



Megaport Limited

ACN 607 301 959

Prospectus

For the issue of 20 million shares at \$1.25 per share to raise \$25 million.

20 November 2015

Lead Manager
& Underwriter

Morgans IN ALLIANCE WITH
 **CIMB**

For personal use only

Important notices

General

This Prospectus is dated 20 November 2015. A copy of this Prospectus was lodged with ASIC on that date. Neither ASIC or ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Shares will be issued on the basis of this Prospectus after the expiry date. This Prospectus expires on 20 December 2016.

No person is authorised to give any information or make representations about the Offer, which is not contained in this Prospectus. Information or representations not contained in this Prospectus must not be relied on as authorised by the Company or any other person in connection with the Offer.

This Prospectus provides information for investors to decide if they wish to invest in Megaport. Read this document in its entirety. Examine the assumptions underlying any forward-looking statements and the risk factors that could affect the financial position or performance of Megaport. Consider these factors carefully in light of your personal financial circumstances. Seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Offer does not take into account your investment objectives, financial situation or needs.

Australian residents only

The Offer is available to Australian residents in each state and territory of Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Seek advice on and observe any restrictions. This Prospectus is not an Offer in any place where, or to any person to whom, it would not be lawful to make the Offer.

Defined terms

Some terms used in this Prospectus are defined in the Glossary.

Electronic Prospectus

This Prospectus is available electronically at **www.megaport.com/prospectus**. The Application Form attached to the electronic version of this Prospectus must be used within Australia. Electronic versions of this Prospectus should be downloaded and read in their entirety. Applications for Shares may only be made on the Application Form attached to this Prospectus.

Exposure period

Under the Corporations Act, Megaport must not process Application Forms during the seven day period after the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC for up to a further seven days. This exposure period enables the Prospectus to be examined by market participants. Application Forms received during the exposure period will not be processed until after the expiry of that period. No preference will be given to Application Forms received during the exposure period.

Privacy

When applying for Shares, Applicants will be asked to provide personal information to Megaport directly, and through the Share Registry, such as name, address, telephone and email address, tax file number and other account details. Megaport and the Share Registry collect, hold and use that personal information to assess Applications and provide facilities and services to Applicants and Shareholders. Access to information may be disclosed by Megaport to its agents and service providers on the basis that they deal with such information under the Privacy Act 1988 (Cth). Under the Privacy Act 1988 (Cth), Applicants may request access to their personal information held by or on behalf of Megaport by contacting the Share Registry.

Currency

Monetary amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

Photographs and diagrams

Photographs used in this Prospectus without descriptions are only for illustration. The people shown are not endorsing this Prospectus or its contents. Diagrams used in this Prospectus may not be drawn to scale. The assets depicted in photographs in this Prospectus are not assets of the Company unless otherwise stated.

**THIS DOCUMENT IS IMPORTANT AND
SHOULD BE READ IN ITS ENTIRETY**

Contents

1.0	Investment Overview	8
2.0	Megaport Overview	20
3.0	Key People, Interests, and Benefits	33
4.0	Financial Overview	55
5.0	Investigating Accountant's Report	66
6.0	Key Risks	71
7.0	Details Of The Offer	81
8.0	Regulatory Environment	88
9.0	Additional Information	92
10.0	Glossary	106
11.0	Corporate Directory	109
12.0	Application Form	111

Chairman's letter

Dear Investor,

On behalf of the Board and as the Company's Founder, it gives me great pleasure to present this opportunity to invest in Megaport Limited.

Megaport was founded in 2013 with the aim of becoming a global leader in the fast growing elastic interconnection services market. Using software defined networking the Company has developed a platform that provides customers with the ability to provision interconnection services between their network and other networks and cloud providers already connected to the Megaport Fabric. Services can be directly controlled by the customer via a device such as a mobile phone or tablet, their computer or our open API. At Megaport we believe we have created a better way for networks and cloud to interconnect.

Since commencing operations in January 2014, Megaport now operates across six markets in four countries, has over 200 active customers and partnerships with some of the world's major cloud service providers, network operators, and content providers. Megaport is an Amazon AWS Technology Partner, Microsoft Azure ExpressRoute Partner and Asia's first Google Cloud Interconnection partner.

In August, Megaport achieved a major milestone in opening its North American headquarters in San Francisco that will be used as a base of operations for its North American expansion into the initial markets of Los Angeles, San Francisco Bay Area, Seattle, New York, Chicago, Washington DC, Dallas and Toronto. Megaport will continue to assess other markets where it believes similar opportunities exist to expand the business.

On completion of the Offer, Megaport will be debt-free and will operate strategic network services in Australia, New Zealand, Hong Kong and Singapore, with funding to expand into Canada, Europe and the United States.

As a result of the issue of Shares under the Offer, I will retain a significant 47.2% interest in the Company and will have an active involvement in the Company's growth through my role as Executive Chairman.

Through this Prospectus, Megaport is inviting investors to subscribe for 20 million Shares, at an Offer Price of \$1.25 per Share. At the Offer Price, Megaport will have a market capitalisation of \$87.5 million on completion of the Offer. Proceeds from the Offer will be used to complete the construction of the North American and European networks, operate and maintain those networks, hire additional sales and engineering professionals and continue to evaluate new growth opportunities. The Offer is fully underwritten by Morgans Corporate Limited.

This Prospectus contains detailed information about Megaport's business, progress, experienced Board and executive team and exciting plans for the future. It also outlines the potential risks associated with this investment. I encourage you to read this document carefully before making your investment decision.



Bevan Slattery

Executive Chairman
Megaport Limited

Key information

IMPORTANT DATES

Prospectus lodgement date	20 November 2015
Broker Firm Offer opens	30 November 2015
Broker Firm Offer closes	8 December 2015
Allotment of Shares under the Offer	11 December 2015
Expected dispatch of holding statements	14 December 2015
Expected commencement of trading of Shares on the ASX	17 December 2015

These dates are indicative only and may change. The Company, with the agreement of the Lead Manager, reserves the right to amend any and all of the above dates without notice to you (subject to the Listing Rules and the Corporations Act).

KEY OFFER STATISTICS

Offer Price per Share	\$1.25 per Share
Total number of Shares offered under the Offer	20.0 million
Total cash proceeds received under the Offer	\$25.0 million
Total number of Shares on issue at completion of the Offer	70.0 million
Market capitalisation at the Offer Price ¹	\$87.5 million
Pro-forma net cash and bank balances ²	\$33.5 million
Adjusted pro-forma net cash and bank balances ²	\$29.1 million
Enterprise value at the Offer Price ³	\$58.4 million

1. Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares at Listing.

2. The Pro-forma Consolidated Balance Sheet reflects a cash and cash equivalents balance of \$33.5 million as at the 31 July 2015. In the period from 1 August 2015 up to 31 October 2015 the Megaport group has expended \$5.6 million to fund capital expenditure, working capital and net operating expenditure, resulting in an adjusted pro-forma cash balance at 31 October 2015 of \$29.1 million.

3. Enterprise value at the Offer Price is defined as market capitalisation at the Offer Price of \$87.5 million, less adjusted Net Cash of \$29.1 million.

1.0

INVESTMENT OVERVIEW

1.1 Key features of the Megaport business model

Topic	Summary	
What is Megaport?	<p>Megaport was founded in 2013 with the aim of becoming a global leader in the fast growing elastic interconnection services market. Using Software Defined Networking the Company has developed a platform that provides customers with the ability to provision interconnection services between their network and other networks and cloud providers already connected to the Megaport Fabric. Services can be directly controlled by the customer via a device such as a mobile phone or tablet, their computer or our open API.</p> <p>Since commencing operations in January 2014, Megaport now operates across six markets in four countries, has over 200 active customers and partnerships with some of the worlds major cloud service providers, network operators, and content providers. Megaport is an Amazon AWS Technology Partner, Microsoft Azure ExpressRoute Partner and Asia's first Google Cloud Interconnection partner.</p> <p>In August, Megaport achieved a major milestone in opening its North American headquarters in San Francisco that will be used as a base of operations to for its North American expansion into the initial markets of Los Angeles, San Francisco Bay Area, Seattle, New York, Chicago, Washington DC, Dallas and Toronto. Megaport will continue to assess other markets where it believes similar opportunities exist to expand the business.</p>	Section 2
What is elastic connectivity?	<p>Elastic connectivity is a term used to define a connection which provides customers with the flexibility to vary their connectivity service requirements based upon their actual demand. Customers can provision an elastic interconnect between other participants for as short as a day or for as long as a year, for as small as 1Mbps to as much as 100Gbps.</p>	Section 2

Topic	Summary	
How does Megaport generate income?	Megaport derives income by providing access to a Megaport port and through providing secure, dedicated connectivity services between that Megaport port and other Megaport ports on the Megaport Fabric. These circuits are called Virtual Cross Connects or VXC's. Customers are charged for these services on a subscription-based billing model.	Section 2.3
What is Megaport's business and growth strategy?	The Company's business plan involves creating customer value by building a platform of participants and partners as well as expanding the business into new markets and interconnection locations. In addition to the construction of the North American and European Markets, Megaport intends to extend the platform deeper into existing markets.	Section 2
How does Megaport expect to fund its operations?	<p>The Business has been funded primarily by equity investment from the Founder, along with a \$10 million seed capital raising completed in August 2015.</p> <p>Funds raised under the Offer (net of Offer costs) along with existing funds will provide working capital to complete the initial phase of the business expansion into the North American and European markets, to operate and maintain those businesses, hire additional sales and engineering professionals, and evaluate new growth opportunities.</p>	<p>Section 2.8</p> <p>Section 7.1</p>

1.2 Investment highlights

Topic	Summary	
Strong demand-side dynamic	<p>Since commencing operations in January 2014, Megaport has experienced strong growth and is already servicing over 200 customers in six markets in Australia, Singapore and Hong Kong. This growth has been driven by the continuing increase of data consumption as well as significant demand by enterprises in adopting cloud computing services.</p> <p>As noted by Andy Jassy (senior VP at Amazon) during his keynote presentation at AWS re:Invent (7 October 2015, Las Vegas), Amazon is experiencing an 81% YoY growth in revenue with over 1 million active customers with growth in revenue from \$4B USD in Q2 2014 to \$7.3B USD in Q2 2015.</p> <p>RightScale's "State of the Cloud 2015" report¹ cites that more than 43 percent of enterprise respondents already have a multi-cloud portal, while another 41 percent are planning or developing one. Among enterprises that offer a self-service cloud portal, 80 percent can provision cloud workloads in less than an hour, double the 40 percent that could meet that standard in 2014. Enterprise IT organisations are moving quickly to embrace cloud services in order to meet business requirements and expectations. IT professionals in those organisations expect to create portals that will offer fast access to both public and private cloud resources, while controlling costs and ensuring governance.</p>	Section 2.2
Experienced Board	The Board has experience in major infrastructure and networking services development, including opportunity assessment, financing, construction, acquisition and operation as well as significant experience in the telecommunications and Internet infrastructure industry. Megaport was founded by accomplished information technology and telecommunications entrepreneur Bevan Slattery, previously co-Founder and CEO of PIPE Networks, Founder and CEO of NEXTDC and Founder of and currently Executive Chairman of Superloop.	Section 3.1
Strategically located initial assets	<p>Within Australia and New Zealand the Megaport Fabric extends into many of the data centres with the highest carrier and enterprise density in each of Brisbane, Sydney, Melbourne, and Auckland. Extending the Megaport Fabric to these locations allows the greatest access for carrier, cloud service providers and enterprises to interconnect.</p> <p>Similarly in Singapore and Hong Kong, Megaport has completed the deployment of the Megaport platform in four key data centres in each of these markets and the Company has now commenced offering services to global and regional enterprises from each of these facilities.</p>	Section 2.5 Section 2.6

1. RightScale's "State of the Cloud 2015", dated February 2015 (<http://www.rightscale.com/lp/2015-state-of-the-cloud-report>)

Topic	Summary	
Rapid deployment	MegaPort is focused on a model that allows rapid deployment to new markets in a low cost, repeatable manner. This deployment model is consistently under review to constantly deliver greater cost and time efficiencies in deployment.	
Revenue growth	The Company has experienced strong revenue growth since commencing operations in January 2014. Monthly revenue in October 2015 for the Asia Pacific Region was approximately \$200,000.	
Authorised operator in multiple geographies	<p>Today, MegaPort operates services in Australia, New Zealand, Hong Kong and Singapore.</p> <p>MegaPort is authorised to operate its business in Australia and New Zealand without the requirement to hold an individual licence. In Singapore, the Company holds a Service-Based Operator licence issued by the Infocomm Development Authority of Singapore. In Hong Kong, MegaPort has been granted a Service-Based Operator license by the Communications Authority of Hong Kong.</p> <p>As of October 2015, MegaPort has acquired an International 214 licence issued by the Federal Communications Commission in the United States of America.</p>	<p>Section 8.3</p> <p>Section 8.4</p> <p>Section 8.5</p> <p>Section 8.6</p>

1.3 Key risks

Some of the key risks of investing in Megaport are outlined in the table below. Investors should read section 6 of this Prospectus for further information on risk factors.

Topic	Summary	
Short operating track record	Megaport is a recently established Company with a short operational track record of just over two years. As a result, Megaport's business plan may take longer to achieve than planned and costs in doing so may be higher.	Section 6.2.2
Low customer take up of services and customer revenue	A lack of customer demand, or an increase in competition in the market may impact the growth prospects and/or financial position of the Company.	Section 6.2.3
Delays in deployment	Delays in the deployment of locations could result in delayed service to customers and service uptake. Delays could result from a variety of other causes, including late delivery of related materials, failure of third-party vendors to deliver services as contracted and scheduled, failure to gain access to data centres in a timely manner or at all, and hardware vendor issues.	Section 6.2.5
Unauthorised use or access to IP	Megaport's ability to offer elastic fabric services is dependent on its ability to protect its intellectual property. There is a risk that Megaport's intellectual property may be lost, stolen or compromised as a result of an unauthorised electronic security breach.	Section 6.2.12
Competitive landscape	Megaport will operate in a competitive landscape alongside a number of other network services, owners and operators of telecommunications infrastructure with competing offerings and a geographically diverse presence. Megaport may face competition from new entrants, or existing industry participants, either of whom may have competitive advantages.	Section 6.2.7
Regulatory risk	There is a risk that Government policy could directly and indirectly affect the product offerings and competitive landscape. Megaport requires licences to operate in certain jurisdictions and any modification or cancellation of any of these licences may impact its ability to operate in that jurisdiction.	Section 6.2.14
Foreign exchange	Megaport operates in foreign jurisdictions and as a result, fluctuations in applicable exchange rates could have an impact on the financial position and performance of the Company.	Section 6.2.9
General risks	An investment in Megaport is exposed to share market movements, changes in economic conditions and other general business risks.	Section 6.3

1.4 Key financial information

Topic	Summary	
Megaport's Pro-forma balance sheet	A summary of Megaport's Pro-forma Balance Sheet is set out in section 4. Investors should read section 4 carefully, including the pro-forma adjustments that have been made to the unaudited balance sheet of the Megaport group as at 31 July 2015, described in section 4.3.	Section 4
Use of IPO proceeds	The funds to be raised under the Offer will provide additional working capital to complete the North American and European expansion, hire additional sales and engineering professionals, investigate expansion opportunities into new markets and fund Offer costs.	
Will Megaport pay a dividend?	<p>The Board does not anticipate paying a dividend in the short to medium-term.</p> <p>In the future, the availability of distributable earnings, Megaport's franking credit position, operating results, available cash flows, retained earnings, investment opportunities, financial conditions and any other factors the Directors may consider relevant, will affect Megaport's ability to pay an interim or a final dividend.</p> <p>The ability to pay a dividend will also depend on a number of other factors including the risk factors set out in section 6, some of which are beyond Megaport's and the Directors' control.</p>	Section 9.114

1.5 Experience and background of the Directors and key management

The Board is comprised of members with experience in major infrastructure and networking services development, including: opportunity assessment, financing, construction, acquisition and operations as well as significant experience in the telecommunications and Internet infrastructure industry. Megaport was founded by accomplished information technology and telecommunications entrepreneur Bevan Slattery, previously co-Founder and CEO of PIPE Networks, Founder and CEO of NEXTDC and Founder of Superloop.

