



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

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18 October 2018

APDC Group - Target's Statement in response to NEXTDC Offer

APDC Group today lodged its Target's Statement in relation to the unconditional all-cash on-market takeover offer for APDC securities from NEXTDC Limited (**NEXTDC**).

A copy of the Target's Statement accompanies this announcement.



Asia Pacific Data Centre Group Target's Statement

The Independent Board Committee of Asia Pacific Data Centre Holdings Limited and the Board of Asia Pacific Data Centre Limited
unanimously recommend that you now

ACCEPT

the NEXTDC Offer

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with this document, you should consult your financial, legal or other professional adviser immediately.

This Target's Statement has been issued by Asia Pacific Data Centre Holdings Limited (ACN 159 621 735) (**APDC Holdings**) and Asia Pacific Data Centre Limited (ACN 159 624 585) (**APDC Limited**) as responsible entity for Asia Pacific Data Centre Trust (ARSN 161 049 556) (**APDC Trust**) in response to the offer by NEXTDC Limited (ACN 143 582 521) (**NEXTDC**) to acquire all of your Securities in Asia Pacific Data Centre Group (**NEXTDC Offer**).

IMPORTANT NOTICES

Nature of this document

This Target's Statement is dated 18 October 2018 has been issued by Asia Pacific Data Centre Holdings Limited (ACN 159 621 735) and Asia Pacific Data Centre Limited (ACN 159 624 585) as responsible entity for Asia Pacific Data Centre Trust (ARSN 161 049 556) under Part 6.5 of the Corporations Act in response to the NEXTDC Offer, made pursuant to the Bidder's Statement dated 8 October 2018 and a First Supplementary Bidder's Statement dated 17 October 2018 issued by NEXTDC.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 18 October 2018 and provided to the Australian Securities Exchange (**ASX**) on 18 October 2018. Neither ASIC nor ASX, nor any of their respective officers, take any responsibility for the contents of this Target's Statement.

Defined terms

A number of terms are used in this Target's Statement which are defined in section 10.1 of the Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act. Section 10.2 of this Target's Statement sets out some rules of interpretation that apply to this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of any person. It does not contain personal financial advice. You should seek independent financial and taxation advice before making a decision as to whether or not to accept the NEXTDC Offer.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. Statements other than statements of historical facts may be forward looking statements. You should be aware that such statements are only predictions and are subject to both known and unknown risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of APDC, its officers and employees, any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Disclaimer as to information

The information in relation to NEXTDC contained in this Target's Statement has been prepared by APDC from publicly available information including the Bidder's Statement. Information in this Target's Statement about NEXTDC has not been independently verified by

APDC. Accordingly, APDC does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Risk factors

APDC Securityholders should note that there are a number of risk factors attached to their investment in APDC. Section 8 of this Target's Statement sets out further information on those risks.

Charts and diagrams

Any diagrams, charts, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available at the date of this Target's Statement.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions outside Australia may be restricted by law and any person who comes into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Target's Statement has been prepared in accordance with Australian law and the nature of the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Privacy

APDC has collected your information from the register of APDC Securityholders for the purposes of providing you with this Target's Statement. The type of information APDC has collected about you includes your name, contact details and information on your securityholdings in APDC. Without this information, APDC would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the names and addresses of APDC Securityholders to be held in a public register.

APDC Securityholder information line

If you have any questions in relation to the information contained in this Target's Statement, please contact Link Market Services on +61 1300 554 474. Further information relating to the NEXTDC Offer can be obtained from the ASX website at www.asx.com.au (ASX:AJD).

CHAIRMAN'S LETTER



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

18 October 2018

Dear APDC Securityholder,

On 8 October 2018, NEXTDC announced an unconditional, all-cash, on-market takeover offer to acquire all of the APDC Securities which it does not already own (**NEXTDC Offer**). On this same date, APDC and NEXTDC announced that they had entered into the Bid Implementation Agreement in respect of the NEXTDC Offer.

The offer price under the NEXTDC Offer is **\$2.00 cash** per security (**Offer Price**). In addition, APDC Securityholders on the register on 10 October 2018 will also receive a special distribution of \$0.02 per security payable on 14 November 2018 (**Special Distribution**). The NEXTDC Offer will have no impact on the September 2018 Distribution of \$0.02 per APDC Security, which was declared on 20 September 2018 and is payable on 25 October 2018, with a record date of 28 September 2018.

The NEXTDC Offer is unconditional and represents NEXTDC's 'best and final' price. On 12 October 2018, 360 Capital announced on the ASX that it had accepted the NEXTDC Offer for all of its APDC Securities. NEXTDC has a relevant interest in APDC Securities of 97.55% as disclosed in its Notice of Change of Interest of Substantial Shareholder on 15 October 2018. NEXTDC's Offer and the Special Distribution of \$2.02:

- represents an 8.0 % premium to APDC Securities' closing price of \$1.87 as at 5 October 2018 being the last trading day before the release of the NEXTDC Offer;
- represents a 9.2% premium to the 30-day VWAP of \$1.85 to 5 October 2018; and
- is equivalent to APDC's net tangible assets (**NTA**) of \$2.02 per APDC Security at 30 June 2018.

The Board of Asia Pacific Data Centre Holdings Limited has established an Independent Board Committee (**IBC**), together with the Board of Asia Pacific Data Centre Limited, to review, consider and evaluate the terms of the NEXTDC Offer. The IBC comprises the Directors who are independent of 360 Capital, namely Lawrence Gibbs and John Wilson. David van Aanholt is a non-executive director of 360 Capital and has not participated in APDC's response to the NEXTDC Offer and does not make a recommendation on whether APDC Securityholders should accept the NEXTDC Offer.

The IBC and the Board of APDC Limited recommend that you should now **ACCEPT** the NEXTDC Offer by selling your APDC Securities on market to NEXTDC.

As NEXTDC now owns more than 90% of the APDC Securities it is in a position to proceed to compulsory acquisition from the opening of the NEXTDC Offer on 23 October 2018. If you accept the NEXTDC Offer you will receive the Offer Price sooner than if you wait until completion of the compulsory acquisition process. If you elect to ACCEPT the NEXTDC Offer now and sell your APDC Securities on market you may incur brokerage costs.

In forming its recommendation to APDC Securityholders in this Target's Statement, the IBC and the Board of APDC Limited have carefully considered the following:

- that the aggregate value of the Offer Price and the Special Distribution exceeds the price bid under the 2017 takeover offers by NEXTDC and 360 Capital;
- the fact that effective control of APDC already passed to 360 Capital on 20 November 2017 when it acquired an ownership interest of 67.31% in APDC¹;
- the outcome of the sales campaign in respect of the properties;²
- other strategic options open to APDC;
- the minority position of APDC Securityholders other than 360 Capital and NEXTDC;
- the fact that effective control in APDC has now passed to NEXTDC as 360 Capital has accepted the NEXTDC Offer;
- NEXTDC now owns over 90% of the APDC Securities and intends to proceed to compulsory acquisition to acquire the remaining APDC Securities³; and
- no superior proposal is expected to emerge now that NEXTDC owns over 90% of the APDC Securities.

This Target's Statement contains the formal response of the IBC and the APDC Limited to the NEXTDC Offer. We strongly encourage you to read all the information contained in this Target's Statement carefully. You are also strongly encouraged to read the Bidder's Statement which you should have received in the mail.

The NEXTDC Offer is scheduled to close at **26 November 2018 4.00pm (Sydney time)**.

Yours sincerely,



Lawrence Gibbs
Independent Non-Executive Director and Chairman of the IBC
Asia Pacific Data Centre Holdings Limited



Frank Tearle
Executive Director
Asia Pacific Data Centre Limited

¹ Form 604, Notice of change of interests of substantial holder dated 21 November 2017.

² ASX Announcement of APDC Group, "Update on Sale Process" dated 5 March 2018.

