



13 October 2014

The Manager  
Market Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

## 2014 Notice of Annual General Meeting

Please find attached:

- I. Chairman's letter;
- II. 2014 Notice of Annual General Meeting; and
- III. proxy form.

NEXTDC's 2014 Annual General Meeting is scheduled for Friday 14 November, 10:00am (Sydney time) at the Shangri-La Hotel, 176 Cumberland Ave, The Rocks, Sydney, NSW.

For those shareholders who have requested a hard copy of the Notice of Annual General Meeting and the 2014 Annual Report, mailing takes place today. Shareholders who have elected to receive the above documents electronically should receive an email today with a link to the Annual Report (the Annual Report having been previously released on the ASX).

**ENDS**

For more information:

**Craig Scroggie**  
Chief Executive Officer

**Paul Jobbins**  
Chief Financial Officer

T: +61 7 3177 4777  
E: [investorrelations@nextdc.com](mailto:investorrelations@nextdc.com)



## About NEXTDC

As Australia's leading Data-Centre-as-a-Service (DCaaS) provider, NEXTDC is revolutionising cloud computing in Australia.

An ASX300 company and the only independent data centre operator with a strategic footprint in all major growth markets in Australia, NEXTDC offers a range of highly flexible, resilient and secure colocation services to corporate, government and IT services companies.

NEXTDC's purpose-built facilities have been designed to address the market's growing appetite for energy-efficient carrier-neutral data centres in which organisations can host critical IT infrastructure and selectively source services through their diverse national ecosystem.

NEXTDC is where the cloud lives.

To learn more, visit [www.nextdc.com](http://www.nextdc.com)



13 October 2014

Dear Shareholder,

I am pleased to invite you to attend the 2014 Annual General Meeting (AGM) of NEXTDC Limited. The AGM will be held at the Shangri-La Hotel, 176 Cumberland Ave, The Rocks, Sydney, NSW, commencing at 10:00 am on 14 November 2014 and registration will be available from shortly before the start of the meeting.

The enclosed Notice of Meeting describes the items of business that you will have the opportunity to vote on, as well as explanatory notes and voting procedures. Items to be considered at the AGM are:

- o the financial and other reports for 2014;
- o the 2014 Remuneration Report;
- o the election and re-election of Directors;
- o the approval of the Long Term Incentive Plan;
- o the grant of Performance Rights (Long Term Incentive) to the Chief Executive Officer Mr Craig Scroggie; and
- o an amendment to the Company's Constitution.

At the 2013 AGM, the Company received a "first strike" as more than 25% of the votes cast were against the 2013 Remuneration Report. During FY14, the Company made changes to the structure of its Board to meet the Company's next phase of growth and its strategic business plan. The Company appointed three new independent non-executive directors, Stuart Davis, Dr Gregory Clark and myself. The composition of Board Committees was also renewed and there was a change in the role of Chairman, to which I was appointed.

The Company's directors bring a wealth of experience, independence and strategic strength to the Board and were instrumental in implementing revised remuneration practices and ensuring that these practices reform NEXTDC's remuneration structures to meet market practice and attract, motivate and retain the calibre of executives needed to achieve our business strategy.

Since last year's AGM, and as a result of the Company receiving a "first strike", your Board have consulted broadly to understand the concerns that led to the "first strike". In acknowledgement of the concerns, your Board conducted a comprehensive review of the Company's executive remuneration practices. As a result of that review the Company has implemented new remuneration policies and practices and full details are set out in the 2014 Remuneration Report, which I encourage you to read. The report is included in the Company's 2014 Annual Report which is available on the Company's website at [www.nextdc.com](http://www.nextdc.com).

The Board believes that the revised remuneration structure provides a strong link between performance measures designed to achieve the Company's strategic objectives and rewards outcomes for senior executives. At the 2014 AGM, shareholders will be invited to vote on the 2014 Remuneration Report. If the votes cast against the 2014 Remuneration Report exceed 25%, the Company will receive a "second strike".

A Board Spill Resolution is also included on the agenda, however this resolution will only be put to the AGM if a "second strike" is received. If a "second strike" occurs and shareholders are required to vote on the Spill Resolution, the Board unanimously recommends that shareholders vote against the resolution on the basis that it would be disruptive to the ongoing operations of the business and incur significant expense.



If the Spill Resolution is approved then the board is required within 90 days to hold a further general meeting of shareholders at which all directors who were in office when the resolution to make the 2014 Directors' Report was made, except the managing director, vacate their office and shareholders will be asked to re-elect, or elect, directors of the Company.

All resolutions are explained in more detail in the Notice of Meeting and Explanatory Statement.

Your Board is committed to creating value for shareholders and is seeking your support by encouraging you to vote FOR resolutions 1 to 7 and against resolution 8, the Spill Resolution.

Your Board and the senior management team look forward to welcoming you at the AGM and extend an invitation to shareholders to join them for light refreshments after the meeting.

Yours sincerely

A handwritten signature in dark ink, appearing to read "D. Flynn", followed by a long horizontal flourish.

Douglas Flynn  
Chairman

# **NEXTDC LIMITED**

## **ACN 143 582 521**

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### **NOTICE OF ANNUAL GENERAL MEETING**

**and**

### **EXPLANATORY STATEMENT**

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Date of Meeting: Friday, 14 November 2014

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

Place of Meeting: Shangri-La Hotel, 176 Cumberland Ave, The Rocks,  
Sydney, NSW

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

# **NEXTDC LIMITED**

## **ACN 143 582 521**

### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of NEXTDC Limited ACN 143 582 521 (**NEXTDC** or the **Company**) will be held at the Shangri-La Hotel, 176 Cumberland Ave, The Rocks, Sydney, NSW on 14 November 2014 commencing at 10:00am (AEDT). Registration will commence just before the meeting.

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

### **AGENDA**

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#### **Financial Statements and Reports**

To receive and consider the Company's Annual Financial Report comprising the Directors' Report, Balance Sheet, Statements of Comprehensive Income, Changes in Equity, Cash Flows and Notes to the Financial Statements, Directors' Declaration and Auditor's Report for the financial year ended 30 June 2014.

