



NEXTDC where the cloud lives®

ASX Release

2 January 2018

Wind-up of APDC Trust – Meeting Booklet

NEXTDC Limited (ASX: NXT) (“NEXTDC” or “the Company”) refers to its ASX announcement dated 21 December 2017 titled ‘Wind-up of Asia Pacific Data Centre Trust’, which announced that NEXTDC had scheduled a meeting of members of the Asia Pacific Data Centre Trust (**APDC Trust**) for Wednesday, 31 January 2018 to vote on its resolution to wind up the APDC Trust.

Following the recent receipt of APDC’s register of members, NEXTDC has commenced despatch of its Meeting Booklet to APDC Trust members.

Attached is a copy of the Meeting Booklet, dated 2 January 2018, which has been updated to reflect developments occurring over the past week.

ENDS

For more information:

Alex Teo
Manager Investor Relations and Corporate Development
T: +61 414 871 966
E: investorrelations@nextdc.com

Melissa Patch (Media)
Cato & Clegg Partners
T: +61 412 124 195
E: melissa@catoandclegg.com

NEXTDC Investor Centre: www.nextdc.com/our-company/investor-centre

About NEXTDC

NEXTDC is an ASX200-listed technology company enabling business transformation through innovative data centre outsourcing solutions, connectivity services and infrastructure management software.

As Australia’s leading independent data centre operator with a nationwide network of Tier III and IV facilities, NEXTDC provides enterprise-class colocation services to local and international organisations. With a focus on sustainability and renewable energy NEXTDC is leading the industry with award-winning engineering solutions for energy efficiency and NABERS 4.5 star certification.

NEXTDC is extending its leadership in data centre services through the innovative DCIM-as-a-Service software platform, ONEDC®, which enables customers to centrally manage their on-premise and collocated infrastructure; and advanced connectivity services that deliver a range of secure, high-speed interconnections between racks, networks and cloud services.

NEXTDC’s Cloud Centre is the online marketplace for the country’s largest independent network of carriers, cloud and IT service providers, enabling customers to freely source best of breed suppliers within the NEXTDC Partner community.

NEXTDC is *where the cloud lives*®.

To learn more, visit www.nextdc.com

For personal use only

For personal use only



N E X T D C where the cloud lives®

Meeting Booklet containing Notice of Meeting and Explanatory Memorandum

in relation to a general meeting of members of the

Asia Pacific Data Centre Trust

ARSN 161 049 556

convened under section 252D of the Corporations Act

NEXTDC recommends that all APDC Securityholders eligible to vote on the Resolution vote IN FAVOUR of the Resolution.

This Meeting Booklet, Notice of Meeting and Explanatory Memorandum is issued by NEXTDC Limited, in relation to a general meeting of the members of the Asia Pacific Data Centre Trust.

This is an important document and requires your immediate attention. The resolution relates to a proposal to wind up the Asia Pacific Data Centre Trust.

If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately.

Your vote is important. A Proxy Form for the Meeting accompanies this Booklet. Please complete, sign and return the Proxy Form in accordance with the instructions which appear on the Proxy Form.

General meeting to be held at 11.00am (Sydney time) on Wednesday, 31 January 2018 at Warrane Theatre, Museum of Sydney, Cnr Phillip and Bridge Street, Sydney, NSW 2000 Australia.



For personal use only

Key dates

Date of this Meeting Booklet	2 January 2018
------------------------------	----------------

Last time and date by which the Proxy Form for this Meeting should be returned to Link Market Services	5.00pm (Sydney time) on Thursday, 25 January 2018
--	---

Last time and date by which the Proxy Form for this Meetings can be lodged directly with the APDC RE	11.00am (Sydney time) on Monday, 29 January 2018
--	--

Time and date for determining eligibility to vote at this Meeting	7.00pm (Sydney time) on Monday, 29 January 2018
---	---

Date of this Meeting	11.00am (Sydney time) on Wednesday, 31 January 2018
----------------------	---

Key Contact

APDC's Registry
Link Market Services
Level 21
10 Eagle Street
Brisbane QLD 4000
Phone: 1300 554 474

Contents

Explanatory Memorandum
Appendix 1: Notice of Meeting
Proxy Form



Important information

NEXTDC has called the Meeting pursuant to section 252D of the Corporations Act. NEXTDC holds interests carrying more than 5% of the votes that may be cast at a meeting of the members of the APDC Trust. The Resolution is a proposed extraordinary resolution pursuant to section 601NB of the Corporations Act, to consider and vote on whether to direct the responsible entity of the APDC Trust to wind up the APDC Trust.

Investment advice

In preparing this Meeting Booklet, NEXTDC has not taken into account the individual objectives, financial situation or needs of individual APDC Securityholders. Accordingly, before making a decision as to how to vote on the Resolution, you may wish to consult with your financial or other professional adviser.

Disclaimer as to APDC information

The information on APDC, APDC Securities and the APDC group contained in this Meeting Booklet has been prepared by NEXTDC using publicly available information.