³ Bidder's Statement, section E of "Why you should **ACCEPT** the NEXTDC Offer"

Contents

SECTION	PAGE
1. EVALUATION OF THE NEXTDC OFFER	2
2. THE IBC AND THE BOARD OF APDC LIMITED RECOMMENDATION AND DIRECTORS' INTERESTS.....	5
3. HOW TO ACCEPT THE OFFER	8
4. FREQUENTLY ASKED QUESTIONS.....	11
5. YOUR CHOICES AS AN APDC SECURITYHOLDER	16
6. INFORMATION RELATING TO NEXTDC	17
7. INFORMATION RELATING TO APDC.....	18
8. RISK FACTORS	21
9. ADDITIONAL INFORMATION	22
10. GLOSSARY AND INTERPRETATION	27
11. AUTHORISATION	30

KEY DATES	
Date of this Target's Statement	18 October 2018
Date the NEXTDC Offer officially commences	23 October 2018
Close of Offer Period (unless extended or withdrawn earlier)	4.00pm (Sydney time), 26 November 2018

1. EVALUATION OF THE NEXTDC OFFER

The IBC and the Board of APDC Limited recommend that you should now **ACCEPT** the NEXTDC Offer by selling your APDC Securities on market to NEXTDC.

An outline of the reasons for this recommendation are as follows:

1	The NEXTDC Offer is unconditional
2	The Offer Price represents an attractive premium for your APDC Securities compared to the last trading price and 30-day VWAP of APDC Securities immediately prior to the announcement of the NEXTDC Offer
3	The NEXTDC Offer is all cash and provides you with certainty of value for your APDC Securities
4	As NEXTDC now owns more than 90% of the APDC Securities it is in a position to proceed to compulsory acquisition from the opening of the NEXTDC Offer on 23 October 2018. If you accept the NEXTDC Offer you will receive the Offer Price sooner than if you wait until completion of the compulsory acquisition process but you may incur brokerage costs
5	No superior proposal is expected to emerge now that NEXTDC owns over 90% of the APDC Securities

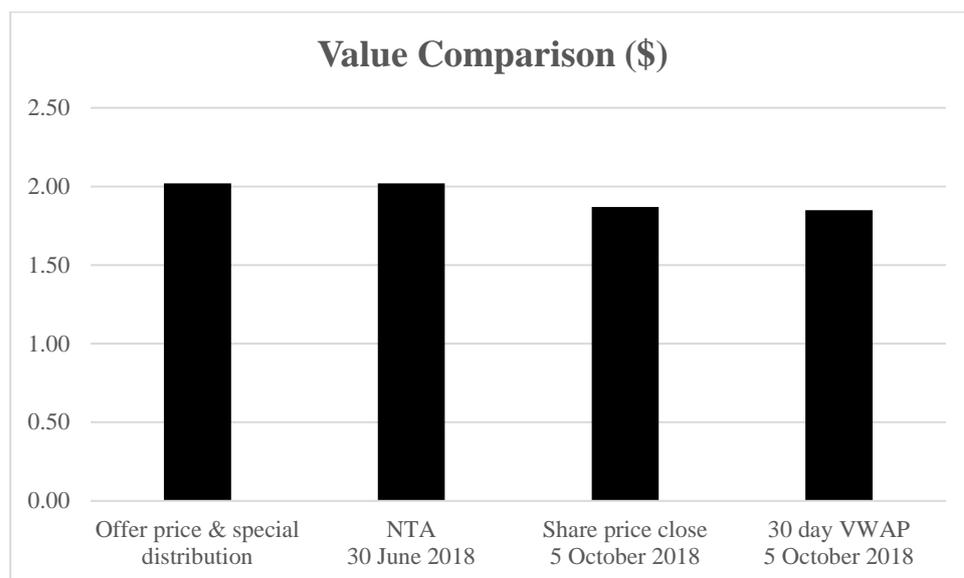
1.1 Why you should now **ACCEPT** the NEXTDC Offer

(a) The NEXTDC Offer is unconditional

There are no conditions to the NEXTDC Offer and APDC Securityholders may accept the NEXTDC Offer and realise the value of their APDC Securities immediately by selling to NEXTDC on market.

(b) The aggregate value payable to APDC Securityholders represents an attractive premium for your APDC Securities

The aggregate value of the Offer Price and Special Distribution of \$2.02 per APDC Security represents an 8.0% premium to APDC Securities closing price of \$1.87 as at 5 October 2018, being the last trading day before the release of the NEXTDC Offer and a 9.2% premium to the 30-day VWAP of \$1.85 to 5 October 2018.



The recent revaluation of APDC's property portfolio to \$261 million values APDC's NTA at the equivalent of \$2.02 per APDC Security. The aggregate value of the Offer Price and Special Distribution is equivalent to this valuation. In the circumstances we regard NTA as the most appropriate measure of value for the securities.

(c) The all-cash NEXTDC Offer provides you with certainty of value for your APDC Securities

The Offer Price of \$2.00 cash per APDC Security provides APDC Securityholders with certainty of value. You will cease to be exposed to the risks associated with an investment in APDC, including potential security price volatility due to general market conditions, the real estate market and business performance.

(d) As NEXTDC now owns more than 90% of the APDC Securities it is in a position to proceed to compulsory acquisition

As NEXTDC now owns more than 90% of the APDC Securities it will now be in a position to proceed to the compulsory acquisition of remaining APDC Securities. NEXTDC has stated that it intends to commence the compulsory acquisition process from the opening of the NEXTDC Offer on 23 October 2018.⁴

If your APDC Securities are acquired under the compulsory acquisition process, you will receive the Offer Price at the end of the process, which is expected to take several weeks from commencement of compulsory acquisition. If you accept the NEXTDC Offer now by selling your APDC Securities on market, you will be paid within 2 Business Days of accepting but you may incur brokerage costs.

(e) No superior proposal is expected to emerge now that NEXTDC owns over 90% of the APDC Securities

As at the date of this Target's Statement, 360 Capital has accepted the NEXTDC Offer and NEXTDC has a relevant interest in over 90% of the securities in APDC. NEXTDC has stated that it intends to proceed to compulsory acquisition.

⁴ Bidder's Statement, section 7.2(a) of "NEXTDC's intentions in relation to APDC".

1.2 Possible reasons for not accepting the NEXTDC Offer

You may wish to decline to follow the above recommendation of the IBC and the Board of APDC Limited and instead not accept the NEXTDC Offer on market for a number of reasons:

(a) You may wish to avoid brokerage fees

APDC Securityholders who sell on market may pay brokerage whereas no brokerage will be payable where your APDC Securities are compulsorily acquired by NEXTDC albeit payment of your proceeds will be delayed for several weeks.

(b) The tax consequences of the NEXTDC Offer may not be suitable to your financial position

The acceptance of the NEXTDC Offer by APDC Securityholders is likely to have tax implications.

You should carefully consider the taxation consequences of accepting the NEXTDC Offer. However, APDC Securityholders should not rely on the disclosure of taxation considerations in section 8 of the Bidder's Statement as being advice on their own affairs. The IBC and Board of APDC Limited encourages APDC Securityholders to consult with their own independent taxation advisers regarding the taxation implications of accepting the NEXTDC Offer in respect of their own particular circumstances.

(c) You may wish to remain an APDC Securityholder

If you accept the NEXTDC Offer now, you will no longer be entitled to participate in the future financial performance of APDC (including distributions) or exercise the rights of an APDC Securityholder.

If APDC Securityholders accept the NEXTDC Offer now, they may no longer be exposed to the Data Centre Sector. The Data Centre Sector is perceived as a growth market, fuelled by the growing demand for cloud storage solutions.

However, as 360 Capital has accepted the NEXTDC Offer, NEXTDC owns more than 90% of APDC Securities and has stated that it intends to compulsorily acquire the remaining APDC Securities in which case APDC Securityholders will be legally compelled to transfer their APDC Securities to NEXTDC but may not receive their consideration for several weeks.

(d) You may wish to sell on market for a higher price

You may wish to realise your investment in APDC through a sale on the ASX if you expect proceeds may be higher than the Offer Price.

At times during the period between the date on which APDC Securities started trading ex- the Special Distribution (11 October 2018) and the date of this Target's Statement, APDC Securities have traded at prices higher than \$2.00.

However, if you attempt to sell your APDC Securities on market, you may not obtain sufficient buyers to complete a trade above the Offer Price.

