Asia Pacific Data Centre

Prospectus & Product Disclosure Statement

In relation to an offer of 88.55 million partly paid Securities, each comprising one unit in the Asia Pacific Data Centre Trust ARSN 161 049 556 and one share in Asia Pacific Data Centre Holdings Limited ACN 159 621 735.

RBS Morgans

EVANS & PARTNERS

Joint Lead Managers & Underwriters

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Important Information

This document is important and should be read in its entirety.

Offer document

This Offer Document is issued by APDC and relates to an offer of stapled securities in APDC. APDC comprises:

- the Asia Pacific Data Centre Trust ARSN 161 049 556 **(APDC Property Trust)**, the responsible entity of which is Asia Pacific Data Centre Limited ACN 159 624 585 **(APDC Limited)**; and
- Asia Pacific Data Centre Holdings Limited ACN 159 621 735 **(APDC Holdings)**.

See Section 2.7 for further details.

Product disclosure statement

To the extent that this document relates to an offer of Units in the APDC Property Trust, it is a product disclosure statement, issued by APDC Limited under Part 7.9 of the Corporations Act.

Prospectus

To the extent that this document relates to an offer of Shares in APDC Holdings, it is a prospectus, issued by APDC Holdings under Chapter 6D of the Corporations Act.

Partly paid stapled securities

The Offer is for partly paid stapled securities, each comprising one Unit in the APDC Property Trust and one Share in APDC Holdings (collectively known as a **Security**). The Issue Price per Security is $1.00. This Issue Price is payable in an initial instalment of $0.61 and a final instalment of $0.39. See Section 2.8 for further details.

Other representations not authorised

No person is authorised to provide any information or to make any representation in connection with the Offer, which is not contained in this Offer Document. No such information or representation may be relied on as having been authorised by APDC.

Note to Investors

This Offer Document does not provide investment advice. You should seek your own financial advice. The Offer contained in this Offer Document does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Offer Document carefully and in full before deciding to invest in Securities. In particular, in considering the prospects of APDC, you should consider the risk factors that could affect the financial performance of APDC and the Instalment Program in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding to invest.

Section 10 outlines some significant risk factors that may impact on the prospects of APDC. Further, any number of known and unknown risks, uncertainties and other factors could have material adverse effects on the actual results, performance or achievements of APDC. Section 7.3 details the assumptions underlying the Financial Information.

Disclaimer

No person named in this Offer Document, nor any other person, guarantees the performance of APDC, the repayment of capital or the payment of a return on the Securities. No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied on as having been authorised by APDC or the Directors.

This Offer Document contains forward looking statements, which are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words that involve risks and uncertainties. In addition, financial forecasts have been prepared and included in this Offer Document in Section 7.

Any forward looking statements are subject to various risk factors that could cause APDC’s actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, risk factors as set out in Section 10, general and specific assumptions and sensitivity analysis set out in Section 7.3 and other information in the Offer Document.

Other than as set out in this Offer Document, and as otherwise required by law or the Listing Rules, APDC has no intention to update forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document.

Investments in the Securities are not deposits with, or liabilities of, APDC and they are subject to investment risk, including possible delays in repayment and loss of income and capital invested. APDC does not guarantee any particular rate of return on the Securities or the performance of APDC, nor does it guarantee any repayment of capital from APDC.

No cooling off rights

There are no cooling off rights associated with an application to invest in Securities. This means that, in most circumstances, you cannot withdraw your Application once it has been made.

Lodgement and listing

This Offer Document is dated 3 December 2012 and was lodged with ASIC on that date in accordance with sections 727 and 1015B of the Corporations Act. ASIC and ASX take no responsibility for the content of this Offer Document. An application will be made to ASX not later than 7 days after the date of this Offer Document for APDC to be admitted to the Official List and for official quotation of the Securities on ASX. The fact that ASX may admit APDC to the Official List and grant quotation of the Securities is not to be taken as an indication of the merits of APDC or any investment in Securities.

Exposure period

The Corporations Act prohibits APDC from processing Applications in the seven day period after the date of lodgement of this Offer Document **(Exposure Period)**. This period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Offer Document to be examined by market participants before the sale of Securities. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Expiry date

This Offer Document expires on 29 December 2013, 13 months after the date of this Offer Document. No Securities will be issued on the basis of this Offer Document after that date.

No overseas registration

This Offer Document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Securities or the Offer, or to otherwise permit a public offering of Securities, in any jurisdiction outside Australia and New Zealand. The distribution of this Offer Document (including in electronic form) outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Document outside Australia or New Zealand should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the applicable securities laws.

In particular, the Securities have not been, and will not be, registered under the US Securities Act 1933 **(US Securities Act)**, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act) unless the Securities are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act is available.

Information for New Zealand Investors

The Offer to New Zealand Investors is a regulated offer made under Australian and New Zealand law. In Australia, this Offer is regulated by Chapter 8 of the Corporations Act and its Regulations[1].

In New Zealand, this Offer is regulated by Part 5 of the Securities Act 1978 (NZ) and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008 (NZ).

This Offer and the content of this Offer Document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and its Regulations (Australia) set out how the Offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer.

If you need to make a complaint about this Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are not certain whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

If the Securities are able to be traded on a securities market and you wish to trade the Securities through that market, you will have to make arrangements for a participant in that market to sell the Securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the Securities and trading may differ from securities markets that operate in New Zealand.

This Offer may involve a currency exchange risk. The currency for the Securities is not New Zealand dollars. The value of the Securities will go up or down according to changes in the exchange rate between Australian dollars and New Zealand dollars. These changes may be significant. If you expect the Securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

1. The Offer Document is prepared under Chapter 6D and Part 7.9 of the Corporations Act.

Important Information (continued)

Electronic Offer Document

An electronic version of this Offer Document appears at the following website: **asiapacificdc.com**

The Offer made under this Offer Document when in electronic form is available only to persons receiving this Offer Document in electronic form within Australia and New Zealand. Persons having received an electronic copy of this Offer Document may, during the Offer Period, obtain a paper copy of this Offer Document (free of charge within Australia) by contacting the Underwriters whose details are contained in the Corporate Directory. Applications for Securities may only be made on the Application Form attached to or accompanying this Offer Document. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of the Offer Document or a complete and unaltered electronic copy of this Offer Document.

Changes to information

Information contained in this Offer Document may change. If a change occurs that will be materially adverse to the Offer, then in accordance with the Corporations Act, APDC Limited and APDC Holdings will issue a supplementary or replacement Offer Document. However, if a change occurs that will not be materially adverse to the Offer, then APDC Limited and APDC Holdings may not issue a supplementary or replacement Offer Document. Changes in information relating to the Securities that is not materially adverse to Securityholders will be updated and made available online at asiapacificdc.com

APDC Limited and APDC Holdings will jointly provide you with a paper copy of any updated information free of charge.

Definitions and abbreviations

Defined terms and abbreviations used in this Offer Document have the meanings detailed in the Glossary in Section 16.

Currency

All financial amounts in this Offer Document are expressed in Australian currency, unless otherwise stated.

Photographs

Photographs used in this Offer Document which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Offer Document or its contents, or that the fit out, equipment or other assets shown in them are owned by APDC.

Privacy

By filling out an Application Form to apply for Securities, you are providing personal information to APDC through the Registry. APDC and the Registry, collect, hold and use that personal information in order to process your Application. APDC may also collect, hold and use that personal information in order to service your needs as a Securityholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, APDC and the Registry may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by APDC which it considers may be of interest to you.

Your personal information may also be provided to APDC's agents and service providers on the basis that they deal with such information in accordance with their respective privacy policies. These agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Underwriters in order to assess your Application;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing APDC's Securityholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Securities and for associated actions.

You may request access to your personal information held by or on behalf of APDC. You may be required to pay a reasonable charge to the Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Registry as follows:

Link Market Services Limited
ABN 54 083 214 537
Level 12, 680 George Street
Sydney NSW 2000
Phone: +61 2 8280 7731
Fax: +61 2 9287 0303
Email: privacy.offices@linkmarketservices.com.au

If any of your information is not correct or has changed, you may require it to be corrected.

Questions

If you have any questions about the Offer or how to complete the Application Form, you should contact the APDC Company Secretary on info@asiapacificdc.com or +61 2 8072 4916 or alternatively contact your stockbroker, accountant or financial adviser.

Key Offer Information

Offer Details

Initial Instalment[1]	$0.61
Final Instalment[1]	$0.39
Issue Price[1]	$1.00
Securities available under the Offer	88.55 million
Securities held by NEXTDC upon completion of the Offer	26.45 million
Total Securities on issue after the Offer	115 million
Market capitalisation based on Initial Instalment	$70.15 million
Market capitalisation at the Issue Price	$115 million
Forecast annualised distribution yield[2]	9.0%
NTA per Security[3]	$1.017
Bank Debt[4]	Nil

1. The Issue Price of $1.00 per Security is payable in two instalments - an Initial Instalment of $0.61 per Security payable on Application and Final Instalment of $0.39 per Security payable on 15 May 2013. The Final Instalment may be deferred by up to 6 months at APDC's discretion.
2. Including distributions of amounts from APDC's pre-IPO capital. Further details are in Section 7.3.3.
3. Following payment of the Final Instalment.
4. APDC has a loan facility with NEXTDC to fund the Responsible Entity net tangible assets requirement (pursuant to APDC Limited's AFSL), which at the date of this document is approximately $750,000. Further details are in Section 2.6.

Key Dates

Offer Document Date	Monday 3 December 2012
Offer Opening Date	Monday 10 December 2012
Offer Closing Date	Thursday 20 December 2012
NEXTDC general meeting	Thursday 20 December 2012
Issue Date	Monday 31 December 2012
Expected Despatch of Securityholder Statements	Wednesday 2 January 2013
Securities expected to begin trading on ASX	Monday 7 January 2013
Expected last day to trade Securities on a Final Instalment unpaid basis	Tuesday 30 April 2013
Expected Final Instalment Payment Date	Wednesday 15 May 2013

These dates are indicative only. APDC in consultation with the Underwriters, reserves the right to alter the timetable, including bringing forward or extending the Closing Date or accepting late Applications either generally or in particular cases.

No Application will be accepted by APDC until after the Exposure Period has expired and no preference will be conferred on Applications received during the Exposure Period.

Chairman's Letter

3 December 2012

Dear Investor

I am pleased to offer you the opportunity to invest in Australia's first listed data centre real estate investment trust (REIT), APDC.

APDC is a REIT that has been established to own properties (land and buildings) that are operated or being developed as data centres.

APDC has contracted to acquire the Initial Portfolio which consists of three data centre properties located in Melbourne (M1), Sydney (S1) and Perth (P1) (Initial Portfolio) from NEXTDC Limited (NEXTDC) at valuations assessed by an independent valuer.

NEXTDC is a leading developer and operator of data centres in Australia and will be APDC's largest initial Securityholder with a holding of approximately 23% when APDC lists on the ASX.

The sale of the properties comprising the Initial Portfolio is subject to approval by the shareholders of NEXTDC.

If approved, the acquisition of the Initial Portfolio will take place over three stages:

- Stage 1: acquisition of M1 (land and building), S1 (land) and P1 (land) following completion of the Offer;
- Stage 2: payment for S1 building on S1 Completion Date[1]; and
- Stage 3: payment for P1 building on P1 Completion Date[2].

The Initial Portfolio will be acquired from NEXTDC by way of sale and leaseback. APDC has also entered into a strategic alliance with NEXTDC, which should assist APDC's future growth.

APDC provides investors with:

- a ground-floor opportunity to invest in Australia's first listed data centre real estate investment trust;
- exposure to a geographically diverse portfolio of data centres in three Australian capital cities;
- a forecast annualised distribution yield of 9.0%[3] for the Forecast Period based on long-term triple-net leases pursuant to which all maintenance, taxes, insurance and outgoings will be paid by NEXTDC as the property tenant and annual rental increases linked to CPI with market reviews every 5 years;
- approximately 25% of the forecast Distributions are expected to be tax-deferred; and
- investment liquidity provided by listing on ASX.

The costs associated with the establishment of APDC and the Offer will be met by NEXTDC.

Investors should note that the Securities offered under this Offer Document will be partly paid to $0.61 of their total issue price of $1.00 at the Issue Date. There is a further $0.39 payable per Security around 15 May 2013.

This Offer Document contains information about APDC and the Offer. You should read the Offer Document carefully before deciding whether to invest in APDC. In particular, you should consider your likely capacity to fund the Final Instalment around the time of the Final Instalment Payment Date and the risk factors set out in Section 10 before deciding whether to apply.

If after reading the Offer Document you have any questions about the Offer, please contact the Company Secretary on info@asiapacificdc.com or +61 2 8072 4916 or contact your stockbroker, solicitor, accountant or other independent professional adviser.

On behalf of the directors, I invite you to consider this opportunity.

Yours sincerely

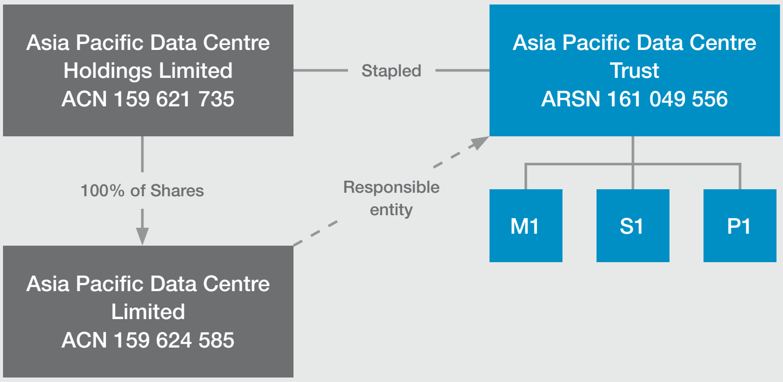
Ian Fraser
Chairman
Asia Pacific Data Centre

1. NEXTDC will fund the construction of S1 through to practical completion of the S1 building contract, at which time APDC will pay NEXTDC the S1 Development Fee using the proceeds of the Final Instalment.
2. NEXTDC will fund the construction of P1 through to practical completion of the P1 building contract.
3. The Forecast distribution includes a return of pre-IPO capital, refer to section 7.3.3.

Investment Overview

1

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What is APDC?</td><td>APDC has been established to be an independent and internally managed real estate investment trust (REIT) owning a portfolio of data centre assets in the Asia Pacific region.



</td><td>Section 2</td></tr>
<tr><td>How will APDC generate income?</td><td>APDC's income will initially be primarily derived from leasing its data centre properties to NEXTDC. The leases are for 15 year terms with additional option periods totalling a further 25 years.

Rental income under the leases is scheduled to be adjusted each year by CPI with market reviews every 5 years. The rent following a CPI increase or market rent review will not exceed 110% of the preceding year's rent amount and will not be below the preceding year's rent.</td><td>Section 2.4</td></tr>
<tr><td>Who is the tenant?</td><td>The tenant under the Leases is NEXTDC. NEXTDC is an ASX listed, S&P/ASX 300 company with a market capitalisation of approximately $344 million. As at 30 September 2012, NEXTDC had total cash and deposits at call of $40.7 million and no debt. The transactions described in this Offer Document are expected to provide NEXTDC with additional cash of $111.71 million. NEXTDC is generating revenue from its B1, M1 and C1 facilities but NEXTDC is not yet profitable.</td><td>Section 4</td></tr>
<tr><td>What is the forecast distribution?</td><td>The forecast annualised Distribution per Security during the Forecast Period is 9.0% per annum (based on the instalments paid under the Instalment Program). The forecast Distributions during the Forecast Period include a component funded by pre-IPO capital.

Approximately 25% of the forecast Distributions are expected to be tax deferred. The tax deferred component primarily arises due to the availability of tax depreciation and capital works deductions and/or return of pre-IPO capital.

Investors should note that the forecast annualised Distribution yield may not be reflective of APDC's future cash distributions beyond the Forecast Period. In particular, the ability of APDC to maintain or grow the level of distribution on its Securities is likely to be influenced by a number of factors including but not limited to the level of operating costs, changes in CPI, the cost of funding required to meet APDC's obligation to fund the P1 Development Fee, the level of gearing in APDC and the terms on which APDC may undertake future acquisitions.

Further, the Directors' Forecast does not include the impact of the payment of the P1 Development Fee. The P1 base building has been excluded from the Forecast Financial Information because the timing of completion of P1 is not adequately certain.</td><td>Sections 2.5 and 7</td></tr>
</table>

Topic	Summary	For more information
What are the main risks associated with an investment in APDC? Note: Investors should consider all of the risks set out in Section 10 before deciding whether or not to apply for Securities.	**Tenant risk –** APDC's ability to deliver distributions is inherently linked to the ability of its tenants to make payment of rental income. APDC's sole initial tenant is NEXTDC and risks to NEXTDC's ability to pay rent include its solvency, data centre utilisation, receipts from its customers, its reliance on its key personnel and infrastructure or technology failure. APDC does not have the benefit of a bank guarantee from NEXTDC. **Sale Contracts –** Sale of the Initial Portfolio is subject to the approval of NEXTDC's shareholders which may not be obtained as expected. A general meeting of NEXTDC Shareholders will be held on 20 December 2012 to vote on this resolution. In the event that the resolution is not approved, all Application Monies will be refunded. Further, APDC may become aware of an unexpected defect or risk following completion of the Sale Contracts. There is a risk that such a defect may result in costs or losses to APDC that would impact its profitability. **Market risk –** APDC will own a number of real estate assets operating as data centres which exposes it to real estate fundamental risks including changes in market conditions, changes in interest rates, changes in government laws and potential capital improvements costs in the future. **Final Instalment risk –** Securityholders will be required to pay the Final Instalment which APDC intends to use to pay the S1 Development Fee (which will enable APDC to begin charging NEXTDC a higher rent amount for S1). If APDC does not receive the full amount of each Securityholder's Final Instalment as scheduled this may impact APDC's capital position and payment obligations to NEXTDC (subject to the underwriting). Securityholders who do not pay when due may incur charges on overdue Final Instalments. **Payment of forecast Distributions –** Payment of Distributions is at the discretion of the Directors and the forecast annual distribution yield is subject to a number of assumptions including operating costs, changes in CPI, funding costs, and APDC's gearing. There is no guarantee Distributions will be paid. **Exclusivity risk –** APDC and NEXTDC have granted each other rights. Where those rights have been granted by APDC, there is a risk that NEXTDC may enforce those rights in a manner that may impact APDC's profitability. Where those rights have been granted to APDC, there is a risk that NEXTDC may cease to provide APDC the benefit of those rights after the contractual period lapses. **Utilities risk –** APDC and the tenants of properties in its Portfolio are reliant on a continuous and stable supply of utilities (including electricity and water) to the data centres. If any supply of a key utility is discontinued, this may increase the likelihood that a customer refuses to pay the tenant, and the tenant refuses to or is unable to pay APDC. This may impact APDC's profitability. This risk in not within APDC's control as NEXTDC takes responsibility for the supply of the utilities under the Development Agreements and the Leases. **Design and construction risks –** Construction of S1 or P1 could be delayed for any number of reasons, including contractor failure, flooding or acts of God, authorisation or environmental issues or industrial action. APDC cannot charge full rent on the building component of S1 and P1 until practical completion is achieved. Further, NEXTDC is not obliged to pay any penalty for delay to completion of S1 or P1. **Financial leverage –** As a result of the obligation for Investors to pay the Final Instalment, percentage movements in the price of the Securities while partly paid are likely to be greater than such percentage movements for the period after the Securities are fully paid. As a result of the commitment to pay the P1 Development Fee, percentage movements in the price of Securities (whether partly paid or fully paid) are likely to be greater than would be the case if such a commitment did not exist. Investors should be mindful that financial leverage can magnify losses. Other risks include contamination risk, risks relating to the contractual allocation of risk, risk relating to authorisations and permits, future development risks, capital expenditure risk, contractor insolvency risk, financial leverage, technology risk, competition risk, a lack of industry diversification, CPI risk, reliance of management expertise and financial information and forecasts risk.	Section 10

Topic	Summary	For more information
What are the assets APDC will hold following listing on ASX?	APDC has contracted to acquire three data centre properties from NEXTDC and will lease those properties back to NEXTDC under long-term leases (subject to NEXTDC shareholders approving the sale of the Initial Portfolio at a general meeting scheduled to be held on 20 December 2012). These properties are: – M1 – a *17,354*m² facility in Melbourne which opened in July 2012; – S1 – a planned *19,467*m² facility in Sydney, under construction with practical completion of the base building scheduled for May 2013; and – P1 – a planned *9,603*m² facility in Perth, shortly to start construction with practical completion of the base building scheduled for November 2013. In addition, APDC will have $3.4 million cash at bank. APDC will not own all of the building infrastructure and fit-out.	Section 3
What is the value of the Initial Portfolio?	The Initial Portfolio has been independently valued by Jones Lang LaSalle at: • $69,500,000 million on an "as is" basis as at 30 September 2012; and • $138,800,000 million following practical completion of the base building of S1 and P1.	Section 15
Why has APDC agreed to buy S1 and P1 if they have not yet been built?	This transaction provides APDC with the opportunity to secure two new data centre assets anchored by a S&P/ASX 300 tenant on a long term lease. Ownership of S1 and P1 provides APDC with scale and geographical diversity of operations.	Section 3
How will APDC pay for S1?	Subject to successful completion of the Offer, APDC is forecast to pay $12.5 million to NEXTDC as the purchase price under the S1 Sale Contract. APDC will then pay the S1 Development Fee of $45.5 million around the S1 Completion Date, expected to be 15 May 2013. The S1 Development Fee will be funded by the Final Instalment. The S1 Development Fee is capped. NEXTDC will not be liable for APDC's losses caused by an extension of the practical completion date or by any failure to achieve practical completion by the estimated date.	Section 11.1
How will APDC pay for P1?	Subject to successful completion of the Offer, APDC is forecast to pay $5.0 million to NEXTDC as the purchase price under the P1 Sale Contract. APDC will then pay the $23.8 million P1 Development Fee around the P1 Completion Date, expected to be in November 2013[1]. Payment of the P1 Development Fee may be funded by APDC through the issue of debt, equity or Convertible Notes. The P1 Development Fee is capped. NEXTDC will not be liable for APDC's losses caused by an extension of the practical completion date or by any failure to achieve practical completion by the estimated date.	Section 11.1
What are the Convertible Notes?	APDC expects to be able to obtain a bank facility to fund the P1 Development Fee. For the purposes of providing funding certainty to APDC, NEXTDC has granted APDC the right to issue convertible notes to NEXTDC in satisfaction of the P1 Development Fee. The Convertible Notes are convertible to Securities in certain circumstances. However, under the terms of the Convertible Notes, NEXTDC and its associates are not permitted to convert the Convertible Notes to Securities (but can transfer the Convertible Notes to a third party).	Section 11.2

1. The Forecast Financial Information does not include the impact of payment of the P1 Development Fee because timing of completion of the P1 base building is not adequately certain.

Topic	Summary	For more information
Who are the Directors of APDC?	• **Mr Ian Fraser** (Independent Non-Executive Chairman) – a Chartered Accountant with more than 45 years business and accounting experience. Substantial board and corporate advisory experience. • **Ms Francina Turner** (Executive Director, CEO & Company Secretary) – more than 15 years experience in funds management, real estate, specialised assets and risk management. • **Mr Chris Breach** (Independent Non-Executive Director) – more than 35 years experience in funds management and property valuations across Australia, NZ, UK and USA. • **Mr John Wright** (Independent Non-Executive Director) – more than 35 years experience in accounting and real estate funds management. • **Mr Greg Baynton** (Non-Executive Director) – 15 years experience in public companies, founder and managing director of Orbit Capital, a current director of NEXTDC and a former director of PIPE Networks.	Section 6.1
What is the relationship between APDC and NEXTDC?	NEXTDC is selling the Initial Portfolio to APDC (subject to NEXTDC receiving shareholder approval). NEXTDC will hold approximately 23% of the issued capital of APDC upon completion of the Offer.[2] NEXTDC is the sole tenant of the properties in the Initial Portfolio under the Leases. NEXTDC has provided APDC with its pre-IPO capital of $2.0 million prior to this Offer. The relationship between the parties is governed by various commercial agreements under which APDC and NEXTDC grant each other certain rights.	Sections 2.3, 11.1 and 11.6
What are the rights in favour of APDC?	During the 3-year Alliance Period, NEXTDC may not, without the approval of APDC, offer to a third party any rights to develop or own a data centre without first offering those rights to APDC.	Section 11.1
What rights are in favour of NEXTDC?	If APDC wishes to sell any of the properties in the Initial Portfolio while NEXTDC remains tenant of the Initial Portfolio under the Leases, it must first offer the property to NEXTDC on terms on which APDC would be willing to sell the property to a third party. The rights in favour of NEXTDC during the 3-year Alliance Period are: • APDC grants to NEXTDC a first right of refusal to lease any data centres that APDC acquires, develops or establishes during the Alliance Period **(Lease Rights)**. • APDC also grants NEXTDC a first right of refusal in respect of any ownership, use, occupancy, operation, development fund finance or management rights that APDC has in a data centre. The offer to NEXTDC must be for an initial rent or consideration equal to the lesser of the market value or the consideration a third party is prepared to accept, and must otherwise be on the same terms and conditions as APDC is prepared to accept from a third party **(Operation Rights)**. • If, during the Alliance Period, APDC is unable to offer NEXTDC the Lease Rights or the Operation Rights due to pre-existing tenant arrangements, APDC can only acquire an interest in that data centre with NEXTDC's prior written consent. • NEXTDC has certain rights to attempt to ensure that APDC pays no more than market value on data centre acquisitions. • APDC may not sell assets or land to a NEXTDC competitor or build, develop, acquire an interest or management rights in land or a data centre without NEXTDC's prior approval. The rights above apply to any data centre or land in Australia or the Asia Pacific region.	Section 11.1

2. In addition, Bevan Slattery, a NEXTDC director, has advised that he, or entities he controls, intend to participate in the Offer. See Section 12.8 for more detail.

Topic	Summary	For more information
What is the Offer?	An Offer of approximately 88.55 million Securities to raise approximately $88.55 million through a General Offer, a Broker Firm Retail Offer and an Institutional Offer. Following completion of the Offer, there will be 115 million Securities on issue. The Offer is conditional on NEXTDC shareholders approving the sale of the Initial Portfolio at a general meeting to be held on 20 December 2012.	Sections 2 and 13
What is the Issue Price and how will it be paid by Investors?	The Issue Price is $1.00 per Security, to be paid in two instalments: – an initial instalment of $0.61 per Security to be paid by Investors when returning an Application **(Initial Instalment)** – a final instalment of $0.39 per Security to be paid on the Final Instalment Payment Date by Securityholders **(Final Instalment)** Securityholders are obliged to pay the Final Instalment irrespective of the price at which the Securities are trading. The expected last date to trade Securities on a Final Instalment unpaid basis is expected to be 30 April 2013. In the event the Directors of APDC believe the completion of the S1 building is likely to be delayed, the Directors of APDC may postpone the Final Instalment Payment Date by up to 6 months (provided at least 2 months' notice is given). The Initial Instalment and Final Instalment are both fully underwritten subject to the terms of the Underwriting Agreement.	Sections 2.8, 11.7 and 12
How will APDC use the proceeds of the Offer?	The proceeds from the Initial Instalment under the Offer, together with the Securities issued to NEXTDC under the Subscription Agreement, will be used to pay for the acquisition of M1 land and buildings and S1 and P1 land. The proceeds from the Final Instalment will be used to pay the S1 Development Fee to acquire the S1 base building. Costs associated with the establishment of APDC and the Offer and fees associated with the acquisition of the Initial Portfolio, will be paid by NEXTDC.	Sections 2.1 and 7.3
What are the consequences of not meeting my obligations under the Instalment Program?	The consequences of a Securityholder not meeting his or her obligations under the Instalment Program may include suspension of voting rights and entitlements to distributions, or forfeiture of the subject Securities. In certain circumstances, APDC may sell the Securities of Securityholders who have not paid the Final Instalment. You will be liable for interest, costs and expenses incurred by APDC as a result of your default. It is important that Investors understand these potential consequences before applying for Securities under this Offer. Subject to the terms of the Unerwriting Agreement RBS Morgans will acquire any forfeited Securities that cannot be sold.	Section 2.9

APDC has been established to provide investors with a stable, secure income via quarterly distributions of cash flows and the potential for capital growth by investing in assets in a high growth and developing industry.

M1 secure entrances.

2 APDC

2.1 Introduction

APDC has been established to own data centre assets in the Asia Pacific region and in particular data centre assets developed and operated by NEXTDC (at least initially). APDC has agreed to pay a fixed fee for the data centre assets in the Initial Portfolio that will be owned by the APDC Property Trust. Following completion of the Offer, APDC will be the first data centre REIT listed on ASX. This provides APDC with a strategic advantage in this developing property class.

Through the Offer, APDC intends to raise $88.55 million by the issue of 88.55 million partly paid Securities. Approximately $54.02 million will be raised through the Initial Instalment, followed by a further $34.53 million on payment of the Final Instalment, on the Final Instalment Payment Date presently scheduled for 15 May 2013. The Initial Instalment is fully underwritten by the Underwriters. The Offer Closing Date is 5pm AEDT on 20 December 2012.

The Offer is conditional on NEXTDC shareholders approving the sale of the Initial Portfolio at a general meeting of NEXTDC shareholders scheduled to be held on 20 December 2012.

The proceeds from the Initial Instalment, together with Securities issued to NEXTDC under the Subscription Agreement, will be used to fund the acquisition of M1 (land and buildings), S1 (land) and P1 (land). The proceeds from the Final Instalment will be used to pay the S1 Development Fee.

M1 lobby.

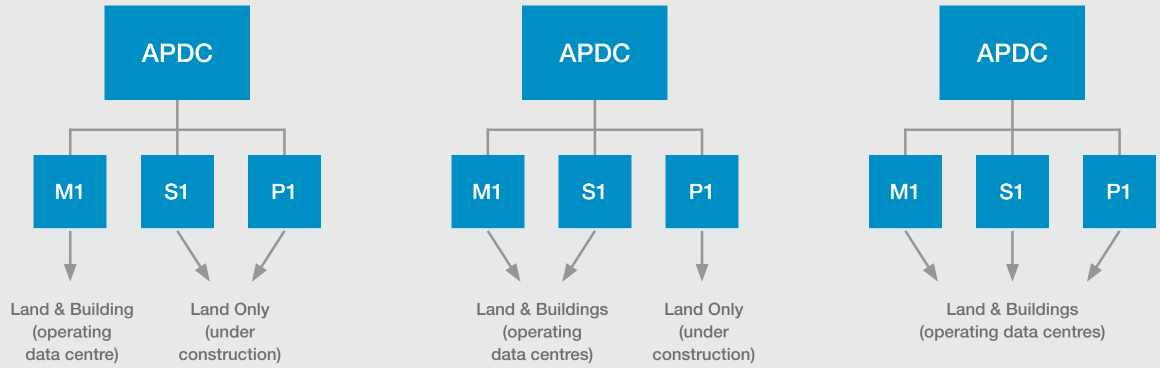
The assets which make up the Initial Portfolio are:

M1 (Melbourne)	A data centre facility with a gross lettable area of 17,354m² and 12 megawatts of ICT Load.
S1 (Sydney)	Upon completion and fitting out, a data centre facility with a gross lettable area of 19,467m² and 11 megawatts of ICT Load.
P1 (Perth)	Upon completion and fitting out, a data centre facility with gross lettable area of 9,603m² and 6 megawatts of ICT Load.

STAGE 1
Immediately after the Offer

STAGE 2
Immediately after settlement of Final Instalment (expected 15 May 2013)

STAGE 3
Upon practical completion of P1 (expected November 2013)



Independent Valuation and Purchase Price of Properties at Stage 1 = $69.5 million[1]

Approximately $54.02 million will be raised through the Offer, by the issue of 88.55 million Securities partly paid to $0.61. These funds will be paid to NEXTDC in satisfaction of the purchase price for the Stage 1 assets (shown above), together with the issue to NEXTDC of 26.45 million Securities paid to $0.61.

Independent Valuation and Purchase Price of Properties at Stage 2 = $115 million[2]

Approximately $44.85 million will be raised through payment of the Final Instalment on 115 million Securities. These funds will be paid to NEXTDC in satisfaction of the S1 Development Fee.

Independent Valuation and Purchase Price of Properties at Stage 3 = $138.8 million

APDC will pay NEXTDC $23.8 million in satisfaction of the P1 Development Fee. This may be funded through the issue of debt, equity or Convertible Notes. It is the current intention of the Board to fund this through debt which would result in a debt to assets ratio of approximately 17%.

1. Excludes S1 and P1 buildings under construction.
2. Excludes P1 building under construction.

Note: that at the time of the payment of the S1 Development Fee and P1 Development Fee respectively, S1 and P1 will reach practical completion of the base building only. Tenant fit-out will not be complete at that time. APDC will acquire the base building and certain fit-out items (see Section 3). All other fit-out will belong to NEXTDC.

The terms of the acquisition of the Initial Portfolio are set out in Section 3. APDC is purchasing the Initial Portfolio properties at a price equal to the Independent Valuations. The three properties which comprise the Initial Portfolio are each subject to long term, Triple Net Lease structures with NEXTDC. The Triple Net Lease structure is provided for in the terms of the Leases which require that all maintenance, taxes, insurance and outgoings relating to properties in the Initial Portfolio are the cost of the Tenant.

All costs relating to the initial capitalisation and establishment of APDC have been incurred by NEXTDC (refer Section 9.3 for more detail on these establishment costs). Prior to the Issue Date, APDC will have approximately $2.0 million of net cash which is intended to be adequate to fund initial operating expenses.

APDC has an internalised management structure, meaning it will employ its own staff to manage the Trust and carry out the management responsibilities (these responsibilities are listed in Section 2.7). As a result, there will be no payment of any management, performance or transaction fees to an external manager based on the assets under management and their performance.

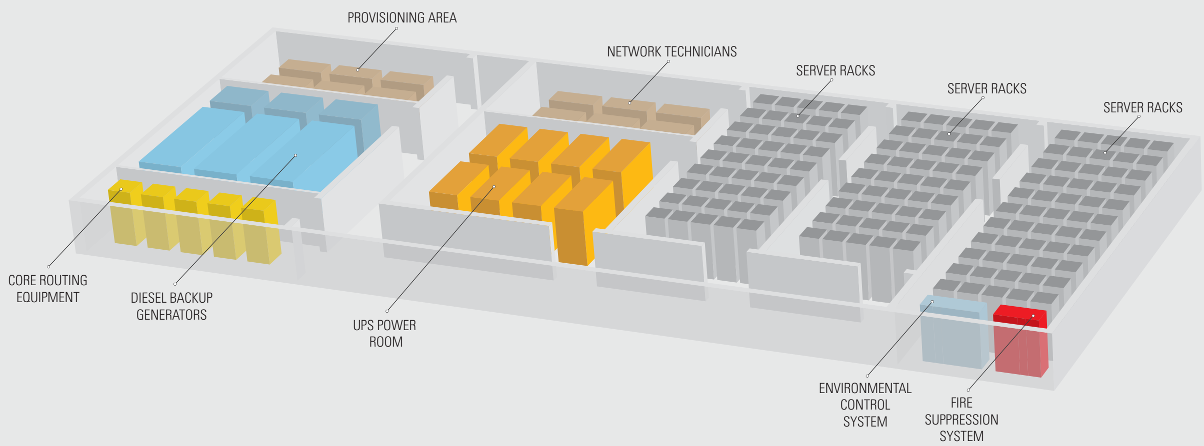
What is a data centre?

A data centre is a facility typically used to house networking, data storage and communications technology infrastructure including servers, storage devices, switches, routers and fibre optic transmission equipment. Depending on user requirements it can be a simple closet, a room or a dedicated building.

Larger data centres are highly specialised and secure buildings, and may be owned and operated by either the user or a third party provider. These data centres are designed to provide a secure and robust environment specifically designed to house the IT infrastructure of carriers, corporations and government.

Data centres owned by third parties may house the equipment of numerous customers (Colocation). Data centres located at the convergence point of numerous communications networks can be used as interconnection hubs, enabling customers to connect to multiple networks and exchange traffic with each other. In addition, data centres may provide an "interconnection room" allowing telcos to physically connect to one another, and internet service providers (ISPs) to connect to each other through an internet exchange point (IXP).

Typically, IT equipment housed in colocation data centres is owned by the customers and is stored in racks located side by side in parallel rows. Many organisations across most industries use data centres in one way or another to house their data and IT equipment and as an integral part of their disaster recovery planning. Larger data centre customer bases typically tend to comprise medium to large corporations,
IT companies, ISPs, local and state governments and consolidators of space for smaller customers.



Example data centre layout.

