NEXTDC

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

ASX Release

9 September 2026

A$1.1 billion Convertible Notes Offering

NEXTDC Limited (ASX: NXT) ("**NEXTDC**" or the "**Company**") today announces the launch of an offering (the "**Offering**") of A$1,100 million of fixed coupon subordinated convertible notes due 2031 (the "**Convertible Notes**"). The Convertible Notes are convertible into fully paid ordinary shares of NEXTDC (the "**Ordinary Shares**").

The Offering will strengthen NEXTDC's liquidity and provide committed funding for its development pipeline, while preserving flexibility to support further customer-led growth.

The Convertible Notes are expected to carry an indicative cash coupon of approximately 1.25% to 1.75% per annum, subject to the outcome of the bookbuild. The indicative cash coupon is materially below the weighted average cash interest cost of NEXTDC's existing senior debt facilities and below the cash cost of comparable subordinated debt alternatives.

The initial conversion price of the Convertible Notes (the "**Initial Conversion Price**") will be set at a premium of 32.5% to 37.5% to the reference share price described below (the "**Reference Share Price**"), and will be subject to the outcome of the bookbuild. NEXTDC also intends to enter into the Capped Call Transactions described below, with an indicative cap price of 70% over the Reference Share Price, which are intended to increase the effective conversion price, up to the cap price.

The Offering is consistent with NEXTDC's long-term strategy to diversify funding sources through accessing differentiated global sources of capital, to enhance financial flexibility and maintain a strong liquidity position and balance sheet.

Craig Scroggie, NEXTDC Chief Executive Officer and Managing Director, said:

"We are proactively enhancing balance sheet flexibility with efficient capital and continuing to deliver on our capital strategy. The convertible structure funds the next phase of our development pipeline at a lower cash coupon than senior debt and the capped call transactions effectively raise the conversion price and therefore reduce the economic cost of dilution that would otherwise occur. The Offering preserves our senior debt capacity and our balance sheet flexibility to meet the continued growth in customer demand for the capacity NEXTDC is building."

The Offering

The Offering is being marketed to eligible institutional investors and the final terms of the Convertible Notes will be determined by a bookbuild expected to be completed before the open of trading on ASX on 10 September 2026.

NEXTDC reserves the right to increase the size of the Offering within its existing available placement capacity such that the maximum number of Ordinary Shares issuable on conversion of the Convertible Notes does not exceed 15% of the Ordinary Shares on issue[1].

NEXTDC intends to apply the proceeds received from the Offering to fund the continued delivery and expansion of NEXTDC's Australian data centre development pipeline, the cost of the Capped Call Transactions and transaction costs, and for general corporate purposes.

The Convertible Notes will constitute direct, unsecured and subordinated obligations of NEXTDC and will rank junior to NEXTDC's senior debt, equally with its existing A$750 million Subordinated Notes issued in April 2026 and senior to NEXTDC's Hybrid Securities and Ordinary Shares.

Settlement of the Offering is expected to occur on or around 17 September 2026 (the "**Closing Date**"). The Convertible Notes will mature on 17 September 2031, being five (5) years from the Closing Date (the "**Maturity Date**"). Holders may require NEXTDC to redeem the Convertible Notes at their principal amount, together with any accrued but unpaid interest, on 17 September 2029, being three (3) years from the Closing Date (the "**Investor Put Date**"). Where any payment date under the Convertible Notes, including the Investor Put Date, is not a business day (being a day on which commercial banks are open in Sydney, London and Hong Kong), payment will be made on the next following business day without additional interest, in accordance with the terms and conditions of the Convertible Notes.

NEXTDC intends to apply for the Convertible Notes to be admitted to listing on the Vienna Multilateral Trading Facility, a specialist debt listing venue operated by the Vienna Stock Exchange (the "**Vienna MTF**"). The Convertible Notes will not be quoted on ASX and are expected to trade over the counter between institutional investors. Ordinary Shares issued on conversion will rank equally with existing Ordinary Shares from the date of issue and NEXTDC will apply for their quotation on ASX. Where a noteholder exercises its conversion rights, NEXTDC will satisfy the conversion by the issue of fully paid Ordinary Shares, unless NEXTDC elects to settle the conversion in cash, in which case the cash amount payable will be not less than 100% of the principal amount converted.

NEXTDC will release a further announcement setting out the final terms of the Convertible Notes prior to the open of trading on ASX on the following trading day.

A summary of the indicative key terms is set out in Appendix A to this announcement. The key risks of an investment in NEXTDC are set out in Appendix B.

Pro forma liquidity

NEXTDC reported pro forma available liquidity of A$8,676 million at 30 June 2026 in its FY26 results materials lodged with ASX on 27 August 2026, comprising cash of A$876 million, undrawn senior debt facilities of A$7,100 million and A$700 million of undrawn commitments under the Hybrid Securities B Delayed Draw Series. A$2,300 million of those senior debt facilities was announced on 10 July 2026 and reached financial close on 15 July 2026, and the A$700 million Hybrid Securities commitment may be drawn until May 2027. Pro forma for the Offering, total liquidity at 30 June 2026 would have been approximately A$9,776 million before costs of the Offering and the Capped Call Transactions.

Capped Call Transactions

In connection with the issuance of the Convertible Notes, NEXTDC intends to purchase certain cash-settled call options ("**Capped Call Transactions**") from one or more financial institutions ("**Capped Call Counterparties**"). The Capped Call Transactions will have an initial strike price equal to the Initial Conversion

[1] For this purpose, the maximum number of Ordinary Shares issuable on conversion of the Convertible Notes will be measured against the Reference Share Price set by the Delta Placement.

NEXTDC

Price and a cap price initially set at a premium of 70% over the Reference Share Price, in each case subject to adjustment. The Capped Call Transactions are intended to provide NEXTDC with an economic hedge in respect of increases in the price of Ordinary Shares between the Initial Conversion Price and the cap price.

The Capped Call Transactions are expected to cover the number of Ordinary Shares underlying the Convertible Notes, subject to anti-dilution adjustments substantially similar to those applicable to the Convertible Notes. The Capped Call Transactions are cash settled and will not reduce the number of Ordinary Shares issued on conversion. They are intended to reduce the economic cost to NEXTDC of the dilution that would otherwise result from conversion of the Convertible Notes and to offset any cash amount NEXTDC elects to pay in excess of the principal amount of the Convertible Notes on conversion, in each case only up to the cap price. NEXTDC will not be hedged in respect of any increase in the price of Ordinary Shares above the cap price. The economic payoff of the Capped Call Transactions will be dependent on market conditions at the time of their expiry (or earlier termination, if applicable).

Delta Placement

In connection with the Offering, the Sole Global Coordinator will conduct a delta placement of existing Ordinary Shares with an aggregate value of approximately A$330 million (the "**Delta Placement**") to facilitate, in aggregate, the initial delta hedge required by investors in the Convertible Notes. The Delta Placement will involve the sale of existing Ordinary Shares borrowed from the stock borrow market in the ordinary course. NEXTDC will not issue any new Ordinary Shares and will not receive any proceeds from the Delta Placement and the number of Ordinary Shares on issue will not change as a result of it.

The price per Ordinary Share at which Ordinary Shares are placed under the Delta Placement (the "**Delta Placement Price**") will be determined by a bookbuild and will be used as the Reference Share Price to determine the Initial Conversion Price of the Convertible Notes. The Initial Conversion Price, as adjusted from time to time in accordance with the terms and conditions of the Convertible Notes, is the "**Conversion Price**".

The Delta Placement will be underwritten by the Sole Global Coordinator and the Delta Placement Price will not be less than A$12.40 per Ordinary Share.

Hedging and trading activities

In connection with the Capped Call Transactions, the Capped Call Counterparties and/or their affiliates are expected to enter into derivative transactions in respect of Ordinary Shares and may buy or sell Ordinary Shares, in each case at their discretion. Those transactions, the Delta Placement and any delta hedging activity by investors in the Convertible Notes may affect the market price of the Ordinary Shares and the Convertible Notes from time to time.

The Sole Global Coordinator, the Capped Call Counterparties and their respective affiliates may also acquire Convertible Notes and Ordinary Shares in the ordinary course of their sales and trading, principal investing and hedging activities. As a result, one or more of them may acquire a relevant interest in Ordinary Shares for purposes of the Corporations Act. To the extent applicable, they may be required to make disclosures under section 671B of the Corporations Act.

Each of the above transactions is subject to market conditions, final pricing, execution and settlement. One or more of the proposed transactions may not complete. If this occurs, the relevant parties may unwind their hedge positions with respect to Ordinary Shares. NEXTDC will provide further updates on the outcome of the proposed transactions in accordance with its continuous disclosure obligations.

Sole Global Coordinator and Advisers

UBS Securities Australia Limited is acting as Sole Arranger, Sole Lead Manager and Bookrunner on the Offering ("**Sole Global Coordinator**").

Cadence Advisory is acting as independent financial adviser and Mallesons as legal adviser to NEXTDC in relation to the Offering.

Authorised for release by the Transaction Committee of the Board of NEXTDC Limited.

ENDS

For more information:

Simon Guzowski

T: +61 2 8072 4943

E: investorrelations@nextdc.com

NEXTDC Investor Centre: www.nextdc.com/investor-centre

Appendix A: key indicative terms of the Convertible Notes

Key terms of the Convertible Notes	
Issuer	NEXTDC Limited (ASX: NXT)
Issue Size	A$1,100 million
Ranking	Direct, unsecured and subordinated
Rating	The Convertible Notes are not rated and NEXTDC does not have a credit rating
Maturity Date	17 September 2031
Investor Put Date	17 September 2029
Coupon	1.25% to 1.75% per annum, payable on a semi-annual basis, subject to the interest payment restrictions in the final terms and conditions of the Convertible Notes
Conversion Premium	32.5% to 37.5% over the Reference Share Price
Reference Share Price	The Delta Placement Price, being the price per Ordinary Share at which Ordinary Shares are placed under the Delta Placement, which will not be less than A$12.40 per Ordinary Share
Delta Placement	The Sole Global Coordinator and/or its designated affiliates will conduct a placement of existing Ordinary Shares, concurrently with the Offering and by way of an accelerated bookbuild, to facilitate in aggregate the initial delta hedge required by investors in the Convertible Notes. The Delta Placement will be underwritten by the Sole Global Coordinator
Initial Conversion Price	A$16.4300 to A$17.0500 per Ordinary Share, being the Reference Share Price increased by the Conversion Premium
Conversion Period	**Initial Conversion Period:** From (and including) 28 October 2026 to (and including) the Sydney business day immediately preceding the Final Conversion Period Commencement Date. **Final Conversion Period**: from (and including) 11 June 2031 (the "**Final Conversion Period Commencement Date**"), to (and including) the date falling 5 Sydney business days prior to the Maturity Date. No later than 5 Sydney business days prior to the Final Conversion Period Commencement Date, NEXTDC will determine whether physical or cash settlement will apply to any conversion exercised during the Final Conversion Period.
Conversion / Settlement	Subject to and as provided in the terms and conditions of the Convertible Notes, noteholders' elections to convert will be satisfied by physical settlement, unless the Issuer elects ((A) where the relevant Conversion Notice Delivery Date (as defined in the final terms and conditions of the Convertible Notes) falls during the Initial Conversion Period, no later than the date falling 3 Sydney business days following the relevant Conversion Notice Delivery Date, or (B) where the relevant Conversion Notice Delivery Date falls during the Final Conversion Period, no later than 5 Sydney business days prior to the start thereof as set out under "Conversion Period" above) to cash settle the conversion by paying the **"Cash Settlement Amount"** for each converted Convertible Note in lieu of delivering Ordinary Shares. The relevant Cash Settlement Amount will be calculated according to the following formula and will be subject to a minimum floor of 100.00 per cent. of the principal amount of Convertible Notes subject to conversion: $CSA = \sum_{n=1}^{N} \frac{1}{N} \, x \, S_n \, x \, P_n$ where: **CSA** = **the Cash Settlement Amount;** **S_n** = the number of conversion Ordinary Shares applicable in respect of such conversion on the n-th Dealing Day of the relevant cash settlement calculation period; **P_n** = the VWAP of an Ordinary Share on the n-th Dealing Day of the relevant cash settlement calculation period; and **N** = 60, being the number of consecutive Dealing Days in the relevant cash settlement calculation period.
Conversion Price Adjustment	The Conversion Price is subject to adjustment for dilutionary events on customary terms, including full dividend protection in respect of any dividend or other distribution declared or paid by NEXTDC

NEXTDC

Key terms of the Convertible Notes	
Change of Control	Following the occurrence of a change of control, noteholders may require NEXTDC to redeem their Convertible Notes at their principal amount together with any accrued but unpaid interest, or alternatively convert during a limited period at a reduced Conversion Price. The extent of the reduction depends on the time remaining to the Maturity Date and diminishes as that date approaches
Listing	Vienna MTF
Use of Proceeds	To fund the cost of the Capped Call Transactions and transaction costs, with the balance being applied to the continued delivery and expansion of NEXTDC's Australian data centre development pipeline and for general corporate purposes.
Capped Call Transactions	Cash-settled call options purchased by the Issuer with a strike equal to the Initial Conversion Price and a cap price which will initially be set at a premium of 70% over the Reference Share Price. The cost of the Capped Call Transactions is payable upfront and will be funded from the gross proceeds of the Offering. The Capped Call Transactions provide NEXTDC with an economic hedge only up to the cap price
Issuer Calls	**Issuer Soft Call**: Subject to the terms and conditions of the Convertible Notes, all but not some only of the Convertible Notes are redeemable at their principal amount, together with any accrued but unpaid interest up to (but excluding) the redemption date, on giving not less than 30 nor more than 60 days' notice at any time on or after 8 October 2029, if the VWAP of an Ordinary Share on each of any 20 Dealing Days within a period of 30 consecutive Dealing Days ending not earlier than 5 Dealing Days before the date of the redemption notice, is at least 130% of the Conversion Price then in effect. **Clean Up Call**: Subject to the final terms and conditions of the Convertible Notes, on giving not less than 30 nor more than 60 days' notice at any time prior to the Maturity Date, all but not some only of the Convertible Notes are redeemable at the principal amount, together with any accrued but unpaid interest up to (but excluding) the redemption date, if at any time 85% or more in aggregate principal amount of the Convertible Notes originally issued has already been converted, redeemed or purchased and cancelled. **Tax Call**: Subject to the final terms and conditions of the Convertible Notes, on giving not less than 30 nor more than 60 days' notice at any time prior to the Maturity Date, all but not some only of the Convertible Notes are redeemable at the principal amount, together with any accrued but unpaid interest up to (but excluding) the redemption date, as a result of any change in or amendment relating to the relevant tax laws or regulations where the Issuer becomes obliged to pay any additional amounts in respect of payments on the Convertible Notes. Noteholders have a right of non-redemption by giving up their entitlement to be grossed up.
Selling Restrictions	Regulation S (Category 1); restrictions apply in the United States, United Kingdom, Australia, Hong Kong, Singapore, EEA, Switzerland and Japan

Appendix B: Key risks of an investment in NEXTDC

This Appendix B sets out the key risks associated with an investment in the Convertible Notes and in NEXTDC. It is not an exhaustive statement of those risks and should be read together with the information NEXTDC has released to ASX. In this Appendix B, references to the Issuer are references to NEXTDC Limited, references to the Notes are references to the Convertible Notes, and terms defined in the terms and conditions of the Convertible Notes have the same meaning where used in this Appendix B.

1. KEY BUSINESS RISKS

1.1. Reduction in demand for data centre services

The market for data centres is characterised by technological innovation, industry trends and standards, the frequent introduction of new products, emerging competitors, changing laws (eg data, intellectual property and privacy) as well as evolving customer demands.

The Issuer's growth is underpinned by demand from cloud, neocloud, GPU-as-a-Service, hyperscale and AI customers, with a significant proportion of contracted capacity derived from a relatively small number of large customers. There are no assurances that the current level of demand for data centre outsourcing and the provision of co-location cloud services will continue or that existing customers will renew their data centre requirements through the Issuer at the same level as in prior periods, or at all. In addition, a slowdown in cloud adoption, artificial intelligence ("**AI**") or a general reversion to dispersed or new computing models could have the effect of lessening demand for traditional data centre services and reduce reliance on third party providers such as the Issuer. An increasing use of self-built data centres has the potential to reduce demand for data centre services from third-party providers such as the Issuer.

A reduction in customer demand, growth plans or contractual commitments or increase in competitive supply or failure to maintain customer focus could materially and adversely impact the Issuer's growth outlook, and/or financial position, performance (including a fall in revenue due to the Issuer having to lower product prices in response to changing customer demand or competitive supply, or retaining excess capacity over a longer period which may impact the Issuer's return on capital and the subsequent valuation of its data centre facilities) and prospects and, therefore, the value of its securities (including the Notes).

1.2. Data centre interruptions or outages

The Issuer's operations depend on the performance, reliability, and availability of its infrastructure and technology platforms to provide its customers with a reliable service. The scale and utilisation of the Issuer's facilities continue to increase in alignment with the growing demand from hyperscale and AI-related customers, which increases the operational load on the Issuer's critical infrastructure and supporting systems. The failure of any of the Issuer's critical systems, including a breakdown in critical plant, equipment or services, such as the cooling equipment, generators, backup batteries, routers, switches or other equipment, power supply or network connectivity, whether or not within the Issuer's control, could result in an extended downtime of the Issuer's systems and hardware, software, as well as service interruptions, breach of service level commitments, data losses, and equipment damage, the occurrence of any of which could significantly disrupt the normal business operations of the Issuer or its customers and result in reputational damage.

Further, the Issuer relies on a variety of information technology systems, some of which are developed and maintained by third parties, to manage, secure and deliver services and communicate with its customers. Any failure, discontinuance or a material increase in the price of a supplier's systems or software could impact the Issuer's services and result in a loss of customers or revenue, reputational damage or a weakening of the Issuer's competitive position and financial performance.

Although the Issuer has implemented a range of measures to mitigate the risk of data centre and system interruptions or outages, these safeguards may prove insufficient in some circumstances. Accordingly, no assurance can be given that the Issuer's risk management measures, including internal controls, technology safeguards, and disaster recovery protocols will be fully effective in preventing or mitigating all failures, outages, interruptions, or instances of physical security breaches or other unauthorised access to the Issuer's operational sites and critical technology platforms, infrastructure, or services, including those managed by third parties.

Consequently, the Issuer's data centres remain exposed to potential interruptions or outages arising from a variety of factors which include, but are not limited to, power or fibre network issues, disconnection or loss of critical utilities, human error, equipment malfunctions, hardware or software failures, network or telecommunication disruptions, natural disasters, extreme weather events and prolonged extreme temperatures, cyber threats and other security breaches (including physical security incidences, cyber-attacks and computer viruses), terrorism, and the ongoing impacts of climate change. Many of these factors are outside the Issuer's control, and whether caused by malicious activity or inadvertent error, could lead to significant or sustained business interruption, loss of, or impacts to, customers, breaches of service level commitments, breaches of legal or regulatory obligations (including privacy laws), and exposure to liability, fines or financial claims. These consequences may not be fully covered by the Issuer's insurance policies, and could result in reputational damage, erosion of competitive position, and material adverse impacts on the Issuer's financial position, performance and prospects and, therefore, the value of its securities. In some circumstances, claims for loss or damages may exceed the amounts recoverable from third-party providers or insurers, further impacting the Issuer's financial position.

1.3. Development of data centres

The Issuer is involved in the development of data centres, including new data centres as well as the expansion (including to densify and optimise), refurbishment (including ongoing fit out) or upgrade of new or existing data centres. The Issuer's data centre developments and projects are subject to a range of material risks, including:

- limitations in obtaining reliable access to the electricity power grid or water infrastructure or supply, such as moratoriums, allocation constraints or government regulation, which may materially restrict new connections for data centres;
- regulatory approvals (including planning, environmental and key utilities or infrastructure consents and approvals) are not obtained or not received when needed, or are issued with adverse terms or at a materially later date than anticipated, or are not complied with as required, in each case impacting project feasibility. This risk is heightened by the growing community and stakeholder interest in the scale and location of data centre developments, which may extend approval timeframes or result in more onerous conditions;
- increase in regulations from Government or other regulatory bodies imposing additional conditions on development and potentially delaying project finalisation;
- escalation of development or other capital costs and other cost overruns, including construction, fit-out, and commissioning beyond budget projections, together with unforeseen delays;

- project or construction delays driven by factors outside the Issuer's control, including regulatory change, design change, constrained construction market capacity (including shortages in skilled labour and potential industrial disputes), adverse weather, or disruption to site access;
- delays or disruptions in the supply chain for critical equipment and infrastructure such as chillers, generators, fibre connectivity, and other components;
- delays or disruptions to physical security or safety management in the development process, including when such activities are conducted in proximity to, or impact, operational data centre environments;
- non-performance or breach of contract by contractors or sub-contractors, impacting timeline and cost exposures;
- under- or over-investment in new data centre facilities arising from misalignment between decisions regarding the scale, location and timing of new developments and prevailing market demand;
- obligations to pay penalties or liquidated damages to customers for the late delivery of data centre capacity; and
- the availability of project financing and the scope of insurance coverage, in each case on commercially acceptable terms or at all.