(e) You may consider the Offer Price is inadequate

You may hold a different view to the IBC and the Board of APDC Limited and believe that the aggregate value of the Offer Price and Special Distribution of \$2.02 cash per APDC Security is inadequate. However, as 360 Capital has accepted the NEXTDC Offer, NEXTDC now owns more than 90% of APDC Securities and has stated that it intends to compulsorily acquire the remaining APDC Securities in which case APDC

Securityholders will be compelled to sell their APDC Securities to NEXTDC but may not receive their consideration for several weeks.

2. THE IBC AND THE BOARD OF APDC LIMITED RECOMMENDATION AND DIRECTORS' INTERESTS

2.1 Directors of APDC

As at the date of this Target's Statement, the directors of APDC are:

APDC Holdings

- David van Aanholt (Non-Executive Chairman)
- John Wilson (Independent Non-Executive Director)
- Lawrence Gibbs (Independent Non-Executive Director)

APDC Limited

- Frank Tearle (Executive Director)
- Elizabeth Reddy (Non-Executive Director)
- Justin Epstein (Executive Director)

In the Bidder's Statement, it is stated that following the acquisition of 360 Capital's APDC Securities and the dispatch of this Target Statement, NEXTDC intends to immediately replace the Directors of APDC Holdings with the NEXTDC nominee directors being Craig Scroggie, Douglas Flynn, and Stuart Davis⁵. Please refer to section 3.2 of the Bidder's Statement for more information about these nominee directors of NEXTDC.

2.2 Recommendation and intentions of the IBC and Board of APDC Limited

After taking into account the matters in this Target's Statement and in the Bidder's Statement, each member of the IBC and the Board of APDC Limited recommends that you now ACCEPT the NEXTDC Offer.

The reasons for the IBC and the Board of APDC Limited recommendation are set out in section 1.1 of this Target's Statement.

The Directors of APDC Holdings and APDC Limited intend to now accept the NEXTDC Offer for any APDC Securities they own or control.

In evaluating the NEXTDC Offer, the IBC and the Board of APDC Limited encourage you to:

- (a) read the whole of this Target's Statement, together with the Bidder's Statement;
- (b) consider your alternatives as outlined in section 5 of this Target's Statement; and
- (c) if you are in any doubt as to what you should do, seek independent financial, legal, taxation or other professional advice.

⁵ Bidder's Statement, Section 7.2(a) "Intentions for APDC as a wholly owned controlled entity".

2.3 Interests and dealings of Directors in APDC Securities

As at the date immediately before the date of this Target's Statement, the Directors of APDC Holdings and APDC Limited had the following relevant interest in APDC Securities:

Director	Number of APDC Securities
APDC Holdings	
David van Aanholt	0
John Wilson	0
Lawrence Gibbs	0
APDC Limited	
Frank Tearle	0
Elizabeth Reddy	0
Justin Epstein	3,000 (indirect)

No Director of APDC Holdings or APDC Limited has acquired or disposed of a relevant interest in any APDC Securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

2.4 Interests and dealings of Directors in NEXTDC Shares

As at the date immediately before the date of this Target's Statement, no Director of APDC Holdings or APDC Limited had a relevant interest in any NEXTDC Shares.

No Director of APDC Holdings or APDC Limited has acquired or disposed of a relevant interest in any NEXTDC Shares in the 4 month period ending on the date immediately before the date of this Target's Statement.

2.5 Benefits and agreements

(a) Benefits to Directors, officers and key management personnel

No Director, officer or key management personnel of APDC Holdings or APDC Limited has been or will be given, as a result of the NEXTDC Offer, any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the Board, or position as key management personnel, other than as follows:

Person	Benefit
Lawrence Gibbs	Fee of \$50,000 for additional work as a member of the IBC
John Wilson	Fee of \$50,000 for additional work as a member of the IBC
Vishant Narayan (CEO)	Redundancy payment of \$25,000 outside the terms of his contractual entitlements

No Director, officer or key management personnel of APDC Holdings or APDC Limited has agreed to receive, or is entitled to receive, any benefit from NEXTDC which is related to or conditional on the NEXTDC Offer, other than as outlined in this section 2 or in their capacity as a holder of APDC Securities.

Section 7.2(b) of the Bidder's Statement states that if NEXTDC acquires all of the APDC Securities it is expected that the positions of APDC's current employees would become redundant, and its employees would either be redeployed or their employment would be terminated.

No person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of APDC, other than as outlined in this section 2.

(b) Agreements in connection with or conditional on the NEXTDC Offer

No agreement has been made between any Director of APDC Holdings or APDC Limited and any other person in connection with, or conditional upon, the outcome of the NEXTDC Offer, other than in their capacity as a holder of APDC Securities.

(c) Interests in contracts with NEXTDC

No Director of APDC Holdings or APDC Limited has any direct interest in any contract entered into by NEXTDC.

As stated in section 6 and section 8.1(a) of this Target's Statement, all three of APDC's data centre properties are leased by NEXTDC.

3. HOW TO ACCEPT THE OFFER

3.1 Terms of the NEXTDC OFFER

(a) How offers will be made

Citi will stand in the market on behalf of NEXTDC and accept APDC Securities offered to it at the Offer Price from 11:00am on 8 October 2018 until the end of the Offer Period.

(b) Offer Period

The Offer Period will officially commence at the start of trading on ASX on 23 October 2018 and is expected to finish at the close of trading on 26 November 2018, unless extension is required under the Corporations Act or in response to a Competing Proposal.

The NEXTDC Offer may be accepted before 23 October 2018 by selling to Citi, which is standing in the market on behalf of NEXTDC and accepting APDC Securities offered to it at the Offer Price. If you accept the NEXTDC Offer on market you may incur brokerage costs.

(c) Extension of Offer Period

NEXTDC has stated that it will not extend the Offer Period in the absence of Competing Proposal, unless required to do so by the Corporations Act.

(d) Payment Date

The usual rules for settlement of transactions which occur on-market on ASX will apply in respect of NEXTDC's purchase of APDC Securities under the NEXTDC Offer. This means that, if you accept the NEXTDC Offer now, you will be paid on a T+2 basis (being within 2 Trading Days after your acceptance).

(e) Conditions

The NEXTDC Offer is unconditional.

(f) Brokerage and other costs

As the NEXTDC Offer is being made pursuant to an on market takeover bid, offers will be made during normal trading on ASX. Any brokerage or other fees charged by your broker will be the sole responsibility of the accepting APDC Securityholder.

NEXTDC will bear its own brokerage fees, if any, in respect of transfers of APDC Securities acquired through acceptances of the NEXTDC Offer. No stamp duty or GST will be payable by APDC Securityholders on the transfer of APDC Securities pursuant to the NEXTDC Offer (other than GST payable in respect of any brokerage fees charged by your broker).

(g) Withdrawal of NEXTDC Offer

NEXTDC may withdraw the NEXTDC Offer at any time:

- with the consent of ASIC and subject to the conditions (if any) specified in such consent; or
- upon the occurrence of any Insolvency Event in relation to APDC, regardless of NEXTDC's voting power in APDC.

If the NEXTDC Offer is withdrawn, notice of the withdrawal will be given to ASX.

(h) Variation of NEXTDC Offer

NEXTDC may vary the NEXTDC Offer in accordance with the Corporations Act. However, the Offer Price represents NEXTDC's 'best and final' offer and will not be increased in the absence of a Competing Proposal, and NEXTDC will not extend the Offer Period in the absence of a Competing Proposal, unless required to do so by the Corporations Act.

3.2 How to accept the NEXTDC Offer

APDC Securityholders may sell their APDC Securities to NEXTDC on market by offering to sell some or all of their APDC Securities on ASX at the Offer Price on and from 11:00am on 8 October 2018 until the end of the Offer Period.

Citi will stand in the market to acquire, on behalf of NEXTDC, all APDC Securities offered at the Offer Price during normal trading on ASX on and from 11:00am on 8 October 2018 until the end of the Offer Period.

If you hold your APDC Securities in an Issuer Sponsored Holding (your Security Reference Number starts with an "I"), to sell your APDC Securities to NEXTDC, you must instruct a broker (which may include Citi where Citi is your existing broker) to sell your APDC Securities at the Offer Price before the end of the Offer Period.

If you hold your APDC Securities in a CHESS Holding (your Holder Identification Number starts with an "X"), to sell your APDC Securities to NEXTDC, you must instruct your Controlling Participant (for example, your broker) to sell your APDC Securities at the Offer Price before the end of the Offer Period.