Topic	Summary		
Who is on the Board of Megaport?	Bevan Slattery	Founder and Executive Chairman	Section 3.1
	Denver Maddux	Executive Director and CEO	
	Simon Moore	Non-Executive Director	
	Drew Kelton	Non-Executive Director	
Who is the leadership team of Megaport?	Denver Maddux	Executive Director and CEO	Section 3.2
	Vincent English	Chief Financial Officer	
	Belle Lajoie	Executive VP APAC	
	Brynn Maddux	Executive VP Americas	
	Cameron Daniels	VP Technology	
	Eric Troyer	Chief Marketing Officer	

1.6 Significant interests of key people and related party transactions

Topic	Summary																												
What is the shareholding structure of Megaport?	<p>The ownership structure of Megaport immediately prior to and after completion of the Offer is shown in the table below:</p> <p>Immediately prior to completion of the Offer</p> <table> <tr> <th></th><th>Shares (m)</th><th>Ownership* (%)</th></tr> <tr> <td>Founding Shareholder</td><td>33.0</td><td>66.0</td></tr> <tr> <td>Other Existing Shareholders</td><td>17.0</td><td>34.0</td></tr> <tr> <td>Total</td><td>50.0</td><td>100.0</td></tr> </table> <p>On Completion of the Offer</p> <table> <tr> <th></th><th>Shares (m)</th><th>Ownership* (%)</th></tr> <tr> <td>Founding Shareholder</td><td>33.0</td><td>47.2%</td></tr> <tr> <td>Other Existing Shareholders</td><td>17.0</td><td>24.3%</td></tr> <tr> <td>New Shareholders</td><td>20.0</td><td>28.5%</td></tr> <tr> <td>Total</td><td>70.0</td><td>100.0%</td></tr> </table>		Shares (m)	Ownership* (%)	Founding Shareholder	33.0	66.0	Other Existing Shareholders	17.0	34.0	Total	50.0	100.0		Shares (m)	Ownership* (%)	Founding Shareholder	33.0	47.2%	Other Existing Shareholders	17.0	24.3%	New Shareholders	20.0	28.5%	Total	70.0	100.0%	Section 3.3.1
	Shares (m)	Ownership* (%)																											
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New Shareholders	20.0	28.5%																											
Total	70.0	100.0%																											

*Excluding the effect of dilution on exercise of options that the Company has granted or proposes to grant (see section 9.8)

Topic	Summary	
What significant benefits are payable to Directors and other persons connected with Megaport or the Offer and what significant interests do they hold?	<p>Mr Slattery, the Executive Chairman, receives a monthly retainer of \$10,000. Mr Maddux, the Chief Executive Officer, receives a salary of US\$235,000 per annum and other non-cash benefits. All Directors (excluding the CEO) receive \$60,000 per annum (\$75,000 for the Chairman). Non-Executive Directors also receive \$7,500 per annum per Board committee on which they chair. The Directors also have the benefit of Directors' and officers' insurance cover, an indemnity from the Company and other customary rights under a deed of indemnity, access and insurance that the Company has entered into with each Director. Details of the relevant interests of the Directors in the Shares are set out in section 3.3.1.</p> <p>Megaport is also proposing to grant each Non-Executive Director options to acquire 100,000 Megaport Shares at an exercise price of \$1.25 (or if the market value of Megaport shares is greater than \$1.25 at the time of the grant of the options, the market value of Shares) under the terms of the Megaport Limited – 2015 Employee Share Option Plan (2015 ESOP). A summary of the key terms of the 2015 ESOP is set out in section 9.8.</p> <p>In addition, Mr Slattery (or entities that he controls) is the beneficiary of certain contractual arrangements with Megaport of an ongoing nature, including a shared services agreement with Capital B Pty Ltd ACN 162 622 282. Those arrangements are described in section 3.3.1.5.</p> <p>The interests of other persons in the Offer are described in section 9.6.</p>	<p>Section 3</p> <p>Section 9.8</p>
Will any Shares be subject to restrictions on disposal?	<p>The Company anticipates that 33,624,479 Shares held by employees, Directors and other parties related to the Directors will be subject to mandatory escrow for either 24 months from the date of admission or 12 months from the date of issues of the Shares. Denver Maddux, Brynn Maddux and Belle Lajoie have also entered into voluntary escrow agreements for the balance of their Shares which are not subject to mandatory escrow for a period of 24 months from the date of listing. As a result, about 48% of the Shares on issue following the completion of the Offer will be subject to some form of escrow. Of that number, Megaport expects that about 82% of the Founder's total holding will be subject to mandatory escrow.</p>	Section 7.4

1.7 Overview of the Offer

Topic	Summary	
What is the Offer?	The Offer is an initial public offering of 20.0 million Shares at \$1.25 per Share to raise \$25.0 million (before Offer costs).	
Where will the Shares be listed?	Within seven days of the date of this Prospectus, Megaport will make an application for admission to the Official List of ASX and quotation of the Shares under ASX code MP1.	
What will the market capitalisation of the Company be upon Listing?	The market capitalisation of Megaport on listing will depend on the price at which the Shares trade, which cannot be predicted. At the Offer Price, Megaport's market capitalisation will be \$87.5 million.	
How will the proceeds of the Offer be used?	The funds to be raised under the Offer will provide additional working capital to complete the network expansions in the North American and European markets, hire additional sales and engineering professionals, investigate expansion opportunities into new markets and fund Offer costs.	Section 2.9
Is the Offer underwritten?	The Offer is fully underwritten by Morgans Corporate Ltd.	Section 7.3
What are the tax implications of investing in Shares?	The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 9.9
How can I apply?	Shares under the Offer will only be available under the Broker Firm Offer. Applicants may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus and lodging it with the Broker who invited them to participate in the Offer.	Section 7
When will I receive confirmation that my application has been successful?	The Company expects that initial holding statements will be dispatched by standard post on 14 December 2015.	Section 7.7
What is the minimum application size under the Offer?	The minimum application under the Broker Firm Offer is 800 Shares (\$1,000). There is no maximum application under the Broker Firm Offer. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.	Section 7.2

Topic	Summary	
Where can I get more information about this Prospectus or the Offer?	<p>For more information, call the Lead Manager and Underwriter on 1800 777 946.</p> <p>If you are unclear in relation to any matter in relation to this Prospectus or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.</p>	Section 7.2

2.0

MEGAPORT OVERVIEW

2.1 Business overview

Megaport was founded in 2013 with the aim of becoming a global leader in elastic connectivity and network services interconnection.

Megaport has developed an elastic connectivity platform that provides customers interconnectivity, flexibility and simplicity between other networks and cloud providers connected to the platform.

Elastic connectivity and elastic fabrics is an emerging service that is growing in response to customer demand for flexible bandwidth services that align to the changing business and networking requirements of modern companies. It allows customers to increase and decrease their available bandwidth and commitments in response to their own demand requirements, as opposed to being tied to fixed service levels on long-term customer contracts. Customers can provision an elastic interconnect between other participants for as short as a day or for as long as a year, for as small as 1Mbps to as much as 100Gbps.

Megaport has created a platform which allows rapid deployment to new markets in a highly repeatable manner. This platform is currently deployed and operational in six metropolitan markets (Brisbane, Sydney, Melbourne, Auckland, Hong Kong, and Singapore) and in the Asia-Pacific, connecting 34 major data centres including Equinix, NEXTDC and Global Switch facilities among others.

The Company currently employs 35 staff and operates from offices located in Brisbane, Australia and San Francisco, United States.

Megaport has over 200 active customers. The Company has also signed binding agreements and partnerships with major cloud service providers, network and content providers, and enterprises in all markets in which the Company operates in. Megaport is an Amazon AWS Direct Connect Partner, Microsoft Azure ExpressRoute Partner and Asia's first Google Compute Interconnection Partner.



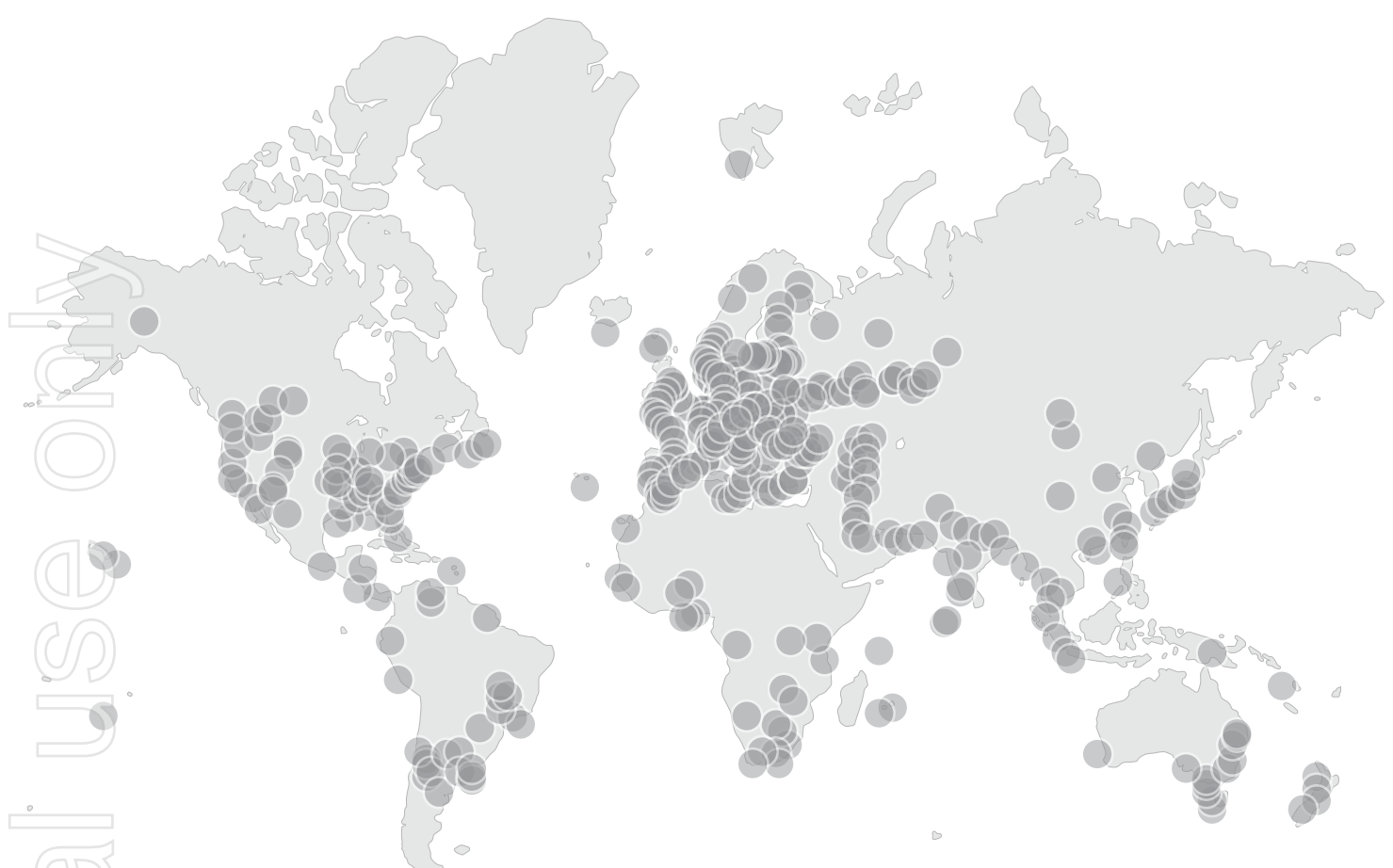


Image: Stylistic representation of third party data centres

Source: CloudScene (www.cloudscene.com)

See page 28 for MegaPort's current and proposed market coverage

2.2 Market opportunity

There are over 4,000 third-party data centre providers in more than 100 countries.*

Less than half of these facilities have a peering service operating inside them, and an even smaller percentage have a cloud networking exchange.*

*Source: CloudScene (www.cloudscene.com)

Many cloud and network providers are seeking to rapidly expand the services they provide to as many markets as possible to service partners and enterprise customers so as to grow their market share and build scale. While services are growing to new regions every year, not every data centre can connect their clients to those services directly.

MegaPort believes there is a significant opportunity in helping interconnect these facilities, improving the level of access to the various cloud service providers and carrier networks.

23% CAGR 2013-2018

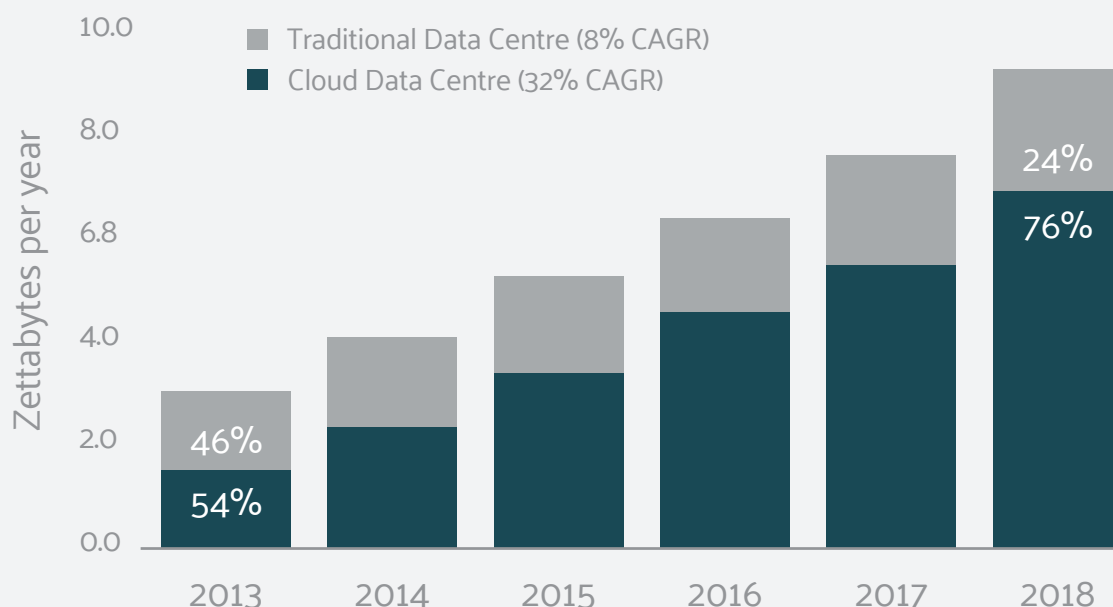


Image: Cloud data centre versus traditional data centre traffic growth
Source: Cisco Cloud Global Index 2013-2018, dated November 2014 (<http://www.ciscoknowledgenetwork.com>)

Opportunity drivers for new connectivity model

Many enterprises are beginning to embrace the “as-a-service” model

Major infrastructure/Platform/Software-as-a-Service (IaaS, PaaS, SaaS) providers are experiencing strong growth led by businesses such as Amazon Web Services. Megaport is aiming to provide a seamless and commercially attractive platform for data centres, enterprises, and other networks to interconnect these services.

Cloud data centre traffic is expected to grow at 32% CAGR¹

The industry is expected to experience a near four-fold increase from 2013-2018 due to cloud services and the Internet of Things (IoT) changing the way companies acquire and consume IT services to an on-demand and as-needed model.¹ Megaport’s technology enables fast acquisition of bandwidth to support a customer’s unforeseen or expected traffic growth.

¹ Source: Cisco Cloud Global Index 2013-2018

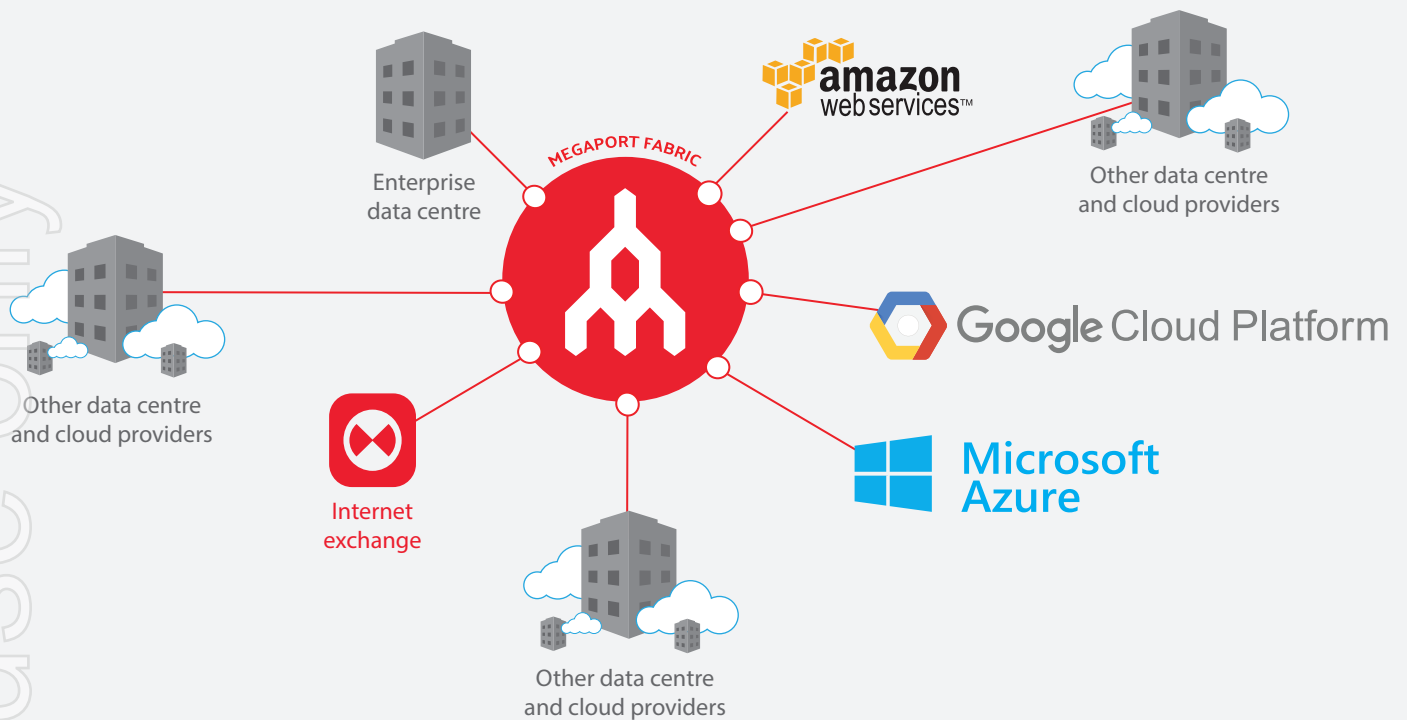


Image: Illustrator's depiction of Megaport's services and connectivity capabilities

Cloud infrastructure not always in the same data centre

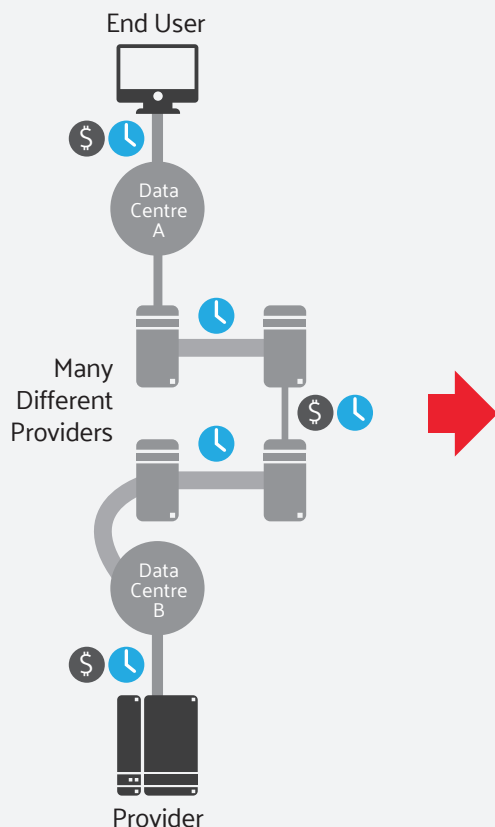
Cloud service providers and network operators are not connected in all locations.

