

NEXTDC LIMITED
ACN 143 582 521

NOTICE OF GENERAL MEETING

and

EXPLANATORY MEMORANDUM

Date of Meeting: 20 December 2012

Time of Meeting: 10:00 am (Brisbane time)

Place of Meeting: RBS Morgans
Level 29, Riverside Centre
123 Eagle Street
Brisbane Queensland

This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

NEXTDC LIMITED

ACN 143 582 521

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of NEXTDC Limited ACN 143 582 521 (**Company**) will be held at RBS Morgans, Level 29, Riverside Centre, 123 Eagle Street, Brisbane on 20 December 2012 commencing at 10:00 am (Brisbane time). Registration will commence just prior to the meeting.

This Notice of Meeting incorporates, and should be read together with, the Explanatory Memorandum and the Proxy Form.

AGENDA

1. Ratification of Placement Shares

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the issue of 21,787,000 fully paid ordinary shares in the Company issued at the price of \$1.90 per share to each of the sophisticated and institutional investors referred to and on the terms and conditions set out in the accompanying Explanatory Memorandum."

Voting Exclusion Statement:

The Company will disregard any votes cast on the above resolution by:

- each of the sophisticated and institutional investors who participated in the issue; and
- any associates of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Approval of issue of shares to Mr Craig Scroggie under the NEXTDC Loan Funded Share Plan

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

2.1 Issue of shares

"That for the purposes of Listing Rule 10.14, section 208(1) of the Corporations Act and for all other purposes, approval is given for Mr Craig Scroggie, Director and Chief Executive Officer, or his nominee, to acquire up to 1,788,888 Shares under the NEXTDC Loan Funded Share Plan, on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting."

2.2 Approval of loan

"That, conditional upon Resolution 2.1 being approved, for the purposes of section 208(1) of the Corporations Act and for all other purposes, approval is given to the Company to provide a loan to Mr Craig Scroggie, Director and Chief Executive Officer, or his nominee, to assist Mr Scroggie to acquire

Shares under the NEXTDC Loan Funded Share Plan, such loan to be in accordance with the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement:

The Company will disregard any votes cast on the above resolutions by:

- Mr Craig Scroggie and any associates of Mr Scroggie.
- Any key management personnel of the Company including the Chairman and other Directors and any of their closely related parties

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3.

Approval of Retirement Benefit

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of s200B of the Corporations Act and for all other purposes, approval is given for the retirement benefit to Mr Craig Scroggie on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement:

The Company will disregard any votes cast on the above resolutions by:

- Mr Craig Scroggie and any associates of Mr Scroggie.
- Any key management personnel of the Company including the Chairman and other Directors and any of their closely related parties

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4.

Approval of disposal of M1, S1 and P1 to the Asia Pacific Data Centre Trust

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes of Listing Rule 11.4 and for all other purposes, approval is given for the Company to dispose of M1, S1 and P1 to the Asia Pacific Data Centre Trust on the terms and conditions set out in the Explanatory Memorandum with a view to the Asia Pacific Data Centre Trust becoming listed as part of the Asia Pacific Data Centre Group."

Voting Exclusion Statement

In accordance with the ASX Listing Rules and the Corporations Act 2001, the Company will disregard any votes cast on Resolution 4 by:

- (a) any party to the Proposed Transaction;
- (b) any associate of a party to the Proposed Transaction; and
- (c) any person whose votes should, in ASX's opinion, be disregarded,

unless:

- (d) the vote is cast by a person described in (a), (b) or (c) as a proxy for a person who is entitled to vote and the Proxy Form directs how the proxy is to vote on the Resolution; or
- (e) the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Other Information

5.1 Explanatory Memorandum

The accompanying Explanatory Memorandum and Proxy Form forms part of this Notice of Meeting and should be read in conjunction with it.

5.2 Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Shareholder;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body corporate may exercise as the Shareholder's proxy; and
- (e) a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides instructions on appointing proxies and lodging proxy forms.

5.3 Corporate representatives

Any:

- (a) corporate Shareholder; or
- (b) corporate proxy appointed by a Shareholder,

which has appointed an individual to act as the Shareholder or proxy's corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the *Corporations Act 2001* (Cth) authorising him or her to act as that company's representative.

The authority may be sent to the Company or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available by contacting the Company's share registry, Link Market Services Limited at:

Address: Level 12, 680 George Street, Sydney NSW 2000
Phone: 1300 554 474 (within Australia) or +61 2 8280 7454 (outside Australia)

Fax: +61 2 9287 0309

5.4 Voting Entitlements

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)*, the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of members as at 10.00 am (Brisbane time) on Wednesday, 18 December 2012.

Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlements to attend and vote at the Meeting.

If you have any queries on how to cast your vote, please call the Company's share registry, Link Market Services Limited on 1300 554 474 from within Australia or +61 2 8280 7454 from overseas during business hours.

5.5 Chairman

Mr Roger Clarke, the Chairman of the Company will chair the Meeting. The Chairman of the Meeting intends to vote in favour of each Resolution.

BY ORDER OF THE BOARD

Tanya Mangold
Company Secretary

Dated: 16 November 2012

NEXTDC LIMITED

ACN 143 582 521

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be considered at the General Meeting of Shareholders to be held on 20 December 2012.

The Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting and Proxy Form. For the assistance of Shareholders, a glossary of defined terms is included at the end of this Explanatory Memorandum.

Full details of the business to be considered at the Meeting are set out below.

1. Resolution 1 - Ratification of Placement Shares

The Company issued a total of 21,787,000 fully paid ordinary shares to various sophisticated and institutional investors on 30 April 2012 in completing the Placement.

1.1 Ratification - Listing Rule 7.4

Listing Rule 7.4 permits the ratification of previously issued securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1.

Resolution 1 seeks Shareholder ratification of the Placement Shares.

The purpose of seeking Shareholder ratification of the Placement Shares is to reinstate the 15% limit under the Listing Rules on the number of securities that the Company may issue in any 12 month period without Shareholder approval.

1.2 Details of the Placement

In accordance with Listing Rule 7.5, the following information is provided to Shareholders:

- (a) The total number of fully paid ordinary shares issued in the Placement was 21,787,000.
- (b) The issue price of each fully paid ordinary share issued was \$1.90.
- (c) The issued shares rank equally with all existing shares.
- (d) The allottees of the Placement Shares were sophisticated and institutional investor clients of Moelis Australia Advisory Pty Limited and RBS Morgans Corporate Limited.
- (e) Funds raised through the Placement shares were be used to accelerate the fit out in various data centre facilities and for additional costs, additional working capital, offer costs and strategic growth opportunities.
- (f) A voting exclusion statement is included in the Notice of Meeting.

1.3 Recommendation

The Board believes that the ratification of the Placement Shares is beneficial to the Company as it allows the Company to retain the flexibility to issue the maximum number of equity securities permitted under Listing Rule 7.1 to raise additional capital without first obtaining Shareholder approval.

