

ASX RELEASE

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Target's Statement in response to 360 Capital Offer

Asia Pacific Data Centre Group (**APDC**) today lodged its Target's Statement in relation to the unconditional all-cash off-market takeover offer for APDC securities from 360 Capital Group (**360 Capital Offer**). A copy of the Target's Statement accompanies this announcement.

The Directors of APDC unanimously recommend that APDC securityholders accept the 360 Capital Offer in the absence of a superior proposal.

APDC has agreed to 360 Capital dispatching its Bidder's Statement from today's date.

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APDC is a special purpose real estate investment trust (A-REIT) which listed on the Australian Securities Exchange on 9 January 2013 to own data centre properties. APDC has the objective of providing investors with a stable income and the potential for capital growth.



Asia Pacific Data Centre Group **Target's Statement**

**The Directors of
Asia Pacific Data Centre Group
unanimously recommend that you**

ACCEPT

**the 360 Capital Offer
in the absence of a superior proposal**

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with this document, you should consult your financial, legal or other professional adviser immediately.

This Target's Statement has been issued by Asia Pacific Data Centre Holdings Limited (ACN 159 621 735) (**APDC Holdings**) and Asia Pacific Data Centre Limited (ACN 159 624 585) (**APDC Limited**) as responsible entity for Asia Pacific Data Centre Trust (ARSN 161 049 556) (**APDC Trust**) in response to the offer by 360 Capital FM Limited (ACN 090 664 396) in its capacity as trustee for the 360 Capital Diversified Property Fund ABN 12 410 887 925 (**360 Capital**) to acquire all of your Securities in Asia Pacific Data Centre Group (**360 Capital Offer**).

Financial adviser



Legal adviser

ashurst

IMPORTANT NOTICES

Nature of this document

This Target's Statement has been issued by Asia Pacific Data Centre Holdings Limited (ACN 159 621 735) and Asia Pacific Data Centre Limited (ACN 159 624 585) as responsible entity for Asia Pacific Data Centre Trust (ARSN 161 049 556) (together, **Asia Pacific Data Centre Group**, or **APDC**) under Part 6.5 of the Corporations Act in response to the 360 Capital Offer, made pursuant to the replacement bidder's statement dated 4 October 2017 issued by 360 Capital (which replaced the original bidder's statement dated 26 September 2017). References to the Bidder's Statement or to the 360 Capital Bidder's Statement in this document are to the replacement bidder's statement dated 4 October 2017.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 4 October 2017 and provided to the Australian Securities Exchange (**ASX**) on 4 October 2017. Neither ASIC nor ASX, nor any of their respective officers, take any responsibility for the contents of this Target's Statement.

Date of this Target's Statement

This Target's Statement is dated 4 October 2017.

Defined terms

A number of terms are used in this Target's Statement which are defined in section 9.1 of the Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act. Section 9.2 of this Target's Statement sets out some rules of interpretation that apply to this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of any person. It does not contain personal financial advice. You should seek independent financial and taxation advice before making a decision as to whether or not to accept the 360 Capital Offer.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. Statements other than statements of historical facts may be forward looking statements. You should be aware that such statements are only predictions and are subject to both known and unknown risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of APDC, its officers and employees, any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to

place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Disclaimer as to information

The information on 360 Capital contained in this Target's Statement has been prepared by APDC from publicly available information including the 360 Capital Bidder's Statement. Information in this Target's Statement about 360 Capital has not been independently verified by APDC. Accordingly, APDC does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Risk factors

APDC Securityholders should note that there are a number of risk factors attached to their investment in APDC. Section 7 of this Target's Statement sets out further information on those risks.

Charts and diagrams

Any diagrams, charts, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available at the date of this Target's Statement.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions outside Australia may be restricted by law and any person who comes into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Target's Statement has been prepared in accordance with Australian law and the nature of the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Privacy

APDC has collected your information from the register of APDC Securityholders for the purposes of providing you with this Target's Statement. The type of information APDC has collected about you includes your name, contact details and information on your securityholdings in APDC. Without this information, APDC would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the names and addresses of APDC Securityholders to be held in a public register.

APDC Securityholder information line

If you have any questions in relation to the information contained in this Target's Statement, please contact Link Market Services on +61 1300 554 474. Further information relating to the 360 Capital Offer can be obtained from APDC's website at www.asiapacificdc.com.

CHAIRMAN'S LETTER



Asia Pacific Data Centre Group
Asia Pacific Data Centre Holdings Limited ACN 159 621 735
Asia Pacific Data Centre Trust ARSN 161 049 556

4 October 2017

Dear APDC Securityholders

On 13 September 2017, 360 Capital Group announced an unconditional off-market takeover offer to acquire all of the stapled securities (**APDC Securities**) in Asia Pacific Data Centre Group (**APDC**) for A\$1.95 cash per APDC Security (**360 Capital Offer**).

On 26 September 2017, 360 Capital FM Limited in its capacity as trustee for the 360 Capital Diversified Property Fund (**360 Capital**) released a bidder's statement in relation to the 360 Capital Offer, which was subsequently replaced by the replacement bidder's statement released on 4 October 2017 (**360 Capital Bidder's Statement**).

As you are aware, NEXTDC Limited (**NEXTDC**) previously made an unconditional off-market takeover offer (**NEXTDC Offer**) to acquire all of the APDC Securities for A\$1.87 cash per APDC Security, which your Directors previously recommended that APDC Securityholders accept in the absence of a superior proposal.

The NEXTDC Offer lapsed at 7.00pm (Sydney time) on Friday, 15 September 2017 and is no longer capable of acceptance by APDC Securityholders. As at the close of the NEXTDC Offer, NEXTDC had a relevant interest in 29.2% of the issued securities in APDC.

Your Directors unanimously recommend that you **ACCEPT** the 360 Capital Offer in the absence of a superior proposal. As at the date of this Target's Statement, the 360 Capital Offer is the only takeover offer capable of acceptance by APDC Securityholders.

360 Capital's offer price of A\$1.95 for each APDC Security (**Offer Price**) represents:

- a premium of 18.2% to APDC's net tangible assets (**NTA**) as at 30 June 2017; and
- a premium of 4.28% to offer price of A\$1.87 cash per APDC Security which was offered under the NEXTDC Offer.

The Directors note that, since the 360 Capital Offer was announced, the APDC Securities have traded at prices higher than the Offer Price of A\$1.95 per APDC Security.¹

In forming its recommendation, your Board has carefully considered the following:

- as at the date of this Target's Statement, the 360 Capital Offer is the only takeover offer capable of acceptance by APDC Securityholders and no superior proposal has been made or announced;
- the 360 Capital Offer is unconditional;
- the Offer Price represents an attractive premium to NTA and the trading price of APDC Securities prior to 360 Capital announcing its acquisition of a 19.8% stake in APDC;
- the 360 Capital Offer is all cash and provides you with certainty of value for APDC Securities;
- the Offer Price exceeds the fair market value range identified by the Independent Expert in the Independent Expert's Report prepared by BDO Corporate Finance (East Coast) Pty Ltd in relation to the NEXTDC Offer;²
- if the 360 Capital Offer is not successful and if no superior proposal emerges, there is a risk that the price of APDC Securities may trade below the Offer Price of A\$1.95; and
- there are other potential risks in not accepting the 360 Capital Offer, as described further in section 1.2(g) of this Target's Statement.

¹ The high closing price being A\$1.965, most recently on 15 September 2017.

² The Independent Expert's Report is available free of charge from www.asiapacificdc.com or by contacting Link Market Services on +61 1300 554 474.


Your Directors intend to accept the 360 Capital Offer for all the APDC Securities they own or control in the absence of a superior proposal.

This Target's Statement contains the formal response of your Board to the 360 Capital Offer. We strongly encourage you to read all the information contained in this Target's Statement carefully and to seek independent advice. You are also strongly encouraged to read the 360 Capital Bidder's Statement.

The 360 Capital Offer is currently scheduled to close at **7.00pm (Sydney time) 6 November 2017**, unless further extended.

Your Board will continue to keep you informed should a superior proposal be announced. If you have any questions about the information contained in this Target's Statement, please contact Link Market Services on +61 1300 554 474. We will also post updates on our website at www.asiapacificdc.com.

Yours sincerely

A handwritten signature in black ink, appearing to read 'I. H. Fraser'.

Ian Fraser
Chairman
Asia Pacific Data Centre Group

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KEY DATES	
Date of the 360 Capital Offer	4 October 2017
Date of this Target's Statement	4 October 2017
Close of Offer Period (unless extended or withdrawn earlier) ³	7.00pm (Sydney time), 6 November 2017

³ 360 Capital may only withdraw the 360 Capital Offer with the written consent of ASIC.

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1. EVALUATION OF THE 360 CAPITAL OFFER

The Directors recommend that you **ACCEPT** the 360 Capital Offer, in the absence of a superior proposal. The reasons for this recommendation are:

1	As at the date of this Target's Statement, the 360 Capital Offer is the only takeover offer capable of acceptance by APDC Securityholders and no superior proposal has been made or announced
2	The 360 Capital Offer is unconditional
3	The Offer Price represents an attractive premium for your APDC Securities compared to NTA and the trading price of APDC Securities prior to 360 Capital announcing its acquisition of a 19.8% stake in APDC
4	The 360 Capital Offer is all cash and provides you with certainty of value for your APDC Securities
5	The Offer Price exceeds the fair market value range of A\$1.59 to A\$1.76 identified by the Independent Expert in the Independent Expert's Report dated 25 August 2017⁴
6	The 360 Capital Offer has the unanimous support of your Directors, in the absence of a superior proposal
7	There is a risk that the APDC Security price may trade below the Offer Price if the 360 Capital Offer is not successful and no superior proposal emerges
8	There are other potential risks in not accepting the 360 Capital Offer

Alternative Option: Sell on-market

The Directors also note that, since the 360 Capital Offer was announced, the APDC Securities have traded at prices higher than the Offer Price of A\$1.95 per APDC Security.⁵

Your choices as an APDC Securityholder are set out in section 4 of this Target's Statement. As an alternative to accepting the 360 Capital Offer (or doing nothing), you have the option to sell your APDC Securities on market. An on market sale is subject to the consequences set out in section 1.3(d) of this Target's Statement.

⁴ The Independent Expert's Report is available free of charge from www.asiapacificcdc.com or by contacting Link Market Services on +61 1300 554 474.

⁵ The high closing price being A\$1.965, most recently on 15 September 2017.

1.1 Background to the 360 Capital Offer

(a) Key events in the last five months

On 2 May 2017, 360 Capital Group announced that it had acquired a 19.8% interest in APDC at a price of A\$1.57 per APDC Security.⁶

On 28 June 2017, 360 Capital Group called a meeting of the members of APDC Trust, to consider resolutions to remove APDC Limited and appoint 360 Capital FM Limited as responsible entity of APDC Trust (**RE Replacement Meeting**).

A number of developments followed thereafter, including:

- (i) **Third Party Engagement Process:** On 7 July 2017, APDC announced that it was progressing confidential discussions with third parties who had expressed an interest in acquiring APDC Securities or assets and that APDC had commenced a broader process to determine whether any other parties had any interest to acquire APDC Securities or assets (**Third Party Engagement Process**);
- (ii) **Recommendation to vote against resolutions at the RE Replacement Meeting:** On 13 July 2017, APDC released an explanatory memorandum (**APDC EM**) containing the APDC Board's recommendation that the APDC Securityholders vote against the resolutions proposed by 360 Capital Group at the RE Replacement Meeting;
- (iii) **Acquisition by NEXTDC:** On 18 July 2017, NEXTDC announced that it had acquired a 14.1% interest in APDC for A\$1.78 per APDC Security. Between 19 July 2017 and 27 July 2017 NEXTDC acquired a further 5.89% interest in APDC, bringing its total interest in APDC Securities to 19.99% at prices of between A\$1.78 and A\$1.85 per APDC Security;
- (iv) **360 Capital Group Proposal:** On 25 July 2017, 360 Capital Group provided APDC with the terms of a conditional proposal to acquire all the APDC Securities at A\$1.80 cash per APDC Security (**360 Capital Proposal**);
- (v) **NEXTDC Offer:** On 26 July 2017, NEXTDC announced a proposal to acquire all the APDC Securities it did not already own by way of an off-market takeover bid at A\$1.85 cash per APDC Security (**Initial Proposal**), which was followed by the NEXTDC Offer on 31 July 2017 (discussed in section 1.1(a)(vii) below);
- (vi) **Cancellation of RE Replacement Meeting:** On Wednesday 26 July 2017, 360 Capital Group announced the cancellation of the RE Replacement Meeting;
- (vii) **NEXTDC Offer:** On 31 July 2017, NEXTDC announced the NEXTDC Offer to acquire all of the APDC Securities it did not already own for A\$1.87 cash per APDC Security and announced that it has instructed its broker to purchase on its behalf all APDC Securities offered for sale to it on the ASX during the period from 31 July 2017 until the end of the offer period under the NEXTDC Offer, at up to the offer price of A\$1.87 per APDC Security. The NEXTDC Offer has now lapsed and is no longer capable of acceptance (as discussed in section 1.1(a)(x) below);
- (viii) **Revised 360 Capital Group Proposal:** On 31 August 2017, 360 Capital Group provided APDC with the terms of a revised proposal to acquire APDC securities by scheme of arrangement or, alternatively, by way of an alternative proposal involving a capital distribution of \$0.65 per APDC Security and an offer being made by 360 Capital Group (or its related entity) to acquire APDC securities for \$1.30 cash per APDC Security. However, on 6 September 2017 the Board of APDC announced that, having regard to the interests of all APDC Securityholders, it was not supportive of either proposal, due to the significant risk and uncertainties associated with those proposals.
- (ix) **360 Capital Offer:** On 13 September 2017, 360 Capital announced a revised proposal to make the 360 Capital Offer, being an unconditional off-market takeover offer to acquire all of the APDC Securities that it does not own for A\$1.95 cash per APDC Security, which was followed by a bidder's statement lodged on 26 September 2017 and the replacement bidder's statement lodged on 4 October 2017 (discussed in section 1.1(b) below).
- (x) **NEXTDC Offer Lapses:** The NEXTDC Offer lapsed at 7.00pm (Sydney time) on Friday, 15 September 2017 and is no longer capable of acceptance by APDC Securityholders. As at the

⁶ 360 Capital now has a 21.03% interest in APDC Securities, as described in the Bidder's Statement lodged on 4 October 2017.

close of the NEXTDC Offer, NEXTDC had a relevant interest in 29.2% of the issued securities in APDC.

