NEXTDC

FY19 ANNUAL REPORT

AWARDS AND CERTIFICATIONS

FROST & SULLIVAN

2019 Winner: Visionary Innovation Leadership Award, Global Data Centre Infrastructure and Operations

2017 Winner: Data Centre Services Growth Excellence

2016 Winner: Data Centre Services Growth Excellence Leadership Award

2014 Winner: Australia Data Centre Service Provider of the Year Award

UPTIME BRILL AWARDS, ASIA-PACIFIC

2019 Winner: Best Practices Award - Global Data Centre Infrastructure and Operations Visionary Innovation Leadership Award

2015 Winner: Efficient IT in the Product Solutions category

DATACENTER DYNAMICS AWARDS

2018 Winner: Data Centre Operations Team of the Year, Asia-Pacific

2018 Winner: Data Centre Operations Team of the Year, Global

2018 Winner: Data Centre Design Team of the Year, Global

2014 Winner: S1 Sydney – Innovation in the Mega-Data Centre

DELOITTE TECH FAST AWARDS

2014 #1 Deloitte Technology Fast 50 Australia

2014 #6 Deloitte Technology Fast 500 APAC

2017 #5 highest revenue of Fast 100 companies

2014 #3 fastest-growing Australian company over the past three years

QUEENSLAND AWARDS

2016 Winner: AXONVX – Industrial and Primary Industries category

2016 Winner: AXONVX – Infrastructure and Platforms Innovation of the Year

ARN ICT INDUSTRY AWARDS

2017 Highly Commended: Jeff Van Zetten, Head of Engineering and Design – Technical Excellence

2015 Winner: AXONVX – Best Telecommunications Initiative of the Year

2014 Winner: Telecommunications Vendor of the Year

2015 Winner: Service Provider of the Year

2014 Winner: Service Provider of the Year

MASTER BUILDERS ASSOCIATION EXCELLENCE IN CONSTRUCTION AWARDS

2018 Winner: B2 – Brisbane – Best commercial building $5 - $50M

2016 Winner: S1 Sydney – Communications Buildings

LORD MAYOR'S BUSINESS AWARDS

2017 Winner: B2 data centre – Port of Brisbane Award for Investment in Brisbane category

DATACLOUD ASIA

2017 Excellence in Data Centre IT Architecture and Design

UPTIME INSTITUTE

ISO 27001:2013

Information Security Management System (ISMS) certification

ISO 9001:2015

Quality Management System certification

ISO 14001:2015

Environmental Management System certification (C1, M1, S1)

NABERS

M1 Melbourne

S1 Sydney

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1 JULY 2018 TO 30 JUNE 2019 | NEXTDC LIMITED | ABN 35 143 582 521

HIGHLIGHTS

1,184 CUSTOMERS

6 PUBLIC CLOUDS

10,972 INTERCONNECTIONS

9 DATA CENTRES

233 EMPLOYEES

100% CARBON NEUTRAL CORPORATE OPERATIONS

10 CLOUD ON-RAMPS

550+ PARTNERS


I
NEXTDC

LETTER FROM THE CHAIRMAN AND CEO

We welcome our shareholders to this year's Annual Report, which marks the end of the financial year to 30 June 2019 (FY19) and closes out an unprecedented period of record growth for new sales, infrastructure development, revenue and EBITDA. Now nine years since founding, NEXTDC has been diligently building the nation's leading data centre infrastructure platform for the digital age, setting new industry standards for reliability, efficiency, sustainability, connectivity and security.

Welcome to the 4th industrial revolution – the cyber physical age

We are living in the most exciting time in human history. Respected industry analyst IDC forecasts there will be over 180ZBs of data generated by 2025. Put simply, the total volume of all data in existence is estimated to double every two years. This information explosion is driven by digital platforms and set to exponentially accelerate as a result of advances in cloud computing, blockchain, the Internet of Things, mobile 5G, augmented reality and artificial intelligence.

The role of the data centre

Leading research and advisory firm, Gartner Inc., predicts that 80% of all organisations will shift their workloads to colocation and cloud-based computing models by 2025, with the global market for hybrid cloud expected to reach a value of $138.6 billion by 2023. The primary driver is the transition to hybrid computing as enterprises move from their inefficient, legacy office-based data centres and migrate to the security, scalability and network flexibility offered by colocation data centres such as those operated by NEXTDC.

Where the cloud lives

A new world of opportunities is emerging allowing organisations to combine on-premise infrastructure with on-demand, pay-per-use computing that can reduce costs and provide flexibility to rapidly scale up and down, accessing fit for purpose technology when and how it suits them. Technology strategies increasingly reflect the dynamic and fluid nature of the ever-changing global landscape we are experiencing today - security, data sovereignty, and privacy all play a role in helping organisations decide where their information will live.

Hyperscale data centres connecting a multi-cloud universe

Our strategic partnerships with the world's leading technology companies such as Amazon, Microsoft, Google, IBM, Oracle and Alibaba, combined with our extensive Cloud Centre partner ecosystem of over 550 of Australia's ICT services providers allows us to offer our customers the widest range of choice for the delivery of their multi-cloud enterprise architectures.

Innovation, engineering and design

In FY19 NEXTDC continued to be recognised for its global leadership in engineering and design. NEXTDC's B2 and M2 data centres were the first, and remain the only facilities in Australia to receive Uptime Institute (UI) Tier IV certification of Constructed Facility. Upon building completion, P2 and S2 will be the next data centres to undergo the official certification process, with S2 having already received UI Tier IV design certification.

Raising the bar with gold operational excellence

The Uptime Institute's (UI) Gold Operational Sustainability standard recognises the human factors that must be considered when running a data centre that meets fault tolerant standards. NEXTDC's S1 and P1 data centres have achieved UI Tier III Gold certification for Operational Sustainability. Furthermore, NEXTDC's B2 and M2 data centres achieved UI Tier IV Gold certification. They are the only colocation facilities in the Southern Hemisphere to achieve this level of operational excellence. This goes well beyond designing and building to the industry's highest standard. As part of the testing program, UI physically disrupts the data centre through rigorous onsite testing to ensure we can deliver our 100% uptime guarantee. NEXTDC's commitment to operational excellence was recognised by DataCenter Dynamics (DCD) when we were awarded the APAC Operations Team of the Year award in September 2018, followed by NEXTDC also winning DCD's global awards in December 2018 in the categories of Operations Team of the Year and Design Team of the Year.

Energy efficiency and sustainability leadership

NEXTDC maintains its commitment to delivering the highest levels of energy efficiency. Our M1 and S1 data centres have become the first in Australia to achieve a National Australian Built Environment Rating System (NABERS) 5-Star rating for energy efficiency. Achieving this unparalleled benchmark demonstrates our global leadership in energy efficiency and sustainability. NEXTDC is proud to own and operate its own solar array on the roof of its M1 data centre and has also been a Principal Partner to the Melbourne Renewable Energy Project (MREP) since its inception in 2014.

Net zero carbon emissions future

We take every action to minimise carbon emissions, but where we can't avoid it, we procure carbon credits through the Qantas Future Planet (QFP) program. We delivered yet another industry first having the carbon emissions of our corporate operations audited and accredited under the Australian National Carbon Offset Standard (NCOS) as 100% carbon neutral.

Building the platform for the digital economy

In the last 12 months, NEXTDC undertook the largest capital development program in its history. Both the B2 and M2 data centres opened new data halls and the development of our first tower on the P2 site in Perth accelerated at pace, all whilst opening our first edge compute micro data centre to deliver the connectivity requirements of the Indigo submarine cable system that links Australia's east coast to Perth and Singapore.


Craig Scroggie
CEO

30MW multi-storey hyperscale S2 development - our largest project to date

In the first half of FY19 we welcomed early access customers into our new S2 Sydney data centre, with further development ongoing to deliver incremental capacity expansion for customers. The delivery of additional capacity has, however, been delayed to August 2019 due to unforeseen issues in the complexity of managing a multi-storey construction development that is also a fully operational site, whilst ensuring our safety and operational standards are met. Demand for S2 remains strong and the level of contracted utilisation has increased to more than 16MW.

S2 is a ground-breaking development in the context of the data centre industry in Australia. The new design innovations and technical excellence benchmarks combined with the construction lessons being learnt in support of unprecedented capacity take-up give NEXTDC the opportunity to extend its lead in the data centre industry as we move into our third-generation developments and beyond.

Network connectivity development

NEXTDC's Data Centre Interconnect (DCI) and AXON elastic connectivity services grew at a record rate, enabling customers and partners to connect and leverage the national NEXTDC ecosystem of network providers enabling public and private cloud on-ramps across Australia. During FY19 we further extended our connectivity leadership by being selected as the first provider to take both Microsoft and Amazon Web Services into the Perth market for the launch of their Express Route and Direct Connect Cloud on-ramp services respectively. These are both exciting developments for the Western Australian economy and the Perth IT community.

Planning for the next decade of infrastructure developments

In FY19 we undertook preliminary reviews of emerging market opportunities in both Singapore and Japan to assess future possible expansion. Whilst it is early days, we see exciting opportunities to leverage the success the Company has had in Australia into the fastest growing economic region in the world, Asia. Like all activities we undertake, we view these opportunities as generational in nature and remind ourselves people frequently overestimate what they can achieve in one year and underestimate what can be built in a decade. Our exciting journey and many valuable lessons learnt over the past nine years is an important reminder of that.

This is only just the beginning

Over the next few years, we will witness some of the most significant technology advances in our history. With individuals, businesses and Governments adopting technology built on technology, there will be an exponential rate of change, paving the way to a dynamically advanced future that, in some cases, is challenging to predict. One thing we are confident about, is the role NEXTDC will play as the leading infrastructure platform for the digital economy – powering, securing and connecting the world's most valuable resource – data. On behalf of NEXTDC, we thank you for your ongoing support as we continue our exciting growth trajectory and look forward to meeting those who are able to join us at our upcoming Annual General Meeting (AGM).

Doug Flynn
Chairman

Craig Scroggie
CEO

Douglas Flynn
CHAIRMAN

FY19 BUSINESS UPDATE

Key operational and financial metrics

- Revenue[1] up $17.8 million (11%) to $179.3 million (FY18: $161.5 million)
- Underlying EBITDA[1,2,3] up $22.5 million (36%) to $85.1 million (FY18: $62.6 million)
- Underlying capital expenditure[4] of $378 million (FY18: $285 million)
- Statutory net profit / (loss) after tax of $(9.8) million (FY18: $6.6 million)
- Operating cash flow[1] of $39.4 million (FY18: $33.4 million)
- Cash and cash equivalents of $399 million at 30 June 2019

During the year, the Company raised $500 million of senior unsecured debt and refinanced its $300 million syndicated senior secured debt facility, which remains undrawn.

The Company completed the acquisition of the land and buildings at P1, M1, S1 as well as B1. This delivered rental savings of approximately $15 million per annum (before annual escalations), strengthened NEXTDC's balance sheet and provided control of the underlying properties.

Business performance

As at 30 June 2019:

- Contracted utilisation up 12.3MW (31%) to 52.5MW (30 June 2018: 40.2MW)
- Customers up 212 (22%) to 1,184 (30 June 2018: 972)
- Interconnections[5] up 2,301 (27%) to 10,972 (30 June 2018: 8,671), representing 7.7% of recurring revenue (FY18: 6.5% of recurring revenue)

S2 development update

S2 opened for early customer access during 1H19 and received Uptime Institute Tier IV design certification. The delivery of additional capacity was delayed to August 2019 due to the complexity of managing a multi-storey development at a fully operational site, whilst ensuring our safety and operational standards are met. Demand for S2 remains strong and contracted utilisation has increased to more than 16MW.

Singapore market review

During FY19, the Company established its first office in Singapore to explore the local market. Work in Singapore is currently on hold while the Singapore Government undertakes a review of the data centre industry. Pending the outcome of this review, NEXTDC may continue to evaluate opportunities in Singapore, noting that there can be no assurances as to the timing or nature of any development.

Japan market review

During FY19, NEXTDC also established an office in Tokyo to explore the Japanese market. The Company continues to evaluate opportunities in Japan and similarly there are no assurances as to the timing or nature of any development.

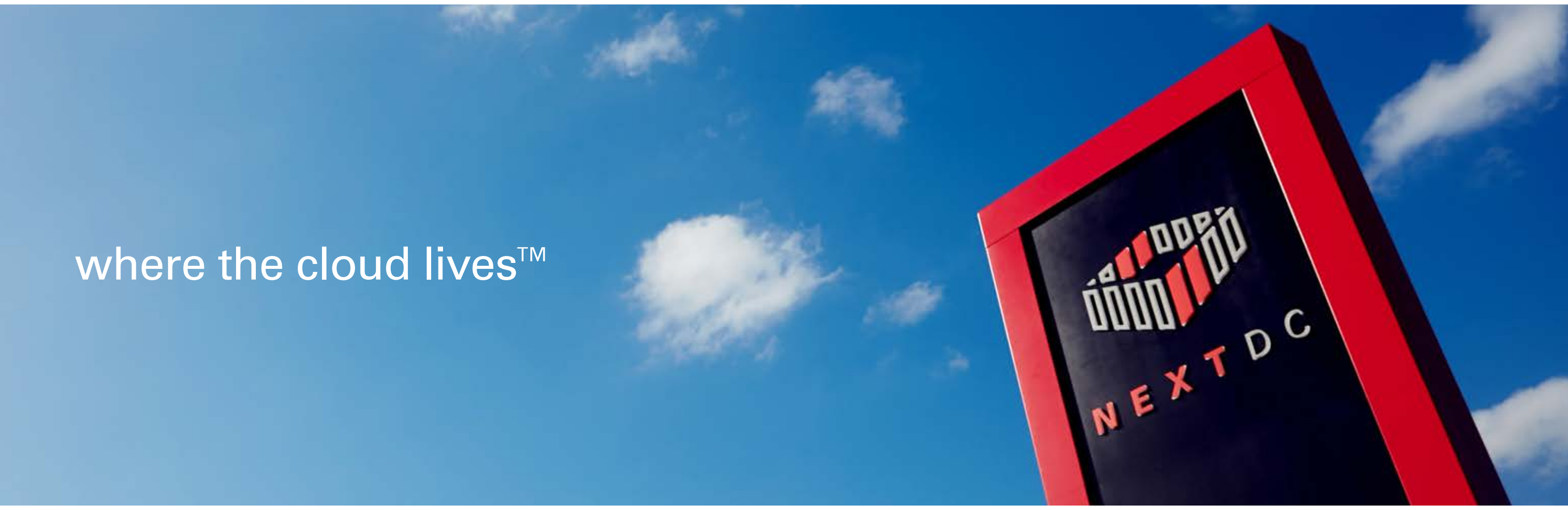
1 Not adjusted for differences in accounting standards between FY18 and FY19, which distorts comparability. NEXTDC adopted new accounting standards AASB 9, AASB 15 and AASB 16 from 1 July 2018.

2 EBITDA is a non-statutory financial metric representing earnings before interest, tax, depreciation and amortisation. Non-statutory financial metrics have been extracted from the audited accounts.

3 FY19 underlying EBITDA excludes distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC) of $1.3 million, transaction costs (including landholder duty) related to the acquisition and wind up of APDC of $9.0 million, gains on extinguishment of property leases of $2.4 million as well as costs related to review works in Singapore and Japan of $0.8 million. FY18 underlying EBITDA excludes APDC distribution income of $3.2 million and APDC transaction costs of $1.8 million.

4 Underlying FY19 capex excludes APDC and B1 property acquisitions.

5 Comprises both Physical and Elastic Cross Connections.



ABOUT NEXTDC

NEXTDC value proposition and business strategy

NEXTDC is an ASX200-listed technology Company enabling business transformation though innovative data centre outsourcing solutions, connectivity services and infrastructure management software.

As Asia's most innovative Data Centre-as-a-Service (DCaaS) provider with a nationwide network of Tier III and Tier IV facilities, we deliver enterprise-class colocation services to local and international organisations. With a focus on sustainability and renewable energy, we are building the infrastructure platform for the digital economy by delivering unprecedented effectiveness to the three core components of data centre excellence; Power, Security and Connectivity.

We are leading the industry with award-winning engineering solutions for energy efficiency including achieving NABERS 5-Star certification, an independently certified and assessed compliance that no other data centre services provider has achieved, which allows us to deliver the lowest total cost of operations in Australia.

NEXTDC is extending its leadership in data centre services through our innovative Data Centre Infrastructure Management (DCIM)-as-a-Service software platform, ONEDC, which enables customers to centrally manage their critical infrastructure colocated with NEXTDC; and our award-winning elastic connectivity platform, AXON – delivering rapid, secure connections to cloud services on-demand.

NEXTDC is where the cloud lives. Our Cloud Centre partner marketplace comprises the country's largest independent ecosystem of carriers, cloud service and ICT service providers, enabling our customers to source and connect with the critical services they need to build integrated hybrid cloud deployments.

NEXTDC's carrier and vendor neutrality is the foundation of the Company's channel-first sales model – delivering flexibility and scale to partners and end-customers with best of breed data centre services.

Uniquely for Australia, NEXTDC's nationwide data centre footprint allows customers and partners to access nationally standardised services and benefit from unified management to ensure the quality, consistency and reliability of IT services and ensure the sovereignty of their data.

NEXTDC is a technology pioneer, connecting Australia to the world's leading networks and cloud platforms and integrating the next generation of IT services, to enable its customers to take advantage of the extraordinary opportunities of the digitally interconnected world.

Vision and Purpose

NEXTDC's vision is to help enterprises harness the digital age, improving our society through the advancement of technology.

NEXTDC's purpose is to be the leading customer-centric data centre services company, delivering solutions that power, secure and connect enterprise.

NEXTDC's business features

Carrier and vendor neutrality

NEXTDC maintains true neutrality in the marketplace and adopts a channel-first go-to-market. By not offering IT managed services and not competing with the ICT channel, more organisations are encouraged to join the nationwide Cloud Centre community and leverage the diverse onsite connectivity options to develop 'best of breed' integrated solutions for their customers. As customer demands grow, building a platform that is available to every potential partner and customer, irrespective of which other partners they choose, is critical to creating a flexible, preferred offering for every cloud computing provider, commercial enterprise and Government Agency.

Simplified national data centre service

A key competitive advantage for NEXTDC is the Company's nationwide data centre footprint across five of Australia's largest capital cities: Sydney, Melbourne, Brisbane, Canberra and Perth. This allows organisations to engage a single, nationwide data centre partner under one contract, offering consistent pricing and a 100% uptime guarantee, ensuring one consistent customer experience, regardless of location. This not only serves to reduce the administrative burden on customers, NEXTDC works closely with each customer to enable them to expand and scale seamlessly and manage their data centre service effectively and efficiently.

World-class facilities and peerless expertise

NEXTDC's expert in-house Engineering team adds significant value through meticulous operational cadence and intimate customer engagement on all non-standard design requirements. The same award-winning engineers who design and build our facilities to the industry's highest standards, also work collaboratively with NEXTDC customers to help them create customised solutions to meet their specific needs. NEXTDC offers market-leading levels of reliability and availability including a 100% business uptime guarantee. This level of assurance and low risk strategy is critical to businesses using cloud services and it is achieved with industry-leading energy efficiency that helps lower both energy costs and carbon footprint.

Security and compliance for risk management

The Australian Privacy Act and other Government-initiated regulations and recommendations for the protection of sensitive information places comprehensive compliance obligations on Government agencies and enterprise. This often restricts data service users from utilising offshore data storage, and it has led many organisations to increase control over access to their data by having it hosted in the same legal jurisdiction as their base of operations. As an Australian-owned company, NEXTDC can ensure its role in protecting the 'data sovereignty' of information and infrastructure complies with Federal Government Security standards. Every NEXTDC data centre is rigorously secured and protected by strict security systems and multi-layered authentication protocols which protects against unauthorised access, and this is achieved without impeding convenience for those who do have the right of entry. NEXTDC focuses on following best practice standards in this increasingly important area of data security and facilities management. It is critical for us to maintain efficiency and effectiveness of security and access to our facilities so that we comply with all regulations at the same time as optimising customer experience. The security excellence we offer is independently verified by ISO 27001-2013 Information Security Management System certification.

Hubs for connectivity

NEXTDC's Cloud Centre community is the largest independent network of IT service providers, carriers and cloud providers in Australia. By colocating with a neutral provider such as NEXTDC, customers have the flexibility to source and connect to a myriad of expertise and ICT services within the rich partner ecosystem. Complementing the direct physical connections offered within NEXTDC facilities, our AXON elastic connectivity platform enables customers to activate scalable secure private connections at incredibly high speeds to any number of clouds and ICT services on-demand, including the Federal Government ICON network. AXON also offers customers direct inter-capital connectivity services between all major capital cities in Australia.

Centralised data centre asset management

Our ONEDC customer portal is a cloud-based DCIM-as-a-Service platform that provides our partners and customers with a comprehensive, centralised view of all their NEXTDC data centre footprint. Developed in-house, ONEDC aggregates all the tools customers require to efficiently manage their infrastructure and the services needed at any NEXTDC facility. Service requests, such as booking a car park, a tour, securing meeting room access or technical support, as well as authorising access, unlocking and locking racks and comprehensive reporting capability is consolidated and viewed through a single pane of glass.

Expanded sales pipeline through channel partners

Channel partners are the lifeblood of NEXTDC's business development. We have a channel-first go-to-market strategy that leverages the best of what the industry has to offer for our customers. Our partner ecosystem includes a wide range of international and domestic channel partners focused on SME, enterprise as well as Government customers. Through NEXTDC's channel partners, the Company effectively has an extended national sales team of over 550 partners, supported by more than 4,000 sales and technical resources working collaboratively to deliver end-to-end IT solutions including NEXTDC data centre services.

Customer experience

Our uncompromising focus on creating an exceptional customer experience makes NEXTDC stand out in the industry. Our devotion to service excellence spans all facets of our business and represents a unique value proposition in the industry. This includes having experienced, empowered front of house and facilities management staff on duty 24 hours a day, seven days a week, 365 days per year.

Channel-first sales strategy

Our channel-first go-to-market strategy has resulted in NEXTDC successfully engaging a diverse range of value-adding partners from all over Australia and the world. We help them execute the digital transformation strategies their customers are embracing through the provision of premium data centre services and allowing our partners to effectively serve as an extended NEXTDC sales force, communicating the unique value proposition we introduce to this burgeoning digital economy. NEXTDC's channel-first strategy has been a key driver of growth from the foundation of the Company. Our partners use NEXTDC data centres to house their own IT infrastructure and to enable their customers to connect directly to them from within the facility.

NEXTDC's partner ecosystem includes, but is not limited to:

- Global public cloud providers: Google, AWS, Microsoft, IBM, Oracle and Alibaba
- Large IT services providers: NTT Group, Tech Mahindra, NEC, Data#3, and Wipro
- Telecommunications providers: NEXTDC has more than 60 domestic and international partners including Optus, Telstra, AAPT, iiNet, Vocus, PCCW, Superloop and CenturyLink
- Specialist cloud and IT managed service providers: Iron Mountain, Netskope, Nexthop, Over the Wire, Blue Connections, Atos, ZettaNet, Brennan IT, Cloud Plus, TD Logicalis and Somerville Group
- IT consultants: Deloitte and Data Centre Technologies.

Products and services

NEXTDC is dedicated to providing world-class data centre services and solutions that are scalable, flexible and accessible on-demand. NEXTDC's product strategy has been designed to ensure we deliver solutions that optimise power efficiency, offer maximum security and enable direct, high performance cloud connectivity for organisations of all sizes, while delivering unprecedented levels of reliability, cost efficiency and agility.

