



Asia Pacific Data Centre Group
Asia Pacific Data Centre Holdings Limited ACN 159 621 735
Asia Pacific Data Centre Trust ARSN 161 049 556

ASX RELEASE

ASX Code: AJD

25 July 2017

Receipt of Proposal from 360 Capital

The Board of Asia Pacific Data Centre Group (**APDC**) today announced that it has received a proposal from 360 Capital Group (**360 Capital**) in relation to a conditional, off-market takeover offer (**360 Capital Offer**) for all the securities in APDC. A copy of the correspondence from 360 Capital is attached to this announcement.

The proposed consideration under the 360 Capital Offer is \$1.80 cash per APDC security.

The 360 Capital Offer is subject to a number of conditions, including due diligence, no material adverse change and change of control consents.

The APDC Board is aware that the satisfaction of some conditions of the 360 Capital Offer is within the control of 360 Capital. Other conditions, including changes to APDC's net assets and consolidated earnings before interest and tax, are not capable of satisfaction, owing to costs associated with responding to initiatives currently under consideration.

Consistent with its previous statements, and in light of the process underway to maximise value for APDC securityholders, APDC intends, subject to the execution of an appropriate confidentiality agreement, to provide due diligence information to 360 Capital.

The APDC Board will continue to assess the 360 Capital Offer, and makes no comment as to the merits of the 360 Capital Offer at this time. The provision of due diligence should not be interpreted as a Board endorsement or recommendation of the 360 Capital Offer.

The Directors of APDC continue to recommend that securityholders **VOTE AGAINST** the proposal to externalise APDC's responsible entity to 360 Capital FM Limited.

For further information please contact:

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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.



25 July 2017

Mr Ian Fraser
Independent Chairman
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Dear Sir,

Proposed Acquisition of Asia Pacific Data Centre Group (AJD) by 360 Capital Group (TGP)

We refer to recent correspondence and, most recently, our meeting with representatives from Fort Street, where we were advised that on provision of a proposal, AJD will provide 360 Capital a simple form of confidentiality agreement to protect AJD confidential information, and on execution, grant due diligence to 360 Capital.

Consistent with those discussions, and subject to the review and execution of that confidentiality agreement, the provision of due diligence access and information by AJD and TGP not becoming aware of any adverse information in respect of AJD as a result of its due diligence enquiries, TGP proposes to make a conditional, off-market takeover offer (**Offer**) for all the securities in AJD, the stapled entity comprising Asia Pacific Data Centre Holdings Limited (ACN 159 621 735) and Asia Pacific Data Centre Trust (ARSN 161 049 556).

The consideration under the Offer will be \$1.80 cash for each ordinary, fully paid, stapled security in AJD.

This Offer will provide AJD securityholders the opportunity to sell their investment at an attractive 12.5% premium to the pro-forma 30 June 2017 Net Tangible Assets ("NTA") of \$1.60¹ per Stapled Security.

The Offer will be subject to the fulfilment of certain conditions, which are consistent with those set out in the annexure to this letter (**Conditions**).

Benefits to AJD Unitholders

If the Proposal proceeds, it will deliver AJD Securityholders who exit with \$1.80 cash per Stapled Security which is a premium of 12.5% to the pro-forma 30 June 2017 Net Tangible Assets ("NTA") of \$1.60¹ per Stapled Security.

Overview of the Proposal

TGP hopes the Proposal will be supported by the Independent Directors of AJD. This structure is consistent with our desire for a friendly transaction. TGP is willing to work with AJD and its advisers to assist in implementing the Proposal.

Funding

360 Capital Group has sufficient financial resources to undertake the transaction. However, it is possible that TGP may also introduce third party investors to participate.

Timetable

TGP is requesting a three (3) week due diligence period as a pre-condition to making the Offer. It is noted that the Conditions also contain due diligence related conditions. 360 Capital intends to keep the market appropriately informed regarding this pre-condition, including any impact on the Conditions.

¹ The pro-forma Net Tangible Assets reflects the revised 30 June 2017 valuations as announced by AJD on 26 June 2017

Next Steps

We understand AJD is prepared to extend due diligence to 360 Capital subject to signing a simple confidentiality agreement. Please provide the draft confidentiality agreement as soon as possible.

We look forward to your response and to working with you to secure a beneficial outcome for Securityholders in AJD.