Information in this Meeting Booklet concerning APDC's business has not been independently verified by NEXTDC. Accordingly, NEXTDC does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Privacy

NEXTDC has collected your information from the register of APDC Securityholders for the purpose of issuing this Notice of Meeting. The Corporations Act requires the name and address of APDC Securityholders to be held in a public register. Your information may be disclosed on a confidential basis to NEXTDC's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. The registered address of NEXTDC is Level 6, 100 Creek Street, Brisbane, QLD 4000.

Defined terms

Capitalised terms used in this Meeting Booklet are defined in the Glossary in section 4 of this Meeting Booklet.

Time

A reference to time is a reference to time in Sydney, Australia.

Date

The Explanatory Memorandum is dated 2 January 2018.

Currency

A reference to dollars, \$, A\$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

For personal use only



Chairman's letter

Dear APDC Securityholders,

Winding up of the Asia Pacific Data Centre Trust

On behalf of the Board of NEXTDC Limited (**NEXTDC**), I am writing to you to outline our proposal to wind up the Asia Pacific Data Centre Trust (**APDC Trust**) and distribute the net cash proceeds to all members.

We consider that the sale of all the APDC Trust's properties and subsequent return of the net proceeds to members, alongside the winding up of the Trust, to be in the best interest of APDC Securityholders.

We encourage you to vote in **FAVOUR** of the resolution to wind up the APDC Trust.

NEXTDC has elevated concerns over the governance track record of the 360 Capital Group (**360 Capital**), which now controls APDC, with limited true independent controls.

Based on its announcements, the 360 Capital-appointed Board of APDC has stated its intention to increase APDC's debt more than 3.5 times to the imprudent level of \$100 million to fund a capital distribution (the **Capital Distribution Proposal**).

The Capital Distribution Proposal would allow 360 Capital to repay debts and replenish cash reserves used to fund its takeover bid for APDC. However, the Capital Distribution Proposal is materially prejudicial to APDC Securityholders, including NEXTDC, as it would significantly increase APDC's risk profile, reduce both the quantum and value of future distributions as well as restricting APDC's ability to fund growth initiatives.

In bidding for APDC, 360 Capital relied on the Capital Distribution Proposal to enable it to repay acquisition funding. Accordingly, it constitutes "financial assistance" under the Corporations Act.

Despite the Capital Distribution Proposal being detrimental to APDC Securityholders, the 360 Capital-appointed Board has to date shown no preparedness to put the Capital Distribution Proposal to an APDC Securityholder vote to seek the approvals required by the financial assistance provisions under of the Corporations Act.

APDC's recent conduct, including its public statements and changes of strategy have reinforced NEXTDC's concern that the 360 Capital-appointed APDC Board lacks the independence necessary to ensure the proper governance of APDC, and the effective management of its three data centre assets, on an ongoing basis.

Accordingly, NEXTDC considers that APDC is no longer fit for the purpose for which it was established and that the APDC Trust, which holds APDC's data centre assets, should be wound up.

In winding up the APDC Trust, the responsible entity of the APDC Trust will remain bound by its statutory and fiduciary obligations, to act in the best interests of unitholders in the APDC Trust.

Your vote is important. I strongly urge you to carefully consider the important information contained in this Meeting Booklet and exercise your right to vote by either attending the Meeting or appointing a proxy or in the case of bodies corporate, a corporate representative. A Proxy Form is included in this pack. If you wish to vote by proxy, this Form must be received by Link Market Services by 5.00pm (Sydney time) on Thursday, 25 January 2018. Proxy Forms may also be returned directly to the APDC RE at its registered address by 11.00am (Sydney time) on Monday, 29 January 2018.

For personal use only



This Meeting Booklet should not be relied upon as the sole basis for deciding how to vote on the Resolution at the Meeting or for making any other investment decision in relation to your APDC Securities. I encourage you to seek advice from an independent, appropriately licensed and authorised professional adviser. Your own advisers will be able to consider your personal circumstances and investment needs.

If you have any questions, please contact Link Market Services between 8.30am and 5.30pm (Sydney time) Monday to Friday.

Yours sincerely

Doug Flynn

Independent Chairman

For personal use only



Explanatory Memorandum

This Explanatory Memorandum forms part of the Notice of Meeting and should be read in conjunction with it.

1 Background and reason for the Meeting

1.1 NEXTDC

NEXTDC is an ASX200-listed technology company enabling business transformation through innovative data centre outsourcing solutions, connectivity services and infrastructure management software. As at the date of this Explanatory Memorandum, the market capitalisation of NEXTDC is approximately \$1.7 billion.

NEXTDC has its head office in Brisbane, Australia and was established in 2010 to develop and operate independent data centres in Australia, with a national network operating in Sydney, Canberra, Melbourne, Perth and Brisbane.

NEXTDC focuses on providing scalable, on-demand services to support outsourced data centre infrastructure and cloud connectivity.