Material failures or significant delays in any major development such as those at S4 Sydney, M3 Melbourne, M2 Melbourne, M4 Melbourne, KL1 Kuala Lumpur or TK1 Tokyo, or at the sites in planning at M5 Melbourne, S5 Sydney, S7 Sydney or AK1 Auckland, or a series of developments, may have a material adverse impact on the Issuer's growth, operations, and/or financial position, performance and prospects, customer commitments and returns on investment and, therefore, the value of its securities (including the Notes).

1.4. Supply and pricing of electricity

The Issuer is dependent on reliable access to electricity, sourced through third parties, infrastructure networks, government authorities, and global suppliers, to maintain and operate its data centres. The continued proliferation of data centres combined with the energy-intensive nature of AI-ready and hyperscale facilities substantially increases the risk that electricity grids in relevant markets may fail to provide adequate supply or redundancy over the long term, particularly during periods of rapid demand growth or as a result of the transition to renewable sources. Any power outages, shortages, capacity constraints, delayed or restricted grid connections (including as a result of any delay in obtaining, or conditions attaching to, relevant regulatory or other approvals, or delays associated with the development of renewable or other sources of electrical power and associated transmission infrastructure), or material increases in electricity costs (including the imposition of additional transmission or other levies) could adversely impact the Issuer's business operations, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes). This risk is compounded by the evolving politicisation of energy markets, the transition to renewable energy, and competition for grid access.

There is no guarantee that insurance coverage (eg for business interruption caused from power outages, shortages or capacity constraints) will or may be available in the future either at all or on commercially acceptable terms to the Issuer, and/or may be adequate to cover potential financial exposures, in each case for one or more of these circumstances.

There is no assurance that third parties will consistently deliver stable, sufficient electricity or invest in the infrastructure required to meet the Issuer's evolving requirements, especially as regulations, reliability standards, and emissions targets change. The shift to renewables is projected to increase outage risk and grid management complexity, potentially increasing the frequency of service disruptions or delay delivery of additional capacity. Government and utility providers may also impose burdensome or onerous conditions, regulatory constraints, or costs on electricity provision or grid connections, including greenhouse gas regulation and energy transition policy interventions, either generally, on data centre operators or the Issuer specifically. These conditions may impact project viability, timelines and cost structures for the Issuer. See also 'Legal and regulatory compliance' below.

Access to power and the electricity grid remains a critical constraint for site acquisition and expansion, particularly for data centres specifically designed for AI workloads or other high-density applications, which may require significantly increased capacity. Competition for industrial-zoned land and grid resources from other sectors further compounds this risk.

While the Issuer's data centres are equipped with backup power generation systems, these arrangements may not be sufficient to provide extended operational continuity during prolonged outages or grid instability events. The Issuer may also be exposed to increased energy and emissions costs, which may not be able to be passed through to customers in full, adversely impacting the Issuer's margins, competitiveness, and the value of its securities (including the Notes).

1.5. Availability of other utilities

The Issuer and its customers rely on third party providers for the ongoing supply of utilities to its data centres (including water and diesel fuel). There is no guarantee that the relevant third party suppliers will continue their business with the Issuer in the future or be able to consistently provide sufficient levels of utilities and services to the Issuer on commercially acceptable terms.

In particular, the Issuer's reliance on secure and high-quality water for data centre cooling exposes the business to operational, regulatory, and reputational risks. Climate change, drought, or changes in local water allocations could increase costs, constrain capacity, or disrupt operations. Utility companies or governmental agencies may impose more onerous conditions or requirements on water-related approvals, which may result in substantial increases to the Issuer's operating costs. Any such conditions, requirements or costs may have a material adverse impact on the Issuer's operations, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

The Issuer is also reliant on a regular supply of diesel fuel to supply utilities to its data centres. The ongoing unrest and volatility involving Iran and the Strait of Hormuz has led to, and may in the future result in, a shortage of diesel fuel in Australia, leading to higher costs being payable by the Issuer for diesel fuel or an inability to access sufficient levels of diesel fuel at all. This in turn may have a material adverse impact on the Issuer's operating costs and operations, which in turn may negatively impact its financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

1.6. Availability of network connectivity

The Issuer's ability to attract and retain customers depends substantially on the availability and reliability of telecommunications carriers' fibre networks servicing its data centres. The Issuer's operations and financial performance are directly influenced by the capacity and integrity of these carrier networks.

The construction and maintenance of a sophisticated and redundant fibre network connecting multiple carrier facilities to the Issuer's data centres is a complex process, largely contingent on factors beyond the Issuer's control. These include compliance with regulatory requirements and the availability of skilled construction resources. Any failure to establish or maintain a highly diverse, robust, and redundant connectivity network whether through delay, disruption, disconnection, or malfunction could materially impair the Issuer's operational capabilities.

Furthermore, hardware or fibre failures on any connected network may result in significant connectivity losses, which could adversely impact the Issuer's ability to secure or maintain customer relationships.

Collectively, these risks could have a material adverse impact on the Issuer's operations, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

1.7. Strategic risk and international expansion

The Issuer has adopted a growth strategy which the Notes are intended to support. There is a risk that the Issuer fails to execute its chosen growth strategy effectively or within a timely manner. This may be as a result of factors within or outside the Issuer's control. A failure to successfully execute the Issuer's strategic objectives may result in it not achieving the anticipated benefits. This may adversely impact the Issuer's operations, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

Part of the Issuer's growth strategy is to continue expanding its international presence. Any further international expansion will require significant management focus and resources, with the success of any expansion efforts depending on various factors, including the Issuer's ability to secure key customer relationships, gain market insights and knowledge as well as hire and retain skilled employees.

There is also a risk that the Issuer may fail to fully or adequately understand, comply with or account for, differing laws, regulations and business customs in international jurisdictions (including new or existing tariff requirements), which can increase operational risks for companies like the Issuer. The political climate in certain foreign jurisdictions may also be volatile, and changes in government policies and regulations, international conflicts and global economic factors can all impact the business environment and investment climate.

Collectively, the occurrence of any of these risks (including a failure by the Issuer to comply with any international laws, regulations and practices) may interrupt or adversely impact various parts of the Issuer's business and may have a material adverse impact on the Issuer's operations, reputation, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

1.8. Supply chain risk

The Issuer's operations are dependent on the coordinated supply of hardware, software, equipment, services, utilities (including diesel fuel) and infrastructure sourced from a diverse range of suppliers. These supply chains are exposed to risks including disruption due to geopolitical instability and international conflicts, shipping constraints and route redirecting, price volatility, technological obsolescence, constrained availability, and the risk of substitution by alternative products or vendors. In recent years, global demand for data centre and AI infrastructure as well as prolonged lead times and delays, single-source dependencies, and geopolitical or trade dynamics affecting international supply chains for critical equipment such as generators, chillers, power and cooling systems have challenged project delivery, driven up construction and operating costs, and elevated risks that timelines may be materially impacted.

Compounding pressures in the global supply chain including geopolitical instability, trade restrictions, regulatory changes, climate events, and skilled labour shortages pose a risk to the Issuer's operational outcomes and financial performance. Disruption at any point in the supply or logistics chain can have follow-on effects across multiple projects causing delays, triggering late delivery penalties and cost escalation, and on existing data centre sites which, in each case, could result in a materially adverse impact to the Issuer's operations, and/or financial position, performance and prospects, and, therefore, the value of its securities (including the Notes).

1.9. Counterparty, supplier and contractor risk

The Issuer is exposed to counterparty risk and is subject to certain contractual obligations. Insolvency, a decline in creditworthiness, financial distress, changing market conditions, non-performance, termination (including as a result of a failure by the Issuer or the relevant counterparty to satisfy any applicable conditions precedent (including obtaining any applicable regulatory consents from, for example, the Foreign Investment Review Board (FIRB) or the Australian Competition and Consumer Commission (ACCC))) or legal action by counterparties or the Issuer, or regulatory action by a relevant regulatory authority, may result in amounts owed being unrecoverable, extensive litigation, customer dissatisfaction or otherwise which, in each case, could result in a material adverse financial or operational impact on the Issuer.

The loss of a key or prospective supplier or contractor, the inability to renew supplier or contractor contracts on similar or more favourable terms or the inability of the Issuer to attract new suppliers or contractors may have a material adverse impact on the Issuer's operations, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

1.10. Customer relationships, contracts and concentration

A key driver of the success of the Issuer's business is its ability to retain and grow existing customer relationships and develop new customer relationships. There is no guarantee that these relationships will continue or, if they do continue, that these relationships will be successful.

The loss of a key or prospective customer, the inability to renew customer contracts on similar or more favourable terms or the inability of the Issuer to attract new customers may have a material adverse impact on the Issuer's operations, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

The long sales cycle for data centre products (typically resulting from extensive customer due diligence and negotiations) could also have a material adverse impact on the Issuer. In this context there is a risk that the Issuer may invest significant time and resources in pursuits that generate no revenue and take time away from sourcing other potential customers, which may have an adverse impact on its financial position and performance.

A dynamic legislative and regulatory environment for the use of data centres by Australian and overseas based customers, including the advancement and deployment of AI, may compound the challenges faced by customers and impact their businesses and deployment strategies which may precipitate the termination of their contracts with the Issuer or a decision not to renew them.

Whilst the majority of the Issuer's customer contracts are on the Issuer's standard terms and conditions, the majority of the Issuer's top customer contracts are based on highly negotiated terms. This means that the legal terms which govern the relevant arrangements may differ significantly from customer to customer (including in relation to any applicable conditions precedent and termination events). Some of these material customer contracts to which the Issuer is a party contain provisions which may include regulatory and other conditions precedent (which may require the Issuer or the relevant customer to obtain relevant approvals from, for example, FIRB or the ACCC), and give the customer a right to terminate the contract in certain circumstances (including for convenience or, for example, as a result of the failure to satisfy any applicable conditions precedent or the occurrence of an event of default, material adverse change or failure to obtain counterparty consent to a change in control of the Issuer or any of its controlled entities (in each case, as applicable)). The breach, termination or non-renewal of any material customer contract may have a material adverse impact on the Issuer's financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

As the Issuer has a level of customer concentration, this risk may be exacerbated to the extent that one or both of the Issuer's top two customers (which together accounted for approximately 50% of the Issuer's FY26 total revenue, being 33% and 18% respectively as disclosed in note 17 to the FY26 financial statements) were to either terminate or not renew their contracts upon expiry. However, the probability of the occurrence of either of these customers terminating or not renewing all of their contracts with the Issuer is considered to be unlikely on the basis that they each have a number of diverse contracts of different duration and at different data centre sites.

