NEXTDC

Reshaping the Australian Data Centre Landscape

Investors Presentation
March 2011


APN
NEXTDC
WELCOME TO NEXTDC COUNTRY
BUILDING THE NEXT GENERATION OF DATA CENTRES
13NEXT
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NEXTDC Vision

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"To become the most recognised, connected and trusted data centre brand in Australia and New Zealand"

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[Australian] Data Centre Crisis

Australian Data Centre Crisis

“**Frost & Sullivan -** Over 80 percent of the major data centres in Asia-Pacific are running at close to 90 percent capacity and space is at a premium”

12 February 2010

“**Gartner Warning -** Crisis ahead for Oz datacentres: many close to capacity”

7 March 2011

Australian Data Centre Crisis – Why?

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- **Capital**
  - Data centre construction requires significant upfront capital which tends to exhibit higher risks
  - Leads to the build out of smaller facilities by providers where data centre services are an “add-on”
  - Leads to conservative investment models
- **Expertise**
  - Limited expertise domestically and internationally
  - Sound industry credentials, technical competency and data centre development experience is required
- **Site selection**
  - Limited supply of sites with access to sufficient power and fibre connectivity
- **Lack of a credible independent national provider**
  - Major International Independent data centre providers (Equinix and Global Switch) are only servicing Sydney leaving substantial vacuum in other major markets

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NEXTDC the [Cloud Enabler]

NEXTDC the "Cloud Enabler"

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"NEXTDC is enabling the **cloud revolution**, by delivering a national network of independent cloud centres that provide the geographical diversity, high availability, connectivity, and power efficiency required for organisations to successfully transition to cloud computing"

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NEXTDC [Business Update]

Ted Pretty [Joins NEXTDC]

- Mr Pretty joins NEXTDC on 1 April 2011 as Executive Deputy Chairman
- Brings extensive experience in managing high growth and successful IT and Telecommunications companies
- Served as Group Chief Executive Officer at Gulf Finance House
- Former Chairman at Fujitsu Australia Limited
- Former Group Managing Director at Telstra Corporation Limited
- Former Executive Director at Macquarie Capital Advisers
- Former Partner at Media and Telecommunications Law Firm, Gilbert & Tobin
- Currently Non-Executive Director at RP Data Limited

Ted Pretty
Executive Deputy Chairman

[Sales] Update

- Binding Heads of Terms with Harbour MSP executed for 1,000m² of data centre services in M1, effectively taking 50% of the initial available capacity at November 2011 **well ahead of initial internal expectations**
- Current qualified sales pipeline already showing over **20 opportunities** (mostly for **B1**) with a **TCV well in excess of $20M**
- Based upon current enquiry level, management **expect substantial growth** in sales pipeline as B1 nears completion and additional sales executives and marketing initiatives commence in other cities
- Recruited outstanding Sales Executive in Melbourne with substantial sales experience in a major hosting business
- Industry *"buzz"* around NEXTDC is assisting in our ability to recruit high quality Sales Executives
- Established sales management, commission and forecasting systems including implementation of world leading cloud based CRM

Capital Recycling Program [CRP]

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- Re-invest property investment (yield of 8% - 10%) to data centre infrastructure assets (yield 15% - 30%) via sale and leaseback arrangement
- Potential to realise development profits on capital invested in greenfield developments
- Management feels it is advantageous for the company to have access to further capital for fit-out expansion should early demand exceed initial internal expectations
- Provides maximum flexibility in pursuing expansion program
- Provides greater flexibility in pursuing alternative funding arrangements
- NEXTDC is able to retain secure tenancy of the property through long-term lease arrangement

Typical Data Centre [Capital Return Models]

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In data centre, capital returns are interconnected to risk profile

MODEL	TYPICAL CAPITAL RETURN*	EXECUTION RISK*	OPERATIONAL COMPLEXITY*
Managed/ Cloud Services	15% to 30% on higher revenue base	HIGH	HIGH
Colocation Services	15% to 30% on medium revenue base	MEDIUM	MEDIUM
Core & Shell	8% to 10%	LOW	LOW

* Approximate only based on internal estimate and may vary provider to provider.