If you are a broker or Controlling Participant, acceptances of the NEXTDC Offer must be initiated in accordance with rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

If you are a beneficial owner whose APDC Securities are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that nominee for assistance in accepting the NEXTDC Offer.

You are not required to complete any forms to accept the NEXTDC Offer.

3.3 Compulsory acquisition

NEXTDC has stated in its Bidder's Statement that it intends to compulsorily acquire all outstanding APDC Securities as it now owns over 90% of the APDC Securities.

(a) Compulsory acquisition following takeover bid:

Under Part 6A.1 of the Corporations Act, if, at the end of the Offer Period, as NEXTDC has acquired a relevant interest in at least 90% of the APDC Securities, NEXTDC is entitled to compulsorily acquire any outstanding APDC Securities for which it did not receive acceptances, on the same terms as the NEXTDC Offer.

NEXTDC will have up to 1 month after the end of the Offer Period within which to give compulsory acquisition notices to APDC Securityholders. However NEXTDC has stated that it intends to give compulsory acquisition notices to APDC Securityholders from 23 October 2018.

APDC Securityholders should be aware that if they do not accept the NEXTDC Offer and their APDC Securities are compulsorily acquired, those APDC Securityholders will face a delay of up to several weeks in receiving proceeds from the sale of their APDC Securities. However if you sell your APDC Securities on market to NEXTDC you will receive your sale proceeds quickly but you may incur brokerage costs.

(b) General compulsory acquisition

If NEXTDC does not exercise its rights to compulsorily acquire APDC Securities under Part 6A.1 of the Corporations Act, NEXTDC may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act.

4. FREQUENTLY ASKED QUESTIONS

You may have questions about the NEXTDC Offer. The following set of questions and answers is intended to assist in your understanding of the NEXTDC Offer. They are qualified by, and should be read in conjunction with, all other parts of this Target's Statement and the Bidder's Statement. This section is not intended to be an exhaustive list of questions you should consider in understanding the NEXTDC Offer.

Question	Answer	Where to find additional information
<i>Who is making the NEXTDC Offer?</i>	NEXTDC is the company making the NEXTDC Offer. NEXTDC is listed on the ASX (ASX:NXT) and is also the tenant of the three data centre properties owned by APDC (S1, M1 and P1) under long-term, triple-net leases. Information in relation to NEXTDC can be obtained in section 6 of this Target's Statement and section 3 of the Bidder's Statement.	Refer to section 6 of this Target's Statement and section 3 of the Bidder's Statement.
<i>What is NEXTDC offering for my APDC Securities?</i>	<p>The Offer Price is \$2.00 cash per APDC Security.</p> <p>In addition, APDC Securityholders on the register on 12 October 2018 will also receive a Special Distribution of \$0.02 per security taking the aggregate value of the Offer Price and the Special Distribution payable to \$2.02 per APDC Security.</p> <p>The NEXTDC Offer will have no impact on the September 2018 Distribution of \$0.02 per security, which was declared on 20 September 2018 and is payable on 25 October 2018, with a record date of 28 September 2018.</p> <p>The NEXTDC Offer is unconditional.</p>	Refer to section 1 the Bidder's Statement.
<i>What is the Bidder's Statement?</i>	<p>The Bidder's Statement is the document prepared by NEXTDC which sets out the terms of the NEXTDC Offer, as required by the Corporations Act.</p> <p>NEXTDC lodged the Bidder's Statement with ASIC and the ASX on 8 October 2018. All APDC Securityholders should have recently received a copy of the Bidder's Statement in the post.</p>	

Question	Answer	Where to find additional information
<i>What is this Target's Statement?</i>	This Target's Statement is the formal response by the Board of APDC to the NEXTDC Offer, as required by the Corporations Act. This document has been prepared by APDC and contains important information to help you decide whether to accept the NEXTDC Offer.	
<i>What choices do I have as an APDC Securityholder?</i>	<p>As an APDC Securityholder, you have the following choices in respect of your APDC Securities:</p> <ul style="list-style-type: none"> • accept the NEXTDC Offer and sell all or some of your APDC Security on-market; or • do nothing and retain your APDC Securities. <p>If you decide to hold on to your APDC Securities, NEXTDC has stated that it intends to proceed with compulsory acquisition to acquire the remaining APDC Securities that it does not hold.</p> <p>A summary of the implications of each of the above choices is set out in section 5 of this Target's Statement.</p> <p>You should seek independent legal, financial, taxation or other professional advice if you are in doubt as to what you should do in response to the NEXTDC Offer.</p>	Refer to section 5 of this Target's Statement.
<i>What are the IBC and the Board of APDC Limited recommending?</i>	<p>The IBC and the Board of APDC Limited unanimously recommend that you now ACCEPT the NEXTDC Offer as 360 Capital has accepted the NEXTDC Offer.</p> <p>The reasons for the IBC and the Board of APDC Limited's recommendation are set out in section 1 of this Target's Statement.</p>	Refer to section 1 of this Target's Statement.
<i>What do the Directors of APDC Holdings and APDC Limited intend to do with their APDC Securities?</i>	<p>The Directors of APDC Holdings and APDC Limited intend to accept the NEXTDC Offer for any APDC Securities they own or control.</p> <p>The Directors of APDC Holdings and APDC Limited's interests in APDC</p>	Refer to section 2.3 of this Target's Statement.

Question	Answer	Where to find additional information
	Securities are set out in section 2.3 of this Target's Statement.	
Are there any reasons why I might not accept the NEXTDC Offer?	Possible reasons for not accepting the NEXTDC Offer are set out in section 1.2 of this Target's Statement.	Refer to section 1.2 of this Target's Statement.
How do I accept the NEXTDC Offer?	Instructions on how to accept the NEXTDC Offer are set out in section 2.2 of the Bidder's Statement and section 3 of this Target's Statement.	Refer to section 2.2 of the Bidder's Statement and section 3 of this Target's Statement.
How do I reject the NEXTDC Offer?	To reject the NEXTDC Offer, you do not need to do anything.	
What are the consequences of accepting the NEXTDC Offer now?	If you now accept the NEXTDC Offer, your acceptance will prevent you from withdrawing your APDC Securities from the NEXTDC Offer or otherwise disposing of your APDC Securities.	Refer to section 3 of this Target's Statement.
If I accept the NEXTDC Offer, can I withdraw my acceptance?	No. If you have accepted the NEXTDC Offer in accordance with section 3.2 of this Target's Statement, you cannot withdraw your acceptance.	
When does the NEXTDC Offer close?	The NEXTDC Offer is scheduled to close at 4.00pm (Sydney time) on Monday, 26 November 2018, but the Offer Period can be extended by NEXTDC or automatically in certain circumstances.	Refer to section 2 of the Bidder's Statement.
What happens if there is a superior proposal from a third party?	<p>If there is a superior proposal from a third party, the IBC and the Board of APDC Limited will reconsider their recommendation in relation to the NEXTDC Offer and Target's Statement and advise APDC Securityholders accordingly. No superior proposal is expected to emerge now that NEXTDC owns over 90% of the APDC Securities.</p> <p>If you have already accepted the NEXTDC Offer at that time, you will</p>	Refer to section 1.1(e) of this Target's Statement.

