



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

ASX RELEASE

ASX Code: AJD

14 July 2017

APDC Chairman's Response to Letter from 360 Capital

In the interests of APDC securityholders, please find attached correspondence between APDC and 360 Capital.

For further information please contact:

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



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Dear Mr van Aanholt,

Response to Letter to Ian Fraser Dated 12 July 2017

APDC's announcement released to the ASX on 7 July 2017 was made to keep securityholders informed of some of the initiatives being pursued by Asia Pacific Data Centre Group (**APDC**). I can assure you that the initiatives being pursued by APDC both pre-date and post-date 360 Capital's proposal. They are both appropriate and in the best interests of securityholders.

Contrary to 360 Capital's assertions, these initiatives do not prevent securityholders from considering and voting on the 360 Capital Proposal. However, in order for securityholders to make an informed decision, disclosure of initiatives being undertaken by AJD is necessary and appropriate.

In addition to the 7 July announcement, you will be aware that yesterday APDC lodged with the ASX its response to the 360 Capital Notice of Meeting (**360 Capital NOM**). The APDC Board recommends that securityholders **VOTE AGAINST** the resolutions proposed in the 360 Capital NOM.

It is open to 360 Capital to put forward a further proposal for consideration by the APDC Board. Please clarify whether 360 Capital is considering putting forward a proposal to APDC (other than that set out in the 360 Capital NOM), as this is not currently contemplated in the 360 Capital NOM.

As a final but important matter, APDC does not propose to provide 360 Capital with advance notice of progress on strategic initiatives in the manner requested in your letter. APDC does not consider that selective disclosure to 360 Capital is appropriate. The APDC Board will continue to comply with its continuous disclosure obligations in relation to all matters being pursued.

Yours sincerely

A handwritten signature in black ink that reads "I. H. Fraser".

Ian Fraser
Independent Chairman
Asia Pacific Data Centre Group



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12 July 2017

Confidential

Mr Ian Fraser
Chairman
Asia Pacific Data Centre Group
Level 32, 19 Martin Place
Sydney, NSW 2000

Dear Mr Fraser

RESPONSE TO ASX RELEASE

We refer to your announcement released to the ASX on 7 July 2017 regarding amongst other things, a potential sale of the assets held by Asia Pacific Data Centre Group (**AJD**).

360 Capital has presented AJD securityholders with a proposal to replace the responsible entity and management of AJD with a management team that is fully aligned with AJD securityholders. 360 Capital is the largest securityholder in AJD holding a stake of 19.9%. As the AJD board is aware, the terms of this proposal have been carefully designed to ensure that there will be full alignment between the interests of 360 Capital and AJD securityholders.

360 Capital is highly sceptical of the motives behind the recently announced initiatives of the board of AJD. 360 Capital believes such initiatives to be a product of the AJD board reacting adversely to the proposal to replace the management of AJD rather than in the pursuit of the best interests of securityholders. Why else would the AJD board suddenly move to pursue these initiatives over the last week?

There have been no market developments that would have otherwise caused the AJD board to take this action. In fact, 360 Capital has engaged with a number of the very same third parties to which the AJD board now refers, many of which we understand were previously rebuffed by the AJD board prior to 360 Capital presenting its proposal.

Unfortunately, this behaviour is consistent with the AJD board's dealings with 360 Capital to date. Prior to presenting its proposal to AJD securityholders, 360 Capital approached the AJD board regarding capital management initiatives. 360 Capital was also rebuffed. How are securityholders now meant to believe the bona fides of the AJD board when it speaks to investigating refinancing and capital management initiatives?

In 360 Capital's opinion, that the AJD board's conduct is defensive and reactionary. It seems only since 360 Capital's proposal was put to securityholders did the AJD board appoint external advisors, including financial and media advisors. These advisors are at a substantial cost to securityholders. 360 Capital is also concerned that the terms on which Fort Street and other financial advisers have been appointed will incentivise those advisers to procure a transaction which is rushed and is suboptimal and which may not be in the best interests of AJD securityholders. The terms upon which Fort Street has been appointed should be disclosed to the market so that the market can understand how the AJD board has incentivised Fort Street. This is material information.

Based on the above, 360 Capital's opinion is that the AJD board is incapable of running a process (particularly in such an abridged timeframe) which will result in the best outcome for AJD securityholders.

If the AJD board is bona fide, it should maintain the status quo of AJD and allow securityholders to be given the opportunity to vote at the meeting on 28 July 2017 to determine which management team it wants to drive value for securityholders.

360 Capital is also sceptical of the AJD board's motives given it has not sought to engage with 360 Capital in relation to any of its proposed initiatives. Collectively, 360 Capital and the 360 Capital Total Return Fund have no debt and cash of in excess of \$185 million, meaning they are well-placed to engage with AJD in respect of any bona fide process. 360 Capital does not believe that the AJD board can genuinely run a process which secures an optimal outcome for AJD securityholders without engaging with AJD's largest securityholder, which has already demonstrated its preparedness (and who clearly also has the capacity) to invest heavily in AJD.

360 Capital requests that the AJD board engage with it in relation to any process or proposed initiatives and to provide it with 48 hours' notice of any decision which may adversely affect the interests of it or other securityholders. 360 Capital is concerned that the AJD board will take action which is detrimental to those interests with the effect to denying securityholders the opportunity to vote on the future stewardship of AJD.

Yours sincerely

A handwritten signature in blue ink, appearing to read "David van Aanholt". The signature is stylized with a large initial 'D' and a horizontal line at the end.

David van Aanholt
Independent Chairman
360 Capital Group