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ASX Release

6 September 2016

Rising utilisation sees NEXTDC announce Capital Raising for second Sydney data centre

NEXTDC Limited (**ASX: NXT**) ("**NEXTDC**" or "**the Company**") is pleased to provide a contracted utilisation update in relation to its Sydney ("**S1**") facility as well as the launch of an equity raising to fund investment in a second Sydney data centre ("**S2**").

Highlights

- › As a result of entering into an additional contract for the provision of data centre services to a major international customer for additional capacity of approximately 1.5MW ("**the Customer**"), S1's pro forma contracted utilisation has increased to 82%¹ (from 71% at 30 June 2016)
- › New S2 data centre facility planned for Sydney on the back of this strong take up of capacity at S1
- › Given ongoing spend across existing facilities as well as the new facilities in Brisbane ("**B2**") and Melbourne ("**M2**"), NEXTDC is seeking certainty of funding before embarking on the new S2 investment
- › Fully underwritten capital raising comprising of:
 - Placement to institutional investors ("**Placement**") to raise approximately \$50 million at \$4.06 per share, equivalent to TERP² and an 8.6% premium to the Offer Price of \$3.74 per new share under the Entitlement Offer
 - 1 for 9.1 accelerated non-renounceable pro rata entitlement offer ("**Entitlement Offer**") to raise approximately \$100 million at \$3.74 per new share ("**Offer Price**"), representing an 8.0% discount to TERP²(together the Placement and Entitlement Offer is the "**Capital Raising**")
- › NEXTDC expects that the S2 facility will generate returns in excess of the Company's cost of capital, thereby generating additional value for shareholders over the longer term

New data centre facility in Sydney

NEXTDC continues to experience strong demand for its premium data centre services, with the Company's existing S1 Sydney facility currently nearing capacity constraints on the back of an

¹ Represents 30 June 2016 contracted utilisation of 71% adjusted for a subsequent contract signed with the Customer.

² The Theoretical Ex-rights Price ("**TERP**") is calculated by reference to NEXTDC's closing price on 2 September 2016 of \$4.10 per share, being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price of NEXTDC's shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not approximate TERP.



approximate 1.5MW order from the Customer, resulting in S1's pro forma contracted utilisation increasing to 82%³. This new contract is with the same Customer with which the Company announced an initial contract on 11 December 2014 and exhausts its rights of first refusal relating to the S1 facility.

Accordingly, NEXTDC today announced its decision to develop a new data centre facility in Sydney with an expected target capacity of approximately 30MW. The Company is currently undertaking due diligence on several potential sites and expects practical completion of S2 in 1H FY18.

Consistent with its strategy at B2 and M2, NEXTDC intends to hold the underlying property at S2 once the facility is developed. Holding the underlying property at these facilities increases NEXTDC's control over the assets and is consistent with the increasing scale and strengthening operating leverage of the Company's operations. Ownership of the underlying property is also anticipated to provide access to more flexible, longer-term debt funding arrangements, which ultimately is expected to lower NEXTDC's cost of capital.

Commenting on S2, Chief Executive Officer, Mr Scroggie said:

"S1 has proven to be highly successful for the Company in a relatively short timeframe. We are confident that the demand in Sydney, together with our return expectations, warrants the next phase of investment."

Capital raising

In order to fund S2, NEXTDC today also announced the launch of a fully underwritten Capital Raising consisting of a Placement and Entitlement Offer.

The Placement will raise approximately \$50 million at \$4.06 per share, equivalent to the theoretical ex-rights price ("TERP"), and an 8.6% premium to the Offer Price of \$3.74 per new share under the Entitlement Offer.

The Entitlement Offer comprises a 1 for 9.1 accelerated non-renounceable pro rata entitlement offer to raise approximately \$100 million. The Entitlement Offer is being offered at a price of \$3.74 per new share, which represents a discount of 8.0% to TERP being \$4.06 and an 8.8% discount to NEXTDC's last closing price of \$4.10 on 2 September 2016.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for one new NEXTDC ordinary share for every 9.1 existing NEXTDC shares held at 7.00pm (Sydney time) on 8 September

³ Represents 30 June 2016 contracted utilisation of 71% adjusted for a subsequent contract signed with the Customer.



2016. 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 and Bookrunner, Citigroup Global Markets Australia Pty Limited.

Use of funds

The Company intends to use the proceeds from the Capital Raising to fund the acquisition of land and the associated development of S2 as well as other general corporate purposes. In total, NEXTDC intends to invest between \$140 million to \$150 million in the development of S2 across FY17 and FY18, of which \$60 million to \$100 million is expected to be spent in FY17.

Additional Information on the Entitlement Offer

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which will take place today, 6 September 2016. Eligible institutional shareholders can choose to take up all, part or none of their entitlements. 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 on 7 September 2016.

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 at 10:00am (Sydney time) on 12 September 2016 and close at 5:00pm (Sydney time) on 26 September 2016.

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 8 September 2016, in advance of dispatch (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 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 26 September 2016. The Information Booklet and accompanying Entitlement and Acceptance Form are expected to be despatched on 12 September 2016.

Indicative Entitlement Offer timetable

Event	Date
Trading halt and announcement of capital raising	8:30am, Tuesday 6 September 2016
Placement and Institutional Entitlement Offer opens	10:00am, Tuesday 6 September 2016
Placement and Institutional Entitlement Offer closes	12:00pm, Wednesday 7 September 2016
Trading halt lifted – shares recommence trading on an “ex-entitlement” basis	Thursday 8 September 2016
Record date for determining entitlement to subscribe for new shares	7:00pm, Thursday 8 September 2016
Retail Entitlement Offer opens	10:00am, Monday 12 September 2016
Retail Offer Booklet despatched	Monday 12 September 2016
Settlement of Placement and Institutional Entitlement Offer	11:30am, Wednesday 14 September 2016
Allotment and normal trading of new shares under the Institutional Entitlement Offer	Thursday 15 September 2016
Retail Entitlement Offer closes	5:00pm, Monday 26 September 2016
Settlement of Retail Entitlement Offer	11:30am, Friday 30 September 2016
Allotment of new shares under the Retail Entitlement Offer	Monday 3 October 2016
Dispatch of holding statements and normal trading of new shares issued under the Retail Entitlement Offer	Tuesday 4 October 2016

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



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Offer Information Line on 1800 502 914 (within Australia) or +61 1800 502 914 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday until 26 September 2016 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.

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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 capital 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.



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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 nationwide network of Tier III 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 the award-winning virtual connectivity platform, AXONVX™ – delivering rapid, secure connections to cloud services on-demand.

NEXTDC's Cloud Centre marketplace hosts the country's largest independent ecosystem of carriers, cloud and IT service providers, enabling their customers to source and connect with suppliers, partners and customers and build integrated hybrid cloud deployments.

NEXTDC is *where the cloud lives*®.

To learn more, visit www.nextdc.com