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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 8-K/A**

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**AMENDMENT NO. 1**

**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of Earliest Event Reported): August 24, 2018**

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**CYRUSONE INC.**

(Exact Name of Registrant as Specified in its Charter)

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**Maryland**

(State of incorporation)

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**001-35789**

(Commission File Number)

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**46-0691837**

(IRS Employer Identification No.)

**2101 Cedar Springs Road, Suite 900  
Dallas, TX 75201**

(Address of Principal Executive Office)

Registrant's telephone number, including area code: **(972) 350-0060**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## EXPLANATORY NOTE

CyrusOne Inc. (the "Company") is filing this Amendment No. 1 on Form 8-K/A ("Amendment No. 1") to provide financial information relating to our previously reported acquisition of Zenium Topco Limited ("Zenium") as described in Item 2.01 of the Company's Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission (the "SEC") on August 30, 2018 (the "Original Filing").

Except as expressly noted above, this Amendment No. 1 does not modify or update in any way disclosures made in the Original Filing.

## ITEM 9.01 — FINANCIAL STATEMENTS AND EXHIBITS

The following financial statements and pro forma financial information are being filed in connection with the acquisition of Zenium as required by Rule 3-14 and Article 11 of Regulation S-X. Zenium is an acquisition of real estate operations under Rule 3-14. Pursuant to relief granted to the Company by the staff of the SEC's Division of Corporation Finance, the Company is filing the historical and interim financial statements described below to satisfy the requirements of Rule 3-14 of Regulation S-X.

Zenium was not acquired from a related party. In assessing Zenium, the Company considered a variety of factors, including factors relating to sources of revenue and expenses. These factors included the existing lease profile of Zenium, location of Zenium's properties, the absence of existing workforces at Zenium, the types of services provided by Zenium, utility rates, maintenance expenses and anticipated capital investments. The Company anticipates pursuing additional development opportunities at Zenium, which could result in increased expenses and revenues. Changes in these factors or other factors described in the historical financial statements and pro forma financial information filed herewith may cause future operating results to differ from the historical and pro forma operating results presented; however, after reasonable inquiry, the Company is not aware of any material factors relating to Zenium, other than the factors disclosed herein or in the financial statements filed herewith, that would cause the reported financial information not to be necessarily indicative of future operating results.

### Safe Harbor

This report contains forward-looking statements regarding future events and the Company's future results that are subject to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which the Company operates and the beliefs and assumptions of its management. Words such as "expects," "anticipates," "predicts," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "endeavors," "strives," "may," variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of the Company's future financial performance, its anticipated growth and trends in its businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned these forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause the Company's actual results to differ materially and adversely from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in other documents the Company files with the Securities and Exchange Commission (the "SEC"). More information on potential risks and uncertainties is available in the Company's recent filings with the SEC, including the Company's Form 10-K report, Form 10-Q reports and Form 8-K reports. Actual results may differ materially and adversely from those expressed in any forward-looking statements. The Company undertakes no obligation to revise or update any forward-looking statements for any reason.

### (a) Historical Audited Financial Statements of Zenium

- Independent Auditor's Report to the directors of Zenium Topco Limited
  - Historical Audited Consolidated Statement of Financial Position as at December 31, 2017 and Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year ended December 31, 2017
  - Notes to Historical Audited Consolidated Financial Statements for the year ended December 31, 2017
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**(b) Unaudited Interim Condensed Consolidated Financial Statements of Zenium**

- Unaudited Interim Condensed Consolidated Statement of Financial Position as at June 30, 2018 and Condensed Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the six months ended June 30, 2018 and 2017.
- Notes to Unaudited Interim Condensed Consolidated Financial Statements for the six months ended June 30, 2018 and 2017

**(c) Unaudited Pro Forma Financial Information of CyrusOne Inc. and Subsidiaries**

- Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2017 and the nine months ended September 30, 2018
- Notes to Unaudited Pro Forma Condensed Combined Financial Information

**(d) Exhibits**

| <b>Exhibit No.</b>   | <b>Description</b>                                                                          |
|----------------------|---------------------------------------------------------------------------------------------|
| <a href="#">23.1</a> | <a href="#">Consent of PricewaterhouseCoopers LLP</a>                                       |
| <a href="#">99.1</a> | <a href="#">Historical Audited Financial Statements of Zenium Topco Limited</a>             |
| <a href="#">99.2</a> | <a href="#">Unaudited Interim Financial Statements of Zenium Topco Limited</a>              |
| <a href="#">99.3</a> | <a href="#">Unaudited Pro Forma Financial Information of CyrusOne Inc. and Subsidiaries</a> |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CYRUSONE INC.**

Date: October 31, 2018

By: /s/ Mark E. Skomal

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Mark E. Skomal

Senior Vice President and Chief Accounting Officer

**Exhibit 23.1**

**CONSENT OF INDEPENDENT ACCOUNTANTS**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3ASR (No. 333-211114) of CyrusOne Inc., CyrusOne LP and CyrusOne Finance Corp. and Form S-8 (No. 333-212375 and No. 333-196432) of CyrusOne Inc. of our report dated October 31, 2018 relating to the financial statements of Zenium Topco Limited, which appears in this Current Report on Form 8-K.

/s/ PricewaterhouseCoopers LLP

London, United Kingdom  
October 31, 2018

*Zenium Topco Limited*

*Zenium Topco Limited*

*Financial Statements for the year ended 31 December 2017*

# Zenium Topco Limited

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## **Report of Independent Auditors**

To the Directors of Zenium Topco Limited

We have audited the accompanying consolidated financial statements of Zenium Topco Limited and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2017, and the related consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, except for the exclusion of comparative information as discussed in Note 2.1, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Zenium Topco Limited and its subsidiaries as of 31 December 2017, and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### ***Emphasis of matter***

As discussed in Note 2.1, the accompanying consolidated financial statements do not include comparative figures for the prior period as required by IAS 1, "Presentation of financial statements". In our opinion,



## *Zenium Topco Limited*

inclusion of comparative figures is necessary to obtain a proper understanding of the current period's financial statements. Our opinion is not modified with respect to this matter.

/s/ PricewaterhouseCoopers LLP  
London  
United Kingdom  
31 October 2018

# Zenium Topco Limited

## Consolidated statement of financial position

|                                                    | Note | As at<br>31 December<br>2017 |
|----------------------------------------------------|------|------------------------------|
|                                                    |      | US\$'000                     |
| <b>Assets</b>                                      |      |                              |
| <b>Non-current assets</b>                          |      |                              |
| Property, plant and equipment                      | 4    | 232,697                      |
| Intangible assets                                  | 5    | 16,033                       |
| Deferred tax assets                                | 6    | 1,975                        |
| Other receivables                                  | 7    | 5,040                        |
| <b>Total non-current assets</b>                    |      | <b>255,745</b>               |
| <b>Current assets</b>                              |      |                              |
| Trade and other receivables                        | 8    | 11,230                       |
| Restricted cash                                    | 25   | 241                          |
| Cash and cash equivalents                          |      | 33,402                       |
| <b>Total current assets</b>                        |      | <b>44,873</b>                |
| <b>Total assets</b>                                |      | <b>300,618</b>               |
| <b>Equity</b>                                      |      |                              |
| Share capital                                      | 9a   | 244                          |
| Share premium                                      | 9a   | 244,160                      |
| Other reserves                                     | 10   | 1,163                        |
| Currency translation reserve                       |      | 1,455                        |
| Accumulated losses                                 |      | (55,196)                     |
| <b>Equity attributable to owners of the parent</b> |      | <b>191,826</b>               |
| Non-controlling interest                           | 26   | 420                          |
| <b>Total equity</b>                                |      | <b>192,246</b>               |
| <b>Liabilities</b>                                 |      |                              |
| <b>Non-current liabilities</b>                     |      |                              |
| Borrowings                                         | 11   | 78,252                       |
| Provisions                                         | 13   | -                            |
| Accruals and deferred income                       | 12   | 111                          |
| Deferred tax liabilities                           | 6    | 4,167                        |
| Derivatives                                        | 3    | 54                           |
| <b>Total non-current liabilities</b>               |      | <b>82,584</b>                |
| <b>Current liabilities</b>                         |      |                              |
| Trade and other payables                           | 12   | 21,530                       |
| Borrowings                                         | 11   | 4,228                        |
| Provisions                                         | 13   | 30                           |

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|                                     |                |
|-------------------------------------|----------------|
| <b>Total current liabilities</b>    | <b>25,788</b>  |
| <b>Total liabilities</b>            | <b>108,372</b> |
| <b>Total equity and liabilities</b> | <b>300,618</b> |

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The notes on pages 9 to 46 are an integral part of these consolidated financial statements.  
The financial statements on pages 5 to 46 were authorised for issue by the board of directors on  
31 October 2018 and were signed on its behalf by:

\_\_\_\_\_  
Robert Jackson - Director

\_\_\_\_\_  
Erik Leban - Director

# Zenium Topco Limited

## Consolidated statement of comprehensive income

|                                                                                          | Note | Year ended<br>31 December<br>2017 |
|------------------------------------------------------------------------------------------|------|-----------------------------------|
|                                                                                          |      | US\$'000                          |
| Revenue                                                                                  | 14   | 21,816                            |
| Cost of sales                                                                            | 15   | (13,699)                          |
| <b>Gross profit</b>                                                                      |      | <b>8,117</b>                      |
| <i>Administrative expenses analysed</i>                                                  |      |                                   |
| Other administrative expenses                                                            | 17   | (4,574)                           |
| Employee benefits expenses                                                               | 16   | (5,673)                           |
| Depreciation of property, plant and equipment                                            | 4    | (5,004)                           |
| Amortisation of intangible assets                                                        | 5    | (905)                             |
| Exceptional items                                                                        | 18   | (9,384)                           |
| <b>Administrative expenses</b>                                                           |      | <b>(25,540)</b>                   |
| Foreign exchange losses                                                                  |      | (219)                             |
| <b>Operating loss</b>                                                                    |      | <b>(17,642)</b>                   |
| Finance income                                                                           | 19   | 68                                |
| Finance costs                                                                            | 19   | (4,549)                           |
| Foreign exchange on intra-group borrowings                                               |      | 8,905                             |
| <b>Finance income/(costs) – net</b>                                                      |      | <b>4,424</b>                      |
| <b>Loss before income tax</b>                                                            |      | <b>(13,218)</b>                   |
| Income tax credit/(charge)                                                               | 6    | 53                                |
| <b>Loss for the year attributable to owners of the parent from continuing operations</b> |      | <b>(13,165)</b>                   |
| <b>Profit/(loss) for the year from discontinued operations</b>                           | 21   | <b>8,925</b>                      |
| <b>Loss for the year attributable to owners</b>                                          |      | <b>(4,240)</b>                    |
| <b>Items that may be subsequently reclassified to profit or loss</b>                     |      |                                   |
| Currency translation differences                                                         |      | 6,393                             |
| <b>Total comprehensive loss for the year attributable to owners of the parent</b>        |      | <b>2,153</b>                      |

The notes on pages 9 to 46 are an integral part of these consolidated financial statements.

# Zenium Topco Limited

## Consolidated statement of changes in equity

|                                                                    | Attributable to owners of the Company |                |                |                              |                 |                |               | Non-controlling interest<br>(note 26) | Total equity |
|--------------------------------------------------------------------|---------------------------------------|----------------|----------------|------------------------------|-----------------|----------------|---------------|---------------------------------------|--------------|
|                                                                    | Share capital                         | Share premium  | Other reserves | Currency translation reserve | Retained loss   | Total          |               |                                       |              |
|                                                                    | (note 9)                              | (note 9)       | (note 10)      |                              |                 |                |               |                                       |              |
|                                                                    | US\$'000                              | US\$'000       | US\$'000       | US\$'000                     | US\$'000        | US\$'000       | US\$'000      | US\$'000                              |              |
| <b>At 1 January 2017</b>                                           | <b>165</b>                            | <b>163,879</b> | <b>-</b>       | <b>(4,938)</b>               | <b>(50,956)</b> | <b>108,150</b> | <b>43,171</b> | <b>151,321</b>                        |              |
| Loss for the year                                                  | -                                     | -              | -              | -                            | (4,240)         | (4,240)        | -             | (4,240)                               |              |
| Other comprehensive income                                         | -                                     | -              | -              | 6,393                        | -               | 6,393          | -             | 6,393                                 |              |
| <b>Total comprehensive (loss)/income</b>                           | <b>165</b>                            | <b>163,879</b> | <b>-</b>       | <b>1,455</b>                 | <b>(55,196)</b> | <b>110,303</b> | <b>43,171</b> | <b>153,474</b>                        |              |
| <b>Transactions with owners</b>                                    |                                       |                |                |                              |                 |                |               |                                       |              |
| Preference shares issued                                           | 79                                    | 80,281         | -              | -                            | -               | 80,360         | -             | 80,360                                |              |
| Reclassification of share-based payment                            | -                                     | -              | 1,163          | -                            | -               | 1,163          | -             | 1,163                                 |              |
| Distribution to the non-controlling interest                       | -                                     | -              | -              | -                            | -               | -              | (42,751)      | (42,751)                              |              |
| Non-controlling interest from subsidiary share buyback of \$1 each | -                                     | -              | -              | -                            | -               | -              | -             | -                                     |              |
| <b>Balance at 31 December 2017</b>                                 | <b>244</b>                            | <b>244,160</b> | <b>1,163</b>   | <b>1,455</b>                 | <b>(55,196)</b> | <b>191,826</b> | <b>420</b>    | <b>192,246</b>                        |              |

# Zenium Topco Limited

## Consolidated statement of cash flows

|                                                             | Note | Year ended<br>31 December<br>2017<br>US\$'000 |
|-------------------------------------------------------------|------|-----------------------------------------------|
| <b>Cash flow from operating activities</b>                  |      |                                               |
| Profit/(loss) before income tax from:                       |      |                                               |
| Continuing operations                                       |      | (13,218)                                      |
| Discontinued operations                                     |      | 8,925                                         |
| <b>Group loss before income tax</b>                         |      | <b>(4,293)</b>                                |
| Adjustments for:                                            |      |                                               |
| Depreciation of property, plant and equipment               | 4    | 10,972                                        |
| Amortisation of intangible assets                           | 5    | 905                                           |
| Share based payments                                        | 10   | 1,163                                         |
| Preference share awards                                     |      | 83                                            |
| Impairment of other receivables                             | 18   | —                                             |
| Fair value adjustment to derivatives                        |      | (134)                                         |
| Interest paid on loan facilities                            |      | 2,866                                         |
| Interest on finance leases                                  | 11   | 829                                           |
| Foreign exchange                                            |      | (5,771)                                       |
| Capitalised financing fees                                  |      | (3,488)                                       |
| Gain on sale of discontinued operations                     | 21   | (11,157)                                      |
| Changes in working capital:                                 |      |                                               |
| Decrease in provisions                                      |      | (2,186)                                       |
| Increase in trade and other receivables                     |      | (8,926)                                       |
| Increase in trade and other payables                        |      | 6,542                                         |
| <b>Cash used in operations</b>                              |      | <b>(12,595)</b>                               |
| Tax received/(paid)                                         |      |                                               |
|                                                             |      | 53                                            |
| Interest received                                           | 19   | 68                                            |
| Interest paid                                               |      | (2,866)                                       |
| <b>Net cash used in operating activities</b>                |      | <b>(15,340)</b>                               |
| <b>Cash flows from investing activities</b>                 |      |                                               |
| Acquisition of subsidiary                                   | 20   | (56,436)                                      |
| Purchase of property, plant and equipment                   |      | (83,096)                                      |
| Proceeds from sale of business, net of cash disposed of     | 21   | 90,392                                        |
| Decrease in restricted cash                                 |      | 826                                           |
| <b>Net cash used in investing activities</b>                |      | <b>(48,314)</b>                               |
| <b>Cash flows from financing activities</b>                 |      |                                               |
| Equity contributed by shareholders                          |      | 80,277                                        |
| Equity contributed by non-controlling interest              |      | (42,751)                                      |
| Proceeds from borrowings                                    | 11   | 64,483                                        |
| Repayment of borrowings                                     | 11   | (23,111)                                      |
| <b>Net cash from financing activities</b>                   |      | <b>78,898</b>                                 |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | <b>15,244</b>                                 |
| Cash and cash equivalents at the beginning of year          |      | 17,623                                        |
| Foreign exchange on cash and cash equivalents               |      | 535                                           |
| <b>Cash and cash equivalents at 31 December</b>             |      | <b>33,402</b>                                 |



# *Zenium Topco Limited*

## *Notes to the consolidated financial statements*

### **1 General information**

The Company is a limited liability company incorporated and domiciled in Cayman Islands. The address of its registered office is 27 Hospital Road, George Town, Grand Cayman, KY1-9008.

The principal activity of the Group throughout the year was data centre development in Frankfurt and the UK, with Turkish operations being disposed of. The Group specialises in the delivery of wholesale data solutions to the data centre market. The Group typically enters into agreements with tenants to provide bespoke facilities that facilitate high specification data storage and ongoing facility maintenance and operation services.

### **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

#### **2.1 Basis of preparation**

##### **Statement of compliance**

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS), except that the consolidated financial information do not include comparative figures for the prior period as required by IAS 1 "Presentation of Financial Statements". The purpose of these financial statements is to meet the reporting requirements of Regulation S-X of Securities and Exchange Commission (SEC).

##### **Preparation of the consolidated financial statements**

The consolidated financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of derivative financial instruments that have been measured at fair value (note 3) and the share based payment scheme (note 9 and 10) is based on the fair value at the year end for cash settled schemes and at the date of grant for equity settled schemes. The preparation of consolidated financial statements in conformity with IFRS required the use of certain critical accounting estimates. It also required the Directors to exercise their judgment in the process of applying the Group's accounting policies. The Directors have considered the Group's accounting policies and results to date and have concluded there was only one change to significant accounting estimates and critical judgments in applying the Group's accounting policies, see section 2.10, Share-based payments for discussion of this change.

These financial statements were previously issued privately to the directors of Zenium Topco Limited on 1 March 2018. Management has subsequently identified a small number of revisions relating to the classification of certain items on the balance sheet which they do not consider to be material. These immaterial revisions (which relate to deferred tax, classification of accrued income and classification of accrued interest) have been recognised in these revised financial statements.

##### **Going concern**

A Share Purchase Agreement ("SPA") with CyrusOne completed on 24 August 2018 to acquire the share capital of Zenium TopCo Limited. Given this transaction and the Group's financial position, the Board is satisfied that the Group will be able to operate with its current level of resources to meet its working capital requirements for at least 12 months from the date of signing these financial statements and funding is available, if required, to meet future uncommitted fit out works.



# *Zenium Topco Limited*

## *Notes to the consolidated financial statements* (continued)

### **2 Summary of significant accounting policies** (continued)

#### **New and amended standards adopted by the Group**

The Group has applied the following standards and amendments for the first time:

Amendments to IAS 7, Statement of cash flows on disclosure initiative (effective for annual periods beginning on or after 1 January 2017). The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. This disclosure has been included within note 11 for both finance leases and bank borrowings.

Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses (effective for annual periods beginning on or after 1 January 2017). These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. See note 6 for presentation of deferred tax.

#### **New standards and interpretations not yet adopted**

Standards issued but not yet effective or amended up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date.

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, IFRS addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, contract receivables, loan commitments and certain financial guarantee contracts. The Company has assessed the impact of the adoption of this standard on its consolidated financial statements and it is not material.

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which establishes a single comprehensive model of accounting for revenue arising from contracts with customers that an entity will apply to determine the measurement of revenue and timing of when it is recognized. IFRS 15 supersedes current revenue recognition guidance, which is found currently across several standards and interpretations including IAS 11, Construction Contracts and IAS 18, Revenue. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the amount an entity expects to be entitled to in exchange for those goods and services. The new standard will also result in enhanced disclosures about revenue that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This amendment is applicable for annual periods beginning on or after 1 January 2018. The Group has assessed the impact of the adoption of this standard of its consolidated financial statements. There will be no material financial impact on the Group's accounting for revenue, as the current revenue recognition policies are in line with new requirements where revenue has been recognised only as services are rendered, and the performance obligation has been satisfied. Contract prices are fixed and are not subject to adjustments arising from variable considerations due to discounts, credits or other constraints on revenue. Management will adopt on a prospective basis.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### New standards and interpretations not yet adopted (continued)

On 13 January 2016 the IASB issued IFRS 16, Leases. The new standard is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, Leases ("IAS 17"). This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. This is expected to result in a significant increase in both assets and liabilities recognised. The costs of operating leases currently included within operating costs will be split and the financing element of the charge will be reported within finance expense. Finance lease obligations at 31 June 2018 are set out in Note 10, 'Borrowings' and the undiscounted commitments under non-cancellable operating leases are set out in Note 19, 'Contingencies and commitments'. The Group is continuing to assess and quantify the potential impact of IFRS 16.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

#### 2.2 Consolidation

##### Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs in a business combination are expensed as incurred in line with IFRS 3. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.3 Foreign currency translation

##### a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in US\$, which is the Company's functional currency and the Group's presentation currency.

##### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income for the year.

Foreign exchange gains and losses are presented net in the consolidated statement of comprehensive income, with those relating to the retranslation of the subsidiary statement of financial positions at the year-end date, recognised in the currency reserve and other comprehensive income.

##### c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
- ii. income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions). The Group is using average exchange rates due to the increased volatility in exchange rates; and
- iii. all resulting exchange differences are recognised in the statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

#### 2.4 Property, plant and equipment

All property, plant and equipment ('PPE') is stated at cost less accumulated depreciation less impairment. The cost of PPE comprises their purchase cost together with directly attributable costs, including those incurred during construction and interest on borrowings for assets under construction. Directly attributable costs also include the cost of replacing part of existing PPE at the time that cost is incurred if the recognition criteria are met; and exclude the costs of day-to-day servicing of an item of PPE.

When PPE is acquired as part of a business combination, the cost of such assets is deemed to be their fair value at the date of acquisition. Purchase costs incurred as a consequence of a business combination are expensed to the consolidated statement of comprehensive income.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.4 Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced are derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

- Freehold land: no depreciation
- Buildings: 20-50 years
- Plant, infrastructure and equipment: 5-15 years
- Office and other equipment: 3-5 years

Depreciation of the above assets is calculated from the date an asset becomes available for use, so as to write off the difference between the cost and the residual value over its expected useful economic life.

Depreciation in relation to plant, infrastructure and equipment is classified within cost of sales and all other depreciation is held within administrative expenses. See note 15 for further details.

Assets in the course of construction are not depreciated until they are operational. At this time such assets are transferred into the appropriate asset class and depreciated over the expected useful economic lives referred to above.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

#### 2.5 Intangible assets

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated depreciation, amortisation and impairment losses. The Group amortises intangible assets with a finite useful life using the straight-line method. Customer contracts included in intangible assets are amortised over their finite life of 8 years and 10 years respectively. See note 5 for further details.