Data Centre-as-a-Service solutions

NEXTDC's hyperscale colocation services consist of secure, high-density data centre outsourcing solutions that deliver the highest possible levels of resilience and reliability, and world-class technical services designed to support customers on the ground. Customers host their own IT infrastructure within one or many NEXTDC data centre locations, leveraging our facilities and resources as an extension of their own business. Our DCaaS model has been designed to offer scalability and flexibility throughout the entire lifecycle, with data centre solutions ranging from small quarter racks to multiple contiguous racks to large custom caged areas for customers to design and custom fit their space to suit their own specific requirements.

Universal connectivity solutions

Customers and partners residing anywhere within NEXTDC's national data centre ecosystem have access to Australia's largest network of physical and virtual connectivity options. Our highly connected data centres are home to ten direct on-ramps to the world's largest cloud platforms, as well as all the major carriers and the biggest cloud solutions providers in this country. Connectivity is the glue that binds the digital economy. No digital transformation strategy is complete without paying close attention to how you are going to connect to suppliers, partners and customers. Therefore, being able to provide easy access to carriers, multi-clouds and value-adding service providers from within a data centre ecosystem offering a 100% uptime guarantee is a proven roadmap to improved cost efficiency, network performance and productivity.

Cloud Centre ecosystem

Our Cloud Centre ecosystem comprises more than 550 partners that are enabling Australia's digital economy. Our partners use NEXTDC data centres to house their IT infrastructure and host their own ICT services, enabling their customers to connect directly to them from within the facility. Every partner and customer has the ability to make connections within a data centre through our Physical Cross Connect services and virtual connections to clouds, carriers and suppliers in any data centre on the AXON network. Further, via the Indigo submarine cable that connects the East Coast of Australia to Perth and Singapore, the NEXTDC data centre footprint is all now connected to Asia and the world.

Seamless data centre infrastructure management

FY19 has also been a year where we paid enormous attention to improving our systems and processes to generate significant operational efficiencies in our management of plant and equipment, customer interactions and our administrative functions. The results of this investment has reduced costs, enhanced internal productivity and created a better customer experience.

ONEDC®

This includes continual updates to our customer portal, ONEDC, which supports partners and customers with better operational management and a greater level of transparency in running their data centre infrastructure. ONEDC now offers every customer full self-service ticketing capability for standardised repeat requests such as the booking of car parking, deliveries, tours, remote hands and meeting rooms.

Intelligent Service Management

Under an enterprise-wide IT improvement project known as Intelligent Service Management (ISM), customers can now simply login to ONEDC for a real-time view of resources available or to request a NEXTDC service. This major operational transformation program not only improves the efficiency of the process and cut down ticket provisioning and action times for customers, it allows our Customer Experience Team to be more focused on offering proactive, high quality, targeted customer support.

There has also been significant attention paid to integrating ONEDC with our CRM and service desk platforms, to help us create a 360-degree view of our customers and their interactions. This level of customer detail empowers our entire team to be data driven and support our customers in a more meaningful way, encouraging an enhanced customer experience across the organisation.

Professional services

Our Remote Hands services consists of first-class technical assistance on-the-ground at any NEXTDC data centre. Remote Hands enables a flexible approach for customers in managing their critical infrastructure; allowing them to get back to focusing on their core business. Our Remote Hands technicians are highly skilled individuals, they are responsible for the ongoing management of our world-class facilities and are recognised globally by Uptime Institute and DataCenter Dynamics as the best in the world. Remote Hands services support customers throughout their infrastructure lifecycle, starting with technical advisory, planning, project management and migration stages, right the way through to post migration day-to-day support such as managing deliveries and operational infrastructure support. Our data centre experts are part of the unique customer experience offered by NEXTDC and their abilities to support any challenges around taking full advantage of our premium data centre services adds significant value to the convenience of doing business with us.

Energy efficiency and sustainability leadership

NEXTDC maintains its firm commitment to delivering the highest levels of energy efficiency and building a data centre footprint that is both operationally and sustainably superior. Our facilities have been designed and engineered to deliver extremely high levels of energy efficiency, in turn helping to lower the carbon footprint and total cost of operations for our customers. In FY19 NEXTDC's M1 data centre became the first data centre infrastructure facility in Australia to achieve a National Australian Built Environment Rating System (NABERS) 5-Star rating for energy efficiency. Our S1 facility became the second colocation data centre in Australia and the first in New South Wales to achieve a NABERS 5-Star rating. Achieving this unparalleled benchmark further demonstrates our commitment to global leadership in energy efficiency and sustainability and setting a new industry benchmark for sustainable performance. We also fulfilled all ongoing compliance requirements to retain our and ISO 14001 certification for Environmental Management at M1, S1 and C1 with our second-generation facilities continuing to undergo the complex assessment processes required to also achieve ISO 14001 certification.

Renewable energy

NEXTDC is proud to own and operate its own solar array on the roof of its M1 data centre and has also been a Principal Partner to the MREP since its inception in 2014. Financial close on this project was achieved during FY18, and the 80MW Crowlands Wind Farm in Victoria was opened in February 2019. This is another first for a data centre operator in the Asia Pacific region.

A net zero emissions future

We take every measure to ensure we minimise the use of carbon wherever possible. But where we can't avoid it, we lean on our strategic relationship with Qantas, who we have partnered with for the procurement of carbon credits through the Qantas Future Planet (QFP) program. As a result of this strategic partnership we have been able to continue our focus on leadership through industry innovation and achieve yet another industry first by having the carbon emissions of our corporate operations audited and accredited under the Australian National Carbon Offset Standard (NCOS) as being 100% carbon neutral. Our aim in the near future is to offer our customers the opportunity to similarly offset their emissions in our data centres, something that has also never been achieved in the Asia Pacific region.

Our focus on delighting our customers and delivering them an extraordinary experience is what makes NEXTDC stand out in the industry. We support our customers throughout the entire process, from presales support, through to migration and on-boarding assistance and the responsiveness of our customer service teams.

OUR PEOPLE AND CULTURE STRATEGIES

Giving back to our local communities

In 2018 we launched our 'Live to Give' Corporate Social Responsibility (CSR) program and throughout FY19 we participated in a number of initiatives to help make a positive impact within the communities in which we live and work. The key areas of focus through our program see us channel our major efforts toward four core charities and giving programs, which were selected collectively amongst the wider NEXTDC team. Live to Give encourages and empowers our teams and the Company to be socially conscious. It is our firm belief that companies can do more than just make money, they can give back to the community and use their success to improve our society. It's a great honour to be able to commit to supporting our charity partners and to make a meaningful and positive impact on humanity.

NEXTDC's Live to Give program

- Corporate partnership with The Smith Family, donating $50,000 and additionally our team raising more than $200,000 promoting staff volunteering and mentoring programs
- Partnership with Pledge 1%, enabling staff to devote 1% of their time to give back
- Launched a workplace giving program with dollar for dollar donation matching for Cancer Council, Beyond Blue and UN Women; and
- Providing all staff with additional paid volunteer days, allowing teams and individuals to spend additional time with their preferred charity or in giving back to their local community.

Diversity and Inclusion

NEXTDC is committed to creating a diverse workplace. 31% of staff are female while our ethnic diversity is closely representative of the multicultural profile of Australia. This diversity continues to deliver fresh thinking to everything we do and when added to the other workplace benefits we offer in areas such as maternity leave, paternity leave, primary carer leave, our Live to Give program and volunteer days, helps to build our status as a preferred Australian employer. We pride ourselves on having built a culture where people join the Company and build long-term successful careers that challenge them and empower them to grow and be the best version of themselves that they can be, every day.

Living our corporate values

CUSTOMER FIRST

We are obsessed with delivering the world's best customer experience.

ONE TEAM

We are an elite team, working together with super stars playing in every position.

BRIGHT IDEAS

The best way to predict the future is to create it.

PURSUIT OF EXCELLENCE

We are relentless in our pursuit of excellence, not perfection.

STRAIGHT TALK

We don't talk bull, we have crucial conversations, we disagree and then we commit.

FRUGAL NOT CHEAP

We spend our money where it matters the most.

Impact of market growth demonstrated by NEXTDC

	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
ECONOMIC INDICATORS					
Customers[1]	1,184	972	772	647	478
Cross Connects[2]	10,972	8,671	6,342	4,575	2,893
CAPACITY AND UTILISATION					
Operating facilities[3]	9	7	5	5	5
Installed capacity[4]	58.4MW	46.4MW	36.0MW	34.7MW	24.4MW
Contracted customer utilisation[5]	52.5MW	40.2MW	31.5MW	26.1MW	21.7MW
% of installed capacity	90%	87%	88%	75%	89%
Billing customer utilisation[6]	37.7MW	34.3MW	29.5MW	23.2MW	14.0MW
% of installed capacity	65%	74%	82%	67%	57%

1 Customers: the number of counterparties (including partners) which have executed a Master Services Agreement with NEXTDC.
2 Cross Connects: the number of both Physical and Elastic Cross Connects.
3 Operating Facilities: The number of facilities which were operational at the reporting date.
4 Installed Capacity: includes the designed power capacity of the data halls fitted out at each facility. Further investment into customer related infrastructure may be made in line with customer requirements.
5 Contracted Customer Utilisation: Total of all sold capacity in MW including customers with deferred contract commencement dates.
6 Billing Customer Utilisation: Total of all sold capacity in MW where the service has commenced.

Directors' Report

The directors present their report on the consolidated entity (referred to hereafter as 'NEXTDC', the 'Company' or 'the Group') consisting of NEXTDC Limited and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

The following persons were directors of the Company during the year, and up to the date of this report:

- Douglas Flynn
- Craig Scroggie
- Stuart Davis
- Gregory J Clark AC
- Sharon Warburton
- Stephen Smith (appointed 1 July 2019)

Principal activities

During the year, the principal continuing activities of the Group consisted of the development and operation of independent data centres in Australia.

Operating and financial review

During the year, the Company has:

- Opened its second Sydney site, S2, for early customer access during 1H19 with billing commencing in 2H19
- Opened a microsite at its second Perth site, P2, to facilitate early access to the Indigo subsea cable system as well as other telecommunications and cloud infrastructure providers in the West Australian market
- Completed the expansion of a second data hall at B2 Brisbane, third data hall at M2 Melbourne, as well as commenced ground works for the new proposed Tier IV 20MW data centre at P2 Perth
- Successfully raised $500 million in the form of Notes IV and Notes IV-2. NEXTDC also continues to have access to senior debt facilities of $300 million, which currently remain undrawn
- Contracted 12.3MW of new capacity
- Completed the acquisition of Asia Pacific Data Centre Group (ASX: AJD) as well as the underlying B1 data centre property

Key financial highlights include:

- Revenue[1] up $17.8 million (11%) to $179.3 million (FY18: $161.5 million)
- Underlying EBITDA[1,2,3,4] up $22.5 million (36%) to $85.1 million (FY18: $62.6 million)
- Underlying capital expenditure[5] of $378 million (FY18: $285 million)
- Statutory net profit/(loss) after tax of $(9.8) million (FY18: $6.6 million)
- Operating cash flow of $39.4 million (FY18: $33.4 million)
- Cash and cash equivalents of $399 million at 30 June 2019

Financial performance and position

NEXTDC achieved a number of milestones and enjoyed a period of strong growth in the 12 months to 30 June 2019.

During the year, the Group continued to experience significant growth in number of customers, customer orders and data centre revenue. Data centre services revenue for the year increased from $152.6 million to $169.7 million. The increase in revenue was largely driven by increased utilisation of data centre services across the business. As at 30 June 2019, NEXTDC was billing for approximately 37.7MW (2018: 34.3MW) of capacity.

[1] Not adjusted for differences in accounting standards between FY18 and FY19, which distorts comparability. NEXTDC adopted new accounting standards AASB 9, AASB 15 and AASB 16 from 1 July 2018

[2] EBITDA is a non-statutory financial metric representing earnings before interest, tax, depreciation and amortisation. Non-statutory financial metrics have been extracted from the audited accounts

[3] FY19 underlying EBITDA excludes distribution income from NEXTDC's investment in Asia Pacific Data Centre Group (APDC) of $1.3 million, transaction costs (including landholder duty) related to the acquisition and wind up of APDC of $9.0 million, gains on extinguishment of property leases of $2.4 million as well as costs related to review works in Singapore and Japan of $0.8 million

[4] FY18 underlying EBITDA excludes APDC distribution income of $3.2 million and APDC transaction costs of $1.8 million

[5] Underlying FY19 capex excludes APDC and B1 property acquisitions

A summary of consolidated revenues and segment EBITDA for the year is set out below:

	Segment revenues		Segment EBITDA	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Vic	68,686	64,317	50,552	44,384
NSW	63,050	56,184	44,190	35,189
Qld	18,987	16,892	12,855	11,331
WA	14,872	11,481	10,661	5,210
ACT	2,146	2,786	(36)	(2,628)
Other	1,955	900	9	(557)
Total segment revenue/EBITDA	169,696	152,560	118,231	92,929

Net profit/(loss) after tax was $(9.8) million (2018: $6.6 million). Non-statutory underlying earnings before interest, tax, depreciation and amortisation (EBITDA) improved from $62.6 million in FY18 to $85.1 million in FY19.

Reconciliation of statutory profit to EBITDA and underlying EBITDA is as follows:

	30 June 2019	30 June 2018	Change
	$'000	$'000	%
Net profit/(loss) after tax	(9,819)	6,639	(248%)
Add: finance costs	54,897	25,803	113%
Less: interest income	(8,220)	(5,778)	42%
Add/(less): income tax expense/(benefit)	(6,254)	4,252	(247%)
Add: depreciation and amortisation	48,442	33,038	47%
EBITDA	**79,046**	**63,954**	**24%**
Less: gain on extinguishment of B1 lease	(1,068)	-	
Less: gain on extinguishment of APDC leases	(1,291)	-	
Less: distribution income	(1,344)	(3,191)	(58%)
Add: APDC transaction costs	5,459	1,812	201%
Add: landholder duty on acquisition of APDC properties	3,498	-	
Add: Singapore and Japan costs	823	-	
Underlying EBITDA	**85,123**	**62,575**	**36%**

Funding

In May 2019 NEXTDC refinanced its existing senior secured debt facility of $300 million. As at the date of this report, the facility remains undrawn.

In July 2018 NEXTDC raised $300 million in senior unsecured debt ("Notes IV"), comprising a floating rate tranche of $200 million priced at 3.75% over 3-month BBSW and a fixed rate tranche of $100 million priced at 6%. This was followed in June 2019 by the raising of a further $200 million in senior unsecured debt via an additional fixed and floating rate tranche of Notes IV-2. The $170 million floating component was priced at 3.75% over 90-day BBSW, and the $30 million fixed rate tranche was priced at 102.466% of par on a coupon of 6.00%, implying a yield to first call of 4.92%.

Cash and cash equivalents at 30 June 2019 totalled $399 million (2018: $418 million).

Sales performance

NEXTDC has continued to focus its sales strategy on partnering with providers of infrastructure, platform and packaged services. Flexibility offered by being carrier and vendor neutral allows customers a choice of carriers and systems integrators, leading to an increase in the number of unique customers to 1,184 at 30 June 2019.

During FY19 NEXTDC increased its contracted utilisation by 31% from 40.2MW at the end of FY18 to 52.5MW at the end of FY19.

Contracted utilisation in Victoria increased by 0.3MW to 14.9MW during the period from 1 July 2018 to 30 June 2019, with contracted utilisation accounting for 66% of built capacity (22.5MW).

NSW's contracted utilisation increased by 11.3MW during FY19 to 31.9MW as at 30 June 2019, with contracted utilisation accounting for 145% of built capacity (22MW).

In Queensland contracted utilisation grew 0.2MW during FY19 to 2.6MW as at 30 June 2019, with contracted utilisation accounting for 42% of built capacity (6.25MW).

Western Australia's contracted utilisation increased by 0.5MW to 2.7MW during the period from 1 July 2018 to 30 June 2019, with contracted utilisation accounting for 48% of built capacity (5.6MW).

ACT's contracted utilisation was maintained at 19% (0.4MW) of built capacity (2.0MW).

NEXTDC is deriving revenue from numerous product sources including white space, rack ready services, project fees and add-on services. During FY19 interconnections generated approximately 7.7% of total recurring revenue.

The Group continues to develop its go-to-market strategy through its channel partnerships with major telecommunications and IT service providers, allowing the Company to actively increase the breadth and depth of its selling capability without adding to its sales operating cost base.

Continuous innovation

As a rapidly growing organisation providing IT infrastructure essential to Australia's digital economy, it's vital for NEXTDC to seek the continuous innovation of its systems, products and services.

All data centres have achieved and continue to be certified to ISO 27001 Information Security Management System, and ISO 9001 Quality Management System. These certifications confirm that NEXTDC has an integrated management system that provides a systematic approach to risk management, protection of company information and continuous improvement.

In FY19 NEXTDC continued to be recognised for its global leadership in engineering and design. NEXTDC's B2 and M2 data centres were the first and are still the only facilities in Australia to receive Uptime Institute (UI) Tier IV Certification of Constructed Facility. Once complete, P2 and S2 will be the next in our network to undertake the official certification process, with S2 having recently received UI Tier IV design certification.

NEXTDC has continued to develop its internal systems and processes in FY19 with the ongoing implementation of online platforms to automate and integrate the management of the entire customer journey through the 'lifecycle' of their data centre service with NEXTDC.

Customer demand has seen NEXTDC develop innovative ways to increase data centre capacity beyond the original designs, with higher power densities and additional data halls. Even though our facilities' power consumption is increasing as they become more populated, their overall energy efficiency improves over time through economies of scale, and increased utilisation of existing infrastructure.

The process of testing and tuning NEXTDC's data centres to optimise energy efficiency and stability has seen a marked improvement in the facilities' power usage effectiveness. The average PUE throughout the year across all NEXTDC data centres is now 1.30, well below our target of 1.40.

NEXTDC has a strong focus on energy efficiency and sustainability. Our facility infrastructure has been engineered to deliver extremely high energy efficiency, lowering the carbon footprint for our customers. Our M1 Melbourne and S1 Sydney data centres have become the first data centres in Australia to achieve a National Australian Built Environment Rating System (NABERS) 5-Star rating for energy efficiency.

NEXTDC owns and operates its own solar array on the roof of its M1 data centre and has also been a Principal Partner to the Melbourne Renewable Energy Project since its inception in 2014.

Business strategies and prospects for future financial years

The Group has built a strong and growing pipeline of sales opportunities across each of its operating markets. Based on a number of positive trends such as cloud and mobile computing, growth in internet traffic and data sovereignty matters, the Group expects that demand for carrier and vendor neutral outsourced data centre services will continue to grow for the foreseeable future.

The Company has a number of strategies to benefit from this growth including but not limited to:

- Expanding its presence in data centre markets where its existing facilities are close to being fully utilised;
- Continuing to sell uncontracted space and power in existing facilities;
- Opportunities for growth beyond the existing data centre footprint; and
- Launch of new products.

Based on the factors listed above, the Group expects its revenue to grow in the foreseeable future.

Business risks

NEXTDC is committed to having a sound risk management framework and recognises it is not only an important component of good corporate governance, but is also fundamental in achieving strategic and operational objectives and meeting legislative, industry and client obligations. NEXTDC has implemented a risk management framework consistent with the international risk standard ISO 31000 which ensures a systematic approach is used to identify and assess risks, and determine treatment plans to manage, transfer and avoid risks.

The Environmental, Social and Governance Report (located at www.nextdc.com) provides details on how NEXTDC addresses matters of environmental and social sustainability.

NEXTDC has identified the following business risks which may have an effect on NEXTDC's prospects for future financial years:

- *Customer Demand:* Development of new and existing data centres is capital intensive and sometimes undertaken without pre-sales commitment from customers, and there is a risk that there is not enough customer demand to achieve a sufficient return on investment. NEXTDC's business model to become the largest independent, carrier neutral channel ecosystem in the Asia-Pacific region aims to combat this risk as we present to the market a solution which provides more options to connect than our competitors. NEXTDC's next-generation of data centres will be built to allow a more scalable fit-out in accordance with demand growth which will result in a lower initial capital outlay. We are also aiming to increase sales by providing complementary products and services.
- *Development:* NEXTDC is involved in the development of data centres, including the new sites for S2, P2 and S3. Generally, development projects have a number of risks including (i) the risk that suitable sites or required planning consents and regulatory approvals, including approvals from the local water authority and the local power distribution grid operator, are not obtained or, if obtained, are received later than expected, or are adverse to NEXTDC's interests, or are not properly adhered to; (ii) the escalation of development costs (including the costs of construction and fit out and any associated delays) beyond those originally expected; (iii) unforeseeable project delays beyond the control of NEXTDC; and (iv) non-performance/breach of contract by a contractor or sub-contractor. Increases in supply or falls in demand could influence the acquisition of sites, the timing and value of sales and carrying value of projects.
- *Funding:* NEXTDC's business is capital intensive in nature and continued growth relies on the acquisition and development of new and existing data centres, along with investment in new technologies. Failure to obtain sufficient capital on favourable terms may hinder NEXTDC's ability to expand and pursue growth opportunities, which may reduce competitiveness and have an adverse effect on financial performance. To address this risk, NEXTDC has sought to obtain funding from various sources in order to not become over-reliant on any one form of funding, and is also developing cloud enabling products and services that are not as capital intensive to complement its Data Centre-as-a-Service (DCaaS) offering.
- *Meeting Customer Requirements:* Some of our customers and channel partners are large, well established businesses. Not delivering the appropriate solution within the required timeframe to meet their requirements could significantly impact our brand reputation as well as the ability to win further opportunities. To minimise this risk, NEXTDC engages its in-house engineering and project management teams to ensure the customer is provided with the optimal solution, and that it is delivered on time and within budget.
- *Cyber Risk:* According to various recent industry cyber risk reports, cyber incidents and their financial impacts are increasing significantly year on year and cyber criminals are targeting small and large businesses alike. To mitigate these risks, NEXTDC has implemented an information security management system based on ISO 27001 as well as undertaken ongoing penetration and vulnerability tests.
- *Physical Security Breach:* NEXTDC customers rely on our physical security to prevent unauthorised access to the space where their equipment resides. A physical security breach to a customer's space could result in irreversible reputational damage, impact on future opportunities and the ability to retain existing customers. Therefore, the Company's facilities are protected by multi-layered security systems and protocols designed to limit access to areas within the data centres only to those with the appropriate authorisation.
- *Privacy & Data Security:* NEXTDC collects a minimal amount of Personally Identifiable Information (PII), limited to activities such as account and contract management, marketing and to permit entry into its facilities. NEXTDC does not store, interact with or manage any data stored on its customers' equipment. Customers are responsible for managing their own IT equipment and data security. All PII is securely managed in accordance with our Privacy Policy, a document based on the Australian Privacy Act 1998 and information security practices based on ISO 27001 controls.
- *Unable to Provide Service:* A catastrophic failure or equipment malfunction at a NEXTDC data centre could result in the Company not being able to provide power and cooling to support our customers' equipment, thus breaching our service level agreements and incurring contractual liabilities. To address this risk, all of NEXTDC's data centres are designed and built with sufficient redundancy in place (including redundant paths for power and cooling) to enable components to go off-line to be maintained without affecting our customers' IT equipment.
- *Technology Advances:* NEXTDC operates in a competitive sector, and failure to keep up to date with the latest technology could result in reputational damage and a downturn in customer demand. To mitigate this risk, the Company promotes mutual

research and development projects and strategic alliances with its suppliers, regularly attends industry conferences and is a member of the Uptime Institute, an independent thought leader and certification body in IT and data centres.