I can be contacted on +612 8405 8860

Yours sincerely



David van Aanholt
Independent Chairman
360 Capital Group

Annexure

1. Proposed Offer condition

(a) *Parity of information*

Before the end of the Offer Period, AJD (or its officers, employees or agents) does not provide any information relating to AJD which is not "generally available" (as defined in the Corporations Act) to a Third Party for the purposes of enabling that party to make a Competing Proposal (**Due Diligence Information**) without also promptly (in any event within 2 Business Days) providing that Due Diligence Information to Bidder and announcing to ASX any Inside Information which forms part of the Due Diligence Information.

(b) *Due diligence*

Within the period ending five weeks after the Proposal Date, 360 Capital having had a three week period of due diligence during which it has had access to the Properties, AJD's financiers and AJD's auditors, and has been provided all information reasonably requested by 360 Capital in order for 360 Capital to conduct reasonable due diligence enquiries in relation to AJD and its Properties, which a reasonable purchaser of AJD or the Properties would conduct, including in respect of AJD's assets, liabilities and financing arrangements and to enable it to carry out legal, technical and environmental due diligence in respect of the Properties.

(c) *No material adverse change of information*

Between the Proposal Date and the end of the Offer Period, no matter, event, change, condition, circumstance, information or thing (**Change or Information**) occurs, is announced, becomes likely to occur or becomes known to Bidder (including pursuant to condition (b)) which in alone or in aggregate with any other Change or Information, would result in and/or would reasonably be likely to:

- (i) result in the value of the consolidated net assets of AJD being reduced by at least \$2 million against the value which would reasonably have been expected to have been the case but for such Change or Information;
- (ii) result in the diminution in the consolidated earnings before interest and tax of AJD, taken as a whole, by at least \$500,000 in any financial year for AJD against what they would reasonably have been expected to have been but for such Change or Information;
- (iii) adversely affect the preparedness of a financier to AJD (acting reasonably) to advance monies or otherwise provide financial accommodation or adversely affect the amount of such advance by an amount in excess of \$2 million as compared to what would otherwise have been the case but for such Change or Information;
- (iv) result in the valuation of any Property (or Properties in aggregate) being reduced by at least \$2 million against what they would have reasonably have been expected to have been but for such Change or Information;
- (v) relate to potential contaminations or other environmental risks and which, to completely remedy, would reasonably be expected to cost in excess of \$2 million; or
- (vi) result in a material adverse effect on the business, assets, liabilities, financial position or performance, profitability or prospects of AJD.

(d) *Change of control consent*

Before the end of the Offer Period, every person who, as a result of the making of the Offer, the acquisition of AJD Securities by Bidder, the change in control or delisting of AJD if the Offer is successful, is or will be entitled, or states an intention to exercise or asserts any right, under any provision of any contract or understanding to which AJD is a party or is bound, to (in all cases whether absolutely or contingently):

- (i) terminate, vary the terms of or accelerate the performance of obligations under a Material Contract;
- (ii) acquire or require the disposal of any interest in or alter the terms of investment in any one or more companies, businesses, trusts, assets, units or shares held by AJD with a value of more than A\$10 million in aggregate; or
- (iii) without limiting (i), require the repayment, immediately or earlier than the repayment date would otherwise have been, of any monies borrowed or raised by, or any other monetary obligations of AJD,

provides to AJD and to Bidder in writing a binding, irrevocable and unconditional waiver or release of that right.

(e) *AJD statement regarding change of control consents*

The target's statement issued by AJD in respect of the Offer as required by the Corporations Act contains a statement which either:

- (i) if there is any such contract or understanding referred to in paragraph (e) above, sets out the details of that contract or understanding, the relevant rights or clauses and the impact of such rights or clauses on AJD's annual earnings before interest, tax depreciation and amortisation and AJD's consolidated assets and liabilities; or
- (ii) if there is no such contract or understanding, confirms that fact.