2.2 Investment Strategy of APDC

APDC has been established with the intention of providing investors with a stable income via quarterly distributions of cash flows and the potential for capital growth by investing in assets in a high growth and developing industry. To achieve these objectives, APDC intends to implement the following strategies:

- adopting appropriate portfolio and risk management policies to achieve operating efficiencies and maximise distributable funds to Securityholders from cash flow;
- applying and adhering to a consistent investment discipline in assessing acquisitions and disposals of data centres;
- only acquiring new data centres that are expected to add value to the Portfolio's long term earnings and net asset base;
- ensuring the application of appropriate debt levels with a view to providing acceptable risk-adjusted returns;
- providing diversification through appropriate asset selection across Australia, New Zealand and the broader Asia Pacific region;
- ongoing independent research and a close working relationship with NEXTDC to remain informed of new developments in data centres and the requirements of data centre users.

As a dedicated investor in data centre properties, APDC has no intention of becoming a data centre operator.

APDC intends to further invest in data centre assets in the Asia Pacific region, and in particular data centre assets developed and operated by NEXTDC. The assets which comprise the Initial Portfolio are all located in Australia and are all operated by NEXTDC.

The rationale for offering investors exposure to this emerging property asset class is underpinned by:

- growth in data consumption and anticipated future growth (refer to Section 5 which provides a more detailed summary of the growth drivers and industry fundamentals);
- strong supply and demand fundamentals for data centre services in Australia;
- growing data consumption and data sovereignty concerns as demonstrated by the high levels of utilisation in Australian data centres;
- an ongoing high growth trend in utilisation of data centres which continues to be experienced in more developed markets such as the US;
- access to and securing power supply creates a barrier to entry for the development of new data centres and may have the effect of pre-empting potential competitors in a geographic region;
- the growing need for data centres which provide both higher power density with significant improvements in power efficiency;
- the capital intensive nature of the investment which provides a barrier to entry; and
- the economies of scale and scope by partnering with a developer of data centre facilities that is operating on a national scale.

2.3 Growth strategy and relationship with NEXTDC

APDC intends to increase the number of data centres in its Portfolio, subject to the identification of acquisitions on reasonable and value-enhancing terms.

Pursuant to this strategy, APDC has partnered with NEXTDC, a developer and operator of data centres in Australia. Since it was established in 2010, NEXTDC has developed and is now operating three data centre assets and is developing two additional data centre facilities in Australia.

The agreements which govern the relationship between APDC and NEXTDC are summarised in Section 11.1. Amongst other things, these provide that:

- APDC will acquire the Initial Portfolio on sale and leaseback for a total fixed consideration of approx $138.8 million (including development fees);
- NEXTDC will enter into Leases for each of the properties in the Initial Portfolio for 15 years, with option periods that amount to a further 25 years (two 10 year options and a further 5 year option);
- NEXTDC will pay all costs associated with the initial capitalisation and establishment of APDC and in relation to the Offer;
- APDC will commence with initial net capital of $2 million, contributed by NEXTDC pre-IPO;
- NEXTDC will provide a commercial loan up to $750,000 for three years to APDC to satisfy the minimum capitalisation requirements of APDC Limited's AFSL;
- APDC will have a three year first right of refusal in relation to the sale of any future data centre properties by NEXTDC during that period; and
- NEXTDC will have a first right of refusal in relation to the sale of any properties that comprise the Initial Portfolio.

NEXTDC and its corporate objectives are summarised in Section 4. As part of a broader growth strategy, it has signalled its intention via ASX and other public releases to develop new data centres in Brisbane (B2) and Melbourne (M2) and a potential expansion into Asia.

NEXTDC's growth plans and its track record of acquiring central sites and developing data centres since its ASX listing in December 2010 underpins APDC's strategy that an alliance with NEXTDC will provide it with the opportunity to consider further acquisitions in Australia and the Asia Pacific region and grow the Portfolio.

The underlying industry growth drivers discussed in the Frost & Sullivan Report (Section 5) and the trend in markets like the USA suggests that there is likely to be strong ongoing growth in demand for data centres in the Asia Pacific region, resulting in continuing growth in the number of data centres.

2.4 Revenue Model APDC's revenue will primarily be derived from rental income paid by the tenant of its property assets. Following completion of
the Offer, this will be rental income paid by NEXTDC in respect of the properties in the Initial Portfolio.

NEXTDC will initially pay APDC rent on unimproved land for S1 and P1. When S1 and P1 reach base building practical completion, NEXTDC will pay rent based on the GLA of the completed buildings. The leases are 'whole of land and building' leases.

Prior to base building practical completion, rent on unimproved land for S1 and P1 land will be offset against the cost of acquisition of the land and will not be treated as income for accounting purposes by APDC.

The table below shows the expected rent for APDC during the Forecast Period

Facility	Rent from 21 December 2012 to 30 June 2013 ($m)	Rent for the 12 months to 30 June 2014 ($m)	Gross Lettable Area post-completion (m^2)	Initial rent per m^2 once completed ($) [1,2,4]
M1 (Melbourne)	2.5	4.8	17,354	270
S1 (Sydney)[3]	1.1	5.3	19,467	270
P1 (Perth)[3]	0.2	0.5	9,603	270

Notes
1. Post-completion rent is the rent payable under the Lease following practical completion of the base buildings of each respective property.
2. Rent is assumed to increase at December each year by CPI during the Forecast Period (from December 2013 onwards).
3. S1 and P1 rent on unimproved land pre-Completion is not recognised as income for accounting purposes.
P1 (building) is not assumed to be acquired by APDC Property Trust in the Forecast Period.
4. Rent per m^2 reflective of the built areas once they are constructed.

The Directors are of the opinion that, on completion of the Offer, APDC will have sufficient working capital to carry out its stated objectives.

NEXTDC's ability to continue to pay rent is critical to the profitability of APDC and its capacity to continue to pay distributions to Securityholders. NEXTDC's financial position is summarised in Section 4.4.

2.5 Distributions

APDC intends to make quarterly distributions to Securityholders for each quarter ending 31 March, 30 June, 30 September and 31 December. It is expected that these distributions will be payable each February, April, August and October with the first distribution expected to be paid in April 2013 based on the period from Issue Date to 31 March 2013.

The Securities are forecast to return an annualised distribution yield of 9.0%* p.a. for the Forecast Period. The forecasts are based on certain assumptions described in Section 7.3. Those assumptions include that the Initial Portfolio remains the sole property investment of APDC during the Forecast Period and that no new Securities are issued.

Investors should note that the forecast annualised distribution yield may not be reflective of APDC's future cash distributions beyond the Forecast Period. In particular, the ability of APDC to maintain or grow the level of distribution on its Securities is likely to be influenced by a number of factors including but not limited to the level of operating costs, changes in CPI, the cost of funding required to meet APDC's obligation to fund the P1 Development Fee, the level of gearing in APDC and the terms on which APDC may undertake future acquisitions.

The expected distributions to be paid to Securityholders during the Forecast Period are set out in the Distribution Schedule below.

	March 2013**	June 2013**	September 2013	December 2013	March 2014	June 2014
Distributions	$1.6m	$2.1m	$2.6m	$2.6m	$2.6m	$2.6m
Distributions per Security***	1.37 cents	1.81 cents	2.25 cents	2.25 cents	2.25 cents	2.25 cents

* Including distribution amounts from APDC's pre-IPO capital.
** The distribution per Security for the June 2013 quarter is adjusted to incorporate the period during this quarter in which the Securities will become fully paid.
*** Total distribution divided by the number of Securities on issue (115 million).

Distributions during the Forecast Period are expected to be funded by net operating cash flow and pre-IPO capital which was provided by NEXTDC.

It is estimated that the distributions during the Forecast Period will be approximately 25% tax deferred on an annualised basis. For further detail on the potential tax implications of an investment in APDC, please refer to Section 14.

An eligible person registered as a Securityholder on a distribution record date determined by APDC is entitled to receive a distribution for the subject distribution quarter, even if they have transferred or transmitted any or all of their Securities after the record date.

Distributions will be paid to Securityholders with a registered address in Australia by electronic transfer to a bank account in Australia maintained with a financial institution nominated by the Securityholder. For all other Securityholders, Distributions will be paid by cheque in Australian dollars.

2.6 Debt

APDC currently has minimal debt of $750,000. The Board may consider debt financing for appropriate opportunities, although the current intention is that net debt will not exceed 30% of total asset value.

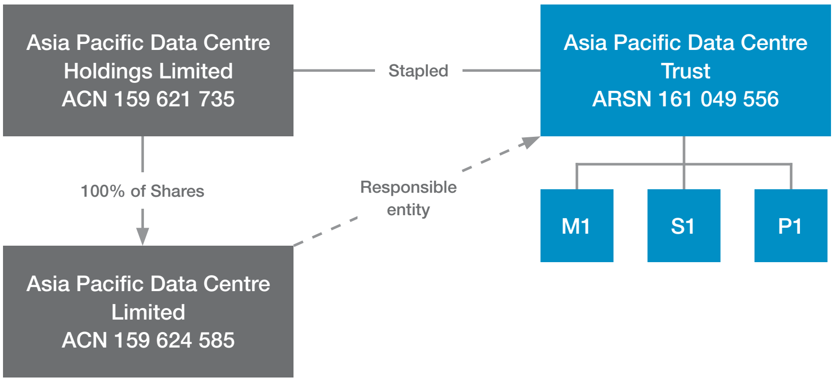
In particular, the Directors intend to secure debt facilities to fund the payment of the P1 Development Fee, which is approximately $23.8 million (being approximately 17% of total asset value based on the Independent Valuation). In the event that acceptable debt terms cannot be secured, APDC may raise equity or issue the Convertible Notes discussed in Section 11.2 to fund this commitment. NEXTDC has provided a commercial loan to APDC of $750,000 to ensure it retains sufficient net tangible assets for APDC Limited's AFSL.

2.7 Group Structure

APDC comprises APDC Holdings, the APDC Property Trust and APDC Limited. Each Security to be issued through this Offer Document is a stapled security and comprises:

- one Unit in APDC Property Trust; and
- one Share in APDC Holdings.

The Units and the Shares are "stapled" in the sense that an investor cannot be issued with a Unit or Share without also being issued with the Share or Unit to which it is stapled. In addition, a Securityholder cannot transfer a Unit or a Share to a person without also transferring the Share or Unit to which it is stapled to the same person.



M1 meeting room.

APDC Holdings

APDC Holdings is a company incorporated in Australia which has been established to act as the holding company of APDC Limited, the responsible entity of the APDC Property Trust.

Although the APDC Property Trust will be the beneficial owner of the Portfolio, APDC Holdings provides certain services relating to the Portfolio to APDC Limited under the Services Agreement.

APDC Holdings' primary responsibilities under the Services Agreement include:

- providing property management accounting, financial accounting, taxation, responsible manager, company secretary, legal, compliance management, investor relations and clerical services;
- providing resources and services for the administration of the Portfolio, including evaluation of acquisitions;
- leasing and financing proposals and negotiations;
- maintaining and developing financial modelling/valuations/due diligence procedures and practice;
- strategic capital management advice;
- risk management policies, procedures and their implementation; and
- developing and documenting strategic plans, asset plans and budgets.

APDC Property Trust

APDC Property Trust is a registered managed investment scheme established for the purpose of acquiring and owning the Initial Portfolio. APDC Property Trust will acquire the beneficial title to each property in the Initial Portfolio (subject to approval of NEXTDC shareholders to be sought at the general meeting of NEXTDC shareholders scheduled for 20 December 2012). The Custodian will be the legal owner of the Initial Portfolio.

APDC Limited

APDC Limited is the responsible entity of APDC Property Trust, is incorporated and domiciled in Australia and holds an AFSL.

APDC Limited will manage the APDC Property Trust as an owner of data centres. There is an internalised management structure where an internal management team is employed (as opposed to an external manager which typically receive various management, performance and transaction fees based on the assets under management and their performance).

As noted above, APDC Limited has entered into the Services Agreement with APDC Holdings under which APDC Holdings has agreed to provide APDC Limited certain services, staff and equipment relating to the services set out above.

APDC Limited may appoint external service providers to assist it in performing its functions as responsible entity of APDC Property Trust.

2.8 The Instalment Program

Under the Instalment Program, the Issue Price of $1.00 is to be paid in two instalments:

- an Initial Instalment of $0.61 per Security is payable when an Investor returns their Application before the Offer Closing Date; and
- a Final Instalment of $0.39 per Security is payable on the Final Instalment Payment Date.

The expected last date to trade Securities on a Final Instalment unpaid basis is 30 April 2013.

The directors of APDC presently intend that the Final Instalment Payment Date will be 15 May 2013. The Final Instalment Payment Date cannot be earlier than 15 May 2013 and APDC cannot increase the amount of the Final Instalment.

In the event the directors of APDC believe the completion of S1 is likely to be delayed, the directors of APDC may postpone the Final Instalment Payment Date by up to six months.

Subject to the Corporations Act and the Listing Rules, APDC may revoke or postpone payment of the Final Instalment and may extinguish in full the liability of Securityholders in respect of any monies unpaid on the Securities. Subject to the Listing Rules, the non-receipt of a notice that the Final Instalment is due, or the accidental omission to give a Securityholder a notice that the Final Instalment is due, does not invalidate the instalment being due.

2.9 The consequence of failing to pay the Final Instalment

If Securityholders do not pay the Final Instalment, APDC may take action to recover the amounts owing. If following such action, amounts remain outstanding on a Security, APDC may suspend all voting rights, entitlements to distributions on the Securities and other rights in relation to those Securities. APDC may also sell the Securities of Securityholders who have not paid the Final Instalment by the Final Instalment Payment Date after providing that Securityholder with a notice requesting payment by a later specified date (which must not be less than 10 days after the date of the notice).

APDC may apply any proceeds from the resale of securities (after the costs and expense of sale are deducted) to pay up the amount of the Final Instalment outstanding plus Default Interest to NEXTDC. A defaulting Securityholder will be liable for any shortfall after the amount of the Final Instalment outstanding plus Default Interest (calculated from the Final Instalment Payment Date) and the costs and expenses of sale are deducted from the sale proceeds (see Sections 11.3 and 11.4 for further information).

2.10 Stapling

The Units and the Shares are 'stapled' in the sense that, under the Constitutions, an investor cannot be issued with a Unit or Share without also being issued with the Share or Unit to which it is stapled. In addition, a Securityholder cannot transfer a Unit or a Share to a person without also transferring to the same person the Share or Unit to which it is stapled.

Essentially the APDC Holdings Shares and the APDC Property Trust Units are attached such that they are treated as one joint security.

APDC must use every reasonable endeavour to procure that while the Securities are officially quoted on ASX as one joint security, they are dealt with in a manner consistent with stapling.

The Constitutions also contain provisions for the Securities to be de-stapled. However, Securities may not be de-stapled without a special resolution of the Securityholders at a joint meeting of the members of APDC Holdings shareholders and the APDC Property Trust unitholders. In addition, no stapling provision of the Constitutions may be amended or deleted without a special resolution of APDC Holdings shareholders and the APDC Property Trust unitholders.

2.11 Availability of documents

The following documents are available for inspection at the offices of APDC between 9.00am and 5.00pm Australian Eastern Standard Time on business days in Brisbane, Queensland. Alternatively, a copy of the documents may be requested (to be provided free of charge) by contacting the APDC Company Secretary on info@asiapacificdc.com:

- Constitution of APDC Holdings;
- Constitution of the APDC Property Trust; and
- Compliance plan of the APDC Property Trust.

Further, APDC will provide regular communication to Securityholders, including publication of:

- half yearly and annual reports;
- quarterly distribution statements; and
- continuous disclosure notices.

APDC will have a website **(asiapacificdc.com)** that will provide information on the Portfolio and APDC and access to half year and annual reports and distribution information. As at the date of this Offer Document, APDC has not lodged any half year or annual report and has not given any continuous disclosure notices to ASX.

3 The Initial Portfolio

The Initial Portfolio consists of the properties below:

- M1 – a *17,354*m^2 data centre facility in Melbourne which opened in July 2012;
- S1 – a planned *19,467*m^2 data centre facility in Sydney, under construction, practical completion of the base building due in May 2013; and
- P1 – a planned *9,603*m^2 data centre facility in Perth, under construction, practical completion of the base building due in November 2013.

APDC will own the land and buildings associated with the properties described above.

In particular, APDC will own land, base building (concrete shell), high voltage connection (tenure), lifts, loading docks, front of house lobby fit-out, fencing, gates, landscaping, sewerage, diverse water mains, toilets, kitchenette, offices, breakout room and boardrooms (fitted out). The high voltage connection represents all that is required to ensure the premises have a high voltage connection to the local electricity network operator as required to support a functioning data centre.

Within a data centre, however there is significant data centre-specific infrastructure, representing a substantial investment. This infrastructure is not being acquired by APDC.

Site selection is fundamental to delivering a successful data centre. Successful site selection is driven by three key factors and a number of subsidiary ones:

- **Power, availability and proximity to the electricity network:** data centres consume substantial amounts of power and the expected power that the site will consume when it is full, despite that potentially being many years later, has to be secured from the start of the planning process. Data centres also require a consistent power supply with independence from local fluctuations or network issues where possible. These factors mean that the data centre should be close to a sub-station that has adequate capacity available for future requirements and connected to it at a high voltage (HV) level.
- **Connectivity, proximity to fibre networks:** in order for a data centre to serve its purpose, data needs to be sent to and issued from it by the users of the storage and computers that it houses. Fibre optic networks are the only realistic way to enable throughput at the volumes and speeds that today's businesses require. Wireless and copper networks also play a part, but to a lesser degree. Optimal data centre locations must have access to multiple fibre optic networks and multiple network operators to ensure that connectivity is robust and competitively priced.
- **Access, proximity:** once the decision to use a data centre has been taken by a business or end user, ensuring that the service can be deployed, maintained and expanded is highly dependent upon the successful delivery of hardware (store, compute, network) and the ease with which technicians and project managers can get to the site. Whether a data centre should be close to or far from a CBD is typically a context specific consideration, subject to that business's needs, but regardless of individual preference, being well located on the local and national road network and being close to key public transport hubs is a key enabler for success.
- **Other factors that drive successful site selection include:** availability of diverse water supplies (as required for cooling), and low risk of external event or disaster impact (flight paths, flood plains, high traffic events).

M1 lobby.

3.1 Key Features of the data centres in the Initial Portfolio

The Initial Portfolio will comprise some of Australia's most technically advanced data centres.

NEXTDC has adopted an innovative approach to designing its purpose-built facilities with the goal of developing 'next generation' data centres on a national basis. The facilities incorporate market leading design features including:

- The high quality of the building, being designed to:
  - provide physical security;
  - to support the kind of floor loading that will be required as the weight (i.e. density) of IT equipment trends upwards on a per rack basis; and
  - provide access and through-ways for technical staff and IT equipment delivery.
- A direct connection to the HV power grid, via a nearby sub-station, designed to supply the building's needs for its design life.
- An external finish that ensures the building will be considered a positive addition to the local neighbourhood.
- A high class front of house lobby, creating an excellent first impression and at the same time providing security, including the latest in secure portal technology with bullet proof glass surrounds and a fully equipped security office with video camera coverage of the entire site.
- High capacity and highly efficient power conditioning and back up systems and cooling plant, to ensure the internal environment is highly controlled under all external conditions.[1]
- An internal electrical system that utilises leading edge design and technology from a highly respected German manufacturer, taking advantage of its first deployment in Australia via NEXTDC, supporting higher power delivery densities inside the data halls in order to ensure that the site can support market needs for many years.[3]
- A site Power Usage Efficiency (PUE) aiming at approximately 1.4, ensuring that as much of the power taken from the grid is consumed only where it is needed with minimal waste.
- Designed for the integration of on-site solar and tri-generation power, to be deployed in the future in order to further optimise the power use efficiency and sustainability of the data centre.

With these and other features in mind, the Directors believe the data centre properties in the Initial Portfolio would be attractive to other data centre operators in the event NEXTDC defaults under the Lease.

3. These items are not being acquired by APDC.

3.2 Lease Summary

Each of the properties in the Initial Portfolio has the same material lease terms. A detailed summary of these leases is set out in Section 11.1, but a summary of the key terms of these leases is set out in the table below. It is anticipated that future acquisitions pursuant to the alliance with NEXTDC would be entered into on similar lease terms.

Commencement Date	Each of the three Leases has an expected Commencement Date of 21 December 2012.
Term	The term of each Lease is 15 years.
Options	There are two 10-year option periods followed by a 5-year option period (total of 25 years) available at the option of NEXTDC.
Payment of rent	Rent is payable in 12 equal monthly instalments in advance on the first day of each month (or, in the case of the first month, on an apportionment basis).
Rent	At commencement of the Lease rent will be $270 per m^2 of GLA.[4]
Rent Adjustments	Rent will be adjusted for increases in CPI in December each year. A market rent review will be undertaken on each 5 year anniversary. Market rates will either be determined by agreement between APDC Limited and NEXTDC or, failing agreement, will be determined by an appropriately qualified valuer. The rent following a CPI increase or market rent review will not exceed 110% of the preceding year's rent amount and will not be below the preceding year's rent.
Default	NEXTDC will be in default if it fails to pay amounts owing within 14 days of the due date or if it has not complied with a material obligation under the Lease. APDC may terminate the Lease if the default is not remedied, or compensation is not paid, within 30 days after APDC giving NEXTDC a notice of default.
Payment of Outgoings	NEXTDC as tenant is responsible for the property outgoings such as rates and taxes, services to the buildings, signage licence fees (where applicable) and insurance.
Utilities	NEXTDC as tenant is responsible for utility expenses including water, electricity, power, telecommunications and waste.
Maintenance	NEXTDC is obliged to keep the premises in good repair having regard to the state of repair at the commencement date or relevant practical completion date (whichever is earlier). NEXTDC will be responsible for all maintenance, replacement and improvements of air-conditioning equipment and electricity unless the malfunction or failure is caused by the wilful and negligent act or omission of APDC.
First Right of Refusal	If APDC wishes to sell a premises the subject of a Lease, it must first offer the premises to NEXTDC on the terms on which APDC would be willing to sell the premises to a third party. APDC must sell the premises to NEXTDC if NEXTDC accepts the offer.

4. Under the Development Agreements, a reduced rent will be payable on S1 and P1 from 21 December 2012 to commencement of the relevant Lease on practical completion of the building. This rent is discussed further in Section 11.1.

3.3 M1 (Melbourne)

M1 is located in Port Melbourne, approximately 3km from Melbourne's General Post Office. Port Melbourne is a substantial distribution centre hosting approximately 40% of Australia's container shipping.

M1 is close to a major CitiPower substation, providing convenient access to the main power grid.

M1 site location.

Address	826-846 Lorimer Street, Port Melbourne
Value (as per Independent Valuation)	$52,000,000
Total Purchase Price	$52,000,000
Purchase Yield	9.00%
Annual Rental	$4,685,580
Site Area	14,300m^2
Gross Lettable Area	17,354m^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	4 July 2012
Tenant	NEXTDC Limited

M1 building.

3.4 S1 (Sydney)

S1 is located in the suburb of Macquarie Park, Sydney. This area has experienced significant growth over the past 15 years, having become an expansive office park housing over 700,000m^2 of commercial space with further growth predicted.

Some of the world's largest corporations have offices at Macquarie Park including Microsoft, Johnson & Johnson, Aristocrat, Computer Associates and Cisco.

Address	4 Eden Park Drive, Macquarie Park
Value 'as if complete' (as per Independent Valuation)	$58,000,000
Land Value	$12,500,000
Total Purchase Price	$58,000,000
Expected GLA	19,467m^2
Purchase Yield	9.00%
Annual Rental	$5,256,090
Site Area	9,642m^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 Base Building Completion Date	Scheduled for 15 May 2013
Tenant	NEXTDC Limited


S1 site location.

S1 buidling in progress.

3.5 P1 (Perth)

P1 is located in the Perth suburb of Malaga, one of the major industrial suburbs within the metropolitan area and a designated Strategic Industrial Area for the State of Western Australia.

Located approximately 12 kilometres from the Perth CBD, the suburb of Malaga has access to a number of major transport routes, including adjacent connections to the Reid Highway, the Tonkin Highway and Alexander Drive as well as being in proximity to the Mitchell Freeway. Malaga is approximately 15 minutes from the Kewdale interstate road/rail freight terminals and Perth's domestic and international airports.

P1 site location.

Address	101 Malaga Drive, Malaga
Value 'as if complete' (as per Independent Valuation)	$28,800,000
Land Value	$5,000,000
Total Purchase Price	$28,800,000
Expected GLA	9,603m^2
Purchase Yield	9.00%
Annual Rental	$2,592,810
Site Area	8,091m^2
Power	The facility is expected to receive 8 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 Base Building Completion Date	Scheduled for November 2013
Tenant	NEXTDC Limited

Artist's impression of P1.

Artist's impression of P1 lobby.

3.6 Development Agreements

Development Agreements have been entered into between APDC and NEXTDC in relation to the completion of the construction of S1 and P1 by NEXTDC which is scheduled to occur after the commencement date of these Leases.

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

- practical completion of the S1 base building by the estimated date for practical completion (expected 15 May 2013). This is important to both APDC and NEXTDC because practical completion of the S1 base building 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 P1 base building by the estimated date for practical completion (expected November 2013). This is important to both APDC and NEXTDC because practical completion of the P1 base building will require APDC to raise debt or equity, or issue the Convertible Notes to fund the P1 Development Fee.

Refer to Section 10 for risks associated with the Development Agreements.

The Tenant – NEXTDC Limited

4

NEXTDC will be the tenant of the three properties in the Initial Portfolio. NEXTDC designs, develops and operates data centres, providing colocation services. Its customers include corporations, government and service providers.

4.1 Company History

NEXTDC was established in May 2010 by Bevan Slattery, with the vision to develop the next generation of data centres focused on delivering smart, secure, scalable and energy efficient facilities to the Australian and New Zealand markets.

Before establishing NEXTDC, Mr Slattery co-founded another telecommunications infrastructure company, PIPE Networks. PIPE Networks was listed on ASX in 2005 at $0.40 per share, capitalising the company at approximately $12 million. It was taken over by TPG Telecom in 2010 at $6.30 per share, valuing the business at approximately $375 million. During Mr Slattery's tenure with PIPE Networks, it built six data centres, 1,300km of fibre optic networks in Brisbane, Sydney and Melbourne, and the PPC-1 submarine cable from Sydney to Guam. PIPE Networks delivered EBITDA[5] of $55.6 million in the year it was acquired (FY2010).

Bringing capacity to market is our key focus

MAY 2010	OCT 2011	FEB 2012	JUL 2012	AUG 2012	Q3 2013*	Q4 2013*
NEXTDC ESTABLISHED	B1 OPENS WITH INITIAL CAPACITY OF 0.7MW	ANNOUNCE B1 EXPANSION	ANNOUNCE M1 OPENING WITH INITIAL CAPACITY OF 6MW	ANNOUNCE C1 OPENING WITH INITIAL CAPACITY OF 1MW	EXEPECTED S1 OPENING WITH INITIAL CAPACITY OF 2.8MW	EXEPECTED P1 OPENING WITH INITIAL CAPACITY OF 2MW

* Current estimate and subject to change.

NEXTDC was listed on ASX in December 2010 and is now an S&P/ASX 300 company with a market capitalisation of approximately $344 million as at the date of this Offer Document. At the time of listing on ASX, the company had acquired and was refurbishing its Brisbane data centre (B1) and owned the development site in Melbourne (M1). Since the IPO in 2010, NEXTDC acquired development sites for new data centres in Sydney (S1) and Perth (P1) and has leased a site in Canberra (C1). Today, NEXTDC has established a national footprint with five data centre operations and developments.

Further detail on these data centre operations and developments is set out below.

In June 2012, NEXTDC appointed Craig Scroggie as CEO. Before joining NEXTDC as CEO, Mr Scroggie was Vice President and Managing Director of Symantec in the Pacific region, a business which had 700 staff across 10 locations. He has been a Director of NEXTDC since December 2010. Founder Bevan Slattery remains involved as non-executive Deputy Chairman.

5. EBITDA means accounting earnings before net interest expense, income tax expense and depreciation and amortisation.

Who is NEXTDC?

NEXTDC is a developer of next generation data centres. NEXTDC data centres are designed to be energy-efficient, scalable and most importantly, customer-friendly.

NEXTDC understands that an organisation's data centre is a critical piece of infrastructure which requires stringent security, reliability, accessibility and flexibility, and is committed to delivering on its mission by pursuing key business objectives outlined below:

- develop NEXTDC as a provider of high quality data centre infrastructure solutions and services
- build a recognised and trusted brand within the Australian and New Zealand markets
- pursue selective expansion in the Australian and New Zealand markets
- achieve excellence in service delivery to customers
- pursue additional selective product and service offerings
- target customers in attractive industry sectors of financial services, manufacturing, retail and distribution and the public sector where management believes significant opportunities exist
- employ a modular technical fit out design, assisting in the efficient management of capital expenditure.

A key element of NEXTDC's strategy is to provide customers with flexibility to choose their preferred IT service provider or carrier and their physical space requirements. Customers of NEXTDC should not need to physically relocate their data and equipment if they change IT service provider or carrier because all NEXTDC facilities will be serviced by multiple carriers, which should eliminate traditional transition periods and relocation costs associated with changing carrier.

NEXTDC's modular data centre design will provide further flexibility to its customers to increase their physical space requirements as their business needs expand.

4.2 Capital Recycling Program

In March 2011, NEXTDC announced its intention to undertake a capital recycling program. The purpose of this was to realise the value of the property assets on its balance sheet via a sale and leaseback process and reinvest in the development of new data centres. The property assets owned and intended to be acquired at the time were the Brisbane, Melbourne, Sydney and Perth sites. As part of this program, the Brisbane property was sold in January 2012 to a private investor for $11.3 million, reflecting an 8.4% purchase yield. Following this, NEXTDC undertook a formal sale process for the remaining three property assets, through which a number of proposals were tabled, including the proposal to establish a listed REIT and provide investors with access to invest in a portfolio of Australian data centres. Ultimately, the Board of NEXTDC viewed the REIT proposal as the optimal outcome for a number of strategic reasons, including:

- ability to retain an ownership interest in the properties;
- benefits associated with dealing with a single landlord; and
- benefits arising from an alliance with a dedicated data centre REIT as a potential partner for future projects.

4.3 NEXTDC Business Model

NEXTDC designs, develops and operates independent data centres that provide the availability and connectivity required for organisations to transition to a colocation environment.

There are four recognised data centre operating models in Australia as shown in the table below:

Operating Model	Description	Example Providers
Neutral	Customers are able to choose their preferred carrier	NEXTDC, Equinix, Global Switch
Carrier-operated	Customers may generally access the data centre if they are a customer of the carrier	Telstra, Optus, AAPT, Primus, Macquarie Telecom, Metronode, PIPE Networks, Vocus
Systems integrator-operated (IT outsourcing firms)	Customers may generally access the data centre if they are a customer of the systems integrator	IBM, CSC, Fujitsu, HP
In-house	In-house data storage facilities managed internally by organisations	Owner-operator

As a neutral data centre provider, NEXTDC provides its customers with core infrastructure (including power and cooling) in a secure environment. It is not aligned with any carrier or system integrator and does not provide IT managed services, carrier services or hardware to users. It therefore offers its customers independence from other IT service providers, allowing them to choose their own carrier, IT managed service provider or systems integrator while still accessing a data storage facility. Customers provide the relevant hardware to fit out their dedicated or shared space and benefit from scalable solutions to suit increasing business needs. Customers can use the data centres as connectivity hubs that facilitate the storage, sharing and distribution of content.

NEXTDC earns revenue from its customers through offering a range of services including fully fitted racks, private suites (whitespace solutions), and value-added services including cross connects, remote hands and office space within its facilities. Customer contracts are typically for a period of three to five years, with longer term contracts for up to 10 years. Payment is monthly in advance, based on leased square metres or rack space, typically with a CPI inflator. Any value-added services are in addition to the base rental.

4.4 NEXTDC Financial Position

As at 30 September 2012, NEXTDC had total cash and deposits at call of approximately $40.7 million and no debt. Revenue is being earned from the B1, M1 and C1 data centre operations, although the company is not yet profitable.

Rent expense payable by NEXTDC to APDC is forecast to be $3.8 million in the period from entry into the Leases and Development Agreements to 30 June 2013 and $10.6 million in FY14.

NEXTDC has stated that it expects significant growth in operating revenue during FY13 as additional facilities come online.

As a result of the property transactions contemplated in this Offer Document, NEXTDC will have the potential to realise total net proceeds of approximately $111.71 million as shown below:

- $53.37 million following the allotment of Securities under the Offer;
- $34.53 million following the Final Instalment Payment Date;
- $23.8 million following practical completion of P1 (APDC may exercise its right to issue the Convertible Notes to NEXTDC as payment of this amount).

NEXTDC's Securityholding in APDC will be approximately 23% following completion of the Offer.

4.5 Data Centres operated by NEXTDC

Following the Offer, NEXTDC will have whole of property leases over five data centres or data centre sites in five different Australian capital cities. B1 and C1 are the two smallest data centres and are owned by private investors. M1, S1 and P1 will be owned by APDC. All five properties are rented on similar terms and a summary of the key features of each property is set out in the table below. During the Alliance Period, the APDC Property Trust will have the first right to acquire future data centre assets to be developed by NEXTDC.

Facility	M1 Melbourne	S1 Sydney	P1 Perth	B1 Brisbane	C1 Canberra
Location	Port Melbourne	Macquarie Park	Malaga	Brisbane CBD	Bruce
Landlord	APDC*	APDC*	APDC*	Private Investor	Private Investor
Technical Area	6,000m^2	5,600m^2	3,000m^2	1,800m^2	2,000m^2
Planned Capacity	22.5 MVA	20.0 MVA	10.0 MVA	5.0 MVA	8.0 MVA
Planned ICT Load	12.0 MW	11.0 MW	6.0 MVA	2.25 MVA	4.0 MW
Target PUE	1.4	1.3	1.3	1.6	1.4
Launch date	Launched July 2012	Expected Q3 2013	Expected Q4 2013	Launched October 2011	Launched August 2012
Utilisation**	22%	n/a	n/a	33%	2%

* APDC will become the Landlord of these properties on the expected Lease commencement date of 21 December 2012.

** Unaudited and approximate rates of utilisation as announced by NEXTDC in September 2012 Business Update based on total available technical floor space in each data centre.

ONEDC® - mobile data centre management

In a colocation space customers want flexibility, control and a customisable service. They need to be sure their critical infrastructure is safe, and be alerted the instant something happens.

NEXTDC's ONEDC® application provides a significant level of control for data centre customers, placing real time analytics, management and monitoring of the data centre in the control of the customer.

ONEDC® offers a single user interface that allows customers to view their colocation space in any of NEXTDC's data centres. It is a customisable service where customers are able to set and edit access levels for each of their authorised individuals down to a single rack level within the data centres. Authorised customers also have the flexibility to set functionality within the ONEDC™ portal and its application for iPhone for their various users.

Using the ONEDC® web portal or ONEDC® app for iPhone customers can access real-time information on power consumption, temperature levels and security access logs for racks or suites.

ONEDC® is user-friendly and practical for customers in managing their data centre space remotely. Functionality includes unlocking racks, logging and updating tickets, managing invoices and contacting the Service Management Centre.

Through ONEDC® customers can have one single view over all their spaces in any NEXTDC facility nationally. Security is a key factor for many companies when they move to colocation.

ONEDC® helps customers manage security. Access can be set for each individual's role and is customisable to a single rack or suite, or for each functional area within ONEDC®.

The ability to remotely unlock rack doors means staff no longer need to be at the data centre in person to give a technician access. Full audit log trails on each rack door give peace of mind and an additional security measure.

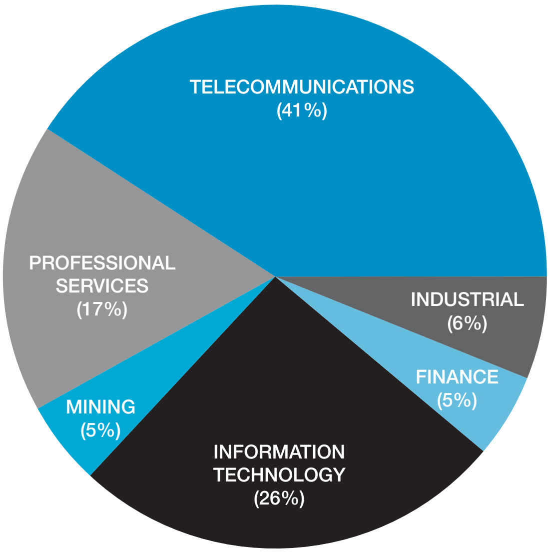
With ONEDC® customers can raise a ticket, update information on it and track progress from a mobile phone. Or they can book deliveries, apply for guest access and upgrade services. They can even set critical alerts and be notified of changes as they happen and not at the end of the month.

