MOELIS & COMPANY

RBS Morgans

NEXTDC

PROSPECTUS

NEXTDC LIMITED ACN 143 582 521

NEXTDC

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PROSPECTUS FOR THE OFFER OF 40,000,000 SHARES
ISSUED AT $1.00 PER SHARE TO RAISE $40,000,000

JOINT LEAD MANAGERS AND UNDERWRITERS

MOELIS & COMPANY

RBS Morgans

IMPORTANT NOTICE

LODGEMENT AND LISTING

This Prospectus is dated 9 November 2010 and was lodged with the ASIC on that date.

This Prospectus expires on 8 December 2011, 13 months after the date of this Prospectus ("Expiry Date"). No Shares will be issued on the basis of this Prospectus after the Expiry Date.

NEXTDC Limited ("NEXTDC" or "Company") will apply to ASX within seven days of the date of this Prospectus for admission to the Official List and for Official Quotation of the Shares on issue as at the date of this Prospectus and the Shares issued under the Offer.

Neither ASIC nor ASX take any responsibility for the contents of this Prospectus, or the merits of the investment to which this Prospectus relates.

NOTE TO APPLICANTS

The Prospectus does not provide investment advice. You should seek your own financial advice. The Offer contained in this Prospectus does not take into account your investment objectives, financial situation and particular needs. It is important that you read this Prospectus carefully and in full before deciding to invest in NEXTDC. In particular, in considering the prospects of NEXTDC, you should consider the risk factors that could affect the financial performance of NEXTDC in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your stockbroker, accountant or other professional financial adviser before deciding to invest.

Section 9 outlines some significant risk factors that may impact on the prospects of the Company. Further, any number of known and unknown risks, uncertainties and other factors could have material adverse effects on the actual results, performance or achievements of the Company.

DISCLAIMER

No person named in this Prospectus, nor any other person, guarantees the performance of NEXTDC, the repayment of capital or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in the Prospectus may not be relied on as having been authorised by NEXTDC or the Directors.

This Prospectus contains forward looking statements, which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties.

Other than as set out in this Prospectus, and as otherwise required by law or the Listing Rules, the Company has no intention to update forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

INVESTMENT RISKS AND PRO FORMA ASSUMPTIONS

The Prospectus does not take into account your investment objectives, financial situation or particular needs. Before deciding to invest in the Company, it is important that you read the entire Prospectus and consider both the risk factors that could affect the financial performance of the Company and the assumptions underlying the Pro Forma Balance Sheet.

SPECIAL CONSIDERATIONS FOR NEW ZEALAND INVESTORS

The Offer is being extended to New Zealand investors under the mutual recognition regime applicable to public offers of securities in Australia and New Zealand. Any New Zealand investor considering this Prospectus should be aware that there are considerations particular to you. Some (but not all) of them are described throughout this Prospectus or referred to under this 'Important notice' and under 'Information for New Zealand investors'.

A copy of this Prospectus and other documents relating to the Offer have been, or will be, lodged with the New Zealand Companies Office under the mutual recognition regime.

NO OVERSEAS REGISTRATION

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia or New Zealand. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the applicable securities laws.

In particular, the Shares have not been, and will not be, registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act) unless the Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act is available.

ELECTRONIC PROSPECTUS

An electronic version of this Prospectus appears at the following website: www.NEXTDC.com.

The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia and New Zealand. Persons having received a copy of this Prospectus in its electronic form may, during the Offer Period, obtain a paper copy of this Prospectus (free of charge within Australia) by contacting the NEXTDC Share Offer Information Line on 1800 129 431 (from within Australia) or +61 2 8280 7731 (from outside Australia). Applications for Shares may only be made on the Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of the Prospectus or a complete and unaltered electronic copy of this Prospectus.

EXPOSURE PERIOD

The Corporations Act prohibits NEXTDC from processing Applications in the seven day period after the date of lodgement of this Prospectus ("Exposure Period"). This period may be extended by ASIC by up to a further seven days. This period is an exposure period to enable this Prospectus to be examined by market participants prior to the raising of funds. Applications received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the exposure period.

PHOTOGRAPHS

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by NEXTDC.

FINANCIAL AMOUNTS

Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated.

GLOSSARY

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary of this Prospectus.

PRIVACY

By filling out an Application Form to apply for Shares, you are providing personal information to NEXTDC through NEXTDC's service provider, the Share Registry. NEXTDC, and the Share Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, NEXTDC and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by NEXTDC which it considers may be of interest to you.

Your personal information may also be provided to NEXTDC's agents and service providers on the basis that they deal with such information in accordance with NEXTDC's privacy policy. NEXTDC's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- the Underwriter in order to assess your Application;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of product development, product planning and analysing NEXTDC's Shareholder base; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by (or on behalf of) NEXTDC. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to, or telephoning, the Share Registry as follows:

LINK MARKET SERVICES LIMITED

ABN 54 083 214 537
Level 12, 680 George Street
Sydney NSW 2000

Telephone:	+61 2 8280 7731
Fax:	+61 2 9287 0303
Email:	privacy.officer@linkmarketservices.com.au

If any of your information is not correct or has changed, you may require it to be corrected.

INFORMATION FOR NEW ZEALAND INVESTORS

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and its Regulations[1].

In New Zealand, this is Part 5 of the Securities Act 1978 (NZ) and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008 (NZ).

This Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and its Regulations (Australia) set out how the Offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer.

If you need to make a complaint about this Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are not certain whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

This Offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

CONTACTS

If you require assistance to complete the Application Form, require additional copies of this Prospectus, or have any questions in relation to the Offer you should contact the Share Registry, Link Market Services Pty Limited on 1800 129 431 (from within Australia) or +61 2 8280 7731 (from outside Australia), or go to the Company's website at www.NEXTDC.com.

If you are uncertain as to whether the Company is a suitable investment for you, you should seek professional advice from your accountant, stockbroker or other professional financial adviser.

NOTES:
1. This Prospectus is prepared under Chapter 6D of the Corporations Act.

NEXTDC OVERVIEW

NEXTDC INTENDS TO DEVELOP THE NEXT GENERATION OF DATA CENTRES FOCUSED ON DELIVERING SMART, SECURE, SCALABLE AND ENERGY EFFICIENT FACILITIES TO THE AUSTRALIAN AND NEW ZEALAND MARKETS.

NEXTDC BENEFITS FROM AN EXPERIENCED BOARD AND MANAGEMENT TEAM WITH SUBSTANTIAL DATA CENTRE AND TELECOM EXPERTISE. THE FOUNDER OF NEXTDC, MR BEVAN SLATTERY, ALSO CO-FOUNDED PIPE NETWORKS LIMITED, WHICH WAS RECENTLY ACQUIRED BY TPG TELECOM.

NEXTDC CURRENTLY OWNS A BUILDING IN BRISBANE, WHICH IT IS REFURBISHING TO DATA CENTRE SPECIFICATIONS, AND A DEVELOPMENT SITE IN MELBOURNE ON WHICH IT PLANS TO DEVELOP A PURPOSE-BUILT DATA CENTRE ON COMPLETION OF THE OFFER. IT IS ALSO EVALUATING SEVERAL SITES IN SYDNEY FOR A PURPOSE-BUILT FACILITY.

KEY OFFER INFORMATION

Important dates*	
Retail Offer opens	Tuesday, 16 November 2010
Retail Offer closes	5:00pm (Brisbane Time) Friday, 3 December 2010
Allotment of Shares	Monday, 6 December 2010
Expected despatch of shareholder statements	Wednesday, 8 December 2010
Shares expected to begin trading on ASX	Monday, 13 December 2010

NOTES:
* These dates and times are indicative only and may change. NEXTDC, in conjunction with the Joint Lead Managers, reserves the right to vary the dates and times of the Offer without prior notice including closing the Offer before the scheduled Closing Date. Investors are encouraged to submit their Application Forms as soon as possible after the Retail Offer opens.

Key Offer statistics	
Offer Price	$1.00 per Share
Total number of Shares offered under the Offer	40.0 million
Total number of Shares on issue following the Offer[1]	80.0 million
Amount to be raised under the Offer[2]	$40.0 million
Market capitalisation at the Offer Price[3]	$80.0 million
Net cash on listing[4]	$41.8 million

NOTES:
1 The total number of Shares on issue following the Offer will be the sum of the total number of Shares issued under the Offer and the number of Shares retained by the Existing Shareholder.
2 The amount to be raised under the Offer is calculated as the number of Shares issued under the Offer multiplied by the Offer Price.
3 Calculated as the total number of Shares on issue following the Offer multiplied by the Offer Price.
4 Calculated as cash and cash equivalents based on the reviewed Pro Forma Balance Sheet at 30 September 2010.

HOW TO INVEST

Applications to subscribe for Shares can only be made by completing and lodging an Application Form attached to, or accompanying this Prospectus.

Instructions on how to apply are set out in Section 3 and on the back of the Application Form. Applications must be for at least 2,000 Shares ($2,000) and in multiples of 100 shares ($100) thereafter.

LETTER FROM THE CHAIRMAN AND CEO

Dear Investor,

On behalf of our fellow Directors, we are pleased to provide you with an opportunity to become a Shareholder in NEXTDC Limited (NEXTDC). NEXTDC was founded by Mr Bevan Slattery to develop and operate the next generation of Carrier and Systems Integrator neutral data centre facilities. Mr Slattery and the NEXTDC management team have extensive experience in designing, constructing and operating data centres for PIPE Networks Limited (PIPE Networks) and for various other operators.

A data centre is a facility typically used to house networking, data storage and communications technology infrastructure including servers, storage devices, switches, routers and fibre optic transmission equipment. They are designed to provide large amounts of power, network connections and cooling systems in a highly robust and reliable manner necessary to operate the users' Information Technology (IT) equipment effectively.

Large data centres owned by third parties may house the equipment of numerous customers and, when located at the convergence point of numerous communications networks, can act as interconnection hubs, enabling customers to connect to multiple networks and exchange traffic with each other. Facilities are typically operated under one of four main operator models: neutral data centres; Carrier-operated data centres; Systems Integrator-operated data centres and in-house data centres. Neutral data centres generally provide space with core infrastructure including power and cooling in a secure environment but typically are neutral to the Carrier or Systems Integrator (hardware, software and managed services provider).

The Directors of NEXTDC believe that the Australian data centre market is currently experiencing under-supply due to the combination of a lack of investment in new facilities and growing demand. Market researcher Frost & Sullivan estimates that over 80% of the major data centres in the Asia–Pacific are currently running at close to 90% capacity. Market research on data centre demand in Australia undertaken by IDC and Frost & Sullivan indicates a shortage of third party data centre space which should accentuate with the continued growth in internet traffic and data volumes, the emergence and growth of cloud (internet-based) computing, and increased outsourcing of data centres. The Directors believe that recent data points suggest rental levels are in the range of $3,400-$4,000 per m^2 (for 1kW of power capacity).

The Directors expect neutral data centre providers will be a key beneficiary of this market dynamic, with growing customer preference for neutral operators and the associated choice and flexibility with regard to Carriers and Systems Integrators. The Directors believe that NEXTDC will be well-positioned to meet the demand from corporate and government customers in its initial target markets during the coming years, with continued supply constraints expected given limited site availability, the expertise required in constructing and operating a data centre, and the significant upfront capital investment. NEXTDC intends to fit out its facilities on a modular basis, enabling it to respond quickly to changes in levels of customer demand, and to efficiently allocate and manage capital expenditure. The Directors believe this approach assists to create significant economies of scale as individual data centres are incrementally leased and new data centre capacity is added.

NEXTDC is currently in various stages of planning and development of two enterprise class data centre facilities (Initial Facilities) at strategic locations in Brisbane and Melbourne near multiple fibre connections and high-voltage power supplies. The Company has also identified a number of sites in Sydney that it is currently evaluating, with the intention to either lease or purchase a suitable data centre site before March 2011. Once completed, NEXTDC will be the only ASX-listed large-scale neutral data centre operator with facilities across the east coast of Australia. NEXTDC has acquired and is currently refurbishing an existing building in Brisbane's Central Business District (CBD) and intends to sign substantial pre-commitments prior to commencement of the initial Technical Fit Out. Following completion of the Offer, NEXTDC intends to commence construction of a purpose-built, energy efficient facility in Melbourne on the land it acquired in September 2010.

During the twelve month period following the Offer, NEXTDC will focus on completing and marketing the Initial Facilities as well as leasing or potentially buying a data centre site in Sydney. Subject to satisfactory completion of the Initial Facilities and customer demand, NEXTDC intends to investigate developing further space and facilities throughout Australia and New Zealand. The modular nature of the Technical Fit Out enables capital to be utilised efficiently and for significant operational leverage and economies of scale as facilities lease-up.

This Prospectus seeks to raise $40 million at $1.00 per Share, which, together with the credit approved finance facility, the Directors believe, will provide sufficient funding for the construction, refurbishment, Technical Fit Out and marketing of the Initial Facilities, a proposed Sydney facility and general working capital purposes.

While the Directors believe there are a number of drivers that will provide the potential for strong returns as the Company's facility revenues grow, potential investors should note that NEXTDC is a newly established company and has no operational track record. This and other key risks associated with an investment in NEXTDC are considered in Section 9.

This Prospectus contains detailed information about NEXTDC, the Offer, and the risks associated with an investment in the Company. We encourage you to read this Prospectus carefully and in its entirety before deciding whether to invest in NEXTDC.

To apply for Shares, you will need to fill out the relevant Application Form attached to, or accompanying, this Prospectus. If you have any questions about how to apply for Shares, please call the NEXTDC Share Offer Information Line on 1800 129 431 (from within Australia) or +61 2 8280 7731 (from outside Australia) or contact your stockbroker, accountant or other professional financial adviser. If applying under the Broker Firm Offer, your Application should be made in accordance with the directions of your Broker. If applying under the Priority Offer, your Application should be made in accordance with the instructions provided by NEXTDC.

On behalf of the Directors, it is our pleasure to invite you to become a shareholder in NEXTDC and participate in its future growth prospects.

Yours Sincerely,

Roger Clarke
Chairman
NEXTDC Limited

Bevan Slattery
Chief Executive Officer
NEXTDC Limited

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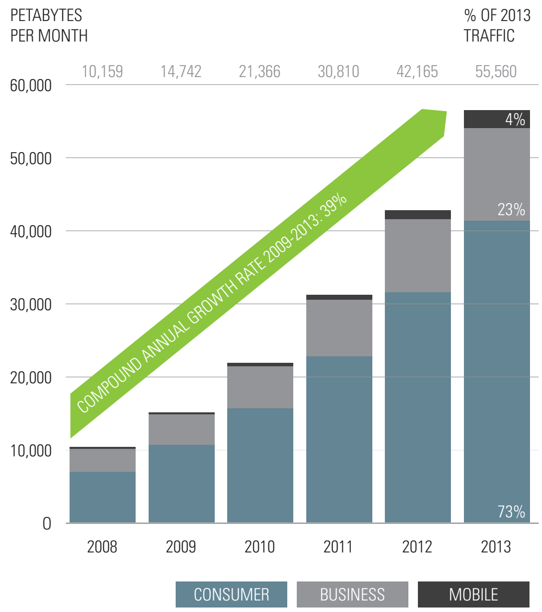
INVESTMENT HIGHLIGHTS

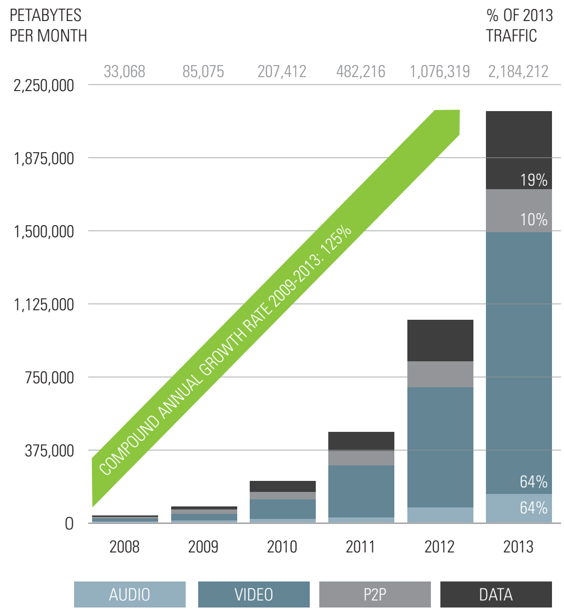
DATA CENTRE SUPPLY AND DEMAND DYNAMICS

Continued growth in internet traffic, data consumption and storage has led to increased demand for data centres to house mission critical information technology and telecommunications equipment.

GLOBAL IP TRAFFIC



GLOBAL MOBILE DATA TRAFFIC BY APPLICATION



Source: Data from Cisco Visual Networking Index: Forecast and Methodology, 2008-2013

A limited number of neutral data centres have entered the Australian data centre market since the technology boom in the late 1990s, the bulk of which are now operating close to full capacity.

Power and cooling requirements of new technology is leading to many legacy data centre facilities being unable to deliver the energy efficiency benefits of a new purpose-built facility.

USERS ARE LOOKING FOR FLEXIBILITY

USERS OF DATA CENTRES ARE INCREASINGLY SEEKING ENHANCEMENTS TO DATA CENTRE PRODUCT OFFERINGS:

- energy efficiency;
- neutrality – giving flexibility of Carrier and Systems Integrator;
- secure and stable supply of power, cooling and connectivity;
- colocation and interconnection.

NEXTDC INTENDS TO DEVELOP THE NEXT GENERATION OF DATA CENTRES FOCUSED ON DELIVERING SMART, SECURE, SCALABLE AND ENERGY EFFICIENT FACILITIES TO THE AUSTRALIAN AND NEW ZEALAND MARKETS

NEXTDC intends to offer its customers high quality, environmentally focused, Carrier and Systems Integrator neutral data centres.

A key feature of all NEXTDC data centres will be to offer connectivity to multiple Carriers and interconnectivity between colocated customers.

NEXTDC intends for the initial Technical Fit Out of the Brisbane Facility to be completed by March 2011 and the development and initial Technical Fit Out of the Melbourne Facility by November 2011.

DECEMBER 2010	MARCH 2011	JUNE 2011	NOVEMBER 2011	DECEMBER 2011
NEXTDC TO COMMENCE TRADING ON THE ASX	BRISBANE FACILITY TARGETED ONLINE DATE TARGETED FINALISATION OF SYDNEY SITE SELECTION	TARGETED COMPLETION OF BRISBANE FACILITY TECHNICAL FIT OUT	TARGETED ONLINE DATE OF MELBOURNE FACILITY	TARGETED ONLINE DATE OF A SYDNEY FACILITY
EVALUATION OF SYDNEY OPPORTUNITIES				

STRONG MANAGEMENT TRACK RECORD AND EXPERTISE

NEXTDC was founded by accomplished information technology and communications entrepreneur Bevan Slattery, previously co-founder and CEO of PIPE Networks.

Mr Slattery and the NEXTDC management team have extensive experience in designing, constructing and managing data centres for PIPE Networks and for other operators.

FLEXIBLE AND DYNAMIC BUSINESS MODEL

NEXTDC intends to fit out its facilities on a modular basis, enabling it to respond quickly to changes in levels of customer demand, and to efficiently allocate and manage capital expenditure.

The business model enjoys significant economies of scale as individual data centres are incrementally leased-up and new data centres are added.

DRIVERS FOR GROWTH

Demand for data centre services is likely to be driven largely by the continued growth in the volumes of data requiring data centre solutions - underpinned by:

- **INTERNET TRAFFIC**
  Growth in internet traffic driven by social networking (eg Facebook and Twitter), streaming video (eg YouTube), IPTV, internet gaming, and the potential amplification of demand that may result from the roll out of the National Broadband Network (NBN);

- **CLOUD COMPUTING**
  Emergence of, and growth in, cloud (internet-based) computing and corresponding demand for network-based applications and interconnectivity; and

- **OUTSOURCING**
  Increased outsourcing of data centres driven by requirements including higher levels of data security, redundancy, disaster recovery and interconnectivity along with an increased focus on cost, power usage and cooling requirements.

KEY INVESTMENT RISKS

Potential investors should be aware that there are risks associated with investing in NEXTDC, including risks associated with the NEXTDC business and risks associated with investing in the stock market generally. Some risks are beyond the control of NEXTDC and its directors and management and may have a material impact on NEXTDC's financial performance or position.

Before deciding whether to apply for Shares, potential investors should read this Prospectus in its entirety and carefully consider the risk factors that could affect the future performance of NEXTDC. Investors should also seek professional advice from their stockbroker, accountant or other professional financial adviser before deciding whether to apply for Shares.

Some of the key risks of investing in NEXTDC include but are not limited to the following:

DEPENDENCE ON KEY PERSONNEL

NEXTDC depends on the talent and experience of its staff and employees, including key management personnel.

PLANNING AND DEVELOPMENT RISKS

NEXTDC depends on timely approval of its planning and development applications by the relevant authorities in relation to its development activities. Changes in the approval process may result in unexpected delays and increased costs.

NO OPERATING TRACK RECORD

NEXTDC is a newly established company and has no operational track record.

LEASE-UP RISK

NEXTDC's business model relies on a gradual take-up of space in its data centres which may be affected by a number of internal, external and competitive factors.

FUNDING AND CAPITAL EXPENDITURE

NEXTDC's business is capital intensive in nature and the continued growth of the Company relies on the acquisition and development of new data centres, purchase of new equipment and ongoing maintenance of existing equipment. NEXTDC requires sufficient access to debt and equity capital to fund this expenditure.

DEPENDENCE ON TECHNOLOGY

NEXTDC's business is dependent on its ability to adapt to changes in technology and is exposed to risks of technology failure.

ACTIONS OF COMPETITORS

NEXTDC will operate in a competitive landscape alongside a number of other developers, owners and operators of data centres with competing product offerings and a geographically diverse presence.

OUTSOURCING TRENDS

NEXTDC's growth, in part, depends on the continuation of the trend towards outsourcing of data storage services.

CONSTRUCTION RISKS

NEXTDC will undertake construction of new data centres, and expansion and refurbishment of existing facilities and remains susceptible to any delays or unexpected costs associated with these activities.

GENERAL RISKS

An investment in NEXTDC is exposed to share market movements, changes in economic conditions, regulatory changes and other general business risks.

See Section 9 of this Prospectus for further information on detailed risk factors.

1.0 INVESTMENT OVERVIEW

1.1 BUSINESS OVERVIEW

NEXTDC has been established to develop and operate Carrier and Systems Integrator neutral data centres in Australia and New Zealand.

NEXTDC is currently in various stages of planning and development of two data centre facilities (Initial Facilities) on sites it owns in Brisbane and Melbourne on the east coast of Australia. In addition to its Initial Facilities, NEXTDC is currently assessing a number of opportunities to lease or acquire an existing facility or development site in Sydney to strengthen its east coast presence. On completion of its Initial Facilities, NEXTDC will offer a range of highly flexible, scalable, resilient and secure data centres and related services to corporate, government and wholesale customers.

NEXTDC FACILITY SUMMARY

Facility	NEXTDC Interest	Facility Size (m^2)[1]	Technical Area (m^2)[1]	Planned Online Date	Status
Brisbane (QLD)	Owned (acquired August 2010)	3,000	2,250	March 2011	Building works commenced in relation to refurbishment of the existing building.
Melbourne (VIC)	Owned (acquired September 2010)	15,000	6,000	November 2011	Final stages of technical design. Construction proposals are currently being assessed for the construction of a purpose-built facility.
Sydney (NSW) (proposed)	NEXTDC intends to either lease or acquire	n/a	target 3,000-5,000	target December 2011	Currently assessing opportunities.

NOTES:
1 Sizes of future facilities are approximate and are subject to change.

NEXTDC intends to provide its customers with data centre environments with high levels of security and reliability in which to house their IT equipment and data. NEXTDC's product offering will also provide customers with the ability to utilise its data centres as connectivity and content hubs, facilitating the storage, sharing and distribution of data, content and relevant information between customers.