The Megaport Fabric interconnects many of the key data centre locations in each market. This allows cloud service providers to leverage the Megaport platform to reach enterprises in locations where they may not currently have a presence. Megaport's platform is aimed at making it easier and commercially attractive for customers to acquire and attach to services in other data centres via the Megaport Fabric. This removes the need for our customers to deploy infrastructure into many locations and instead to leverage Megaport's platform.

2.3 Introducing Megaport

A better way for networks and the cloud to interconnect

Old way



New way

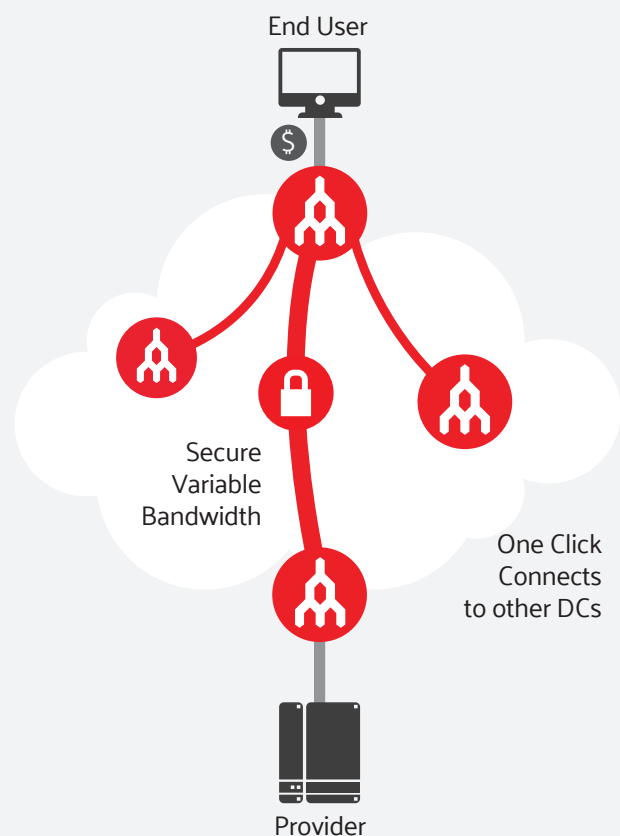


Image: Illustrator's depiction of old interconnection model versus Megaport's virtual cross connect (VXC) and elastic capabilities

The old way to interconnect a user to a provider

Traditionally interconnections were primarily achieved by establishing separate connections between each point or location. Customers required a separate interconnection for each location and these would have to be ordered on long-term contracts with long lead times.

Lead times for service delivery often vary between 30-120 days, and sometimes longer, with little flexibility in terms of access speeds and contract terms. Many are designed as dedicated, point-to-point services connecting locations to locations. For each of these services a customer typically needs to order bespoke cross connects each time a service is acquired, and all of these services typically come with 12-36 month contracts.

New virtual cross connect™ with elastic capabilities

Megaport provides users with flexible contract terms offering daily, monthly or yearly options compared to the multi-year contracts typical of the old interconnection platforms. Megaport's customer proposition is a quicker, cost-effective, and more user-friendly product.

Additionally, Megaport has developed API capabilities to allow partner integration and automation. The Megaport Fabric connects users to services via Megaport's ecosystem of partners. Customers are able to manage and control many of the service capabilities via applications on iOS and Android, as well as any web browser. Customers are enabled with scalable bandwidth on demand, automatic provisioning and de-provisioning of services based on their unique business needs, and flexible contract terms (daily, monthly, yearly).

Megaport commercial model

The Megaport commercial model consists of:

- A recurring charge for access to the Megaport Fabric in the form of physical ethernet ports at speeds of 1GbE, 10GbE, 40GbE, and 100GbE
- Variable and scaling recurring charges for virtual interconnection services, such as the VXC and cloud networking products
- Variable and scaling recurring charges for additional network services such as interstate and international connection services connecting users over long-distances

Key drivers for scale of the business model, and thereby revenues, consist of:

- Bandwidth growth
- Partner acquisition in the form of services and participation
- Growth of robust ecosystem of users and services
- Long-term growth of cloud services in the market

2.4 The Megaport Fabric

The Megaport Fabric is software defined and highly connected ethernet network capable of delivering connections from as little as 1 Mbps to 100 Gbps. At the heart of the Megaport Platform is a proprietary software stack that automates the Megaport Fabric.

This software stack is using technology known as Software Defined Networking. The Megaport software stack when combined with the Megaport Fabric allows all services to be fully configured and provisioned entirely through software.

In addition to flexible and elastic access, Megaport offers customers a number of user-friendly tools designed to improve the customer experience including:

- ✓ Plan and design interconnections
- ✓ Instantaneous service provisioning
- ✓ Rapid change management
- ✓ Reporting tools for management
- ✓ DevOps support for additional business applications

Megaport advantages



Speed to market and time to bandwidth acquisition. Users connecting in Megaported data centres can acquire a physical cross connect into a new port in a matter of days, and virtual services are provisioned in real-time.



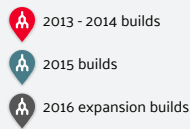
Partnership development working towards creating new revenue opportunities and greater customer retention. The API-based approach allows for deep integration and gives Megaport the opportunity to act as a virtual channel partner.



Low operational cost allows Megaport to reduce the time for each market and location to break-even.



Low capex model allowing rapid deployment to new markets in a highly repeatable manner.



Existing markets and proposed expansion

2.5 Megaport markets

The Company currently operates in six markets and four countries which, to date, have been selected based on a confluence of neutrality, carrier and service provider density, and unique customer bases. These customer profiles vary from traditional telecommunications carriers, modern cloud services providers, and enterprises.

Partnerships have been formed with Amazon, Google, and Microsoft to provide cloud networking services into their respective platforms.

Expansion of the current Megaport markets to six countries and 13 markets across North America and Europe are driven by partnership opportunities and customer demand. The awareness and adoption of elastic fabric services, largely due to Megaport's ongoing market education, drives greater opportunity in existing locations in the form of new users on new ports, and new services available on the Megaport Fabric.

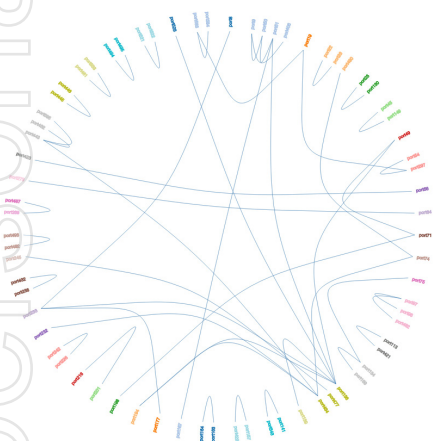
Australia

During 2014, Megaport officially launched a range of services, expanding into 26 data centres across Sydney, Brisbane, and Melbourne.

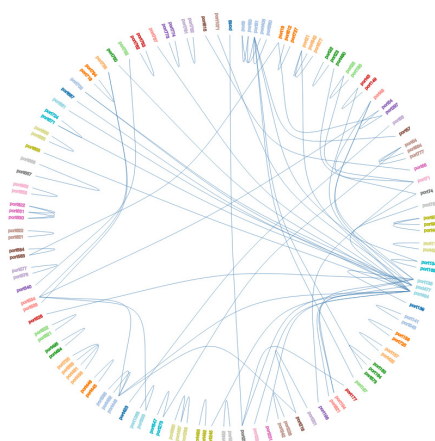
This roll-out was achieved with a small and dedicated team and today the Australian operation has already acquired over 200 active customers and is generating revenue of almost \$200,000 per month.

The time spent educating the market, and subsequently the international market, on the value of elastic fabrics and the Megaport Fabric has made this the most developed and mature market to date.

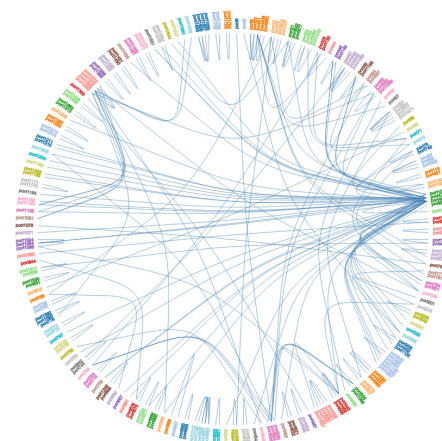
City	Data Centres
Sydney	9
Brisbane	8
Melbourne	9



November 2014



May 2015



November 2015

Graph depicting connection growth of users to services on Megaport from the period of November 2014 to November 2015

International expansion in 2015

In February 2015, Megaport launched new locations in New Zealand, Hong Kong, and Singapore. These builds consisted of 10 new locations at key data centres in each market.

At initial launch, New Zealand included a long-haul connectivity capability back to Australia, which has enabled cloud exchange services in a market previously not available to Amazon, and Microsoft. Currently the Company is investigating connectivity capabilities between Hong Kong and Singapore to allow cross-market cloud exchange services.

In APAC the Company has recently employed dedicated sales staff in all 3 new markets to focus on sales and development of each unique local ecosystem.

Megaport opened North American headquarters in San Francisco in August 2015. The Company currently employs 14 full-time employees in North America taking care of operations, business development, and engineering functions. The business development team has secured several key reseller agreements and service providers that are joining the Megaport Fabric as sites are launching.

City	Data Centres
Singapore	4
Hong Kong	4
Auckland	2

2.6 Megaport expansion

The United States and Western Europe are home to some of the most mature and developed interconnection markets in the world, with many major cities functioning as hubs. These contain dark fibre networks, data centres, submarine cable landing stations, content and access networks utilising this critical infrastructure.

Megaport has targeted locations in these cities, where this infrastructure and a large selection of networks and enterprises are most accessible, and where the target customer base can be reached. These are a mix of dense, carrier neutral facilities, and specialised data centre operators.

City	Data Centres*
Seattle	5
New York	4
Los Angeles	5
Chicago	3
San Francisco Bay Area	3
Washington D.C.	3
Dallas	5
Toronto	3
Amsterdam	4
London	4
Stockholm	3
Dublin	2
Perth	1
TOTAL NEW DATA CENTRES	45

*Number of planned new data centre locations in each market. Numbers may vary depending on a number of factors, including the risks described in section 6

2.7 Sales and marketing

MegaPort has employed a diverse team in sales and marketing with experience in telecommunications, data centre, channel development, direct sales and product development. The go-to market strategy uses a variety of techniques to meet, connect to, and expand our addressable market.

From a marketing perspective, the Company uses a combination of direct industry grass-roots engagement as well as a wider marketing program including sponsorship of key events in the cloud services and telecommunications industry, online advertising, community advocacy of the platform and network operator community engagement.

Sales provides a mix of direct-to-customer sales on key strategic accounts, development of specialised reseller agreements in each region, and a software enabled partner program. In North America the team has signed several large channel partner agreements with companies such as Intelisys to help provide greater coverage and immediate presence in their product portfolios.

2.8 Strategic priorities for growth

Increase reach and leverage first mover advantage

Increase geographic reach and total addressable market of MegaPort rapidly and continue to leverage first-mover advantage for deeper market share.

Drive low-cost deployment models with quick cost recovery

MegaPort already deploys cost-effective hardware to each location and further developments in the industry continue to provide opportunities to improve MegaPort's capital and operating cost structures.

Hire to grow services and revenue

Hire experienced professionals across operations, marketing, sales, and engineering skillsets to continue to grow service and revenue acquisition abilities of the Company.

Increase marketing power and customer acquisition

Increase marketing power and customer acquisition through sponsorship, direct marketing, industry engagement, and online vectors aimed at education, development, and attraction of elastic bandwidth segment customers.

Further develop partner integration

Further develop partner integration and gain deeper relationships with telecommunications and data centre services companies.

Orchestrate third-party service offerings via API

Orchestrate third-party service offerings through the MegaPort API, gaining additional revenue and customer acquisition opportunities.

2.9 Business funding

The business has been funded primarily by equity investment from the Founder, along with a \$10 million pre-IPO raising completed in August 2015.

The funds to be raised under the Offer will provide additional working capital to complete the network expansion in the North American and European markets, hire additional sales and engineering professionals, investigate expansion opportunities into new markets and fund Offer costs. The Directors believe that proceeds from the Offer, in conjunction with existing funding sources, will be sufficient to achieve the completion of the network expansion and contribute towards operating and maintaining the networks and expansion of the sales team.

The following table outlines the use of funds under the Offer:

Uses of IPO funds	
Operating costs (including sales & marketing and salaries)	\$11.7 million
Working capital	\$3.5 million
CAPEX	
Capex to complete USA roll-out	\$4.0 million
Capex for European roll-out	\$1.4 million
Capex for other expansion opportunities	\$2.9 million
Payment of costs of the Offer	\$1.5 million
Total uses	\$25.0 million

The above table is a statement of current intentions as at the date of lodgement of this Prospectus. Intervening events and new circumstances have the potential to affect the allocation of funds. The Board reserves the right to alter the way funds are allocated.

In the event Megaport decides to pursue growth opportunities or experiences delays in reaching profitability, the Company may be required to raise new capital (debt, equity or other). The Directors intend to consider growth opportunities on their merits, having regard to Megaport's capital management strategy.

IPO funds together with existing cash balance and operating revenue is expected to fund the Company for at least the next 18 months based on current growth objectives and strategy.

Adjusted net cash

The Pro-forma Consolidated Balance Sheet reflects a cash and cash equivalents balance of \$33.5 million as at the 31 July 2015. In the period from 1 August 2015 to 31 October 2015 the Megaport group expended \$5.6 million to fund capital expenditure, working capital and net operating expenditure, resulting in an adjusted pro-forma cash balance at 31 October 2015 of \$29.1 million.

3.0

KEY PEOPLE, INTERESTS, AND BENEFITS

3.1 Board of Directors



Bevan Slattery

Founder & Executive Chairman

Bevan comes from a background in building successful Australian IT and telecommunications companies and an earlier career in administration in local and state government.

In 2010 Bevan founded NEXTDC Limited, with a vision to become Australia's largest independent data centre provider. As the founding CEO of NEXTDC, Bevan oversaw its listing on the ASX, design of facilities B1, M1, S1, P1, C1, and initial building roll-out. Today, NEXTDC has facilities in Australia's largest cities and is the largest regional data centre provider in terms of geography and IT power capability.

In 2002, Bevan co-founded PIPE Networks which became Australia's largest Internet Exchange and third largest metropolitan fibre provider with over 1,500km of fibre in 5 cities connecting 80 data centres, 250 Telstra exchanges and over 1000 buildings. In 2009, PIPE Networks completed construction of Pipe Pacific Cable 1 (PPC-1), a \$200 million submarine cable system linking Sydney to Guam. PIPE Networks was sold to TPG for an enterprise value of \$420m in May 2010. Bevan is also Executive Chairman and founding Shareholder of Superloop Limited.

Bevan is a former Non-Executive Director of Asia Pacific Data Centre Trust and is also a Director on the Board of Swimming Australia. Bevan holds an Honorary Master of Business Administration from Central Queensland University.



Denver Maddux

Chief Executive Officer & Executive Director

Denver has been working in the Internet industry since 1994 with key companies designing infrastructure and contributing intellectual property to large-scale, global networks and services.

Denver has taken engineering and leadership opportunities in emerging sectors of the Internet industry. In 1998 he joined the Globalcenter team, which was later bought by Global Crossing and then Level 3, building layer 3 and MPLS telecommunications infrastructure.

In 2005 he joined Limelight Networks, Inc., as Vice-President of Network Engineering, setting the foundation for global CDN services, leading the creation of one of the largest traffic moving networks on the Internet and taking the Company into a leading role in global Internet interconnection.

In 2011 Denver joined Microsoft as Senior Director, Strategy and Planning for Global Networking Services, responsible for their interconnection and cloud networking infrastructure development, helping to reshape the Microsoft networking team, acquiring top global talent in engineering and interconnection, and transforming the edge service footprint of their global services.

Denver is a passionate technologist focused on the evolution of Networking-as-a-Service, the role it has in the growing cloud computing movement, and future alignment of network services with ever-changing customer needs.



Drew Kelton

Director

Drew is the Managing Director for Docusign Inc. in the Asia-Pacific. His career has spanned over 30 years as a global business leader and professional Board Director in the ICT and telecommunications arena. He has held senior operational roles in the UK, Europe, India, US and Australasia. In addition to executive leadership roles, Drew has been responsible for start ups, M&A transactions, and IPO activities. He would describe himself as a “professional entrepreneur”.

Previous to Docusign, Drew was the Executive Vice-President of business markets at T-Mobile USA, responsible for developing and executing their latest operational strategies in a \$7 billion dollar division.

Prior to that, Drew was the President of Bharti Airtel Business in India and SE Asia, as well as Managing Director of Telstra International.

Drew holds a Bachelor of Science with commendation in Electrical and Electronic Engineering from the University of Western Scotland. He is a chartered engineer with the Institute of Electrical and Electronic Engineers and is currently the Non-Executive Chairman of Mobile Embrace Limited as well as being a Non-Executive Director at ENICE, Firstwave, and LIMAS Stockwatch.