[Team] Update

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- Putting together a highly experienced, energetic and result driven team
- Glen Morcom new Project and Facilities Manager for M1. Substantial experience in managing critical infrastructure within previous role as Building and Electrical Services Manager at Crown Casino
- Targeted recruitment program attracting high calibre resources
- Currently 12 full-time equivalent resources with 4 more to commence within next 4 weeks (Resource breakdown - Sales 5, Technical 6 and Admin 5)
- Additional customer-facing roles in near future to address solid customer demands

[Sydney] Announcement

- Located in a suburb in Northern Sydney the site is approximately 12 kilometres north-west of Sydney CBD.
- Adjacent to Sydney's foremost business park precinct and approximately 6 kilometres from Australia's major financial institution data centre. Located next to major infrastructure.
- Approximately 1 hectare of vacant land allowing NEXTDC to construct purpose-built green facility in Sydney.
- Offer excellent capability to NEXTDC in offering both primary and disaster recovery services.
- NEXTDC can deliver 3,000m² to 6,000m² technical space with high density of power.
- Subject to execution of a contract and successful due diligence, the acquisition will complete by end April 2011. Expected go live date in Q3 of 2012 calendar year.
- This site is a strategic acquisition for NEXTDC and addresses medium to long term needs, however NEXTDC continues to explore an additional Sydney site in a strategic location addressing immediate customer demand (subject to suitable commercial terms).

[Sydney] Opportunity

- Australia's financial hub and strategic location for NEXTDC in providing a national solution.

- Notable neutral players include Global Switch and Equinix who are either full or near full with Equinix Syd-3 to go live Q3 2011

- Some activities within systems integrator segment with both HP and Fujitsu announced new facilities in Eastern Creek to service their managed services clients.

- Extract from ARN article titled "HP: No partners in $119m 'shells' and 'cells' datacentre yet" dated 03 February 2011:

  HP South Pacific vice-president and managing director, Paul Brandling, was keen to point out this centre was not about leasing floor space to customers…
  "This is about providing a comprehensive range of outsourced services that our customers can take advantage of," he said. "Invariably in most environments we have a direct relationship with the customers.

- NEXTDC's proposed Sydney facility **S2** will address increasing demand for neutral colocation data centre facility and play a key role in offering a national solution, which other neutral data centre providers are unable to offer.

- It's strategic location in Northern Sydney can address both primary and DR requirements.

[Brisbane] B1 Facility Update

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Major Item	Status
Expected Live Date	31 May, 2011
Transformers	Arrived
HV Switchgear	2 weeks
Low Voltage MSB	2 weeks
Generators	2-3 weeks
UPS	Arrive April
Floor clearing and base fitout initial DC space	80% complete
Additional diverse carrier lead-ins	Completed
HV electricity supply live date	30th April, 2011
Building Penetrations	Completed
Chiller/Cooling plant equipment	2 weeks
Core electrical and mechanical installation	Commenced