NEXTDC will focus on operating purpose-built facilities, designed and fit out in accordance with industry best practice technical and operational specifications. NEXTDC will maintain an environmental conscience in seeking to design its data centres to optimise energy efficiency and minimise environmental impact. NEXTDC's data centres will be designed and built to a level comparable with the Redundancy requirements of Tier 3 standards (refer to Section 4.4), with flexibility to cater for additional customer specifications as required.

As distinct from many other data centres in Australia and New Zealand, NEXTDC's data centres will be both Carrier neutral and Systems Integrator neutral. As operator of data centres, but not of its own network, NEXTDC will be able to conduct business in an unbiased manner, providing breadth of service and price offerings to its customers. In particular, customers of NEXTDC will benefit from a choice of network, which may result in reduced network costs and improved performance and service levels.

NEXTDC was founded by Mr Bevan Slattery, who has successfully built and operated Australian IT and telecommunication companies including PIPE Networks Limited (PIPE Networks) and iSeek Communications. Mr Slattery and the NEXTDC management team have extensive experience in designing, constructing and managing data centres for PIPE Networks and for other operators.

Further information in relation to NEXTDC's business is set out in Section 5 of this Prospectus.

1.2 KEY OFFER STATISTICS

Key Offer statistics	
Offer Price	$1.00 per Share
Shares offered by the Company	40.0 million
Total number of Shares on issue following the Offer[1]	80.0 million
Amount to be raised under the Offer[2]	$40.0 million
Market capitalisation at the Offer Price[3]	$80.0 million
Net cash on listing[4]	$41.8 million

NOTES:
1 The total number of Shares on issue following the Offer will be the sum of the total number of Shares issued under the Offer and the number of Shares held by the Existing Shareholder.
2 The amount to be raised under the Offer is calculated as the number of Shares issued under the Offer multiplied by the Offer Price.
3 Calculated as the total number of Shares on issue following the Offer multiplied by the Offer Price.
4 Calculated as cash equivalents based on the reviewed Pro Forma Balance Sheet at 30 September 2010.

1.3 PURPOSE OF THE OFFER

The purpose of the Offer is to:

- provide funding for the establishment of the Initial Facilities, including funding for construction, refurbishment, initial Technical Fit Out and administration costs and unallocated working capital requirements of the Company;
- provide funding for the lease or acquisition and/or construction of a facility in Sydney, including funding to commence the initial Technical Fit Out;
- pay for costs associated with the Offer;
- achieve listing on ASX to broaden the Shareholder base; and
- provide a liquid market for Shares.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

1.4 BUSINESS FUNDING

The Initial Facilities to be operated by NEXTDC are currently at various stages of planning and development. On completion of the Offer, NEXTDC will have sufficient funding to complete the refurbishment of the Brisbane Facility, complete the design and construction of the Melbourne Facility, and to commence the Technical Fit Out at each of these Initial Facilities.

It is the intention of the Directors that part of the Offer proceeds will be used to lease or acquire an additional facility or development site in Sydney.

The proceeds raised from the Offer will not be sufficient to complete the Technical Fit Out for the entire Technical Area of each Initial Facility, and if required, the construction and Technical Fit Out of a proposed Sydney facility. NEXTDC intends to progressively draw down on funds from the Loan Facility to complete the Technical Fit Out at each of its facilities. NEXTDC expects that the Loan Facility will be fully drawn on completion of the Technical Fit Out for all Initial Facilities and the potential site in Sydney.

The following table outlines the planned funding sources and allocation:

Funding source	($ million)	Funding allocation	($ million)
Existing Shareholder equity[1]	20.0	Brisbane property acquisition[3], refurbishment and Technical Fit Out of 2,000m^2	25.0
Offer proceeds	40.0	Melbourne property acquisition[4], construction and Technical Fit Out of 2,000m^2	45.0
Costs and fees associated with the Offer	(2.0)	Estimated property lease/acquisition, construction works and initial Technical Fit Out of a proposed Sydney facility[5]	25.0
Debt facility[2]	40.0	Administration costs and unallocated working capital	3.0
Total funding sources	98.0	Total funding allocation	98.0

NOTES:
1 See Section 7 for allocation of Existing Shareholder equity to date.
2 Debt facility drawn in two tranches (see Section 10.14).
3 Brisbane property settled in August 2010 ($6.6 million including stamp duty and costs).
4 Melbourne property settled in September 2010 ($8.9 million including stamp duty and costs).
5 Management estimates.

The above table is a statement of current intentions as at the date of lodgement of this Prospectus. Intervening events and new circumstances have the potential to affect the ultimate way in which funds will be allocated between the facilities. The Board reserves the right to alter the way funds are allocated.

It is not anticipated the above funding will provide for Technical Fit Out of the entire floor space of each of the Initial Facilities and proposed Sydney facility. It is the expectation of the Board that incremental Technical Fit Out costs will be significantly lower than the initial Technical Fit Out. NEXTDC intends to fund this with a combination of additional debt and/or additional equity and, if available, cash flow from operations. Significant operational leverage is expected to be achieved through enhanced utilisation of existing resources and infrastructure as the Company expands beyond its Initial Facilities.

See Section 10.14 for details of the Loan Facility.

1.5 SHAREHOLDING STRUCTURE

The ownership structure of NEXTDC immediately prior to, and after completion of the Offer is shown in the table below:

SHAREHOLDING STRUCTURE

	Immediately prior to the Closing Date		On completion of the Offer	
	Number of Shares (million)	Ownership interest (percentage)	Number of Shares (million)	Ownership interest (percentage
Existing Shareholder	40.0	100.0%	40.0	50.0%
New Shareholders	0.0	- %	40.0	50.0%
Total	40.0	100.0%	80.0	100.0%

Upon listing of the Company, there will be 2,000,000 Options on issue, held by certain Directors and NEXTDC employees. No Options will be granted to the Existing Shareholder. Refer to Section 10 for details.

Further details of the shareholding structure and the rights attaching to Shares is set out in Section 10 of this Prospectus.

1.6 ESCROW AND RESTRICTIONS

In accordance with the requirements of the Listing Rules, and subject to the requirements of ASX, the Existing Shareholder will enter into a Restriction Agreement in relation to approximately 50% of his Shares (Escrow Shares).

Under the Restriction Agreement, the Existing Shareholder agrees that he will not sell, dispose of or encumber any of the Escrow Shares for a period of 24 months from the date the Shares are first listed on the Official List (Escrow Period).

In addition, the Existing Shareholder has advised the Board that his current intention is to not sell or dispose of any other Shares he holds or controls during the Escrow Period, except in the case of a takeover offer recommended by the Board or a scheme of arrangement or similar corporate transaction recommended by the Board.

1.7 DIVIDEND POLICY

The Directors of NEXTDC do not anticipate paying a dividend in respect of the financial year ending 30 June 2011.

In subsequent periods, and subject to the Directors' views upon the availability of distributable earnings, NEXTDC's franking credit position, operating results, available cash flows, retained earnings, financial conditions, taxation position and future capital requirements, as well as general business and financial conditions and any other factors the Directors may consider relevant, NEXTDC may pay interim and final dividends.

The ability to pay a dividend will also depend on a number of other factors including the risk factors set out in Section 9, some of which are beyond NEXTDC's and the Directors' control.

1.8 ENQUIRIES

If you require assistance to complete the Application Form, or require additional copies of this Prospectus, contact the Share Registry.

If you require advice as to whether to invest in the Company, you should seek professional advice from your stockbroker, accountant or other professional financial adviser.

2.0 ANSWERS TO KEY QUESTIONS

Question	Answer	More Information
Who is the Issuer of this Prospectus?	NEXTDC Limited, a company incorporated in Australia (ACN 143 582 521)	
What does NEXTDC do?	NEXTDC has been established to develop and operate data centres in Australia and New Zealand.	Section 5
What is being offered?	The Offer is an initial public offering (IPO) of 40 million new fully paid ordinary Shares in NEXTDC Limited	
What is the Offer Price?	The Offer Price is $1.00 per Share.	
What is the Offer size?	The gross proceeds of the Offer will be $40 million.	Section 3.2
Where will the Shares be listed?	Within seven days of the date of this Prospectus, NEXTDC will make an application to ASX for admission to the Official List of ASX and quotation of the Shares under ASX code NXT.	
What will the Market Capitalisation of the Company be upon listing on ASX?	The market capitalisation of NEXTDC on listing is estimated to be approximately $80 million at the Offer Price.	
What is the purpose of the Offer?	The Offer is being undertaken to achieve a Listing on ASX and provide NEXTDC with financial capacity to achieve its objectives including achieving listing on ASX and pursuing its business strategy to develop and operate data centres in Australia and New Zealand.	Section 3.7
How will the proceeds of the Offer be used?	The proceeds of the Offer will be: ▪ provide funding for the establishment of the Initial Facilities, including funding for construction, refurbishment, initial Technical Fit Out and administration costs and unallocated working capital requirements of the Company; ▪ provide funding for the lease or acquisition and/or construction of a facility in Sydney, including funding to commence initial Technical Fit Out; and ▪ pay for costs associated with the Offer.	Section 3.7
Who can participate in the Offer?	The Offer is open to Australian and New Zealand residents and institutions only.	Section 3.3
What is the structure of the Offer?	The Offer comprises a Broker Firm Offer, a Priority Offer and an Institutional Offer.	Section 3.3
How do I apply for Shares?	By submitting the valid Application Form attached to, or accompanying this Prospectus (including, for Australian and New Zealand residents only, the electronic version of this Prospectus) in accordance with the instructions set out on the Application Form.	Section 3.4
What is the minimum Application under the Offer?	Applicants must apply for a minimum of 2,000 Shares representing a minimum investment of $2,000. Applicants applying for additional Shares must apply for Shares in multiples of 100 shares (representing a further investment of $100).	Section 3.5

Question	Answer	More Information
What is the allocation policy?	All decisions regarding the allocation of Shares under the Offer will be made by the Underwriters in consultation with NEXTDC. Firm stock, which has been allocated to a Broker for allocation to their Australian and New Zealand resident Retail Investors, will be issued or transferred to the Applicants nominated by the Broker (subject to the right of the Underwriters and NEXTDC to treat Applications which are for more than 100,000 Shares, or which are from persons whom they believe may be Institutional Investors, as bids in the Institutional Offer, or to reject them). It will be a matter for the Broker how it allocates firm stock among its retail clients, and it (and not the Underwriters or NEXTDC) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant Shares. NEXTDC reserves the right, in its absolute discretion, in consultation with the Joint Lead Managers, to allot the Shares applied for under any Application under the Priority Offer in full or to allot any lesser number or to decline any Application. NEXTDC may in its absolute discretion give preference to certain investors in accepting Applications under the Priority Offer.	
Is there any brokerage, commission or stamp duty payable by the Applicants?	No brokerage, commission or stamp duty is payable by Applicants on shares allotted under the Offer.	Section 3.12
Is the Offer underwritten?	The Offer is fully underwritten by Moelis Australia Advisory Pty Ltd and RBS Morgans Corporate Limited, subject to the Underwriting Agreement.	Section 3.10 Section 10.8
What are the risks associated with an investment in NEXTDC?	A summary of risks factors associated with an investment in NEXTDC is contained in Section 9 of this Prospectus.	Section 9
What are the tax implications of making an investment in the Company?	The taxation implications of investing in NEXTDC will depend on an investor's individual circumstances. Applicants should obtain their own tax advice prior to making an investment in NEXTDC.	Section 3.17 Section 10.17
Will I receive dividends?	The Directors of NEXTDC do not anticipate paying a dividend in respect of the financial year ending 30 June 2011. In subsequent periods, and subject to the Directors' views upon the availability of distributable earnings, NEXTDC's franking credit position, operating results, available cash flows, retained earnings, financial conditions, taxation position, and future capital requirements, as well as general business and financial conditions and any other factors the Directors may consider relevant, NEXTDC may pay interim and final dividends.	Section 1.7
What are the key dates of the Offer?	The key dates for the Offer are: RETAIL OFFER OPENS: 16 November 2010 RETAIL OFFER CLOSES: 3 December 2010 DESPATCH OF SHAREHOLDER STATEMENTS: 8 December 2010 ANTICIPATED ASX TRADING: 13 December 2010	Section 3.1
How can further information be obtained?	If you require assistance or additional copies of this Prospectus, please contact the Broker or the Share Registry. For advice on the Offer, you should speak to your stockbroker, accountant or other professional financial adviser.	
Contact details	For contact details, refer to the Corporate Directory.	

3.0 DETAILS OF THE OFFER

3.1 IMPORTANT DATES

Important dates*	Date
Retail Offer opens	Tuesday, 16 November 2010
Retail Offer closes	5:00pm (Brisbane Time) Friday, 3 December 2010
Allotment of Shares	Monday, 6 December 2010
Expected despatch of shareholder statements	Wednesday, 8 December 2010
Shares expected to begin trading on ASX	Monday, 13 December 2010

NOTES

* These dates and times are indicative only and may change. NEXTDC, in conjunction with the Joint Lead Managers, reserves the right to vary the dates and times of the Offer without prior notice including closing the Offer before the scheduled Closing Date. Investors are encouraged to submit their Application Forms as soon as possible after the Retail Offer opens.

3.2 DESCRIPTION OF THE OFFER

The Company invites Applicants to apply for a total of 40.0 million Shares in NEXTDC at a price of $1.00 per Share. The proceeds of the Offer will be paid to the Company (less applicable Offer costs). All of the Shares offered under this Prospectus will rank equally with all Shares currently on issue.

On completion of the Offer, the Shares offered under this Prospectus will represent 50% of the issued capital of the Company on an undiluted basis.

3.3 STRUCTURE OF THE OFFER

The Offer comprises:

- a Retail Offer comprising:
  - a Broker Firm Offer to Australian and New Zealand resident Retail Investors who receive a firm allocation of Shares from the Broker ("Broker Firm Offer");
  - a Priority Offer to Australian and New Zealand resident Retail Investors as identified by NEXTDC ("Priority Offer"); and
- an Institutional Offer to certain Institutional Investors in Australia and New Zealand who are invited to participate by the Joint Lead Managers.

RETAIL OFFER

BROKER FIRM OFFER

The Broker Firm Offer is only open to Australian and New Zealand resident Retail Investors who have received a firm allocation from the Broker. Broker Firm Applicants must lodge their Application Forms and Application Monies in accordance with the directions of their Broker in order to receive their firm allocation.

Applications to acquire Shares under the Broker Firm Offer will only be accepted on the Broker Firm Offer Application Form attached to or accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the back of the Application Form.

If you elect to participate in the Broker Firm Offer, your Broker will act as your agent in submitting your Application Form and Application Monies to the Share Registry (which receives them on behalf of NEXTDC). Brokers who receive Application Monies from Broker Firm Applicants do so as the agent of the Broker Firm Applicant.

NEXTDC will accept payment of Application Monies from Brokers on behalf of Broker Firm Applicants at the Closing Date or such later date as NEXTDC and the Joint Lead Managers agree. NEXTDC, the Share Registry and the Joint Lead Managers take no responsibility for any acts or omissions in connection with your Application, Application Form or Application Monies.

PRIORITY OFFER

The Priority Offer is open to Australian and New Zealand resident Retail Investors as identified by NEXTDC.

Priority Offer Applicants must lodge their Application Forms and Application Monies in accordance with the instructions provided by NEXTDC.

Applications to acquire Shares under the Priority Offer will only be accepted on the Application Form attached to or accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the back of the Application Form.

NEXTDC will accept payment of Application Monies at the Closing Date or such earlier or later date as NEXTDC and the Joint Lead Managers agree. NEXTDC, the Share Registry and the Joint Lead Managers take no responsibility for any acts or omissions in connection with your Application, Application Form or Application Monies.

INSTITUTIONAL OFFER

The Institutional Offer is only open to certain Institutional Investors in Australia. The Institutional Offer is being managed by the Joint Lead Managers. Further details of how to participate will be provided to participants by the Joint Lead Managers.

3.4 HOW TO APPLY FOR SHARES IN THE OFFER

Applications for Shares (other than those of Institutional Investors) can only be made by completing and lodging a paper copy of an Application Form.

An Application Form is attached to this Prospectus and the Prospectus in electronic form at www.NEXTDC.com.

An Application Form must be accompanied by a cheque or money order in Australian dollars for the value of Shares applied for. Cheques or money orders should be drawn up in accordance with the instructions provided on the relevant Application Form. Cheques should be crossed 'Not Negotiable'.

An Application Form may only be distributed attached to a complete and unaltered copy of this Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.

NEXTDC will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete paper or electronic copy of this Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While NEXTDC believe that it is extremely unlikely that during the period of the Offer the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that this will not occur. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from NEXTDC or the Share Registry.

Application Forms should be lodged in accordance with the instructions set out on the Application Forms and in the table below.

Applicants	Lodgement
Broker Firm Offer Applicants	Lodge your Application Form and Application Monies with the Broker from whom you received a firm allocation, in accordance with that Broker's directions.
Priority Offer Applicants	Lodge the Application Form and Application Monies with the Share Registry in accordance with the directions provided by NEXTDC.

Additional copies of the Prospectus are available from NEXTDC's website at www.NEXTDC.com.

Lodgement of an Application Form constitutes an irrevocable offer made in accordance with the provisions of the guidelines to the Application Form.

If you have any enquiries about the Offer, you should contact your Broker or Link Market Services on 1800 129 431 (from within Australia) or +61 2 8280 7731 (from outside Australia).

3.5 MINIMUM APPLICATION AMOUNT

Applicants in the Offer must apply for a minimum of 2,000 shares ($2,000) and in multiples of 100 shares ($100) thereafter. There is no maximum value of Shares which may be applied for under the Broker Firm Offer or Priority Offer.

NEXTDC and the Joint Lead Managers reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person.

3.6 SHAREHOLDING STRUCTURE

The ownership structure of NEXTDC immediately prior to and after completion of the Offer is shown in the table below:

	Immediately prior to the Closing Date		On completion of the Offer	
		Ownership interest (percentage)	Number of Shares (million)	Number of Shares (million)
Existing Shareholder	40.0	100.0%	40.0	50.0%
New Shareholders	0.0	- %	40.0	50.0%
Total	40.0	100.0%	80.0	100.0%

Upon listing of the Company there will be 2,000,000 Options on issue, held by certain Directors and NEXTDC employees. No Options will be granted to the Existing Shareholder. Refer to Section 10.10 for details.

Further details of the shareholding structure and the rights attaching to Shares is set out in Section 10 of this Prospectus.

3.7 PURPOSE OF THE OFFER AND USE OF PROCEEDS

The purpose of the Offer is to:

- Provide funding for the establishment of the Initial Facilities, including funding for construction, refurbishment, initial Technical Fit Out and administration costs and unallocated working capital requirements of the Company;
- Provide funding for the targeted lease or acquisition and/or construction of a facility in Sydney, including funding to commence initial Technical Fit Out;
- Pay for costs associated with the Offer;
- Achieve listing on ASX to broaden the Shareholder base; and
- Provide a liquid market for Shares.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

It is intended to apply funds raised from the Offer in the two years after listing on ASX as follows:

Use of proceeds	Total $ million
Construction, refurbishment and Technical Fit Out costs	35.0
Administration costs and unallocated working capital	3.0
Costs associated with the Offer	2.0
Total	40.0

The majority of the Offer proceeds will be used to finalise the design and construction of the Melbourne Facility, complete the refurbishment of the Brisbane Facility, fund acquisition and/or construction of a proposed Sydney facility and commence the initial Technical Fit Out for each of the Initial Facilities and a proposed Sydney facility. Further detail in relation to the capital requirements of the Initial Facilities is set out in Section 5.4.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

3.8 RIGHTS ATTACHING TO SHARES

The Shares will rank equally in all respects with the Shares held by the Existing Shareholder. The rights attaching to Shares are detailed in the Company's Constitution. A summary of the major provisions of the Constitution is set out in Section 10 of this Prospectus.

3.9 ALLOTMENT

NEXTDC will not process any Application Form until the expiration of the Offer Period. Shares applied for under this Prospectus will be issued as soon as practicable after the Closing Date. Application Monies will be held in a trust account until Shares are issued. Interest on Application Monies will be for the benefit of NEXTDC and will be retained by NEXTDC, irrespective of when Shares are issued.

No allotment of Shares will be made until permission has been granted by ASX for the quotation of the Shares on terms acceptable to the Directors.

All Applicants should note that the Joint Lead Managers, in consultation with NEXTDC, retain an overriding right to accept any Application in full, allot a lesser number of Shares than subscribed for by an investor or decline any Application altogether. Applicants must not assume that the Shares they apply for, or any number of Shares, will be issued to them in response to their Application. Before dealing in any Shares, Applicants must satisfy themselves as to their actual holding of Shares.

3.10 UNDERWRITING

The Joint Lead Managers have agreed to underwrite and manage the Offer on the terms of the Underwriting Agreement. The material terms of the Underwriting Agreement are set out in Section 10 of this Prospectus.

3.11 ASX LISTING

Within seven days after the date of issue of this Prospectus, NEXTDC will apply for admission to the Official List of ASX and for the quotation of its Shares on ASX.

Trading of Shares is expected to commence on Monday, 13 December 2010.

The fact that ASX may admit NEXTDC to the Official List is not to be taken in any way as an indication of the value or merits of the Company or the Shares offered for subscription. If the Company has not been admitted to the Official List of ASX within three months after the date of this Prospectus, all Application Monies will be refunded without interest in accordance with the Corporations Act.

3.12 BROKERAGE, COMMISSION AND STAMP DUTY

No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 10 for details of various fees payable by NEXTDC to the Joint Lead Managers and to the Broker.

3.13 CHESS AND ISSUER SPONSORED SUB-REGISTER

NEXTDC will apply to participate in CHESS in accordance with the Listing Rules and the ASTC Settlement Rules. In accordance with the Listing Rules and the ASTC Settlement Rules, the Company will maintain an electronic CHESS sub-register (for Shareholders who are participants in CHESS or sponsored by such a participant) and an electronic issuer sponsored register (for all other Shareholders).

Following the allocation of Shares to successful Applicants, Shareholders will be sent an initial statement of holding that sets out the number of Shares that have been allocated and the Shareholder's Holder Identification Number ('HIN'), or in the case of issuer sponsored holders, the Shareholder Reference Number ('SRN').

The Company will not issue certificates to Shareholders.

Following distribution of the initial holding statements and CHESS notifications to all Shareholders, a holding statement will be provided to a Shareholder at the end of any subsequent month during which there has been a movement in their shareholding.

Shareholders may also request NEXTDC to provide a statement at other times, although the Company may charge an administration fee in these circumstances.

3.14 FOREIGN SELLING RESTRICTIONS

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia or New Zealand.

The Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Each Applicant will be taken to have represented, warranted and agreed that such person:

- is an Australian or New Zealand citizen or resident in Australia or New Zealand, is located in Australia or New Zealand at the time of such Application and is not acting for the account or benefit of any person in the United States, a United States person or any other foreign persons; and
- will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia or to a United States person, except in transactions which are exempt from registration under the United States Securities Act of 1993 as amended, and in compliance with all applicable laws in the jurisdiction in which such Shares are offered and sold.

3.15 WITHDRAWAL OF THE OFFER

The Company in consultation with the Joint Lead Managers reserves the right not to proceed with the Offer at any time before the allotment of Shares to successful Applicants. If the Offer does not proceed, the Company will return all Application Monies within 21 days of giving notice of its withdrawal. Any interest earned on Application Monies prior to withdrawal will belong to NEXTDC.

3.16 ELECTRONIC PROSPECTUS

This Prospectus may be viewed online at www.NEXTDC.com. Applicants using the Application Forms attached to the electronic version of this Prospectus must be resident in Australia.

Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. A paper copy of this Prospectus will be provided free of charge to any person who requests a copy by contacting the Share Registry.

3.17 TAXATION

The tax treatment and consequences of the Offer will vary depending on the particular circumstances of the Applicant. NEXTDC accepts no liability or responsibility in relation to any taxation consequences connected to the Offer. Therefore, it is the responsibility of each Applicant to determine the appropriate tax treatment for itself.

3.18 ENQUIRIES

If you require assistance to complete the Application Form or require additional copies of this Prospectus, contact the Share Registry.

If you require advice as to whether to invest in the Company, you should seek professional advice from your stockbroker, accountant or other professional financial adviser.