Simon Moore

Director

Simon Moore is Managing Director and a Global Partner of The Carlyle Group. Prior to joining The Carlyle Group in 2005, Simon was a Managing Director and Investment Committee Member of Investcorp International, Inc., based in New York. Prior to that, Simon worked in private equity investments and investment banking at J.P. Morgan & Co. in New York, Hong Kong and Melbourne.

Simon holds a Bachelor of Commerce (Hons) and a Bachelor of Law (Hons) from the University of Queensland. He is currently Chairman of Coates Hire, a Non-Executive Director of Healthscope and an Alternate Director of Qube Holdings.

3.2 Leadership team



Bevan Slattery

Founder & Executive Chairman

See section 3.1



Denver Maddux

Chief Executive Officer & Executive Director

See section 3.1



Vincent English

Chief Financial Officer

Vincent has a background in telecommunications and manufacturing industries with over 15 years combined international expertise in Finance and Operations. His diversified experience deploys best practice on cost-efficient start-ups, growth-focused and profitable operations.

Vincent has been a Chief Financial Officer for 10 years with Digicel Group, a multi-national telecommunications company. In 2005 as Chief Financial Officer, Vincent assumed responsibilities during an aggressive growth time in the Company's evolution, with nine country mobile phone network launches, integrating operations, establishing cohesive financial processes, rolling out processes company-wide and devising synergies and cost savings.

As well as managing the financial operations in multiple markets, Vincent managed several acquisitions in mobile businesses, TV operations and financial services. Prior to Digicel, Vincent worked in the manufacturing industry for Alcoa and Gillette in financial operations roles.

Vincent is an ACMA, CPA Australia, and member of the Australian Institute of Company Directors.



Belle Lajoie

EVP Terraforming APAC

Belle Lajoie has been working in the Internet industry for the last eight years and has primarily worked on delivering large scale sales and operations solutions to peering, data centre, dark fibre infrastructure, and services organisations.

She has spent her career working as an integral member of leadership teams at both PIPE Networks and NEXTDC and is an expert at growing organisations from start-up to scale. Belle was a founding member of MegaPort and served as General Manager of APAC until 2014 when she was promoted to Executive Vice President for the region.

Belle is passionate about the Internet industry changing the way customers consume and acquire bandwidth.



Brynn Maddux

EVP Terraforming Americas

Brynn has worked in the Internet industry since 2004, leading global teams, building networks with Microsoft, and overseeing strategic revenue generation and business and product analytics with Bandwidth Advisors and Eschelon Telecom.

Her career centres around extensive customer- focused solutions, building a partner portfolio of over 400 global telecommunications and data centre operators, and previously at Microsoft where she managed and led strategy for the global edge data centre portfolio to directly support interconnection and cloud networking infrastructure.

Brynn is passionate about building successful partnerships, cloud computing solutions, and is excited about the value Megaport brings to the Internet industry and to customers.



Cameron Daniel

Founding Engineer

Cameron has been in the telecommunications industry for the last five years, focused on creating scalable, reliable networks & delivering the highest quality operational support and customer service.

Prior to Megaport, Cameron was on the Networking and Architecture team at PIPE Networks and was pivotal in the management of the PIPE IX, then Australia's largest Internet Exchange. He also helped lead their expansion to include coverage in APAC and the United States.

Cameron is a technologist focused on building scalable services fabrics with network automation and presents these topics regularly at conferences on behalf of Megaport.



Eric Troyer

Chief Marketing Officer

Eric has spent the last 17 years in the Internet networking business working at MSOs (Cable Companies), data centres, Internet Exchange providers, and cloud service companies. His various roles included engineering, product management, business development, and marketing strategy.

Eric's last role was with Microsoft where he was Director of Network Edge and Interconnection Strategy, leading a planning team for network expansion and IP capacity acquisition. Previously, Eric drove the Equinix Internet Exchange product to become the largest IX in North America, as well as launching the GRX/IPX voice exchange service.

Eric has run the Global Peering Forum and is featured in the book "Tubes: A Journey to the Center of the Internet" in a discussion on Internet infrastructure.



Mitchell Warden

Founding Engineer

Mitchell has 10 years experience in the design, deployment, and ongoing operations of large-scale networks, including Australia's first MEF certified carrier Ethernet service and deployment of 40+ domestic and international points of presence.

At Pipe Networks, he was key in the development and management of technical operations for Australia's then largest public Internet Exchange point, PIPE IX.

Mitchell is very active in industry organisations and contributes regularly to the Australian Network Operators Group community.

3.3 Interests and benefits

This section sets out the nature and extent of the interests of Directors.

3.3.1 Directors interests and remunerations

3.3.1.1 Executive Director remuneration

Entities in the Megaport group have entered into services agreements with key executives Bevan Slattery (Executive Chairman) and Denver Maddux (CEO and Executive Director). Mr Slattery's executive services agreement contains standard terms and conditions for agreements of this nature, including confidentiality, restraint on competition and retention of intellectual property. Mr Slattery receives a monthly retainer of \$10,000 for the provision of executive services (such as the development of strategic planning) to Megaport. The Chairman's fee is \$75,000. Mr Slattery receives this amount in addition to the consulting fee. The agreement is for an initial period for 12 months commencing on the date on which Megaport is admitted onto the official list of the ASX. Following the initial term the Board and Mr Slattery will consider the ongoing need for this arrangement. In the case of Mr Maddux he receives a salary of US\$235,000 per annum and other non-cash benefits. A detailed summary of the key terms of Mr Maddux's agreement is set out in section 9.4.

3.3.1.2 Non-Executive Director remuneration

The Directors decide the total amount paid to each Director as remuneration for their services. Under the Listing Rules, the total amount paid to all Non-Executive Directors must not exceed in any financial year the amount fixed in a general meeting of Megaport. This amount is currently \$750,000. The current Non-Executive Directors' fees are \$60,000 per annum each. In addition, Non-Executive Directors will receive \$7,500 per annum per Board committee on which they chair. All resident Directors' fees include superannuation at the statutory rate. Megaport is also proposing to grant each Non-Executive Director options to acquire 100,000 Megaport Shares at an exercise price of \$1.25 (or if the market value of Megaport Shares is greater than \$1.25 at the time of the grant of the options, the market value of Shares) under the terms of the Megaport Limited – 2015 Employee Share Option Plan (2015 ESOP). Each Non-Executive Director or their nominated holder must not dispose of any interest in the options and the Shares issued on exercise of the options for a period of three years from the grant date of the options. A summary of the key terms of the 2015 ESOP is set out in section 9.8.

Non-Executive Directors may be paid additional remuneration where they perform extra work or services beyond that expected as a Non-Executive Director.

There are no retirement benefit schemes for Directors other than statutory superannuation contributions.

3.3.1.3 Other benefits

The Company has entered into standard deeds of indemnity, access and insurance with the Directors. Pursuant to those deeds, the Company has undertaken, consistent with the Corporations Act, to indemnify each Director in certain circumstances and to maintain Directors' and officers' insurance cover in favour of the Director for seven years after he or she has ceased to be a Director. The Company has further undertaken with each Director to maintain a complete set of the Company's Board papers and to make them available to the Director for seven years after he or she has ceased to be a Director.

3.3.1.4 Director's shareholdings

The Directors are not required to hold any Shares under the Constitution. Details of the relevant interests of the Directors in the securities of the Company are set out in the table below.

Director	Shares	Options ¹
Bevan Slattery	33,000,000	-
Denver Maddux	5,000,000 ²	-
Drew Kelton	25,000	100,000
Simon Moore	1,000,000	100,000

The Directors are entitled to participate in the Broker Firm Offer and may elect to subscribe for Shares in the Offer.

¹ Options to acquire Shares at an exercise price of \$1.25, which vest on the first anniversary of the grant date and expire on the third anniversary of the grant date. Subject to Shareholder approval, the options will be granted on 28 November 2015.

² Includes 4,000,000 held by Mr Maddux and 1,000,000 by Mrs Maddux

3.3.1.5 Related party transactions

Shared services agreement

The Company has entered into a shared services agreement with Capital B Pty Ltd ACN 162 622 282 (Capital B), a Company controlled by the Founder. Under the agreement, Capital B provides certain services to the Company (e.g. administrative and information technology services) and a right to use a portion of Capital B's premises at 14-16 Church Street, Fortitude Valley, Queensland. The services are charged on the basis of the actual cost to Capital B, allocated on the time Capital B employees spend providing services to the Company. The costs for the use of the premises is based on a proportion of the lease expenses (between Bevan Slattery as trustee for the Church Street Trust, as landlord, and Capital B as lessee), associated with the Company's use of the premises. The head lease is on arm's length terms. The obligations on Capital B under the agreement are typical for a services agreement, and require that Capital B provide the services with due care, skill and judgement, comply with the law in providing the services and effect appropriate insurance. Capital B may seek reimbursement for certain expenses incurred in connection with the provision of services under the agreement. Either party may terminate the agreement for convenience on 60 days' written notice.

Sale of Shares in Megaport Australia

In August 2015, the Founder sold all of the Shares in Megaport Australia to the Company, for consideration of \$5,396,689. Megaport Australia at the time was fully operational and generating revenue from various customer contracts. The Board at the time (excluding the Founder) approved the transaction. The consideration for the sale was satisfied by the issue of Shares at \$0.40 per Share.

Sale of Shares in Megaport Singapore, Hong Kong, USA and UK

In August 2015, the Founder sold all of the Shares in Megaport Singapore, Megaport Hong Kong, Megaport USA and Megaport UK to the Company, for consideration of \$3,311. These Megaport foreign entities were newly incorporated or only recently operational. The Board at the time (excluding the Founder) approved the transaction. The consideration for the sale was satisfied by the issue of Shares at \$0.40 per Share.

Founder's loans

Until August 2015, the business was funded primarily by loans from the Founder. In August 2015, \$8,000,000 of these loans were converted to equity at \$0.40 per Share (with a remaining portion repaid from the proceeds of a private placement, being \$375,926). These loans were interest free.

Private placement

In late August, a private placement was completed, as a result of which the Company raised \$10 million (at \$1.00 per Share) from sophisticated investors and other persons known to the Board.

Intellectual property assignment

In early August this year Megaport Services was incorporated as a subsidiary of Megaport Limited to hold all of the intellectual property of the Megaport Group. To effect the restructure of the intellectual property Capital B entered into assignment agreements with Megaport Services and with Megaport Australia to transfer trademarks registered in Capital B's name and other associated intellectual property and goodwill to Megaport Services.

Megaport Australia also transferred the trademarks it held to Megaport Services under the terms of an assignment agreement.

The intellectual property subject to transfer to Megaport Services and Megaport Australia was transferred at the cost to register or develop the relevant intellectual property, which the Board (excluding the Founder) determined to be arm's length.

A software development agreement between Capital B and a third party was also novated to Megaport Services for no additional consideration. Several domain names were also transferred from Capital B, the Founder and Subpartners Pty Ltd (an entity controlled by the Founder) to Megaport Services.

Services provided to Megaport

Megaport Australia and Megaport Singapore have entered into agreements for the provision of dark fibre services from Superloop (Australia) Pty Ltd (Superloop Australia) and Superloop (Singapore) Pte. Ltd (Superloop Singapore), respectively, which are both companies controlled by the Founder through the ASX-listed Company Superloop Limited. Under the agreements, Megaport Australia and Megaport Singapore issued a service order form to Superloop Australia and Superloop Singapore (as applicable) which sets out the nature of the services requested and confirms the applicable monthly fee. The terms of the master services agreement are consistent with the supply agreements that Megaport Australia and Megaport Singapore have entered into with third-party suppliers for similar services in the same region.

3.4 Corporate governance

3.4.1 Overview

This section explains how the Board will oversee the management of Megaport's business. The Board is responsible for the overall corporate governance of Megaport. The Board monitors the operational and financial position and performance of Megaport and oversees its business strategy, including approving the strategic goals of Megaport and considering and approving an annual business plan. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Megaport. In conducting Megaport's business with these objectives, the Board seeks to ensure that Megaport is properly managed to protect and enhance Shareholder interests, and that Megaport, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Megaport including adopting relevant internal controls, risk-management processes, and corporate governance policies and practices which it believes are appropriate for Megaport's business and which are designed to promote the responsible management and conduct of Megaport.

The main policies and practices adopted by Megaport, which will take effect from Listing, are summarised below. In addition, a governance framework is contained in the constitution of Megaport. The Megaport code of conduct outlines how Megaport expects Directors and personnel to behave and conduct business in a range of circumstances. In particular, the code requires awareness of, and compliance with, laws and regulations relevant to Megaport's operations, including occupational health and safety, risk management, privacy and employment. Details of Megaport's key policies and practices and the charters for the Board and each of its committees are available at www.megaport.com/investors.

3.4.2 Board appointment and composition

It is the Board's policy that there should be a majority of independent, Non-Executive Directors.

The Board considers a Director to be independent if he or she is independent of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board is currently made up of four Directors, two of whom are independent Non-Executive Directors, namely Mr Simon Moore and Drew Kelton. The Board anticipates that it will appoint another independent Non-Executive Director in the near future.

3.4.3 Risk management

The identification and proper management of Megaport's risks is an important priority of the Board. The Board is responsible for overseeing and approving risk-management strategy and policies. The Board has delegated to the Audit and Risk-Management Committee responsibility for identifying major risk areas and monitoring risk-management to provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

Megaport will regularly undertake reviews of its risk-management procedures to ensure that it complies with its legal obligations, including assisting the CEO or CFO to provide the required declaration under section 295A of the Corporations Act.

Megaport will implement a system whereby management is required to report its adherence to policies and guidelines approved by the Board for the management of risks to its commercial and operational objectives.

3.4.4 Board charter

The Board has adopted a charter that formally recognises its responsibilities, functions, power, authority and composition. This charter further defines other matters it considers as important for effective corporate governance including:

- a detailed definition of 'Independence'
- a framework for the identification of candidates for appointment to the Board and their selection (including undertaking appropriate background checks)
- a framework for individual performance review and evaluation
- training to be made available to Directors
- procedures for meetings of the Board and its committees including frequency, agenda, minutes and private discussion of management issues among Non-Executive Directors
- a code of ethics and values
- a code for securities transactions designed to ensure fair and transparent trading by Directors and employees;
- communications with Shareholders and the market

The purpose of the charter is to 'institutionalise' good corporate governance and to build a culture of best practice both in Megaport internal practices and in its dealings with others. The Board Charter will be made available on Megaport's website at www.megaport.com.

3.4.5 Board Committees

The Board discharges its duties in relation to certain specific functions through the following committees of the Board:

- Audit and Risk-Management Committee
- Remuneration and Nomination Committee

3.4.5.1 Audit and Risk-Management Committee

The purpose of this committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. The committee's charter provides that the committee should consist of a majority of Non-Executive Directors, who should also be independent Directors and chaired by an independent Chairman who is not Chairman of the Board. The Audit and Risk-Management Committee will comprise:

- Simon Moore (Chairman)
- Drew Kelton
- Denver Maddux

The committee performs functions relevant to risk-management and internal and external reporting and reports to the Board following each meeting. The committee's responsibilities include:

- Setting Board and committee structures to facilitate a proper review function by the Board
- Risk-management framework including internal control and management information systems
- Corporate risk assessment (including economic and environmental risks) and compliance with internal controls
- Management processes to support external financial reporting practices
- Review of financial statements and other financial information distributed externally
- Review of the performance and independence of the external auditors
- Review of the external audit function to ensure prompt remedial action by management, where appropriate, in relation to any deficiency in or breakdown of controls
- Assessing the adequacy of external reporting for the needs of Shareholders
- Reviewing any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor
- Monitoring compliance with the Company's code of ethics
- Operational and environmental risk generally
- The Company's workplace health and safety management, controls and systems
- The process of identification and management of financial risk
- Overseeing the effectiveness of the compliance program to ensure that legal and regulatory requirements are met

Meetings will be held at least three times each year. A broad agenda will be laid down for each regular meeting according to an annual cycle. The committee will invite the external auditors to attend each of the meetings. A copy of the committee's charter will be made available on Megaport's website at www.megaport.com/investor.

3.4.5.2 Remuneration and Nomination Committee

The purpose of this committee is to assist the Board and make recommendations to it about the appointment of new Directors (both Executive and Non-Executive), senior management and on remuneration and related policies and practices (including remuneration of senior management and Non-Executive Directors). Its current members include:

- Drew Kelton (Chair)
- Bevan Slattery
- Simon Moore

The committee's functions include:

- development of criteria (including skills, qualifications and experience) for Board candidates
- identification and consideration of possible candidates and recommendation to the Board
- ensuring appropriate induction and continuing professional development programs are implemented for Directors
- review of processes for succession planning for the Board, CEO and other senior executives
- establishment of procedures, and recommendations to the Chairman, for the proper oversight of the Board and management
- ensuring the performance of each Director, and of senior management, is reviewed and assessed each year using procedures adopted by the Board
- review and evaluation of market practices and trends on remuneration matters
- recommendations to the Board about the Company's remuneration policies and procedures
- oversight of the performance of senior management and Non-Executive Directors
- recommendations to the Board about remuneration of senior management and Non-Executive Directors
- reviewing the Company's reporting and disclosure practices in relation to the remuneration of Directors and senior executives

Meetings will be held at least once a year and more often as required. A copy of the committee's charter will be made available on Megaport's website at www.megaport.com.

3.4.6 Corporate governance policies

The Board has adopted the following corporate governance policies, which become effective upon commencement of trading on the ASX.

3.4.6.1 Continuous disclosure policy

The Board has adopted a continuous disclosure policy (Disclosure Policy) which sets out procedures to be adopted by the Board to ensure Megaport complies with its continuous disclosure obligations. Megaport will keep the market fully informed of information which may have a material effect on the price or value of the Company's securities and to correct any material mistake or information in the market.