[Brisbane] B1 Facility Update

B1 walkthrough video available at www.nextdc.com/blog

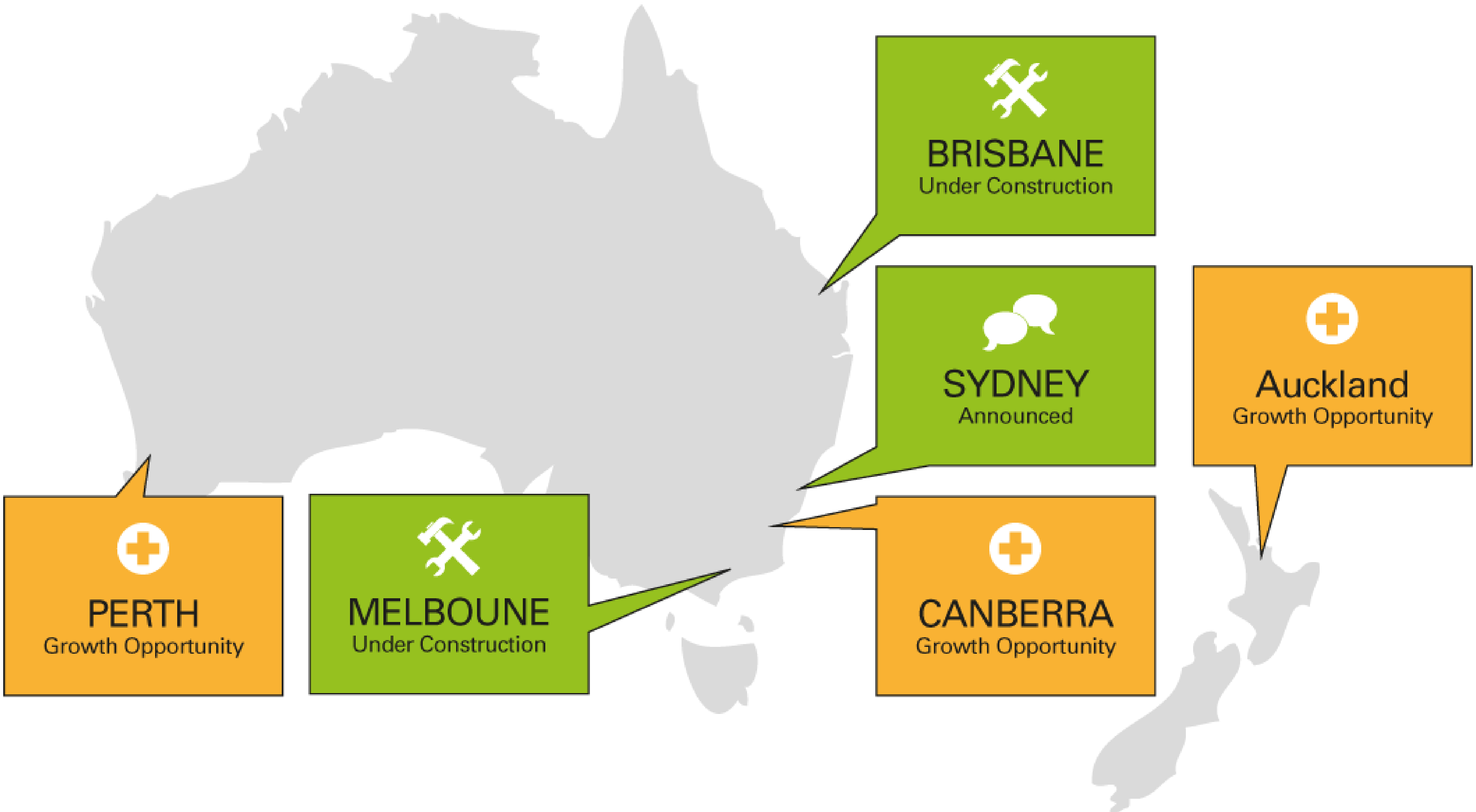
[Melbourne] M1 Facility Update

Major Item	Status
Expected Live Date	Nov. 2011
Base building design	Completed
Building and Development Approval	Approved
Finalise electrical and mechanical design for stage 1	2 weeks
Piling Works to commence	2-3 weeks
HOA with Builder	FDC
Project Manager and Facility Manager	Filled (see staff)

[Melbourne] M1 Facility Update

M1 walkthrough video available at www.nextdc.com/blog

NEXTDC [National] Portfolio



The [New] Board

Roger Clarke
Non-Executive Chairman

Ted Pretty
Executive Deputy Chairman

Craig Scroggie
Non-Executive Director

Bevan Slattery
Executive Director and CEO

Greg Baynton
Non-Executive Director

Robin Khuda
Executive Director and CFO

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ONEDC is coming soon...