4.0 INDUSTRY OVERVIEW

4.1 WHAT IS A DATA CENTRE?

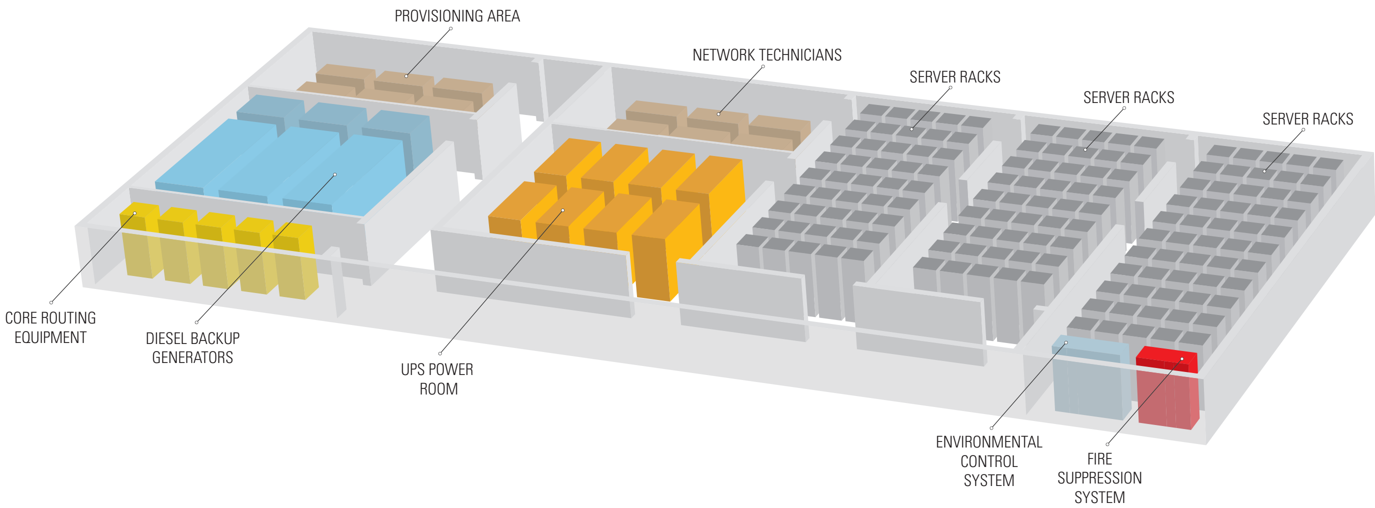
A data centre is a facility typically used to house networking, data storage and communications technology infrastructure including servers, storage devices, switches, routers and fibre optic transmission equipment. Depending on user requirements it can be a simple closet, a room or a dedicated building.

Larger data centres are highly specialised and secure buildings, and may be owned and operated by either the user or a third party provider. These data centres are designed to provide a secure and robust environment specifically designed to house the IT infrastructure of Carriers, corporations and government. Data centres built to standards comparable with Tier 3 or Tier 4 (refer to Section 4.4) include additional levels of Redundancy in each of the power, cooling, security and fire detection and suppression systems. This ensures users' IT equipment continues to operate uninterrupted in the event of partial system failure and during maintenance.

Data centres owned by third parties may house the equipment of numerous customers (Colocation). Data centres located at the convergence point of numerous communications networks can be used as interconnection hubs, enabling customers to connect to multiple networks and exchange traffic with each other. In addition, data centres may provide an "interconnection room" allowing Telcos to physically connect to one another, and internet service providers (ISPs) to connect to each other through an internet exchange point (IXP).

Typically, IT equipment housed in data centres is owned by the customers and is stored in Racks located side by side in parallel rows. Many organisations across most industries use data centres in one way or another to house their data and IT equipment and as an integral part of their disaster recovery planning. Larger data centre customer bases typically tend to comprise medium to large corporations, IT companies, ISPs, local and state governments and consolidators of space for smaller customers.

SAMPLE DATA CENTRE LAYOUT



4.2 DATA CENTRE OPERATOR MODELS

All large data centres require high levels of security and technical infrastructure, but are typically operated under one of four main operator models in the Australian and global marketplace.

Data centre operator model	Examples of local operators
Neutral data centres	Equinix, Global Switch, NEXTDC[1]
Carrier-operated data centres	Telstra, Optus, AAPT, Primus, Macquarie Telecom, Metronode
Systems integrator-operated (IT outsourcing firms) data centres	IBM, CSC, EDS, Fujitsu
In-house data centres	Operated and/or located in-house by a corporate or government

NOTES:
1 NEXTDC intends to operate neutral data centres.

NEUTRAL DATA CENTRES

Neutral data centres generally provide space with core infrastructure including power and cooling in a secure environment, but typically do not provide complex managed services, Carrier services, or hardware to users. Operators may or may not provide Racks to users. Pure neutral data centres are:

- not owned by, or aligned with, any one Carrier (Telco/fibre provider); and
- not owned by, or aligned with, any one Systems Integrator (hardware, software and managed services provider)

As differentiated from other operator models, neutral data centres allow customers to choose their own Carrier and Systems Integrator. Customers will generally provide the relevant hardware to fit out their dedicated or shared space while the operator provides base infrastructure. The customer will be provided with a data centre solution only, and not as part of a broader Carrier or Systems Integrator package.

A neutral data centre will likely be located near multiple fibre connections and have interconnection to multiple network service providers within the data centre - allowing its customers to contract directly with their Carrier of choice (eg Optus, Telstra, AAPT, Nextgen).

CARRIER-OPERATED DATA CENTRES

Carrier-operated data centres are operated by telecommunications companies in conjunction with other services. These data centres typically provide bundled Information Communications Technology (ICT) services to the customers as a package with network connectivity, often utilising the existing Telco customer relationships. They often offer managed hosting and value-add services, and provide customers with relevant equipment, however customers are typically restricted in their choice of network service provider.

SYSTEMS INTEGRATOR-OPERATED DATA CENTRES

A Systems Integrator provides customers with hardware, software and application system integration services, and may include managed hosting and data centre as part of a package offered to a customer. They tend not to own data centre buildings, instead leasing space from local telecommunications carriers or neutral data centre owners. Systems Integrators typically offer a broad range of services to customers, and may assist in building, furnishing, managing and upgrading data centre IT infrastructure facilities and areas of service management. To compensate for the level of product and service offering, customers are typically contracted to use both the vendor's equipment and data centre facilities.

IN-HOUSE DATA CENTRES

In-house data centres describe data centres which are owned and operated by the organisation by which they are used. Typically these are small and located on-site in a closet or separate room with some cooling, security and power delivery infrastructure. Recent trends indicate outsourcing of data centres is becoming increasingly cost effective for small to medium business, intimating a growing market for these customers as businesses seek to house their mission critical IT equipment in external venues.

4.3 NEUTRAL DATA CENTRE REVENUE MODEL

Neutral data centre operators typically charge customers under service agreements by:

- a measure of space – per square metre, Rack, half Rack, Pod, Cage or Suite; and/or
- a measure of power – per kW (kilowatt) or kVA (kilovolt-Ampere).

Of these types of arrangements, neutral operators most commonly offer pricing on a measure of space, with a given capacity of power, for example, rent per square metre with a maximum power capacity of 1kW per square metre. Rent per square metre is correlated to the level of power supplied to that area, which is reflective of additional fit out capital expenditure undertaken by the owner/operator to deliver the requisite power supply to the designated area.

- a Rack is a globally standardised frame. Most of the common Racks are 19" (approximately 483mm) wide and house up to 42 servers;
- a Pod is a small cluster of Racks with some limited physical security around the racks;
- a Cage is a space or group of Racks surrounded by a physical cage for enhanced levels of security; and
- a Suite is a larger space or group of Racks with a higher level of physical security, including high-grade security enclosures, barriers to entry and monitoring.

Data centre pricing is also influenced by factors including, but not limited to: geographic location of the data centre, quality of facility, proximity to dense networks, and availability of infrastructure.

The area of larger data centres is generally referred to in terms of its raised floor space or "Technical Area". This is the term used for the effective lettable area (ie excluding amenities, common infrastructure etc), and the area over which full capacity rental would be calculated.

Typical data centre contract terms are between three and five years, but may extend beyond this to a period of up to ten years. Typically, customers pay fixed monthly charges during the contract period either based on leased square metre or Rack space, typically with a CPI inflator. Customers generally require options beyond the lease term and/or options over further space in the facility. Depending on the operator, the power usage costs may be passed directly through to the customer or included in the overall service charge, subject to substantial escalations in the price of, or volume of, power consumed.

Revenues for a mature data centre are generally stable while the high cost of relocation, necessity to minimise business disruption and contract term contribute to low customer churn rates.

4.4 DATA CENTRE REDUNDANCY AND TIERING

"Redundancy" is a term used frequently with respect to data centres to describe the duplication of critical components with the intention of increasing system reliability, usually by provision of backup capacity. A redundant power supply, for example, intimates one additional power supply over that required in the ordinary course, which may be relied upon in the event of equipment failure. A redundant power supply will typically be provided by a back-up generator.

Amongst reasons for the trend to outsource by corporate and government customers is the need to achieve security of electricity supply, security of air-conditioning and the support services available.

Data centre industry body, the Uptime Institute, measures and publishes standard tiering of data centres based on a number of key criteria, including redundancy. Typically, larger data centres are designed and fit out to a level comparable with Tier 3 standard, implying:

- multiple active power paths;
- multiple cooling distribution paths (but only one active path);
- redundant components; and
- maintainable without causing disruption to the broader facility.

The high incremental cost involved in upgrading Technical Fit Out and facilities to a level comparable to Tier 4 standard, relative to the quantifiable revenue, operating performance and Redundancy improvement achieved by the upgrade, has historically contributed to the market composition of predominantly Tier 3 comparable facilities.

4.5 AUSTRALIAN AND NEW ZEALAND MARKET OVERVIEW

NEXTDC intends to operate data centres for use by third party customers, in the Australian and New Zealand data centre market.

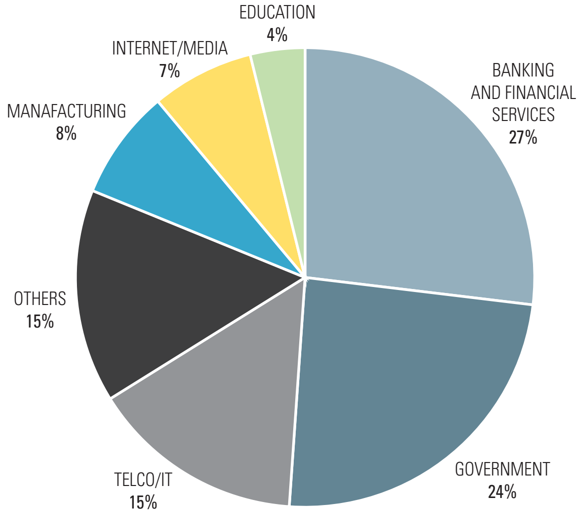
The data centre services markets in Australia and New Zealand is a mature market that has been developing steadily over more than two decades. Data centre services are provided by a combination of telecom providers (eg Telstra, Optus and Macquarie Telecom), Systems Integrators (eg HP, IBM and Fujitsu) and specialised hosting corporations and data centre operators (eg Global Switch and Equinix).

Almost every organisation (government, corporate or industry body) requires some form of data centre. A large number of organisations currently own and operate in-house data centres. As such, it is difficult to accurately estimate the size of the total data centre market. IDC has estimated that, in Australia, there are over 90,000 organisations operating in-house data centres ranging from over 500m^2 in size to server rooms or closets. Frost & Sullivan has estimated the Australian and New Zealand data centre services market revenue to be over $500 million in 2010, and are estimating revenue growth of 18% from 2010 to 2011.

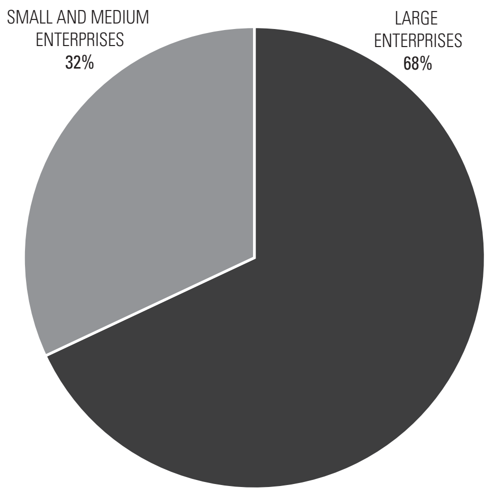
The data centre services market in Australia and New Zealand contain a number of market participants, including Global Switch, IBM, Fujitsu, Equinix, Telstra, HP, Metronode and Polaris. Frost & Sullivan estimate that these participants provided over 80% of the estimated 111,000m^2 of raised floor space in 2008.

In the Australian and New Zealand market, demand for data centre services is driven by the banking and finance sectors which represent approximately 27% of floor space in data centres. This is followed by government (24%), IT/Telco (15%), manufacturing (8%), internet/media (7%) and education (4%). Large enterprises account for approximately two-thirds of the market, while SMEs account for approximately one-third of the market.

AUSTRALIAN AND NEW ZEALAND DATA CENTRE SERVICES MARKET: VERTICAL DEMAND



AUSTRALIAN AND NEW ZEALAND DATA CENTRE SERVICES MARKET: HORIZONTAL DEMAND



Source: Frost & Sullivan Asia Pacific Data Centre Services Market 2008

By geography, the largest data centre market in Australia is currently Sydney, underpinned by the strong presence of banking and financial service providers and international corporations. The Global Switch, IBM and Equinix facilities in Sydney account for approximately one-third of supply to the Sydney market.
The Australian market experienced a period of data centre construction throughout the technology boom in the late 1990s. In more recent years, growth of supply has been significantly hampered, possibly due to capital constraints, and in particular lack of access to and availability of corporate lending. Frost & Sullivan estimate that over 80 percent of the major data centres in the Asia-Pacific region are currently running at close to 90 percent capacity.

4.6 MARKET OPPORTUNITY

STRONG DEMAND-SIDE DYNAMICS

NEXTDC believes that the demand-side dynamics for neutral data centres in Australia and New Zealand are currently very strong, driven by:

- growth in internet traffic driven by social networking (eg Facebook and Twitter), streaming video (eg YouTube), IPTV, internet gaming, and the potential amplification of demand that may result from the roll out of the National Broadband Network (NBN);
- corresponding growth in volumes of data requiring processing and storage;
- emergence of, and growth in, Cloud Computing and internet-based computing and corresponding demand for network-based applications and interconnectivity;
- demand for low Latency (time delay) networking and proximity hosting;
- data residency laws and other legislative pressure; and
- increased outsourcing of data centres driven by requirements for higher levels of data security, redundancy, disaster recovery and interconnectivity along with an increased focus on cost, power usage and cooling requirements.

NEUTRAL DATA CENTRES IN LIMITED SUPPLY

The market for neutral data centres in Australia and New Zealand is currently primarily serviced by three significant market participants, operating neutral data centres including:

- Global Switch Sydney 1: located in Ultimo, Sydney (approximately 24,000m² Technical Area);
- Equinix SY1 & SY2: located in Alexandria, Sydney (approximately 12,270m² Technical Area); and
- Polaris: located in Springfield, Brisbane (approximately 7,000m² Technical Area).

NEXTDC believes that most of these facilities are presently operating at, or near, full capacity.

Anticipated new supply to these markets in the near future is not considered to be of substantial scale. Known and announced new supply at the date of this Prospectus includes:

- Global Switch is planning to build a second 34,000m² facility in Ultimo, Sydney (announced March 2010);
- Equinix is planning to add 1,000 Racks to a new SY3 facility located in Alexandria, Sydney, targeted to open in the second quarter of 2011 (announced June 2010); and
- Macquarie Telecom is planning to build a 20,000m² facility in North Ryde, Sydney (announced September 2010) . This facility will not be neutral, but will be Carrier operated.

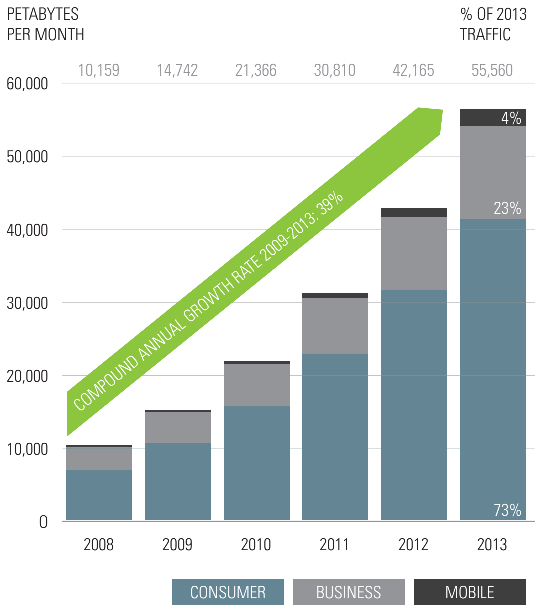
NEXTDC believes supply constraints in these markets has led to the proposed expansion by existing operators. It is likely supply will remain constrained despite planned expansions, and NEXTDC believes sufficient demand exists in these markets to support the entry of its data centre product offering and its establishment as a key market participant.

GROWTH IN INTERNET TRAFFIC AND DATA VOLUMES

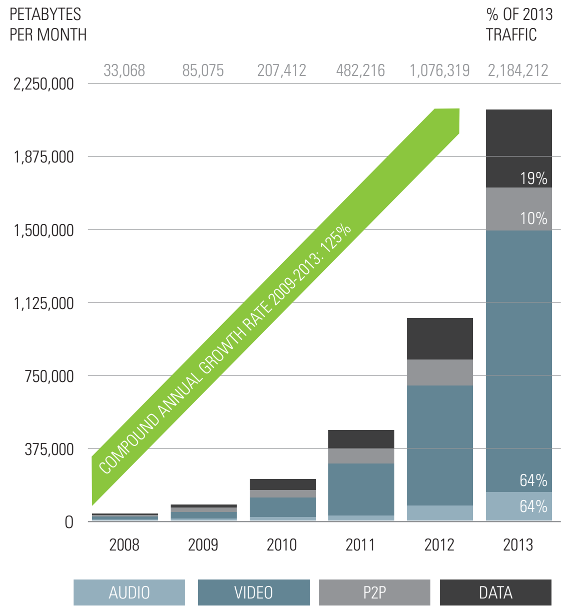
Internet traffic has experienced significant growth since inception and is expected to continue to grow exponentially. Global IP traffic is expected to quadruple from 2009 to 2014 - a compound annual growth rate of 39%. The increased usage of wireless smart phones, social networking platforms (eg Facebook and Twitter), internet protocol television, video-on-demand, streaming video (eg YouTube) and online gaming is expected to continue to support the need for additional communications and processing equipment in the form of servers and routers, and the requirement to house this infrastructure in secure and highly-connected data centres.

In Australia, the Federal Government's broadband initiative, NBN, aims to roll out fibre-based services to 93% of Australian premises, offering fast speeds of 100 megabits per second (subject to final design). This increased penetration is likely to enhance and enable increased data usage over time.

GLOBAL IP TRAFFIC



GLOBAL MOBILE DATA TRAFFIC BY APPLICATION



Source: Data from Cisco Visual Networking Index: Forecast and Methodology, 2008-2013

CLOUD COMPUTING

The term "cloud" is used as a metaphor for the internet. Cloud Computing is internet-based computing, where shared resources, software, and information are provided to computers and other devices through the internet rather than residing on the computer itself. These tasks and operations are typically run through a web browser or similar software interface.

A common example of Cloud Computing is Gmail. Email software like Outlook runs on a user's computer and emails are stored on the hard drive. In the new "cloud" paradigm, the Gmail email software is running on Google's servers in a data centre and users' emails are stored in the "cloud". In a similar way, businesses are starting to transition other software and data requirements into the cloud, thereby effectively outsourcing IT applications and requirements rather than running software and storing data locally. This is shifting IT to a centralised computing platform with services delivered from large data centres over IP networks. Historically companies have been unwilling to outsource their IT infrastructure, however Software as a Service (SaaS) providers such as Oracle, Salesforce.com and others continue to grow the market for the 'IT as a service' model. Migration to these IT services can generate material savings for users (estimated at up to 30%) compared to traditional on-premises software.

Newer hardware required to support Cloud Computing offerings tends to have higher power and cooling requirements which makes retrofitting of an existing data centre space more difficult. This provides additional competitive advantage to new data centres in comparison to retrofit or in-house centres.

LOW LATENCY

For some customers, especially in financial services, Latency (or time delay) can be important. In addition, the internet-based applications that are proliferating require low Latency to function optimally. ISPs are requiring better connectivity with each other and with content providers, and application providers need better connectivity with their customers. This requires interconnection rooms at strategically located data centres.

LEGISLATIVE PRESSURE

There is a growing focus on disaster recovery by businesses and regulators. For example, under the Sarbanes-Oxley Act and Basel II, prudentially regulated financial services businesses are required to store a growing amount of data in secure and off-site facilities.

In addition, Australian businesses and governments are placing increased focus on multi-jurisdictional issues in relation to data storage and services. While SaaS and IaaS (Infrastructure as a Service) providers have historically tended to offer their services from key global financial centres (eg Hong Kong, Singapore, Tokyo, London and New York), Australian privacy and data storage legislation can present complications in engagement with these offshore operations. For example, a university moving to a cloud email system may insist that the operator house the data in Australia, even if the operator is a global firm. This dynamic has supported, and is expected to continue to support, customer demand for hosting of data services in Australia.

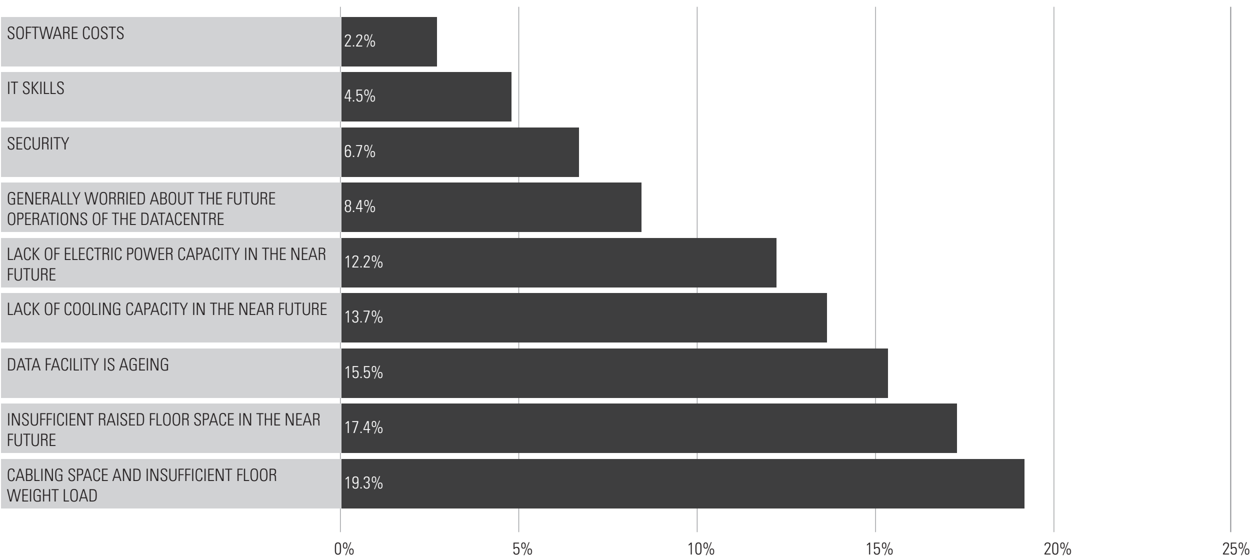
OUTSOURCING

Outsourcing of data centre requirements is becoming increasingly prevalent in industry and government as users realise the potential benefits associated with separating these aspects from day-to-day operations. Decisions to outsource data centre requirements are usually driven by a number of key factors and considerations, including:

- higher requirements for data security, Redundancy and disaster recovery, including the legislative pressure referred to above;
- interconnectivity, including the ability to interconnect with other users and through multiple Carriers at a single location;
- increased focus on cost, power/carbon usage, and cooling requirements - power density of key infrastructure components is increasing while scrutiny builds in relation to corporate carbon emissions and energy consumption;
- preference for operating expenditure rather than upfront capital expenditure - data centres are expensive to fit out, operate and maintain and have significant upfront capital costs;
- greater flexibility of space requirements over time;
- companies preferring to focus valuable capital and human IT resources on alternative, more strategic initiatives; and
- organisations and IT managers are becoming increasingly comfortable with off-site IT equipment and managed services.