The Board is ultimately responsible for determining, in consultation with management, whether information will have a material effect on the price or value of Megaport securities. The Disclosure Policy provides a framework for the Board and management to internally identify and report information which may need to be disclosed and sets out practical processes to ensure any identified information is adequately disclosed. The Disclosure Policy also sets out the exceptions to the disclosure requirements.

Continuous disclosure announcements will be made available on Megaport's website www.megaport.com.

3.4.6.2 Securities trading policy

A securities trading policy (Trading Policy) has been adopted by the Board to provide guidance to Directors, employees of Megaport, and other parties who may have access to price sensitive information, where they are contemplating dealing in Megaport's securities or the securities of entities with whom Megaport may have dealings. The Trading Policy is designed to ensure that any trading in Megaport's securities is in accordance with the law.

Any non-compliance with the Trading Policy will be regarded as an act of serious misconduct. The Trading Policy will be made available on Megaport's website www.megaport.com.

3.4.6.3 Diversity policy

Megaport is committed to promoting diversity among the Board, employees, consultants and senior management, and believes a diverse workforce is key to the Company's success.

Although the Company does not have a diversity policy in place, the Company is committed to fostering a corporate culture that embraces diversity, facilitates opportunities for employment that are free from bias, discrimination and harassment and aims to promote an inclusive environment where employees feel they are valued.

3.5 Compliance with ASX Corporate Governance Principles and Recommendations

The ASX document, 'Third Edition Principles of Good Corporate Governance and Best Practice Recommendations' (Guidelines) was published by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets. Megaport's corporate governance charter has been drafted in light of the Guidelines.

The Board has assessed Megaport's current practice against the Guidelines and outlines its assessment below:

Principles and Recommendations		Compliance	Comply
Principle 1 – Lay solid foundations for management and oversight			
1.1	Establish the functions expressly reserved to the Board and those delegated to management, and disclose those functions.	<p>The Board is responsible for overall corporate governance of the Company.</p> <p>The role of the Board and delegation to management have been formalised in the Charter which outlines the main corporate governance practices in place for the Company and to which the Board and each Director are committed. The conduct of the Board is also governed by the Company's constitution. The Charter will be reviewed and amended from time to time as appropriate taking into consideration practical experience gained in operating as a listed Company.</p>	Complies.
1.2	Undertake appropriate checks before appointing a person as a Director, and provide Shareholders with all material information relevant to a decision on whether or not to elect or re-elect a Director.	The Company has completed police checks, insolvency and banned Director searches in relation to the existing Directors. The Company will conduct appropriate checks for future appointments.	Complies.
1.3	Have a written agreement with each Director and senior executive setting out the terms of their appointment.	The Company has entered into written agreements with each Director and senior executive.	Complies.

1.4	The Company secretary should be accountable directly to the Board on all matters to do with the proper functioning of the Board.	This is consistent with the Charter and corporate structure of the Company. The Company Secretary has a direct relationship with the Board in relation to these matters and operates independently of the executive.	Complies.
1.5	Establish a diversity policy and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them, for reporting against in each reporting period.	The Company does not have a diversity policy. The Board is committed to fostering a corporate culture that embraces diversity.	Does not comply. Although this is a departure from Recommendation 1.5, the Board considers it appropriate given the current nature and size of the Company. The Board does not believe this departure will be detrimental to the Company. Refer to section 3.3.6.3.
1.6	Have a process for periodically evaluating the performance of the Board, its committees and individual Directors, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.	The Board Charter provides for regular performance reviews to be conducted.	Complies. The Board has adopted a charter establishing the requirements to undertake performance reviews, but at the date of this Prospectus has not undertaken any reviews. The Company intends to evaluate performance of the Board and disclose for each future reporting period whether an evaluation has been undertaken.

1.7	Have a process for periodically evaluating the performance of the Company's senior executives, and disclose that process and, at the end of each reporting period, whether such performance evaluation was undertaken in that period.	<p>The Board's broad function is to formulate strategy and set financial targets for the Company, monitor the implementation and execution of strategy and performance against financial targets, appoint and oversee the performance of executive management, and generally take an effective leadership role in relation to the Company.</p> <p>The Chairman, with assistance from the Remuneration & Nominations Committee, annually assesses the performance of senior executives.</p>	Complies.
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Principle 2 – Structure the Board to add value

2.1	<p>The Company should have a nomination committee, which has at least three members, a majority of independent Directors and is chaired by an independent Director.</p> <p>The functions and operations of the nomination committee should be disclosed.</p>	A Remuneration & Nominations Committee has been established with its own Charter and consists of Drew Kelton (committee Chair), Simon Moore and Bevan Slattery. The Remunerations & Nominations Committee complies with recommendation 2.1, which recommends that the committee has at least three members, the majority of whom must be independent.	Does not comply to the extent that the Company does not have a separate nomination committee. However, the Board has formed the view that the Remuneration & Nomination Committee is appropriately structured and comprises sufficiently independent nominees to effectively fulfil this role.
2.2	Have and disclose a Board skills matrix, setting out what the Board is looking to achieve in its membership.	The Company has established charter rules for the Remuneration & Nominations Committee as a guide for Board deliberations. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the Company and its business.	Does not comply.
2.3	Disclose the names of the Directors that the Board considers to be independent Directors, and an explanation of why the Board is of that opinion if a factor that impacts on independence applies to a Director, and disclose the length of service of each Director.	<p>Simon Moore - refer to section 3.1 (appointed 26 October, 2015)</p> <p>Drew Kelton - refer to section 3.1 (appointed 26 October, 2015)</p>	Complies.

2.4	A majority of the Board should be independent Directors.	The Company currently has a four member Board, of whom two (Simon Moore and Drew Kelton) are independent Non-Executive Directors.	Does not comply. The Board anticipates that it will appoint another independent Non-Executive Director in the near future, at which time it will satisfy this recommendation.
2.5	The chair of the Board should be an independent Director and should not be the CEO.	The Chairman, Bevan Slattery, is an Executive Director, and is not independent. The Company's Chief Executive Officer is Denver Maddux.	Does not comply. The Board believes that the non-independence of the Chairman does not impede proper oversight of the Chief Executive Officer, particularly having regard to the fact that a majority of the Board are independent, Non-Executive Directors.
2.6	There should be a program for inducting new Directors and providing appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.	This is consistent with the Board Charter and processes implemented by Megaport.	Complies.

Principle 3 – Act ethically and responsibly

3.1	Have a code of conduct for the Board, senior executives and employees, and disclose that code or a summary of that code.	The Company has adopted a code of conduct, which sets out a framework to enable Directors to achieve the highest possible standards in the discharge of their duties and to give a clear understanding of best practice in corporate governance.	Complies.
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Principle 4 – Safeguard integrity in corporate reporting

4.1	<p>The Company should have an audit committee, which consists of only Non-Executive Directors, a majority of independent Directors, is chaired by an independent Chairman who is not Chairman of the Board, and has at least three members.</p> <p>The functions and operations of the audit committee should be disclosed.</p>	<p>The Company has established an Audit & Risk-Management Committee to assist and report to the Board.</p> <p>The Audit & Risk-Management Committee consists of two Non-Executive Directors and one Executive Director.</p>	<p>The Company complies to the extent that an independent, Non-Executive Director chairs the committee, however the committee also includes the Chief Executive Officer (and Executive Director), Mr Maddux.</p> <p>The size and scope of the Company's activities does not justify the cost of appointing additional independent Directors at this stage.</p>
4.2	The Board should, before approving financial statements for a financial period, receive a declaration from the CEO and CFO that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, formed on the basis of a sound system of risk-management and internal controls, operating effectively.	This is consistent with the approach to be adopted by the Audit & Risk-Management Committee and Board.	Complies.

4.3	The Company's auditor should attend the AGM and be available to answer questions from security holders relevant to the audit.	MegaPort's auditor will be requested to attend the AGM and Shareholders will be entitled to ask questions in accordance with the Corporations Act and these Guidelines.	Complies.
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Principle 5 - Make timely and balanced disclosure

5.1	Have a written policy for complying with continuous disclosure obligations under the Listing Rules, and disclose that policy or a summary of it.	MegaPort has a written continuous disclosure policy that is designed to ensure that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the requirements of the ASX Listing Rules.	Complies.
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Principle 6 - Respect the rights of security holders

6.1	Provide information about the Company and its governance to investors via its website.	The Board Charter and other applicable policies are available on the Company's website.	Complies.
6.2	Design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company aims to ensure that all Shareholders are well-informed of all major developments affecting the Company and that the full participation by Shareholders at the Company's AGM is facilitated.	Partially. The Company has adopted a Continuous Disclosure Policy, and is looking to further develop its investor relations program after Listing.
6.3	Disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders.	The Company intends to facilitate effective participation in the AGM, as well as the ability to submit written questions ahead of the AGM. The Company intends to adopt appropriate technologies to facilitate the effective communication and conduct of general meetings.	The Company has not disclosed a formal policy or process, but does intend to implement policies and procedures to further this objective after Listing.
6.4	Give security holders the option to receive communications from, and send communications to, the Company and its share registry electronically.	The Company has instructed its share registry to facilitate this option for investors, as well as future Shareholders at appropriate times.	Complies.

Principle 7 – Recognise and manage risk

7.1	<p>The Board should have a risk committee which is structured so that it consists of a majority of independent Directors, is chaired by an independent Director, and has at least three members.</p> <p>The functions and operations of the risk committee should be disclosed.</p>	<p>The Company has a combined Audit and Risk-Management Committee. See above for independent status of the committee members.</p> <p>The functions and operations of the Committee are established under the Charter.</p>	<p>Does not comply to the extent that the Company does not have a separate risk committee, however the Board has formed the view that the Audit and Risk-Management Committee is appropriately structured and comprises sufficiently independent nominees to effectively fulfil its role.</p>
7.2	<p>The Board or a committee of the Board should review the entity's risk-management framework with management at least annually to satisfy itself that it continues to be sound, and disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The Charter establishes the role of the Committee. The Committee will establish the risk-management framework.</p>	<p>Partially.</p> <p>The Committee is newly formed and has not conducted an annual review.</p>
7.3	<p>Disclose if the Company has an internal audit function, how the function is structured and what role it performs; or if it does not have an internal audit function, that fact and the processes the Company employs for evaluating and continually improving the effectiveness of its risk-management and internal control processes.</p>	<p>Due to the Company's limited number of employees and relative nature and scale of its operations, the costs of an independent internal audit function would be disproportionate to the benefit it provides. The Company has an external auditor and the Audit and Risk-Management Committee will monitor and evaluate material or systemic issues.</p>	<p>Does not comply due to the nature and scale of operations. However, the Board believes it and the Audit and Risk-Management Committee have adequate oversight of the existing operations.</p>
7.4	<p>Disclose whether the Company has any material exposure to economic, environmental and social sustainability risks and, if so, how it manages those risks.</p>	<p>The Board does not believe the Company has any such material risks.</p>	<p>Complies.</p>

Principle 8 – Remunerate fairly and responsibly

8.1	<p>The Board should have a Remuneration Committee which is structured so that it consists of a majority of independent Directors, is chaired by an independent Director, and has at least three members.</p> <p>The functions and operations of the Remuneration Committee should be disclosed.</p>	<p>The Board has established a Remuneration & Nomination Committee to assist the Board to discharge its responsibilities in relation to remuneration and issues relevant to remuneration policies and practices, including those for senior management and Non-Executive Directors.</p> <p>The Remuneration Committee consists of three Directors, a majority of whom are independent, Non-Executive Directors and is chaired by an independent, Non-Executive Director who is not the Chairman.</p> <p>The composition and role of the Remuneration & Nomination Committee is set out in the Remuneration & Nomination Committee charter.</p>	<p>Does not comply, to the extent that the Company does not have a separate Remuneration Committee, however, the Board has formed the view that the Remuneration & Nomination Committee is appropriately structured and comprises sufficiently independent nominees to effectively fulfil this role.</p>
8.2	<p>The policies and practices regarding the remuneration of Non-Executive Directors, and the remuneration of Executive Directors and other senior executives, should be separately disclosed.</p>	<p>The Company intends to adopt remuneration policies which comply with the Guidelines including separately disclosing the remuneration of Non-Executive Directors, and the remuneration of Executive Directors and other senior executives.</p> <p>No Director or senior executive is involved directly in deciding their own remuneration.</p>	<p>Does not presently comply. However, the Company intends to disclose these policies in its future annual reports.</p>
8.3	<p>If the Company has an equity-based remuneration scheme, it should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme, and disclose that policy or a summary of it.</p>	<p>In accordance with the Company's Securities Trading Policy, participants are not permitted to enter into transactions that limit economic risk without written clearance.</p>	<p>Complies.</p>

4.0

FINANCIAL OVERVIEW

4.1 Introduction

This section sets out the Pro-forma Consolidated Balance Sheet of Megaport. The basis for preparation and presentation is set out in section 4.4 below. The Board is responsible for the inclusion of all financial information in this Prospectus.

Deloitte Corporate Finance Pty Ltd has prepared an Investigating Accountant's Report in respect of the Pro-forma Consolidated Balance Sheet and a copy of this report is set out in section 5 of this Prospectus.

4.2 Pro-forma financial information

The Pro-forma financial information set out in this section comprises:

- the unaudited Pro-forma Consolidated Balance Sheet as at 31 July 2015
- notes to the unaudited Pro-forma Consolidated Balance Sheet

The unaudited Pro-forma Consolidated Balance Sheet has been derived from the unaudited balance sheets of Megaport and the entities in the Megaport group as at 31 July 2015, adjusted for the pro-forma transactions (Pro-forma Transactions) set out in section 4.3.1 as if they had occurred as at 31 July 2015.

4.3 Pro-forma Consolidated Balance Sheet

The unaudited Pro-forma Consolidated Balance Sheet has been derived from and adjusted for the following Pro-forma Transactions:

Pro-forma Consolidated Balance Sheet as at 31 July 2015 - AUD (\$)							
		Pro-forma Adjustments					
	4.3.1	4.3.2	4.3.3	4.3.4	4.3.5	4.3.5	
	Consolidated Megaport Group	Director's loan to equity conversion and loan repayment	Issue of shares to Key management personnel	Pre-IPO Private placement	The Offer	Offer costs	Pro-forma Consolidated Balance Sheet
Assets							
<i>Current assets</i>							
Cash and bank balances	301,919	(375,926)		10,000,000	25,000,000	(1,460,700)	33,465,293
Receivables	212,417						212,417
Prepayments	1,015,299						1,015,299
Other assets	115,316						115,316
Total Current Assets	1,644,951	(375,926)	-	10,000,000	25,000,000	(1,460,700)	34,808,325
<i>Non-current assets</i>							
Property, plant and equipment	1,430,568						1,430,568
Investments	-						-
Total non-current assets	1,430,568	-	-	-	-	-	1,430,568
Total assets	3,075,519	(375,926)	-	10,000,000	25,000,000	(1,460,700)	36,238,893
Liabilities							
<i>Current liabilities</i>							
Trade and other payables	1,097,819						1,097,819
Provisions	76,563						76,563
Related party payables	8,375,926	(8,375,926)					-
Total current liabilities	9,550,308	(8,375,926)	-	-	-	-	1,174,382
Total liabilities	9,550,308	(8,375,926)	-	-	-	-	1,174,382
Net assets/(liabilities)	(6,474,789)	8,000,000	-	10,000,000	25,000,000	(1,460,700)	35,064,511
Equity							
Issued capital	5,400,001	8,000,000	2,600,000	10,000,000	25,000,000	(933,400)	50,066,601
Retained earnings (losses)	9,949		(2,600,000)			(527,300)	(3,117,351)
Other Equity	(11,884,739)						(11,884,739)
Total equity	(6,474,789)	8,000,000	-	10,000,000	25,000,000	(1,460,700)	35,064,511

4.3.1 Consolidated Megaport group

The Pro-forma Consolidated Balance Sheet represents the consolidated position of the various entities acquired by Megaport as if they had occurred at 31 July 2015, including the following acquisitions:

4.3.1.1 Acquisition of Megaport (Australia) Pty Ltd

This adjustment represents Megaport Limited's acquisition of Megaport Australia from Mr Bevan Slattery, for \$5.4 million as approved by the Board, excluding Mr Slattery. The acquisition was scrip-for-scrip, and was settled by the issue of 13,491,722 Shares in August 2015 at an issue price of \$0.40 per Share.

4.3.1.2 Acquisition of other Megaport entities

This adjustment represents Megaport Limited's acquisition of Megaport Singapore, Megaport Hong Kong, Megaport USA and Megaport UK from Mr Bevan Slattery, for \$3,311 as approved by the Board, excluding Mr Slattery. The acquisition was scrip-for-scrip, and was settled by the issue of 8,277 Shares in August 2015 at an issue price of \$0.40 per Share.

Please refer to Note 1 (j) Business combinations and in particular the section on common control transactions for further detail on the accounting policy applied in relation to the business combinations under common control.

4.3.2 Director's loan converted to equity

This adjustment represents the issue of 20,000,000 shares in August 2015 to Mr Bevan Slattery at an issue price of \$0.40 per share to convert \$8,000,000 in Director's loans to equity. The balance of the Director's loan of \$375,926 was repaid in cash to Mr Bevan Slattery.

4.3.3 Issue of Shares to key management personnel

This adjustment represents the issue of 6,500,000 shares in August 2015 to key management staff responsible for the founding of the Company with Mr Bevan Slattery.

4.3.4 Pre-IPO private placement

This adjustment represents the private placement in late August 2015 of 10,000,000 shares at an issue price of \$1.00 per share to raise \$10,000,000. These funds were being used for the US market expansion which commenced in September, 2015.