#### 2.6 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including pre-payments, made under operating leases (net of any incentives received from the lessor) are charged to consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Assets held under finance leases in which a significant portion of the risks and rewards of ownership are transferred to the Group are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

# *Zenium Topco Limited*

## *Notes to the consolidated financial statements* (continued)

### **2** *Summary of significant accounting policies* (continued)

#### **2.7** **Impairment of non-financial assets**

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

As at 31 December 2017, consistent with prior years, and taking into account the Group's current activities and its operating locations, the Directors manage the Group's data centres by each data centre structure. However this may evolve if multiple data centres are built within the same country because the financial performance of data centres within a country is expected to be highly inter-dependent. At 31 December 2017, consistent with prior years, the Directors' have determined that the cash-generating unit for impairment-testing purposes is a single data centre.

#### **2.8** **Financial instruments**

##### **a)** **Financial assets**

Financial assets are, at initial recognition, classified as financial assets at fair value through profit or loss (derivatives held for trading) and loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Trade and other receivables, restricted cash, cash and cash equivalents are classified as loans and receivables. They are subsequently measured at amortised cost less any provision for impairment. Cash and cash equivalents include cash in hand or short-term deposits held at call with banks.

Derivative financial liabilities are comprised of an interest rate swap. The Group does not apply hedge accounting in accordance with IAS 39. The derivative is recognised when the contract is entered into and subsequently measured at fair value. Gains or losses on interest rate swaps are recognised in finance costs in the consolidated statement of comprehensive income.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Group transfers substantially all risks and rewards of ownership.

The Group assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of a bad debt provision account. The amount of the loss is recognised in the consolidated statement of comprehensive income.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original contractual terms of the transaction. Impaired debts are derecognised when they are assessed as uncollectible.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.8 Financial instruments (continued)

##### a) Financial assets (continued)

If in a subsequent period the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its anticipated amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the consolidated statement of comprehensive income.

##### b) Financial liabilities

Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All borrowings are classified as financial liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

#### 2.9 Share capital and share premium

Ordinary and preference shares are classified as equity when there is no obligation to transfer cash or other assets.

#### 2.10 Share-based payments

The Company operates one share-based compensation plan.

The Group receives employee services from certain members of its key management in consideration for A and B ordinary shares of the Company. The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense within employee benefits. The total amount to be expensed is determined by reference to the fair value of the awards granted. It excludes the impact of any service and non-market performance vesting conditions (for example profitability and sales growth targets).

At the end of each reporting period, the Group revises its estimates of the number of awards that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to the original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to reserves. This is a change in accounting estimate from the prior year when the fair value was held within provisions as the shares were deemed to be cash settled.

The change occurred following the SPA with CyrusOne that was signed on 21 December 2017 to acquire the share capital of Zenium TopCo Limited. The ordinary shares are therefore expected to vest on completion and these shares are expected to be equity settled. As such, the charge of US\$1,163,000 has also been accelerated as the shares are expected to vest shortly after year-end, on the transaction completing. The provision held in the prior year of US\$470,000 has therefore been reversed and the movement recognised within reserves. Further details are included in notes 9 and 10. This transaction, which triggered the acceleration and change in treatment of the share based payments, formally completed on 24 August 2018.

## *Notes to the consolidated financial statements* (continued)

### **2 Summary of significant accounting policies** (continued)

#### **2.10 Share-based payments** (continued)

The Company issues the awards at the date of grant and these are held as 'restricted shares' by the employee until all vesting conditions are satisfied. Each award has a nil exercise price. The fair value of employee services received, measured by reference to the fair value of the instruments granted at each reporting period end, is recognised over the period from grant date to expected termination of the existing Investment Agreement. This termination date is considered a significant management estimate.

Certain B preference shareholders are entitled to additional B preference shares when additional funds are invested in the Company in exchange for A preference shares as set out in the Company's Investment Agreement.

The additional B preference shares when issued to Directors or employees are expensed within employee benefits on grant date and credited to share capital and share premium as equity settled share-based payments.

#### **2.11 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as finance cost over the period of the borrowings using the effective interest method. Transaction and loan origination fees paid on the establishment of loan facilities are capitalised where they meet the recognition criteria and amortised over the life of the debt facility.

Interest on borrowings that is directly attributable to construction and fit out costs is added to the cost of the asset and all other interest from external borrowings is expensed to the statement of comprehensive income. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

#### **2.12 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised directly in other comprehensive income or equity - in which case, the tax is also recognised in other comprehensive income or equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position in the countries where the Group operates. Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

# *Zenium Topco Limited*

## *Notes to the consolidated financial statements* (continued)

### **2 Summary of significant accounting policies** (continued)

#### **2.13 Provisions**

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle future obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provisions due to passage of time is recognised as finance cost.

#### **2.14 Revenue recognition**

Revenue includes income generated from rental space, office, storage and other space, equipment supply, service charges and management charges. See breakdown and future committed revenue discussed further in note 14.

Revenue represents invoiced value for services supplied for the year in relation to data centre services, excluding value added tax and sales between companies in the Group. Revenue for services are recognised when the service has been provided.

The Group independently procures the power that is subsequently provided to customers to power their rack space. The risks and rewards remain with the Group in relation to the supply of such power. The Group is also the primary obligator responsible for providing the related space and services to the customer and is therefore acting as the principal from the perspective of the customer. As a result, based on the assessment in line with IAS 18, the company recognises the gross revenue received from contracts with customers as revenue in its consolidated financial statements.

Income from contracts is recognised on a straight-line basis over the contract term as the services are provided. When the Group provides incentives to its tenants, such as rent-free periods, the cost of incentives is recognised on a straight-line basis as a reduction of rental income over the contract term.

#### **2.15 Exceptional items**

Items which are material either because of their size or their nature, and material items which are non-recurring are presented in the consolidated statement of comprehensive income as a separate line item. The separate reporting of exceptional items helps provide a better picture of the Group's underlying performance. Items which are included within exceptional items include:

- transaction and professional advisor costs associated with acquisitions and disposals;
- expenditure and provisions relating to material litigation; and
- any other particularly significant one-off or unusual items.

The primary activity of the Group is not the acquisition and disposal of subsidiary companies, such transactions are deemed to be exceptional items as they are not recurring on an annual basis.

#### **2.16 Finance income and expense**

Interest income and expense are recognised within finance income and finance costs in the consolidated statement of comprehensive income using the effective interest rate method. Finance income and expense also includes foreign exchange gains and losses on the translation of foreign currency inter-group borrowings which do not eliminate on consolidation.



# *Zenium Topco Limited*

## *Notes to the consolidated financial statements* (continued)

### **2 Summary of significant accounting policies** (continued)

#### **2.16 Finance income and expense** (continued)

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

#### **2.17 Administrative costs and employee expenses**

Administrative expenses include marketing, professional, office and administration, travel and other costs, as well as employee benefits, depreciation, amortisation and foreign exchange gains and losses in relation to trading. They are recognised in the consolidated statement of comprehensive income in the period in which they are incurred on an accruals basis.

#### **2.18 Pensions**

Contributions to defined contribution schemes are recognised in the interest of comprehensive income in the year in which they became payable.

#### **2.19 Discontinued operations**

A discontinued operation is a component of the Group's business that represents a subsidiary or subsidiaries that have been disposed of. The operations and cash flows of which can be clearly distinguished from the rest of the Group and the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

#### **2.20 Significant judgements and estimates**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

##### *Judgements*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

# *Zenium Topco Limited*

## *Notes to the consolidated financial statements* (continued)

### **2** *Summary of significant accounting policies* (continued)

#### **2.20** Significant judgements and estimates (continued)

Accounting for share-based payments:

The Group issues ordinary and preference shares to key management. These are accounted for as share-based payments in line with IFRS 2. The determination of whether these shares are accounted for as cash settled or equity settled is considered to be a key judgement given the complexity around this and changes in triggers which have required a change in accounting estimate in the current year and prior year. There is also judgement around the exit date on which vesting of the share-based payment charge is spread over.

Impairment of non-financial assets:

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from transactions on an arm's length basis. Assumptions are used to determine the recoverable amount of the non-financial assets such as the discount rate applied, growth rates and future cash inflows and outflows.

Legal settlement accounting:

The Imtech legal case commenced in January 2015 and was settled in February 2017. This legal case was in relation to an ongoing case surrounding the fit out works in Frankfurt One. In 2016 a receivable of US\$1,966,000 was recognised in relation to payment for future fit out works paid under the terms of a Letter of Intent ("LOI") with a contractor. This LOI was terminated due to non-performance and an impairment of US\$586,000 recognised against this receivable to \$1,380,000.

The receivable was then fully impaired in the year ended 31 December 2016, following commencement of court proceedings which deemed recoverability no longer virtually certain, an impairment of US\$1,335,000 was recognised.

The court later ruled in Zenium's favour and therefore in 31 December 2016 financial statements, the provision was written-back to US\$nil. The court ordered Commerzbank to pay €2,142,000 to Zenium in relation to the payment for future fit out works, this was fully recognised in the current year, 31 December 2017, once the Court proceedings were final and the period for appeal had ended. The court ruling triggered the requirement for Zenium to settle the associated VAT payable of US\$1,417,000 which was previously provided for.

During 31 December 2017, the final settlement occurred with the Group receiving a net amount of US\$2,391,000 as detailed in note 18. Provision of US\$30,000 remains in relation to final legal fees not yet billed, see note 13.

Business combination and acquisition accounting:

In accordance with IFRS 3 identifiable assets and liabilities acquired are measured initially at fair value at acquisition date. In assessing this fair value valuation judgements are applied depending on the nature of the asset or liability. These judgements are disclosed in note 20.

# *Zenium Topco Limited*

## **2** *Summary of significant accounting policies* (continued)

### **2.20 Significant judgements and estimates** (continued)

#### *Estimates*

Useful economic lives on intangible and tangible assets:

Judgement is associated with the useful economic lives attributed to intangible and tangible assets. These are based on management's best estimate of the relevant asset and how many years they are considered to be in use for, which is judgemental in nature.

## **3** *Financial risk management*

### **3.1 Financial risk factors**

Financial risks are risks arising from financial instruments to which the Group is exposed to during or at the end of the reporting year.

The significant financial instruments of the Group are cash and cash equivalents, trade and other receivables, borrowings and trade and other payables. Although the Group uses interest rate swaps and caps to mitigate its interest rate risk (note 11), the fair value liability as at 31 December 2017 is not considered material at US\$54,000.

Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of financial risk management are to ensure that exposure to risks are at acceptable levels. The Directors monitor the performance of the Group and its risk exposures.

#### **a) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in (a) foreign currencies and (b) interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

Market risk also comprises economic risk which is risk that the demand for wholesale data centre space will fluctuate due to changes in the macro-economic outlook for the sector and also due to changes in supply in the local markets where the Group operates its data centres.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, changes in interest rates and changes in foreign currency rates.

#### **i) Foreign exchange risk**

The Group operates internationally and is exposed to foreign exchange risk, primarily with respect to the Pound Sterling (£) and the Euro (€). Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the respective Group entity.

The Group primarily manages foreign currency risk where possible by matching its cash outflows to the currency in which the principal cash inflows or future cash inflows (such as rental and other revenue) are denominated. This is generally achieved by raising capital and loan financing in the same currency as the rental or future rental revenue and incurring costs in the same currency of the entity.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 3 Financial risk management (continued)

#### i) Foreign exchange risk (continued)

The functional currency of the Company is the US Dollar ("US\$"); the functional currencies of the Group's principal subsidiaries are the Euro (€), Pound Sterling (£) and US\$. The currency exposure from the Euro and the Pound Sterling is generated primarily from translation of the respective Euro and Pound Sterling functional currencies to US\$ presentation currency for Group reporting purposes, these translation reserve differences are reflected in other comprehensive income.

Foreign exchange gains and losses arising from the retranslation of inter-group loans denominated in foreign currencies do not eliminate on consolidation.

The Group's significant financial assets denominated in foreign currencies are cash and trade and other payables that arise directly from its day to day operations. At 31 December 2017 the Group's foreign currency exposure was as follows:

|                             | £               | €               | Total           |
|-----------------------------|-----------------|-----------------|-----------------|
|                             | US\$'000        | US\$'000        | US\$'000        |
| Cash and cash equivalents   | 4,432           | 691             | 5,123           |
| Trade and other receivables | 3,324           | 3,331           | 6,655           |
| Trade and other payables    | (2,603)         | (1,119)         | (3,722)         |
| Borrowings                  | (50,594)        | (31,886)        | (82,480)        |
| Derivatives                 | -               | (54)            | (54)            |
| <b>Total</b>                | <b>(45,441)</b> | <b>(29,037)</b> | <b>(74,478)</b> |

If exchange rates increased / decreased by 5% then equity and profit would decrease / increase by US\$655,000.

#### ii) Price risk

The Group has exposure to price risk on the basis of fluctuations in supply and demand with respect to data center space in the Turkish, German and UK markets. The Group primarily manages this risk by being in control of the negotiation process with prospective tenants. Additionally, to a lesser extent, the Group deals with large international customers that have less sensitivity to pricing concerns.

#### iii) Interest rate risk

As the Group's interest-bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Group's income. The Group's interest rate risk principally arises from long-term borrowings (note 11) which are in some instances, issued at a variable rate and expose the Group to cash flow interest rate risk. The overall impact to income in a given year is mitigated where possible by the capitalisation of borrowing costs associated with assets under construction.

The Group's policy is to fix the interest rate on its variable interest borrowings. To manage this, the Group enters into interest rate swaps or buys interest rate caps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount or limits the interest rate applied respectively.

At 31 December 2017 the Group's borrowings, through the interest rate swap and cap, are at a fixed rate of interest. Based on the Group's current activities, interest rate risk is not a significant risk to the Group.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 3 Financial risk management (continued)

#### b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents and restricted cash held at banks and trade and other receivables, including rental receivables from customers.

The Group has policies in place to ensure that rental contracts are entered into only with customers with good industry reputation and that have an appropriately strong credit history.

Cash balances are held with financial institutions that have a strong international reputation.

Analysis by credit quality of financial assets is as follows:

|                                                                 | Note | 2017         |
|-----------------------------------------------------------------|------|--------------|
|                                                                 |      | US\$'000     |
| <b>Trade receivables</b>                                        |      |              |
| <b>Neither past due nor impaired:</b>                           |      |              |
| Rental and other receivables                                    |      | 1,317        |
| <b>Past due but not impaired:</b>                               |      |              |
| Less than 30 days overdue                                       |      | 429          |
| Between 30 and 90 days overdue                                  |      | 223          |
| More than 90 days overdue                                       |      | 75           |
| <b>Total past due but not impaired</b>                          |      | <b>727</b>   |
| <b>Total trade receivables, net of provision for impairment</b> | 8    | <b>2,044</b> |

As at 31 December 2017 no impairments were recognised. The Directors do not consider there to be any doubt over recoverability based on the credit quality of customers.

#### c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. The maturity analysis of financial instruments at the year end is as follows:

|                | < 6<br>months | 6 months<br>- 1 year | 1 - 5<br>years | Over 5<br>years | Total         |
|----------------|---------------|----------------------|----------------|-----------------|---------------|
|                | US\$'000      | US\$0                | US\$'000       | US\$'000        | US\$'000      |
| Trade payables | 3,619         | -                    | -              | -               | 3,619         |
| Other payables | 121           | -                    | -              | -               | 121           |
| Derivatives    | -             | -                    | -              | 54              | 54            |
| Borrowings     | 378           | 3,849                | 48,592         | 29,661          | 82,480        |
| <b>Total</b>   | <b>4,118</b>  | <b>3,849</b>         | <b>48,592</b>  | <b>29,715</b>   | <b>86,274</b> |

# *Zenium Topco Limited*

## *Notes to the consolidated financial statements* (continued)

### **3 Financial risk management** (continued)

#### **3.2 Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

Per the Company's Investment Agreement between its shareholders, the shareholders agreed to commit funds in the form of preference shares into the Company. As of 31 December 2017, US\$244,346,282 had been invested into the Company and US\$265,346,282 was committed to.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

#### **3.3 Fair value estimation**

##### **a) Financial instruments carried at fair value**

The Group's financial instruments carried at fair value have been analysed into three levels each determined by its valuation method. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

At 31 December 2017 the Group has interest rate swaps and interest rate caps as its only financial instruments measured at a fair value of US\$54,000. It was classified as Level 2. The valuation has been obtained from the counterparty.

##### **b) Financial instruments carried at other than fair value**

The Group's other financial instruments not carried at fair value are its cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables and borrowings, but excluding all tax related balances included within those items. The carrying values of these instruments are a reasonable approximation of fair value and all have been assessed as Level 2 instruments.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 4 Property, plant and equipment

|                            | Freehold land and<br>buildings<br>US\$'000 | Leasehold property<br>US\$'000 | Plant, infrastructure and<br>equipment<br>US\$'000 | Assets in construction<br>US\$'000 | Office and other<br>equipment<br>US\$'000 | Total<br>US\$'000 |
|----------------------------|--------------------------------------------|--------------------------------|----------------------------------------------------|------------------------------------|-------------------------------------------|-------------------|
| Cost                       |                                            |                                |                                                    |                                    |                                           |                   |
| At 1 January 2017          | 81,389                                     | -                              | 36,197                                             | 35,994                             | 237                                       | 153,817           |
| Additions                  | -                                          | -                              | 560                                                | 85,732                             | 262                                       | 86,554            |
| Acquisition – note 20      | 21,892                                     | 18,627                         | 22,880                                             | -                                  | 96                                        | 63,495            |
| Transfers                  | 26,776                                     | -                              | 37,094                                             | (63,870)                           | -                                         | -                 |
| Disposals – note 21        | (53,531)                                   | -                              | (17,258)                                           | (862)                              | (88)                                      | (71,739)          |
| Disposals                  | -                                          | -                              | -                                                  | (4)                                | (2)                                       | (6)               |
| Exchange differences       | 7,927                                      | 1,647                          | 4,656                                              | 4,139                              | 43                                        | 18,412            |
| <b>At 31 December 2017</b> | <b>84,453</b>                              | <b>20,274</b>                  | <b>84,129</b>                                      | <b>61,129</b>                      | <b>548</b>                                | <b>250,533</b>    |
| Accumulated depreciation   |                                            |                                |                                                    |                                    |                                           |                   |
| At 1 January 2017          | (4,437)                                    | -                              | (2,504)                                            | -                                  | (114)                                     | (7,055)           |
| Charge for the year        | (4,494)                                    | (766)                          | (5,623)                                            | -                                  | (89)                                      | (10,972)          |
| Disposals – note 21        | 903                                        | -                              | 1,877                                              | -                                  | 47                                        | 2,827             |
| Exchange differences       | (1,215)                                    | (29)                           | (1,364)                                            | -                                  | (28)                                      | (2,636)           |
| <b>At 31 December 2017</b> | <b>(9,243)</b>                             | <b>(795)</b>                   | <b>(7,614)</b>                                     | <b>-</b>                           | <b>(184)</b>                              | <b>(17,836)</b>   |
| 31 December 2017           |                                            |                                |                                                    |                                    |                                           |                   |
| Cost                       | 84,453                                     | 20,274                         | 84,129                                             | 61,129                             | 548                                       | 250,533           |
| Accumulated depreciation   | (9,243)                                    | (795)                          | (7,614)                                            | -                                  | (184)                                     | (17,836)          |
| <b>Net book value</b>      | <b>75,210</b>                              | <b>19,479</b>                  | <b>76,515</b>                                      | <b>61,129</b>                      | <b>364</b>                                | <b>232,697</b>    |

During the year the Group incurred development expenditure of US\$86,292,000 on data centre infrastructure and equipment costs pertaining to ongoing fit out costs to meet the requirements of new tenants and to enhance the overall specifications of the data centre.

During the year depreciation in relation to plant, infrastructure and equipment of US\$5,623,000 was included within cost of sales: US\$4,682,000 of this relates to continuing operations and US\$941,000 relates to discontinued operations.

All other depreciation of US\$5,349,000 is included in administrative expenses: US\$5,004,000 relating to continuing operations and US\$345,000 relates to discontinued operations. At 31 December 2017 the Directors have determined there is no indication of impairment of the property, plant and equipment.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 5 Intangible assets

|                                        | Goodwill     |                             | Total          |
|----------------------------------------|--------------|-----------------------------|----------------|
|                                        | US\$'000     | Customer contracts US\$'000 | US\$'000       |
| Cost                                   |              |                             |                |
| At 1 January 2017                      | -            | 3,224                       | 3,224          |
| Additions – note 20                    | 8,171        | 5,483                       | 13,654         |
| Exchange differences                   | 398          | 866                         | 1,264          |
| <b>At 31 December 2017</b>             | <b>8,569</b> | <b>9,573</b>                | <b>18,142</b>  |
| Accumulated amortisation               |              |                             |                |
| At 1 January 2017                      | -            | (1,088)                     | (1,088)        |
| Charge for the year                    | -            | (905)                       | (905)          |
| Exchange differences                   | -            | (116)                       | (116)          |
| <b>At 31 December 2017</b>             | <b>-</b>     | <b>(2,109)</b>              | <b>(2,109)</b> |
| Cost                                   | 8,569        | 9,573                       | 18,142         |
| Accumulated amortisation               |              | (2,109)                     | (2,109)        |
| <b>Net book value 31 December 2017</b> | <b>8,569</b> | <b>7,464</b>                | <b>16,033</b>  |

Goodwill was generated on the acquisition of Zenium UK2 Limited in the year, see note 20. This is reassessed for impairment at each reporting period and no indicators of impairment are considered to exist. Zenium UK2 Limited is considered to be the cash generating unit to which the goodwill is allocated to.

The fair value less costs to sell was calculated to assess the recoverable amount of the Zenium UK2 Limited CGU based on an earnings multiple, given the expected disposal of the Group in the short-term, which had exchanged but not completed at the year end. Judgement exists within this valuation around the earnings multiple which when sensitised, would need to reduce by 47% to create an impairment risk. The EBITDA used in calculating the value in use is also judgemental and this assumption would need to reduce by 48% to trigger an impairment. Committed spend is not considered to be judgemental as this is known amounts and hence has not been sensitised.

Customer contracts comprise of the fair value of the contracts acquired as part of the Zenium Germany GmbH acquisition in 2014 and the recent acquisition of Zenium UK2 Limited, also see note 20. The customer contracts are amortised over the useful life of the contracts to which they relate, in this case being 8 years for Germany and 10 years for London Two as determined on the date of acquisition.

At 31 December 2017 the Directors have determined there is no indication of impairment of the intangible assets.



# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 6 Income tax (credit)/ charge

#### a) Income tax (credit)/charge

|                                         | 2017        |
|-----------------------------------------|-------------|
|                                         | US\$'000    |
| <b>Current tax</b>                      |             |
| Current tax on profits for the year     | (53)        |
| <b>Deferred tax</b>                     |             |
| Increase in deferred tax assets         | (1,823)     |
| Increase in deferred tax liabilities    | 1,823       |
| <b>Total deferred tax expense</b>       | -           |
| <b>Total income tax (credit)/charge</b> | <b>(53)</b> |

b) A reconciliation between the tax (credit)/charge in the consolidated statement of comprehensive income and the loss before income tax multiplied by the Company's current tax rate can be explained as follows:

|                                                                        | 2017            |
|------------------------------------------------------------------------|-----------------|
| <b>Continuing operations</b>                                           | <b>US\$'000</b> |
| Loss before income tax for continuing operations                       | (13,218)        |
| Tax calculated at the Company's statutory rate (0%)                    |                 |
| Tax effect on:                                                         |                 |
| Effect of different tax rates in countries in which the Group operates | (564)           |
| Tax losses for which no deferred tax asset has been recognised         | 511             |
| Exchange differences                                                   | -               |
| <b>Income tax (credit)/charge on continuing operations</b>             | <b>(53)</b>     |
| <b>Discontinued operations</b>                                         |                 |
| Loss before income tax for discontinued operations                     | (2,232)         |
| Tax calculated at the Company's statutory rate (0%)                    | -               |
| Tax effect on:                                                         |                 |
| Effect of different tax rates in countries in which the Group operates | 446             |
| Tax losses for which no deferred tax asset has been recognised         | (446)           |
| <b>Income tax (credit)/charge on discontinued operations</b>           | <b>-</b>        |
| <b>Total income tax (credit)/charge</b>                                | <b>(53)</b>     |

The loss in the current year includes US\$10,697,000 of transaction costs relating to the disposal of the Group, see note 18, which are taxable at 0%.

The Company provides for income taxes based upon amounts reported in the financial statements and the provisions of currently enacted tax laws. The Company is registered in the Cayman Islands and is subject to Cayman law with respect to taxation. Under current Cayman law, the Company is not taxed on any Cayman income or capital gains.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 6 Income tax (credit)/ expense (continued)

#### c) Tax losses

The Group did not recognise deferred tax assets of US\$4,954,000 relating to continuing operations in respect of losses that can be carried forward against future taxable income.

#### d) Deferred taxes

The analysis of deferred tax assets and liabilities is as follows:

| Continuing operations                                             | 2017           |
|-------------------------------------------------------------------|----------------|
|                                                                   | US\$'000       |
| <b>Deferred tax assets:</b>                                       |                |
| Opening deferred tax asset                                        | 134            |
| Credited to the statement of comprehensive income                 | 1,823          |
| Exchange differences                                              | 18             |
| <b>Deferred tax assets</b>                                        | <b>1,975</b>   |
| <b>Deferred tax liabilities:</b>                                  |                |
| Opening deferred tax liabilities                                  | (134)          |
| Charged to the statement of comprehensive income                  | (1,823)        |
| Deferred tax liability arising on business combinations – note 20 | (2,313)        |
| Exchange differences                                              | 103            |
| <b>Deferred tax liabilities</b>                                   | <b>(4,167)</b> |
| <b>Deferred tax liabilities (net)</b>                             | <b>-</b>       |
| <b>Discontinued operations</b>                                    | <b>2017</b>    |
|                                                                   | US\$'000       |
| <b>Deferred tax assets:</b>                                       |                |
| Opening deferred tax asset                                        | -              |
| Credited to the statement of comprehensive income                 | -              |
| <b>Deferred tax assets</b>                                        | <b>-</b>       |
| <b>Deferred tax liabilities:</b>                                  |                |
| Opening deferred tax liabilities                                  | (186)          |
| Disposal (note 21)                                                | 186            |
| <b>Deferred tax liabilities</b>                                   | <b>-</b>       |
| <b>Deferred tax liabilities (net)</b>                             | <b>-</b>       |

Deferred tax assets and liabilities will be recovered after more than 12 months. Deferred tax liabilities in relation to the business combination are included above.

### 7 Other receivables: non-current assets

|                                            |              | 2017     |
|--------------------------------------------|--------------|----------|
|                                            |              | US\$'000 |
| Accrued income                             | 1,113        |          |
| Other receivables                          | 3,927        |          |
| <b>Total other non-current receivables</b> | <b>5,040</b> |          |

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 7 Other receivables: non-current assets (continued)

Included in other receivables is a rent deposit for the Grosvenor Street, London UK offices of US\$146,000, a deposit of US\$1,533,000 for the long-leasehold signed in the prior year for the Slough data centre, a deposit for the long-leasehold acquired as part of the Stockley Park data centre for US\$2,243,000 and a security deposit within Germany of US\$5,000. The rent deposits are recoverable on termination or expiration of the respective leases subject to no claims being made for liabilities such as damage to the property. The full amount has been recognised as no damages have occurred to date and any potential future damages would be remedied.

Non-current accrued income predominantly includes \$853,000 of accrued income in Zenium UK2 Limited and the remainder relates to other accrued income expected to be unwound in over a year.

### 8 Trade and other receivables: current assets

|                                                 |               | 2017<br>US\$'000 |
|-------------------------------------------------|---------------|------------------|
| <b>Trade receivables:</b>                       |               |                  |
| Data service and other receivables from lessees | 2,044         |                  |
| <b>Other receivables:</b>                       |               |                  |
| Other tax receivables                           | 3,384         |                  |
| Amounts due from related parties (note 23)      | 1,608         |                  |
| Prepayments                                     | 487           |                  |
| Accrued income                                  | 3,634         |                  |
| Other receivables                               | 73            |                  |
| <b>Total other receivables</b>                  | <b>9,186</b>  |                  |
| <b>Total trade and other receivables</b>        | <b>11,230</b> |                  |

Other tax receivables are comprised of VAT due to the following Group companies, Zenium Germany GmbH (US\$1,337,000), Zenium UK Limited (US\$630,000), Zenium UK2 Limited (US\$1,167,000) and Zenium Technology Partners Limited (US\$250,000).

### 9 Share capital and share premium

The total number of issued and authorised shares and associated rights of the respective shares as at 31 December are included below:

a) Issued share capital

| In issue as at 31 December 2017              | Number             | Share      | Share          | Total          |
|----------------------------------------------|--------------------|------------|----------------|----------------|
|                                              |                    | capital    | premium        |                |
|                                              |                    | US\$0      | US\$0          | US\$0          |
| A preference shares                          | 231,500,000        | 231        | 231,269        | 231,500        |
| B preference shares                          | 8,123,914          | 8          | 8,116          | 8,124          |
| Subtotal                                     | 239,623,914        | 239        | 239,385        | 239,624        |
| Additional B preference shares               | 4,722,368          | 5          | 4,775          | 4,780          |
| <b>Total share capital and share premium</b> | <b>244,346,282</b> | <b>244</b> | <b>244,160</b> | <b>244,404</b> |

The table above shows the number of preference shares in issue at 31 December 2017. The share premium represents the difference between the issue price and the par value. US\$59,000 of share premium remains in relation to the share buy back in 2016 being the difference between the purchase price of US\$219,000 and the nominal value of US\$278,000.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 9 Share capital and share premium (continued)

The A and B preference shares constitute one class of share and are a separate class of share to the Ordinary shares. Each preference share carries the right to one vote. The preference shares have no redemption entitlement. On winding up, the preference shareholders have priority before all other classes of shares. Payments out of the Company's reserves can only be made in accordance with the Company's waterfall distribution terms as set out in the Company's Investment Agreement.

b) Authorised capital

|                                            | 2017               | 2017       |
|--------------------------------------------|--------------------|------------|
|                                            | Number             | US\$'000   |
| A preference shares of US\$0.001 par value | 252,500,000        | 252        |
| B preference shares of US\$0.001 par value | 12,846,282         | 13         |
| <b>Total authorised preference shares</b>  | <b>265,346,282</b> | <b>265</b> |

The authorised A preference shares were increased to 252,500,000 after the signing of the third investment agreement on 20 January 2017.

The A and B preference shares were issued for cash consideration of US\$1.00 per share as follows:

| Issuance dates                           | A preference shares | B preference shares |
|------------------------------------------|---------------------|---------------------|
| 29 November 2013                         | 1,361               | —                   |
| 10 December 2013                         | 3,750               | —                   |
| 20 December 2013                         | 2,726,809           | 186,134             |
| 22 January 2014                          | 21,818,182          | 1,486,545           |
| 27 March 2014                            | 4,545,455           | 309,697             |
| 4 April 2014                             | 193,970             | 34,915              |
| 4 July 2014                              | 4,655,225           | 43,161              |
| 11 August 2014                           | —                   | 153,616             |
| 2 September 2014                         | 11,179,433          | 1,098,031           |
| 24 September 2014                        | 51,260,823          | 3,739,177           |
| 30 December 2014                         | 3,261,404           | 238,596             |
| <b>Total number issued in the period</b> | <b>99,646,412</b>   | <b>7,289,872</b>    |
| <b>At 31 December 2014</b>               | <b>99,646,412</b>   | <b>7,289,872</b>    |
| 21 January 2015                          | 9,597,846           | 131,985             |
| 12 March 2015                            | 11,181,957          | 153,768             |
| <b>Total number issued in the year</b>   | <b>20,779,803</b>   | <b>285,753</b>      |
| <b>At 31 December 2015</b>               | <b>120,426,215</b>  | <b>7,575,625</b>    |
| 15 July 2016                             | 4,704,081           | 64,688              |
| 22 August 2016                           | 5,546,047           | 43,319              |
| 3 November 2016                          | 20,823,657          | 162,650             |
| <b>Total number issued in the year</b>   | <b>31,073,785</b>   | <b>270,657</b>      |
| <b>At 31 December 2016</b>               | <b>151,500,000</b>  | <b>7,846,282</b>    |
| 23 January 2017                          | 23,000,000          | —                   |
| 27 March 2017                            | 34,000,000          | —                   |
| 30 March 2017                            | —                   | 263,750             |
| 27 April 2017                            | —                   | 13,882              |
| 12 May 2017                              | 17,000,000          | —                   |
| 31 July 2017                             | 6,000,000           | —                   |
| <b>Total number issued in the year</b>   | <b>80,000,000</b>   | <b>277,632</b>      |
| <b>At 31 December 2017</b>               | <b>231,500,000</b>  | <b>8,123,914</b>    |

The A and B preference shares were issued in 2017 to fund the acquisition of Zenium UK2 Limited and capex spend planned.



# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 9 Share capital and share premium (continued)

The additional B preference shares were issued to certain members of key management triggered by the amount of capital invested into the Company by its immediate parent entity. The expense has been recognised within employee benefits expenses with each share valued at US\$1.00 as per the Company's Investment Agreement and the amount paid for the shares which is deemed to be its fair value at grant.

The additional B preference shares were issued as follows:

| Issuance dates                                 |                | Additional B preference shares |
|------------------------------------------------|----------------|--------------------------------|
| 20 December 2013                               |                | 404,500                        |
| 4 April 2014                                   |                | 79,832                         |
| 4 April 2014                                   |                | 130,397                        |
| 2 September 2014                               |                | 885,271                        |
| 24 September 2014                              |                | 1,833,333                      |
| <b>Total number issued in the period</b>       |                | <b>3,333,333</b>               |
| <b>Total number issued at 31 December 2014</b> |                | <b>3,333,333</b>               |
| 12 March 2015                                  |                | 833,333                        |
| <b>Total number issued in the year</b>         |                | <b>833,333</b>                 |
| <b>Total number issued at 31 December 2015</b> |                | <b>4,166,666</b>               |
| 3 November 2016                                | 750,458        |                                |
| 28 December 2016                               | (277,632)      |                                |
| <b>Total number issued in the year</b>         | <b>472,826</b> |                                |
| <b>Total number issued at 31 December 2016</b> |                | <b>4,639,492</b>               |
| 30 March 2017                                  | 78,732         |                                |
| 27 April 2017                                  | 4,144          |                                |
| <b>Total number issued in the year</b>         | <b>82,876</b>  |                                |
| <b>Total number issued at 31 December 2017</b> |                | <b>4,722,368</b>               |

174,908 B preference shares and 52,212 Additional B preference shares were issued to management in the year from the tables above, resulting in a total charge of \$227,120.

### 10 Other reserves

Certain members of key management of the Group were granted A and B ordinary shares of the Company during the current and prior year. The Group receives employee services from certain members of its key management in consideration for these A and B ordinary shares of the Company. The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense within employee benefits. The total amount to be expensed is determined by reference to the fair value of the awards granted. It excludes the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets).

The number of authorised ordinary shares of the Company at 31 December 2017 were 162,582. The ordinary shares carry no voting rights and have a par value of US\$1.00 per share. As permitted by the Company's Articles of Association the Directors divided the Ordinary shares between A and B ordinary shares.

The Group recognises a share-based payment expense within employee benefits expense based on the fair value of the restricted shares issued, and an equivalent credit in equity in other reserves. At the date of vesting, when the share is no longer restricted, the equivalent charge remains within other reserves.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 10 Other reserves (continued)

The number of A and B ordinary shares issued during the year and vested as at 31 December was:

|                               | Number issued  | Number vested  |
|-------------------------------|----------------|----------------|
| A ordinary shares             | 89,419         | 89,419         |
| B ordinary shares bought back | 18,151         | 8,395          |
| <b>31 December 2016</b>       | <b>107,570</b> | <b>97,814</b>  |
| A ordinary shares             | 32,514         | 32,514         |
| B ordinary shares             | 22,498         | 32,254         |
| <b>31 December 2017</b>       | <b>55,012</b>  | <b>64,768</b>  |
| <b>Total</b>                  | <b>162,582</b> | <b>162,582</b> |

Following the SPA with CyrusOne that exchanged in December 2017 and completed in August 2018, the ordinary shares are expected to vest on completion of the sale of the Group to CyrusOne and these shares are expected to be equity settled. As such these shares are treated for accounting purposes as equity settled, being a change from prior year where a cash settled treatment was undertaken. Owing to the fact the shares are expected to vest closely after year-end following completion of the CyrusOne acquisition of the Group, the share based-payment charge US\$1,163,000 was accelerated to recognise the full charge as at 31 December 2017. This charge is based on the fair value at grant date.

### 11 Borrowings

|                         | 2017          |
|-------------------------|---------------|
|                         | US\$'000      |
| Current                 |               |
| Bank borrowings         | 3,570         |
| Lease liabilities       | 658           |
|                         | <b>4,228</b>  |
| Non-current             |               |
| Bank borrowings         | 59,465        |
| Lease liabilities       | 18,787        |
|                         | <b>78,252</b> |
| <b>Total borrowings</b> | <b>82,480</b> |

During the year, the Group entered into two new facilities:

1. €100,000,000 (US\$119,249,000) facility with a syndicate including ING Bank, NIBC, HSH Nordbank and Santander ("ING facility") of which €28,083,000 (US\$34,890,000) was drawn on 7 September 2017. The drawn amount was used in part to repay the existing loan facility with Bayern (€16,600,000/US\$19,795,000). The ING facility expires on 30 June 2023. The interest rate is a fixed rate of 3.5% per annum through an interest rate cap. The loan is repayable in quarterly instalments beginning 30 June 2019. The borrowings are secured on the German data centre which has a carrying value of US\$104,649,000 (€87,351,000) as at 31 December 2017.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 11 Borrowings (continued)

2. Multicurrency facility of £48,700,000 (US\$60,376,000) with Lombard North Central plc of which £25,000,000 (US\$30,994,000) was drawn on 20 March 2017. This facility expires on 31 March 2027. The interest rate is a fixed rate of 4.5% per annum. This loan is repayable in equal quarterly instalments. During the year principal of £914,564 (US\$1,206,000) was repaid. During the year, issue costs of £85,000 (US\$110,000) have been amortised. This loan is secured on the assets of the Zenium London Two data centre which have a carrying value of US\$69,444,000 (£51,464,000) as at 31 December 2017. The facility is subject to debt covenants which have been complied with to date.

During the year, US\$381,000 of debt issue costs have been amortised in relation to the above facilities; as detailed in note 19.

Reconciliation of movement in bank borrowings:

|                               | <b>2017</b>     |
|-------------------------------|-----------------|
|                               | <b>US\$'000</b> |
| Balance at 1 January          | 19,351          |
| Drawn down                    | 64,483          |
| Repayments                    | (23,111)        |
| Interest payable              | 378             |
| Foreign exchange adjustments  | 5,422           |
|                               | <b>66,523</b>   |
| Debt issue costs              | (3,488)         |
| <b>Balance at 31 December</b> | <b>63,035</b>   |

Foreign exchange adjustments in the above table are non-cash items.

The Group has the following undrawn floating rate borrowing facilities:

|                                                 | <b>2017</b>     |
|-------------------------------------------------|-----------------|
|                                                 | <b>US\$'000</b> |
| Within one year                                 | -               |
| In more than one year but less than two years   | -               |
| In more than two years but less than five years | -               |
| In more than five years                         | 116,319         |
| <b>Total</b>                                    | <b>116,319</b>  |

The group leases property plant and equipment with a carrying amount of US\$69,480,000 under finance lease expiring within nineteen years.

Reconciliation of movement in finance leases:

|                               | <b>2017</b>     |
|-------------------------------|-----------------|
|                               | <b>US\$'000</b> |
| Balance at 1 January          | -               |
| Acquisition (note 20)         | 18,627          |
| Finance lease interest        | 829             |
| Foreign exchange adjustments  | (11)            |
| <b>Balance at 31 December</b> | <b>19,445</b>   |

Foreign exchange adjustments and interest in the above table are non-cash items.



# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 11 Borrowings (continued)

Finance lease liabilities:

|                                                                          | 2017          |
|--------------------------------------------------------------------------|---------------|
|                                                                          | US\$'000      |
| <b>Commitments in relation to finance leases are payable as follows:</b> |               |
| Within one year                                                          | 1,692         |
| Later than one year but not later than five years                        | 7,020         |
| Later than five years                                                    | 30,390        |
| <b>Minimum lease payments</b>                                            | <b>39,102</b> |
| Future finance charges                                                   | (19,657)      |
| <b>Recognised liability</b>                                              | <b>19,445</b> |

**The present value of finance lease liabilities is as follows:**

|                                                   |               |
|---------------------------------------------------|---------------|
| Within one year                                   | 658           |
| Later than one year but not later than five years | 2,881         |
| Later than five years                             | 15,906        |
| <b>Minimum lease payments</b>                     | <b>19,445</b> |

### 12 Trade and other payables

| <b>Current</b>                  | 2017          |
|---------------------------------|---------------|
|                                 | US\$'000      |
| Trade payables                  | 3,997         |
| Other taxes                     | 121           |
| Other payables                  | 71            |
| Accruals and deferred income    | 17,341        |
| <b>Trade and other payables</b> | <b>21,530</b> |

The major component of trade payables in the current and prior year relates to construction and fit out works.

US\$10,362,000 of transaction fees incurred in relation to the proposed acquisition of Zenium TopCo Limited, as explained on page 5 of the Director Report, are included within accruals above – see note 18.

| <b>Non-current</b>                  | 2017       |
|-------------------------------------|------------|
|                                     | US\$'000   |
| Accruals and deferred income        | 111        |
| <b>Accruals and deferred income</b> | <b>111</b> |

Accruals and deferred income of US\$111,000 relates to the non-current portion of the fair value of deferred income on variation orders in relation to the acquired UK2 assets.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 13 Provisions

|                                         | 2017            |
|-----------------------------------------|-----------------|
| <b>Current</b>                          | <b>US\$'000</b> |
| Legal provision                         | 30              |
| Other                                   | -               |
| <b>Total current provisions</b>         | <b>30</b>       |
| <b>Non-current</b>                      |                 |
| Share based payment provision (note 10) | -               |
| <b>Total non-current provisions</b>     | <b>-</b>        |
| <b>Balance at 31 December</b>           | <b>30</b>       |

The US\$30,000 relates to remaining legal fees that are expected to be incurred following settlement of the Imtech case in Q2 2017. US\$192,000 of fees incurred in the year have been utilised against the provision held with the remainder of US\$148,000 being written-back following confirmation that only US\$30,000 of fees were required.

In the prior year a provision of US\$1,417,000 was recognised relating to VAT the vendor paid in respect of fixed assets the Group acquired as part of the data centre Greencampus acquisition in 2014 for which the vendor is seeking reimbursement. This was settled in February 2017 against Zenium and as such, the provision of US\$1,417,000 has been utilised, see note 18 for further details.

In the prior year the Group had also recognised a provision of US\$470,000 for the fair value of A and B ordinary shares issued to management. This is now held within other reserves due to the change in estimate triggered by the signed SPA to sell the share capital of the Group in December 2017 which will result in these shares being equity settled, these were previously deemed to be cash settled, see note 10 for further details.

Movement in provisions in the year as follows:

|                              | 2017            |
|------------------------------|-----------------|
|                              | <b>US\$'000</b> |
| At 1 January                 | 2,216           |
| Additional provision         | -               |
| Provision released           | (148)           |
| Provision utilised           | (1,609)         |
| Reclassified to equity       | (470)           |
| Foreign exchange differences | 41              |
| <b>At 31 December</b>        | <b>30</b>       |

### 14 Revenue

| <b>Continuing operations:</b>      | 2017            |
|------------------------------------|-----------------|
|                                    | <b>US\$'000</b> |
| Rental income and equipment supply | 16,650          |
| Power supply and cleaning          | 3,953           |
| Other income                       | 1,213           |
| <b>Total</b>                       | <b>21,816</b>   |

There are no contingent rents. Other income relates to revenue from equipment supply, installation and fit out.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 14 Revenue (continued)

| <b>Discontinued operations:</b>    | <b>2017</b>     |
|------------------------------------|-----------------|
|                                    | <b>US\$'000</b> |
| Rental income and equipment supply | 1,299           |
| Power supply and cleaning          | 251             |
| Other income                       | 18              |
| <b>Total</b>                       | <b>1,568</b>    |

The future aggregate minimum rentals receivable under non-cancellable customer contracts are as follows:

| <b>Continuing operations:</b>               | <b>2017</b>     |
|---------------------------------------------|-----------------|
|                                             | <b>US\$'000</b> |
| No later than 1 year                        | 25,600          |
| Later than 1 year and no later than 5 years | 148,992         |
| Later than 5 years                          | 24,548          |
| <b>Total</b>                                | <b>199,140</b>  |

The above future aggregate minimum rental and equipment supply receivables pertain to 40 contracts.