A 2010 interview study of 305 managers of in-house data centres by IDC shows that there are a number of push factors encouraging outsourcing. These managers have a list of pain points, most of which can be adequately addressed through implementation of outsourcing (see table below).

DATA CENTRE PAIN POINTS



Source: IDC Australian Datacenter Study, April 2010

Customers who choose to outsource can enter either a neutral data centre or use a data centre as part of a managed services agreement where the providers typically offer end-to-end IT services including application and software management, hosting and support. In a managed services arrangement, the Carrier or Systems Integrator bundled agreement may limit flexibility to a customer, making relocation to a new data centre difficult.

The domestic market is currently characterised by a large volume of in-house data centres ranging from server rooms and closets to enterprise class facilities (see table below). As outsourcing becomes a more cost effective and operationally efficient option for corporations and government, it is likely these data centre users will seek to utilise third-party data centres.

AUSTRALIAN IN-HOUSE DATA CENTRES

	Enterprise Class Data Centre	Mid-Tier Data Centre	Localised Data Centre	Server Room and Closet	Total	% of Overall Market
Description	Primary server location, secure, Redundant	Primary or secondary location, less secure, some Redundancy	Secondary location, less secure, under IT control, some power & cooling	Small room/ closet outside of IT control, little or no security or cooling		
	>500m^2	<500m^2	<100m^2	< 50m^2		
NSW	65	79	571	24,970	25,685	28%
VIC/TAS	37	72	541	22,646	23,297	26%
QLD	21	59	476	20,505	21,060	23%
WA	19	33	265	9,986	10,302	11%
ACT	4	4	36	1,457	1,502	2%
SA/NT	10	25	190	8,071	8,295	9%
Total	157	272	2,078	87,634	90,141	100%

Source: IDC Australian Datacenter Study, April 2010

4.7 BARRIERS TO ENTRY

Barriers to entry exist in data centre markets, the impact of which NEXTDC believes has contributed to the lack of new supply in recent years, and will be likely to continue to regulate supply in the future. Supply constraints have been more noticeable in the neutral data centre market where significant capital is required upfront to develop a neutral facility. This has been particularly prevalent in recent years in an environment of limited availability of, and access to, debt and equity funding. Key barriers to entry in domestic and overseas data centre markets include:

- Capital – Data centre construction requires significant upfront capital which tends to exhibit higher risks than traditional real estate investments. Particularly in Australia, the data centre investment market is relatively immature, given the key neutral operators are the local operations of global entities and the tendency for most domestic domiciled operations to be Carriers or Systems Integrators.
- Expertise – There is limited expertise in the field globally and particularly in Australia. In order to secure upfront capital, investors need to be satisfied management have sound credentials in the industry, technical competency, experience in development of data centres, and relationships with potential customers.
- Site selection – Supply of sites with access to the sufficient power and fibre connectivity is naturally constrained, and is further complicated by the ability to achieve development approvals for a new building and/or the ability to retrofit existing buildings to convert to data centre use. Data centres are characterised by a number of requirements, including security, discretion and high floor loading capacity. Additional features often include large open floor plans and lack of windows. Identifying these sites requires substantial experience. The ability for new entrants to build scale and presence is challenged by limited supply of optimal sites.

4.8 FROST & SULLIVAN: INDEPENDENT MARKET REPORT ON THE DATA CENTRE SERVICES MARKET IN AUSTRALIA AND NEW ZEALAND

FROST & SULLIVAN

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Sydney, NSW 2000
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October 26, 2010

Independent Market Report on the Data Centre Services Market in ANZ

1. INTRODUCTION

We understand that NEXTDC is planning to raise funds via an IPO on the Australian Securities Exchange (ASX), and the directors have requested an Independent Market Report (IMR) from Frost & Sullivan for inclusion in the prospectus. The IMR contains an assessment of the potential market opportunity available for NEXTDC.

Frost & Sullivan is an independent industry research and consulting firm operating in over 40 locations globally. Founded in New York in 1961, Frost & Sullivan now employs around 1,700 staff. We have undertaken a number of market and technology studies in the data centre and IT sectors on behalf of market participants and Government agencies, as well as producing a number of multi-client reports on these sectors.

In undertaking this assessment, Frost & Sullivan has relied on secondary information derived from recognized public sources and via Frost & Sullivan's in-house database. All effort has been made by Frost & Sullivan to ensure that information in this report is accurate and appropriate at the time of writing. Conclusions, and assumptions attached to those conclusions, are based on Frost & Sullivan's investigations and analyses of the facts as they are known as at the date of this report and Frost & Sullivan is of the opinion that the conclusions and underlying assumptions are reasonable. Information, opinions or recommendations provided by Frost & Sullivan are presented solely for informational purposes. The information used and statements of fact made have been obtained from sources considered reliable but we neither guarantee nor represent the completeness or accuracy of such statements. The information presented and the opinions expressed are subject to change without notice. Frost & Sullivan takes no responsibility for any incorrect information supplied to us by published sources or industry participants; however all care is taken to verify data. Quantitative market information is subject to fluctuation. Subject to the corporations act neither Frost & Sullivan nor employees thereof will be liable for any decision made or action taken in reliance on the information in this report or for any consequential, special or similar damages, even if advised of the possibility of such damages.

Please note all references to $ in this report refer to USD, unless otherwise indicated.

2. ANZ DATA CENTRE MARKET OVERVIEW

Overview

The Data Centre services market in Australia and New Zealand (ANZ) is a mature market that has been developing steadily over the last couple of decades. The market is now at a point where it has gone past the initial wave of deployment and is at a stage where many businesses are in the process of or considering an upgrade to their data centre facilities. Through the economic downturn of 2008/09, this market was marginally affected with many of the projects for new data centres put on hold during this period.

The main players catering to this segment are the major telecoms service providers (such as Telstra, Optus-Alphawest, Macquarie Telecom), outsourced service providers (such as HP, IBM, Fujitsu, NEC, Unisys, CSC) and specialised hosting providers (such as Global Switch and Equinix). The large equipment vendors (IBM, HP, Fujitsu) typically focus on supplying to these large enterprises, leveraging their ability to offer cost efficiencies when catering to large scale deployments or services.

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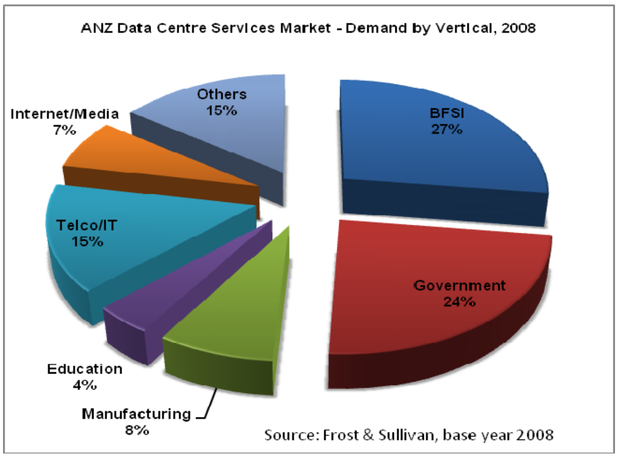
A trend that is increasingly gaining in prominence is for the data centre service provider to up-sell from traditional floor space rental to providing managed services. This is mainly driven by the steadily increasing cost of real estate and thereby the cost involved in operating a data centre. Often large players find themselves in need of the services of the hosting corporations in order to address off site disaster recovery needs or additional space requirements.

As a politically and economically stable region, ANZ continues to attract global corporations as well as a stream of experienced data centre professionals. While this serves as a key advantage, data centre operators face a number of challenges as well. Some of the pressing issues currently impacting the data centre operators include the lack of availability of quality data centre space, cost and availability of power and the requirement of mature data centres for refreshes in order to accommodate latest technologies. Power caps for instance, are a fast becoming the standard in data centre contracts in ANZ.

3. ANZ Data Centre Demand Analysis

3.1 Demand Analysis by Vertical

Figure 1 ANZ Data Centre Services Market: Demand by Vertical, 2008



The Data Centre services market in ANZ is relatively mature with revenues of $ 388.1 Million in 2008. The market is expected to grow at a Compound Annual Growth Rate (CAGR) of 14.8% in the 2008 to 2011 period to be worth $ 587.6 Million in 2011. Due to the maturity of the market price sensitivity is expected to further increase over the forecast period of 2008 to 2011.

The data centre market in ANZ is competitive, with more than 20 active vendors as of 2008. This number is expected to increase as an increasing number of players look to capitalise on untapped markets[1].

The Banking, Financial Services and Insurance (BFSI) sector is the largest adopter of co-location services, despite the huge investments in captive space. The trend in this sector has been to co-locate non-critical (from a privacy standpoint) infrastructure to reduce costs and maintain high system uptime. In 2008, the BFSI segment was the biggest adopter of data centre services accounting for 27% of the overall uptake in ANZ.

The Government sector has been at the forefront of outsourcing with Fujitsu, CSC and Dimension data being the large outsourcers to the Federal government. The government sector accounts for 24% of the data centre services market in ANZ.

The Manufacturing and Education sectors are the other key sectors that have opted widely for co-location services. In these sectors, co-location services are typically part of larger outsourcing contracts. Telecom and IT is the other major segment, accounting for 15% of the data services spending in ANZ in 2008.

- New York - Silicon Valley - San Antonio – Toronto – Palo Alto - London - Frankfurt - Paris -Oxford -- Tokyo –Seoul- Mumbai - Chennai - Singapore - Kuala Lumpur - Beijing - Shanghai – Sydney -

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3.2 Demand Analysis by Horizontal

While uptake for data centre services is strong for both Small to Medium Businesses (SMB's) as well as larger organisations (Enterprises), the enterprise segment accounts for 68% of the overall data centre services market with SMB's accounting for the remaining 32%.

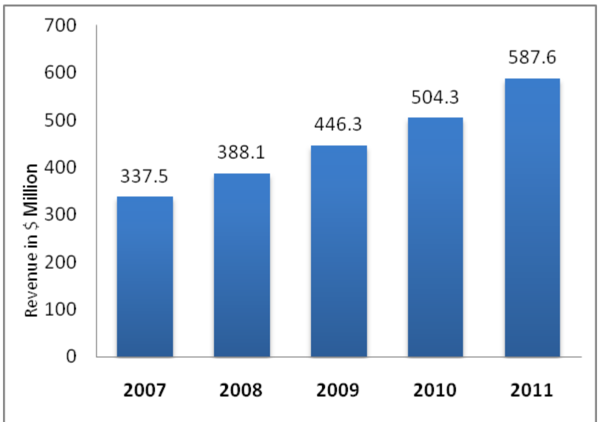
Large enterprises have often chosen co-location services as part of larger outsourcing contracts that involve managed services such as Managed Network, Security and Telephony. Often the bulk of these managed services are delivered through a CPE (Customer premises equipment) contract.

The SMB segment has often tied co-location services with "Hosted" services that include connectivity and unified communications.

4. ANZ Data Centre Services Market Forecasts

The data centre services market across ANZ has been relatively immune from the global downturn although clients through necessity have been negotiating for a better deal frequently over a longer period (i.e. 5 years rather than 3). Some high end data centre service providers (such as Unisys) have even increased prices.

Figure 2 ANZ Data Centre Services Market: Revenue Forecasts, 2007 to 2011



Source: Frost & Sullivan

Despite a strong trend towards adoption of high density servers and virtualisation, facilities utilisation remains above 80%, with a shortage of quality data centre space across ANZ. Many data centre providers have plans in progress for additional space directly owned or leased from another third party provider.

The larger, more established data centre providers continue to capitalise on the current lack of availability of quality facilities to up-sell higher margin managed services. These services range from the provisioning of infrastructure up to application managed services complete with application level service level agreements (SLAs) for specific applications.

Managed services provide a better return on investment (ROI) for the provider and also allow for more control over efficiencies (power, utilization) which will become increasingly important as data centre design and infrastructure codes and best practices and carbon reporting requirements take effect over next few years.

5. Emerging Trends and Outlook for the ANZ Data Centre Services Market

Some of the emerging trends and the outlook for the ANZ data centre services market are summarized below:

- Managed services and high value services will continue to be marketed in isolation. This trend is expected to continue at least until the lack of quality data centre space at the supply side has been addressed with new facility builds and refreshes.

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- Corporations will increasingly look to outsource what is becoming a complex IT environment to focus on their core business.
- Specific verticals will be attracted to certain data centre providers for a variety of reasons such as adherence to security standards, availability of specific skills or geographic location. For instance, providers with a strong presence in the Perth region tend to have a high proportion of customers from the mining segment.
- Sustainability credentials are reappearing with providers vying to be best placed to scoop up new business in 2010. Some of the initiatives include selecting partners based on their 'green' credentials, using renewable energy sources, free cooling and adopting modular build process to streamline power and cooling requirements. For instance, in the southern parts of ANZ, free cooling is a viable option due to the cooler climatic conditions.
- Wherever virtual private servers are provided, the customer take up is often rapid. As an extension of this, SMB's are starting to join the development community which is embracing cloud offerings. SMB's in ANZ will continue to explore public cloud offerings for basic business functions as vendors make them available. Providers are at different stages in this process due to the fact that public cloud will not yet be mainstream in 2010. Providers are typically seeking to partner with specific major application providers to offer privacy and SLA guarantees. There is still much reluctance in enterprise space to adopt multi-tenant architectures.
- Long awaited improvements in national bandwidth in ANZ (National Broadband Network) will bolster the data centre services market and viability of cloud computing in general. ANZ lags many other countries in Asia in terms of availability of cost effective high speed broadband access.

6. Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in NEXTDC and no interest in the outcome of the fund raising. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the fund raising. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan does not hold a dealers license or Financial Services License.

5.0 COMPANY OVERVIEW

5.1 BUSINESS OVERVIEW

NEXTDC has been established to develop and operate Carrier and Systems Integrator neutral data centres in Australia and New Zealand.

NEXTDC is currently in various stages of planning and development of two data centre facilities (Initial Facilities) on sites it owns in Brisbane and Melbourne on the east coast of Australia. In addition to its Initial Facilities, NEXTDC is currently assessing a number of opportunities to lease or acquire an existing facility or development site in Sydney to strengthen its east coast presence. On completion of its Initial Facilities, NEXTDC will offer a range of highly flexible, scalable, resilient and secure data centres and related services to corporate, government and wholesale customers.

NEXTDC FACILITY SUMMARY

Facility	NEXTDC Interest	Facility Size (m^2)[1]	Technical Area (m^2)[1]	Planned Online Date	Status
Brisbane (QLD)	Owned (acquired August 2010)	3,000	2,250	March 2011	Building works commenced in relation to refurbishment of the existing building.
Melbourne (VIC)	Owned (acquired September 2010)	15,000	6,000	November 2011	Final stages of technical design. Construction proposals currently being assessed for the construction of a purpose-built facility.
Sydney (NSW) (proposed)	NEXTDC intends to either lease or acquire	n/a	Target 3,000-5,000	Target December 2011	Currently assessing opportunities.

NOTES:
1 Sizes of future facilities are approximate and are subject to change.

NEXTDC intends to provide its customers with data centre environments with high levels of security and reliability in which to house their IT equipment and data. NEXTDC's product offering will also provide customers with the ability to utilise its data centres as connectivity and content hubs, facilitating the storage, sharing and distribution of data, content and relevant information between customers.

NEXTDC will focus on operating purpose-built facilities, designed and fit out in accordance with industry best practice technical and operational specifications.

NEXTDC will maintain an environmental conscience in seeking to design its data centres to optimise energy efficiency and minimise environmental impact.

NEXTDC's data centres will be designed and built to a level comparable with the Redundancy requirements of Tier 3 standards (refer to Section 4.4), with flexibility to cater for additional customer specifications as required.

As distinct from many other data centres in Australia and New Zealand, NEXTDC's data centres will be both Carrier neutral and Systems Integrator neutral. As operator of data centres, but not of its own network, NEXTDC will be able to conduct business in an unbiased manner, providing breadth of service and price offerings to its customers. In particular, customers of NEXTDC will benefit from a choice of network, which may result in reduced network costs and improved performance and service levels.

NEXTDC was founded by Mr Bevan Slattery, who has successfully built and operated Australian IT and telecommunication companies including PIPE Networks and iSeek Communications. Mr Slattery and the NEXTDC management team have extensive experience in designing, constructing and managing data centres for PIPE Networks and for other operators.

5.2 HISTORY

NEXTDC was established in May 2010. The Company acquired the Brisbane Facility in August 2010 and the land for the construction of the Melbourne Facility in September 2010. Refurbishment of the Brisbane Facility commenced in September 2010.

MAY 2010	JUNE 2010	JULY 2010	AUGUST 2010	SEPTEMBER 2010	OCTOBER 2010	NOVEMBER 2010	DECEMBER 2010
NEXTDC LIMITED ESTABLISHED	APPOINTMENT OF THREE NEW DIRECTORS TO THE BOARD OF NEXTDC	BRISBANE AND MELBOURNE PROPERTIES ACQUIRED SUBJECT TO DUE DILIGENCE	PROPERTY FOR BRISBANE FACILITY SETTLED	LAND FOR MELBOURNE FACILITY SETTLED	APPOINTMENT OF NEW DIRECTOR TO THE BOARD OF NEXTDC	NEXTDC TO LODGE PROSPECTUS WITH ASIC	NEXTDC TO COMMENCE TRADING ON THE ASX

5.3 BUSINESS STRATEGY

NEXTDC's mission is to establish itself as a key market participant in the Australian and New Zealand data centre services market by designing, developing and operating a network of secure, efficient and stable enterprise class data centres. NEXTDC understands that an organisation's data centre is a critical piece of infrastructure which requires stringent security, reliability, accessibility and flexibility, and is committed to delivering on its mission by pursuing its key business objectives outlined below:

- develop NEXTDC as a provider of high quality data centre infrastructure solutions and services;
- build a recognised and trusted brand within the Australian and New Zealand markets;
- pursue selective expansion in the Australian and New Zealand markets;
- achieve excellence in service delivery to customers;
- pursue additional selective product and service offerings;
- target customers in attractive industry sectors of financial services, manufacturing, retail and distribution and the public sector where management believes significant opportunities exist; and
- employ a modular Technical Fit Out design, assisting in the efficient management of capital expenditure.

A key element of NEXTDC's strategy is to provide its customers with flexibility as to their preferred IT service provider/Carrier and their physical space requirements. Customers of NEXTDC facilities will not need to physically relocate their data and equipment if they change IT service provider or Carrier as all NEXTDC facilities will be serviced by multiple carriers, which should eliminate traditional transition periods and relocation costs associated with changing Carrier. NEXTDC's modular data centre design will further provide flexibility to its customers to increase their physical space requirements as their business needs expand.

NEXTDC intends to build a national footprint of data centres, assisting it in realising significant operational leverage, and providing flexibility for national customers seeking to deal with a single provider.

NEXTDC's primary business strategy is to operate a network of data centres. The Company will initially have an ownership interest in two data centre real estate assets, and may acquire or lease additional real estate assets. NEXTDC may at a future point seek to divest real estate assets and continue to operate the facility via a sale and leaseback or similar arrangement, or may seek to selectively divest of assets entirely. There are a number of reasons NEXTDC may pursue these courses of action. In light of this, the Board and management may consider arrangements in the context of delivering the optimum shareholder return.

5.4 BUSINESS FUNDING

Each of the Initial Facilities to be operated by NEXTDC is currently at various stages of planning and development. On completion of the Offer, NEXTDC will have sufficient funding to complete the refurbishment of the Brisbane Facility, complete the design and construction of the Melbourne Facility, and to commence the Technical Fit Out at each of these Initial Facilities.

It is the intention of the Directors that part of the Offer proceeds will be used to lease or acquire an additional facility or development site in Sydney.

The proceeds raised from the Offer will not be sufficient to complete the Technical Fit Out for the entire Technical Area of each Initial Facility, and if required, the construction and Technical Fit Out of a proposed Sydney facility. NEXTDC intends to progressively draw down on funds from the Loan Facility to complete the Technical Fit Out at each of its facilities. NEXTDC expects that the Loan Facility will be fully drawn on completion of the Technical Fit Out for all Initial Facilities and the potential site in Sydney.

The following table outlines the proposed funding sources and allocation:

Funding source	($ million)	Funding allocation	($ million)
Existing Shareholder equity[1]	20.0	Brisbane property acquisition[3], refurbishment and Technical Fit Out of 2,000m^2	25.0
Offer proceeds	40.0	Melbourne property acquisition[4], construction and Technical Fit Out of 2,000m^2	45.0
Costs and fees associated with the Offer	(2.0)	Estimated property acquisition/lease, construction works and initial Technical Fit Out of a proposed Sydney facility[5]	25.0
Debt facility[2]	40.0	Administration costs and unallocated working capital	3.0
Total funding sources	**98.0**	**Total funding allocation**	**98.0**

NOTES:
1 See Section 7 (Financial Information) for allocation of Existing Shareholder equity to date.
2 Debt facility drawn in two tranches (see Section 10.14).
3 Brisbane property settled in August 2010 ($6.6 million including stamp duty and costs).
4 Melbourne property settled in September 2010 ($8.9 million including stamp duty and costs).
5 Management estimates.

The above table is a statement of current intentions as at the date of lodgement of this Prospectus. Intervening events and new circumstances have the potential to affect the ultimate way in which funds will be allocated between the facilities. The Board reserves the right to alter the way funds are allocated.

It is not anticipated the above funding will provide for Technical Fit Out of the entire floor space of each of the Initial Facilities and proposed Sydney facility. It is the expectation of the Board that incremental Technical Fit Out costs will be significantly lower than the initial Technical Fit Out. NEXTDC intends to fund this with a combination of cash flow from operations, additional debt and/or additional equity and, if available, cash flow from operations. Significant operational leverage is expected to be achieved through enhanced utilisation of existing resources and infrastructure as the Company expands beyond its Initial Facilities.

See Section 10 for details of the Loan Facility.

5.5 PRODUCTS AND SERVICES

NEXTDC intends to provide simple, flexible and cost effective products and services to its customers. NEXTDC's primary product offering can be characterised by:

- The provision of newly developed facilities fitted out with new equipment;
- High density cooling and power systems able to cope with the demands of modern equipment such as blade servers;
- Structured cabling and sufficient floor load bearing capacity to house heavy equipment;
- Transparent environmental monitoring and management tools; and
- High levels of power efficiency to help reduce ongoing operational costs to customers and NEXTDC.

NEXTDC's Initial Facilities will be purpose-built technical data centres that will provide customers with a reliable, secure and climate controlled environment in which to house their networking and computing equipment and facilitate interconnections. NEXTDC's infrastructure will include:

- Fire detection and suppression systems and water leak detection systems;
- High capacity and uninterruptible power supplies, backed up by secondary power generators;
- Cooling systems assisted by efficient design and floor layout to control temperature and humidity, and to enhance the performance and mitigate failure of customer equipment; and
- High levels of physical security and monitoring, including on-site security personnel, video surveillance, security breach alarms, proximity card access systems, biometric security measures and Man Traps.

On completion of its Initial Facilities, NEXTDC intends to offer customers the following key products and services:

PRIVATE DATA SUITES AND CAGES

NEXTDC's Initial Facilities will offer private data Suites or Cages to customers with customised and larger space requirements or higher security requirements.

Each private data Suite or Cage will have its own power distribution board, enabling customers to monitor and therefore have more control over their power consumption. These customers will be provided with the flexibility to expand as their data requirements increase.

PODS AND SHARED DATA SUITES

NEXTDC's Initial Facilities will offer Pods and shared data Suites to customers with smaller space requirements, or those seeking to gain access to the cost and convenience benefits associated with the shared use of data centre infrastructure.

