



ASX Release

23 November 2015

Capital Raising

NEXTDC Limited (ASX: NXT) ("**NEXTDC**" or the "**Company**") is pleased to announce the launch of an equity raising to fund investment in new facilities.

Highlights

- New data centre facilities planned for Brisbane (B2) and Melbourne (M2) ("**New Facilities**")
- Advanced discussions in relation to further large customer opportunities across existing data centre footprint
- NEXTDC seeking certainty of funding upfront before embarking upon the new investments to support the New Facilities and further large customer opportunities
- Notes II offer has successfully closed raising \$100 million¹
- Fully underwritten capital raising consisting of:
 - placement to institutional investors ("**Placement**") to raise \$50 million at \$2.55 per share, equivalent to the NEXTDC's last closing price on 20 November 2015
 - 1 for 6.23 accelerated non-renounceable pro rata entitlement offer ("**Entitlement Offer**") to raise \$70 million at \$2.25 per New Share ("**Offer Price**"), representing a 10.4% discount to TERP²
- NEXTDC expects that the New Facilities will generate returns in excess of the Company's cost of capital, thereby generating additional value for its shareholders over the longer term
- FY16E Guidance confirmed

New Facilities

NEXTDC continues to experience strong demand for its premium data centre services. The Company's existing facilities in Brisbane (B1) and Melbourne (M1) are now rapidly reaching capacity constraints. B1 contract utilisation reached 90% at 31 October 2015 (an increase from 79% in 30 June 2015) and M1 contract utilisation reached 77% at 31 October 2015 (an increase from 76% in 30 June 2015).

As disclosed in NEXTDC's FY15 Full Year Results announcement on 26 August 2015, the Company intends to develop two new data centre sites in Brisbane (B2) and Melbourne (M2). B2 is expected to have an initial capacity of 1MW+ with a target total capacity of approximately 6MW. M2 is expected to have an initial capacity of 2MW+ with a target total capacity of approximately 25MW. The initial investment in the New Facilities is expected to be \$175 million to \$200 million over the next 12 to 18 months.

The Company is currently undertaking due diligence on a number of new sites for each of the New Facilities and expects to commission both facilities in 2H FY17. NEXTDC intends to acquire the land and buildings associated with the New Facilities and to continue to hold the underlying property once each facility is developed. The Company's intention to hold the underlying property at the New Facilities is supported by the evolution of NEXTDC's operations, and the Company's desire to have greater control over its long term assets and improve its operating leverage. Also, the enhanced security, which ownership of the underlying property provides, is

¹ Refer to ASX Announcement dated 20 November 2015. Settlement 3 December 2015.

² The Theoretical Ex-rights Price ("TERP") is calculated by reference to NEXTDC's closing price on 20 November 2015 of \$2.55 per share, being the last trading day prior to the announcement of the Capital Raising, including all New Shares issued under the Capital Raising. TERP is a theoretical calculation only and the actual price at which NEXTDC's shares trade immediately after the ex-date of the Capital Raising will depend on many factors and may not approximate TERP.



anticipated to enable access to more flexible longer term debt funding arrangements, which ultimately is expected to lower NEXTDC's cost of capital.

Commenting on the New Facilities, Mr Scroggie, Chief Executive Officer said: *"Both B1 and M1 have proven to be highly successful facilities for the Company in a relatively short period of time. We are confident that the ongoing demand in these geographies, together with our return expectations warrants this next phase of investment in markets we know well"*.

Large customer opportunities

NEXTDC continues to experience strong demand for its premium data centre services across its national footprint. The Company is currently in advanced discussions in relation to a number of new large customer opportunities, which, if successful, will require additional capital expenditure in the coming months.

Funding and Returns

NEXTDC seeks certainty of funding before embarking upon new investments. The Capital Raising announced today will raise \$120 million.

As announced on 20 November 2015, the Company's Notes II offer has successfully closed, raising \$100 million³.

The Capital Raising and Notes II offer proceeds together with current cash reserves, undrawn secured debt facility and ongoing operating cashflow is expected to provide NEXTDC with adequate funds to complete the initial investment in the New Facilities and fund the capital requirements of the potential new large customer opportunities which are currently in advanced discussions.

NEXTDC is conscious of deploying capital to generate returns which are in excess of the Company's cost of capital. NEXTDC expects that the New Facilities will generate returns in excess of the Company's cost of capital, thereby generating additional value for its shareholders over the longer term.

Trading Update

NEXTDC's trading performance for the first four months of FY16 has been in line with expectations. Accordingly, the Company is pleased to confirm that it remains on track to achieve its FY16 revenue guidance of \$85 million to \$90 million and EBITDA guidance of \$25 million to \$28 million, with a skew towards second half earnings performance in line with the likely delivery and billing commencement of the new Leading Corporation and Federal Government customer contracts announced in June and August 2015.

Capital Raising

Today, NEXTDC announced the launch of a fully underwritten Capital Raising consisting of a Placement and Entitlement Offer.