### 15 Cost of sales

| <b>Continuing operations:</b>        | <b>2017</b>     |
|--------------------------------------|-----------------|
|                                      | <b>US\$'000</b> |
| Employee benefits expenses (note 16) | 1,232           |
| Depreciation (note 4)                | 4,682           |
| Other cost of sales                  | 7,785           |
| <b>Total</b>                         | <b>13,699</b>   |

| <b>Discontinued operations:</b>      | <b>2017</b>     |
|--------------------------------------|-----------------|
|                                      | <b>US\$'000</b> |
| Employee benefits expenses (note 16) | 250             |
| Depreciation (note 4)                | 941             |
| Other cost of sales                  | 503             |
| <b>Total</b>                         | <b>1,694</b>    |

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 16 Employee benefits expenses

| <b>Continuing operations:</b>              | <b>2017</b>     |
|--------------------------------------------|-----------------|
|                                            | <b>US\$'000</b> |
| Wages and salaries                         | 5,106           |
| Social security and other costs            | 694             |
| Pension costs - defined contribution plans | 204             |
| Other staff costs                          | 901             |
| <b>Total</b>                               | <b>6,905</b>    |
| Amount included in cost of sales           | (1,232)         |
| Amount included in administrative expenses | 5,673           |

No pension costs in relation to the defined contribution plan were accrued at year-end.

| <b>Discontinued operations:</b>            | <b>2017</b>     |
|--------------------------------------------|-----------------|
|                                            | <b>US\$'000</b> |
| Wages and salaries                         | 351             |
| Social security and other costs            | 40              |
| Pension costs – defined contribution plans | -               |
| Other staff costs                          | -               |
| <b>Total</b>                               | <b>391</b>      |
| Amount included in cost of sales           | (250)           |
| Amount included in administrative expenses | 141             |

The share-based payment charge in the year is US\$1,163,000, see note 9.

### 17 Other administrative expenses

| <b>Continuing operations:</b> | <b>2017</b>     |
|-------------------------------|-----------------|
|                               | <b>US\$'000</b> |
| Professional fees             | 1,562           |
| Marketing fees                | 414             |
| Office and administration     | 1,774           |
| Travel costs                  | 824             |
| Other costs                   | -               |
| <b>Total</b>                  | <b>4,574</b>    |

  

| <b>Discontinued operations:</b> | <b>2017</b>     |
|---------------------------------|-----------------|
|                                 | <b>US\$'000</b> |
| Professional fees               | 356             |
| Marketing fees                  | 14              |
| Office and administration       | 34              |
| Travel costs                    | 60              |
| Other costs                     | 1,233           |
| <b>Total</b>                    | <b>1,697</b>    |



# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 17 Other administrative expenses (continued)

During the year the Group obtained the following services from the Companies auditors and its associates:

- Fee payable by the Group to the Company's auditor and its associates for the audit of the consolidated financial statements and statutory financial statements is US\$420,000.
- Fee payable by the Group to the Company's auditor for tax compliance and tax related services is US\$19,000.
- Fees payable by the Group to the Company's auditor for financial and tax due diligence in relation to the acquisition of London Two US\$298,000.
- Fees payable by the Group to the Company's auditor for financial and tax work in relation to the sale of the Group to CyrusOne and the EM2 group to Equinix is US\$3,114,000, which included \$810,000 for additional audit procedures in relation to this transaction.
- Other fees of US\$37,000 primarily relating to transfer pricing advisory fees.

### 18 Exceptional items

|                                                                | 2017         |
|----------------------------------------------------------------|--------------|
|                                                                | US\$'000     |
| Professional fees related to acquisition of Zenium UK2 Limited | 1,078        |
| Professional fees related to the disposal of the Group         | 10,697       |
| Settlement of legal case                                       | (2,391)      |
| Impairment of other receivable                                 |              |
| Release of provision held in relation to dispute (note 13)     |              |
| <b>Total exceptional items</b>                                 | <b>9,384</b> |

The above amounts relate to continuing operations. No exceptional items were incurred in relation to discontinued operations.

- Professional fees in relation to the acquisition of Zenium UK2 Limited which is discussed in note 20.
- Professional fees incurred in relation to the disposal of the Group to CyrusOne, which completed in August 2018. Of the total cost of US\$10,697,000, US\$10,362,000 is accrued at year end – see accruals note 12. Total fees incurred are in relation to legal fees, investment banker fees, due diligence, tax and other financial related cost and company secretarial fees, all of which directly relate to the proposed sale of the Group.
- The Imtech legal case was settled in February 2017 in relation to the ongoing case surrounding fit out works in Frankfurt One which resulted in an amount received of US\$2,243,000 and a release of US\$148,000 of the legal provision held in relation to legal fees for which a provision of US\$30,000 remains, see note 13.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 19 Finance income and costs

|                                            | 2017           |
|--------------------------------------------|----------------|
|                                            | US\$'000       |
| Interest expense on bank borrowings        | (1,872)        |
| Interest expense on interest rate swap     | (54)           |
| Amortisation of debt issue costs (note 11) | (381)          |
| Bank and other charges                     | (1,362)        |
| Fair value loss on interest rate swap      | (51)           |
| Finance charge in respect of finance lease | (829)          |
| <b>Total finance costs</b>                 | <b>(4,549)</b> |
| Interest income on short term deposits     | 68             |
| <b>Finance income</b>                      | <b>68</b>      |

The above amounts relate to continuing operations. No finance income or costs were incurred in relation to discontinued operations.

### 20 Business combinations

#### (a) Summary of acquisition

On 20 March 2017, Zenium Holdings Limited acquired the issued share capital of ISDC Developments (No 3) Limited, a data centre development in Stockley Park which provides wholesale data solutions to the data centre market. The acquisition has increased the group's market share in this industry and complements the group's existing data storage and ongoing facility storage. On 20 March 2017, ISDC Developments (No 3) Limited changed its name to Zenium UK2 Limited.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

|                                        | 2017          |
|----------------------------------------|---------------|
|                                        | US\$'000      |
| <b>Purchase consideration (20 (b))</b> |               |
| Cash paid                              | 55,184        |
| Advance payment – note 8               | 1,252         |
| <b>Total purchase consideration</b>    | <b>56,436</b> |

In 2016, Zenium Holdings Limited made an advance payment of US\$1,252,000 (£1,000,000). This amount was used by ISDC Developments (No 3) Limited to offset against consideration paid of US\$56,436,000 (£46,000,000).

The Group subscribed for equity of US\$34,000,000 (£27,425,000) to part fund the acquisition. On 20 March 2017, Zenium UK2 Limited also entered into a £48,700,000 (US\$60,376,000) facility with Lombard of which £25,000,000 (US\$30,994,000) was drawn on acquisition date. The cash received was used to repay the existing £22,162,000 (US\$27,476,000) Deutsche Bank loan. The remaining cash was used to partly repay the intercompany loan due by ISDC Development (No 3) Limited £23,318,000 (US\$28,909,000) and acquire the share capital as detailed below, offset by the advance payment made in 2016.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 20 Business combinations (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

|                                         | Acquired balance sheet | Fair value adjustments | Fair value    |
|-----------------------------------------|------------------------|------------------------|---------------|
|                                         | US\$'000               | US\$'000               | US\$'000      |
| Property, plant and equipment           | 56,313                 | 7,182                  | 63,495        |
| Intangible assets: customer contracts   | -                      | 5,483                  | 5,483         |
| Trade and other receivables             | 957                    | 406                    | 1,363         |
| Finance lease liabilities               | (16,848)               | (1,779)                | (18,627)      |
| Trade and other payables                | (718)                  | -                      | (718)         |
| Accrued income                          | 13,824                 | (12,883)               | 941           |
| Deferred tax on fair value adjustments  | -                      | (2,313)                | (2,313)       |
| Deferred income                         | (3,018)                | 1,659                  | (1,359)       |
| <b>Net identifiable assets acquired</b> | <b>50,510</b>          | <b>(2,245)</b>         | <b>48,265</b> |
| Goodwill                                |                        |                        | 8,171         |
| <b>Consideration paid</b>               |                        |                        | <b>56,436</b> |

The goodwill generated on acquisition represents the excess paid after valuing all identifiable assets and liabilities. The additional consideration was paid due to the expected value from a future lease and synergies obtained from combining the entity into the wider Zenium Group. The customer contract is amortised over the remaining life of the lease of 10 years, see note 5.

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

- Property, plant and equipment – comprised of tangible equipment and finance leases. Tangible equipment is held at cost less accumulated depreciation which is deemed to be the fair value of the assets as depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence, therefore no fair value adjustment was required. Acquired finance lease assets of US\$11,445,000 are included within the above property, plant and equipment balance. The fair value is calculated using a discounted cash flow of rental payments at a discount rate of 7.5% with a resulting fair value adjustment of US\$7,182,000. An equal and opposite finance liability is recognised below.
- Intangibles assets - customer contract – the fair value is calculated using a projected invoiced revenue profile which has been measured using the income approach method. The discount rate used reflects the risk associated with the cash flows of the customer relationships. This rate was based on the WACC, WARA, and IRR, and considers the asset mix (and associated returns required on those assets) within the business. The customer contract is amortised over the remaining life of the contract of 10 years, see note 5.
- Trade and other receivables – an adjustment was made for prepaid rent which is deemed to be a fair value adjustment as it is between the acquired balance sheet and post completion balance sheet.
- Financial leases - the fair value of the finance lease liability is calculated using a discounted cash flow of future lease payments. An appropriate discount rate of 7.5% has been used to discount this to the present value. The finance lease asset is of equivalent value, as the rental payments are at a market rate.
- Accrued income – the fair value of the accrued income has been measured using the income approach method and is consistent with the customer relationship valuation. There was a large rent-free period at the beginning of the contract therefore the adjustment is significant given the timing of the revaluation being after the rent-free period.
- Deferred tax liabilities on fair value adjustments arises on the finance lease and customer contract fair value adjustments detailed above.



# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 20 Business combinations (continued)

#### (a) Summary of acquisition (continued)

- Deferred income - the fair value of the deferred income has also been measured using the income approach method and adjusted on this basis.

The acquired business contributed revenues of US\$5,377,000 and a net loss of US\$2,733,000 to the Group for the period from 21 March to 31 December 2017. If the acquisition had occurred on 1 January 2017, pro-forma revenue and net loss for the year ended 31 December 2017 would have been US\$7,169,000 and a net loss of US\$3,644,000 respectively.

#### (b) Purchase consideration – cash outflow

|                                                                 | 2017          |
|-----------------------------------------------------------------|---------------|
|                                                                 | US\$'000      |
| <b>Outflow of cash to acquire company, net of cash acquired</b> |               |
| Cash consideration                                              | 55,184        |
| Less: balances acquired                                         |               |
| Cash                                                            | -             |
| Bank overdraft                                                  | -             |
| <b>Net outflow of cash – investing activities</b>               | <b>55,184</b> |

#### Acquisition-related costs:

Acquisition-related costs of US\$1,078,000 that were not directly attributable to the issue of shares are included in other professional costs in profit or loss and in operating cash flows in the statement of cash flows.

### 21 Discontinued operations

#### (a) Description

On 6 October 2017 EM SPC completed the sale of EM2 together with its subsidiary undertakings to Equinix (Netherlands) Holdings B.V. for consideration of US\$93,000,000.

#### (b) Financial performance and cash flow information

The financial performance and cash flow information are presented below:

|                                                                | 9 months ended 30 September 2017 |
|----------------------------------------------------------------|----------------------------------|
|                                                                | US\$'000                         |
| Revenue                                                        | 1,568                            |
| Expenses                                                       | (3,800)                          |
| Loss before tax                                                | (2,232)                          |
| Income tax expense                                             | -                                |
| <b>Loss after income tax on discontinued operations</b>        | <b>(2,232)</b>                   |
| Gain on sale of discontinued operations after income tax 21(c) | 11,157                           |
| <b>Gain/(loss) from discontinued operations, net of tax</b>    | <b>8,925</b>                     |

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 21 Discontinued operations (continued)

#### Cash flows generated from/(used in) discontinued operations

|                                       | 9 months ended 30 September 2017 |
|---------------------------------------|----------------------------------|
|                                       | US\$'000                         |
| Net cash used in operating activities | (4,062)                          |
| Net cash used in investing activities | 89,409                           |
| Net cash from financing activities    | -                                |
| <b>Net cash flow</b>                  | <b>85,347</b>                    |

#### (c) Details of the sale of the subsidiary

|                                                                    | 9 months ended 30 September 2017 |
|--------------------------------------------------------------------|----------------------------------|
|                                                                    | US\$'000                         |
| Consideration received:                                            |                                  |
| Cash                                                               | 93,000                           |
| Total transactions fees                                            | (4,295)                          |
| Minority interest 's share of transactions fees                    | 1,879                            |
| Buyer contribution to minority interest buy-back                   | 500                              |
| Cash disposed of                                                   | (692)                            |
|                                                                    | <b>90,392</b>                    |
| <b>Carrying amount of net assets sold, net of cash disposed of</b> | <b>(79,235)</b>                  |
| <b>Gain on sale before and after tax</b>                           | <b>11,157</b>                    |

A total of US\$4,295,000 of transaction related expenses were incurred on the disposal of Zenium EM2 Limited and its subsidiaries. The minority interest's share of these fees was US\$1,879,000 and this amount is classified as a reduction in net dividend distributions made to minority interest following the disposal of EM2 Limited. The buyer also contributed US\$500,000 directly to the minority interest.

The dividend distribution by Zenium EM SPC Limited following the disposal of Zenium EM2 Limited is not subject to Irish dividend withholding tax and therefore no tax expense is presented above.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 21 Discontinued operations (continued)

The carrying amounts of assets and liabilities as at the date of sale were:

|                                        | <b>2017</b>     |
|----------------------------------------|-----------------|
|                                        | <b>US\$'000</b> |
| Property, plant and equipment (note 4) | 68,912          |
| Non-current receivables                | 6,170           |
| Trade and other receivables            | 701             |
| Prepayments and accrued income         | 5,824           |
| Cash and cash equivalents              | 692             |
| <b>Total assets</b>                    | <b>82,299</b>   |
| Trade and other payables               | 923             |
| Other taxes                            | 89              |
| Accruals and deferred income           | 1,174           |
| Deferred tax liabilities (note 6)      | 186             |
| <b>Total liabilities</b>               | <b>2,372</b>    |
| <b>As at 6 October 2017</b>            | <b>79,927</b>   |

### 22 Contingencies and commitments

The future aggregate minimum rentals payable under non-cancellable operating leases are, as prepared under IAS18, as follows:

|                                             | <b>2017</b>     |
|---------------------------------------------|-----------------|
|                                             | <b>US\$'000</b> |
| No later than 1 year                        | 1,435           |
| Later than 1 year and no later than 5 years | 5,473           |
| Later than 5 years                          | 35,142          |
| <b>Total</b>                                | <b>42,050</b>   |

As at 31 December 2017 there is committed capex spend of US\$56,718,000 relating to works committed through signed contracts with customers.

As described on page 4, Zenium Germany GmbH has a commitment to complete on the land purchase signed on 30 November 2017 to acquire two adjacent properties in Sossenheim for consideration of €16,000,000 (US\$18,963,000), this completed on 29 June 2018.

Expenses for operating leases for the year ended 31 December 2017 were US\$1,908,000.

No amounts in the year relate to discontinued operations.

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 23 Related party transactions

#### a) Immediate and ultimate controlling party

The Group's immediate and ultimate controlling party is Quantum Strategic Partners Limited ('QSP').

#### b) Key management compensation

Key management of the Group as at 31 December 2017:

- Franek Sodzawiczny CEO
- Matt Pullen Managing Director
- Julian King Commercial Director
- Chester Reid CFO

This is unchanged by the acquisition or disposal in the year. At the year end the respective amounts were owed to the Group by key management as follows:

|                    | <b>2017</b>     |
|--------------------|-----------------|
|                    | <b>US\$'000</b> |
| Franek Sodzawiczny | 1,184           |
| Matt Pullen        | 186             |
| Julian King        | 55              |
| Chester Reid       | 15              |
| <b>Total</b>       | <b>1,440</b>    |

The Group discharges employee income taxes on share awards relating to A and B ordinary shares and additional preference shares that were awarded to certain members of key management in line with the Company's Investment Agreement. Key management are obliged to repay to the Group the employee PAYE and employee NIC discharged by the Group on their behalf. US\$381,000 of the above amount relates to deferred consideration in respect of management's subscription for common shares in Zenium EM SPC Limited. In addition to the above, US\$168,000 is due from other non-key members of management and related parties.

The Company granted a 5 year loan to Franek Sodzawiczny on 21 April 2015. The interest rate is 5% per annum. The loan amount plus accrued interest is payable at either the expiry of the loan or at Franek Sodzawiczny's discretion.

The transactions with key management during the year are:

|                                                       | <b>2017</b>     |
|-------------------------------------------------------|-----------------|
|                                                       | <b>US\$'000</b> |
| <b>Key management remuneration and other benefits</b> |                 |
| Wages and salaries                                    | 2,875           |
| Social security                                       | 473             |
| Pensions                                              | 76              |
| Other benefits                                        | 54              |
| Additional B preference shares                        | 38              |
| B preference shares                                   | 128             |
| A and B ordinary share-based payments                 | 693             |
| <b>Total</b>                                          | <b>4,337</b>    |

# Zenium Topco Limited

## Notes to the consolidated financial statements (continued)

### 23 Related party transactions (continued)

All expense payments made to key management, were made on the basis of reimbursement of expenses incurred, grossed up for tax where expenses represent a taxable benefit. In 2017 these totalled US\$342,000. No payments were made by way of taxable expense allowances, and no fees were waived in 2017.

As detailed in note 26, there was a distribution to the minority following the disposal of Zenium EM2 and its subsidiaries, as part of this transaction, the buyer contributed US\$500,000 to the minority interest and the Group included additional payments to the minority interest of \$1,557,000 as part of the agreement to exit the minority. There was also a share buy-back of minority interest in relation to the Turkish subgroup for US\$1 to each minority interest, following the disposal of Zenium EM2 and its subsidiaries.

During the prior year shares were repurchased from Louise Jarvis, a previous member of key management, details are provided in note 10.

### 24 Subsidiary undertakings

The Company subsidiaries as at 31 December 2017 were:

| Name                                                      | Country of incorporation and place of business | Activity    |
|-----------------------------------------------------------|------------------------------------------------|-------------|
| <b>Directly held:</b>                                     |                                                |             |
| Zenium Holdings Limited (100% shareholding)               | Ireland                                        | Investment  |
| <b>Indirectly held:</b>                                   |                                                |             |
| Zenium Technology Partners Limited (100% shareholding)    | UK                                             | Service Co  |
| Zenium Technology Partners 2 Limited (62.4% shareholding) | UK                                             | Service Co  |
| Zenium Germany GmbH (100% shareholding)                   | Germany                                        | Data centre |
| Echo 4 GmbH (100% shareholding)                           | Germany                                        | Dormant     |
| Zenium EMSPC Limited (62.4% shareholding)                 | Cayman                                         | Holding Co  |
| Zenium UK Limited (100%)                                  | UK                                             | Data centre |
| Zenium UK2 Limited (100%)                                 | UK                                             | Data centre |

# **Zenium Topco Limited**

## **Notes to the consolidated financial statements** (continued)

### **25 Restricted cash**

The Group has restricted cash of US\$241,000 held as a reserve account and cash sweep for the Lombard debt facility entered into the year to fund Zenium UK2 Limited. In the prior year, restricted cash of US\$1,066,000 was held as an estimated amount of funds required to cover the Group's German entity's projected net debt and operational cash out-flows over the following 12 month period. This was repaid in full in 2017 prior to the Bayern debt facility being repaid in full – see note 11 for further details.

### **26 Non-controlling interest**

There is a non-controlling interest of US\$420,000 as a result of the following transactions during the year:

- On 6 October 2017 Zenium EM2 Limited and its subsidiaries were disposed of by Zenium EMSPC Limited. Subsequently, a share buy-back by Zenium Holdings Limited, of the minority interest's shares in Zenium EMSPC Limited, then ensued. The minority interest held, by two external parties, in relation to Zenium EMSPC Limited, and also as a consequence the EM2 Limited sub-group, was settled at US\$1 each. The buy-back occurred following a total distribution to the minority of \$42,751,000, this distribution was made as follows:
  - o US\$40,694,000 to the minority interest, which was settled net of the minority interests share of transactions costs of US\$1,879,000 (as detailed in note 21) and was in respect of net proceeds received on the sale of the Turkey data centre.
  - o Further additional payments of US\$2,057,000 were made to the minority interest. US\$1,557,000 of this was paid directly by the Group and US\$500,000 was paid from the buyer, Equinix, on behalf of Zenium, as detailed in note 21, as part of the agreement to exit the external minority interest.
- US\$39,000 remains in minority interest in relation to share capital of shares held by management in EM SPC and an associated US\$381,000 of deferred consideration due on these shares, this is expected to be settled in Q1'2018.

Under the terms of Zenium EM SPC Limited's shareholder agreement neither the preference shareholders nor the common shareholders are entitled to profits of Zenium EM SPC Limited until its directors declare a distribution of profits, which occurred as detailed above.

### **27 Events after the date of the financial position**

On 23 February 2018 Zenium UK3 Limited was incorporated.

On 24 August 2018 acquisition of the share capital of the Group by CyrusOne Inc completed. As a result of this transaction, the Group's ultimate controlling party is now CyrusOne Inc and Quantum Strategic Partners Limited cease to be involved with the Group.

A change in Directors was made on completion:

- Franek Sodzawiczny (resigned 24 August 2018)
- Srdjan Vukovic (resigned 24 August 2018)
- Alex Fridlyand (resigned 24 August 2018)
- Nigel Rogers (resigned 24 August 2018)
- Robert Jackson (appointed 24 August 2018)
- Erik Leban (appointed 24 August 2018)

Key management of the Group now includes:

- Matt Pullen Managing Director
- Julian King Commercial Director
- Chester Reid CFO

# ***Zenium Topco Limited***

## ***Notes to the consolidated financial statements*** (continued)

### ***27 Events after the date of the financial position*** (continued)

On completion the following other items occurred:

- Repayment of Lombard debt facility – the outstanding facility of \$29,617k which include associated fees, was repaid to Lombard. This was settled with proceeds from the sale of the Group and therefore has been recognised as a capital contribution within TopCo.
- Similarly, the loan from Quantum Strategic Partners Limited of \$19,000,000 was repaid using sale proceeds. Interest of \$392k had accrued to 24 August 2018 and as such, \$19,392,000 has also been recognised as a capital contribution in TopCo.
- The shareholder loans held by key management were repaid on completion, this includes the EM SPC deferred consideration. The total amounts repaid were \$1,641,000.
- Assets held by Zenium UK3 Limited including a power contract were novated to CyrusOne UK3 Limited prior to completion as part of the overall transaction.
- Zenium Technology Partners 2 Limited, Zenium EM SPC Limited and Zenium UK3 Limited were then sold to a Quantum Strategic Partners Limited (“QSP”) subsidiary on 23 August 2018. These entities have no trading activity and immaterial assets and liabilities remaining. These entities will be liquidated by QSP.
- Zenium Holdings Limited declared a dividend of \$264,649 to Zenium EM SPC Limited prior to disposal of the entity.