Question	Answer	Where to find additional information
	<p>not be able to withdraw your acceptance and accordingly will be unable to accept a superior proposal if one arises.</p> <p>360 Capital has accepted the NEXTDC Offer and NEXTDC now has an interest in over 90% of the APDC Securities and has stated that it intends to proceed to compulsory acquisition.</p>	
<p>What happens if NEXTDC increases the Offer Price?</p>	<p>NEXTDC has stated that the Offer Price is its 'best and final' price, and will not be increased in the absence of a Competing Proposal .</p>	<p>Refer to sections 5.1 and 5.2 of this Target's Statement.</p>
<p>When will I receive the Offer Price if I accept the NEXTDC Offer?</p>	<p>You will be paid the Offer Price within two Trading Days (that is, on a T+2 basis) from your acceptance of the NEXTDC Offer.</p>	<p>Refer to section 3 of this Target's Statement.</p>
<p>Can I be forced to sell my APDC Securities?</p>	<p>Yes. You can be forced to transfer your APDC Securities given NEXTDC has acquired a relevant interest in at least 90% of all APDC Securities. In this case, NEXTDC will be entitled, and intends, to compulsorily acquire any APDC Securities it does not already own. If your APDC Securities are compulsorily acquired you will receive the same consideration for your APDC Securities that you would have received under the NEXTDC Offer. However, you may not receive the consideration for your APDC Securities until several weeks later than you would if you accept the NEXTDC Offer.</p>	<p>Refer to section 3.3 of this Target's Statement and section 7 of the Bidder's Statement.</p>
<p>Can NEXTDC vary the NEXTDC Offer?</p>	<p>Yes. NEXTDC can vary the NEXTDC Offer by extending the Offer Period or increasing the Offer Price in accordance with the Corporations Act. However, NEXTDC has no obligation to do so and has stated in the Bidder's Statement it does not intend to unless required to under the Corporations Act.</p>	<p>Refer to section 2.1(d) of the Bidder's Statement.</p>

Question	Answer	Where to find additional information
Can the NEXTDC Offer be withdrawn?	NEXTDC can only withdraw the NEXTDC Offer with the consent of ASIC, or upon the occurrence of an Insolvency Event in relation to APDC regardless of NEXTDC's voting power in APDC.	Refer to section 2.1(h) of the Bidder's Statement.
Will I need to pay brokerage if I accept the NEXTDC Offer?	<p>As the NEXTDC Offer is being made pursuant to an on market takeover bid, offers will be made during normal trading on ASX. Any brokerage or other fees charged by your broker will be the sole responsibility of the accepting APDC Securityholder.</p> <p>NEXTDC will bear its own brokerage fees, if any, in respect of transfers of APDC Securities acquired through acceptances of the NEXTDC Offer.</p> <p>No stamp duty or GST will be payable on the transfer of APDC Securities pursuant to the NEXTDC Offer (other than GST payable in respect of any brokerage fees charged by your broker).</p>	Refer to section 2 of the Bidder's Statement and section 3.1(f) of this Target's Statement.
How can I get updates on the APDC Security price?	<p>The market trading price of APDC Securities may vary during the Offer Period.</p> <p>You can check the market price for all ASX listed securities by visiting www.asx.com.au. The ticker for APDC Securities on the ASX is AJD.</p>	
What are the tax implications of accepting the NEXTDC Offer?	A general outline of tax implications of accepting the NEXTDC Offer for certain Australian resident APDC Securityholders is set out in section 8 of the Bidder's Statement. You should not rely on that outline as advice on your own affairs. It does not deal with the position of all APDC Securityholders. It also does not take into account the particular circumstances of each APDC Securityholder. You should therefore seek your own professional financial and taxation advice before deciding on	Refer to section 8 of the Bidder's Statement.

Question	Answer	Where to find additional information
	whether or not to accept the NEXTDC Offer for your APDC Securities.	
Is there a number I can call if I have further queries?	If you have any further questions about information contained in this Target's Statement, please contact Link Market Services on +61 1300 554 474.	

5. YOUR CHOICES AS AN APDC SECURITYHOLDER

Under the NEXTDC Offer, NEXTDC is offering \$2.00 cash per APDC Security. In addition, APDC Securityholders on the register on 12 October 2018 will also receive the Special Distribution of \$0.02 per security payable on 14 November 2018. The aggregate value of the Offer Price and Special Consideration is \$2.02 per APDC Security.

The IBC and the Board of APDC Limited recommend that you now ACCEPT the NEXTDC Offer.

As an APDC Securityholder, you have several choices available to you as noted in this section 5. You are encouraged to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your APDC Securities.

5.1 Accept the NEXTDC Offer

You may choose to accept the NEXTDC Offer. Details of how to accept the NEXTDC Offer are set out in section 3 of the Bidder's Statement.

You should note that:

- (a) if you now accept the NEXTDC Offer, you will not be able to sell your APDC Securities to anyone else or accept any superior proposal capable of acceptance by APDC Securityholders that may emerge or otherwise deal with your APDC Securities. However, 360 Capital has accepted the NEXTDC Offer and NEXTDC now owns more than 90% of the APDC Securities and is entitled to proceed to compulsory acquisition. Accordingly, the IBC and Board of APDC Limited do not consider that any superior proposal is expected to emerge ; and
- (b) If you now accept the NEXTDC Offer and NEXTDC subsequently increases the Offer Price, you will be entitled to the benefit of that increased consideration for your APDC Securities. However NEXTDC has stated that the Offer Price is its 'best and final' price, and will not be increased.

You may also be liable to pay tax on acceptance of the NEXTDC Offer. See section 8 of the Bidder's Statement, which sets out a general outline of the key Australian taxation implications for APDC Securityholders from accepting the NEXTDC Offer.

5.2 Sell your APDC Securities on the ASX

You may choose to sell your APDC Securities on market for cash. As the NEXTDC Offer is an on market takeover bid, a sale on market for cash may result in a sale to NEXTDC, in which case your position will be the same as is you had chosen to accept the NEXTDC Offer.

On 18 October 2018 APDC Securities closed at \$2.00, equal to the price offered by NEXTDC. The latest price for APDC Securities may be obtained from the ASX website www.asx.com.au.

You may be liable to pay tax on sale. APDC Securityholders who wish to sell their APDC Securities on market should contact their broker for information on how to effect that sale and brokerage costs that may be payable.

5.3 Do nothing and retain your APDC Securities

If you do not wish to accept the NEXTDC Offer and want to retain your APDC Securities, you should simply do nothing. However, you should note that NEXTDC has become the owner of more than 90% of all APDC Securities on issue and intends to proceed with compulsory acquisition of the outstanding APDC Securities in accordance with the provisions of Part 6A.1 of the Corporations Act and arrange for APDC to be removed from the official list of the ASX. Refer to section 3.3 of this Target's Statement and section 7 of the Bidder's Statement for details on compulsory acquisition.

5.4 Alternatives to the NEXTDC Offer

As at the date of this Target's Statement, APDC has not received any alternative proposal to the NEXTDC Offer.

6. INFORMATION RELATING TO NEXTDC

The bidder under the NEXTDC Offer is NEXTDC, which is listed on the ASX (ASX:NXT) and is also the tenant of APDC's three data centre properties owned by APDC (S1, M1 and P1) under long-term, triple-net leases.

The Bidder's Statement includes further information about NEXTDC and the NEXTDC Offer. In particular, the following information can be found in the Bidder's Statement:

Information	Section of the Bidder's Statement
Information on NEXTDC	Section 3
Sources of consideration for the NEXTDC Offer	Section 6
NEXTDC's intentions in relation to APDC	Section 7
Terms of the NEXTDC Offer	Section 2

7. INFORMATION RELATING TO APDC

7.1 Overview

APDC is a special purpose stapled structure which commenced trading on the ASX on 9 January 2013 (ASX:AJD) owning data centre properties.

As at 5 October 2018, being the last trading day prior to the announcement of the NEXTDC Offer, APDC had a market capitalisation of \$215.1 million (based on a closing price of \$1.87).

7.2 FY2018 financial information

On 21 August 2018 APDC announced its FY2018 Financial Results and released the FY2018 Appendix 4E and annual financial report.

The FY2018 Financial Results and the FY2018 Appendix 4E and annual report may be obtained free of charge from the ASX website at www.asx.com.au (ASX:AJD).

7.3 Overview of APDC since listing on the ASX

APDC was established with the intention of providing investors with a stable income via quarterly distributions of cash flows and the potential for capital growth by investing in assets in a high growth and developing industry. APDC intended to further invest in data centre assets in the Asia Pacific region, and in particular data centre assets developed and operated by NEXTDC.

APDC Limited was previously a wholly owned subsidiary of APDC Holdings during the year up until 16 January 2018. On 16 January 2018, all of the shares in APDC Limited were sold to One Investment Group Pty Limited (**OIG**). APDC Limited continues to remain the responsible entity of APDC Trust however APDC Limited is no longer a member of the APDC.

Under a service agreement, APDC SPV, a wholly-owned subsidiary of APDC Holdings, incorporated on 16 January 2018, provides a range of investment management services to APDC Limited as responsible entity of the APDC Trust including the preparation of these financial statements.

