

# DATA CENTER

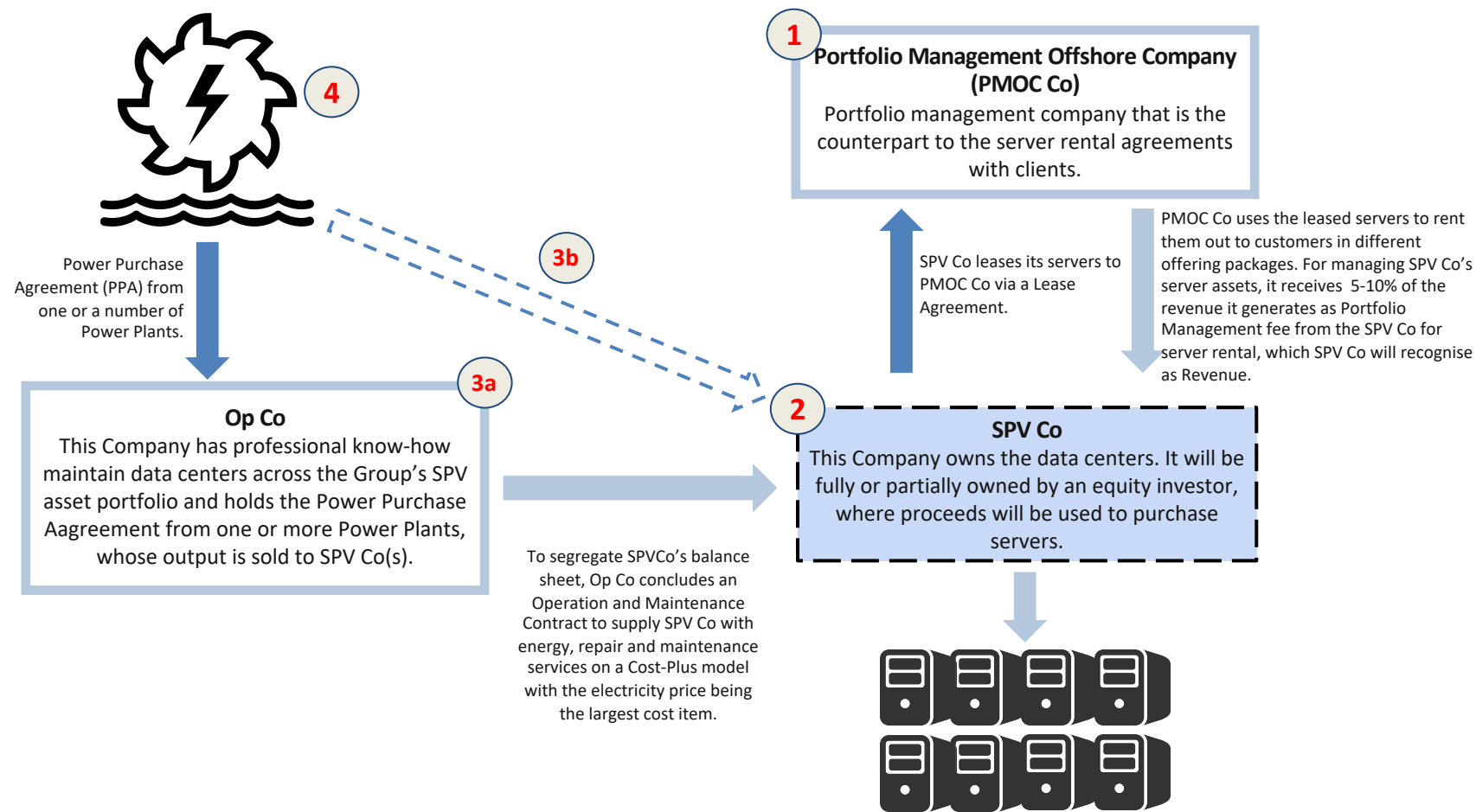
## Business Organisation Scheme

9.2020

### EXECUTIVE SUMMARY

- Subject plan proposes a replicable business model for the (i) corporate structure, (ii) complete debt/equity financing model, (iii) staffing of a company owning and operating containerized mobile data center units. The data center units are housing servers which will be rented on a monthly basis under an "on premises" hosting model.