1.11. Lease risk

The Issuer leases certain of its properties (including C1, S2 and TK1) from third parties. Any breach, non-renewal or termination (including as a result of the failure to satisfy any applicable conditions precedent (eg a requirement to obtain FIRB or ACCC approval) or the occurrence of an event of default or failure to obtain counterparty consent to a change in control of the Issuer or any of its controlled entities (in each case, as applicable) of these leases by the Issuer or the relevant counterparty could have a material adverse impact on the Issuer and its operations as there is a risk that the Issuer may not be able to secure appropriate lease extensions or replacement sites on commercially acceptable terms. The Issuer's ability to secure lease renewals may be influenced by a number of factors, including the supply of appropriate sites in the market. Lease renewals may also be impacted by environmental, social and governance ("**ESG**") considerations, including the ESG performance of the relevant sites and the expectations of customers as they seek to manage their own emissions and resource usage profiles.

Due to the nature and size of the sites the Issuer requires to operate its business, the Issuer may need to accept less favourable or more onerous terms (including increased rent) than the prevailing market terms at the time. Any failure to secure appropriate sites on commercially acceptable terms may have a material adverse impact on the Issuer's operations, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

1.12. Adverse implications of competitive dynamics

The Issuer competes against other local and global data centre owners and operators and new market entrants, as well as alternative business models such as traditional on-premises solutions. Further, hyperscalers and other cloud service providers have continued to grow in size and market share, with many developing their own data centres in addition to relying on third-party providers such as the Issuer. There is also a risk that the Issuer may compete less effectively against its competitors in the future, causing it to lose market share and the ability to develop or secure new customers. These factors, if and to the extent they occur, could lead to decreased revenue and profits for the Issuer, and may have an adverse impact on the Issuer's financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

Similarly, if the Issuer's competitors' offerings are or become perceived as superior (including in relation to their relative ESG profile and technological advancements), or they can be offered at a lower price, the Issuer may be impacted by pricing pressures that could adversely impact its ability to generate revenue. Accordingly, the success of the Issuer depends, in part, on its ability to continually innovate and keep up to date with the latest technological, industry, regulatory and market trends. It also depends on its ability to efficiently integrate new technologies and processes into its current product and service offerings, and efficiently upgrade, change or evolve its data centre infrastructure and services to meet evolving customer needs. The pace of change in customer compute requirements, including the shift towards AI and high-density workloads, may also affect the design life and utility of existing infrastructure and require additional capital investments to remain relevant to customer needs. To the extent that the Issuer is unable to do this, it may result in customer attrition and reduced competitiveness, which in turn could have an adverse impact on its financial position, performance and prospects and, therefore, the value of its securities (including the Notes). See also 'Reduction in demand for data centre services', above.

1.13. Loss of key personnel

The Issuer's operations and strategic execution are dependent on the ongoing contribution of key executives, directors, and critical personnel. The availability of appropriately skilled leaders and staff, in sufficient numbers, is vital to supporting the Issuer's growth and performance objectives.

The unexpected retirement, resignation, or departure of key management, executive team members, or other specialist personnel could cause disruption to business operations, loss of knowledge, and risks to established customer relationships, particularly where individuals hold critical expertise or lead major workstreams. The ability to attract and retain talent is further challenged by a sector-wide tightening in the labour market, with intense competition for skilled talent, particularly in engineering, construction, cyber security, and data centre operations, placing upward pressure on recruitment, retention, and remuneration practices.

Although the Issuer has strategies and initiatives in place to address talent retention, succession, and workforce renewal, there is no guarantee these measures will always be effective. High turnover rates, difficulties recruiting suitably qualified staff, or failure to attract, develop and retain key personnel may adversely impact the Issuer's reputation, operational continuity, financial performance and the delivery of its strategic objectives.

1.14. Physical and cyber security incidents, breaches of data privacy regulations and confidentiality obligations

The Issuer or its suppliers may continue to be the target of malicious actors, cyberattacks, computer viruses, malicious code, phishing attacks, information security breaches or unauthorised physical access to facilities that could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of the Issuer, its employees and customers, or otherwise disrupt (including impacting the systems and data of) the Issuer, one or more of its data centres, its operating systems, or its customers' or other third parties' business operations. In this context, there is a risk that the measures taken by the Issuer or its suppliers may not be sufficient to detect or prevent physical or other breaches of its data centres and other operational offices and facilities, including such unauthorised access or disclosure.

Accordingly, there is a risk that any cyber threats, data security breaches, unauthorised physical access to Issuer's facilities or the Issuer's failure to protect confidential information or systems could, in each case, result in potential enforcement action and monetary fines from data protection authorities, litigation by customers, termination of customer contracts, potential indemnity obligations and potential financial loss or remediation costs (offering credit monitoring services, for example), which could materially impact the Issuer’s financial and operating performance and financial position.

The occurrence of such security breaches or incidents, or the perception that one has occurred, could also result in a loss of customer confidence in the security of the Issuer’s data centres or damage to the Issuer’s brand and reputation, reduce the demand for the Issuer’s data centres, disrupt normal business operations, and require the Issuer to allocate material resources to investigate or correct the breach and prevent future security breaches and incidents. There can be no assurance that the Issuer will not suffer productivity and revenue losses in the future as a result of such malicious activities, and such losses may adversely impact the Issuer’s business, operations, reputation, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

As the techniques used by malicious actors to obtain unauthorised access to systems and data continue to evolve, the Issuer may be unable to anticipate attempted security breaches or attacks as they may be dynamic in nature, or implement adequate or effective measures to prevent or minimise disruptions that may be caused by all physical and cyber threats because the techniques used can be highly sophisticated and those perpetrating the attacks may be well resourced. The potential for physical or cyber security breaches may increase as the Issuer grows its business and expands its profile as a vendor of cloud-based applications and the cloud functionality of its platform, including as the volume of data the Issuer hosts in the cloud, the number of data centres and the number of users that have access to its systems increases.

There is no guarantee that the Issuer will be able to prevent or rectify any such security breaches or incidents, either physical or cyber, or that insurance will be adequate to cover potential financial exposures for one or more of these circumstances. There is a risk that the successful assertion of one or more large claims against such cover could compromise the availability and cost of available insurance cover in the future. Material physical or cyber security or other data breaches may result in a material adverse impact on the Issuer’s operations, reputation, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

1.15. Future acquisitions and investments

From time to time, the Issuer evaluates growth-driven initiatives, including potential acquisitions of new data centre sites, businesses, or investments, both domestically and internationally. Such transactions may temporarily disrupt the Issuer’s operations and divert management attention.

There can be no assurance that suitable acquisition or investment opportunities will be identified, executed, or successfully completed. Acquisitions also carry inherent risks associated with the integration of operations, systems, and personnel, which may result in disruption, increased complexity, or loss of organisational focus.

Not every acquisition or investment undertaken by the Issuer may deliver favourable outcomes for future operational or financial performance. Failure to uncover material due diligence issues, or ineffective management and integration of acquired assets, may have a material adverse impact on the Issuer's operations, reputation, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

1.16. People and safety risk, and workplace, health and safety

Employees of the Issuer are at risk of workplace accidents and incidents (be they physical or otherwise). If an employee is injured or some other event or circumstance occurs in the course of their employment giving rise to a claim, project delays, the Issuer may be subject to investigations and may be found liable for penalties or damages, including under the various occupational health and safety regulations throughout the regions in which it operates (which may or may not be covered by insurance).

There can be no assurance that accidents or workplace incidents will not occur and result in injuries to, or impact, the Issuer's personnel or third parties. A failure to maintain a strong safety culture across operations and construction activities, including across the Issuer's extended contractor and subcontractor base during a period of significant construction activity may result in costs (including in relation to any associated litigation or investigation) and fines and may have a material adverse impact on the Issuer's operations, reputation, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

1.17. Operational risk, fraudulent or inappropriate conduct

Operational risk includes the risk of loss resulting from inadequate or failed internal processes, people or systems (including security and information security systems), or from external events. The operation of the Issuer's data centres is reliant on the technical and operational resilience of its infrastructure.

The Issuer is exposed to a variety of risks including those arising from physical site or centre security lapses or failures, and failures in operational integrity including but not limited to process errors, technology failures, customer activities, staff levels and skills, workplace safety, compliance breaches, business continuity, crisis management or data storage issues or failures, and processing or data management errors. Certain customers may also terminate the services of the Issuer at any time, for any reason, or a regulatory investigation or review may adversely impact the Issuer's ability to conduct its operations in an efficient and cost-effective manner, which may result in a significant increase in unplanned or unexpected operational expense for the Issuer.

If the Issuer's data centres suffer a serious incident, its operations and reputation may be negatively impacted. Such an event may result in customer losses, erode confidence in the Issuer's services, enliven termination rights under existing customer contracts, hinder customer acquisition and retention, and expose the Issuer to financial obligations for breaching service level commitments or broader liabilities for contractual breaches. Because the Issuer's ability to attract and retain customers depends on the reliability of its service, even minor operational interruptions could harm its reputation and result in financial penalties.

The Issuer has also started to implement the use of certain AI tools within its business. AI is an emerging technology, and the Issuer cannot guarantee that its use of AI will increase efficiency or provide other operational benefits. Further, the Issuer's use of AI could present certain risks. For example, the use of AI has the potential to result in bias, miscalculations, data errors and other unintended consequences, and may unintentionally compromise confidential or sensitive information, put the Issuer's intellectual property at risk, or subject the Issuer to claims related to data privacy management or intellectual property infringement. See also 'Physical and cyber security incidents, breaches of data privacy regulations and confidentiality obligations', above.

Each of these risks may ultimately adversely impact the Issuer's operations, reputation, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

There is also a risk that the business may be subject to fraudulent or inappropriate behaviour from time to time, either from those within, or external to, the business. Depending on its scope and severity, any such behaviour may have an adverse impact on the Issuer's operations, reputation, and/or financial position or performance. Any resulting harm or loss to the Issuer caused by such behaviour may or may not be covered by insurance.

1.18. Financial risk

There is a risk that the Issuer may fail to achieve its financial (including contracting) objectives, or manage its financial risks, from time to time which may, in turn, have a material adverse impact on its financial position, performance and prospects and, therefore, the value of its securities (including the Notes). This may be as a result of factors within or outside the Issuer's control.

1.19. Change management

There is a risk that the implementation of changes to the Issuer's business, operations and processes, supplier engagements, governance, personnel and culture from time to time may be disruptive, protracted, complex and costly, and may result in unexpected challenges and issues, and the diverting of management time, effort and attention.

There is also a risk that the anticipated benefits of certain changes (including the estimated contribution of those changes to the Issuer's operating performance) may be less than anticipated, estimated or required.