**Note:** A resolution of Shareholders is not required for this item of business.

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#### **1. Resolution 1 - Remuneration Report**

To consider and, if thought fit, pass the following non-binding resolution as an ordinary resolution under section 250R(2) of the Corporations Act:

*"To adopt the Remuneration Report of the Company (as set out in the Directors' Report) for the financial year ended 30 June 2014."*

This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. If 25% or more of votes that are cast on this resolution are voted against the adoption of the Remuneration Report, Shareholders will be asked to consider Resolution 8 (Spill Resolution).

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#### **2. Resolution 2 – Election of Dr Gregory Clark as a Director**

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

*"That Dr Gregory Clark, a Non-executive Director who was appointed by the Board as an additional Director and who retires in accordance with Article 57.2 of the Company's Constitution and being eligible, offers himself for election, be and is hereby elected as a Director of the Company."*

Note: Information about Dr Clark appears in Item 2 of the Explanatory Statement.

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#### **3. Resolution 3 - Re-election of Mr Stuart Davis as a Director**

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

*"That Mr Stuart Davis, a Non-executive Director who retires by rotation in accordance with the Listing Rules and Article 58.1 of the Company's Constitution and being eligible, offers himself for re-election, be and is hereby re-elected as a Director of the Company."*

Note: Information about Mr Stuart Davis appears in Item 3 of the Explanatory Statement.

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#### **4. Resolution 4 - Re-election of Mr Edward (Ted) Pretty as a Director**

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

*"That Mr Ted Pretty, a Non-executive Director who retires by rotation in accordance with the Listing Rules and Article 58.1 of the Company's Constitution and being eligible, offers himself for re-election, be and is hereby re-elected as a Director of the Company."*

Note: Information about Mr Pretty appears in Item 4 of the Explanatory Statement.

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#### **5. Resolution 5 - Amendment to Constitution**

To consider and, if thought fit, pass the following resolution as a special resolution:

*"That the Constitution of the Company be amended as follows:*

- (a) *delete clause 58 (Retirement by Rotation) and clause 75.7;*
- (b) *insert a new clause 58 as follows:*

##### **58. Retirement**

##### **58.1 Subject to clause 58.3:**

- (a) *a Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years, following that Director's last election or appointment; and*
- (b) *if no Director would otherwise be required to retire pursuant to clause 58.1(a) but the Listing Rules require that an election of Directors be held at an annual general meeting, the Director to retire at that meeting is any Director who wishes to retire and offer himself or herself for re-election, otherwise it is:*
  - (i) *the Director who has held office as Director the longest period of time since his or her last election or appointment to that office; or*
  - (ii) *if two or more Directors have held office for the same period of time, the Director determined by lot, unless those Directors agree otherwise.*

**58.2** *A retiring Director remains in office until the end of the meeting and will be eligible for re-election at the meeting.*

**58.3** *The following persons are not subject to clause 58.1 and are not taken into account in determining the Directors required to retire at an annual general meeting:*

- (a) *the Managing Director; and*
- (b) *an alternate director of the Company."*

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## **6. Resolution 6 - Approval of Executive Incentive Rights Plan and future issues of Incentive Rights**

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

*"That, for the purposes of Listing Rule 7.2 Exception 9, section 260C(4) of the Corporations Act and for all other purposes, the NEXTDC Limited Executive Incentive Rights Plan (EIRP) and any grants of Incentive Rights (as defined in the EIRP) and any resultant issues of Shares (fully paid ordinary shares in NEXTDC Limited) that result from the exercising of Incentive Rights under the EIRP, as well as any financial assistance resulting from the operation of the EIRP, as described in the Explanatory Statement accompanying this Notice of Meeting, be approved."*

This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

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## **7. Resolution 7 - Approval of the grant of Performance Rights to Mr Craig Scroggie**

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

*"That, for the purposes of Listing Rule 10.14, section 208(1) of the Corporations Act and for all other purposes, approval is given for the issue of 505,618 (Five hundred and five thousand six hundred and eighteen ) Performance Rights to the Executive Director and Chief Executive Officer, Mr Craig Scroggie, under the NEXTDC Executive Incentive Rights Plan on the terms and conditions described in the Explanatory Statement accompanying this Notice of Meeting."*

This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

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## **8. Resolution 8 - Spill Resolution**

**Note:** This resolution will be considered at the Meeting only if 25% or more of the votes that are cast on Resolution 1 are voted against the adoption of the Remuneration Report. Item 8 of the Explanatory Statement further explains the circumstances in which this resolution will be put to the Meeting.

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

*"That, subject to and conditional on at least 25% of the votes cast on Resolution 1 (Remuneration Report) being cast against it, and in accordance with section 250V(1) of the Corporations Act:*

- (a) a general meeting of the company (the Spill Meeting) be held within 90 days of the passing of this resolution;*
- (b) all of the Directors (other than the Executive Director and Chief Executive Officer, Craig Scroggie) in office when the resolution to make the Directors' Report for the financial year ended 30 June 2014 was passed (being Douglas Flynn, Gregory Clark, Stuart Davis and Edward Pretty), and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to a vote at the Spill Meeting."*

This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.



## Notice regarding Resolutions 1 and 8

Shareholders should consider carefully how they wish to vote on Resolutions 1 and 8 as they may wish to vote differently on each resolution. It is open to Shareholders to vote as they wish, however, the following guidance is offered.

- If you wish to vote **FOR** Resolution 1 (Remuneration Report), then you may wish to vote **AGAINST** Resolution 8 (Spill Resolution), assuming you do not want a Spill Meeting to proceed if you are satisfied with the Remuneration Report. However, it is open to Shareholders to vote for Resolution 8 even if they vote for Resolution 1.
- If you wish to vote **AGAINST** Resolution 1 (Remuneration Report), then you may wish to vote either **FOR** or **AGAINST** Resolution 8 (Spill Meeting), depending on whether or not you wish a Spill Meeting to be held.

If after reading the Explanatory Statement, you are in any doubt as to how you wish to vote, or the effect of your vote for or against Resolutions 1 or 8, please seek advice from your accountant, solicitor or other professional adviser before voting.

## Directors' Recommendations on Resolutions 1 and 8

Your Directors recommend that you vote:

- **FOR** Resolution 1 (Remuneration Report); and
- **AGAINST** Resolution 8 (Spill Resolution).

Further information is set out in the Explanatory Statement accompanying this Notice of Meeting.

## Explanatory Statement

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

## Proxies

Please note that:

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

The enclosed Proxy Form provides instructions on appointing proxies and lodging Proxy Forms.