The Board unanimously recommends that Shareholders vote **FOR** Resolution 1.

2. Resolution 2 - Approval of issue of shares to Mr Craig Scroggie under the NEXTDC Loan Funded Share Plan

The Company proposes to invite Mr Craig Scroggie to subscribe for 1,788,888 Shares under and in accordance with the Share Plan and an offer made by the Company.

Mr Scroggie has been appointed as Chief Executive Officer of NEXTDC Limited and plays an important role in the growth of NEXTDC's business.

The invitation to Mr Scroggie to subscribe for Plan Shares is commensurate with his position as CEO. The terms of the specific offer to Mr Scroggie are summarised below.

Resolution 2.1 seeks approval to issue the Plan Shares to Mr Scroggie.

Resolution 2.2 (subject to the approval of Resolution 2.1) seeks approval for the Company to provide a loan to assist Mr Scroggie to subscribe for the Plan Shares.

2.1 Listing Rule 10.14

Under Listing Rule 10.14, the Company must seek shareholder approval to issue securities to a director under an employee incentive scheme.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rules 7.1 and 10.11 is not required.

Specific information which must be provided to Shareholders in accordance with Listing Rule 10.15 is set out below.

2.2 Chapter 2E of the Corporations Act

Section 208(1) of the Corporations Act provides that for the Company to give a financial benefit to a related party of the Company, the Company must:

- (a) obtain the approval of Shareholders to grant the financial benefit; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the benefit falls within one of the exceptions set out in the Corporations Act.

For the purposes of Chapter 2E of the Corporations Act, Mr Scroggie is a related party of the Company and the proposed issue of Shares to him under the Share Plan and the provision of a loan to assist in the subscription of the Plan Shares constitute the giving of a financial benefit.

Accordingly, the Company must seek Shareholder approval of the issue of Plan Shares to Mr Scroggie and the provision of the loan.

Specific information which must be provided to Shareholders in accordance with section 219 of the Corporations Act is set out below.

2.3 Information required under Listing Rule 10.15 and section 219 of the Corporations Act

Listing Rule 10.15 and section 219 of the Corporations Act require that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval for the proposed issue of Shares to Mr Scroggie under the Share Plan and the provision of a loan to assist Mr Scroggie in the subscription of the Plan Shares:

- (a) the Plan Shares will be issued to Mr Scroggie (or his nominee) indirectly through a trust established under the Share Plan (**Trust**);
- (b) the maximum number of Plan Shares to be issued to Mr Scroggie is 1,788,888;
- (c) the issue price of the Plan Shares are set out in the table below:

	No. of shares	Issue price
Tranche 1	555,555	\$1m of shares at an acquisition price the higher of \$1.80 per share and the minimum price under Rule 3.2 of the Plan Rules**
Tranche 2	500,000	\$2.00
Tranche 3	400,000	\$2.50
Tranche 4	333,333	\$3.00

**Rule 3.2 states that the directors may determine the acquisition price, which must not be less than the 30 day VWAP or the minimum price per share in the capital of the Company (if any) specified in the Listing Rules, from time to time.

- (d) there have been 1,714,284 Plan Shares issued or acquired under the Share Plan to Mr Robin Kuda, Mr Simon Cooper Mr Jamie Hamlin and Mr Jeffrey Van Zetten as at the date of this notice;
- (e) Directors, full or permanent part time employees of the Company or any other person as determined by the Directors may participate, at the Directors' invitation, in the Share Plan. Mr Scroggie is eligible to participate in the Share Plan;
- (f) a voting exclusion statement in relation to Resolutions 2.1 and 2.2 is included in the Notice of Meeting;
- (g) the related party to whom Resolution 2.2 would permit a financial benefit being given is Mr Scroggie;
- (h) the Company will offer an interest free loan to Mr Scroggie (**Borrower** for the purposes of the loan) for the total value of the issue price of the Plan Shares to assist Mr Scroggie to subscribe for the Plan Shares. The material terms of the loan are:
- (i) the loan amount is \$4,000,000;
 - (ii) the loan must be repaid within 5 years of the date of the loan;
 - (iii) the Borrower must use the loan solely for the purpose of assisting in financing the acquisition of the Plan Shares;
 - (iv) the Borrower may direct the Trustee to sell a quarter of the Plan Shares issued to the Borrower under the Share Plan every 12 months over 4 tranche periods. The proceeds of any sale of the Plan Shares must be first applied to repay a quarter of the loan granted by the Company less the value of any repayments made by the Borrower at the time of that sale; and
 - (v) the Borrower may only dispose of the Plan Shares if disposal occurs in accordance with paragraph 3.3(h)(iii) or to the extent the loan is repaid to the Company.

- (i) the Company has made an Offer to Mr Scroggie which is subject to Shareholder approval. If Shareholder approval is obtained, the issue date will be on or about 21 December 2012 and, in any event, within 12 months after the date of Shareholder approval;
- (j) the nature of the financial benefit to be given to Mr Scroggie is the grant of 1,788,888 Plan Shares and the provision of the loan in the amount of \$4,000,000 to assist in the subscription for the Plan Shares;
- (k) if Shareholders approve Resolutions 2.1 and 2.2, and all Plan Shares are granted as contemplated by this Notice of Meeting, the Directors will have the following interest in Shares and options:

Director	Shares (excluding Plan Shares)	Shares (including Plan Shares)	Options*
Mr Roger Clarke	287,979	287,979	250,000 options at \$1.00 exercise price
Mr Ted Pretty	Nil	Nil	750,000 options at \$1.40 exercise price
Mr Greg Baynton	268,693	268,693	250,000 options at \$1.00 exercise price
Mr Craig Scroggie	260,714	2,049,602	250,000 options at \$1.00 exercise price 250,000 options at \$1.40 exercise price
Mr Bevan Slattery	40,158,510	40,158,510	Nil
Mr Robin Khuda	237,015	808,443	500,000 options at \$1.50 exercise price 500,000 options at \$1.00 exercise price

*Note that the options expire on 13 December 2012, as at the date of this notice the options had not been exercised.

- (l) as at the date of this Notice of Meeting, Mr Scroggie had an interest in 260,714 Shares and 500,000 options to acquire Shares. That represents 0.44% of the total Shares in the Company;
- (m) if all of the options previously granted to Mr Scroggie were exercised and Resolution 2.1 is approved, Mr Scroggie will acquire an additional 2,288,888 Shares. In this case, Mr Scroggie would have an interest in 1.5% of the total issued ordinary shares in the Company;
- (n) the issue of the Plan Shares to Mr Scroggie as outlined in this Resolution 2.1 will result in a dilution of all other Shareholders' holdings in the Company of 1.04% based on the number of Shares issued as at the date of this Notice of Meeting;
- (o) the granting of the loans may have an effect on the value of the Company. Under the Company's current circumstances, the Board considers that the incentive to Mr Scroggie which would be represented by loans allowing the subscription of the Plan Shares, would be a cost-effective and efficient incentive for the Company to provide, as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure executives and directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The financial assistance is designed to achieve this objective, by encouraging continued improvement in performance

over time and by encouraging Mr Scroggie to acquire and retain significant shareholdings in the Company which will align his interests with those of other Shareholders.