Instant real-time communication tools take the hassle out of data centre management.

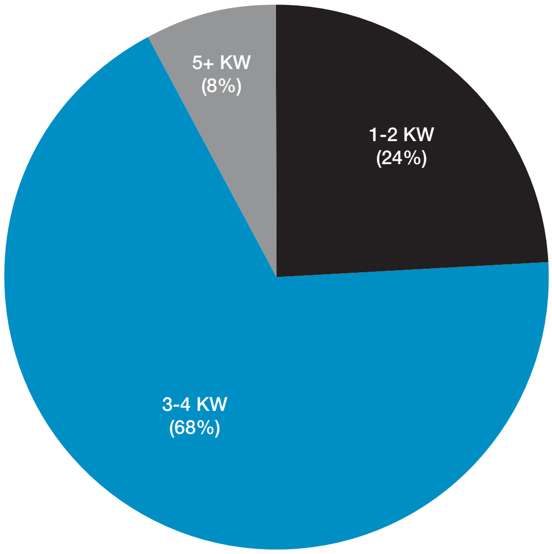
4.6 NEXTDC Customers

NEXTDC's customers include telecommunication carriers, content delivery networks providers, systems integrators, managed services providers, corporates and government organisations.

Customer by industry



Utilisation by density



* Unaudited and approximate only. Excludes whitespace.

NEXTDC's customers include:

Customers – pay for racks, pods or suites inside the data hall	Carriers – pay for racks in the carrier room
AAPT	AAPT
Annitel	Akamai
BKB Internet	Amcom
Brennan IT	Bigair
CatchOfTheDay	Eftel
CloudCentral	Exetel
CloudPlus	iiNet
Harbour IT	M2 Communications
Harbour MSP	Nextgen Networks
iiNet	NTT Communications
Invotec	Optus
iTelecom Wholesale	Pacnet
Lazu	Networks
NCL	Sprint
Nextgen Networks	Telstra
OnTheNet	Uecomm
PIPE Networks	Verizon
Powernet	Vocus
Southern Cross Computer Systems	WAIA
Sprint	
VentraIP	
Vocus	

4.7 Further information

Further information about NEXTDC is available in electronic form from its website: www.nextdc.com

Alternatively, you can scan the below QR code with your smartphone to go directly to NEXTDC's website:

To scan the above code, you need to have already downloaded a QR reader application to your smartphone. These are available for free.

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The Directors
Asia Pacific Data Centre Limited (**APDC Limited**)
Asia Pacific Data Centre Holdings Limited (**APDC Holdings**)
Level 4, 88 Creek Street
Brisbane
QLD 4000

November 29th, 2012

Dear Directors,

Independent Market Research on the Data Centre Services Market

Introduction

NEXTDC is intending to launch Australia's first listed data centre property fund to be known as the Asia Pacific Data Centre Trust (**APDC Trust**), the responsible entity of which will be APDC Limited (**ADPC Limited**). APDC Limited, the APDC Trust and APDC Holdings are collectively, **APDC**. It is proposed APDC would initially acquire from NEXTDC the Sydney (S1), Melbourne (M1) and Perth (P1) data centre sites and lease them back to NEXTDC via a triple net lease. We understand that APDC plans to acquire further data centre assets in Asia Pacific.

APDC Limited and APDC Holdings have requested an Independent Market Report (IMR) from Frost & Sullivan for inclusion in an offer document to be issued by APDC Limited and APDC Holdings incorporating a prospectus for the issue of shares in APDC Holdings and a product disclosure statement for the issue of units in the APDC Trust. Frost & Sullivan is an independent market research and consulting firm operating in over 30 countries globally. Founded in New York in 1961, Frost & Sullivan now employs over 1,800 staff. We have undertaken a number of market studies in the data centre and related sectors on behalf of market participants and financial institutions, as well as producing a number of multi-client reports on the data centre market.

In undertaking this assessment, Frost & Sullivan has relied on secondary information derived from recognised public sources and via Frost & Sullivan's database and multi-client reports. The research was undertaken in the month of October 2012. All effort has been made by Frost & Sullivan to ensure that information in this report is accurate and appropriate at the time of writing. Conclusions, and assumptions attached to those conclusions, are based on Frost & Sullivan's investigations and analyses of the facts as they are known as at October 2012 and Frost & Sullivan is of the opinion that the conclusions and underlying assumptions are reasonable.

Definitions

A data centre is a dedicated facility used to house information technology and communications equipment such as servers, storage devices, routers and switches. Whilst such equipment is sometimes housed in small, non-specialised facilities such as computer closets or rooms, there is an increasing trend towards use of dedicated facilities with features such as raised floors, cooling systems and power redundancy, known as data centres.

There are two operating models for data centres. One is for an organisation to build, operate and manage its own data centre for internal purposes, known as a captive data centre. The other model is the outsourced model, where enterprises lease space and hosting services from data centre providers. Given the specialised nature of data centre facilities, there is a growing trend for organisations to outsource their data centre operations to specialist third-party providers. These third-party providers fall into three main categories;

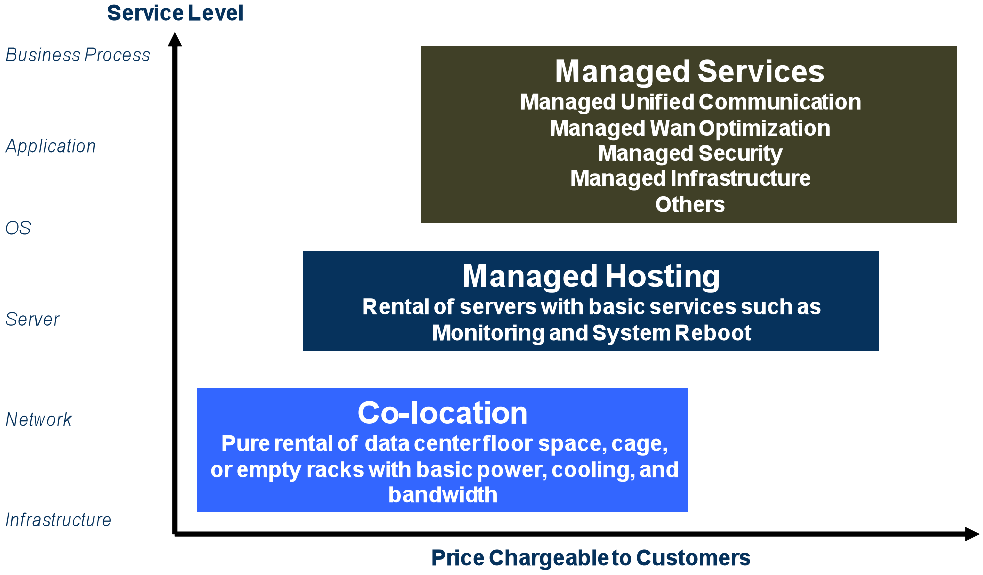
- Telecommunications service providers who typically provide IT services bundled with telecommunications network services;
- Systems integrators who typically provide data centre services as part of a broader suite of IT services; and
- Carrier-neutral data centre providers who typically provide data centre space and core infrastructure to clients but do not provide a broader range of IT or network services, allowing customers to make their own choice of vendors.

In the outsourced model, the data centre provider ensures the security, power and cooling needs for the data centre, and the enterprises can use the space to deploy their servers. Within the outsourced data centre model, data centre providers can offer a mix of services:

- **Co-location Services:** Co-location refers to pure space rental, including floor space, cage, or racks in different sizes. Basic infrastructure level support such as power, cooling, and physical security measures are provided. Basic network connectivity is also provided. The customers pay the monthly or annual rental for the space and basic facilities but they need to purchase their own servers. Customers also need to send in their own in-house IT resources to manage the servers;
- **Managed Hosting Services:** A managed hosting service includes provision of servers. Customers do not need to purchase their own servers; instead, they rent the servers from the data centre operator together with other specifications. Managed hosting comes in two formats - sharing the server with the others or having a dedicated server. Although the customers can still access their servers as they wish, the data centre operator frees the customers from allocating their own IT resource at the data centres by providing 24 x 7 system support such as monitoring and rebooting. This often includes operating system management and software security management; and
- **Value-added Services:** No clear distinction is followed in the industry between managed hosting and value-added services. In most instances, value-added services refer to additional services provided by

request. The common value-added services include managed firewall, managed applications, tape backup, disaster recovery, load balancing, internet traffic monitoring, bandwidth utilisation reporting and others. Business consulting services are not included as part of the value-added services.

Figure 1: Data Centre Services – Market Definition



Source: Frost & Sullivan

Market Drivers for the Data Centre Services Market

Asia Pacific

Data centre services are currently witnessing a significant surge in uptake in the Asia Pacific region. Data transmitted on corporate networks has increased significantly over the past five years and real-time access to information through a myriad of business applications has become a source of competitive advantage or an essential business requirement for most organisations. This significant growth in data usage has led to significant demand for data centre space. This, along with new requirements such as regulatory compliance that necessitate storage of consumer data for longer periods of time and an increased focus on business continuity and disaster recovery, have accelerated investments in data centres.

The number of global internet users has doubled over the last five years, from 1.15 billion to 2.27 billion in 2011, and now represents almost one-third of the global population.[1] Apart from the sheer growth in the number of users, usage of the internet has also changed dramatically. One-to-one text-based messaging and content browsing has given way to widespread usage of online social networks and other sites where users that share or access blogs, photos and videos, thereby increasing the need for data storage and computing.

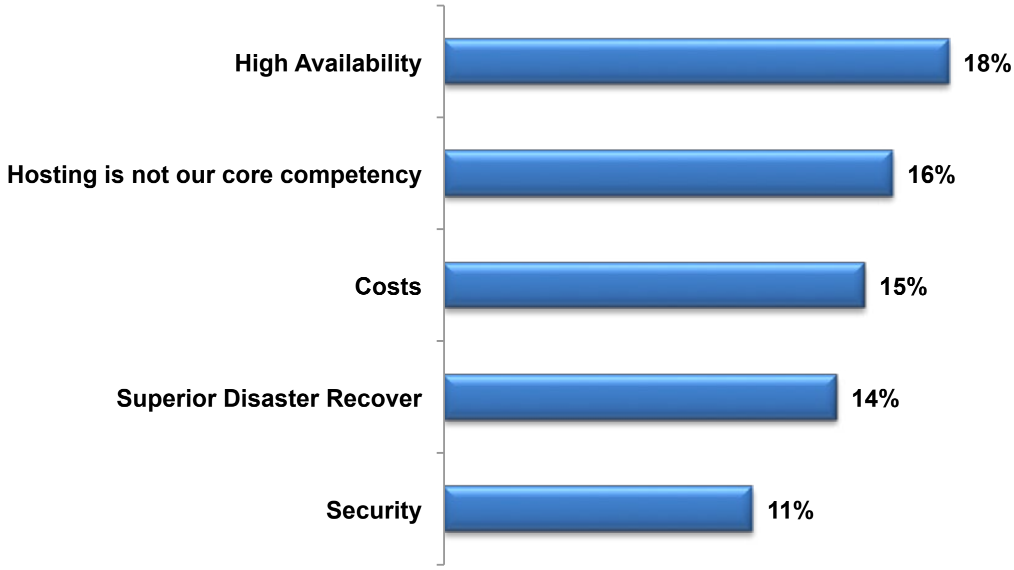
Australia has been at the forefront of the growth in demand for data centre services and has attracted investments from both local and global service providers. Four key factors are driving this growth in demand in Australia:

[1] http://www.internetworldstats.com/stats.htm. Accessed October 2012

- **Need to move capital expenditure (Capex) to operating expenditure (Opex)** – Since the Global Financial Crisis many organisations have looked to reduce capital expenditure. This has often mandated a review of current IT environments and many IT decision makers are opting for greater outsourcing of data centres to third party service providers. The costs of owning and operating data centres in Australia has increased significantly over the last two year, driven in part by significant increases in power costs. Furthermore, the increasing availability of utility-based and pay-as-you-use pricing models from external providers are increasingly making the outsourcing of data centre assets attractive to organisations;
- **Improving network connectivity and high availability** – The state of network connectivity across Australia is being improved through different government initiatives, of which the most prominent is the roll-out of the National Broadband Network (NBN). Additionally, data centre providers are offering higher service levels than ever before, especially in terms of availability. The combination of these two factors gives businesses greater confidence in the ability of third-party infrastructure to meet stringent business requirements without performance and availability issues;
- **Disaster recovery and business continuity planning** – Data has emerged as a highly valuable asset for organisations. Additionally, the ability to continue operating without downtime is critical for many businesses. Hence, disaster recovery (DR) and business continuity planning (BCP) are areas of increasing focus. However, for businesses the maintenance of in-house DR centres creates additional costs that many organisations prefer to minimise through use of an outsourced data centre to act as a DR location; and
- **Industry dynamism and access to talent –** The data centre industry is in a state of change as factors such as cloud computing, use of social media and collaboration and increasing focus on enterprise mobility are creating new demands on data centres. This has led to a need to upgrade many data centres. Furthermore, the level of virtualisation and automation in data centres is increasingly rapidly. As the technology used in data centres continues to evolve, specialist providers with the relevant skills to manage these next generation data centres are increasingly attractive to customers.

A recent Frost & Sullivan end-user survey with 100 IT decision makers in Australia identified the key factors that are driving outsourcing of data centre services. The requirement for high availability, lack of internal competence, increasing costs and an increased focus on disaster recovery are the key reasons for outsourcing data centre hosting:

Figure 2: Reasons for Outsourcing Hosting



N=100; Source: Frost & Sullivan survey of IT decision makers, 2012

- The requirement for high availability ranks as the main reason why organisations choose hosted data centre facilities. High availability is a key metric in most co-location service level agreements with customers often demanding "five nines" (99.999 percent) uptime for their mission critical environments;
- A growing number of customers are realising the challenges of managing the infrastructure in-house as they often lack the processes and skills to ensure high availability and security. The fact that outsourcing hosting allows the internal IT team to focus on more strategic issues is an increasingly important reason for outsourcing;
- Lower cost through outsourcing is the third main reason for outsourcing. Many organisations believe that outsourcing to a specialist third-party provider who can maximize economies of scale through serving multiple customers is more cost-efficient than maintaining in-house assets.

Barriers to Entry to the Data Centre Market

The data centre industry has traditionally had high barriers to entry for new market entrants. Data centres are challenging to build, operate and maintain and as the industry has evolved, the scale and sophistication of data centres has continued to increase significantly. There are several reasons for the high barriers to entry in the data centre market:

- **Significant upfront costs** – Building a data centre involves significant upfront costs that may be as high as $1,000-1,500 per square foot of data centre space for a tier 3 facility. These costs include land, electrical and cooling equipment, IT equipment, building infrastructure and other related costs. Furthermore, building the data centres to meet current user requirements of high redundancy, high availability and low latency necessitates even greater expenses as these facilities need to be rated as tier-3 or tier-4;[2]

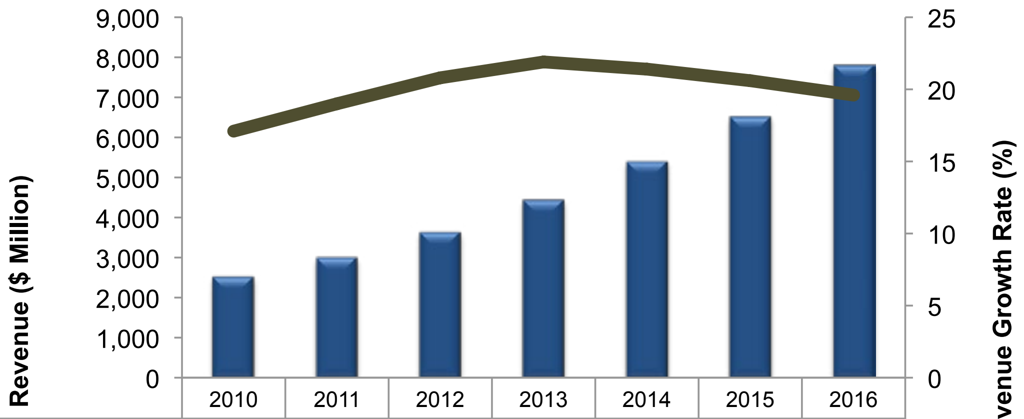
- **Highly sophisticated environment** – A data centre today is a highly sophisticated environment comprising significant levels of machinery and equipment, and is further complicated by the need to build in redundancies. At the same time the design needs to be simple for IT managers and administrators to understand and operate. This requires deep understanding and expertise in data centre construction and design and needs access to the relevant talent. Furthermore, data centre complexity has been increasing with increasing levels of virtualisation. Hence, it is essential to hire and retain the right talent to manage this sophisticated, state of the art environment – a factor becoming an increasing pain point for most businesses and service providers;
- **Finding the right balance in costs and performance** – The sophisticated IT environment in data centres also has specific requirements for its environment, in terms of temperature and humidity, and consumes significant electricity to power the large machinery and equipment. Power is a key component of data centre operational costs, along with the cost of land. While these costs may be reduced by locating the data centre in a cost effective location, it may create performance issues. Data centres located away from the key user markets often face network latency issues. Hence, most data centres continue to be built in and around central business districts such as Sydney and Melbourne, despite the high operating costs in these areas;
- **Gaining and staying certified** – Third-party certification is important to instill confidence in customers. These range from certifications on security, building standards, data centre tiers, green building and so on. Most certificates have a rigorous certification procedure, which may be expensive to undergo. Undergoing certification and staying certified is an ongoing exercise mandating constant adherence to strict protocols, policies and measures - consuming time and key resources. Some common certifications include – SAS 70, ISO 9001, and PCI; and
- **Access to power and infrastructure** – Data centres are significant consumers of power, estimated to account for over 2 per cent of national electricity demand as demand for blade servers with associated cooling systems increases.[3] Given the criticality of power to data centre operations, they need to be supplied with dedicated high voltage power supply with redundancy, and increasingly with dedicated sub-stations. Availability of suitable sites in major cities (where the bulk of demand is located) is becoming increasingly scarce, providing an increasing barrier to establishment of new data centres.

Market Size and Forecasts for Data Centre Services

The Asia Pacific (excluding Japan) data centre services market[4] is estimated at US$3.03 billion for 2011, a growth of 19.0 percent over 2010. Frost & Sullivan expects the market growth rate to increase over the next two years to 21.9 percent in 2013. The growth rate is then expected to moderate to slightly under 20 percent per annum. This translates into a CAGR of 20.8 percent for the 2011-2016 period, with the market reaching US$7.8 billion in 2016.

[2] The tiers refer to the classification of data centres. Tiers describe the availability of data from the hardware at a location. The higher the tier, the greater the availability
[3] Source: estimates by Frost & Sullivan
[4] Defined as expenditure on third-party data centre services

Figure 3: Asia Pacific Data Centre Services Market Forecast



	2010	2011	2012	2013	2014	2015	2016
Total Revenue	2,547.3	3,030.0	3,660.3	4,460.4	5,415.0	6,528.9	7,809.4
Growth Rate (%)	17.1	19.0	20.8	21.9	21.4	20.6	19.6

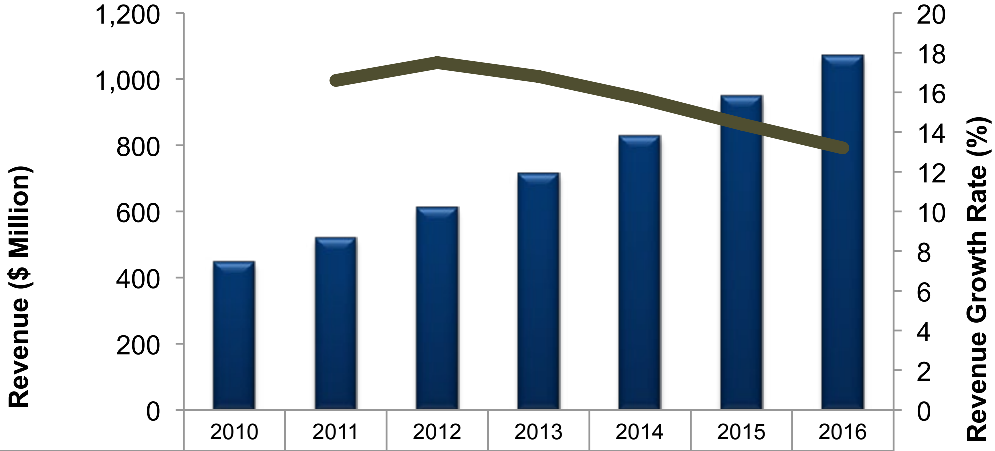
Source: Frost & Sullivan, Asia Pacific Data Centre Services Market report, 2012

During 2010, the Internet/Media vertical accounted for 20.8 percent share of the total market. This is primarily driven by the need for organisations in this vertical to host and distribute an increasing amount of content across regions, via the internet or a content distribution network (CDN). Banking, Financial Services & Insurance (BFSI) and Information and Communications Technology (ICT) are the other two major demand verticals accounting for an additional one-third of the market.

In terms of customer types, large enterprises continue to dominate the market with two-thirds share of the demand in 2010. This is due to the rebound in growth, especially in emerging markets, that multi-national corporations (MNCs) and large businesses have experienced since 2010 and the continuing expansion of global businesses in the Asia Pacific region. However small and medium businesses are expected to increase adoption of cloud services and will therefore account for a growing share of data centre services expenditure.

Australia is the largest country market for data centre services in the Asia Pacific region (excluding Japan), with a 17.2 percent share or US$521.3 million in 2011.

Figure 4: Australia Data Centre Services Market Forecast



	2010	2011	2012	2013	2014	2015	2016
Revenue ($ Million)	447.1	521.3	612.4	715.5	828.1	947.7	1,072.7
Revenue Growth Rate (%)		16.6	17.5	16.8	15.7	14.4	13.2

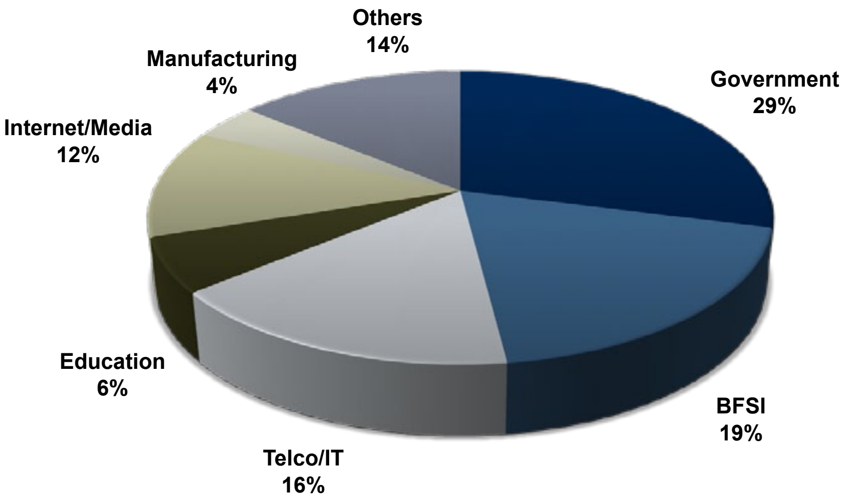
Source: Frost & Sullivan, Asia Pacific Data Centre Services Market report, 2012

In response to the growing demand for computing and storage resources, many Australian enterprises are increasingly considering using a third-party facility to supplement or replace their captive data centres. The continued demand for cloud services and infrastructure centralisation will serve as a huge stimulus for the growth in the data centre services market. The data centre services market in Australia is expected to grow at a CAGR of 15.5 percent from 2011-2016 to reach US$1,072.7 million by 2016.

In response to this, and clubbed with the fact that most facilities are witnessing utilisation levels between 70-80 percent, service providers initiated further investments in 2011 to expand their sellable floor space to tap the increasing market for outsourced hosting.

In terms of verticals, the federal and state governments are the largest spenders on data centre services. With governments taking a pro-active role in data centre consolidation and virtualisation, the third party hosted model is gaining greater usage in the government sector.

Figure 5: Australia Data Centre Services Market Demand Analysis by Vertical



Source: Frost & Sullivan, Asia Pacific Data Centre Services Market report, 2012

Demand for managed hosting has so far been selective in the financial services sector. High availability and disaster recovery planning have been the primary drivers in this vertical. Cloud computing service providers, content providers, and telecommunications services providers account for majority of the demand in the telco/IT sector.

Key Trends in the Data Centre Services Market

Demand for higher specification data centres will display highest growth: The data centre industry is undergoing a transformation as enterprises shift their infrastructure spend from owned or leased facilities to third-party hosted and managed services. The shift in infrastructure parallels the move from owned, premises-based applications to cloud computing applications. High-end providers of co-location and interconnect services will see steady growth in demand due to the need for secure, low latency facilities that can cater to high power, high compute requirements. Among data centre options – private, cloud, co-location or managed models – co-location is the model most likely to provide exactly what application-based businesses need: secure and high available locations in proximity to their users and partners.

Frost & Sullivan expects that the low end of the co-location market, populated by price-driven providers who rent space by the rack or cabinet to local businesses, will shrink over the next few years, as enterprises turn instead to utility-priced, scalable managed hosting and cloud services that require lower investment in equipment and personnel. However, high-end co-location and interconnect providers will continue to enjoy growth, as demand increases for secure, latency-sensitive applications.

Demand for high density data centres will grow: The amount of computing power housed in data centres will grow at an explosive rate because of multiple factors such as ubiquitous usage of rich media (voice, video), growing broadband speeds, rapid adoption of cloud etc. Data centres that make a push towards managed services at the higher end of the value chain will benefit more from the coming boom compared to the data centres focused on co-location due to the ability to charge higher value for every sq. feet of space consumed in a data centre;

A power-based charging model can protect the revenues of data centres: The power requirements in a data centre significantly increase due to adoption of blade servers. Given that power continues to be one of the most significant operational costs in a data centre, a hybrid charging model which includes both space and power usage can help data centre operators match revenues much more closely with costs incurred;

Data centres with the latest cooling technologies and power specifications will gain the bulk of enterprise demand: Latest power and cooling technologies will negatively affect the overall demand of data centre space. This is because they enable better packing of efficient blade servers. However, if we look at new data centres, facilities with better power and cooling technologies would win over those having dated power and cooling technologies. This is because the data centres with better power and cooling technologies will be able to provide facilities for hosting blade servers, which offer efficient packing of computational power. Hence an accelerated demand for blade servers is going to affect them positively;

Data centres will go Green: The momentum towards green data centres will continue, mainly driven by the need to reduce the operational costs in a data centres. Practices such as replacement of legacy (power consuming) infrastructure, using outside air for cooling, optimising power distribution, PUE measurement and bench-marking will gain favour with the motive of reducing energy consumption in a data centre; and

Industry consolidation ahead: As cloud computing has gained steam in the Australia, several global software-as-a-service (SaaS), infrastructure-as-a-service (IaaS) and platform-as-a-service (PaaS) market participants have increased their focus on the market. Given the stringent customer expectations surrounding data sovereignty and latency, many of these service providers will look to offer their cloud services from data centres within Australia. While several of them will lease space from pure co-location providers, some of them will look to acquire data centre service providers to gain control and flexibility in service offering. Given that it takes anywhere between 18-24 months to construct a Tier 3 or Tier 4 data centre, acquisition will be the quickest route to serve the burgeoning market needs.

Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report (including the provision of a signed consent for APDC to lodge the offer document incorporating this report) for which professional fees of A$7,000 will be received, Frost & Sullivan has no interest in APDC and no interest in the outcome of the IPO. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the IPO. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan does not hold a dealer's license or Financial Services License.

Conclusion

The utilisation of data centres will grow rapidly in the Asia Pacific region driven by the huge increase in corporate data requirements, the rapid increase in cloud computing and the increasing requirement to host IT equipment in specialised and dedicated facilities as a result of increasing concerns over costs and security. Frost & Sullivan anticipates that the trend towards outsourcing of data centre hosting as opposed to use of captive data centres will continue across the region, as the increasing costs and complexity of operating a data centre make use of captive data centres increasingly unfeasible for many organisations.

Frost & Sullivan anticipates that the Asia Pacific data centre services market (excluding Japan) will grow at a CAGR of just under 21 per cent from 2011 to 2016, to reach $7.8 billion in revenues by 2016. Australia will be the largest single country in the region in terms of data centre services revenue, with the local market increasing from $520 million in 2011 to just under $1.1 billion by 2016.

Yours Sincerely

Mark Dougan
Managing Director, Australia & New Zealand

M1 board room.

NEXTDC's customers include telecommunication carriers, content delivery networks providers, systems integrators, managed services providers, corporates and government organisations.

6 The Directors and Corporate Governance

6.1 Board of Directors – APDC

Mr Ian Fraser

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Mr Ian Fraser is a chartered accountant and non-executive company director with 45 years experience as a business and accounting professional, including 8 years as a company director of listed and unlisted public companies and 27 years as a partner with KPMG. He retired as a senior audit and corporate advisory partner in 2004.

Mr Fraser is a director of Wilson HTM Investment Group Limited, a member of the Board of Queensland Bulk Water Supply Authority and a Councillor of the Queensland Institute of Medical Research. He retired from the board of RP Data Ltd in 2011 after 3 years as chairman and 5 years as a director.

Mr Fraser holds a Bachelor of Commerce from the University of Queensland, is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.

Ms Francina Turner

EXECUTIVE DIRECTOR,
CEO & COMPANY SECRETARY

Ms Francina Turner is a senior executive with over 15 years experience in funds management, real estate specialised assets and risk management. Over her career, Ms Turner has held leadership roles in listed and unlisted real estate funds with up to $1.0bn of funds under management.

Ms Turner started her career at Macquarie Bank where she worked for 13 years in various property divisions and funds. Following this, Ms Turner joined Lend Lease Corporation as Project Manager for Group Risk and Insurance. Ms Turner was Senior Manager of Strategic Risk for Stockland before joining APDC.

Ms Turner holds a Bachelor of Commerce (Marketing & Hospitality Management) from UNSW, Property, Stock and Business Agents Certificate, and a Graduate Diploma in Applied Finance from Securities Institute of Australia. Ms Turner was previously a director of Youth Hostels of Australia, Omni Leisure Operations Limited and Ten7 Pty Limited (NZ), and Responsible Officer of Macquarie Leisure Management Limited.

Mr Christopher Breach

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Christopher Breach has over 35 years experience as a property professional and an extensive career covering many types and aspects of the real estate market in Australia, New Zealand, UK and USA. Until 2010, Mr Breach was Managing Director and Licensee of Macquarie Asset Services Limited (part of Macquarie Group Limited) and an Executive Director of Macquarie Group Limited. Mr Breach was an early initiator of a due diligence product that became the cornerstone of real estate investment over the last 15 years.

Prior to joining Macquarie, Mr Breach was the Director of Valuations and Corporate Real Estate at Jones Lang Wootton.

Mr Breach holds a Diploma in Estate Management from Kingston upon Thames and a Diploma in Financial Markets from the Securities Institute of Australia. He is a Fellow of the Royal Institution of Chartered Surveyors. Mr Breach was the Chairman of Charities Aid Foundation from 1999 to 2009, and was also previously a director of Sydney Community Foundation. He is presently a director of DanaAsia.

Mr John Wright

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr John Wright has over 35 years experience in accountancy and real estate funds management. He started his career at Price Waterhouse as a chartered accountant and has a Bachelor of Economics from the University of Sydney. Following this he worked for a number of funds management and property groups and spent 16 years working for Macquarie Group Limited.

Mr Wright has extensive experience in REITs having spent 14 years at Macquarie Real Estate where he was responsible for the administration aspects for 7 listed REITs (including 3 IPOs), as well as involvement in the establishment of 11 unlisted REITs. His last position was as Head of Corporate Affairs for Charter Hall Group and was responsible for the integration of the Macquarie real estate platform with Charter Hall.

He was executive director of Macquarie Group Limited for 6 years and director of Macquarie Leisure Group (now Ardent Leisure Group) for 2 years as well as alternate director for 3 other listed REITs during 2002-2009.

Mr Greg Baynton

NON-EXECUTIVE DIRECTOR

Mr Greg Baynton is the founder and Managing Director of Orbit Capital, a boutique investment and advisory company. He comes from a background in merchant banking and Queensland Treasury, and has experience in infrastructure investment, capital raisings, IPOs, pre-IPO funding, corporate structuring and corporate governance.

He has 15 years experience as a director of Australian public companies.

Mr Baynton is currently a director of NEXTDC Limited and Coalbank Limited. Previously Mr Baynton was a Director of PIPE Networks Limited and Tissue Therapies Limited.

Mr Baynton holds a Bachelor of Business (Accountancy), a Master of Economic Studies from UQ, a Post-graduate Diploma in Applied Finance & Investment from the Securities Institute of Australia, and a Master of Business Administration from QUT.

Mr Baynton is a Fellow of the Financial Services Institute of Australasia.

6.2 Interests and benefits

Other than as stated in this section and elsewhere in this Offer Document:

(a) no amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a director of APDC Holdings or APDC Limited, or proposed director to induce them to become, or to qualify as, a director of APDC Holdings or APDC Limited;

(b) none of the following persons:

(i) a director or proposed director of APDC;

(ii) each person named in the Offer Document as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Offer Document;

(iii) a promoter of APDC; or

(iv) an underwriter to the Offer of Securities, or a financial services licensee involved in the Offer of Securities and named in the Offer Document;

holds or has held at any time in the two years before lodgement of this Offer Document with ASIC, an interest in:

(v) the formation or promotion of APDC Holdings, APDC Limited or the APDC Property Trust;

(vi) the Offer of Securities;

(vii) property acquired or proposed to be acquired by the Group in connection with its formation or promotion or the Offer of Securities,

or was paid or given, or agreed to be paid or given, any amount or benefit for services provided by such persons in connection with the formation or promotion of any of APDC Holdings, APDC Limited or the APDC Property Trust or the Offer of Securities.

Directors' interests in Securities

Set out below are details of the interests of the APDC directors in Securities at the time of the Offer. Interests include those held directly or otherwise.

Director	Securities
Mr Ian Fraser	–
Ms Francina Turner	–
Mr Chris Breach	–
Mr John Wright	–
Mr Greg Baynton	–*

* Mr Baynton is a director of, and shareholder in, NEXTDC which is expected to hold approximately 23% of the Securities in APDC following its listing on ASX. As at the date of this Offer Document, Mr Baynton held 268,693 fully paid ordinary shares and 250,000 options in NEXTDC.

The directors of APDC Holdings and APDC Limited (and their associates) may participate in the Offer.

Directors' remuneration – APDC

The Company Constitution provides that the non-executive directors of the company are entitled to remuneration not exceeding an aggregate maximum sum of $400,000 per annum or such other maximum amount determined by APDC Holdings in general meeting. The aggregate sum will be divided among the non-executive directors of APDC Holdings in such a manner and proportion as agreed by the APDC Holdings Directors and, in default of agreement, equally.

The APDC Constitution provides that the remuneration of an executive APDC Holdings Director will be determined by the APDC Holdings Directors. Remuneration may be by way of salary or commission or participation in profits, but may not be by commission or a percentage of operating revenue. The executive directors of APDC Holdings will not receive directors' fees from the company. Executive APDC Holdings Directors are employees of or contractors to the company and will be remunerated in that capacity.

Except in circumstances prohibited by the Corporations Act, APDC Holdings may pay a premium for a contract insuring an APDC Holdings Director against liability incurred by the person as a director.

APDC Holdings Directors may also be paid out of pocket expenses properly incurred by them in connection with the company's business.

Deeds of access, indemnity and insurance

APDC Holdings has entered into deeds of indemnity, insurance and access with the Directors on standard terms for directors of public listed companies. Under each deed, APDC Holdings has undertaken, to the extent permitted by law, to indemnify (or procure that a related body corporate will indemnify) each Director in certain circumstances and to maintain insurance cover in favour of the Director for seven years after the Director has ceased to be a Director of an APDC group company. APDC Holdings has also agreed to provide access to records of an APDC group company while the person is a Director and after they cease to be an APDC group company Director, where such access is required in connection with potential or actual legal proceedings or regulatory action involving the Director.

6.3 Corporate governance

The Board of APDC

The responsible entity for the APDC Property Trust is Asia Pacific Data Centre Limited (APDC Limited).

APDC Limited holds AFSL No. 426 503. APDC Limited has the primary responsibility to operate the APDC Property Trust (as a registered managed investment scheme) and to perform functions conferred on it by the Corporations Act, the Trust Constitution and the Compliance Plan.

The board of APDC comprises the boards of APDC Limited and APDC Holdings **(Board)**.

Responsibility for APDC's proper corporate governance rests with the Board. The Board's guiding principle in meeting this responsibility is to act honestly, in good faith and in the best interests of APDC as a whole, in accordance with the law and APDC's code of conduct.