- *Health and Safety:* Data centres are workplaces where employees and contractors may be subject to various health and safety risks, such as, but not limited to, exposure to high voltage, construction zones, manual handling and working at heights which could result in death or permanent disability. To address these risks, access to areas where these types of safety risks exist is restricted to allow only those workers who have appropriate licences and training. Permits to work, including Safe Work Method Statements and proof of insurance are required prior to any works commencing.
- *Energy Usage and Emissions:* Due to the nature of our business, as our customer loads increase year on year, so too will our energy usage and emissions, which may result in NEXTDC being perceived to be having a negative impact on the environment. To counter this risk, NEXTDC has invested significantly in improving energy efficiencies, implementing initiatives such as solar power and rainwater collection to reduce the overall impact on the environment. The Company also benchmarks its Power Usage Effectiveness against peers to achieve industry best practice.
- *Fraud, Bribery and Corruption:* Fraud, bribery or any other unethical behaviour could significantly impact on customer's and shareholder's trust and confidence in NEXTDC. In order to reduce these risks, NEXTDC has stringent sales and purchasing processes and procedures. The Statement of Delegated Authority has been approved by NEXTDC's Board and authority limits are automated in NEXTDC's purchasing system to prevent staff exceeding their approval limits. All NEXTDC staff and directors undergo Code of Conduct training and pursuant to the Company's Whistle-blower Policy, employees are encouraged to come forward and report if they see any unethical behaviour.
- *Training and Development:* Operating and maintaining data centres requires highly trained employees and lack of sufficient training and development could result in safety and environmental incidents, poor efficiencies and low morale. All data centre workers hold the appropriate licences and receive on the job training. In addition, NEXTDC's in-house Engineering team provides support and knowledge on how to run the equipment at optimal performance.

Significant changes in the state of affairs

Other than what has already been mentioned in this report, there have been no further significant changes in the state of affairs of the Group during FY19.

Matters subsequent to the end of the financial period

No matters or circumstances have arisen since 30 June 2019 that have significantly affected the Group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

Likely developments in the operations of the Group that were not finalised at the date of this report include the continued fitout of data centre capacity in existing facilities and the pursuit of further growth opportunities.

Dividends

Dividends were neither paid nor declared during the year.

Environmental regulation

The Group is subject to significant environmental regulation in respect of its data centre operating activities as set out below.

Greenhouse gas and energy data reporting requirements

NEXTDC monitors its carbon emissions for reporting and is registered under the National Greenhouse and Energy Reporting Act ("NGER"). Additionally, our carbon inventory is also independently audited under the Australian National Carbon Offset Standard ("NCOS"). Continuing our focus on leadership through industry innovation, we became, in FY19, the first operator in the region to achieve carbon neutrality by offsetting emissions associated with our corporate operations, as certified under NCOS. Further, we are currently developing a product to offer our customers the opportunity to similarly offset their emissions in our facilities – yet another first for a data centre operator in the Asia Pacific region.

Insurance of officers

During the period, NEXTDC Limited paid a premium of $809,500 (FY18: $402,500) to insure the directors and officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. The Directors & Officers Liability insurance also covers security claims against the company itself. It is not possible to apportion the premium between amounts relating to the insurance against legal costs to defend the officers and those relating to other liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Information on Directors

DOUGLAS FLYNN

Chairman
Non-Executive Director (since September 2013)

EXPERIENCE AND EXPERTISE

Douglas (Doug) was appointed to the Board in September 2013 as an Independent Non-Executive Director and subsequently was appointed as Chairman in April 2014.

Doug has over 30 years of international experience in the media and information and communication technology industries, including holding various senior management and board positions.

Doug is the current Chairman of Konekt Limited.

Previously, Doug was Chief Executive of newspaper publisher, Davies Brothers Limited, which was acquired by News Corporation in 1989. In 1995, he was appointed the Managing Director of News International Plc.

After leaving News International in 1998, Doug joined Aegis Group Plc and was appointed as CEO in 1999, where he was instrumental in doubling the size of the company and established a global market research business Synovate and internet services business Isobar.

From 2005 to 2008, Doug served as the Chief Executive of facilities management provider Rentokil Initial Plc.

Doug graduated in Chemical Engineering from the University of Newcastle, New South Wales and received a MBA with distinction from the University of Melbourne.

OTHER CURRENT DIRECTORSHIPS

Doug also holds the following positions:

- Konekt Limited (June 2012 – present)

FORMER DIRECTORSHIPS

- Seven West Media Limited
- iSentia Group Limited
- APN Outdoor Group Limited

SPECIAL RESPONSIBILITIES

- Chairman of the Board
- Member of the Audit and Risk Management Committee
- Member of the Remuneration and Nomination Committee

INTERESTS IN SHARES AND OPTIONS

Doug holds 152,531 fully paid ordinary shares in NEXTDC Limited.

CRAIG SCROGGIE

Chief Executive Officer (since June 2012)
Managing Director (since November 2010)

EXPERIENCE AND EXPERTISE

Craig Scroggie is the Chief Executive Officer and Managing Director of NEXTDC, responsible for driving the business to become one of the world's fastest growing technology companies. Craig is well recognised for his superior leadership experience within the IT and telecommunications industries across the globe.

Under Craig's leadership, NEXTDC has grown from a start-up operating only a single data centre (B1 Brisbane) to now being recognised as Australia's leading Data Centre-as-a-Service company, boasting a national footprint of nine operational data centres across Australia, with an additional two facilities currently in design. The company's annual data centre services revenues have grown from $1.2 million (FY12) to almost $170 million (FY19). In that time, the Company has earned a plethora of awards in the technology, business and engineering industries. In 2017, NEXTDC's B2 Brisbane and M2 Melbourne data centres were both awarded Tier IV Certification of Constructed Facility (TCCF) from the Uptime Institute, the first data centres in Australia and the first colocation data centres in the Asia-Pacific region to achieve such recognition.

Prior to his appointment as Chief Executive Officer, Craig served as a Non-Executive Director of NEXTDC for 18 months and as Chairman of the Audit and Risk Management Committee. Craig has previously held senior leadership positions with Symantec, Veritas Software, Computer Associates, EMC Corporation and Fujitsu. Craig is a Graduate and Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Institute of Management. Craig is a Graduate of the University of Southern Queensland and holds an Advanced Certificate in Information Technology, a Graduate Certificate in Management, a Postgraduate Diploma in Management, and a Master of Business Administration.

OTHER CURRENT DIRECTORSHIPS

Craig holds the position of Adjunct Professor in the College of Arts, Social Sciences and Commerce at La Trobe University and currently serves as the Chairman of the La Trobe University Business School.

INTERESTS IN SHARES AND OPTIONS

Craig holds 1,981,499 fully paid ordinary shares and 626,514 performance rights.

STUART DAVIS

Non-Executive Director (since September 2013)

EXPERIENCE AND EXPERTISE

Stuart was an international banker with over 30 years with the HSBC Group including roles in Hong Kong, New York, Taiwan, India and Australia. Most recently he was CEO India for the Hongkong and Shanghai Banking Corporation Limited (2009-2012), CEO and Executive Director for HSBC Bank Australia Limited (2002-2009) and CEO HSBC Taiwan (1999-2002). He was a member of the Australian Bankers Association from 2002 to 2009 and Deputy Chairman from 2006 to 2009.

Stuart holds a LLB from Adelaide University and is a Graduate of the Australian Institute of Company Directors.

OTHER CURRENT DIRECTORSHIPS

- PayPal Australia Limited (July 2016 – present)
- Bank of South Pacific Limited (September 2017 – present)

FORMER DIRECTORSHIPS

Stuart previously held directorships with subsidiaries of HSBC Group until 2012, Built Holdings Pty Ltd. and Moboom Limited.

SPECIAL RESPONSIBILITIES

- Chairman of the Audit and Risk Management Committee
- Member of the Remuneration and Nomination Committee

INTERESTS IN SHARES AND OPTIONS

Stuart holds 34,314 fully paid ordinary shares in NEXTDC Limited.

GREGORY J CLARK AC

Non-Executive Director (since April 2014)

EXPERIENCE AND EXPERTISE

Dr Gregory J Clark AC is a world-renowned technologist, businessman and scientist, with extensive corporate and Board experience in Australia, the USA and Europe.

Dr Clark was previously on the Board of the ANZ Banking Group where he chaired the Board's Technology Committee and was a member of the Risk, Governance and Human Resources Committees.

Dr Clark brings to the Board international business experience and a distinguished career in micro-electronics, computing and communications. He was previously Principal of Clark Capital Partners, a US based firm that has advised internationally on technology and the technology market place.

During his career, Dr Clark also held senior executive roles at IBM, News Corporation and Loral Space and Communications. At IBM he was a senior scientist in their Research Division in NY. At News Corporation he was President of Technology and on the Executive Committee with responsibility for all technical aspects of digital media creation and delivery. Dr Clark was responsible for News Corporation's transformation of its media assets from an analogue platform into a digital platform for both program creation and delivery. In addition, he was responsible for all technology companies within News Corporation.

He was Chief Operating Officer at Loral Space and Communications, the world's largest commercial satellite manufacturer and one of the largest operators, with responsibility for all development, manufacturing, marketing and sales.

While at News Corporation and Loral Space and Communications, Dr Clark was Chairman and/or on the Board of a number of wholly owned subsidiaries including Globalstar, SatMex, Skynet, SpaceSystemLoral, Kesmai, Etak and others.

OTHER CURRENT DIRECTORSHIPS

Dr Clark is currently Chairman of the Australian National University Advisory Board for the Research School of Physics and Engineering. He is also currently on the Board of the Sydney University Physics Foundation and Questacon, the National Science and Technology Centre.

FORMER DIRECTORSHIPS

Dr Clark served as a director on the Board of the ANZ Banking Group which he stepped down from in November 2013 after nine years of service.

SPECIAL RESPONSIBILITIES

- Chairman of the Remuneration and Nomination Committee
- Member of the Audit and Risk Management Committee

INTERESTS IN SHARES AND OPTIONS

Gregory holds 62,202 fully paid ordinary shares in NEXTDC Limited.

SHARON WARBURTON

Non-Executive Director (since April 2017)

EXPERIENCE AND EXPERTISE

Sharon was appointed as an Independent Non-Executive Director in April 2017.

Sharon is currently the Co-Deputy Chairman of Fortescue Metals Group Limited and a Non-Executive Director of Gold Road Resources Limited and WorleyParsons Limited. Sharon is also a part-time member of the Federal Government's Takeovers Panel.

Sharon has previously held positions as Executive Director of Strategy and Finance with Brookfield Multiplex, Chief Planning and Strategy Office of United Arab Emirates based ALDAR Properties PJSC, and senior executive roles with Multiplex, Citigroup, and Rio Tinto.

Sharon is a Fellow of Chartered Accountants Australia and New Zealand. Sharon is a Graduate of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Building and a member of Chief Executive Women.

Sharon is a Director of the Perth Children's Hospital Foundation. She is a member of the WA Rhodes Scholar Scholarship Selection Committee.

Sharon is Curtin University alumni and the Patron for the Curtin Women in MBA scholarship programme. Sharon became an Adjunct Professor (Leadership & Strategy) of Curtin University's Business School in April 2019.

Sharon holds a Bachelor of Business – Accounting and Business Law from Curtin University.

OTHER CURRENT DIRECTORSHIPS

- Fortescue Metals Group Limited (November 2013 – present)
- Gold Road Resources Limited (April 2016 – present)
- WorleyParsons Limited (February 2019 – present)

FORMER DIRECTORSHIPS

- Wellard Limited (until August 2016)

SPECIAL RESPONSIBILITIES

- Member of the Audit and Risk Management Committee
- Member of the Remuneration and Nomination Committee

INTERESTS IN SHARES AND OPTIONS

Sharon holds 39,202 fully paid ordinary shares in NEXTDC Limited.

STEPHEN SMITH

Non-Executive Director (since 1 July 2019)

EXPERIENCE AND EXPERTISE

Steve Smith is widely respected amongst the global ICT community. Steve has a deep background and expertise in managing market leading technology businesses, particularly in the data centre industry.

Steve served as CEO and President of Equinix Inc for over a decade (2007-2018), transforming it into the largest enterprise data centre platform in the world. Under Steve's leadership Equinix grew from 17 data centres operating in 10 markets and a US$2 billion market cap, to approximately 200 data centres with a US$38 billion market cap and operations in 24 countries on five continents.

Based in the San Francisco Bay Area, Steve is currently a Managing Director of GI Partners, a US based investment fund focussed on data centre, data transport, wireless and tech-enabled infrastructure investments in North America. Prior to his time at GI Partners and Equinix, Steve held senior leadership positions at Hewlett Packard (2005-2006) which included serving as its Senior Vice President - Worldwide HP Services; Lucent Technologies Inc. (2004-2005), where he was appointed as Vice President, Global Professional and Managed Services and Electronic Data Systems Corporation (EDS) (1987-2004), where he served in a number of capacities including Chief Sales Officer and President, Asia-Pacific.

Steve also had a successful eight-year career in the U.S. Army where, among other roles, he was aide de-camp to the office of the Commander in Chief of the U.S. Armed Forces in the Pacific.

Steve holds a Bachelor of Science in Engineering from the U.S. Military Academy at West Point.

OTHER CURRENT DIRECTORSHIPS

- Flexential Inc. (April 2018 – present)

FORMER DIRECTORSHIPS

Steve has served on several boards including Volterra Semiconductor Corporation, 3Par Inc, Actian Corporation, NetApp Inc and F5 Networks Inc.

INTERESTS IN SHARES AND OPTIONS

Nil

MICHAEL HELMER

Company Secretary (since February 2015)

Michael is also the Chief Legal Officer of NEXTDC Limited.

Michael has over 25 years' experience in the legal sector and, until joining the Company, served as Director of Legal Services (Asia Pacific) for global software maker Symantec, where he and his team were responsible for advising on compliance, licensing, litigation, privacy and cybersecurity issues throughout the region as well as supporting the regional leadership, sales and engineering teams. Previously Michael was based in London at specialist technology and IP firm Field Fisher Waterhouse. Michael has held senior legal roles in Barclays, Coles Myer and was General Counsel at European on-line shopping site shopsmart.com as well as at Australian anti-malware maker PC Tools. Michael has practised extensively in the areas of technology, data security, privacy, corporate commercial, licensing and FMCG.

He has obtained a Bachelor of Laws, Bachelor of Science (Monash) and is admitted as a legal practitioner in Australia and in England and Wales. Michael is a member of the Association of Corporate Counsel (Australia) having served as their Victorian President as well as a member of its National Board (2012 to 2014). Michael is a member of the Governance Institute of Australia and holds a Certificate in Governance Practice.

Meetings of directors

The number of meetings of the Company's Board of Directors and of each board committee held during the year, and the number of meetings attended by each director are as follows:

			Meetings of committees			
	Full meetings of directors		Audit and Risk Management Committee		Remuneration and Nomination Committee	
	A	B	A	B	A	B
Douglas Flynn	16	16	3	3	4	4
Craig Scroggie	16	16	N/A	N/A	N/A	N/A
Stuart Davis	15	16	3	3	4	4
Gregory J Clark AC	16	16	3	3	4	4
Sharon Warburton	16	16	3	3	4	4

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the period N/A = Not applicable. Not a member of the relevant committee


DRUPS 01
FIRE EXTINGUISHER
A:B(E) POWDER
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Remuneration Report – Audited

This report sets out the remuneration arrangements for NEXTDC's Directors and other Key Management Personnel (KMP) for the year ended 30 June 2019 (FY19). It is prepared in accordance with section 300A of the Corporations Act 2001 (Corporations Act) and has been audited as required by section 308(3C) of the Corporations Act.

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1. MESSAGE FROM THE CHAIR OF THE REMUNERATION AND NOMINATION COMMITTEE

NEXTDC's Remuneration Report details how executive remuneration outcomes are linked to both Company and individual performance for the 2019 financial year. It details our remuneration policy for FY19 and how it was designed to create alignment between executive remuneration and shareholder outcomes for the reporting period.

In FY19, NEXTDC achieved a number of key performance milestones:

Data centre services revenue

$169.7M

▲ $17.1M (11%)

Underlying EBITDA

$85.1M

▲ $22.5M (36%)

Operating cashflow

$39.4M

▲ $6.0M (18%)

Contracted utilisation

52.5MW

▲ 12.3MW (31%)

Notes IV and IV-2 raised

$500.0M

Senior syndicated debt facility

$300.0M

Renewed for a further 3-year term

Completed acquisition of APDC and B1 for $285M

S2 opened for early access customers

Capital expenditure

$378.0M

At NEXTDC we are committed to creating a corporate culture aimed at attracting and retaining high-calibre talent whose behaviours and skills promote our core values and drive our Company's achievements. A strong corporate culture drives the business success highlighted above and underpins the incentive payments made to Senior Executives for the FY19 performance period.

NEXTDC's Remuneration and Nomination Committee considers the Company's remuneration strategy with reference to its overall business objectives, cash position, competitive environment and feedback from its shareholders. The Committee desires to appropriately incentivise its executives to ensure the Company can capitalise upon its opportunities in the data centre industry and compete against private and foreign-owned corporations seeking to do likewise. With growth tied to shareholder value, the Committee recognises that significant elements of executive remuneration need to be contingent on the Company's success in enhancing and expanding its current operational footprint. This includes securing valuable sites in key markets and enhancing, expanding and optimising its operational infrastructure. It also means offering a consistent, high-value service to national and international customers.

After a two-year hiatus on Senior Executive salary increases, broken in January 2018 with an adjustment, no further increase to executive base salary has been made up to the end of FY19. However, the Committee, mindful of ensuring total remuneration is aligned with Company performance and shareholder value, adjusted the basis of calculating FY19 Long Term Incentive (LTI) grants from 75% to 100% of base salary. The Committee remains mindful of remuneration trends in the executive space and will continue to assess this to ensure alignment with the Board's business objectives in terms of overall performance, retention of key personnel and shareholder value with reference to Australian and international comparator groups.

We look forward to further engagement with our shareholders and welcome your continued feedback on our remuneration policies and practices.

Dr Gregory J Clark AC

Chairman – Remuneration and Nomination Committee

2. THE PERSONS COVERED BY THIS REPORT

Key Management Personnel ("KMP") include Non-Executive Directors and Senior Executives. The term "Senior Executives" refers to the CEO and those executives with authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly.

TABLE 1: KEY MANAGEMENT PERSONNEL

NON-EXECUTIVE DIRECTORS

Name	Position
Douglas Flynn	Non-Executive Chairman since 30 April 2014 Member of the Audit and Risk Management Committee Member of the Remuneration and Nomination Committee
Stuart Davis	Non-Executive Director Chair of the Audit and Risk Management Committee Member of the Remuneration and Nomination Committee
Gregory J Clark AC	Non-Executive Director Chair of Remuneration and Nomination Committee Member of the Audit and Risk Management Committee
Sharon Warburton	Non-Executive Director Member of the Audit and Risk Management Committee Member of the Remuneration and Nomination Committee

SENIOR EXECUTIVES

Name	Position
Craig Scroggie	Chief Executive Officer, Managing Director
Simon Cooper	Chief Operating Officer
Oskar Tomaszewski	Chief Financial Officer
Adam Scully	Chief Sales Officer
David Dzienciol	Chief Customer Officer & Executive Vice-President of Technology

3. OVERVIEW OF REMUNERATION GOVERNANCE FRAMEWORK

Consistent with NEXTDC's mission to be the leading customer-centric data centre services company, delivering solutions that power, secure and connect enterprise, the remuneration policy is designed to incentivise and reward Senior Executives for achieving the Company's overarching objectives of building market-leading sales performance, hosting the country's largest independent ecosystem of carriers, cloud and IT service providers and enabling customers to source and connect with suppliers and partners in an integrated hybrid cloud environment.

The remuneration framework applicable to the 2019 financial year is outlined and summarised below.

3.1 Senior Executive Remuneration (SER) Policy

The Senior Executive Remuneration Policy applies to Senior Executives who are defined as:

- The Chief Executive Officer – accountable to the Board for the Company's performance and long-term planning;
- Heads of business units, or those with key functional roles, or essential expertise, that report directly to the Chief Executive Officer;
- Other executive roles classified as KMP under the Corporations Act; and
- Other roles or individuals nominated by the Board from time to time.

FIGURE 1: REMUNERATION GOVERNANCE FRAMEWORK

BOARD
- Approves the overall remuneration policy and ensures it is competitive, fair and aligned with the long-term interests of the Company and shareholders
- Approves Senior Executives and other key management personnel remuneration
- Assesses company performance and determines STI and LTI outcomes for Senior Executives

REMUNERATION AND NOMINATION COMMITTEE
The Remuneration and Nomination Committee is delegated responsibility by the Board to make recommendations on:
- The remuneration policies and framework
- Non-Executive Director remuneration
- Remuneration for Senior Executives and other key management personnel
- The extent of the Senior Executives' achievements against performance targets and the remuneration outcomes
- Executive incentive arrangements

MANAGEMENT
- Provides information relevant to remuneration decisions and makes recommendations to the Remuneration and Nomination Committee

CONSULTATION WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

REMUNERATION CONSULTANTS AND OTHER EXTERNAL ADVISORS
The Remuneration and Nomination Committee may appoint and engage independent advisors directly in relation to Executive remuneration matters. These advisors:
- Review and provide recommendations on appropriateness of Senior Executive remuneration
- Provide independent information in relation to remuneration decisions

Advice or recommendations provided are used to assist the Board. Remuneration decisions are undertaken through the Board and Remuneration and Nomination Committee process.

The SER policy details how executive remuneration is structured, benchmarked and adjusted in response to changes in the circumstances of the Company. NEXTDC's Senior Executives Total Remuneration Package (TRP) includes the following components:

FIGURE 2: TOTAL FY19 REMUNERATION (IF MAXIMUM INCENTIVE PAYMENTS ARE RECEIVED)

Base Salary Package (36%)
- Base Salary Package (includes superannuation, non-monetary benefits and any applicable fringe benefits tax)
- References domestic and international industry benchmarks

STI (28% at risk)
- STI that provides a reward for performance against the annual objectives
- EBITDA gateway
- Maximum = 75% of Base

- 50% is paid as cash
- 50% is deferred for one year (cash or shares)

LTI (36% at risk)
- LTI that provides a securities-based reward for performance against indicators of long term shareholder value creation
- Rights vest at TSR Index (must be positive)
- Maximum = 100% of Base

Year 1 | **Year 2** | **Year 3**

3.2 Senior Executive Remuneration Benchmarks

In setting executive remuneration, the Company continues to reference domestic and international industry benchmarks. Specific adjustments are introduced to enable NEXTDC to attract and retain the necessary calibre of talent in the niche data centre industry. Many of NEXTDC's competitors and major customers are international and NEXTDC needs to compete for talent in this context. Accordingly, the Company observes the following factors in setting executive remuneration packages:

- The individual's contribution to long term revenue/EBITDA growth;
- Their relevant industry knowledge, experience and connections; and
- Domestic and international comparators with whom NEXTDC must compete for talent.

The Base Salary Package policy mid-points are set with reference to the median of the relevant market practice. TRP's at Target (being the Base Package plus incentive awards intended to be paid for targeted levels of performance) are set with reference to the 75th percentile of the relevant market practice so as to create a strong incentive to achieve targeted objectives in both the short and long term.

Certain segments of the executive remuneration mix may not be captured solely by domestic remuneration benchmarks, noting that the retention of Senior Executives with first-class industry relationships are of critical importance in achieving exceptional financial performance and long-term shareholder value.

3.3 Senior Executive Remuneration Mix

The Senior Executive remuneration mix refers to the proportion of remuneration that executives can receive as fixed versus variable "at risk" remuneration. Assuming performance is at a level at which incentives pay out in full, 64% of TRP remuneration received is performance related.