As the loan funds are used for payment by the Trustee of the issue price of the Plan Shares, the funds will be immediately returned to the Company in the form of subscription money. The granting of the loans will therefore have no effect on the Company's cash flow (other than in respect of any costs associated with the granting of the loans which are not expected to be material).

If Mr Scroggie does not repay the loan within 5 years of the grant of the loan, the Company may request the Trustee to sell the Plan Shares relating to the outstanding loan on the share market for a price equal to the current market price of the Shares at the relevant time. The proceeds of that sale will be first set-off against the amount of any outstanding loan owing by Mr Scroggie to the Company. Any surplus proceeds will be paid to Mr Scroggie. In this event, Mr Scroggie would have received a financial benefit as he was able to earn a capital gain on the Plan Shares without having to fund the acquisition of the Plan Shares with his own funding or alternatively with a loan from a third party at commercial interest rates. Mr Scroggie will also have held voting rights in the Plan Shares and associated rights for the duration of the loan.

In the event that there is a shortfall after that sale, Mr Scroggie will only be required to repay the loan to the extent of the sale proceeds (in proportion to the number of Shares sold). The Company will have no other recourse against Mr Scroggie in respect of the balance of the loan not met by those sale proceeds. In this event, Mr Scroggie would receive a financial benefit in the form of the Company forgiving the amount of the loan not repaid using the sale proceeds.

The Board does not consider that the giving of the financial assistance will be likely to materially prejudice the interests of the Company or its Shareholders or the Company's ability to pay its creditors.

The Board considers that the limited recourse nature of the loan is appropriate to enable the Company to adequately incentivise Mr Scroggie and encourage him to increase his shareholdings in the Company to align his interests with those of other Shareholders. The Board considers that the benefits achieved by offering a limited recourse loan exceeds the potential detriment to the Company of the loan not being fully repaid.

Other than as described in this Explanatory Memorandum, the Board does not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or material taxation consequences for the Company or benefits foregone by the Company in granting the loan pursuant to Resolution 2.2;

- (p) the details of Mr Scroggie's anticipated remuneration for the financial year ending 30 June 2013 is as follows:

Year	Director	Shares (including Plan Shares)	Options	Salary
FY2012	Mr Craig Scroggie	Nil shares granted as remuneration	250,000 options at \$1.40 exercise price 250,000 options at \$1.00 exercise price	\$36,114 as CEO and \$53,392 as non-executive director to 19 June 2012 (cash salary excluding superannuation)

FY2013	Mr Craig Scroggie	2,049,602	Nil	\$1,200,000
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In addition, along with other Directors, he is entitled to reimbursement of reasonable expenses incurred in undertaking his duties for the Company;

- (q) If shareholders do not approve Resolutions 2.1 and 2.2, an alternate cash bonus structure will apply whereby Mr Scroggie will be entitled to an annual cash bonus that reflects the net economic benefit after repayment of loans of receiving the Plan Shares based on the difference between the market share price after each bonus year and the issue price for the relevant share tranche. Note that this alternate cash bonus structure only applies if shareholders do not approve Resolutions 2.1 and 2.2.
- (r) Mr Scroggie has a material personal interest in the outcome of Resolutions 2.1 and 2.2 as the recipient of the Plan Shares proposed to be issued and the loan proposed to be provided;
- (s) the highest, lowest and last sale price of the Company's Shares on ASX, in the date 12 months prior to the date of this Notice of Meeting to the date preceding this Notice of Meeting (14 November 2012), are set out below:
- | | |
|-----------------|---------|
| Highest: | \$2.360 |
| Lowest: | \$1.565 |
| Last sale price | \$2.04 |
- (t) other than the material set out in this Explanatory Memorandum, the Board is not aware of any other information which members of the Company would reasonably require in order to decide whether or not it is in the Company's interest to pass Resolutions 2.1 and 2.2.

2.4 Recommendation

Mr Scroggie has an interest in the outcome of Resolutions 2.1 and 2.2 (as he is the recipient of the Shares and the loan) and therefore believes it is inappropriate to make a recommendation on those resolutions.

All Directors (with Mr Scroggie abstaining) recommend that Shareholders vote **FOR** Resolutions 2.1 and 2.2.

No Director making this recommendation has an interest in the outcome of Resolutions 2.1 or 2.2.

3. Resolution 3 - Approval of retirement benefit to Mr Craig Scroggie

Under the terms of Mr Craig Scroggie's employment as Chief Executive Officer, if there is a change of circumstances such that Mr Scroggie is no longer the most senior executive of the Company, Mr Scroggie may terminate his employment and will receive a payment equal to 12 month's salary and superannuation at that time. In addition, where the Company terminates Mr Scroggie's employment, he may receive such a payment where termination is on notice and without fault and the Company does not require Mr Scroggie to work out his notice period.

On termination of Mr Scroggie's employment, he will only be entitled to the benefit of the Plan Shares that have vested at that time.

Under the Corporations Act, retirement benefits in excess of 12 months average annual salary must be approved by shareholders. Mr Scroggie has received non-executive director fees in the period leading up to his appointment as Chief Executive Officer which may reduce his average annual salary to level well below his current remuneration.

The Board has determined to seek Shareholder approval of the potential payment of 12 months salary and superannuation on termination of Mr Scroggie's employment so the payment may be made if required in future.

3.1 Details of the benefit

In accordance with section 200E, the following information is provided to Shareholders:

- (a) The benefit is payment of 12 month's salary at the time of Mr Scroggie's termination of employment. Mr Scroggie's current annual salary and superannuation is \$1.2 million per annum and subject to annual review.
- (b) A voting exclusion statement is included in the Notice of Meeting.

3.2 Recommendation

Mr Scroggie has an interest in the outcome of Resolution 3 and therefore believes it is inappropriate to make a recommendation on that resolution.

All Directors (with Mr Scroggie abstaining) recommend that Shareholders vote **FOR** Resolution 3.

No Director making this recommendation has an interest in the outcome of Resolution 3.

4. Resolution 4 - Approval of disposal of M1, S1 and P1 to the Asia Pacific Data Centre Trust

4.1 APDC proposal

On 25 July 2012 the Company announced that it plans to establish the Asia Pacific Data Centre Trust (**APDC Trust**) and to sell its data centre sites, M1, S1 and P1 to the APDC Trust.