7.4 Portfolio overview

On 19 December 2017, the Boards of APDC Holdings and APDC Limited announced that they had resolved to seek expressions of interest in respect of the sale of APDC Trust's assets. Following the announcement, on 21 December 2017 Savills and Cushman Wakefield were appointed to undertake a sales campaign for the sale of assets. On 14 February 2018, APDC announced that it had agreed terms and exchanged non-binding letters with a preferred purchaser for the sale of the portfolio at an agreed price of \$280 million. On 5 March 2018, the preferred purchaser withdrew from the sales process due to reasons external to the portfolio.

APDC's portfolio was independently valued at \$261 million as at 30 June 2018, up from \$212.8 million at 30 June 2017, and:

- is diversified across three properties located in major metropolitan areas of Sydney, Melbourne and Perth; and
- since acquisition by APDC has been 100% leased to the sole tenant, NEXTDC, on triple net leases.

7.5 Property revaluations

APDC's portfolio of three properties was independently revalued as at 30 June 2018. This resulted in a \$48.2 million increase in value of APDC's portfolio to \$261 million. The increase in

values was driven by general firming of yields in Sydney, Melbourne and Perth markets for institutional grade commercial assets.

Property	Prior independent valuation (\$m)	New independent valuation (\$m)
M1, Melbourne	80.0	98.5
S1, Sydney	95.3	117.5
P1, Perth	37.5	45.0
Portfolio	212.8	261.0

Sourced from APDC's annual report for FY2018.

7.6 Board and Management

Please refer to APDC's annual report for FY2018 for further information about its Directors.

Mr David van Aanholt (Non-Executive Chairman of APDC Holdings)

Mr David van Aanholt has close to 30 years' experience in the property and funds management industry. Prior to establishing his own property group in 2007, David was the Chief Executive Officer (Asia Pacific) of the ASX listed Goodman Group. David is a non-executive Director and Chairman of Kennard's Self Storage Group and in August 2016 was appointed to the Council of the University of New England. During the past three years, Mr van Aanholt has also served as a chairman and independent director of 360 Capital Group (ASX: TGP) – appointed in 2013.

Mr John Wilson (Independent Non-Executive Director of APDC Holdings and IBC)

Mr John Wilson has over 30 years of experience leading businesses principally in the data and technology space. Mr Wilson was most recently Executive General Manager at Veda (now Equifax Australia) where he was responsible for their major lines of business, and lead the strategy, innovation, marketing and M&A efforts. Prior to Veda, John was Asia Pacific President of at SunGard (now FIS) and prior to that was a Partner at KPMG.

Over the years Mr Wilson has also held a number of board and advisor roles. He is currently an advisor at Basiq (co-owned by NAB and Westpac), a senior advisor at Avaloq (Swiss Banking Software vendor) and a Non-Executive Director at Active Pipe (Co-owned by PieLAB Ventures and NAB).

Mr Lawrence Gibbs (Independent Non-Executive Director of APDC Holdings and IBC)

Mr Lawrence Gibbs is Managing Director of BG Capital Corporation Limited. Mr Gibbs has over 42 years' experience in the financial services industry and during the last 17 years established the boutique corporate advisory firm, BG Capital Corporation. Prior to co-founding BG Capital in 2001, he was Head of Investment Banking-Corporate Finance at Burdett Buckridge Young for 9 years.

Mr Justin Epstein (Executive Director of APDC Limited)

Mr Justin Epstein co-founded One Investment Group (**OIG**) and is an executive director of OIG. Prior to founding OIG, Mr Epstein was the investment director of the LCJB Investment Group where he was responsible for sourcing and leading investment opportunities. During the past three years, Mr Epstein has also served as a director of One Managed Investment Funds Limited (**OMIFL**) as responsible entity of Agricultural Land Trust (ASX:AGJ), Gryphon Capital Income Trust (ASX:GCIT) and Aventus Retail Property Fund (OMIFL retired as responsible entity on 11 March 2016); a director of Columbus Investment Services Limited as responsible entity of Alternative Investment Trust (ASX:AIQ).

Ms Elizabeth Reddy (Non-Executive Director of APDC Limited)

Ms Elizabeth Reddy has spent twenty years practising law in both private practice and commercial roles.

Ms Reddy holds a Diploma in Law awarded by the NSW Solicitors Admission Board. During the past three years, Ms Reddy has also served as a director of One Managed Investment Funds Limited as responsible entity of Agricultural Land Trust (ASX:AGJ), Gryphon Capital Income Trust (ASX:GCIT) and Aventus Retail Property Fund (OMIFL retired as responsible entity on 11 March 2016); a director of Columbus Investment Services Limited as responsible entity of Alternative Investment Trust (ASX:AIQ).

Mr Frank Tearle (Executive Director of APDC Limited)

Mr Frank Tearle founded One Investment Group (**OIG**) and is an executive director of OIG. Prior to founding OIG, Mr Tearle served in various roles at Allco Finance Group including as head of business transition and operations, managing director of the Hong Kong office, director in the corporate finance team and general counsel.

During the past three years, Mr Tearle has also served as a director of One Managed Investment Funds Limited as responsible entity of Agricultural Land Trust (ASX:AGJ), Gryphon Capital Income Trust (ASX:GCIT) and Aventus Retail Property Fund (OMIFL retired as responsible entity on 11 March 2016); a director of Columbus Investment Services Limited as responsible entity of Alternative Investment Trust (ASX:AIQ).

7.7 Intentions of NEXTDC to replace existing directors of APDC Holdings

In the Bidder's Statement, it is stated that following the acquisition of 360 Capital's APDC Securities and the dispatch of this Target Statement, NEXTDC intends to replace the board of APDC Holdings with NEXTDC nominees being Craig Scroggie, Douglas Flynn, and Stuart Davis⁶. Please refer to section 3.2 of the Bidder's Statement for more information about these directors of NEXTDC.

7.8 Distribution guidance – September 2018 Distribution

The NEXTDC Offer will have no impact on the September 2018 Distribution of \$0.02 per security, which was declared on 20 September 2018 and is payable on 25 October 2018, with a record date of 28 September 2018.

⁶ Bidder's Statement, Section 7.2(a) "Intentions for APDC as a wholly owned controlled entity".

8. RISK FACTORS

In considering this Target's Statement and the NEXTDC Offer, APDC Securityholders should be aware that there are a number of risks which may affect the future operating and financial performance of APDC. Some of the risks can be adequately mitigated, however many are beyond the control of APDC and its Directors and therefore may not be able to be mitigated. The principal risks you should consider when deciding whether to maintain your investment in APDC include the following matters set out below.

A comprehensive list of risks to which an APDC Securityholder may be exposed is set out in the product disclosure statement of APDC dated 3 December 2012, available on the ASX website at www.asx.com.au.

8.1 Risks relating to APDC

As a holder of APDC Securities, you are already exposed to certain general risks associated with your investment in APDC, including:

- (a) **(Tenant risk)** An investment in APDC is directly linked to the rental payments of NEXTDC who is the sole tenant in APDC's property portfolio as well as a holder of over 90% of the APDC Securities. NEXTDC's ability to pay rent is subject to a number of risks, including NEXTDC's financial position and performance, dependence on data centre infrastructure and technology and demand for data storage services. NEXTDC stated in the Bidder's Statement that, it had liquidity in excess of \$900 million as at 30 September 2018, including unaudited cash reserves of over \$600 million and \$300 million of undrawn senior debt facilities via a syndicated senior secure debt facility.
- (b) **(Market risk)** As a REIT, APDC is exposed to fundamental risks in the real estate market. This can be affected by many factors external to APDC, including changes in national and local economic and market conditions, inflation (which is taken into account in the determination of applicable rent), changes in interest rates and the availability and/or terms of debt financing and changes in governmental laws and regulations.
- (c) **(Industry and technology risk)** APDC's properties are all freehold property developed as data centres, and as such, APDC's performance depends in part on the demand for data centres in Australia. As highly specialised facilities containing extensive electrical and mechanical systems that are uniquely designed to house and maintain customers' equipment, most data centres are not suited for use by customers for other purposes without major renovation and expenditure. Furthermore, the industries in which data centre operators and their customers operate are also characterised by rapidly changing technology. Such rapid changes in technology may cause APDC's data centre infrastructure to become obsolete without APDC being able to efficiently upgrade or change fitted infrastructure without incurring substantial expense that may not be able to be passed on to its customers. This may negatively impact the ability of (i) APDC to attract data centre operators or (ii) data centre operators to attract and retain customers, and either impact may have a material effect on the business of APDC.
- (d) **(Payment of forecast distributions)** APDC's ability to pay distributions are subject to the financial circumstances of APDC, which in turn are subject to various risks as described in this section. See also section 7.9 of this Target's Statement in relation to the September 2018 Distribution.
- (e) **(Utilities risk)** APDC and its tenant, NEXTDC rely on third parties for the supply of utilities to its data centres (including electricity and water). Such supply is critical as it is directly linked to the ability of tenants to derive data centre utilisation and therefore provide APDC with rental income. It cannot be guaranteed that the third party providers will be able to consistently provide sufficient levels of utilities, or will have the necessary infrastructure to deliver any additional resources that may be

required in the utilisation of the data centres. This risk is not within APDC's control as NEXTDC, in its capacity as tenant of S1, P1 and M1, takes responsibility for the supply of utilities under its agreements with APDC.