***Zenium Topco Limited***

***Unaudited interim condensed consolidated Financial Statements for the six-month period ended 30 June 2018***



# *Zenium Topco Limited*

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# Zenium Topco Limited

## Condensed consolidated statement of financial position

|                                                    | Note | As at<br>30 June 2018 | As at<br>31 December 2017 |
|----------------------------------------------------|------|-----------------------|---------------------------|
|                                                    |      | Unaudited<br>US\$'000 | Unaudited<br>US\$'000     |
| <b>Assets</b>                                      |      |                       |                           |
| <b>Non-current assets</b>                          |      |                       |                           |
| Property, plant and equipment                      | 3    | 294,713               | 232,697                   |
| Intangible assets                                  | 4    | 15,007                | 16,033                    |
| Deferred tax assets                                | 5    | 1,947                 | 1,975                     |
| Other receivables                                  | 6    | 6,978                 | 5,040                     |
| <b>Total non-current assets</b>                    |      | <b>318,645</b>        | <b>255,745</b>            |
| <b>Current assets</b>                              |      |                       |                           |
| Trade and other receivables                        | 7    | 18,194                | 11,230                    |
| Restricted cash                                    | 22   | 296                   | 241                       |
| Cash and cash equivalents                          |      | 28,711                | 33,402                    |
| <b>Total current assets</b>                        |      | <b>47,201</b>         | <b>44,873</b>             |
| <b>Total assets</b>                                |      | <b>365,846</b>        | <b>300,618</b>            |
| <b>Equity</b>                                      |      |                       |                           |
| Share capital                                      | 8    | 244                   | 244                       |
| Share premium                                      | 8    | 244,160               | 244,160                   |
| Other reserves                                     | 9    | 1,163                 | 1,163                     |
| Currency translation reserve                       |      | 331                   | 1,455                     |
| Accumulated losses                                 |      | (69,897)              | (55,196)                  |
| <b>Equity attributable to owners of the parent</b> |      | <b>176,001</b>        | <b>191,826</b>            |
| Non-controlling interest                           | 23   | 420                   | 420                       |
| <b>Total equity</b>                                |      | <b>176,421</b>        | <b>192,246</b>            |
| <b>Liabilities</b>                                 |      |                       |                           |
| <b>Non-current liabilities</b>                     |      |                       |                           |
| Borrowings                                         | 10   | 125,380               | 78,252                    |
| Accruals and deferred income                       | 11   | 99                    | 111                       |
| Deferred tax liabilities                           | 5    | 4,011                 | 4,167                     |
| Derivatives                                        | 10   | 233                   | 54                        |
| <b>Total non-current liabilities</b>               |      | <b>129,723</b>        | <b>82,584</b>             |
| <b>Current liabilities</b>                         |      |                       |                           |
| Trade and other payables                           | 11   | 33,747                | 21,530                    |
| Borrowings                                         | 10   | 6,955                 | 4,228                     |
| Amounts due to related parties                     | 20   | 19,000                | -                         |
| Provisions                                         | 12   | -                     | 30                        |
| <b>Total current liabilities</b>                   |      | <b>59,702</b>         | <b>25,788</b>             |

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|                                     |                |         |
|-------------------------------------|----------------|---------|
| <b>Total liabilities</b>            | <b>189,425</b> | 108,372 |
| <b>Total equity and liabilities</b> | <b>365,846</b> | 300,618 |

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The notes on pages 7 to 29 are an integral part of these consolidated financial statements.  
The financial statements on pages 3 to 29 were authorised for issue by the board of directors on  
31 October 2018 and were signed on its behalf by:

\_\_\_\_\_  
Robert Jackson - Director

\_\_\_\_\_  
Erik Leban - Director

# Zenium Topco Limited

## Condensed consolidated statement of comprehensive income

### Unaudited

|                                                                                                     | Note | Six-month period ended<br>30 June 2018* | Six-month period<br>ended 30 June 2017 |
|-----------------------------------------------------------------------------------------------------|------|-----------------------------------------|----------------------------------------|
|                                                                                                     |      | US\$'000                                | US\$'000                               |
| Revenue                                                                                             | 12   | 18,529                                  | 8,886                                  |
| Cost of sales                                                                                       | 13   | (11,930)                                | (4,224)                                |
| <b>Gross profit</b>                                                                                 |      | <b>6,599</b>                            | <b>4,662</b>                           |
| <i>Administrative expenses analysed</i>                                                             |      |                                         |                                        |
| Other administrative expenses                                                                       | 15   | (3,437)                                 | (3,144)                                |
| Employee benefits expenses                                                                          | 14   | (2,004)                                 | (1,039)                                |
| Depreciation of property, plant and equipment                                                       | 3    | (3,037)                                 | (1,539)                                |
| Amortisation of intangible assets                                                                   | 4    | (544)                                   | (385)                                  |
| Exceptional items                                                                                   | 16   | (4,425)                                 | 1,612                                  |
| <b>Administrative expenses</b>                                                                      |      | <b>(13,447)</b>                         | <b>(4,495)</b>                         |
| Foreign exchange losses                                                                             |      | (183)                                   | (45)                                   |
| <b>Operating (loss)/profit</b>                                                                      |      | <b>(7,031)</b>                          | <b>122</b>                             |
| Finance income                                                                                      | 17   | 22                                      | -                                      |
| Finance costs                                                                                       | 17   | (3,107)                                 | (1,220)                                |
| Foreign exchange on intra-group borrowings                                                          |      | (4,572)                                 | 4,331                                  |
| <b>Finance (costs)/income – net</b>                                                                 |      | <b>(7,657)</b>                          | <b>3,111</b>                           |
| <b>(Loss)/profit before income tax</b>                                                              |      | <b>(14,688)</b>                         | <b>3,233</b>                           |
| Income tax (charge)/credit                                                                          | 5    | (13)                                    | 51                                     |
| <b>(Loss)/profit for the period attributable to owners of the parent from continuing operations</b> |      | <b>(14,701)</b>                         | <b>3,284</b>                           |
| <b>(Loss)/profit for the period from discontinued operations</b>                                    | 18   | <b>-</b>                                | <b>(1,220)</b>                         |
| <b>(Loss)/profit for the period attributable to owners</b>                                          |      | <b>(14,701)</b>                         | <b>2,064</b>                           |
| <b>Items that may be subsequently reclassified to profit or loss</b>                                |      |                                         |                                        |
| Currency translation differences                                                                    |      | (1,124)                                 | 4,491                                  |
| <b>Total comprehensive (loss)/profit for the period attributable to owners of the parent</b>        |      | <b>(15,825)</b>                         | <b>6,555</b>                           |

The notes on pages 7 to 29 are an integral part of these consolidated financial statements.

# Zenium Topco Limited

## Condensed consolidated statement of changes in equity

Unaudited

|                                          | Attributable to owners of the Company |                           |                            |                              |                 |                 | Non-controlling interest<br>(note 24) | Total equity    |
|------------------------------------------|---------------------------------------|---------------------------|----------------------------|------------------------------|-----------------|-----------------|---------------------------------------|-----------------|
|                                          | Share capital<br>(note 8)             | Share premium<br>(note 8) | Other reserves<br>(note 9) | Currency translation reserve | Retained loss   | Total           |                                       |                 |
|                                          | US\$'000                              | US\$'000                  | US\$'000                   | US\$'000                     | US\$'000        | US\$'000        | US\$'000                              | US\$'000        |
| <b>At 1 January 2017</b>                 | <b>165</b>                            | <b>163,879</b>            | <b>-</b>                   | <b>(4,938)</b>               | <b>(50,956)</b> | <b>108,150</b>  | <b>43,171</b>                         | <b>151,321</b>  |
| Profit for the period                    | -                                     | -                         | -                          | -                            | 2,064           | 2,064           | -                                     | 2,064           |
| Other comprehensive gain                 | -                                     | -                         | -                          | 4,491                        | -               | 4,491           | -                                     | 4,491           |
| <b>Total comprehensive income/(loss)</b> | <b>-</b>                              | <b>-</b>                  | <b>-</b>                   | <b>4,491</b>                 | <b>2,064</b>    | <b>6,555</b>    | <b>-</b>                              | <b>6,555</b>    |
| <b>Transactions with owners</b>          |                                       |                           |                            |                              |                 |                 |                                       |                 |
| Preference shares issued                 | 74                                    | 74,286                    | -                          | -                            | -               | 74,360          | -                                     | 74,360          |
| <b>Balance at 30 June 2017</b>           | <b>239</b>                            | <b>238,165</b>            | <b>-</b>                   | <b>(447)</b>                 | <b>(48,892)</b> | <b>189,065</b>  | <b>43,171</b>                         | <b>232,236</b>  |
| <b>At 1 January 2018</b>                 | <b>244</b>                            | <b>244,160</b>            | <b>1,163</b>               | <b>1,455</b>                 | <b>(55,196)</b> | <b>191,826</b>  | <b>420</b>                            | <b>192,246</b>  |
| Loss for the period                      | -                                     | -                         | -                          | -                            | (14,701)        | (14,701)        | -                                     | (14,701)        |
| Other comprehensive loss                 | -                                     | -                         | -                          | (1,124)                      | -               | (1,124)         | -                                     | (1,124)         |
| <b>Total comprehensive (loss)/income</b> | <b>-</b>                              | <b>-</b>                  | <b>-</b>                   | <b>(1,124)</b>               | <b>(14,701)</b> | <b>(15,825)</b> | <b>-</b>                              | <b>(15,825)</b> |
| <b>Transactions with owners</b>          |                                       |                           |                            |                              |                 |                 |                                       |                 |
| <b>Balance at 30 June 2018</b>           | <b>244</b>                            | <b>244,160</b>            | <b>1,163</b>               | <b>331</b>                   | <b>(69,897)</b> | <b>176,001</b>  | <b>420</b>                            | <b>176,421</b>  |

**Condensed consolidated statement of cash flows**

**Unaudited**

Six-month period ended 30 June 2017

|                                                                   | Note | Six-month period<br>ended 30 June<br>2018 | Continuing<br>operations | Discontinuing<br>operations | Total           |
|-------------------------------------------------------------------|------|-------------------------------------------|--------------------------|-----------------------------|-----------------|
|                                                                   |      | US\$'000                                  | US\$'000                 | US\$'000                    | US\$'000        |
| <b>Cash flow from operating activities</b>                        |      |                                           |                          |                             |                 |
| (Loss)/profit before income tax                                   |      | (14,688)                                  | 3,233                    | (1,220)                     | 2,013           |
| Adjustments for:                                                  |      |                                           |                          |                             |                 |
| Depreciation of property, plant and equipment                     | 3    | 7,560                                     | 2,576                    | 536                         | 3,112           |
| Amortisation of costs to obtain contracts                         |      | 139                                       | —                        | —                           | —               |
| Amortisation of intangible assets                                 | 4    | 544                                       | 385                      | —                           | 385             |
| Fair value adjustment to derivatives                              | 17   | 190                                       | —                        | —                           | —               |
| Interest income                                                   |      | (22)                                      | —                        | —                           | —               |
| Interest expense on loan facilities                               |      | 2,158                                     | 755                      | —                           | 755             |
| Interest on finance leases                                        | 17   | 488                                       | 345                      | —                           | 345             |
| Financing fees                                                    | 17   | 271                                       | 18                       | —                           | 18              |
| Other finance costs                                               | 17   | —                                         | 103                      | —                           | 103             |
| Foreign exchange                                                  |      | (1,713)                                   | 356                      | (129)                       | 227             |
| Changes in working capital:                                       |      |                                           |                          |                             |                 |
| Decrease in provisions                                            |      | (32)                                      | —                        | —                           | —               |
| Increase in trade and other receivables                           |      | (8,435)                                   | (3,371)                  | (5,110)                     | (8,481)         |
| Increase in trade and other payables                              |      | 12,422                                    | (6,731)                  | 1,033                       | (5,698)         |
| <b>Cash flows/(used in) from operations</b>                       |      | <b>(1,118)</b>                            | <b>(2,331)</b>           | <b>(4,890)</b>              | <b>(7,221)</b>  |
| Tax (paid)/received                                               |      | (13)                                      | 51                       | —                           | 51              |
| Interest paid                                                     |      | (2,720)                                   | (765)                    | —                           | (765)           |
| <b>Net cash flows/ (used in) from operating activities</b>        |      | <b>(3,851)</b>                            | <b>(3,045)</b>           | <b>(4,890)</b>              | <b>(7,935)</b>  |
| <b>Cash flows from investing activities</b>                       |      |                                           |                          |                             |                 |
| Acquisition of subsidiary                                         |      | —                                         | (56,436)                 | —                           | (56,436)        |
| Purchase of property, plant and equipment                         |      | (72,079)                                  | (40,272)                 | (1,970)                     | (42,242)        |
| (Increase) /decrease in restricted cash                           |      | (63)                                      | 951                      | —                           | 951             |
| <b>Net cash used in investing activities</b>                      |      | <b>(72,142)</b>                           | <b>(95,757)</b>          | <b>(1,970)</b>              | <b>(97,727)</b> |
| <b>Cash flows from financing activities</b>                       |      |                                           |                          |                             |                 |
| Equity contributed by shareholders                                |      | —                                         | 74,360                   | —                           | 74,360          |
| Proceeds from bank borrowings                                     | 10   | 54,654                                    | 29,683                   | —                           | 29,683          |
| Proceeds from related party loan                                  | 20   | 19,000                                    | —                        | —                           | —               |
| Repayment of borrowings                                           | 10   | (1,541)                                   | (2,548)                  | —                           | (2,548)         |
| <b>Net cash flows from financing activities</b>                   |      | <b>72,113</b>                             | <b>101,495</b>           | <b>—</b>                    | <b>101,495</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>       |      | <b>(3,880)</b>                            | <b>2,693</b>             | <b>(6,860)</b>              | <b>(4,167)</b>  |
| Cash and cash equivalents at the beginning of period              |      | 33,402                                    | 9,970                    | 7,653                       | 17,623          |
| Foreign exchange on cash and cash equivalents                     |      | (811)                                     | 590                      | 129                         | 719             |
| <b>Cash and cash equivalents at 30 June 2018 and 30 June 2017</b> |      | <b>28,711</b>                             | <b>13,253</b>            | <b>922</b>                  | <b>14,175</b>   |

# *Zenium Topco Limited*

## *Notes to the condensed consolidated financial statements*

### **1 General information**

Zenium TopCo Limited (the "Company") is a limited liability company incorporated and domiciled in Cayman Islands. The address of its registered office is 27 Hospital Road, George Town, Grand Cayman, KY1-9008. The Company is the parent company of the Zenium group of subsidiaries (the "Group").

The principal activity of the Group throughout the period was data centre development in Frankfurt and the UK, with Turkish operations being disposed of. The Group specialises in the delivery of wholesale data solutions to the data centre market. The Group typically enters into agreements with tenants to provide bespoke facilities that facilitate high specification data storage and ongoing facility maintenance and operation services.

### **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

#### **Basis of preparation**

The interim consolidated financial statements of the Group for the six months ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. The purpose of these financial statements is to meet the reporting requirements of Regulation S-X of Securities and Exchange Commission (SEC).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. The policies applied which are consistent with those applied in the preparation and disclosed in the Group's annual financial statements as at 31 December 2017 apart from the application of IFRS 15 and IFRS 9 in the period. These should be read in conjunction with these financial statements.

#### **Going concern**

Independent of the sale of the Group completed in August of 2018, based on the Group's forecasts and projections, the Board is satisfied that the Group will be able to operate with its current level of resources to meet its working capital requirements for at least 12 months from the date of signing these financial statements and additional funding will be raised, if required, to meet future uncommitted fit out works.

#### **New accounting requirements**

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing after 1 January 2018:

IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 was effective from 1 January 2018 and addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, contract receivables, loan commitments and certain financial guarantee contracts. The Group has adopted the new accounting standard in these interim financial statements and there is no material impact.

# *Zenium Topco Limited*

## *Notes to the condensed consolidated financial statements* (continued)

### *2 Summary of significant accounting policies* (continued)

#### **New accounting requirements** (continued)

IFRS 15, Revenue from Contracts with Customers, which establishes a single comprehensive model of accounting for revenue arising from contracts with customers that an entity will apply to determine the measurement of revenue and timing of when it is recognised. IFRS 15 supersedes several standards and interpretations including IAS 11, Construction Contracts and IAS 18, Revenue. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the amount an entity expects to be entitled to in exchange for those goods and services. The new standard also result in enhanced disclosures about revenue that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard is applicable from 1 January 2018 and has been adopted in these interim financial statements.

Each customer contract has been assessed under IFRS15. The straight-line method continues to be appropriate given the services being delivered to the customers are provided over the life of the contract. Contract prices are fixed and are not subject to adjustments arising from variable considerations due to discounts, credits or other constraints on revenue. Therefore it was concluded that there was no material financial impact on the Group's accounting for revenue, with the only amendment required being a presentational disclosure in the financial statements to disclose contract assets and liabilities and the reclassification of costs incurred to obtain revenue contracts of from property plant and equipment to other assets as costs to obtain contracts and the reclassification of depreciation on these to costs of sales.

The Group has applied the new accounting standard on a modified retrospective basis, with no change to the comparative information.

As at 1 January 2018 there is no adjustment to opening reserves and as at 30 June 2018 the following adjustments have been made:

- Costs to obtain contracts of \$1.2m have been reclassified from property, plant and equipment to trade and other receivables; and
- Amortisation of US\$17,000 in relation to these costs has been moved from accumulated depreciation, included in cost of sales to trade and other receivables as a reduction.

See notes 3 and 6 for further details.

IFRS 16 'Leases' was issued in January 2016 and will be implemented by the Group from 1 January 2019. The Standard will replace IAS 17 'Leases' and will require lease liabilities and 'right of use' assets to be recognised on the balance sheet for almost all leases. This is expected to result in a significant increase in both assets and liabilities recognised. The costs of operating leases currently included within operating costs will be split and the financing element of the charge will be reported within finance expense. Finance lease obligations at 30 June 2018 are set out in Note 10, 'Borrowings' and the undiscounted commitments under non-cancellable operating leases are set out in Note 19, 'Contingencies and commitments'. The Group is assessing the potential impact of IFRS 16.



# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 3 Property, plant and equipment

|                                    | Freehold land and buildings | Leasehold property | Plant, infrastructure and equipment | Assets in construction | Office and other equipment | Total           |
|------------------------------------|-----------------------------|--------------------|-------------------------------------|------------------------|----------------------------|-----------------|
|                                    | US\$'000                    | US\$'000           | US\$'000                            | US\$'000               | US\$'000                   | US\$'000        |
| <b>31 December 2017</b>            |                             |                    |                                     |                        |                            |                 |
| Costs                              | 84,453                      | 20,274             | 84,129                              | 61,129                 | 548                        | 250,533         |
| Accumulated depreciation           | (9,243)                     | (795)              | (7,614)                             | -                      | (184)                      | (17,836)        |
| <b>Net book value</b>              | <b>75,210</b>               | <b>19,479</b>      | <b>76,515</b>                       | <b>61,129</b>          | <b>364</b>                 | <b>232,697</b>  |
| <b>6 months ended 30 June 2018</b> |                             |                    |                                     |                        |                            |                 |
| Costs at 1 January 2018            | 84,453                      | 20,274             | 84,129                              | 61,129                 | 548                        | 250,533         |
| Additions                          | 19,763                      | -                  | 5,077                               | 50,897                 | 16                         | 75,753          |
| IFRS 15 reclassification*          | -                           | -                  | (146)                               | (1,054)                | -                          | (1,200)         |
| Transfers                          | -                           | -                  | 34,125                              | (34,125)               | -                          | -               |
| Disposals                          | -                           | -                  | -                                   | -                      | (111)                      | (111)           |
| Exchange differences               | (3,078)                     | (514)              | (2,659)                             | (1,225)                | (30)                       | (7,506)         |
| <b>At 30 June 2018</b>             | <b>101,138</b>              | <b>19,760</b>      | <b>120,526</b>                      | <b>75,622</b>          | <b>423</b>                 | <b>317,469</b>  |
| Accumulated depreciation           |                             |                    |                                     |                        |                            |                 |
| At 1 January 2018                  | (9,243)                     | (795)              | (7,614)                             | -                      | (184)                      | (17,836)        |
| Charge for the period              | (2,481)                     | (519)              | (4,523)                             | -                      | (37)                       | (7,560)         |
| IFRS 15 reclassification           | -                           | -                  | 17                                  | -                      | -                          | 17              |
| Exchange differences               | 797                         | 39                 | 1,765                               | -                      | 22                         | 2,623           |
| <b>At 30 June 2018</b>             | <b>(10,927)</b>             | <b>(1,275)</b>     | <b>(10,355)</b>                     | <b>-</b>               | <b>(199)</b>               | <b>(22,756)</b> |
| Cost                               | 101,138                     | 19,760             | 120,526                             | 75,622                 | 423                        | 317,469         |
| Accumulated depreciation           | (10,927)                    | (1,275)            | (10,355)                            | -                      | (199)                      | (22,756)        |
| <b>Net book value 30 June 2018</b> | <b>90,211</b>               | <b>18,485</b>      | <b>110,171</b>                      | <b>75,622</b>          | <b>224</b>                 | <b>294,713</b>  |

During the six-month period the Group incurred development expenditure of US\$75,753,000 (31 December 2017: US\$85,796,000) on data centre infrastructure and equipment costs pertaining to ongoing fit out costs to meet the requirements of new tenants and to enhance the overall specifications of the data centre. This includes land acquisition in Germany completed on 28 June 2018 for consideration of €16,263,000,000 (US\$18,943,000,000).

During the six-month period depreciation in relation to plant, infrastructure and equipment of US\$4,523,000 (30 June 2017: US\$1,137,000) was included within cost of sales relating to continuing operations (30 June 2017: US\$2,340,000) and US\$nil (30 June 2017: US\$307,000) relates to discontinued operations. All other depreciation of US\$3,037,000 (30 June 2017: US\$1,539,000) included in admin expenses.

At 30 June 2018 and 31 December 2017, the Directors have determined there is no indication of impairment of the property, plant and equipment.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 4 Intangible assets

|                                    | Goodwill<br>US\$'000 | Customer contracts<br>US\$'000 | Total<br>US\$'000 |
|------------------------------------|----------------------|--------------------------------|-------------------|
| <b>31 December 2017</b>            |                      |                                |                   |
| Cost                               | 8,569                | 9,573                          | 18,142            |
| Accumulated amortisation           | 0                    | (2,109)                        | (2,109)           |
| <b>Net book value</b>              | <b>8,569</b>         | <b>7,464</b>                   | <b>16,033</b>     |
| <b>6 months ended 30 June 2018</b> |                      |                                |                   |
| Cost at 1 January 2018             | 8,569                | 9,573                          | 18,142            |
| Exchange differences               | (291)                | (251)                          | (542)             |
| <b>At 30 June 2018</b>             | <b>8,278</b>         | <b>9,322</b>                   | <b>17,600</b>     |
| Accumulated amortisation           |                      |                                |                   |
| At 1 January 2018                  | 0                    | (2,109)                        | 9                 |
| Charge for the period              | -                    | (544)                          | (544)             |
| Exchange differences               | 0                    | 60                             | 60                |
| <b>At 30 June 2018</b>             | <b>0</b>             | <b>(2,593)</b>                 | <b>(2,593)</b>    |
| Cost                               | 8,278                | 9,322                          | 17,600            |
| Accumulated amortisation           | 0                    | (2,593)                        | (2,593)           |
| <b>Net book value 30 June 2018</b> | <b>8,278</b>         | <b>6,729</b>                   | <b>15,007</b>     |

Goodwill was generated on the acquisition of Zenium UK2 Limited in the previous year, this includes deferred tax arising on fair value adjustments, see note 5.