## Directing your proxy vote

If you wish to direct your proxy to vote on any Resolution, you can mark the "For", "Against" or "Abstain" box in Step 2 on the Proxy Form accordingly.

## How the Chairman will vote undirected proxies for Resolutions

Mr Douglas Flynn, the Chairman of the Company, will chair the Meeting. If you appoint the Chairman of the Meeting as your proxy or the Chairman is appointed as your proxy by default, and you do not specify how the Chairman is to vote on any Resolution, the Chairman as your proxy will vote:

- **FOR** Resolutions 1 to 7; and
- **AGAINST** Resolution 8.

## Corporate representatives

Any:

- corporate Shareholder; or
- corporate proxy appointed by a Shareholder,

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

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

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

Address: Level 12, 680 George Street, Sydney NSW 2000  
Phone: 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia)  
Fax: (02) 9287 0309

## Voting entitlements

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)*, the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of members as at 7.00pm (Sydney time) on Wednesday, 12 November 2014.

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

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

## Voting exclusions

### *Resolutions 1, 6, 7 and 8*

In accordance with the Corporations Act and the ASX Listing Rules, the Company will disregard any votes cast:

- (a) on Resolutions 1, 6, 7 or 8 as proxy by any key management personnel for the Company consolidated group, or a closely related party of such key management personnel, that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on the Resolution, unless:
  - (i) the proxy is the Chair of the meeting; and
  - (ii) the proxy appointment expressly authorises the Chair to exercise the proxy on the Resolution even though it is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company consolidated group; or
- (b) on Resolutions 6 and 7 by Mr Craig Scroggie and his associates (Mr Scroggie being the only director who is eligible to participate in any employee incentive scheme in relation to the Company), unless the vote is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

### ***Resolutions 1 and 8***

In accordance with the Corporations Act 2001, the Company will disregard any votes cast on Resolutions 1 or 8 (personally or as proxy) by:

- (a) a member of the key management personnel of the Company consolidated group details of whose remuneration are included in the Remuneration Report; and
  - (b) any closely related party of such a member of the key management personnel,
- unless:
- (c) the vote is cast by a person described in paragraph (a) or (b) as proxy for a person who is entitled to vote and the proxy form directs how the proxy to vote on Resolution 1 or 8, as applicable; or
  - (d) the vote is cast by the Chairman of the meeting as proxy and the appointment of the Chairman as proxy:
    - (i) does not specify the way the proxy is to vote on Resolution 1 or 8, as applicable; and
    - (ii) expressly authorises the Chair to exercise the proxy on Resolution 1 or 8, as applicable, even though Resolutions 1 and 8 are connected directly or indirectly with the remuneration of a member of the key management personnel of the Company consolidated group.

### ***Key management personnel***

"Key management personnel" of the Company consolidated group are the directors of the Company (including the Chairman) and other employees having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the key management personnel for the Company consolidated group for the financial year ended 30 June 2014. Their closely related parties are defined in the Corporations Act 2001, and include certain members of their family, dependants and companies they control.

The Company will also apply these voting exclusions to persons appointed as attorney by an excluded Shareholder to attend and vote at the meeting under a power of attorney – on the basis that references to persons attending and voting as proxy are read as references to persons attending and voting as attorney

and references to an instrument under which the proxy is appointed are read as references to the power of attorney under which the attorney is appointed.

**Important Note**

Please note that, if you appoint a person who is excluded from voting on any Resolution as your proxy and you do not direct him or her on how to vote in respect to any Resolution on which they cannot personally vote, then a vote cast by them on that resolution will not be counted. If you appoint such an excluded person as your proxy, we strongly urge you to direct them how to vote on the Resolution on which they are excluded from voting. Alternatively, we suggest that you appoint someone else (such as the Chairman) as your proxy.

**BY ORDER OF THE BOARD**

**Tanya Mangold**  
Company Secretary  
Dated: 13 October 2014

# **NEXTDC LIMITED**

## **ACN 143 582 521**

### **EXPLANATORY STATEMENT**

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be considered at the Annual General Meeting of Shareholders.

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

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

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#### **Financial Statements and Reports**

The Corporations Act requires that the report of the Directors, the report of the Auditor and the financial reports be presented to the Annual General Meeting. Apart from the matters involving remuneration which are required to be voted upon, the Corporations Act does not require a vote of Shareholders at the Annual General Meeting on such reports or statements, however Shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting.

The Annual Financial Report will be tabled and discussed at the Annual General Meeting and the Directors will be available to answer questions from Shareholders. In addition and as required under section 250RA of the Corporations Act, a representative of the Company's auditors, PricewaterhouseCoopers, will be present to answer any questions about the conduct of the audit or the preparation and content of the Auditor's Report.

The Company's Annual Financial Report for the period 1 July 2013 to 30 June 2014 has been sent to Shareholders who requested a copy and is available on the Company's website at [www.nextdc.com](http://www.nextdc.com).

A Shareholder resolution is not required in respect to the Annual Financial Report.

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#### **1. Resolution 1 - Adoption of Remuneration Report**

The Corporations Act requires that the section of the Annual Directors' Report dealing with the remuneration of key management personnel including the Directors' Remuneration Report be put to Shareholders for consideration and adoption by way of a non-binding ordinary resolution.

The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

A reasonable opportunity will be provided for Shareholders to ask questions about, or make comments on, the Remuneration Report at the Annual General Meeting. In addition, Shareholders will be asked to vote on the Remuneration Report.

The vote on this Resolution is advisory only and the outcome will not be binding on the Board or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

In July 2011 the "two strikes rule" was introduced into the Corporations Act. Under this rule, if at least 25% of votes are cast against the adoption of the Remuneration Report, the Company receives a "first strike". This occurred at the 2013 NEXTDC Limited Annual General Meeting in relation to the 2013 Remuneration Report.

If 25% or more of the votes that are cast on Resolution 1 are cast against the adoption of the 2014 Remuneration Report, the Company will receive a "second strike". If this occurs, Shareholders will be asked to consider a resolution that another general meeting be held within 90 days at which all of the Company's Directors (other than the Executive Director and Chief Executive Officer, Craig Scroggie) must retire and submit for re-election by Shareholders if they wish to continue as directors of the Company (see Resolution 8).