The data centre sites will be leased back by the Company on long term leases for the operation of the Company's data centre business. NEXTDC will manage the remaining construction of S1 and P1 under development agreements with the APDC Trust. NEXTDC and the Trust will have an ongoing relationship through a first and last rights arrangement during a 3 year period that will govern future dealings with data centre sites identified by each of them during that period.

The APDC Trust, as part of a stapled structure, is proposing to undertake an initial public offer and apply for listing on the Australian Securities Exchange (**IPO**). The stapled structure will consist of the following entities:

- (a) the APDC Trust, being a unit trust that is a registered managed investment scheme;
- (b) a holding company, Asia Pacific Data Centre Holdings Limited (**APDC Holdings**); and
- (c) an operating subsidiary of APDC Holdings with an Australian financial services licence to act as responsible entity of the APDC Trust, namely Asia Pacific Data Centre Limited (**RE**).

While NEXTDC is expecting to initially hold between 20% and 30% equity ownership of the proposed fund, it is planned that APDC will be a separately and independently operated vehicle to NEXTDC, with the responsible entity, Asia Pacific Data Centre Limited, having a dedicated Board with a majority of independent directors, along with a dedicated management team structure. NEXTDC will be disposing of and or constructing on behalf of the APDC Trust the base buildings with a high voltage connection. Included as part of the sale or development agreements are:

- Land, base building (concrete shell), high voltage connection (see below for a description), lifts, loading dock, front of house lobby fit out including gunnebo's,

bullet resistant glass, perimeter fencing and access gates, landscaping, sewerage facility, diverse water mains, toilets, kitchenette, office fit out, breakout room fit out (cabinetry), boardrooms (cabinetry); and

- High Voltage : this represents all that is necessary to ensure that the premises has a high voltage connection to the local electricity network operator, as required to support a functioning data centre.

(collectively the **Base Building**)

Resolution 4 approves the sale of M1, S1 and P1 to the APDC Trust.

4.2 The properties

Information regarding the M1, S1 and P1 properties is set out below:

(a) M1

M1 is NEXTDC's flagship data centre which officially opened on 4 July 2012.

The key details relating to M1 are set out in the following table:

Address	826 - 846 Lorimer Street, Port Melbourne
Value (as per independent valuation)	\$52,000,000
Yield	9.00%
Annual Rental	\$4,685,580
Gross Lettable Area	17,354 m ²
Power	The facility has secured 3 x 7.5 MVA power feeds providing 22.5 MVA of base building power. The provision of this level of power allows for a long term view of the lifespan of this asset. Total ICT Load is 12 megawatts.
Official opening date	4 July 2012
Tenant	NEXTDC Limited

(b) S1

S1 is currently under construction. It is anticipated that practical completion of the Base Building will be in May 2013.

The key details relating to S1 are set out in the following table:

Address	4 Eden Park Drive, Macquarie Park
Land Value (as per independent valuation)	\$12,500,000
Land and Base Building Value (as per independent valuation)	\$58,000,000
Yield	9.00%
Annual Rental	\$5,256,090
Gross Lettable Area	19,467 m ²
Power	The facility is expected to receive 20 MVA of base building power. The provision of this level of power allows for a long term view of

	the lifespan of this asset. Total ICT load is 11 megawatts.
S1 Completion Date (practical completion of Base Building scheduled)	Scheduled for May 2013
Tenant	NEXTDC Limited

At the date of this notice construction has commenced and the facility is due to open during the September quarter 2013. APDC Trust has agreed to pay \$12,500,000 to NEXTDC for the land. The construction cost will be funded by the APDC Trust under a Development Agreement with NEXTDC, which will complete the development for a fixed price, subject to agreed variations. The payment for the construction will be withheld by the APDC Trust until practical completion of the data centre Base Building has been achieved by NEXTDC.

(c) **P1**

NEXTDC is about to commence construction on P1 and practical completion of the Base Building is anticipated to be completed in the December quarter 2013.

The key details relating to P1 are set out in the following table:

Address	101 Malaga Drive, Malaga
Value (as per independent valuation)	\$5,000,000 (land)
Land and Base Building Value (as per independent valuation)	\$28,800,000
Yield	9.00%
Annual Rental	\$2,592,810
Site Area	8,091 m ²
Gross Lettable Area	9,603 m ²
Power	The facility is expected to receive 14 MVA of base building power. The provision of this level of power allows for a long term view of the lifespan of this asset. Total ICT Load is 6 megawatts.
P1 Completion Date (practical completion of Base Building scheduled)	Scheduled for December quarter 2013
Tenant	NEXTDC Limited

APDC Trust has agreed to pay \$5,000,000 to NEXTDC for the land. The construction cost will be funded by the APDC Trust under a Development Agreement with NEXTDC, which will complete the development for a fixed price, subject to agreed variations. The payment will be withheld by the APDC Trust until practical completion of the data centre Base Building has been achieved by NEXTDC.

4.3

The value of the Properties

(a) **Market valuation**

Jones Lang LaSalle has undertaken a valuation of the properties. A summarised copy of the Valuation Report is attached as Schedule 1 and a full report will be available for inspection at the meeting.

(b) **Financial statements**

NEXTDC is carrying the assets in its financial statements at cost as set out below:

Property	Cost
M1 (land and Base Building)	\$39,100,000
S1 (land)	\$10,700,000
P1 (land)	\$7,200,000
<i>Total</i>	<i>\$57,000,000</i>

There will be no impact to the manner in which M1, which opened in July 2012, contributes earnings to NEXTDC when leased from APDC. S1 and P1 are not yet complete and thus have not had any earnings contribution to date.

NEXTDC will earn a 9% yield on its holdings in the APDC Group post the disposal, which based on NEXTDC retaining a 20% to 30% interest in the APDC Group, is forecast to be approximately \$2,800,000 to \$4,300,000 from disposal to 30 June 2014.

4.4 The consideration for the Properties

The APDC Trust will purchase M1, S1 and P1 from NEXTDC for \$69,500,000, settled \$53,365,500 in cash and \$16,134,500 by way of 26,450,000 partly paid Stapled Securities. NEXTDC will construct the Base Buildings at S1 and P1 for the consideration set out below, to be settled in cash.

Property	Consideration
M1 (land and Base Building)	\$52,000,000
S1 (land)	\$12,500,000
P1 (land)	\$5,000,000
<i>Total</i>	<i>\$69,500,000</i>
Development agreements	Consideration
S1 (Base Building)	\$45,500,000
P1 (Base Building)	\$23,800,000
<i>Total</i>	<i>\$69,300,000</i>

4.5 APDC Group IPO

Under the proposed IPO, investors will be offered Stapled Securities which will comprise:

- (a) one partly paid share in APDC Holdings; and
- (b) one partly paid unit in the APDC Trust.