This is reassessed for impairment at each reporting period and no indicators of impairment are considered to exist. Zenium UK2 Limited is considered to be the cash generating unit to which the goodwill is allocated to.

The fair value less costs to sell was calculated to assess the recoverable amount of the Zenium UK2 Limited CGU based on an earnings multiple, given the expected disposal of the Group in the short-term to Cyrus One Inc, see note 24. Judgement exists within this valuation around the earnings multiple which when sensitised, would need to reduce by 47% to create an impairment risk. The EBITDA used in calculating the value in use is also judgemental and this assumption would need to reduce by 48% to trigger an impairment. Committed spend is not considered to be judgemental as this is known amounts and hence has not been sensitised.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 5 Income tax (charge)/credit

#### a) Income tax (charge)/credit

|                                       | 2018     | 2017     |
|---------------------------------------|----------|----------|
|                                       | US\$'000 | US\$'000 |
| Current tax                           |          |          |
| Current tax on profits for the period | (13)     | 51       |
| Deferred tax                          |          |          |
| Increase in deferred tax assets       | 47       | (580)    |
| Increase in deferred tax liabilities  | (47)     | 580      |
| Total deferred tax expense            | —        | —        |
| Total income tax (charge)/credit      | (13)     | 51       |

#### b) A reconciliation between the tax credit/(charge) in the consolidated statement of comprehensive income and the loss before income tax multiplied by the Group's current tax rate can be explained as follows:

|                                                                        | 2018     | 2017     |
|------------------------------------------------------------------------|----------|----------|
|                                                                        | US\$'000 | US\$'000 |
| Continuing operations                                                  |          |          |
| Loss before income tax for continuing operations                       | (14,688) | 3,233    |
| Tax calculated at the Company's statutory rate (0%)                    | —        | —        |
| Tax effect on:                                                         |          |          |
| Effect of different tax rates in countries in which the Group operates | (1,559)  | 212      |
| Tax losses for which no deferred tax asset has been recognised         | 1,546    | (161)    |
| Exchange differences                                                   | —        | —        |
| Income tax (charge)/credit on continuing operations                    | (13)     | 51       |
| Discontinued operations                                                |          |          |
| Loss before income tax for discontinued operations                     | —        | (1,220)  |
| Tax calculated at the Company's statutory rate (0%)                    | —        | —        |
| Tax effect on:                                                         |          |          |
| Effect of different tax rates in countries in which the Group operates | —        | 244      |
| Tax losses for which no deferred tax asset has been recognised         | —        | (244)    |
| Income tax on discontinued operations                                  | —        | —        |
| Total income tax (charge)/credit                                       | (13)     | 51       |

The Group provides for income taxes based upon amounts reported in the financial statements and the provisions of currently enacted tax laws. The Company is registered in the Cayman Islands and is subject to Cayman law with respect to taxation. Under current Cayman law, the Company is not taxed on any Cayman income or capital gains.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 5 Income tax (charge)/credit (continued)

#### c) Deferred taxes

The analysis of deferred tax assets and liabilities is as follows:

| <b>Continuing operations</b>                            | <b>2018</b>     | <b>2017</b>     |
|---------------------------------------------------------|-----------------|-----------------|
|                                                         | <b>US\$'000</b> | <b>US\$'000</b> |
| <b>Deferred tax assets:</b>                             |                 |                 |
| Opening deferred tax asset                              | 1,975           | 134             |
| Credited to the statement of comprehensive income       | 47              | 1,823           |
| Exchange differences                                    | (75)            | 18              |
| <b>Deferred tax assets</b>                              | <b>1,947</b>    | <b>1,975</b>    |
| <b>Deferred tax liabilities:</b>                        |                 |                 |
| Opening deferred tax liabilities                        | (4,167)         | (134)           |
| Charged to the statement of comprehensive income        | 47              | (1,823)         |
| Deferred tax liability arising on business combinations | 0               | (2313)          |
| Exchange differences                                    | 109             | 103             |
| <b>Deferred tax liabilities</b>                         | <b>(4,011)</b>  | <b>(4,167)</b>  |
| <b>Deferred tax liabilities (net)</b>                   | <b>2,064</b>    | <b>2,192</b>    |
| <br>                                                    |                 |                 |
| <b>Discontinued operations</b>                          | <b>2018</b>     | <b>2017</b>     |
|                                                         | <b>US\$'000</b> | <b>US\$'000</b> |
| <b>Deferred tax assets:</b>                             |                 |                 |
| Opening deferred tax asset                              | -               | -               |
| Credited to the statement of comprehensive income       | -               | -               |
| <b>Deferred tax assets</b>                              | <b>-</b>        | <b>-</b>        |
| <b>Deferred tax liabilities:</b>                        |                 |                 |
| Opening deferred tax liabilities                        | -               | (186)           |
| Disposal (note 18)                                      | -               | 186             |
| <b>Deferred tax liabilities</b>                         | <b>-</b>        | <b>-</b>        |
| <b>Deferred tax liabilities (net)</b>                   | <b>-</b>        | <b>-</b>        |

Deferred tax assets and liabilities will be recovered after more than 12 months.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 6 Other receivables: non-current assets

|                                            | 30 June 2018* | 31 December 2017 |
|--------------------------------------------|---------------|------------------|
|                                            | US\$'000      | US\$'000         |
| Contract assets                            | 2,137         | -                |
| Costs to obtain contracts with customers   | 1,011         | -                |
| Accrued income                             | -             | 1,113            |
| Other receivables                          | 3,830         | 3,927            |
| <b>Total other non-current receivables</b> | <b>6,978</b>  | <b>5,040</b>     |

\*In adopting IFRS 15 US\$1.2m has been reclassified from property, plant and equipment in relation to costs to obtain contracts with customers in respect of brokerage fees paid – see note 3. These costs are split US\$1.01m within non-current assets and US\$190k in current assets. The balance of US\$1.274m at 30 June 2018 has been split US\$1.011m and US\$263k as non-current assets and current assets, respectively.

Costs to obtain contracts with customers include US\$701,000 (2017: US\$nil) in Zenium Germany GmbH and US\$310,000 (2017: US\$nil) in Zenium UK Limited.

In adopting IFRS 15 accrued income has been reclassified to contract assets as at 30 June 2018. Contract assets of US\$1,913,000 (2017: US\$853,000) relates to revenue contracts in Zenium UK2 Limited, US\$224,000 (2017: US\$260,000) in Zenium Germany GmbH.

Included in other receivables is a rent deposit for the Grosvenor Street, London UK offices of US\$140,000 (2017: US\$146,000), a deposit of US\$1,495,000 (2017: US\$1,533,000 ) for the long-leasehold signed in the prior year for the Slough data centre, a deposit for the long-leasehold acquired as part of the Stockley Park data centre for US\$2,186,000 (2017: US\$2,243,000), a security deposit within Germany of US\$9,000 (2017: US\$5,000).

The rent deposits are recoverable on termination or expiration of the respective leases subject to no claims being made for liabilities such as damage to the property. The full amount has been recognised as no damages have occurred to date and any potential future damages would be remedied.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 7 Trade and other receivables: current assets

|                                                            | 30 June 2018* | 31 December 2017 |
|------------------------------------------------------------|---------------|------------------|
|                                                            | US\$'000      | US\$'000         |
| <b>Trade receivables:</b>                                  |               |                  |
| Data service and other receivables from customer contracts | 5,803         | 2,044            |
| <b>Other receivables:</b>                                  |               |                  |
| Other tax receivables                                      | 5,477         | 3,384            |
| Amounts due from related parties (note 22)                 | 1,604         | 1,608            |
| Prepayments                                                | 831           | 487              |
| Contract assets                                            | 4,148         | —                |
| Accrued income                                             | —             | 3,634            |
| Costs to obtain contracts with customers                   | 263           | —                |
| Other receivables                                          | 68            | 73               |
| <b>Total other receivables</b>                             | <b>12,391</b> | <b>9,186</b>     |
| <b>Total trade and other receivables</b>                   | <b>18,194</b> | <b>11,230</b>    |

Other tax receivables are comprised of VAT due to the following Group companies, Zenium Germany GmbH (US\$4,519,000), Zenium UK Limited (US\$755,000), Zenium Technology Partners Limited (US\$80,000), Zenium UK3 Limited (US\$123,000). The prior year balance comprised of Zenium Germany GmbH (2017: US\$1,337,000), Zenium UK Limited (US\$630,000), Zenium UK2 Limited (US\$1,167,000) and Zenium Technology Partners Limited (US\$250,000).

In adopting IFRS 15 accrued income has been reclassified to contract assets as at 30 June 2018. The contract assets of US\$4,148,000 at 30 June 2018 relates to committed and unbilled revenue at the period end. The prior year accrued income of US\$3,634,000 relates to committed and unbilled revenue at the period end.

As detailed in note 6, in adopting IFRS 15 US\$1.2m has been reclassified from property, plant and equipment in relation to costs to obtain contracts with customers— see note 3. These costs are split US\$1.010m within non-current assets and US\$190k in current assets. The balance of US\$1.274 at 30 June 2018 has been split US\$1.011m and US\$263k as non-current assets and current assets, respectively.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 8 Share capital and share premium

The total number of issued and authorised shares and associated rights of the respective shares as at the reporting period ends are included below:

a) Issued share capital

| In issue as at 30 June 2018 and December 2017         | Number             | Share capital | Share premium  | Total          |
|-------------------------------------------------------|--------------------|---------------|----------------|----------------|
|                                                       |                    | US\$0         | US\$0          | US\$0          |
| A preference shares of US\$0.001 par value            | 231,500,000        | 231           | 231,269        | 231,500        |
| B preference shares of US\$0.001 par value            | 8,123,914          | 8             | 8,116          | 8,124          |
| Subtotal                                              | 239,623,914        | 239           | 239,385        | 239,624        |
| Additional B preference shares of US\$0.001 par value | 4,722,368          | 5             | 4,775          | 4,780          |
| <b>Total share capital and share premium</b>          | <b>244,346,282</b> | <b>244</b>    | <b>244,160</b> | <b>244,404</b> |

The table above shows the number of preference shares in issue at 30 June 2018 and 31 December 2017. The share premium represents the difference between the issue price and the par value. US\$59,000 of share premium remains in relation to the share buy back in 2016 being the difference between the purchase price of US\$219,000 and the nominal value of US\$278,000.

There were no share issues in the period ended 30 June 2018. Shares issued in the half year to 30 June 2017 were as follows:

|                                                       | Number            | Share capital | Share premium | Total         |
|-------------------------------------------------------|-------------------|---------------|---------------|---------------|
|                                                       |                   | US\$0         | US\$0         | US\$0         |
| A preference shares of US\$0.001 par value            | 74,000,000        | 74            | 73,926        | 74,000        |
| B preference shares of US\$0.001 par value            | 277,632           | -             | 277           | 277           |
| Subtotal                                              | 74,277,632        | 74            | 74,203        | 74,277        |
| Additional B preference shares of US\$0.001 par value | 82,876            | -             | 83            | 83            |
| <b>Total shares issued in the period</b>              | <b>74,360,508</b> | <b>74</b>     | <b>74,286</b> | <b>74,360</b> |

The A and B preference shares constitute one class of share and are a separate class of share to the Ordinary shares. Each preference share carries the right to one vote. The preference shares have no redemption entitlement. On winding up, the preference shareholders have priority before all other classes of shares. Payments out of the Company's reserves can only be made in accordance with the Company's waterfall distribution terms as set out in the Company's Investment Agreement.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 8 Share capital and share premium (continued)

#### b) Authorised capital

|                                            | <b>30 June<br/>2018</b> | <b>30 June<br/>2018</b> | 31 December 2017 | 31 December 2017 |
|--------------------------------------------|-------------------------|-------------------------|------------------|------------------|
|                                            | Number                  | US\$'000                | Number           | US\$'000         |
| A preference shares of US\$0.001 par value | <b>252,500,000</b>      | <b>252</b>              | 252,500,000      | 252              |
| B preference shares of US\$0.001 par value | <b>12,846,282</b>       | <b>13</b>               | 12,846,282       | 13               |
| <b>Total authorised preference shares</b>  | <b>265,346,282</b>      | <b>265</b>              | 265,346,282      | 265              |

The authorised A preference shares were increased to 252,500,000 after the signing of the third investment agreement on 20 January 2017. The A and B preference shares were issued for cash consideration of US\$1.00 per share as follows:

| Issuance dates                              | A preference shares | B preference shares |
|---------------------------------------------|---------------------|---------------------|
| <b>At 31 December 2016</b>                  | <b>151,500,000</b>  | <b>7,846,282</b>    |
| 23 January 2017                             | 23,000,000          | —                   |
| 27 March 2017                               | 34,000,000          | —                   |
| 30 March 2017                               | —                   | 263,750             |
| 27 April 2017                               | —                   | 13,882              |
| 12 May 2017                                 | 17,000,000          | —                   |
| <b>Total number issued at 30 June 2017</b>  | <b>74,000,000</b>   | <b>277,632</b>      |
| 31 July 2017                                | 6,000,000           | —                   |
| <b>At 31 December 2017 and 30 June 2018</b> | <b>231,500,000</b>  | <b>8,123,914</b>    |

The A and B preference shares were issued in 2017 to fund the acquisition of Zenium UK2 Limited and planned capex spend.

The additional B preference shares were issued to certain members of key management triggered by the amount of capital invested into the Company by its immediate parent entity. The expense has been recognised within employee benefits expenses with each share valued at US\$1.00 as per the Company's Investment Agreement and the amount paid for the shares which is deemed to be its fair value at grant.

The additional B preference shares were issued as follows:

| Issuance dates                                                             | Additional B preference shares |
|----------------------------------------------------------------------------|--------------------------------|
| <b>Total number issued at 31 December 2016</b>                             | <b>4,639,492</b>               |
| March 30, 2017                                                             | 78,732                         |
| April 27, 2017                                                             | 4,144                          |
| <b>Total number issued in the period 30 June 2017 and 31 December 2017</b> | <b>82,876</b>                  |
| <b>Total number issued at 31 December 2017 and 30 June 2018</b>            | <b>4,722,368</b>               |

No shares have been issued since 31 December 2017. See note 24 regarding the shares settled on completion of the sale of the Group.



# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 9 Other reserves

Certain members of key management of the Group were granted A and B ordinary shares of the Company during the current and prior year. The Group receives employee services from certain members of its key management in consideration for these A and B ordinary shares of the Company.

The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense within employee benefits. The total amount to be expensed is determined by reference to the fair value of the awards granted. It excludes the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets).

The number of authorised ordinary shares of the Company at 30 June 2018 and 31 December 2017 were 162,582. The ordinary shares carry no voting rights and have a par value of US\$1.00 per share. As permitted by the Company's Articles of Association the Directors divided the Ordinary shares between A and B ordinary shares.

The Group recognises a share-based payment expense within employee benefits expense based on the fair value of the restricted shares issued, and an equivalent credit in equity in other reserves. At the date of vesting, when the share is no longer restricted, the equivalent charge remains within other reserves.

The number of A and B ordinary shares issued during the period and vested as at 31 December 2017 and 30 June 2018 was:

|                                                 | Number issued  | Number vested  |
|-------------------------------------------------|----------------|----------------|
| A ordinary shares                               | 32,514         | 32,514         |
| B ordinary shares bought back                   | 22,498         | 32,254         |
| <b>31 December 2017 and 30 June 2018</b>        | <b>55,012</b>  | <b>64,768</b>  |
| <b>Total as at 31 December and 30 June 2018</b> | <b>162,582</b> | <b>162,582</b> |

Following the Share Purchase Agreement ("SPA") with CyrusOne Inc ("CyrusOne") to acquire the Group, that was signed in December 2017, the ordinary shares were expected to vest on completion and these shares were expected to be equity settled. As such these shares are treated for accounting purposes as equity settled, being a change from prior year where a cash settled treatment was undertaken. Owing to the fact the shares are expected to vest after period-end following completion of the acquisition of the Group by CyrusOne, the share based-payment charge US\$1,163,000 was accelerated to recognise the full charge as at 31 December 2017. The position as at 30 June 2018 remains consistent with the prior year end. This charge is based on the fair value at grant date.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 10 Borrowings

|                         | 30 June<br>2018 | 31 December<br>2017 |
|-------------------------|-----------------|---------------------|
|                         | US\$'000        | US\$'000            |
| Current                 |                 |                     |
| Bank borrowings         | 6,315           | 3,570               |
| Lease liabilities       | 640             | 658                 |
|                         | <b>6,955</b>    | <b>4,228</b>        |
| Non-current             |                 |                     |
| Bank borrowings         | 107,388         | 59,465              |
| Lease liabilities       | 17,992          | 18,787              |
|                         | <b>125,380</b>  | <b>78,252</b>       |
| <b>Total borrowings</b> | <b>132,335</b>  | <b>82,480</b>       |

During the year ended 31 December 2017, the Group entered into two new facilities:

1. €100,000,000 (US\$116,478,000) facility with a syndicate including ING Bank, NIBC, HSH Nordbank and Santander ("ING facility") of which €28,083,000 (US\$34,890,000) was drawn on 7 September 2017. The drawn amount was used in part to repay the existing loan facility with Bayem (€16,600,000/US\$19,795,000).

During the period to 30 June 2018, additional amounts drawn on the facility were as follows:

- i. 24 January 2018 - €14,342,000 (US\$17,593,000)
- ii. 09 May 2018 - €9,500,000 (US\$11,292,000)
- iii. 15 June 2018 - €22,000,000 (US\$27,769,000)

The ING facility expires on 30 June 2023. The interest rate is a fixed rate of 3.5% per annum through an interest rate cap with a market value of US\$233,000 (2017: US\$54,000) in favour of the debt provider. The loan is repayable in quarterly instalments beginning 30 June 2019. The borrowings are secured on the German data centre which has a carrying value of US\$159,120,000 (€136,610,000) as at 30 June 2018 (2017: US\$104,649,000, €87,351,000).

2. A multicurrency facility of £48,700,000 (US\$64,047,805) with Lombard North Central plc of which £25,000,000 (US\$32,878,750) was drawn on 20 March 2017. This facility expires on 31 March 2027. The interest rate is a 3-month Libor plus a fixed rate of 3.5% per annum. This loan is repayable in equal quarterly instalments. During the period, principal of £975,527 (US\$1,208,000) was repaid. This loan is secured on the assets of the Zenium London Two data centre which have a carrying value of US\$80,488,000 (£61,201,000) as at 30 June 2018. The facility is subject to debt covenants which have been complied with to date. Subsequent to the period end, the loan was repaid in full, see note 26.

During the period, US\$271,000 (2017: US\$381,000) of debt issue costs have been amortised in relation to the above facilities; as detailed in note 17.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 10 Borrowings (continued)

Reconciliation of movement in bank borrowings:

|                              | 30 June<br>2018 | 31 December<br>2017 |
|------------------------------|-----------------|---------------------|
|                              | US\$'000        | US\$'000            |
| Balance at 1 January         | 66,145          | 19,351              |
| Drawn down                   | 54,654          | 64,483              |
| Repayments                   | (1,208)         | (23,111)            |
| Interest payable             | 341             | 378                 |
| Foreign exchange adjustments | (3,091)         | 5,422               |
|                              | 116,841         | 66,523              |
| Debt issue costs             | (3,137)         | (3,488)             |
| <b>Total</b>                 | <b>113,704</b>  | <b>63,035</b>       |

Foreign exchange adjustments in the above table are non-cash items.

The Group has the following undrawn floating rate borrowing facilities:

|                                                 | 30 June<br>2018 | 31 December<br>2017 |
|-------------------------------------------------|-----------------|---------------------|
|                                                 | US\$'000        | US\$'000            |
| Within one year                                 | -               | -                   |
| In more than one year but less than two years   | -               | -                   |
| In more than two years but less than five years | -               | -                   |
| In more than five years                         | 48,392          | 116,319             |
| <b>Total</b>                                    | <b>48,392</b>   | <b>116,319</b>      |

The group leases property plant and equipment with a carrying amount of US\$69,146,000 (2017: \$69,480,000) under finance lease expiring within eighteen and a half years.

Foreign exchange adjustments and interest in the above table are non-cash items.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 10 Borrowings (continued)

Finance lease liabilities:

|                                                                          | <b>30 June<br/>2018</b> | 31 December<br>2017 |
|--------------------------------------------------------------------------|-------------------------|---------------------|
|                                                                          | <b>US\$'000</b>         | US\$'000            |
| <b>Commitments in relation to finance leases are payable as follows:</b> |                         |                     |
| Within one year                                                          | 1,649                   | 1,692               |
| Later than one year but not later than five years                        | 6,950                   | 7,020               |
| Later than five years                                                    | 28,686                  | 30,390              |
| <b>Minimum lease payments</b>                                            | <b>37,285</b>           | <b>39,102</b>       |
| Future finance charges                                                   | (18,653)                | (19,657)            |
| <b>Recognised liability</b>                                              | <b>18,632</b>           | <b>19,445</b>       |
| <b>The present value of finance lease liabilities is as follows:</b>     |                         |                     |
| Within one year                                                          | 640                     | 658                 |
| Later than one year but not later than five years                        | 2,917                   | 2,881               |
| Later than five years                                                    | 15,075                  | 15,906              |
| <b>Minimum lease payments</b>                                            | <b>18,632</b>           | <b>19,445</b>       |

### 11 Trade and other payables

|                                 | <b>30 June<br/>2018*</b> | 31 December<br>2017 |
|---------------------------------|--------------------------|---------------------|
|                                 | <b>US\$'000</b>          | US\$'000            |
| <b>Current</b>                  |                          |                     |
| Trade payables                  | <b>12,188</b>            | 3,997               |
| Other taxes                     | <b>607</b>               | 121                 |
| Other payables                  | <b>181</b>               | 71                  |
| Accruals and deferred income    | <b>17,774</b>            | 17,341              |
| Contract liabilities            | <b>2,997</b>             | -                   |
| <b>Trade and other payables</b> | <b>33,747</b>            | 21,530              |

The major component of trade payables in the current period and prior year relates to the construction and fit out works of a new data centre in Zenium Germany GmbH (Frankfurt Two).

US\$13,578,000 (2017: US\$10,362,000) of transaction fees incurred in relation to the proposed acquisition of Zenium TopCo Limited are included within accruals above – see note 16.