The graph below sets out the remuneration mix if maximum incentive payments are received for the CEO and other Senior Executive KMP for FY19.

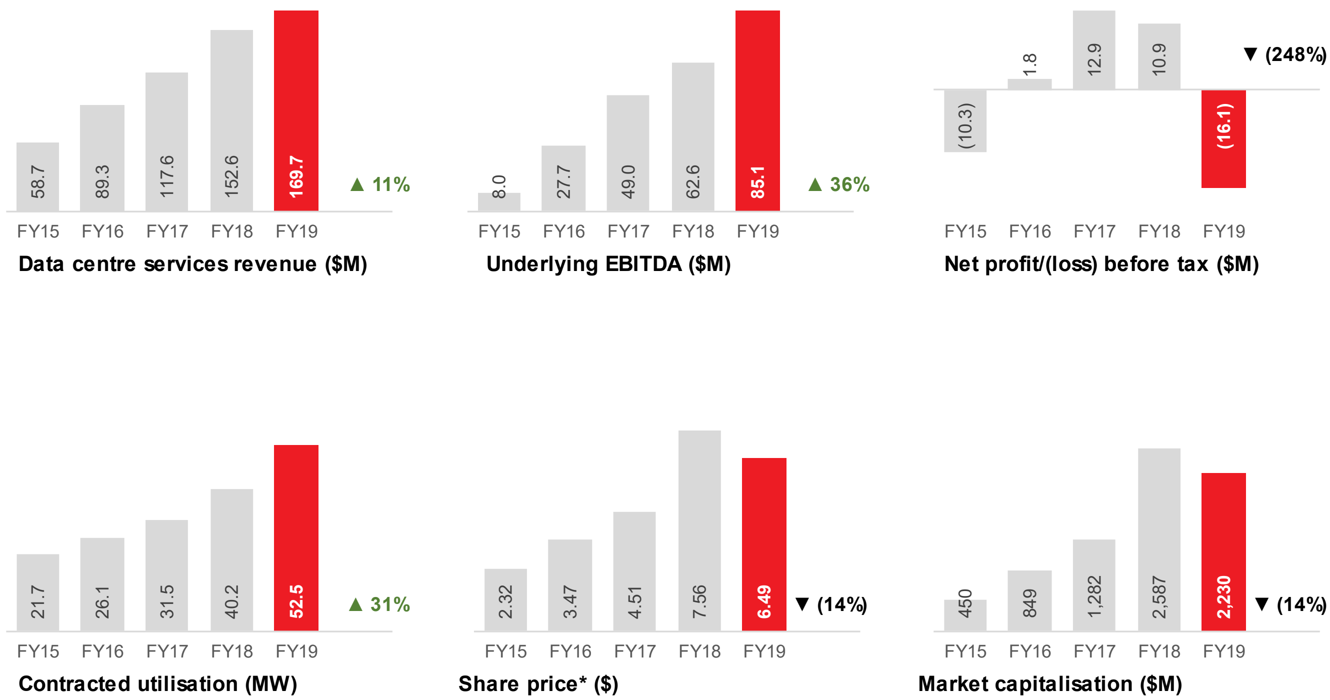
FIGURE 3: FY19 POTENTIAL REMUNERATION MIX

3.4 Senior Executive Remuneration and Performance

Although organic growth opportunities are compelling, the Company has powerful competition from private and foreign owned corporations. The Board has therefore determined that significant remuneration opportunities be contingent on realising this growth. Prospects for future shareholder value are heavily reliant on NEXTDC being amongst the first to market to secure valuable sites, build data centre infrastructure, offer a regional footprint for national and international customers as well as retaining them with high value services that present a high barrier to entry. If successful, these components of Company performance are the drivers of tomorrow's sustainable shareholder value creation.

Senior Executive remuneration and performance is also assessed relative to NEXTDC's performance over the past five years, as summarised below:

TABLE 2: HISTORICAL COMPANY PERFORMANCE



*Closing share price as at 28 June 2019

Underlying EBITDA excludes non-recurring items such as distributions received, transaction costs associated with the acquisition and wind up of Asia Pacific Data Centre (APDC), and costs related to review work in Singapore and Japan. EBITDA is a non-statutory metric representing earnings before interest, tax, depreciation and amortisation.

3.5 Variable remuneration – Short Term Incentive (STI) Plan

The highly capital-intensive nature of NEXTDC's business requires infrastructure to be built prior to generating income derived through infrastructure utilisation. With NEXTDC operating in a high-growth market, the Company needs to continually expand its infrastructure to meet customer demand. It is on this basis that the Board places emphasis on committed sales, facilities growth, margin, and EBITDA growth in incentivising Senior Executives.

FINANCIAL YEAR 2019 STI PLAN

The purpose of the STI Plan is to provide an incentive for Senior Executives to achieve against the Company's strategic objectives by delivering or exceeding annual business plan requirements for sustainable superior returns for shareholders. Key terms of the FY19 STI Plan are detailed below.

<table>
<tr><th>Feature</th><th colspan="3">Description</th></tr>
<tr><td>Maximum opportunity</td><td colspan="3">25% of Base Salary Package and a stretch (maximum) of 75% of Base Salary Package.</td></tr>
<tr><td>Measurement period</td><td colspan="3">The Company's financial year i.e. from 1 July to the following 30 June.</td></tr>
<tr><td rowspan="6">Performance metrics</td><td colspan="3">The below Company Key Performance Indicators (KPIs) were selected as being the most relevant drivers for improving financial performance and growth in shareholder value and are also common measures amongst NEXTDC's global competitors.</td></tr>
<tr><td>Metric</td><td>Weighting</td><td>Reason for selection</td></tr>
<tr><td>Group EBITDA</td><td>1/3</td><td>Indicates the Company's underlying profitability best suited to its stage of development</td></tr>
<tr><td>New retail NMRR* committed</td><td>1/3</td><td rowspan="2">New NMRR committed is connected to the level of incremental new business signed with NEXTDC's two key customer segments – retail and wholesale</td></tr>
<tr><td>New wholesale NMRR committed</td><td>1/3</td></tr>
<tr><td colspan="3">No STI can be paid if the EBITDA gateway is not achieved. The FY19 EBITDA gateway was set at 95% of budget.</td></tr>
<tr><td>Delivery of STI</td><td colspan="3">Payments will be in cash unless otherwise determined by the Board and will normally be paid in September following the Measurement Period subject to the deferral of 50% of the final STI payment, which may be delivered in cash or by grant of rights to acquire fully paid ordinary shares.

Deferring 50% of the awarded STI for a period of 12 months is intended to promote sustainability of annual performance over the medium term, acts as a retention mechanism and facilitates the exercise of clawback provisions should the Board determine to exercise its discretion.</td></tr>
<tr><td>Board discretion</td><td colspan="3">If the Company's overall performance during the Measurement Period is substantially lower than expectations and has resulted in a significant loss to shareholders' value, the Board may abandon the STI Plan for the Measurement Period or adjust STI payouts.</td></tr>
</table>

***NMRR = Net Monthly Recurring Revenue**

3.6 Variable remuneration – Long Term Incentive (LTI) Plan

FINANCIAL YEAR 2019 LTI PLAN

The purpose of the LTI Plan is to provide an incentive for Senior Executives to help achieve the Company's strategic objectives by delivering performance that will lead to sustainable, superior returns for shareholders. Another purpose of the LTI Plan is to act as a retention mechanism to maintain a stable team of performance-focused Senior Executives. The current LTI Plan is the NEXTDC Limited Equity Incentive Plan (EIP).

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Opportunity/Allocation</td><td>Maximum LTI value was set at 100% of Base Salary Packages.

The LTI grant of Performance Rights is calculated by applying the following formula:

Number of Performance Rights = Base Package x Maximum LTI% ÷ Right Value

NB: The Right Value is the volume weighted average share price of Shares over the 10 trading days following the release of the Company's FY18 results. The "Maximum LTI %" recognises that the stretch level of Rights will be granted when stretch performance is achieved.</td></tr>
<tr><td>Measurement period</td><td>The Performance Rights measurement period for FY19 is a three (3) year period beginning from the end of trade on the day of release of the FY18 Results and ending upon the end of the day of release of the annual results for FY21.

The measurement period for assessing Total Shareholder Return (TSR) performance is aligned with the release of results to ensure that the share price upon which TSR is determined at the start and end of the performance period reflects an informed market.</td></tr>
<tr><td>Performance hurdle</td><td>The performance condition is market adjusted TSR which compares the TSR of the Company to the TSR of the ASX 200 Accumulation Index (Index) with the vesting percentages to be determined by the following scale:
<table>
<tr><th>NEXTDC's TSR over the Measurement Period</th><th>Percentage of Rights that vest</th></tr>
<tr><td>Less than TSR of Index</td><td>Nil</td></tr>
<tr><td>At TSR of Index</td><td>25%</td></tr>
<tr><td>Between TSR of Index and TSR of Index + 5%</td><td>Pro rata vesting from 25% to 100% on a straight-line basis</td></tr>
<tr><td>TSR of Index + 5% or greater</td><td>100%</td></tr>
</table>
A positive TSR gateway applies to all offers such that no vesting will occur if shareholder value has not increased over the Measurement Period (i.e. TSR must be positive).

The Remuneration and Nomination Committee has again reviewed whether the introduction of a second LTI performance measure is appropriate. It remains the Board's view that an additional measure is not appropriate at NEXTDC's current stage of development. The Remuneration and Nomination Committee regards the continued application of a relative TSR performance measure to be the most effective method for aligning long-term executive performance with shareholder wealth outcomes and will review the appropriateness of the single measure LTI program on an annual basis.</td></tr>
<tr><td>Reason for selection</td><td>TSR was selected as it recognises the total returns (share price movement and dividends assuming they are reinvested into Company shares) that accrue to shareholders over the Measurement Period. This measure creates the most direct alignment between shareholder return and rewards realised by Senior Executives. The measurement period for assessing TSR performance is aligned with the release of results to ensure that the share price upon which TSR is determined at the start and end of the performance period reflects an informed market.

Market adjusted TSR was selected to ensure that participants do not receive windfall gains from broad market movements unrelated to the performance of the Senior Executives.

The positive TSR gate ensures that Senior Executives cannot benefit from the LTI Plan when shareholders have lost value over the Measurement Period. Vesting commences upon NEXTDC's TSR matching the Index TSR, with full vesting occurring once NEXTDC's TSR exceeds the Index TSR by 5% compound annual growth over the performance period. This hurdle has been determined with regard for the historic performance of the ASX 200 Accumulation Index whereby 5% compound annual growth or greater represents upper quartile performance.

This would, in the Board's view, represent an outstanding outcome for the Company.</td></tr>
</table>

Feature	Description
Exercise of vested Incentive Rights	Upon vesting, Incentive Rights will be automatically exercised and the Board will determine the extent to which their value will be delivered in Shares and/or cash. The Board will also determine whether Shares will be issued or acquired for participants via the Employee Share Trust (EST) and if the EST is used, whether new issues or on-market purchases of Shares will be undertaken by the trustee of the EST. No amount is payable by participants to exercise vested Incentive Rights.
Forfeiture and termination	In the event of cessation of employment due to dismissal for cause, all unvested Incentive Rights are forfeited. In the event of cessation of employment due to resignation, all unvested Incentive Rights are forfeited unless otherwise determined by the Board. In the event of cessation of employment due to death, total and permanent disability or redundancy, unvested performance rights will continue on-foot and be subject to the original terms as though employment had not ceased, unless the Board determines otherwise. In any other circumstances the Board has discretion to determine how the unvested Performance Rights will be treated upon cessation of employment with the Company.
Board discretion	The Board retains discretion to modify vesting outcomes. Incentive Rights that do not vest will lapse. Board discretion to vary vesting will generally only be applied when the vesting that would otherwise apply is considered by the Board to be inappropriate, and when it would not align with shareholder returns.
Change of Control	In circumstances where there is a likely change in the control of NEXTDC, the Board has discretion to determine the level of vesting (if any) having regard to the portion of the performance period elapsed, performance to date against performance conditions and any other factors it considers appropriate. If an actual change in the control of the Company occurs before the Board can exercise this discretion, unless the Board determines otherwise, unvested Performance Rights will vest and become exercisable in proportion to the Company's performance against the TSR Hurdle up to the date of the change of control.
Malus/Clawback Provisions	The Board retains the ability to reduce or clawback awards where the participant has acted fraudulently or dishonestly or is in material breach of their obligations to the Company; or where the Company becomes aware of material misstatements or omissions in the financial statements of the Company; or any circumstances occur that the Board determines to have resulted in an unfair benefit to the recipient.
Hedging	The Company prohibits the hedging of Incentive Rights and Restricted Shares by Participants.

3.7 Risk Management and Clawback Provisions

Creating a sound risk culture is important to NEXTDC. The Company's STI and LTI Plans have been designed to protect the Company from the risk of unintended or unjustified pay outcomes by allowing risk outcomes to be taken into account over long periods and via a variety of measures that are considered key to the Company's success. For example:

- Basing the STI on a number of performance measures, including an initial gateway hurdle before any STI is able to be paid
- Deferring a component (50%) of STI to ensure alignment with shareholder value and compliance with NEXTDC's Codes of conduct and corporate governance
- Increasing the weighting of the remuneration mix towards LTI's to encourage prudent risk taking in line with the long-term objectives of the Company

While formal shareholding requirements are not imposed for Senior Executives, the CEO has a material holding in NEXTDC shares, which was valued at approximately 10 times base salary at 30 June 2019.

Board discretion is applied to the vesting of all STI's and LTI's, to ensure any proposed awards are aligned with shareholder returns. As noted in section 3.6, the Board also retains the ability to reduce or clawback awards in the event of serious misconduct or a material misstatement in the Company's financial statements.

3.8 Non-Executive Director Remuneration Policy

The Non-Executive Director Remuneration Policy applies to Non-Executive Directors of the Company in their capacity as Directors and as members of committees, and may be summarised as follows:

- Remuneration comprises:
  - Board fees
  - Committee fees
  - Superannuation
  - Other benefits
  - Securities (if appropriate at the time).
- Remuneration will be managed within the aggregate fee limit (AFL) or fee pool approved by shareholders of the Company.
- The Non-Executive Director Remuneration Policy contains guidelines regarding when the Board should seek adjustment to the AFL such as in the case of the appointment of additional Non-Executive Directors.
- Remuneration should be reviewed annually.
- Non-Executive Directors are not entitled to termination benefits.
- A policy level of Board Fees (being the fees paid for membership of the Board, inclusive of superannuation and exclusive of committee fees) will be set with reference to the median of comparable ASX listed companies.
- Committee fees may be used to recognise additional contributions to the work of the Board by members of committees, but that the inclusion of these should result in outcomes that, when combined with Board Fees, will not exceed the 75th percentile of comparable ASX listed companies.
- The Company does not currently provide securities as part of Non-Executive Director remuneration and shareholder approval would be sought for any plan that may facilitate this form of remuneration being paid.

The document also outlines the procedure that should be undertaken to review Non-Executive Director remuneration and determine appropriate changes.

Since the review of Board fees undertaken by the Remuneration and Nomination Committee which resulted in an increase in Non-Executive Director remuneration effective 1 January 2018, no further adjustment has been made up to the end FY19.

4. EMPLOYMENT TERMS FOR DIRECTORS AND SENIOR EXECUTIVES

NON-EXECUTIVE DIRECTORS

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation relevant to the office of the Director.

All of the current Non-Executive Directors carry an initial contract duration of three years (subject to re-election by shareholders). The employment contracts for the Non-Executive Directors do not carry notice period provisions, nor do they provide for any termination benefits.

Directors must retire from office at the third annual general meeting after the Director was last elected and will then be eligible for re-election. Upon cessation of a Director's appointment, the Director will be paid his or her Director's fees on a pro-rata basis, to the extent that they are unpaid.

SENIOR EXECUTIVES

Remuneration and other terms of employment for the Chief Executive Officer and other key management personnel are also formalised in service agreements.

The CEO's base salary package increased from $1.26 million in FY18 to $1.32 million in FY19. This increase followed an adjustment in his base pay from $1.2M in January 2018, a salary which had remained unadjusted since his appointment to the role in 2012. Over this period, the CEO has overseen the company's expansion, and has delivered:

124%	144%	138%
Compound annual revenue growth	Compound annual growth in total assets	Compound annual market capitalisation growth

NEXTDC is unique among ASX-listed companies due to its high capital-intensity and growth prospects requiring further capital to be invested ahead of demonstrable revenues and profits. Most comparable peers are US-based, as is the more comparable executive talent. The Board considered the Company's long-term strategy and potential and determined that the CEO's remuneration remains appropriate in context of the skills and experience necessary to lead NEXTDC.

Other major provisions of the agreements relating to service agreements are set out below.

TABLE 3: SERVICE AGREEMENTS

Name	Duration of Contract	Notice Period	Termination Payments[1]
Craig Scroggie	No fixed term	12 months	12 months
Simon Cooper	No fixed term	6 months	6 months
Oskar Tomaszewski	No fixed term	6 months	6 months
Adam Scully	No fixed term	6 months	6 months
David Dzienciol	No fixed term	6 months	6 months

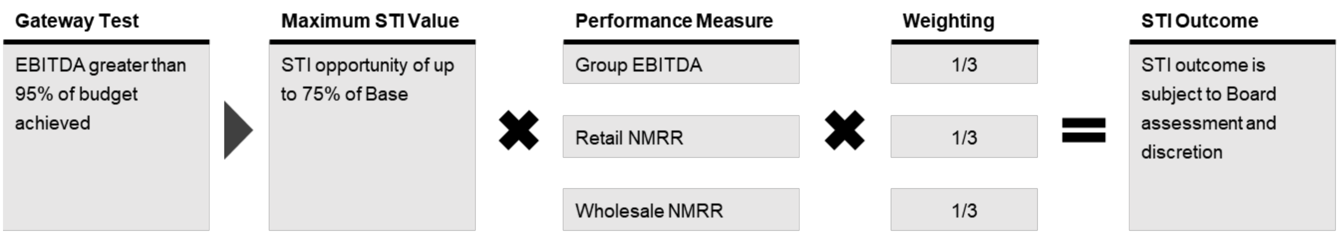
5. STI AND LTI PERFORMANCE OUTCOMES FOR FY19

5.1 STI Vesting Outcomes

The below performance measures were chosen as being the most relevant drivers for improving financial performance and growing shareholder value. More specifically, the metrics were chosen because:

- **Group EBITDA**: This metric indicates the Company's underlying profitability at this stage of its development;
- **New NMRR Committed**: This metric is connected to the level of incremental new business signed with NEXTDC's two key customer segments: Retail and Wholesale.

FIGURE 4: CALCULATION OF STI OUTCOMES



The joint assessment of these three performance objectives in the context of the Company's overall performance resulted in overall performance falling in between target and stretch for the FY19 performance period. The actual EBITDA and NMRR targets are not quantified as they are considered to be commercially sensitive and are therefore not disclosed in the interests of shareholders.

Based on performance against these three objectives, the Board has determined that 23% of the FY19 STI opportunity has been achieved.

[1] Base salary payable if the Company terminates employees with notice, and without cause (for example, reasons other than unsatisfactory performance).

5.2 LTI Vesting Outcomes

The measurement period for the FY17 LTI is for approximately a three year period, beginning from the end of trade on the day of release of the FY16 results, and ending upon the end of the day of release of the annual results for FY19. The vesting condition attached to the FY17 LTI is based on NEXTDC's TSR over the measurement period, against the relative performance of the ASX 200 Accumulation Index (Index).

Given vesting is not able to be determined until the end of day of release of the FY19 annual results, the Board will determine vesting following the release of the FY19 Annual Report.

6. STATUTORY REMUNERATION

6.1 Senior Executive Remuneration

The following table outlines the remuneration received or due to be received by Senior Executives of the Company during the 2019 and 2018 financial years and has been prepared in accordance with the Corporations Act and the relevant accounting standards. The figures provided under the LTI are based on accounting values and do not necessarily reflect actual payments received during the year.

6. STATUTORY REMUNERATION (CONTINUED)

TABLE 4: STATUTORY REMUNERATION

		Basic Package					STI		LTI	
Name	**Year**	**Salary**	**Super-contributions**	**Non-monetary benefits**	**Leave benefits (1)**	**Subtotal**	**STI (2)**	**% of TRP**	**LTI**	**Total remuneration package**
Craig Scroggie	2019	1,290,000	30,000	1,966	51,262	**1,373,228**	226,765	11%	548,249	**2,148,242**
Simon Cooper	2019	469,469	20,531	1,966	7,755	**499,721**	84,178	11%	205,332	**789,230**
Oskar Tomaszewski	2019	449,469	20,531	-	36,739	**506,739**	80,742	10%	196,492	**783,973**
Adam Scully	2019	379,469	20,531	-	13,407	**413,407**	68,717	11%	169,764	**651,888**
David Dzienciol	2019	449,739	20,531	-	3,911	**474,181**	80,742	11%	188,075	**742,999**
Total	**2019**	**3,038,145**	**112,126**	**3,931**	**113,074**	**3,267,276**	**541,144**	**11%**	**1,307,912**	**5,116,332**

		Basic package					STI		LTI	
Name	**Year**	**Salary**	**Super-contributions**	**Non-monetary benefits**	**Leave benefits (1)**	**Subtotal**	**STI**	**% of TRP**	**LTI**	**Total remuneration package**
Craig Scroggie	2018	1,230,000	30,000	1,966	168,705	**1,430,671**	623,700	24%	497,266	**2,551,637**
Simon Cooper	2018	449,951	20,049	1,966	19,517	**491,483**	232,650	26%	178,163	**902,296**
Oskar Tomaszewski	2018	429,951	20,049	-	43,662	**493,662**	222,750	25%	168,676	**885,088**
Adam Scully	2018	367,451	20,049	-	37,381	**424,881**	191,813	25%	142,744	**759,438**
David Dzienciol	2018	414,951	20,049	-	53,245	**488,245**	215,325	25%	149,762	**853,332**
Total	**2018**	**2,892,304**	**110,196**	**3,932**	**322,510**	**3,328,942**	**1,486,238**	25%	**1,136,611**	**5,951,791**

(1) Leave benefits in the basic package includes the net movement of short-term leave benefits such as annual leave and long-term leave benefits such as long service leave.

(2) 50% of the 2018 and 2019 STI will be deferred for 12 months, with employees being able to elect whether this is delivered in cash or equity.

6.2 Non-Executive Director Remuneration

Non-Executive Director fees are managed within the current aggregate fee limit of $1,250,000 which was approved by shareholders at the FY18 AGM in November 2018.

The rates of fees including superannuation contributions in respect of the 2019 and 2020 financial years are as follows:

TABLE 5: NON-EXECUTIVE DIRECTOR FEE SCHEDULE

	FY19
Board Chair	$275,000 per annum
Non-Executive Directors	$135,000 per annum
Audit and Risk Management Committee Chair	$30,000 per annum
Remuneration and Nomination Committee Chair	$25,000 per annum
Committee Member	$13,000 per annum

These fees are consistent with the Company's policy of benchmarking fees at the market median. Remuneration received by Non-Executive Directors in FY19 and FY18 is disclosed below.