The APDC Group will issue 88,550,000 \$1.00 securities via the IPO to new security holders, partly paid to 61 cents, to raise \$54,015,500. A further \$0.39 will be payable per Stapled Security by parties who hold Stapled Securities on a specified record date which is expected to be in May 2013. The bulk of the funds from this final instalment will be used to pay for the development of S1 on its completion. P1 development costs will be funded by the Company.

4.6 Material agreements relevant to the Proposed Transaction

(a) Working capital

Prior to the IPO NEXTDC will inject approximately \$2,500,000 into the APDC Group to contribute to its operating expenses.

(b) Subscription Agreement

As part consideration for the Property Transactions, it is proposed that the Company enters into a subscription agreement with the APDC Group under which it subscribes for, approximately 26.25 million Stapled Securities at an issue price of \$1.00, partly paid to \$0.61. The Company, like all investors under the IPO, will be liable to pay a final instalment of \$0.39 per Stapled Security on the final instalment payment date, which is presently scheduled for May 2013.

An issue of Stapled Securities under the Subscription Agreement will be conditional on certain matters, including successful completion of the offer, listing approval and completion of the Sale and Purchase Agreement and entry into the Leases and Development Agreements.

It is intended that the Stapled Securities to be issued under the Subscription Agreement will be issued before allotment of the Stapled Securities to be issued to investors under the IPO.

(c) **Sale and Purchase Agreements**

The Sale and Purchase Agreements will govern the sale of M1, S1 and P1 to the APDC Trust.

Aside from consideration (which is set out in paragraph 4.4 above) and the subject Property, the Sale and Purchase Agreements are identical in all material respects for each of M1, S1 and P1.

The key terms include:

- (i) **Purchase price:** as set out in section 4.4 above.
- (ii) **Completion date:** on or around 27 December 2012
- (iii) **Conditions:**
 - A. Contemporaneous entry into all Sale and Purchase Agreements
 - B. Completion is subject to:
 - i. Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Limited as Responsible Entity of Asia Pacific Data Centre Trust receiving approval from ASX Limited for the official listing of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Trust and official quotation of the stapled securities, subject to usual ASX Limited conditions;
 - ii. the Offer closing in accordance with the timetable set out in the Offer Document as amended; and
 - iii. a director of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Limited as Responsible Entity of Asia Pacific Data Centre Trust confirming in writing to the Vendor that sufficient valid applications have been received under the Offer
- (iv) **Adjustments:** adjustments for rates, taxes and outgoings have been provided for.
- (v) **Termination rights:** the contracts may be terminated where NEXTDC fails to pay as provided for in the agreement or where either party defaults in its obligations under the agreements.

The Sale and Purchase Agreement for S1 will include a right of first and last refusal for a period of 3 years under which:

- (i) NEXTDC grants the APDC Group a right to acquire any land that NEXTDC wishes to acquire for the purpose of development of a data centre; and
- (ii) APDC Group grants NEXTDC the right to be the operator of any land or property that APDC Group acquires for the purposes of operation of a data centre.

(d) **Leases**

The Leases relate to the lease back of M1, S1 and P1 by the APDC Group (or a Custodian) to NEXTDC. The key terms of the leases are as follows:

	M1	S1	P1
Initial term	15 years	15 years	15 years
Optional extension periods	2 x ten year options and 1 x five year option	2 x ten year options and 1 x five year option	2 x ten year options and 1 x five year option
Annual Rental#	\$4,685,580	\$5,256,090**	\$2,592,810***
Annual Rental Increases	Market reviews each 5 years, CPI per annum in the interim*	Market reviews each 5 years, CPI per annum in the interim*	Market reviews each 5 years, CPI per annum in the interim*
Outgoings	The tenant is 100% responsible for the Outgoings	The tenant is 100% responsible for the Outgoings	The tenant is 100% responsible for the Outgoings

* Maximum increase of 10% per year and no decrease in rental.

** NEXTDC will pay a reduced annual rental of \$1,125,000 until practical completion of the S1 Base Building (under the Development Agreement).

*** NEXTDC will pay a reduced annual rental of \$475,000 until practical completion of the P1 Base Building (under the Development Agreement).

#The annual rent payable by NEXTDC to the APDC Trust is a market related rental.

(e) **Development Agreements**

APDC and NEXTDC have also entered agreements for NEXTDC to carry out the construction and development of S1 and P1 following their sale at the completion of this Offer (**Development Agreements**).

The key obligation under the Development Agreements is that NEXTDC achieves:

- practical completion of S1 by the estimated date for Practical Completion of the Base Building (expected to be 15 May 2013). NEXTDC must inform APDC of any changes to the estimated date for practical completion.;
- this is important to both NEXTDC and the APDC Group because practical completion of the Base Building for S1 is linked to Securityholders being required to pay the Final Instalment and APDC being required to pay NEXTDC the S1 Development Fee; and
- practical completion of the Base Building for P1 by the estimated date for Practical Completion (expected to be December quarter 2013). NEXTDC must inform APDC of any changes to the estimated date for practical completion.

- this is important to both NEXTDC and the APDC Group because practical completion of P1 Base Building will require APDC to either raise debt or equity, or issue Convertible Notes to NEXTDC to fund the P1 Development Fee.

Under the Development Agreements, practical completion is achieved when the superintendent under the underlying building contract provides a certificate confirming practical completion has been effected in accordance with the underlying building contract.

NEXTDC bears the risk of achieving practical completion on or around the estimated practical completion date for the relevant development fees as NEXTDC may not claim additional development fees if the development costs exceed the amounts noted above.

4.7 Rationale for the Proposed Transaction

The planned launch of APDC has followed the Company's first capital recycling initiative announced in December 2011, with the sale-and-lease-back of its B1 data centre facility. Given the successful sale-and-lease-back of B1, APDC is designed to provide a formalised and long-term vehicle for the Company's capital recycling initiative.

The principal advantages to NEXTDC Shareholders of the Proposed Transaction are as follows:

(a) **Management focus on core data centre activities**

NEXTDC will focus on the delivery of data centre services to customers.

NEXTDC will have a single tenancy agreement with the APDC Trust and as such a secure single landlord relationship for 3 facilities. A triple net lease ensures that NEXTDC can maintain the properties to the high standards demanded by its customers.

(b) **Cash injection**

The completion of the construction for S1 and P1 will complete the capital recycling program and release capital for NEXTDC to invest in future projects.

NEXTDC will receive a 9% asset backed yield on the securities it holds in the APDC Group whilst enhancing its balance sheet.

(c) **Further opportunities and growth**

The disposal of M1, S1 and P1 gives funding certainty to NEXTDC and the ability to potentially explore other opportunities.

The alliance between the APDC Group and NEXTDC allows NEXTDC to consider further sale and leasebacks to APDC for any future data centres constructed or acquired.

(d) **Tax losses remain with NEXTDC**

NEXTDC retains its carry forward tax losses.

(e) **Opportunity to participate**

Shareholders will have the opportunity to participate in the IPO of the APDC Group's Stapled Securities as members of the public.