(b) 360 Capital Offer

On 13 September 2017, 360 Capital Group announced an intention to make the 360 Capital Offer. Subsequently on 26 September 2017, 360 Capital released its bidder's statement in relation to the 360 Capital Offer.

Also on 26 September 2017, 360 Capital announced that it has instructed its broker to purchase APDC Securities on market until the end of the Offer Period, at up to the Offer Price of A\$1.95 per APDC Security. 360 Capital now has a 21.03% interest in APDC Securities, as described in the Bidder's Statement lodged on 4 October 2017.

On 4 October 2017, 360 Capital lodged a replacement bidder's statement (being the 360 Capital Bidder's Statement as referred to in this Target's Statement) which included disclosure of a number of additional matters.

As at the date of this Target's Statement, the 360 Capital Offer is the only takeover offer capable of acceptance by APDC Securityholders. Since the close of the NEXTDC Offer on 15 September 2017, no takeover offers capable of acceptance by APDC Securityholders have been made by NEXTDC and NEXTDC has not announced any improved proposal or offer.

(c) FY2017 financial information

On 25 August 2017 APDC announced its FY2017 Financial Results and released the FY2017 Appendix 4E and annual financial report. As noted in the ASX announcement regarding the FY2017 Financial Results, the highlights include:

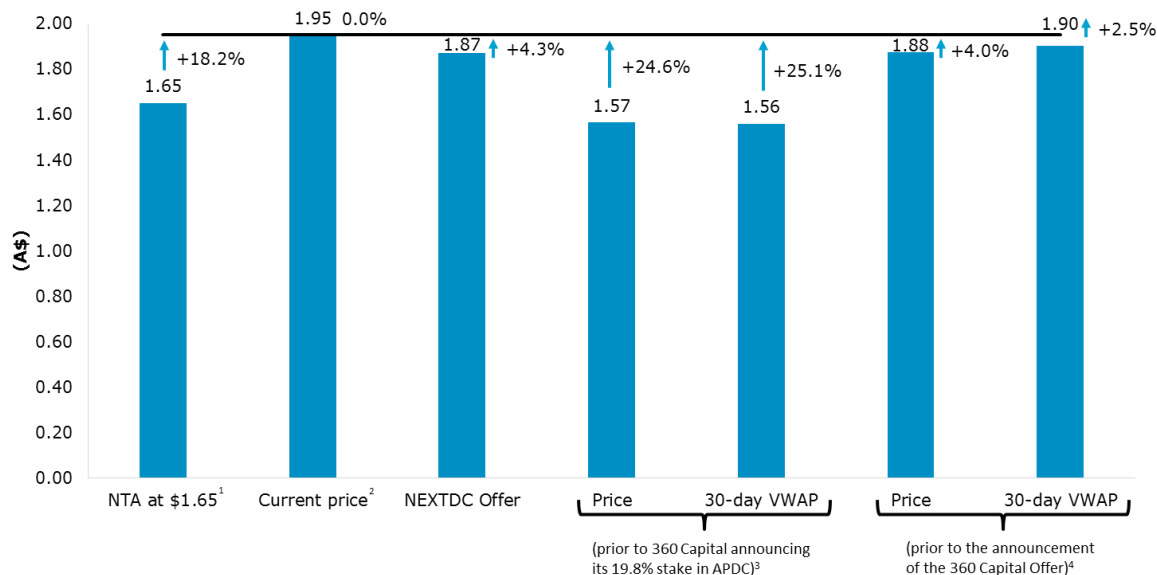
- distributions paid or payable of A\$11.18 million, representing distributions per stapled security of 9.72 cents;
- portfolio value of A\$212.8 million, representing an increase of A\$25.8 million in the value of the portfolio, or 13.8%;
- gearing of 11.9%;
- net tangible assets of A\$1.65 per APDC Security; and
- A\$13.39 million of rental income earned pursuant to the leases.

The FY2017 Financial Results and the FY2017 Appendix 4E and annual financial report may be obtained free of charge from APDC's website at www.asiapacificdc.com or by contacting Link Market Services on +61 1300 554 474.

1.2 Why you should ACCEPT the 360 Capital Offer

(a) The Offer Price represents an attractive premium for your APDC Securities

As set out in the chart below, the Offer Price of A\$1.95 per APDC Security represents an attractive premium to the volume weighted average prices (VWAPs) of APDC Securities across various periods to 12 September 2017, which was the last trading day prior to the announcement of the 360 Capital Offer.



Notes:

1. As announced by APDC to ASX on 25 August 2017.
2. Closing price as at 3 October 2017.
3. All figures as at 1 May 2017, the trading day immediately prior to 360 Capital announcing its acquisition of a 19.8% stake in APDC.
4. All figures as at 12 September 2017, the trading day immediately prior to the announcement of the 360 Capital Offer.

Note: Trading data obtained from Bloomberg. Bloomberg is not required to give, and has not given, consent to the inclusion of the trading data.

As noted in the chart, the Offer Price of A\$1.95 cash per APDC Security represents:

- a premium of 18.2% to APDC's NTA as at 30 June 2017 of A\$1.65 per APDC Security (as announced by APDC to ASX on 25 August 2017); and
- a premium of 24.6% when compared to the closing price of A\$1.57 per APDC Security on 1 May 2017, the last trading day prior to 360 Capital's announcement of its acquisition of a 19.8% interest in APDC Securities.

The Directors also note that since the 360 Capital Offer was announced, the APDC Securities have traded at prices higher than the Offer Price of A\$1.95 cash per APDC Security.⁷ The Directors consider that this may be due to an expectation that there may be a superior proposal or offer to the 360 Capital Offer. However, to date no superior proposal has been made or announced.

(b) The all cash Offer provides you with certainty of value for your APDC Securities

The Offer Price of A\$1.95 cash per APDC Security provides APDC Securityholders with certainty of value. You will cease to be exposed to the risks associated with an investment in APDC, including potential security price volatility due to general market conditions, the real estate market, and business performance.

In contrast, if the 360 Capital Offer lapses and no competing offer emerges, the amount which APDC Securityholders will be able to realise for their APDC Securities will be uncertain and subject to, amongst other things, the performance of APDC's business from time to time, the vagaries of security market conditions and the real estate market.

⁷ The high closing price being A\$1.965, most recently on 15 September 2017.

There is also a risk to APDC Securityholders who do not accept the 360 Capital Offer if 360 Capital obtains control of APDC (by owning at least 50.1% of APDC Securities) and APDC Securities have reduced liquidity (which may also be the case even where 360 Capital's interest in APDC Securities is less than 50.1%). APDC Securityholders should note that there may be an increased risk of reduced liquidity in APDC Securities as NEXTDC also currently holds over 29% of the issued APDC Securities. This reduced liquidity may result in downward pressure on the trading price of APDC Securities and make it more difficult for APDC Securityholders to sell their APDC Securities.

(c) **The 360 Capital Offer has the unanimous support of your Directors**

Having carefully considered the terms of the 360 Capital Offer against all available alternatives, your Directors unanimously recommend that you **ACCEPT** the 360 Capital Offer, in the absence of a superior proposal.

Your Directors intend to accept the 360 Capital Offer for all the APDC Securities they own or control in the absence of a superior proposal.

(d) **The 360 Capital Offer is the only takeover offer capable of acceptance by APDC Securityholders**

As at the date of this Target's Statement, the 360 Capital Offer is the only takeover offer capable of acceptance by APDC Securityholders. APDC has not received any superior proposal from a third party compared to the 360 Capital Offer.

Since the close of the NEXTDC Offer on 15 September 2017, no offer capable of acceptance by APDC Securityholders has been made by NEXTDC and NEXTDC has not announced any improved proposal or offer. The Board also notes that there are no other discussions underway that the Board believes are likely to lead to any superior proposal being made.

(e) **There is the risk that the APDC Security price may trade below the Offer Price if the 360 Capital Offer is not successful and there is no other offer for your APDC Securities**

The closing APDC Security price on the ASX on 1 May 2017, being the last trading day prior to the announcement of 360 Capital's acquisition of a 19.8% interest in APDC, was A\$1.57. Prior to the announcement of the RE Replacement Meeting, the historical high for the APDC Security price was A\$1.74.

Since the 360 Capital Offer was announced, the APDC Securities have traded at prices higher than the Offer Price of A\$1.95 cash per APDC Security.⁸ The Directors consider that this may be due to an expectation that there may be a superior proposal or offer to the 360 Capital Offer. However, to date no superior proposal has been made or announced.

If the 360 Capital Offer is not successful and no superior proposal or offer emerges, there is the risk that the APDC Security price may trade below the Offer Price of A\$1.95 cash per APDC Security.

(f) **The Offer Price exceeds the fair market value range identified by the Independent Expert**

The Directors previously appointed BDO Corporate Finance (East Coast) Pty Ltd (the **Independent Expert**) to prepare an Independent Expert's Report in relation to the NEXTDC Offer.⁹

As at 25 August 2017, the Independent Expert assessed the fair market value of an APDC Security on a control basis to be in the range of A\$1.59 to A\$1.76. The Offer Price exceeds the fair market value range identified by the Independent Expert.

The Independent Expert previously concluded that the NEXTDC Offer of A\$1.87 cash per APDC Security was fair and reasonable for APDC Securityholders on the basis that the consideration offered by NEXTDC was in excess of the estimated fair market value of an APDC Security. The 360 Capital Offer of A\$1.95 cash per APDC Security represents a premium of 4.28% when compared against the consideration offered under the NEXTDC Offer and a 10.80% premium above the top of the fair market value range identified by the Independent Expert Report dated 25 August 2017.

⁸ The high closing price being A\$1.965, most recently on 15 September 2017.

⁹ The Independent Expert's Report is available free of charge from www.asiapacificdc.com or by contacting Link Market Services on +61 1300 554 474.