The Board recognises that Shareholders voted against the Remuneration Report at the previous Annual General Meeting. Some of the matters raised by Shareholders at that meeting and in response to the 2013 Remuneration Report, and the Company's response, are set out below and are also detailed in the 2014 Remuneration Report:

- (a) The Base Package of the CEO, Mr Craig Scroggie, was considered high relative to sector and market peers as assessed by the proxy advisors, and the base salary was considered overweight as a mix of total remuneration comprising base salary, short term incentives (STI) and long term incentives (LTI).

The Board notes the start-up nature of the Company at the time of the CEO's appointment and that sector and market peers were therefore not a representative comparator group. Further, recruiting the right person for the role of CEO at that critical juncture of the Company's development was essential to enable it to achieve its stated growth strategy and build shareholder value. The Base Package was determined to be appropriate given the calibre of the individual and that the role required him to help build the systems and infrastructure required, assemble a team with the credentials to run a relative start-up, develop the required culture to be successful and generate sales with domestic and international customers.

However the Board has undertaken to migrate the design and mix of the total remuneration package towards one that is better optimised over the coming remuneration periods, starting with ensuring there is an appropriate LTI, which is the subject of a resolution at this AGM, and that the STI is better aligned with indicators of shareholder value creation.

- (b) The Board notes that it was found that for other Senior Executives, excluding the CEO, Base Packages were either aligned with or below the middle of the market of comparable ASX listed companies, and changes to the Base Packages for some incumbents have been made to ensure they are appropriate to the current circumstances of the Company. In relation to feedback that there was little disclosure about the structure of the STI plan, a new target-based plan, which scales awards with key performance indicators of company and individual performance, has been introduced for 2015.

The Board has undertaken an extensive review of its remuneration structure and engaged remuneration consultants to consider and address Shareholder feedback in relation to the 2013

Remuneration Report. The Company has made the following changes to its remuneration structure and practices for the 2014 financial year:

- (a) a revised Remuneration and Nomination Committee Charter which now mandates the development and maintenance of other Remuneration Governance Framework elements;
- (b) a revised Securities Trading Policy;
- (c) a Senior Executive Remuneration Policy;
- (d) a Non-executive Director Remuneration Policy;
- (e) a Short Term Incentive (STI) Policy and Procedure document; and
- (f) a Long Term Incentive (LTI) Policy and Procedure document.

The Board has undertaken substantial work and implemented revised STI and LTI plans which it believes provide a strong link between performance measures designed to achieve the Company's strategic objectives and rewards outcomes for senior executives.

The Board believes that the Company's remuneration policy and practices, as described in the 2014 Remuneration Report are sound, reasonable and appropriately motivate and reward performance and shareholder value creation.

### **Recommendation**

The Board unanimously recommends that Shareholders vote **FOR** Resolution 1 and the adoption of the Remuneration Report.

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## **2. Resolution 2 – Election of Dr Gregory Clark as a Director**

Dr Gregory Clark was appointed by the Board as a non-executive Independent director of the Company on 30 April 2014. The Company's Constitution and the ASX Listing Rules require that a director appointed by the Board during the year as an additional director submit for election at the next Annual General Meeting.

Since joining, Dr Clark's depth of technological, business and strategic expertise has been invaluable to the Board, as has his role as Chairman of the Board Remuneration Committee which he assumed in April 2014. In that capacity, considerable work has been undertaken which has resulted in a revised remuneration structure in response to the "first strike" triggered at the 2013 AGM and feedback from Shareholders and other stakeholders.

Dr Gregory J Clark is a world-renowned technologist, businessman and scientist, with extensive governance, corporate and commercial expertise on an international level with a distinguished technology related career. He most recently served as a director on the Board of ANZ Banking Group from which he stepped down in November 2013 after 9 years of service.

During his career, Dr Clark held senior executive roles at IBM, News Corporation and Loral Space and Communications. At IBM he was a senior scientist in their Research Division in New York. At News Corporation he was President of Technology and on the Executive Committee with responsibility for all digital media creation and delivery. Dr Clark was responsible for News Corporation's transformation of its media assets from an analogue platform into a digital platform for both program creation and delivery. He was COO at Loral Space and Communications, the world's largest satellite manufacturer, with responsibility for all development, manufacturing, marketing and sales.

Dr Clark has received a number of international awards and fellowships in recognition of his contributions to technology and society, and he has published extensively and has a number of patents.

### **Recommendation**

The Board unanimously recommends that Shareholders vote **FOR** the election of Dr Clark as an Independent Director of the Company.

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## **3. Resolution 3 - Re-election of Mr Stuart Davis as a Director**

The Company's Constitution requires at least two of the Directors to retire by rotation at each Annual General Meeting.

Mr Davis retires from office by rotation and submits himself for re-election.

Mr Davis has been an Independent Director of NEXTDC since September 2013 and was appointed as Chairman of the Audit Committee. Mr Davis' international and Australian business, industry and management expertise has been of significant benefit to the Board and Board Committees on which he has served.

Until mid-2012, Mr Davis was Chief Executive Officer of the Hong Kong and Shanghai Banking Corporation (HSBC) in India (appointed April 2009), with responsibility for 8,000 employees, \$1b in revenue and a \$17b balance sheet. He was previously Chief Executive Officer of HSBC Bank Australia from 2002 until his India appointment.

From 1999 to 2002 Mr Davis was Chief Executive Officer of HSBC Taiwan, where he was responsible for HSBC's local personal and commercial banking operations. From 1996 to 1999 he was Managing Director of HSBC Bank Australia, managing the banking business of Hong Kong Bank of Australia (renamed HSBC Bank Australia) and the Sydney branch of Midland Bank (renamed HSBC Bank).

From 1994 to 1996 Mr Davis was Head of Commercial Banking in Australia, with responsibility for HSBC's wholesale banking business.

Mr Davis holds an LLB from the Adelaide University.

### **Recommendation**

The Board unanimously recommends that Shareholders vote **FOR** the re-election of Mr Davis as an Independent Director of the Company.

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## **4. Resolution 4 - Re-election of Mr Edward (Ted) Pretty as a Director**

The Company's Constitution requires at least two of the Directors to retire by rotation at each Annual General Meeting.

Mr Pretty retires from office by rotation and submits himself for re-election.

Mr Pretty has been an Independent Director of NEXTDC since April 2011. Mr Pretty has a deep understanding of NEXTDC's business and has been a significant contributor as the Company has transitioned from a pure start-up to an operational business. As part of that transition the Board has been renewed and Mr Pretty offers the Board and Board Committees on which he serves valuable knowledge and experience.