INTERCONNECTION ROOMS

NEXTDC intends to provide interconnection capabilities to customers of its data centres via interconnection rooms. These dedicated rooms will provide an environment for communications companies, application providers and content providers to interconnect with each other, acting as hubs with close proximity to major fibre routes. Customers will have the option of either connecting into established fibre points or connecting fibre directly into the data centre to be terminated in NEXTDC's interconnection rooms. A minimum of two entry points into each building and multiple communications risers provide customers with physically diverse solutions.

NEXTDC believes that substantial opportunities exist to expand the scope of products and services provided to customers and its data centres as NEXTDC completes its Initial Facilities and subsequently looks to expand its geographic footprint.

5.6 COMPETITIVE STRENGTHS

The Directors believe that NEXTDC's business model will offer significant competitive strengths, facilitating the delivery of sustainable growth over the long term. In particular, the Directors believe that NEXTDC will benefit from the following competitive advantages:

ACCESS TO CAPITAL

Following completion of the Offer, NEXTDC will be well capitalised to pursue the development and initial Technical Fit Out of its Initial Facilities and a proposed Sydney facility.

STRATEGICALLY LOCATED FACILITIES

NEXTDC's Initial Facilities and a proposed Sydney facility are concentrated on the east coast of Australia in markets where management believe there to be a combination of limited supply and supportive demand. These are situated in close proximity to major business centres housing the large corporations and government organisations which NEXTDC believes will drive the bulk of demand for its data centre space and interconnection services. The specific sites are selected having regard to their proximity to high voltage power supply and infrastructure of multiple providers of telecommunications infrastructure.

CARRIER AND SYSTEMS INTEGRATOR NEUTRAL MODEL

As distinct from many other data centres in Australia and New Zealand, NEXTDC's data centres will be both Carrier neutral and Systems Integrator neutral. As operator of data centres, but not of its own network, NEXTDC will be able to conduct business in an unbiased manner, providing breadth of service and price offerings to its customers. In particular, customers of NEXTDC will benefit from a choice of network, which may result in reduced network costs and improved performance and service levels.

EXPERIENCED AND CAPABLE BOARD AND MANAGEMENT TEAM

NEXTDC's Board and management team contributes a wealth of experience gained in the IT and telecommunications industries. The team has a successful track record in building and growing highly profitable businesses, and in the delivery of large scale infrastructure projects. The management team has extensive experience in providing a full range of data centre related services and solutions ranging from design, construction and operation. The team additionally has established and strong business relationships with building contractors and equipment suppliers both in Australia and overseas.

PRIMARY CONTENT AND CONNECTIVITY HUB

NEXTDC's data centres will be highly connected, offering secure environments in which customers will be able to house their technical, web and internet infrastructure. Each of its data centres will act as a connectivity and content hub facilitating the storage, sharing and distribution of data, content and media fostering customer communities of common interest.

CUSTOMER FOCUSED BUSINESS MODEL

NEXTDC will operate a customer focused business model, seeking to provide superior product offerings, and with the flexibility to cater for discrete customer requirements and specifications.

SCALABILITY OF THE OPERATIONS

NEXTDC's Initial Facilities have been designed to be large enough for expansion over time as demand increases. Economies of scale are expected to improve margins as incremental operational costs are minimal.

SIGNIFICANT OPERATIONAL LEVERAGE

The operating costs of the Initial Facilities will primarily consist of staff and electricity. Staff costs are largely fixed in nature and will tend not to vary significantly from period to period in the absence of the development of additional data centres. Although electricity is not a fixed cost, it is intended NEXTDC will pass the cost of electricity or the risk of a large increase in costs to end users based on usage, and as per customer contracts. NEXTDC expects that it will be able to enhance its revenues from completed data centres by attracting new customers and by providing additional products and services to existing customers without incurring substantial increases in overhead costs.

DESIGN EXCELLENCE WITH ENERGY EFFICIENT FOCUS

NEXTDC intends to devote substantial resources to the design of its data centre facilities to enhance protection against natural or human-made disasters, and long-term reliability, expandability and scalability to its customers. NEXTDC data centres will additionally seek to provide customers with technology to monitor and manage energy consumption and their individual carbon footprint.

5.7 NEXTDC FACILITIES

On completion of its Initial Facilities, NEXTDC will offer a range of highly flexible, scalable, resilient and secure data centres and related services to corporate, government and wholesale customers.

To facilitate ongoing growth and continue to develop a strong market footprint, NEXTDC intends to explore expansion opportunities in other Australian capital cities and New Zealand cities.

NEXTDC intends to undertake the initial Technical Fit Out of the Initial Facilities over the next 12-18 months.

DECEMBER 2010	MARCH 2011	JUNE 2011	NOVEMBER 2011	DECEMBER 2011
NEXTDC TO COMMENCE TRADING ON THE ASX	BRISBANE FACILITY TARGETED ONLINE DATE TARGETED FINALISATION OF SYDNEY SITE SELECTION	TARGETED COMPLETION OF BRISBANE FACILITY TECHNICAL FIT OUT	TARGETED ONLINE DATE OF MELBOURNE FACILITY	TARGETED ONLINE DATE OF A SYDNEY FACILITY
EVALUATION OF SYDNEY OPPORTUNITIES				

5.7.1 BRISBANE FACILITY

The Brisbane Facility is a solid concrete building located in the Brisbane central business district, wholly-owned by NEXTDC. The building, which benefits from existing high connectivity and high load-bearing floors, was acquired in August 2010 by NEXTDC and is currently undergoing refurbishment and preparation for Technical Fit Out of the first 1,000m^2 of data centre. It is anticipated this Technical Fit Out will be available for lease as early as March 2011, making it the first NEXTDC facility to come online. Limited development approvals are required for the refurbishment and Technical Fit Out of the Brisbane Facility, as its use as a data centre falls within existing approvals.

The Brisbane Facility comprises 2,250m^2 of Technical Area over six storeys, is located adjacent to seven Carriers' fibre connections and has a planned 6MVA high voltage power supply to the site. This, combined with proximity to the central business hub of south-eastern Queensland, strategically places the Brisbane Facility as an attractive data centre for customers.

Location	Brisbane CBD
Type	Owned
Facility Size	Approximately 3,000m^2
Total Technical Area	2,250m^2
Targeted Online Date	March 2011

5.7.2 MELBOURNE FACILITY

The Melbourne Facility is a development site located in Port Melbourne in close proximity to the Melbourne central business district. The development site was acquired by NEXTDC in September 2010, and the Company is currently in the final stages of technical design of the facility. The Company is also assessing construction proposals, and it is currently expected that development approval for the construction of the facility will be achieved as early as January 2011. The completed Melbourne Facility data centre will be wholly-owned by NEXTDC.

Detailed plans have been drawn for an approximately 15,000m^2 building on the site with total Technical Area of 6,000m^2. NEXTDC is finalising development approvals for the proposed data centre, and has received a letter of support from the Victorian State Government. The site on which the Initial Facility is being constructed has capacity to facilitate future expansion.

During the planning and design process, significant focus has been placed on the building's energy consumption and green credentials. In particular, the Melbourne Facility will seek to reduce energy consumption costs and carbon emissions for its customers by using free flow of air to supplement air conditioning units in cooling the data centre.

Location	Melbourne (Port Melbourne)
Type	Owned
Facility Size	Approximately 15,000m^2
Total Technical Area	6,000m^2
Targeted Online Date	November 2011

5.8 FUTURE FACILITIES

NEXTDC has identified a number of sites in Sydney that it is currently evaluating, with the intention to either lease or purchase a suitable site before March 2011.

In evaluating future facility opportunities, both leasehold and ownership prospects, NEXTDC will seek to satisfy a number of criteria, including:

- LOCATION:
  Located near business and government hubs housing existing and potential NEXTDC customers
- POWER SUPPLY:
  Ability to connect to high voltage power supplies to provide power for initial facilities, and enabling future expansion
- CONNECTIVITY:
  Supply by multiple Carrier connections
- MARKET DEMAND:
  Sufficient market demand to support capital expenditure to fit out facilities
- EXPANSION ABILITY:
  Ability to expand as and when required by customer and market demand dynamics

5.9 SALES & MARKETING

NEXTDC intends to target high value and growth sectors and establish itself as a premium data centre provider in the Australian and New Zealand markets.

DIRECT SALES: the Company's direct sales team will offer data centre solutions to medium to large corporate and government organisations with requirements for both wholesale data centre space and fully fitted space. This team will generate leads from existing established relationships, customer referrals, networking, unsolicited outbound calls and marketing efforts. Members of the team will utilise a combination of sales executives and technical specialists to efficiently provide customers with technical solutions tailored to their individual requirements.

INDIRECT SALES: through strategic relationships with internet service providers, content and application service providers, Systems Integrators and managed service providers, NEXTDC will offer data centre services to those customers with preference for managed services. Through this indirect sales channel, the Company will be able to offer services to those customers otherwise outside its reach, such as, small businesses, consumers and international organisations requiring a single global supplier.

MARKETING: NEXTDC's marketing team will focus on promoting its quality product offering and services to current and future customers. The Company intends to offer premium products and services and will focus on creating a market segment for customers requiring quality products and services as opposed to those competing on price alone. Marketing efforts will include web-based paid and natural search, technology trade shows, conferences and customer events, advertisements in business and technology publications, and targeted public relations activities.

5.10 PRE-COMMITMENTS

NEXTDC intends to enter into pre-commitment agreements at the Brisbane Facility prior to commencement of the Technical Fit Out.

5.11 EMPLOYEES

As at 31 October 2010, NEXTDC employed three full-time staff and two in-house consultants, all based at the Brisbane Facility. Three additional full-time positions have subsequently been filled.

In addition to its in-house staff, the Company has engaged a number of external consultants with significant practical experience in data centre design (in Australia and overseas) and knowledge of industry best practice, to assist with the design and construction of the Company's Facilities.

Upon completion of the initial Technical Fit Out of its Initial Facilities and proposed Sydney Facility, the Company expects to employ approximately 75 to 80 full-time equivalent staff.

6.0 BOARD AND MANAGEMENT

6.1 BOARD OF DIRECTORS

NEXTDC'S BOARD OF DIRECTORS BRINGS A WEALTH OF EXPERIENCE AND SUCCESS IN MANAGING LARGE AND HIGH GROWTH IT & TELECOMMUNICATIONS COMPANIES. ADDITIONALLY, THESE DIRECTORS HAVE SIGNIFICANT EXPERIENCE IN INFRASTRUCTURE INVESTMENT, CAPITAL RAISINGS, INITIAL PUBLIC OFFERINGS, MERGERS AND ACQUISITIONS AND CORPORATE GOVERNANCE.

MR ROGER CLARKE, NON-EXECUTIVE CHAIRMAN

Mr Roger Clarke is the Chairman of the Board and has over 30 years commercial experience in the investment banking industry, with responsibilities in fund management, banking and corporate finance.

He is currently the Chairman of Board of Advice at RBS Morgans Limited, and in this capacity has been involved in a significant number of initial public offerings, capital raisings and corporate transactions.

Mr Clarke currently serves as a chairman of Tissue Therapies Limited and MTA Insurance Limited and a director on the board of Maverick Drilling and Exploration Limited, and Trojan Equity Limited. Previously Mr Clarke was the Chairman of PIPE Networks Limited and Director of Triangle Energy (Global) Limited, formerly White Sands Petroleum Limited.

Mr Clarke holds a Bachelor of Commerce and is a Chartered Accountant.

MR BEVAN SLATTERY DIRECTOR, CHIEF EXECUTIVE OFFICER

Mr Bevan Slattery is the founder and Chief Executive Officer of NEXTDC. He comes from a background in building successful Australian IT and telecommunication companies and an earlier career in administration in local and state government.

Prior to establishing NEXTDC, Mr Slattery was co-founder and director of PIPE Networks Limited and iSeek Communications. PIPE Networks Limited is one of Australia's leading telecommunications infrastructure providers. It was listed on ASX in May 2005 raising $3.5 million at 40 cents per share, and was acquired by TPG Telecom Limited in March 2010 for $6.30 per share, valuing the equity at $373 million.

Mr Slattery was awarded "Young Entrepreneur of the Year" in the Northern Region finals of the 2006 Ernst & Young Entrepreneur of the Year awards. In August 2009, Mr Slattery was awarded the ACOMM Australian Telecommunications Ambassador of the Year Award in recognition of his contribution as a visionary in the Telecommunications industry and his personal quest to advance Australia's access to technology and promote progress in the Telecommunications market. In March 2010, Mr Slattery was also awarded the ATUG's Charles Todd Medal for his contribution to the Australian Telecommunications marketplace including the construction of the $200 million PPC-1 submarine cable system connecting Sydney to Guam.

Mr Slattery holds a Masters in Business Administration from Central Queensland University.

MR CRAIG SCROGGIE
NON-EXECUTIVE DIRECTOR

Mr Craig Scroggie is the Vice President and Managing Director of Symantec for the Pacific region (encompassing Australia, New Zealand and the Pacific Islands). Mr Scroggie is responsible for driving Symantec's sales and business development in the region and serves as the senior leader for the overall Symantec business in the Pacific.

Previously the Senior Director of Business Development for Asia Pacific and Japan, Mr Scroggie was responsible for leading enterprise business development for Symantec's fastest growing region. Mr Scroggie has previously held senior leadership positions with Veritas Software, Computer Associates, EMC Corporation and Fujitsu Australia & New Zealand.

Mr Scroggie has twice served as a judge in the Office of the Federal Privacy Commissioners 2008 and 2009 Australian Privacy Awards and twice given evidence as an expert witness in the Australian Government Standing Committee on Communications Inquiry into Cyber Crime, and the Federal Parliament Joint Select Committee on Cyber Safety.

Mr Scroggie is currently Chairman of the La Trobe University Graduate School of Management Advisory Board; he is also the Chairman of the Storage Networking Industry Association Board and a member of the Foundation for IT Sustainability Board. Mr Scroggie is a graduate and fellow of the Australian Institute of Company Directors, a fellow of the Australian Institute of Management, and a fellow of the Australian Sales & Marketing Institute.

Mr Scroggie is a Graduate of the University of Southern Queensland and holds a Post Graduate Diploma in Management, and a Master of Business Administration.

MR GREG BAYNTON
NON-EXECUTIVE DIRECTOR

Mr Greg Baynton is the founder and Managing Director of Orbit Capital, a boutique investment and advisory company. He comes from a background in merchant banking and Queensland Treasury, and has experience in infrastructure investment, capital raisings, IPOs, pre-IPO funding, corporate structuring and corporate governance.

Mr Baynton is currently Director of Lodestone Energy Limited (formerly Lodestone Exploration Limited), and Tissue Therapies Limited.

Previously Mr Baynton was a Director of PIPE Networks Limited.

Mr Baynton holds a Bachelor of Business (Accountancy), a Master of Economic Studies (UQ), a Post-graduate Diploma in Applied Finance & Investment (SIA), and a Master of Business Administration (QUT).

Mr Baynton is a Fellow of the Financial Services Institute of Australasia.

MR ROBIN KHUDA
DIRECTOR, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY, GENERAL MANAGER, NEXTDC

Mr Robin Khuda is the Chief Financial Officer, Company Secretary and General Manager of NEXTDC and is responsible for company's finance and administration, company secretarial, investor relations and corporate strategy functions.

Mr Khuda brings experience and success in managing large and high growth IT & telecommunications companies. Prior to joining NEXTDC, Mr Khuda was the Group Chief Financial Officer with PIPE Networks Limited where he played a key role in the $373 million merger between PIPE Networks Limited and TPG Telecom Limited. He also held senior financial, commercial and operational positions with Fujitsu Australia and New Zealand, SingTel Optus and Cheung Kong Communications Group.

Mr Khuda is a Certified Practising Accountant with a Bachelor of Business in Accounting from the University of Technology Sydney, Australia and an MBA in Finance from the Manchester Business School, UK. He is a Member of the Australian Institute of Company Directors and the Australian Institute of Management.

Mr Khuda has undertaken senior executive programs at the Harvard Business School, USA and the Wharton School, USA specialising in Corporate Strategy and Mergers & Acquisitions.

6.2 SENIOR MANAGEMENT

The figure below illustrates the senior management structure for NEXTDC:

MR BEVAN SLATTERY
CHIEF EXECUTIVE OFFICER

MR ROBIN KHUDA
CHIEF FINANCIAL OFFICER
COMPANY SECRETARY
GENERAL MANAGER

MR GORDON PADDY
GENERAL MANAGER, FACILITIES MANAGEMENT

BRETT WORRALL
DATA CENTRE PROJECT MANAGER
(DIRECTOR OF IWCS PTY LTD)

Profiles of NEXTDC Management are listed on the following page (with the exception of those on the Board of Directors).

MR GORDON PADDY
GENERAL MANAGER, FACILITIES MANAGEMENT

Mr Gordon Paddy joins NEXTDC in early 2011 as a General Manager, Facilities Management.

Mr Paddy contributes extensive technical and practical experience including two substantial power upgrade projects and numerous fit-out projects at Global Switch Sydney. Mr Paddy was also involved in the expansion of the Global Switch Singapore facility.

Prior to joining NEXTDC, Mr Paddy was Technical Director for Global Switch Asia-Pacific. He has worked with Global Switch since 2000, initially as Engineering Manager for Fletcher Construction, designing and building its Sydney data centre, and subsequently as a facility manager with M+W Zander.

During that time he assisted in the development of the operational and maintenance procedures for the Sydney data centre and the 2003 completion of the Global Switch Amsterdam data centre.

MR BRETT WORRALL
DATA CENTRE PROJECT MANAGER

Mr Brett Worrall is a director of IWCS Pty Ltd, and is involved in the NEXTDC data centre projects. IWCS provides project management services to NEXTDC in support of its data centre projects.

Previously Mr Worrall was Chief Operating Officer of PIPE International, where he was responsible for construction and operation of the $200 million PIPE Pacific Cable (PPC-1), a submarine cable between Australia, Asia and USA.

6.3 SCOPE OF RESPONSIBILITY OF THE BOARD

Responsibility for the Company's proper corporate governance rests with the Board. The Board's guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, in the interests of NEXTDC's shareholders (with a view to building sustainable value for them) and those of employees and other stakeholders.

The Board's broad function is to:

- chart strategy and set financial targets for the Company;
- identify principal risks of the Company's business;
- monitor the implementation and execution of strategy and performance against financial and non-financial targets; and
- appoint and oversee the performance of executive management and generally to take and fulfil an effective leadership role.

Power and authority in certain areas is specifically reserved to the Board – consistent with its function as outlined above. These areas include:

- composition of the Board itself including the appointment and removal of Directors;
- oversight of the Company including its control and accountability system;
- appointment and removal of senior management including the Managing Director, Chief Financial Officer and Company Secretary;
- reviewing and overseeing systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and statutory compliances;
- monitoring senior management's performance and implementation of strategy; and
- approving and monitoring financial and other reporting and the operation of committees.

6.4 COMPOSITION OF THE BOARD

The Board performs its roles and functions, consistent with the above statement of its overall corporate governance responsibility, in accordance with the following principles:

- the Board should comprise of no less than three and no more than ten Directors at any one point in time;
- the Board will endeavour to have a majority of Independent Directors and an Independent Chairman; and
- Directors will be elected for a maximum three year term.

6.5 BOARD AND CHARTER POLICY

The Board has recently adopted a charter (which will be kept under review and amended from time to time as the Board may consider appropriate) to give formal recognition to the matters outlined above. This charter sets out various other matters that are important for effective corporate governance including the following:

- a detailed definition of "independence";
- Code of Conduct for Directors, executives and employees – formalised in a detailed code of ethics and values;
- dealings in securities – formalised in a detailed code for securities transactions designed to ensure fair and transparent trading by Directors and senior management and their associates; and
- communications with shareholders and the market.

These initiatives, together with other matters provided for in the Board's charter, are designed to "institutionalise" good corporate governance and generally build a culture of best practice in NEXTDC's own internal practices and in its dealings with others.

6.6 AUDIT AND RISK MANAGEMENT COMMITTEE

The purpose of this committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. It is intended that the committee will comprise the following members:

- Roger Clarke;
- Greg Baynton; and
- Craig Scroggie.

The committee performs a variety of functions relevant to risk management and internal and external reporting and reports to the Board following each meeting. Among other matters for which the committee will be responsible for are the following:

- oversee the Company's financial reporting process on behalf of the Board;
- assessment of accounting, financial and internal controls;
- corporate risk assessment and compliance with internal controls;
- internal audit function and management processes supporting external reporting;
- review of the effectiveness of the audit function;
- appointment of external auditors and scope of external audit;
- review of the performance and independence of the external auditors; and
- compliance with laws and regulations.

Meetings are held at least two times each year. A broad agenda is laid down for each regular meeting according to an annual cycle. The committee invites the external auditors to attend each of its meetings.

6.7 REMUNERATION AND NOMINATIONS COMMITTEE

The purpose of this committee is to assist the Board and make recommendations to it in relation to the providing advice in relation to remuneration packages of senior executives, non-executive Directors and executive Directors, equity-based incentive plans, appointment of new Directors (both executive and non-executive) and senior management. It is intended that the committee will comprise the following members:

- Roger Clarke;
- Greg Baynton; and
- Craig Scroggie;

Functions performed by the committee will include the following:

- regularly reviewing and making recommendations to the Board with respect to an appropriate remuneration policy including retirement benefits and termination payments (if any);
- making recommendations as to the structure of remuneration for non-executive Directors;
- establishment of policies and procedures for the selection and appointment of Directors;
- identification and consideration of possible candidates for the appointment as Director, and recommendation to the Board accordingly;
- ensuring that an effective induction program is available to new Directors to ensure they understand their responsibilities and the business activities of the Company;
- identifying Directors qualified to fill vacancies on Board Committees and making recommendations to the Board accordingly; and
- ensuring the performance of each Director, and of senior management, is reviewed and assessed each year in accordance with procedures adopted by the Board.

The Remuneration and Nominations Committee will meet as often as necessary, but must meet at least once a year, and must meet at least two months prior to the annual general meeting.

6.8 BEST PRACTICE COMMITMENT

The Company is committed to achieving and maintaining the highest standards of conduct and has undertaken various initiatives, as outlined in this section that are designed to achieve this objective. NEXTDC's corporate governance charter is intended to "institutionalise" good corporate governance and, generally, to build a culture of best practice both in NEXTDC's own internal practices and in its dealings with others.

The following are a tangible demonstration of NEXTDC's corporate governance commitment.

INDEPENDENT PROFESSIONAL ADVICE

With the prior approval of the Chairman, which may not be unreasonably withheld or delayed, each Director has the right to seek independent legal and other professional advice concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. Any costs incurred are borne by NEXTDC.

CODE OF ETHICS AND VALUES

NEXTDC has developed and adopted a detailed code of ethics and values to guide Directors in the performance of their duties.

CODE OF CONDUCT FOR THE TRANSACTIONS IN SECURITIES

NEXTDC has developed and adopted a formal code to regulate dealings in securities by Directors and senior management and their associates. This is designed to ensure fair and transparent trading in accordance with both the law and best practice.

CHARTER

The code of ethics and values and the code of conduct for transactions in securities (referred to above) both form a part of NEXTDC's corporate governance charter which has been formally adopted and can be inspected on its website at www.NEXTDC.com.

SUBSTANTIAL COMPLIANCE WITH ASX CORPORATE GOVERNANCE GUIDELINES AND BEST PRACTICE RECOMMENDATIONS

The ASX document, "Principles of Good Corporate Governance and Best Practice Recommendations" ("Guidelines") applying to listed entities was published in March 2003 by ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets.

The Board has assessed the Company's current practice against the Guidelines and outlines its assessment below:

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The role of the Board and delegation to management have been formalised as described above in this section and will continue to be refined, in accordance with the Guidelines, in light of practical experience gained in operating as a listed company. NEXTDC complies with the Guidelines in this area.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Together the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company.

The Board currently consists of five Directors, including two executive Directors. Three Directors of NEXTDC will be independent, giving the Board a majority of independent directors.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

The Board has adopted a detailed code of ethics and values and a detailed code of conduct for transactions in securities. The purpose of these codes is to guide Directors in the performance of their duties and to define the circumstances in which both they and management, and their respective associates, are permitted to deal in securities.