(g) **There are risks in not accepting the 360 Capital Offer**

At the end of the Offer Period, any APDC Securityholders who do not accept the 360 Capital Offer will be subject to the following risks:

- (i) 360 Capital has stated in section 6.2 of the 360 Capital Bidder's Statement that if it acquires at least 90% of APDC Securities, it intends to:
 - (A) arrange for APDC to be removed from the official list of the ASX;
 - (B) proceed with compulsory acquisition procedures in accordance with Part 6A.1 of the Corporations Act, in which case you will be compelled to sell your APDC Securities to 360 Capital but may not receive your consideration for a number of weeks;
 - (C) consider refinancing arrangements, including whether to refinance APDC and effect a capital distribution; and
 - (D) replace the members of the APDC Holdings board and the APDC Limited board with the nominees of 360 Capital, who have not yet been identified by 360 Capital although 360 Capital has stated that it expects the majority of the replacement board members will be members of the 360 Capital management team or its directors;
- (ii) if 360 Capital does not acquire at least 90% of APDC Securities but is in a position to cast the majority of votes at a general meeting of APDC Securityholders, then 360 Capital will be able to (among other things) control the composition of the boards of APDC Holdings and APDC Limited, replace the responsible entity of APDC Trust and significantly influence the strategic direction of APDC generally, including by reviewing APDC's capital management and distribution policies. 360 Capital has indicated in section 6.3 of the 360 Capital Bidder's Statement that it intends to:
 - (A) continue the operation of the APDC Trust as a registered scheme;
 - (B) undertake a strategic review of APDC, the APDC structure, the APDC management and governance arrangements and APDC Limited as a responsible entity of APDC Trust;
 - (C) examine further data centre opportunities in the Asia-Pacific region;
 - (D) subject to continued compliance by APDC with the ASX Listing Rules, maintain APDC's listing on the ASX; and
 - (E) consider board composition of APDC Holdings and APDC Limited at the end of the Offer Period, having regard to the size of its stake and the circumstances applicable at that time. APDC Securityholders should also note that, as stated in section 6.9 of this Target's Statement, each of NEXTDC and 360 Capital has also proposed that it wishes to nominate two directors for election at APDC Holdings' next AGM. 360 Capital has indicated that it intends to make this nomination if NEXTDC nominates two directors to the APDC Holdings Board. The composition of the APDC Board will depend on the outcome of the 360 Capital Offer and the resolutions considered at APDC Holdings' next AGM, expected to be held on 23 November 2017.
- (iii) if 360 Capital does not acquire at least 90% of APDC Securities but acquires 75% (or more) of APDC Securities it will, subject to applicable voting exclusions in the Corporations Act and (if APDC remains listed) the ASX Listing Rules, be able to pass a special resolution at a general meeting of APDC Securityholders. This would enable 360 Capital to, among other things, change the constitution of APDC Holdings and/or APDC Trust;
- (iv) if 360 Capital has less than 50% of APDC Securities after the close of the 360 Capital Offer, 360 Capital has indicated in section 6.4 of the 360 Capital Bidder's Statement that it intends to give effect to the intentions set out above in this section 1.2(g) and will consider its approach to the composition of the boards of APDC Holdings and APDC Limited having regard to the size of its stake and the circumstances applicable at that time;
- (v) the APDC Security price may fall following the end of the Offer Period;
- (vi) the liquidity of APDC Securities may be lower than at present, potentially affecting your ability to dispose of your APDC Securities. 360 Capital has stated in the Bidder's Statement that where 360 Capital does not acquire at least 90% of APDC Securities, APDC's listing on the ASX is intended to be maintained (subject to continued compliance by APDC with the ASX Listing Rules). However, in this circumstance your ability to sell APDC Securities may be affected by reduced

liquidity which may result in downward pressure on the trading price of APDC Securities and make it more difficult for APDC Securityholders to sell their APDC Securities; and

- (vii) if 360 Capital acquires a sufficiently high percentage of APDC Securities in the year ending 30 June 2018, there is a risk that APDC Trust may not qualify as a "Managed Investment Trust" under the tax rules for the entire year and certain concessions enjoyed by the APDC Trust and APDC Securityholders will no longer be applicable after the June 2017 Distribution (see section 5 of the Australian Taxation Letter at Appendix 1).

There may be possible reasons for you not to accept the 360 Capital Offer. These are contained in the 360 Capital Bidder's Statement and section 1.3 of this Target's Statement.

1.3 Possible reasons for not accepting the 360 Capital Offer

You may wish to decline to follow the unanimous recommendation of the Directors to accept the 360 Capital Offer in respect of your APDC Securities and instead not accept the 360 Capital Offer for a number of reasons, including the following.

(a) **You may wish to remain an APDC Securityholder**

If you accept the 360 Capital Offer, you will no longer be entitled to participate in the future financial performance of APDC (including distributions) or exercise the rights of an APDC Securityholder.

(b) **You may disagree with the Directors' recommendation**

You may hold a different view to the Directors and believe that the Offer Price of A\$1.95 cash per APDC Security is inadequate.

(c) **You may consider that there is potential for a superior proposal to emerge in the foreseeable future**

It is possible that a superior proposal for APDC could materialise in the future. However, as at the date of this Target's Statement, no alternative proposal which is capable of acceptance by an APDC Securityholder has been received.

(d) **You may want to sell your APDC Securities on market**

You may wish to cash out your investment in APDC on market if you expect proceeds may be higher. Since the 360 Capital Offer was announced, the APDC Securities have traded at prices higher than the Offer Price of A\$1.95 cash per APDC Security.¹⁰ The Directors consider that this may be due to an expectation that there may be a superior proposal or offer to the 360 Capital Offer. However, to date no superior proposal capable of acceptance has been made or announced.

If you sell your APDC Securities on market, you:

- will lose the ability to accept the 360 Capital Offer or any other offer which may eventuate;
- will not be entitled to receive any increased consideration if the Offer Price is increased by 360 Capital;
- may receive more or less for your APDC Securities than the Offer Price;
- may incur a brokerage charge; and
- may not obtain sufficient buyers to complete a trade above the Offer Price of A\$1.95 per APDC Security (including because APDC Securities may be affected by reduced liquidity).

(e) **The tax consequences of the 360 Capital Offer may not be suitable to your financial position**

As set out in Appendix 1 of this Target's Statement, acceptance of the 360 Capital Offer by APDC Securityholders is likely to have tax implications.

You should carefully read and consider the taxation consequences of accepting the 360 Capital Offer. However, APDC Securityholders should not rely on the disclosure of taxation considerations in section 7 of the 360 Capital Bidder's Statement or in Appendix 1 of this Target's Statement as being advice on their own

¹⁰ The high closing price being A\$1.965, most recently on 15 September 2017.

affairs. The APDC Board encourages APDC Securityholders to consult with their own independent taxation advisers regarding the taxation implications of accepting the 360 Capital Offer given their own particular circumstances.

2. APDC DIRECTORS' RECOMMENDATION AND DIRECTORS' INTERESTS

2.1 Directors of APDC

As at the date of this Target's Statement, the directors of APDC are:

- Ian Fraser (Independent Non-Executive Chairman)
- Chris Breach (Independent Non-Executive Director)
- John Wright (Independent Non-Executive Director)
- Francina Turner (Executive Director, CEO and Company Secretary)

2.2 Directors' recommendation and intentions

After taking into account the matters in this Target's Statement and in the 360 Capital Bidder's Statement, each of your Directors recommends that you **ACCEPT** the 360 Capital Offer, in the absence of a superior proposal.

Since the 360 Capital Offer was announced, the APDC Securities have traded at prices higher than the Offer Price of A\$1.95 cash per APDC Security.¹¹ The Directors consider that this may be due to an expectation that there may be a superior proposal or offer to the 360 Capital Offer. However, to date no superior proposal has been made or announced.

The reasons for the Directors' recommendation are set out in section 1 of this Target's Statement.

Your Directors intend to accept the 360 Capital Offer for any APDC Securities they own or control, in the absence of a superior proposal.

In evaluating the 360 Capital Offer, your Directors encourage you to:

- (a) read the whole of this Target's Statement, together with the 360 Capital Bidder's Statement;
- (b) consider your alternatives as outlined in section 4 of this Target's Statement; and
- (c) if you are in any doubt as to what you should do, seek independent financial, legal, taxation or other professional advice.

2.3 Interests and dealings of Directors in APDC Securities

As at the date immediately before the date of this Target's Statement, the Directors had the following relevant interest in APDC Securities:

Director	Number of APDC Securities
Ian Fraser	50,000
Chris Breach	16,605
John Wright	50,000
Francina Turner	-

No Director has acquired or disposed of a relevant interest in any APDC Securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

2.4 Interests and dealings of Directors in 360 Capital Securities

As at the date immediately before the date of this Target's Statement, no Director had a relevant interest in any 360 Capital Securities.

No Director has acquired or disposed of a relevant interest in any 360 Capital Securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

¹¹ The high closing price being A\$1.965, most recently on 15 September 2017.

2.5 **Benefits and agreements**

(a) **Benefits to Directors**

No Director has been or will be given, as a result of the 360 Capital Offer, any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the Board, managerial office or related body corporate of APDC.

No Director has agreed to receive, or is entitled to receive, any benefit from 360 Capital which is related to or conditional on the 360 Capital Offer, other than in their capacity as a holder of APDC Securities.

(b) **Benefits in connection with retirement from office**

Section 6.2 of the Bidder's Statement states that if 360 Capital acquires all of the APDC Securities, the positions of APDC's current employees may become redundant, or its employees may be redeployed. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

As Executive Director, CEO and Company Secretary of APDC, Ms Francina Turner is an employee of APDC, with a fixed annual remuneration of A\$242,500 (inclusive of superannuation entitlements). Ms Turner's current employment agreement has no fixed term. In the event of the termination of her employment (which requires 3 months' notice to be given by APDC) and depending on the reason for the termination, amounts may be payable for unpaid accrued entitlements. If employment is terminated in circumstances of redundancy or without cause then Ms Turner will be entitled to a minimum amount of three months fixed remuneration. If APDC wishes to exercise its employment restraint rights it may do so for up to nine months of restraint for an additional payment of six months of fixed remuneration.

(c) **Agreements in connection with or conditional on the 360 Capital Offer**

No agreement has been made between any Director and any other person in connection with, or conditional upon, the outcome of the 360 Capital Offer, other than in their capacity as a holder of APDC Securities.

(d) **Interests in contracts with 360 Capital**

No Director has any direct interest in any contract entered into by 360 Capital.

3. FREQUENTLY ASKED QUESTIONS

You may have questions about the 360 Capital Offer. The following set of questions and answers is intended to assist in your understanding of the 360 Capital Offer. They are qualified by, and should be read in conjunction with, all other parts of this Target's Statement.

Question	Answer	Where to find additional information
<i>Who is making the 360 Capital Offer?</i>	<p>The 360 Capital Offer has been made by 360 Capital FM Limited as trustee for the 360 Capital Diversified Property Fund. 360 Capital FM Limited and the 360 Capital Diversified Property Fund are both wholly owned by the 360 Capital Group (ASX:TGP), an ASX listed property investment and funds management group comprising 360 Capital Group Limited and 360 Capital Investment Trust.</p> <p>Information in relation to 360 Capital Group can be obtained in section 5 of this Target's Statement and section 2 of the Bidder's Statement.</p>	Refer to section 5 of this Target's Statement and section 2 of the 360 Capital Bidder's Statement.
<i>What is 360 Capital offering for my APDC Securities?</i>	<p>The Offer Price is A\$1.95 cash per APDC Security.</p> <p>The 360 Capital Offer is unconditional.</p>	Refer to section 1 of this Target's Statement and section 1 of the 360 Capital Bidder's Statement.
<i>What is the Bidder's Statement?</i>	<p>The 360 Capital Bidder's Statement is the document prepared by 360 Capital which sets out the terms of the 360 Capital Offer, as required by the Corporations Act.</p> <p>360 Capital lodged the 360 Capital Bidder's Statement with ASIC and the ASX on 4 October 2017. The 360 Capital Bidder's Statement is being sent to APDC Securityholders together with this Target's Statement, with APDC's consent.</p>	
<i>What is this Target's Statement?</i>	<p>This Target's Statement is the formal response by the Board of APDC to the 360 Capital Offer, as required by the Corporations Act. This document has been prepared by APDC and contains important information to help you decide whether to accept the 360 Capital Offer.</p>	
<i>What choices do I have as an APDC Securityholder?</i>	<p>As an APDC Securityholder, you have the following choices in respect of your APDC Securities:</p> <ul style="list-style-type: none"> • accept the 360 Capital Offer; • sell all or part of your APDC Securities, for example, on the ASX (unless you have previously accepted the 360 Capital Offer); or • do nothing and retain your APDC Securities. <p>A summary of the implications of each of the above choices is set out in section 4 of this Target's Statement.</p> <p>You should seek independent legal, financial, taxation or other professional advice if you are in doubt as to what you should do in response to the 360 Capital Offer.</p>	Refer to section 4 of this Target's Statement.
<i>What are the Directors of APDC recommending?</i>	<p>Your Directors unanimously recommend that you ACCEPT the 360 Capital Offer, in the absence of a superior proposal.</p> <p>The reasons for your Directors' recommendation are set out in section 1 of this Target's Statement.</p>	Refer to section 1 of this Target's Statement.
<i>What do the Directors intend to do with their APDC Securities?</i>	<p>Your Directors intend to accept the 360 Capital Offer for any APDC Securities they own or control, in the absence of a superior proposal.</p> <p>The Directors' interests in APDC Securities are set out in section 2.3 of this Target's Statement.</p>	Refer to section 2.3 of this Target's Statement.
<i>Are there any reasons why I might not accept</i>	<p>Possible reasons for not accepting the 360 Capital Offer are set out in section 1.3 of this Target's Statement.</p>	Refer to section 1.3 of this Target's Statement.