Potential disadvantages include:

(f) **Value of NEXTDC's interest in the APDC Group**

There is no guarantee that NEXTDC's retained interest in the APDC Group will increase in value following its IPO.

(g) **Development and construction risks**

Any unexpected costs associated with the Properties will be at the direct risk of NEXTDC.

(h) **Investment objectives**

The disposal of the APDC Properties may not be consistent with the investment objectives of all Shareholders.

4.8 The Company's future activities and direction

NEXTDC's purpose-built facilities have been designed to address the market's growing appetite for energy-efficient, independent data centres in which organisations can host their critical IT infrastructure and also address the emergence and growth of cloud (internet-based) computing. This continues to be the case under the triple net leases as NEXTDC will continue to provide its customers with access to high standard independent data centres.

NEXTDC offers a range of flexible, scalable colocation solutions to corporate, government and wholesale customers, providing real-time management controls while also addressing the challenges of security, connectivity and availability. NEXTDC will continue with this offering post the disposal and lease back of M1, S1 and P1 under the long term triple net lease structure.

NEXTDC's future activities and strategic direction will not change post the disposal of M1, S1 and P1 as NEXTDC will have long term triple net leases with the APDC Trust. NEXTDC will remain a data centre operator and it will have received the capital proceeds from the sale of M1, S1 and P1 and will be able to continue to grow its footprint as a data centre services provider.

4.9 Recommendation

The Board, with those directors subject to the voting exclusion statement set out in Item 4 of the Agenda abstaining, unanimously recommends that Shareholders vote **FOR** Resolution 4.

5. Glossary of Terms

The following terms and abbreviations used in the Notice of Meeting, this Explanatory Memorandum and the Proxy Form have the following meanings:

APDC Holdings means Asia Pacific Data Centre Holdings Limited ACN 159 621 735.

APDC Group means APDC Holdings, APDC Limited and APDC Trust.

APDC Limited means Asia Pacific Data Centre Limited ACN 159 624 585 in its capacity as responsible entity of the APDC Trust.

APDC Trust means the Asia Pacific Data Centre Trust, a registered managed investment scheme established on or about 14 November 2012 the responsible entity of which is APDC Limited.

ASX means ASX Limited ACN 008 624 691.

Board means the board of directors of the Company.

Company means NEXTDC Limited ACN 143 582 521.

Development Agreements means the agreements between NEXTDC and the APDC Group relating to S1 and P1 under which NEXTDC will assume the risk of the developments and any development variations it proposes.

Directors means all of the directors of the Company as at the date of this Notice of Meeting.

Disposal and Leaseback means the proposed disposal by NEXTDC of the Properties to the APDC Trust in accordance with the Sale and Purchase Agreement and the proposed leaseback to NEXTDC from the APDC Trust in accordance with the Leases.

Explanatory Memorandum means this explanatory memorandum.

IPO means the proposed initial public offer and ASX listing of the Stapled Securities.

Leases means the lease agreements between NEXTDC and the APDC Group (or its Custodian) relating to M1, S1 and P1, with initial terms of 15 years, 2 x 10 year options and 1x five year option.

Listing Rules means the official listing rules of ASX.

M1 means the Company's data centre facility located at 826 Lorimer Street, Port Melbourne, Victoria 3207.

Meeting means the general meeting of Shareholders to be held at RBS Morgans, Level 29, Riverside Centre, 123 Eagle Street, Brisbane on 20 December 2012 commencing at 10:00 am (Brisbane time).

NEXTDC means NEXTDC Limited ACN 143 582 521.

Notice of Meeting means the notice of the meeting which accompanies the Explanatory Memorandum.

P1 means the Company's data centre facility located at 101 Malaga Drive, Malaga, Western Australia 6090.

Placement means the placement of the Placement Shares.

Placement Shares means the 21,787,000 Shares issued to institutional and sophisticated investors on 30 April 2012 and the subject of Resolution 1.

Plan Shares means the Shares issued under the Share Plan to be approved by Shareholders under Resolution 2.1.

Proposed Transaction means the Subscription, the Disposal and Leaseback and the IPO.

Resolution means a resolution in the Notice of Meeting.

S1 means the Company's data centre facility located at 4 Eden Park Road, Macquarie Park, New South Wales 2113.

Sale and Purchase Agreement means the agreement between NEXTDC and the APDC Trust relating to the sale by NEXTDC of M1, S1 and P1 and the purchase of M1, S1 and P1 to the APDC Trust.

Share Plan means the NEXTDC Loan Funded Share Plan which has been previously been approved by Shareholders.

Shareholder means registered holders of Shares.

Shares means fully paid ordinary shares in the capital of the Company.

Stapled Securities means the stapled securities comprising the shares in APDC Holdings and the units in APDC Trust.

Subscription means the proposed subscription by NEXTDC for Stapled Securities on the terms set out in the Subscription Agreement.

Subscription Agreement means the conditional subscription agreement between NEXTDC and the APDC Group, the terms of which are summarised in section 4.6(a) of the Explanatory Memorandum.

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15 November 2012

PRIVATE & CONFIDENTIAL

The Directors
NEXTDC Limited
Level 4, 88 Creek Street
Brisbane Qld 4000

Dear Sirs/Madams,

NEXTDC PORTFOLIO

"S1": - 4 EDEN PARK DRIVE, MACQUARIE PARK NSW
"M1": - 826 TO 846 LORIMER STREET, PORT MELBOURNE VIC
"P1": - 101 MALAGA DRIVE, MALAGA WA

1. Instructions

We refer to your recent instructions requesting a summary of the formal valuation reports (currently being finalised) for certain properties forming a portfolio that is potentially to be divested by NEXTDC Limited to Asia Pacific Data Centre Group (APDC) for the purposes of a Notice of Meeting (NOM). We understand that this NOM is for an Extraordinary General Meeting (EGM) of NEXTDC Shareholders. This letter provides a summary of the full valuation reports for "S1" - 4 Eden Park Drive, Macquarie Park NSW, "M1" - 826 to 846 Lorimer Street, Port Melbourne Vic and "P1" - 101 Malaga Drive, Malaga WA (together known as the Properties and/or Portfolio) and details the principal inputs that were considered in reaching our opinion of the market value (and fair value) for each property as at the valuation date stated within each summary.

Further, we highlight that our full valuation reports have been conducted for and on behalf of NEXTDC Limited and APDC. We understand that the valuations are to be relied upon as follows:

- NEXTDC Shareholders for the pending disposal of the Properties to APDC.
- Prospectus/Product Disclosure Statement purposes for the pending purchase of the Properties by APDC and the associated Initial Public Offering (IPO) thereof; and
- First Mortgage Security purposes on behalf of APDC (however, we understand that as at the date of this letter, it is not known whether property finance via First Mortgage Security over these Properties is to be established) for a lender to be approved in writing by Jones Lang LaSalle.

