investing activities						
Investment in property, plant and equipment	3	-2,592,544	-2,181,474	-3,407,080	-3,663,460	-18,934,893
Issue of loans to related parties		0	0	-20,000,000	0	-143,750,000
Interest received from related parties		0	0	0	0	2,604,000
Net cash flow from investing activities		-2,592,544	-2,181,474	-23,407,080	-3,663,460	-160,080,893
Cash flows from financing activities						
Proceeds from issue of bond		0	0	0	0	575,000,000
Transaction cost related to the issuing of bond		0	0	0	0	-7,015,000
Repayment of loan		0	-6,000,000	0	-12,000,000	-336,000,000
Repayment of shareholder loan		0	0	0	0	-99,852,173
Interest paid		-6,823,720	-2,687,345	-13,780,449	-5,895,321	-17,429,856
Net cash flow from financing activities		-6,823,720	-8,687,345	-13,780,449	-17,895,321	114,702,971
Net (decrease)/increase in cash and cash equivalents		-20,143,613	-10,007,570	-27,229,642	-2,722,778	18,211,830
Cash and cash equivalents at beginning of the period		39,522,887	35,681,876	46,608,916	28,397,084	28,397,084
Exchange gains/(losses) on cash and cash equivalents		0	0	0	0	0
Cash and cash equivalents at end of the period	2	19,379,274	25,674,306	19,379,274	25,674,306	46,608,915

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 Ulvenveien 89B, 0581 Oslo, Norway.

Digiplex Norway AS provides highly secure, high-powered, energy-efficient and carrier-neutral data centre space at Ulvenveien 89B in Oslo, Norway, for its customers' information and communication technology equipment.

These condensed interim financial statements for the half year ended 30 June 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 quarter ended 31 March 2016, issued on 27 May 2016.

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 December 2015
Short term cash deposits, cash equivalents	18,255,727	45,723,645
Restricted cash employee tax deductions	1,123,547	885,271
Bank deposits	19,379,274	46,608,916

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

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
Period ended 30 June 2016					
Opening net book amount	7,430,578	34,725,052	380,416,096	821,918	423,393,644
Additions	0	0	2,931,064	476,016	3,407,080
Reclassifications	0	0	0	0	0
Depreciation charge	0	-1,602,691	-19,139,924	-162,577	-20,905,192
Net book amount	7,430,578	33,122,361	364,207,236	1,135,357	405,895,532
As at 30 June 2016					
Accumulated cost	7,430,578	80,134,520	667,822,434	3,809,643	759,197,175
Accumulated depreciation	0	47,012,159	303,615,198	2,674,286	353,301,643
Accumulated impairment	0	0	0	0	0
Net book amount	7,430,578	33,122,361	364,207,236	1,135,357	405,895,532
Depreciation for the half year 2016	0	1,602,691	19,139,924	162,577	20,905,192
Estimated useful life	NA	15-25 years	10-25 years	3-5 years	