Known for his strategic vision and leadership, Ted Pretty is a highly regarded corporate executive who, in addition to his role on NEXTDC's board, is currently Group Managing Director and CEO of ASX-listed Hills Holdings Limited (ASX:HIL), Non-Executive Director of Korvest Limited and Advisory Board Chairman of Mahindra Australia.

Beginning his career as a lawyer, Mr Pretty pursued a specialisation in IT and telecommunications, which led to role as a corporate adviser to BellSouth Corporation (AT&T) in Australia (Optus) and New Zealand, followed by a senior Group Managing Director operations role in Telstra Corporation.

Following his time with Telstra he led Macquarie Group's Telecommunications Team first in Sydney and then in Dubai. During this time Mr Pretty was the Non-Executive Chairman of Fujitsu Australia Limited and RP Data. Ted has also participated as an Advisory Board member of the Visy Group. Mr Pretty then transitioned to Chief Investment Officer and Deputy CEO of Bahrain-based Gulf Finance House and later assumed the role of Group CEO. Following his return to Australia Ted assumed the role of Chairman of CMB Capital and SiteTour Pty Limited.

### **Recommendation**

The Board unanimously recommends that Shareholders vote **FOR** the re-election of Mr Pretty as an Independent Director of the Company.

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## **5. Resolution 5 - Amendment to Constitution**

The Board recommends that Shareholders approve an amendment to the Constitution dealing with the regular retirement of Directors.

The ASX Listing Rules require that a listed company director not serve for longer than the third AGM after their appointment or 3 years (whichever is longer) without retiring and standing for re-election.

The Company's Constitution currently provides for a fixed number of two directors to retire at each AGM. With the current number of five serving directors, this has resulted in more directors than is required by the Listing Rules standing for re-election and sometimes those directors having to stand within 1 or 2 years of being last elected.

The Board considers that a more stable and effective board will be achieved if Directors are elected for, in effect, a three year term, as is contemplated by the Listing Rules, and that the Constitution should be amended to remove the requirement for a fixed number of two directors to retire at every AGM.

The text of the proposed change is set out in Resolution 5. The effect of the replacement clause 58 of the Constitution is:

- (a) to require each Director to retire from office no later than the longer of the third annual general meeting of the Company or 3 years following their last election or appointment;
- (b) if no Director is required to retire under paragraph (a) but the Listing Rules require an election to occur (which is what the rules currently require), then a Director must retire and may stand for re-election. If no Director volunteers to retire then the longest in office must retire (and if there are two directors with equal terms in office, then whoever is drawn by lot);
- (c) to remove the requirement for a fixed number of two directors to retire at every AGM.

Consistent with the Listing Rules, the retirement provisions do not apply to the Managing Director. This is the case under the current Constitution. This provision is simply moved to the new clause 58 from clause 75.7 (which is proposed to be deleted).

The proposed change to the Constitution has no effect on the minimum or maximum number of Directors, Shareholders' rights to resolve to remove a Director at any time or Director remuneration.

A copy of the Company's Constitution with the proposed changes included and highlighted is available on the Company's website: [www.nextdc.com](http://www.nextdc.com).

## **Recommendation**

The Board unanimously recommends that Shareholders vote **FOR** Resolution 5.

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## **6. Resolution 6 - Approval of Executive Incentive Rights Plan**

### **6.1 Purpose of resolution**

Resolution 6 seeks Shareholder approval for the NEXTDC Limited Executive Incentive Rights Plan (EIRP) and for issues of incentive rights and new Shares that may be made in each year without Shareholder approval.

Listing Rule 7.1 provides that any listed entity must not issue equity securities that total more than 15% of its fully paid ordinary shares in a 12 month period without the approval of shareholders (15% Rule).

Under Listing Rule 7.2, Shareholders may approve issues of incentive rights under the EIRP and Shares on exercise of those rights as an exception to the 15% Rule. This means that issues of incentive rights under the EIRP and Shares on exercise of those rights are not considered for the purposes of calculating the capacity of the Company to issue securities under the 15% Rule.

This approval continues for three years, at which time it must be renewed, or it will expire.

Section 260A of the Corporations Act restricts the circumstances in which financial assistance may be provided to a person for the purposes of acquiring Shares in the Company. Section 260C(4) exempts assistance that arises under a shareholder approved employee share scheme. Therefore the Company seeks that approval from Shareholders.

Senior Executive remuneration is determined by the non-executive members of the Board, having consideration of relevant market practices and the circumstances of the Company on an annual basis. It is the view of the non-executive members of the Board that it is in the interests of Shareholders for selected Senior Executives to receive part of their total remuneration package (TRP) in the form of at-risk securities that will vest based on performance against indicators that are linked to Shareholder benefit during a defined measurement period.

The EIRP is designed to form a significant component of at-risk remuneration and to create alignment between Shareholder benefit and the remuneration of selected Senior Executives. If approved, grants under the EIRP will facilitate the Company providing appropriate, competitive and performance-linked remuneration to Senior Executives. The non-executive members of the Board seek to ensure that grants to Senior Executives are made at a level that will appropriately position their TRPs in the market, in accordance with the Company's remuneration policies. The Board regularly reviews market positioning, the elements and mix of remuneration for Senior Executives to ensure remuneration remains reasonable, within the range of market practices, and is appropriate to the circumstances of the Company.

Non-executive directors are not eligible to participate in the EIRP.

As at the date of this Notice of Meeting, no Incentive Rights have been issued under the EIRP.

## 6.2 Summary of EIRP

A summary of the main features of the EIRP is set out in the table below. A copy of the EIRP is available on the Company's website: [www.nextdc.com](http://www.nextdc.com).