- (f) **(Structural alterations)** NEXTDC has the right to make structural alterations to the properties without APDC's consent in certain circumstances. Although alterations may not be made where they would decrease the value of the buildings, there is a risk that NEXTDC's alterations may limit the scope of future tenants that the building may accommodate.
- (g) **(Environmental risk)** As with any property there is a risk that one of the properties may fail to comply with applicable environmental laws or regulations. While APDC may be able to pass on that risk to another person in certain circumstances there is always a residual risk that APDC may be primarily liable for such non-compliance. In addition, environmental laws impose penalties for environmental damage and contamination which can be material in size.
- (h) **(Capital expenditure requirements)** The need for unforeseen capital expenditure over the life of APDC (such as repair, maintenance or rectification work on properties) can adversely impact on the returns on an investment in APDC. While APDC will undertake all reasonable due diligence investigations required prior to acquiring assets, there can be no absolute assurance that properties will not have defects or deficiencies, or that unforeseen capital expenditure will not be required.
- (i) **(Financial leverage)** APDC Trust currently has a debt facility in place with Bankwest (a division of Commonwealth Bank of Australia) (**Bankwest**) to provide the Group with up to \$29 million of asset-secured debt funding (**Debt Facility**). Bankwest agreed to extend the facility and the facility will expire on 29 November 2019. By virtue of there being a change of control, APDC has received from Bankwest a notice of subsisting default and forbearance (**Default Notice**) dated 16 October 2018 (refer to section 9.6).

APDC's net income is susceptible to changes in the applicable interest rate or margin as agreed with Bankwest or other financiers that APDC may borrow from in the future. Currently, as part of managing this risk, APDC Trust has a swap agreement with Bankwest to fix the floating interest rate component over A\$12.5 million of the drawn amount expiring 28 November 2018. There will be no swap in place between 28 November 2018 to 29 November 2019.

8.2 Tax Consequences

A general outline of tax implications of accepting the NEXTDC Offer for certain Australian resident APDC Securityholders is set out in section 8 of the Bidder's Statement.

You should not rely on that outline as advice on your own affairs. It does not deal with the position of all APDC Securityholders. It also does not take into account the particular circumstances of each APDC Securityholder. You should therefore seek your own professional financial and taxation advice before making a decision as to whether or not to accept the NEXTDC Offer for your APDC Securities.

9. ADDITIONAL INFORMATION

9.1 Issued capital

As at the date of this Target's Statement, the issued securities in APDC comprise:

- 115,000,100 fully paid ordinary shares in APDC Holdings; and
- 115,000,100 fully paid ordinary units in APDC Trust.

Each fully paid ordinary share in APDC Holdings is stapled to one fully paid ordinary unit in the APDC Trust, together forming an APDC Security. APDC Securities trade on the ASX under the ticker AJD.

9.2 Substantial holders

As at the date of this Target's Statement, based on the substantial securityholder notices provided to APDC, the substantial securityholders of APDC are set out in the table below:

Substantial securityholder	Number of APDC Securities	Relevant Interest
NEXTDC Limited	112,181,017 ⁷	97.55

9.3 Material litigation

As at the date of this Target's Statement, the IBC and the Board of APDC Limited does not believe that APDC is involved in any litigation or dispute of a material nature against APDC.

9.4 Impact of NEXTDC's intentions on material contracts

NEXTDC's intentions in respect of the NEXTDC Offer will have certain consequences in respect of existing arrangements between APDC and third parties. The impact on those arrangements is set out below.

(a) No change of responsible entity

As NEXTDC has acquired voting power in more than 90% of APDC, it will have the power to replace the responsible entity of the APDC Trust. However, NEXTDC has stated in its Bidder's Statement that it had not yet conducted a review of APDC's structure and accordingly does not currently have specific intentions in relation to APDC or the continuation of removal of the APDC Limited as the responsible entity of the APDC Trust.

(b) Change of control of APDC

As NEXTDC has acquired voting power in more than 90% of APDC, a "change of control" (as defined in section 50AA of the Corporations Act) has occurred in respect of APDC Trust, APDC Limited and APDC Holdings. This constitutes a default under the Debt Facility and the interest rate swap described in section 7.1(i) of this Target's Statement. A default under the Debt Facility entitles Bankwest to, among other things, terminate its obligations with immediate effect and declare that all monies owing be paid immediately or on demand, and a default under the interest rate swap entitles the counterparty to terminate the swap early with a potential obligation on APDC Trust to pay an early termination amount. APDC has received from Bankwest a notice of subsisting default and forbearance (**Default Notice**) dated 16 October 2018 (refer to section 9.6).

(c) Delisting of APDC

In section 7 of the Bidder's Statement, NEXTDC has indicated that if it acquires 90% or more of APDC Securities it intends to arrange for APDC to be removed from the official list of the ASX. In this circumstance a default occurs under the Debt Facility and the interest rate swap described in section 8.1(i) of this Target's Statement with similar consequences as described in paragraph (b) above.

⁷ Form 604, Notice of change of interests of substantial holder lodge by NEXTDC dated 15 October 2018.

9.5 Latest financial results and financial position

On 21 August 2018 APDC announced its FY2018 Financial Results and released the FY2018 Appendix 4E and annual financial report. The relevant APDC disclosures are available on the ASX website at www.asx.com.au.

9.6 Bankwest Facility

APDC received from Bankwest a notice of subsisting default and forbearance (**Default Notice**) dated 16 October 2018 as a result of APDC's change of control. On expiry of the forbearance period of 14 days from the Default Notice, Bankwest may declare the \$29 million outstanding to Bankwest immediately due and payable.

APDC has access to sufficient funds to make the Special Distribution (pursuant to an undertaking by NEXTDC to prepay rent) and the September Distribution. Bankwest has confirmed that, notwithstanding the Default Notice, it consents to the payment of the Special Distribution and the September Distribution. Accordingly, it is not expected that the Default Notice will delay the payment of those distributions.

9.7 Funding of the Special Distribution

The Special Distribution will be funded through the prepayment of rent to APDC by NEXTDC or such alternative arrangements as APDC determines.

9.8 Consent to be named

Clayton Utz has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as the Australian legal adviser and tax adviser to APDC.

Link Market Services Limited has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as APDC's share registrar in the form and context it is so named.

9.9 Consent to inclusion of a statement

Each person named in section 9.7 as having given its consent to the inclusion of a statement or being named in this Target's Statement:

- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than those statements which have been included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and any statements or report which have been included in this Target's Statement with the consent of that party.

ASIC has published various Class Orders and legislative instruments that modify, or exempt parties from compliance with the operation of various provisions of Chapter 6 of the Corporations Act. APDC has relied on that ASIC Class Order and legislative instrument relief.

As permitted by ASIC Class Order 13/521 this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to the ASX. Pursuant to this ASIC Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Target's Statement.

Any APDC Securityholder who would like to receive a copy of any of those documents may obtain a copy free of charge during the Offer Period by contacting Link Market Services on +61 1300 554 474.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- which fairly represents what purports to be a statement by an official person; or
- which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

Pursuant to this ASIC Instrument, the consent of such persons to whom statements or documents are attributed is not required for the inclusion of those statements in this Target's Statement.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains security price trading data sourced from ASX and Yahoo! Finance without its consent.