In adopting IFRS 15 deferred income relating to customer contracts of US\$2,997,000 (2017: US\$1,613,000) has been reclassified to contract liabilities.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 11 Trade and other payables (continued)

| Non-current                         | 30 June<br>2018* | 31 December<br>2017 |
|-------------------------------------|------------------|---------------------|
|                                     | US\$'000         | US\$'000            |
| Accruals and deferred income        | —                | 111                 |
| Contract liabilities                | 99               | —                   |
| <b>Accruals and deferred income</b> | <b>99</b>        | <b>111</b>          |

In adopting IFRS 15 deferred income of US\$99,000 (2017: US\$111,000) has been reclassified as contract liabilities. This relates to the non-current portion of the fair value of deferred income on variation orders in relation to the acquired UK2 assets.

### 12 Revenue

|                                            | Six-month period ended 30<br>June 2018 | Six-month period ended 30<br>June 2017 |
|--------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Continuing operations:</b>              |                                        |                                        |
| <b>Revenue from contracts under IFRS15</b> | <b>US\$'000</b>                        | <b>US\$'000</b>                        |
| Equipment supply                           | 10,265                                 | 4,684                                  |
| Service charges                            | 2,225                                  | 1,176                                  |
| Power supply                               | 3,226                                  | 1,440                                  |
| Other revenue                              | 1,582                                  | 1,152                                  |
|                                            | <b>17,298</b>                          | <b>8,542</b>                           |
| Rental income                              | 1,231                                  | 434                                    |
| <b>Total revenue</b>                       | <b>18,529</b>                          | <b>8,886</b>                           |

Revenue recognised in the period that was included in the contract liabilities balance at 1 January 2018 is US\$1,458,000 (30 June 2017: US\$394,000).

Revenue arises from the provision of data centre services utilising the Group's infrastructure assets, revenues represent the value of the services or goods supplied to customers during the year. Revenues exclude value added tax and other sales related taxes. The majority of contracts entered into are not deemed to be leases as there are no specifically identified assets attributable to them.

Revenue from each of the performance obligation detailed in the table above has been determined based on the five step model requirements under IFRS 15 'Revenue from contracts'. Revenue from equipment supply and service charge is satisfied over time as customers receive and benefit from the use of the racks spaces and the accompany services simultaneously, as such revenue is straight-lined over the life of the revenue contract. The group has an enforceable right to be paid as each performance obligation is satisfied, customers are invoiced based on quarterly or monthly demands in accordance with each contract.

Where invoices are raised in advance for contracted services, the revenue is spread over the period of the service and contract liabilities deferred income is recognised on the balance sheet. There is a 30-60 day payment term and there are no financing arrangements with customers.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 12 Revenue (continued)

The Group independently procures the power that is subsequently provided to customers to power their rack space. The risks and rewards remain with the Group in relation to the supply of such power. The Group is also the primary obligator responsible for providing the related space and services to the customer and is therefore acting as the principal from the perspective of the customer. As a result, based on the assessment in line with IFRS15, the Group recognises the gross revenue received from contracts with customers at the point in time when power consumption has been assessed and measured.

Other revenue is generated from installation services or other maintenance related customer requests and is recognised at the point in time when installations are complete and specified space is handed over to the customer or relevant work has been completed. Initial direct costs incurred in negotiating and arranging revenue contracts are capitalised and amortised on a straight-line basis over the contract term. Costs to obtain contracts at 30 June 2018 have been disclosed in notes 6 and 7.

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. This relates to the portion of a customer contract deemed to meet the criteria of a lease under IAS 17. There are no contingent rents (2017: US\$nil).

The future aggregate minimum rentals receivable under non-cancellable customer contracts are as follows:

|                                             | Six-month period ended 30<br>June 2018 | Six-month period ended<br>30 June 2017 |
|---------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Continuing operations:</b>               |                                        |                                        |
|                                             | US\$'000                               | US\$'000                               |
| No later than 1 year                        | 26,357                                 | 10,661                                 |
| Later than 1 year and no later than 5 years | 153,407                                | 62,229                                 |
| Later than 5 years                          | 26,083                                 | 21,635                                 |
| <b>Total</b>                                | <b>205,847</b>                         | <b>94,525</b>                          |

The above future aggregate minimum rental and equipment supply receivables pertain to 43 contracts (2017: 40 contracts).

|                                            | Six-month period ended 30<br>June 2018 | Six-month<br>period ended 30 June 2017 |
|--------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Discontinued operations:</b>            |                                        |                                        |
| <b>Revenue from contracts under IFRS15</b> | <b>US\$'000</b>                        | <b>US\$'000</b>                        |
| Equipment supply                           | -                                      | 415                                    |
| Service charge                             | -                                      | 216                                    |
| Power Supply                               | -                                      | 167                                    |
| Other revenue                              | -                                      | 126                                    |
|                                            | -                                      | 924                                    |
| Rental income                              | -                                      | 49                                     |
| <b>Total</b>                               | <b>-</b>                               | <b>973</b>                             |

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 13 Cost of sales

| <b>Continuing operations:</b>        | <b>Six-month period ended 30<br/>June 2018</b> | <b>Six-month period ended 30<br/>June 2017</b> |
|--------------------------------------|------------------------------------------------|------------------------------------------------|
|                                      | <b>US\$'000</b>                                | <b>US\$'000</b>                                |
| Employee benefits expenses (note 14) | 956                                            | 410                                            |
| Depreciation (note 3)                | 4,523                                          | 1,137                                          |
| Other cost of sales                  | 6,451                                          | 2,677                                          |
| <b>Total</b>                         | <b>11,930</b>                                  | <b>4,224</b>                                   |

  

| <b>Discontinued operations:</b>      | <b>Six-month period ended 30<br/>June 2018</b> | <b>Six-month period ended 30<br/>June 2017</b> |
|--------------------------------------|------------------------------------------------|------------------------------------------------|
|                                      | <b>US\$'000</b>                                | <b>US\$'000</b>                                |
| Employee benefits expenses (note 14) | -                                              | 163                                            |
| Depreciation (note 3)                | -                                              | 307                                            |
| Other cost of sales                  | -                                              | 313                                            |
| <b>Total</b>                         | <b>-</b>                                       | <b>783</b>                                     |

### 14 Employee benefits expenses

| <b>Continuing operations:</b>              | <b>Six-month period ended 30<br/>June 2018</b> | <b>Six-month period ended 30<br/>June 2017</b> |
|--------------------------------------------|------------------------------------------------|------------------------------------------------|
|                                            | <b>US\$'000</b>                                | <b>US\$'000</b>                                |
| Wages and salaries                         | 1,937                                          | 1,416                                          |
| Social security and other costs            | 300                                            | 204                                            |
| Pension costs - defined contribution plans | 133                                            | 56                                             |
| Share based payments                       | -                                              | (468)                                          |
| Other staff costs                          | 590                                            | 241                                            |
| <b>Total</b>                               | <b>2,960</b>                                   | <b>1,449</b>                                   |
| Amount included in cost of sales           | <b>(956)</b>                                   | <b>(410)</b>                                   |
| Amount included in administrative expenses | <b>2,004</b>                                   | <b>1,039</b>                                   |

US\$nil (2017: US\$nil) pension costs in relation to the defined contribution plan were accrued as at 30 June 2018.

| <b>Discontinued operations:</b>            | <b>Six-month period ended 30<br/>June 2018</b> | <b>Six-month period ended 30<br/>June 2017</b> |
|--------------------------------------------|------------------------------------------------|------------------------------------------------|
|                                            | <b>US\$'000</b>                                | <b>US\$'000</b>                                |
| Wages and salaries                         | -                                              | 231                                            |
| Social security and other costs            | -                                              | 26                                             |
| Pension costs – defined contribution plans | -                                              | -                                              |
| Other staff costs                          | -                                              | -                                              |
| <b>Total</b>                               | <b>-</b>                                       | <b>257</b>                                     |
| Amount included in cost of sales           | <b>-</b>                                       | <b>(164)</b>                                   |
| Amount included in administrative expenses | <b>-</b>                                       | <b>93</b>                                      |

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 15 Other administrative expenses

| <b>Continuing operations:</b> | <b>Six-month period ended 30<br/>June 2018</b> | Six-month period ended 30<br>June 2017 |
|-------------------------------|------------------------------------------------|----------------------------------------|
|                               | <b>US\$'000</b>                                | US\$'000                               |
| Professional fees             | 1,275                                          | 1,397                                  |
| Marketing fees                | 224                                            | 345                                    |
| Office and administration     | 1,317                                          | 1,002                                  |
| Travel costs                  | 456                                            | 400                                    |
| Other costs                   | 165                                            | -                                      |
| <b>Total</b>                  | <b>3,437</b>                                   | <b>3,144</b>                           |

  

| <b>Discontinued operations:</b> | <b>Six-month period ended 30<br/>June 2018</b> | Six-month<br>period ended 30 June 2017 |
|---------------------------------|------------------------------------------------|----------------------------------------|
|                                 | <b>US\$'000</b>                                | US\$'000                               |
| Professional fees               | -                                              | 207                                    |
| Marketing fees                  | -                                              | 11                                     |
| Office and administration       | -                                              | 21                                     |
| Travel costs                    | -                                              | 37                                     |
| Other costs                     | -                                              | 812                                    |
| <b>Total</b>                    | <b>-</b>                                       | <b>1,088</b>                           |

During the period the Group obtained the following services from the Companies auditors and its associates:

- Fee payable by the Group to the Company's auditor and its associates for the audit of the consolidated financial statements and statutory financial statements is US\$120,000 (6 months ended 30 June 2017: US\$210,000).
- Fee payable by the Group to the Company's auditor for tax compliance and tax related services is US\$nil (6 months ended 30 June 2017: US\$9,500).
- Fees payable by the Group to the Company's auditor for financial and tax due diligence in relation to the acquisition of London Two US\$nil (2017: US\$298,000).
- Fees payable by the Group to the Company's auditor for financial and tax work in relation to the sale of the Group to CyrusOne is US\$450,000 (2017: US\$nil).
- Other fees of US\$nil (2017: US\$37,000) primarily relating to transfer pricing advisory fees.



# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 16 Exceptional items

|                                                                | Six-month period ended 30<br>June 2018 | Six-month period ended<br>30 June 2017 |
|----------------------------------------------------------------|----------------------------------------|----------------------------------------|
|                                                                | US\$'000                               | US\$'000                               |
| Professional fees related to acquisition of Zenium UK2 Limited | —                                      | 842                                    |
| Professional costs related to the disposal of the Group        | 4,484                                  | —                                      |
| Settlement of legal case                                       | (59)                                   | (2,454)                                |
| <b>Total exceptional items</b>                                 | <b>4,425</b>                           | <b>(1,612)</b>                         |

The above items relate to non-recurring items.

- Professional costs incurred in relation to the disposal of the Group represent professional fees incurred associated with the acquisition of the Group by CyrusOne as detailed in note 24. Whilst completion occurred post period end, the majority of costs were incurred prior to 30 June 2018. US\$4,484,000 was expensed in the current period and US\$10,697,000 in the period from 1 July 2017 to 31 December 2017.
- Of the total costs, US\$13,578,000 is accrued at 30 June 2018— see note 11 and £10,362,000 at 31 December 2017
- Total fees incurred are in relation to legal fees, investment banker fees, due diligence, tax and other financial related cost and company secretarial fees, all of which directly relate to the sale of the Group.
- The Imtech legal case which commenced in January 2015 and settled in the prior period in February 2017. This legal case was in relation to an ongoing case surrounding the fit out works in Frankfurt One. This resulted in an amount received of US\$2,243,000 and a release of US\$148,000 of the legal provision held in relation to legal fees during the period ended 30 June 2017, with \$30k held as at 31 December 2017. This remaining provision was released in the current period with \$29k of overpaid legal fees also being reimbursed.
- The prior period comparative also includes professional fees associated with the acquisition of Zenium UK2 Limited which is discussed in note 19.

### 17 Finance income and costs

|                                            | Six-month period ended 30<br>June 2018 | Six-month period ended<br>30 June 2017 |
|--------------------------------------------|----------------------------------------|----------------------------------------|
|                                            | US\$'000                               | US\$'000                               |
| Interest expense on bank borrowings        | (1,431)                                | (703)                                  |
| Interest expense on interest rate swap     | (84)                                   | (52)                                   |
| Amortisation of debt issue costs (note 10) | (271)                                  | (18)                                   |
| Bank and other charges                     | (592)                                  | -                                      |
| Fair value loss on interest rate swap      | (190)                                  | -                                      |
| Finance charge in respect of finance lease | (488)                                  | (344)                                  |
| Other interest expense                     | -                                      | (103)                                  |
| Interest expense - related parties         | (51)                                   | -                                      |
| <b>Total finance costs</b>                 | <b>(3,107)</b>                         | <b>(1,220)</b>                         |
| Interest income on short term deposits     | 22                                     | -                                      |
| <b>Finance income</b>                      | <b>22</b>                              | <b>-</b>                               |

The above amounts relate to continuing operations. No finance income or costs were incurred in relation to discontinued operations.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 18 Discontinued operations

#### (a) Description

On 6 October 2017 Zenium EMSPC Limited ("EM SPC") completed the sale of Zenium EM2 Limited ("EM2") together with its subsidiary undertakings to Equinix (Netherlands) Holdings B.V. for consideration of US\$93,000,000.

As at 30 June 2017 the sale was not yet certain and therefore the sub-group was not classified as held for sale, this criteria is deemed to be met on exchange of the SPA which occurred in September 2017. As such, the EM2 sub-group has been presented as discontinued operations within the 30 June 2017 comparatives.

#### (b) Financial performance and cash flow information

The financial performance and cash flow information are presented below:

|                                                         | Six-month period ended<br>30 June 2018 | Six-month period ended<br>30 June 2017 |
|---------------------------------------------------------|----------------------------------------|----------------------------------------|
|                                                         | US\$'000                               | US\$'000                               |
| Revenue                                                 | -                                      | 973                                    |
| Expenses                                                | -                                      | (2,193)                                |
| Loss before tax                                         | -                                      | (1,220)                                |
| Income tax expense                                      | -                                      | -                                      |
| <b>Loss after income tax on discontinued operations</b> | <b>-</b>                               | <b>(1,220)</b>                         |

### 19 Contingencies and commitments

The future aggregate minimum rentals payable under non-cancellable operating leases are, as prepared under IAS17, as follows:

|                                             | 30 June<br>2018 | 31 December<br>2017 |
|---------------------------------------------|-----------------|---------------------|
|                                             | US\$'000        | US\$'000            |
| No later than 1 year                        | 1,360           | 1,435               |
| Later than 1 year and no later than 5 years | 5,379           | 5,473               |
| Later than 5 years                          | 33,649          | 35,142              |
| <b>Total</b>                                | <b>40,388</b>   | <b>42,050</b>       |

As at 30 June 2018 there is committed capex spend of US\$51,345,000 (2017: US\$56,718,000) relating to works committed through signed contracts with customers.

Expenses for operating leases for the period ended 30 June 2018 were US\$699,000 (2017: US\$954,000).

No amounts in the current period or prior year relate to discontinued operations.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 20 Related party transactions

On 24 August 2018 the Group's immediate parent company became CyrusOne Dutch Holdings BV and its ultimate controlling party changed to CyrusOne Inc following the acquisition of the entire share capital of the Group. The previous parent company and ultimate controlling party were Quantum Strategic Partners Limited ('QSP') who are no longer deemed to be a related party of the Group.

The Directors of the Group are as follows:

- Franek Sodzawiczny (appointed 21 November 2013, resigned 24 August 2018)
- Srdjan Vukovic (appointed 21 November 2013, resigned 24 August 2018)
- Alex Fridlyand (appointed 21 November 2013, resigned 24 August 2018)
- Nigel Rogers (Non-executive) (appointed 21 November 2013, resigned 24 August 2018)
- Robert Jackson (appointed 24 August 2018)
- Erik Leban (appointed 24 August 2018)

Key management of the Group also includes:

- Matt Pullen Managing Director
- Julian King Commercial Director
- Chester Reid CFO

This is unchanged following the acquisition of the Group by CyrusOne Inc.

QSP issued an unsecured loan to the Company for the amount of US\$19,000,000, which was repayable on demand and accrued a 12% interest rate. Accrued interest at 30 June 2018 was US\$51,000 see note 18. This loan was discharged on completion of the above transaction see Note 24.

See note 24 for post balance-sheet date related party transactions that occurred as a result of the transaction above. As at 30 June 2018, the amount due from related parties is US\$1,605,000 (2017: \$1,608,000), this was settled in full on date of acquisition of the Group by Cyrus One Inc, see note 7. As a result, there are no remaining amounts owed by key management to the Group and all Ordinary and Preference shares held by management have also been settled.

### 21 Subsidiary undertakings

The Company subsidiaries as at 30 June 2018 were:

| Name                                                      | Country of incorporation and place of business | Activity    |
|-----------------------------------------------------------|------------------------------------------------|-------------|
| <b>Directly held:</b>                                     |                                                |             |
| Zenium Holdings Limited (100% shareholding)               | Ireland                                        | Investment  |
| <b>Indirectly held:</b>                                   |                                                |             |
| Zenium Technology Partners Limited (100% shareholding)    | UK                                             | Service Co  |
| Zenium Technology Partners 2 Limited (62.4% shareholding) | UK                                             | Service Co  |
| Zenium Germany GmbH (100% shareholding)                   | Germany                                        | Data centre |
| Echo 4 GmbH (100% shareholding)                           | Germany                                        | Dormant     |
| Zenium EMSPC Limited (62.4% shareholding)                 | Cayman                                         | Holding Co  |
| Zenium UK Limited (100%)                                  | UK                                             | Data centre |
| Zenium UK2 Limited (100%)                                 | UK                                             | Data centre |
| Zenium UK3 Limited (100%)                                 | UK                                             | Data centre |

Zenium UK3 Limited was incorporated during the period on 23 February 2018.

# Zenium Topco Limited

## Notes to the condensed consolidated financial statements (continued)

### 21 Subsidiary undertakings (continued)

The Company subsidiaries as at 31 December 2017 were:

| Name                                                      | Country of incorporation and place of business | Activity    |
|-----------------------------------------------------------|------------------------------------------------|-------------|
| <b>Directly held:</b>                                     |                                                |             |
| Zenium Holdings Limited (100% shareholding)               | Ireland                                        | Investment  |
| <b>Indirectly held:</b>                                   |                                                |             |
| Zenium Technology Partners Limited (100% shareholding)    | UK                                             | Service Co  |
| Zenium Technology Partners 2 Limited (62.4% shareholding) | UK                                             | Service Co  |
| Zenium Germany GmbH (100% shareholding)                   | Germany                                        | Data centre |
| Echo 4 GmbH (100% shareholding)                           | Germany                                        | Dormant     |
| Zenium EMSPC Limited (62.4% shareholding)                 | Cayman                                         | Holding Co  |
| Zenium UK Limited (100%)                                  | UK                                             | Data centre |
| Zenium UK2 Limited (100%)                                 | UK                                             | Data centre |

Zenium Technology Partners 2 Limited, Zenium UK3 Limited and Zenium EM SPC Limited were disposed of on 23 August 2018, see note 24.

### 22 Restricted cash

The Group has restricted cash of US\$296,000 (2017: US\$241,000) held as a reserve account and cash sweep for the Lombard debt facility entered into the year to fund Zenium UK2 Limited.

### 23 Non-controlling interest

As at 30 June 2018 there is non-controlling interest of \$39,000 in relation to share capital on shares held by management in EM SPC and an associated US\$381,000 of deferred consideration due on these shares (2017: \$42,790,000). This arose as a result of the following transactions which occurred in the prior year:

- On 6 October 2017 Zenium EM2 Limited and its subsidiaries were disposed of by Zenium EMSPC Limited. Subsequently, a share buy-back by Zenium Holdings Limited, of the minority interest's shares in Zenium EMSPC Limited, then ensued. The minority interest held, by two external parties, in relation to Zenium EMSPC Limited, and also as a consequence the EM2 Limited sub-group, was settled at US\$1 each. The buy-back occurred following a total distribution to the minority of \$42,751,000, this distribution was made as follows:
  - US\$40,694,000 to the minority interest, which was settled net of the minority interests share of transactions costs of US\$1,879,000 and was in respect of net proceeds received on the sale of the Turkey data centre.
  - Further additional payments of US\$2,057,000 were made to the minority interest. US\$1,557,000 of this was paid directly by the Group and US\$500,000 was paid from the buyer, Equinix, on behalf of Zenium as part of the agreement to exit the external minority interest.
- US\$39,000 remains in minority interest in relation to share capital of shares held by management in EM SPC and an associated US\$381,000 of deferred consideration due on these shares, this was settled in August 2018, see note 24 for details.

# ***Zenium Topco Limited***

## ***Notes to the condensed consolidated financial statements*** (continued)

### ***23 Non-controlling interest*** (continued)

Under the terms of Zenium EM SPC Limited's shareholder agreement neither the preference shareholders nor the common shareholders are entitled to profits of Zenium EM SPC Limited until its directors declare a distribution of profits, which occurred as detailed above.

### ***24 Events after the date of the financial position***

On 24 August 2018 acquisition of the share capital of the Group by CyrusOne Inc completed. As a result of this transaction, the Group's ultimate controlling party is now CyrusOne Inc and Quantum Strategic Partners Limited cease to be involved with the Group.

The following items occurred after the date of the financial position:

- A change in Directors was made, see note 20 for details.
- Repayment of Lombard debt facility – the outstanding facility of \$29,617k which include associated fees, was repaid to Lombard. This was settled with proceeds from the sale of the Group and therefore has been recognised as a capital contribution within Zenium TopCo Limited.
- Similarly, the loan from Quantum Strategic Partners Limited of \$19,000,000 was repaid using sale proceeds. Interest of \$392k had accrued to 24 August 2018 and as such, \$19,392,000 was then recognised as a capital contribution in TopCo.
- The shareholder loans held by key management were repaid on completion, this includes the EM SPC deferred consideration. The total amounts repaid were \$1,641,000.
- Assets, held by Zenium UK3 Limited including a power contract were novated to CyrusOne UK3 Limited prior to completion, on 15 August 2018 at book value.
- Zenium Technology Partners 2 Limited, Zenium EM SPC Limited and Zenium UK3 Limited were then sold to a Quantum Strategic Partners Limited ("QSP") subsidiary on 23 August 2018 with no trading activity and immaterial assets and liabilities remaining. These entities will be liquidated by QSP.
- Zenium Holdings Limited declared a dividend of \$264,649 to Zenium EM SPC Limited prior to disposal of the entity.

## CYRUSONE INC. AND SUBSIDIARIES

## UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

The following Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2017 and the nine months ended September 30, 2018 have been derived from the historical consolidated financial statements of CyrusOne Inc. (together with its subsidiaries, the "Company") and Zenium Topco Limited, a Cayman Islands Company ("Zenium"), as adjusted to give effect to the acquisition of Zenium by a wholly owned subsidiary of CyrusOne Inc. and the incurrence of additional debt under CyrusOne LP's credit facility (collectively, the "Transactions") and are intended to reflect the impact of the Transactions on the Company on a pro forma basis for the year ended December 31, 2017 and the nine months ended September 30, 2018.