Further information about NEXTDC is available from: <https://www.nextdc.com>

As at the date of this notice, NEXTDC has a 29.2% interest in APDC, holding 33,588,501 APDC Securities.

1.2 NEXTDC's reasons for convening the Meeting

(a) Background

In its replacement Bidder's Statement dated 4 October 2017, the 360 Capital Investor informed APDC Securityholders of its intention, on completion of its takeover bid, to raise APDC's debt facility to \$100 million, with the increased debt proceeds used to fund a \$0.65 per APDC Security capital distribution.

On 21 November 2017, following completion of the 360 Capital Investor's bid, 360 Capital announced that the new APDC Board, which the 360 Capital Investor proposed to appoint at the upcoming annual general meeting of APDC, would implement strategic initiatives outlined in the 360 Capital Bidder's Statement, including the capital distribution.

On 7 December 2017, the APDC Board announced that it had arranged a new debt facility of \$100 million with expected financial close by 31 December 2017. It also reiterated earlier public statements that it intended to pursue the strategic initiatives outlined in the 360 Capital Bidder's Statement.

NEXTDC wrote to the APDC Board on 8 December 2017 asking it to confirm that these initiatives did not include the previously proposed capital distribution, and that the APDC Board would not proceed with the capital distribution without first seeking APDC Securityholder approval.

The APDC Board declined to provide the requested confirmations, leaving NEXTDC with no alternative but to conclude, once again, that APDC intends to proceed with the \$0.65 per APDC Security capital distribution as soon as practicable after financial close under its new \$100 million debt facility and does not intend to seek APDC Securityholder approval.



On 19 December 2017, **after** NEXTDC announced its intention to call a meeting of APDC Trust's unitholders to consider a resolution to direct the APDC RE to wind up the APDC Trust, an independent board committee appointed by the APDC Board announced an intention to conduct an expressions of interest process to decide whether it is in APDC Securityholders interests to proceed with a sale of some or all of APDC's assets as compared to other opportunities. The APDC Board also announced that it would defer its decision whether to enter into the \$100 million facility and proceed with the capital distribution until completion of the expressions of interest process expected to be completed by mid-February.

Subsequently, on 21 December 2017, the APDC Board announced that it had appointed agents to commence a marketing campaign, and on 28 December 2017, announced it had issued NEXTDC with an offer pursuant to NEXTDC's pre-emptive rights under its leases of APDC's data centres to purchase the data centres for a total consideration of \$300 million. On 28 December 2017, NEXTDC advised the market that it does not intend to accept that offer on the grounds that the \$300 million value promoted by the APDC Board is unjustifiable.

The APDC Board has not advised the market what it intends to do with the proceeds of any sale of any of its data centres, nor has it provided any further update as to the status of its proposed capital distribution should the sales process not achieve the targeted \$300 million value for the APDC data centre portfolio.

(b) Capital Distribution Proposal not in APDC Securityholders' best interests

The Capital Distribution Proposal will allow the 360 Capital Investor to repay part of the acquisition funding which it drew upon in making its takeover bid for APDC, and to replenish 360 Capital's general cash reserves. However, the Capital Distribution Proposal is not in the best interests of APDC Securityholders as a whole. Importantly, the Capital Distribution Proposal:

- increases APDC's debt levels to more than 3.5 times its previous debt levels and results in overall gearing¹ rising to 47.2% (previously: 11.9%);
- increases APDC's gearing to a level that is materially higher than market practice levels for comparable listed A-REITs;
- increases APDC's interest payments significantly, which will in turn reduce the amount and reliability of future distributions to APDC Securityholders;
- materially increases refinancing risk for APDC, as APDC will be more exposed to reductions in commercial property valuations or availability of bank finance; and
- limits APDC's flexibility to fund future acquisitions of assets, as it will have limited ability to attract additional debt funding on commercially attractive terms given its over-leveraged capital structure.

Overall, the Capital Distribution Proposal would materially adversely affect the investment risk profile of APDC for existing APDC Securityholders, increasing the risk and decreasing the reliability of distributions.

The previous independent APDC Board had repeatedly rejected previous proposals by 360 Capital for APDC to increase its indebtedness to fund capital distributions of up to \$0.65, having regard to the interests of all APDC Securityholders.²

¹ Gearing is defined as total non-current liabilities divided by total non-current assets per APDC's own definition as disclosed in APDC's FY17 results announcement dated 25 August 2017.

² See APDC's ASX Releases of 13 July 2017 and 8 September 2017.



In the Chairman's letter included in APDC's ASX Release of 13 July 2017 in relation to 360 Capital's initial debt-funded capital distribution proposal, the then Chairman of the independent APDC Board stated:

"360 Capital's Debt funded Proposed Capital Distribution Is short sighted, reducing long-term distribution payments to Securityholders."

And again, in its ASX Release of 8 September 2017, the independent APDC Board stated in relation to a revised proposal by 360 Capital:

"The Board is not supportive of a debt funded capital distribution of \$0.65 per APDC security, having regard to the interests of all securityholders where the future ownership of APDC is not certain and there are material uncertainties around the ability to implement a capital distribution."