1.20. Legal and regulatory compliance

The Issuer must comply with a range of laws, regulations and industry standards in each jurisdiction in which it operates including, but not limited to, privacy laws, fair trade laws, anti-bribery and corruption legislation, sanctions legislation, consumer protection laws, critical infrastructure protection laws, environmental and planning laws, employment laws and taxation laws (amongst others). The Issuer must also comply with governance obligations applicable to an ASX-listed entity. Failure by the Issuer to comply with those laws, regulations and industry standards or to scale governance and business systems in line with the pace of growth, may result in litigation, regulatory enquiry or investigation, fines and penalties, or significant reputational damage which could have an adverse impact on the Issuer's operations, reputation, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

The Issuer may also become subject to new laws, regulations or industry standards, or new or changed interpretations of existing laws, regulations or industry standards, stricter enforcement, or enhanced supervisory expectations regarding the management of any associated legal and regulatory compliance risks. New or amended laws, regulations or industry standards, or new or changed interpretations of existing laws, regulations or industry standards could restrict the Issuer's ability to provide its services, result in changes to the Issuer's business model, reduce the Issuer's profit margins or make compliance more difficult or expensive, any of which may have an adverse impact on the Issuer's business, operations, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

While new laws and regulations are being constantly considered by the Australian and international governments, there are a range of reforms being actively developed by Australian governments which may impose additional new requirements on data centres including:

- On 8 May 2026, the Energy and Climate Change Ministerial Council (**ECMC**), excluding Queensland, agreed that data centres should fully offset their demand by investing in additional renewable generation and demonstrating firmed capacity. In July 2026, the Australian Energy Market Commission (**AEMC**) provided advice to the ECMC on implementation pathways for such reforms.

- In July 2026, the Federal Minister for Climate Change and Energy lodged requests with the AEMC to amend the National Electricity Rules to ensure data centre companies pay for the network costs that they cause or accelerate and any associated network infrastructure.
- On 15 July 2026 the Australian Government announced a proposed National Framework for large-scale AI data centres. The proposed mandatory requirements include that operators be net generators of energy rather than net users, pay their full share of grid connection costs, minimise water use and fund additional water infrastructure, and agree locations with States and Territories.
- On 17 August 2026 the New South Wales Government released the 'NSW Data Centre Guidelines' (**Guidelines**) and the 'Reforming electricity network connection and cost recovery arrangements for data centres in NSW' Consultation Paper (**Consultation Paper**). The Guidelines articulate the State government's expectations for data centre investment in New South Wales and these expectations include the ability for a data centre to reduce power demand by 25% and the procurement by data centres of power purchase and firming agreements for additional renewable energy generation. The Consultation Paper proposes 10 reforms relating to network connections, network cost allocation (including material additional costs to be borne by data centres seeking to connect to electricity networks), and the enforcement of the measures set out in the Guidelines.
- The communique of the National Cabinet meeting of 26 August 2026 stated that the Australian Government will introduce a nationally consistent regulatory framework that will set minimum requirements for large data centres and intends to legislate such standards in early 2027.

If one or more of these reforms are implemented, they may impose material additional cost and capital requirements on data centres and may have an adverse impact on the Issuer's operations, and/or financial position and performance. The Consultation Paper is open for submissions until 14 September 2026. NEXTDC has stated that its operating portfolio and Forward Order Book of 565MW are unaffected by these proposed reforms.

A breach of any laws, regulations or industry standards may lead to prosecution, investigations and inquiries and result in the imposition of conditions, fines and penalties or other sanctions on the Issuer, which could have an adverse impact on the Issuer's business, reputation, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes). Any deterioration in the Issuer's regulatory compliance performance may adversely impact the Issuer's reputation and standing in the industry, and its ability to retain and win contracts with existing and new customers.

1.21. Adverse implications from litigation and disputes

The Issuer may in the ordinary course of business become involved in litigation, arbitration and disputes, for example with its suppliers, customers or other contractual counterparties which could involve significant economic costs and damage to relationships with relevant stakeholders.

The Issuer's involvement in any litigation, arbitration or dispute or any associated protracted settlement negotiations may disrupt the Issuer's business operations, or cause the Issuer to incur significant legal costs and may divert management's attention. Any such events may have a material adverse impact on the Issuer's operations, reputation, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

1.22. Environmental laws and regulations

National and local environmental laws and regulations may impact the Issuer's operations and may result in penalties and other liabilities if breached.

The Issuer's operations are subject to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal, noise pollution control, the use of electrical back-up infrastructure, and the storage, handling and disposal of hazardous or toxic materials or substances. Under these laws, an owner or occupier of real property may be subject to liability, including a fine or imprisonment for breach of these laws. The discharge, release or disposal of air, soil or water pollutants without a valid permit or the improper use, storage or handling of hazardous or toxic materials or substances may expose the Issuer to liability or materially adversely impact its operations, reputation, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

The environmental impact of data centres has recently been a focus of governments and regulators, leading to the introduction of new legislation in relation to energy usage and a carbon reduction scheme. Global environmental regulations are expected to continue to change and evolve rapidly and at times inconsistently and may impose new or unexpected costs on the Issuer and its operations. In particular, inaccurate emissions reporting or misalignment with recognised frameworks may result in significant costs and regulatory, reputational and commercial risks for the Issuer. Further, the inadequate delineation of operational control boundaries or evolving assurance expectations could also undermine stakeholder confidence amidst the Issuer's global expansion. On a domestic level, each Australian state and territory is considering how to regulate data centres and how to adequately ensure that environmental and renewable energy concerns are addressed.

The Issuer's businesses currently incur costs to comply with these environmental laws and regulations, and changes to such laws and regulations, including changes to operating licence conditions, could result in penalties and other liabilities, which may have a material adverse impact on the Issuer's operations, reputation, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

1.23. Climate change risk

The Issuer, its customers and suppliers, may be adversely impacted by the physical risks (including possibility of destruction or disruption to human life, physical and natural capital), transition risks (including increasing input and supply costs, and evolving stakeholder expectations), and socioeconomic impacts (including impacts to liveability, food systems and infrastructure assets) of climate change. This may directly impact the Issuer and its customers (including indirectly by impacts to the Issuer's supply chain) through damage to property, reduced asset values, insurance risk and business disruption and may have an adverse impact on the Issuer's financial position and performance. Failure of the Issuer to effectively assess and respond to these risks or to be perceived as failing to do so, could adversely impact the Issuer's reputation which in turn could adversely impact the Issuer's financial performance.

In addition, natural disasters as a result of climate change including (but not limited to) cyclones, water stress and drought, floods and earthquakes, and the economic and financial market implications of those disasters on domestic and global market conditions could adversely impact the Issuer's operations, financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

1.24. ESG expectations from customers and other stakeholders

Energy performance remains a key operational and cost risk for the Issuer, with rising customer demand increasing total energy consumption. There is a possibility that, although conventional energy will remain important in addressing power reliability by stabilising the variability of renewable generation, growing customer pressure to improve ESG outcomes, including reducing greenhouse gas emissions, will heighten expectations that the Issuer procure renewable energy for its data centres or obtain sufficient carbon credits to offset emissions from electricity consumption.

The Issuer may be unable to directly secure adequate renewable energy supply or acquire enough large-scale generation certificates or carbon credits to meet these expectations, which could impair its ability to attract and retain data centre customers. Further, a failure to maintain optimal facility design, engineering, and operational controls could result in higher operating costs, missed efficiency targets and diminished competitiveness.

As nature-related disclosure and stakeholder expectations evolve, customers may also increasingly prefer assets with lower water intensity. This may create a risk if the Issuer's data centres do not maintain water efficiency levels that align with customer requirements or if its competitors manage to do so more efficiently.

If the Issuer fails to meet customer obligations or demands regarding the ESG profile of its data centres (including due to power supply constraints), or is unable to achieve its sustainability targets (including any net zero Scope 1 and Scope 2 greenhouse gas emissions target), its reputation, and/or financial position, performance and prospects could be materially and adversely impacted.

1.25. Brand reputation

The Issuer's reputation may be impacted by the conduct of the Issuer, its directors, employees or shareholders, or other third parties, including business partners, technology providers, and customers, as well as by unforeseen issues or events.

Additionally, as a large scale developer and operator of data centre infrastructure, the Issuer's activities (including the scale, location and power and water use associated with data centre developments) attract increasing public, community, media and regulatory attention. Any adverse media coverage, community concern or failure to maintain stakeholder trust and engagement may impact the Issuer's reputation, regulatory outcomes, development approvals and ability to execute its strategic objectives.

Any deterioration in the Issuer's reputation could result in existing customers ceasing doing business with the Issuer, hinder the attraction of new customers, and undermine the Issuer's competitive position. Any of these may adversely impact the Issuer's financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

1.26. Insurance coverage

The Issuer maintains insurance coverage that it believes is appropriate and prudent to protect against material operating, business and other risks, having regard to the scope and scale of its activities. However, not all risks are insured or insurable. The Issuer cannot be certain that its current level of insurance is adequate, or that adequate insurance coverage for potential losses and liabilities will be available in the future on commercially acceptable terms or at all.

There is also a risk that the occurrence of certain events (including material claims relating to property damage, cyber incidents or business interruption, changes in market conditions (eg as a result of catastrophic losses in the insurance industry), or business changes (eg the expansion of, or changes to, the Issuer's asset or customer base, or operations, or entry into high-risk markets)) may result in material increases to the level of the Issuer's insurance premiums or exclusions from its insurance policies.

If the Issuer experiences a loss in the future or if the Issuer's third-party providers fail to perform their obligations and/or its third-party insurance cover (including directors and officers insurance and public liability insurance) either does not cover or is insufficient for a particular matter or group of related matters, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses, or liabilities to third parties. Any resultant net loss to the Issuer could have a material adverse impact on the Issuer's operations, reputation, and/or financial position, performance and prospects and, therefore, the value of its securities (including the Notes).

2. RISKS ASSOCIATED WITH THE OFFERING

2.1. The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks associated with making an investment in the Notes and the information contained in this notice;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is denominated in a currency different from that of the potential investor;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate or other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex investment securities. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

2.2. Notes are subordinated with limited remedies for repayment

The Notes are subordinated with limited remedies for non-payment. There may be a shortfall of funds to pay all amounts ranking senior to and equally with the claims of Noteholders under the Notes if an Insolvency Event (otherwise than for the purposes of a Solvent Reorganisation of the Issuer) or other Event of Default occurs. This would result in Noteholders not receiving any payment if claims ranking senior to the Notes were not satisfied in full or otherwise not receiving a full return of the principal or any interest due and unpaid at that time.

2.3. No limitation on issuing senior or parity obligations

NEXTDC

There is no restriction on the amount of securities, guarantees or other liabilities which the Issuer may issue or incur and which rank senior to, or equally with, the Notes. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders on a winding-up of the Issuer. Further, the terms of such securities, guarantees or other liabilities may include provisions resulting in the Issuer being required to defer interest under the Notes in circumstances where a deferral of interest is made on such other securities, guarantees or liabilities.