Composition of Board

The Board performs its roles and function, consistent with the above statement of its overall corporate governance responsibility, in accordance with the following principles:

(a) the Board should comprise at least three directors and no more than ten;

(b) the Board will endeavour to have a majority of non-executive directors; and

(c) the Chairman of the Board must be a non-executive Director.

Board charter

The Board has recently adopted a charter (which will be kept under review and amended from time to time as the Board may consider appropriate) to give formal recognition to the matters outlined above. This charter sets out various other matters that are important for effective corporate governance including the following:

(a) a detailed definition of independent director;

(b) appointment and removal of senior executives;

(c) a framework for individual performance review and evaluation;

(d) basic procedures for meetings of the Board and its committees;

(e) ethical standards and values – formalised in the code of conduct; and

(f) communications with Securityholders and the market.

These initiatives, together with other matters provided for in the Board's charter, are designed to 'institutionalise' good corporate governance and generally build a culture of best practice in APDC's own internal practices and in its dealings with others.

Audit and risk committee

The purpose of this committee is to advise on the establishment and maintenance of a framework of internal control, financial reporting, audit processes and risk management systems (financial and non-financial) of APDC. It is intended that the committee will comprise the following members:

(a) John Wright, Chairman;

(b) Ian Fraser; and

(c) Christopher Breach.

The committee performs a variety of functions relevant to risk management and internal and external reporting and reports to the Board following each meeting. Among other matters for which the committee will be responsible are the following:

(b) internal control framework;

(c) corporate risk assessment and compliance with internal controls;

(d) compliance and management processes supporting external reporting;

(e) review of financial statements and other financial information distributed externally;

(f) review of the effectiveness of the audit function;

(g) review of the performance and independence of the external auditors;

(h) review of the external audit function; and

(i) assessing the adequacy of external reporting for the needs of Securityholders.

Meetings are held at least twice each year. The committee may invite the external auditors to attend each of its meetings.

Best practice commitment

APDC is committed to achieving and maintaining the highest standards of conduct and has undertaken various initiatives, as outlined in this section that are designed to achieve this objective. APDC's corporate governance charter is intended to "institutionalise" good corporate governance and, generally, to build a culture of best practice both in APDC's own internal practices and in its dealings with others.

The following are a tangible demonstration of APDC's corporate governance commitment.

(a) Independent professional advice

With the prior approval of the Chairman, which may not be unreasonably withheld, each director (at the expense of APDC) has the right to seek independent legal and other professional advice concerning any aspect of APDC's operations or undertakings in order to fulfil their duties and responsibilities as directors.

(b) Code of conduct

APDC has developed and adopted codes of conduct to guide directors and all other employees in the performance of their duties.

(c) Securities Trading Policy

APDC has developed and adopted a formal code to regulate dealings in securities by directors, senior executives and employees and their associates. This is designed to ensure fair and transparent trading in accordance with both the law and best practice.

(d) Charter

APDC's corporate governance charter and underlying policies have been formally adopted and can be inspected on its website: **asiapacificdc.com**

Substantial compliance with ASX corporate governance guidelines and best practice recommendations

The ASX document, 'Principles of Good Corporate Governance and Best Practice Recommendations' **(Guidelines)** applying to listed entities was initially published in March 2003 by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets.

The Board has assessed APDC's corporate governance policies against the Guidelines (as amended) and outlines its assessment below:

(a) Principle 1 – Lay solid foundations for management and oversight

The role of the Board and delegation to management have been formalised as described above in this section and will continue to be refined, in accordance with the Guidelines, in light of practical experience gained in operating as a listed company.

(b) Principle 2 – Structure the Board to add value

Together the directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of APDC.

As at the date of this Offer Document, the Board consists of five directors, including one executive director. Three directors of APDC will be independent, giving the Board a majority of independent directors.

(c) Principle 3 – Promote ethical and responsible decision making

The Board has adopted detailed codes of conduct and a securities trading policy. The purpose of these policies is to guide directors in the performance of their duties and to define the circumstances in which both they, management and other employees are permitted to deal in securities.

The Board will ensure that restrictions on dealings in securities are strictly enforced. Both policies have been designed with a view to ensuring the highest ethical and professional standards, as well as compliance with legal obligations, and therefore compliance with the Guidelines.

(d) Principle 4 – Safeguard integrity in financial reporting

The Audit and Risk Committee (with its own charter) complies with the Guidelines. All the members of the Audit and Risk Committee are financially literate and the chairman must be an independent Director.

(e) Principle 5 – Make timely and balanced disclosure

APDC has adopted a continuous disclosure policy which is consistent with the Guidelines.

(f) Principle 6 – Respect the rights of Securityholders

The Board recognises the importance of this principle and strives to communicate with Securityholders both regularly and clearly – both by electronic means and using more traditional communication methods. Securityholders are encouraged to attend and participate at general meetings. APDC's auditors will attend the annual general meeting and be available to answer Securityholders' questions.

(g) Principle 7 – Recognise and manage risks

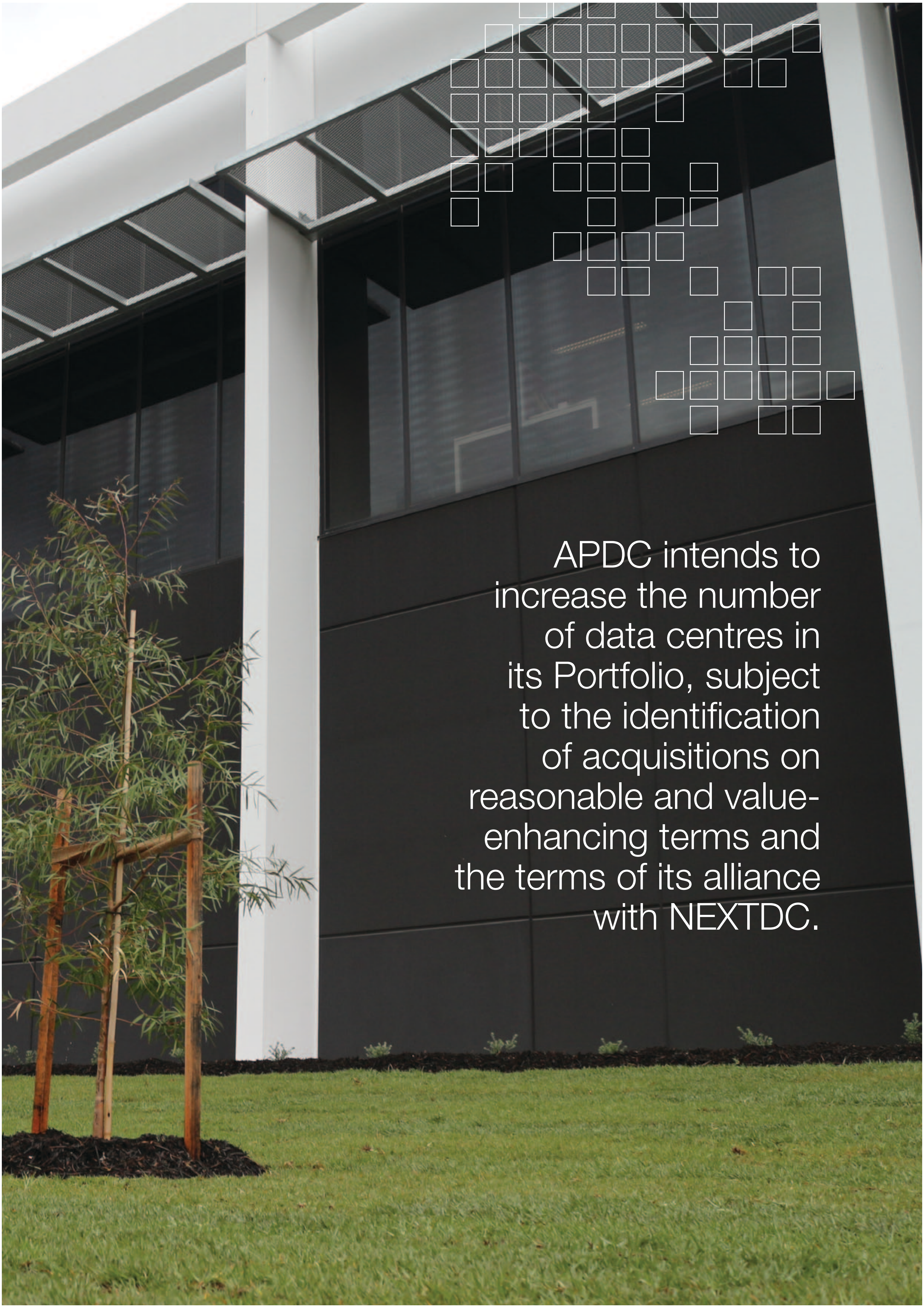
The issue of risk management is formalised in APDC's corporate governance charter (which complied with the Guidelines in relation to risk management) and will continue to be kept under regular review. Review takes place at both committee level (Audit and Risk Committee), with meetings at least twice a year, and Board level.

(h) Principle 8 – Remunerate fairly and responsibly

Remuneration of directors and executives will be fully disclosed in the annual report and any changes with respect to key executives announced in accordance with continuous disclosure principles.

Given the nature and scale of APDC's activities, the Board will fulfil this role until such time as it considers appropriate to appoint a Remuneration and Nomination Committee.


M1 building.



APDC intends to increase the number of data centres in its Portfolio, subject to the identification of acquisitions on reasonable and value-enhancing terms and the terms of its alliance with NEXTDC.

7 Financial Information

7.1 Introduction

The Financial Information contained in this section has been prepared by APDC and includes:

- The Directors' forecast consolidated income statements for the financial period ending 30 June 2013 and the financial year ending 30 June 2014 set out in Section 7.3.1 (the Directors' Forecast);
- Forecast consolidated distribution statements for the financial period ending 30 June 2013 and the financial year ending 30 June 2014 set out in Section 7.3.3; and

  (together the Forecast Financial Information)
- Pro forma consolidated balance sheet as at the Issue Date set out in Section 7.3.4 (the Pro Forma Balance Sheet).

  (collectively the Financial Information)

Also summarised in this section are:

- The basis of preparation of the Financial Information (see Section 7.2);
- The Directors' best estimate specific and general assumptions (see Section 7.3.2) underlying the Forecast Financial Information and key sensitivities in respect of the Forecast Financial Information (see Section 7.3.5).

The Forecast Financial Information has been prepared to reflect the outcome of the Proposed Transaction. The Proposed Transaction is defined to include funds provided to APDC by NEXTDC prior to the Issue Date by way of an initial capitalisation and a commercial loan (see Section 2.3), the acquisition by APDC of M1 (land and building), S1 (land and building under construction) and P1 (land) under the Sales Contracts and Development Agreement, execution of the Leases and Services and Costs Agreement between NEXTDC and APDC (or the Custodian) and the Offer as detailed in this Offer Document. The Financial Information relates to APDC which comprises APDC Property Trust, APDC Holdings and its wholly owned entity APDC Limited. APDC will operate on a 30 June financial year, and all the figures provided within this Section are for the periods ending 30 June unless otherwise noted.

The Directors' Forecast does not include the impact of the payment of the P1 Development Fee. The P1 base building has been excluded from the Forecast Financial Information because the timing of completion of P1 is not adequately certain.

The Financial Information contained within this Section should be read in conjunction with the risk factors set out in Section 10 and other information contained in this Offer Document.

The Directors' Forecast and the Pro Forma Balance Sheet have been reviewed by KPMG Transaction Services, whose Investigating Accountant's Report is provided in Section 8. Prospective Investors should note the scope and limitations of the Investigating Accountant's Report.

All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $0.1 million. Rounding of the figures provided in the Financial Information may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

7.2 Basis of preparation and presentation of the Financial Information

7.2.1 Overview

The unaudited Financial Information in this section has been prepared in accordance with the Constitutions and the recognition and measurement principles of the Australian Accounting Standards and other professional requirements in Australia. However, the Financial Information is presented in an abbreviated form and does not contain all disclosures as required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The significant accounting policies relevant to the Financial Information are disclosed in Section 7.4.

7.2.2 Preparation of the Forecast Financial Information

The Directors of APDC believe that the Forecast Financial Information has been prepared with due care and attention, and consider all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Offer Document.

The Forecast Financial Information has been prepared on the basis of a number of assumptions, including the best estimate assumptions set out in Section 7.3.2 and has been prepared on the basis that the Proposed Transaction is completed by 21 December 2012.

Prospective investors should be aware that the timing of actual events and the magnitude of their impact might differ from the assumptions supporting the Forecast Financial Information. Furthermore, any deviation in the assumptions on which the Forecast Financial Information is based may have a material positive or negative effect on APDC's actual financial performance or financial position.

7.2.3 Preparation of Pro Forma Balance Sheet

The Pro Forma Balance Sheet at the Issue Date has been prepared to reflect the following pro-forma transactions that are expected to occur and be completed by the Issue Date, assuming the following:

- $2.75 million funds provided by NEXTDC prior to the Issue Date by way of an initial capitalisation of $2.0 million and a commercial loan of $750,000 to be used to fund the operating costs of APDC in the Forecast Period and to ensure APDC Limited meets the net tangible asset obligation of its Australian Financial Services Licence;
- Initial acquisition by APDC of M1 (land and building), S1 (land) and P1 (land) for $69.5 million to be settled by the issue of 26.45 million Securities ($0.61 per Security) to NEXTDC and $53.37 million in cash, utilising the cash raised under the Offer;
- Investment property under construction of $28.67 million recognised in relation to S1 building based on the estimated stage of completion just before the Issue Date with a corresponding payable to NEXTDC;
- $44.85 million receivable to recognise, as at the Issue Date, the Final Instalment of $0.39 per Security payable to APDC under the Instalment Program; and
- All costs associated with the establishment of APDC and the Offer will be paid by NEXTDC.

The fair value of the M1, S1 and P1 classified as investment property is based on the independent valuations described in Sections 7.3.4 and 15.

The Pro Forma Balance Sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of APDC's future financial position.

7.3 Forecast Financial Information

7.3.1 Directors' forecast consolidated income statements

The table below details the Directors' forecast consolidated income statements from 21 December 2012 to 30 June 2013 and for the year ending 30 June 2014 (the 'Forecast Period').

Summary Directors' Forecast consolidated income statements

($m)	Notes	From 21 Dec 12 to 30 June 13	12 months to 30 June 14
Rental income	1	3.1	10.1
Total Income		**3.1**	**10.1**
Operating costs	2	(0.6)	(1.0)
Net interest expense		0.0	0.0
Profit for the period	**3 / 4**	**2.5**	**9.1**

Notes

1. All rental income commencing from 21 December 2012 of APDC is attributable to APDC Property Trust.
2. Operating costs include Directors' best estimate of likely costs including directors' fees, management and other salaries, professional fees, rent and other expected costs from 21 December 2012.
3. The forecast consolidated income statements assumes there will be no underlying movement in the fair value of the Initial Portfolio during the Forecast Period.
4. No tax expense is expected to arise for APDC in the Forecast Period.

7.3.2 Directors' best estimate assumptions

The Directors' Forecast is based on various best estimate general and specific assumptions of which the key assumptions are set out below. The assumptions below are summary only and do not represent all factors that will affect APDC's forecast financial performance. The information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Directors' Forecast should be read in conjunction with the basis of preparation of the Forecast Financial Information set out in Section 7.2, the assumptions set out in this Section and the risk factors set out in Section 10.

7.3.2.1 General assumptions

The following best estimate general assumptions are relevant to the Directors' Forecast:

- The sale, lease back and development transaction is implemented by 21 December 2012;
- CPI of 2.5% p.a.;
- no material business acquisitions or disposals during the forecast period, other than those set out in this Offer Document;
- no material contract disputes or litigation during the Forecast Period;
- no significant change to the legislative regime and regulatory environment in the jurisdictions that APDC operates in during the Forecast Period;
- all lease agreements with NEXTDC are enforceable and are performed in accordance with their terms;
- no material changes in applicable Australian Accounting Standards, other mandatory professional reporting requirements and the Corporations Act during the forecast period;
- no material changes to the Australian income tax legislation;
- no underlying movement in the fair value of the investment properties, as the Directors do not believe such movements can be reliably estimated; and
- no material amendment to any material agreement of arrangement relating to APDC business. The parties to those agreements and amendments are assigned to continue to comply with the terms of all material agreements and arrangements.

7.3.2.2 Specific assumptions

The Directors' best estimate specific assumptions underpinning the Forecast Period include the following:

Rental income

- For M1 (land and building), S1 (land) and P1 (land) following completion of the Offer, rental income has been forecast on a property by property basis based on rent income payable by its sole tenant, NEXTDC, as per the executed Leases.
- NEXTDC will initially pay APDC Property Trust rent on unimproved land for S1 and P1 based on the Development Agreements. For accounting purposes S1 & P1 rent on unimproved land is offset against the investment property under development until construction of the data centres is completed and available for use (refer to forecast consolidated distribution statements in Section 7.3.3).
- From S1 Completion Date, rent paid by NEXTDC for the completed land and building will be recognised in the income statement. The table below shows the expected rent per facility for APDC during the Forecast Period.
- Rental income increases in accordance with the provisions of the Leases.

The table below shows the expected rent for APDC during the Forecast Period

Facility	Rent from 21 Dec 2012 to 30 June 2013 ($m) [5]	Rent for the 12 months to 30 June 2014 ($m)	Gross Lettable Area post-completion (m^2) [4]	Initial rent per m^2 once completed ($) [1,2,4]
M1 (Melbourne)	2.5	4.8	17,354	270
S1 (Sydney)[3]	1.1	5.3	19,467	270
P1 (Perth)[3]	0.2	0.5	9,603	270

Notes

1. Post-completion rent is the rent payable under the Lease following practical completion of the base buildings of each respective property.
2. Rent is assumed to increase at December each year by CPI during the Forecast Period (commencing December 2013).
3. S1 and P1 rent on unimproved land pre-Completion is not recognised as income for accounting purposes.
   P1 (building) is not assumed to be acquired by APDC Property Trust in the Forecast Period.
4. Estimate of the built areas once they are constructed.
5. Includes rent commencing from 21 December 2012.

Property outgoings

- Statutory and other property outgoings are the responsibility of NEXTDC as sole tenant under the Leases.

Operating costs

- The forecast operating expenses of APDC include estimates of Directors' fees, management and other salaries, audit fees, legal fees, valuation fees, share registry fees, office rent, insurance and other costs which management expect to incur. The forecast costs represent Directors' best estimates of the likely costs to be incurred based on a combination of existing agreements, external quotes and external benchmarks and are assumed to increase each year by CPI during the Forecast Period.
- Costs associated with the establishment of APDC, the transactions outlined in Section 7.1 and the Offer will be paid by NEXTDC.

Net interest expense

- APDC's borrowings from NEXTDC will incur an average interest rate of 5.3% (inclusive of margin).
- Interest income is based on a bank interest rate of 3.5% applied to forecast cash at bank.

Depreciation

- Land and buildings have the function of an investment and are regarded as a composite asset. In accordance with Australian Accounting Standards, investment properties held at fair value are not subject to depreciation. Accordingly, the buildings and any critical plant and equipment components thereof are not depreciated for accounting purposes. The interests in buildings and any critical plant and equipment are held as an investment property, and will be continually maintained as stipulated in the Leases.

Capital works in progress

- All costs associated with the construction of the S1 (building) and P1 (building) prior to practical completion will be paid by NEXTDC, in line with the Development Agreements.

Income tax

- The APDC Property Trust is taxed as a flow through entity in accordance with Division 6 of the Income Tax Assessment Act 1936.
- All of the taxable income of the trust will be distributed by the end of the tax year.
- A certain amount of capital allowance deductions will be available in respect of the construction costs of the properties and any plant acquired in determining the taxable income of the APDC Property Trust for Distribution purposes.

Stamp duty

- Corporate reconstruction relief has been sought and favourable rulings issued for the purchase of the Initial Portfolio properties. The relief and rulings are subject to conditions which if not satisfied may result in loss of exemption from duty. Any cost resulting from loss of relief and all other stamp duty costs incurred in respect of the acquisition of Securities under the Offer will be paid by NEXTDC.

7.3.3 Forecast consolidated Distribution statements

The table below provides a reconciliation from the Directors' Forecast to the forecast Distributions. Distributions during the Forecast Period are expected to be funded by net operating cashflows of APDC and the pre-IPO capital of APDC funded by NEXTDC before the Issue Date (see Section 2.3). As outlined in the table below, APDC forecasts a Distribution of an annualised 9% per Security for the Forecast Period.

($m)	Issue Date to 30 June 13	12 months to 30 June 14
Distributions		
Profit for the period	2.5	9.1
S1 and P1 rent on unimproved land[1]	0.7	0.5
Return of pre-IPO capital	0.5	0.8
Distribution	**3.7**	**10.4**
Weighted average number of Securities (million)	115	115
Distribution per Security (cents)	3.2	9.0
Annualised distribution yield (%)[2]	9.0%	9.0%
Tax deferred component of distribution (%)[3]	25%	24%

Notes

1. Prior to the payments for the S1 and P1 buildings, rent on unimproved land for S1 and P1 will be offset against the cost of acquisition of the land and will not be treated as income for accounting purposes.
2. Distribution yield calculated on the equity invested.
3. Percentage of forecast distribution estimated to be tax deferred.

APDC intends to make quarterly distributions to Securityholders for each quarter ending 31 March, 30 June, 30 September and 31 December. It is expected that these distributions will be payable each February, April, August and October with the first distribution expected to be paid in April 2013 based on the period from the Issue Date to 31 March 2013.

The Securities are forecast to return an annualised distribution yield of 9.0% p.a. for the Forecast Period. The forecasts are based on certain assumptions described in Section 7.3.2. Those assumptions include that the Initial Portfolio remains the sole property investment of APDC during the Forecast Period and that no new Securities are issued.

The expected distributions to be paid to Securityholders during the Forecast Period are set out in the Distribution table below.

	March 2013	June 2013*	September 2013	December 2013	March 2014	June 2014
Total Distributions	$1.6m	$2.1m	$2.6m	$2.6m	$2.6m	$2.6m
Distributions per Security**	1.37 cents	1.81 cents	2.25 cents	2.25 cents	2.25 cents	2.25 cents

* The distribution per Security for the June 2013 quarter is adjusted to incorporate the period during this quarter in which the Securities will become fully paid.

** Total Distributions divided by the number of Securities on issue (115 million).

It is estimated that the distributions during the Forecast Period will be approximately 25% tax deferred on an annualised basis. For further detail on the potential tax implications of an investment in APDC, please refer to Section 14.

NEXTDC's ability to continue to pay rent income is critical to the profitability of APDC and its capacity to continue to pay distributions to Securityholders. NEXTDC's financial position is summarised in Section 4.4.

7.3.4 Pro Forma Balance Sheet

The table below details the Pro Forma Balance Sheet at the Issue Date.

($m)	Notes	At the Issue Date
Assets		
Current Assets		
Cash	1	3.4
Receivable in relation to Final Instalment	2	44.9
Total Current Assets		**48.3**
Total Non-Current Assets		
Investment property	3	52.0
Investment properties under construction	3	46.2
Total Non-Current Assets		**98.2**
Total Assets		**146.5**
Liabilities		
Current liabilities		
Payable to NEXTDC on practical completion of S1	3	28.7
Non-Current Liabilities		
Loan – NEXTDC	1	0.8
Total Non-Current Liabilities		0.8
Total Liabilities		**29.5**
Net Assets		**117.0**
Equity		
Non-controlling interest (APDC Property Trust)	4	115.8
Controlling interest (APDC Holdings)	4	1.2
Total equity		**117.0**
Number of Securities		115.0
NTA per Security ($)		1.017

Notes

1. Included in the pro forma cash balance is APDC's pre-IPO capital of $2 million. Cash also includes the funds from a $0.75 million loan from NEXTDC on commercial terms (refer Sections 2.3 and 2.6) to ensure APDC Limited retains sufficient capital to meet the net tangible asset obligation of its Australian Financial Services Licence, and the excess of cash raised under this Offer from the initial instalment over cash to be paid at the Issue Date to NEXTDC to acquire M1 (land and building), S1 (land) and P1 (land).
2. Receivable amount represents the Final Instalment payable to APDC pursuant to the Instalment Program. Although APDC may defer payment of the Final Instalment by up to six months in the event of a delay to the completion of S1, the existing contractual right has been treated as a receivable in the books of APDC at the Issue Date.
3. Investment properties are initially recognised at fair value as determined by the independent valuer. The acquisition of the Initial Portfolio in the Forecast Period will take place over two stages:

a. Stage 1: acquisition of M1 land and building, S1 land and P1 land at the Issue Date
   i. M1 land and building: $52.0 million
   ii. S1 land: $12.5 million
   iii. P1 land: $5.0 million

b. Stage 2: payment for completion of S1 building will occur on S1 Completion Date, assumed to be 15 May 2013
   i. S1 building: $45.5 million

   Investment property under construction consists of P1 (land) and S1 (land and building). Investment property under construction in relation to S1 building of $28.7 million is based on the estimated stage of completion just before the Issue Date with a corresponding payable to NEXTDC. The stage of completion is assessed by reference to surveys of work performed.

4. Non-controlling interests represent the equity attributable to unitholders of the APDC Property Trust. The $1.00 issue price per Security is allocated as $0.99 to each APDC Property Trust unit and $0.01 to each share in APDC Holdings.

Investment properties

($m)	At the Issue Date
Completed investment property	
M1 (land and building)[1]	52.0
Investment properties under construction	
S1 (land at Initial Instalment)[1]	12.5
S1 (building)[2]	28.7
S1 (land and building)	41.2
P1 (land at Initial Instalment)[1]	5.0
Total value of investment properties under construction	**46.2**
Value of properties per Pro Forma Balance Sheet	**98.2**

1. Based on independent valuation performed by Jones Lang LaSalle.
2. Based on survey of works.

7.3.5 Sensitivity analysis

The Forecast Financial Information is based on a number of best estimate assumptions and these best estimate assumptions are subject to change.

Set out below is a summary of the key sensitivity of the forecast net income and distributions to a change in the key variable in the Forecast Period being the timing of completion of S1 (building).

($m)	21 Dec 12 to 30 June 13	21 Dec 12 to 30 June 13	Variance
Completion of S1[1]	*15 May 2013*	*15 June 2013*	
Rental income	3.1	2.7	(0.4)
Profit for the period	**2.5**	**2.1**	**(0.4)**
Distribution[2]	**3.7**	**3.7**	**–**

1. Assumes a one month delay in the timing of completion of S1 (building). As a result of the assumed delay APDC will continue to receive rent on unimproved land, delay the payment of the Final Instalment and Development Fee and receive no rental income in S1 (building).
2. Issue Date to 30 June 2013.

While forecast net income is sensitive to timing of completion the annualised distribution yield is not expected to be impacted.

7.3.6 Future transactions

APDC Property Trust will pay the $23.8 million P1 Development Fee on P1 Completion Date. The payment of the P1 Development Fee has not been included in the Forecast Period.

The Directors may choose to secure debt facilities to fund the payment of the P1 Development Fee, which is approximately $23.8 million (being approximately 17% of total asset value (land and building) based on the Independent Valuation). In the event that acceptable debt terms cannot be secured, it may raise equity or issue the Convertible Notes to NEXTDC. Refer to Section 11.2 for terms of the Convertible Notes.

7.4 APDC – Key accounting policies

The accounting policies described below are the significant accounting policies that will apply to the future financial statements of APDC. Wherever applicable, these policies have also been applied in the preparation of the Financial Information contained in this Offer Document.

(a) Reporting entity

APDC Holdings is incorporated and domiciled in Australia. The Financial Information incorporates the assets and liabilities of APDC Holdings and its controlled entities including APDC Limited and the APDC Property Trust (together referred as APDC or Consolidated Entity).

The shares of APDC Holdings and the units of APDC Property Trust are stapled together and quoted as one on the Australian Securities Exchange (ASX).

APDC Holdings is deemed to control the APDC Property Trust for accounting purposes and therefore the APDC Property Trust is consolidated into APDC's financial report.

Non-controlling interests represent the equity attributable to unitholders of the APDC Property Trust. Non-controlling interest is defined as that portion of the profit or loss and net assets of the APDC Property Trust which are not owned, directly or indirectly through subsidiaries, by APDC Holdings. On the basis that APDC Holdings has no ownership interest in APDC Property Trust, the net assets of the APDC Property Trust are identified as non-controlling interests and presented in APDC's statement of financial position within equity separately from APDC Holding's shareholders equity. The profit or loss of the entity is separately disclosed as non-controlling interest in the profit or loss of APDC.

APDC is a for-profit entity and invests predominantly in data centre properties.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

APDC recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities as described below.

Revenue is recognised for the business activities as follows:

(i) Rental income

Rental income is recognised on a straight-line basis over the lease term. Rental income derived from land or an investment property under construction or development, which directly relates to bringing an asset to the location and working condition of an investment property, is recognised as a reduction in the purchase price of the asset.

(ii) Interest income

Interest income is recognised using the effective interest method.

(c) Expenses

All expenses are accounted for on an accruals basis.

Expenses which are incidental to the acquisition of an investment property are included within the cost of that property.

(d) Income tax

(i) Companies

Income tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided on all temporary differences at balance date on the difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available, against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised through the continued use or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

(ii) APDC Property Trust

Under current Australian tax legislation, the APDC Property Trust is not liable for income tax, provided that the taxable income (including any assessable component of any capital gains from the sale of investment assets) is fully distributed to unitholders each year. Distributions in excess of the taxable income of the APDC Property Trust are treated as tax deferred distributions. The tax deferred component reduces a unitholder's capital gains tax base applicable to the units held in the APDC Property Trust.

(e) Leases

APDC has entered into leases in its investment property portfolio. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Properties leased out under operating leases are included in investment properties.

APDC has determined that it retains all the significant risks and rewards of ownership of these properties and has thus classified the Leases as operating leases.

(f) Investment properties

Investment properties, comprising freehold land and buildings (including integral plant and equipment), are held for long-term rental yields and capital appreciation and are not occupied by APDC. Investment properties are initially recognised at cost including any acquisition costs.

The acquisition of the individual land and buildings is accounted for as an asset acquisition.

Fair value

Land and buildings (including integral plant and equipment) that comprise investment property is not depreciated. Investment properties are carried at fair value at each reporting date with any gain or loss arising from a change in fair value recognised as profit or loss in the period. The fair value of investment properties will be determined by the Directors, in accordance with AASB 140 "Investment Property". Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, alternative valuation methods are to be used, such as the capitalisation of net income approach or discounted cash flow projections. The Directors assessment of the fair value of each property will be periodically confirmed by independent valuations appropriate to the nature of the investment property.

Subsequent costs

APDC recognises in the carrying amount of an investment property the cost of replacing part of that investment property when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred.

(g) Investment properties under construction

Investment property under construction is initially recognised when effective control and the significant risks and rewards of ownership of the real estate are transferred to APDC.

APDC has determined that the significant risk and rewards of ownership of the work in progress in relation to S1 and P1 transfer progressively as construction progresses.

Accordingly, APDC will recognise S1 and P1 buildings under the continuous transfer approach with reference to the stage of completion of the development.

The stage of completion is assessed by reference to surveys of work performed.

At each reporting date the investment property under construction will be carried at fair value.

(h) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured at the fair value of the assets given up. Securities issued or liabilities undertaken at the date of acquisition plus incidental costs are directly attributable to the acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(i) Dividends and distributions

(i) The Companies

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

(ii) The APDC Property Trust

Each reporting period the directors of the responsible entity are required to determine the distribution entitlement of the unit holders of the APDC Property Trust in respect of the period. Any amounts so determined but not paid by the end of the period, are recorded as a liability.

(j) Non-derivative financial liabilities

Non-derivative financial liabilities comprise loans and trade and other payables.

APDC classifies non-derivative financial liabilities into the other liabilities category. Such liabilities are recognised initially at fair value less any directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

(k) Equity

(i) The Companies

Ordinary shares are classified as equity.

(ii) The APDC Property Trust

Under its Constitution, the APDC Property Trust has been set up as an indefinite life trust. As the APDC Property Trust does not have a termination date, contributions by unitholders have been classified as equity.

(iii) Partly paid Securities

For partly paid securities, where there is a fixed schedule of definite call dates when the security holders must pay instalments of the outstanding amount on the securities, and the security holder is contractually obliged to pay, APDC recognises a receivable for the outstanding future proceeds at the issue date of the securities, with a corresponding entry in equity. The receivable is a financial asset and measured at fair value on initial recognition and subsequently at amortised cost. Amortised cost is calculated using the effective interest rate. The unwinding of the discount on the receivable is recognised in the profit or loss over the expected payment period.

(l) Share based payment arrangements

An equity-settled share-based payment transaction is measured at the fair value of the goods or services received, and the corresponding increase in equity.

KPMG

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The Directors
Asia Pacific Data Centre Limited – as Responsible Entity of Asia Pacific Data Centre Trust
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The Directors
Asia Pacific Data Centre Holdings Limited
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3 December 2012

Dear Directors

Investigating Accountant's Report and Financial Services Guide

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Asia Pacific Data Centre Holdings Limited ("APDC Holdings") and Asia Pacific Data Centre Limited ("APDC Limited"), as Responsible Entity of Asia Pacific Data Centre Trust ("ADPC Property Trust") to prepare this report for inclusion in the offer document to be dated 3 December 2012 ("Offer Document"), and to be issued by APDC Holdings and APDC Limited, in respect of the proposed underwritten issue of stapled securities in the Asia Pacific Data Centre group ("APDC"), which comprises APDC Holdings and ADPC Property Trust.

Expressions defined in the Offer Document have the same meaning in this report.

Scope

KPMG Transaction Services has been requested to prepare a report covering the pro forma balance sheet and forecast financial information described below and disclosed in the Offer Document.

The pro forma balance sheet and forecast financial information is presented in an abbreviated form in the Offer Document insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

Review of Pro Forma Balance Sheet

The pro forma balance sheet, as set out in section 7.3.4 of the Offer Document, comprises the pro forma, unaudited balance sheet of APDC as at allotment date (the "Pro Forma Balance Sheet").

The Pro Forma Balance Sheet has been prepared by the Directors on the basis of the pro forma transactions and/or adjustments described in section 7.2.3 of the Offer Document, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by APDC Holdings and APDC Limited disclosed in section 7.4 of the Offer Document.

For the purposes of preparing this report we have reviewed the Pro Forma Balance Sheet in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Pro Forma Balance Sheet is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in section 7.2.3 of the Offer Document, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by APDC Holdings and APDC Limited disclosed in section 7.4 of the Offer Document.

We have conducted our review in accordance with Australian Auditing Standards applicable to review engagements. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of the pro forma transactions and/or adjustments made to the historical financial information;
- a review of APDC's work papers, accounting records and other documents;
- a comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by APDC Holdings and APDC Limited disclosed in section 7.4 of the Offer Document; and
- enquiry of directors, management and others.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review of Directors' Forecast and directors' best-estimate assumptions

The directors' forecast is set out in section 7.3.1 of the Offer Document and comprises the forecast consolidated income statement of APDC for the period ending 30 June 2013 and the year ending 30 June 2014 (the "Directors' Forecast").

The Directors' Forecast has been prepared by the directors to provide investors with a guide to APDC's potential future financial performance based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. The directors' best-estimate assumptions underlying the Directors' Forecast are set out in section 7.3.2 of the Offer Document.

There is a considerable degree of judgement involved in the preparation of any forecast. Consequently, the actual results of APDC during the forecast period may vary materially from the Directors' Forecast, and that variation may be materially positive or negative.

The sensitivity of the Directors' Forecast to changes in key assumptions is set out in 7.3.5 of the Offer Document and the risks to which the business of APDC is exposed are set out in section 10 of the Offer Document. Investors should consider the Directors' Forecast in conjunction with the analysis in those sections.

We have reviewed the Directors' Forecast and the directors' best-estimate assumptions underlying the Directors' Forecast, set out in section 7.3.2 of the Offer Document, in order to state whether, on the basis of procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions, when taken as a whole, do not provide reasonable grounds for the preparation of the Directors' Forecast; and
- the Directors' Forecast is not properly compiled on the basis of the directors' best-estimate assumptions or prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by APDC disclosed in section 7.4 of the Offer Document.

We have conducted our review in accordance with Australian Auditing Standards applicable to review engagements. Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary.

Our review of the Directors' Forecast and the directors' best-estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Directors' Forecast or the directors' best-estimate assumptions.

Directors' responsibilities

The directors of APDC Holdings and APDC Limited are responsible for the preparation and presentation of:

- the Pro Forma Balance Sheet, including the determination of the pro forma transactions and/or adjustments; and
- the Directors' Forecast, including the best-estimate assumptions on which the Directors' Forecast is based and the sensitivity of the Directors' Forecast to changes in key assumptions.