The Unaudited Pro Forma Condensed Combined Statements of Operations have been prepared by the Company as an acquisition of assets rather than a business in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 805-50. As an asset acquisition, the cost to acquire the group of assets is allocated to the individual assets acquired or liabilities assumed based on their relative fair values. The relative fair values of identifiable tangible and intangible assets acquired and liabilities assumed from the acquisition of Zenium are based on fair value using assumptions described in the Company's Quarterly Report on Form 10-Q as of and for the nine months ended September 30, 2018, as filed with the United States Securities and Exchange Commission ("SEC") on October 31, 2018.

The acquisition of Zenium is an acquisition of real estate operations under Rule 3-14 of Regulation S-X. Pursuant to relief granted to the Company by the staff of the SEC's Division of Corporation Finance, full financial statements of Zenium, including the notes thereto, have been included as Exhibits 99.1 and 99.2 to this Current Report Form 8-K in lieu of Rule 3-14 abbreviated financial statements.

The following Unaudited Pro Forma Condensed Combined Statements of Operations are based on, and should be read in conjunction with:

- The accompanying notes to the Unaudited Pro Forma Condensed Combined Statements of Operations;
- The historical audited consolidated financial statements of the Company and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the SEC on February 22, 2018;
- The historical unaudited condensed consolidated interim financial statements of the Company and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in its Quarterly Report on Form 10-Q as of and for the nine months ended September 30, 2018, as filed with the SEC on October 31, 2018;
- The historical audited consolidated statement of financial position of Zenium as of December 31, 2017 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2017 (included as Exhibit 99.1 to this Current Report Form 8-K);
- The interim unaudited condensed consolidated statement of financial position of Zenium as at June 30, 2018 and the interim unaudited condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2018 (included as Exhibit 99.2 to this Current Report Form 8-K);

The Unaudited Pro Forma Condensed Combined Statement of Operations for the nine months ended September 30, 2018 combines the Company's historical results for the nine months ended September 30, 2018 with Zenium's unaudited condensed consolidated Statement of Operations for the six months ended June 30, 2018 and the results of Zenium's operations for the period from July 1, 2018 through August 24, 2018, the acquisition date. The Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2017 combines the Company's historical results for the year ended December 31, 2017 with Zenium's historical results for the year ended December 31, 2017. The Unaudited Pro Forma Condensed Combined Statements of Operations give effect to the Transactions as if they had been consummated on January 1, 2017.

The Unaudited Pro Forma Condensed Combined Statements of Operations have been prepared to reflect adjustments to the Company's historical consolidated financial information that are (i) directly attributable to the Transactions, (ii) factually supportable and (iii) expected to have a continuing impact on the combined results.

The Unaudited Pro Forma Condensed Combined Statements of Operations are presented for informational purposes only and are not necessarily indicative of the operating results or financial position that actually would have been achieved if the Transactions had occurred on the dates indicated or that may be achieved in future periods. The Unaudited Pro Forma Condensed Combined Statements of Operations also do not reflect any cost savings, operating synergies or revenue enhancements that the Company may achieve with respect to combining the companies or costs to integrate the assets or the impact of any non-recurring activity and any one-time transaction related costs. Synergies and integration costs have been excluded from consideration because they do not meet the criteria for unaudited pro forma adjustments.

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**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

Historical

| (in millions, except per share amounts)                          | CyrusOne Inc. | Zenium Year to Date<br>Period Ended August<br>24, 2018 (as<br>reclassified) - (see Note<br>3) | Pro Forma<br>Adjustments | Note Reference | Pro Forma<br>Combined Company |
|------------------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------|--------------------------|----------------|-------------------------------|
| Revenue:                                                         |               |                                                                                               |                          |                |                               |
| Lease and other revenues from customers                          | \$ 525.2      | \$ 22.3                                                                                       | \$ (2.0)                 | 4(a), 4(b)     | \$ 545.5                      |
| Metered power reimbursements                                     | 74.9          | 4.5                                                                                           | —                        |                | 79.4                          |
| Revenue                                                          | 600.1         | 26.8                                                                                          | (2.0)                    |                | 624.9                         |
| Operating expenses:                                              |               |                                                                                               |                          |                |                               |
| Property operating expenses                                      | 214.4         | 18.1                                                                                          | (1.8)                    | 4(b)           | 230.7                         |
| Sales and marketing                                              | 14.0          | 0.3                                                                                           | (0.1)                    | 4(c)           | 14.2                          |
| General and administrative                                       | 57.2          | 11.7                                                                                          | —                        |                | 68.9                          |
| Depreciation and amortization                                    | 236.2         | 5.1                                                                                           | 23.4                     | 4(d)           | 264.7                         |
| Transaction and acquisition integration costs                    | 3.4           | 6.3                                                                                           | (6.3)                    | 4(e)           | 3.4                           |
| Total operating expenses                                         | 525.2         | 41.5                                                                                          | 15.2                     |                | 581.9                         |
| Operating income (loss)                                          | 74.9          | (14.7)                                                                                        | (17.2)                   |                | 43.0                          |
| Interest expense                                                 | (69.4)        | (5.9)                                                                                         | (9.4)                    | 4(f), 4(g)     | (84.7)                        |
| Unrealized gain on marketable equity investment                  | 106.6         | —                                                                                             | —                        |                | 106.6                         |
| Loss on extinguishment of debt                                   | (3.1)         | —                                                                                             | —                        |                | (3.1)                         |
| Net income (loss) from continuing operations before income taxes | 109.0         | (20.6)                                                                                        | (26.6)                   |                | 61.8                          |
| Income tax (expense) benefit                                     | (2.0)         | —                                                                                             | 2.8                      | 4(h)           | 0.8                           |
| Net income (loss) from continuing operations                     | 107.0         | (20.6)                                                                                        | (23.8)                   |                | 62.6                          |
| Weighted average shares of common stock outstanding - basic      | 97.8          |                                                                                               |                          |                | 97.8                          |
| Weighted average shares of common stock outstanding - diluted    | 98.4          |                                                                                               |                          |                | 98.4                          |
| Net income per share - basic                                     | \$ 1.09       |                                                                                               |                          |                | \$ 0.64                       |
| Net income per share - diluted                                   | \$ 1.08       |                                                                                               |                          |                | \$ 0.64                       |

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2017**

Historical

| (in millions, except per share amounts)                          | CyrusOne Inc. | Zenium (as reclassified)<br>- (see Note 3) | Pro Forma<br>Adjustments | Note Reference | Pro Forma<br>Combined Company |
|------------------------------------------------------------------|---------------|--------------------------------------------|--------------------------|----------------|-------------------------------|
| Revenue:                                                         |               |                                            |                          |                |                               |
| Base revenue and other                                           | \$ 602.4      | \$ 17.9                                    | \$ 0.2                   | 4(a)           | \$ 620.5                      |
| Metered power reimbursements                                     | 69.6          | 3.9                                        | —                        |                | 73.5                          |
| Revenue                                                          | 672.0         | 21.8                                       | 0.2                      |                | 694.0                         |
| Operating expenses:                                              |               |                                            |                          |                |                               |
| Property operating expenses                                      | 235.1         | 13.7                                       | —                        |                | 248.8                         |
| Sales and marketing                                              | 17.0          | 0.4                                        | —                        |                | 17.4                          |
| General and administrative                                       | 67.0          | 1.2                                        | —                        |                | 68.2                          |
| Depreciation and amortization                                    | 258.9         | 5.9                                        | 35.0                     | 4(d)           | 299.8                         |
| Transaction, acquisition, integration and other related expenses | 11.9          | 9.4                                        | (9.4)                    | 4(e)           | 11.9                          |
| Asset impairments                                                | 58.0          | —                                          | —                        |                | 58.0                          |
| Total operating expenses                                         | 647.9         | 30.6                                       | 25.6                     |                | 704.1                         |
| Operating income (loss)                                          | 24.1          | (8.8)                                      | (25.4)                   |                | (10.1)                        |
| Interest expense                                                 | (68.1)        | (4.4)                                      | (10.3)                   | 4(f), 4(g)     | (82.8)                        |
| Loss on early extinguishment of debt                             | (36.5)        | —                                          | —                        |                | (36.5)                        |
| Net loss from continuing operations before income taxes          | (80.5)        | (13.2)                                     | (35.7)                   |                | (129.4)                       |
| Income tax (expense) benefit                                     | (3.0)         | 0.1                                        | 2.9                      | 4(h)           | —                             |
| Net loss from continuing operations                              | (83.5)        | (13.1)                                     | (32.8)                   |                | (129.4)                       |
| Basic weighted average common shares outstanding                 | 88.9          |                                            |                          |                | 88.9                          |
| Diluted weighted average common shares outstanding               | 88.9          |                                            |                          |                | 88.9                          |
| Loss per share - basic and diluted                               | \$ (0.95)     |                                            |                          |                | \$ (1.47)                     |



## CYRUSONE INC. AND SUBSIDIARIES

### NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

#### 1. Description of Transaction

On August 24, 2018, CyrusOne Inc. completed its acquisition of Zenium and certain other affiliated entities, pursuant to a Sale and Purchase Agreement, dated December 21, 2017 (as amended from time to time, the "Sale and Purchase Agreement") by and among the Company, CyrusOne Dutch Holdings B.V. ("Purchaser"), a Dutch limited liability company and a wholly owned subsidiary of the Company, CyrusOne LP, a Maryland limited partnership and wholly owned subsidiary of the Company, Zenium, ZTL Seller Rep, LLC, a Delaware limited liability company, Quantum Strategic Partners Ltd. ("Quantum"), a Cayman Islands company, and certain other sellers (together with Quantum, the "Sellers"). As consideration for the acquisition of Zenium, the Purchaser paid aggregate cash consideration of \$461.8 million, net of approximately \$12.7 million of cash acquired, and assumed outside indebtedness of approximately \$86.3 million. The Company financed the acquisition with proceeds from its \$300.0 million delayed draw term loan and \$174.5 million revolver borrowings under its existing credit facility.

#### 2. Basis of Presentation

The Unaudited Pro Forma Condensed Combined Statements of Operations should be read in conjunction with the Company's audited and unaudited consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and in our Quarterly Report on Form 10-Q for the nine months ended September 30, 2018 and the audited and unaudited consolidated financial statements of Zenium included as exhibits to the Current Report on Form 8-K, filed on October 31, 2018.

The Unaudited Pro Forma Condensed Combined Statements of Operations has been prepared by the Company as an acquisition of assets rather than a business in accordance with FASB ASC Subtopic 805-50. As an asset acquisition, the cost to acquire the group of assets is allocated to the individual assets acquired or liabilities assumed based on their relative fair values. The relative fair values of identifiable tangible and intangible assets acquired and liabilities assumed from the Transaction are based on a preliminary estimate of fair value using assumptions described in the Company's Quarterly Report on Form 10-Q as of and for the nine months ended September 30, 2018, as filed with the SEC on October 31, 2018.

The Unaudited Pro Forma Condensed Combined Statements of Operations included herein have been prepared pursuant to the rules and regulations of the SEC. Certain information and certain footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations; however, management believes that the disclosures are adequate to make the information presented not misleading.

The Unaudited Pro Forma Condensed Combined Statement of Operations for the nine months ended September 30, 2018 were derived from CyrusOne Inc.'s unaudited consolidated Statement of Operations for the nine months ended September 30, 2018, and from Zenium's unaudited condensed consolidated Statement of Operations for the six months ended June 30, 2018 and the results of Zenium's operations for the period from July 1, 2018 through August 24, 2018. The Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2017 was derived from CyrusOne Inc.'s audited consolidated Statement of Operations for the year ended December 31, 2017, and from Zenium's audited consolidated Statement of Operations for the year ended December 31, 2017.

#### 3. Reclassifications of Historical Zenium

Financial information presented in the "Zenium" columns in the Unaudited Pro Forma Condensed Combined Statement of Operations represents the historical Statement of Operations of Zenium for the year ended December 31, 2017 and the sum of the historical Statement of Comprehensive Income of Zenium for the year to date period ended August 24, 2018. Such financial information has been reclassified or classified to conform to the historical presentation in the Company's consolidated Statement of Operations as set forth below. While Zenium has prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, no reclasses or proforma adjustments were required in order to present the financial statements in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). Unless otherwise indicated, defined line items included in the footnotes have the meanings given to them in the historical financial statements of Zenium.

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Reclassification of the Unaudited Pro Forma Condensed Combined Statement of Operations for the year to date period ended August 24, 2018:

|                                                                  | Zenium (IFRS)                  |                                             |                                           | Reclassifications | #   | Zenium (US GAAP as reclassified) |
|------------------------------------------------------------------|--------------------------------|---------------------------------------------|-------------------------------------------|-------------------|-----|----------------------------------|
|                                                                  | Six Months Ended June 30, 2018 | Period from July 1, 2018 to August 24, 2018 | Year to Date Period Ended August 24, 2018 |                   |     |                                  |
| <i>(in millions of USD)</i>                                      |                                |                                             |                                           |                   |     |                                  |
| Revenue                                                          | 18.5                           | 8.3                                         | 26.8                                      | (26.8)            | (1) | —                                |
| Lease and other revenue from customers                           | —                              | —                                           | —                                         | 22.3              | (1) | 22.3                             |
| Metered power reimbursements                                     | —                              | —                                           | —                                         | 4.5               | (1) | 4.5                              |
| Cost of sales                                                    | 11.9                           | 6.2                                         | 18.1                                      | (18.1)            | (2) | —                                |
| Property operating expenses                                      | —                              | —                                           | —                                         | 18.1              | (2) | 18.1                             |
| Sales and marketing                                              | —                              | —                                           | —                                         | 0.3               | (4) | 0.3                              |
| General and administrative                                       | —                              | —                                           | —                                         | 11.7              | (3) | 11.7                             |
| Other administrative expenses                                    | 3.5                            | 0.6                                         | 4.1                                       | (4.1)             | (4) | —                                |
| Employee benefits expenses                                       | 2.0                            | 0.7                                         | 2.7                                       | (2.7)             | (3) | —                                |
| Depreciation of property, plant and equipment                    | 3.0                            | 0.9                                         | 3.9                                       | (3.9)             | (5) | —                                |
| Amortisation of intangible assets                                | 0.5                            | 0.7                                         | 1.2                                       | (1.2)             | (5) | —                                |
| Depreciation and amortization                                    | —                              | —                                           | —                                         | 5.1               | (5) | 5.1                              |
| Exceptional items                                                | 4.4                            | 1.9                                         | 6.3                                       | (6.3)             | (6) | —                                |
| Foreign exchange losses                                          | 0.2                            | —                                           | 0.2                                       | (0.2)             | (3) | —                                |
| Transaction, acquisition, integration and other related expenses | —                              | —                                           | —                                         | 6.3               | (6) | 6.3                              |
| Finance costs                                                    | (3.1)                          | (2.8)                                       | (5.9)                                     | 5.9               | (7) | —                                |
| Interest Expense                                                 | —                              | —                                           | —                                         | (5.9)             | (7) | (5.9)                            |
| Foreign exchange on intra-group borrowings                       | (4.6)                          | (0.4)                                       | (5.0)                                     | 5.0               | (3) | —                                |

- (1) Represents reclassification from "Revenue" of \$26.8 million to "Lease and other revenue from customers" of \$22.3 million and "Metered power reimbursements" of \$4.5 million.
  - (2) Represents reclassification of "Cost of sales" of \$18.1 million to "Property operating expenses."
  - (3) Represents reclassification of "Other administrative expenses" of \$3.8 million, reclassification of "Employee benefits expense" of \$2.7 million, reclassification of "Foreign exchange losses" of \$0.2 million and reclassification of "Foreign exchange on intra-group borrowings" of \$5.0 million to "General and administrative."
  - (4) Represents reclassification of "Other administrative expense" of \$0.3 million to "Sales and marketing."
  - (5) Represents reclassification of "Depreciation of property, plant and equipment" of \$3.9 million and "Amortisation of intangible assets" of \$1.2 million to "Depreciation and amortization."
  - (6) Represents reclassification of "Exceptional items" of \$6.3 million to "Transaction, acquisition, integration and other related expenses."
  - (7) Represents reclassification of "Finance costs" of \$5.9 million to "Interest expense."
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Reclassification of the Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2017:

| <i>(in millions of USD)</i>                                      | <b>Zenium (IFRS)</b> | <b>Reclassifications</b> | <b>#</b> | <b>Zenium<br/>(US GAAP as<br/>reclassified)</b> |
|------------------------------------------------------------------|----------------------|--------------------------|----------|-------------------------------------------------|
| Revenue                                                          | 21.8                 | (21.8)                   | (1)      | —                                               |
| Base revenue and other                                           | —                    | 17.9                     | (1)      | 17.9                                            |
| Metered power reimbursements                                     | —                    | 3.9                      | (1)      | 3.9                                             |
| Cost of sales                                                    | 13.7                 | (13.7)                   | (2)      | —                                               |
| Property operating expenses                                      | —                    | 13.7                     | (2)      | 13.7                                            |
| Sales and marketing                                              | —                    | 0.4                      | (4)      | 0.4                                             |
| General and administrative                                       | —                    | 1.2                      | (3)      | 1.2                                             |
| Other administrative expenses                                    | 4.6                  | (4.6)                    | (3), (4) | —                                               |
| Employee benefits expenses                                       | 5.7                  | (5.7)                    | (3)      | —                                               |
| Depreciation of property, plant and equipment                    | 5.0                  | (5.0)                    | (5)      | —                                               |
| Amortisation of intangible assets                                | 0.9                  | (0.9)                    | (5)      | —                                               |
| Depreciation and amortization                                    | —                    | 5.9                      | (5)      | 5.9                                             |
| Exceptional items                                                | 9.4                  | (9.4)                    | (6)      | —                                               |
| Foreign exchange losses                                          | 0.2                  | (0.2)                    | (3)      | —                                               |
| Transaction, acquisition, integration and other related expenses | —                    | 9.4                      | (6)      | 9.4                                             |
| Finance income                                                   | 0.1                  | (0.1)                    | (7)      | —                                               |
| Finance costs                                                    | (4.5)                | 4.5                      | (7)      | —                                               |
| Interest Expense                                                 | —                    | (4.4)                    | (7)      | (4.4)                                           |
| Foreign exchange on Group borrowings                             | 8.9                  | (8.9)                    | (3)      | —                                               |
| Income tax (expense) benefit                                     | 0.1                  | —                        |          | 0.1                                             |

- (1) Represents reclassification from “Revenue” of \$21.8 million to “Base revenue and other” of 17.9 million and “Metered power reimbursements” of \$3.9 million.
- (2) Represents reclassification of “Cost of sales” of \$13.7 million to “Property operating expenses.”
- (3) Represents reclassification of “Other administrative expenses” of \$4.2 million, reclassification of “Employee benefits expense” of \$5.7 million, reclassification of “Foreign exchange losses” of \$0.2 and reclassification of “Foreign exchange on Group borrowings” of \$8.9 million to “General and administrative.”
- (4) Represents reclassification of “Other administrative expense” of \$0.4 million to “Sales and marketing.”
- (5) Represents reclassification of “Depreciation of property, plant and equipment” of \$5.0 million and reclassification of “Amortisation of intangible assets” of \$0.9 million to “Depreciation and amortization.”
- (6) Represents reclassification of “Exceptional items” of \$9.4 million to “Transaction, acquisition, integration and other related expenses.”
- (7) Represents reclassification of “Finance costs” of \$4.5 million and reclassification of “Finance income” of \$0.1 million to “Interest expense.”

#### 4. Unaudited Pro Forma Condensed Combined Statements of Operations Adjustments

The Unaudited Pro Forma Condensed Combined Statements of Operations reflect the effect of the following pro forma adjustments:

- (a) Certain Zenium contracts have rents that have fixed minimum increases each year; revenue under those contracts is recognized on a straight-line basis over the contract term. Upon application of asset acquisition accounting assuming the Transaction occurred on January 1, 2017, the amount of revenue recognized on a straight-line basis under these contracts would have been higher by \$0.1 million for the nine months ended September 30, 2018 and \$0.2 million for the year ended December 31, 2017.
- (b) Adjustment reflects the removal of revenues of \$2.1 million and property operating expenses of \$1.8 million for the nine months ended September 30, 2018, which were incurred as a result of a Costs Reimbursement Agreement between the Company and Zenium prior to the Transaction that would have been eliminated in consolidation if the transaction occurred on January 1, 2017.
- (c) Adjustment reflects the removal of broker commission expenses of \$0.1 million for the nine months ended September 30, 2018 related to leases commencing prior to the assumption of the Transaction occurring on January 1, 2017.
- (d) Adjustment reflects an increase to depreciation and amortization expense for the nine months ended September 30, 2018 and the year ended December 31, 2017 of \$23.4 million and \$35.0 million, respectively, related to the step up in basis in investment in real estate of \$293.3 million, and to increased amortization expense for intangible assets of \$62.8 million recognized upon the application of asset acquisition accounting.
- (e) Adjustment reflects the removal of direct, incremental transaction costs of \$6.3 million and \$9.4 million, which were incurred during the nine months ended September 30, 2018 and the year ended December 31, 2017, respectively. These costs are removed from the pro forma statement of operations as a non-recurring charge directly related to the transaction that was already reflected in the historical statement of operations of Zenium.
- (f) Adjustment reflects that, to consummate the Transaction, CyrusOne LP borrowed \$300.0 million term loan under a delayed draw term loan, which bears interest at LIBOR plus 1.40% (estimated to be 2.12%) and \$174.5 million under its revolving credit facility, which bears interest at LIBOR plus 1.45% (estimated to be 2.94%). This adjustment reflects the increase in interest expense associated with this additional debt of \$10.1 million and \$11.5 million, for the nine months ended September 30, 2018 and the year ended December 31, 2017. A hypothetical 0.125% increase or decrease in the expected weighted average interest rate under the senior unsecured credit facility would increase or decrease interest expense associated with the Transactions by \$0.4 million and \$0.6 million for the nine month period ended September 30, 2018 and the year ended December 31, 2017, respectively.
- (g) Adjustment reflects the removal of interest expense, including related debt issue costs, of \$0.7 million and \$1.2 million for the nine months ended September 30, 2018 and the year ended December 31, 2017, respectively, related to Zenium debt that was paid off in connection with the Transactions.
- (h) Adjustment reflects the income tax benefit of \$2.8 million and \$2.9 million for the nine months ended September 30, 2018 and the year ended December 31, 2017, respectively, related to the book-tax differences created by the remeasurement of fixed assets and intangible assets to fair value for book purposes. Such amounts were not remeasured for tax purposes and give rise to temporary differences that will unwind over the useful lives of the assets.