The Board will ensure that restrictions on dealings in securities are strictly enforced. Both codes have been designed with a view to ensuring the highest ethical and professional standards, as well as compliance with legal obligations, and therefore complies with the Guidelines.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Audit and Risk Committee (with its own charter) complies with the Guidelines. All the members of the Audit and Risk Management Committee are financially literate.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

NEXTDC's current practice on disclosure is consistent with the Guidelines. Policies for compliance with ASX Listing Rule disclosure requirements are included in the Company's corporate governance charter, Board Charter and continuous disclosure policy.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

The Board recognises the importance of this principle and strives to communicate with Shareholders both regularly and clearly – both by electronic means and using more traditional communication methods. Shareholders are encouraged to attend and participate at general meetings. The Company's auditors always attend the annual general meeting and are available to answer Shareholder's questions. The Company's policies comply with the Guidelines in relation to the rights of Shareholders.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISKS

The Board, together with management, has constantly sought to identify, monitor and mitigate risk. Internal controls are monitored on a continuous basis and, wherever possible, improved. The whole issue of risk management is formalised in the Company's corporate governance charter (which complied with the Guidelines in relation to risk management) and will continue to be kept under regular review. Review takes place at both committee level (Audit and Risk Management Committee), with meetings at least two times a year, and Board level.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration of Directors and executives will be fully disclosed in the annual report and any changes with respect to key executives announced in accordance with continuous disclosure principles.

The remuneration and nomination committee has been established with its own charter.

7.0 FINANCIAL INFORMATION

7.1 INTRODUCTION

NEXTDC was established in May 2010 and since then it has acquired premises in Brisbane (August 2010) and acquired land in Melbourne (September 2010).

NEXTDC is currently undertaking refurbishment of the premises in Brisbane and is in the final stages of technical design of its Melbourne Facility. It is currently expected that development approval for the construction of the Melbourne Facility will be achieved as early as January 2011. With the exception of the property purchases, NEXTDC has incurred minimal operating revenue and expenditure since its establishment. As a result NEXTDC has not prepared historical financial statements.

This Section sets out the Pro Forma Balance Sheet of NEXTDC. The basis for preparation and presentation is set out in Section 7.2 below. The Board is responsible for the inclusion of all financial information in this Prospectus. PricewaterhouseCoopers Securities Ltd has prepared an Investigating Accountant's Report in respect of the Pro Forma Balance Sheet, and a copy of this report is set out in Section 8 of this Prospectus.

The Pro Forma Balance Sheet has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards and the significant accounting policies set out in Note 1 to the Pro Forma Balance Sheet. The Pro Forma Balance Sheet is presented in an abbreviated form insofar as it does not include all the disclosures and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act.

7.2 BASIS OF PREPARATION

The Pro Forma financial information set out in this Section comprises:

- the unaudited Pro Forma Balance Sheet as at 30 September 2010; and
- notes to the unaudited Pro Forma Balance Sheet.

The unaudited Pro Forma Balance Sheet has been derived from the unaudited management accounts balance sheet as at 30 September 2010, adjusted for a number of pro forma transactions (Pro Forma Transactions) as if they had occurred at 30 September 2010.

7.3 PRO FORMA BALANCE SHEET

		ADJUSTMENTS		
Unaudited Pro Forma Balance Sheet ($)	As at 30 September 2010	Pre-Offer capital raising and Executive Share Options	Offer	Pro Forma Balance Sheet as at 30 September 2010
CURRENT ASSETS				
Cash and cash equivalents	1,324,588	2,510,970	38,000,000	41,835,558
Trade and other receivables	901,877	-	-	901,877
Total current assets	2,226,465	2,510,970	38,000,000	42,737,435
NON-CURRENT ASSETS				
Property, plant and equipment	15,835,258	18,090	-	15,853,348
Intangible assets	23,136	-	-	23,136
Total non-current assets	15,858,394	18,090	-	15,876,484
Total Assets	18,084,859	2,529,060	38,000,000	58,613,919
LIABILITIES				
Trade and other payables	783,675	-	-	783,675
Shareholder loans	17,448,162	(17,448,162)	-	-
Total current liabilities	18,231,837	(17,448,162)	-	783,675
Total Liabilities	18,231,837	(17,448,162)	-	783,675
Net Assets	(146,978)	19,977,222	38,000,000	57,830,244
EQUITY				
Contributed equity	100	20,000,000	38,000,000	58,000,100
Share based payment reserve	-	53,039	-	53,039
Accumulated losses	(147,078)	(75,817)	-	(222,895)
Total Equity	(146,978)	19,977,222	38,000,000	57,830,244

The unaudited Pro Forma Balance Sheet has been derived from the unaudited management accounts balance sheet as at 30 September 2010 adjusted for the following Pro Forma Transactions:

PRE OFFER CAPITAL RAISING AND EXECUTIVE SHARE OPTION ADJUSTMENTS

These adjustments represent the additional capital contribution from Bevan Slattery, the founder and Chief Executive Officer of NEXTDC to obtain his $40,000,000 shareholding prior to the Offer and the impact of the introduction of the Executive Share Option Plan:

- the subdivision of 100 Shares held by Bevan Slattery into 20,000,000 Share in November 2010;
- the Issue of 20,000,000 Shares in November 2010 to Bevan Slattery at an issue price of $1.00 to raise $20,000,000 before expenses of the Offer. This Share issue was through:
  - the conversion of shareholder loans as at 30 September 2010 of $17,448,162 to equity which resulted in the issue of 17,448,162 Shares;
  - the conversion of shareholder loans relating to asset and expense contributions by Bevan Slattery in October 2010 of $18,090 and $22,778 respectively to equity which resulted in the issue of 40,868 Shares;
  - the transfer of the remaining cash of $10,814 in the Brisbane property trust account to NEXTDC bank account in October 2010 which resulted in the issue of 10,814 Shares; and
  - the issue of 2,500,156 Shares for an additional cash contribution by Bevan Slattery in October 2010 to bring Bevan Slattery's total contribution to $20,000,000 prior to the Offer.
- in October 2010, the Board agreed to issue a total of 2,000,000 Options under the Executive Share Option Plan to executives and Directors of NEXTDC. The terms of those Options are included in Section 10.6 of this Prospectus. The issue of these Options has given rise to a share based payment expense of $53,039 prior to the Offer.

OFFER ADJUSTMENTS

- the issue of 40,000,000 Shares at an issue price of $1.00 per Share, to raise $40,000,000 under the Offer;
- payment of expenses of the Offer of approximately $2,000,000, to be offset against contributed equity; and
- no deferred tax asset or deferred tax liability has been recognised as any timing differences will be immaterial given the start-up nature of the Company.

7.4 NOTES TO THE PRO FORMA BALANCE SHEET

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial information are set out below.

(A) BASIS OF PREPARATION

The Pro Forma Balance Sheet has been prepared in accordance with the measurement and recognition criteria of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

COMPLIANCE WITH IFRS

The financial information also complies with measurement and recognition criteria of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

HISTORICAL COST CONVENTION

This financial information has been prepared under the historical cost convention.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Pro Forma Balance Sheet requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies.

(B) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Revenue is recognised for the major business activities as follows:

(i) Rent revenue

Rental revenue is recognised in the income statement in the period in which it is receivable, as this represents the pattern of service rendered through the provision of the property.

(ii) Interest income

Interest income is recognised using the effective interest method.

(C) INCOME TAX

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on these tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either the accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(D) LEASES

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight line basis over the period of the lease.

(E) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts, if any, are included in borrowings in current liabilities in the balance sheet.

(F) TRADE RECEIVABLES

Trade receivables are recognised at the amounts receivable as they are due for settlement.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(G) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost less, any accumulated depreciation and impairment losses.

Land and buildings

Freehold land and buildings are shown at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition items.

Plant and equipment

Plant and equipment are measured on a historical cost basis less accumulated depreciation.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

CLASS OF FIXED ASSET	
Buildings	2.5%
Plant and equipment	5% - 15%
Computer hardware and software	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

(H) IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life and are not subject to amortisation or depreciation are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(I) INTANGIBLE ASSETS

Trademarks and licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over estimated useful lives.

(J) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(K) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(L) BORROWING COSTS

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(M) SHARE BASED PAYMENTS

The fair value of Options granted is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the Options granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of Options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of Options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(N) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(O) CONTRIBUTED EQUITY

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new Shares or Options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new Shares or Options for the acquisition of a business are not included in the costs of the acquisition as part of the purchase consideration.

NOTE 2: CONTRIBUTED EQUITY

Contributed Equity	Number of Securities	($)
SHARES		
Existing Shareholders	100	100
Subdivision of 100 Shares into 20,000,000 in November 2010	20,000,000	
Issue in November 2010 to Existing Shareholder at $1 per Share	20,000,000	20,000,000
Shares issued under Offer	40,000,000	40,000,000
Less: Offer expenses		(2,000,000)
PRO FORMA SHARES ON ISSUE AND CONTRIBUTED EQUITY AT 30 SEPTEMBER 2010	80,000,000	58,000,100
EXECUTIVE SHARE OPTIONS*	2,000,000	

* Section 10.6 of the Prospectus sets out further details of the Executive Share Options

8.0 INVESTIGATING ACCOUNTANT'S REPORT

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers Securities Ltd
ACN 003 311 617
ABN 54 003 311 617
Holder of Australian Financial Services Licence No 244572

Riverside Centre
123 Eagle Street
BRISBANE QLD 4000
GPO Box 150
BRISBANE QLD 4001
DX 77 Brisbane
Australia
Telephone +61 7 3257 5000
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The Directors
NEXTDC Limited
GPO Box 3219
BRISBANE QLD 4001

8 November 2010

Dear Directors

Subject: Investigating Accountant's Report on the Pro Forma Balance Sheet and Financial Services Guide

We have prepared this report on the Pro Forma Balance Sheet of NEXTDC Limited (the Company) for inclusion in a prospectus dated on or about 9 November 2010 (the Prospectus) relating to the issue of 40,000,000 ordinary shares in the Company **(**the **Issue**).

Expressions defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it should be given by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers, holds the appropriate Australian financial services licence. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Background

The Company has been established to build and operate carrier and systems integrator neutral data centres in Australia and New Zealand. The Company is currently in various stages of planning and development of three data centre facilities located on the east coast of Australia. The purpose of the Issue is to provide funding towards the establishment of these three data centre facilities, including funding for construction, refurbishment, technical fit-out, administrations costs and working capital requirements.

Scope

The Company has requested PricewaterhouseCoopers Securities Ltd to prepare this investigating accountant's report (the **Report**) covering the following information:

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Pro Forma Balance Sheet

(a) the pro forma balance sheet as at 30 September 2010 (the **Pro Forma Balance Sheet**) which assumes completion of the proposed transactions disclosed in Section 7 of the Prospectus (the **Pro Forma Transactions**).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Pro Forma Balance Sheet to which this Report relates for any purposes other than the purpose for which it was prepared.

Scope of review of the Pro Forma Balance Sheet

The Pro Forma Balance Sheet set out in Section 7 of the Prospectus has been derived from the unaudited management accounts of the Company. The Pro Forma Balance Sheet incorporate such pro forma transactions and adjustments as the Directors considered necessary to present the Pro Forma Balance Sheet on a basis consistent with the Issue. The Directors are responsible for the preparation of the Pro Forma Balance Sheet, including the determination of the Pro Forma Transactions.

We have conducted our review of the Pro Forma Balance Sheet in accordance with Australian Auditing Standards applicable to review engagements. We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- a review of accounting records and other documents
- a review of the assumptions (which include the Pro Forma Transactions) used to compile the Pro Forma Balance Sheet
- a comparison of consistency in application of the recognition and measurement principles under Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company disclosed in Section 7 of the Prospectus, and
- enquiry of Directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Pro Forma Balance Sheet.

Review statement on Pro Forma Balance Sheet

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the Pro Forma Balance Sheet has not been properly prepared on the basis of the Pro Forma Transactions

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- the Pro Forma Transactions do not form a reasonable basis for the Pro Forma Balance Sheet
- the Pro Forma Balance Sheet, as set out in Section 7 of the Prospectus, does not present fairly the pro forma Pro Forma Balance Sheet of the Company as at 30 September 2010, assuming completion of the Pro Forma Transactions

in accordance with the recognition and measurement principles prescribed under Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company disclosed in Section 7 of the Prospectus.

Subsequent events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary course of business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

Independence or disclosure of interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of the Issue other than the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received.

Liability

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this Report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or any omissions from, the Prospectus.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

Wim Blom
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

Appendix A

PRICEWATERHOUSECOOPERS

PRICEWATERHOUSECOOPERS SECURITIES LTD
FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 8 November 2010

1 About us
PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("PwC Securities") has been engaged by NEXTDC Limited to provide a report in the form of an Investigating Accountant's Report in relation to the Pro Forma Balance Sheet (the "Report") for inclusion in the Prospectus dated on or about 9 November 2010.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2 **This Financial Services Guide**
This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3 **Financial services we are licensed to provide**
Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4 General financial product advice
The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5 **Fees, commissions and other benefits we may receive**
PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. Fees for this report are charged on a fixed fee basis and are $27,500.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6 **Associations with issuers of financial products**
PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

PricewaterhouseCoopers is the auditor and taxation advisor of NEXTDC Limited.

7 **Complaints**
If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service ("FOS"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8 Contact Details
PwC Securities can be contacted by sending a letter to the following address:

Mr Wim Blom, Riverside Centre
123 Eagle Street, Brisbane QLD 4000

9.0 RISK FACTORS

9.1 INTRODUCTION

Any investment in NEXTDC exposes investors to risk factors. This section of this Prospectus endeavours to identify those areas the Board believes to be major risk areas associated with an investment in NEXTDC.

NEXTDC's business activities are subject to risk factors both specific to its business activities and of a general nature. Individually, or in combination, these areas of risk might affect the future operating performance of NEXTDC, and the value of an investment in NEXTDC. While some of these areas of risk can be mitigated by the use of appropriate safeguards and systems, many are outside the control of NEXTDC and cannot be mitigated.

Before deciding whether to invest in Shares, prospective investors should carefully consider the risk factors described below, together with all other information contained in this Prospectus.

The following is not intended to be an exhaustive list of risk factors to which the company is exposed.

9.2 RISKS SPECIFIC TO AN INVESTMENT IN NEXTDC

9.2.1 DEPENDENCE ON KEY PERSONNEL

NEXTDC depends on the talent and experience of its staff and employees. It is essential that appropriately skilled staff be available in sufficient numbers to support the Company's business. NEXTDC requires that staff are skilled in many areas, some of which may be considered niche specialities in which there are limited practitioners available for recruitment. While the Company has initiatives to mitigate this risk, the loss of key staff may have a negative impact on NEXTDC. The loss of key staff to a competitor may amplify this impact.

9.2.2 PLANNING, DEVELOPMENT AND CONSTRUCTION RISKS

NEXTDC may undertake development of new data centres, and expansion and refurbishment of existing data centres. Any delays or unexpected costs associated with such projects may harm growth prospects, future operating results and financial condition.

There are a number of general risks that might impinge on companies involved in the development, construction, manufacture and installation of facilities as a prerequisite to the management of those assets in an operational sense. NEXTDC might be exposed to these risks from time to time by relying on these corporations and/or other third parties which could include any and/or all of the following:

- development approvals, slow decision-making by counterparties, complex construction specifications, changes to design briefs, legal issues and other documentation changes may give rise to delays in completion, loss of revenue and cost over-runs;
- other time delays that may arise in relation to construction and development include supply of labour, scarcity of construction materials, lower than expected productivity levels, inclement weather conditions, land contamination, cultural heritage claims, difficult site access, or industrial relations issues;
- objections aired by community interest, environmental and/or neighbourhood groups which may cause delays in the granting of approvals and/or the overall progress of a project; and
- notwithstanding appropriate safeguards, parties with whom NEXTDC has contracted may experience financial or other difficulties with consequential adverse effects for the relevant project or asset.

9.2.3 NO OPERATING TRACK RECORD

NEXTDC is a newly established company and has no operational track record.

NEXTDC's operational business plan requires substantial upfront capital investment, and there can be no assurance that subsequent operational objectives will be achieved. Failure to achieve these objectives may have a material adverse impact on the financial performance and/or position of the Company.

The Prospectus must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development.

9.2.4 FAILURE TO LEASE SPACE TO CUSTOMERS

NEXTDC's growth strategy incorporates commitment of substantial operational and financial resources to develop, lease and operate new data centres, and to expand existing ones. Development or expansion of data centres does not typically require pre-leasing commitments from customers prior to commencement, and as such, sufficient demand for data centre space may not exist post-completion. A lack of customer demand, or oversupply of data centre space in the market, could have negative implications on the Company's ability to achieve desired rates of return on investment, and have a material adverse effect on the growth prospects and/or financial position of the Company.

NEXTDC will seek to mitigate these risks by reviewing market demand for new data centres and obtaining pre-commitments where possible.

9.2.5 FUNDING AND CAPITAL EXPENDITURE

NEXTDC's business is capital intensive in nature, and the continued growth of the Company relies on the acquisition and development of new data centres, purchase of new equipment and ongoing maintenance of existing equipment. NEXTDC requires sufficient access to debt and equity capital to fund this expenditure. Failure to obtain capital on favourable terms may hinder NEXTDC's ability to expand and pursue growth opportunities, which may reduce competitiveness and have an adverse effect on the financial performance, position and growth prospects of the Company.

From the Offer, the Company will have financing facilities available. No assurance can be given that those finance facilities will always be available. NEXTDC's continued ability to implement its business plans effectively over time may depend in part on its ability to raise future funds. There is no assurance that additional funds, or the funds to adequately deal with existing indebtedness refinancing or repayment, will be available in the future, and/or be secured on reasonably commercial terms. If adequate funds are not available on reasonably acceptable terms in the future, then NEXTDC may not be able to take advantage of opportunities, develop new ideas, deal with existing indebtedness or otherwise respond to competitive pressures.

9.2.6 INFRASTRUCTURE AND TECHNOLOGY FAILURE

NEXTDC will rely on its infrastructure and technology to provide its customers with a highly reliable service. There may be a failure to deliver this level of service as a result of numerous factors, including:

- human error;
- power loss;
- improper building maintenance by landlords in leased premises;
- physical or electronic security breaches;
- fire, earthquake, hurricane, flood and other natural disasters;
- water damage;
- war, terrorism and any related conflicts or similar events worldwide; and
- sabotage and vandalism.

Service interruptions, regardless of cause, may trigger clauses in lease contracts, which may result in a number of remedies including: termination of lease; future credit or rental subsidy; compensation; and other financial and non-financial remedies incurred by the Company. Service interruptions may also expose NEXTDC to additional legal liability and erosion of brand and reputation.

NEXTDC facilities will be designed to mitigate these risks to the extent possible.

9.2.7 ACTION OF COMPETITORS

NEXTDC will operate in a competitive landscape alongside a number of other developers, owners and operators of data centres with competing product offerings and geographic presence. In addition, NEXTDC may face competition from new entrants into the data centre market from competitors that may have significant advantages including greater name recognition, longer operating history, lower operating costs, pre-existing relationships with current or potential customers and greater financial, marketing and other resources. If competitor product offerings are perceived to be superior to NEXTDC's, or competitors are able to offer rental rates below NEXTDC's rates, NEXTDC may lose existing or potential customers, fail to renew expiring leases, incur costs to improve facilities, or be forced to reduce rental rates.

If the rental rates for facilities decrease, existing customers do not renew expiring leases or vacant data centre space cannot be leased, the growth prospects and financial performance and/or financial position of the Company may be materially adversely affected.

9.2.8 INSURANCE

NEXTDC will maintain adequate insurance coverage in line with industry practice, however no assurance can be given that such insurance will be available in the future on a commercially reasonable basis, or will provide adequate cover against claims made. If NEXTDC incurs uninsured losses or liabilities, its assets, profits and prospects may be materially adversely affected.

9.2.9 SUPPLY AND PRICING OF ELECTRICAL POWER

NEXTDC will rely on third parties for the supply of electrical power to its data centres. It cannot be guaranteed that these third parties will be able to consistently provide sufficient levels of electrical power, or will have the necessary infrastructure to deliver any additional power that NEXTDC may require.

NEXTDC's data centres will be fitted with back-up power generation capability at each site to cover temporary power outage, however this may be unable to provide ongoing service to the extent outages last beyond backup and alternative power arrangements.

Inability to satisfy customer obligations by these means may materially adversely impact the financial position, profits and growth prospects of NEXTDC.

9.2.10 CONTRACT AND PRINCIPAL RISK

NEXTDC's customer contracts may include termination provisions that provide for termination by the customer at short notice. In addition, customers may default due to bankruptcy or other reasons. A customer's termination of, or default under, a contract, could result in a loss of expected revenues, and additional expenses for demobilisation, maintenance and storage of equipment. Accordingly, the termination of, or default under, a contract by any of NEXTDC's customers could have an adverse effect on the Company's business, financial condition and results of operations.

It is common for companies in the industries in which NEXTDC operates, to enter into protracted negotiations with customers prior to written agreement. NEXTDC may commence work on a project, subject to protracted negotiations, before a final contract is executed. Similarly, NEXTDC may continue to work for customers after the term of a contract has ended on the basis that an informal rollover of terms under previous contracts has been agreed to. In the event of a dispute in which no formal contract has been executed, NEXTDC may not have sufficient protections, which could adversely affect the financial performance and/or financial position of the Company.

9.2.11 REVERSAL IN OUTSOURCING TRENDS

The future growth of NEXTDC is dependent on the continuation of the trend towards the outsourcing of data storage services. A reduction in the reliance on third parties to provide outsourced solutions arising from increased cost-effectiveness of in-house operation may negatively affect the growth prospects and financial performance and/or financial position of the Company.

9.2.12 FIXED COST CONTRACTS

NEXTDC may have a small number of fixed cost contracts. An increase in costs above that anticipated at the time of executing fixed cost contracts, or provided for under the terms of the fixed cost contract, could adversely affect the financial performance and/or financial position of the Company.

9.2.13 SUBCONTRACTORS

In many cases, NEXTDC subcontracts the performance of parts of its operations to subcontractors. Whilst the Company seeks to obtain appropriate indemnities and guarantees from these subcontractors, it remains ultimately responsible for their performance. Industrial disputes, natural disasters, financial failure or default or inadequate performance in the provision of services, or the inability to provide services by such subcontractors has the potential to adversely affect NEXTDC.

9.2.14 REGULATORY ENVIRONMENT

NEXTDC is exposed to potential future regulations and legislation that apply to both the industry in which it operates and the industries in which its customers operate.

Relevant customer industry regulation may require specific data centre requirements that NEXTDC is unable to provide. These may include physical security requirements and privacy and security regulations. Introduction of new industry regulation could lead to the loss of some customers, or additional expenditure requirement to upgrade facilities to required specifications, the cost of which may not be able to be passed to customers.

9.2.15 ENVIRONMENTAL RISK

NEXTDC's operations are subject to government environmental legislation. While environmental issues are continually monitored to minimise the likelihood of risk there is no assurance that NEXTDC's operations will not be affected by an environmental incident or subject to environmental liabilities.

Of specific relevance to NEXTDC is potential new legislation in relation to energy usage and carbon reduction schemes. A number of nations have ratified the United Nations Convention on Climate Change signed in December 1997 in Kyoto, Japan (known as the Kyoto Protocol) and negotiations are continuing with a view to implementing it. It is the current policy of the Federal Government to attempt to meet the emissions target set for Australia in the Kyoto Protocol, which, combined with efforts by other nations to reduce greenhouse gas emissions, could indirectly or directly affect the price of energy and require additional control and reporting measures. Despite the fact that recent attempts to establish a global climate agreement for the period from 2012 failed when the first commitment period under the Kyoto Protocol expired at the Copenhagen Convention in 2009, such an agreement may be reached in the future.