9.10 Continuous disclosure

APDC is a disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules.

Copies of documents filed with the ASX may be obtained from the ASX website at www.asx.com.au.

Copies of documents lodged with ASIC in relation to APDC may be obtained from, or inspected at, an ASIC office. APDC Securityholders may obtain a copy of:

- APDC's annual report;
- the APDC Holdings constitution;
- the APDC Trust constitution; and
- any document lodged by APDC with the ASX,

free of charge upon request by contacting Link Market Services on +61 1300 554 474. APDC's annual report and this Target's Statement are also available on the ASX website at www.asx.com.au.

9.11 No other material information

This Target's Statement is required to include all the information that APDC Securityholders and their professional advisers would reasonably require to make an informed assessment whether to accept the NEXTDC Offer, but:

- only to the extent to which it is reasonable for APDC Securityholders and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any APDC Director.

The Directors of APDC Holdings and APDC Limited are of the opinion that the information that APDC Securityholders and their professional advisers would reasonably require to make an informed assessment whether to accept the NEXTDC Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);

- the information contained in APDC's releases to the ASX, and in the documents lodged by APDC with ASIC, before the date of this Target's Statement; and
- the information contained in this Target's Statement.

The Directors of APDC Holdings and APDC Limited have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors of APDC Holdings and APDC Limited do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors of APDC Holdings and APDC Limited have had regard to:

- the nature of the APDC Securities;
- the matters that APDC Securityholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to APDC Securityholders' professional advisers; and
- the time available to APDC to prepare this Target's Statement.

10. GLOSSARY AND INTERPRETATION

10.1 Definitions

360 Capital means 360 Capital Group (ASX:TGP).

AEDT means Australian Eastern Daylight Time.

APDC means Asia Pacific Data Centre Group, being the 'stapled group' comprising APDC Holdings and APDC Trust (the responsible entity for which is APDC Limited) whose shares and units are stapled together.

APDC Holdings means Asia Pacific Data Centre Holdings Limited ACN 159 621 735.

APDC Limited means Asia Pacific Data Centre Limited ACN 159 624 585 as the responsible entity of APDC Trust.

APDC Security means a stapled security comprising one fully paid unit in the APDC Trust and one fully paid ordinary share in the issued capital of APDC Holdings.

APDC Securityholder means a holder of APDC Securities.

APDC Trust means Asia Pacific Data Centre Trust ARSN 161 049 556.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.

ASX Listing Rules means the official listing rules of the ASX.

ASX Settlement Operating Rules means the operating rules of ASX Settlement which govern the administration of CHESS.

Bankwest means Bankwest (a division of Commonwealth Bank of Australia).

Bidder's Statement means the original bidder's statement received by APDC from NEXTDC under Part 6.5 of the Corporations Act dated 8 October 2018.

Board means the board of directors of APDC Holdings or APDC Limited.

Business Day means a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday.

CHESS means the Clearing House Electronic Subregister System, which provides for electronic security transfer in Australia.

Citi means Citigroup Global Markets Australia Pty Limited.

Competing Proposal means a bona fide proposal, agreement, arrangement or offer that, if entered into or successfully completed, would result in a person (either alone or together with its associates) other than the Bidder or its associates:

- (a) directly or indirectly acquiring a relevant interest or an economic interest in 50% or more of the APDC Securities or of the share capital of any of APDC's related bodies corporate;
- (b) directly or indirectly acquiring control of APDC;

- (c) directly or indirectly acquiring or becoming the holder of any interest in all or a substantial part of the business or assets of APDC or any of its related bodies corporate; or
- (d) otherwise acquiring or merging with APDC,

whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale or purchase of Securities or assets, joint venture, dual listed company structure (or other synthetic merger) or other transaction or arrangement.

Controlling Participant means "Controlling Participant" as defined in the ASX Settlement Operating Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Debt Facility means the facility with Bankwest to provide APDC with up to A\$29 million of asset-secured debt funding, maturing on 29 November 2019 and secured by a mortgage over S1.

Default Notice means a notice of subsisting default and forbearance from Bankwest to APDC issued under the Debt Facility dated 16 October 2018.

Directors means the current directors of APDC Holdings or APDC Limited as responsible entity for APDC Trust.

First Supplementary Bidder's Statement means the supplementary bidder's statement received by APDC from NEXTDC under Part 6.5 of the Corporations Act dated 17 October 2018.

FY2018 Financial Results means the full year financial results announced by APDC on 21 August 2018 for FY2018.

FY2018 means the financial year ended 30 June 2018.

Holder Identification Number means "Holder Identification Number" as defined in the ASX Settlement Operating Rules.

IBC means the independent board committee of the APDC Holdings, comprising Lawrence Gibbs and John Wilson established to assess the NEXTDC Offer.

Insolvency Event means any of the events set out in section 652C(2) of the Corporations Act.

Issuer Sponsored Holdings means a holder of Securities on APDC issuer sponsored subregister.

Listing Rules the Official Listing Rules of the ASX, as amended and waived by the ASX from time to time.

M1 means the data centre facility owned by APDC located at 826-846 Lorimer Street, Port Melbourne, Victoria 3207.

NEXTDC means NEXTDC Limited ACN 143 582 521.

NEXTDC Offer or **Offer** means the offer by NEXTDC for APDC Securities, which is contained in section 2 of the Bidder's Statement and includes on-market purchases of APDC Securities by Citi for NEXTDC at the Offer Price from 11am on 8 October 2018.

NEXTDC Share means one ordinary share in NEXTDC.

Offer Period means the period during which the NEXTDC Offer will remain open for acceptance in accordance with section 2 of the Bidder's Statement.

Offer Price means the consideration offered under the NEXTDC Offer, being \$2.00 cash per APDC Security as at the date of this Target's Statement.

OIG means One Investment Group Pty Limited.

OMIFL means One Managed Investment Funds Limited.

P1 means the data centre facility owned by APDC located at 101 Malaga Drive, Malaga, Western Australia, 6090.

REIT means real estate investment trust.

S1 means the data centre facility owned by APDC located at 4 Eden Park Road, Macquarie Park, New South Wales 2113.

Security Reference Number means "Security Reference Number" as defined in the ASX Settlement Operating Rules.

September 2018 Distribution means the distribution of A\$0.02 per APDC Security announced by APDC on 20 September 2018 and payable 25 October 2018 in relation to the September 2018 quarter.

Special Distribution means the distribution of \$0.02 per APDC Security announced on 8 October 2018 and payable on 14 November 2018 with a record date of 12 October 2018.

Target's Statement means this document (including any attachments), being the statement of APDC Holdings and APDC Limited (as the responsible entity of APDC Trust) under Part 6.5 Division 3 of the Corporations Act.

Trust Company means the Trust Company (Australia) Limited ACN 000 000 993 in its capacity as custodian of the APDC Trust.

Trading Day means "Trading Day" as defined in the Listing Rules.

VWAP means in relation to a particular period, the volume weighted average closing price of trading in a security on the ASX market over that period.

10.2 Interpretation

In this Target's Statement, unless the context requires otherwise:

- (a) headings are inserted for convenience and do not affect the interpretation of this Target's Statement;
- (b) words and phrases in this Target's Statement have the same meaning given to them (if any) in the Corporations Act;
- (c) the singular includes the plural and vice versa;
- (d) a gender includes all genders;
- (e) a reference to a person includes a corporation, partnership, joint venture, association, unincorporated body or other body corporate and vice versa;
- (f) if a word is defined, another part of speech has a corresponding meaning;
- (g) a reference to a section or appendix is a reference to a section or appendix of this Target's Statement;

- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) unless expressly stated otherwise, a reference to time is a reference to AEDT; and
- (j) unless expressly stated otherwise, a reference to dollars, \$, A\$ or AUD is a reference to the lawful currency of Australia.

11. AUTHORISATION

This Target's Statement is dated 18 October 2018 and has been approved by a resolution passed by the Directors of APDC Holdings and Directors of APDC Limited.

Signed for and on behalf of the APDC Holdings and APDC Limited:



Lawrence Gibbs
Non-executive Director and Chairman of the IBC
Asia Pacific Data Centre Holdings Limited



Frank Tearle
Executive Director
Asia Pacific Data Centre Limited