(c) **Capital Distribution Proposal constitutes financial assistance**

NEXTDC has previously made public its concerns that the Capital Distribution Proposal constitutes 'financial assistance' for the purposes of the Corporations Act.³

Under the Corporations Act, a company must not financially assist a person to acquire the company's (or its holding company's) shares or units of shares if the assistance would be materially prejudicial to (among other matters) the interests of the company or its shareholders, unless the financial assistance is approved by a special resolution of shareholders (75% of the votes cast, with no votes cast in favour of the resolution by the acquirer and its associates).

The Capital Distribution Proposal is closely tied to the 360 Capital Investor's acquisition of APDC Securities, having been referred to in the 360 Capital Bidder's Statement. The Capital Distribution Proposal would financially assist the 360 Capital Investor's acquisition of APDC Securities by enabling the 360 Capital Investor to repay in part the funding drawn upon to fund its takeover bid.

Having regard to the effects of the Capital Distribution Proposal described in section 1.2(b) above, it is materially prejudicial to the interests of APDC Limited and the interests of its shareholders.

NEXTDC has previously stated that it would vote against a resolution to approve the Capital Distribution Proposal.

(d) **Governance and management concerns**

Although the new APDC Board has announced that it intends to defer its decision on any capital distribution until after completion of an expressions of interest process, it has not confirmed that it is abandoning the Capital Distribution Proposal, or that it will seek the APDC Securityholder approvals required under the Corporations Act. This is despite the continued objections of a major APDC Securityholder, and despite the previous independent APDC Board having rejected similar proposals having regard to the interests of all APDC Securityholders.

Furthermore, since 360 Capital's appointment of the current directors to the APDC Board on 23 November 2017, the APDC Board has conducted APDC's strategy in a haphazard and reactive manner. In addition to the Capital Distribution Proposal, after NEXTDC announced its intention to call a meeting of APDC Trust's unitholders to consider a resolution to direct the APDC RE to wind up the APDC Trust, APDC's Board has announced:

- that APDC has been evaluating acquisition opportunities in the data centre sector with an aggregate value of \$150 million; and

³ In NEXTDC's ASX Release of 26 September 2017. Adequacy of disclosure in relation to financial assistance was also the subject of NEXTDC's Takeovers Panel application of 10 October 2017.

For personal use only



- that APDC was proposing an expression of interest process for its existing data centre portfolio.

APDC's Board has subsequently announced that, with the full support of 360 Capital, it has become a seller of its data centre portfolio, that it was conducting a sales process in relation to all of its data centre assets, and that it had offered the data centres to NEXTDC pursuant to NEXTDC's pre-emptive rights under its leases of the data centres.

In relation to its most recently announced sales process, the APDC Board has not provided any indication as to what it intends to do with the proceeds of the sale of APDC's data centres.

Having regard to the APDC Board's course of conduct, NEXTDC believes that the 360 Capital-appointed APDC Board lacks the independence and long-term focus necessary to ensure the proper governance of APDC, and the effective management of its three data centre assets, on an ongoing basis.

The APDC Board's conduct has led NEXTDC to conclude that APDC is no longer fit for the purpose for which it was established and that, accordingly, the APDC Trust, which holds APDC's data centre assets, should be wound up, its assets realised, and the net proceeds of the realisation of its assets distributed to APDC Securityholders (as beneficiaries of the APDC Trust).

1.3 NEXTDC's power to convene the Meeting

Under section 252D of the Corporations Act, members of a registered scheme who hold interests carrying at least 5% of the votes that may be cast at a meeting of the scheme's members may call and arrange to hold a meeting of the scheme's members to consider and vote on a proposed extraordinary resolution.

For the purposes of section 252D(3) of the Corporations Act, NEXTDC holds interests in the APDC Trust carrying 29.2% of the votes that may be cast at a meeting of the APDC Trust's members. The resolution to direct the APDC RE to wind up the APDC Trust is an extraordinary resolution. Accordingly, NEXTDC is entitled to call and arrange to hold a meeting of the APDC Trust's members to consider the Resolution.

2 Resolution

2.1 Outline of the Resolution

NEXTDC has convened the Meeting to consider an extraordinary resolution to direct the APDC RE to wind up the APDC Trust.

Pursuant to section 601NB of the Corporations Act, members of a registered scheme are entitled to convene a meeting to consider and vote on an extraordinary resolution directing the responsible entity to wind up the scheme.

2.2 Voting and intentions

(a) Persons entitled to vote at the Meeting

Subject to the voting restrictions set out in the Notice of Meeting, and described in this Explanatory Memorandum, each APDC Securityholder who is on the APDC register of APDC Securityholders at the Voting Record Date is entitled to attend and vote at the Meeting (in their capacity as a holder of units in the APDC Trust) either in person, by

For personal use only



proxy or, in the case of a body corporate, by its corporate representative appointed in accordance with section 253B of the Corporations Act.

