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ASX Release

26 September 2017

360 Capital Bidder's Statement – Funding Risks

NEXTDC Limited (ASX: NXT) ("**NEXTDC**" or "**the Company**") refers to the bidder's statement for the takeover offer of Asia Pacific Data Centre Group (ASX:AJD or "**APDC**") by related entities of 360 Capital Group (ASX: TGP or "**360 Capital**") dated 26 September 2017 ("**360 Capital Bidder's Statement**").

NEXTDC is disappointed the APDC Board, hastily determined 360 Capital's fourth written proposal dated 18 September 2017 to constitute a "*superior proposal*", when the APDC Board was clearly not in possession of key information.

With the market now being able to review 360 Capital Bidder's Statement, rather than the earlier one page flyer, it is clear that 360 Capital's bid has inherent funding risks.

Pursuant to Clause 6.3 of the 360 Capital Bidder's Statement ("*Intentions for APDC as a part-owned Controlled Entity*"), TGP is proposing to increase APDC's debt to \$100 million in order to fund a \$0.65 capital distribution to all APDC securityholders, including themselves ("**Proposed Capital Distribution**").

A version of this Proposed Capital Distribution concept has previously been rejected by the Board of APDC in relation to the 360 Capital Extraordinary General Meeting resolutions dated 28 June 2017 and again as part of 360 Capital proposals No. 2 and No. 3 dated 1 September 2017.

NEXTDC notes that 360 Capital has insufficient sources of funds to acquire all the remaining APDC securities in which it does not have a relevant interest without utilising the \$60 million Bankwest debt facility as disclosed in Clause 5.2 of the TGP Bidder's Statement. The 360 Capital Bidder's Statement discloses that, if drawn, this Bankwest debt facility is proposed to be repaid from the Proposed Capital Distribution.

NEXTDC considers that the Proposed Capital Distribution raises APDC's debt to imprudent levels, and is not in the best interests of all APDC securityholders, including NEXTDC. Furthermore, the Proposed Capital Distribution financially assists 360 Capital in its acquisition of APDC securities, and accordingly would require approval by a special (75%) resolution of APDC's securityholders (excluding interests held by 360 Capital and its associates). NEXTDC's 29.2% blocking interest in APDC securities would preclude TGP from achieving the requisite 75% voting threshold.

Furthermore, NEXTDC notes that First Samuel Limited is acting as a financier to TGP through the provision of a \$20 million unsecured loan facility, whilst associated entities and private clients of First Samuel Limited are both 6.8% shareholders of TGP and securityholders in APDC.

ENDS

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About NEXTDC

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

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

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

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

NEXTDC is *where the cloud lives*®.

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