

ASX Announcement
28 May 2015

Macquarie Telecom announces sale and leaseback of 17 – 23 Talavera Road

Macquarie Telecom (ASX: MAQ) (the Company) is pleased to announce that it has entered into a sale agreement with Keppel DC REIT(Keppel), a listed REIT on the Singapore Exchange, of the land and the shell and core building of Intellicentre 2 for a consideration of approximately \$43.3m. At the time of settlement of this transaction the Company will enter into a 20 year triple-net lease agreement with Keppel which includes a mechanism for annual rental escalation and follow on options to extend the lease. The Company will continue to manage the facility and be responsible for all property related outgoings.

Mr. David Tudehope, CEO of Macquarie Telecom said, “When we purchased the land and the original building in 2011, we did so because we had found an ideal location to build a state of the art data centre. Having completed the construction and having now operated the data centre for the past two and a half years we believe that it is appropriate to release the capital from the land and building. We are very pleased to have Keppel as our landlord and look forward to our future relationship with them”.

Key Points

- The transaction is a sale and leaseback of the land and the shell and core building. The Data centre mechanical and electrical plant plus the majority of fixture and fittings will be retained by the Company.
- The Company will continue to manage Intellicentre 2 which remains core to the Company’s ongoing and future operations.
- The consideration is \$43.3 million payable in two tranches - \$40.3 million payable at time of settlement and \$3.0 million payable in 12 months post settlement. Completion of the transaction is subject to the routine registration of an Ausgrid sub-station lease and easement for the existing high voltage electricity connection to the site.
- The Company will enter into a triple net lease of the shell and core building retaining control of all repairs and maintenance on mechanical and electrical plant, facilities management, security and operations. The lease is for an initial 20 years with 2 five year options.
- On receipt of settlement funds the Company will repay its existing debt and will move into a net cash position of approximately \$20 million.

Outlook

The Company reaffirms the guidance given on February 25 that EBITDA is expected to grow from \$11.8 million in the first half to between \$12.2 million and \$14.2 million in the second half resulting in an expected full year EBITDA range of between \$24 million and \$26 million. Maintenance capex for the year is expected to be in the region of \$16 million.

--ends--

For more information, please contact:

Michael Simmonds CFO
(02) 8221 7870
David Tudehope CEO
(02) 8221 7090

About Macquarie Telecom

Macquarie Telecom is Australia's leading integrated Managed Hosting, Cloud and Telecommunications Company. Working with and supporting some of Australia's best-known organisations, Macquarie Telecom is a full service hosting provider offering managed dedicated servers, managed co-location, and managed private, hybrid and public clouds. Our fully owned, Australian based data centres are the most secure and accredited data centres in Australia with ISO27001, PCI Compliance, ASD Gateway and ASIO Intruder Resistant accreditation. Macquarie Telecom's offerings are underpinned by world-class customer care which is delivered by our fully owned and managed customer service centre, MacquarieHUB. Macquarie Telecom is best placed to help transition organisations to the new online NBN era.

Head office, Level 20, 2 Market Street, Sydney 2000
www.macquarietelecom.com

About Keppel DC REIT (www.keppeldcreit.com)

Listed on 12 December 2014, Keppel DC REIT is the first data centre REIT listed in Asia and on the Singapore Exchange (SGX-ST). Keppel DC REIT's investment strategy is to principally invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets which are used primarily for data centre purposes, as well as real estate related assets, with an initial focus on Asia Pacific and Europe. Its current portfolio comprises eight high-quality data centre properties with aggregate lettable area of approximately 509,913 sq ft, strategically located in key data centre hubs across seven cities in Asia Pacific and Europe. Keppel DC REIT's data centre properties in Asia Pacific include S25 and T25 in Singapore; Basis Bay Data Centre in Cyberjaya, Malaysia; Gore Hill Data Centre in Sydney, Australia; and iseek Data Centre in Brisbane, Australia. In Europe, Keppel DC REIT owns GV7 Data Centre in London, United Kingdom; Citadel 100 Data Centre in Dublin, Ireland; as well as Almere Data Centre in Amsterdam, Netherlands. Keppel Telecommunications & Transportation (Keppel T&T), the Sponsor of the REIT, has also granted Rights of First Refusal (ROFR) for future acquisition opportunities of its income-producing data centre assets. The REIT is managed by Keppel DC REIT Management Pte. Ltd., a wholly-owned subsidiary of Keppel T&T, with the key objectives of providing Unitholders of Keppel DC REIT with regular and stable distributions, and achieving long-term growth while maintaining an appropriate capital structure.