(f) *Other regulatory approvals*

Before the end of the Offer Period, all applicable regulatory waiting periods (including any extensions) have expired or otherwise been terminated in respect of the Offer or any matter arising from the proposed acquisition by Bidder of AJD Securities under the Offer and Bidder has obtained on an unconditional basis all approvals, licences, authorisations, authorities, consents, permissions, clearances, grants, confirmations, orders, exemptions, waivers or rulings (together, **Approvals**) required by law or by any Authority as are necessary:

- (i) to permit the Offer to be lawfully made to and accepted by holders of AJD Securities;
- (ii) as a result of the Offer, as a result of the acquisition of AJD Securities by Bidder under the Offer or to permit completion of the Offer;
- (iii) for the continued operation of AJD's business and ownership of AJD's assets on substantially the same terms as at the Proposal Date;
- (iv) to ensure there is no right or power to require the divestiture by Bidder of any AJD Securities or material assets, or the divestiture of any material assets of AJD,

and all such Approvals remain in full force and effect as at the end of the Offer Period.

(g) *No regulatory action*

Before the end of the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by an Authority; and
- (ii) no application is made to any Authority (other than by Bidder), or action or investigation is announced, threatened or commenced by an Authority in consequence of or in connection with the Offer,

which:

- (iii) other than an application to or a determination by ASIC or the Takeovers Panel in the exercise of the powers and discretions conferred by the Corporations Act, restrains, impedes or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer, the acquisition of AJD Securities under the Offer or any transaction contemplated by the Bidder's Statement (including the implementation of the Bidder's intentions expressed in the Bidder's Statement), the Offer or the rights of the Bidder in respect of AJD or AJD Securities, or requires the divestiture by the Bidder of any interest in AJD Securities or material assets, or the divestiture of any material assets of AJD; or
- (iv) amends, prejudices or otherwise affects any existing rights (as at the Proposal Date) of, or imposes any obligation on, Bidder in respect of AJD Securities or any debt instruments, mortgages or charges relating to any unit granted over AJD Securities.

(h) *Conduct of AJD's Business*

Other than as specifically disclosed to ASX prior to the Proposal Date or approved by Bidder by written notice to AJD, AJD does not between the Proposal Date and the end of the Offer Period:

- (i) enter into any agreement to acquire or dispose of an asset or a company, trust or other vehicle containing an asset, or an interest therein, having a value in aggregate in excess of \$10 million;
- (ii) enter into, or materially amend, any agreement, joint venture, asset or profit share, partnership or commitment which would require capital expenditure or liability, or the foregoing of revenue, by AJD (or bring forward the time of that requirement) of an amount, or one or more related amounts which are in aggregate, more than A\$0.5 million;
- (iii) incur or increase any financial indebtedness (excluding any drawing or redrawing on existing facilities) or issues any indebtedness or debt units for an amount of more than A\$1 million in aggregate;
- (iv) enter into, amend, terminate or waive or otherwise forego rights under any Material Contract;
- (v) make any changes to its constitution or other constituent documents or convene a meeting to consider a resolution to make such a change;
- (vi) pass any resolution of its members;

- (vii) do any of the following:
 - A. have the trust terminated;
 - B. effect or facilitate the resettlement of the property of the trust;
 - C. have a trustee or responsible entity which ceases to be the trustee or responsible entity of that trust or registered managed investment scheme in favour of a person other than 360 Capital FM Limited;
 - D. have a resolution passed by its unitholders or members to remove or replace its trustee or responsible entity of Asia Pacific Data Centre Trust with a person other than 360 Capital FM Limited; or
 - E. have any application made in any court for the appointment of a temporary responsible entity in accordance with the Corporations Act;
- (viii) have any claim or claims made or threatened against it, or litigation, arbitration proceedings, prosecution or other legal proceedings commenced against it, involving more than A\$2 million in aggregate;
- (ix) waive or compromise any claim or right otherwise than in the ordinary course of business;
- (x) create, or agree to create, any mortgage, charge, lien or other encumbrance over any of its assets, other than liens in the ordinary and usual course of business;
- (xi) be deregistered as a registered managed investment scheme or otherwise dissolved;
- (xii) enter into any corporate transaction which would or would be likely to involve a material change in the manner in which it conducts its business or the nature (including balance sheet classification), extent or value of its assets or liabilities; or
- (xiii) resolve, agree, offer, commit or announce an intention to do any of the things referred to in paragraphs (i) to (xiii) above.

(i) *Restrictions on Distributions*

Between the Proposal Date and the end of the Offer Period, AJD does not announce, make, declare or pay any dividend or other form of distribution of profits or capital (whether in cash or in specie), other than a cash dividend or distribution not exceeding 2.43 cents per calendar quarter per fully paid AJD Security (and a corresponding amount per partly paid AJD Security which reflects the amount paid up on those securities) and accruing at the end of each quarter and declared and paid in the ordinary course.