Industry overview

What is a Data Centre?

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- Facility typically used to house networking, data storage and communications technology infrastructure including
  - Servers
  - Switches
  - Fibre optic transmission equipment
  - Storage devices
  - Routers
- High level of physical security and monitoring
  - On site personnel
  - Video surveillance
  - Security breach alarms
  - Proximity card access systems
  - Biometric security measures
  - Man traps
- Provide large amounts of power, network connections and cooling systems necessary to operate the users' IT equipment
  - Reinforced floors
  - Uninterruptible power supply (UPS)
  - Back-up generators
  - Fire detection and suppression systems
  - Raised floors
  - Air filtration
  - Back-up cooling
  - 24-hour access and support
- Many organisations across most industries use data centres to house their data and IT equipment and as an integral part of their disaster recovery planning

Different Operator Models

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- **Independent/Neutral** (e.g. NEXTDC, Equinix, Global Switch)
  - Provides space with core infrastructure including power and cooling in a secure environment
  - Carrier neutral (not owned or operated by a carrier)
  - Systems integrator neutral (not owned or operated by a systems integrator)

- **Carrier-operated**
  - Operated by Telcos (e.g. Macquarie Telecom, Leighton/Nextgen, Telstra, Primus, AAPT, Vocus etc.)
  - Bundled with other services e.g. ICT or network connectivity

- **Systems integrator-operated**
  - Operated by systems integrator (e.g. Fujitsu, IBM, CSC, Leighton/Infoplex, Interactive, Macquarie Telecom etc.)
  - Provides customers with hardware, software and application system integration services

- **In-house**
  - Owned and operated by corporate, government and SMEs
  - Large enterprise centres (e.g. NAB) or closet (e.g. SME)

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Data Centre Growth Drivers

The Rise of Virtualisation

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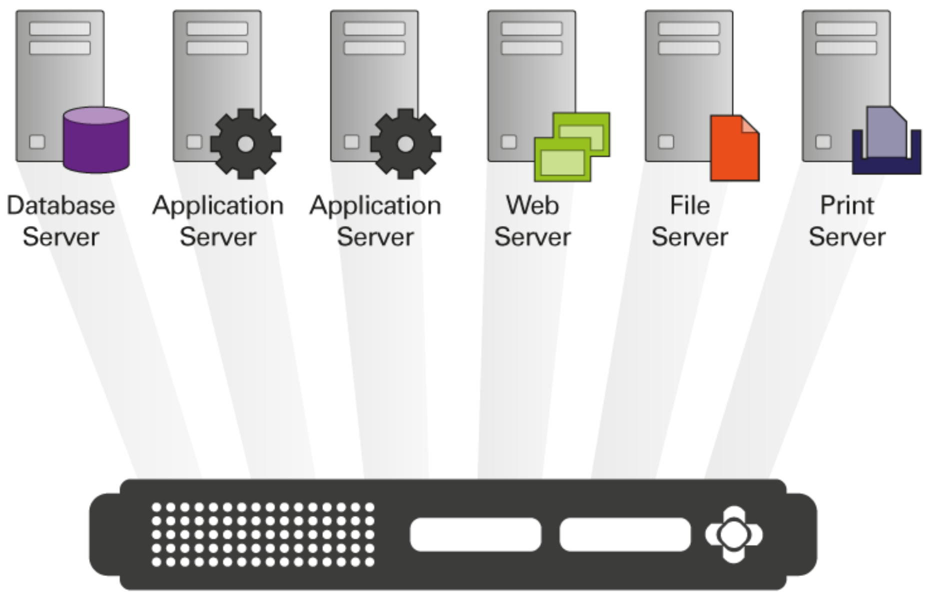
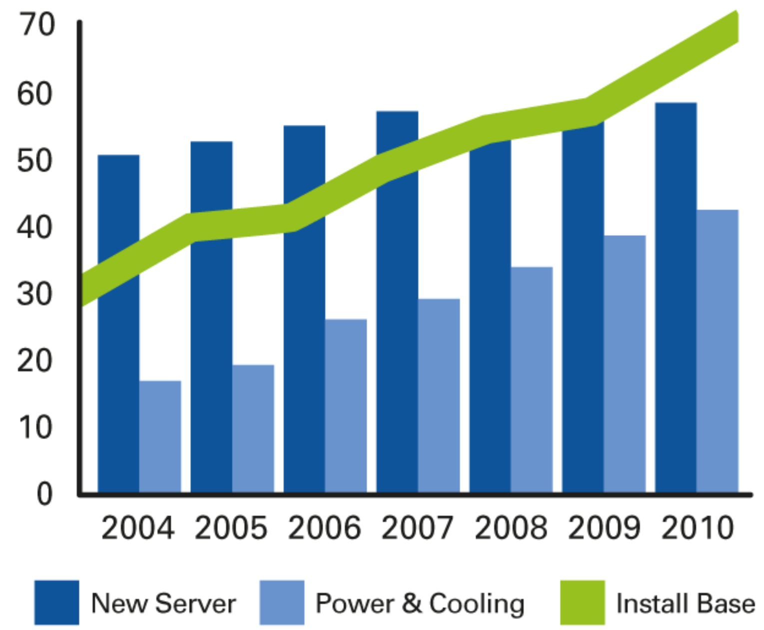
Virtualisation, blade servers, massive storage arrays are all driving the need for high power density and cooling per metre of data centre floor space