Due to the high energy usage of data centres, introduction of new environmental legislation and regulations may result in additional cost to NEXTDC. While the Company intends to pass through energy consumption costs to the customer, potential costs arising from compliance, further capital expenditure and monitoring may not be able to be recovered from the customer pursuant to specific contract terms. Inability to recover these costs may have a material adverse impact on the financial position and performance of the Company.

9.2.16 FOREIGN OPERATION

Whilst NEXTDC will not initially have operations outside Australia and New Zealand, investors should be aware of the possibility of risks inherent in doing business on an international level becoming relevant. These include changes in regulatory requirements, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations and monetary exchange rates, longer payment cycles, problems in collecting amounts receivable, political instability, expropriation, nationalisation and war.

9.2.17 TECHNOLOGY EVOLUTION

The markets for data centres, as well as the industries in which NEXTDC's target customers operate, are characterised by rapidly changing technology, evolving industry standards, frequent new product introductions and changing customer demands. The Company's ability to deliver technologically sophisticated power and cooling is expected to be a significant factor in customers' decisions to rent space in NEXTDC data centres.

NEXTDC data centre infrastructure may become obsolete as a result of technological advancement. NEXTDC may not be able to efficiently upgrade or change fitted infrastructure without incurring substantial expense that may not be able to be passed on to its customers. Obsolescence of infrastructure and inability to adapt to technological advancement may negatively impact the ability to attract and retain customers, and have a material adverse effect on the business of NEXTDC.

9.2.18 OWNERSHIP OF PHYSICAL REAL ESTATE

NEXTDC will own a number of real estate assets operating as data centres, and as such is exposed to real estate fundamentals. The real estate market is affected by many factors external to the Company and its operations, including:

- Adverse changes in national and local economic and market conditions;
- Changes in interest rates and in the availability, cost and terms of debt financing;
- Changes in governmental laws and regulations, fiscal policies and zoning ordinances and costs of compliance therewith;
- The ongoing cost of capital improvements that are not passed onto customers, particularly in older structures;
- Changes in operating expenses; and
- Civil unrest, acts of war, terrorist attacks and natural disasters, including earthquakes and floods, which may result in uninsured and insured losses.

The risks associated with the illiquidity of real estate investments may be even greater for special purpose facilities such as data centres, which are highly specialised facilities containing extensive electrical and mechanical systems that are uniquely designed to house and maintain customers' equipment. As a result, most data centres are not suited for use by customers for other purposes without major renovation and expenditure.

9.3 GENERAL RISKS

NEXTDC is exposed to a number of general risks that could adversely affect the Company's assets and liabilities, financial position, profits and prospects. These general risks include, but are not limited to, the following:

9.3.1 SHARE MARKET RISKS

Prior to the Offer, there has been no public market for Shares in NEXTDC. Share prices, as quoted on ASX, are volatile in that they might rise and/or fall and might trade at prices below or above the Offer Price or any subsequent purchase price or the underlying value of NEXTDC's assets. The Shares offered pursuant to the Offer carry no guarantee with respect to a return on capital, dividends or the price at which the Shares will trade, nor can there be any assurances given that an active trading market will develop for the Shares over time. If you are in any doubt as to whether you should invest in Shares in NEXTDC you should seek advice from your stockbroker, accountant or other professional financial adviser.

9.3.2 MACRO-ECONOMIC RISKS

Changes in the general economic outlook both in Australia and globally may impact the performance of the Company and its projects. Such changes may include:

- contractions in the Australian economy or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
- increases in expenses (including the cost of goods and services used by the Company);
- new or increased government taxes, duties or changes in taxation laws;
- fluctuations in equity markets in Australia and internationally.

9.3.3 BROADER GENERAL RISKS

There are also a number of broader general risks which may impact on NEXTDC's performance. These include:

- abnormal stoppages in normal business operations due to factors such as war, political or civil unrest, infrastructure failure and/or industrial disruption;
- higher than budgeted costs associated with the provision of product offerings;
- customers not renewing contracts, renewing on less favourable terms, or other loss of customers;
- failure of customers to meet their obligations under their contracts;
- material litigation - NEXTDC is not currently involved in any material litigation and is not aware of any facts or circumstances that may give rise to any material litigation. However, given the scope of NEXTDC's activities and the wide range of parties with which it is likely to deal, NEXTDC may be exposed to potential litigation from third parties such as customers, regulators, employees and business associates; and
- foreign exchange – NEXTDC will be supplied with equipment for its Technical Fit Out that may be manufactured outside of Australia. As such, the Company remains exposed to the impact of foreign currencies. These currencies are subject to fluctuation, which may impact certain costs incurred by NEXTDC.

9.3.4 IMPACT OF AUSTRALIAN INTERNATIONAL FINANCIAL REPORTING STANDARDS

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the Directors' and NEXTDC's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in NEXTDC's financial statements.

9.3.5 TAXATION

There may be tax implications arising from Applications for Shares, the receipt of dividends (both franked and unfranked (if any)) from NEXTDC, participation in any on market Share buy back and on the disposal of Shares.

9.3.6 GOVERNMENT ACTIONS

The impact of actions by government may affect NEXTDC's activities including such matters as infrastructure, compliance with environmental regulations, taxation and royalties.

9.3.7 CHANGES IN LAWS AND GOVERNMENT POLICY

Changes in laws, regulations and government policy may affect NEXTDC and the attractiveness of an investment in NEXTDC.

10.0 ADDITIONAL INFORMATION

10.1 CORPORATE HISTORY

NEXTDC was incorporated in Queensland under the Corporations Act as a proprietary company limited by shares on 11 May 2010.

With effect from 29 July 2010, NEXTDC changed its company type from a proprietary company limited by shares to a public company limited by shares under the name NEXTDC Limited.

10.2 COMPANY TAX STATUS

The Company will be taxed in Australia as a public company.

10.3 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The rights attaching to ownership of Shares are:

- described in the Constitution; and
- regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the key provisions in the Constitution and the principal rights of Shareholders as set out in the Constitution. This summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

MEETINGS AND NOTICES

Each Shareholder is entitled to receive notice of and to attend general meetings of NEXTDC and to receive all notices, financial reports and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.

VOTING

At meetings of shareholders, every shareholder present in person or by proxy, attorney or representative has one vote on a vote taken by a show of hands, and, on a poll has one vote for every fully paid Share held by him or her, and a proportionate vote for every partly paid Share.

A poll may be demanded by the chairperson of the meeting, by any five Shareholders present in person or by proxy, attorney or representative or by any one or more Shareholders who are together entitled to not less than 5% of the votes that may be cast on the resolution on a poll.

DIVIDENDS

Dividends may be declared or determined to be payable by the Directors.

TRANSFER

A Shareholder may transfer all or any of its Shares by:

- in the case of an ASTC-regulated transfer, in any manner required or permitted by the Listing Rules or ASTC Settlement Rules; and
- in other cases, using any written transfer instrument in any common form or form approved or adopted by ASX or the Directors.

The Directors may decline to register any transfer where permitted to do so by the Listing Rules and must decline to register a transfer of:

- Shares where required by the Listing Rules; or
- Restricted Securities which may be in breach of the Listing Rules or any escrow arrangement entered into by the Company.

LIQUIDATION RIGHTS

NEXTDC has one class of shares on issue, ordinary shares. Each ordinary Share ranks equally in the event of liquidation.

VARIATION OF RIGHTS

Subject to the Listing Rules, the rights attached to the Shares may be varied with the consent in writing of Shareholders holding three-quarters of the Shares or by a special resolution passed at a separate meeting of the holders of the Shares in accordance with the Corporations Act.

ISSUE OF FURTHER SHARES

The Directors may, subject to the restrictions on allotment of shares imposed by the Constitution, the Corporations Act and the Listing Rules, from time to time issue and allot further shares on such terms and conditions as they see fit.

ALTERATION OF CONSTITUTION

The Constitution can only be amended by a special resolution (that is, a resolution that has been passed by at least three-quarters of the votes cast by Shareholders entitled to vote on the resolution). Once NEXTDC is listed, at least 28 days written notice of the special resolution must be given.

INDEMNIFICATION OF DIRECTORS

To the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company and indemnifies every person who is or has been an officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred or allegedly incurred by the person as an officer of the Company.

10.4 DEEDS OF ACCESS, INDEMNITY AND INSURANCE

The Company has entered into deeds of indemnity, insurance and access with the Directors on standard terms for directors of public listed companies. Under each deed, the Company has undertaken, to the extent permitted by law, to indemnify each Director in certain circumstances and to maintain insurance cover in favour of the Director for seven years after the Director has ceased to be a director. The Company has also agreed to provide access to records of the Company while the person is a director and after they cease to be a Director, where such access is required in connection with potential or actual legal proceedings or regulatory action involving the Director.

10.5 EXECUTIVE SHARE OPTION PLAN

NEXTDC has adopted an Executive Share Option Plan.

Under the terms of the Executive Share Option Plan, offers to apply for the issue of Options to subscribe for Shares may be made to eligible employees or Directors, as determined by the Board.

The total number of Shares which may be acquired from the issue of Options under the Executive Share Option Plan must not exceed 5% of the total of the following:

- the total number of issued Shares in the Company as at the date of the offer made to the participant;
- the total number of Shares underlying the Options issued under the Executive Share Option Plan; and
- the number of Shares underlying the outstanding Options to subscribe for Shares issued by the Company under any other employee share or option scheme of the Company, less that number of Options granted under certain exemptions listed in the terms of the Executive Share Option Plan including where the offer of Options did not need disclosure to investors under the Corporations Act.

The Board has discretion to determine the specific terms and conditions applying to each Offer under the Executive Share Option Plan including the exercise price. The Options are personal to the participant and cannot be exercised by another person, unless approved by the Board.

At the date of this Prospectus, NEXTDC has agreed to grant 2,000,000 Options under this plan in accordance with the terms set out in Section 10.6.

10.6 OPTIONS AGREED TO BE GRANTED

NEXTDC has agreed to issue a total of 2,000,000 Options under the Executive Share Option Plan to executives and Directors of NEXTDC.

The key terms of the Options are set out below:

- the exercise price for the Options is $1.00 in respect of 1,500,000 Options and $1.50 in respect of 500,000 Options;
- the Options vest and are exercisable 12 months from the date the Shares are first listed on ASX ("Vesting Date");
- the Options are exercisable at any time during the 12 month period after the Vesting Date provided that the participant is employed by the Company at the Vesting Date.

The purpose of the Options is to provide a medium term incentive to Directors and employees and to align their interests with those of shareholders in the start up phase of the Company. The Board believes that over the period of 12 to 24 months of the life of these Options, an indicator of the Company's performance will be the market rating of its value through its Share price.

The Board has valued the Options which are exercisable at $1.00, and the Options which are exercisable at $1.50, at $0.22 per Option and $0.08 per Option respectively, using the Black-Scholes valuation methodology.

The basic assumptions underlying the Option valuations are:

- underlying Share price of $1.00
- strike price of $1.00 and $1.50
- exercise period of 24 months
- volatility of 32%
- risk-free rate of 4.91%

10.7 MINIMUM SUBSCRIPTION

The minimum subscription amount required for the Offer to proceed is $40.0 million. The Offer is fully underwritten to $40.0 million. The underwriting agreement is subject to termination events (see Section 10.8).

10.8 UNDERWRITING AGREEMENT

The Offer is fully underwritten by the Underwriters pursuant to an underwriting agreement dated 9 November 2010 between NEXTDC and the Underwriters.

Under the underwriting agreement, the Company agrees to pay to the Underwriters aggregate fees equal to 4% of the total proceeds of the Offer. The Company must also reimburse the Underwriters for reasonable legal expenses, as well as the costs of and incidental to the Offer.

The Underwriters may terminate the underwriting agreement by notice to NEXTDC at any time before completion of the issue and allotment of the Shares under the Offer if:

(a) (index fall) the S&P/ASX 200 index is at any time more than 10% below its level as at 5:00pm on the business day immediately preceding the date of the underwriting agreement;

(b) (supplementary prospectus) the Company lodges a supplementary prospectus under section 724 of the Corporations Act or the Underwriters form the view that a supplementary prospectus must be lodged;

(c) (material adverse change) there is a material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the assets, earnings, business, results of operations, management or prospects of the Company;

(d) (ASIC action) ASIC:

  (i) makes an order or interim order under section 739 of the Corporations Act concerning the Prospectus;

  (ii) applies for an order under Part 9.5 of the Corporations Act in relation to the Offer or any documents associated with the Offer;

  (iii) holds, or gives notice of its intention to hold, a hearing or investigation in relation to the Offer or any documents associated with the Offer under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth); or

  (iv) prosecutes or commences proceedings (or gives notice of its intention to prosecute or commence proceedings) against the Company or any of its officers, employees or agents in relation to the Offer or any documents associated with the Offer;

(e) (withdrawal of consent) any person:

 (i) whose consent to the issue of the Prospectus or any supplementary prospectus is required by section 720 of the Corporations Act and who has previously consented to the issue of the Prospectus or any supplementary prospectus withdraws such consent;

 (ii) gives a notice under section 733(3) of the Corporations Act; or

 (iii) (other than the Underwriters) who has previously consented to the inclusion of their name or any statement in the Prospectus or any supplementary prospectus withdraws that consent;

(f) (withdrawal of Prospectus) the Company withdraws the Prospectus or the Offer;

(g) (ASX approval) ASX does not approve the admission of the Company to the Official List and the granting of official quotation to the Shares issued under the Offer, subject to conditions acceptable to the Company and Underwriters by 5:00pm on the business day before the settlement date (as defined in the underwriting agreement), or if granted, the approval is subsequently withdrawn, qualified or withheld (or ASX indicates to the Company or the Underwriters that the approval is likely to be withdrawn, qualified or withheld);

(h) (offer documents) the Underwriters form the view that:

 (i) there is an omission from the Prospectus or any supplementary prospectus of material required by the Corporations Act; or

 (ii) any document associated with the Offer contains a statement which is untrue, inaccurate, misleading or deceptive (or likely to mislead or deceive) or does not contain all information required to comply with all applicable laws;

(i) (section 730 notice) a person gives a notice to the Company under section 730 of the Corporations Act;

(j) (breach) the Company fails to comply with any of its material obligations under the underwriting agreement, or any representation or warranty by the Company in the underwriting agreement is or becomes incorrect;

(k) (lodgement) the Company fails to lodge the Prospectus with ASIC on or before the lodgement date (or such later date approved by the Underwriters);

(l) (material adverse change in financial markets) any of the following occurs:

 (i) any material adverse change or disruption to the political conditions or financial markets of Australia or the United States of America or any change or development involving a prospective change in national or international political, financial or economic conditions;

 (ii) a general moratorium on commercial banking activities in Australia or the United States of America is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or

 (iii) trading in all securities quoted or listed on ASX or the New York Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading;

(m) (Timetable) an event specified in the underwriting agreement is, without the consent of the Underwriters, delayed for 2 business days or longer regardless of the cause of such delay (other than a delay wholly attributable to the gross negligence, wilful misconduct, recklessness or fraud of the Underwriters);

(n) (Issue and allotment) the Company is, or becomes, for any reason, unable to issue or allot the Shares under the Offer;

(o) (hostilities) hostilities not presently existing commence or a major escalation in existing hostilities occurs (whether or not war has been declared), a declaration is made of a national emergency or war, or a terrorist act is perpetrated, in any one or more of Australia, the United States of America, Indonesia, Japan, Russia, the People's Republic of China, North Korea or South Korea or a diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world;

(p) (change in law) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a new law, or the Government of Australia, or any State or Territory of Australia, the Reserve Bank of Australia, or any Minister or other Governmental Authority of Australia or any State or Territory of Australia, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the underwriting agreement);

(q) (Directors and senior management)

 (i) a Director or any member of the senior management of the Company is charged with a criminal offence relating to any financial or corporate matter;

 (ii) a change in the senior management or Directors occurs, or a Director or any member of the senior management dies or becomes permanently incapacitated;

 (iii) any regulatory body commences any public action against the Company, any of the Directors or any member of the senior management, or announces that it intends to take any such action; or

 (iv) any Director is disqualified under the Corporations Act from managing a corporation;

(r) (material contracts) any material contract of the Company is terminated, rescinded, altered or amended without the consent of the Underwriters or is found to be void or voidable;

(s) (unauthorised alterations) the Company alters its share capital or the Constitution without the consent of the Underwriters;

(t) (future matters) any statement in any document associated with the Offer which relates to future matters is or becomes incapable of being met or, in the reasonable opinion of the Underwriters, unlikely to be met;

(u) (disclosures) the report of the due diligence committee is untrue, incorrect, misleading or deceptive in a material respect;

(v) (charge) other than as disclosed in the documents associated with the Offer or by the Company to the Underwriters in writing prior to the date of the underwriting agreement, the Company charges or agrees to charge, the whole, or a substantial part of the business or property of the Company; or

(w) (public announcement) the Company issues a public announcement concerning the Offer that has not been approved by the Underwriters.

The events in paragraphs (h), (i), (l)(iii), (m) and (o) to (w) will only give rise to termination rights if in the reasonable opinion of the Underwriters they would have a material adverse effect on the success or marketing of the Offer or the price of the Shares, or may give rise to a contravention of the law by, or liability for, the Underwriters.

10.9 DIVIDEND REINVESTMENT PLAN

As provided for in the Constitution, the Directors have approved and may implement a Dividend Reinvestment Plan (DRP) to provide Shareholders with the choice of reinvesting some or all of their dividends in shares rather than receiving those dividends in cash. The Directors intend to annually review the operation of the DRP.

COMMENCEMENT AND TERMINATION

DRP may commence at any time or be terminated or suspended at the absolute discretion of the Board at any time. As at the date of the Prospectus, there has been no decision made by the Board to commence the DRP.

ADMINISTRATION

The DRP is administered by the Board.

ELIGIBLE MEMBERS

Participation in the DRP is optional and open to any member except members whose address or place of residence is outside of Australia or in the opinion of the Directors, participation in the DRP is illegal, impossible or impractical.

PARTICIPATION AND ENTITLEMENT

If the DRP commences, Shareholders will be entitled to nominate a number of their Shares that will participate in the DRP. A Shareholder may nominate all or only some of their Shares. A Shareholder may amend the number of Shares nominated by the Shareholder. The Board may nominate a minimum number of Shares that may be nominated for participation in the DRP (if any).

Dividends on nominated Shares will be used to pay for additional Shares to be issued to the Shareholder. The Company may deduct any withholding that the Company is obliged to make (eg for tax) and to set off any amount owed by the Shareholder to the Company.

Only whole Shares will be issued under the DRP so any unused amount will carry forward to the next declaration of dividend. If participation of a Shareholder in the DRP is terminated, the Shareholder will be paid the carried forward balance of the dividend not used to issue additional Shares.

ISSUE PRICE OF SHARES

The issue price will be calculated by the Board or another suitable person nominated by the Board, by reference to information that the Board approves for the purpose from time to time. Such determination will be binding on all participants. While the Company is listed, the issue price will be based on the daily volume weighted average market price of all Shares during the five trading days commencing one day after the Record Date for the dividend or such other period as the Board determines and may be at a discount of up to 10%.

COSTS

No brokerage, commission or stamp duty is payable in respect of Shares issued under the DRP.

RANKING OF SHARES

Shares issued under the DRP rank equally with existing fully paid Shares.

Shareholders who propose to participate in the DRP (if and when it commences) should obtain tax advice before doing so because they will be taken to have received the dividend and may be liable to pay tax (less any franking credit that might be available in respect of the dividend). This is so even though they will not have received any actual payment of the dividend.

10.10 DIRECTORS' INTERESTS

Other than as stated in this section and elsewhere in this Prospectus:

- no amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director, or proposed Director to induce them to become, or to qualify as, a Director of the Company;
- no Director or proposed Director of the Company holds or has held at any time in the two years before lodgement of this Prospectus with ASIC, an interest in:
  - the formation or promotion of the Company;
  - the Offer of the Company's securities; or
  - property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer.
- no Director was paid or given, or agreed to be paid or given, any amount or benefit for services provided by such persons in connection with the formation or promotion of the Company or the Offer.

The Directors are not required to hold any Shares under the provisions of the Company's Constitution.

Set out below are details of the interests of the Directors in Shares and Options (Options agreed to be issued) immediately before lodgement of the Prospectus with ASIC. Interests include those held directly or otherwise.

DIRECTORS' INTERESTS

Director	Shares	Options
Mr Roger Clarke	-	250,000
Mr Bevan Slattery	40,000,000	-
Mr Robin Khuda	-	1,000,000
Mr Greg Baynton	-	250,000
Mr Craig Scroggie	-	250,000

Options have an exercise price of $1.00, with the exception of 500,000 Options issued to Mr Khuda with an exercise price of $1.50. Directors may apply for shares in the Offer.

OTHER INTERESTS

Mr Roger Clarke is a Chairman of the Board of Advice at RBS Morgans Limited, a Broker to the Offer. RBS Morgans Corporate Limited, a related entity of RBS Morgans Limited, is acting as Joint Lead Manager and Underwriter to the Offer.

Further detail in relation to Options is set out in Section 10.6 of this Prospectus.

10.11 DIRECTORS' REMUNERATION

The Constitution provides the following in relation to the remuneration of Directors:

- Non-Executive Directors are to be paid such aggregate directors' fees as the Company in general meeting determines, to be divided among them as agreed. The current limit is $400,000.
- If a Non-Executive Director performs services, which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. Directors are also entitled to their reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any committee engaged in the Company's business.
- Each Executive Director is to be paid an amount of remuneration determined by the Board. The remuneration of executive Directors is determined by the Directors after recommendations are received from the remuneration committee. The remuneration may be by way of salary or commission or participation in profits but may not be commission on, or a percentage of, operating revenue. See Section 10.13.

Below is a table detailing the amount of remuneration each Non-Executive Director of NEXTDC is entitled to receive as at the date of this Prospectus:

NON-EXECUTIVE DIRECTOR REMUNERATION

Director	Remuneration per annum	Value of Options
Mr Roger Clarke (Chairman)	$70,000	$55,375
Mr Greg Baynton	$60,000	$55,375
Mr Craig Scroggie	$60,000	$55,375
Total	**$190,000**	**$166,125**

Further detail in relation to Options is set out in Section 10.6 of this prospectus.

10.12 ESCROW

In accordance with the requirements of the Listing Rules, and subject to the requirements of ASX, the Existing Shareholder will enter into a Restriction Agreement in relation to approximately 50% of his Shares (Escrow Shares).

Under the Restriction Agreement, the Existing Shareholder agrees that he will not sell, dispose of or encumber any of the Escrow Shares until 24 months from the date the Shares are first listed on the Official List (Escrow Period).

The Existing Shareholder has advised the Board that his current intention is to not sell or dispose of any other Shares he holds or controls during the Escrow Period except in the case of a takeover offer recommended by the Board or a scheme of arrangement or similar corporate transaction recommended by the Board.

10.13 KEY EXECUTIVE EMPLOYMENT CONTRACTS

NEXTDC has entered into executive employment agreements with each of the Executive Directors, Mr Bevan Slattery and Mr Robin Khuda. Under those executive employment agreements, Mr Slattery and Mr Khuda are entitled to remuneration set out below.

The key terms of the employment agreements are as follows:

Key Terms	CEO - Mr Slattery	CFO - Mr Khuda
Term	Until 31 December 2016	Until 31 December 2016
Total fixed salary per annum (including superannuation)	$250,000 subject to annual review	$210,000 subject to annual review
Bonus / short term incentive	$50,000	Nil
Termination by executive	Mr Slattery may terminate his employment on 12 weeks notice.	Mr Khuda may terminate his employment on 12 weeks notice.
Termination by Company	The Company may terminate Mr Slattery's employment on 12 weeks notice or payment of 12 weeks compensation in lieu of notice. Otherwise, the Company may terminate his employment for cause in which case he is entitled to unpaid salary and statutory amounts.	The Company may terminate Mr Khuda's employment on 12 weeks notice or payment of 12 weeks compensation in lieu of notice. Otherwise, the Company may terminate his employment for cause in which case he is entitled to unpaid salary and statutory amounts.
Restrictions	The agreement includes certain restrictions on being associated with competitive businesses or soliciting clients or employees of the Company for a period up to six months after termination.	The agreement includes certain restrictions on being associated with competitive businesses or soliciting clients or employees of the Company for a period up to six months after termination.