(j) *No prescribed occurrences*

Between the Proposal Date and the end of the Offer Period, no Prescribed Occurrence occurs.

(k) *Properties*

Between the Proposal Date and the end of the Offer Period (each inclusive), none of the following occur:

- (i) any of the Properties cease to be wholly owned by AJD;
- (ii) a Security Interest is created or arises over any of the Properties;
- (iii) AJD enters into any commitment (including a lease or agreement for lease) in relation to any development, redevelopment or refurbishment project for a new or existing asset where the total project cost exceeds \$500,000 (including incentives) whether or not previously contemplated;
- (iv) any of the Properties (or any interest in any of them) is disposed of, sold or transferred, or is agreed to be disposed of, sold or transferred;
- (v) any of the Properties are destroyed or there is any physical damage to any Property such that the amount or value of the destruction or damage exceeds or would reasonably be expected to exceed \$100,000 after recovery of any insured amounts;
- (vi) there is a material amendment or variation of any term in any lease relating to any Property;
- (vii) any tenant of any Property gives notice that it intends to terminate its lease in respect of that Property or will not renew its lease in respect of that Property;
- (viii) any tenant of a Property surrenders or threatens to surrender its lease in respect of that Property;
- (ix) any party to a lease of Property is in default or potential default under the applicable lease, and that default, which if remediable is not remedied within any applicable grace periods, would or would be likely to give rise to a right of termination by the non-defaulting party;
- (x) any tenant of a Property fails to make any payment due under the applicable lease and such payment is outstanding for a period in excess of 30 days;
- (xi) any tenant of any Property suffers an Insolvency Event; or
- (xii) AJD incurring or agreeing to incur an amount of capital expenditure in excess of \$100,000 (in aggregate across all the Properties), other than capital expenditure that has been fully and fairly announced by AJD) to ASX before the Proposal Date as intended to be incurred or committed or capital expenditure in the day to day operating activities of the business of AJD conducted in the same manner as before the Proposal Date.

2. Definitions

Unless the context requires otherwise, capitalised terms used in this Annexure have the meaning set out below.

ACCC means the Australian Competition and Consumer Commission.

AJD means Asia Pacific Data Centre Group, the stapled entity comprising Asia Pacific Data Centre Holdings Limited (ACN 159 621 735) and Asia Pacific Data Centre Trust (ARSN 161 049 556), and where the context allows, any of its subsidiaries, and/or Asia Pacific Data

Centre Limited (ACN 159 624 585) acting as responsible entity of Asia Pacific Data Centre Trust.

AJD Security means a fully paid stapled security in AJD.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited or the Australian Securities Exchange operated by ASX Limited (as the context requires).

ATO means the Australian Taxation Office.

Authority means:

- (a) ASX, ACCC, ASIC, the Takeovers Panel and the ATO;
- (b) a government or governmental, semi-governmental or judicial entity, whether foreign, federal, state, territorial or local;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; or
- (d) any regulatory organisation established under statute.

Bidder means 360 Capital Group, the stapled entity comprising 360 Capital Group Limited (ACN 113 569 136) and 360 Capital Investment Trust (ARSN 104 552 598) and each of their subsidiaries (ASX:TGP)

Bidder's Statement means the bidder's statement (as well as any supplementary bidder's statement) issued by Bidder in connection with the Offer as required by the Corporations Act.

Business Day means any day which is a Business Day within the meaning given by the official listing rules of the Australian Securities Exchange operated by ASX Limited.

Competing Proposal means a transaction or arrangement which is proposed by a Third Party pursuant to which a Third Party will, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:

- (a) acquire a Relevant Interest in any AJD Securities, as a result of which the Third Party will have a Relevant Interest in 20% or more of the AJD Securities or voting power of more than 20% of AJD;
- (b) otherwise acquire control of AJD within the meaning of section 50AA of the Corporations Act; or
- (c) directly or indirectly acquire, merge with, or acquire (or have the right to so merge with or acquire) a significant economic interest in AJD or all or a significant part of the assets or business of AJD, whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, or other synthetic merger or any other transaction or arrangement,

where, for the avoidance of doubt, assets of AJD which have a book value (as recorded in AJD's statement of financial position as at 30 June 2017) of more than A\$20 million in aggregate will be taken to be a "significant part" of the assets of AJD for the purposes of this definition.