Cause



Effect



Source: Gartner

The Rise of Cloud Computing [Public and Private Cloud]

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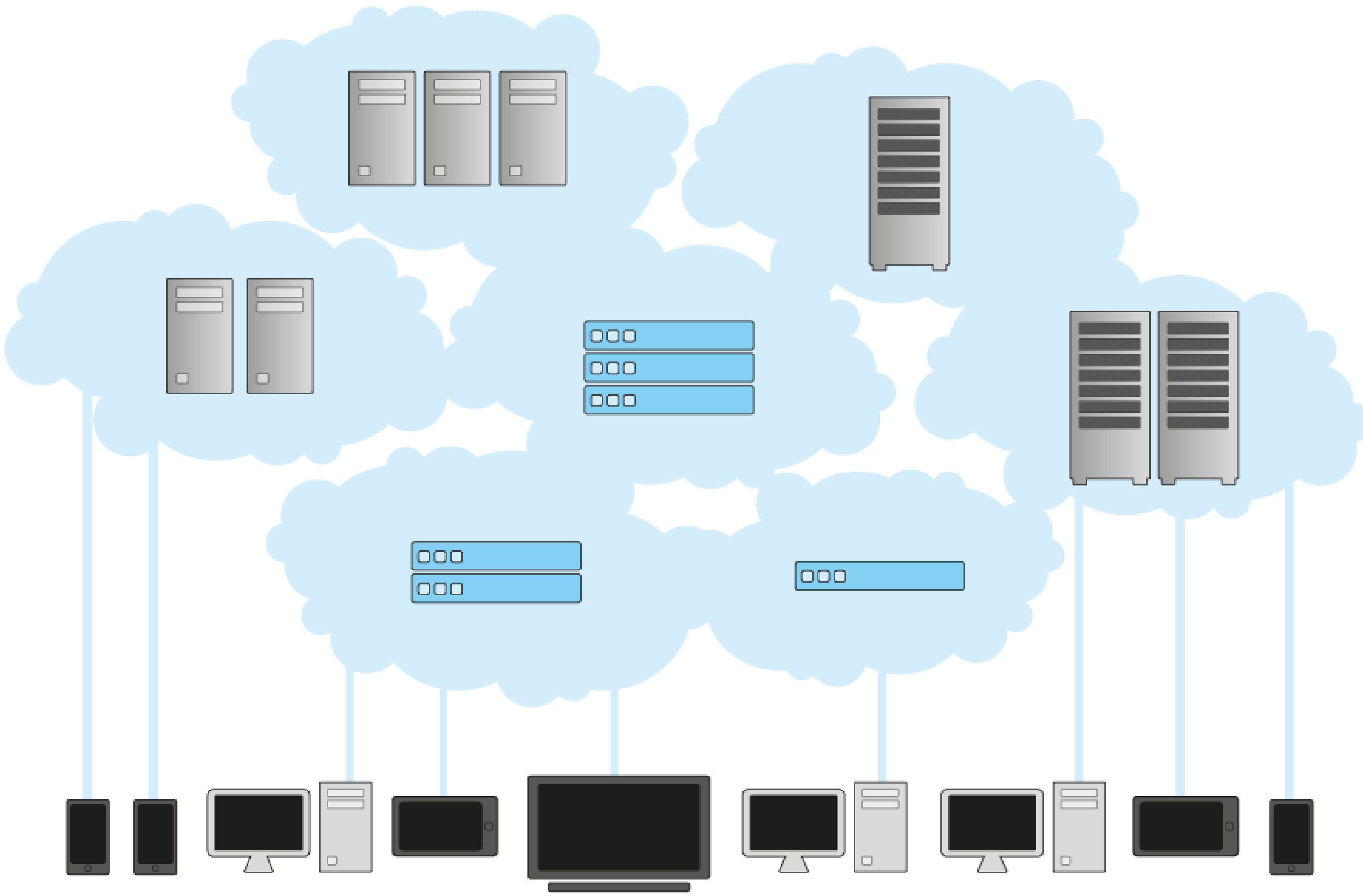