TABLE 6: NON-EXECUTIVE DIRECTOR REMUNERATION

Name	Financial year	Board fees	Superannuation	Total
Douglas Flynn	2019	274,886	26,114	301,000
Gregory J Clark AC	2019	157,991	15,009	173,000
Stuart Davis	2019	162,557	15,443	178,000
Sharon Warburton	2019	146,462	13,968	160,430
Total	**2019**	**741,896**	**70,534**	**812,430**
Douglas Flynn	2018	233,333	22,167	255,500
Gregory J Clark AC	2018	137,443	13,057	150,500
Stuart Davis	2018	139,726	13,274	153,000
Sharon Warburton	2018	127,397	12,103	139,500
Total	**2018**	**637,899**	**60,601**	**698,500**

Recommended Non-Executive Director Shareholding

Non-Executive Directors are encouraged to accumulate shares on their own behalf, over a three-year period, of equivalent value to their average annual Directors' fees over the three years.

6.3 Changes in Securities Held Due to Remuneration

TABLE 7: CHANGES IN SECURITIES HELD DUE TO REMUNERATION

Name	Instrument	Balance at start of the year	Granted	Exercised	Accounting value at exercise date ($)	Lapsed	Balance at end of the year
Craig Scroggie	Performance Rights	806,243	208,202	(387,931)	486,000	-	626,514
Craig Scroggie	Deferred Rights	41,503	-	(41,503)	191,565	-	-
Simon Cooper	Performance Rights	302,342	77,287	(145,474)	168,779	-	234,155
Simon Cooper	Deferred Rights	15,661	18,347	(15,661)	72,286	-	18,347
Oskar Tomaszewski	Performance Rights	288,905	74,132	(139,009)	161,278	-	224,028
Adam Scully	Performance Rights	251,951	63,091	(121,228)	140,649	-	193,814
Adam Scully	Deferred Rights	12,848	-	(12,848)	59,303	-	-
David Dzienciol	Performance Rights	268,748	74,132	(129,310)	150,025	-	213,570
David Dzienciol	Deferred Rights	13,921	-	(13,921)	64,255	-	-

Performance Rights

The following table details performance rights that have been provided to key management personnel.

TABLE 8: PERFORMANCE RIGHTS PROVIDED TO KEY MANAGEMENT PERSONNEL

Name	Financial Year Granted	Number of Performance Rights	Vested and paid during the year	Forfeited during the year	Unvested at the end of the year
Craig Scroggie	2016	387,931	(387,931)	-	-
	2017	223,325	-	-	223,325
	2018	194,987	-	-	194,987
	2019	208,202	-	-	208,202
		1,014,445	**(387,931)**	**-**	**626,514**
Simon Cooper	2016	145,474	(145,474)	-	-
	2017	83,747	-	-	83,747
	2018	73,121	-	-	73,121
	2019	77,287	-	-	77,287
		379,629	**(145,474)**	**-**	**234,155**
Oskar Tomaszewski	2016	139,009	(139,009)	-	-
	2017	80,025	-	-	80,025
	2018	69,871	-	-	69,871
	2019	74,132	-	-	74,132
		363,037	**(139,009)**	**-**	**224,028**
Adam Scully	2016	121,228	(121,228)	-	-
	2017	69,789	-	-	69,789
	2018	60,934	-	-	60,934
	2019	63,091	-	-	63,091
		315,042	**(121,228)**	**-**	**193,814**
David Dzienciol	2016	129,310	(129,310)	-	-
	2017	74,442	-	-	74,442
	2018	64,996	-	-	64,996
	2019	74,132	-	-	74,132
		342,880	**(129,310)**	**-**	**213,570**

The fair values of each performance right at grant date are as follows:

Financial year granted	Fair value at grant date
2016	$1.25
2017	$1.63
2018	$3.32
2019	$3.07

Deferred Rights

The following table details deferred rights that have been provided to those key management personnel who elected to receive the deferred component of their STI in shares rather than cash.

TABLE 9: DEFERRED RIGHTS PROVIDED TO KEY MANAGEMENT PERSONNEL

Name	Financial Year Granted	Number of Deferred Share Rights	Vested and paid during the year	Forfeited during the year	Unvested at the end of the year
Craig Scroggie	2018	41,503	41,503	-	-
Simon Cooper	2019	18,347	-	-	18,347
Simon Cooper	2018	15,661	15,661	-	-
Adam Scully	2018	12,848	12,848	-	-
David Dziencіol	2018	13,921	13,921	-	-
Total		**102,280**	**83,933**	**-**	**18,347**

The fair value of the deferred rights at grant date is as follows:

Financial year granted	Fair value at grant date
2019	$6.34
2018	$4.62

Deferred rights under the Senior Executive STI Plan are granted following release of the annual results. The shares vest one year from the grant date. On vesting, each right automatically converts into one ordinary share. Senior Executives do not receive any dividends and are not entitled to vote in relation to the rights during the vesting period. If a Senior Executive ceases employment before the rights vest, they have six months from the cessation of employment or the vesting date, whichever is later, to exercise their deferred rights. Any rights not exercised in this period will automatically lapse.

The fair value of the rights is determined based on the volume weighted average trading price of the Company's shares over the 10 trading days following release of the Company's annual results.

6.4 Director and Senior Executive Shareholdings

During FY19, KMP and their related parties held shares in NEXTDC directly, indirectly or beneficially as follows:

TABLE 10: DIRECTOR AND SENIOR EXECUTIVE SHAREHOLDINGS

Holder	Opening balance	Received during the year as compensation	Received during the year on the exercise of an option or right	Other changes	Closing balance	Shares held nominally at 30 June 2019
DIRECTORS						
Douglas Flynn	152,531	-	-	-	152,531	152,531
Gregory J Clark AC	62,202	-	-	-	62,202	62,202
Stuart Davis	34,314	-	-	-	34,314	34,314
Sharon Warburton	32,202	-	-	7,000	39,202	-
SENIOR EXECUTIVES						
Craig Scroggie	1,552,065	-	429,434	-	1,981,499	379,601
Simon Cooper	130,360	-	161,135	(80,000)	211,495	11,000
Oskar Tomaszewski	81,101	-	139,009	(69,500)	150,610	-
Adam Scully	84,404	-	134,076	(100,000)	118,480	3,000
David Dzienciol	190,541	-	143,231	(125,000)	208,772	-

The Non-Executive Directors of the Company did not receive any shares in NEXTDC on behalf of the Company in respect of the 2018 and 2019 financial reporting periods.

Loans to Directors and Executives

There were no loans to Directors or other key management personnel at any time during the year.

6.5 Remuneration Received (Non-statutory)

Remuneration received in FY19

The amounts disclosed below as Senior Executive remuneration for FY19 reflect the actual benefits received by each Senior Executive during the reporting period. The remuneration values disclosed have been determined as follows:

Fixed remuneration
Fixed remuneration includes base salaries received, paid leave, payments made to superannuation funds, and the taxable value of non-monetary benefits received, and excludes any accruals of annual or long service leave.

Short-term incentives
Cash STI represents bonuses that were awarded to each Senior Executive in relation to FY19 performance, which will be paid in FY20. Starting from FY18, 50% of the STI bonuses awarded are deferred for 12 months, with employees being able to elect whether the award will be delivered in cash or equity.

Long term incentives
The value of vested rights was determined based on the intrinsic value of the rights at the date of vesting, being the difference between the share price on that date, and the exercise price payable by the Senior Executive. The performance rights that vested in FY19 were granted in 2016.

TABLE 11: REMUNERATION RECEIVED IN FY19

Name	Fixed Remuneration	Awarded STI (cash)	Vested LTI	Total Value
Craig Scroggie	1,321,966	113,383	2,750,431	4,185,780
Simon Cooper	491,966	42,089	1,031,411	1,565,466
Oskar Tomaszewski	470,000	40,371	985,574	1,495,945
Adam Scully	400,000	34,358	859,507	1,293,865
David DziencIol	470,270	40,371	916,808	1,427,449
Total	**3,154,202**	**270,572**	**6,543,731**	**9,968,505**

The amounts disclosed above are not the same as the remuneration expensed in relation to each KMP in accordance with accounting standards. The Directors believe that the remuneration received is more relevant to users for the following reasons:

- The statutory remuneration expensed is based on historic cost and does not reflect the value of the equity instruments when they are actually received by the Senior Executives
- The statutory remuneration shows benefits before they are actually received by the Senior Executives
- Where rights do not vest because a market based performance condition is not satisfied (eg. TSR), the company must still recognise the full amount of expenses even though the Senior Executives will never receive any benefits
- Share based payment awards are treated differently under the accounting standards depending on whether the performance conditions are market conditions (no reversal of expense) or non-market conditions (reversal of expense when shares fail to vest), even though the benefit received by the Senior Executives is the same (nil where equity instruments fail to vest).

The information in this section has been audited together with the rest of the remuneration report.

NON-AUDIT SERVICES

The Group may decide to employ the auditor, PricewaterhouseCoopers, on assignments in addition to their statutory audit duties, where the auditor's expertise and experience with the Group are important. Details of the amounts paid or payable to the auditor for non-audit services provided during the period are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of auditor independence imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the period the following fees were paid or payable for non-audit services provided by the auditor of the Group, its related practices and non-related audit firms.

PwC Australia	2019 $	2018 $
(i) Taxation Services	73,902	16,710
(ii) Other Assurance Services	45,084	47,504
Total remuneration of PwC Australia for non-audit services	**118,986**	**64,214**

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 50.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001. This report is made in accordance with a resolution of the Directors.

Craig Scroggie

Managing Director and Chief Executive Officer

29 August 2019

Auditor's Independence Declaration

As lead auditor for the audit of NEXTDC Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of NEXTDC Limited and the entities it controlled during the period.

Simon Neill
Partner
PricewaterhouseCoopers

Brisbane
29 August 2019

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Corporate Governance Statement

Effective and transparent corporate governance is of critical importance to NEXTDC and its Board of Directors ("the Board"). The Board fully supports the intent of the Australian Securities Exchange ("ASX") Corporate Governance Council's new 4th edition of Corporate Governance Principles and Recommendations. As an early adopter to the 4th Edition Governance Principles, NEXTDC meets its requirements as disclosed in its Corporate Governance Statement.

At NEXTDC, corporate governance refers to the overarching monitoring and reporting environment that supports everything the Company does in the operations of its business. It is the combination of processes, metrics and structures implemented and monitored by the Board and CXO team to inform, direct, manage and scrutinise NEXTDC's activities to meet its strategic objectives. This provides evidence to investors and Australian Securities & Investments Commission (ASIC) that the Company:

- complies with legislation such as the Corporations Act
- meets expectations as a company listed on the ASX; and
- manages the company that is being funded by investors according to best practices.

This is important given that investors want to have confidence that the Company is being managed properly. Elements of NEXTDC's Corporate Governance to ensure the Company stays on track to meet strategic objectives include:

- an effective risk management framework and internal controls
- procedures, processes and structures, including policies relating to code of conduct, the stock market and business operations (e.g. Whistleblower Policy, Anti-bribery and Corruption Policy, Shareholder Communications Policy, Continuous Disclosure Policy, Environmental Policy, Information Security Policy, WHS Policy)
- regular reporting to the Board and Senior Executives from department heads to understand how NEXTDC is performing as a company and how NEXTDC is managing its risks
- undertaking internal audits against best practice standards to independently review corporate governance, risks and controls, and implement continuous improvements if any gaps are identified; and
- ensuring a sufficient level of management and oversight. Corporate governance roles and responsibilities have been delegated to various committees and outlined in respective charters at the Board level, Senior Executive level and senior management level.

Further details on how NEXTDC's Corporate Governance aligns with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Ed.) and Appendix 4G can be found at https://www.nextdc.com/our-company/corporate-governance

NEXTDC Limited

ABN 35 143 582 521

Financial report
for the year ended 30 June 2019

Financial Report

These financial statements are the consolidated financial statements of the consolidated entity consisting of NEXTDC Limited (ABN 35 143 582 521) and its subsidiaries. NEXTDC Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements are presented in the Australian currency.

NEXTDC's registered office is:
Level 6,100 Creek Street Brisbane Qld 4000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 29 August 2019.

The Directors have the power to amend and reissue the financial statements.

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Consolidated Statement of Comprehensive Income
For the year ended 30 June 2019

	Note	30 June 2019 $'000	30 June 2018 $'000
REVENUE FROM CONTINUING OPERATIONS			
Data centre services revenue	3	**169,696**	152,560
Other revenue	3	**9,564**	8,969
Total revenue		**179,260**	**161,529**
OTHER INCOME			
Other income	3	**3,034**	284
EXPENSES			
Direct costs		**(33,197)**	(27,558)
Employee benefits expense		**(30,503)**	(26,955)
Data centre facility costs	4	**(9,422)**	(24,794)
Depreciation and amortisation expense		**(48,442)**	(33,038)
Professional fees	4	**(7,003)**	(3,266)
Marketing costs		**(465)**	(476)
Office and administrative expenses	4	**(14,438)**	(9,032)
Finance costs	4	**(54,897)**	(25,803)
Profit/(loss) before income tax		**(16,073)**	**10,891**
Income tax benefit/(expense)	22	**6,254**	(4,252)
Profit/(loss) after income tax		**(9,819)**	**6,639**
PROFIT/(LOSS) IS ATTRIBUTABLE TO:			
Owners of NEXTDC Limited		**(9,819)**	**6,639**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income	9	**4,654**	-
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**127**	-
Total comprehensive income		**(5,038)**	**6,639**
Attributable to:			
Owners of NEXTDC Limited		**(5,038)**	**6,639**
		Cents	Cents
EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE GROUP:			
Basic earnings/(loss) per share	2	**(2.86)**	2.25
Diluted earnings/(loss) per share	2	**(2.86)**	2.21

The notes following the financial statements form part of the financial report.

Consolidated Balance Sheet
As at 30 June 2019

	Note	**30 June 2019 $'000**	30 June 2018 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**398,999**	417,982
Trade and other receivables	5	**33,856**	37,086
Other assets	6	**14,432**	9,154
Total current assets		**447,287**	**464,222**
NON-CURRENT ASSETS			
Property, plant and equipment	10	**1,328,473**	679,950
Other assets	6	**4,898**	6,635
Intangible assets	11	**23,678**	12,907
Deferred tax assets	23	**21,552**	9,687
Available-for-sale financial assets	9	**-**	62,523
Total non-current assets		**1,378,601**	**771,702**
TOTAL ASSETS		**1,825,888**	**1,235,924**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	**56,646**	34,409
Other liabilities	8	**1**	2,869
Lease liabilities	12	**1,061**	307
Revenue received in advance		**5,819**	91
Total current liabilities		**63,527**	**37,676**
NON-CURRENT LIABILITIES			
Other liabilities		**-**	932
Provisions		**964**	692
Revenue received in advance		**19,978**	-
Borrowings	16	**793,849**	296,912
Lease liabilities	12	**72,267**	5,735
Total non-current liabilities		**887,058**	**304,271**
TOTAL LIABILITIES		**950,585**	**341,947**
NET ASSETS		**875,303**	**893,977**
EQUITY			
Contributed equity	14	**905,117**	904,247
Reserves		**6,412**	6,005
Accumulated losses		**(36,226)**	(16,275)
TOTAL EQUITY		**875,303**	**893,977**

The notes following the financial statements form part of the financial report.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2019

	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2017		**524,458**	**4,990**	**(22,914)**	**506,534**
Profit/(loss) for the year		-	-	6,639	6,639
Total comprehensive income		**-**	**-**	**6,639**	**6,639**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:					
Contributions of equity, net of transaction costs and tax	14(b)	378,567	-	-	378,567
Acquisition of treasury shares	14(g)	(165)	-	-	(165)
Share based payments - conversion of rights to shares		1,387	(1,387)	-	-
Share based payments - value of employee services	21(c)	-	1,963	-	1,963
Share based payments - deferred STI		-	439	-	439
Balance at 30 June 2018		**904,247**	**6,005**	**(16,275)**	**893,977**

	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2018		**904,247**	**6,005**	**(16,275)**	**893,977**
Adoption of AASB 15 and 16	30	-	-	(14,786)	(14,786)
Restated total equity at the beginning of the financial year		**904,247**	**6,005**	**(31,061)**	**879,191**
Profit/(loss) for the year		-	-	(9,819)	(9,819)
Other comprehensive income	9	-	4,781	-	4,781
Transfer to accumulated losses	9	-	(4,654)	4,654	-
Total comprehensive income		**-**	**127**	**(5,165)**	**(5,038)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:					
Contributions of equity, net of transaction costs and tax	14(b)	(996)	-	-	(996)
Acquisition of treasury shares	14(g)	(38)	-	-	(38)
Share based payments - conversion of rights to shares	14(b)	1,904	(1,904)	-	-
Share based payments - value of employee services	21(c)	-	2,068	-	2,068
Share based payments - deferred STI		-	116	-	116
Balance at 30 June 2019		**905,117**	**6,412**	**(36,226)**	**875,303**

The notes following the financial statements form part of the financial report.

Consolidated Statement of Cash Flows
For the year ended 30 June 2019

	Note	**30 June 2019 $'000**	30 June 2018 $'000
OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**196,442**	144,630
Payments to suppliers and employees (inclusive of GST)		**(101,753)**	(98,632)
		94,689	45,998
Transaction costs relating to acquisition of subsidiary	26	**(8,957)**	-
Interest paid		**(51,238)**	(22,127)
(Payments)/Proceeds from bank guarantees		**(4,671)**	1,607
Distributions received		**1,344**	1,561
Interest received		**8,194**	6,351
Net cash inflow from operating activities	24(a)	**39,361**	**33,390**
INVESTING ACTIVITIES			
Payments for acquisition of subsidiary, net of cash acquired	26	**(153,852)**	-
Payments for property, plant and equipment		**(347,146)**	(282,546)
Payments for financial assets at fair value through other comprehensive income (2018: available-for-sale financial assets)		**(1,008)**	(62,523)
Receipts of term deposits		**-**	96,500
Payments for intangible assets		**(12,161)**	(10,246)
Net cash (outflow) from investing activities		**(514,167)**	**(258,815)**
FINANCING ACTIVITIES			
Proceeds from issue of Notes		**500,750**	-
Repayment of borrowings		**(29,000)**	-
Transaction costs in relation to loans and borrowings		**(9,186)**	(5,486)
Proceeds from issues of shares and other equity securities		**-**	381,690
Payments for acquisition of non-controlling interest	26	**(5,380)**	-
Transaction costs paid in relation to issue of shares		**(241)**	(4,345)
Principal elements of lease payments (2018: Principal elements of finance lease payments)		**(1,082)**	(290)
Acquisition of treasury shares		**(38)**	-
Net cash inflow from financing activities		**455,823**	**371,569**
Net (decrease) increase in cash and cash equivalents		**(18,983)**	146,144
Cash and cash equivalents at the beginning of the year		**417,982**	271,838
Cash and cash equivalents at the end of the year		**398,999**	**417,982**

The notes following the financial statements form part of the financial report.

Notes to the Consolidated Financial Report
30 June 2019

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Notes to the Consolidated Financial Report
30 June 2019
(continued)

The 2019 financial statements notes have been grouped into the following sections:

• Section 1 Business performance
• Section 2 Operating assets and liabilities
• Section 3 Capital and financial risk management
• Section 4 Items not recognised
• Section 5 Employee remuneration
• Section 6 Other

Each section sets out the accounting policies applied along with details of any key judgements and estimates made or information required to understand the note.

NEXTDC Limited (the Company) is domiciled in Australia. The registered office is Level 6, 100 Creek Street, Brisbane Qld 4000.

The nature of the operations and principal activities of the Company and its controlled entities (referred to as 'the Group') are described in the Segment information.

The consolidated general purpose financial statements of the Group for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 28 August 2019.

The financial statements:

• Have been prepared in accordance with the requirements of the Corporations Act 2001 (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards as issued by the International Accounting Standards Board;

• Have been prepared on a historical cost basis;

• Are presented in Australian dollars and, unless otherwise stated, all values have been rounded to the nearest thousand dollars ($'000) under the option available under the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191;

• Present reclassified comparative information where required for consistency with the current year's presentation;

• Adopt all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2018;

• Early adopt AASB 16 *Leases*, but do not early adopt any other Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

Business performance

1 Segment performance

(a) Description of segments

Management considers the business from a geographic perspective and has identified six reportable segments, the first five being each state where the Group operates data centre facilities and the last capturing financial information from operations that do not naturally fit into any particular geography. These segments do not exist as a separate legal entity, consequently, information such as income tax expense and segment liabilities are not prepared and provided to management for review and therefore not presented.

(b) Segment information provided to management

The segment information provided to management for the reportable segments is as follows:

30 June 2019	**Vic** $'000	**NSW** $'000	**Qld** $'000	**WA** $'000	**ACT** $'000	**Other** $'000	**Total** $'000
Revenue from external customers	68,686	63,050	18,987	14,872	2,146	1,955	169,696
Direct and facility costs	(16,053)	(17,134)	(4,471)	(3,173)	(1,253)	(535)	(42,619)
Employee benefits expense	(1,907)	(1,604)	(1,539)	(950)	(808)	(659)	(7,467)
Other expenses	(174)	(122)	(122)	(88)	(121)	(752)	(1,379)
Segment EBITDA	**50,552**	**44,190**	**12,855**	**10,661**	**(36)**	**9**	**118,231**
Depreciation and amortisation	(15,586)	(12,743)	(6,742)	(5,027)	(4,886)	(1,379)	(46,363)
Finance charge	(1,380)	(2,908)	(384)	(729)	(3,878)	(6)	(9,285)
Segment profit/(loss) before tax	**33,586**	**28,539**	**5,729**	**4,905**	**(8,800)**	**(1,376)**	**62,583**
Segment assets	344,837	587,684	133,476	153,919	91,677	10,137	1,321,730
Unallocated assets	-	-	-	-	-	504,158	504,158
Total segment assets	**344,837**	**587,684**	**133,476**	**153,919**	**91,677**	**514,295**	**1,825,888**

30 June 2018	**Vic** $'000	**NSW** $'000	**Qld** $'000	**WA** $'000	**ACT** $'000	**Other** $'000	**Total** $'000
Revenue from external customers	64,317	56,184	16,892	11,481	2,786	900	152,560
Direct and facility costs	(18,171)	(19,699)	(4,151)	(5,393)	(4,482)	(456)	(52,352)
Employee benefits expense	(1,611)	(1,196)	(1,269)	(790)	(789)	(548)	(6,203)
Other expenses	(151)	(100)	(141)	(88)	(143)	(453)	(1,076)
Segment EBITDA	**44,384**	**35,189**	**11,331**	**5,210**	**(2,628)**	**(557)**	**92,929**
Depreciation and amortisation	(10,273)	(9,084)	(5,049)	(2,998)	(2,252)	(1,473)	(31,129)
Finance charge	-	-	(351)	-	-	-	(351)
Segment profit/(loss) before tax	**34,111**	**26,105**	**5,931**	**2,212**	**(4,880)**	**(2,030)**	**61,449**
Segment assets	205,813	274,009	108,660	52,058	32,459	4,934	677,933
Unallocated assets	-	-	-	-	-	557,991	557,991
Total segment assets	**205,813**	**274,009**	**108,660**	**52,058**	**32,459**	**562,925**	**1,235,924**

There was no impairment charge or other significant non-cash item recognised in 2019 (2018: nil).

Notes to the Consolidated Financial Report
30 June 2019
(continued)

1 Segment performance (continued)

(c) Other segment information

(i) Profit/(loss) before tax

Management assesses the performance of the operating segments based on a measure of EBITDA. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. On adoption of AASB 16 from 1 July 2018, associated lease interest is allocated to the respective segments as a finance charge.