NEXTDC intends to call for voting on the Resolution to be conducted by poll. Under the Corporations Act, an extraordinary resolution put to the vote at a meeting must be decided on a poll. When voting on a resolution of the APDC Trust determined by poll, each APDC Securityholder present in person or by proxy has one vote for every dollar of its total interest held in the APDC Trust (held via units). The value of an APDC Securityholder's total interest in the APDC Trust will be calculated by reference to the last sale price of APDC Securities on ASX on Tuesday, 30 January 2018.

(b) Voting requirement for the Resolution

Voting on the Resolution will be by extraordinary resolution.

To be approved, an extraordinary resolution must be passed by at least 50% of the total votes that may be cast by members entitled to vote on that resolution (including members who are not present in person or by proxy).

(c) Voting exclusions

For the purposes of the Resolution, and in accordance with section 253E of the Corporations Act, the APDC RE and its associates are not entitled to vote their interests if they have an interest in the resolution other than as a member of the APDC Trust.

The 360 Capital Investor, as holder of 67.31% of the APDC Securities on issue, holds a majority of the shares in APDC Holdings, the parent company of the APDC RE, and, as a result, is an associate of the APDC RE.⁴ As the APDC RE has an interest in the Resolution other than as a member, the 360 Capital Investor is not entitled to vote its 67.31% interest in the APDC Trust on the Resolution.

(d) NEXTDC's voting intentions

NEXTDC holds a 29.2% in the APDC Trust and intends to vote its entire interest in the APDC Trust in favour of the Resolution.

(e) Proxy collector

To ensure the integrity of the proxy voting process, NEXTDC has engaged a professional third party expert, Link Market Services, to collect and collate Proxy Forms returned to it. Link Market Services will at all times handle the Proxy Forms with due care and skill and will safeguard the Proxy Forms against tampering, filtering or other inappropriate handling.

Please send completed Proxy Forms or corporate authorised representative forms to:

By Mail: A reply paid envelope is enclosed with the Notice of Meeting.

Asia Pacific Data Centre Group, C/- Link Market Services Limited
Locked Bag A14 Sydney South NSW 1235 Australia

By Fax: +61 2 92870309

In person: Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138
OR
Level 12, 680 George Street, Sydney, NSW 2000

⁴ Based on the 'Notice of change of interests of substantial holder' released on the APDC ASX Market Announcements Platform on 21 November 2017 which states that the 360 Capital Investor has a voting power of 67.31%.

For personal use only



Please note that, in order for your appointment of proxy to be effective, Link Market Services will need to forward your Proxy Form to the APDC RE so that it is received by the APDC RE by no later than 11.00am (Sydney time) on Monday, 29 January 2018. In order for it to do so, please complete, sign and return your Proxy Form to Link Market Services as soon as possible, and in any event no later than 5.00pm (Sydney time) on Thursday, 25 January 2018.

While it is the preference of NEXTDC for APDC Securityholders to send the Proxy Forms and corporate authorised representative forms to Link Market Services at the above address, you may also return these documents directly to the APDC RE at the following address:

Level 8
56 Pitt Street
Sydney, New South Wales, 2000

Any Proxy Forms returned to the APDC RE must be received by the APDC RE by 11.00am (Sydney time) on Monday, 29 January 2018.

NEXTDC recommends that all APDC Securityholders eligible to vote on the Resolution vote IN FAVOUR of the Resolution.

2.3 The wind up process

If the Resolution is passed, under the Corporations Act, the APDC RE must wind up the APDC Trust in accordance with the APDC Trust Constitution.

This will have the following consequences:

- The APDC RE must give each APDC Securityholder notice of the termination and of its intention to wind up the APDC Trust.
- No further units may be issued or redeemed.
- The APDC RE must, as soon as reasonably practicable after giving the notice of termination, realise all of the assets of the APDC Trust in such manner as the APDC RE considers appropriate, and must pay, discharge or provide for all liabilities and all expenses of, or in connection with, the APDC Trust (including those anticipated in connection with the winding up).
- The net proceeds of realisation and all other cash forming part of the APDC Trust's assets will be distributed to unitholders in the APDC Trust in proportion to the number of units held by them at the date of the distribution.
- The APDC RE may postpone realisation of the APDC Trust's assets for such time as it considers desirable to do so in the interests of unitholders in the Trust.
- The APDC RE may make partial distributions.

Once the final distribution is made, units will be cancelled from the date of that distribution (unless the APDC RE determines otherwise).

In exercising its powers on winding up of the APDC Trust, the APDC RE remains bound by its statutory and fiduciary obligations, to act in the best interests of unitholders in the APDC Trust as a whole and for a proper purpose.

Development of a strategy to realise the assets of the APDC Trust such as to maximise the value distributed to unitholders in the APDC Trust will be a matter for the APDC RE, having regard to the progress of the marketing campaign for the data centres which the APDC Board has already commenced. However, NEXTDC expects that a sale process for the three data centres that comprise the main assets of the APDC Trust could be completed within a period of not more than three months, having regard to current market conditions, that a sales process has already been initiated, and that NEXTDC does not



intent to accept the offer made to it pursuant to its pre-emptive rights to acquire the data centres for the aggregate offer price of \$300 million.