The directors' responsibility includes establishing and maintaining internal controls relevant to the preparation of the financial information in the Offer Document that is free from material misstatement, whether due to fraud or error.

Review statements

Review statement on the Pro Forma Balance Sheet

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Balance Sheet, as set out in section 7.3.4 of the Offer Document and comprises:

- the pro forma balance sheet of APDC as at allotment date;

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in section 7.2.3 of the Offer Document, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by APDC disclosed in section 7.4 of the Offer Document.

Review statement on the Directors' Forecast and the directors' best-estimate assumptions

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions, set out in section 7.3.2 of the Offer Document, when taken as a whole, do not provide reasonable grounds for the preparation of the Directors' Forecast; and
- the Directors' Forecast, set out in section 7.3.1 of the Offer Document, is not properly compiled on the basis of the directors' best-estimate assumptions or prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by APDC disclosed in section 7.4 of the Offer Document.

The underlying assumptions are subject to significant uncertainties and contingencies, often outside the control of APDC. If events do not occur as assumed, actual results achieved by APDC may vary significantly from the Directors' Forecast. Accordingly, we do not confirm or guarantee the achievement of the Directors' Forecast, as future events, by their very nature, are not capable of independent substantiation.

Independence

KPMG Transaction Services does not have any interest in the outcome of this issue, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of ADPC and from time to time, KPMG may also provide APDC Holdings and APDC Limited with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Offer Document, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Offer Document in the form and context in which it is so included, but has not authorised the issue of the Offer Document. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Offer Document.

Yours faithfully

Peter Hudson
Authorised Representative

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Financial Services Guide
Dated 3 December 2012

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**KPMG Transaction Services**), and Peter Hudson as an authorised representative of KPMG Transaction Services (**Authorised Representative**), authorised representative number 405347.

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investments schemes excluding investor directed portfolio services;
- securities, and
- superannuation,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by Asia Pacific Data Centre Holdings Limited (APDC Holdings) and Asia Pacific Data Centre Limited (APDC Limited), as responsible entity of Asia Pacific Data Centre Trust (APDC Property Trust) (Client) to provide general financial product advice in the form of a Report to be included in the Offer document (Document) prepared by APDC Holdings and APDC Limited in relation to an Public Offering to establish a listed property fund (Transaction).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than the Client.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid bythe Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, NEXTDC Limited has agreed to pay KPMG Transaction Services approximately $240,000 for preparing the Report. KPMG Transaction Services and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

KPMG entities have provided, and continue to provide, a range of tax and advisory services to NEXTDC and for which professional fees are received. Over the past two years professional fees of $25,108 have been received from NEXTDC. None of those services have related to the transaction or alternatives to the transaction.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Peter Hudson
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

9 Fees and costs

Consumer advisory warning

The warning below is required to be included by APDC Limited, by law.

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period.

For example, it could reduce from $100,000 to $80,000.

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask APDC or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the ASIC website www.fido.asic.gov.au has a managed investment fee calculator to help you check out different fee options.

Fees and other costs

The table in this section shows fees and other costs that you may be charged, in relation to the operation and management of the APDC Property Trust. These fees and costs may be deducted from your money, from the returns on your investment or from the APDC Property Trust's assets as a whole. Information on taxes is set out in Section 14.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Management costs associated with the operation of the APDC Property Trust

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the APDC Property Trust	Nil (while the Units are listed)	Not applicable
Establishment fee The fee to open your investment.	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment.	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment.	Nil (while the Units are noted)	Not applicable
Termination fee The fee to close your investment.	Nil	Not applicable
Management costs The fees and costs for managing your investment.	**Responsible Entity management fee** Up to 2% of the gross asset value of the APDC Property Trust. *While APDC Limited has internal management, no fees will be paid, except those required to cover the operating expenses of APDC.* **Expenses** estimated to be 0.72% per annum of the gross asset value of the APDC Property Trust.	Payable from the income (or other assets) of the APDC Property Trust, as and when incurred. Payable from the income (or other assets) of the APDC Property Trust, as and when incurred.
Services fees The fees payable by APDC Limited to APDC Holdings under the Services Agreement outlined in Section 2.7 and to NEXTDC under the Services and Costs Agreement summarised in Section 11.9.	Nil	Payable on receipt of an invoice from APDC Holdings.
Investment switching fee The fee for changing investment options.	Nil	Not applicable
Performance fees Payable where the APDC Property Trust return exceeds the S&P/ASX200 A-REIT Accumulation Index.	Nil	Not applicable

9.1 Additional explanation of fees and costs

The above table shows the management costs associated with the operation of the APDC Property Trust.

Following is some additional information in relation to those management costs, as well as some general information in relation to expenses which may be payable out of the income or assets of APDC Holdings.

9.2 Ongoing expense recoveries

(a) **APDC Property Trust related expenses**

APDC Limited and APDC Holdings are entitled to be reimbursed for all reasonable expenses incurred in relation to the operation of the APDC Property Trust.

Expenses properly incurred by either APDC Limited in operating the APDC Property Trust, or by APDC Holdings in managing the APDC Property Trust's affairs (because APDC Holdings will be involved in managing the affairs of the APDC Property Trust under the Services Agreement), may be paid from, or reimbursed out of, the income or assets of the APDC Property Trust.

These expenses could include (but are not limited to) costs associated with valuing, holding or disposing of assets, costs of engaging agents, taxes, insurance, costs of establishing and maintaining registers, costs in relation to accounting, ASX fees, costs in relation to compliance and auditing costs.

These ongoing costs do not include the costs associated with the acquisition of additional real property by APDC.

(b) **Operating expenses**

The expenses detailed in the above table do not include the normal costs and expenses payable by APDC Holdings in relation to the day to day administration of its own affairs. APDC Holdings will also pay the salaries of its directors, and other normal expenses associated with running its affairs (such as for example audit fees, compliance costs and wages).

(c) **Responsible Entity management fee**

Up to 2% of the gross asset value of the APDC Property Trust.

While APDC has internal management, no fees will be paid, except those required to cover the operating expenses of APDC.

Expenses estimated to be 0.72% per annum of the gross asset value of the APDC Property Trust.

(d) **GST**

Unless otherwise shown, all fees and expenses are expressed inclusive of GST.

9.3 Fees and expenses of the Offer

The estimated fees and expenses associated with the Offer are summarised below. These fees will be paid by NEXTDC and will not be borne by APDC.

Fee or cost	Amount	How and when paid
Underwriting fee	$2,656,500	Part following payment of the Initial Instalment and the remainder following payment of the Final Instalment.
Offer management and structuring fee	$885,500	On completion of the Offer.
Financial advisory fees relating to the Offer and pre-Offer related transactions	Nil	
Other Offer related costs	$2,300,000	
(Costs associated with the Offer, including legal fees, investigating accountant's fees, taxation advisor fees, ASX listing fees, responsible entity fees, registry fees, stamp duty and printing fees)	Total costs of $5,842,000	All on completion of the Offer.

9.4 Example of annual fees and costs for the APDC Property Trust

This table gives an example of how the fees and costs in relation to the APDC Property Trust component of APDC can affect your investment over a 1 year period. You should use this table to compare this Offer with other managed investment products.

Example (APDC Property Trust)	Amount	Balance of $50,000
Contribution fees	Nil	Nil
PLUS management costs	The lower of 2.0% or the actual operating expenses	$1,000
EQUALS cost of the APDC Property Trust	Forecast expenses $1.0 million per annum	$1,000

The annual management costs for the APDC Property Trust component of the Group are estimated to be 0.72% on a gross assets basis, for the first 12 months. This has been calculated assuming:

(a) The APDC Property Trust's gross asset value at the Issue Date is $146.3 million.

(b) Based on the Forecast Financial Information APDC Limited's management fee is $1.0 million, which represents a fee equivalent to approximately 0.72% of the APDC Property Trust's gross asset value.

(c) Expense recoveries of 100% p.a.

The above calculation assumes no gearing.

The above example only includes an estimate of the ongoing annual management costs associated with the APDC Property Trust, for the first 12 months after its establishment. Costs associated with the Offer and the establishment of APDC are not included, because they are not ongoing management costs.

Investment risks

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Applicants should be aware that there are risks associated with any investment. In addition, there are a number of risk factors specific to APDC, the industry in which APDC operates and the general business environment.

Such risk factors may impact on the performance and financial position of APDC and therefore the returns to Investors.

These risks include the following:

10.1 Specific risks

Tenant risk

APDC's ability to deliver distributions and the ability of APDC to make distributions without returning capital are, at least initially, directly linked to the ability of NEXTDC to make payments on its rental of the Initial Portfolio. NEXTDC's ability to pay rent is subject to a number of risks, including:

- NEXTDC's solvency;
- utilisation of the data centres;
- NEXTDC customers paying for the data centre services;
- NEXTDC's reliance on its key personnel;
- infrastructure and technology failure (such as human error, power loss, physical or electronic security breaches, fire, earthquake, hurricane, flood and other natural disasters, water damage etc);
- supply and pricing of electricity; and
- a reduction in demand for data storage services.

Bank guarantees are a common feature of real estate leases. A bank guarantee provides a property owner with a form of surety in the event the tenant defaults under the lease. APDC does not have the benefit of a bank guarantee from its tenant NEXTDC. The lack of a requirement for the tenant to provide a bank guarantee under the leases means that APDC does not have this form of surety to call on in the event the tenant defaults under the leases and could have a negative impact on the ability of APDC to access debt finance.

NEXTDC's use and treatment of data centres in the Initial Portfolio may also impact APDC's ability to pay distributions after termination of the Leases because NEXTDC has only a limited obligation to make good or repair the premises on termination of the Leases. Such risks are also likely to apply to any tenant of a Portfolio premises other than NEXTDC in the future.

Upon vacating the properties NEXTDC must remove any of its property from the premises in accordance with the Leases unless the parties agree otherwise. If that removal causes material damage to the premises, NEXTDC must, if and to the extent that APDC so requests, at NEXTDC's sole cost make good and repair any such damage. For the avoidance of doubt, certain damage including holing, marking or wear in or on walls, floors, ceiling tiles, floor coverings or other surfaces in the premises which are necessary or incidental to the removal of NEXTDC's property shall not constitute damage requiring repair by NEXTDC. If such damage is caused, APDC may need to incur additional expenditure repairing such damage.

Sale Contracts

The Offer is subject to completion of the Sale Contracts and approval of the sale of the Initial Portfolio by NEXTDC's shareholders at a general meeting scheduled for 20 December 2012. There is a risk that such approval may not be forthcoming.

Time is of the essence in the Sale Contracts. If APDC cannot fulfil its obligations on the date for completion of the Sale Contracts, there is a risk the Sale Contracts could be terminated.

Further, there is a risk either before or after completion of the Sale Contracts that APDC may become aware of defects in the properties in the Initial Portfolio, such as title, rights of way, structural integrity issues, outstanding orders, boundary disputes, unknown obstructions or environmental issues, that may result in costs or losses to APDC that may impact its profitability and ability to make distributions to Securityholders. NEXTDC has not given any representation as to the state or condition of the land being sold.

Market risk

APDC will own a number of real estate assets operating as data centres and, as such, is exposed to real estate fundamental risks. The Portfolio is valued periodically and these values may remain constant or go up or down with relative impact on NTA per Security. The real estate market can be affected by many factors external to APDC and its operations, including:

- adverse changes in national and local economic and market conditions;
- changes in interest rates and in the availability, cost and terms of debt financing;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and costs of compliance therewith;
- the ongoing cost of capital improvements that are not passed onto customers, particularly in older structures;
- changes in operating expenses (to the extent they are payable by APDC and to the extent that they impact the ability of Portfolio premises tenants to make rental payments); and
- civil unrest, acts of war, terrorist attacks, acts of God and natural disasters, including earthquakes and floods, which may result in uninsured and insured losses.

Final Instalment risk

Securityholders as at the Final Instalment Record Date will be required to pay the Final instalment on the Final Instalment Payment Date, irrespective of the price at which the Securities are trading. There is a risk that Securityholders may be unable to make the necessary payment at that time or may be unwilling to make the payment having regard to their personal circumstances or the Securities' trading price. Interest is payable at 9% per annum on outstanding Final Instalments. Further, APDC's ability to pay the S1 Development Fee to NEXTDC is dependent on APDC receiving the Final Instalment from Securityholders or RBS Morgans in a timely manner.

Payment of forecast distributions

Payment of Distributions is at the discretion of the Directors. Securityholders should be aware that while the present intention of the Directors is to pay quarterly distributions, APDC will only pay distributions having regard to the financial circumstances of APDC and there is no guarantee that any or all distributions will be paid.

Investors should note that the forecast annualised distribution yield may not be reflective of APDC's future cash distributions beyond the Forecast Period. In particular, the ability of APDC to maintain or grow the level of distribution on its Securities is likely to be influenced by a number of factors including but not limited to the level of operating costs, changes in CPI, the cost of funding required to meet APDC's obligation to fund the P1 Development Fee, the level of gearing in APDC and the terms on which APDC may undertake future acquisitions. If APDC does not acquire more data centres to spread operating costs over a wider asset base, or rent received does not exceed operating costs, then it is possible that the distribution yield may be less than 9.0% subsequent to the Forecast Period.

Since APDC will be a new standalone entity there are no historical financial statements or other historical financial information for APDC presented in this Offer Document. The forward-looking statements, opinions and estimates provided in this Offer Document, including the Directors' Forecasts provided, rely on various factors, many of which are outside the control of the Directors or management team, and several assumptions, any of which could be inaccurate or result in material deviations in actual performance from expected results. There can be no guarantee that APDC will achieve its stated objectives or that any forward looking statements or forecasts will eventuate.

Exclusivity risk

During the Alliance Period, APDC has granted NEXTDC certain rights that may impact APDC's ability to make decisions that may be of benefit to Securityholders. APDC faces the risk that such rights may be enforced by NEXTDC during the Alliance Period and the exercise of those rights harms the growth prospects, future operating results or financial position of APDC. NEXTDC has also granted certain rights to APDC over various terms. Following expiration of those periods, there is a risk that the loss of those contractual rights may prevent APDC from taking opportunities that it would have otherwise been entitled to take. Such loss of opportunity may impact the financial position, profits or growth prospects of APDC.

Further details about the rights granted by NEXTDC to APDC and by APDC to NEXTDC are set out in Section 11.1.

Utilities risk

APDC and its tenants will rely on third parties for the supply of utilities to its data centres (including electricity and water). Such supply is critical to the tenants of properties in the Portfolio as it is directly linked to their ability to derive data centre utilisation and therefore provide APDC with rental income. It cannot be guaranteed that the third party providers will be able to consistently provide sufficient levels of utilities, or will have the necessary infrastructure to deliver any additional resources that APDC or any tenants of Portfolio properties may require.

It is expected that each of the properties in the Initial Portfolio will be fitted with back-up power generation capability to cover short-term issues, however this capability may be unable to cover medium to long term outages that are not temporary in nature and last beyond backup and alternative fuel supply arrangements.

The inability of tenants of Portfolio properties to satisfy their customer obligations by these means may indirectly materially adversely impact the financial position, profits and growth prospects of APDC.

This risk is not within APDC's control as NEXTDC takes responsibility for the supply of utilities under the Leases and Development Agreements.

Design and construction risks

There is a risk that construction of S1 and P1 could be delayed. APDC cannot commence charging full rent on S1 and P1 until their respective practical completion dates. Design and construction of S1 and P1 are subject to a number of risks, including:

- contractor failure;
- flooding and other acts of God;
- authorisation and permit issues;
- environmental risks (including unknown obstructions);
- geotechnical risks associated with the construction of the data centres;
- industrial action; and
- availability of building materials or required electrical equipment.

NEXTDC will not be liable for losses caused by an extension of the practical completion date or by any failure to achieve practical completion by the estimated date.

In addition, APDC is required to pay NEXTDC's costs of enforcing the builder's obligation to rectify defects. If defects are identified after practical completion, the costs of requiring the builder to rectify the defects could be significant.

Structural alterations

NEXTDC has the right to make structural alterations to the properties without APDC's consent in certain circumstances. Although alterations may not be made where they would decrease the value of the buildings, there is a risk that NEXTDC's alterations may limit the scope of future tenants that the building may accommodate.

Contractor insolvency risk

If the builders contracted to construct S1 and P1 become insolvent, completion of the development may be delayed while a suitable replacement builder is identified and engaged. This may cause APDC to extend the Final Instalment Record Date which may impact the timing for Securityholders to receive the full forecast distribution.

Contamination risk

As with any property there is a risk that one of the properties may be contaminated now or in the future. Government environmental authorities may require that any such contamination be remediated. While APDC may be able to pass on that risk to another person in certain circumstances there is always a residual risk that APDC may be required to undertake any such remediation at its own cost.

In addition, environmental laws impose penalties for environmental damage and contamination which can be material in size.

Material containing asbestos has been identified during the course of M1 and S1 developments. The M1 site was previously used as a fuel station and an underground fuel storage tank remains on the M1 site. The M1 development has been completed and the M1 Sale Contract requires NEXTDC to deliver a report to APDC confirming that any necessary works relating to those matters have been completed to allow the occupation of the M1 site for the permitted use under the M1 Lease. There is a risk that NEXTDC will not be able to obtain these reports.

Under the S1 and P1 Development Agreements, NEXTDC must also remediate or contain any contamination discovered on the S1 and P1 sites in the course of development, to the extent necessary to undertake the development and to ensure those properties can be lawfully used for the permitted use under the relevant Lease. There is a risk that significant contamination may be discovered which NEXTDC is not able to remediate.

Except for the works stated above, following completion of the Sale Contracts, APDC will be responsible for any other contamination discovered on the properties in the Initial Portfolio.

Contractual allocation of risk

Under the S1 and P1 Development Agreements, NEXTDC is responsible for constructing S1 and P1 under a fixed price contract. In addition, APDC is not required to pay NEXTDC the fixed price until it has completed the respective works. As a consequence, NEXTDC bears the material risk that S1 and P1 will not be completed on time, within budget and to the agreed specifications as between NEXTDC and the builder and consequently NEXTDC bears the material risk as between APDC and NEXTDC.

If a Development Agreement is terminated, APDC is required to pay NEXTDC the progressive development costs as calculated under the Development Agreement.

If there is any dispute in connection with the building contract there is a risk that the allocation of risk is challenged by the builder or NEXTDC.

Authorisations and permits

A number of authorisations and permits will be required for construction of S1 and P1. These will be issued by various authorities. Some permits may be appealed by third parties. The timetable for these processes cannot be controlled by APDC.

If the terms of an authorisation or permit received during the construction of S1 and P1 increase the costs of S1 or P1, any additional design and construction costs will be borne by NEXTDC under the terms of the relevant Development Agreement. It is possible that delays in obtaining requisite authorisations or permits may result in delays in construction and delays in the commencement of the relevant Lease.

Future development risks

Approval for any future developments may not be forthcoming and development costs can be higher than contemplated.

Capital expenditure requirements

The need for unforeseen capital expenditure over the life of APDC (such as repair, maintenance or rectification work on properties) can adversely impact on the returns to Securityholders. While APDC will undertake all reasonable due diligence investigations required prior to acquiring assets, there can be no absolute assurance that properties will not have defects or deficiencies, or that unforeseen capital expenditure will not be required.

Financial leverage

While APDC will have no bank debt upon completion of the IPO, investors remain exposed to financial leverage both through their obligation to pay the Final Instalment and through APDC's commitment to pay the P1 Development Fee upon completion of the P1 development.

The directors of APDC currently intend to fund the P1 Development Fee through borrowings, either under a bank facility or by the issue of the Convertible Notes. In either case, this means APDC is committed to take on leverage even though there is no bank debt on the Issue Date.

As a result of the obligation for Securityholders to pay the Final Instalment, percentage movements in the price of the Securities while partly paid are likely to be greater than such percentage movements for the period after the Securities are fully paid.

As a result of the commitment to pay the P1 Development Fee percentage movements in the price of Securities (whether partly paid or fully paid) are likely to be greater than would be the case if such a commitment did not exist. Investors should be mindful that financial leverage can magnify losses.

Technology risk

The markets for data centres, as well as the industries in which APDC, data centre operators and those operators' customers operate, are characterised by rapidly changing technology, evolving industry standards, frequent new product introductions and changing customer demands. APDC's ability to deliver technologically sophisticated power and cooling is expected to be a significant factor in customers' decisions to rent space in APDC data centres.

APDC data centre infrastructure may become obsolete as a result of technological advancement. APDC or its data centre operator may not be able to efficiently upgrade or change fitted infrastructure without incurring substantial expense that may not be able to be passed on to its customers. Obsolescence of infrastructure and inability to adapt to technological advancement may negatively impact the ability of APDC to attract data centre operators, and data centre operators to attract and retain customers, and either may have a material effect on the business of APDC.

Competition

Data centres in the Portfolio may experience competition from other existing or new venues which may have an effect on APDC's valuations or Portfolio premises tenants' ability to pay rent.

No industry diversification

APDC is entirely dependent on the success of its assets, being freehold property developed or to be developed as data centres. As such, APDC's performance depends in part on the demand for data centres in Australia.

The risks associated with the illiquidity of real estate investments may be even greater for special purpose facilities such as data centres, which are highly specialised facilities containing extensive electrical and mechanical systems that are uniquely designed to house and maintain customers' equipment. As a result, most data centres are not suited for use by customers for other purposes without major renovation and expenditure.

CPI risk

Under the Leases, rental income derived from the Initial Portfolio will increase each year in line with a weighted average CPI (CPI). The rental income for the Initial Portfolio assumes a level for CPI as described in Section 7. If CPI is lower than assumed, rental income from the Initial Portfolio will be lower than expected.

Reliance on management expertise

APDC is reliant on the expertise, experience and strategies of the key directors and staff of APDC Limited and APDC Holdings. In the event that their services were no longer available, this may affect the management and the financial performance of APDC and therefore returns to Investors.

Survey of S1 and P1 buildings on completion

On practical completion of the S1 and P1 buildings the final GLA will be determined by an independent surveyor. The rent under the S1 and P1 Leases may vary if the surveyed areas are different to the GLAs detailed in this document by more than 5%.

Environmental risk

While environmental issues are continually monitored, there is no assurance that APDC's operations or those of a Portfolio premises tenant will not be affected by an environmental incident or subject to environmental liabilities.

10.2 General risks

General investment risks

There are risks associated with any stock market investment. These include:

- the Securities may trade on the stock market at, above or below the Issue Price – the price of the Securities can fall as well as rise;
- if APDC issues new Securities, an existing Securityholder's proportional interest in APDC may be reduced;
- if a Securityholder does not reinvest their distributions while a distribution reinvestment plan is operating, then their interest in APDC may be diluted; and
- the market price of the Securities may be affected by factors unrelated to the operating performance of the Group, such as those listed under the heading 'Macro-economic risks' below, investor sentiment, Australian and international stock market conditions, and the performance of other property businesses and assets. The stock prices for many listed entities have in recent times been subject to wide fluctuations, which in many cases may be a reflection of a diverse range of influences not specific to those listed entities.

Macro-economic risks

Changes in the general economic outlook both in Australia and globally may impact the performance of APDC and its Portfolio. Examples include:

- changes in economic conditions and outlook in Australia and internationally;
- changes in Australian government, industrial, fiscal, monetary or regulatory policies;
- changes in interest rates, exchange rates or rates of inflation;
- the impact of international conflicts or acts of terrorism;
- performance of comparable listed entities and projects;
- changes in the general level of prices on local and international share markets and general investor sentiment in these markets; and
- significant industrial, contractual or political disturbances impacting entities comprising APDC or the continuity of its business.

Liquidity

There is a risk that the level of turnover among APDC Securities on ASX following the Offer may be low, reflecting the size of the Offer, the size of NEXTDC's holding in APDC and the likelihood that the market for partly paid Securities may have fewer participants than a comparable market for fully paid Securities. If liquidity is low, there is a risk that, if you wish to sell your Securities, you may not be able to do so at a price acceptable to you or at all and there is a risk that the market price will become more volatile in general.

No guarantee of distributions or capital return

Neither APDC nor any other person gives a guarantee as to the amount of any income or capital return from the Securities or the performance of APDC, nor do they guarantee the repayment of capital from APDC.

Taxation

There may be tax implications arising from Applications for Securities, the receipt of distributions (if any) from APDC, participation in any on market Security buyback and on the disposal of Securities.

Further, changes to the tax law may affect the level and basis of taxation of APDC in particular and the market for similar investments generally. The ability of APDC Holdings to wholly or partly frank distributions to Securityholders is subject to rules governing the timing of income tax payments and the administration of franking accounts of APDC Holdings. The timing of income tax payments and franking credits may also be affected by other factors.

Carbon Tax

In accordance with the Clean Energy Act 2011 (Cth), the Australian federal government's mandatory fixed-price cap-and-trade emissions trading scheme began operation on 1 July 2012. From 1 July 2015, the fixed price is expected to be removed and the price will be set by market forces (the Carbon Tax).

Under the Carbon Tax, a 'liable entity' will pay for each tonne of carbon pollution that it emits. At the end of each year, the entity will surrender the number of carbon units which represents its total emissions to the Clean Energy Regulator or pay a charge.

During the early stages of its development, APDC does not presently expect to be a 'liable entity' that is directly responsible for submitting carbon units or paying charges under the Carbon Tax. However, APDC is likely to be indirectly affected by the Carbon Tax through increased electricity prices, operating costs and compliance costs that are passed on by liable entities.

National Greenhouse and Energy Reporting risk

APDC's operations may be subject to reporting and other requirements under the National Greenhouse and Energy Reporting scheme (NGERs). Changes to APDC's operations or the relevant legislation (the National Greenhouse and Energy Reporting Act 2007 (Cth)) may have an adverse impact on the financial performance or financial position of APDC.

Legislative and regulatory risk

Changes in laws, regulations and government policy may affect APDC or Portfolio premises tenants and the attractiveness of an investment in APDC.

Further, the impact of actions by governments may affect APDC's activities including such matters as infrastructure, compliance with environmental regulations and taxation.

Force majeure

Force majeure refers to an event beyond the control of a party, including natural disasters and war that can affect a party's ability to perform its contractual obligations. Force majeure is a risk, sometimes uninsurable, that may adversely affect returns to Securityholders.

If a force majeure event is wholly or partly uninsured, APDC may incur economic loss.

Insurance risk

Insurance coverage in line with industry practice will be in place, however no assurance can be given that such insurance will be available in the future on a commercially reasonable basis, or will provide adequate insurance cover against claims made. If APDC incurs uninsured losses or liabilities, its assets, profits and prospects may be materially adversely affected.

Accounting standards

The Australian Accounting Standards to which APDC adheres are set by the Australian Accounting Standards Board and are consequently out of the control of APDC and the Directors. Changes to accounting standards issued by Australian Accounting Standards Board or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in APDC's financial statements.

Material contracts

Set out below are broad summaries of the material aspects of certain contracts relating to APDC that are considered significant or material and that Investors and their professional advisers would reasonably require to make an informed assessment of the Offer **(Material Contracts)**.

11.1 Contracts relating to the Initial Portfolio

APDC, NEXTDC and APDC's custodian (The Trust Company) have entered and will enter various agreements relating to the arrangements between them in respect of the Initial Portfolio. These include:

(a) the Sale Contracts;

(b) the Leases; and

(c) the Development Agreements (in respect of S1 and P1 base buildings).

SALE CONTRACTS

APDC Limited has entered agreements with NEXTDC for APDC Limited to acquire the Initial Portfolio on behalf of the APDC Property Trust.

Although there are separate agreements for each of the properties comprising the Initial Portfolio, the legal terms of the Sale Contracts are largely uniform.

However, the commercial terms and property specifics differ. The key commercial terms and property-specific information are set out below:

Key commercial terms and property-specific information of the Initial Portfolio

	M1	S1	P1
Asset(s) being acquired	Land and Building	Land only	Land only
Address	826-846 Lorimer Street, Port Melbourne VIC	4 Eden Park Drive, Macquarie Park NSW	101 Malaga Drive, Malaga WA
Real property description	Lot 1 on Plan of Subdivision 527033W	Lot 14 on Deposited Plan 1148612	Lot 10 on Deposited Plan 69736
Title reference	Volume 10564 Folio 920	14/1148612	Volume 2788 Folio 397
GLA (approximate)	17,354m^2	19,467m^2 [1]	9,603m^2 [1]
Purchase price	$52,000,000	$12,500,000	$5,000,000
Applicable interest rate on late payments	15%	15%	15%

1. Approximate GLA based on completed base buildings.

Further details specific to each Initial Property are set out in Section 3.

Other key terms of the Sale Contract are as follows:

- **(Conditions precedent to completion)** Completion of the Sale Contracts is subject to and conditional upon the following:
  - NEXTDC shareholders approving the sale of the Initial Portfolio;
  - the ASX granting approval to list the Securities on the ASX subject to the usual listing conditions;
  - the Offer closing in accordance with the timetable as set out in the Key Offer Information section of this Offer Document; and
  - a director of APDC Limited or APDC Holdings confirming to NEXTDC that sufficient Applications under the Offer have been received.
- **(Rates, taxes and outgoings)** NEXTDC must pay all rates, taxes (including land taxes) and outgoings until completion and APDC bears responsibility for these costs thereafter.

- **(Title)** APDC accepts title to each Initial Property subject to various tenancies (including to enable high voltage infrastructure tenure) and encumbrances.
- **(Acquired on an 'as is' 'where is' basis)** On completion, APDC will accept the Initial Portfolio on the basis that NEXTDC has made no representations or warranties in respect of the state or condition of the land the subject of the Sale Contract.
- **(Contamination)** NEXTDC makes no warranty around contamination or compliance with environmental laws. Following completion, APDC acknowledges that, as between NEXTDC and APDC, APDC is responsible for all clean up and remediation measures.
- **(Termination for default)** If APDC defaults before completion, NEXTDC may affirm or terminate any or all Sale Contracts.
- **(Documents to be entered at completion)** Around completion of the Sale Contracts, APDC must:
  - grant the Leases (in relation to each of the Initial Portfolio); and
  - enter the Development Agreements (in relation to S1 and P1).

Each Sale Contract is governed by the laws of the state in which the subject Initial Property is located. Upon completing the Sale Contracts between APDC Limited and NEXTDC, APDC Limited will transfer the legal interest in the Initial Portfolio to the Custodian. APDC Limited will retain the beneficial interest in the Initial Portfolio. Further information about the custody agreement between APDC limited and the Custodian is set out in Section 11.8.

First Right of Refusal

The S1 Sale Contract includes a first right of refusal arrangement between APDC and NEXTDC **(First Right of Refusal)** under which:

- **(Rights granted by NEXTDC in favour of APDC)**

  During the Alliance Period, NEXTDC may not offer to a third party any rights to develop or own a data centre that NEXTDC has an interest in without first offering those rights to APDC on the same terms and conditions.
- **(Rights granted by APDC in favour of NEXTDC)**

  During the Alliance Period:
  - APDC may not sell assets or land to a NEXTDC competitor or build, develop, purchase, own, operate or lease or acquire an interest or ownership or management right in any land or a data centre without NEXTDC's prior written approval;
  - APDC grants to NEXTDC a first right of refusal to lease any data centres that APDC acquires, develops or establishes during the Alliance Period. NEXTDC will pay market rent for such leases with market rent reviews every 5 years and annual consumer price index increases in the interim and, unless otherwise agreed, the initial term of each such lease will be 15 years with at least 5 options of 5 years each **(Lease Rights)**;
  - APDC grants NEXTDC a first right of refusal in respect of any ownership, use, occupancy, operation, development or management rights that APDC has in a data centre. The offer to NEXTDC must be for an initial rent or consideration equal to the lesser of the market value or the consideration a third party is prepared to accept, and must otherwise be on the same terms and conditions as APDC is prepared to accept from a third party **(Operation Rights)**.
  - If, during the Alliance Period, APDC is unable to offer NEXTDC the Lease Rights or the Operation Rights due to pre-existing tenant arrangements, APDC can only acquire an interest in that data centre with NEXTDC's prior written consent.
  - NEXTDC has certain rights to attempt to ensure that APDC pays no more than market value on data centre acquisitions.

The First Right of Refusal applies to any data centre or land in Australia or the Asia Pacific region.

LEASES

APDC (or the registered owner) must lease properties in the Initial Portfolio back to NEXTDC following their sale under the Sale Contracts. Although there is a separate Lease agreement for each property in the Initial Portfolio, the legal terms are largely the same.

Further details specific to each of M1, S1 and P1 are set out in Section 3.

Other key terms of the Leases are as follows:

- **(Term and option periods)** The term of each Lease is 15 years and there are two 10-year option periods and one 5-year option period available at the option of NEXTDC. The terms applying to each option period will be largely identical to the terms of the initial lease except that rent will be reviewed to ensure it is in line with market rates (through a valuer if the parties are unable to agree) and NEXTDC will not bear the lessor's legal costs in relation to negotiation of the option period.
- **(Rent)** Rent is payable in 12 equal monthly instalments in advance on the first day of each month (or, in the case of the first month, on an apportionment basis).

However, the rent payable for each property differs for each Lease as follows:

	M1	S1	P1
Premises	Whole of land and building	Whole of land and building	Whole of land and building
Permitted Use	Data centre, office, commercial and ancillary uses and other uses required by NEXTDC.	Data centre, office, commercial and ancillary uses and other uses required by NEXTDC.	Data centre, office, commercial and ancillary uses and other uses required by NEXTDC.
Rent for the first lease year	$4,685,580	$5,256,090*	$2,592,810*

* Upon practical completion.

Rent payable on the completed properties is set out in the table above.

Rent will be reviewed to accord with market rates every five years. Market rates will either be determined by agreement between the lessor and NEXTDC or, failing agreement, will be determined by an appropriate valuer. Between these market rent reviews each five years, rent will be adjusted each year for increases in CPI.

Notwithstanding this, the Leases provide that the rent applying for a year after calculating a CPI increase or conducting market rent review will not exceed 110% of the preceding year's rent amount.

NEXTDC must pay interest at the Westpac Banking Corporation Indicator Lending Rate plus 2% per annum where rent payments are late (or the lessor obtains a judgement against NEXTDC which remains unpaid on its due date).

- **(Triple Net Lease Structure)** The parties have entered the Leases as a Triple Net Lease Structure. This means that NEXTDC, as tenant, is responsible for:
  - **(Utilities)** utility expenses including water, electricity, power, telecommunications and waste. As the quality of some of these utilities are critical to NEXTDC's business (and therefore its ability to pay rent), APDC has agreed to work with NEXTDC to identify and engage appropriate utilities service providers.
  - **(Outgoings)** certain other outgoings such as rates and taxes, services to the buildings, signage licence fees (where applicable) and insurance.
- **(Maintenance and repairs)** NEXTDC is obliged to keep the premises in good repair having regard to the state of repair at the commencement date or relevant practical completion date (whichever is earlier). As is customary, NEXTDC is excused from keeping the premises in good repair in respect of fair wear and tear, fires, floods, storms and other such acts of God, costs of complying with laws relating to structural alterations or capital works and damage caused by the lessor.

  NEXTDC has a make-good obligation limited to delivering the premises up to APDC at termination of the Lease term in a state consistent with its obligation to keep the premises in good repair. NEXTDC may remove its property and is not obliged to repair damage incidental to or necessary for the removal of its property.

  NEXTDC will be responsible for all maintenance, replacement and repairs of air-conditioning equipment unless the malfunction is caused by the wilful and negligent act or omission of the lessor.

  APDC must accept the air conditioning at termination in an as-is condition.
- **(Alterations to the premises)** NEXTDC is permitted to, at its cost, make alterations and additions to the buildings or services without consent. This includes the right to make structural alterations or additions without consent where the alteration or addition is not material. Material alterations or additions require consent. Such alterations or additions must comply with laws and must be carried out in a proper and workmanlike manner.
- **(Damage to the premises)** NEXTDC's rent, outgoings and repair and maintenance obligations are only suspended if a premises is rendered wholly or partially unfit for use or occupation by NEXTDC following a fire, flood, storm or other such act of God and the event was not caused by any grossly negligent act or omission of NEXTDC.

  The lessor has the obligation to repair such damage and if such repair is not substantially commenced within a reasonable period (not more than 90 days) then NEXTDC may terminate on 30 days' notice.
- **(Warranties)** The lessor makes no warranties about the premises fitness for purposes nor any other warranty in respect of the suitability of the building. NEXTDC has granted the lessor an indemnity from claims relating to the certain types of damage caused by NEXTDC, negligent use of the premises, negligent misuse of utilities and services by NEXTDC and personal injury or death of a person on the premises unless the injury or death was suffered because of the wilful or negligent act or omission of the lessor.
- **(Assignment and sub-licensing)** NEXTDC may assign a Lease to a related entity without consent (if the proposed assignee is financially capable or if NEXTDC provides a guarantee) but may only assign the Lease to another entity with the lessor's consent. Such consent will not be unreasonably withheld if, amongst other things, NEXTDC provides evidence that the proposed assignee is financially capable of continuing NEXTDC's obligations under the Lease.