A reconciliation of profit/(loss) before income tax is provided as follows:

	30 June 2019 $'000	30 June 2018 $'000
Total segment profit before tax	**62,583**	61,449
Employee benefits expense (non-facility staff)	**(23,036)**	(20,752)
Interest revenue	**8,220**	5,778
Distributions from investments	**1,344**	3,191
Other income	**3,034**	284
Finance costs	**(45,612)**	(25,452)
Head office depreciation	**(2,079)**	(1,909)
Overheads and other expenses	**(20,527)**	(11,698)
Profit/(loss) before tax	**(16,073)**	**10,891**

A reconciliation of depreciation and amortisation is provided as follows:

	30 June 2019 $'000	30 June 2018 $'000
Segment depreciation and amortisation expense	**46,363**	31,129
Head office depreciation and amortisation expense	**2,079**	1,909
Total depreciation and amortisation expense	**48,442**	**33,038**

(ii) Segment liabilities

As noted above, the segment liabilities for each operating segment are not required by executive management for purposes of their decision making. As such, these are not provided to management and not categorised.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive management team. The executive team is responsible for allocating resources and assessing performance of the operating segments. The executive team is the chief operating decision making body and consists of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Customer Officer and Executive Vice-President of Technology, as well as Chief Sales Officer.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

2 Earnings/(loss) per share

(a) Earnings/(loss) per share

	30 June 2019 Cents	30 June 2018 Cents
Total basic EPS attributable to the ordinary equity holders of the Group	**(2.86)**	2.25

(b) Diluted earnings/(loss) per share

Total diluted EPS attributable to the ordinary equity holders of the Group	**(2.86)**	2.21

(c) Reconciliation of earnings/(loss) used in calculating earnings per share

	30 June 2019 $'000	30 June 2018 $'000
BASIC EARNINGS/(LOSS) PER SHARE		
Profit/(loss) attributable to equity holders of the Group used in calculating basic EPS:		
Profit/(loss) used in calculating basic earnings/(loss) per share	**(9,819)**	**6,639**
DILUTED EARNINGS/(LOSS) PER SHARE		
Profit/(loss) from continuing operations attributable to the equity holders of the Group:		
Used in calculating diluted earnings/(loss) per share	**(9,819)**	**6,639**
Profit/(loss) attributable to the equity holders of the Group used in calculating diluted EPS	**(9,819)**	**6,639**

(d) Weighted average number of shares used as the denominator

	2019 Number of shares	2018 Number of shares
Weighted average number of ordinary shares used as the denominator in calculation basic earnings/(loss) per share	**342,913,254**	295,208,799
Plus potential ordinary shares	**-**	4,943,617
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings/(loss) per share	**342,913,254**	**300,152,416**

(e) Information concerning the classification of securities

(i) Performance rights and deferred rights

The number of performance rights and deferred rights included in the diluted earnings per share calculation is based on the number of shares that would be issuable if the end of the period were the end of the vesting period. However, they are not included in the calculation where the inclusion would result in a decreased loss per share or increased earnings per share.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

2 Earnings/(loss) per share (continued)

(f) Earnings/(loss) per share

(i) Basic earnings/(loss) per share

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 Revenue and other income

	30 June 2019 $'000	30 June 2018 $'000
FROM CONTINUING OPERATIONS		
Data centre services revenue	**169,696**	152,560
Interest income	**8,220**	5,778
Distributions from investments	**1,344**	3,191
Subtotal - other revenue	**9,564**	**8,969**
Total revenue	**179,260**	**161,529**
Gain on extinguishment of B1 lease	**1,068**	-
Gain on extinguishment of APDC leases	**1,291**	-
Other items included in gains	**675**	284
Total Other income	**3,034**	284

(a) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward revenue received in advance.

	30 June 2019 $'000	30 June 2018 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Data centre services revenue	**4,293**	-

Notes to the Consolidated Financial Report
30 June 2019
(continued)

3 Revenue and other income (continued)

(b) Revenue recognition

AASB 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers and requires application of a five-step process to identify the contract with the customer, identify performance obligations in the contract, determine transaction price, allocate the transaction price to the performance obligations and recognise revenue when performance obligations are satisfied.

Revenue is recognised for the major business activities as follows:

(i) Data centre services

Data centre services revenue primarily consists of recurring monthly service fees and upfront project fees.

Revenue from the provision of recurring monthly service fees is recognised in the accounting period in which the services are rendered. Project fees are primarily comprised of installation services relating to a customer's initial deployment. As this is not considered to be a distinct service, revenue is deferred and recognised over the term of the contract with the customer, taking into account renewal options that are held by the customer. Upfront discounts provided to customers are contract assets that are amortised over the expected contract life - refer to Note 6(b).

The Group applies the practical expedient in the revenue standard and does not disclose information about the transaction price allocated to remaining performance obligations on contracts that are unsatisfied, as the Group has the right to consideration from its customers in an amount that corresponds directly with the value to the customer of the Group's services to date. This is applied to all its data centre services revenue, on the basis that the upfront project fees are not a significant portion of each contract.

(ii) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(iii) Distributions from investments

Distributions from investments are recognised as revenue when the right to receive payment is established.

The following disclosures relate to 30 June 2018 balances:

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(iv) Data centre services

Revenue is recognised only when the service has been provided, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. Upfront discounts provided to customers are amortised over the contract term.

(v) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

3 Revenue and other income (continued)

(b) Revenue recognition (continued)

(vi) Distributions from investments

Distributions from investments are recognised as revenue when the right to receive payment is established.

4 Expenses

The Group has identified a number of significant expense items below that impacted financial performance for the year:

	Note	**30 June 2019 $'000**	30 June 2018 $'000
EXPENSE			
Finance costs	4(a)	**(54,897)**	(25,803)
Data centre rent paid to APDC (included in Data centre facility costs)	4(b)	**-**	(13,785)
APDC transaction costs (included in Professional fees)	4(c)	**(5,459)**	-
Landholder duty on acquisition of APDC properties (included in Office and administrative expenses)	4(c)	**(3,498)**	-

(a) Finance costs

Included in finance costs are costs related to unsecured notes on issue and interest expense on lease liabilities.

Refer to note 16 for details on unsecured notes on issue and note 12 for details on interest expense on lease liabilities for the year.

(b) Data centre rent paid to APDC

NEXTDC Limited acquired Asia Pacific Data Centre ("APDC") on 18 October 2018 (refer to note 26). Prior to acquisition, APDC was the landlord of three of NEXTDC’s data centre facilities: M1 Melbourne, S1 Sydney and P1 Perth. For the year ended 30 June 2018, NEXTDC paid rent and ancillary amounts to APDC totalling $13.8 million that was included in the Consolidated Statement of Comprehensive Income in Data centre facility costs. On early adoption of AASB 16 from 1 July 2018, this rent ceased to be a Data centre facility cost, and became a depreciation expense and finance cost, until 18 October 2018, when the three leases were derecognised on acquisition.

(c) APDC acquisition costs

A number of acquisition related costs were incurred as a result of the acquisition of APDC. Refer note 26 for further details.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

Operating assets and liabilities

5 Trade and other receivables

	Note	**30 June 2019 $'000**	30 June 2018 $'000
Trade receivables	5(a)	**28,320**	36,522
Loss allowance (see note 15(b))		**(741)**	(1,254)
		27,579	**35,268**
Interest receivable	5(b)	**54**	27
GST receivable		**6,222**	162
Other receivables		**1**	1,629
Total		**33,856**	**37,086**

(a) Trade receivables

(i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 - 60 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(ii) Fair values of trade and other receivables

Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value.

(iii) Impairment and risk exposure

Information about the Group's impairment policies, calculation of loss allowance and exposure to credit risk, foreign currency risk and interest rate risk can be found in note 15.

(b) Interest receivable

Interest receivable relates to interest accrued on term deposits. Credit risk of this is assessed in the same manner as cash and cash equivalents which is detailed in note 15.

6 Other assets

	Note	**30 June 2019 $'000**	30 June 2018 $'000
CURRENT			
Prepayments		**2,631**	3,827
Capitalised transaction costs		**1,496**	-
Security deposits	6(a)	**8,822**	4,151
Customer incentives	6(b)	**625**	764
Other current assets		**412**	412
Contract costs	6(c)	**446**	-
Total other assets - current		**14,432**	**9,154**

Notes to the Consolidated Financial Report
30 June 2019
(continued)

6 Other assets (continued)

NON-CURRENT			
Customer incentives	6(b)	**1,091**	1,145
Capitalised transaction costs		**3,359**	5,490
Contract costs	6(c)	**448**	-
Total other assets - non-current		**4,898**	**6,635**

(a) Security deposits

Included in the security deposits was $8.8 million (2018: $4.2 million) relating to deposits held as security for bank guarantees.

(b) Customer incentives

Where customers are offered incentives in the form of free or discounted periods, the dollar value of the incentive is capitalised and amortised on a straight-line basis over the expected life of the contract.

(c) Contract Costs

From 1 July 2018, eligible costs that are expected to be recovered will be capitalised as a contract cost and amortised over the expected customer life.

7 Trade and other payables

	30 June 2019 $'000	30 June 2018 $'000
Trade payables	**44,840**	27,640
Accrued capital expenditure	**5,841**	1,767
Accrued expenses	**2,848**	2,114
Other creditors	**3,117**	2,888
Total trade and other payables	**56,646**	**34,409**

(i) Recognition and measurement

Trade and other payables, including accruals, are recorded when the Group is required to make future payments as a result of purchases of assets or services provided to the Group prior to the end of financial period. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(ii) Fair values of trade and other payables

Due to the short-term nature of trade and other payables, their carrying amount is considered to be the same as their fair value.

(iii) Risk Exposure

As the majority of payables are in Australian dollars, management does not believe there are any significant risks in relation to these financial liabilities. Refer to note 15 for details of the Group's financial risk management policies.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

8 Other liabilities

	30 June 2019 $'000	30 June 2018 $'000
CURRENT		
Other liabilities	**1**	2,869

(a) Other liabilities

Included in other liabilities are potential overpayments from customers. If the overpayments or credits relating to future services are not expected to be used by customers in the ordinary course of business, NEXTDC may settle the liability by repaying the excess amount.

9 Available-for-sale financial assets

	30 June 2019 $'000	30 June 2018 $'000
Non-current assets		
Listed securities		
Equity securities	**-**	62,523
	-	**62,523**

At 30 June 2018, NEXTDC Limited held an available-for-sale financial asset of $62.5 million, representing 29.2% of the quoted securities of Asia Pacific Data Centres ("APDC"). On implementation of AASB 9 on 1 July 2018, this asset was classified as a financial asset at fair value through other comprehensive income. On 11 October 2018, NEXTDC Limited acquired additional shares in APDC, bringing the carrying value of its investment to $63.5 million. On acquiring a controlling interest in APDC on 18 October 2018, the equity interests held were remeasured to their acquisition date fair value of $68.2 million (refer note 26), with the resulting gain of $4.7 million recognised in other comprehensive income. Compulsory acquisition of the remaining shares in APDC was completed on 30 November 2018, with NEXTDC Limited holding 100% of the shares in APDC from that date.

The following disclosures relate to 30 June 2018 balances:

(i) Classification of financial assets as available-for-sale

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

(ii) Impairment indicators for available-for-sale financial assets

A security is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost. See note 29(i) for further details about the Group's impairment policies for financial assets.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

9 Available-for-sale financial assets (continued)

(iii) Fair value of investments

The Company holds 29.2% of the quoted securities of Asia Pacific Data Centres ("APDC"), but judgement exists in accounting for the asset as an available-for-sale financial asset as opposed to an associate. An investment is accounted for as an associate only where significant influence can be demonstrated. Significant influence over APDC could not be demonstrated due to; the presence of a controlling security holder, no NEXTDC representation on the Board of APDC and observable market interactions between the Company and APDC. Given that the Company is unable to exert significant influence using its security holding, it has been determined that the investment should be accounted for as an available-for-sale financial asset. The available-for-sale financial asset has been recognised at fair value, which approximates $1.86 per security. Quoted equity prices have not been solely relied upon in determining fair value due to low trading volumes, due in part to 96.5% of total securities being held by only two parties. In the absence of an active market, the Company has determined that $1.86 is an appropriate estimate of fair value.

(iv) Significant estimates

Management believes that the carrying value of its investment in Asia Pacific Data Centres (ASX: AJD) at approximately $1.86 per security, is an approximate basis for fair value.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. These have been used to compute a range of fair value outcomes, the significant inputs of which include observable market information and have been used to determine the adopted fair value. The ongoing dispute with the controlling security holder has also been considered, however its impact on the fair value was not significant.

(v) Recognised fair value measurements

(i) Fair value hierarchy

Recurring fair value measurements At 30 June 2018	**Level 1** **$'000**	**Level 2** **$'000**	**Level 3** **$'000**	**Total** **$'000**
Financial assets				
Available-for-sale financial assets				
Equity securities – property sector	-	62,523	-	62,523
Total financial assets	**-**	**62,523**	**-**	**62,523**

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded securities in a liquid market) is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives or thinly traded securities) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Notes to the Consolidated Financial Report
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(continued)

10 Property, plant and equipment

Movements	Assets in the course of construction $'000	Land and buildings $'000	Plant and machinery $'000	Computer equipment $'000	Office Furniture and Equipment $'000	Right of Use Assets $'000	Total $'000
30 June 2019							
Opening net book amount	93,055	202,981	375,629	7,072	1,213	-	679,950
Opening Balance AASB 16 Adjustment *	-	-	-	-	-	271,230	271,230
Acquisition of subsidiary**	-	257,525	3,475	7	-	-	261,007
Additions	365,103	-	701	136	56	257	366,253
Depreciation charge	-	(5,571)	(32,830)	(3,029)	(338)	(5,558)	(47,326)
Disposal	-	-	(4)	(64)	-	(202,573)	(202,641)
Transfers	(94,713)	56,573	34,078	3,786	249	27	-
Transfers between classes	-	(5,069)	(10,072)	-	-	15,141	-
Closing net book amount	**363,445**	**506,439**	**370,977**	**7,908**	**1,180**	**78,524**	**1,328,473**
Cost	363,445	513,973	488,080	16,753	2,303	82,647	1,467,201
Accumulated depreciation	-	(7,534)	(117,103)	(8,845)	(1,123)	(4,123)	(138,728)
Net book amount	**363,445**	**506,439**	**370,977**	**7,908**	**1,180**	**78,524**	**1,328,473**

* Refer to note 30 for details of AASB 16 opening balance adjustment.
**Refer to note 26(a) for details on acquisition of subsidiary.

	Assets in the course of construction $'000	Land and buildings $'000	Plant and machinery $'000	Computer equipment $'000	Office furniture and equipment $'000	Total $'000
30 June 2018						
Opening net book amount	135,812	15,659	277,115	4,957	724	434,267
Additions	277,279	-	1,098	195	45	278,617
Depreciation charge	-	(1,798)	(26,813)	(2,363)	(275)	(31,249)
Disposal	-	-	(79)	(827)	(35)	(941)
Transfers	(320,036)	189,120	124,308	5,854	754	-
Transfers between classes	-	-	-	(744)	-	(744)
Closing net book amount	**93,055**	**202,981**	**375,629**	**7,072**	**1,213**	**679,950**
Cost or fair value	93,055	207,537	460,356	12,891	1,999	775,838
Accumulated depreciation	-	(4,556)	(84,727)	(5,819)	(786)	(95,888)
Net book amount	**93,055**	**202,981**	**375,629**	**7,072**	**1,213**	**679,950**

Notes to the Consolidated Financial Report
30 June 2019
(continued)

10 Property, plant and equipment (continued)

(a) Property, plant and equipment

Land and buildings are shown at historical cost less any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Category	**Useful life**
Buildings	20 years
Plant and machinery	2-25 years
Computer equipment	1-15 years
Office furniture and equipment	5-10 years
Right-of-use assets	3-43 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Comprehensive Income.

11 Intangible assets

	30 June 2019 $'000	30 June 2018 $'000
Rights and licences	**13**	13
Internally generated software	**7,381**	6,385
Software under development	**16,284**	6,509
Total intangible assets	**23,678**	**12,907**

Movements	**Rights and licenses $'000**	**Internally generated software $'000**	**Software under development $'000**	**Total $'000**
30 June 2019				
Opening net book amount at 1 July 2018	13	6,385	6,509	12,907
Additions – internally developed	-	-	11,896	11,896
Amortisation	-	(1,116)	-	(1,116)
Transfers between classes	-	2,121	(2,121)	-
Disposals	-	(9)	-	(9)
Closing net book amount	**13**	**7,381**	**16,284**	**23,678**

Notes to the Consolidated Financial Report
30 June 2019
(continued)

11 Intangible assets (continued)

Movements	**Rights and licenses $'000**	**Internally generated software $'000**	**Software under development $'000**	**Total $'000**
At 30 June 2019				
Cost	13	12,961	16,284	29,258
Accumulated amortisation	-	(5,580)	-	(5,580)
Net book amount	**13**	**7,381**	**16,284**	**23,678**
30 June 2018				
Opening net book amount at 1 July 2017	43	442	8,053	8,538
Additions – externally acquired	13	-	5,253	5,266
Additions – internally developed	-	-	1,256	1,256
Amortisation	(43)	(1,746)	-	(1,789)
Transfers	-	7,563	(7,563)	-
Transfer between classes	-	744	-	744
Disposals	-	(618)	(490)	(1,108)
Closing net book amount	**13**	**6,385**	**6,509**	**12,907**
At 30 June 2018				
Cost	104	9,555	6,509	16,168
Accumulated amortisation	(91)	(3,170)	-	(3,261)
Net book amount	**13**	**6,385**	**6,509**	**12,907**

(a) Intangible assets

RIGHTS AND LICENCES

Certain licences that NEXTDC possesses have an indefinite useful life and are carried at cost less impairment losses and are subject to impairment review at least annually and whenever there is an indication that it may be impaired.

Other licences that NEXTDC acquires are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

INTERNALLY GENERATED SOFTWARE

Internally developed software is capitalised at cost less accumulated amortisation. Amortisation is calculated using the straight-line basis over the asset's useful economic life which is generally two to three years. Their useful lives and potential impairment are reviewed at the end of each financial year.

SOFTWARE UNDER DEVELOPMENT

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services and employee costs.

Assets in the course of construction include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

12 Leases

(a) Leases

(i) Amounts recognised in the Consolidated Balance Sheet

The Consolidated Balance Sheet includes the following amounts relating to leases:

	30 June 2019 $'000	30 June 2018 $'000
Right-of-use assets *		
Properties	**68,569**	5,070
Motor Vehicles	**259**	-
Connectivity Links	**9,696**	-
	78,524	**5,070**

* included in the line item 'Property, plant and equipment' in the Consolidated Balance Sheet. In the previous year, the Group only recognised Right-of-use assets in relation to leases that were classified as 'finance leases' under AASB 117 Leases. For adjustments recognised on adoption of AASB 16 on 1 July 2018, please refer to note 30.

	30 June 2019 $'000	30 June 2018 $'000
Lease liabilities **		
Current	**1,061**	307
Non-current	**72,267**	5,735
	73,328	**6,042**

** In the previous year, the Group only recognised lease liabilities in relation to leases that were classified as 'finance leases' under AASB 117 *Leases*. For adjustments recognised on adoption of AASB 16 on 1 July 2018, please refer to note 30.

Additions to the right-of-use assets during the 2019 financial year were $0.3 million.

(ii) Amounts recognised in the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income shows the following amounts relating to leases:

	30 June 2019 $'000	30 June 2018 $'000
Depreciation charge on Properties	**5,067**	-
Depreciation charge on Motor Vehicles	**68**	-
Depreciation charge on Connectivity Links	**423**	-
Interest expense (included in Finance costs)	**9,373**	-
	14,931	**-**

The total cash outflow for leases in 2019 was $8.6 million.

(iii) The group's leasing activities and how these are accounted for

The Group has a number of leases over property, motor vehicles, and connectivity links that have varying terms, escalation clauses and renewal rights.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

12 Leases (continued)

(a) Leases (continued)

(iii) The group's leasing activities and how these are accounted for (continued)

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

Capital and financial risk management

13 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to its shareholders and benefits to its stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In the future, the Directors may pursue funding options such as debt, sale and leaseback of assets, additional equity and various other funding mechanisms as appropriate in order to undertake its projects and deliver optimum shareholders' return.

The Group intends to maintain a gearing ratio appropriate for a company of its size and growth.

	30 June 2019 $'000	30 June 2018 $'000
Total borrowings and lease liabilities	**867,177**	302,954
Less: cash and cash equivalents	**(398,999)**	(417,982)
Net debt (surplus cash)	**468,178**	**(115,028)**
Total equity	**875,303**	893,977
Total capital	**1,343,481**	**778,949**
Gearing ratio	**35.0%**	**-%**

The Group manages its capital structure by regularly reviewing its gearing ratio to ensure it maintains an appropriate level of gearing within facility covenants. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest bearing financial liabilities, less cash and cash equivalents. Total capital is calculated as equity, as shown in the Consolidated Balance Sheet, plus net debt.

14 Contributed equity

(a) Share capital

	Note	**30 June 2019 Number of Shares**	**30 June 2019 $**	30 June 2018 Number of Shares	30 June 2018 $
Fully paid ordinary shares	14(c)	**343,655,108**	**905,117,323**	342,252,120	904,247,017
Treasury shares - LFSP	14(e)	**861,813**	**1,851,502**	861,813	1,851,502
Treasury shares - EST	14(g)	**27,702**	**203,000**	21,608	165,000
Total share capital		**344,544,623**	**907,171,825**	**343,135,541**	**906,263,519**

Notes to the Consolidated Financial Report
30 June 2019
(continued)

14 Contributed equity (continued)

(b) Movements in ordinary share capital

Date	Details	Notes	Number of shares	$'000
	Opening balance		286,967,036	530,660
14 September 2017	Conversion of rights to shares	(d)	1,273,812	1,387
23 April 2018	Issue of capital - institutional investors	(c)	21,581,399	146,969
23 April 2018	Issue of capital - institutional investor	(c)	21,489,972	150,000
22 May 2018	Issue of capital - share purchase plan	(c)	11,801,714	80,370
	Transaction costs		-	(4,460)
30 June 2018	Deferred tax credit/(debit) recognised directly in equity		-	1,338
	Conversion of loan funded shares	(e)	1,907,789	4,350
	Adjustment from loan funded shares	(d)	(1,907,789)	(4,350)
	Sub-total		**343,113,933**	**906,264**
	Less shares held by NEXTDC Share Plan Pty Ltd	(e)	(861,813)	(1,852)
	Less shares held by NEXTDC Employee Share Plan Trust	(g)	(21,608)	(165)
30 June 2018	**Balance**		**342,230,512**	**904,247**

Date	Details	Note	Number of shares	$'000
	Opening balance		343,113,933	906,264
14 September 2018	Conversion of rights to shares	(d)	1,402,988	1,904
	Transaction costs		-	(122)
30 June 2019	Deferred tax credit/(debit) recognised directly in equity		-	(874)
	Sub-total		**344,516,921**	**907,172**
	Less shares held by NEXTDC Share Plan Pty Ltd	(e)	(861,813)	(1,852)
	Less shares held by NEXTDC Employee Share Plan Trust	(g)	(27,702)	(203)
30 June 2019	**Balance**		**343,627,406**	**905,117**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

(d) Performance rights and deferred share rights

Performance rights and deferred share rights, which subject to satisfaction of a performance hurdle, give rise to an entitlement to the value of an ordinary share in NEXTDC Limited. The Board has discretion to determine if the value will be provided in shares, cash or a combination of shares and cash. The Board determined that 100% of the FY16 LTI and those FY17 deferred STI's that elected to take shares rather than cash, would vest in shares, with 1,402,988 shares issued to employees on 14 September 2018.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

14 Contributed equity (continued)

(e) Loan funded share plan

The Group operates a legacy Loan Funded Share Plan remuneration scheme to attract and retain key employees. The arrangement involves the issue of shares to NEXTDC Share Plan Pty Ltd, whose sole purpose is to hold shares as trustee for its beneficiaries (its participants). The participants are required to meet service requirements before being entitled to access these shares.