# ENTERPRISE CORPORATE INFRASTRUCTURE MODEL



1 Proposed jurisdictions include: Switzerland, Singapore, Malta, Hong Kong and Estonia.

2 It is suggested for the SPV Co to be incorporated in the country of the power plant client company. The SPV Co can keep issuing shares for new equipment as an open-ended investment vehicle or new SPV Cos may be incorporated to accommodate more available electricity and new investments. The Business Activity of the SPV Co is the "ownership and leasing of computing capacity and/or servers for the purposes of cloud hosting, virtualization or "bare-metal" server leasing". Separate ownership of container / server assets can be examined to obtain the most favorable depreciation and book value treatment.

3a Should a number of SPVs be located in the same jurisdiction, economies of scale can be achieved via an Op Co concluding Operation and Maintenance Contracts for on-site administration.

3b If 3a is not the case, the PPA can be concluded directly between the powerplant and the SPV. On-site administration and maintenance would need to be contracted.

4 The cost of electricity is by far the most PnL sensitive cost item. Negotiating long fixed-tariff electricity purchases enables more robust modeling and predictable returns.

# Server renting models

SaaS offers users access to ready-made software over the internet for end-use.

PaaS is an operating environment that is deployed on public infrastructure as if it were a service. It is a platform for developers to create software to be run and offered on servers.

With IaaS, the client is provided with a Virtualisation platform that connects the physical assets of servers (storage, CPU, networking) so that the developer can run operating system-level services

On-premises is the rental of a physical server in a data center where the customer has to configure the entire operating environment of the server. Offers the most flexibility. Also called "bare-metal" rental in some circumstances.

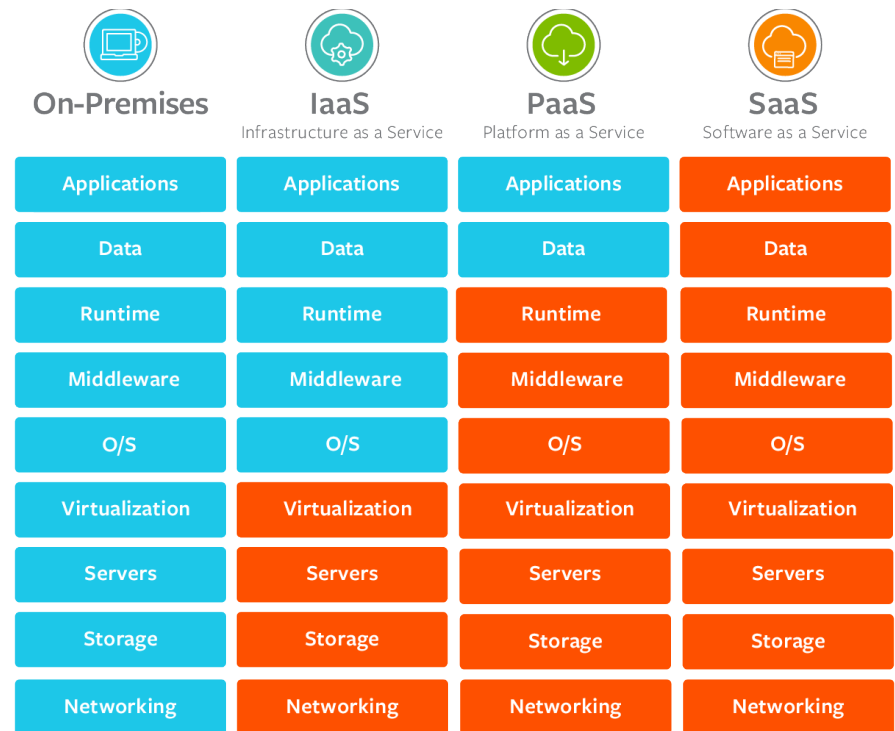
Regulations on data storage and processing as well as the required degree of programming flexibility play a role when clients choose a renting model.