  NEXTDC may sub-license or sub-lease the premises without consent. However, NEXTDC remains responsible for any licensee or occupant and must ensure that they do not cause any breach of the Lease.
- **(Insurance)** NEXTDC is required to maintain public liability insurance for no less than $20 million and insurance of the building against fire, flood and storm to its full insurable reinstatement value.
- **(Covenants)** The lessor has given customary covenants in relation to the Leases, including in relation to quiet enjoyment, payment of rates, taxes and charges, insurance against public risk and structural alterations and capital works.

Additionally, the lessor has agreed not to sell or transfer its interest in land unless the proposed acquirer or transferee covenants in favour of NEXTDC to be bound by the terms and conditions of the Lease.

- **(Default and termination)** NEXTDC will be in default if it fails to pay amounts owing within 14 days of the due date or if it has not complied with a material obligation under the Lease. The lessor may terminate the Lease if the default is not remedied, or compensation is not paid, within 30 days after the lessor giving NEXTDC a notice of default.

  The lessor will be in default if it breaches a material obligation or if certain receivership, liquidation, creditor arrangement or other similar event occurs in respect of APDC. NEXTDC may terminate the Lease if the default is not remedied, or compensation is not paid, within 60 days after NEXTDC gives the lessor a notice of default.

  Where a party breaches an essential term, the other may recover damages.

  Where a party (including the Custodian) is determined to be insolvent or in liquidation, the Lease may be terminated without notice.
- **(Right of First Refusal)** If the lessor wishes to sell a premises the subject of a Lease, it must first offer the premises to NEXTDC on the terms on which the lessor would be willing to sell the premises to a third party. The lessor must sell the premises to NEXTDC if NEXTDC accepts the offer.
- **(Removal of property)** Before the end of the lease, NEXTDC may notify APDC of all items of property it wishes to transfer to APDC. Any property APDC does not wish to accept must be removed from the leased properties by NEXTDC. At APDC's request, NEXTDC must make good and repair any material damage caused by such removal with certain exceptions. The consideration for any property transferred to APDC will be determined by agreement or by an independent valuer.

DEVELOPMENT AGREEMENTS

APDC and NEXTDC intend to enter agreements for NEXTDC to carry out the construction and development of S1 and P1 following their transfer to the Custodian 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 S1 Completion Date (expected to be 15 May 2013) because practical completion of S1 is linked to Securityholders being required to pay the Final Instalment and APDC being required to pay NEXTDC the S1 Development Fee of $45.5 million; and
- practical completion of P1 by the P1 Completion Date (expected to be November 2013) because practical completion of P1 will require APDC to either raise debt or equity, or issue Convertible Notes to NEXTDC to fund the P1 Development Fee of $23.8 million.

From 21 December 2012 until practical completion (of S1 or P1, as applicable), NEXTDC must pay APDC a licence fee. In the case of S1, the licence fee is $1.125 million per annum and, in the case of P1, the licence fee is $450,000 per annum.

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 there is no provision for NEXTDC to claim additional development fees if the development costs exceed the amounts noted above.

Subject to the distinction noted in respect of payments, the key legal terms of the Development Agreements are largely identical for S1 and P1. These key terms include:

- **(Standards)** NEXTDC must, at its cost, cause the development to be carried out in accordance with appropriate plans, specifications, authorisations and standards.
- **(Variations)** Only NEXTDC may seek variations to the plans or specifications and all such variations must be at NEXTDC's cost. Where such variations substantially diminish the value of the relevant premises or alter the floor area of the premises by more than 1%, APDC Limited's consent is required.
- **(Work in progress)** Ownership of the work in progress transfers continuously to APDC as construction progresses.
- **(Payment and the Final Instalment Payment Date)** At the later of practical completion of S1, APDC must pay the proceeds of the Final Instalment received on or before the Final Instalment Payment Date. The balance plus interest at 9% will be paid following an auction of any forfeited securities (see Section 2.9). At practical completion of P1, the relevant amount may be paid through the issue of Convertible Notes, the terms of which are summarised in Section 11.2).
- **(Defects)** Where APDC requests NEXTDC to rectify a defect within the defect period of 1 year following practical completion, NEXTDC must use its best endeavours to cause the relevant builder to rectify the defects but NEXTDC's liability is limited to taking reasonable action to enforce the builder's obligations. APDC must pay NEXTDC's costs of enforcement.
- **(Dispute resolution)** The disputes process involves steps of either expert determination, or alternatively, mediation and then potentially arbitration.
- **(Events of default)** Events of default are as follows:
  - By APDC – becoming insolvent, entering liquidation or winding up proceedings, being the subject of a compromise or arrangement with creditors or a failure to pay the development cost in accordance with the terms of the subject Development Agreement.
  - By NEXTDC – becoming insolvent, entering liquidation or winding up proceedings and being the subject of a compromise or arrangement with creditors.

  Default for the prescribed period of time entitles the non-defaulting party to determine the subject Development Agreement.
- **(Termination)** On termination, NEXTDC will be entitled to a progressive development cost certified by the superintendent of the underlying building contract up to and including the date of termination.
- **(Insurance)** The builder must maintain adequate policies of insurance, including in relation to contractors' works, public risk (for $10,000,000) and construction.
- **(Intellectual property)** NEXTDC retains ownership of intellectual property rights in relation to the plans and specifications but grants APDC Limited a royalty-free licence to use those rights.

11.2 Convertible Notes Terms

Background

As noted in Section 3.6, APDC will pay the P1 Development Fee using either cash funded by external debt or equity or through the issue of notes that convert into Securities in certain circumstances **(Convertible Notes)**.

This section sets out the terms that will apply to any Convertible Notes issued by APDC Holdings and APDC Limited to NEXTDC as consideration for the P1 Development Fee **(Convertible Notes Terms)**.

If APDC elects to issue the Convertible Notes, the issue will occur in two tranches:

- **Tranche 1 Notes**

  The first tranche of Convertible Notes **(Tranche 1 Notes)** have an aggregate face value of $17.25 million. While on issue, interest is capitalised on the Tranche 1 Notes at a rate of 9% per annum if permitted by the Listing Rules.

  The Tranche 1 Notes are convertible after their issue at the option of the noteholder, but they may not be converted by NEXTDC or any of its associates. On conversion, APDC Limited and APDC Holdings will redeem the Convertible Notes and issue the noteholder Securities reflecting the aggregate face value of, and the capitalised interest on, the redeemed Convertible Notes. If the Listing Rules prohibit an issue of Securities due to the capitalised interest amount, the noteholder must accept cash for that amount.

  If, on the first anniversary of their issue, NEXTDC or its associate holds the Tranche 1 Notes or if the noteholder has not converted the Tranche 1 Notes, APDC Limited and APDC Holdings must redeem the Convertible Notes at their face value plus any capitalised interest.

- **Tranche 2 Notes**

  The second tranche of Convertible Notes **(Tranche 2 Notes)** have an aggregate face value of $6.55 million. While on issue, interest is capitalised at 9% per annum.

  The Tranche 2 Notes are convertible by noteholders other than NEXTDC and its associates after the announcement of APDC's full year financial results each year.

  On receipt of a conversion notice, APDC must convene a general meeting to propose a resolution to convert the Tranche 2 Notes. If the resolution is not approved, the subject Convertible Notes are not converted, though approval may be sought in a subsequent year.

Other important terms

Other key terms in the Convertible Note Terms which apply after issue of the Convertible Notes include:

- **(Stapled Securities)** On conversion, noteholders are entitled to the number of notes they hold multiplied by the face value of each note ($100), and divided by the conversion price ($1.00).
- **(Ranking and rights)** The Convertible Notes rank equally with all other Convertible Notes and, except as provided for in the Convertible Notes Terms or the Corporations Act, they do not carry a right to participate in APDC security offers and do not carry voting rights.
- **(Right of first refusal)** If APDC proposes to undertake a capital raising, each noteholder has a right to require APDC to initially allocate that noteholder's proportional allocation to the noteholder, subject to any necessary regulatory approvals.
- **(APDC negative undertakings)** Without the prior consent of the noteholder, APDC must not, amongst other things:
  - make material amendments to accounting policies;
  - acquire or dispose of assets, incur liabilities or provide loans or financial accommodation in excess of 5% of APDC's net tangible assets;
  - alter the nature or scale of APDC's activities;
  - declare dividends or distributions that would provide Securityholders a distribution greater than 10 cents per Security;
  - grant security interests in respect of any APDC asset or undertaking; or
  - make any proposal to limit APDC's right to carry on business or to wind up, dissolve, seek administration, receivership or liquidation of an APDC entity.
- **(Transfer of Convertible Notes)** A noteholder can transfer its Convertible Notes:
  - three months after the issue date to a person to whom disclosure is required under the Corporations Act; or
  - at any time to a person to whom disclosure is not required.

Transfers do not require APDC's consent.

- **(Events of default)** If an event of default occurs and is not remedied, the noteholders may declare the face value and interest owing on the Convertible Notes immediately due and payable. APDC commits an event of default if:
  - it fails to make a payment when that payment is due;
  - it breaches a material term of the Convertible Note Terms;
  - an insolvency event occurs in relation to APDC;
  - an order or judgement in excess of $2,000,000 is made against APDC;
  - APDC ceases to carry on the business;
  - ASIC withdraws APDC Limited's AFSL;
  - certain management or director positions are changed without the noteholder's approval; or
  - a restructure of capital occurs.
- **(APDC warranties)** If APDC elects to issue a cleansing notice in respect of the Convertible Notes, APDC warrants that it is able to satisfy the relevant requirements.
- **(Conversion adjustments)** The number of Securities a noteholder receives on conversion will be adjusted according to a specified formula if APDC Holdings conducts a buyback or if APDC makes a pro rata or rights issue of Securities.

11.3 Trust Constitution

The APDC Property Trust is a managed investment scheme which has been registered with ASIC in accordance with Chapter 5C of the Corporations Act. The APDC Property Trust has been established in the form of a unit trust pursuant to the Trust Constitution dated 1 November 2012. APDC Limited is named as the initial responsible entity of the APDC Property Trust under the Trust Constitution. APDC Limited is the holder of AFSL No 426 503 which permits it to operate certain managed investment schemes and deal in financial products for wholesale and retail clients.

The respective rights and obligations of APDC Limited and holders of Units in the APDC Property Trust are determined by the Trust Constitution, the Corporations Act, the Listing Rules and this Offer Document, together with any exemptions and declarations issued by ASIC, and the general law relating to trusts. Neither the provisions of these laws and rules, nor their effect on the Trust Constitution, have been summarised below.

The Trust Constitution may be amended by a deed executed by APDC Limited, provided that APDC Limited reasonably considers that the amendment will not adversely affect the rights of Unitholders, or by a resolution of Unitholders. If the Trust Constitution is amended, APDC Limited must lodge a copy of the modification with ASIC. The amendment will not be effected until the modification is lodged with ASIC.

Units and Investors' rights

The APDC Property Trust is divided into Units, each of which confers a proportionate beneficial interest in the net assets of the APDC Property Trust. Each Unit confers an equal interest in the APDC Property Trust property. A Unit does not confer any interest in a particular part or asset of the APDC Property Trust, nor does it confer any rights over the management of the APDC Property Trust. A Unitholder holds a Unit subject to the rights and obligations attaching to that Unit.

The rights of Unitholders include rights to:

- receive income and other distributions attributable to Units held;
- transfer Units (subject to the Listing Rules and any permitted refusal by APDC Limited);
- convene, or request that APDC Limited convene, a meeting of Unitholders;
- attend and vote at meetings of Securityholders;
- receive the annual audited accounts of the APDC Property Trust; and
- participate in the winding up of the APDC Property Trust.

Calls

APDC Limited may make calls on amounts unpaid on Units on any terms and at any time as it determines[6].

Unitholders must be provided with a notice of call at least 10 business days before the due date for payment. The non-receipt of a notice of a call or the accidental omission to give notice of a call does not invalidate the call.

A Unitholder is taken to be liable for a call if:

- the person's name is on the Unitholder register as holder of the Unit on which the call was made;
- APDC Limited has recorded in the minute book that a call has been made or a fixed amount is payable under the terms of issue of a Unit is payable; and
- the notice of call was given in accordance with the Trust Constitution.

APDC Limited may accept unpaid amounts without having made a call.

Payment for a call must be made in the manner and at the time specified in the call notice.

If an amount is not paid before the due date for payment, the Unitholder is liable for interest on the unpaid part of the amount and for costs and expenses APDC Limited incurs due to the failure to pay or the late payment.

Forfeiture

APDC Limited may forfeit a Unitholder of a Unit if:

- a Unitholder does not pay a call or other amount owing in respect of a Unit before the due date for payment;
- APDC Limited gives notice requiring payment and noting that the Unit will be forfeited if the payment is not made within 10 business days; and
- the Unitholder does not comply with the notice.

6. Notwithstanding this power, APDC Limited has outlined its intended Instalment Program in Section 2.8. This notes that the Final Record Payment Date will not be before 15 May 2013.

The Unit must not be forfeited unless the stapled Share is also forfeited.

A person whose Units have been forfeited ceases to be a Unitholder, has no claims against APDC Limited, has no rights or entitlements in respect of the Units (except as otherwise granted by law), remains liable to pay all outstanding amounts and must pay interest on those amounts. APDC Limited may sell, dispose of or reissue a forfeited Unit in any manner it considers appropriate. The Unitholder whose Units were forfeited will only be entitled to the proceeds of any sale after the expenses of the sale and any amounts due and unpaid in respect of those Units have been deducted.

Unless otherwise provided, APDC Limited will have a first ranking lien on a Unit, the proceeds of sale of that Unit and all distributions and entitlements determined in respect of that Unit for any unpaid amounts and interest on those unpaid amounts.

Where APDC Limited is obliged by law or advised by a lawyer that it is obliged by law to make a payment to a government or taxation authority, a Unitholder must pay the amount the subject of a written demand by APDC Limited of the Unitholder. No advance notice is required for such a payment.

Creation of units

APDC Limited can issue Units in accordance with the Trust Constitution.

Issue price of units

The Trust Constitution contains provisions for calculating the issue price of Units. While the Units are officially quoted the issue price will be the market price of the Units. The Trust Constitution also provides for APDC Limited to determine a different issue price in relation to some Units, a class of Units or all Units to the extent it is permitted to do so by an ASIC exemption and the ASX Listing Rules.

Options and financial instruments

APDC Limited has the power to issue options in respect of Units and other financial instruments.

Income

APDC Limited will determine the distributable income of the APDC Property Trust for each quarter of each financial year. If APDC Limited does not make a determination prior to the end of a financial year then the distributable income for that financial year is the taxable income for the financial year. On and from the last day of each financial year, Unitholders are entitled to a share in the APDC Property Trust's income based on the number of Units held. The Trust Constitution provides that, if APDC Limited approves, Unitholders may choose to reinvest some or all of the distribution by acquiring more Units in the APDC Property Trust.

No redemption

A Unitholder cannot redeem Units while the APDC Property Trust is listed.

Liability of investors

The Trust Constitution states that each Unitholder's liability to APDC Limited or the APDC Property Trust is limited to the aggregate of amounts paid by the Unitholder for the issue of Units. This provision seeks to ensure that no Unitholder will be personally liable to indemnify APDC Limited or any creditor of APDC Limited in the event that the liabilities of the APDC Property Trust exceed its assets. However, the ultimate liability of Unitholders in unit trusts has not been finally determined by the courts.

APDC Limited's powers and duties

APDC Limited holds the assets of the APDC Property Trust on trust, and may manage these assets as if it were the absolute and beneficial owner of them. In the exercise of its powers, APDC Limited may, without limitation, acquire or dispose of any real or personal property, borrow or raise money, encumber any asset, incur any liability, give any indemnity, provide any guarantee, apply for listing of the APDC Property Trust, enter into derivative and currency swap arrangements, enter into joint venture arrangements or fetter any power. APDC Limited may appoint delegates or agents (including custodians) to perform any act or exercise any of its powers, as well as advisers to assist it with its duties and functions.

APDC Limited is responsible for the proper and efficient administration and management of the APDC Property Trust, including all investment decisions. In discharging this responsibility, APDC Limited is required to comply with the Trust Constitution, the Corporations Act, the Listing Rules, the general law in Australia and any additional obligations contained in this Offer Document.

APDC Limited must keep true accounts of the APDC Property Trust. These accounts must be audited yearly and sent to Securityholders and the ASX.

APDC Limited has prepared a Compliance Plan setting out the key ways in which APDC Limited will ensure compliance with the Corporations Act and the Trust Constitution. This Compliance Plan has been lodged with ASIC and is audited annually.

APDC Limited must establish a compliance committee if less than half of the directors are considered external. Where a majority of directors are external, APDC Limited may at its discretion, establish a compliance committee[7].

Interested dealings

APDC Limited (in its personal capacity or in any capacity other than as responsible entity of the APDC Property Trust) or any of its associates may:

- deal with APDC Limited (as responsible entity of the APDC Property Trust) or any Securityholder;
- be interested in any contract, transaction or matter with APDC Limited (as responsible entity of the APDC Property Trust) or any Securityholder;
- act as trustee or responsible entity of any other trust or managed investment scheme; and
- deal with any entity in which APDC Limited holds an investment on behalf of the APDC Property Trust and in each case APDC Limited (or an associate) may retain for its own benefit all profits or benefits derived from that activity.

Responsible entity's limitation of liability

APDC Limited is not liable for any loss or damage to any person arising out of any matter unless, in respect of that matter, it acted both otherwise than in accordance with the Trust Constitution and without a belief held in good faith that it was acting in accordance with the Trust Constitution. In any case, the liability of APDC Limited in relation to the APDC Property Trust is limited to the assets of the APDC Property Trust from which APDC Limited is indemnified. In particular, APDC Limited is not liable for any loss or damage to any

7. Having regard to the nature and scale of the APDC Property Trust's activities, the directors of APDC Limited do not presently intend to establish a compliance committee.

person arising out of any matter where, in respect of that matter:

- to the extent permitted by law, it relied in good faith on the services of, or information or advice from, or purporting to be from, any person appointed by APDC Limited; or
- it acted as required by law.

This limitation of liability is subject to the Corporations Act.

Responsible entity's indemnity

Except for its own fraud, negligence or breach of trust, APDC Limited is indemnified out of the assets of the APDC Property Trust against all liabilities and losses incurred by it in relation to the operation, administration and management of the APDC Property Trust or otherwise in connection with the APDC Property Trust.

Remuneration and recovery of expenses

APDC Limited can charge management fees as summarised in Section 9 of this Offer Document. In addition to these fees, and any other right of indemnity under the Trust Constitution or the law, APDC Limited is indemnified and entitled to be reimbursed out of the assets of the APDC Property Trust for all expenses reasonably and property incurred in connection with the APDC Property Trust or in performing its obligations under the Trust Constitution, including:

- administration fees;
- audit, accounting and record keeping fees;
- the engagement of agents, valuers, contractors and advisers;
- fees related to the provision of reports to Unitholders;
- fees incurred in convening and conducting Unitholder meetings;
- costs associated with the operation of the APDC Property Trust's compliance committee;
- insurance costs;
- costs associated with the establishment and promotion of the APDC Property Trust; and
- costs arising out of the operation of the APDC Property Trust, including transaction costs and government charges, costs associated with borrowing and costs to satisfy regulatory requirements.

Duration of the APDC Property Trust

The APDC Property Trust will terminate on the earliest to occur of the following:

- the date specified by APDC Limited in a notice given to Unitholders;
- the date agreed by Unitholders by special resolution; or
- the date on which the APDC Property Trust is terminated in accordance with another provision of the Trust Constitution or by operation of law.

On termination of the APDC Property Trust, the net proceeds from realisation of the property of the APDC Property Trust will be distributed among the Unitholders in proportion to the number of Units they hold. Any unpaid fees payable (or to be payable) to APDC Limited and any expenses of termination will be deducted from the net proceeds from realisation before they are distributed to investors.

Convening meetings of Unitholders

APDC Limited may convene a meeting of Unitholders at any time.

A meeting of Unitholders must be convened by APDC Limited on receipt of written requests from the lesser of Unitholders holding at least 5% of the votes or 100 of the Unitholders.

Joint Unitholders

Joint Unitholders are jointly and severally liable in respect of all payments.

11.4 Company Constitution

APDC Holdings is an Australian public company limited by shares and was registered on 25 July 2012 under the Corporations Act.

The rights attached to the Shares are set out in the Company Constitution which may be inspected during normal business hours at the Company's registered office. Some of the more material provisions of the Company Constitution are summarised below:

Issuing shares

The Directors of APDC Holdings may, subject to the Company Constitution, the Corporations Act and the Listing Rules, from time to time, issue further shares on such terms and conditions as they see fit.

Variation of rights

Subject to the Listing Rules, the rights attached to Shares may be varied with the consent in writing of Shareholders holding three-quarters of the Shares or by a special resolution passed at a separate meeting of the holders of the Shares in accordance with the Corporations Act.

Meeting and notices

Each Shareholder is entitled to receive notice of and to attend general meetings of APDC Holdings and to receive all notices, financial reports and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.

Voting

At meetings of Shareholders, every Shareholder present in person or by proxy, attorney or representative has one vote on a vote taken by a show of hands, and, on a poll, has a proportionate vote for every partly paid share.

A poll may be demanded by the chairperson of the meeting or by Shareholders present in person or by proxy, attorney or representative or by any one or more Shareholders, as the case may be, subject to the limitations of the Corporations Act.

Dividends

Dividends may be declared or determined to be payable by the directors of APDC Holdings.

Transfer

A Shareholder may transfer all or any of its Shares by:

- in the case of an ASTC-regulated transfer, in any manner required or permitted by the Listing Rules or ASTC Settlement Rules; and
- in other cases, using any written transfer instrument in any common form or form approved or adopted by ASX or the APDC Holdings directors.

APDC Holdings' directors may decline to register any transfer where permitted to do so by the Listing Rules and must decline to register a transfer of:

- Shares, where required by the Listing Rules; and
- restricted securities, which may be in breach of the Listing Rules.

Stapling

Where the Trust Constitution provides for the stapling of Units to Shares, the following provisions of the Company Constitution apply:

(a) once Shares and Units are stapled, they must only be issued, transferred or otherwise dealt with as a single security;

(b) meetings of Shareholders must be held in conjunction with meetings of holders of securities attached to the Shares; and

(c) a Shareholder cannot transfer their shares unless the attached security or securities are also transferred.

Call program

Subject to the Company Constitution, Corporations Act and Listing Rules, the Company may by resolution of the Board make a call on the registered holders of a Share, for any amount unpaid on that Share, by giving at least 10 business days' notice before the due date for payment.

Liquidation rights

If APDC Holdings has preference shares and ordinary shares on issue, the preference shareholders outrank ordinary shareholders in the event of liquidation.

Alteration of Company Constitution

The Company Constitution can only be amended by a special resolution (that is, a resolution that has been passed by at least three-quarters of the votes cast by Shareholders entitled to vote on the resolution) and at least 28 days written notice of the special resolution must be given.

Indemnification of the APDC Holdings directors

To the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company and indemnifies every person who is or has been an officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred or allegedly incurred by the person as an officer of the Company.

11.5 Stapling and the Trust Constitution and the Company Constitution

Each of the Trust Constitution and Company Constitution in addition to matters described above:

(a) permits the stapling in the future of other securities to the Securities without the approval of Securityholders;

(b) provide that once Shares and Units are stapled, they must only be issued, transferred or otherwise dealt with as a single Security; and

(c) provide that the provisions relating to stapling may only cease to apply or be suspended if;

(i) an insolvency event occurs in respect of the APDC Property Trust or APDC Holdings, and APDC Holdings or APDC Limited (as the case may be) terminates or suspends the stapling provisions; or

(ii) the Securityholders pass a special resolution.

11.6 Subscription Agreement

APDC has entered a subscription agreement with NEXTDC under which APDC has agreed to issue, and NEXTDC has agreed to subscribe for, 26.45 million Securities at an issue price of $1.00.

Similarly to the Securities issued under the Offer, the Securities issued under the Subscription Agreement will be partly paid to $0.61 and NEXTDC will be liable to pay a Final Instalment in accordance with the Instalment Program.

The issue is conditional on successful completion of the Offer, the ASX granting approval to list the Securities on the ASX subject to the usual listing conditions, completion of the Sale Contracts and entry into the Leases and Development Agreements.

The Securities issued under the Subscription Agreement will be issued before the issue of the Securities under the Offer.

11.7 Underwriting Agreement

The Offer is fully underwritten pursuant to an underwriting agreement dated 3 December 2012 between APDC and the Underwriters ("Underwriting Agreement"). The Initial Instalment is fully underwritten by the Underwriters and the Final Instalment is fully underwritten by RBS Morgans.

Conditions

The obligation of the Underwriters to underwrite the Offer is conditional upon:

- APDC obtaining all ASX waivers and ASIC waivers (in form and substance acceptable to the Underwriters) before the date of this Offer Document;
- APDC implementing and completing due diligence investigations and verification to the satisfaction of the Underwriters before the date of this Offer Document;
- NEXTDC agreeing to subscribe for 26,450,000 Securities (being 23% of the Securities to be issued);
- NEXTDC shareholders approving the sale of the Initial Portfolio at a general meeting scheduled for November 2013.
- the Underwriters receiving certificates from APDC that APDC has complied with all regulatory approvals, relief and modifications to enable the Offer to proceed in accordance with the timetable and the terms and conditions of the Underwriting Agreement on the key dates of the Offer.

Termination Events

11.7.1

The Underwriters may terminate the Underwriting Agreement by notice to APDC if any of the following events occur before the completion of the Offer:

- **(Index fall)** the S&P/ASX 200 Index published by ASX is at 5:00pm on any 2 consecutive business days after the date of the Underwriting Agreement more than 10% below its level as at 5:00 pm on the business day immediately preceding the date of the Underwriting Agreement;
- **(Material adverse change)** there is a material adverse change, or any

development involving a prospective material adverse change, in the condition, financial or otherwise, or in the assets, earnings, business, results of operations, management or prospects of APDC;

- **(Breach)** APDC fails to comply with any of its material obligations under the Underwriting Agreement, or any representation or warranty by APDC in the Underwriting Agreement is or becomes incorrect;
- **(Material adverse change in financial markets)** any of the following occurs:

  (a) any material adverse change or disruption to the political conditions or financial markets of Australia, the United Kingdom, the United States of America;

  (b) a general moratorium on commercial banking activities in Australia, the United Kingdom or the United States of America is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or

  (c) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading;
- **(Responsible Entity):**

  (a) APDC Limited retires or is removed as the responsible entity of APDC Property Trust; or

  (b) the ASIC or another person makes an application for the appointment of a temporary responsible entity of APDC Property Trust under Part 5C.2 of the Corporations Act;
- **(Hostilities)** in respect of any one or more of Australia, the United States of America, any member state of the European Union, Indonesia, Japan, Russia, the Peoples Republic of China, North Korea or South Korea:

  (a) major hostilities not presently existing commence (whether or not war has been declared);

  (b) a major escalation in existing hostilities occurs (whether or not war has been declared);

  (c) a declaration is made of a national emergency or war; or

  (d) a terrorist act is perpetrated in any of those countries;
- **(Change in law)** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of the Commonwealth of Australia or any State or Territory of Australia or government authority a new law or policy which would have a material adverse impact on the Offer;
- **(Directors and senior management)**

  (a) a Director or any member of the senior management of APDC is charged with a criminal offence relating to any financial or corporate matter;

  (b) a change in the senior management or Directors if APDC occurs.

  (c) any regulatory body commences any public action against APDC, any of the Directors or any member of the senior management of APDC, or announces that it intends to take any such action; or

  (d) any Director is disqualified under the Corporations Act from managing a corporation;
- **(Material Contracts)** any material contract is:

  (a) terminated, rescinded, altered or amended without the prior written consent of the Underwriter (such consent not to be unreasonably withheld); or

  (b) found to be void or voidable;
- **(Unauthorised alterations)** without the prior written consent of the Underwriter, APDC alters its share capital (in the case of APDC Holdings) or the structure of the Scheme (in the case of APDC Limited) or the Constitution of APDC Holdings other than as contemplated in the Offer Document;
- **(Future matters)** any statement in the offer documents which relates to future matters is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met;
- **(Disclosures)** the report of the due diligence committee is untrue, incorrect, misleading or deceptive in a material respect;
- **(Charge)** other than as disclosed in the offer documents or by APDC to the Underwriters in writing prior to the date of the Underwriting Agreement, APDC, NEXTDC or any of their respective subsidiaries charges or agrees to charge, the whole, or a substantial part of the business or property of APDC;

11.7.2

The Underwriters may terminate the Underwriting Agreement by notice to APDC if any of the following events occur before the issue of Securities under the Offer:

- **(ASIC and ASX Waivers)** any of the ASIC waivers or ASX waivers obtained are withdrawn, revoked or amended without the prior written approval of the Underwriters;
- **(Supplementary Disclosure Document)** APDC lodges a supplementary Offer Document under section 724 and/or section 1016E of the Corporations Act or an Underwriter forms the reasonable view that a supplementary disclosure document must be lodged;
- **(Lodgement)** APDC fail to lodge the Offer Document with ASIC on or before the date of this Offer Document (or such later date approved in writing by Underwriters);
- **(ASIC action)** ASIC:

  (a) makes an order or interim order under section 739 and/or section 1020E of the Corporations Act concerning the Offer Document;

  (b) applies for an order under Part 9.5 of the Corporations Act in relation to the Offer or any offer document;

  (c) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or any offer document under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth); or

  (i) prosecutes or gives notice of an intention to prosecute; or

  (ii) commences proceedings against, or gives notice of an intention to commence proceedings against,

  APDC or any of its officers, employees or agents in relation to the Offer or any offer document;
- **(Withdrawal of consent):**

  (a) any person whose consent to the issue of the Offer Document or any supplementary Offer Document is required by the Corporations Act and who has previously consented to the issue of the Offer Document or any supplementary Offer Document withdraws such consent;

  (b) any person gives a notice under section 733(3) and/or 1021L of the Corporations Act; or

(c) any person (other than the Underwriter) who has previously consented to the inclusion of their name or any statement in the Offer Document or any supplementary Offer Document withdraws that consent;

- **(Withdrawal of Offer Document)** APDC withdraw the Offer Document or the invitations to apply for Securities under the Offer Document;
- **(ASX approval)** ASX does not approve the admission of APDC Property Trust to the Official List and the granting of official quotation to the Securities (subject only to conditions acceptable to APDC and the Underwriters, acting reasonably) by 5.00 pm on the business day before the Closing Date, or if granted, the approval is subsequently withdrawn, qualified (other than conditions acceptable to the Underwriter, acting reasonably) or withheld (or ASX indicates to APDC or the Underwriter that the approval is likely to be withdrawn, qualified or withheld);
- **(Issue and allotment)** APDC are, or become, for any reason, unable to issue or allot the Securities;
- **(Offer Documents):**

  (a) there is a material omission from this Offer Document or any supplementary Offer Document of material required by the Corporations Act to be included;

  (b) an offer document contains a material statement which is untrue, inaccurate, misleading or deceptive or likely to mislead or deceive (whether by inclusion or omission); or

  (c) an offer document does not contain all information required to comply with all applicable laws;
- **(Section 730 or 1021J notice)** a person gives a notice to an Issuer under section 730 or section 1021J of the Corporations Act;
- **(Timetable)** an event specified in the timetable on the date of the Underwriting Agreement before the instalment date is delayed for any length of time, regardless of the cause of such delay (other than any delay of less than 2 business days or which is wholly attributable to the gross negligence, wilful misconduct, recklessness or fraud of the Underwriters or any delay agreed in writing between APDC and the Underwriters, such agreement to not be unreasonably withheld);
- **(Public announcement)** APDC, NEXTDC or any of their respective subsidiaries issue a public announcement concerning the Offer that has not been approved by the Underwriters; and
- **(Slattery Investor)** The Slattery Investor fails to pay the Initial Instalment in relation to up to 22 million Securities on or before the Closing Date.

11.7.3

RBS Morgans may also terminate the Underwriting Agreement by giving notice if any of the events in section 11.7.1 (other than Index fall or any of the following events occurs between the completion of the Offer of the Securities and the date on which the Final Instalment shortfall is settled:

- **(Index fall)** the S&P/ASX 200 Index published by ASX is at 5.00pm on any 2 consecutive business days after the date that is 1 month prior to the Instalment Payment Date more than 10% below its level as at 5.00pm on the business day immediately preceding the date of the Underwriting Agreement.
- **(No quotation)** the ASX:

  (a) suspends or maintains an existing suspension of, or maintains an existing decision to suspend, trading in the Securities for a consecutive period of 5 business days or more;

  (b) removes, or maintains an existing removal of, or maintains an existing decision to remove APDC Property Trust from the Official List; or

  (c) suspends, or maintains an existing suspension of, or maintains an existing decision to suspend, trading in the Securities on the date on which the Final Instalment shortfall is settled;
- **(Timetable)** the instalment date or the instalment sale date as specified in the timetable of the Underwriting Agreement is delayed by any period of time, regardless of the cause of such delay (other than any delay agreed in writing between APDC and the Underwriters).
- **(Slattery Investor)** the Slattery Investor fails to pay the Final Instalment in relation to 22 million Securities on or before the Final Instalment Payment Date.

11.8 Custody Agreement

In accordance with the Corporations Act, ASIC policy and the terms of APDC Limited's AFSL, M1, S1 and P1 will be held by the Custodian.

The Custodian is not liable to Securityholders and APDC Limited is liable for the acts of the Custodian, subject to certain conditions under the Custody Agreement. The Custodian may only act on proper instructions (as set out in the custody agreement) given by APDC Limited. The Custodian is indemnified by APDC Limited for any action taken and all claims and liabilities arising in connection with the assets of the APDC Property Trust, except where the Custodian has failed to perform its obligations under the Custody Agreement.

11.9 Services and Costs Agreement

APDC and NEXTDC have entered an agreement governing NEXTDC's provision of office accommodation and certain IT services to APDC and NEXTDC's agreement to pay certain fees and costs on behalf of APDC.

Under this agreement, NEXTDC has agreed to permit APDC to use office space at NEXTDC's data centres and offices and to provide APDC with certain IT equipment and IT and administrative support. Additionally, NEXTDC has agreed to pay or reimburse APDC in relation to various expenses, costs and outgoings relating to the transactions contemplated in this Offer Document and the Offer itself that may have otherwise been payable by APDC. Such fees and costs include the Offer expenses, underwriting fees, certain stamp duty and tax liabilities and design and printing expenses.

12.1 Nature of Offer Document

To the extent that the Offer relates to the issue of a Unit in the APDC Property Trust, this document is a product disclosure statement, for the purposes of Part 7.9 of the Corporations Act.

To the extent that the Offer relates to the issue of a Share in APDC Holdings, this document is an Offer Document for the purposes of Part 6D.2 of the Corporations Act. This Offer Document is issued by APDC.

12.2 ASX waivers and confirmations

(a) **Waivers**

APDC has applied to ASX for the following waivers in relation to the requirements of the following Listing Rules as they will apply to APDC:

(i) a waiver from Condition 7 of Listing Rule 1.1 to the extent necessary to permit each parcel of Shares or Units to have a value less than $2,000 on the condition that the value of a parcel of Securities will be greater than or equal to $2,000, and will therefore satisfy the rule;

(ii) a waiver from Condition 8 of Listing Rule 1.1 in respect of compliance with Listing Rule 1.3 on the condition that the Units and Shares are stapled together and that APDC Limited and APDC Holdings together satisfy the rule;

(iii) a waiver from Condition 2 of Listing Rule 2.1 to the extent necessary to permit Shares to be issued by APDC Holdings for an issue price and paid up value of less than $0.20 on the basis that the value of each Security (rather than each individual Share) will have an issue price and paid up value of greater than $0.20;

(iv) a waiver from Listing Rule 6.11 to the extent necessary to permit a distribution to be paid on a partly-paid Security on the basis that the partly-paid Security is fully paid;

(v) a waiver from Listing Rule 6.24 in respect of compliance with clause 1 of Appendix 6A to the extent necessary that the rate and amount of a dividend or distribution need not be advised to ASX by the APDC Property Trust or APDC Holdings when announcing a dividend or distribution and record date on the basis that an estimated dividend or distribution rate is advised to ASX and the actual dividend and distribution rate is advised to ASX as soon as it becomes known;

(vi) a waiver from Listing Rule 8.10 to the extent necessary to permit APDC Limited and APDC Holdings to refuse to register a transfer of a Unit or Share (comprising the Security) if it is not accompanied by a transfer in respect of the other security or securities that comprise the Security; and

(vii) a waiver from Listing Rule 10.1 to allow the transfer of assets between the APDC Property Trust and APDC Holdings and their subsidiaries without the need for member approval, as the economic interests of Securityholders will not be affected by such a transaction.