2.4. The Notes do not have the benefit of covenant protection

The Terms and Conditions do not include a negative pledge, financial covenants, or any restriction on the security that the Issuer or any other member of the Group may grant.

Except in the limited circumstances set out in the Terms and Conditions, the Issuer may take action that adversely affects the interests of Noteholders without their consent, and Noteholders will have no right to require early repayment of the Notes.

See also '*No limitation on issuing senior or parity obligations*', above.

2.5. The Issuer may not be able to redeem or repay the Notes when due

The Issuer must repay the principal amount of the Notes on the Maturity Date, and may be required to redeem or repurchase Notes earlier if a Noteholder exercises the Put Option on the Put Option Date, the Change of Control put or the Delisting put. A substantial proportion of the Notes may become repayable at the same time.

The Issuer's ability to meet those obligations will depend on its financial position at the relevant time, its access to cash within the Group, and its ability to refinance. The Issuer may not have sufficient funds available, and may be unable to raise replacement funding on commercially acceptable terms or at all, particularly if the obligation arises at a time of market disruption or when the Issuer's financial position has deteriorated. The Notes are subordinated and Noteholders have limited remedies for non-payment.

See '*Notes are subordinated with limited remedies for repayment*', above.

2.6. Deferral of interest payment

The Terms and Conditions provide that interest payments shall be deferred while a Senior Default Event is subsisting, consistent with the Issuer's existing Subordinated Notes with which the Notes rank equally. Potential investors should consider the implications of any such deferral, including any resulting restrictions on distributions, as described in the Terms and Conditions.

2.7. Risks relating to each Capped Call Transaction

In connection with the issuance of the Notes, the Issuer is expected to enter into Capped Call Transactions with one or more Capped Call Counterparties. As part of establishing and maintaining their hedges in connection with the Capped Call Transactions, each Capped Call Counterparty is expected to enter into various derivative transactions with respect to, and/or purchase and/or sell, Ordinary Shares. Each Capped Call Counterparty is likely to do so following any repurchase of notes by the Issuer other than in connection with any redemption or Change of Control if the Issuer elects to unwind a corresponding portion of the Capped Call Transaction in connection with such a repurchase. This activity could affect the market price of the Ordinary Shares or the Notes. If a Capped Call Transaction is terminated in accordance with its terms, the relevant Capped Call Counterparty may unwind its hedge positions with respect to the Ordinary Shares, which could adversely affect the value of the Ordinary Shares and the Notes. Each Capped Call Transaction is a separate transaction and will not change the Noteholders' rights under the Notes. A Noteholder will not have any rights with respect to any Capped Call Transaction.

Each Capped Call Counterparty is a financial institution, and the Issuer will be subject to the risk that any Capped Call Counterparty might default under the relevant Capped Call Transaction. The Issuer's exposure to the credit risk of a Capped Call Counterparty will not be secured by any collateral. If a Capped Call Counterparty becomes subject to insolvency proceedings, the Issuer will become an unsecured creditor in those proceedings with a claim determined by reference to the Issuer's exposure at that time. The Issuer's exposure will depend on many factors, but generally be correlated to an increase in the market price and volatility of the Ordinary Shares. A default by a Capped Call Counterparty may result in the Issuer suffering greater dilution or adverse tax consequences than currently anticipated.

In addition, the Capped Call Transactions are complex, and they may not operate as planned. For example, the terms of the Capped Call Transactions may be subject to adjustment, modification or, in some cases, renegotiation if certain corporate or other transactions occur. Accordingly, these transactions may not operate as intended if the Issuer is required to adjust their terms as a result of transactions in the future or upon unanticipated developments that may adversely affect the functioning of the Capped Call Transactions.

2.8. The accounting treatment of the Notes may result in volatility in the Issuer's reported earnings

Because the Issuer may elect to settle a conversion in cash, the Notes do not satisfy the fixed for fixed condition in AASB 132 Financial Instruments: Presentation. They will be separated into a host debt liability measured at amortised cost and an embedded conversion option derivative liability measured at fair value through profit or loss.

The derivative liability is remeasured at each reporting date, with movements recognised in profit or loss. Its value moves with the market price and volatility of the Ordinary Shares, so a rise in the share price is expected to increase the liability and reduce reported earnings, and a fall to do the opposite. Those movements are not cash but may be material, and may cause reported earnings to be volatile and to move inversely to the share price. The Capped Call Transactions are separate options also measured at fair value through profit or loss and may not offset those movements in the same period.

2.9. Market price of the Notes

The market price and trading volume of the Notes may fluctuate due to various factors, including investor perceptions, global economic conditions, interest rates, credit spreads, credit ratings and capital markets, changes in accounting standards, factors that may affect the Issuer's financial position, performance and prospects, impacts of regulatory change, movements in foreign exchange rates and trading results and other factors beyond the control of the Issuer. The Notes may trade at a market price below the issue price.

Where the Issuer elects to pay the Cash Settlement Amount on conversion of Notes, that amount will be calculated using the VWAP of the Issuer's ordinary shares over 60 consecutive dealing days. The Cash Settlement Amount will be impacted by share price movements and volatility during this period. Market disruption events may also extend the calculation period and delay payment of the Cash Settlement Amount to the relevant Noteholder.

2.10. There may be no active trading market for the Notes

Application will be made for the Notes to be admitted to trading on the Vienna MTF. Admission to trading does not guarantee that an active trading market will develop, or that any market that does develop will be maintained or be liquid.

The Notes are being offered only to a limited number of institutional investors outside the United States, are issued in principal amounts of A$200,000 and integral multiples of A$100,000 in excess of that amount, and are subject to transfer restrictions. Each of these factors may limit the number of potential purchasers.

If an active trading market does not develop or is not maintained, the market price of the Notes may be more volatile than it would otherwise be, and Noteholders may be unable to sell their Notes at an acceptable price, or at the time they wish to.

On the transfer restrictions, see '*Securities law restrictions on the resale of the Notes and the Ordinary Shares to be issued upon conversion of the Notes may impact the Noteholder's ability to sell the Notes*', below.

2.11. The value of the Notes is linked to the market price of the Ordinary Shares

Because the Notes are convertible into Ordinary Shares, the market value of the Notes is expected to be influenced by the market price of the Ordinary Shares and by expectations as to the future volatility of that price. A fall in the market price of the Ordinary Shares, or a reduction in expected volatility, is likely to reduce the market price of the Notes.

Noteholders therefore bear the risk of movements in the market price of the Ordinary Shares from the date they acquire the Notes, whether or not they exercise their Conversion Rights.

The factors that may affect the market price of the Ordinary Shares are described in 'Risks of holding Ordinary Shares following conversion', below.

2.12. Notes carry no rights with respect to Ordinary Shares on account of holding Notes

Noteholders will have no rights with respect to the Ordinary Shares on account of holding Notes, including any voting rights or rights to receive any dividends or other distributions with respect to the Ordinary Shares, save as set out in the Terms and Conditions of the Notes.

Upon conversion of the Notes into Ordinary Shares (ie where the Issuer has not made an election to settle in cash), these holders will be entitled to exercise the rights of holders of the Ordinary Shares only as to actions for which the applicable record date occurs after the date of conversion.

2.13. The insolvency laws of Australia and other local insolvency laws may differ from those of another jurisdiction with which the Noteholders are familiar

As the Issuer is incorporated under the laws of Australia, any insolvency proceedings relating to the Issuer would involve Australian insolvency laws. The procedural and substantive provisions of Australian insolvency law may differ from comparable provisions of the insolvency laws of jurisdictions with which the Noteholders are familiar.

2.14. Securities law restrictions on the resale of the Notes and the Ordinary Shares to be issued upon conversion of the Notes may impact the Noteholder's ability to sell the Notes

The Notes and the Ordinary Shares to be issued upon conversion of the Notes (ie where the Issuer has not made an election to settle in cash) have not been registered under the Securities Act or any state securities laws. Unless and until they are registered, the Notes and the Ordinary Shares to be issued upon conversion of the Notes may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Notes are being offered and sold only to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act. The Issuer is not required to register the Notes or the Ordinary Shares to be issued upon conversion of the Notes under the Terms and Conditions of the Notes. Hence, future resales of the Notes and the Ordinary Shares to be issued upon conversion of the Notes may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

2.15. The value of the Notes could be adversely impacted by a change in law or administrative practice

The Subscription Agreement, the Notes, the Commitment Letter and the Terms and Conditions of the Notes are based on the laws in force in England, save for the subordination and guarantee provisions which are governed by the laws of New South Wales, Australia, in effect as at the date of this document. No assurance can be given as to the impact of any possible judicial decision or change to those laws or the administrative practice of those laws after the date of this document and any such change could materially adversely impact the value of any Notes impacted by it.

2.16. Noteholders have no voting rights with respect to general meetings of the Issuer

Although Noteholders have limited voting rights in respect of decisions concerning the Notes in their capacity as Noteholders, the Notes are non-voting with respect to general meetings of members of the Issuer. Consequently, Noteholders cannot influence any decisions by the Issuer's securityholders concerning the capital structure or any other matters relating to the Issuer.

2.17. The Issuer may redeem the Notes under certain circumstances

Noteholders should be aware that the Notes may be redeemed at the option of the Issuer in accordance with the Conditions and particular terms set out in the relevant Terms and Conditions. The relevant redemption amount may be less than the then current market value of the Notes.

2.18. Limited anti-dilution protection

The Conversion Price will be adjusted only in the circumstances described in the Terms and Conditions, including consolidation, reclassification, redesignation or subdivision, capitalisation of profits or reserves, dividends, rights issues and equity issuances at less than 95% of the current market price, and on a Change of Control. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Ordinary Shares. Such events, should they occur, may adversely affect the value of the Ordinary Shares and, where no adjustment is required to be made, may adversely affect the value of the Notes.

2.19. Future issues of Ordinary Shares may reduce the market price of the Ordinary Shares and the Notes

Subject to the moratorium in the Subscription Agreement and to its capacity under the ASX Listing Rules, the Issuer may issue further Ordinary Shares, or securities convertible into or exchangeable for Ordinary Shares, at any time. The Terms and Conditions do not restrict it from doing so, and the Issuer may also issue further notes ranking equally with the Notes.

Any such issue, or the market's expectation of one, may reduce the market price of the Ordinary Shares and, in turn, the market price of the Notes, and may dilute existing shareholders. The Conversion Price will be adjusted for some, but not all, such issues.

See '*Limited anti-dilution protection'*, above.

2.20. Change of Control conversion price adjustment may not adequately compensate

If a Change of Control occurs and a Noteholder exercises its Conversion Right during the Change of Control Period, the Conversion Price will be reduced in accordance with the formula set out in the Terms and Conditions. The formula does not account for many of the factors that will determine the amount of option value that the Noteholder will lose upon the occurrence of a Change of Control.