4.3.5 The Offer

This adjustment represents the issue of 20,000,000 shares at an issue price of \$1.25 per Share, to raise \$25 million under the Offer. The total costs incurred in relation to the listing and the Offer will be \$1.46 million. The total costs have been split, between the payment of expenses related to the Offer of approximately \$0.93 million to be offset against issued capital and costs related to the listing of \$0.53 million, which will be expensed. No deferred tax asset or deferred tax liability has been recognised as any temporary differences will be immaterial given the start-up nature of the Company.

4.4 Notes to the Pro-forma Consolidated Balance Sheet

Note 1: Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the Pro-forma Consolidated Balance Sheet are set out below.

a. Basis of preparation

Statement of Compliance

The Pro-forma Consolidated Balance Sheet has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and Interpretations, and complies with other requirements of the law. For the purposes of preparing the Pro-forma Consolidated Balance Sheet, the Company is a for-profit entity. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS).

Historical cost convention

The Pro-forma Consolidated Balance Sheet has been prepared on the basis of historical cost, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Critical Accounting Estimates

The preparation of the Pro-forma Consolidated Balance Sheet requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

Basis of consolidation

The Pro-forma Consolidated Balance Sheet incorporates the financial statements of Megaport Limited ('the Company') and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- potential voting rights held by the Company, other vote holders or other parties
- rights arising from other contractual arrangements
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous Shareholders' meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

b. Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ("A\$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings
- exchange differences on transactions entered into in order to hedge certain foreign currency risks
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items

For the purpose of presenting the financial information, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

c. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

MegaPort derives income through the sale and provisioning of high-speed data services including network interconnectivity, facilitated through the Company's service delivery and connectivity platform. Revenue for data services is recognised as revenue when the services are rendered. Revenue from services provided but unbilled is accrued at the end of each period and unearned revenue for services to be provided in future periods is deferred and recognised in the period that the services are rendered.

Interest Income

Interest income is accrued on a time basis. For financial assets interest is recognised at the effective yield of the instrument.

d. Income tax

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

e. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

f. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts, if any, are included in borrowings in current liabilities in the balance sheet.

g. Trade receivables

Trade receivables are recognised at the amounts receivable as they are due for settlement.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

h. Property, plant and equipment

Each class of property, plant and equipment (PP&E) is carried at cost less, where applicable, any accumulated depreciation or impairment losses.

Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of PP&E over its expected useful life as follows:

Network equipment	3 years
Fibre optic equipment	3 years
Office equipment	3 years
Computer equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

i. Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine where there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Common control transactions

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that the control is not transitory.

Where an entity within the Megaport group acquires an entity under common control, the acquirer consolidates the carrying values of the acquired entity's assets and liabilities from the date of acquisition. The consolidated financial statements of the Megaport group include the acquired entity's income and expenses from the date of acquisition onwards. Any difference between the fair value of the consideration paid/transferred by the acquirer and the net assets/(liabilities) of the acquired entity are taken to the common control reserve within other equity.

k. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are measured at fair value, net of transaction costs.

l. Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled, share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably. In such cases they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

m. Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Note 2: Issued Capital

Issued Capital	No. of Securities	(\$)
SHARES		
Existing Shareholders	1	1
Issued to Founder for the acquisition of Megaport (Australia) Pty Ltd	13,491,722	5,396,689
Issued to Founder for the acquisition of Megaport Foreign Entities	8,277	3,311
Issue in August 2015 to Employees	6,500,000	2,600,000
Issue in August 2015 to Founder at \$0.40 per Share	20,000,000	8,000,000
Private placement in August 2015 at \$1.00 per share	10,000,000	10,000,000
Shares issued under Offer	20,000,000	25,000,000
Less: Offer expenses		(933,400)
PRO-FORMA SHARES ON ISSUE AND CONTRIBUTED EQUITY	70,000,000	50,066,601

Note 3: Commitments

Megaport's main contractual commitments relate to lease agreements with service providers. At the report date these commitments for operating leases totalled \$2.04m per annum with terms extending over 2-3 years. The group has also entered into capital expenditure commitments totalling \$0.5m.

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5.0

INVESTIGATING ACCOUNTANT'S REPORT

The Directors
Megaport Limited
16 Church Street,
Fortitude Valley, QLD 4006

20 November 2015

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT ON PRO-FORMA FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the Directors of Megaport Limited (the Company) for inclusion in a Prospectus to be issued by the Company in respect of the offer of 20,000,000 Shares in the Company at \$1.25 each (the Offer).

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services Licence under the Corporations Act 2001 for the issue of this report.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

Scope

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company to review:

- the unaudited Pro-forma Consolidated Balance Sheet as at 31 July 2015, prepared on the basis that the Pro-forma adjustments detailed in Section 4 of the Prospectus had occurred on that date;
- the Pro-forma adjustments set out in Section 4 of the Prospectus (Pro-forma adjustments); and
- the accompanying notes to the Pro-forma Consolidated Balance Sheet (together the Pro-forma Financial Information).

The Pro-forma Financial Information has been derived from the unaudited Balance Sheet of the Company and the Megaport Group as at 31 July 2015, after adjusting for the effects of the Pro-forma adjustments described in section 4 of the Prospectus.

The Pro-forma Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the financial information and the event(s) or transaction(s) to which the Pro-forma adjustments relate, as described in section 4 of the Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the

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financial information. Due to its nature, the Pro-forma Financial Information does not represent the Company's actual or prospective Consolidated Balance Sheet.

Directors' Responsibility

The Directors of the Company are responsible for:

- the preparation and presentation of the Pro-forma Financial Information, including the selection and determination of the Pro-forma adjustments included in the Pro-forma Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Pro-forma Financial Information that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Pro-forma Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

- analytical procedures on the unaudited Consolidated Balance Sheet of the Company as at 31 July 2015.
- consideration of the appropriateness of the Pro-forma adjustments described in Section 4 of the Prospectus;
- a review of the accounting policies adopted and used by the Company over the period for consistency of application;
- a review of work papers, accounting records and other documents of Company; and
- enquiry of Directors, management and others in relation to the Pro-forma Financial Information.

Conclusion

Pro-forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro-forma Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation as described in Section 4 of the Prospectus.

Restrictions on Use

Without modifying our conclusion, we draw attention to Section 4 of the Prospectus, which describes the purpose of the Pro-forma Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu were appointed as the auditors of the Company on 6 November 2015 and have not conducted an audit of the Company.

Yours faithfully



R G Saayman
Authorised Representative of Deloitte Corporate Finance Pty Limited
Authorised Representative Number: 468676



Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us. The person who provides the advice is an Authorised Representative (AR) of Deloitte Growth Solutions Pty Limited (DGS), which authorises the AR to distribute this FSG. Their AR number is included on the engagement letter or report that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to superannuation, securities, interests in managed investment schemes, deposit products and government debentures, stocks or bonds to retail and wholesale clients.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately owned by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We and other entities related to Deloitte Touche Tohmatsu:

- do not have any formal associations or relationships with any entities that are issuers of financial products
- may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Fax: +61 2 9255 8434

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
info@fos.org.au
www.fos.org.au
Tel: 1300 780 808
Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

May 2015

Deloitte Growth Solutions Pty Limited, ACN 010764306, AFSL number 244592 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

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Member of Deloitte Touche Tohmatsu Limited

6.0 KEY RISKS

6.1 Introduction

Section 6 describes potential risks associated with Megaport's business. It does not list every risk that is relevant to Megaport. The occurrence or consequences of some of the risks described in this section may be outside the control of Megaport, its Directors and senior management.

The selection of risks has been based on the knowledge of the Directors and senior management as at the date of this Prospectus. Risks may change over time and new risks may emerge.

There can be no guarantee that the Company will deliver on its business strategy, or that any forward-looking statement contained in this Prospectus will be achieved or realised.

Before applying for Shares, you should be satisfied that you have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment, having regard to your investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Shares, you should seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

6.2 Risks specific to an investment in Megaport

6.2.1 Dependence on key personnel

Megaport depends on the skills and experience of its staff and employees. With only a small number of employees, it is essential that appropriately skilled staff be available in sufficient numbers to support the Company's business. Megaport requires staff to have a variety of skills and expertise, some of which may be considered niche specialities in which there are limited practitioners available for recruitment. While the Company has initiatives to mitigate this risk, the loss of key staff may have a negative impact on Megaport. The loss of key staff to a competitor may amplify this impact. In particular, the Chief Executive Officer's executive services agreement does not restrict Mr Maddux from entering into employment with a competitor following the end of his service to Megaport.

6.2.2 Short operating record

Megaport is a recently established Company and has little operational track record with a number of the key personnel only recently appointed. As a result the execution of Megaport's business plan may take longer to achieve than planned and costs of doing so may be higher than budgeted.

Megaport's operational business plan requires upfront capital investment, and there can be no assurance that subsequent operational objectives will be achieved. Accordingly, the Company may need to raise capital sooner than expected, and with fewer operational objectives achieved, which may have an adverse effect on the Company's share price. Failure to achieve operational objectives may also have a material adverse impact on the financial performance and/or position of the Company.

6.2.3 Low customer uptake of service

A lack of customer demand, low barriers to market entry and aggressive competition could have negative implications on the Company's ability to achieve desired rates of return on investment, and have a material adverse effect on the growth prospects and/or financial position of the Company which may cause the Company to require further funding.

Megaport will seek to mitigate these risks by executing the business plan with efficiency and delivering the strategic vision laid out in section 2 of this Prospectus.

6.2.4 Funding and capital

Megaport's business is not capital intensive in nature, though the continued growth of the Company relies on the development of new markets, new locations, customer acquisition, retention investment, and ongoing maintenance of existing infrastructure and software platform. Megaport requires sufficient access to capital to fund this expenditure. Failure to obtain capital on favourable terms may hinder Megaport's ability to expand and pursue growth opportunities, which may reduce competitiveness and have an adverse effect on the financial performance, position and growth prospects of the Company.

Megaport's continued ability to implement its business plans effectively over time may depend in part on its ability to raise future funds. There is no assurance that additional funds will be available in the future, and/or be secured on reasonable commercial terms. If adequate funds are not available or not available on reasonable commercial terms in the future, then Megaport may not be able to take advantage of opportunities, develop new ideas or otherwise respond to competitive pressures.

6.2.5 Delays in deployment

Megaport's business model is dependent on its ability to expand into new geographies by deploying its network infrastructure. A delay in the deployment of its network infrastructure into new markets could adversely impact on Megaport's financial performance. In particular, delays in the deployment of locations could result in delays in the provision of services to customers and in service uptake. Delays could result from a variety of causes, including late delivery of related materials, failure of third-party vendors to deliver services as contracted and scheduled, failure to gain access to data centres in a timely manner or at all, and hardware vendor issues.

6.2.6 Interruptions to operations, including infrastructure, and technology failure

Megaport could be exposed to short, medium or long-term interruptions to its operations as it relies on infrastructure and technology to provide its services. Megaport may be unable deliver a service as a result of numerous factors, including:

- human error
- power loss
- improper maintenance by entities not related to Megaport
- physical or electronic security breaches
- fire, earthquake, hurricane, flood and other natural disasters
- water damage
- intentional damage to the networks from vandalism
- accidental damage to the networks from civil works
- war, terrorism and any related conflicts or similar events worldwide
- sabotage and vandalism.

6.2.7 Competitive landscape and action of others

Megaport will operate in a competitive landscape alongside a number of other service providers with competing technologies, product offerings and geographic presence.

Megaport currently enjoys early mover advantage in its deployed markets. However, Megaport may face competition from new entrants to the network-as-a-service and elastic fabric markets who may have significant advantages including greater name recognition, longer operating history, lower operating costs, pre-existing relationships with current or potential customers and greater financial, marketing and other resources. If competitor product offerings are perceived to be superior to Megaport's, or competitors are able to offer prices below Megaport's prices, Megaport may lose existing or potential customers, incur costs to improve its network or be forced to reduce prices.

6.2.8 Change in technology

Demand for technology services can change rapidly because of technological innovation, new product introductions, declining prices and evolving industry standards, among other factors. New solutions and new technology often render existing solutions and services obsolete, excessively costly or otherwise unmarketable. As a result, the success of Megaport depends on Megaport being able to keep up with the latest technological progress and to develop or acquire and integrate new technologies into its network-as-a-service offering.

Advances in technology also require Megaport to commit resources to developing or acquiring and then deploying new technologies for use in operations.

6.2.9 Exchange rate movement

Megaport is exposed to exchange rate movements, including A\$/US\$ and A\$/EUR rates. Because a proportion of Megaport's payments for cost of network equipment and services are made or are expected to be made in foreign currency, primarily US dollars, movements in exchange rates impact on the amount paid for assets, inventory and on-going services. Also, because a proportion of Megaport's revenues and profits is likely to be earned overseas, movements in exchange rates impact on the translation of account balances in Megaport's foreign operations. Therefore, movements in exchange rates, particularly the A\$/US\$ and A\$/EUR rate, may have an impact on Megaport's financial position and performance.

6.2.10 Ability to attract and retain employees

Megaport's business is dependent on attracting and retaining quality employees. Megaport's ability to meet its labour needs while controlling costs associated with hiring and training new employees is subject to external factors such as unemployment rates, prevailing wage legislation and changing demographics in its operating markets. Changes that adversely impact Megaport's ability to attract and retain quality employees could materially adversely affect Megaport's future financial performance and position.

6.2.11 Reputational damage

The reputation of Megaport could be adversely impacted by a number of factors including failure to provide customers with the quality of service they expect, significant network issues, disputes or litigation with third parties such as customers, employees, or suppliers or adverse media coverage. A significant decline in the reputation of Megaport could have an adverse effect on Megaport's future financial performance and position.

6.2.12 Protection of intellectual property

Megaport's ability to leverage the value of network-as-a-service and SDN technology depends on its ability to secure ownership of and protect its intellectual property including any improvements to existing intellectual property. The intellectual property may not be capable of being legally protected or Megaport may incur substantial costs in asserting or defending its intellectual property rights. Megaport's intellectual property may also be lost, stolen or compromised as a result of an unauthorised electronic security breach. Megaport actively seeks to protect its intellectual property by contractual assignment and patent protection. Specifically, Megaport currently has a provisional patent granted and two other patent applications in the United States.

6.2.13 Relationships with key intellectual property licensors and technology

Megaport uses intellectual property and technology developed in the course of its business that is owned by Megaport. Megaport also relies on relationships with key intellectual property licensors and technology partners, from whom it licenses the right to use particular intellectual property and technology.

Megaport's ability to offer network-as-a-service and elastic fabric services is dependent on its ability to use particular intellectual property and technology, and any change in the ability to use or protect the intellectual property Megaport relies on may have an effect on Megaport's future financial performance and position.

6.2.14 Regulatory compliance

Megaport is required to comply with the laws governing telecommunications in each jurisdiction in which it operates. This may require Megaport to hold certain licences. Specifically, Megaport Singapore is required to hold, and does hold, a services-based operator (class licence) under the Telecommunications Act (Chapter 323) and Megaport Hong Kong is required to and does hold a services-based operator licence under the Telecommunications Ordinance.

Megaport must comply with a complex range of laws and regulations. Regulatory areas which are of particular significance to Megaport include employment, occupational health and safety, property and environmental, customs and international trade, competition and taxation.

These regulations also give rise to significant requirements and compliance costs for Megaport. Non-compliance with such regulations, changes in the interpretation of current regulations, loss or failure to secure renewal of an accreditation, or the introduction of new laws or regulations may lead to fines imposed on Megaport by the relevant regulatory authority or Governmental body, revocation of permits or licenses, or damage to Megaport's reputation and may have a material adverse effect on Megaport's costs, business model and competitive environment and therefore could materially adversely affect Megaport's future financial performance and position.

6.2.15 Doing business outside of Australia

Megaport currently has, or proposes to establish, operations in Australia, Singapore, Hong Kong, New Zealand, Europe and the USA. Accordingly, Megaport is exposed to a range of multi-jurisdictional risks such as risks relating to labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to taxation and foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which Megaport operates. Businesses that operate across multiple jurisdictions, such as Megaport, face additional complexities from the unique business requirements in each jurisdiction.

The management team of Megaport has diverse and global operational experience building and operating networks outside of Australia, including the United States, Canada, Europe, and other markets in Asia such as Singapore and Japan. Management experience will help to mitigate, but will not remove, this risk.

6.2.16 Counterparty obligations

Megaport currently has operations in Australia, Singapore, Hong Kong, New Zealand, Europe and the USA. Megaport relies on third parties, such as customers, suppliers, landlords, contractors, intellectual property licensors, technology alliance partners, joint venture partners and other counterparties to operate its business. Megaport does not currently have all third-party material contracts in place that will be needed for Megaport to operate its business, and may be unable to secure contracts for such arrangements on commercially reasonable terms. For example, in the US, Megaport is yet to finalise arrangements with data centre operators that are necessary for Megaport to provide connectivity for customers.

Where arrangements are already in place, some third parties may not be willing or able to perform their obligations to Megaport. Periods of economic uncertainty increase the risk of defaults by counterparties. If one or more key counterparties default on their obligations to Megaport or encounter financial difficulties, this would have an adverse effect on Megaport's future financial performance and position.

Even where counterparties perform their contractual obligations, the relevant agreements may have insufficient protections for Megaport.

6.2.17 Insurance

Megaport seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in its industry sector. Any increase in the cost of the insurance policies of Megaport or the industry in which it operates could adversely affect Megaport's business, financial condition and operational results. Megaport's insurance coverage may also be inadequate to cover losses it sustains. Uninsured loss or a loss in excess of Megaport's insured limits could adversely affect Megaport's business, financial condition and operational results.

6.2.18 Concentration of shareholding

The Founder is expected to hold approximately 47.2% of the issued shares in Megaport immediately following the issue of Shares under the Offer. Accordingly, the Founder will be in a position to exert significant influence over the outcome of matters relating to Megaport, including the election of Directors and the consideration of material Board decisions. Although the interests of Megaport, the Founder and other Shareholders are likely to be consistent in most cases, there may be instances where their respective interests diverge.