Question	Answer	Where to find additional information
<i>the 360 Capital Offer?</i>		
<i>How do I accept the 360 Capital Offer?</i>	Instructions on how to accept the 360 Capital Offer are set out in section 9.3 of the Bidder's Statement.	Refer to section 9.3 of the 360 Capital Bidder's Statement.
<i>How do I reject the 360 Capital Offer?</i>	To reject the 360 Capital Offer, you do not need to do anything.	
<i>What are the consequences of accepting the 360 Capital Offer now?</i>	If you accept the 360 Capital Offer, your acceptance will prevent you from withdrawing your APDC Securities from the 360 Capital Offer or otherwise disposing of your APDC Securities.	Refer to section 9.5(a) of the 360 Capital Bidder's Statement.
<i>If I accept the 360 Capital Offer, can I withdraw my acceptance?</i>	No. If you have accepted the 360 Capital Offer, you cannot withdraw your acceptance.	Refer to section 9.5(a) of the 360 Capital Bidder's Statement.
<i>When does the 360 Capital Offer close?</i>	The 360 Capital Offer is currently scheduled to close at 7.00pm (Sydney time) on 6 November 2017, but the Offer Period can be extended by 360 Capital or may be automatically extended in certain circumstances, for instance if 360 Capital reaches voting power of more than 50% in APDC during the Offer Period.	Refer to section 9.2 of the 360 Capital Bidder's Statement.
<i>What happens if there is a superior proposal from a third party?</i>	<p>If there is a superior proposal from a third party, the Directors will reconsider their recommendation in relation to the 360 Capital Offer and advise APDC Securityholders accordingly.</p> <p>If you have already accepted the 360 Capital Offer at that time, you will not be able to withdraw your acceptance and accordingly will be unable to accept a superior proposal if one arises.</p>	Refer to section 4 of this Target's Statement and 9.5(a) of the 360 Capital Bidder's Statement.
<i>What happens if 360 Capital increases the Offer Price?</i>	<p>If you accept the 360 Capital Offer and 360 Capital subsequently increases the Offer Price, you will receive the increased consideration for your APDC Securities.</p> <p>However the increase in Offer Price will not be available to APDC Securityholders who have already sold their APDC Securities on the ASX.</p>	Refer to sections 4.1 and 4.2 of this Target's Statement and section 1 of the 360 Capital Bidder's Statement under "Can the Offer price be increased?".
<i>When will I receive the Offer Price if I accept the 360 Capital Offer?</i>	You will be paid the Offer Price on or before 7 Business Days after your acceptance of the 360 Capital Offer.	Refer to section 9.6(a) of the 360 Capital Bidder's Statement.
<i>What are the tax implications of accepting the 360 Capital Offer?</i>	<p>A general outline of the tax implications of accepting the 360 Capital Offer is set out in Appendix 1 of this Target's Statement and section 7 of the Bidder's Statement.</p> <p>As the outline is general in nature and not addressed to the personal circumstances of APDC Securityholders, you should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the 360 Capital Offer.</p>	Refer to Appendix 1 of this Target's Statement and section 7 of the 360 Capital Bidder's Statement.
<i>Can I be forced to sell my APDC Securities?</i>	You cannot be forced to sell your APDC Securities unless 360 Capital acquires a relevant interest in at least 90% of all APDC Securities, in which case 360 Capital will be entitled, and intends, to compulsorily acquire any APDC Securities it does not already own and you will receive the same consideration for your APDC Securities that you would have received under the 360 Capital Offer. However, you may not receive the consideration for your APDC Securities until a number of weeks later compared to accepting the 360 Capital Offer.	Refer to section 4.3 of this Target's Statement and section 6.2 of the 360 Capital Bidder's Statement.

Question	Answer	Where to find additional information
<i>Can I accept the 360 Capital Offer for only some of my APDC Securities?</i>	No. You cannot accept the 360 Capital Offer for only some of your APDC Securities. You may only accept the 360 Capital Offer for all of your APDC Securities.	Refer to section 9.1(a) and section 1 of the 360 Capital Bidder's Statement under "Can you accept the Offer for part of your holdings?".
<i>Can I sell my APDC Securities on market?</i>	You can sell all or some of your APDC Securities on market but not if you have accepted the 360 Capital Offer in respect of those APDC Securities. However, you will likely incur brokerage charges and, if you sell on market, will not be able to participate in any superior proposal for APDC securities if such a proposal is made or any increase in the Offer Price that may be made by 360 Capital.	Refer to sections 1.3(d) and 4.2 of this Target's Statement.
<i>Can 360 Capital vary the 360 Capital Offer?</i>	Yes. 360 Capital can vary the 360 Capital Offer by extending the Offer Period or increasing the Offer Price in accordance with the Corporations Act. However, 360 Capital has no obligation to do so.	Refer to section 9.8 of the 360 Capital Bidder's Statement.
<i>Can the 360 Capital Offer be withdrawn?</i>	360 Capital can only withdraw the 360 Capital Offer with the consent of ASIC.	Refer to section 9.7 of the 360 Capital Bidder's Statement.
<i>Will I need to pay brokerage if I accept the 360 Capital Offer?</i>	<p>If you accept the 360 Capital Offer, you will not be required to pay brokerage in respect of your APDC Securities if your APDC Securities are registered in an Issuer Sponsored Holding (your SRN starts with an 'I') in your name and you deliver them directly to 360 Capital.</p> <p>However, if your APDC Securities are registered in a CHESS Holding (your 'HIN' starts with an 'X'), or you are a beneficial owner whose Securities are registered in the name of a broker, bank, custodian or other nominee, you should ask your 'Controlling Participant' (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with your acceptance of the 360 Capital Offer.</p> <p>You may incur brokerage costs if you choose to sell your APDC Securities on the ASX.</p> <p>You should also not be liable for stamp duty in respect of the transfer of your APDC Securities to 360 Capital. 360 Capital has indicated in the 360 Capital Bidder's Statement that it will pay any stamp duty on the transfer of your APDC Securities to it.</p>	<p>Refer to section 9.3 of the 360 Capital Bidder's Statement.</p> <p>Refer to Australian Taxation Letter at Appendix 1 of this Target's Statement and section 9.9 of the 360 Capital Bidder's Statement.</p>
<i>How can I get updates on the APDC Security price?</i>	<p>It is likely that the market trading price of APDC Securities will vary during the Offer Period.</p> <p>You can check the market price for all ASX listed securities by visiting www.asx.com.au. The ticker for APDC Securities on the ASX is AJD.</p>	Refer to section 4.2 of this Target's Statement.
<i>Is there a number I can call if I have further queries?</i>	If you have any further questions about information contained in this Target's Statement, please contact Link Market Services on +61 1300 554 474.	

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4. YOUR CHOICES AS AN APDC SECURITYHOLDER

Under the 360 Capital Offer, 360 Capital is offering A\$1.95 cash per APDC Security.

Your Directors unanimously recommend that you **ACCEPT** the 360 Capital Offer subject to there being no superior proposal in relation to APDC. As at the date of this Target's Statement, no superior proposal capable of acceptance has been received by APDC.

As an APDC Securityholder, you have several choices available to you. You are encouraged to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your APDC Securities.

4.1 Accept the 360 Capital Offer

You may choose to accept the 360 Capital Offer. Details of how to accept the 360 Capital Offer are set out in section 9 of the 360 Capital Bidder's Statement.

You should note that:

- (a) if you accept the 360 Capital Offer, you will not be able to sell your APDC Securities to anyone else or accept any superior proposal capable of acceptance by APDC Securityholders that may emerge or otherwise deal with your APDC Securities;
- (b) if you accept the 360 Capital Offer and 360 Capital subsequently increases the Offer Price, you will be entitled to the benefit of that increased consideration for your APDC Securities; and
- (c) 360 Capital has stated in its Bidder's Statement that it may withhold 12.5% of your Offer Price under the non-resident CGT withholding tax rules if you are a 'relevant foreign resident' and you do not provide 360 Capital with a signed Relevant Foreign Resident Declaration Form (see section 7.4 of the Bidder's Statement). If you receive a Relevant Foreign Resident Declaration Form and believe that these rules should not apply to you, you should return the signed declaration form with your acceptance form (see section 4 of the Australian Taxation Letter at Appendix 1 for further details).

You may also be liable to pay tax on acceptance of the 360 Capital Offer. See Appendix 1 of this Target's Statement, which sets out a general outline of the key Australian taxation implications for APDC Securityholders from accepting the 360 Capital Offer.

If you wish to accept the 360 Capital Offer and you intend to send your acceptance by post, you should allow for sufficient time for your signed acceptance to be delivered to 360 Capital in time, before the 360 Capital Offer closes.

4.2 Sell your APDC Securities on the ASX

You remain free to sell your APDC Securities on the ASX, provided you have not already accepted the 360 Capital Offer.

On 3 October 2017 (the last practicable date prior to the finalisation of this Target's Statement), the closing security price for APDC Securities on the ASX was A\$1.95. The APDC Board also notes that, since the 360 Capital Offer was announced the APDC Securities have traded at prices higher than the Offer Price of A\$1.95 cash per APDC Security.¹² The Directors consider that this may be due to an expectation that there may be a superior proposal or offer to the 360 Capital Offer. However, to date no superior proposal has been made or announced. The latest price for APDC Securities may be obtained from the ASX website at www.asx.com.au. The ticker for APDC Securities on the ASX is AJD.

If you sell your APDC Securities on the ASX, you:

- will lose the ability to accept the 360 Capital Offer and will not be entitled to receive any increased consideration for the APDC Securities you have sold, if the Offer Price is increased by 360 Capital;
- will not be able to accept any other offers for your APDC Securities;
- may receive more or less for the APDC Securities you have sold than the Offer Price;

¹² The high closing price being A\$1.965, most recently on 15 September 2017.

- may incur a brokerage charge; and
- may not obtain sufficient buyers to complete a trade above the Offer Price of A\$1.95 per APDC Security (including because APDC Securities may be affected by reduced liquidity).

If you wish to sell your APDC Securities on the ASX you should contact your broker for information on how to effect that sale. You may also be liable to pay tax as a result of selling your APDC Securities on market.

4.3 **Do nothing and retain your APDC Securities**

If you do not wish to accept the 360 Capital Offer and want to retain your APDC Securities, you should simply do nothing. However, you should note that:

- if 360 Capital becomes the holder of a relevant interest in at least 90% of all APDC Securities on issue during or at the end of the Offer Period, 360 Capital intends to proceed with compulsory acquisition of the outstanding APDC Securities in accordance with the provisions of Part 6A.1 of the Corporations Act and arrange for APDC to be removed from the official list of the ASX. Refer to section 6.2 of the Bidder's Statement for details on compulsory acquisition;
- if 360 Capital acquires at least 50.1% of all APDC Securities but does not become entitled to compulsorily acquire your APDC Securities, you will be exposed to the risks of being an APDC Securityholder where 360 Capital has control of APDC (by owning at least 50.1% of APDC Securities). See section 1.2(g) of this Target's Statement which describes certain risks in not accepting the 360 Capital Offer including the potential consequences of 360 Capital having control of APDC; and
- if 360 Capital acquires a sufficiently high percentage of APDC Securities in the year ending 30 June 2018, there is a risk that APDC Trust may not qualify as a "Managed Investment Trust" under the tax rules for the entire year and certain concessions enjoyed by the APDC Trust and APDC Securityholders will no longer be applicable after the June 2017 Distribution (see section 5 of the Australian Taxation Letter at Appendix 1).

4.4 **Alternatives to the 360 Capital Offer**

As at the date of this Target's Statement, APDC has not received any superior proposal to the 360 Capital Offer capable of acceptance by APDC Securityholders.

Since the close of the NEXTDC Offer on 15 September 2017, no offer capable of acceptance by APDC Securityholders has been made by NEXTDC and NEXTDC has not announced any improved proposal or offer. The Board also notes that there are no other discussions underway that the Board believes are likely to lead to any superior proposal being made.

5. **INFORMATION RELATING TO 360 CAPITAL**

The bidder under the 360 Capital Offer is 360 Capital FM Limited as trustee for the 360 Capital Diversified Property Fund. 360 Capital FM Limited and 360 Capital Diversified Property Fund are both wholly owned by 360 Capital Group, which is listed on the ASX (ASX:TGP).

The 360 Capital Bidder's Statement includes further information about 360 Capital, 360 Capital Group and the 360 Capital Offer.

In particular, the following information can be found in the 360 Capital Bidder's Statement:

Information	Section of the 360 Capital Bidder's Statement
Information on 360 Capital	Section 2
Sources of consideration for the 360 Capital Offer	Section 5
360 Capital's intentions in relation to APDC	Section 6
Terms of the 360 Capital Offer	Section 9

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6. INFORMATION RELATING TO APDC

6.1 Overview

APDC is a special purpose real estate investment trust (**REIT**) which commenced trading on the ASX on 9 January 2013 (ASX:AJD) to own data centre properties. APDC has the objective of providing investors with stable income and the potential for capital growth. Its head office is in Sydney and it owns properties in Sydney, Melbourne and Perth.