Further, the participants are required to repay the loan to the subsidiary in order to access the shares. Consequently, until such time that the participants repay the loan, there is no flow of cash to the Group.

Due to the structure of the plan, in particular the use of a limited recourse loan, the Accounting Standards require that grants be treated the same as the issue of an option and do not permit the recognition of a loan balance.

The fair value at grant date of the shares was determined using either a Black-Scholes or binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the loan. The assessed fair value is recognised as share-based payments.

The 861,813 (2018: 861,813) ordinary shares on issue at the end of the year are subject to dealing restrictions until the loan is repaid. Due to the loan being limited recourse, equity contributions are recognised on receipt of loan repayments. All loans have been repaid, and as such no loan repayments were received during the year (2018: $4,349,998).

	30 June 2019	30 June 2018
Shares held by the Trust but not allocated	**861,813**	861,813

(f) Dividend reinvestment plan

The Group does not have a dividend reinvestment plan in place.

(g) Other equity

	Note	**2019 Shares**	2018 Shares	**30 June 2019 $'000**	30 June 2018 $'000
Treasury shares	(g)(i)	**(27,702)**	(21,608)	**(203)**	(165)
Total other equity				**(203)**	**(165)**

(i) Treasury shares

Treasury shares are shares in NEXTDC Limited that are held by the NEXTDC Employee Share Plan Trust for the purpose of issuing shares under the NEXTDC Limited Employee share scheme and the executive short-term incentive (STI) and long-term incentive (LTI) schemes. Shares issued to employees are recognised on a first-in-first-out basis.

Details	**Number of shares**	**$'000**
Balance 30 June 2018	**(21,608)**	(165)
Acquisition of shares by the Trust	**(6,094)**	(38)
Balance 30 June 2019	**(27,702)**	**(203)**

Notes to the Consolidated Financial Report
30 June 2019
(continued)

15 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

At 30 June 2019, NEXTDC had an undrawn A$300 million Syndicated Senior Secured Debt Facility.

The Group's transactions are predominantly conducted in Australian dollars. Overall, management assesses the Group's exposure to financial risk as low. However, the Group does have a financial risk management program in place.

The Group holds the following financial instruments:

	30 June 2019 $'000	30 June 2018 $'000
FINANCIAL ASSETS		
Cash and cash equivalents	**398,999**	417,982
Trade and other receivables	**33,856**	37,086
Available-for-sale financial assets	**-**	62,523
Security deposits	**8,822**	4,151
Total financial assets	**441,677**	**521,742**
FINANCIAL LIABILITIES		
Trade and other payables	**56,646**	34,409
Unsecured notes	**793,849**	296,912
Lease liabilities	**73,328**	6,042
Total financial liabilities	**923,823**	**337,363**

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group is comprised of foreign exchange risk and interest rate risk.

(i) Foreign exchange risk

The Group does not have any significant operations outside Australia and its transactions are predominantly conducted in Australian dollars. Consequently, management has determined that the Group has little exposure to foreign exchange risk. On this basis, the Group does not have any active risk mitigation strategies in relation to foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from its various fixed-rate term deposits, the floating rate tranche of Notes IV and its senior debt facility (refer to Note 16(b)) which remained undrawn at 30 June 2019.

The floating rate tranche of Notes IV and Notes IV-2 represents 46.0% of total borrowings, and exposes the Group's borrowings to changes in interest rates.

The interest rate for the Group's Notes III unsecured notes, fixed rate tranche of Notes IV, and finance lease liability are fixed, consequently the interest rate risk in relation to these instruments is limited.

SENSITIVITY

At 30 June 2019, if interest rates had increased by 100 basis points or decreased by 100 basis points from the year end rates with all other variables held constant, post-tax profit for the period would have been $1.5 million higher / $1.5 million lower (2018: $2.0 million higher / $2.0 million lower), mainly as a result of higher/lower interest income from cash and cash equivalents and term deposits, offset by the 3 month BBSW variable component on the Notes IV facility.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

15 Financial risk management (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents, and trade and other receivables.

(i) Cash and cash equivalents and security deposits

Deposits are placed with Australian banks or independently rated parties with a minimum rating of 'BBB+'. To reduce exposure deposits are placed with a variety of financial institutions.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	30 June 2019 $'000	30 June 2018 $'000
CASH AT BANK		
AA rated	**398,999**	417,982
SECURITY DEPOSITS		
AA rated	**8,822**	4,151

In determining the credit quality of these financial assets, NEXTDC has used the long-term rating from Standard & Poor's as of July 2019.

(ii) Trade and other receivables

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit evaluations are performed on all customers. Outstanding customer receivables are monitored regularly.

The Group aims to minimise concentration of credit risk by undertaking transactions with a large number of customers. In addition, receivable balances are monitored on an ongoing basis with the intention that the Group's exposure to bad debts is minimised.

Revenues from data centre services of $61.2 million were derived from two customers (2018: $44.4 million from one customer) whose revenue comprised more than 37% (2018: 29%) of total data centre services revenue.

The maximum exposure to credit risk at the end of the reporting period is the carrying value of each class of the financial assets mentioned above and each class of receivable disclosed in Note 5. The Group does not require collateral in respect of financial assets.

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. The loss allowance provision as at 30 June 2019 is determined as follows; the expected credit losses below also incorporate forward looking information.

30 June 2019	**Current $'000**	**0 to 30 days past due $'000**	**31 to 60 days past due $'000**	**More than 60 days past due $'000**	**Total $'000**
Expected loss rate	1%	5%	7.5%	20%	-
Gross carrying amount	23,762	2,068	787	1,703	28,320
Loss allowance provision	238	103	59	341	741
Net receivables	23,524	1,965	728	1,362	27,579

Notes to the Consolidated Financial Report
30 June 2019
(continued)

15 Financial risk management (continued)

(b) Credit risk (continued)

(ii) Trade and other receivables (continued)

The loss allowance provision for trade receivables as at 30 June 2019 reconciles to the opening loss allowance for that provision as follows:

	30 June 2019 $'000
Closing loss allowance as at 30 June 2018 (calculated under AASB 139)	**1,254**
Amounts restated through opening retained earnings	**-**
Opening loss allowance as at 1 July 2018 (calculated under AASB 9)	**1,254**
Increase/(decrease) in loss allowance recognised in profit or loss during the year	**(159)**
Receivables written off during the year as uncollectible	**(354)**
As at 30 June 2019	**741**

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

Management also actively monitors rolling forecasts of the Group’s cash and cash equivalents.

(i) Maturities of financial liabilities

The table below analyses the Group’s financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual Maturities of Financial Liabilities	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount**
2019	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade payables	**44,840**	**-**	**-**	**44,840**	**44,840**
Unsecured notes	**46,634**	**900,046**	**-**	**946,680**	**793,849**
Lease liabilities	**5,008**	**26,709**	**167,214**	**198,931**	**73,328**
Total non-derivatives	**96,482**	**926,755**	**167,214**	**1,190,451**	**912,017**
2018					
Trade payables	27,640	-	-	27,640	27,640
Unsecured notes	18,750	342,000	-	360,750	296,912
Lease liabilities	641	2,565	5,451	8,657	6,042
Total non-derivatives	**47,031**	**344,565**	**5,451**	**397,047**	**330,594**

The cash flows for unsecured notes assume that the early redemption options would not be exercised by the Group.

(d) Fair value measurements

(i) Trade and other payables

The fair value of trade and other payables is disclosed in Note 7.

(ii) Borrowings

The fair value of borrowings is disclosed in Note 16(d) and Note 16(e).

Notes to the Consolidated Financial Report
30 June 2019
(continued)

16 Borrowings

		30 June 2019 $'000	30 June 2018 $'000
NON-CURRENT			
Unsecured notes	16(a)	**793,849**	296,912
Total borrowings		**793,849**	**296,912**

(a) Unsecured Notes

At 30 June 2019, the Group had the following Notes on issue:

- $300 million in Notes III, carrying an annual coupon rate of 6.25% paid semi-annually. Although these Notes are due 9 June 2021, the Group may repay as early as 9 June 2019, and each six months thereafter. Regardless of when Notes III is redeemed, an additional 1.5% interest will also be payable on redemption. In addition, the Group may at any time prior to 9 June 2019, redeem all or part of the Notes, upon not less than 7 days and no more than 60 days prior notice.

- $300 million in Notes IV issued on 17 July 2018, comprising of a floating rate tranche of $200 million priced at 3.75% over 3-month BBSW and a fixed rate tranche of $100 million at 6%. Notes IV is complementary to the $300 million Notes III, albeit a different maturity date of June 2022, compared to June 2021 for Notes III. If Notes IV is redeemed prior to the first optional redemption date of 9 June 2020, an additional 1.5% interest will be payable. In addition, the Group may at any time prior to 9 June 2020, redeem all or part of the Notes, upon not less than 7 days and no more than 60 days prior notice.

- $200 million in Notes IV-2 issued on 11 June 2019, comprising of a $170 million floating rate tranche priced at 3.75% over 90-day BBSW and a $30 million fixed rate tranche priced at 102.466% of par on a coupon of 6%, implying a yield to first call of 4.92%. If Notes IV-2 is redeemed prior to the first optional redemption date of 9 June 2020, an additional 1.5% interest will be payable. In addition, the Group may at any time prior to 9 June 2020, redeem all or part of the Notes, upon not less than 7 days and no more than 60 days prior notice. If Notes IV-2 is redeemed prior to the first optional redemption date of 9 June 2020, an additional 1.5%interest will be payable. In addition, the Group may at any time prior to 9 June 2020, redeem all or part of the Notes, upon not less than 7 days and no more than 60 days prior notice.

(b) Bank Loan

At 30 June 2019, NEXTDC had an undrawn A$300 million Syndicated Senior Secured Debt Facility. During the year NEXTDC completed the renewal of the facility, with a new maturity date of 30 September 2022.

(c) Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2019 financial year (2018: complied).

(d) Fair value – bank borrowings

Whilst NEXTDC has an existing $300.0 million bank facility, the facility remained undrawn as at 30 June 2019.

(e) Fair value – unsecured notes

Material differences are identified for the following borrowings:

Notes to the Consolidated Financial Report
30 June 2019
(continued)

16 Borrowings (continued)

(e) Fair value – unsecured notes (continued)

	2019 Carrying amount $'000	2019 Fair value $'000	2018 Carrying amount $'000	2018 Fair value $'000
Unsecured notes	**793,849**	**812,000**	298,104	304,500

(f) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Items not recognised

17 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of each reporting year but not recognised as liabilities is as follows:

	30 June 2019 $'000	30 June 2018 $'000
Property, plant and equipment	**161,698**	146,890
Total capital commitments	**161,698**	**146,890**

The following disclosures relate to 30 June 2018 balances:

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the year of the lease.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

17 Commitments (continued)

Lease commitments: Group as lessee

(a) Non-cancellable operating leases

The Group leases its M1, S1, P1 and C1 data centres under 15-year non-cancellable operating leases in addition to various offices under non-cancellable operating leases expiring within five years. The leases have varying terms, escalation clauses and renewal rights. The Group's leases of M1, S1 and P1 each have consecutive option terms of 10 years, 10 years and 5 years (total 25 years). Further, the rent increases by CPI each year and is subject to market review on the fifth and tenth year of the lease term.

	30 June 2019 $'000	30 June 2018 $'000
Within one year	-	19,442
Later than one year but not later than 5 years	-	76,285
Later than 5 years	-	115,336
Total lease commitments	-	**211,063**

Not included above are contingent rental payments which may arise annually in line with rises in the consumer price index.

(ii) Finance leases

The land and building of the Group's Brisbane B1 data centre facility is currently under finance lease. The lease period is for an initial term of 20 years, which can be extended with a further four 5-year options.

	30 June 2019 $'000	30 June 2018 $'000
Within one year	-	641
Later than one year but not later than 5 years	-	2,565
Later than 5 years	-	5,451
Minimum lease payments	-	**8,657**
Future finance charges	-	(2,615)
Recognised as a liability	-	**6,042**
The present value of finance lease liabilities is as follows:		
Within one year	-	307
Later than one year but not later than 5 years	-	1,417
Later than 5 years	-	4,318
Total finance lease liabilities	-	**6,042**

18 Contingencies

(a) Contingent assets

The Group did not have any contingent assets during the year or as at the date of this report.

(b) Contingent liabilities

The Group did not have any contingent liabilities during the year or as at the date of this report.

GUARANTEES

For information about guarantees given by entities within the Group, please refer to Note 6(a).

Notes to the Consolidated Financial Report
30 June 2019
(continued)

19 Events occurring after the reporting period

No matters or circumstances have arisen since 30 June 2019 that have significantly affected the Group's operations, results or state of affairs, or may do so in future years.

Employee remuneration

20 Key management personnel

(a) Key management personnel compensation

	30 June 2019 $	30 June 2018 $
Short-term employee benefits	**4,325,116**	5,020,373
Post-employment benefits	**182,660**	170,797
Long-term benefits	**113,074**	322,510
Share-based payments	**1,307,912**	1,136,611
Total key management personnel compensation	**5,928,762**	**6,650,291**
Comprising		
Senior Executives	**5,116,332**	5,951,791
Non-Executive Directors	**812,430**	698,500
Total	**5,928,762**	**6,650,291**

Detailed remuneration disclosures are provided in the Remuneration Report.

(b) Loans to key management personnel

There were no loans made to key management personnel during the year (2018: nil).

(c) Other transactions with key management personnel

There were no other transactions with key management personnel during the year (2018: nil).

21 Share-based payments

(a) Performance rights

The performance rights plan was established by the Board of Directors to provide long-term incentives to the Group’s Senior Executives based on total shareholder returns (TSR) taking into account the Group’s financial and operational performance. Under the Plan, eligible participants may be granted performance rights on terms and conditions determined by the Board from time to time. Performance rights were granted during the course of FY17, FY18 and FY19. The vesting conditions for grants relate to TSR exceeding the ASX 200 Accumulation Index over the measurement period. Vesting of the rights will be tested on or around the day following the release of each of the annual results for the years ended 30 June 2019, 2020 and 2021 respectively.

Performance rights are granted by the Company for nil consideration. The Board has discretion to determine if the value will be provided in shares, cash or a combination of shares and cash. Rights granted under the plan carry no dividend or voting rights.

The fair value of the rights at the date of valuation was determined using the Black-Scholes Option Pricing Model to be equal to the volume weighted-average price (VWAP) ending on the day before the grant date, less the dividends expected over the period from the expected grant date to the completion of the measurement period, adjusted for the expected probability of achieving the vesting conditions.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

21 Share-based payments (continued)

(a) Performance rights (continued)

	30 June 2019 Number of Rights	**30 June 2019 Average Fair Value**	30 June 2018 Number of Rights	30 June 2018 Average fair value
Opening balance	**2,948,960**	**$1.87**	3,460,195	$1.26
Granted during the year	**828,285**	**$3.07**	762,577	$3.32
Vested during the year	**(1,307,885)**	**$1.19**	(1,273,812)	$1.09
Forfeited during the year	**-**	**$0.00**	-	$0.00
Closing balance	**2,469,360**	**$2.64**	**2,948,960**	**$1.87**

(b) Deferred shares - executives short-term incentive scheme

Under the Group’s short-term incentive (STI) scheme for FY18, executives received 50% of the annual STI achieved in cash, with 50% deferred for 12 months. Executives were able to elect whether the deferred component would be delivered in cash or equity. The FY18 tranche of deferred rights were granted in September 2018 and will vest on or around September 2019, being 12 months after the date on which they were granted. They automatically convert into one ordinary share each on vesting at an exercise price of nil. The executives do not receive any dividends and are not entitled to vote in relation to the deferred shares during the vesting period. If an executive ceases to be employed by the Group within this period, they will have 6 months from cessation of employment or the vesting date (whichever is later) to exercise the deferred share right. Any rights not exercised within this period will automatically lapse.

The number of rights to be granted was determined based on the currency value of the achieved STI divided by the volume weighted-average price at which the Company’s shares were traded on the Australian Securities Exchange over the 10 days following the release of the Group's FY18 results, being $6.34.

	2019	2018
Number of rights to deferred shares granted	**18,347**	95,103

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	30 June 2019 $'000	30 June 2018 $'000
Performance rights	**2,068**	1,798
Deferred shares issued under the short-term incentive scheme	**38**	165
Total expenses arising from share-based payment transactions	**2,106**	**1,963**

Notes to the Consolidated Financial Report
30 June 2019
(continued)

Other

22 Income tax

(a) Income tax expense

	30 June 2019 $'000	30 June 2018 $'000
Current tax		
Current tax on profits for the period	-	3,935
Adjustments for current tax of prior periods	760	(63)
Sub-total	**760**	**3,872**
Deferred income tax		
Decrease/(increase) in deferred tax assets less deferred tax credited to equity	(27,138)	707
Increase/(decrease) in deferred tax liabilities	20,124	(327)
Sub-total	**(7,014)**	**380**
Income tax (benefit)/expense is attributable to:		
Profit/(loss) from continuing operations	(6,254)	4,252
Profit/(loss) from continuing operations	(6,254)	**4,252**

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	30 June 2019 $'000	30 June 2018 $'000
Profit/(loss) from continuing operations before income tax expense	(16,073)	10,891
Tax at the Australian tax rate of 30%	(4,822)	3,267
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	39	79
Share-based payments	(1,911)	589
Non-deductible borrowing expense write-off	-	337
Adjustments for current tax of prior periods	760	(63)
Sundry items	(320)	43
Income tax (benefit)/expense	**(6,254)**	**4,252**

(c) Amounts recognised directly in equity

	30 June 2019 $'000	30 June 2018 $'000
Aggregate current and deferred tax arising in the reporting period and directly debited or credited to equity:		
Current tax debited directly to equity	(874)	-
Deferred tax expense/(benefit) on change in accounting policy	6,337	-
	5,463	**-**

Notes to the Consolidated Financial Report
30 June 2019
(continued)

22 Income tax (continued)

Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate in Australia adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Australia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

23 Deferred tax

(a) Deferred tax assets

	30 June 2019 $'000	30 June 2018 $'000
The balance comprises temporary differences attributable to:		
Tax losses	**8,329**	4,328
Black-hole expenditure deductible in future years	**1,730**	2,555
Lease liabilities	**21,998**	1,813
Employee benefits	**2,007**	1,626
Loss allowances	**222**	376
Expenses deductible in future years	**1,752**	172
Revenue received in advance	**7,740**	919
Total deferred tax assets	**43,778**	**11,789**
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 23(b))	**(22,226)**	(2,102)
Net deferred tax assets	**21,552**	**9,687**

(b) Deferred tax liabilities

	30 June 2019 $'000	30 June 2018 $'000
The balance comprises temporary differences attributable to:		
Accrued interest	**16**	8
Lease assets	**20,648**	1,521
Customer incentives	**515**	573
Property, plant and equipment	**874**	-
Contract costs	**268**	-
Total deferred tax liabilities	**22,321**	**2,102**
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 23(a))	**(22,321)**	(2,102)
Net deferred tax liabilities	**-**	**-**

Notes to the Consolidated Financial Report
30 June 2019
(continued)

24 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	30 June 2019 $'000	30 June 2018 $'000
Profit/(loss) for the year after income tax	**(9,819)**	**6,639**
Depreciation and amortisation	**48,442**	33,038
Non-cash employee benefits expense share-based payments	**2,183**	1,798
Net (gain) loss on disposal of non-current assets	**(618)**	280
CHANGE IN OPERATING ASSETS AND LIABILITIES		
(Increase) / decrease in trade debtors	**6,875**	(19,197)
(Increase) / decrease in prepayments and other current assets	**4,017**	(2,431)
(Increase) / decrease in interest receivable	**(27)**	573
(Increase) / decrease in cash used in bank guarantee	**(4,671)**	1,607
(Increase) / decrease in GST	**(4,205)**	589
(Increase) / decrease in other assets	**(199)**	(301)
(Increase) / decrease in deferred tax assets	**(6,251)**	4,252
Decrease / (increase) in customer incentives	**193**	136
Decrease / (increase) in trade payables	**(6,030)**	1,920
Decrease / (increase) in other operating liabilities	**6,394**	(479)
Decrease / (increase) in employee entitlements	**1,155**	1,655
Decrease / (increase) in interest payable	**2,123**	3,311
Decrease / (increase) in revenue in advance	**(201)**	-
Net cash inflow from operating activities	**39,361**	**33,390**

(b) Net debt reconciliation

Net debt	30 June 2019 $'000	30 June 2018 $'000
Cash and cash equivalents	**398,999**	417,982
Borrowings - repayable within one year	**(1,061)**	(307)
Borrowings - repayable after one year	**(866,116)**	(302,647)
Net debt	**(468,178)**	**115,028**
Cash and liquid investments	**398,999**	417,982
Gross debt	**(867,177)**	(302,954)
Net debt	**(468,178)**	**115,028**

Notes to the Consolidated Financial Report
30 June 2019
(continued)

24 Cash flow information (continued)

(b) Net debt reconciliation (continued)

	Other assets	Liabilities from financing activities			
	Cash $'000	**Finance leases due within 1 year $'000**	**Finance leases due after 1 year $'000**	**Borrow. due after 1 year $'000**	**Total $'000**
Net debt as at 1 July 2017	271,838	-	(6,332)	(294,782)	(29,276)
Cash flows	146,144	290	-	-	146,434
Other non-cash movements	-	(290)	290	(2,130)	(2,130)
Net debt as at 30 June 2018	417,982	-	(6,042)	(296,912)	115,028
Cash flows	(18,983)	-	-	(494,256)	(513,239)
Other non-cash movements	-	(1,061)	(66,225)	(2,681)	(69,967)
Net debt as at 30 June 2019	398,999	(1,061)	(72,267)	(793,849)	(468,178)

25 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) PwC Australia

	2019 $	2018 $
AUDIT AND OTHER ASSURANCE SERVICES		
Audit and review of financial statements	**325,125**	265,490
Other assurance services		
Other assurance services	**45,084**	47,504
Total remuneration for audit and other assurance services	**370,209**	**312,994**
TAXATION SERVICES		
Tax compliance services	**73,902**	16,710
Total remuneration of PwC Australia	**444,111**	**329,704**

(b) Related practices of PwC Australia

(i) Audit and other assurance services

Audit and review of financial statements	**13,025**	-

(c) Non-PwC audit firms

NEXTDC Limited did not engage with any other non-PwC audit firms.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

26 Business combination

(a) Current Period

On 18 October 2018, NEXTDC Limited acquired a controlling interest in the Asia Pacific Data Centre Group (APDC), increasing its investment in APDC from 29.2% at 30 June 2018 to 97.6%. Compulsory acquisition of the remaining shares in APDC was completed on 30 November 2018, with NEXTDC Limited holding 100% of the shares in APDC from that date.

APDC was a stapled group that was listed on the ASX at the date of acquisition, and subsequently de-listed on 24 December 2018. The Group comprised Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Limited as responsible entity of the Asia Pacific Data Centre Trust.

The acquisition means the Group now owns the three data centre properties previously held by APDC, which NEXTDC Limited previously leased under long-term lease arrangements. NEXTDC Limited considers there are benefits to owning the portfolio of data centres it currently operates from, given the Company's expanded capital base.