The Rise of Cloud Computing [Public and Private Cloud]

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"Cloud computing is the top technology priority for CIOs. It expects that around 70 percent of transactions for most organisations will be done in some form of cloud environment by 2020"

- Gartner 2011 CIO Agenda Survey

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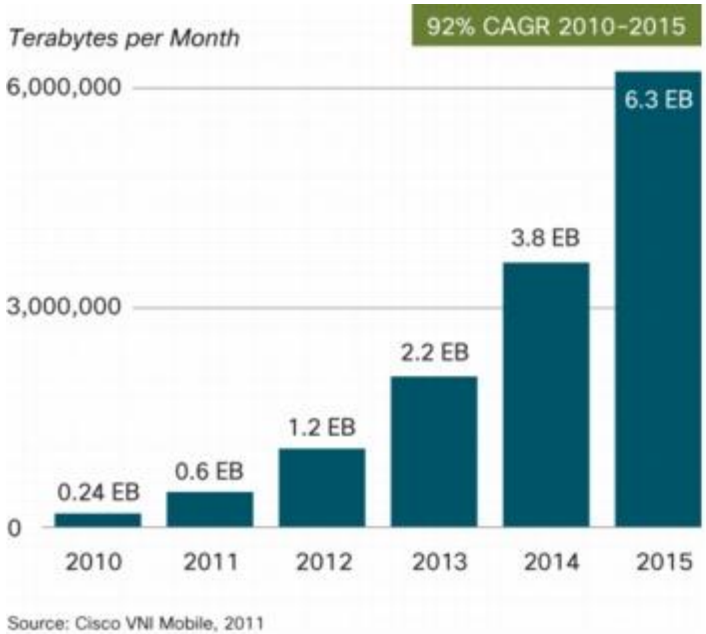
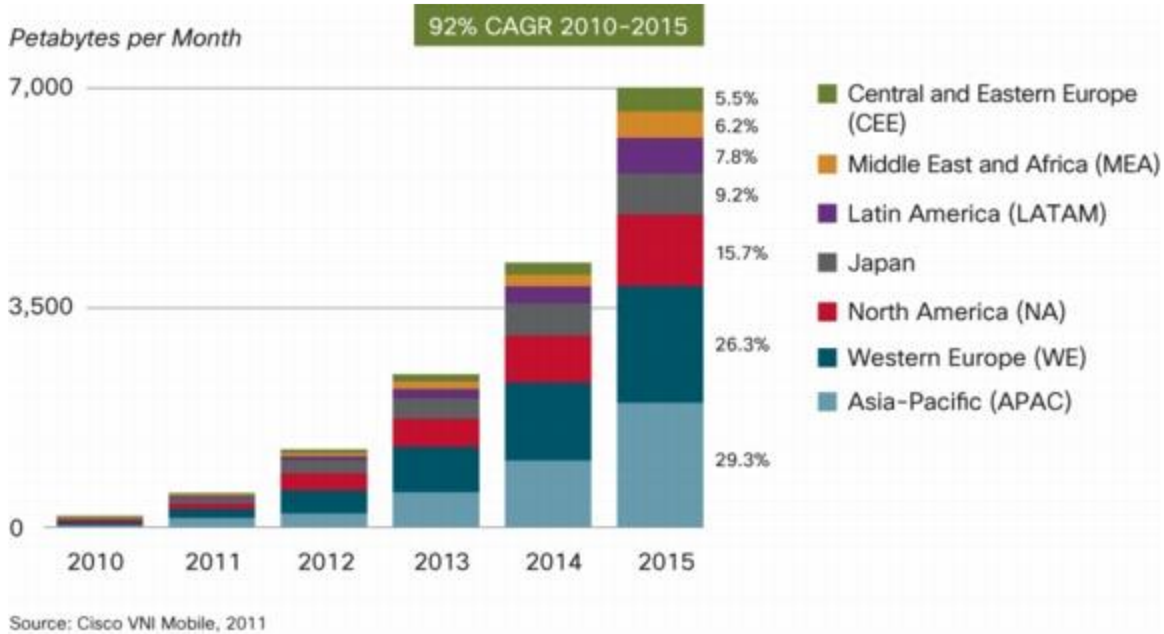
- Gartner 2011 CIO Agenda Survey

The Rise of Mobile Computing
[Data Anytime, Anywhere]