Aspect	Details
<b>Instrument</b>	<p>The EIRP uses Incentive Rights which are a right to the value of a Share which may be satisfied either in cash or in Shares, or a combination of cash and Shares. Generally it is expected that vested Incentive Rights would be satisfied in Shares. The price to exercise the Incentive Rights is nil, however vesting is performance and/or service tested. The value that will be realised is then a function of performance against indicators (Vesting Conditions) and the Share price at the time of vesting using a 30 day volume weighted average price (VWAP) calculation.</p> <p>The EIRP allows for three kinds of Incentive Rights which may be appropriate forms of remuneration under various circumstances, being:</p> <ul style="list-style-type: none"> <li>(a) Performance Rights which vest when performance conditions have been satisfied;</li> <li>(b) Retention Rights which vest after the completion of a period of service; and</li> <li>(c) Deferred Rights which relate to amounts of deferred payments already earned and which also vest after a period of service.</li> </ul> <p>It is anticipated that the majority of grants under the EIRP will be Performance Rights.</p>
<b>Eligibility</b>	<p>Senior Executives, as defined by the Company's Senior Executive Remuneration Policy, are eligible to participate. Non-executive directors are not eligible to participate so as to ensure their independence with regards to the oversight of the EIRP.</p>
<b>Terms &amp; Conditions</b>	<p>The Board has the discretion to set the terms and conditions on which it will offer Incentive Rights under the EIRP, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensure the plan operates as intended.</p> <p>All Incentive Rights offered will be subject to Vesting Conditions. In the case of Performance Rights the conditions are intended to be challenging and linked to growth in Shareholder value. The terms and conditions of the EIRP include those aspects legally required as well as a method for calculating the appropriate number of Incentive Rights to vest in the circumstances of a change of control or a major return of capital to Shareholders, and the treatment of Incentive Rights in the circumstances of various forms of termination of employment.</p>
<b>Number of Incentive Rights</b>	<p>The number of Incentive Rights to be offered to a Senior Executive will be at the discretion of the Board. It is intended that the number of Incentive Rights to be granted will be determined annually with regard to the</p>

Aspect	Details
	Participant's base package, relevant market practices and the relevant policies of the Company regarding their remuneration.
<b>Vesting</b>	<p><b>Performance Rights</b> will be the main form of Incentive Right that will be used and they will vest based on Company performance.</p> <p><b>Retention Rights</b> and <b>Deferred Rights</b> may also be used from time to time to retain key talent, which will vest based on a service condition.</p> <p>Upon the satisfaction of the Vesting Conditions, the value of Incentive Rights that vest will be evaluated and will be paid in Shares, cash or a combination of cash and Shares based on the then Share price. No exercise price is required to exercise vested Incentive Rights.</p>
<b>Measurement Period</b>	<p>The Measurement Period for Vesting Conditions may be determined by the Board as part of each offer, but is initially intended to be three years (starting from the start of the financial year in which a grant is made) with no vesting prior to the end of the Measurement Period.</p> <p>Different Measurement Periods may be applied when warranted. The life of Incentive Rights may differ from the Measurement Period and be lesser when any necessary Shareholder approval for grants cannot be obtained until after the beginning of the Measurement Period or an executive is newly appointed to the Company.</p>
<b>Vesting Conditions</b>	<p>Vesting Conditions are to be determined by the Board as part of each offer, however the conditions selected are intended to create alignment with the experiences and expectations of Shareholders over the Measurement Period.</p> <p>Initially Vesting Conditions will be performance relative to a scale of outcomes regarding the total shareholder return (TSR) of the Company, relative to the TSR of the market over the Measurement Period. TSR is the sum of the change in Share price and accumulated dividends assumed to have been reinvested, over the Measurement Period. No vesting of Performance Rights occurs when the TSR of the Company is negative over the Measurement Period, unless otherwise determined by the Board.</p>
<b>Retesting</b>	Retesting is not envisaged nor is it addressed by the EIRP Rules.
<b>Exercise Price</b>	There is no amount payable by a Participant on issue or vesting of an Incentive Right.
<b>Cessation of Employment</b>	<p>The EIRP contains provisions concerning the treatment of vested and unvested Incentive Rights in the event that a Participant ceases employment.</p> <p>Unless the Board determines otherwise, if an EIRP Participant ceases employment by reason of termination for poor performance or termination for cause, all unvested Incentive Rights held by the Participant will lapse. In the case of resignation all unvested Incentive Rights held by the participant will lapse unless otherwise determined by the Board.</p> <p>Unless the Board determines otherwise, if a Participant ceases employment for any other reason (including by reason of death, disability, redundancy, retirement or by agreement), Incentive Rights that were granted to the Participant during the financial year in which the termination occurred will</p>

Aspect	Details
	be forfeited in the same proportion as the remainder of the financial year bears to the full year. All remaining Incentive Rights for which Vesting Conditions have not been satisfied as at the date of cessation of employment will then remain "on foot", subject to the original Vesting Conditions and to the condition that the Participant has not injured the reputation of the Company since ceasing employment, unless otherwise determined by the Board.
<b>Change of Control of the Company</b>	In the event of a change of control unvested Incentive Rights would vest in the same proportion as the Share price has increased since the beginning of the Measurement Period. Remaining Incentive Rights would either lapse or some or all may vest at the Board's discretion.
<b>Voting and Dividend Rights</b>	Incentive Rights do not carry voting or dividend rights. Shares issued when Incentive Rights vest carry all the rights and entitlements of, and rank equally with, all other Shares, including voting and dividend rights.
<b>No Transfer of Incentive Rights</b>	Without the approval of the Board, Incentive Rights may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered.
<b>Quotation</b>	Incentive Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the EIRP, in accordance with the ASX Listing Rules.
<b>Variation of Terms and Conditions</b>	To the extent permitted by the Listing Rules, the Board retains the discretion to vary the terms and conditions of the EIRP. This includes varying the number or terms of securities to which a Participant is entitled in the case of a reorganisation of capital or bonus issues such that the Participant will neither be advantaged nor disadvantaged.
<b>Issue or Acquisition of Shares</b>	Shares allocated to a Participant when Incentive Rights vest under the EIRP may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the plan.
<b>Cost and Administration</b>	The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying vested Incentive Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the EIRP.
<b>Other Terms of the EIRP</b>	The EIRP also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the EIRP.
<b>Hedging</b>	The Company prohibits the hedging of Incentive Rights or Shares subject to dealing restrictions by Participants.
<b>Lapse and Forfeiture of Incentive Rights</b>	Incentive Rights will lapse if the prescribed Vesting Conditions are not satisfied within the prescribed Measurement Period.

## 6.3 Recommendation

The Board (other than Mr Scroggie) unanimously recommends that Shareholders vote **FOR** Resolution 6. Given his potential interest in Resolution 6, Mr Scroggie makes no recommendation to Shareholders with respect to this resolution.

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## 7. Resolution 7 - Approval of the grant of Performance Rights to Mr Craig Scroggie

### 7.1 Purpose of resolution

The Company proposes to grant to Mr Craig Scroggie 505,618 Performance Rights under and in accordance with the Executive Incentive Rights Plan (**EIRP**).