As at 3 October 2017, APDC had a market capitalisation of A\$224.3 million (based on a closing price of A\$1.95).

6.2 FY2017 financial information

As noted in section 1.1(c), on 25 August 2017 APDC announced its FY2017 Financial Results and released the FY2017 Appendix 4E and annual financial report.

The FY2017 Financial Results and the FY2017 Appendix 4E and annual report may be obtained free of charge from APDC's website at www.asiapacificdc.com or by contacting Link Market Services on +61 1300 554 474.

6.3 Objectives

APDC's objective is to provide investors with stable income sourced from rental income earned from its data centres and the potential for capital growth. In order to achieve this objective, APDC owns a geographically diverse portfolio of data centres in three Australian capital cities. APDC's data centre investment properties comprise the land and buildings. This includes essential building service improvements but excludes the tenant's fit out such as the plant and equipment and specialised data hall or data centre technical improvements.

The land and buildings in the current portfolio are leased on long-term triple-net terms to NEXTDC, pursuant to which all maintenance, taxes, insurance and outgoings are paid by NEXTDC as the tenant. The leases provide for upwards only annual CPI rental increases and market reviews in every fifth year, not exceeding 110% of the preceding year's rent.

6.4 Overview of APDC since listing on the ASX

APDC was 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. APDC intended to further invest in data centre assets in the Asia Pacific region, and in particular data centre assets developed and operated by NEXTDC.

Following the expiry of the alliance period with NEXTDC on 21 December 2015, the Board of APDC has been actively investigating acquisition opportunities with other data centre operators.

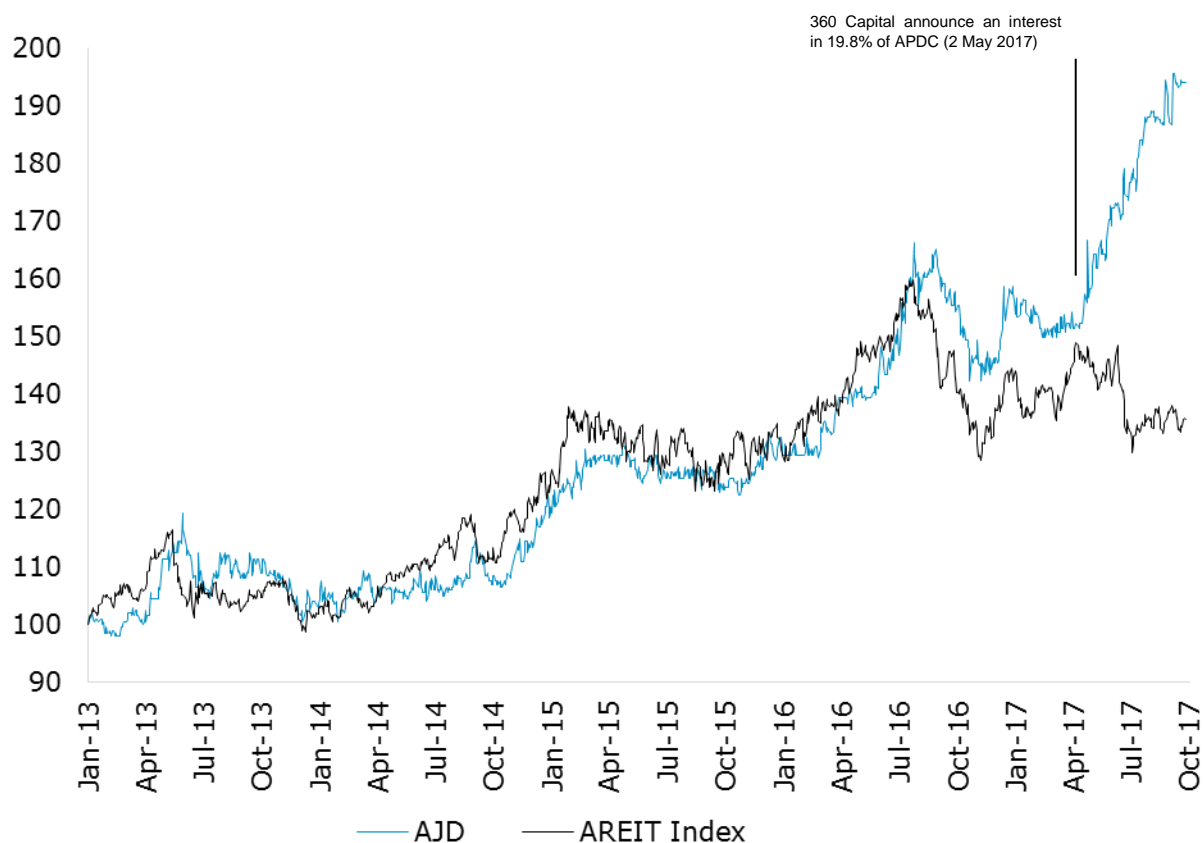
Over the last 20 months, the Board of APDC has investigated the opportunity to purchase 10 data centres in Australia, and made indicative offers on six assets. These offers did not proceed for a number of reasons, including valuation, due diligence issues and vendor withdrawal of the sale asset.

APDC has seen consistent increases in the value of its portfolio. This has been achieved on the back of the increased demand for institutional grade commercial assets.

As illustrated by the chart below, since IPO, and prior to 360 Capital announcing its acquisition of a 19.8% stake in APDC, APDC had outperformed the ASX/S&P 200 A-REIT Index by 6.38%, and delivered a total securityholder return of 18% per annum.

There has been significant corporate activity surrounding APDC over the last five months. The key events which have occurred in this time are set out in section 1.1 of this Target's Statement.

APDC Security price performance (January 2013 to present)¹



1. **Note:** As at 3 October 2017. Adjusted to reflect that APDC Securities traded on a partly paid basis until 2 May 2013. All figures have been rebased to 100. Trading data obtained from Bloomberg.

6.5 Portfolio overview

APDC's portfolio was independently valued at A\$212.8 million as at 30 June 2017, up from A\$187 million at 30 June 2016, and:

- is diversified across three properties located in major metropolitan areas of Sydney, Melbourne and Perth;
- has been 100% leased since listing; and
- is leased to the sole tenant, NEXTDC, on triple net leases.

Refer to section 6.6 for detail of the revised valuation of S1, APDC's Sydney property, announced by APDC on 25 August 2017.

Portfolio Metrics

Key portfolio metrics	As at 30 June 2017
Number of assets	3
Portfolio value (\$m)	212.8
Weighted average cap rate	6.47%
Gross lettable area (m ²)	46,893
Proportion leased	100%
WALE (years)	10.83

Property details

Property	M1, Melbourne, VIC	S1, Sydney, NSW	P1, Perth, WA	Portfolio
	826-846 Lorimer Street, Port Melbourne	4 Eden Park Drive, Macquarie Park	10 Malaga Drive, Malaga	
Independent value (\$m)	80.0	95.3	37.5	212.8
Last independent value date	Jun-17	Jun-17	Jun-17	-
Cap rate (%)	6.25	6.25	7.50	6.47
Gross lettable area (m ²)	17,354	19,984	9,555	46,893
Proportion leased	100%	100%	100%	100%
WALE (years)	10.47	10.87	11.41	10.83

6.6 Property revaluations

APDC's portfolio of three properties was independently revalued by Jones Lang LaSalle as at 30 June 2017. This resulted in a A\$25.8 million increase in value of APDC's portfolio to A\$212.8 million. The increase in values was driven by general firming of yields in Sydney, Melbourne and Perth markets for institutional grade commercial assets.

The current valuation of the portfolio represents an approximate 54% increase in valuation relative to acquisition cost.

Property	Prior independent valuation (\$m)	New independent valuation (\$m)	Change	Prior cap rate (%)	New cap rate (%)
M1, Melbourne	72.0	80.0	11.11%	6.75	6.25
S1, Sydney	80.0	95.3	19.13%	6.75	6.25
P1, Perth	35.0	37.5	7.14%	7.75	7.50
Portfolio	187.0	212.8	13.80%	6.94	6.47

S1 Rent Review and Revised Valuation

The determining valuer assessed the market rental for S1 at \$6,095,000 per annum (\$305 per m2 per annum), representing an increase of \$445,000 per annum (7.87%) from the previous annual rental.

This increase will become effective from 21 December 2017 and continue to apply unless revised under CPI adjustments or market rent reviews in future.

Following this determination, the Board of APDC commissioned Jones Lang LaSalle to apply the market rental to the valuation of S1. As a result, S1's fair value as at 30 June 2017 is \$95,300,000 based on an independent valuation.

6.7 Board and Management

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 10 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 Councillor of the QIMR Berghofer Medical Research Institute. He retired from the Board of Wilson HTM Investment Group Ltd in 2013 after 7 years as a director and 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 Chartered Accountants Australia and New Zealand and a Fellow of the Australian Institute of Company Directors.

Ms Francina Turner (Executive Director, CEO and Company Secretary)

Ms Francina Turner is a senior executive with over 20 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 A\$1bn of funds under management.

Ms Turner started her career at Macquarie Group Limited where she worked for 13 years in various real estate divisions and funds, including as General Manager of Macquarie Leisure Trust (now Ardent Leisure Group). Following this, Ms Turner held management roles in group-level risk functions at Lend Lease Corporation and Stockland Group before joining the Group.

Ms Turner holds a Bachelor of Commerce (Marketing & Hospitality Management) from University of New South Wales and a Graduate Diploma in Applied Finance from Securities Institute of Australia. Ms Turner is a Fellow of the Royal Institution of Chartered Surveyors. Ms Turner was previously a director of Youth Hostels of Australia (NSW) Limited and Omni Leisure Operations Limited, and Responsible Officer of Macquarie Leisure Management Limited. She has held the role of CEO since November 2012.

Mr Christopher Breach (Independent Non-Executive Director)

Mr Christopher Breach has over 40 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 20 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 Polytechnic and a Diploma in Financial Markets from the Securities Institute of Australia. He is a Fellow of the Royal Institution of Chartered Surveyors and a Fellow of the Australian Institute of Company Directors. Mr Breach was the Chairman of Charities Aid Foundation from 1999 to 2009, and was also previously a director of Sydney Community Foundation.

Mr Breach is also a non-executive director of the Indigenous Real Estate Investment Trust which is an initiative of Indigenous Business Australia, to provide wholesale Indigenous investors the opportunity to invest in partnership with other Indigenous groups in an actively managed property fund.

Mr John Wright (Independent Non-Executive Director)

Mr John Wright has over 40 years' experience in accounting 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 where he was responsible for the integration of the Macquarie real estate platform with Charter Hall.

Mr Wright was an 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.

6.8 **Distribution guidance – September 2017 Distribution**

In the last five months, APDC has been involved in corporate activity and has incurred significant expenses that would not otherwise arise under normal trading conditions. These expenses include fees and expenses associated with considering and responding to the RE Replacement Meeting and the various proposals given to APDC before and during the course of the Third Party Engagement Process, preparing and arranging the distribution of the target's statement and first supplementary target's statement in relation to the NEXTDC Offer, preparing and distributing this Target's Statement and engaging the Independent Expert.

Expenses incurred to the date of this Target's Statement are approximately A\$1,861,000. APDC will incur additional expenses of this nature, with the quantum of these expenses dependent on a variety of factors, including whether a change of control of APDC occurs. If a change of control of APDC occurs, a fee of approximately A\$ 1,540,000 will be payable to APDC's financial adviser.

It is a term of the 360 Capital Offer that the Offer Price will reduce by the amount of any distribution made by APDC to APDC Securityholders for the September 2017 quarter (**September 2017 Distribution**) (or any other distribution subsequent to the June 2017 quarterly distribution).

As announced to ASX on 25 September 2017, given the significant expenses incurred and to be incurred in relation to the corporate activity discussed above, the Board has carefully considered APDC's circumstances and has decided that no September 2017 Distribution will be made. Similar considerations will apply to APDC distributions in subsequent quarters if corporate activity is ongoing at that time.

6.9 **NEXTDC and 360 Capital proposals to nominate directors for election at AGM**

Each of NEXTDC and 360 Capital has advised of its intention to put forward two nominees for election as directors of APDC Holdings at APDC Holdings' next AGM. 360 Capital has indicated that it intends to make this nomination if NEXTDC nominates two directors to the APDC Holdings Board. As announced to ASX on 27 September 2017, APDC Holdings' 2017 AGM is expected to be held on 23 November 2017.

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7. RISK FACTORS

In considering this Target's Statement and the 360 Capital Offer, APDC Securityholders should be aware that there are a number of risks which may affect the future operating and financial performance of APDC. Some of the risks can be adequately mitigated, however many are beyond the control of APDC and its Directors and therefore may not be able to be mitigated. The principal risks you should consider when deciding whether to maintain your investment in APDC include the following matters set out below.