NEXTDC is the tenant of each of the data centres and, under the leases, if the landlord proposes to sell the leased data centres, it must first offer the data centre to NEXTDC at such price as the landlord is prepared to sell the data centre. If NEXTDC does not accept the offer within 20 business days of receiving the landlord's offer, for the next 180 days the landlord may sell the data centre to a third party on terms no more favourable than those set out in the landlord's offer to NEXTDC. As set out in section 1.2(a) above, NEXTDC has indicated that it does not intend to accept the offer announced by APDC to purchase the data centres for an aggregate amount of \$300 million. However, should APDC propose to sell any of the data centres on terms more favourable to a buyer than those offered to NEXTDC, the revised terms would first have to be offered to NEXTDC.

A wind up does not guarantee that APDC Securityholders will receive a specific distribution amount in respect of interest in the APDC Trust. The value of the net proceeds received on a winding up of the APDC Trust's assets are likely to differ from the net asset value of the APDC Trust at the date of the Meeting. This is because the net proceeds will reflect the net realisation values of the assets comprising the APDC Trust at the time of sale of the assets and the costs of winding up the APDC Trust.

2.4 Implications for stapling and continued listing of APDC

Subject to the Corporations Act and ASX Listing Rules, stapling of units in the APDC Trust and shares in APDC Holdings will automatically cease on the Resolution being passed.

The ASX has the power to suspend trading in units and to delist the APDC Trust. APDC may also seek suspension of trading and request delisting.

If the Resolution is passed, the APDC RE will need to consult with the ASX as to continuation of trading in APDC Securities and APDC's continued listing.

2.5 Implications if the Resolution is not passed

If the Resolution is not passed, the APDC Trust will not be wound up and APDC will continue to operate under the direction of its current board. NEXTDC has no reason to believe that its concerns about the current board's lack of independence will be addressed.

NEXTDC expects that, unless the sale process commenced on 21 December 2017 results in a sale of APDC's data centres, the Capital Distribution Proposal will be implemented.

3 Tax implications

If the Resolution is passed there will be tax implications for the APDC Trust and each APDC Securityholder.

Each APDC Securityholder should seek its own professional tax advice regarding the tax implications to its APDC Securities.

The high-level tax outcomes arising from the Resolution for Australian tax resident APDC Securityholders holding their investment on capital account are summarised below. We have not addressed the tax treatment for:

For personal use only



- APDC Securityholders who hold their APDC Securities on revenue account, such as banks and other trading entities;
- APDC Securityholders who have made any of the tax timing method elections pursuant to the taxation of financial arrangements rules in Division 230 of *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their APDC Trust units; or
- APDC Securityholders who are not Australian tax residents or who are residents of other countries.

3.1 Impact on the APDC Trust

If the Resolution is passed it will cause a realisation of all the underlying assets of the APDC Trust, which may realise a capital gain or loss.

To the extent that the APDC Trust makes a net capital gain on realisation of the underlying assets in an income year, that net capital gain will form part of the distribution of income and be taxable in the hands of APDC Securityholders. If the gain is referable to assets acquired more than 12 months before entering into any sale agreement it will be a 'discount capital gain' for CGT purposes.

If the realisation of underlying assets results in an overall loss in the income year in which the APDC Trust is wound up, that loss will be forgone when the APDC Trust is wound up.

3.2 Impact on APDC Securityholders

(a) Realisation of assets

To the extent that the APDC Trust makes a net capital gain on realisation of the underlying assets in an income year, that net capital gain will form part of the distribution of income and be taxable in the hands of APDC Securityholders.

If the gain is referable to assets acquired more than 12 months prior to entering into any sale agreement it will be a 'discount capital gain' for CGT purposes. After applying any current or prior year capital losses against the capital gains, any resulting net capital gain which is referable to a capital gain made on an asset held for at least 12 months by APDC Trust may be reduced by the CGT discount if the relevant APDC Securityholder is an individual, a trustee or a complying superannuation entity.

- If the APDC Securityholder is an individual or trustee, any resulting net capital gain will be reduced by 50%.
- If the APDC Securityholder is the trustee of a complying superannuation entity, any resulting net capital gain will be reduced by one-third. The ultimate effect of the discount for other trustees depends on the identity and entitlement of beneficiaries.

The CGT discount is not available to companies.

The net capital gain for the income year (after applying any applicable CGT discount) is included in the APDC Securityholder's assessable income and is subject to income tax at the APDC Securityholder's applicable rate.

Returns of trust capital will not be assessable in the hands of APDC Securityholders and will reduce the cost base in the units of the APDC Trust, to the extent they do not represent the amount of any capital gain of APDC Trust sheltered by the 50% CGT discount. Once an APDC Securityholder's cost base has been reduced to zero, any further amount will result in a capital gain for the APDC Securityholder.