The summaries include the key valuation inputs, financial details and the resultant valuation outcomes. The descriptions of the properties "As Is" are given as they existed on the relevant inspection date (including the photographs shown herein) and the "As If Complete" descriptions are based on information provided to us by NEXTDC Limited. We have relied on proposed lease details and financial and property information provided by NEXTDC Limited and our valuations assume all of the information provided is correct. In this regard we note the proposed lease details are consistent for all three properties in respect of: rental rate per square metre of Gross Lettable Area (GLA), the length of the lease term, being 15 years, the option periods being 10+10+5 years and the rent review mechanisms which are to be structured as annual CPI reviews with five yearly market reviews whereby the rent cannot fall below the amount in the preceding lease year nor can it increase by more than 10% of the amount in the preceding lease year.

One page summaries of each property are included overleaf.

"S1 - NEXTDC" Data Centre - 4 Eden Park Drive, Macquarie Park, NSW 2113



The Property is situated to the north-east alignment of Eden Park Drive, in Macquarie Park, approximately 11.5 kilometres north-west of Sydney's General Post Office (GPO). It comprises an irregular-shaped allotment with a total site area of 9,642 square metres.

"As If Complete" the Property will comprise a Data Centre with a Gross Lettable Area (GLA) of 19,467 square metres providing technical space of 5,600 square metres configured over four data halls. The landlord owned items include the building "shell and core" as well as certain High Voltage (HV) areas and infrastructure. Advisedly, the Property has a planned maximum IT load of approximately 11 megawatts (MW) delivering a power density of 2,000 watts per square metre of data hall area. Initially the facility is configured with infrastructure for 3 MW of IT load. "As If Complete" the Data Centre has three power feeds that can provide a total of 20 MVA of power. The Property will have a targeted Power Usage Effectiveness (PUE) of 1.3 at nominal load. The Data Centre is advisedly targeting a "Tier 3" rating.

As at the Date of Valuation construction of the development was underway and practical completion is expected in May 2013.

Valuation

Prepared For	NEXTDC Limited
Valuation Purpose	For the pending disposal of the Property to APDC.
Date of Inspection	11 September 2012
Date of Valuation	30 September 2012
Interest Valued	100% Freehold Interest
Valuation Approaches:	
"As If Complete"	Capitalisation of Net Income, Discounted Cash Flow and Direct Comparison Approaches
"Land Only"	Direct Comparison and Residual Land Value approaches
Adopted Value "As If Complete"	\$58,000,000 (Fifty Eight Million Dollars) exclusive of GST
Adopted Value "Land Only"	\$12,500,000 (Twelve Million Five Hundred Thousand Dollars) exclusive of GST

Property Particulars – "As If Complete"

Gross Lettable Area	19,467 sqm
Current Vacancy (% Total GLA)	Nil
Site Area	9,642 sqm

Financial Summary – "As If Complete"

Net Passing Income	\$5,256,090	(\$270 /sqm)
Net Market Income	\$5,256,090	(\$270 /sqm)
Lease Duration	15.00 years	

Cap Approach Assumptions – "As If Complete"

Adopted Cap Rate	9.00%
Discount Rate (PV of Adjustments)	n/a
Adopted Cap Rate (Other Income)	n/a
Allowances for Expiries Occurring within	n/a
Allowances for Capex Occurring within	n/a
Value based on Capitalisation Approach	\$58,401,000

DCF Approach Assumptions – "As If Complete"

Discount Rate	10.75%
Terminal Yield	9.75%
Adopted Lease Term	15.0 years
Weighted Rental Growth (Avg. 10yr)	2.60%
CPI (Avg. 10yr)	2.60%
Value based on DCF Approach	\$57,639,000

Valuation Summary – "As If Complete"

Adopted Value	\$58,000,000
Rate/sqm of GLA	\$2,979/sqm
Equivalent Yield	9.06%
Initial Yield (Passing)	9.06%
Initial Yield (Fully Leased)	9.06%
IRR (10 yr)	10.65%

"Land Only"

Residual Land Value Approach

Target Profit and Risk Margin	15%
Resultant Residual Value (based on 15% margin)	\$12,755,769
Resultant Development Margin (based on adopted value)	15.67%

Direct Comparison and Valuation Summary

Adopted Value	\$12,500,000
\$ /sqm – Site Area	\$1,296

"M1 - NEXTDC" Data Centre - 826 to 846 Lorimer Street, Port Melbourne VIC



The Property comprises a Data Centre that was completed in August 2012 (although minimal items were still being finalised as at the date of inspection). The landlord owned items include the building "shell and core" as well as certain High Voltage (HV) areas and infrastructure. The Data Centre is advisedly targeting a "Tier 3" rating.

Improvements comprise a Gross Lettable Area of 17,354 square metres, providing approximately 6,000 square metres (6 x 1,000 square metre data halls) of technical area. Advisedly, the Property has a planned maximum IT load of approximately 12 megawatts (MW) delivering a power density of 2,000 watts per square metre of data hall area. Presently the facility is configured with infrastructure for an IT load of approximately 6MW. "As If Complete" the Data Centre has three 7.5 MVA power feeds that provide 22.5 MVA of base building power.

The Property is situated to the southern alignment of Lorimer Street, in the suburb of Port Melbourne, approximately three kilometres south-west of Melbourne's General Post Office (GPO). The Property comprises an irregular-shaped allotment with a total site area of 14,300 square metres.

Valuation

Prepared For	NEXTDC Limited
Valuation Purpose	For the pending disposal of the Property to APDC.
Date of Inspection	14 September 2012
Date of Valuation	30 September 2012
Interest Valued	100% Freehold Interest
Valuation Approaches	Capitalisation of Net Income, Discounted Cash Flow and Direct Comparison approaches
Adopted Value	\$52,000,000 (Fifty Two Million Dollars) exclusive of GST

Property Particulars

Total Gross Lettable Area	17,354 sqm
Current Vacancy (% Total GLA)	Nil
Site Area	14,300 sqm

Financial Summary

Net Passing Income	\$4,685,580	(\$270 /sqm)
Net Market Income	\$4,685,580	(\$270 /sqm)
Lease Duration	15.00 years	

Cap Approach Assumptions

Adopted Cap Rate	9.00%
Discount Rate (PV of Adjustments)	n/a
Adopted Cap Rate (Other Income)	n/a
Allowances for Expiries Occurring within	n/a
Allowances for Capex Occurring within	n/a
Value based on Capitalisation Approach	\$52,062,000

DCF Approach Assumptions

Discount Rate	10.50%
Terminal Yield	9.75%
Adopted Lease Term	15.0 years
Weighted Rental Growth (Avg. 10yr)	2.60%
CPI (Avg. 10yr)	2.60%
Value based on DCF Approach	\$51,928,000

Valuation Summary

Adopted Value	\$52,000,000
Rate/sqm of GLA	\$2,996/sqm
Equivalent Yield	9.01%
Initial Yield (Passing)	9.01%
Initial Yield (Fully Leased)	9.01%
IRR (10 yr)	10.47%

"P1 - NEXTDC" Data Centre - 101 Malaga Drive, Malaga WA 6090



The Property is an unimproved, irregular-shaped, 8,091 square metre site that is awaiting development. The Property has council approval for a three-level Data Centre that is scheduled for completion in Oct-Dec. 2013. On completion, the facility is designed to target a "Tier 3" rating and will be powered by multiple HV feeds with a secured provision of approximately 8 MVA of base building power. The landlord owned items include the building "shell and core" as well as certain High Voltage (HV) areas and infrastructure.