A comprehensive list of risks to which an APDC Securityholder may be exposed is set out in the product disclosure statement of APDC dated 3 December 2012, available on www.asiapacificdc.com.

7.1 Risks relating to APDC

As a holder of APDC Securities, you are already exposed to certain general risks associated with your investment in APDC, including the following:

- (a) **(Tenant risk)** An investment in APDC is directly linked to the rental payments of NEXTDC who is the sole tenant in APDC's property portfolio as well as a 29.2% holder of APDC Securities. NEXTDC's ability to pay rent is subject to a number of risks, including NEXTDC's financial position and performance, dependence on data centre infrastructure and technology and demand for data storage services. NEXTDC stated in its FY17 results announcement on 31 August 2017 that it had cash and term deposits of \$368.3 million at 30 June 2017 and senior secured debt facilities which were increased from \$100 million to \$300 million that are undrawn.
- (b) **(Market risk)** As a REIT, APDC is exposed to fundamental risks in the real estate market. This can be affected by many factors external to APDC, including changes in national and local economic and market conditions, inflation (which is taken into account in the determination of applicable rent), changes in interest rates and the availability and/or terms of debt financing and changes in governmental laws and regulations.
- (c) **(Industry and technology risk)** APDC's properties are all freehold property developed as data centres, and as such, APDC's performance depends in part on the demand for data centres in Australia. As highly specialised facilities containing extensive electrical and mechanical systems that are uniquely designed to house and maintain customers' equipment, most data centres are not suited for use by customers for other purposes without major renovation and expenditure. Furthermore, the industries in which data centre operators and their customers operate are also characterised by rapidly changing technology. Such rapid changes in technology may cause APDC's data centre infrastructure to become obsolete without APDC being able to efficiently upgrade or change fitted infrastructure without incurring substantial expense that may not be able to be passed on to its customers. This may negatively impact the ability of (i) APDC to attract data centre operators, and (ii) data centre operators to attract and retain customers, and either impact may have a material effect on the business of APDC.
- (d) **(Payment of forecast distributions)** APDC's ability to pay distributions are subject to the financial circumstances of APDC, which in turn are subject to various risks as described in this section. See also section 6.8 of this Target's Statement in relation to the September 2017 Distribution.
- (e) **(Utilities risk)** APDC and its tenants rely on third parties for the supply of utilities to its data centres (including electricity and water). Such supply is critical as it is directly linked to the ability of tenants 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 may be required in the utilisation of the data centres. This risk is not within APDC's control as NEXTDC, in its capacity as tenant of S1, P1 and M1, takes responsibility for the supply of utilities under its agreements with APDC.
- (f) **(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.
- (g) **(Environmental risk)** As with any property there is a risk that one of the properties may fail to comply with applicable environmental laws or regulations. 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 primarily liable for such non-compliance. In addition, environmental laws impose penalties for environmental damage and contamination which can be material in size.
- (h) **(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 on an investment in APDC. 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.

- (i) **(Financial leverage)** APDC Trust currently has a five year facility in place with Bankwest (a division of Commonwealth Bank of Australia) (**Bankwest**) to provide the Group with up to A\$29 million of asset-secured debt funding (**Debt Facility**). The Debt Facility matures on 28 November 2018. The Debt Facility is provided at market interest rates for a five year term, and is secured by a mortgage over the S1 Sydney data centre asset. At 30 June 2017, A\$25 million of the facility was drawn (**Core Debt**). APDC Trust renegotiated the interest rate margin on its Debt Facility with Bankwest. The margin has reduced from 2.15% per annum to 1.50% per annum effective from 6 July 2015.

APDC's net income is susceptible to changes in the applicable interest rate or margin as agreed with Bankwest or other financiers that APDC may borrow from in the future. Currently, as part of managing this risk, APDC Trust has a swap agreement with Bankwest to fix the floating interest rate component over A\$12.5 million of the drawn amount for five years. The effective cost of the Core Debt (loan interest, margin and swap interest) is 4.41% per annum as at 30 June 2017.

As disclosed in the APDC EM dated 13 July 2017, APDC has entered into preliminary discussions with Bankwest to refinance the Debt Facility. Due to recent and current corporate activity, APDC has not made any commitment to the refinance of the Debt Facility with Bankwest or any other lender. If no change of control occurs under the 360 Capital Offer then APDC will consider options for refinance of the Debt Facility, noting that it matures on 28 November 2018.

7.2 Other specific risks in relation to APDC in light of the 360 Capital Offer

- (a) **(Control by 360 Capital)** The 360 Capital Offer is unconditional. Therefore it is possible that:
- (i) 360 Capital acquires more than 50% of the APDC Securities, but does not acquire all of the APDC Securities on issue. In this circumstance 360 Capital will effectively control APDC, and have significant influence over the direction of APDC's business and section 6.3 of the Bidder's Statement sets out 360 Capital's intentions for APDC in this context. Among other things, 360 Capital has stated that it will consider the board composition of APDC Holdings and APDC Limited and whether any changes are appropriate at the end of the offer period under the 360 Capital Offer, having regard to the size of its stake and other circumstances applicable at that time. APDC Securityholders should also note that, as stated in section 6.9 of this Target's Statement, each of NEXTDC and 360 Capital has also proposed that it wishes to nominate two directors for election at APDC Holdings' next AGM. 360 Capital has indicated that it intends to make this nomination if NEXTDC nominates two directors to the APDC Holdings Board. The composition of the APDC Board will depend on the outcome of the 360 Capital Offer and the resolutions considered at APDC Holdings' next AGM, expected to be held on 23 November 2017.
- (ii) 360 Capital may also seek to exercise significant influence with a holding of less than 50% of APDC Securities. See also section 1.2(g) of this Target's Statement, which sets out other potential risks of remaining an APDC Securityholder, for example in the circumstance where 360 Capital is in a position to cast the majority of votes at a general meeting of APDC Securityholders.

Changes to the business of APDC which are initiated or influenced by 360 Capital may result in the trading price of APDC Securities being significantly different from the current trading price of APDC Securities or the Offer Price.

- (b) **(Liquidity risk)** If 360 Capital acquires some but not all of the APDC Securities under the 360 Capital Offer, the number of APDC Securities publicly traded on the ASX could be significantly reduced. In addition, under item 9 of section 611 of the Corporations Act, 360 Capital is entitled to acquire up to an additional 3% interest in APDC every six months without needing to make a further takeover offer.

In light of these factors, there is a risk to APDC Securityholders who do not accept the 360 Capital Offer if 360 Capital obtains control of APDC (by owning at least 50.1% of APDC Securities) and APDC Securities have reduced liquidity (which may also be the case even where 360 Capital's interest in APDC Securities is less than 50.1%). APDC Securityholders should note that there may be an increased risk of reduced liquidity in APDC Securities as NEXTDC also currently holds 29.2% of the issued APDC Securities (as announced to ASX by NEXTDC on 18 September 2017). This reduced liquidity may result in downward pressure on the trading price of APDC Securities and make it more difficult for APDC Securityholders to sell their APDC Securities.

- (c) **(MIT status of APDC Trust)** If 360 Capital acquires a sufficiently high percentage of APDC Securities in the year ended 30 June 2018, there is a risk that APDC Trust may not qualify as a "Managed Investment Trust" under the tax rules for the year ending 30 June 2018 and later years. As a result, APDC Trust may not have access to the same tax concessions as currently available to APDC Trust and this may have an

adverse effect on the tax treatment of APDC Trust, its distributions going forward and on the trading price of APDC Securities (see section 5 of the Australian Taxation Letter at Appendix 1).

8. ADDITIONAL INFORMATION

8.1 Issued capital

As at the date of this Target's Statement, the issued securities in APDC comprise:

- 115,000,100 fully paid ordinary shares in APDC Holdings; and
- 115,000,100 fully paid ordinary units in APDC Trust.

Each fully paid ordinary share in APDC Holdings is stapled to one fully paid ordinary unit in the APDC Trust, together forming an APDC Security. APDC Securities trade on the ASX under the ticker AJD.

8.2 Substantial holders

As at the date of this Target's Statement, based on the substantial securityholder notices provided to APDC and recent ASX announcements, the substantial securityholders of APDC are set out in the table below:

Substantial securityholder	Number of APDC Securities	Relevant Interest
NEXTDC Limited ¹³	33,469,852	29.20%
360 Capital Group ¹⁴	24,181,476	21.03%
Morgan Stanley and its subsidiaries ¹⁵	7,140,518	6.21%
Mitsubishi UFJ Financial Group, Inc. ¹⁶	7,140,518	6.21%

8.3 Material litigation

APDC is not involved in any litigation or dispute which is material in the context of APDC and its subsidiaries taken as a whole.

8.4 Impact of 360 Capital's intentions on material contracts

360 Capital's intentions in respect of the 360 Capital Offer will have certain consequences in respect of existing arrangements between APDC and third parties. The impact on those arrangements is set out below.

(a) No change of responsible entity

If 360 Capital acquires voting power in more than 50% of APDC, it will have the power to replace the responsible entity of the APDC Trust. 360 Capital has not stated in its Bidder's Statement that it will replace APDC Limited as trustee of the APDC Trust. Rather, 360 Capital has indicated that if it acquires a relevant interest in at least 90% of APDC Securities it intends to retain APDC Limited as trustee of the APDC Trust pending the outcome of a broader structure review, and if it acquires a relevant interest in more than 50% of APDC pursuant to the 360 Capital Offer it will consider the board composition of APDC Holdings and APDC Limited having regard to the size of its stake in APDC. APDC Securityholders should also note that, as stated in section 6.9 of this Target's Statement, each of NEXTDC and 360 Capital has also proposed that it wishes to nominate two directors for election at APDC Holdings' next AGM. 360 Capital has indicated that it intends to make this nomination if NEXTDC nominates two directors to the APDC Holdings Board. The composition of the APDC Board will depend on the outcome of the 360 Capital Offer and the resolutions considered at APDC Holdings' next AGM, expected to be held on 23 November 2017.

¹³ Based on the voting power disclosed by NEXTDC in its ASX announcement dated 18 September 2017.

¹⁴ As described in the Bidder's Statement lodged on 4 October 2017.

¹⁵ Based on the substantial holding notice lodged with the ASX on 26 September 2017.

¹⁶ Based on the substantial holding notice lodged with the ASX on 26 September 2017.

(b) **Change of control of APDC**

If 360 Capital acquires voting power in more than 50% of APDC, a "change of control" (as defined in section 50AA of the Corporations Act) occurs in respect of APDC Trust, APDC Limited and APDC Holdings. This constitutes a default under the Debt Facility and the interest rate swap described in section 7.1(i) of this Target's Statement with similar consequences as described in paragraph 8.4(a) above. Bankwest has consented to, and has waived its rights in connection with any default arising under the Debt Facility and the interest rate swap in respect of, the potential change of control as a result of the 360 Capital Offer.

(c) **Delisting of APDC**

In section 6.2 of the 360 Capital Bidder's Statement, 360 Capital has indicated that if it acquires 90% or more of APDC Securities it intends to arrange for APDC to be removed from the official list of the ASX. In this circumstance a default occurs under the Debt Facility and the interest rate swap described in section 7.1(i) of this Target's Statement with similar consequences as described in paragraph 8.4(a) above. Bankwest has consented to, and has waived its rights in connection with any default arising under the Debt Facility and the interest rate swap in respect of, the delisting taking place as a result of the 360 Capital Offer.

8.5 Latest financial results and financial position

On 25 August 2017 APDC announced its FY2017 Financial Results and released the FY2017 Appendix 4E and annual financial report. The relevant APDC disclosures are available on APDC's website at www.asiapacificdc.com and on the ASX website at www.asx.com.au.

8.6 Bankwest Facility

As disclosed in the APDC EM dated 13 July 2017, APDC has entered into preliminary discussions with Bankwest to refinance the Debt Facility. Due to recent and current corporate activity, APDC has not made any commitment to the refinance of the Debt Facility with Bankwest or any other lender. If no change of control occurs under the 360 Capital Offer then APDC will consider options for refinance of the Debt Facility, noting that it matures on 28 November 2018.

8.7 Consent to be named

Fort Street Advisers has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as APDC's financial advisers in the form and context in which it is named.

Ashurst Australia has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as the Australian legal and tax adviser to APDC.

BDO Corporate Finance (East Coast) Pty Ltd has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as the Independent Expert engaged by APDC to prepare the Independent Expert's Report in relation to the NEXTDC Offer.

Jones Lang LaSalle Advisory Services Pty Ltd has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to the inclusion of the statements based on its independent valuations (as announced on ASX on 26 June 2017 and 25 August 2017), in the form and context in which the statements are included.