(b) Wind up of the APDC Trust

For personal use only



On the wind up of the APDC Trust there will be a CGT event for APDC Securityholders on cancellation of their units in the APDC Trust.

This will result in a capital gain where the proceeds exceed the cost base of the unit component of their APDC Securities, taking into any reductions for prior returns of trust capital. A capital loss will result if the adjusted cost base of the units exceeds the proceeds, which loss may be used to reduce capital gains derived by APDC Securityholders in the same or subsequent income years.

An individual, trustee or complying superannuation entity who acquired their APDC Trust units at least 12 months before the date of cancellation may reduce the capital gain by the applicable CGT discount. The CGT discount is applied to the capital gain after eligible capital losses have been deducted.

- If the APDC Securityholder is an individual or trustee and chooses the CGT discount method, any resulting net capital gain will be reduced by 50%.
- If the APDC Securityholder is the trustee of a complying superannuation entity, any resulting net capital gain will be reduced by one-third. The ultimate effect of the discount for other trustees depends on the identity and entitlement of beneficiaries.

The CGT discount is not available to companies.

3.3 **GST**

GST should not be payable in respect of the cancellation of APDC Securityholders' units in the APDC Trust on winding up of the APDC Trust.

3.4 **Stamp duty**

Stamp duty should not be payable by APDC Securityholders in respect of the receipt of distributions of the net proceeds of realisation of the APDC Trust's assets on a winding up, or cancellation of their units in the APDC Trust.

For personal use only



4 Glossary

Term	Meaning
\$ or A\$	Australian dollars, the lawful currency of the Commonwealth of Australia.
360 Capital	360 Capital Group (ASX:TGP).
360 Capital Investor	360 Capital FM Limited as trustee for the 360 Capital Diversified Property Fund
APDC	Asia Pacific Data Centre Group, being the 'stapled group' comprising APDC Holdings and APDC Trust whose shares and units are stapled together, and where appropriate, any of its Subsidiaries, and/or APDC Limited acting as responsible entity of APDC Trust.
APDC Holdings	Asia Pacific Data Centre Holdings Limited (ACN 159 621 735).
APDC Holdings Board	the board of directors of APDC Holdings.
APDC Limited	Asia Pacific Data Centre Limited (ACN 159 624 585).
APDC Limited Board	the board of directors of APDC Limited.
APDC RE	the responsible entity of the APDC Trust from time to time, being APDC Limited.
APDC Registry	Link Market Services.
APDC Securities	fully paid stapled securities in the capital of APDC, each comprising one ordinary share in APDC Holdings and a unit in the APDC Trust.
APDC Securityholder	a holder of APDC Securities from time to time, being, in relation to APDC Holdings, a holder of ordinary shares in APDC

For personal use only



Term	Meaning
	Holdings, and in relation to the APDC Trust, a holder of units in the APDC Trust.
APDC Trust	Asia Pacific Data Centre Trust (ARSN 161 049 556).
ASIC	the Australian Securities and Investments Commission.
ASX	as the context requires, ASX Limited (ABN 98 008 624 691) or the securities market conducted by it.
ASX Listing Rules	the Official Listing Rules of ASX, as amended and waived by ASX from time to time.
ATO	Australian Taxation Office.
Board	the APDC Holdings Board or APDC Limited Board (or both) as applicable.
Business Day	a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday.
CGT	capital gains tax.
Commissioner	the Commissioner of Taxation.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Explanatory Memorandum	the explanatory memorandum contained in the body of this Meeting Booklet, and which forms part of the Notice of Meeting
Meeting	the extraordinary general meeting of unitholders in the APDC Trust convened by the Notice of Meeting
Meeting Booklet	this booklet.

For personal use only



Term	Meaning
NEXTDC	NEXTDC Limited (ACN 143 582 521) (ASX:NXT).
Notice of Meeting	the notice of meeting included as Appendix 1 of this Meeting Booklet.
Proxy Form	the proxy form for the Meeting accompanying this Meeting Booklet
Resolution	the Resolution set out in the Notice of Meeting entitled '1: To wind up the APDC Trust.'
Voting Record Date	the time and date for determining eligibility to vote at the Meeting, being 7.00pm (Sydney time) on 29 January 2018.

For personal use only



Notice of General Meeting

Notice is given pursuant to section 252D of the Corporations Act that an extraordinary general meeting (the **Meeting**) of members of Asia Pacific Data Centre Trust (**APDC Trust**) will be held at Warrane Theatre, Museum of Sydney, Cnr Phillip and Bridge Street, Sydney, NSW 2000 Australia on Wednesday, 31 January 2018 commencing at 11.00am (Sydney time) (**Meeting**).

The accompanying Explanatory Memorandum forms part of this Notice and should be read in conjunction with it. Unless otherwise defined, this Notice and terms used in this Notice have the same meaning as set out in the Glossary in section 4 of the Explanatory Memorandum.