The sale of Shares in the future by the Founder or the perception that such sales might occur, could adversely affect the market price of the Shares. Also, the concentration of ownership may affect the liquidity of the market for Shares on ASX, limiting the likelihood of Megaport's entry into the relevant indices in due course (such as S&P ASX 200) and contributing to a perception that the ownership structure may not be conducive to a corporate control transaction involving Megaport in the short to medium-term.

6.3 General risks to an investment in the Offer

6.3.1 Share price

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade below the Offer Price. There is no assurance that the price of the Shares will increase following the quotation on the ASX, even if the Company's earnings increase.

Some of the factors which may affect the price of the Shares include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to governments' fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the addition or departure of key personnel, actual or anticipated fluctuations in Megaport's results and recommendations of analysts in relations to those results, fluctuations in the industry in which Megaport operates and general operational and business risks.

Other factors which may negatively affect investor sentiment and influence the Company specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters.

6.3.2 Share trading liquidity

There is currently no public market through which the Shares of the Company may be sold. There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid.

6.3.3 Interest rate

As a potential borrower of money, Megaport may be exposed to fluctuations in interest rates which would increase the cost of servicing Megaport's debt. Increases in interest rates may also affect the level of customer demand. Accordingly, an increase in interest rates may have an adverse effect on Megaport's future financial performance and position.

6.3.4 Bribery, corruption, or other improper acts

Megaport may incur fines or penalties, damage to its reputation or suffer other adverse consequences if its Directors, officers, employees, consultants, agents, service providers or business partners violate, or are alleged to have violated, anti-bribery and corruption laws in any of the jurisdictions in which it operates.

Megaport cannot guarantee that its internal policies and controls will be effective in each case to ensure that Megaport is protected from reckless or criminal acts committed by its Directors, officers, employees, consultants, agents, service providers or business partners that would violate Australian laws or the laws of any other country in which Megaport operates. Any such improper actions could subject Megaport to civil or criminal investigations in Australia or overseas could lead to substantial civil or criminal monetary and non-monetary penalties against Megaport, and could damage Megaport's reputation. Even the allegation or appearance of improper or illegal actions could damage Megaport's reputation and result in significant expenditures in investigating and responding to such actions and may in turn have an adverse effect on Megaport's future financial performance and position.

6.3.5 General economic conditions

General economic conditions (both domestically and internationally), may adversely impact the price of Shares as well as Megaport's ability to pay dividends. Megaport is unable to forecast the market price for Shares and they may trade on the ASX at a price that is below the Offer Price.

6.3.6 Shareholder dilution

In the future, the Company may elect to issue Shares to raise capital and also to fund, or raise proceeds, for acquisitions the Company may decide to make by way of share issue. While Megaport will be subject to the constraints of the Listing Rules regarding the percentage of Megaport's capital that can be issued within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such equity issues.

6.3.7 Tax rules

Tax rules or their interpretation in relation to equity investments may change. In particular, both the level and basis of taxation may change. In addition, an investment in the Shares involves tax considerations that may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in Megaport.

Tax law is complex and is subject to regular change. Changes in tax law, including various proposed but as yet not enacted changes in tax law may adversely impact Megaport's future financial performance and position.

Resulting changes in tax arrangements may adversely impact Megaport's future financial performance and position. In addition, future changes to other laws and regulations or accounting standards, which apply to Megaport from time to time, could materially adversely affect Megaport's future financial performance and position.

6.4 No guarantee in respect of investment

The above list of risk factors should not be taken as an exhaustive list of the risks faced by Megaport or by investors in Megaport. The above factors, and others not specifically referred to above, may materially affect the financial performance or position of Megaport and the value of the Shares under the Offer. The Shares issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the ASX. Furthermore, there is no guarantee that the Shares will remain continuously quoted on the ASX, which could impact the ability of prospective Shareholders to sell their Shares.

You should consult your professional adviser before deciding whether to apply for Shares under the Offer.

7.0

DETAILS OF THE OFFER

7.1 Description of the Offer

This Prospectus relates to an initial public Offering of 20.0 million shares in Megaport at an Offer Price of \$1.25 per Share. The total number of Shares on issue at completion of this Offer will be 70 million. Shares issued under the Offer will rank equally in all respects with existing Shares on issue. There is no general public Offer of Shares – applications for Shares may only be made under the Broker Firm Offer (see section 7.2).

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.2 Broker Firm Offer

7.2.1 Who can apply?

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia. If you have been offered a firm allocation by a Broker, you will be treated as an applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

7.2.2 How to apply

Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus or in its paper copy form which may be downloaded in its entirety from www.Megaport.com/prospectus. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received your firm allocation. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Application Form.

By making an application, you declare that you were given access to this Prospectus (or any replacement Prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum application under the Broker Firm Offer is 800 Shares (\$1,000). There is no maximum value of Shares that may be applied for under the Broker Firm Offer. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

The Broker Firm Offer opens on 30 November 2015 and is expected to close on 8 December 2015. Megaport and the Lead Manager may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible. Please contact your Broker for instructions.

7.2.3 How to pay

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions received from their Broker.

7.2.4 Application Monies

The Company reserves the right to decline any application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be determined by the Applicant's Broker.

Cheque(s) or bank draft(s) must be in Australian Dollars and drawn on an Australian branch of an Australian financial institution, must be crossed 'Not Negotiable' and must be made payable in accordance with the directions of the Broker from whom the Applicant received a firm allocation.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s) or bank draft(s). If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on your Application Form, you may be taken to have applied for such lower dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your application may be rejected.

7.2.5 Acceptance of Applications

An Application in the Broker Firm Offer is an offer by an applicant to Megaport to subscribe for Shares in the amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Application Form. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted by Megaport and the Lead Manager in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the applicant. Acceptance of an Application will give rise to a binding contract.

7.2.6 Broker Firm Offer allocation policy

The allocation of firm Shares to Brokers will be determined by the Lead Manager and the Company. Shares which have been allocated to Brokers for allocation to their clients will be issued to the Applicants who have received a valid allocation of Shares from those Brokers. It will be a matter for those Brokers how they allocate Shares among their clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that their clients who have received an allocation from them, receive the relevant Shares.

Applicants in the Broker Firm Offer will be able to call the Lead Manager and Underwriter on **1800 777 946** from 8:30am to 5:00pm AEST, Monday to Friday after the Offer closes to confirm their Allocations. Applicants under the Broker Firm Offer will also be able to confirm their Allocation through the Broker from whom they received their Allocation.

7.3 Underwriting arrangements

The Lead Manager has agreed to underwrite and manage the Offer on the terms of the Underwriting Agreement.

The Company must pay the Underwriter a fee of 4% (comprising an underwriting fee of 3% and management fee of 1%) of the Offer proceeds. In addition to these fees, the Company has agreed to pay the Underwriter's out of pocket expenses (including legal fees) in relation to the Offer.

As is normal for agreements of this nature, the Underwriter may terminate their obligations under the Underwriting Agreement if certain events occur before the Shares are issued (Unqualified Termination Events). In respect of the occurrence of certain other events, the Underwriter's ability to terminate is limited to circumstances in which the Underwriter is of the opinion that the event has had or could be expected to have a material adverse effect on certain factors including (but not limited to) the success of the Offer, or the price or likely price at which the Shares are likely to trade on ASX (Qualified Termination Events).

The Unqualified Termination Events include (but are not limited to):

- **index fall** – the S&P/ASX Small Ordinaries Index published by ASX remains at 10% or more below its level on the date of the Prospectus for at least three consecutive business days or until 10am on the shortfall subscription date;
- **market shock** – the S&P/ASX/200 Index of the ASX closes at level 15% or more below the level at the market close on the date of the Prospectus
- **prospectus defective** – a material statement contained in the Prospectus is misleading or deceptive, a material matter is omitted from the Prospectus or it does not contain the information required by the Corporations Act
- **offence by director or senior management** – a Director of the Company is charged with an indictable offence or disqualified from managing a Company under the Corporations Act;
- **judgment** – a judgment in an amount exceeding \$100,000 is obtained against any Megaport Group Company and is not set aside or satisfied within 7 days

The Qualified Termination Events include (but are not limited to):

- **change of company** – any adverse change occurs in the assets, liabilities, financial position or prospectus of Megaport or the Megaport group
- **hostilities** – hostilities not presently existing begin (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, United Kingdom, China (including Hong Kong), Indonesia, Japan, Singapore or any member state of the European Union, or a national emergency is declared by any of those countries, or a major terrorist attack is perpetrated in any of those countries
- **change of law** – there is introduced, or there is a public announcement of a proposal to introduce, into the parliament of Commonwealth of Australia or any State or Territory of Australia, or any state or jurisdiction in which Megaport conducts an activity, a new law, or the Government of Australia or any State or Territory of Australia or the Reserve Bank of Australia, adopts or announces a proposal to adopt a new policy which is likely to prohibit or regulate the business carried out by Megaport or any Megaport Group Company
- **default under material contract** – there is a default in any contract, deed or other agreement which is material to the making of an informed investment decision in relation to the Shares, as referred to in the Prospectus, by Megaport or a Megaport Group Company

The Underwriting Agreement contains various representations and warranties made by the Company and the Underwriter, which are customary in such an agreement. The Company also provides certain undertakings under the Underwriting Agreement regarding the conduct of the Company prior to, and for limited periods of time following the Offer. Further, the Company indemnifies the Underwriter and certain related entities against a broadly defined category of losses (including reasonable legal costs) in connection with the Offer or the Underwriting Agreement.

7.4 Escrow arrangements

The Company anticipates that 33,624,429 Shares held by employees, Directors and other parties related to the Directors will be subject to mandatory escrow under the Listing Rules for a period of 24 months from the date of Megaport's listing on the ASX (Escrow Shares). On confirmation from the ASX regarding the mandatory escrow, Megaport will enter into restriction deeds with the relevant parties. The restriction deeds will be in a form consistent with the Listing Rules and restrict the applicable Shareholder from disposing of, creating any securities interest in or transferring effective ownership or control of, the Escrow Shares, subject to customary exclusions in respect of control transactions for the Company.

Each of Denver Maddux, Brynn Maddux and Belle Lajoie has also entered into voluntary restriction agreements for the balance of their shares which are not subject to mandatory escrow for a period of 24 months from the date of Megaport's listing on the ASX. The voluntary restriction agreements contain similar restrictions on the disposal of the relevant Shares as the restriction deeds for the Escrow Shares with the exclusions in respect of control transactions for the Company and death or incapacitation of the holder. The Company expects that, as a result of the mandatory escrow under the Listing Rules and the voluntary escrow agreements, 48% of the Shares on issue following the completion of the Offer will be subject to escrow for a period of 24 months from the date of Megaport's listing on the ASX.

7.5 Discretion regarding the Offer

Megaport may withdraw the Offer at any time before the issue of Shares. If the Offer does not proceed, all relevant Application Monies will be refunded (without interest) in accordance with the requirements of the Corporations Act.

Megaport and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer, accept late applications or bids either generally or in particular cases, reject any application, or allocate to any applicant fewer Shares than the amount applied for. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

7.6 ASX Listing

The Company will, within seven days after the date of this Prospectus, apply for admission to the official list of ASX and for official quotation on ASX of the Shares offered under this Prospectus and the existing Shares.

Trading of Shares on ASX is expected to commence on or about 17 December 2015.

If permission is not granted for official quotation of the Shares on ASX within three months of the date of this Prospectus, all Application Monies received will be refunded without interest as soon as practicable in accordance with requirements of the Corporations Act.

7.7 CHESS and issued sponsored holdings

MegaPort will apply to participate in the ASX's Clearing House Electronic Sub-register System (CHESS) and will comply with the Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register.

For all successful applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number for CHESS holders or, where applicable, the Securityholder Reference Number of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

7.8 Restrictions on distribution

No action has been taken to register or qualify the Shares that are the subject of the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia. The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.



8.0

REGULATORY ENVIRONMENT

8.1 Australia

The provision of telecommunications services in Australia is regulated under the Telecommunications Act 1997 (Cth) (Telco Act). A carrier licence must be held by the owner of a telecommunications network if that network is to be used to provide telecommunications services to the public. A carriage service provider, in general, supplies, or proposes to supply, listed carriage services (that is, carriage services between two or more points at least one of which is located in Australia) to the public using network units owned by a carrier. A carriage service provider must comply with legislated service provider rules, but is not required to hold a licence. The Australian Communications and Media Authority (ACMA) is a statutory authority responsible for regulation of broadcasting, the Internet, radio communications and telecommunications in Australia.

As a carriage service provider, Megaport Australia must comply with statutory obligations, including those contained in the Telco Act, the Telecommunications (Consumer Protection and Service Standards) Act 1999 and subordinate regulations including the Telecommunications Consumer Protection Code (TCP Code). Megaport Australia has been excused from lodging compliance documents under the TCP Code in 2014 and 2015 on the basis that it provides services solely to business customers and not residential consumers.

Megaport Australia must also comply with the recently enacted Telecommunications (Interception and Access) Amendment (Data Retention) Act 2015 (Data Retention Act). In August, Megaport Australia applied to the Attorney General for an exemption from its obligations to retain data under the Data Retention Act other than in respect of information relating to subscriber, account and service information.

8.2 New Zealand

The Telecommunications Act 2001 governs telecommunications regulation in New Zealand. There is no authorisation or licensing regime in New Zealand for telecommunications services. The Commerce Commission is the statutory authority responsible for regulation of telecommunications in New Zealand. Megaport New Zealand must comply with general competition law, as set out in the Commerce Act 1986.

8.3 Singapore

The provision of information and communications services in Singapore is regulated under the Telecommunications Act (Chapter 323). The Infocomm Development Authority (IDA) is a statutory Board of the Singapore government that is responsible for the development and growth of the information and communications sector in Singapore. The IDA has powers to establish standards, codes and regulations to be observed by operators of info-communications systems and services and to regulate the conduct of licensees.

MegaPort Singapore holds a services-based operator (class) licence (SBO Licence), which allows it to lease transmission capacity from any facilities-based operator licenced by the IDA to provide Internet exchange services, virtual private network services and managed data network services in Singapore. The licence is effective for 5 years from its date of issue (28 January 2015) unless cancelled or terminated early. A minimum annual licence fee of SGD 4,000 is payable, in addition to further annual fees of between 0.5% and 0.8% of annual gross turnover of the SBO Licensee, depending on annual gross turnover.

As an SBO Licensee, MegaPort Singapore must comply with the Telecommunications Act (Chapter 323) and the 'A Code of Practice for Competition in the Provision of Telecommunication Services 2012' (Telecom Competition Code), which aims to ensure the development of a fair and competitive environment in Singapore.

8.4 Hong Kong

The Communications Authority is an independent statutory body that operates as the unified regulator for the broadcasting and telecommunications sectors in Hong Kong. OFCA (the Communications Authority's executive arm) operates under the Telecommunications Ordinance and is responsible for the regulation and licensing of telecom services in Hong Kong.

MegaPort Hong Kong holds a Services-Based Operator (SBO) Licence to supply a local and/or external public telecommunications service accessed by its customers via, and provided over, circuits provided by public telecommunications networks and/or services licenced under the Telecommunications Ordinance. The Licence was issued on 14 October 2014 and renews annually upon payment of the annual licence fee, currently HKD 750.

8.5 United States

The provision of Internet services (other than VOIP) is not subject to prior authorisation or extensive regulation in the United States. Megaport US is currently able to operate its business in the US without a licence.

Internet access services have not been treated as common-carrier services but instead as non-regulated information services, except if a provider chooses to offer Internet access transmission as a common carrier service. As an Internet access service provider, Megaport US is subject to law enforcement access requirements, and to service disclosure requirements. However, this may change if the Federal Communications Commission (FCC) adopts 'net neutrality' regulations by reclassifying broadband Internet access as a common carrier service. If this occurs, Megaport US will be required to register with the FCC in order to provide interstate domestic services (i.e. no prior authorisation is required) but must obtain affirmative prior authorisation from the FCC pursuant to section 214 of the Communications Act (international section 214 authorisation) to provide services between the US and foreign points (s214 Licence).

In October 2015 Megaport was granted a s214 Licence.

8.6 European Union

The European Commission has adopted the EU Regulatory Framework for Electronic Communications (the EU Regulatory Framework). The EU Regulatory Framework consists of a number of legislative texts, including the Authorisation Directive, which introduced a general authorisation system, by which any operator that meets the conditions can provide services without the need to obtain an individual licence from a member state. Accordingly, Megaport will have the right to operate its business in member states if it meets the conditions laid down by the general authorisation regime, without the need to obtain explicit authorisation. However, member states may, but are not obliged to, require operators to submit a notification to the relevant national regulatory authority and to attach conditions to a general authorisation where this is objectively necessary.

9.0

ADDITIONAL INFORMATION

9.1 Summary of constitution

Below is a summary of the key provisions of Megaport's constitution (Constitution). This summary is not exhaustive, nor does it constitute a definitive statement of Shareholders' rights and obligations.

9.1.1 Shares

The Board is entitled to issue and cancel shares in the capital of Megaport, grant options over unissued shares and settle the manner in which fractions of a share are to be dealt with. The Board may decide the persons to whom and the terms on which shares are issued or options are granted as well as the rights and restrictions that attach to those shares or options. The Constitution also permits the issue of preference shares on terms determined by the Directors.

9.1.2 Unmarketable parcels

Megaport may sell a share that is part of an unmarketable parcel of shares in accordance with the procedure set out in the Constitution.

9.1.3 Variation of class rights

The rights attached to any class of shares may, unless their terms of issue state otherwise, only be varied with the consent in writing of members holding at least three-quarters of the shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class.

9.1.4 Restricted securities

If the ASX classifies any of Megaport's share capital as 'restricted securities' (refer to section 7.4 for further information) then the restricted securities must not be disposed of during the escrow period and Megaport must refuse to acknowledge a disposal of the restricted securities during the escrow period except as permitted under the Listing Rules or by the ASX.