The Placement will raise \$50 million at \$2.55 per share, equivalent to the last closing price on 20 November 2015 and a 13.3% premium to the Offer Price of \$2.25 per new share under the Entitlement Offer.

The Entitlement Offer comprises a 1 for 6.23 accelerated non-renounceable pro rata entitlement offer to raise \$70 million. The Entitlement Offer is being offered at a price of \$2.25 per new share, which represents a discount of 10.4% to the theoretical ex-rights price (TERP) being \$2.51 and an 11.8% discount to NEXTDC's last closing price of \$2.55 on 20 November 2015.

³ Funds have been committed but receipt is subject to settlement, which is subject to conditions and scheduled on 3 December 2015.



Under the Entitlement Offer, eligible shareholders are invited to subscribe for one new NEXTDC ordinary share for every 6.23 existing NEXTDC shares held at 7.00pm (Sydney time) on Thursday, 26 November 2015. Shares issued under the Entitlement Offer will be fully paid and rank equally in all respects with existing NEXTDC ordinary shares from allotment.

The Entitlement Offer comprises an institutional component (“**Institutional Entitlement Offer**”) and retail component (“**Retail Entitlement Offer**”).

The Capital Raising is fully underwritten by the Sole Lead Manager, Macquarie Capital (Australia) Limited.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from today. Eligible institutional shareholders can choose to take up all, part or none of their entitlement. Institutional entitlements cannot be traded on market.

Institutional entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold through an institutional shortfall bookbuild at the Offer Price today.

Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Friday, 27 November 2015 and close at 5.00pm (Sydney time) on Friday, 11 December 2015.

Further details about the Retail Entitlement Offer will be set out in a retail offer booklet (“Information Booklet”), which NEXTDC expects to lodge with the ASX on Tuesday, 24 November 2015, in advance of the dispatch date (as detailed further below). For Eligible Retail Shareholders who wish to take up all or part of their Entitlement, payment must be made via BPAY® or by cheque by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment is due by no later than 5.00pm (Sydney time) on 11 December 2015. The Information Booklet and accompanying Entitlement and Acceptance Form are expected to be dispatched on Monday, 30 November 2015.

Indicative Capital Raising Timetable

Event	Date
Trading halt and announcement	Monday, 23 November 2015
Placement and Institutional Entitlement Offer bookbuild	Monday, 23 November 2015
Trading halt lifted – shares recommence trading on an “ex-entitlement” basis	Tuesday, 24 November 2015
Record date for determining entitlement to subscribe for New Shares	Thursday, 26 November 2015
Retail Entitlement Offer opens	Friday, 27 November 2015
Retail Offer Booklet dispatched	Monday, 30 November 2015
Settlement of Institutional Entitlement Offer and Placement	Friday, 4 December 2015
Allotment and normal trading of New Shares under the Institutional Entitlement Offer and Placement	Monday, 7 December 2015



Retail Entitlement Offer closes	Friday, 11 December 2015
Allotment of New Shares under the Retail Entitlement Offer	Monday, 21 December 2015
Dispatch of holding statements and normal trading of New Shares issued under the Retail Entitlement Offer	Tuesday, 22 December 2015

The above timetable is indicative only. NEXTDC and the Sole Lead Manager reserve the right to amend any or all of these dates at their absolute discretion, subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and any other applicable laws. The quotation of New Shares is subject to confirmation from the ASX. All references to time in this announcement are to Sydney time.

Further information in relation to the Entitlement Offer will be set out in a Capital Raising presentation released today to ASX by NEXTDC.

If you believe that you are an Eligible Retail Shareholder and you do not receive a copy of the Information Booklet or your personalised Entitlement and Acceptance Form, you can call the NEXTDC Offer Information Line on 1300 366 176 (within Australia) or +61 1300 366 176 (outside Australia) from 8.30am to 5.30pm Monday to Friday until Friday, 11 December 2015, when the Retail Entitlement Offer closes.

ENDS

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Important Notice

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This release does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of New Shares in any jurisdiction outside Australia. In particular, neither the Entitlement Offer nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of persons in the United States unless they are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Certain statements made in this release are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates and projections about the industry in which the Company operates, and beliefs and assumptions. Forward looking statements can generally be identified by the use of forward looking words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'will', 'could', 'may', 'target', 'plan' and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include statements regarding outcome and effects of the equity raising. Indications of, and guidance or outlook on future earnings, distributions or financial position or performance are also forward looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of the Company, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this release. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

The forward-looking statements made in this release relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.



About NEXTDC

NEXTDC is an ASX300-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 national network of UTI Tier III-certified facilities, NEXTDC provides enterprise-class colocation services across the country, facilitating hybrid cloud deployments by offering direct connections to their partner community: Australia's largest independent network of carriers, cloud and IT service providers.

NEXTDC's subsidiaries include AXON Systems, which offers AXONVX, a virtual exchange delivering secure, elastic connections via a dynamic, high-speed switching fabric; and ONEDC Software, developer of the ONEDC® cloud-platform for data centre infrastructure management.

NEXTDC is *where the cloud lives*®.

To learn more, visit www.nextdc.com