8.8 Consent to inclusion of a statement

Each person named in section 8.7 as having given its consent to the inclusion of a statement or being named in this Target's Statement:

- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than those statements which have been included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and any statements or report which have been included in this Target's Statement with the consent of that party.

ASIC has published various Class Orders and legislative instruments that modify, or exempt parties from compliance with the operation of various provisions of Chapter 6 of the Corporations Act. APDC has relied on that ASIC Class Order and legislative instrument relief.

As permitted by ASIC Class Order 13/521 this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to the ASX. Pursuant to this ASIC Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Target's Statement.

Any APDC Securityholder who would like to receive a copy of any of those documents may obtain a copy free of charge during the Offer Period by contacting Link Market Services on +61 1300 554 474.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- which fairly represents what purports to be a statement by an official person; or
- which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

Pursuant to this ASIC Instrument, the consent of such persons to whom statements or documents are attributed is not required for the inclusion of those statements in this Target's Statement.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains security price trading data sourced from Bloomberg without its consent.

8.9 Continuous disclosure

APDC is a disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules.

Copies of documents filed with the ASX may be obtained from the ASX website at www.asx.com.au and for announcements made by APDC, APDC's website at www.asiapacificdc.com.

Copies of documents lodged with ASIC in relation to APDC may be obtained from, or inspected at, an ASIC office.

APDC Securityholders may obtain a copy of:

- APDC's annual report;
- the APDC Holdings constitution;
- the APDC Trust constitution; and
- any document lodged by APDC with the ASX,

free of charge upon request by contacting Link Market Services on +61 1300 554 474 or from the ASX website at www.asx.com.au. APDC's annual report and this Target's Statement are also available on APDC's website at www.asiapacificdc.com.

8.10 No other material information

This Target's Statement is required to include all the information that APDC Securityholders and their professional advisers would reasonably require to make an informed assessment whether to accept the 360 Capital Offer, but:

- only to the extent to which it is reasonable for APDC Securityholders and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any APDC Director.

The Directors are of the opinion that the information that APDC Securityholders and their professional advisers would reasonably require to make an informed assessment whether to accept the 360 Capital Offer is:

- the information contained in the 360 Capital Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in APDC's releases to the ASX, and in the documents lodged by APDC with ASIC, before the date of this Target's Statement; and

- the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the 360 Capital Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the 360 Capital Bidder's Statement and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the APDC Securities;
- the matters that APDC Securityholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to APDC Securityholders' professional advisers; and
- the time available to APDC to prepare this Target's Statement.

9. **GLOSSARY AND INTERPRETATION**

9.1 **Definitions**

360 Capital means 360 Capital FM Limited in its capacity as trustee of 360 Capital Diversified Property Fund ABN 12 410 887 925.

360 Capital Bidder's Statement or **Bidder's Statement** means the replacement bidder's statement received by APDC from 360 Capital under Part 6.5 of the Corporations Act on 4 October 2017, which replaced the original bidder's statement received by APDC on 26 September 2017.

360 Capital FM Limited means 360 Capital FM Limited ACN 090 664 396.

360 Capital Group means 360 Capital Group (ASX:TGP), being the 'stapled group' comprising 360 Capital Group Limited and 360 Capital Investment Trust (the responsible entity for which is 360 Capital FM Limited) whose shares and units are stapled together.

360 Capital Group Limited means 360 Capital Group Limited ACN 113 569 136.

360 Capital Investment Trust means 360 Capital Investment Trust ARSN 104 552 598.

360 Capital Proposal means the conditional proposal by 360 Capital to acquire all APDC Securities at A\$1.80 cash per APDC Security, as provided to APDC on 25 July 2017.

360 Capital Offer or **Offer** means the offer by 360 Capital for APDC Securities, which is contained in section 9 of the Bidder's Statement.

360 Capital Security means a stapled security comprising one fully paid unit in the 360 Capital Investment Trust and one fully paid ordinary share in the issued capital of 360 Capital Group Limited.

APDC means Asia Pacific Data Centre Group, being the 'stapled group' comprising APDC Holdings and APDC Trust (the responsible entity for which is APDC Limited) whose shares and units are stapled together.

APDC EM means the explanatory memorandum dated 13 July 2017 issued by APDC in response to the notice of meeting dated 28 June 2017 under which the RE Replacement Meeting was convened.

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

APDC Holdings Board means the board of directors of APDC Holdings.

APDC Limited means Asia Pacific Data Centre Limited ACN 159 624 585.

APDC Limited Board means the board of directors of APDC Limited.

APDC Security means a stapled security comprising one fully paid unit in the APDC Trust and one fully paid ordinary share in the issued capital of APDC Holdings.

APDC Securityholder means a holder of APDC Securities.

APDC Trust means Asia Pacific Data Centre Trust ARSN 161 049 556.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.

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

Bankwest means Bankwest (a division of Commonwealth Bank of Australia).

Board means the board of directors of APDC.

Business Day means a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday.

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

CPI means the consumer price index published by the Australian Statistician for All Groups weighted average of 8 capital cities or the index that replaces it.

CGT means capital gains tax.

Debt Facility means the five year facility with Bankwest to provide APDC with up to A\$29 million of asset-secured debt funding, maturing on 28 November 2018 and secured by a mortgage over S1.

Directors means the current directors of APDC.

FY2017 Financial Results means the full year financial results announced by APDC on 25 August 2017 for FY2017.

FY2017 means the financial year ended 30 June 2017.

FY2018 means the financial year ending 30 June 2018.

Jones Lang LaSalle means Jones Lang LaSalle Advisory Services Pty Ltd.

June 2017 Distribution means the A\$0.0243 per APDC Security distribution announced by APDC on 26 June 2017 (payable 28 August 2017).

Independent Expert means BDO Corporate Finance (East Coast) Pty Ltd.

Independent Expert's Report means the report prepared by the Independent Expert dated 25 August 2017 in relation to the NEXTDC Offer.

M1 means the data centre facility owned by APDC located at 826-846 Lorimer Street, Port Melbourne, Victoria 3207.

NEXTDC means NEXTDC Limited ACN 143 582 521.

NEXTDC Offer means the (now lapsed) off-market unconditional takeover offer by NEXTDC to acquire all of the APDC Securities for A\$1.87 cash per APDC Security, which lapsed at 7.00pm (Sydney time) on Friday, 15 September 2017.

Offer Period means the period during which the 360 Capital Offer will remain open for acceptance in accordance with section 9.2 of the Bidder's Statement.

Offer Price means the consideration offered under the 360 Capital Offer, being A\$1.95 cash per APDC Security as at the date of this Target's Statement.

P1 means the data centre facility owned by APDC located at 101 Malaga Drive, Malaga, Western Australia, 6090.

RE Replacement Meeting means the meeting of the members of APDC Trust called by 360 Capital on 28 June 2017 to consider resolutions to remove APDC Limited and appoint 360 Capital FM Limited as responsible entity of APDC Trust.

REIT means real estate investment trust.

S1 means the data centre facility owned by APDC located at 4 Eden Park Road, Macquarie Park, New South Wales 2113.

S1 Revised Valuation means the revised valuation of S1 as at 30 June 2017 undertaken by Jones Lang LaSalle as commissioned by the Board of APDC, following the results of the rent review of S1 as announced by APDC on 23 August 2017.

September 2017 Distribution means any distribution to be made to APDC Securityholders by APDC for the September 2017 quarter.

Target's Statement means this document (including any attachments), being the statement of APDC Holdings and APDC Limited (as the responsible entity of APDC Trust) under Part 6.5 Division 3 of the Corporations Act.

VWAPs means volume weighted average prices.

WALE means weighted average lease expiry.

9.2 Interpretation

In this Target's Statement, unless the context requires otherwise:

- (a) headings are inserted for convenience and do not affect the interpretation of this Target's Statement;
- (b) words and phrases in this Target's Statement have the same meaning given to them (if any) in the Corporations Act;
- (c) the singular includes the plural and vice versa;
- (d) a gender includes all genders;
- (e) a reference to a person includes a corporation, partnership, joint venture, association, unincorporated body or other body corporate and vice versa;
- (f) if a word is defined, another part of speech has a corresponding meaning;
- (g) a reference to a section or appendix is a reference to a section or appendix of this Target's Statement;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) unless expressly stated otherwise, a reference to time is a reference to the time in Sydney, Australia; and
- (j) unless expressly stated otherwise, a reference to dollars, \$, A\$ or AUD is a reference to the lawful currency of Australia.

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10. **AUTHORISATION**

This Target's Statement is dated 4 October 2017 and has been approved by a resolution passed by the Directors of APDC.

Signed for and on behalf of APDC:



Francina Turner
Director
Asia Pacific Data Centre Group

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APPENDIX 1 : AUSTRALIAN TAXATION LETTER

4 October 2017

The Directors
Asia Pacific Data Centre Holdings Limited
Asia Pacific Data Centre Limited as responsible entity of
the Asia Pacific Data Centre Trust
Level 13
135 King Street
Sydney NSW 2000

Ashurst Australia
Level 11
5 Martin Place
Sydney NSW 2000
Australia

GPO Box 9938
Sydney NSW 2001
Australia

Tel +61 2 9258 6000
Fax +61 2 9258 6999
DX 388 Sydney
www.ashurst.com

The logo for Ashurst, featuring the word "ashurst" in a lowercase, bold, sans-serif font.

Dear Sirs

360 Capital Offer
Australian taxation implications for APDC Securityholders

1. **INTRODUCTION**

We have been instructed by Asia Pacific Centre Holdings Limited (**APDC Holdings**) and Asia Pacific Data Centre Limited (**APDC Limited**) as responsible entity of the Asia Pacific Data Centre Trust (**APDC Trust**) (together, **APDC**) to provide a general summary of the key Australian taxation implications to APDC Securityholders in accepting the offer from 360 Capital FM Limited in its capacity as trustee for the 360 Capital Diversified Property Fund (**360 Capital**) dated on or about 4 October 2017 to acquire all of the APDC Securities (**360 Capital Offer** or **Offer**).

This letter provides a general outline of the key Australian taxation implications for APDC Securityholders from disposing of their APDC Securities in return for cash under the Offer.

The taxation consequences to APDC Securityholders of disposing of their APDC Securities depend on a number of factors and will vary depending on their particular circumstances. The outline provided in this letter is of a general nature only, does not comprehensively deal with all taxation implications that may arise and does not consider any specific facts or circumstances that may apply to particular APDC Securityholders.

APDC Securityholders should not rely on the disclosure of taxation considerations in this letter as being advice on their own affairs and should seek their own specific professional tax advice as to the taxation implications applicable to their circumstances. Neither Ashurst, APDC Holdings, APDC Limited nor any of their Directors or advisers accept any liability or responsibility in respect of any statement concerning the taxation consequences to particular APDC Securityholders from disposing of their APDC Securities.

This letter is based on Australian taxation laws in force and administrative practice as at the date of this advice. The opinions expressed in this opinion are not binding on the Australian Taxation Office (**ATO**) (or any other relevant taxing authority), and it is not an assurance that the ATO (or any other relevant taxing authority) will agree with the views presented in this opinion or that any contrary view of the ATO (or any other relevant taxing authority) would not ultimately be upheld by any court.

This letter applies only to APDC Securityholders who hold their APDC Securities on capital account for tax purposes. This letter does not deal with APDC Securityholders who:

- hold their APDC Securities in the course of carrying on a business (eg, as trading stock) or on revenue account (eg, as part of a profit-making undertaking or scheme);
- are temporary residents of Australia, life insurance companies or pooled superannuation

trusts for tax purposes;

- are subject to the Taxation of Financial Arrangements provisions in Division 230 of the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**); or
- are not residents of Australia for tax purposes and hold their APDC Securities in carrying on a business through a permanent establishment in Australia.

This letter deals with Australian taxation law only and does not deal with the implications of disposing of APDC Securities under the taxation laws of countries other than Australia.

References to tax law are to the provisions of the *Taxation Administration Act 1953* (Cth) (**TAA 1953**) or the ITAA 1997 unless otherwise stated. Capitalised terms in this letter have the meanings given to them under the Target's Statement unless otherwise defined.

2. **AUSTRALIAN RESIDENT SECURITYHOLDERS**

This section 2 applies to APDC Securityholders who are residents of Australia for Australian income tax purposes.

2.1 **CGT event**

For CGT purposes, each APDC Security comprises two separate CGT assets, being an ordinary unit in the APDC Trust (**Unit**) and an ordinary share in APDC Holdings (**Share**). Accordingly, the disposal by an APDC Securityholder of their APDC Securities requires separate CGT calculations in respect of their Units and Shares. The disposal proceeds received for the APDC Securities will need to be allocated between the Units and Shares on a reasonable basis.