2.21. Short selling and hedging activity could adversely affect the market price of the Ordinary Shares

The issuance of the Notes may result in downward pressure on the market price of the Ordinary Shares. Many investors in convertible notes seek to hedge their exposure in the Ordinary Shares, often through short selling those Ordinary Shares or similar transactions. To facilitate that hedging, existing Ordinary Shares borrowed under a stock loan facility are expected to be sold concurrently with the launch of the Offering under the Delta Placement. NEXTDC will not issue new Ordinary Shares and will not receive proceeds from the Delta Placement. The Delta Placement Price will set the Reference Share Price from which the Conversion Price and the Cap Price are calculated. Any such short selling or hedging activity could place significant downward pressure on the market price of the Ordinary Shares, thereby having a material adverse effect on the market value of the Ordinary Shares as well as the trading price of the Notes.

2.22. There are tax consequences for investing in the Notes

Investors should seek independent advice in relation to their individual tax position. Noteholders should also be aware that future changes in Australian taxation law including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of an investment in the Notes.

2.23. Noteholders may be exposed to exchange rate risk and exchange controls

The Notes are denominated in Australian dollars, and payments of principal and interest on the Notes will be made in Australian dollars. A Noteholder whose financial activities are denominated principally in another currency bears the risk that exchange rates move adversely against the Australian dollar, which would reduce the value in that other currency of that Noteholder's return on the Notes and of the Notes themselves.

Governments and monetary authorities may also impose exchange controls that affect the applicable exchange rate or the ability to make or receive payments in a particular currency. As a result, Noteholders may receive less interest or principal than expected in their own currency, or none at all.

2.24. Substitution of Issuer

Noteholders should be aware that the Issuer may substitute for itself any Subsidiary of the Issuer incorporated in Australia that, at the time of such substitution, is an issuer of Primary Senior Finance Debt, as principal debtor in respect of the Notes. The substitute Issuer may not be the parent of the Group (as the Group is constituted as at the date of this document) nor need it be a guarantor of the Notes. The consent of Noteholders is not required for the substitution.

2.25. The Trustee may require an indemnity, security or prefunding before acting

The Trust Deed provides that the Trustee is not obliged to take any action, including any step to enforce the Notes, unless it is indemnified and/or security and/or prefunded to its satisfaction. If Noteholders are unable or unwilling to provide that indemnity, security or prefunding on terms acceptable to the Trustee, the Trustee may decline to act.

Noteholders may take enforcement action directly only in the limited circumstances contemplated by the Terms and Conditions and the Trust Deed. Enforcement may therefore be delayed, or may not occur at all, even where an Event of Default has occurred.

2.26. The Terms and Conditions may be modified, and waivers given, without the consent of every Noteholder

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. Those provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted against the majority.

The Terms and Conditions and the Trust Deed also permit the Trustee, without the consent of Noteholders, to agree to modifications that are of a formal, minor or technical nature or made to correct a manifest error, and to modifications and waivers that in the Trustee's opinion are not materially prejudicial to the interests of Noteholders. A modification or waiver may be made even though it is adverse to the interests of a particular Noteholder.

2.27. The Notes will be represented by a Global Certificate and Noteholders must rely on the clearing systems

The Notes will be represented by a Global Certificate registered in the name of a nominee of, and deposited with a common depositary for, Euroclear and Clearstream. Except in the limited circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates.

While the Notes are represented by the Global Certificate, investors will hold beneficial interests through Euroclear and Clearstream, and will be able to trade those interests, receive payments, and exercise voting and conversion rights, only in accordance with the procedures of those clearing systems. The Issuer has no responsibility for the records of, or for any payment made by, Euroclear or Clearstream.

A Noteholder holding an amount that is not an Authorised Denomination may not receive a definitive Certificate for that holding and may find it difficult to trade it.

2.28. Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult with its legal advisers to determine whether and to what extent: (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing, and (3) if any other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules, regulations or laws.

3. GENERAL RISKS

3.1. Impact of international conflict and general economic conditions

The Issuer's operating and financial performance may be impacted by factors such as macroeconomic conditions, capital market dynamics, regulatory changes, global conflicts, natural disasters, and pandemics. Adverse shifts in these areas, such as rising inflation, interest rates, or geopolitical tensions may negatively impact the Issuer's financial results, operating performance, and the value of its securities (including the Notes). These risks may be heightened by current international conflicts (eg in the Middle East and Ukraine) and persistent economic uncertainty. The potential impacts of these events or occurrences on, and their possible outcomes for, the Issuer include:

- fluctuation in the currency markets and exchange rates leading to reduced margins from overseas operations;
- a slowdown of the international economy, leading to a decrease in demand for the Issuer's products and services;
- counterparty insolvency, or non-performance or claims under existing contractual arrangements; and
- fluctuations in the pricing of commodity, utilities and energy markets, and disruptions to international trade resulting from international conflicts (eg international fuel supply from the Middle East) and policies developed by governments in response to geopolitical tensions or otherwise (including the deployment of specific and generalised tariffs, sanctions or other supply or trade restrictions).

The nature and consequences of any such factors are difficult to predict and there can be no guarantee that the Issuer could respond effectively. Any such event and/or the effectiveness of the Issuer's response could adversely impact the Issuer's financial position, performance and prospects and, therefore, the value of its securities.

3.2. Risks of holding Ordinary Shares following conversion

Where the Notes are converted into Ordinary Shares, Noteholders will become holders of Ordinary Shares and will be exposed to the general risks associated with an investment in those Ordinary Shares. Some factors which may influence the market price of the Issuer's Ordinary Shares include:

- the impact of global conflict and geopolitical unrest (eg the current conflict and resulting instability in the Middle East and Ukraine), including with respect to consumer sentiment, supply chains and international trade;
- Australian and international general economic conditions (including inflation rates, the level of economic activity, interest rates and currency exchange rates), changes in government policy, changes in regulatory policy, the expressed views of regulators, investor sentiment and general market movements, which may or may not have an impact on the Issuer's actual operating performance;

NEXTDC

- operating results that vary from the expectations of securities analysts and investors, or changes in the expectations as to the Issuer's future financial performance, including financial estimates or projections by securities analysts and investors;
- changes in the market valuations of other data centre or information technology institutions;
- the announcement of acquisitions, strategic partnerships, joint ventures or capital commitments by the Issuer or its competitors;
- changes in the market price of ordinary shares and/or other securities or other equity securities issued by the Issuer or by other issuers, or changes in the supply of equity securities issued by the Issuer or by other issuers;
- changes in laws, regulations and regulatory policy;
- other major Australian and international events such as hostilities and tensions, acts of terrorism and the impact of pandemics or epidemics (including the measures taken to control their spread); and
- other events set out above in the key risks associated with the Issuer's business.

The value of Ordinary Shares received upon conversion of the Notes may be less than the face value of the Notes. Noteholders receiving Ordinary Shares on conversion may not be able to sell those Ordinary Shares at the price on which the conversion was based, or at all. Certain events and conditions may affect the ability of Noteholders to trade or dispose of any Ordinary Shares issued on conversion. For example, the willingness or ability of ASX to accept Ordinary Shares issued on conversion for quotation or any practical issues which impact that quotation, any suspension of trading of Ordinary Shares, any disruption to the market for Ordinary Shares or to capital markets generally, the availability of purchasers for Ordinary Shares and any costs or practicalities associated with trading or disposing of Ordinary Shares at that time. The Ordinary Shares held by a Noteholder as a result of any conversion will, following conversion, rank equally with existing Ordinary Shares. Accordingly, the ongoing value of any Ordinary Shares received upon conversion will depend upon the market price of those Ordinary Shares after the date on which the Notes are converted. That market price is also subject to the factors outlined above and may also be volatile.

3.3. Foreign exchange

The vast majority of the Issuer's cash reserves and assets are in Australian dollar (A$) denominated currency. As a result of the Issuer's continued international expansion, its revenues, expenses and capital costs will increasingly be incurred in foreign currencies, whereas the Issuer reports in Australian dollars (A$). As a result, the Issuer will be exposed to an increased level of foreign currency fluctuations, which may adversely impact its operating results, and/or financial position and performance and, therefore, the value of its securities (including the Notes).

3.4. Rising interest rates and adverse inflation implications

Rising interest rates and central bank tightening and other challenges to the global economy, such as global shipping constraints and route redirections, higher costs of freight, supply chain issues (including in relation to the supply of fuel), higher energy prices, higher food prices and tightening labour markets are all contributing to rising inflationary pressures on the global economy. As inflation continues to rise and remain elevated, this may result in increases in the prices of key elements of the Issuer's supply chain, including critical capital equipment, utilities (including diesel fuel) and/or labour costs.

NEXTDC

The Issuer is also exposed to interest rate volatility due to the variable rate on its Senior Debt Facilities (defined in 'Availability of funding, service of debt financing, and liquidity risk', below) and Subordinated Notes. Accordingly, rising interest rates may have the effect of increasing the Issuer's borrowing costs (to the extent not already mitigated by interest rate swaps entered into by the Issuer).

The Issuer has a large development pipeline with material capital expenditure that it expects to continue in the medium term in line with its growth expectations. To the extent the Issuer cannot pass on the impacts of rising interest rates or inflation to its customers, this may adversely impact the Issuer's operating results, and/or financial position and performance and, therefore, the value of its securities (including the Notes).

3.5. Changes in accounting policy

Australian Accounting Standards are issued by the Australian Accounting Standards Board and are not within the control of the Issuer and its board. Changes to the Australian Accounting Standards, or to their interpretation or application (including as a result of positions adopted by the IFRS Interpretations Committee, the AASB, ASIC or other regulators), or to other pronouncements under the Corporations Act, could impact the Issuer's reported earnings, revenue recognition, non-IFRS financial measures (including Underlying EBITDA and Contracted EBITDA) and financial position from time to time.

In particular, there is continuing industry focus on the application of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 140 Investment Property to colocation and other data centre arrangements, and the Issuer has already changed its accounting in this area during FY26 as described below. There is a further risk that the Issuer may in the future be required (or elect) to bifurcate its customer contracts between an identifiable lease component accounted for under AASB 16, with rental income generally recognised on a straight-line basis over the lease term and a service component accounted for under AASB 15 and recognised as the related services are provided. Any such change could reclassify amounts currently reported as data centre revenue, alter the timing or pattern of revenue recognition relative to billing utilisation, and impact the Issuer's reported revenue, Underlying EBITDA, Contracted EBITDA, margins and other reported financial metrics, and may require changes to the Issuer's accounting systems, contract drafting, internal controls and disclosures.

