

**CSF GROUP PLC
SHAREHOLDERS' Q & A**

| | Questions | Response |
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| 1. | The circular mentions "significant" capex requirements for CX1. Do you have a guesstimate of how much capex is required for CX1? | At present the Board believes that CX1's capital expenditure ("capex") requirements over the next two to three years amount to approximately RM21m (approximately £4m at current exchange rates). This figure is provisional and could be subject to change. |
| 2. | Is CX1 fully let? Are any of the current tenants likely to leave? | CX1 is currently approximately 85% occupied in terms of net rentable area. The Board is not aware of any tenants that are likely to leave at this point in time. |
| 3. | Are there alternate uses for CX1? | CX1 is a purpose-built data centre. The Board does not believe that there are any other alternate uses for CX1. |
| 4. | Are there any early termination fees for the lease? | The Group's standard terms are such that customers are required to pay the full rental up to the date of expiry of the tenancy agreements. These standard terms are applicable to approximately 40% of CX1's contracts. |
| 5. | What was the construction cost for CX1? Was it ~RM30 million (RM662 per sq ft X 45,500)? | The construction cost plus cost of land was estimated at RM26.9 million (approximately £5m at current exchange rates). |
| 6. | Who owns the CX1 building? | Permodalan Nasional Berhad, a Malaysian government-linked investment company. |
| 7. | Has the average monthly rent per sq ft increased or decreased from the RM23.60 per sq ft mentioned in the 2010 admission document? | Average monthly rental per sq ft has decreased to a current value of approximately RM20 per sq ft. |
| 8. | Has the current operating cost per sq ft increased or decreased from the RM9.00 per sq ft mentioned in the 2010 admission document? | Operating cost has increased to a current value of approximately RM11.90 per sq ft. |
| 9. | How many employees will CSF Group post delisting? | Approximately 55 employees, out of which approximately 35 will be involved in the operations of CX1. |
| 10. | Why doesn't the Company consider distributing cash to the shareholders? | <p>The Group requires approximately RM21m for capital expenditure on CX1 and still requires cash to sustain its operating losses as monthly revenues are still insufficient to cover its monthly operating overheads.</p> <p>The Group must also continue its operations in order to fulfil its contractual obligations to customers and its contractual lease obligations to the freeholder of CX1 which will only expire in year 2024.</p> |

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SHAREHOLDERS' Q & A (CONT'D)**

| | Questions | Response |
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| 10. | | <p>(Cont'd)</p> <p>Additional cash reserve is also required in case of any opportunities to invest in infrastructure for value-added services which might contribute additional revenues.</p> |
| 11. | <p>What were the shareholding percentages that voted for and against the proposed de-listing on 18 Oct 2016?</p> | <p>The percentage of votes for the proposed de-listing on 18 October 2016 was approximately 65%.</p> |
| 12. | <p>Which members of the CSF Board will be attending the EGM on 24 September 2018?</p> | <p>The EGM on 24 September 2018 will be attended by all of the Company's Board members</p> |
| 13. | <p>We note the Group's monthly revenue is still insufficient to cover its monthly operating costs. Given that the CX1 data centre is already 85% occupied, how will the Board increase revenue from CX1? Are there specific measures to reduce costs?</p> <p>When is the Group expected to breakeven or return to profitability?</p> | <p>The Group will continue to seek to increase the occupancy of CX1 and identify alternate sources of revenue such as the provision of value-added services.</p> <p>The Board believes that the Company's recurring operating costs are already kept at a minimum.</p> <p>In note 1 to the Company's annual report and accounts for the financial year ended 31 March 2018, the Company made the following statement in relation to the Company's financial projections, including cash flows, for a period up to 30 September 2019:</p> <p><i>"Given prevailing market conditions, the Group is forecast to continue to make operating losses and have operating cash outflows. The Board is continuing to review the Group's business model with the aim of establishing sustainable profitable trading."</i></p> <p>The Board believes that it is very difficult to prepare reliable financial forecasts for a longer time horizon than a period of one year. In light of this and given that the Company is a public company that has its shares admitted to trading on the AIM market of the London Stock Exchange, the Board further believes that it would be unusual and not in the Company's best interests for the Company to make a public statement that could constitute any form of profit forecast.</p> |