In his role as CEO, Mr Scroggie is a key executive of NEXTDC Limited and plays an important role in the growth of the Company's business and strategic objectives.

ASX Listing Rule 10.14 requires the approval of Shareholders to be sought where the Company intends to issue securities (the alternative being to purchase shares on-market) under an employee incentive scheme to a related party. Mr Scroggie is a related party of the Company under the ASX Listing Rules.

The proposed issue of Performance Rights to Mr Scroggie constitutes the giving of a financial benefit to a related party of the Company. For the sake of completeness, the Board has decided to seek the approval of Shareholders at the annual general meeting under Chapter 2E of the Corporations Act.

The Executive Incentive Rights Plan (EIRP) has been designed to facilitate the Company moving towards best practice remuneration structures for executives. A key component of effective remuneration for executives is a long term incentive to support retention, drive shared performance objectives and link remuneration to company performance.

The key features of the EIRP are summarised in Item 6 above. In addition to the specific terms of the grant intended to be offered to Mr Scroggie summarised below, the Performance Rights will be issued on the terms set out in the EIRP, as summarised in Item 6. A copy of the EIRP is available on the Company's website: [www.nextdc.com](http://www.nextdc.com).

### 7.2 Terms of grant of rights

The features of the proposed 2015 financial year offer of Incentive Rights to Mr Scroggie are summarised below:

Aspect	Details
<b>Number of Performance Rights</b>	A total of 505,618 (five hundred and five thousand six hundred and eighteen) Performance Rights will be offered to the CEO in the 2014-15 financial year. The number of Performance Rights has been calculated by multiplying the Base Package of the executive by the target long term incentive percentage (LTI %) and then dividing that figure by the VWAP leading up to the date of calculation. This figure is then doubled to recognise that at maximum performance the intended award is double that of the target (noting that the target LTI % was used in the calculation rather than maximum and that at target performance, only 50% of granted Rights will vest).
<b>Amount payable for</b>	No amount will be payable by the CEO for the Performance Rights as

Performance Rights	they are part of the intended total remuneration package for the 2014-15 financial year.																					
Vesting of Performance Rights	Upon the satisfaction of the Vesting Conditions, the value of Incentive Rights that vest will be evaluated and will be paid in Shares, cash or a combination of cash and Shares based on the then Share price. No exercise price is required to exercise vested Incentive Rights. It is intended that vested Rights would be satisfied mainly in the form of Shares.																					
Measurement Period	The Measurement Period will be the three financial years from 1 July 2014 to 30 June 2017. The life of the Performance Rights will be from the date of grant (immediately following the AGM at which the grant is approved) to the end of the third financial year following and including the year of grant, which is shorter than the Measurement Period because the Company is seeking Shareholder approval for the grant, and the AGM occurs after the beginning of the Measurement Period.																					
Vesting Conditions	<p>In order for Performance Rights to vest, Mr Scroggie must remain employed by the Company during the vesting period (except in the case of death, disablement etc., see Cessation of Employment under Item 6 above) and the performance conditions must be satisfied. The performance condition in relation to this proposed grant of Performance Rights is market adjusted total shareholder return (TSR) which compares the TSR of the Company to the TSR of the All Ordinaries Accumulation Index (XAOAI) over the Measurement Period with the vesting percentages (of the grant) to be determined by the following scale:</p> <table><tr><th>Performance Level</th><th>Company's TSR Relative to Market TSR (XAOAI)</th><th>% of Tranche to Vest</th></tr><tr><td>&lt;Threshold</td><td>&lt;100%</td><td>0%</td></tr><tr><td>Threshold</td><td>100%</td><td>25%</td></tr><tr><td>&gt;Threshold &amp; &lt;Target</td><td>&gt;100% &amp; &lt;120%</td><td>Pro rata</td></tr><tr><td>Target</td><td>120%</td><td>50%</td></tr><tr><td>&gt;Target &amp; &lt;Stretch</td><td>&gt;120% &amp; &lt;150%</td><td>Pro rata</td></tr><tr><td>Stretch</td><td>≥150%</td><td>100%</td></tr></table> <p>The scale requires that the Company deliver a TSR to Shareholders that at least as good as the overall market (as indicated by the TSR of the XAOAI over the Measurement Period) before any vesting may occur. Full vesting does not become available until the TSR of the Company reaches 150% of the TSR of the XAOAI over the Measurement Period. This would, in the view of the Board, represent an outstanding outcome for a Company of its type. The Target of 120% of the XAOAI TSR over the Measurement Period is considered by the Board to be highly challenging, but possible if plans are successfully delivered.</p> <p>It should be noted that a gate of TSR being positive also applies such that no Performance Rights will vest if Shareholders have lost value over the period (i.e. TSR must be greater than zero) unless otherwise determined</p>	Performance Level	Company's TSR Relative to Market TSR (XAOAI)	% of Tranche to Vest	<Threshold	<100%	0%	Threshold	100%	25%	>Threshold & <Target	>100% & <120%	Pro rata	Target	120%	50%	>Target & <Stretch	>120% & <150%	Pro rata	Stretch	≥150%	100%
Performance Level	Company's TSR Relative to Market TSR (XAOAI)	% of Tranche to Vest																				
<Threshold	<100%	0%																				
Threshold	100%	25%																				
>Threshold & <Target	>100% & <120%	Pro rata																				
Target	120%	50%																				
>Target & <Stretch	>120% & <150%	Pro rata																				
Stretch	≥150%	100%																				

	<p>by the Board.</p> <p>The Board retains discretion to modify vesting in the case that the circumstances that prevailed over the Measurement Period materially differed from those expected at the time the vesting scale was determined, which is intended to be used when the application of the vesting scale would lead to an outcome that may be viewed as inappropriate. Such discretion would apply if the movement in the All Ordinaries Accumulation Index is positive but very low, such that when the scale is applied there is not a material difference between the performance of the market and the performance of the Company, in order to ensure vesting is appropriate under the circumstances.</p>
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### 7.3 Further information

- (a) The details of Mr Scroggie's remuneration for the financial year ending 30 June 2015 are as follows:

Base Package	STI	LTI
\$1,200,000	Mr Scroggie is eligible for an STI target award opportunity of 25% of Base Package and a stretch (maximum) of 50% of Base Package based on the achievement of Company KPIs and Individual Performance KPIs. Refer to pages 33 and 34 of the 2014 Annual Report for more detail.	The target LTI value will be 37.5% of the Base Package and a stretch (maximum) of double the target. Please refer to item 7.2 above for more detail.