(a) APDC Securityholders who accept the Offer

A disposal by an APDC Securityholder of their APDC Securities pursuant to the Offer will constitute a CGT event for the APDC Securityholder in respect of their Units and Shares. The date of the CGT event will be the date the contract to dispose of the APDC Securities is entered into by the APDC Securityholder, being the date on which the APDC Securityholder accepted the Offer.

(b) APDC Securityholders who sell their APDC Securities on market

During the Offer Period, APDC Securityholders who have not already accepted the Offer may choose to sell their APDC Securities on the ASX. The sale of APDC Securities by an APDC Securityholder on the ASX will constitute a CGT event for the APDC Securityholder in respect of their Units and Shares.

The date of the CGT event will be the date the contract to sell the APDC Securities is entered into by the APDC Securityholder.

(c) Compulsory Acquisition

If an APDC Securityholder does not dispose of their APDC Securities either on the ASX or under the Offer and their APDC Securities are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, the APDC Securityholder will be treated as having disposed of their Units and Shares for CGT purposes. The date of the CGT event should be the date when the APDC Securityholder ceases to be the owner of the APDC Securities.

2.2 **Calculation of capital gain or capital loss**

APDC Securityholders will make a capital gain in respect of the disposal of their Units or Shares to the extent that the capital proceeds from the disposal of the Units or Shares are more than the cost base of those Units or Shares. Conversely, APDC Securityholders will make a capital loss in respect of the disposal of their Units or Shares to the extent that the capital proceeds from the disposal of the Units or Shares are less than their reduced cost base of those Units or Shares.

The capital proceeds and cost base of an APDC Securityholder's Units or Shares are broadly described below.

(a) Capital proceeds

The capital proceeds from a disposal by an APDC Securityholder of their Units or Shares is generally the amount of consideration received by the APDC Securityholder for the disposal of their APDC Securities, apportioned on a reasonable basis between their Units and their Shares.

(b) Cost base

The cost base of an APDC Securityholder's Units or Shares generally includes the purchase

price paid for the Units or Shares and certain non-deductible incidental costs of their acquisition and disposal. The cost base of an APDC Securityholder's Units should be reduced to the extent that distributions or parts of distributions received by the APDC Securityholder from the APDC Trust are attributable to tax deferred distributions.

The reduced cost base of the Units or Shares may be less than the cost base of the Units or Shares as a result of certain tax adjustments. The reduced cost base is relevant to calculating capital losses.

2.3 **Capital gains and capital losses**

If an APDC Securityholder makes a capital gain from a disposal of their Units or Shares, the capital gain is aggregated with other capital gains made by the APDC Securityholder in the same income year. Any available capital losses of the APDC Securityholder from the same or previous income years may then be offset against the capital gains (subject to satisfaction of loss recoupment tests). If there is a capital gain remaining after application of available capital losses, the APDC Securityholder may be entitled to apply a discount (see below). Any net capital gain after applying the discount (if applicable) is included in assessable income of the APDC Securityholder in that income year.

Individuals, complying superannuation entities and trusts that have held the CGT asset to which the capital gain relates for at least 12 months before the CGT event, calculated from the date of acquisition of the CGT asset for CGT purposes, may be entitled to discount the amount of the capital gain (after application of capital losses) by 50% in the case of individuals and trusts or by 33½% in the case of complying superannuation entities. For trusts, the ultimate availability of the discount for beneficiaries of the trust in relation to distributions of capital gains by the trust will depend on the particular circumstances of the beneficiaries. No discount is available for APDC Securityholders which are companies.

If an APDC Securityholder makes a capital loss from the disposal of their APDC Securities, the capital loss may only be used to offset capital gains of the APDC Securityholder in the same or future income years (subject to satisfaction of loss recoupment tests).

2.4 **Post-June 2017 Distributions**

In its Bidder's Statement, 360 Capital states that if an APDC Securityholder still owns APDC Securities as at the record date for distributions subsequent to the June 2017 Distribution, the APDC Securityholder will be entitled to that distribution. However, if the APDC Securityholder subsequently accepts the Offer, the Offer consideration is correspondingly reduced for any distributions which the APDC Securityholder is paid or entitled to receive.

In respect of Australian resident APDC Securityholders who become entitled to a post-June 2017 quarterly distribution prior to accepting the Offer, the taxable components of the distribution will still be required to be included in the assessable income of the APDC Securityholder and taxed in the normal way. However, the taxable components of quarterly distributions should not generally be subject to tax again as a capital gain on disposal of their APDC Securities under the Offer.

If a special distribution or a capital distribution is proposed to be paid (such as the capital distribution mentioned in section 5 of the Bidder's Statement), the tax treatment of that distribution will need to be separately considered at that time based on the circumstances surrounding that distribution.

3. **NON-RESIDENT SECURITYHOLDERS**

This section 3 applies to APDC Securityholders who are not, and have never been, residents of Australia for Australian income tax purposes.

The disposal by a non-resident APDC Securityholder of their APDC Securities should generally only result in Australian CGT implications to a non-resident APDC Securityholder if the APDC Securities are 'indirect Australian real property interests'.

A Share or Unit held by an APDC Securityholder will be an '**indirect Australian real property interest**' if both of the following conditions are met:

- that APDC Securityholder together with its "associates" holds 10% or more of the total APDC Securities on issue in APDC at the time of the CGT event, or has held at least that percentage for any 12 month period within two years preceding the CGT event (referred to as a '**non-portfolio interest**'); and
- more than 50% of the aggregate market value of APDC Holdings' or APDC Trust's assets is directly or indirectly attributable to 'taxable Australian real property' (including interests in Australian real property, leases of Australian real property and mining, quarrying or

prospecting rights in respect of materials situated in Australia) (referred to as satisfying the '**principal asset test**').

We are instructed that the principal asset test is satisfied in relation to the APDC Trust but should not be satisfied in relation to APDC Holdings.

Non-resident APDC Securityholders who hold a 'non-portfolio interest' in APDC should obtain independent tax advice as to the tax implications to them of the disposal.

4. **NON-RESIDENT CGT WITHHOLDING RULES**

APDC Securityholders who dispose of their APDC Securities off-market (eg, pursuant to the Offer or whose APDC Securities are compulsorily acquired) may be subject to the non-resident CGT withholding rules. The non-resident CGT withholding rules do not apply to disposals on the ASX.

Broadly, purchasers that acquire 'indirect Australian real property interests' that are shares in a company or units in a trust (refer to section 3 above) may be required to withhold 12.5% of the consideration and pay that amount to the ATO. The withholding tax is not a final tax, and the seller of the shares or units may receive a credit for amounts withheld on filing an Australian tax return and may receive a refund of tax if amounts have been withheld in excess of their actual Australian tax liability.

These rules are targeted at non-resident sellers. Under the rules, 360 Capital may make a withholding from the cash consideration for the acquisition of an APDC Securityholder's Shares or Units if the Shares or Units are an indirect Australian real property interest and if any of the following apply to the APDC Securityholder (the APDC Securityholder is referred to as a '**relevant foreign resident**')

- 360 Capital knows or reasonably believes that the APDC Securityholder is a non-resident;
- the APDC Securityholder has an overseas address or 360 Capital is authorised to pay the consideration overseas (in a case where 360 Capital does not reasonably believe that the APDC Securityholder is an Australian resident); or
- the APDC Securityholder has a connection outside Australia of a kind specified in the regulations. As at the date of this Target's Statement, no applicable regulations have been made.

In its Bidder's Statement, 360 Capital has stated that if it considers or reasonably believes that the registered owner of APDC Securities is a relevant foreign resident, that registered owner of the APDC Securities may receive a Relevant Foreign Resident Declaration Form. If an APDC Securityholder does not receive a Relevant Foreign Resident Declaration Form and thinks that they are a relevant foreign resident, they may request a Relevant Foreign Resident Declaration Form from NEXTDC (refer to section 7.4(c) of the Bidder's Statement for contact details).

For an APDC Securityholder who receives or requests a Relevant Foreign Resident Declaration Form, if it declares to 360 Capital by the date that the consideration is payable by 360 Capital that the APDC Securityholder is an Australian resident or their Shares or Units are not indirect Australian real property interests, there is no requirement for 360 Capital to withhold under the rules unless 360 Capital knows the declaration to be false. Where an APDC Securityholder receives or requests a form, the securityholder should consider whether a declaration can be made and, if applicable, return the completed form with any acceptance form in order for the withholding tax to not apply.

An APDC Securityholder may also apply to the ATO for a variation notice under section 14-235(2) of Schedule 1 to the TAA 1953 if it is able to justify that a reduced withholding tax rate should apply in respect of the disposal of their APDC Securities. 360 Capital must apply the reduced withholding tax rate as specified in the variation notice in respect of an APDC Securityholder if it becomes aware of the variation notice by the date that the consideration is payable by 360 Capital to the APDC Securityholder. In its Bidder's Statement, 360 Capital has stated that a variation notice which is provided by the APDC Securityholder at the time of accepting the offer will be taken into account by 360 Capital in determining the amount of withholding tax to apply to the APDC Securityholder.

APDC Securityholders should obtain independent tax advice as to the potential implications to them of the non-resident CGT withholding rules.

5. **MANAGED INVESTMENT TRUST STATUS**

As at the date of this Target's Statement, we are instructed that the APDC Trust qualifies as a Managed Investment Trust (**MIT**) for income tax purposes.

As a consequence of the 360 Capital Offer, APDC Trust may cease to qualify as a MIT for the 30 June 2018 income year. This may occur, for example, if during the 30 June 2018 income year, 360

Capital acquires a sufficient number of APDC Securities and the ownership structure of 360 Capital is such that APDC Trust is considered "closely held" for the purposes of the MIT rules (eg, where, under the MIT rules, 75% or more of the APDC Securities are considered to be held by 20 or fewer relevant persons).

If APDC is not a MIT in respect of the 30 June 2018 income year, MIT tax concessions currently enjoyed by APDC Trust may no longer be applicable with effect from 1 July 2017. We are instructed that the two MIT tax concessions utilised by APDC Trust are the capital treatment election in Division 275 of the ITAA 1997 and the non-resident MIT withholding tax concession.

5.1 **Capital treatment election**

APDC Trust has elected to treat certain qualifying assets (which may include its properties) to be taxed as a capital gain on disposal. As a capital gain, the trust and beneficiaries of the trust may be entitled to discount the amount of the capital gain that is taxed if certain requirements are met.

If APDC Trust is not a MIT in respect of a year, the election has no effect in that year and the revenue or capital characterisation of gains from disposal of such assets for tax purposes will need to be determined under general taxation principles without regard to the capital treatment election.

In such a case, it is possible that such assets continue to have a capital account character. However, it is also possible that this may result in APDC Trust deriving some revenue gains rather than capital gains and discounted capital gains treatment not being available on such gains. If there are disposals that are affected by the above, APDC Limited will assess the impact and the impact will be taken into account in the tax distribution statements to be provided to APDC Securityholders.

5.2 **MIT withholding tax concession**

If APDC Trust is not a MIT in respect of the 30 June 2018 income year, non-resident APDC Securityholders who receive any distributions subsequent to the June 2017 distribution will be subject to non-resident withholding tax rather than MIT withholding tax. However, such a change in MIT status of the APDC Trust does not affect the June 2017 Distribution that was announced on 26 June 2017 and paid on 28 August 2017.

For distributions after the June 2017 Distribution, generally, a change in MIT status means that those distributions paid to such non-resident APDC Securityholders which relate to Australian sourced income of the APDC Trust (other than interest, dividends or royalties) should be subject to Australian non-final withholding tax at the tax rate applicable to the APDC Securityholder as follows:

- for an APDC Securityholder which is a company, a withholding tax rate of 30%; or
- for an APDC Securityholder which is not a company, at the marginal tax rate (up to 47%),


rather than at the MIT withholding tax rate (15% or 30% depending on whether the APDC Securityholder qualifies for the reduced rate under the rules).

6. **GST & STAMP DUTY**

No liability to GST should arise for APDC Securityholders in respect of a disposal of their APDC Securities. APDC Securityholders may be charged GST on costs they incur which relate to the disposal (eg, legal, financial and tax adviser fees). APDC Securityholders may not be entitled to claim input tax credits or may only be entitled to reduced input tax credits in relation to the GST amount incurred on these costs. APDC Securityholders should seek independent tax advice in relation to their individual circumstances.

No liability to stamp duty should arise for APDC Securityholders in any State or Territory of Australia in respect of a disposal of their APDC Securities. As a term of the 360 Capital Offer, 360 Capital has agreed to pay any stamp duty that may arise on the disposal of APDC Securities. We note that in some States and Territories of Australia APDC will be jointly and severally liable for the payment of any landholder duty. Accordingly, APDC Securityholders may be indirectly affected in the unlikely event that a liability to landholder duty arose while they remain securityholders and if 360 Capital were to fail to meet that liability.

Yours faithfully



Ashurst Australia

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