BUSINESS

The Business of the Meeting will consist of the following:

1. To wind up the APDC Trust

To consider, and, if thought fit, to pass the following Resolution as an extraordinary resolution:

“That, for the purposes of section 601NE(1)(b) of the Corporations Act 2001 (Cth), and for all other purposes, the responsible entity of the Asia Pacific Data Centre Trust ARSN 161 049 556 (APDC Trust) is directed to wind up the APDC Trust.”

NEXTDC recommends that all APDC Securityholders eligible to vote on the Resolution vote IN FAVOUR of the Resolution.

CONDUCT OF VOTING

Members may vote:

- by attending this Meeting in person; or
- by proxy (see below); or
- by corporate representative in the case of corporate members (see below).

The Resolution is an extraordinary resolution of the APDC Trust. An extraordinary resolution will be passed if it is approved by more than 50% of votes that may be cast by members entitled to vote on the Resolution (including members who are not present in person or by proxy).

Pursuant to section 252S of the Corporations Act, the members present at the Meeting must elect a member present to chair the meeting. Clause 18.4(b) of the APDC Trust Constitution provides that, if there is an equality of votes on a show of hands or on a poll, the chair has a casting vote in addition to the votes to which they may be entitled as a unitholder.

VOTING AT THE MEETING

NEXTDC intends to call for voting on the Resolution to be conducted by poll. Under the Corporations Act, an extraordinary resolution put to the vote at a meeting must be decided on a poll.

Pursuant to section 253C of the Corporations Act, on a poll, a member (or their nominated proxy or representative) has one vote for each dollar of the value of the total interests the member has in the APDC Trust.

For personal use only



PROXY VOTING

A Proxy Form is included with this Notice of Meeting.

Members wishing to appoint a proxy to attend and vote at the meeting must complete and return the Proxy Form in accordance with the instructions on it. Please note that the proxy does not need to be a member of APDC. You are entitled to appoint one or two proxies and specify the number or proportion of votes that each proxy may exercise. If you appoint two proxies, and the appointment does not specify the proportion or number of votes that each proxy may exercise, each proxy will be entitled to exercise half of your votes.

To ensure the integrity of the proxy voting process, NEXTDC has engaged a professional third party expert, Link Market Services, to collect and collate Proxy Forms returned to it. Link Market Services will at all times handle the Proxy Forms with due care and skill and will safeguard the Proxy Forms against tampering, filtering or other inappropriate handling.

Please send completed Proxy Forms and corporate authorised representative forms to:

By Mail: A reply paid envelope is enclosed with the Notice of Meeting.

Asia Pacific Data Centre Group, C/- Link Market Services Limited
Locked Bag A14 Sydney South NSW 1235 Australia

By Fax: +61 2 92870309

In person: Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138
OR
Level 12, 680 George Street, Sydney, NSW 2000

Please note that, in order for your appointment of proxy to be effective, Link Market Services will need to forward your Proxy Form to the APDC RE so that it is received by the APDC RE by no later than 11.00am (Sydney time) on Monday, 29 January 2018. In order for it to do so, please complete, sign and return your Proxy Form to Link Market Services, in accordance with the details appearing on the Proxy Form, as soon as possible, and in any event no later than 5.00pm (Sydney time) on Thursday, 25 January 2018.

While it is the preference of NEXTDC for APDC Securityholders to send the Proxy Forms and corporate authorised representative forms to Link Market Services at the above address, you may also return these documents directly to the APDC RE at the following address:

Level 8
56 Pitt Street
Sydney, New South Wales, 2000

Any Proxy Forms returned to the APDC RE must be received by the APDC RE by 11.00am (Sydney time) on Monday, 29 January 2018.

CORPORATE SECURITYHOLDERS

Corporate members who wish to appoint an individual as a representative to attend the Meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the company's representative. A form can be obtained from APDC's Registry for this purpose.

ELIGIBILITY TO VOTE

For personal use only



In accordance with Section 1074E(2)(g)(i) of the Corporations Act, and Regulation 7.11.37 of the Corporations Regulations, NEXTDC has determined that, for the purpose of determining entitlements to attend and vote at this Meeting, units will be taken to be held by the persons who are the registered holders at 7.00pm (Sydney time) on Monday, 29 January 2018. Accordingly, unit transfers registered after that time will be disregarded in determining entitlements to attend and vote at this Meeting.

VOTING EXCLUSION STATEMENT

Pursuant to section 253E of the Corporations Act, the responsible entity of a registered scheme and its associates are not entitled to vote their interest on a resolution at a meeting of the scheme's members (other than, in the case of a listed scheme, a resolution to remove and replace the responsible entity) if they have an interest in the resolution or matter other than as a member.

However, a proxy who is not entitled to vote on a resolution as a member may vote as a proxy for another member who can vote if their appointment specifies the way they are to vote on the resolution and they vote that way.

Dated: 2 January 2018

Doug Flynn

Independent Chairman

For personal use only



Corporate directory

NEXTDC Limited

Level 6, 100 Creek Street

Brisbane QLD 4000

Australia

For personal use only