(b) **Confirmations**

APDC has applied to ASX for the following confirmations in relation to the operation of the following Listing Rules as they will apply to APDC:

(i) confirmation in relation to Listing Rule 1.1, condition 1 and Listing Rule 6.1 that:

A. the structure and operations of APDC are appropriate for a listed entity; and

B. the terms of the Securities meet the requirements of Listing Rule 6.1 and are appropriate and equitable;

(ii) confirmation under Listing Rule 1.3 that the ASX does not intend to treat APDC as an 'investment entity' for the purposes of the Listing Rules;

(iii) confirmation that the requirements of Listing Rule 1.3.5 will be complied with for the purposes of admission to the Official List if APDC Holdings and the APDC Property Trust do not provide to the ASX accounts for the last three financial years on the basis that APDC Holdings and the APDC Property Trust will provide to the ASX a draft pro-forma balance sheet for APDC;

(iv) confirmation under condition 4 of Listing Rule 2.5 that the Instalment Program is acceptable;

(v) confirmation under Listing Rule 6.10.1 that the partly-paid Securities' voting and distribution arrangements in the event of default are acceptable;

(vi) confirmation that the right to divest a Unitholder of their partly-paid Securities on a failure to pay a call is acceptable having regard to Listing Rules 6.12.3 and 6.12.5;

(vii) confirmation that APDC Limited and APDC Holdings' right to a lien over the partly-paid Securities on a Unitholder's failure to pay a call when due is acceptable having regard to Listing Rule 6.13.1;

(viii) confirmation that a change in the amount of distributions paid after the Securities become fully paid does not breach Listing Rule 6.10;

(ix) confirmation that the Company Constitution and Trust Constitution are consistent with the Listing Rules; and

(x) confirmation that the terms of the Securities comply with the requirements of Chapter 6 of the Listing Rules.

12.3 ASIC declarations

APDC has received from ASIC modifications to the sections of the Corporations Act listed below as they relate to the operation of APDC:

(a) a declaration that sections 601FC(1)(c) and 601FD(1)(c) are modified to allow APDC Limited and its officers to have regard to the interests of Securityholders having regard to their interests as Unit holders of the APDC Property Trust and shareholders of APDC Holdings, not just in their capacity as Unit holders of the APDC Property Trust;

(b) a declaration that section 601GA(1)(a) is modified to enable APDC Limited to allocate the issue price for Units comprising part of the Securities;

(c) a declaration that sections 601GAB and 601GAC are modified to contemplate calculation of Unit issue prices where there is more than one class of Units; and

(d) a declaration that section 601LC is modified to allow APDC Limited to give financial benefits out of APDC Property Trust property to APDC Holdings and its controlled entities.

12.4 Litigation and claims

As far as APDC is aware, except as disclosed elsewhere in this Offer Document, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal or criminal or governmental prosecution of a material nature in which APDC is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of APDC or its assets.

12.5 Governing law

Unless otherwise indicated, this Offer Document and the contracts that arise from the acceptance of the Applications are governed by the law applicable in Queensland and each Applicant submits to the exclusive jurisdiction of the courts of Queensland.

12.6 Goods and services tax

Under current Australian law, goods and services tax will not be payable in respect of any issue or transfer of Securities.

12.7 Environment and ethical considerations

Generally, and in normal circumstances, APDC does not take into account labour standards, environmental, social or ethical considerations. However, these considerations may be taken into account if they materially affect the value of the investment, but no specific methodology is applied.

12.8 Related party and NEXTDC transactions

This Offer and APDC's ongoing management involve a number of related party transactions, including the Services Agreement under which APDC Limited has appointed APDC Holdings to perform the services set out in Section 2.7.

Although NEXTDC is not expected to be a related party of APDC for the purposes of Chapter 2E of the Corporations Act going forward, there is an ongoing relationship set out in a number of agreements including:

(a) NEXTDC's subscriptions

Subject to successful completion of the Offer, NEXTDC will receive approximately 26.45 million Securities as part consideration for the Initial Portfolio.

All of the Securities issued or to be issued to NEXTDC have an issue price of $1.00, are partly paid to $0.61 and are subject to call in accordance with the Instalment Program.

(b) NEXTDC is expected to realise a profit on the development of the properties which comprise the Initial Portfolio.

(c) Services and Cost Agreement

NEXTDC is providing office accommodation and IT services to APDC and has agreed to pay certain costs associated with the Offer.

(d) Pre-IPO capitalisation and commercial loan

NEXTDC has made an initial contribution of $2.0 million to APDC and a commercial loan of $750,000.

In addition, Bevan Slattery, a NEXTDC director, has advised that he or entities that he controls intend to participate in the Offer by applying for up to 22 million Securities under the Broker Firm Retail Offer for which the Underwriters have agreed to pay Mr Slattery a fee of 3% of the amount subscribed from their underwriting fees. While Mr Slattery holds over 20% of the shares in NEXTDC, under section 610 of the Corporations Act Mr Slattery will have voting power in APDC of approximately 42% on completion of the Offer. However, Mr Slattery will not control NEXTDC's holding in APDC. If Mr Slattery's shareholding in NEXTDC falls below 20%, his voting power in APDC would be approximately 19% upon completion of the Offer.

12.9 Interests of professionals, advisers and promoters

Other than as set out below or elsewhere in this Offer Document:

No promoter of APDC, or an AFSL-holder or Underwriter involved in the Offer or person named in this Offer Document as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Offer Document, has or has held during the last two years prior to the date of the Offer an interest in:

(a) the formation or promotion of any entity in APDC; or

(b) the property acquired or to be acquired by the Group in connection with its formation or promotion under this Offer Document; or

(c) the Offer.

McCullough Robertson has acted as an Australian legal adviser to APDC, the issuer of this Offer Document. In respect of this work, McCullough Robertson will be paid approximately $90,000 (excluding disbursements and GST) for work performed by it until the date of the Offer Document. Further amounts may be paid to McCullough Robertson in accordance with its time-based charges.

Clayton Utz has acted as Australian legal adviser in relation to the Offer. In respect of this work, Clayton Utz will be paid approximately $500,000 (excluding disbursements and GST) for work performed by it until the date of the Offer Document. Further amounts may be paid to Clayton Utz in accordance with its time-based charges.

RBS Morgans Corporate Limited and Evans and Partners Pty. Ltd. have acted as Underwriters for the Offer, in respect of which they will receive the fees described in Section 9.3.

KPMG Transaction Services has acted as Investigating Accountant in relation to the Offer. In respect of this work, KPMG Transaction Services will be paid approximately $240,000 (excluding disbursements and GST) for work performed by it until the date of the Offer Document. Further amounts may be paid to KPMG Transaction Services in accordance with its time-based charges.

Jones Lang LaSalle **(JLL)** has provided the independent valuation summary report set out in Section 15. In respect of this work, JLL will be paid approximately $250,000 (excluding disbursements and GST).

12.10 Complaints

(a) APDC Limited has established a procedure for dealing with complaints. If an Investor is not satisfied with the conduct of APDC Limited in performing its obligations a complaint should be initially addressed to: APDC Company Secretary on info@asiapacificdc.com.

(b) the complaints officer will:

(i) acknowledge the complaint promptly within 7 days and explain the complaints handling procedures to the complainant;

(ii) if the complaint requires investigation respond to the complaint within 7 days confirming the complaint is being investigated; and

(iii) respond within 45 days of receiving the complaint advising the Investor of any decision, informing them of any remedy and avenues of appeal.

12.11 Sources and applications of funds

The sources and application of funds of the offer at completion of the Initial Instalment and settlement of the Initial Portfolio are set out in the following table.

Source of funds	($m)
Equity	
Proceeds of the Offer	54.0
Total sources of funds	**54.0**
Application of funds	
Purchase of the Initial Portfolio	53.4
Cash	0.6
Total application of funds	**54.0**

12.12 Expenses of the offer

The total estimated expenses of the Offer, including Security placement commissions and fees, accounting fees, legal fees, listing fees, fees for other advisers, Offer Document printing, advertising, and other miscellaneous expenses (including taxes and other government charges), will be approximately $5,842,000. These fees and expenses are payable by NEXTDC.

12.13 Consents

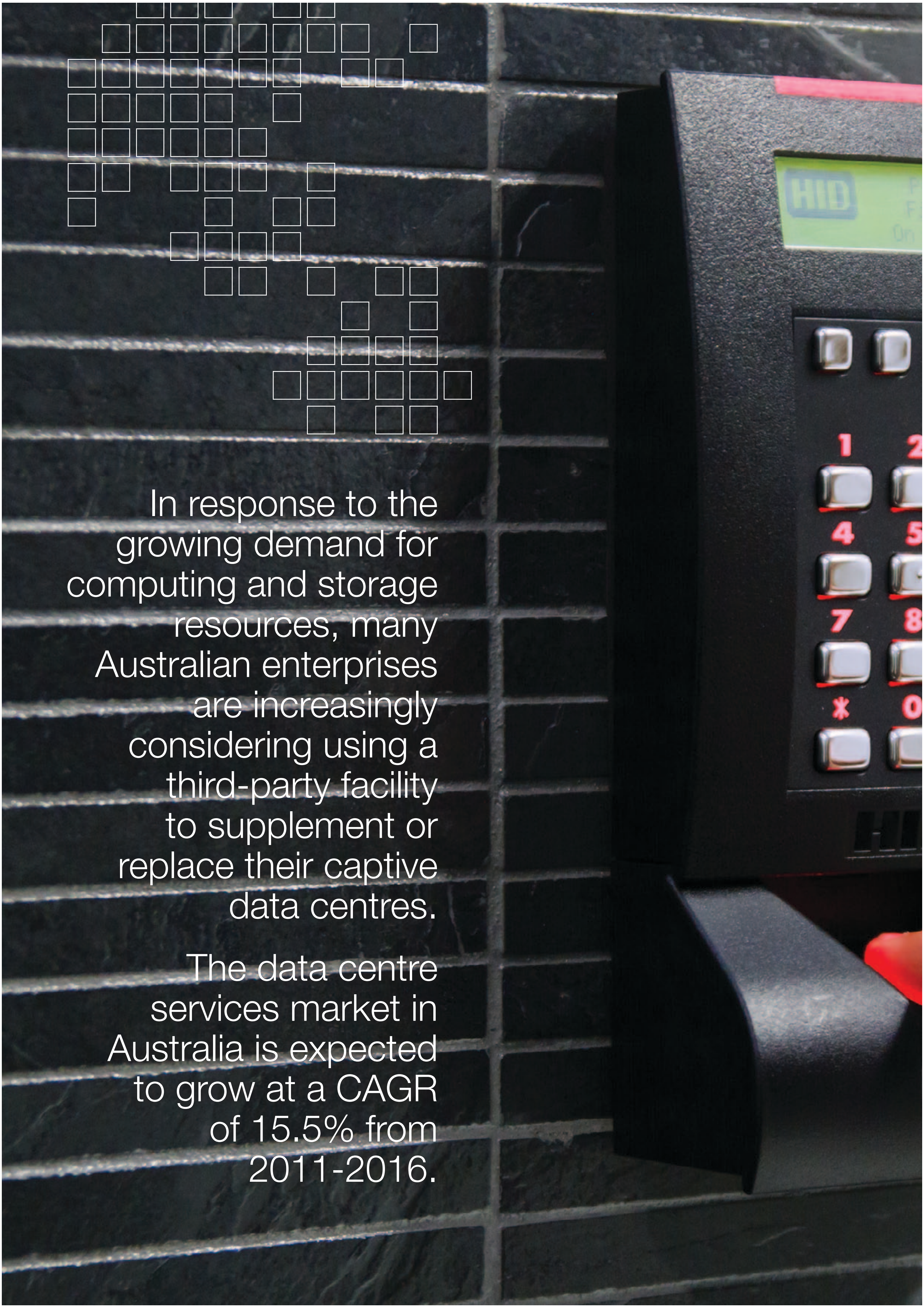
Each of the persons set out in the table below have given, and not withdrawn, its consent to be named in this Offer Document in the capacity stated in relation to the Offer in the form and context in which it is named.

Name	Capacity	Statement
NEXTDC Limited	Initial Portfolio vendor and tenant	
Evans and Partners Pty. Ltd.	Joint Lead Manager and Joint Underwriter	Not Applicable
RBS Morgans Corporate Limited	Joint Lead Manager and Joint Underwriter	Not Applicable
Clayton Utz	Legal adviser to the Offer	Not Applicable
McCullough Robertson	Legal Adviser to the issuer, APDC	Not Applicable
The Trust Company (Australia) Limited	Custodian of certain APDC assets	Not Applicable
Jones Lang LaSalle	Valuer	Independent Valuation Report
KPMG Transaction Services	Investigating Accountant	Investigating Accountants' Report
KPMG	Auditor	Not Applicable
Link Market Services Limited	Registry	Not Applicable

No person named in this section has authorised or caused the issue of this Offer Document nor does any person named in this section make any statement in this Offer Document other than a statement or report included in this Offer Document with their express consent as noted in the above table. Some laws impose obligations that cannot be excluded. To the maximum extent permitted by law, each person named in this section expressly disclaims, and takes no responsibility for, all parts of this Offer Document other than any statement or report attributed to them and included in this Offer Document with their express consent.

12.14 Consent to lodgement

Each director of APDC Holdings and APDC Limited has consented to the lodgement of this Offer Document with ASIC.



In response to the growing demand for computing and storage resources, many Australian enterprises are increasingly considering using a third-party facility to supplement or replace their captive data centres.

The data centre services market in Australia is expected to grow at a CAGR of 15.5% from 2011-2016.

NEXTDC data centre biometric entry.

13 How to apply

13.1 Important dates

Event	Date
Offer Opening Date	10 December 2012
Offer Closing Date	20 December 2012
Issue of Securities under the Offer	31 December 2012
Expected despatch of Securityholder statements	2 January 2013
Securities expected to begin trading on ASX	7 January 2013
Expected last day to trade Securities on a Final Instalment unpaid basis	30 April 2013
Expected Final Instalment Payment Date	15 May 2013

These dates and times are indicative only and may change. APDC, the consent of the Underwriters, reserves the right to vary the dates and times of the Offer without prior notice including closing the Offer before the scheduled Offer Closing Date. Investors are encouraged to submit their Application Forms as soon as possible after the Offer opens.

13.2 Structure of the Offer

The Offer comprises:

(a) a General Offer which is open to Australian-resident Retail Investors;

(b) a Broker Firm Retail Offer to Australian and New Zealand resident Retail Investors who receive a firm allocation of Shares from the Broker **(Broker Firm Retail Offer)**; and

(c) an Institutional Offer to Institutional Investors in Australian and New Zealand as managed by the Underwriters.

Allocations of Securities under the General Offer, Broker Firm Retail Offer and Institutional Offer will be made after consultations between the Underwriters and APDC. No guarantee of allotment of any Securities may be made to any Applicant and the Underwriters will have discretion in allocations of Securities.

General Offer

The General Offer is only open to Australian resident Retail Investors attached to or accompanying this Offer Document. Applicants under the General Offer should complete and lodge the Application Form in accordance with the instructions on the back of the Application Form. The Application Form, together with the cheque(s) for the Securities applied for, should be completed and returned to the Registry before the Offer Closing Date.

Broker Firm Retail Offer

The Broker Firm Retail Offer is only open to Australian and New Zealand resident Retail Investors who have received a firm allocation from the Broker. Broker Firm Applicants must lodge their Application Forms and Application Money in accordance with the directions of their Broker in order to receive their firm allocation.

Applications to acquire Securities under the Broker Firm Retail Offer will only be accepted on the Broker Firm Retail Offer Application Form attached to or accompanying this Offer Document. The Application Form must be completed in accordance with the instructions set out on the back of the Application Form.

If you elect to participate in the Broker Firm Retail Offer, your Broker will act as your agent in submitting your Application Form and Application Money to the Registry (which received them on behalf of APDC). Brokers who receive Application Money from Broker Firm Applicants do so as the agent of the Broker Firm Applicants.

APDC will accept payments of Application Money form Brokers on behalf of Broker Firm Applicants at the Closing Date or such later date as APDC and the Underwriters agree. APDC, the Registry and the Underwriters take no responsibility for any acts or omissions in connection with your Application, Application Form or Application Money.

Institutional Offer

The Institutional Offer is being managed by the Underwriters. Further details of how to participate will be provided to participants by the Underwriters.

13.3 How to apply for Securities

Applications for Securities must be made by completing and lodging a paper copy of the Application Form in accordance with the instructions on the Application Form. Before making an investment, Applicants should read this Offer Document in its entirety.

An Application Form is attached to this Offer Document and the Offer Document in electronic form at asiapacificdc.com

An Application Form may only be distributed attached to a complete and unaltered copy of this Offer Document. The Application Form included with this Offer Document contains a declaration that the investor has personally received the complete and unaltered Offer Document before completing the Application Form.

Applications must be for a minimum of 2,000 Securities and in multiples of 100 Securities thereafter. There is no maximum value of Securities which may be applied for under the Broker Firm Retail Offer or the General Offer. APDC and the Underwriters reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person.

An Application must be accompanied by payment in Australian currency of the Application Money, being the Initial Instalment of $0.61 per Security. No brokerage or stamp duty is payable by Applicants under the Offer.

If you participate in the Offer as a Broker Firm Applicant, your Broker will act as your agent in submitting your Application Form and Application Money. It will be your Broker's responsibility to ensure that your Application Form and Application Money are submitted before the Closing Date.

Cheques or bank drafts must be made payable to "Asia Pacific Data Centre Limited" and should be crossed and marked "Not Negotiable".

Application Forms will not be accepted electronically.

Completed Application Forms and Application Money must be returned prior to the Closing Date in accordance with the instructions set out on the Application Forms and in the table below:

General Offer	How and where to lodge your application
Broker Firm Retail Offer Applicants	Lodge your Application Form and Application Money with the Broker from whom you received a firm allocation, in accordance with that Broker's directions.
Other Applicants	Lodge your Application Form and Application Money with the Registry in accordance with the directions provided by APDC in the Application Form.

An Application to invest is an irrevocable offer by the Applicant to APDC to subscribe for the Securities specified in the Application Form, on the terms and conditions set out in the Application Form.

13.4 APDC may accept or reject applications

APDC reserves the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe may be an ineligible Applicant. APDC also reserves the right to waive or correct any errors in any Application Form, and to reject any Application in whole or in part for any other reason.

13.5 No cooling off

Applicants should note there will not be a cooling off period in relation to Applications, because an application will be made to the ASX for listing of APDC and quotation of the Securities.

Once an Application has been lodged, it cannot be withdrawn. Should quotation of the Securities be granted by ASX, Securityholders will have the opportunity to sell their Securities at the prevailing market price, which may be different to the Issue Price.

13.6 Underwriting

The Initial Instalment is underwritten by the Underwriters, pursuant to the Underwriting Agreement. A summary of the main terms of the Underwriting Agreement is set out in Section 11.7.

The Underwriting Agreement contains certain conditions and termination events. If the Underwriting Agreement is terminated and the subscriptions received are not sufficient to satisfy ASX's minimum spread requirements, then Application Money will be refunded without interest.

Allocations will be at the discretion of the Underwriters after consultation with APDC.

Before the issue of Securities, all Application Money will be held in an account that complies with the requirements of the Corporations Act. Any interest earned on Application Money will be paid to APDC. If the Offer does not proceed, any interest which was earned on Application Money after their receipt and before they are refunded to Applicants will be retained by APDC and applied to meet part of the costs of the Offer.

Where no issue of Securities under the Offer is made, or where the number of Securities issued is fewer than the number applied for, the surplus Application Money will be refunded to the relevant Applicant, without interest, as soon as practicable after the Closing Date. Statements of holdings will be forwarded to Securityholders as soon as practicable after the issue of Securities.

13.7 Trading of Securities on ASX

An application will be made to ASX for APDC to be admitted to the Official List and for quotation of the Securities under the code AJDCA. While the Securities remain partly paid, the code will include the suffix 'CA'. That is, the Securities will trade under the code AJDCA until after the Final Instalment Payment Date.

The application for the admission of the Securities to the Official List will be made within 7 days after the date of this Offer Document.

It is expected that, subject to approval of ASX, trading of Securities will commence on or about 7 January 2013.

13.8 ASX and its right to remove the Securities from official list

ASX takes no responsibility for the content of this Offer Document or for the investment in APDC.

The fact that ASX may admit APDC to the Official List should not to be taken as an endorsement by ASX of the merits of APDC or any investment in Securities.

In addition to its general rights to remove APDC from the Official List, ASX reserves the right to remove APDC from the Official List if:

(a) APDC Holdings issues Shares that are not stapled to Units;

(b) APDC Limited on behalf of the APDC Property Trust issues Units that are not stapled to Shares; or

(c) the Units and the Share cease to be stapled to each other.

13.9 ASX admission and quotation

Following the issue of Securities under the Offer (expected to occur on or about 31 December 2012) the Registry will send successful Applicants a holding statement detailing the number of Securities issued to them under the Offer. It is expected that holding statements will be despatched on or about 2 January 2013. It is the responsibility of Applicants to confirm their allocation of Securities prior to trading in Securities. A Securityholder who sells Securities before they receive their holding statement does so at their own risk.

13.10 Issue of Securities

The issue of Securities to Applicants will occur as soon as possible after the Offer is closed.

APDC reserves the right to issue Securities to Applicants in full or to issue a lesser number of Securities than those for which an Application has been made. Where no allocation is made to a particular Applicant or the number of Securities allocated is less than the number applied for by the Applicant, surplus Application Money will be returned to that Applicant. No interest will be paid on refunded Application Money. Any interest earned on Application Money before issue or return will be, and will remain, the property of APDC.

The Issue Price for each Security is $1.00. The Issue Price is payable in accordance with the Instalment Program.

13.11 The Instalment Program

Under the Instalment Program, the Issue Price of $1.00 is to be paid in two instalments:

(a) the Initial Instalment is $0.61 per Security and is payable when an Investor returns their Application before the Closing Date; and

(b) the Final Instalment is $0.39 per Security and is payable on the Final Instalment Payment Date.

Securityholders will be called to pay the Final Instalment, irrespective of the price at which the Securities are trading.

13.12 CHESS

APDC will apply for the Securities to participate in CHESS, in accordance with the ASX Listing Rules and the ASTC Settlement Rules. CHESS is an automated transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in a paperless form.

APDC will also, in accordance with the ASX Listing Rules and the ASTC Settlement Rules, maintain an electronic CHESS sub register (for Securityholders who are participants in CHESS or sponsored by such a participant) and an electronic issuer sponsored sub register (for all other Securityholders). These two sub registers will together make up APDC's principal register of Securityholders. Following allocation of the Securities to successful Applicants, Securityholders will be sent an initial statement of holding that sets out the number of Securities that have been allocated and the Securityholder's Holder Identification Number, or in the case of issuer sponsored holders, the Securityholder Reference Number.

Securityholders will subsequently receive statements showing any changes to their holding of Securities. Certificates will not be issued for Securities.

13.13 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants who apply for Securities using an Application Form.

Investors who buy or sell Securities on ASX may be subject to brokerage and other transaction costs. NEXTDC will pay any stamp duty arising in respect of the acquisition of Securities under the Offer.

13.14 Taxation issues

A summary of Australian income tax consequences of investing in the Group is contained in Section 14.

However, the summary provides general information only. Applicants should make their own enquires in relation to the taxation consequences of investing, taking into account their own circumstances.

Applicants should obtain professional taxation advice if they are in doubt about the consequences of investing, from a taxation perspective.

13.15 Foreign Selling Restrictions

No action has been taken to register or qualify the Securities or this Offer, or otherwise to permit a public offering of the Securities in any jurisdiction outside Australia and New Zealand.

This Offer Document does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Offer Document. The distribution of this Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons into whose possession this Offer Document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application.

Each Applicant will be taken to have represented, warranted and agreed that such person:

(a) is an Australian or New Zealand citizen or resident in Australia or New Zealand, is located in Australia or New Zealand at the time of such Application and is not acting for the account or benefit of any person in the United States, a United States person or any other foreign persons; and

(b) will not offer or sell the Securities in the United States or in any other jurisdiction outside Australia or to a United States person, except in transactions which are exempt from registration under the United States Securities Act of 1993 as amended, and in compliance with all applicable laws in the jurisdiction in which such Securities are offered and sold.

13.16 Enquiries

If you have enquiries or questions about this Offer Document or the Offer you should contact the Registry or the Underwriters.

If you are unclear in relation to any matter or are uncertain as to whether APDC is a suitable investment, you should seek professional advice from your stockbroker, lawyer, accountant or other.

Taxation

The taxation information in this section is of a general nature only and does not take into account your objectives, financial situation or needs. APDC recommends that you seek independent taxation advice which takes into account your individual circumstances as the actual taxation consequences associated with an investment in Securities will depend upon the particular circumstances of the Securityholder.

This section contains a summary of the principal taxation consequences applying to the holding of Securities by a Securityholder. The summary is based on Australian revenue legislation, public taxation rulings, determinations and administrative practice as at the date of this Offer Document. This discussion relates only to Securityholders who are Australian residents and who hold Securities as a capital asset, that is, the Securityholder will not hold Securities in the course of the business of trading or dealing in such securities.

Provisions of the Income Assessment Act 1936 (Cth) **(1936 Tax Act)**, the Income Tax Assessment Act 1997 (Cth) **(1997 Tax Act)**, the A New Tax System (Goods and Services Tax) Act 1999 (Cth) **(GST Act)** and the A New Tax System (Goods and Services Tax) Regulations 1999 (Cth) **(GST Regulations)** are referred to in this section.

Tax characterisation of the Securities

Each Security will consist of one unit in the APDC Property Trust and one share in APDC Holdings. The units in the APDC Property Trust and shares in APDC Holdings will be stapled and will not be able to be traded or transferred independently of each other. However, the Australian income and capital gains tax consequences of investing in Securities will distinguish the holding of units in the APDC Property Trust and of shares in APDC Holdings.

14.1 Income taxation – Australian resident investors

The discussion in this Section relates only to Securityholders who are Australian residents and who hold Securities as a capital asset, that is, the Securityholder will not hold Securities in the course of the business of trading or dealing in such securities.

14.2 Taxation of the APDC Property Trust

The APDC Property Trust should not itself generally be liable to income tax, as it is a 'flow-through' entity for tax purposes. Rather, Securityholders will be presently entitled to all of the net income of the APDC Property Trust and will generally be the persons who will be taxed on that net income of the APDC Property Trust.

A trust may be taxed in a similar way to a company if the trust is either a "corporate unit trust" in terms of Division 6B of Part III of the 1936 Tax Act or a "public trading trust" in terms of Division 6C of Part III of the 1936 Tax Act in respect of the income year. The extent and operation of Divisions 6B and 6C are currently under Government review.

As at the Issue Date, APDC Property Trust should not be taxed as either a corporate unit trust under Division 6B or a public trading trust under Division 6C. In particular, in relation to Division 6C, the APDC Property Trust:

- will not conduct any business other than "eligible investment business" as defined in Division 6C; and
- will not control, or have the ability to control, directly, or indirectly, the affairs or operations of any entity which does not only carry on an "eligible investment business".

Where a revenue loss or net capital loss is incurred by the APDC Property Trust, that tax loss cannot be passed to another trust or to Securityholders. Rather, revenue losses will be carried forward in the relevant trust to be offset against assessable income derived by that trust in later years, subject to satisfying certain tests for the utilisation of losses in trusts. Net capital losses will be carried forward in the relevant trust to be offset against capital gains in later years, subject to satisfying certain tests for the utilisation of losses in trusts.

Distributions from the APDC Property Trust

Under the Trust Constitution, APDC Limited will determine the distributable income of the APDC Property Trust each year. If APDC Limited does not make a determination prior to the end of the financial year then the distributable income for that financial year is the taxable income for the financial year.

An Australian resident Securityholder will be required to include in its assessable income for the income year in which a distribution period ends so much of each distribution from the APDC Property Trust for that income year as represents the net income, for tax law purposes, of the trust. That amount must be included in an Australian resident Securityholder's assessable income for that income year even if some or all of one or more of the distributions by the APDC Property Trust is physically paid to the Securityholder in the subsequent income year.

A Securityholder will generally not be required to include in their assessable income such part of a distribution which represents an amount paid from the capital of the APDC Property Trust or amounts in excess of the tax law net income of the trust (described in this PDS as a "tax deferred payment"). APDC Limited will advise Securityholders of the extent (if any) to which a distribution consists of tax deferred payments.

Capital Gains Tax

The capital gains tax cost base of the APDC Property Trust's assets will be lower than market value where the assets have been transferred while the APDC Property Trust was part of the NEXTDC tax consolidation group.

This will only be relevant where APDC Limited sells an asset. If APDC Property Trust's Initial Portfolio were sold for current market value, a capital gain of approximately $18 million would result. It is not APDC Limited's current intention to dispose of any of the properties in the Initial Portfolio.

Receipt of tax deferred payments from the APDC Property Trust

If a distribution consists of a tax deferred payment then the cost base of the units in the APDC Property Trust held by the Securityholder will be reduced by an amount equal to the tax deferred payment.

As explained above (Distributions from the APDC Property Trust), generally no amount of the tax deferred payment will need to be included by a Securityholder as assessable income. Further, to the extent the distribution represents a deferred payment, it will not result in any capital gains being realised by the Securityholder until the cost base of the Units is reduced to nil.

If the cost base of the Securityholder's units in the APDC Property Trust is reduced to nil as a result of receiving such tax deferred payments, then any further tax deferred payments received by an Australian resident Securityholder will result in a capital gain to the Securityholder.

14.3 Taxation of APDC Holdings

Australian resident Investors will be required to include distributions in their assessable income for the income year in which the distribution is paid. These distributions will generally be paid as dividends by APDC Holdings.

Distributions may be franked by APDC Holdings. This means that an Australian resident Securityholder may be entitled to any franking credits attached to the franked distribution. For an Australian resident Securityholder to be entitled to franking credits, the Securityholder must be a 'qualified person' under Division 1A of Part IIIAA of the 1936 Tax Act. In particular, the Securityholder must satisfy the 'holding period rule', or qualify for an exemption or franking credit rebate ceiling under such provisions. Broadly, the 'holding period rule' requires that the share in APDC Holdings be held sufficiently 'at risk' for more than 45 days. The application of the 'qualified person' provisions and the 'holding period rule' is complicated and Securityholder should seek their own advice as to whether those rules will affect them.

On the assumption that the Australian resident Securityholder is a 'qualified person', the tax treatment of distributions from APDC Holdings will generally be as follows:

- **Individuals –** The distribution plus any franking credit will be included in the Australian resident individual's assessable income. A tax offset for the amount of the franking credit will be available to offset the tax payable on the individual's assessable income. Any excess tax offset (after offset against tax payable) should be refundable to the individual.
- **Companies –** The distribution plus any franking credit will be included in the Australian resident company's assessable income. A tax offset for the amount of the franking credit will be available against tax payable on the company's taxable income. The company will be able to credit its franking account with the franked amount of the distribution. If the company is in a tax loss position any excess franking offset should convert to a tax loss.
- **Trustees (excluding trustees of superannuation funds) –** If Australian resident beneficiaries of a trust are presently entitled to a distribution of the net income for the year in which the distribution is derived by the trust, generally the franked distribution should flow through to, and be taxable in the hands of, the beneficiaries in accordance with their particular tax status and profile (subject to the trust having positive net income and the beneficiary satisfying the qualified person rules referred to above).
- **Life insurance companies (statutory fund) and superannuation funds –** The distribution plus any franking credit will be included in assessable income. A tax offset for the amount of the franking credit will be available against tax payable. In the case of life insurance companies and complying superannuation funds, a refund of excess franking credits will arise to the extent the offset exceeds the total tax liability. With non-complying superannuation funds and non-complying approved deposit funds, a refund of excess franking credits is not available.

Quotation of Tax File Numbers

Securityholders will be provided with the opportunity to disclose their Tax File Number (TFN) or any applicable exemption. Although disclosure of a TFN is not compulsory, Australian resident Securityholders should be aware that, unless they quote an applicable exemption, failure to disclose their TFN may result in an amount of tax being deducted from the distribution payments at the top marginal tax rate plus Medicare levy (currently 46.5%). Alternatively, where a Securityholder holds the Securities in the course or furtherance of an Australian enterprise carried on by the Investor, the Securityholder may quote its Australian Business Number instead of its TFN.

Disposal of Securities

Australian resident Securityholders will need to consider their capital gains tax (CGT) liability upon a sale or other disposal of their Securities. For CGT purposes, a Securityholder will be disposing of both the Unit in the APDC Property Trust and the Share in APDC Holdings which together comprise the Securities. A separate CGT calculation will be required in respect of the Unit and the Share.

For CGT purposes a capital gain would arise to an Australian resident Securityholder to the extent of any excess of capital proceeds received from the sale or disposal of the Unit or Share over the cost base of the respective Unit or Share to the Securityholder. The capital proceeds received in respect of the combined Securities should be apportioned on a reasonable basis between the Unit in the APDC Property Trust and the Share in APDC Holdings. The cost base of the Units and Shares would include the amount paid by the Securityholder to acquire the Unit or Share (whether upon issue by APDC Limited on behalf of the APDC Property Trust or APDC Holdings, or as a result of purchase from a previous Securityholder) as well as the costs associated with the acquisition and disposal of the Securities (such as brokerage) incurred by the Securityholder. As noted above, the cost base of the Units in the APDC Property Trust will be reduced where a distribution or part of a distribution from the APDC Property Trust is attributable to a tax deferred payment.

If the Australian resident Securityholder is an individual and has held the Securities for at least 12 months prior to disposing of them, the Securityholder may be eligible to include only one half of their capital gains (that is, after application of any available capital losses) in their assessable income. If the Australian resident Securityholder is a complying superannuation fund or the Securities are a virtual pooled superannuation trust asset (as that term is defined in the 1997 Tax Act) of a life insurance company and the Securities have been held for at least 12 months prior to disposal, the Securityholder may be eligible to include only two thirds of the capital gains (after application of any available capital losses) in their assessable income. If the Securityholder is the trustee of a trust and has held the Securities for at least 12 months then only one-half of the capital gains (after application of any available capital losses) is included to determine the net income of that trust for Australian income tax purposes.

Conversely, capital losses could arise where the applicable capital proceeds are less than the reduced cost base of the Units or Shares.

14.4 Income taxation – non-resident Investors:

The following discussion in this Section contains general comments in relation to Securityholders who are not Australian residents for income tax purposes.

It is very important that a non-resident prospective Securityholder seeks independent tax advice in relation to the tax consequence of investing in the Securities. This is to ensure that the taxation consequences take into account the particular circumstances of the Securityholder, the tax laws of Australia and of the country of residence of the Securityholder, and the relevant tax treaty (if any) between Australia and the country of residence of the Securityholder.

Managed Investment Trust (MIT)

Broadly, a MIT is a widely held trust used for collective investment. There are certain tests a trust must meet in order to qualify to be a MIT. Where the APDC Property Trust meets these tests and qualifies as a MIT in an income year, certain modifications may be made to the method by which the trust is taxed.

i. The trust may make an election to treat all the gains and losses it makes from disposal of certain of its investments on capital account (thus ensuring that the CGT discount concession is potentially available in calculating any capital gain upon disposal of the relevant asset); and
ii. Amounts distributed by the APDC Property Trust to foreign resident investors resident in certain countries with which Australia has an information exchange agreement are subject to a special withholding tax regime instead of being subject to normal flow-through trust taxation. From 1 July 2012, the final MIT withholding tax rate increased from 7.5% to 15%,

The Government is currently reviewing the MIT tax regime. Any new rules should not be introduced with effect prior to 1 July 2014.

Distributions from the APDC Property Trust

Securityholders who are not residents of Australia for tax purposes will generally be subject to Australian tax on their entitlement to Australian-sourced income and gains of the APDC Property Trust. This tax will usually be withheld from their distributions by APDC Limited.

The relevant rates of tax depend on the nature of the income or gain.

Australian-sourced rental income distributed to non-residents is currently subject to tax at rates which depend on the nature of the non-resident Securityholder (e.g. individual, company, or other type of entity). A 30% rate applies to distributions of Australian-sourced rental income to non-resident companies, and progressive rates apply to distributions of such income to non-resident individuals.

To the extent distributions from the APDC Property Trust to a non-resident Securityholder consist of income in the form of interest, Australian interest withholding tax at the rate of 10% would generally apply.

MIT withholding taxes at a rate of 15% or 30% may apply depending upon whether or not the non-resident securityholder is a resident of a country with which Australia has an information exchange agreement.

Distributions from APDC Holdings

Franked distributions paid by APDC Holdings to Securityholders who are not residents of Australia for tax purposes will not be subject to Australian dividend withholding tax.