- (b) Subject to Shareholder approval, the Company intends to make an Offer to Mr Scroggie following the AGM and in any event within 12 months after the date of Shareholder approval.
- (c) As at the date of this Notice of Meeting, Mr Scroggie had an interest in 510,714 fully paid ordinary shares and 1,768,093 shares via the NEXTDC Loan Funded Share Plan and 250,000 options to acquire Shares. That represents 1.16% of the total Shares in the Company. If Shareholders approve Resolutions 6 and 7, and all Performance Rights are granted as contemplated by this Notice of Meeting, Mr Scroggie will have the following interest in Shares, options and Incentive Rights:



Employee Share Plan Shares	Other Shares	Options	Incentive Rights
1,768,093	510,714	250,000	505,618

- (d) If all of the options previously granted to Mr Scroggie were exercised and the Performance Rights proposed to be granted under this Resolution 7 vest and were paid in Shares, Mr Scroggie would acquire an additional 505,618 Shares. If these were newly issued Shares, Mr Scroggie would have an interest in 1.54% of the total issued Shares in the Company.
- (e) Details of any Performance Rights issued under this approval will be published in each annual report of the Company relating to a period in which Performance Rights were issued under this approval. Aside from Mr Scroggie, no other Director or their associate will be permitted to participate in the EIRP unless approved by Shareholders under Listing Rule 10.14.
- (f) There have been no Incentive Rights issued or acquired under the EIRP to date.

## 7.4 Valuation of Performance Rights

The accounting value (fair value) of the Rights to be granted has been determined to be approximately \$416,000 (approximately \$0.82 per Right) by applying a Black-Scholes calculation. It should be noted that this valuation applies a discount for the possibility of forfeiture (50% was used) as required by the relevant accounting standards, due to the performance condition being a market related condition.

The other assumptions include:

- a volatility factor, which was a 3 year NXT share price volatility of 32.34%;
- a dividend yield of 0% per annum;
- a risk free rate of 3.60% per annum; and
- NEXTDC's share price at the valuation date of \$1.645.

The closing price of the Company's Shares over the 12 months to 30 June 2014 has ranged between a high of \$2.94 on 19 July 2013 and a low of \$1.62 on 26 June 2014.

## 7.5 Recommendation

The Board (other than Mr Scroggie) unanimously recommends that Shareholders vote **FOR** Resolution 7. Given his interest in Resolution 7, Mr Scroggie makes no recommendation to Shareholders with respect to this resolution.

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## 8. Resolution 8 - Spill Resolution

This Resolution will be put to the meeting only if the Company receives a "second strike" on its Remuneration Report as explained in Item 1 above.

If Resolution 8 is considered and passed, the Company must convene a general meeting (spill meeting) within 90 days of this Annual General Meeting. All of the Directors who were in office when the resolution to make the 2014 Directors' Report was made will cease to hold office immediately before the end of the spill meeting, but may stand for re-election at the spill

meeting. Following the spill meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

Shareholders will be aware that since the 2013 financial year, the Company's Board has undergone significant renewal. The Board believes that the current Board has made significant progress in addressing the issues which Shareholders had raised in respect of the Company's remuneration policies and structures. Some of these matters are discussed in Item 1 above and detailed in the 2014 Remuneration Report.

The Board considers that the convening of a spill meeting would result in the Company incurring significant expense in conducting a meeting as well as potential disruption to its focus on core business operations.

If put, the Spill Resolution will be considered as an ordinary resolution.

Shareholders should note that there are no voting exclusions applicable to resolutions appointing Directors at any subsequent meeting of Shareholders. This would mean there is no barrier to any of the key management personnel who are Shareholders of the Company exercising their voting rights on resolutions at the spill meeting.

### **Recommendation**

The Board strongly recommends that Shareholders vote **AGAINST** Resolution 8.

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## **9. Glossary of Terms**

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

**ASX** means ASX Limited ACN 008 624 691.

**Board** means the board of Directors of the Company.

**Company** or **NEXTDC** means NEXTDC Limited ACN 143 582 521.

**Corporations Act** means *Corporations Act 2001* (Cth).

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

**Explanatory Statement** means this Explanatory Statement.

**Listing Rules** means the official listing rules of ASX.

**Meeting** means the general meeting of Shareholders to be held on Friday, 14 November 2014 commencing at 10:00am (Sydney time).

**Notice of Meeting** means the notice of the meeting which accompanies the Explanatory Statement.

**Resolution** means a resolution in the Notice of Meeting.

**Shareholder** means registered holders of Shares.

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



N E X T D C

**NEXTDC LIMITED**

ACN 143 582 521

**LODGE YOUR VOTE**



**ONLINE**

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



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



**By fax:** +61 2 9287 0309



**All enquiries to: Telephone:** +61 1300 554 474



**X99999999999**

## PROXY FORM

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

### STEP 1

#### APPOINT A PROXY

☐

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

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **10:00am on Friday, 14 November 2014 at Shangri-La Hotel, Sydney, 176 Cumberland Street, The Rocks, Sydney, NSW** (the Meeting) and at any postponement or adjournment of the Meeting.

Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

**The Chairman of the Meeting intends to vote undirected proxies:**

- **FOR** Resolutions 1 to 7; and
- **AGAINST** Resolution 8.

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

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

### STEP 2

#### VOTING DIRECTIONS

	For	Against	Abstain*		For	Against	Abstain*
<b>Resolution 1</b> Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 6</b> Approval of Executive Incentive Rights Plan and future issues of Incentive Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Election of Dr Gregory Clark as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 7</b> Approval of the grant of Performance Rights to Mr Craig Scroggie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Re-election of Mr Stuart Davis as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>The Chair of the Meeting intends to vote all available undirected proxies AGAINST Resolution 8</b>			
<b>Resolution 4</b> Re-election of Mr Edward (Ted) Pretty as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 8</b> Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b> Amendment to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

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

### STEP 3

#### SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

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

**NXT PRX401R**



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

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

### Appointment of a Proxy

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

### Votes on Items of Business - Proxy Appointment

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

### Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

### Signing Instructions

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

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

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

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

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

### Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Wednesday, 12 November 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



**ONLINE** > [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

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



**by mail:**

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



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

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