Mr Khuda participates in the Executive Share Option Plan and NEXTDC has agreed to issue him with 500,000 Options exercisable at $1.00 per Option and 500,000 Options exercisable at $1.50 per Option. If Mr Khuda's employment ceases before the Options have vested then the Options lapse.

Mr Slattery does not participate in the Executive Share Option plan.

10.14 MATERIAL AGREEMENTS

The Directors consider that certain agreements are significant or material to the Company and are of such a nature that an investor may wish to have particulars of them when making an assessment of the effect of the Offer on the Company or the rights and liabilities attaching to the Shares ("Material Agreements").

The main provisions of the Material Agreements are summarised below. This section is intended only to summarise the Material Agreements. The provisions of each agreement are not fully described.

FINANCING – CREDIT APPROVED TERM SHEET

A major Australian bank has provided NEXTDC with a credit approved term sheet for a commercial bill facility of $40,000,000 comprising two tranches of $17,350,000 and $22,650,000 for the purpose of assisting with construction and fit out of three data centres. The key terms of the facility offered by the bank are summarised below.

Each tranche has a two year term from the date of the facility agreement with interest only payments during the term.

The facility is to be secured by a first ranking fixed and floating charge over NEXTDC and first ranking mortgages over the Brisbane and Melbourne Facilities and over any Sydney site once leased or acquired.

There are a number of conditions associated with both tranches that include:

- the successful completion of the Offer;
- NEXTDC enter into facility and security documentation in a form satisfactory to the bank;
- completion of development milestones for the Brisbane and the Melbourne Facilities;
- 500m^2 of Technical Area at the Brisbane Facility being subject to executed agreements with customers; and
- expenditure of $50 million from equity funds.

The facility is subject to ongoing interest coverage ratio covenants. The facility will contain certain events of default and undertakings which are usual for a facility of this nature. Events of default include non-payment, breach of financial undertakings, misrepresentation and insolvency related events. Such events may lead to the facility becoming repayable and being cancelled. Certain grace periods apply to some events before remedies are available.

The undertakings include provision of information, restrictions on borrowing and disposal of assets, restrictions on payment of dividends without the bank's consents, change of control covenants and financial covenants.

As at the date of this Prospectus, NEXTDC has not drawn down any of this facility.

10.15 INTERESTS OF ADVISERS

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, and no other promoter of NEXTDC:

- has or has had at any time during the last two years, any interest in the formation or promotion of NEXTDC, or in property acquired by NEXTDC in connection with its formation or promotion of NEXTDC, or the Offer; nor
- has been paid, or agreed to be paid an amount, and nor has been given, or agreed to be given any benefit for services provided by the person in connection with the formation or promotion of the Company, or the Offer.

Clayton Utz has acted as legal adviser to NEXTDC in relation to the Offer, has advised NEXTDC generally in relation to its admission to the Official List, has performed work in relation to due diligence enquiries and provided general advice to the Company. NEXTDC has paid, or agreed to pay, approximately $70,000 for the above services. Clayton Utz may become entitled to further fees for future work based on its usual hourly charge out rates.

Moelis Australia Advisory Pty Limited and RBS Morgans Corporate Limited have acted as Joint Lead Managers and Joint Underwriters to the Offer. NEXTDC has agreed to pay an underwriting fee of 3% of the total amount raised under the Offer ($1,200,000). Moelis Australia Advisory Pty Limited and RBS Morgans Corporate Limited are also entitled to a management fee of 1% ($400,000) for management services in respect of the Offer.

PricewaterhouseCoopers Securities Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's report. PricewaterhouseCoopers Securities Limited has also performed work in relation to due diligence enquiries. NEXTDC has paid, or agreed to pay, approximately $25,000 for the above services.

Link Market Services Limited has acted as Share Registry to the Company in relation to the Offer. The Company has paid or agreed to pay Link Market Services Limited approximately $5,000 in respect of these services.

Frost & Sullivan has acted as the independent industry expert and has prepared the report contained in Section 4.8 of this Prospectus. The Company has paid, or agreed to pay, approximately $5,000 in respect of these services

If the Offer proceeds, the total estimated costs of the Offer, including advisory, legal, accounting, tax, listing and administrative fees, as well as printing, advertising and other expenses are currently estimated to be approximately $2.0 million and will ultimately be paid by the Company.

10.16 LITIGATION

The Directors are not aware of any litigation of a material nature pending or threatened involving the Company

10.17 AUSTRALIAN TAXATION IMPLICATIONS

Set out below is an overview of the Australian tax implications (as at the date of this Prospectus) for Australian residents and non-residents who acquire Shares under the Offer. Given the complexity of tax laws, it does not cover all possible implications for particular Applicants.

Each Applicant's individual circumstances will affect the taxation implications of any acquisition of Shares under the Offer. Before lodging an Application, each Applicant should seek independent professional advice with respect to the tax consequences applicable to their individual circumstances.

TAX IMPLICATIONS FOR AUSTRALIAN RESIDENTS

CAPITAL GAINS OR LOSSES

Australian income tax laws impose tax on capital gains (CGT). Resident Shareholders who hold Shares on capital account may become liable to pay CGT if they make a capital gain when they dispose of all or some of their Shares (or another CGT event has occurred in respect of those Shares).

GENERALLY:

- an Applicant will be taken to have acquired Shares under the Offer when these are issued to the Applicant and to have disposed of them when they transfer (or agree to transfer) them to another person (although tax laws also deem a disposal to have occurred in some other circumstances as well);
- the capital gain or loss will be calculated as the sale price of the Shares (or, in some cases, market value) minus the acquisition price of the Shares and other amounts included in the Shareholder's cost base for the Shares (eg transaction costs associated with acquiring and disposing of the Shares). If the calculation results in a negative number, a capital loss has been made;
- a capital loss cannot be offset against ordinary taxable income but may be offset against current capital gains or carried forward and offset against future capital gains;
- if the Shares are held for at least 12 months, the Shareholder may be entitled to a CGT discount (eg if the Shareholder is an individual or a trust, the capital gain may be discounted by 50% before tax is calculated or if the Shareholder is a complying superannuation fund or a similar entity, the discount is 33 % but non-trustee companies are not entitled to this form of discount); and
- the net taxable capital gain after permitted offsets (eg capital losses) and discounts is added to the Shareholder's other assessable income.

REVENUE GAINS OR LOSSES

Profits or losses in respect of Shares acquired for the purpose of share trading are likely to be treated for tax purposes as revenue gains or losses without the concessions available under the CGT provisions. Applicants who apply for or hold Shares for a share trading purpose should seek independent professional advice as the issues are quite complex.

DIVIDENDS

GENERALLY:

- dividends on Shares will be assessable income of the Shareholder in the tax year in which they are paid (or deemed to be paid) to the Shareholder (eg a dividend will be deemed to be paid where additional Shares are issued under a dividend reinvestment plan);
- if the dividend carries a franking credit, the dividend paid (or deemed to be paid) plus the franking credit will be included in the Shareholder's assessable income;
- the Shareholder will be entitled to offset the franking credit against tax payable by the Shareholder (provided the Shareholder is a qualifying person);
- a qualifying person is a Shareholder who satisfies the holding period rule (ie has held the Shares on which the dividend is paid 'at risk' for at least 45 days) and the related payments rule;
- individuals and complying superannuation funds and some other taxpayers are entitled to a refund of any part of the franking credits that exceed their tax payable; and
- special rules to Shareholders who are trusts or partnerships.

TAX IMPLICATIONS FOR NON-RESIDENTS

Australia has tax treaties and double taxation agreements with many countries. The comments below are subject to the provisions of any applicable tax treaties and double taxation agreements.

Non-resident Applicants should obtain further advice in relation to the tax consequences in the country of their residence and any other relevant jurisdictions, including in respect of The Offer, the acquisition and disposal of Shares and any dividends that might be paid (or deemed to be paid) to them.

CAPITAL GAINS OR LOSSES

Under the recent changes to Australian income tax laws, Shareholders who are foreign residents (or trustees of foreign trusts) might not be subject to Australian CGT (nor be able to offset capital losses) on the disposal of all or some of their Shares (or another CGT event has occurred in respect of those Shares).

Non-resident Applicants should obtain further advice in relation to the tax consequences (especially CGT) of acquiring Shares and any subsequent disposal of all or some of those Shares.

REVENUE GAINS OR LOSSES

Profits or losses in respect of Shares acquired for the purpose of share trading are likely to be treated for tax purposes as revenue gains or losses without the concessions available under the CGT provisions. Applicants who apply for or hold Shares for a share trading purpose should seek independent professional advice as the issues are quite complex.

DIVIDENDS

Dividends paid (or deemed to be paid) to non-resident Shareholders will generally be subject to a final withholding tax unless the dividend is fully franked. The rate of dividend withholding tax rate is 30% unless Australia has a double taxation agreement with the country in which the Shareholder is a resident (in which case, the rate of dividend withholding tax is usually reduced to 15%).

Non-resident Applicants should obtain further advice in relation to the tax consequences of receiving (or being deemed to receive) dividends on Shares.

GST AND STAMP DUTY

Under current law, goods and services tax and stamp duty is not payable on the issue or transfer of Shares.

TAX FILE NUMBER (TFN) AND AUSTRALIAN BUSINESS NUMBER (ABN)

Applicants are not required to disclose their TFN or ABN to NEXTDC. However, if a TFN or ABN is not advised to NEXTDC and no exemption is applicable, NEXTDC must withhold tax at the highest marginal rate plus Medicare levy (currently 1.5%) from certain dividends and some other payments that might be payable by NEXTDC. Generally, no tax is required to be withheld on a fully franked dividend on Shares in a public company or where non-resident withholding tax is payable.

10.18 CONSENTS

Clayton Utz has given, and has not withdrawn, its consent to be named in this Prospectus as legal adviser to NEXTDC in relation to the Offer in the form and context in which it is named. Clayton Utz has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

Moelis Australia Advisory Pty Limited has given, and has not withdrawn, its consent to be named in this Prospectus as Joint Lead Manager and Joint Underwriter in the form and context in which it is named. It has not authorised or caused the issue of this Prospectus and take no responsibility for any part of this Prospectus other than references to its name.

RBS Morgans Corporate Limited has given, and has not withdrawn, its consent to be named in this Prospectus as Joint Lead Manager and Joint Underwriter in the form and context in which it is named. It has not authorised or caused the issue of this Prospectus and take no responsibility for any part of this Prospectus other than references to its name.

RBS Morgans Limited has given, and has not withdrawn, its consent to be named in this Prospectus as Broker to the Offer in the form and context in which it is named. It has not authorised or caused the issue of this Prospectus and take no responsibility for any part of this Prospectus other than references to its name.

PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn, its consent to be named in this Prospectus in the form and context in which it is named and to the inclusion of the Investigating Accountant's Report in the form and context in which it is included. It has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name and the Investigating Accountant's Report.

Link Market Services Limited has given, and has not withdrawn, its consent to be named in this Prospectus as NEXTDC's share registry in the form and context in which it is named. It has had no involvement in the preparation of any part of this Prospectus other than being named as NEXTDC's share registry. It has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references to its name.

Frost & Sullivan has given, and has not withdrawn, its consent to the inclusion of its Independent Market Report on the Data Centre Services Market in ANZ, and statements attributed to it in this Prospectus in the form and context in which they are included. It has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the statements attributed to it.

International Data Corporation has given, and has not withdrawn, its consent to the inclusion of statements attributed to it in this Prospectus in the form and context in which they are included. It has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the statements attributed to it.

Each member of non-Director member of senior management (as set out in Section 6.2) has given, and has not withdrawn, his or her consent to be named in this Prospectus as executives of the Company, in the form and context in which they are so named. These executives have not authorised or caused the issue of this Prospectus and take no responsibility for any part of this Prospectus other than references to their names. No person named in this section has authorised or caused the issue of this Prospectus; nor does any person named in this section make any statement in this Prospectus other than a statement or report included in this Prospectus with their express consent.

Some laws impose obligations that cannot be excluded. To the maximum extent permitted by law, each person named in this section expressly disclaims, and takes no responsibility for, all parts of this Prospectus other than any statement or report attributed to them and included in this Prospectus with their express consent.

10.19 PRIVACY

If you apply for Shares under this Prospectus or exercise your voting rights, you will provide personal information to the Company (and its Share Registry). If you do not wish to provide this information, the Company may not be able to process your application or accept your vote. Personal information is collected and used in order to process your application or vote, comply with the Company's obligations under Part 2C of the Corporations Act and to administer your investment. In processing and administering your investment or voting information, the Company may disclose your personal information to related bodies corporate, potential purchasers of interests in the Company or its businesses, the Company's agents, contractors or third party advisers that provide financial, administrative or other services in connection with the Company's business. Furthermore, the Corporations Act requires the Company to allow anyone to inspect its public registers, including the Share Registry, which may (if required by law) contain your personal information. Under the Privacy Act, you may request access to your personal information that is held by, or on behalf of, the Company. You can do this by contacting the Company, or its Share Registry, details of which are set out elsewhere in this Prospectus.

10.20 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in Queensland and each Applicant submits to the exclusive jurisdiction of the courts of Queensland.

10.21 EXPIRY DATE

No Shares will be allotted or issued on the basis of this Prospectus later than the Expiry Date.

10.22 AUTHORISATION OF THIS PROSPECTUS

Each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC.

GLOSSARY

In this Prospectus the following expressions have the meanings set out below:

APPLICANT
a person applying for Shares under this Prospectus

APPLICATION
the lodgement of an Application Form

APPLICATION FORM
the form of application for Shares attached to this Prospectus

APPLICATION MONIES
the Offer Price multiplied by the number of Shares applied for

ASIC
Australian Securities & Investments Commission

ASTC
ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532

ASTC SETTLEMENT RULES
the ASTC Settlement Rules issued by ASTC

ASX
ASX Limited ACN 008 624 691

BOARD
the board of Directors of the Company

BRISBANE FACILITY
the building located in Brisbane, Queensland

BROKER
RBS Morgans Limited

BROKER FIRM APPLICANT
an Applicant pursuant to the Broker Firm Offer

BROKER FIRM OFFER
the invitation under this Prospectus to Australian and New Zealand resident clients of the Broker who are Retail Investors and have received a firm allocation of Shares from the Broker

CAGE
a group of Racks with a physical cage around them for enhanced levels of security

CARRIER
means a provider and/or operator of fibre or other means of connection

CHESS
Clearing House Electronics Sub-register System

CLOSING DATE
in relation to the Retail Offer, the last day on which valid Application Forms may be accepted, as set out in Section 3 of this Prospectus

CLOUD COMPUTING
Internet-based computing, whereby shared resources, software, and information are provided to computers and other devices on demand

COLOCATION
a place where multiple customers locate network, server and storage gear and interconnect to a variety of telecommunications and other network service provider(s), typically at a colocation centre (data centre)

COMPANY
NEXTDC Limited ACN 143 582 521

CONSTITUTION
the constitution of the Company

CORPORATIONS ACT
the Corporations Act 2001

CPI
Consumer Price Index

DATA CENTRE
a facility used to house computer systems and associated components, such as telecommunications and storage systems. It generally includes redundant or backup power supplies, redundant data communications connections, environmental controls (eg, air conditioning, fire suppression) and security devices (see Section 4.1)

DIRECTORS
the directors of the Company

DRP
the dividend reinvestment plan as described in Section 10

$
Australian dollars

ESCROW AGREEMENT
the escrow agreements as described in Section 10

ESCROW SHARES
Shares subject to Escrow Agreement

EXECUTIVE SHARE OPTION PLAN
the plan referred to in Section 10.5

EXISTING SHAREHOLDER
Mr Bevan Slattery and associated entities

EXPIRY DATE
the date on which this Prospectus expires, 8 December 2011

FACILITY SIZE
the gross floor area of the data centre facility, including non-raised, non-lettable floor space

FROST & SULLIVAN
Frost & Sullivan, specifically in relation to their October 2010 report entitled 'Independent Market Report on the Data Centre Services Market in ANZ'

IAAS
infrastructure as a service

ICT
information communications technology

IDC
International Data Corporation, specifically in relation to their April 2010 report entitled 'Australian Datacentre Study'

INITIAL FACILITIES
the Brisbane Facility and the Melbourne Facility

INSTITUTIONAL INVESTOR
an investor to whom offers or invitations in respect of Shares can be made without the need for a lodged prospectus, including in Australia persons to whom offers or invitations in respect of Shares can be made without the need for a lodged prospectus under Section 708 of the Corporations Act

INSTITUTIONAL OFFER
the invitation to Institutional Investors under this Prospectus, as described in Section 3

IPO
initial public offering

ISP
internet service provider

IXP
internet exchange point

JOINT LEAD MANAGERS
Moelis Australia Advisory Pty Limited and RBS Morgans Corporate Limited

KVA
kilovolt-Ampere (1,000 volt-Amperes); a measure of power relating to the capacity of power supplies and circuits

KW
kilowatt (1,000 watts)

LATENCY
a measure of the time delay experienced by a system

LISTING RULES
the official listing rules of ASX

MAN TRAP
a physical security device or construction designed to entrap a person in response to breach, typically designed with two sets of interlocking doors

MELBOURNE FACILITY
the development site located in Melbourne, Victoria

MW
Megawatt (1 million watts)

NEXTDC
NEXTDC Limited ACN 143 582 521

OFFER
the invitation to participate in the issuance of Shares by NEXTDC Limited under the Retail Offer or the Institutional Offer

OFFER PERIOD
the Period commencing on the Opening Date and ending on the Closing Date

OFFER PRICE
$1.00 per Share

OFFICIAL LIST
the official list of entities that ASX has admitted and not removed

ONLINE DATE
the date at which a facility has completed its initial Technical Fit Out and is first able to allow customers to move their IT equipment into the data centre

OPENING DATE
the date the Retail Offer opens, being 16 November 2010 or such other date determined by the Board in consultation with the Joint Lead Managers

OPTIONS
an option to subscribe for one unissued Share in NEXTDC, on the terms summarised in Section 10

POD
a small cluster of Racks with some limited physical security around them

PRIORITY OFFER
the invitation under this Prospectus to Australian and New Zealand resident Retail Investors as identified by NEXTDC

PRO FORMA BALANCE SHEET
The unaudited management accounts balance sheet as at 30 September 2010 adjusted for a number of Pro Forma Transactions

PRO FORMA TRANSACTIONS
Those transactions outlined in Section 7.2 of this Prospectus

PROSPECTUS
this document

RACK
a globally standardised frame, 19 (~483mm) wide which houses a number of servers

REDUNDANCY
the duplication of critical components with the intention to increase system reliability

RETAIL INVESTOR
an investor who is not an Institutional Investor

RETAIL OFFER
the Broker Firm Offer and the Priority Offer

SAAS
software as a service

SHARE
an ordinary share in NEXTDC

SHAREHOLDER
a shareholder of NEXTDC

SHARE REGISTRY
Link Market Services Limited

SME
small to medium enterprise

SUITE
a larger group of racks with a higher level of physical security than a Cage

SYSTEMS INTEGRATOR
means a company that specialises in bringing together component subsystems into a whole and ensuring those subsystems function together

TECHNICAL AREA
the revenue-generating raised floor space of a data centre (eg effective equivalent to lettable area)

TECHNICAL FIT OUT
the installation and fit out of technical data centre infrastructure including power supply, cooling, connectivity and security

TELCO
telecommunications company

UNDERWRITERS
Moelis Australia Advisory Pty Limited and RBS Morgans Corporate Limited

WATT
one joule of energy per second, and is used to describe a standard unit of power

CORPORATE DIRECTORY

NEXTDC LIMITED ACN 143 582 521

DIRECTORS

NON-EXECUTIVE CHAIRMAN
Roger Clarke

CHIEF EXECUTIVE OFFICER
Bevan Slattery

NON-EXECUTIVE DIRECTOR
Greg Baynton

NON-EXECUTIVE DIRECTOR
Craig Scroggie

CHIEF FINANCIAL OFFICER
Robin Khuda

COMPANY SECRETARY
Robin Khuda

JOINT LEAD MANAGERS AND UNDERWRITERS
MOELIS AUSTRALIA ADVISORY PTY LIMITED
Level 23, Governor Phillip Tower
1 Farrer Place Sydney NSW 2000

RBS MORGANS CORPORATE LIMITED
Level 29, Riverside Centre
125 Eagle St Brisbane QLD 4000

BROKER
RBS MORGANS LIMITED
Level 29, Riverside Centre
125 Eagle Street Brisbane QLD 4000

INVESTIGATING ACCOUNTANT
PRICEWATERHOUSECOOPERS SECURITIES LIMITED
Level 15, Riverside Centre
123 Eagle Street Brisbane QLD 4000

SOLICITOR TO THE COMPANY
CLAYTON UTZ
Level 28, Riparian Plaza
71 Eagle Street Brisbane QLD 4000

AUDITOR
PRICEWATERHOUSECOOPERS
Level 15, Riverside Centre
123 Eagle Street, Brisbane QLD 4000

SHARE REGISTRY
LINK MARKET SERVICES LIMITED
Level 15
324 Queen Street Brisbane QLD 4000

WEBSITE
www.NEXTDC.com

NEXTDC

NEXTDC LIMITED

ACN 35 143 582 521

Broker Code

Adviser Code

Offer Application Form

This is an Application Form for Shares in NEXTDC Limited under the Offer on the terms set out in the Prospectus dated 9 November 2010. You may apply for a minimum of 2,000 Shares and multiples of 100 thereafter. If applying under the Broker Firm Offer, this Application Form and your cheque or bank draft must be received by the date and time advised by your Broker. If applying under the Priority Offer, this Application Form and your cheque or bank draft must be received by the date and time advised by NEXTDC Limited.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

A Shares applied for , , at Price per Share **A$1.00** **B** Application Monies **A$** , ,

(minimum 2,000, thereafter in multiples of 100)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

C Applicant #1

Surname/Company Name

Title First Name Middle Name

Joint Applicant #2

Surname

Title First Name Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

D TFN/ABN/Exemption Code

Applicant #1 Joint Applicant #2 Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box ☐ Company ☐ Partnership ☐ Trust ☐ Super Fund

E **PLEASE COMPLETE ADDRESS DETAILS**

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

Unit Number/Level Street Number Street Name

Suburb/City or Town State Postcode

Email address (only for purpose of electronic communication of shareholder information)

F CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

X

Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

G Telephone Number where you can be contacted during Business Hours ( ) Contact Name (PRINT)

Cheques or bank drafts should be made out in accordance with the instructions contained on the reverse side of this Application Form.

H Cheque or Bank Draft Number BSB - Account Number

Total Amount **A$** , ,

LODGEMENT INSTRUCTIONS

Lodgement instructions are contained on the reverse side of this Application Form.

NXT IPO001

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The shares to which this Application Form relates are NEXTDC Limited ("NEXTDC") Shares. Further details about the Shares are contained in the Prospectus dated 9 November 2010 issued by NEXTDC Limited. The Prospectus will expire on 8 December 2011. While the Prospectus is current, NEXTDC Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus in full before applying for Shares.

A Insert the number of Shares you wish to apply for. The Application must be for a minimum of 2,000 Shares and thereafter in multiples of 100. You may be issued all of the Shares applied for or a lesser number.

B Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the Offer Price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.

C Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.

D Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, NEXTDC Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.

E Please enter your postal address for all correspondence. All communications to you from NEXTDC Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

F If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares will be issued to NEXTDC Limited's issuer sponsored subregister.

G Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

H Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.

If applying under the Broker Firm Offer, make your cheque payable to your Broker in accordance with their instructions. If applying under the Priority Offer, make your cheque payable in accordance with the instructions provided by NEXTDC Limited. Your bank cheque must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

LODGEMENT INSTRUCTIONS

	Broker Firm Offer	Priority Offer
Lodgement Date	As advised by your Broker	As advised by NEXTDC Limited
Lodgement Address	Your Broker's address	As advised by NEXTDC Limited
Your cheque payable to	Your Broker	As advised by NEXTDC Limited

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Limited	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Limited <Super Fund A/C>	XYZ Pty Limited Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

NEXTDC

NEXTDC