Examples:

SaaS: Dropbox, SAP Concur

PaaS: Google App Engine, Windows Azure

IaaS: DigitalOcean, Amazon Web Services (AWS)



# Project financing

- The total project capital requirement is USD76mm (87%/13% Debt/Equity) with 8% all-in cost of debt for 4 years issued by SPV Co.
- Use of Proceeds includes the purchase of 37,500 servers and \$5.6mm of associated IT infrastructure spending.
- Profit is realized via PMOC Co. SPV Co will be liquidated after the 5-year investment horizon and an estimated 5% of the purchase PP&E value can be resold.

# Assumptions & Returns

- The servers will have an average uptime of 65% and are priced at \$1,580 per unit. Rental rates are static over the next 4 years with 2% inflation in the base case. Rental rates decline by a 2.5% compounded annually in the downside case, and they increase by 9.3% CAGR in the upside case.
- SPV Co's annual overheads are approximately USD6mm with a 20% Corporate Income Tax.
- The gross margin pass through to PnL is close to 100% in PMOC Co. with no CIT in an offshore jurisdiction.
- Returns:

	DOWNSIDE	BALANCED	UPSIDE
IRR	8.2%	31.4%	60.5%
NPV	(2,026,341.6)	5,456,457.2	18,389,042.3
CASH RETURN	1.34x	2.47x	4.43x
INVESTMENT	(10,468,000.0)	(10,468,000.0)	(10,468,000.0)
TOTAL NET INCOME	14,060,364.6	25,815,154.2	46,361,746.5

# Income Statement – SPV Co

YEAR				0	1	2	3	4	5	SUM
INCOME STATEMENT - SPV Co										
				USD	USD	USD	USD	USD	USD	USD
Revenue					43,759,876.4	44,635,073.9	45,527,775.4	46,438,330.9		180,361,056.5
COGS					17,936,100.0	18,294,822.0	18,660,718.4	19,033,932.8		73,925,573.2
Gross Margin					25,823,776.4	26,340,251.9	26,867,056.9	27,404,398.1		106,435,483.2
%					59.01%	59.01%	59.01%	59.01%		59.01%
Server maintenance					2,250,000.0	2,295,000.0	2,340,900.0	2,387,718.0		9,273,618.0
(Gain) / loss on sale of PP&E									(3,653,571.4)	(3,653,571.4)
Portfolio Management fee					2,266,875.0	2,312,212.5	2,358,456.8	2,405,625.9		
Repairs					1,534,500.0	1,565,190.0	1,596,493.8	1,628,423.7		6,324,607.5
Total SG&A					6,051,375.0	6,172,402.5	6,295,850.6	6,421,767.6	(3,653,571.4)	11,944,654.0
DD&A					18,267,857.1	18,267,857.1	18,267,857.1	18,267,857.1		73,071,428.6
EBITDA					19,772,401.4	20,167,849.4	20,571,206.4	20,982,630.5	3,653,571.4	85,147,659.0
EBIT					1,504,544.2	1,899,992.2	2,303,349.2	2,714,773.4	3,653,571.4	12,076,230.5
Loan interest				863,156.3	3,021,046.9	2,157,890.6	1,294,734.4	431,578.1		7,768,406.3
Hedging and other financial				431,578.1	1,510,523.4	1,078,945.3	647,367.2	215,789.1		3,884,203.1
Import finance costs				59,250.0	0.0	0.0	0.0	0.0		59,250.0
Loan admin expense				1,500.0	6,000.0	6,000.0	6,000.0	6,000.0		25,500.0
Total Interest Expense				1,355,484.4	4,537,570.3	3,242,835.9	1,948,101.6	653,367.2		11,737,359.4
EBT				(1,355,484.4)	(3,033,026.1)	(1,342,843.7)	355,247.7	2,061,406.2	3,653,571.4	338,871.1
Tax					(606,605.2)	(268,568.7)	71,049.5	412,281.2	730,714.3	338,871.1
Net Income				(1,355,484.4)	(2,426,420.9)	(1,074,275.0)	284,198.1	1,649,124.9	2,922,857.1	0.0

