

ASX RELEASE

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APDC Update

The Boards of Asia Pacific Data Centre Holdings Limited (**APDC Holdings**) and Asia Pacific Data Centre Limited (**APDC Limited**), acting as responsible entity of Asia Pacific Data Centre Trust (**APDC Trust**), (together, **APDC**), provide the following update.

Since the new Board was appointed on 23 November 2017, it has:

- recommenced quarterly distributions;
- appointed independent valuers to assess the current value of the portfolio;
- commenced documenting an application for a new \$100 million multi option loan facility; and
- commenced reviewing opportunities to grow APDC and create value for APDC given the significant opportunities currently available in the data centre sector.

Valuations

The Board has commissioned independent valuations having regard to its observation of further capitalisation rate compression having occurred in the market since the portfolio was last valued.

This process has been delayed by the conduct of NEXTDC Limited (ASX:NXT) which has refused reasonable access to facilitate the valuations. APDC has requested access on at least eight occasions since 21 November 2017. APDC has engaged legal counsel.

Refinancing

As previously disclosed, the Board has determined to progress documenting the new \$100 million facility with Bankwest as it provides APDC with significant flexibility. Finalisation of that facility is subject to completion of the independent valuations referred to above.

The Board has not yet resolved to enter into that facility. That decision will be made subject to the outcome of the expression of interest process and having regard to how those borrowings are best applied. Refer to the Expression of Interest and Reviewing Opportunities sections below.

For the avoidance of doubt, no decision has been made by the Board to proceed with any capital distribution and no such decision will be made until after completion of the expression of interest process referred to below.

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.

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Reviewing Opportunities

APDC believes there are many opportunities in the data centre sector to generate significant value for all security holders.

Since 23 November 2017, APDC has submitted confidential non-binding offers (subject to due diligence) to acquire approximately \$150 million of data centre assets to grow the APDC portfolio. APDC has also entered into preliminary discussions with third parties, including a global data centre owner/operator regarding the potential to significantly expand APDC in Australasia.

APDC has the opportunity to become a major data centre owner throughout the Asia Pacific region in line with its strategy.

Wind-up Proposal

NEXTDC announced on 14 December 2017 that it intends to convene a meeting to wind up APDC Trust (**Wind-up Proposal**).

NEXTDC states that the rationale for the Wind-up Proposal is that NEXTDC believes that a capital distribution is not in the best interest of securityholders. Given no decision has been made in respect of a capital distribution, NEXTDC's Wind-up Proposal is premature and ill founded.

NEXTDC also has a material personal interest in respect of the Wind-up Proposal. The leases for the properties between APDC and NEXTDC purports to give NEXTDC a right of first refusal for the sale of these properties (**First Right**), and accordingly, NEXTDC may have a significant interest in the Wind-up Proposal over and above that of other APDC members.

APDC also refers to ASX Listing Rule 10.1 which provides that a sale of a substantial asset to a person who holds 10% or more of the securities (or has had such holding in the preceding 6 months) must be approved by a resolution of securityholders. The acquiring party and its associates will be precluded from voting on that resolution. ASX Listing Rule 10.1 promotes market integrity by regulating transactions with persons in a position of influence.

Independent Board Committee

The Board has established an Independent Board Committee (**IBC**) comprising Lawrence Gibbs and John Wilson. The IBC will be responsible for assessing the Wind-up Proposal.

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Expressions of Interest

Having regard to recent portfolio sales on long leases, APDC's triple net lease structures and taking into account the recent sale of the Metronode data centre portfolio which transacted at a 4.73% yield, the IBC believes that the APDC portfolio may be worth significantly more than implied by the current valuations.

Discussions with selling agents have reaffirmed that APDC's portfolio could command a yield in this proximity which, based on a net income of approximately \$14.06 million p.a., would equate to a portfolio value of circa \$300 million representing an NTA of approximately \$2.40 per security.

In order to decide whether it is in securityholders interests to proceed with a sale of some or all of APDC's assets as compared to other opportunities, the IBC has resolved to seek expressions of interest in respect of the sale of APDC's assets. The IBC expects that agents will be appointed imminently and the process is expected to be completed by mid February. Members will be updated as appropriate.

360 Capital has confirmed to APDC that it has no objection to the expression of interest process proceeding.

In view of the expression of interest process and the above matters, the IBC considers it in the interests of all stakeholders that NEXTDC engages constructively and defer its Wind-up Proposal.

For further information please contact:

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