The Rise of Mobile Data

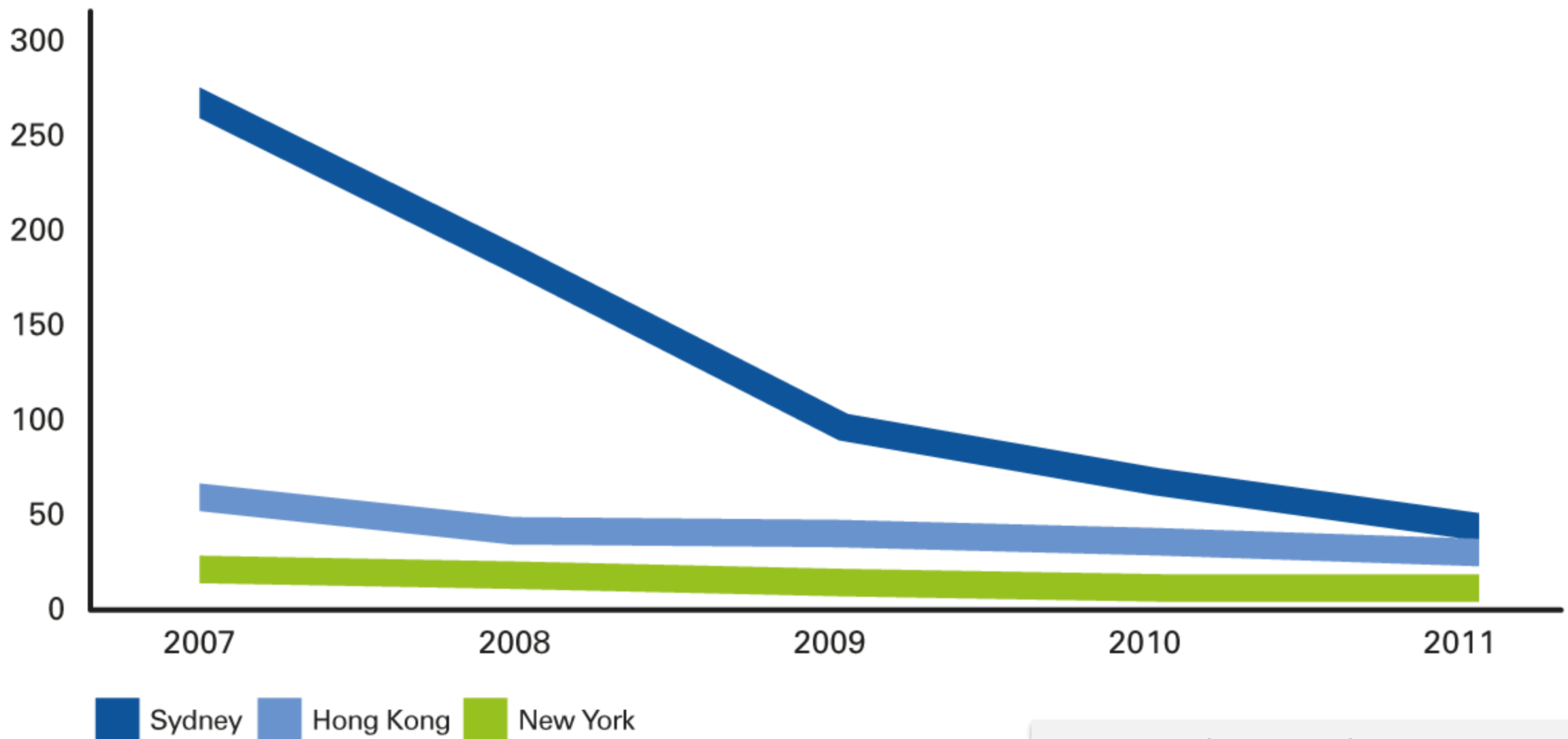
Global mobile data traffic will increase 26 times from 2010 to 2015 and APAC will generate nearly one third of all mobile data traffic by 2015





The Fall of Internet Access Costs [collapse of IP transit prices]

In the past 12-18 months IP transit prices have fallen by at least 50% in Australia bringing it in line with Hong Kong. Australia now a hosting option for global application service providers.