# Statement of Cash Flows – SPV Co

YEAR	0	1	2	3	4	5	SUM
<b>CASH FLOW STATEMENT - SPV Co</b>							
Net Income	(1,355,484.4)	(2,426,420.9)	(1,074,275.0)	284,198.1	1,649,124.9	2,922,857.1	0.0
Depreciation	0.0	18,267,857.1	18,267,857.1	18,267,857.1	18,267,857.1		73,071,428.6
<b>Cash from Operations</b>	<b>(1,355,484.4)</b>	<b>15,841,436.3</b>	<b>17,193,582.2</b>	<b>18,552,055.3</b>	<b>19,916,982.1</b>	<b>2,922,857.1</b>	<b>73,071,428.6</b>
Asset purchase	(76,725,000.0)						(76,725,000.0)
Maintenance							0.0
Asset sale						3,653,571.4	3,653,571.4
<b>Total Capital Expenditures</b>	<b>(76,725,000.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3,653,571.4</b>	<b>(73,071,428.6)</b>
Equity issuance	9,982,250.0						9,982,250.0
Debt issuance	69,052,500.0						69,052,500.0
Loan repayments		(17,263,125.0)	(17,263,125.0)	(17,263,125.0)	(17,263,125.0)		(69,052,500.0)
Dividend payments							0.0
<b>Company wind-up</b>						(9,982,250.0)	(9,982,250.0)
<b>Total Financing Cash Flow</b>	<b>79,034,750.0</b>	<b>(17,263,125.0)</b>	<b>(17,263,125.0)</b>	<b>(17,263,125.0)</b>	<b>(17,263,125.0)</b>	<b>(9,982,250.0)</b>	<b>0.0</b>
Total cash at beginning of period	0.0	954,265.6	(467,423.1)	(536,965.9)	751,964.4	3,405,821.4	
<b>Total cash flow for the period</b>	<b>954,265.6</b>	<b>(1,421,688.7)</b>	<b>(69,542.8)</b>	<b>1,288,930.3</b>	<b>2,653,857.1</b>	<b>(3,405,821.4)</b>	<b>0.0</b>
Total cash at end of period	954,265.6	(467,423.1)	(536,965.9)	751,964.4	3,405,821.4	0.0	

# Balance Sheet – SPV Co

YEAR	0	1	2	3	4	5
<b>BALANCE SHEET - SPV Co</b>						
Cash and cash equivalents	(1,347,484.4)	(2,769,173.1)	(2,838,715.9)	(1,549,785.6)	1,104,071.4	0.0
Restricted Cash	2,301,750.0	2,301,750.0	2,301,750.0	2,301,750.0	2,301,750.0	
<b>Total current assets</b>	<b>954,265.6</b>	<b>(467,423.1)</b>	<b>(536,965.9)</b>	<b>751,964.4</b>	<b>3,405,821.4</b>	<b>0.0</b>
PP&E	76,725,000.0	76,725,000.0	76,725,000.0	76,725,000.0	76,725,000.0	
Accumulated depreciation		(18,267,857.1)	(36,535,714.3)	(54,803,571.4)	(73,071,428.6)	
<b>Total non-current assets</b>	<b>76,725,000.0</b>	<b>58,457,142.9</b>	<b>40,189,285.7</b>	<b>21,921,428.6</b>	<b>3,653,571.4</b>	<b>0.0</b>
Long Term Debt	69,052,500.0	51,789,375.0	34,526,250.0	17,263,125.0	0.0	
<b>Total Long-term liabilities</b>	<b>69,052,500.0</b>	<b>51,789,375.0</b>	<b>34,526,250.0</b>	<b>17,263,125.0</b>	<b>0.0</b>	<b>0.0</b>
Retained earnings	(1,355,484.4)	(3,781,905.3)	(4,856,180.2)	(4,571,982.1)	(2,922,857.1)	0.0
Equity reserve	9,974,250.0	9,974,250.0	9,974,250.0	9,974,250.0	9,974,250.0	
Statutory capital	8,000.0	8,000.0	8,000.0	8,000.0	8,000.0	
<b>Equity</b>	<b>8,626,765.6</b>	<b>6,200,344.7</b>	<b>5,126,069.8</b>	<b>5,410,267.9</b>	<b>7,059,392.9</b>	<b>0.0</b>
CHECK	0.0	0.0	0.0	0.0	0.0	(0.0)