Unfranked distributions paid by APDC Holdings to non-resident Securityholders will generally be subject to Australian dividend withholding tax at 30% unless the Securityholder is a resident of a country with which Australia has a tax treaty, in which case the applicable rate of withholding tax should be determined under the relevant treaty.

Disposal of Securities

A Securityholder who is not a resident of Australia for tax purposes and who holds Securities on capital account will not generally be subject to Australian CGT on the disposal of their Securities unless that holder (together with its associates) held 10% or more of the issued Securities of either the APDC Property Trust or APDC Holdings at any time throughout a 12 month period that began no earlier than 24 months before that time and ended no later than that time. If a non-resident would be subject to Australian CGT under this test, the possible relevance of' any applicable tax treaty should be considered. Australian CGT will only then be payable where the Securities constitute 'taxable Australian property' (TAP). The Securities will be TAP where the majority of value of the Securities is represented by Australian real property, noting that the Unit and the Share will be treated as separate CGT assets and therefore assessed as TAP separately.

14.5 Stamp Duty

As the Securities will be listed on ASX their issue or redemption will not currently attract any marketable securities duty.

The acquisition of Units may be dutiable under the landholder provisions of various States where a 90% or more acquisition threshold is reached or taken to apply. Any landholder duty or other stamp duty arising on acquisition of Securities under the Offer will be borne by NEXTDC.

14.6 GST

Under the GST Act, GST is payable on 'taxable supplies'. A 'financial supply', which is instead input taxed, will not be a taxable supply.

Although no GST is payable on a supply which is input taxed, the person making the input taxed supply is generally unable to obtain input tax credits in respect of any GST payable on expenses related to the making of such. Reduced input tax credits are available in certain circumstances depending on the nature of the expense and whether investors are registered or required to be registered for GST.

The GST Regulations provide that the provision, acquisition or disposal of an interest in a 'security' is a financial supply. For these purposes, a security includes the capital of a trust. As the Securities will constitute an interest in the capital of the APDC Property Trust:

- the transfer of the Securities by the investor by way of sale; and
- the disposal of the Securities by the Securityholder upon failure to pay the Final Instalment (whether to APDC Limited and APDC Holdings or to a third party),

will be a financial supply which is input taxed and in respect of which no GST is payable.

Jones Lang LaSalle

Jones Lang LaSalle Advisory Services Pty Limited
ABN 56 003 262 600
Level 33 Central Plaza One 345 Queen Street Brisbane QLD 4000
GPO Box 1407 Brisbane QLD 4001
tel +61 7 3231 1311 fax +61 7 3231 1313

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BRINV: FB
File No: 1942

30 November 2012

The Directors
APDC Group
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 for certain properties that are potentially to be acquired by Asia Pacific Data Centre Group (APDC) for the purposes of inclusion in a Product Disclosure Statement (PDS). The properties are potentially to be divested by NEXTDC Limited (NextDC). 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 details the principal inputs that were considered in reaching our opinion of the market 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 APDC and NEXTDC. 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 (Offer Document) 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. We have relied on proposed lease documentation, financial and property information provided by NEXTDC and our valuations assume all of the information provided is correct. Should it not be correct we reserve the right to amend our valuations.

Executive summaries of each property are included in subsequent sections, while overleaf we summarise the tenancy and some associated details, which are generally common to all three Properties.

2. Tenancy and Associated Details

This valuation summary and the full valuation reports are based on leases which are presently in final draft form. It is a critical condition of this letter and of the full valuation reports that the draft lease documents be executed and registered per the material terms and conditions provided to us. The valuation is further subject to the actual surveyed Gross Lettable Area (GLA) being in accordance with the prescribed area and surveyor's plans as provided to us. If this is not the case, the valuation conclusions reached may be different.

Our valuation assumes that a Certificate of Completion (or equivalent) will be provided on completion of the construction and the developments (including in respect of the acknowledgement that as per the full executive summaries overleaf detail; "M1" was almost complete at the date of inspection, "S1" was under construction at the date of inspection, and "P1" had not commenced construction at the date of inspection) are completed to the design, specifications and high quality expected and represented in the documents provided to us. Our valuation further assumes that the Properties "As If Complete" satisfy the respective Development Approvals, the Building Code of Australia and all other statutory authority regulations and codes. Further, we have been provided with a Development Agreement for "S1" and "P1" and we have assumed that the details within these agreements are correct and that the Directors of APDC are satisfied with their terms and conditions and that those developments will be delivered in accordance with them. We have further been provided with final draft Contracts of Sale and the valuation is subject to them and subject to the Directors of APDC being satisfied with their terms and conditions.

We note the proposed lease details are consistent for all three Properties in respect of the following principal commercial terms:

- NextDC Limited to be the Lessee;
- Demised premises to be the Whole of the Land and Building (as defined in the Lease);
- A commencement rental rate of $270 per square metre of Gross Lettable Area (GLA);
- GLA as per the Prescribed Area (as defined in the lease) per the Draft Surveyor's Plans and subject to a Surveyor's Certificate (to be attained on or before Practical Completion); if this differs by more than 5%, the commencement rental will be based on the same rental rate listed above applied to the area in the Surveyor's Certificate. We note that in "M1" the commencing annual rental amount cannot be less than the amount stated within the lease regardless of a reduction in the GLA, however if the GLA increases by more than 5%, the rent will increase by a corresponding amount;
- The length of the lease term being 15 years (commencing from the date of Practical Completion in respect of S1 and P1 and from the date of Completion of the Contract for M1);
- The option periods being 10+10+5 years;
- The annual rent review mechanisms are to be structured as annual CPI reviews (and ratcheted whereby the rent cannot decrease below the rent in the previous lease year and with a 10% cap whereby the rent cannot increase by more than 10% above the rent in the previous lease year). The annual reviews are to occur on 21 December each year, regardless of the lease commencement date;
- The proposed lease allows for market reviews (with conditions) on 21 December in the fifth and tenth Lease Years, as well as on 21 December in the Lease Year immediately preceding the commencement of each option period (if exercised). Additionally there are to be market reviews (with same conditions) on 21 December in the fifth Lease Year of the first two option periods (if exercised). The conditions of the market review include that it is ratcheted (whereby it cannot decrease below the rent in the previous lease year) and with a 10% cap;
- The Tenant must pay for all Outgoings during the term of the Lease;
- There is to be no bank guarantee provided by the tenant;
- Advisedly all High Voltage (HV) equipment is to be owned by either the Electricity Operator or the Tenant. HV Infrastructure Tenure is written into the proposed Lease including a HV Lease;
- The Tenant is to be responsible for repairs and maintenance including items of a structural and capital nature, fair wear and tear excepted;
- Under the proposed Lease, at expiry the Tenant must remove the Tenant's Property. Alternatively, the Tenant may offer and the Landlord may accept or decline the offer to purchase the Tenant's Property; and

- The Tenant may alter the Premises without the Landlord's consent if it is not considered material. Further, the Tenant may make structural alterations or additions to the Premises, without the Landlord's consent if it is not material, or with the Landlord's consent if it is considered material (defined as such if it diminishes the value of the Building, does not comply with Laws or reduces the GLA).

For the per annum rent, please refer to the respective executive summaries detailed hereafter. For further details of the lease, we recommend readers of this letter, read a full copy of the leases, which should be made available by NextDC and/or APDC.

3. Valuation Rationale and Glossary of Terms

We have been instructed to value the 100% freehold interest of the Properties under the following scenarios:

- **"S1":-** "As If Complete" and "Land Only";
- **"M1":-** "As Is"; and
- **"P1":-** "As If Complete" and "Land Only".

In respect of the "As If Complete" valuation scenarios (for S1 and P1) and "As Is" (for M1), to arrive at our opinion of market value we have adopted the capitalisation of net income and discounted cash flow (DCF) approaches. Both results have then been cross checked using the direct comparison approach where the value is analysed on a rate per square metre of Gross Lettable Area (GLA).

Our valuation calculations have been undertaken utilising the Jones Lang LaSalle proprietary valuation model.

In respect of "Land Only" valuation scenarios for S1 and P1, we have primarily utilised the direct comparison approach. As a secondary cross-check approach we utilised a residual analysis (development cash flow model) and it was undertaken using the "Estate Master" software model that we have permission to use via licence.

In order to help explain some of the terms mentioned above and the terms, valuation inputs and indicated results in the valuation summaries detailed overleaf, we have provided a glossary of terms as follows:

Capitalisation Approach

The capitalisation approach involves our opinion of market rent for the Property, and the deduction of non-recoverable outgoings (if applicable) in order to determine the net market income of the Property. This net market income is capitalised at the adopted capitalisation rate to derive a core value. There are no adjustments in this instance to be deducted to arrive at the capitalised value.

Discounted Cash Flow Approach

The discounted cash flow approach involves estimating net cash flows over the period of investment (10 years), including a hypothetical sale, and then calculating the present value of that series of cash flows by discounting those net cash flows using a selected discount rate.

We stress that the estimating of future rentals and values is a very problematic exercise, which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projection of key elements includes assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions, variation in any of which may significantly affect value.

Passing Income

The passing income is the current (commencement) or contracted rent at the date of valuation.

Market Income

The market income is the assessed market rent at the date of valuation, based on the available leasing evidence. Market rent is the estimated amount for which the property should lease on the date of valuation between a willing lessor and a willing lessee on appropriate terms in an arm's-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Net Rent

The net rent is the rental charge exclusive of operating costs (excluding direct tenancy expenses), with the operating costs being charged as a separate amount, typically on a pro-rata basis. In this instance the operating costs are borne by the Lessee.

Capitalisation Rate (Equivalent Yield)

The capitalisation rate is any divisor (usually expressed as a percentage) that is used to convert income into value. The rate or yield at which the annual net income from an investment is capitalised to ascertain its capital value at a given date. The calculations are as follows; property value estimate = net operating income / capitalisation rate.

The capitalisation rate applied within our valuation to the net market income estimate on a fully leased basis. The term equivalent yield (as utilised within our analysis of comparable sales) essentially reflects a derived capitalisation rate based on the analysed purchase price.

Terminal Yield

The capitalisation rate applied within our valuation to the net market income estimate on a fully leased basis, forecast during Year 11 of our Discounted Cash Flow (DCF) analysis. From this capitalised amount capital adjustments are made to arrive at an estimated selling price for the Property at the end of Year 10 of the DCF.

It is difficult to project long range forecasts, and we re-iterate the qualification made on the previous page regarding the problematic nature of estimates and assumptions associated with the DCF approach.

Discount Rate (IRR or Internal Rate of Return)

The discount rate is the interest rate used to discount future cash flows to determine present value.

The discount rate applied to the net cash flow of the Property is used to arrive at the adopted value using the Discounted Cash Flow approach. The term internal rate of return (as utilised within our analysis of comparable sales) essentially reflects an implied discount rate based on the analysed purchase price.

Initial Yield (Net Passing)

The annualised net passing income as a percentage of the assessed value.

Initial Yield (Fully Leased)

The annualised net passing income, on a fully leased basis, as a percentage of the assessed value.

Ten Year IRR (Indicated)

The Internal Rate of Return which the property would achieve over a 10 year period given the forecast net cash flow and assessed value.

Direct Comparison Approach

The Direct Comparison Approach utilises the analysis of sales evidence and takes into account differences between the Subject Property and the Sales Evidence and compares their attributes to the Subject Property. The comparison is then assessed in terms of a unit basis, and in the case of "Land Only" that is a pro-rate value/price per square metre of site area. In the case of the "As If Complete" value scenarios, the unit basis for comparison is value/price per square metre of GLA. We note that the Direct Comparison Approach for "S1" and "P1" - "Land Only" in this instance reflects the benefit of both the development agreement and the lease pre-commitment. We note that key inputs, such as the capitalisation rate in the capitalisation approach as an example, are also assessed by the principles of comparison to sales.

Residual Value Approach

Essentially, the Residual Value methodology aids the assessment of the "Land Only" value for "S1" and "P1" when taking into account the development costs to complete the proposed project from the assessed "As If Complete" value, being the adopted "As If Complete" value, and allowing for an appropriate profit and risk margin for undertaking the project. The deducted development costs typically include acquisition costs, development costs (hard costs), selling and marketing expenses, land holding costs and finance charges (or equivalent to cost of equity). This is a subjective approach and relies heavily on the quality of the information provided to the valuer by way of development costs and other inputs. In this instance, the adopted profit and risk margins are reflective of the benefit of development approval and the benefit of the lease pre-commitment to NextDC, which together mitigate the risk profile of the developments of "S1" and "P1".

Sales Evidence and Leasing Evidence

In assessing a suitable capitalisation rate and discount rate profile for the Properties, we have had regard to recent Data Centre investment sales within Australia. These sales further enable cross-checking the resultant pro-rata value per square metre of GLA for the Properties.

We have also had regard to recent commercial property sales within the respective markets of Sydney (with a specific focus on Macquarie Park and more generally the Sydney Near City market); Melbourne (with a specific focus on Port Melbourne and the Near City Melbourne market) and in Perth (with a broad focus across commercial and industrial market localities). A similar approach to leasing evidence was utilised in order to assess whether the proposed commencement/passing rent for the Properties is at market.

4. Market Comments

Economic and Data Centre Market (property market perspective) Overview

- The market continues to experience volatility with economic confidence slowing recently, due to persistent uncertainty, both locally and globally. Global uncertainty has resulted from the continuing political unrest in a number of Middle Eastern countries, namely Egypt, Libya and Syria, and remaining effects of the European Sovereign Debt Crisis. The concern that Italy and Spain are at risk of defaulting on sovereign debt is ongoing, following Greece, Ireland and Portugal, however, continued action from the IMF and EU appears to have mitigated this risk for the time being. In addition to the Eurozone sovereign debt issues, the US economy continues to experience challenging conditions. Despite these Global issues, it is well publicised by Government and economic commentators that with the low Government debt, strong resources sector and low unemployment rate, Australia is relatively well placed by international standards (but certainly not immune).
- Interest rates for borrowing increased throughout the first half of 2010 before stabilising, however, their trajectory over the short term is uncertain, following a series of rate cuts between November 2011 and September 2012. Despite this, there is concern that a worsening in the sovereign debt crisis could see further pressure on borrowing costs within several months and the availability of funds remaining restricted. Notwithstanding, a weakening in local economic conditions may continue policy bias to rate cuts, which is broadly expected.
- On a national basis, a range of schemes exist for Data Centres, however little has been delivered in terms of third-party leased models, due to funding difficulties since the Global Financial Crisis. In Sydney, Macquarie Telecom recently opened their Macquarie Park Data Centre called "Intellicentre 2", advisedly with a planned IT load of 8MW; Securus Data Property Fund purchased the Gore Hill Data Centre (refer Leasing and Sales Evidence). Further, Woolworths has recently completed a data centre at Eastern Creek and Digital Realty Trust have announced plans to build one. In Melbourne, Polaris Victoria intends to develop a Data Centre at Derrimut as do Digital Reality Trust at Deer Park.

- Data Centres and the sales thereof may generally be considered as one of two types. Either the "shell and core" is sold whereby all the plant and equipment is owned by the Tenant and the base building's "shell and core" is the Landlord's property and it is the basis of the rent and sale. Alternatively another Data Centre model is whereby the Landlord owns the mechanical and other plant and equipment/infrastructure to operate the facility (importantly this does not include all of the Tenants'' or customers' plant and equipment including racks, computer blade servers and the like). In such a model, the rent reflects this ownership of more assets.
- Currently, the purpose-built Data Centre market within Australia is emerging. In some international markets, the concept and implementation of purpose-built Data Centres has been evident for longer than in Australia. The need for Australian companies and institutions to have secure data storage facilities, located away from their main business practice, is becoming pronounced. Data Centre activity in Australia is rising.
- There is considered to be less depth in the real estate investment market for Data Centres than for standard commercial properties. It is an emerging asset class from a real estate investment perspective and we do note that there have been several sales over recent years illustrating an increase in interest and awareness to Data Centres as a commercial real estate investment and they have provided the primary sales evidence from which to help assess the value of these Properties.

S1: Sydney – Near City Commercial Market

- Vacancy in the Macquarie Park office market remained flat at 5.5%, the lowest total vacancy rate of all monitored Sydney office markets in Q3/2012.
- Average gross effective rents in Macquarie Park (in the office market) increased 1.8% to $286 per square metre per annum.
- Commercial yields in Macquarie Park increased 25 basis points to 7.75%-8.75% in Q3/2012 after having held steady for the previous five consecutive quarters.

. M1: Melbourne – Near City Commercial and Industrial Market

- The Melbourne Near City office market recorded positive net absorption of 2,100 sqm in Q3/2012, which resulted in vacancy decreasing from 7.9% to 7.7%.
- There were no new office supply additions in the Melbourne Near City market in Q3/2012. The supply pipeline remains subdued.
- Prime gross effective Near City office market rents remained relatively stable.
- Six major Near City office sales (≥ AUD 5.0 million) totalling AUD 122.6 million were recorded in Q3/2012.
- The Prime Yield range for the Near City Commercial market softened at the upper and lower end to now range from 8.25% to 9.00%. However we note yields in the Near City Industrial market remained stable with a range between 7.50% and 8.50%.

P1: Perth –Industrial Market

- Gross take-up of 82,700 sqm was recorded in the three months to September 2012; this was boosted by the lease of 62,000 sqm to Leighton Contractors in Bibra Lake.
- Four developments reached completion in Q3/2012 totalling 31,800 sqm. There is an additional 45,600 sqm of space under construction.
- Prime existing rents remained stable in the East and South while the North recorded 0.9% growth in Q3/2012.
- Two major sales (≥ AUD 5.0 million) were recorded in Q3/2012 totalling AUD 13.5 million.
- Indicative yields remained stable across all precincts in Q3/2012: 7.75% to 8.25% for prime yields and 8.25% to 8.75% for secondary yields.

The respective executive summaries for the three Properties commence overleaf.

5. "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" (base building). 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 is to initially have a draw capability of 12.5 MVA and NEXTDC are investigating their requirements to ascertain whether 17.5 MVA is an acceptable peak draw capacity (compared to the plan to have 20 MVA). The power supply is to be provided by the Electricity Operator per the HV Infrastructure Tenure and the Operator's HV Equipment. 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 Inspection, construction of the development was underway and practical completion is expected in May 2013.

Valuation

Date of Inspection	11 September 2012
Date of Valuation	30 September 2012
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
Rental Growth (Avg. 10yr)*	2.60%
CPI (Avg. 10yr)	2.60%
Value based on DCF Approach	$58,197,000

Denotes that we have adopted the CPI forecast to also apply at the market review dates (refer elsewhere in this valuation summary for further details of reviews)

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)	10.80%

"Land Only"

Residual Land Value Approach

Target Profit and Risk Margin	15%
Resultant Residual Value (based on 15% margin)	$14,522,670
Resultant Development Margin (based on adopted value)	20.52%

Direct Comparison and Valuation Summary

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

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6. "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” (base building) 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 is to initially have a power feed of 7.5 MVA in place with a supply of 22.5 MVA contracted with the power supplier (via three feeds) and advisedly works are contracted to implement this supply level within approximately one year.

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

Date of Inspection	14 September 2012
Date of Valuation	30 September 2012
Adopted Value	**$52,000,000 (Fifty Two Million Dollars) exclusive of GST**

Property Particulars		Financial Summary		
Total Gross Lettable Area	17,354 sqm	**Net Passing Income**	$4,685,580	($270 /sqm)
Current Vacancy (% Total GLA)	Nil	**Net Market Income**	$4,685,580	($270 /sqm)
Site Area	14,300 sqm	**Lease Duration**		15.00 years

Cap Approach Assumptions		DCF Approach Assumptions	
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**	15.0 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	$52,062,000	**Value based on DCF Approach**	$51,928,000

Denotes that we have adopted the CPI forecast to also apply at the market review dates (refer elsewhere in this valuation summary for further details of reviews)

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%

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

The Property is Land Only in its "As Is" state. It presently 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 Q4/2013. The facility is designed to target a "Tier 3" rating. The landlord owned items include the building "shell and core" (base building). The power supply is to be provided by the Electricity Operator per the HV Infrastructure Tenure and the Operator's HV Equipment. The planned power supply is for a draw capability of 8MVA. The Property will have a targeted Power Usage Effectiveness (PUE) of 1.3 at nominal load.

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

Date of Inspection	12 September 2012
Date of Valuation	30 September 2012
Adopted Value – "As If Complete"	**$28,800,000 (Twenty Eight Million Eight Hundred Thousand Dollars) exclusive of GST**
Adopted Value – "Land Only"	**$5,000,000 (Five Million Dollars) exclusive of GST**

Property Particulars – "As If Complete"

Total Gross Lettable Area	9,603 sqm
Current Vacancy (% Total GLA)	Nil
Site Area	8,091 sqm

Financial Summary – "As If Complete"

Net Passing Income	$2,592,810	($270 /sqm)
Net Market Income	$2,592,810	($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	$28,809,000

DCF Approach Assumptions – "As If Complete"

Discount Rate	10.75%
Terminal Yield	9.75%
Adopted Lease Term	15 years
Rental Growth (Avg. 10yr)*	2.60%
CPI (Avg. 10yr)	2.60%
Value based on DCF Approach	$28,770,000

***** Denotes that we have adopted the CPI forecast to also apply at the market review dates (refer elsewhere in this valuation summary for further details of reviews)*

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)	10.73%

"Land Only (As Is)"

Residual Land Value Approach

Target Profit and Risk Margin	10%
Resultant Residual Value (based on 10% margin)	$5,070,833
Resultant Development Margin (based on adopted value)	10.33%

Direct Comparison and Valuation Summary

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

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8. Risk Analysis

We provide below a summary of our Risk Analysis in relation to the valuations of the Properties. As with any property, there are risk factors which can affect the value of a property and that can occur in a short period of time. Our first point below paraphrases one of our disclaimers (refer *Section 11* of this letter) to emphasise this point:

- As with all valuations and in accordance with the critical assumptions, conditions and limitations listed within this report: "This valuation is current as at the date of valuation only. The value 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 property). We do not accept liability for the losses arising from such subsequent changes in value. Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is 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 valuation. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only".
- The Property market and the Data Centre market and industry has inherent risks related to market conditions as mentioned above and therefore we note that there is typical risk related to market conditions and their effect on the value of the Property including but not limited to any negative impact that can be had on the Property's market rent, capitalisation rate, discount rate and market rental growth. In this context, we also refer back to the limitations made in the above clause.
- The Property is specialised and that adds a degree of risk. However we note that it is the base building ("shell and core") that is being leased and offered for sale and hence that lowers the specialisation from that of fitted-out Data Centre models.
- There is considered to be less depth in the real estate investment market for Data Centres than for standard commercial properties.
- Under the Leases, if the GLA certified in the Surveyor's Certificate differs from the Prescribed Area by more than 5%, then the commencement rental could change which would have an impact on the rent receivable by APDC and therefore on the value of the Property. Therefore there is associated risk in this regard. However we note the Development Agreement (for S1 and P1) indicates that NextDC must ensure the GLA of the completed Premises is not less than 95% of the proposed GLA. Further, the Development Agreements (relevant for S1 and P1) state that if there was a Variation whereby it either diminished the Value of the Premises or reduced the floor area of the Premises by more than 1%, then the Landlord's consent must be obtained. We note that the M1 lease does not allow the rent to be below the amount stated in the lease if there is a decrease in the GLA, however if the GLA increases by more than 5% the rent will increase by a proportionate amount. Our valuation is subject to there being no such changes.
- If structural alterations or additions are made to the Premises, there is a risk that there may be a dispute between the parties as to whether it is/was "Material" as defined in the lease. Risk is mitigated because if an item is deemed "material", then the landlord's approval must be sought and the meaning of "material" includes if the value of the Property was to diminish.
- There is risk of non-performance or default of the Tenant and that poses a cash flow risk to the Property. We note that there is no Bank Guarantee proposed in the lease.
- The Contract of Sale is on an "As Is Where Is" basis of the Land and risk passes to the Purchaser in relation to the Land. Our valuation is subject to there being no issues in relation to the "As Is Where Is" clause. We note that risk mitigation clauses in the Development Agreement are provided whereby NextDC is responsible for any remediation works required during the development of S1 and P1. We note remediation works have been conducted at S1 (P1 is yet to commence construction). We note remediation works have also been performed at M1 during its construction. The Contract of Sale indicates that the Vendor does not warrant any environmental/contamination issues of the Property. As Valuers we highlight that we are not environmental experts. APDC should satisfy themselves in this regard.

9. Sensitivity Analysis

We provide below the sensitivity analysis from both the Capitalisation Approach and DCF Approach, highlighting the resultant changes in value (in respect of S1 and P1 these are "As If Complete" values) for various changes to our valuation inputs.

S1:-

Capitalisation Approach Sensitivity

Capitalisation Rate	Core Value	Reversions	Other Adjustments	Rounded Value
8.50%	$61,836,353	($0)	$0	$61,836,000
8.75%	$60,069,600	($0)	$0	$60,070,000
9.00%	$58,401,000	$0	$0	$58,401,000
9.25%	$56,822,595	($0)	$0	$56,823,000
9.50%	$55,327,263	($0)	$0	$55,327,000

DCF Approach Sensitivity

Discount Rate	Terminal Yield		
	9.50%	9.75%	10.00%
10.50%	$59,498,000	$58,869,000	$58,271,000
10.75%	$58,609,000	**$58,197,000**	$57,409,000
11.00%	$57,739,000	$57,137,000	$56,566,000

M1:-

Capitalisation Approach Sensitivity

Capitalisation Rate	Core Value	Reversions	Other Adjustments	Rounded Value
8.50%	$55,124,471	($0)	$0	$55,124,000
8.75%	$53,549,486	($0)	$0	$53,549,000
9.00%	$52,062,000	$0	$0	$52,062,000
9.25%	$50,654,919	($0)	$0	$50,655,000
9.50%	$49,321,895	($0)	$0	$49,322,000

DCF Approach Sensitivity

Discount Rate	Terminal Yield		
	9.50%	9.75%	10.00%
10.25%	$53,106,000	$52,534,000	$51,990,000
10.50%	$52,305,000	**$51,928,000**	$51,214,000
10.75%	$51,520,000	$50,973,000	$50,453,000

P1:-

Capitalisation Approach Sensitivity				
Capitalisation Rate	Core Value	Reversions	Other Adjustments	Rounded Value
8.50%	$30,503,647	($0)	$0	$30,504,000
8.75%	$29,632,114	($0)	$0	$29,632,000
9.00%	$28,809,000	$0	$0	$28,809,000
9.25%	$28,030,378	($0)	$0	$28,030,000
9.50%	$27,292,737	($0)	$0	$27,293,000

DCF Approach Sensitivity

Discount Rate	Terminal Yield		
	9.50%	9.75%	10.00%
10.50%	$29,428,000	$29,117,000	$28,821,000
10.75%	$28,988,000	**$28,770,000**	$28,395,000
11.00%	$28,558,000	$28,260,000	$27,978,000

10. Valuation Summary

We provide below the valuation summary of the three Properties:

Property / Data Centre	"Land Only" Valuation	"As If Complete" Valuation
S1	**$12,500,000**	**$58,000,000**
M1	**N/A**	**$52,000,000**
P1	**$5,000,000**	**$28,800,000**

11. Disclaimers

Jones Lang LaSalle has prepared this summary for the purposes of the Offer Document. 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 Offer Document, 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 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 set out in the PDS. 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
Certified Practising Valuer
Director, Head of Valuations and Advisory, Queensland

Liability limited by a scheme approved under Professional Standards Legislation.

Accounting Standards means the accounting standards (as defined in Section 9 of the Corporations Act) as they apply to APDC.

AFSL means an Australian Financial Services License issued under the Corporations Act.

Alliance Period means the three year period beginning on completion of the S1 Sale Contract, presently expected to be 21 December 2012.

APDC means the APDC Property Trust, APDC Limited and APDC Holdings.

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

APDC Holdings Directors means the directors of APDC Holdings.

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

APDC Limited Directors means the directors of APDC Limited.

APDC Property Trust means Asia Pacific Data Centre Trust ARSN 161 049 556.

Applicant means a person who has applied for Securities under this Offer Document.

Application means the lodgement of an Application Form for Securities under this Offer Document.

Application Form means the form of application for Securities attached to this Offer Document.

Application Money means the money paid by an Applicant to apply for Securities under this Offer Document.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

ASTC means ASX Settlement Pty Ltd ABN 49 008 504 532.

ASTC Settlement Rules means the settlement rules of ASTC.

Broker means a member of ASX.

Broker Firm Applicant means an applicant who has received a firm allocation from their Broker and who lodges their Application Form and Application Money with the Broker with whom they have received a firm allocation.

Broker Firm Retail Offer means the broker firm retail offer set out in Section 13.2.

CHESS means the Clearing House Electronic Sub register System, operated under the Corporations Act.

Closing Date means the date of which the Offer will close, expected to be 20 December 2012.

Company Constitution means the constitution of APDC Holdings, as amended or replaced from time to time.

Compliance Plan means the compliance plan of the APDC Property Trust, as amended or replaced from time to time.

Constitutions means the constitutions of the APDC Property Trust and APDC Holdings.

Convertible Notes means the convertible notes with an aggregate face value of $23.8 million issued which may be issued by APDC Holdings and APDC Limited in accordance with the Convertible Notes Terms in satisfaction of the P1 Development Fee.

Convertible Note Terms means the terms of issue of the Convertible Notes as summarised in Section 11.2.

Corporations Act means Corporations Act 2001 (Cth).

CPI means the Consumer Price Index published by the Australian Bureau of Statistics[8].

Custodian means The Trust Company (Australia) Limited ACN 000 000 093. AFSL No. 235 145.

Default Interest means an interest rate of 9% per annum, reflecting the interest rate which would be payable by APDC to NEXTDC on any unpaid Final Instalment amount.

Development Agreements means the agreements between NEXTDC and APDC Limited in respect of the development of the S1 and P1 base buildings.

Directors means the APDC Limited Directors and the APDC Holdings Directors.

Directors' Forecasts means the financial forecasts contained in Section 7.3.1.

Distributions means distributions made in relation to the Unit component of a Security and any periodic dividends made on the Share component of a Security.

Evans & Partners means Evans and Partners Pty. Ltd. ABN 85 125 338 785.

Exposure Period means the seven day period required pursuant to the Corporations Act which restricts APDC from accepting Applications for the issue of Securities until 7 days after lodgement of the Offer Document with ASIC.

Final Instalment means $0.39 payable on the Final Instalment Payment Date.

Final Instalment Payment Date means the date on which the Final Instalment must be paid.

Financial Information means the financial information relating to APDC as set out in Section 7.

First Right of Refusal means the first right of refusal summarised in Section 11.1.

Forecast Financial Information means the Directors' Forecasts and Forecast Distributions as defined in Section 7.1.

Forecast Period means the period from 21 December 2012 to 30 June 2014.

FY means the financial year ended or ending 30 June (as the context requires).

General Offer means the general offer set out in Section 13.2.

Gross Lettable Area or GLA means the surveyed gross lettable area of the relevant Initial Portfolio property as set out in the Independent Valuation.

GST Act means the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

GST has the meaning given in the GST Act.

8. Depending on the context of its use, a reference to CPI may be to a specific sub-category of the Consumer Price Index measure as dictated by an underlying agreement.

ICT Load means the power load available to be consumed by a data centre customer's information and communication technology equipment housed in the Technical Area.

Independent Valuations means the valuations by Jones Lang LaSalle of M1, S1 and P1 included in Section 15.

Initial Instalment means $0.61 payable when returning an Application Form.

Initial Portfolio means APDC's initial portfolio of freehold properties described in Section 3, being M1, S1 and P1.

Instalment Program means the program in Section 2.8 that sets out the terms and conditions that apply to Securityholders while the Securities are partly paid, including the requirement that the Final Instalment is paid on the Final Instalment Payment Date.

Institutional Investor means a person who is a sophisticated or professional investor within the meaning of Sections 708(8) or 708(11) of the Corporations Act or a wholesale client within the meaning of Section 761G of the Corporations Act.

Institutional Offer means the institutional offer set out in Section 13.2.

Investigating Accountant means KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Ltd.

Investor means any person considering the Offer.

Issue Price means the price payable for one Security under this Offer Document, being $1.00 comprised of the Initial Instalment and the Final Instalment.

Issue Date means the date the Securities will be issued to successful Applicants, expected to be 31 December 2012.

Leases means the leases between APDC Limited and NEXTDC relating to the Initial Portfolio.

Listing Rules means the listing rules of ASX as they apply to APDC.

M1 means the data centre facility located at 826-846 Lorimer Street, Port Melbourne, Victoria 3207.

NEXTDC means NEXTDC Limited ACN 142 490 579.

NTA means the net tangible assets of APDC.

Offer Document means this combined product disclosure statement and Prospectus.

Offer means the offer of Securities under this Offer Document.

Offer Period means the period between the Opening Date (10 December 2012) and the Closing Date (20 December 2012).

Official List means the official list of ASX.

Opening Date means the date on which the Offer will open, being 10 December 2012.

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

P1 Completion Date means the date on which NEXTDC receives a certificate of practical completion under the relevant construction contract.

P1 Development Fee means the fee of $23,800,000 payable by APDC to NEXTDC on the P1 Completion Date. This will be paid for by APDC using cash (following an equity or debt issue) or using the Convertible Notes.

Portfolio means the properties held by APDC from time to time which, following completion of the Sale Contracts, will include the Initial Portfolio.

Pro Forma Balance Sheet means the pro forma balance sheet of APDC set out in Section 7.3.4.

Proposed Transaction has the meaning given in Section 7.1 of this Offer Document.

RBS Morgans means RBS Morgans Corporate Limited ABN 32 010 539 607.

Registry means Link Market Services Limited ACN 083 214 537.

REIT means real estate investment trust.

Responsible Entity means APDC Limited in its capacity as responsible entity of the APDC Property Trust.

Retail Investor means an investor who is not an Institutional Investor.

Sale Contracts means the agreements between APDC Limited and NEXTDC relating to the acquisition of the Initial Portfolio by APDC Limited from NEXTDC.

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

S1 Completion Date means the date on which NEXTDC receives a certificate of practical completion under the relevant construction contract.

S1 Development Fee means the fee of $45,500,000 payable by APDC to NEXTDC on the S1 Completion Date. This will be paid for by APDC predominantly using the proceeds of the Final Instalment.

Security means a stapled security comprising one Unit and one Share.

Securityholder means a registered holder of a Security.

Services Agreement means the agreement between APDC Holdings and APDC Limited, under which APDC Holdings agrees to provide the services, set out in Section 2.7.

Services and Costs Agreement means the agreement between APDC and NEXTDC under which NEXTDC agrees to provide APDC with office accommodation and certain IT services for a fee and NEXTDC agrees to pay certain costs, as further described in Section 2.7.

Share means a partly paid ordinary share in the issued capital of APDC Holdings.

Shareholder means the registered holders of Shares.

Slattery Investor means Bevan Slattery or any of its associated entities.

Subscription Agreement means the agreement between NEXTDC and APDC summarised in Section 11.6.

Technical Area means the area within a data centre which is dedicated to the housing of live customer equipment (ie. the data halls).

Triple Net Lease means an arrangement between the landlord and tenant of a property under which the tenant is responsible for funding all maintenance and outgoings relating to property.

Underwriters or Joint Lead Managers means one or both of RBS Morgans and Evans & Partners.

Underwriting Agreement means the agreement in relation to the underwriting of the Offer between APDC Holdings, APDC Limited, RBS Morgans and Evans & Partners.

Unit means a partly paid unit in the APDC Property Trust.

Unitholders means the registered holders of Units.

The Initial Portfolio comprises some of Australia’s most technically advanced data centres.

NEXTDC has adopted an innovative approach to designing its purpose-built facilities with the goal of developing ‘next generation’ data centres on a national basis.

M1 office area.

Corporate Directory

APDC Registered Head Office

Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Limited
Level 4, 88 Creek Street
BRISBANE QLD 4000
asiapacificdc.com

Joint Lead Managers and Underwriters

RBS Morgans Corporate Limited
Level 29, 123 Eagle Street
BRISBANE QLD 4000
+61 7 3334 4888
www.rbsmorgans.com

Evans and Partners Pty. Ltd.
32 Jolimont Terrace
EAST MELBOURNE VIC 3002
+61 3 9631 9802
www.evansandpartners.com.au

Legal Adviser to the Offer

Clayton Utz
Level 28, Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000
www.claytonutz.com

Legal Adviser to APDC

McCullough Robertson
Level 11, Central Plaza Two
66 Eagle Street
BRISBANE QLD 4000
www.mccullough.com.au

Investigating Accountants

KPMG Transaction Services
Level 16, Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000

Auditor

KPMG
Level 16, Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000

Registry

Link Market Services Limited
Level 15, 324 Queen Street
BRISBANE QLD 4000