Source: Telegeography

The Rise of Data Centre Outsourcing

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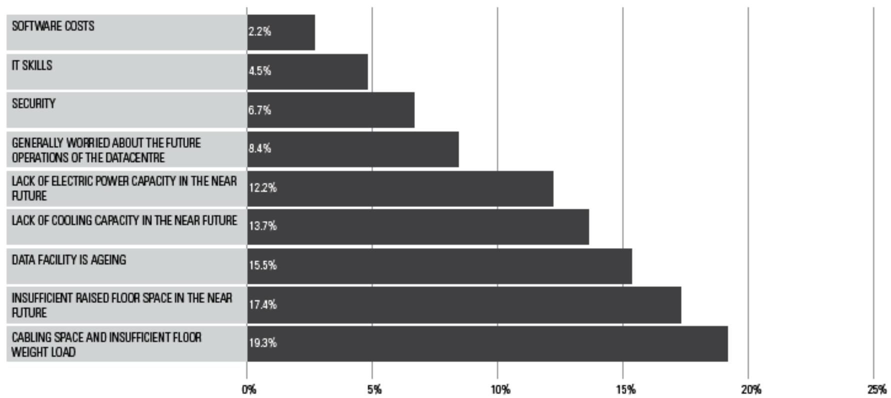
Many CIO's are now faced with a decision to upgrade or outsource.

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

DATA CENTRE PAIN POINTS



Source: IDC Australian Data Center Study, April 2010

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