It is proposed that the improvements will comprise a total Gross Lettable Area of 9,603 square metres (2 data halls with a total technical space of approximately 3,000 square metres) and a planned maximum IT load of approximately 6 megawatts (MW).

The Property is situated to the eastern alignment of Malaga Drive, in the suburb of Malaga, approximately 11 kilometres north-east of Perth's General Post Office (GPO). The Property has frontage to Malaga Drive, Beringarra Avenue and Millrose Drive.

Valuation

Prepared For	NEXTDC Limited
Valuation Purpose	For the pending disposal of the Property to APDC.
Date of Inspection	12 September 2012
Date of Valuation	30 September 2012
Interest Valued	100% Freehold Interest
Valuation Approaches	
"As If Complete"	Capitalisation of Net Income, Discounted Cash Flow and Direct Comparison approaches
"As Is"	Direct Comparison and Residual Land Value approaches
Adopted Value – "As If Complete"	\$28,800,000 (Twenty Eight Million Eight Hundred Thousand Dollars) exclusive of GST
Adopted Value – "As Is"	\$5,000,000 (Five Million Dollars) exclusive of GST

Property Particulars – "As If Complete"		Financial Summary – "As If Complete"	
Total Gross Lettable Area	9,603 sqm	Net Passing Income	\$2,592,810 (\$270 /sqm)
Current Vacancy (% Total GLA)	Nil	Net Market Income	\$2,592,810 (\$270 /sqm)
Site Area	8,091 sqm	Lease Duration	15.00 years
Cap Approach Assumptions – "As If Complete"		DCF Approach Assumptions – "As If Complete"	
Adopted Cap Rate	9.00%	Discount Rate	10.50%
Discount Rate (PV of Adjustments)	n/a	Terminal Yield	9.75%
Adopted Cap Rate (Other Income)	n/a	Adopted Lease Term	15 years
Allowances for Expiries Occurring within	n/a	Weighted Rental Growth (Avg. 10yr)	2.60%
Allowances for Capex Occurring within	n/a	CPI (Avg. 10yr)	2.60%
Value based on Capitalisation Approach	\$28,809,000	Value based on DCF Approach	\$28,877,000

Valuation Summary – "As If Complete"

Adopted Value	\$28,800,000
Rate/sqm of GLA	\$2,999/sqm
Equivalent Yield	9.00%
Initial Yield (Passing)	9.00%
Initial Yield (Fully Leased)	9.00%
IRR (10 yr)	10.54%

"Land Only"

Residual Land Value Approach

Target Profit and Risk Margin	10%
Resultant Residual Value (based on 10% margin)	\$3,891,590
Resultant Development Margin (based on adopted value)	5.01%

Direct Comparison and Valuation Summary

Adopted Value	\$5,000,000
\$ /sqm – Site Area	\$618

2. Disclaimers

Jones Lang LaSalle has prepared this summary for the purposes of a NOM. Jones Lang LaSalle was involved only in the preparation of this summary and the valuation reports referred to herein and specifically disclaims liability to any person in the event of any omission from, or false or misleading statement included in the NOM, other than in respect of the valuations and this summary.

In preparing our valuation we have relied upon various financial and other information provided by NEXTDC Limited. Where possible, within the scope of our retainer and limited to our expertise as valuers, we have reviewed this information including by analysis against industry standards. Based upon that review, Jones Lang LaSalle has no reason to believe that the information is not fair and reasonable or that material facts have been withheld. However, Jones Lang LaSalle's enquiries are necessarily limited by the nature of its role and Jones Lang LaSalle does not warrant that its enquiries have identified or verified all of the matters which a full audit, extensive examination or due diligence investigation might disclose. For the purpose of our valuation assessments, we have assumed that this information is correct.

The valuations are current as at the date of valuation only. The values assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular properties). We do not accept liability for the losses arising from such subsequent changes in values. Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where the valuations are relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuations. However, it should be recognised that the 90 day reliance period does not guarantee the values for that period; they always remain valuations at the date of valuation only.

Jones Lang LaSalle confirms that it does not have a pecuniary interest that could conflict with its valuation of the properties.

Jones Lang LaSalle is not providing advice about a financial product, nor the suitability of the investment/divestment set out in the Notice of Meeting. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. Both Jones Lang LaSalle Advisory Services Pty Ltd and the valuer who is the signatory do not hold an Australian Financial Services Licence and are not operating under such a licence in providing an opinion as to the value of the properties detailed in the report.

Yours faithfully,
Jones Lang LaSalle



Fraser Bentley FAPI
Director, Head of Valuations and Advisory, Queensland

Liability limited by a scheme approved under Professional Standards Legislation.



N E X T D C

NEXTDC LIMITED

ACN 143 582 521

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



By mail:
NEXTDC Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474 **Overseas:** +61 2 8280 7454



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SHAREHOLDER VOTING FORM

I/We being a member(s) of NEXTDC Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

**the Chairman
of the Meeting
(mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the General Meeting of the Company to be held at **10:00am (Brisbane time) on Thursday, 20 December 2012, at RBS Morgans, Level 29, Riverside Centre, 123 Eagle Street, Brisbane, Queensland** and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

STEP 2

VOTING DIRECTIONS

Resolution 1

Ratification of Placement Shares

For

☐

Against

☐

Abstain*

☐

Resolution 3

Approval of Retirement Benefit to Mr Craig Scroggie

For

☐

Against

☐

Abstain*

☐

Resolution 2

Approval of issue of shares to Mr Craig Scroggie under the NEXTDC Loan Funded Share Plan

☐
☐
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Resolution 4

Approval of disposal of M1, S1 and P1 to the Asia Pacific Data Centre Trust

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i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

IMPORTANT - VOTING EXCLUSIONS

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If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Items 1, 2, 3 and 4 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of those Items and that votes cast by him/her for those Items, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 1, 2, 3 and 4 and your votes will not be counted in calculating the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 1, 2, 3 and 4.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

NXT PRX202R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Brisbane time) on Tuesday, 18 December 2012**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE > www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

NEXTDC Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

If you would like to attend and vote at the General Meeting, please bring this form with you.
This will assist in registering your attendance.