

ASX RELEASE

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Securityholder Update

- **Third-party approaches received regarding potential acquisition of APDC portfolio**
- **Process to test broader interest in APDC underway**
- **Ongoing consideration of refinancing, capital management and potential acquisitions**
- **Take no action on proposal from 360 Capital to assume the management of APDC**

The Board of Asia Pacific Data Centre Group (APDC) advises securityholders to **take no action** in relation to materials being sent to them by 360 Capital Group (360 Capital) in relation to its proposal to externalise the responsible entity of APDC to an entity associated with 360 Capital (360 Capital Proposal).

The 360 Capital Proposal is to be considered at a meeting of APDC securityholders on 28 July 2017 and the Board of APDC will issue its detailed response, including its recommendation on the proposal to securityholders by no later than 14 July 2017.

Independently of the 360 Capital Proposal, the Board advises that there have been confidential approaches from third-parties expressing interest in APDC both prior to, and since the 360 Capital Proposal was announced on 28 June this year. The level of third-party interest to date reflects the high quality and unique nature of APDC's portfolio – three Tier III data centre assets with a book value in excess of \$200 million, underpinned by long term, triple-net leases to NEXTDC Limited, one of Australia's leading data centre operators.

The Board determined to have the entire APDC portfolio independently revalued as at 30 June 2017, in order that any proposal could be properly assessed against up-to-date valuations. As noted in APDC's announcement dated 26 June 2017, those valuations resulted in the value of APDC's assets increasing from \$187.0 million to \$207.5 million as at 30 June 2017.

Whilst the approaches remain incomplete and confidential, the Board:

- is progressing the confidential discussions with the existing third-parties to determine whether they will put a proposal to APDC securityholders in relation to either an acquisition of APDC securities or assets, or to combine APDC with other real estate portfolios; and
- has commenced a broader process to ascertain whether other parties have any interest to acquire APDC securities or assets.

The Board considers that it is best positioned to progress these discussions given its independence and the non-conflicted governance model inherent in an internalised REIT. This is consistent with the expressed preference of a number of parties with whom the Board is in dialogue.

APDC is a special purpose real estate investment trust (A-REIT) which listed on the Australian Securities Exchange on 9 January 2013 to own data centre properties. APDC has the objective of providing investors with a stable income and the potential for capital growth.

The Board considers that this process needs sufficient, but not excessive time to maximise the opportunity for APDC securityholders to be provided with the best possible proposal. If a proposal is not forthcoming by 24 August 2017, being the date APDC is due to report its annual results to investors, the process will conclude.

The Board has appointed Fort Street Advisers to assist it with this process.

There is no guarantee that a proposal capable of consideration by APDC securityholders will eventuate.

In addition to the discussions with third-parties, the Board and management of APDC have progressed a number of initiatives to drive value for APDC securityholders. These initiatives include, but are not limited to:

- revaluation of the APDC real estate portfolio, which has resulted in an aggregate uplift of \$69.5 million, or 50% of the value of the portfolio since acquisition;
- consideration of acquisition opportunities. APDC has reviewed 10 potential assets in the last 18 months, and has made offers on 6 assets. The Board remains focused on ensuring that any growth initiative does not unduly dilute the quality of the existing APDC portfolio or adversely impact distributions to APDC securityholders; and
- refinancing of the APDC debt facility, and the consideration of capital management initiatives in the absence of suitable acquisition opportunities.

360 Capital Proposal

Given the discussions with other parties and the other value focused initiatives that have been undertaken or are underway, the Board recommends securityholders **do not return the white proxy form** that accompanied the notice of meeting that 360 Capital recently sent to APDC securityholders. The APDC Board will instead send you a coloured proxy form accompanying its response and recommendation which you should complete and return to APDC, not 360 Capital.

Securityholder Queries

If APDC securityholders have any questions about the various matters raised in this update, please call the Company Secretary or Link Market Services.

For further information please contact:

Company Secretary

Asia Pacific Data Centre Group
+61 2 8973 7493
info@asiapacificdc.com

Media enquiries

John Frey
GRACosway
+61 411 361 361

Securityholder enquiries

Link Market Services
+61 1300 554 474