Conditions means the conditions to the Offer set out in this annexure.

Controlled Entity means any company or trust or other entity controlled by AJD and/or in respect of which AJD has directly or indirectly an economic interest of at least 50%.

Inside Information has the meaning given in section 1042A of the Corporations Act as that meaning applies to AJD Securities.

Insolvency Event occurs, in relation to an entity, if:

- (a) it is a company, an administrator, liquidator or provisional liquidator is appointed to the entity or a resolution is passed or any steps are taken to appoint, or to pass a resolution to appoint, any of those persons to the entity ;
- (b) it is a company, an application or order is made for the winding up or dissolution of the entity or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the entity;
- (c) it is a company, a receiver, receiver and manager, trustee, other controller or similar officer is appointed over the assets or undertaking of the entity or any steps are taken to appoint, or to pass a resolution to appoint, any of those persons to the entity;
- (d) it is not a company, any application is made to a court for an order that the entity be declared bankrupt, unless the application is withdrawn, struck out or dismissed within 20 days of it being made; or
- (e) the entity suspends payment of its debts generally or is unable to pay its debts as and when they fall due or is presumed to be insolvent under applicable law, or enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them.

Material Contract means any agreement, contract or other arrangement or instrument to which AJD is a party or any of its respective assets may be bound or subject to, and which:

- (a) imposes obligations or liabilities on any party of at least A\$500,000 per annum or A\$1 million over the life of the agreement, contract or other arrangement;
- (b) relates to, concerns, or is connected with, the management of AJD; or
- (c) is otherwise material in the context of the businesses, assets or properties of AJD (which for the avoidance of doubt is taken to include any agreement, contract or other arrangement under which AJD borrows or raises funds from any source or otherwise incurs financial indebtedness from a financial institution).

Offer has the meaning set out in the announcement.

Offer Period means the offer period under the Offer.

Prescribed Occurrence means any of the following events:

- (a) AJD converts all or any of the AJD Securities into a larger or smaller number of AJD Securities;
- (b) AJD resolves to reduce its capital in any way or reclassifies, combines, splits, redeems or repurchases directly or indirectly any securities;
- (c) AJD:
 - (i) enters into a buy-back agreement; or

- (ii) resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 2570(1) of the Corporations Act;
- (d) AJD issues AJD Securities or other securities (including a security in only one of the entities comprising AJD and a security in any subsidiary of AJD), or grants an option over AJD Securities or other such securities, or agrees to make such an issue or grant such an option;
- (e) AJD issues, or agrees to issue, convertible notes or convertible securities;
- (f) AJD disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) AJD charges, or agrees to charge the whole, or a substantial part, of its business or property;
- (h) AJD resolves to be wound up;
- (i) a liquidator or provisional liquidator of AJD is appointed;
- (j) a court makes an order for the winding up of AJD;
- (k) an administrator of AJD is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) AJD executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of AJD.

Properties means the properties directly or indirectly owned by AJD as at the Proposal Date.

Proposal Date means the time on 25 July 2017 that a letter attaching these Conditions is delivered to AJD.

Related Entity has the meaning given to that term in the Corporations Act.

Relevant Interest has the meaning in section 9 of the Corporations Act.

Security Interest has the meaning given in section 51A of the Corporations Act.

Subsidiary has the meaning given to that term in the Corporations Act, provided that:

- (a) an entity will also be deemed to be a Subsidiary of a body corporate if it is controlled (within the meaning of that term provided by Pt 1.2, Div 6 of the Corporations Act) by that body corporate; and
- (b) a trust may be a Subsidiary (for the purposes of which a unit or other beneficial interest will be deemed to be a share in the capital of a body corporate) and a body corporate or a trust may be a Subsidiary of a trust.

Third Party means any of the following:

- (a) a person other than Bidder or its respective associates; or
- (b) a consortium, partnership, limited partnership, syndicate or other group in which neither Bidder, nor any of its respective associates participate.

3. Interpretation

For the purposes of this Annexure, a reference to AJD acting or agreeing to act in a particular way is taken to include a reference, in relation to Asia Pacific Data Centre Group, or (if applicable) the holders of securities in the Asia Pacific Data Centre Group, acting or agreeing to act in that way.