The Issuer has already made a change of this kind. During FY26 it determined that the hyperscale agreements at M3 Melbourne and S4 Sydney are operating leases under AASB 16 rather than contracts under AASB 15, that those sites and the M5 Melbourne site are investment properties under AASB 140 rather than property, plant and equipment, and, in the second half of FY26, that investment property is measured at fair value rather than at cost.

As lease accounted assets grow as a share of the portfolio, and as further sites transition, more of the Issuer's reported earnings will reflect fair value movements. Those movements are not cash, may be gains or losses, and may be material. See 'Valuation of investment properties', below.

3.6. Valuation of investment properties

At 30 June 2026 the Issuer carried investment properties of A$3,236.7 million, being approximately 32% of total assets. They are measured at fair value, and the fair values of M3 Melbourne and S4 Sydney were determined by CBRE as independent valuer using capitalisation rates of 6.00 to 6.25 per cent.

Adverse movements in applicable valuation inputs or assumptions, or a failure to complete or lease a property as assumed, may result in material downward revaluations, reducing the Issuer's reported earnings, net assets and total equity and adversely affecting the value of its securities (including the Notes).

3.7. Taxation risks

Any alteration to the current company income tax rate, or any other change to tax laws, compliance obligations or administrative practice in jurisdictions where the Issuer or its customers operate that impacts the Issuer, or the data centre or information technology sector more broadly, could adversely impact the Issuer's financial position and performance, and shareholder returns.

Likewise, any changes to the current income tax rates applicable to shareholders (including the taxation of dividends), whether they are individuals, trusts or companies, may also impact shareholder returns.

3.8. Availability of funding, service of debt financing, and liquidity risk

The Issuer's growth strategy is capital intensive and dependent on continued access to debt and equity markets on acceptable terms.

The Issuer's ability to raise capital in the future, including obtaining equity, debt and hybrid capital and maintaining sufficient senior debt headroom in compliance with covenants, on favourable terms depends on a number of factors. These include prevailing economic and political conditions, investor or lender appetite, cost of capital, credit or equity market conditions, movement in interest rates, covenant constraints, the Issuer's operational and business performance, or the substantial capital requirements associated with accelerating AI-driven demand.

As disclosed by the Issuer to ASX on 10 July 2026, the Issuer has entered into additional senior debt facilities totalling A$2,300 million, which reached financial close on 15 July 2026, increasing the Issuer's total senior debt facilities to A$8,700 million ("**Senior Debt Facilities**") and extending the Issuer's weighted average senior debt tenor from approximately 4.7 years to approximately 5.0 years. There are no senior debt maturities before December 2029. The Senior Debt Facilities are syndicated across approximately 50 lenders, comprising major Australian banks and international banks active in Asia.

The Senior Debt Facilities include a number of undertakings, representations, warranties and covenants in relation to which the Issuer must comply (including maintenance financial covenants). A$1,600 million was drawn at 30 June 2026 and, after further drawdowns on 30 and 31 July 2026, A$2,000 million is currently drawn. In addition, the Issuer has a committed, undrawn A$700 million Hybrid Securities B Delayed Draw Series, which the Issuer may draw until May 2027. There is a risk that the Issuer may be unable to meet all of its obligations set out in the terms of the Senior Debt Facilities. In particular, if the Issuer were to breach any of these representations, undertakings or financial covenants, the lenders may seek to cancel the facilities and declare all outstanding amounts immediately due and payable. If that action were to be taken, there is no certainty that the Issuer would have access to sufficient cash to meet its repayment obligations or be able to refinance the existing debt on commercially acceptable terms. In those circumstances, the Issuer would need to seek waivers or other forms of accommodation. Alternatively, the Issuer would need to procure alternative financing arrangements to refinance the debt obligations, which may adversely impact its financial position, performance and prospects and, therefore, the value of its securities.

The Issuer's ability to refinance its debt on terms acceptable to it at a relevant time in the future, its ability to raise further debt finance on reasonable terms for its business and to pursue opportunities, and its borrowing costs will depend on its relationships with lenders, the willingness of lenders to support the Issuer (either individually or as part of a syndicate) and the Issuer's reputation. In particular, the Issuer may incur higher interest rates and/or additional fees and conditions associated with any debt refinancing in the future.

Further, in addition to the points noted above, financial market participants are increasing their focus on ESG issues, which may impact appetite. Accordingly, in the future, there is no certainty as to the availability of debt facilities or funding, or demand for debt instruments, either at all, on the terms on which those facilities or instruments are currently provided, or on commercially acceptable terms, in each case to the Issuer. If the Issuer is unable to raise additional debt finance or refinance its debt obligations, or to do so on reasonable terms in the future, this may have an adverse impact on the Issuer's financial position and performance.

The Issuer may also need additional equity in the future, including to fund growth strategies and/or to refinance its existing debt obligations. However, the Issuer may be unable to access equity funding on commercially acceptable terms, or at all, in the future. If the Issuer raises additional funds in the future by issuing additional equity there is a risk that some or all of the Issuer's existing shareholders' percentage shareholdings in the Issuer may be diluted.

3.9. Market liquidity risk

Shareholders who wish to sell their ordinary shares may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for ordinary shares.

The Issuer does not guarantee the market price or liquidity of its securities (including ordinary shares) and there is a risk that you may lose some or all of the money you invested.

3.10. Shareholders are subordinated and unsecured investors

In a winding up of the Issuer, shareholders' claims will rank after the claims of creditors preferred by law, secured creditors and general creditors. Shareholders' claims will rank equally with claims of holders of all other ordinary shares.

If the Issuer were to be wound up and, after the claims of creditors preferred by law, secured creditors, general creditors and holders of subordinated instruments (including holders of hybrid securities (if any)) are satisfied, there are insufficient assets remaining, you may lose some or all of the money you invested in the Issuer's securities.

3.11. The risks described above are not intended to be presented in any assumed order of priority

The investment referred to in this notice may not be suitable for all of its recipients. Investors are accordingly advised to consult with an investment adviser before making a decision to subscribe for the Notes.

IMPORTANT NOTICE

FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements, including “forward looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933 (the **“U.S. Securities Act”**), Section 21E of the United States Securities Exchange Act of 1934 and the United States Private Securities Litigation Reform Act of 1995. Words such as “believe”, “continue”, “expect”, “forecast”, “estimate”, “intend”, “plan”, “potential”, “likely”, “project”, “anticipate”, “target”, “guidance”, “should”, “could”, “may”, “will”, “predict”, “outlook”, “foresee”, “opinion”, “seek”, “consider”, “aim” or such similar phrases are intended to identify forward looking statements.

Any forward-looking statements, opinions and estimates are based on assumptions and contingencies that are subject to change without notice, are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of NEXTDC, the Sole Global Coordinator, each of their related bodies corporate and affiliates, and each of their respective directors, officers, employees, partners, consultants, agents, advisers and representatives (each a “**Beneficiary**”) and which may cause actual results and outcomes to differ materially from those expressed or implied in this announcement or in such statements. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements involve significant elements of subjective judgement and assumptions as to future events that may or may not be correct. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that the actual operations, performance, targets or outcomes discussed in this announcement will not differ materially from these statements and the assumptions on which those statements are based. These statements may assume the success of NEXTDC’s business strategies including following completion of the Offering, the success of which may not be realised within the period for which the forward-looking statements have been prepared, or at all. There are usually differences between forecasts and actual results because events and circumstances frequently do not occur as forecast, and these differences may be material at times.

Forward looking statements are provided as a general guide only. No guarantee, representation or warranty, express or implied, is made by NEXTDC, the Sole Global Coordinator or each of their respective Beneficiaries as to the accuracy, likelihood of achievement or reasonableness of any forward-looking statements contained in this announcement.

Investors are strongly cautioned not to place undue reliance on such forward-looking statements, especially in the context of the current and challenging economic, market, climate and supply chain conditions and other uncertainty and disruption, including geopolitical conflict and instability. The forward-looking statements are based on information available to NEXTDC as at the date of this announcement. None of NEXTDC, any of its related bodies corporate or affiliates, or the Sole Global Coordinator, or any of their respective Beneficiaries or any other person gives any warranty, representation or assurance (express or implied) that the occurrence of the events expressed or implied in any forward-looking statement will occur or as to the accuracy of any forward-looking statement, or has or accepts any responsibility to update or revise any such forward-looking statement to reflect any change in NEXTDC’s, or any of its related bodies corporate’s, circumstances or financial condition, status or affairs or any change in the assumptions, information, events or conditions on which such statements are based, except as required under Australian law.

FINANCIAL INFORMATION

Investors should also be aware that certain financial measures included in this announcement are ‘non-IFRS financial information’ under ASIC Regulatory Guide 230: ‘Disclosing non-IFRS financial information’ published by ASIC and also ‘non-GAAP financial measures’ within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards (“AAS”) and International Financial Reporting Standards (“**IFRS**”).

Those non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information/non-GAAP financial measures may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. The disclosure of non-GAAP financial measures in the manner included in this announcement would not be permissible in a registration statement under the U.S. Securities Act. Although NEXTDC believes these non-IFRS financial information/non-GAAP financial measures provide useful information to investors in measuring the financial performance and condition of NEXTDC's business, investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this announcement. Pro forma available liquidity is the non-IFRS financial information included in this announcement. It has not been subject to audit or review.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer or solicitation would be unlawful. This announcement may not be distributed or released in the United States.

Neither the Convertible Notes nor the Ordinary Shares have been, or will be, registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Convertible Notes and the Ordinary Shares may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the U.S. Securities Act), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

GENERAL

This announcement includes statements in relation to NEXTDC's financial information. Such financial information has not been subject to audit or review and is for illustrative purposes only and is not represented as being indicative of the Company's future financial position or performance.

Certain figures, amounts, percentages, estimates, calculations of value and fractions provided in this announcement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this announcement.

About NEXTDC

NEXTDC is an ASX 100-listed technology company and Asia's most innovative Data Centre-as-a-Service provider. We are building the infrastructure platform for the digital economy, delivering the critical power, security and connectivity for global cloud computing providers, enterprises, and Government.

NEXTDC is recognised globally for the design, construction, and operation of Australia's only network of Uptime Institute certified Tier IV facilities, and the only data centre operator in the Southern Hemisphere to achieve Tier IV Gold certification for Operational Sustainability. NEXTDC has a strong focus on sustainability and operational excellence through renewable energy sources and delivering world-class operational efficiency. NEXTDC's corporate operations have been certified carbon neutral under the Australian Government's Climate Active Carbon Neutral Standard.

Our Cloud Centre partner ecosystem is Australia's most dynamic digital marketplace, comprising carriers, cloud providers and IT service providers, enabling local and international customers to source and connect with cloud platforms, service providers and vendors to build complex hybrid cloud networks and scale their critical IT infrastructure services.

NEXTDC is powering the intelligence economy.

To learn more, visit www.nextdc.com