Details of the purchase consideration, the net assets acquired and gain on bargain purchase are as follows:

	$'000
Purchase consideration:	
Cash paid	**156,436**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Cash	**2,584**
Land and buildings	**257,525**
Plant and machinery	**3,475**
Computer Equipment	**7**
Other receivables	**1,193**
Trade payables	**(5,869)**
Borrowings	**(29,000)**
Deferred tax asset	**152**
Net identifiable assets acquired	**230,067**
Less: non-controlling interests	**(5,380)**
Less: gain on bargain purchase	**(66)**
Less: fair value of investment on acquisition (refer to note 9 for details)	**(68,185)**
Net assets acquired	**156,436**

(i) Acquisition-related costs

Acquisition-related costs of $8,957,000 are included in professional fees and office and administrative expenses in profit or loss.

(ii) Acquired receivables

The fair value of trade and other receivables is $1,193,000 and the full balance was subsequently recovered.

(iii) Non-controlling interest

The fair value of the non-controlling interests was determined as the number of shares outstanding at acquisition date multiplied by the fair value of $2.00 per share.

(b) Prior period

There were no acquisitions in the year ended 30 June 2018.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

27 Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group 2019 %	2018 %	Principal activities
NEXTDC Holdings Trust No. 1	Australia	**100**	-	Property Holding Company
NEXTDC Holdings No.1 Pty Ltd	Australia	**100**	-	Holding Company

28 Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	30 June 2019 $'000	30 June 2018 $'000
Current assets	**447,698**	464,222
Non-current assets	**1,121,500**	771,702
TOTAL ASSETS	**1,569,198**	**1,235,924**
Current liabilities	**63,382**	36,484
Non-current liabilities	**886,979**	305,463
TOTAL LIABILITIES	**950,361**	**341,947**
NET ASSETS	**618,837**	**893,977**
Shareholders' equity		
Contributed equity	**905,117**	904,247
Reserves	**6,285**	6,005
Retained earnings	**(292,565)**	(16,275)
TOTAL EQUITY	**618,837**	**893,977**
Profit/(loss) for the year after tax	**(266,311)**	6,639
Total comprehensive income/(loss) for the year	**(261,657)**	**6,639**

NEXTDC Limited acquired Asia Pacific Data Centre ("APDC") on 18 October 2018 (refer to note 26). Following acquisition, the entities comprising APDC were subsequently wound up, and the underlying properties were transferred to a new entity established by NEXTDC - NEXTDC Holdings Trust No. 1 (refer to note 27). This resulted in the above loss in the parent entity on derecognition of its investment in APDC, while a corresponding gain was recorded in NEXTDC Holdings Trust No. 1 on transfer of the properties.

(a) Reserves

Due to the requirements of accounting standards, the loan provided by NEXTDC Limited (parent entity) to NEXTDC Share Plan Pty Ltd requires the loan in respect of the loan funded share plan to be recorded as an issue of treasury shares and a corresponding debit to equity (treasury share reserve).

Notes to the Consolidated Financial Report
30 June 2019
(continued)

28 Parent entity financial information (continued)

(b) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

As at 30 June 2019, NEXTDC Limited did not have any guarantees in relation to the debts of subsidiaries.

(c) Contingent liabilities of NEXTDC Limited (parent entity)

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018. For information about guarantees given by the parent entity, please see above.

(d) Contractual commitments by NEXTDC for the acquisition of property, plant and equipment

Contractual commitments detailed in Note 17 relate to NEXTDC Limited as parent entity.

(e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Tax consolidation legislation

NEXTDC Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, NEXTDC Limited, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated Group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, NEXTDC Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate NEXTDC Limited for any current tax payable assumed and are compensated by NEXTDC Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to NEXTDC Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(ii) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost in the financial statements of NEXTDC Limited.

29 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of NEXTDC Limited and its subsidiaries. NEXTDC is a public company limited by shares, incorporated and domiciled in Australia.

(a) Reporting Period and Comparative information

These financial statements cover the period 1 July 2018 to 30 June 2019. The comparative reporting period is 1 July 2017 to 30 June 2018.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

29 Summary of significant accounting policies (continued)

(b) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. NEXTDC Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the NEXTDC Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on the date the Directors' Report is signed. The Directors have the power to amend and reissue the financial statements.

(ii) New and amended standards adopted by the group

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 July 2018:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*

The impact of the new standards and amendments to standards adopted for the first time for the financial year beginning 1 July 2018 are included in note 30 below.

Other than the new standards listed above, none of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2018 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Early adoption of standards

The Group has elected to apply the below pronouncements before their operative date in the annual reporting period beginning 1 July 2018:

- AASB 16 *Leases*

The impact on adoption of these new standards on the financial statements are discussed in further detail below within note 30.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(v) New standards and interpretations not yet adopted

There are no standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(c) Critical accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

29 Summary of significant accounting policies (continued)

(c) Critical accounting estimates (continued)

(i) Deferred taxation

Full provision is made for deferred taxation at the prevailing tax rates at the year-end dates. Deferred tax assets are recognised where it is considered probable that they will be recovered in the future and, as such, are subjective. The deferred tax assets include an amount of $8.3 million which relates to carried forward tax losses of NEXTDC Limited. The Group has incurred the losses during its start-up operations and has concluded that the deferred assets are probable of recovery using the estimated future taxable income. The tax losses can be carried forward indefinitely and have no expiry date. Refer to Notes 22 and 23 for further detail.

(ii) Income taxes

The Group is subject to income taxes in Australia. Judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(iii) Leases

On adoption of AASB 16 *Leases* from 1 July 2018, the Group was required to determine the measurement of lease liabilities based on the present value of remaining lease payments, discounted using the Group's incremental borrowing rate at commencement date. Judgement is required in determining an appropriate incremental borrowing rate, and the Group has determined the rate based on the effective interest rate of its most recent borrowings, adjusted to the specific term of each lease. In determining the lease term, management considered all relevant facts and circumstances that create an economic incentive to either exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if it is reasonably certain to be extended. The assessment is reviewed if a significant event or significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

(d) Employee Share Trust

The Group has formed two trusts to administer the Group's employee share schemes. The trusts are consolidated, as the substance of the relationships are that the trusts are controlled by the Group. Shares held by NEXTDC Share Plan Pty Ltd and NEXTDC Employee Share Plan Trust are disclosed as treasury shares and deducted from contributed equity.

(e) Share-based payments reserve

The share-based payments reserve is used to recognise:

- the grant date fair value of long-term incentives issued to participants
- the grant date fair value of shares issued to participants
- the issue of shares held by NEXTDC Share Plan Pty Ltd and NEXTDC Employee Share Plan Trust

(f) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

29 Summary of significant accounting policies (continued)

(g) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Investments and other financial assets

The following disclosures relate to 30 June 2018 balances:

LOANS AND RECEIVABLES

Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Consolidated Balance Sheet.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment

The Group assessed at the end of each reporting year whether there was objective evidence that a financial asset or Group of financial assets was impaired. A financial asset or a Group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or Group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

ASSETS CARRIED AT AMORTISED COST

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidated Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

29 Summary of significant accounting policies (continued)

(i) Investments and other financial assets (continued)

(i) Classification

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

29 Summary of significant accounting policies (continued)

(i) Investments and other financial assets (continued)

(iii) Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 15(b) for further details.

(j) Provisions

Provisions for asset replacement and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(k) Employee benefits

SHORT-TERM OBLIGATIONS

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in payables.

OTHER LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

SHARE-BASED PAYMENTS

Share-based compensation benefits are provided to participants via the Long Term Incentive Plan.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

29 Summary of significant accounting policies (continued)

(k) Employee benefits (continued)

SHARE-BASED PAYMENTS (continued)

The fair value of performance rights is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in the assumptions. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity.

RETIREMENT BENEFIT OBLIGATIONS

Except for the statutory superannuation guarantee charge, the Group does not have any other retirement benefit obligations.

(l) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the ‘rounding off’ of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(n) Parent entity financial information

The financial information for the parent entity, NEXTDC Limited, disclosed in note 28 has been prepared on the same basis as the consolidated financial statements.

(o) Assets in the course of construction

Assets in the course of construction are shown at historical cost. Historical cost includes directly attributable expenditure on data centre facilities which at reporting date, has not yet been finalised and/or ready for use. Assets in the course of construction are not depreciated.

Assets in the course of construction are transferred to property, plant and equipment upon successful testing and commissioning.

30 Changes in accounting policies

(a) AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*, and addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

30 Changes in accounting policies (continued)

(a) AASB 9 Financial Instruments (continued)

On implementation of AASB 9 on 1 July 2018, the Group reclassified its available-for-sale financial assets to financial assets at fair value through other comprehensive income (FVOCI). Any gain or loss realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings.

There was no impact on the Group's accounting for financial liabilities, as the Group does not have any financial liabilities designated at fair value through profit or loss. The derecognition rules have been transferred from AASB 139, and have not changed.

Under AASB 9, the recognition of impairment provisions are required to be assessed on a forward looking basis, and based on expected credit losses (ECL) rather than only incurred credit losses, as was the case under AASB 139. This change applies to the Group's financial assets classified at amortised cost, and impacted the Group's calculation of the loss allowance on trade debtors at 30 June 2019. The Group applied the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The new impairment model did not have a significant impact on the value of the loss allowance at 30 June 2019.

(b) AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The application of AASB 15 does not affect the Group’s cash flows from operations or the manner in which NEXTDC transacts with customers. However, it will impact the timing of revenue recognition in relation to project fees. Project fees are primarily composed of installation services relating to a customer’s initial deployment and other professional services performed. Historically, the Group has recognised revenue from project fees upfront, as the services are provided. Under AASB 15, from 1 July 2018, as this is not considered to be a distinct service, revenue is deferred and recognised over the term of the contract with the customer, taking into account renewal options that are held by the customer. Consequently, all revenue is now recognised over time rather than at a point in time. The impact of this for the year ended 30 June 2019 is a $1.9 million decrease in data centre services revenue when compared with the amount that would have been reflected under AASB 118.

AASB 15 also provides guidance relating to the treatment of contract costs not included in the scope of other standards, such as the incremental costs of obtaining a contract.

In accordance with the transition provisions in AASB 15, the Group has adopted the modified retrospective approach which means that the cumulative impact of the adoption was recognised in accumulated losses as of 1 July 2018, and comparatives were not restated. In summary, the following adjustments were made to the amounts recognised in the Consolidated Balance Sheet at the date of initial application (1 July 2018):

	AASB 118 carrying amount 30 June 2018 $'000	Remeasure-ments $'000	AASB 15 carrying amount 1 July 2018 $'000
Contract costs - current	-	491	491
Contract costs - non-current	-	598	598
Revenue received in advance - current	-	4,293	4,293
Revenue received in advance - non-current	-	18,746	18,746
Deferred tax assets (net)	9,687	6,585	16,272
Accumulated losses	16,275	15,365	31,640

Notes to the Consolidated Financial Report
30 June 2019
(continued)

30 Changes in accounting policies (continued)

(c) AASB 16 Leases

AASB 16 *Leases* addresses the recognition, measurement, presentation and disclosure of leases. This standard applies to annual reporting periods beginning on or after 1 January 2019, however the Group has elected to early adopt the standard from 1 July 2018. The Group has elected to apply the modified retrospective approach when transitioning to the new standard. Under this approach, NEXTDC has not restated comparative information as permitted under the specific transitional provisions of the standard.

The adoption of AASB 16 resulted in leases previously classified as operating leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The lease liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the commencement date. The right-of-use asset comprises the initial lease liability amount, and initial direct costs incurred when entering into the lease less any lease incentives received. The asset is depreciated over the term of the lease. The new standard replaces the Group's operating lease expense with an interest and depreciation expense.

As a result of the adoption of AASB 16, the data centre facility costs line in the Consolidated Statement of Comprehensive Income is lower than the prior corresponding period, as rental expense has been replaced with depreciation and interest expense. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2018. For existing finance leases previously accounted for under AASB 117, the carrying amount of the right-of-use asset and lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before the date measured applying AASB 117.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as of 1 July 2018. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 July 2018 was 6.94%.

	$'000
Operating lease commitments disclosed as at 30 June 2018	211,063
Add: finance lease liabilities recognised as at 30 June 2018	6,042
Add: adjustments as a result of a different treatment of extension and termination options	402,312
Add: adjustments relating to changes in the index or rate affecting variable payments	95,624
(Less): discount using the group’s incremental borrowing rate of 6.94%	(437,787)
Lease liability recognised as at 1 July 2018	**277,272**

In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2018):

	AASB 117 carrying amount 30 June 2018 $'000	**Remeasure-ments $'000**	**AASB 16 carrying amount 1 July 2018 $'000**
Property, plant and equipment**	679,950	271,230	951,180
Lease liability - current**	307	2,249	2,556
Lease liability - non-current**	5,735	268,981	274,716
Other liabilities	828	(828)	-
Deferred tax assets (net)*	16,272	(249)	16,023
Accumulated losses*	31,640	(579)	31,061

* Carrying amount at 30 June 2018 adjusted for AASB 15 remeasurement above.
**The impact to lease liabilities and right-of-use assets on transition increased by $4.2 million from the amounts disclosed in the interim financial report which reflects the refinement in calculations of assumptions including the incremental borrowing rate.

Notes to the Consolidated Financial Report
30 June 2019
(continued)

30 Changes in accounting policies (continued)

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- grandfathering the definition of a lease on transition, resulting in AASB 16 not being applied to contracts that were not previously identified as containing a lease under the application of AASB 117 and IFRIC 4.

Directors' Declaration
30 June 2019

In the Directors' opinion:

(a) the financial statements and notes set out on pages 54 to 102 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and

Note 29 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.

Craig Scroggie
Director

Sydney
29 August 2019

Independent auditor's report

To the members of NEXTDC Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of NEXTDC Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of $2.1 million, which represents approximately 2.5% of the Group's underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose underlying EBITDA because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We utilised a 2.5% threshold based on our professional judgement, noting it is within	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • NEXTDC has data centres operating in capital cities across Australia, with its finance function based in Brisbane, where we performed most of our audit procedures.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Management Committee: – Data centre services revenue recognition – Asia Pacific Data Centre Group business combination – Implementation of AASB 16 Leases – Non-current asset additions • These are further described in the *Key audit matters* section of our report.

the range of commonly acceptable thresholds.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
Data centre services revenue recognition *Refer to Note 3 Revenue and Other Income and Note 30 Changes in accounting policies* The Group adopted a new revenue accounting policy during the year due to the mandatory introduction of *AASB 15 Revenue for Contracts with Customers*. The new policy is disclosed in Note 3 and the transition impacts disclosed in Note 30. The adoption of a new revenue accounting policy was a key audit matter due to the: • significance of revenue to understanding the financial results for users of the financial report; • complexity involved in applying the new AASB 15 requirements given the number of revenue streams and contracts with customers with bespoke terms and conditions; and • significant judgements required by the Group in applying the new AASB 15 requirements, such as: – Identifying upfront project fees which are not considered to be a distinct service from ongoing data centre service fees; and	We performed the following procedures, amongst others: • Assessed whether the Group's new accounting policies were in accordance with the requirements of AASB 15 through consideration of the Group's accounting paper on key areas of judgement, with the assistance of PwC financial reporting specialists. • Evaluated the judgements made by the Group in applying the new accounting policy by obtaining an understanding of revenue streams and reviewing the terms and conditions of a sample of contracts. • Assessed the transitional adjustment by checking the mathematical accuracy of the Group's calculation, and agreeing to contractual terms, for a sample of contracts. • For a sample of contracts for each revenue stream, we: – developed an understanding of the key terms of the arrangement including parties, term dates, performance obligations and payments to be made; and – considered the Group's identification of performance obligations and allocation of selling prices to the performance

Key audit matter	*How our audit addressed the key audit matter*
– Determining the Group's right to consideration from its customers is an amount that corresponds directly with the value to the customer of the Group's services completed to date.	obligations by recalculating the amount of revenue to which the Group has a right to invoice based on contractual terms. • Evaluated the adequacy of the disclosures made in Note 3 and Note 30 in light of the requirements of Australian Accounting Standards.
Asia Pacific Data Centre Group business combination *Refer to Note 26 Business combination* During the year, the Group acquired 100% of the Asia Pacific Data Centre Group (APDC) via a stepped acquisition, for cash consideration of $156.4m, as described in note 26 of the financial report. The accounting for the acquisition was a key audit matter because it was a significant transaction for the year. In addition, the Group made complex judgements when accounting for the acquisition, including: • determining the acquisition date; • evaluating pre-existing relationships and the appropriate accounting treatment; and • determining the fair value of each asset and liability for initial recognition by the Group, particularly the three data centre properties owned by APDC.	We performed the following procedures, amongst others: • Evaluated the Group's accounting against the requirements of Australian Accounting Standards, and our understanding of the business acquired, the key events to the transaction and the commercial driver behind the acquisition. • Assessed the fair values of the acquired assets and liabilities recognised, with the assistance of PwC valuation experts, including: – evaluating the external expert valuation reports supporting the fair value of the three data centre properties; – assessing the competence and capabilities of the external expert; and – assessing the valuation methodology, key assumptions and inputs. • Considered the adequacy of the business combination disclosures in light of the requirements of Australian Accounting Standards.
Implementation of AASB 16 Leases *Refer to Note 10 Property, plant and equipment, Note 12 Leases, and Note 30 Changes in accounting policies* The Group early adopted *AASB 16 Leases* from 1 July 2018. The new policy is disclosed in Note 12 and the transition impacts disclosed in Note 30.	Assisted by PwC financial reporting specialists in aspects of our work, we performed the following procedures, amongst others: • Assessed whether the Group's new accounting policies are in accordance with the requirements of AASB 16 through consideration of the Group's accounting

Key audit matter	*How our audit addressed the key audit matter*
This was a key audit matter due to the: • significance of the impact on transition to the Consolidated Balance Sheet, Statement of Comprehensive Income and Statement of Cash Flows; and • the estimation uncertainty involved in applying the new *AASB 16* requirements to determine an incremental borrowing rate to discount lease payments.	paper on key areas of judgement. • For a sample of lease agreements, we: – evaluated the lease calculations against terms within the lease agreement and the requirements of Australian Accounting Standards; – assessed, with the assistance of our PwC valuation experts, the incremental borrowing rates applied to the lease calculations; and – assessed the mathematical accuracy of the lease calculations. • Evaluated the adequacy of the disclosures made in Note 10, 12 and 30 in light of the requirements of Australian Accounting Standards.
Non-current asset additions *Refer to Note 10 Property, plant and equipment ($366.3m) and Note 11 Intangible assets ($11.9m)* NEXTDC has continued to invest in new data centres at Sydney, Melbourne and Perth, and to expand its existing data centre infrastructure. These growth projects require significant capital outlay which results in the capitalisation of external and internal costs into Property, Plant and Equipment and Intangible Assets. During the current year, $366.3m has been capitalised as additions to Property, Plant and Equipment, while $11.9m has been capitalised to Intangible Assets. Costs should be capitalised in line with Australian Accounting Standards which outline the criteria required for costs to be capitalised. Judgement is often required to determine whether the criteria for capitalisation has been met for Intangible Assets, and subsequently whether certain costs or classes of transactions meet the criteria for capitalisation.	Our audit approach included testing individually large value additions, while the residual balance of additions were tested on a sample basis. Additional focus was paid to internal costs capitalised as these are deemed more judgemental. In particular, costs relating to salaries and wages were an area of focus. We performed the following procedures, amongst others: • Developed an understanding of and evaluated the Group's cost capitalisation policy; • Assessed the processes implemented by the Group for the measurement of capitalised costs; and • Sample tested capitalised costs to supporting documentation, including assessing whether they meet the criteria for capitalisation with reference to Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
This was a key audit matter because of the: • significance of the additions balance to the Consolidated Balance Sheet; • judgement involved in assessing whether internally generated intangible assets meet the criteria for capitalisation by reference to the appropriate accounting requirements; and • potential significance of the additions balance to the Consolidated Statement of Comprehensive Income should the costs not meet the criteria required for capitalisation.	

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 30 to 49 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of NEXTDC Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Simon Neill
Partner

Brisbane
29 August 2019

The following shareholder information was applicable as at 19 August 2019.

Distribution of equity securities

Holding	Number of investors	Number of securities
100,001 and over	99	271,742,967
10,001 - 100,000	1,539	35,129,553
5,001 - 10,000	2,152	15,498,126
1,001 - 5,000	7,190	18,664,252
1 - 1000	5,836	2,620,210
Total	**16,816**	**343,655,108**

Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number held	Percentage of issued shares
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	97,459,042	28.36
2. J P MORGAN NOMINEES AUSTRALIA LIMITED	55,829,979	16.25
3. BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	30,639,662	8.92
4. NATIONAL NOMINEES LIMITED	25,934,723	7.55
5. CITICORP NOMINEES PTY LIMITED	20,261,802	5.90
6. BNP PARIBAS NOMS PTY LTD <DRP>	4,445,987	1.29
7. AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	4,325,000	1.26
8. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,192,228	0.64
9. CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,800,758	0.52
10. MR. CRAIG IAN SCROGGIE	1,601,898	0.47
11. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,231,195	0.36
12. BNP PARIBAS NOMS (NZ) LTD <DRP>	1,201,705	0.35
13. MIRRABOOKA INVESTMENTS LIMITED	960,000	0.28
14. UBS NOMINEES PTY LTD	855,000	0.25
15. SUAVE INVESTMENTS PTY LTD	752,998	0.22
16. BNP PARIBAS NOMINEES PTY LTD <IOOF INVMT MNGT LTD DRP>	750,000	0.22
17. AMCIL LIMITED	725,000	0.21
18. NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	692,377	0.20
19. FORESTER INVESTMENTS PTY LIMITED <WELLINGTON SUPER FUND A/C>	620,977	0.18
20. AUST EXECUTOR TRUSTEES LTD <GFFD>	612,008	0.18
	252,892,339	**73.61**

Unquoted equity securities	Number on issue	Number of holders
Performance rights - issued in FY17	878,497	16
Performance rights - issued in FY18	762,577	15
Performance rights - issued in FY19	828,285	22
Deferred share rights - issued in FY19	18,347	1

Substantial holders

Substantial holders in the Company are set out below:

Substantial holders	Number held	Percentage of issued shares
UniSuper	33,118,529	9.64%
Challenger Limited	25,572,206	7.42%
Yara Funds Management Limited	23,463,866	6.81%
Macquarie Group Limited	17,656,483	5.12%

Voting rights

The voting rights attaching to each class of equity securities are set out below:

(i) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(ii) Performance rights and deferred share rights

No voting rights.

NEXTDC Limited
Corporate Directory

Directors	Douglas Flynn *Chairman* Craig Scroggie *Chief Executive Officer* Stuart Davis *Non-Executive Director* Gregory J Clark AC *Non-Executive Director* Sharon Warburton *Non-Executive Director* Stephen Smith *Non-Executive Director*
Company secretary	Michael Helmer
Registered office	NEXTDC Limited Level 6,100 Creek Street Brisbane Qld 4000 Tel: +61 7 3177 4777
Website address	www.nextdc.com
Auditor	PricewaterhouseCoopers 480 Queen Street Brisbane Qld 4000 +61 7 3257 5000
Solicitors	Clayton Utz Level 28, Riparian Plaza 71 Eagle Street Brisbane Qld 4000 Herbert Smith Freehills ANZ Tower 161 Castlereagh Street Sydney NSW 2000
Share register	Link Market Services Level 21,10 Eagle Street Brisbane Qld 4000 Tel: 1300 554 474 (in Australia) Tel: +61 (2) 8280 7111 (overseas)
Stock exchange listing	NEXTDC Limited shares are listed on the Australian Securities Exchange (ASX) under ticker code NXT.


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Power. Secure. Connect.

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where the cloud lives™

1 July 2018 to 30 June 2019
NEXTDC Limited
ABN 35 143 582 521

For any queries related to NEXTDC's
Annual Report please contact us at
investorrelations@nextdc.com