# Selected PnL/BS – PMOC Co

YEAR			0	1	2	3	4	5	SUM
RETURNS - Portfolio Management Offshore Company									
CASE			BAL	BAL Y1	BAL Y2	BAL Y3	BAL Y4		
YEAR			0	1	2	3	4	5	SUM
Net Revenue				45,337,500.0	46,244,250.0	47,169,135.0	48,112,517.7		186,863,402.7
Portfolio management fee				2,266,875.0	2,312,212.5	2,358,456.8	2,405,625.9		9,343,170.1
COGS				43,759,876.4	44,635,073.9	45,527,775.4	46,438,330.9		180,361,056.5
Gross margin				3,844,498.6	3,921,388.6	3,999,816.4	4,079,812.7		15,845,516.4
%				8.5%	8.5%	8.5%	8.5%		8.5%
Corporate overhead			3,000.0	3,060.0	3,121.2	3,183.6	3,247.3		15,612.1
SG&A			3,000.0	3,060.0	3,121.2	3,183.6	3,247.3	0.0	15,612.1
DD&A									0.0
EBITDA			(3,000.0)	3,841,438.6	3,918,267.4	3,996,632.8	4,076,565.4	0.0	15,829,904.2
EBIT			(3,000.0)	3,841,438.6	3,918,267.4	3,996,632.8	4,076,565.4	0.0	15,829,904.2
Total Interest Expense									0.0
EBT			(3,000.0)	3,841,438.6	3,918,267.4	3,996,632.8	4,076,565.4	0.0	15,829,904.2
Tax									0.0
Net Income			(3,000.0)	3,841,438.6	3,918,267.4	3,996,632.8	4,076,565.4	0.0	15,829,904.2
Cumulative NI			(3,000.0)	838,438.6	756,706.1	753,338.8	829,904.2	(3,000.0)	
Dividends				(3,000,000.0)	(4,000,000.0)	(4,000,000.0)	(4,000,000.0)	(832,904.2)	(15,832,904.2)
Equity				841,438.6	759,706.1	756,338.8	832,904.2	0.0	
CHECK				-	-	-	-	-	

# IRR / NPV

IRR / NPV									
SPV Co									
		YEAR	0	1	2	3	4	5	SUM
		DATE	9/8/20	9/8/21	9/8/22	9/8/23	9/8/24	9/8/25	
		-CF	(9,982,250.0)						(9,982,250.0)
		+CF		0.0	0.0	0.0	0.0	9,982,250.0	9,982,250.0
		Total CF	(9,982,250.0)	0.0	0.0	0.0	0.0	9,982,250.0	0.0
		IRR	0.000%						
		NPV	(5,021,207.5)						
		Discount	15.00%						
Portfolio Management Offshore Company									
		YEAR	0	1	2	3	4	5	SUM
		DATE	9/8/20	9/8/21	9/8/22	9/8/23	9/8/24	9/8/25	
		Apportioned CF	(485,750.0)						(485,750.0)
		+CF	0.0	3,000,000.0	4,000,000.0	4,000,000.0	4,000,000.0	832,904.2	15,832,904.2
		Total CF	(485,750.0)	3,000,000.0	4,000,000.0	4,000,000.0	4,000,000.0	832,904.2	15,347,154.2
		IRR	645.006%						
		NPV	10,477,664.7						
		Discount	15.00%						
TOTAL									
		CF	(10,468,000.0)	3,000,000.0	4,000,000.0	4,000,000.0	4,000,000.0	10,815,154.2	15,347,154.2
		IRR	31.4%						
		NPV	5,456,457.2						