9.1.5 Share certificates

Subject to the requirements of the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules, Megaport need not issue share certificates if the Directors so decide.

9.1.6 Calls

The Board may, from time to time, call upon Shareholders for unpaid monies on their shares. The Board must give Shareholders notice of a call at least 30 business days before the amount called is due, specifying the time and place of payment. If such a call is made, Shareholders are liable to pay the amount of each call by the time and at the place specified.

A call is deemed to have been made when a Directors' resolution passing the call is made or on such later date fixed by the Board. A call may be revoked or postponed at the discretion of the Board.

9.1.7 Forfeiture and lien

Megaport is empowered to forfeit shares in relation to any call or other amount payable in respect of shares which remains unpaid following any notice to that effect sent to a Shareholder. Forfeited shares become the property of Megaport and the Directors may sell, reissue or otherwise dispose of the shares as they think fit.

A person whose shares have been forfeited may still be required to pay Megaport all calls and other amounts owing in respect of the forfeited shares (including interest) if the Directors so determine.

Megaport has a first and paramount lien for unpaid calls, installments and related interest and any amount it is legally required to pay in relation to a Shareholder's shares. The lien extends to all distributions relating to the shares, including dividends.

Megaport's lien over shares will be released if it registers a transfer of the shares without giving the transferee notice of its claim.

9.1.8 Share transfers

Shares may be transferred by any method permitted by the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules or by a written transfer in any usual form or in any other form approved by the Directors. The Board may refuse to register a transfer of securities of Megaport in a range of circumstances, including where the transfer is not in registrable form, where Megaport has a lien over any of the shares to be transferred or where it is permitted to do so by the Listing Rules or the ASX Settlement Operating Rules.

9.1.9 General meetings

Each Shareholder and Director is entitled to receive notice of and attend any general meeting of Megaport. Two Shareholders must be present to constitute a quorum for a general meeting and no business may be transacted at any meeting except the election of a chair and the adjournment of the meeting, unless a quorum is present when the meeting proceeds to business.

9.1.10 Voting rights

Subject to any rights or restrictions attached to any shares or class of shares, on a show of hands each member present has one vote and, on a poll, one vote for each fully paid share held, and for each partly paid share, a fraction of a vote equivalent to the proportion to which the share has been paid up. Voting may be in person or by proxy, attorney or representative.

9.1.11 Remuneration of Directors

Each Director is entitled to remuneration for their services as decided by the Directors but the total amount provided to all Directors for their services must not exceed in aggregate in any financial year the amount fixed by Megaport in a general meeting. The remuneration of a Director (other than the Managing Director or an Executive Director) must not include a commission on, or a percentage of, profits or operating revenue.

Remuneration may be provided in such manner that the Directors decide, including by way of non-cash benefits. There is also provision for Directors who devote special attention to the business of Megaport or who otherwise perform services which are regarded as being outside of their ordinary duties as Directors, or who at the request of the Board engage in any journey on Megaport's business, to be paid extra remuneration as determined by the Board.

Directors are also entitled to be paid all travelling and other expenses incurred in attending to Megaport's affairs, including attending and returning from general meetings or Board meetings, or meetings of any committee engaged in Megaport's business.

9.1.12 Interest of Directors

A Director who has a material personal interest in a matter that is being considered by the Board must not be present at a meeting while the matter is being considered nor vote on the matter, unless the Corporations Act allows otherwise.

9.1.13 Election of Directors

There must be a minimum of three (3) Directors and a maximum of twelve (12) Directors, which the Board may determine from time to time.

Where required by the Corporations Act and Listing Rules, Megaport must hold an election of Directors each year. No Director, other than the Managing Director(s), may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected.

With respect to the retirement of Directors, the Director(s) longest in office since last being elected must retire. If a number of Directors were elected on the same day, the Directors to retire shall (in default of agreement between them), be determined by ballot.

A Director appointed to fill a casual vacancy, who is not a Managing Director, holds office until the conclusion of the next Annual General Meeting following his or her appointment. If there would otherwise not be a vacancy, and no Director is required to retire, then the Director who has been longest in office since last being elected must retire.

9.1.14 Dividends

If the Board determines that a final or interim dividend is payable, it will (subject to the terms of issue on any shares or class of shares) be paid on all shares proportionate to the amount for the time being paid on each share. Dividends may be paid by cash, electronic transfer or any other method as the Board determines.

The Board has the power to capitalise and distribute the whole or part of the amount from time to time standing to the credit of any reserve account or otherwise available for distribution to Shareholders. Such capitalisation and distribution must be in the same proportions that the Shareholders would be entitled to receive if distributed by way of a dividend.

Subject to the Listing Rules, the Board may pay a dividend out of any fund or reserve or out of profits derived from any particular source.

9.1.15 Proportional takeover bids

Megaport may prohibit registration of transfers purporting to accept an offer made under a proportionate takeover bid unless a resolution of Megaport has been passed approving the proportional takeover bid in accordance with the provisions of the Constitution.

The rules in the Constitution relating to proportional takeover bids will cease on the third anniversary of the adoption of the Constitution or the renewal of the rules unless renewed by a special resolution of Shareholders.

9.1.16 Indemnities and insurance

Megaport must indemnify current and past Directors and other executive officers (Officers) of Megaport on a full indemnity basis and to the full extent permitted by law against all liabilities incurred by the Officer as a result of their holding an office of Megaport or of a related body corporate.

Megaport may also, to the extent permitted by law, purchase and maintain insurance, or pay or agree to pay a premium for insurance, for each Officer against any liability incurred by the Officer as a result of their holding office of Megaport or of a related body corporate.

9.2 Tax status

Megaport Limited, Megaport Services and Megaport Australia are Australian residents for Australian income tax purposes, and will be taxed at the Australian corporate tax rate. Megaport Limited's other subsidiaries are residents of foreign jurisdictions and should be taxed at corporate tax rates relevant to those jurisdictions. See section 9.9 for further information on tax considerations relevant to investors.

9.3 Corporate structure



Megaport Limited

Special Purpose	Asia Pacific	Americas	Europe
Megaport (Services) Pty Ltd (100%)	Megaport (Australia) Pty Ltd (100%)	Megaport (USA) Inc (100%)	Megaport (UK) Ltd (100%)
	Megaport (Singapore) Pte Ltd (100%)	Megaport (Canada) Inc (100%)	Megaport (Netherlands) BV (100%)*
	Megaport (Hong Kong) Ltd (100%)		
	Megaport (New Zealand) (100%)		

*This entity is in the process of being incorporated - anticipated date of incorporation is 27 November 2015

9.4 Material contracts

CEO's executive services agreement

Denver Maddux is employed by Megaport USA as its Chief Executive Officer under an agreement expressed to be effective from 8 September 2015 (replacing a previous agreement dated 8 October 2014). Mr Maddux is based in The United States but Megaport USA may require him to perform his duties in other places. Mr Maddux's base salary is USD235,000 per annum (Base Salary). In consideration of his acceptance of the role, Megaport USA has agreed to pay Mr Maddux two years' Base Salary in advance (i.e. USD470,000).

Mr Maddux's employment arrangements are 'at will,' which means the employer or employee may terminate those arrangements at any time for any reason.

If Mr Maddux's employment is terminated by Megaport USA without cause or he resigns for 'good reason' (being, in summary (a) a material reduction (typically 10%) in his base salary; (b) a material reduction in duties; (c) relocation of place employment) and this happens before a change of control (or more than 12 months after a change of control), then Mr Maddux is entitled to a severance payment equal to 6 months' Base Salary and continuity of premium payments for health insurance for a period of time (no more than six months).

If Mr Maddux's employment is terminated by Megaport USA without cause following a change of control before 8 September 2016, then Mr Maddux need not repay any part of his two-year salary in advance.

No severance benefits are payable if Mr Maddux's employment is terminated by Megaport USA with cause or he resigns at any time without good reason.

The concept of 'cause' in Mr Maddux's employment agreement is consistent with how that concept is used in Australia. A 'change of control' in Megaport USA means: (a) the acquisition of Megaport USA by another entity, excluding where Megaport continues to hold at least 50% of the voting power in Megaport USA; (b) a sale of all or substantially all of the assets in Megaport USA; or (c) an insolvency-like event. Relevantly, a change of control at parent Company level (Megaport) does not of itself amount to a change of control under Mr Maddux's employment agreement.

Mr Maddux is eligible to participate in all current and future benefit plans established by Megaport USA and Megaport USA has committed to provide private health insurance to Mr Maddux until a health insurance plan is established. Further, Megaport USA has agreed to establish an employer sponsored retirement plan by 8 September 2016.

Mr Maddux is not subject to any form of non-compete following his employment with Megaport USA.

Customer contracts

Megaport has a global standard master services agreement for contracting with its customers. The customer accepts the standard terms online, by clicking-to-accept the terms and manually, by executing a hard copy of the service order form. The customer is also obliged to comply with the Company's acceptable terms of use policy as a condition of the master services agreement. Each service order issued under the master services agreement specifies the level and type of service for the customer and fees. A rebate on the fees is typically available to the customer for service outages.

Either party may terminate the agreement with 30 days' written notice to the other party. If the customer has agreed to a minimum term there will be a fee associated with terminating the services.

Megaport has also entered into a number of bespoke customer agreements with its key customers. The terms of these agreements vary from the master services agreement.

Supplier contracts

Megaport is party to numerous supplier contracts for the provision of fibre services and bandwidth in Australia, Hong Kong, Singapore, the United States and New Zealand. Megaport has entered into such arrangements with Superloop Limited, a Company controlled by the Founder, in respect of the provision of dark fibre services in Australia and Singapore (see section 3.3.1.5). These agreements are typically for a term of 24 to 36 months. In most instances these agreements are structured as master services agreements which allow Megaport to vary the level of service provided by the supplier in each service order form. In most cases Megaport is also entitled to a rebate on fees for service outages.

9.5 Consents and disclaimers of responsibility

None of the parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

Morgans Corporate Limited has given, and has not withdrawn, its written consent to be named as Lead Manager and Underwriter to the Offer in the form and context in which it is named.

McCullough Robertson has given, and has not withdrawn, its written consent to be named as lawyers to the Offer in the form and context in which it is named.

Deloitte Corporate Finance Pty Ltd has given, and has not withdrawn, its written consent to be named as Investigating Accountant, in the form and context in which it is named and for the inclusion of its Investigating Accountant's Report and Financial Services Guide in section 5 of this Prospectus in the form and context in which it is included.

Deloitte Touche Tohmatsu has given, and not withdrawn, its consent to be named as Auditor in the form and context in which it is named.

Link Market Services Limited has given, and not withdrawn, its written consent to be named as share registrar in the form and context in which it is named.

9.6 Interests of experts and advisors

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- has any interest or has had any interest during the last two years, in the formation or promotion of Megaport, or in property acquired or proposed to be acquired by Megaport in connection with its formation or promotion, or the Offer of the Shares; and
- no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of Megaport, or the Offer of the Shares.

Morgans Corporate Limited has acted as Lead Manager and Underwriter to the Offer. Morgans Corporate Limited will be paid the fees described in section 7.3.

McCullough Robertson has acted as legal adviser to Megaport in relation to the Offer and has been involved in undertaking due diligence enquiries and providing legal advice in relation to the Offer. McCullough Robertson will be paid \$60,000 in respect of the services.

Deloitte Corporate Finance Pty Ltd has acted as Investigating Accountant to the Offer and has prepared the Investigating Accountant's Report and Financial Services Guide in section 5 and performed work in relation to due diligence enquiries. Deloitte Corporate Finance Pty Ltd will be paid a fee of \$40,000 in respect of the services.

9.7 Expenses of the Offer

The total estimated expenses of the Offer payable by Megaport including ASX and ASIC fees, underwriting fees, accounting fees, legal fees, share registry fees, printing costs, public relations costs and other miscellaneous expenses are estimated to be approximately \$1.46 million.

9.8 Employee equity-based incentive plan

Megaport has adopted two employee share option plans: the Megaport Limited 2015 Employee Share Option Plan (2015 ESOP) and the Megaport Limited Employee Share Option Plan (ESOP).

The 2015 ESOP has been adopted to take advantage of the 'start-up' tax concessions which have more favourable tax treatment for employees. The following terms apply to both the 2015 ESOP and the ESOP:

Eligibility criteria

Each ESOP will be open to eligible participants (including full-time and part-time employees, executive, Directors and consultants) of Megaport or any one of its subsidiaries who the Board designates as being eligible.

Grant of options

All options will be offered to participants for no consideration under both plans. The offer must be in writing and specify, amongst other things, the number of options for which the participants must apply, the period within which the options may be exercised and any conditions to be satisfied before exercise, the option expiry date (as determined by the Board) and the exercise period for the options.

Exercise

The options may be exercised, subject to any exercise conditions, by the participant giving a signed notice to Megaport and paying the exercise price in full. Megaport will apply for official quotation of any Shares issued on exercise of any options.

Lapse

The options shall lapse upon the earlier of the date specified by the Board or events contained in the ESOP rules, including termination of employment or resignation, redundancy, death or disablement.

Rights of participants

Once Shares are allotted upon exercise of the options, the participant will hold the Shares free of restrictions (subject to restrictions that apply under the 2015 ESOP). The Shares will rank for dividends declared on or after the date of issue but will carry no right to receive any dividend before the date of issue.

Should Megaport undergo a reorganisation or reconstruction of capital or any other such change, the terms of the options will be correspondingly changed to the extent necessary to comply with the Listing Rules. In the event of a change of control, the Board shall have discretion to deal with the options, including allowing accelerated vesting or the issue of options in the substituted corporation. A holder of options is not entitled to participate in a new issue of Shares or other securities made by Megaport to Shareholders merely because he or she holds options.

Quotation

Megaport must apply for official quotation of any Shares issued.

Assignment

The options are not transferable or assignable without the prior written approval of the Board.

Administration

Each ESOP will be administered by the Board, which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions (subject to the Listing Rules) in addition to those set out in the plan.

Termination and amendment

Each ESOP may be triggered, terminated or suspended at any time by the Board. The ESOP may be amended at any time by the Board except where the amendment reduces the rights of the holders of options.

Outstanding options

At the date of this Prospectus, Megaport has granted 1,100,000 options to certain senior employees and proposes to grant 100,000 options to each of the Non-Executive Directors under the 2015 ESOP.

The options granted under the 2015 ESOP are subject to the following additional terms:

Restriction on disposal

A participant must not dispose of any interest in an option or share issue on the exercise of an option granted under the 2015 ESOP until the end of the three year period commencing on the date of the grant of the option.

Exercise price

The exercise price must be equal to or greater than the market value of Megaport shares on the date on which the options are granted.

The employees cannot hold more than 10% of the ownership or voting rights in Megaport as a result of interests (vested or unvested) which have been granted under the 2015 ESOP.

9.9 Taxation considerations

The following comments are based on the tax laws in force in Australia, and their interpretation, as at the date of this Prospectus. These comments are general in nature and not intended to be an authoritative or complete statement of all potential tax implications for each investor. Investors should seek their own professional advice on the Australian and foreign taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

The following information is a general summary of certain Australian tax implications for Australian resident individuals, certain complying superannuation entities, trusts, partnerships and corporate investors. These comments do not apply to investors that hold Shares on revenue account, investors who are exempt from Australian income tax, investors subject to the Taxation of Financial Arrangements regime in Division 230 of the Income Tax Assessment Act 1997 which have made elections for the fair value or Reliance on Financial Reports methodologies, or investors who are resident for income tax purposes in a country other than Australia.

9.9.1 Dividends paid on Shares

9.9.1.1 Australian resident individuals and complying superannuation entities

Dividends paid by Megaport on a Share held by an Australian tax resident investor will constitute assessable income of the investor. Australian tax resident investors who are individuals or certain complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend. Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income, such investors should be entitled to a tax refund.

9.9.1.2 Australian resident companies

Corporate investors who are Australian tax residents are also required to include both the dividend and associated franking credit in their assessable income. They are then allowed a tax offset up to the amount of the franking credit on the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit on the distribution received. This will allow the corporate investor to pass on the benefit of the franking credits to its own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund for a Company but can be converted into carry forward tax losses.

9.9.1.3 Trusts and partnerships

Investors who are trustees of Australian tax resident trusts (other than trustees of certain complying superannuation entities) or partnerships should include the dividend and any associated franking credit in determining the net income of the trust or partnership. The relevant Australian tax resident beneficiary or partner should include the dividend and any associated franking credit relating to their share of the trust or partnership income and may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

9.9.1.4 Limitations on franking credits

The benefit of franking credits for Australian tax resident investors can be denied in certain circumstances, including where the Shares are not considered to be held at risk for a sufficient period of time. Investors should consider these rules in their own particular circumstances.

9.9.2 Disposal of Shares - Capital Gains Tax Implications for Australian Resident Shareholders

Where an Australian resident investor holds their Shares in MegaPort on capital account, the disposal of the Shares should be taxed under the Capital Gains Tax (CGT) rules.

For CGT purposes, the Australian tax resident investor will make a capital gain where the capital proceeds received for the disposal of their Shares exceeds the CGT cost base of their Shares. Similarly, the Australian tax resident investor will make a capital loss where the capital proceeds received for their Shares is less than the reduced cost base of their Shares.

In broad terms, the cost base and reduced cost base of the Shares should be equal to the amount paid to acquire the Shares. Certain other costs associated with holding the Shares, such as incidental costs of acquisition and disposal, may be added to the cost base and reduced cost base.

Generally, all capital gains and losses made by an Australian tax resident investor for an income year will be aggregated to determine whether the investor has made a net capital gain or a net capital loss for the year. A net capital gain is included in the Australian tax resident investor's assessable income, whereas a net capital loss is carried forward and may be available to set off against capital gains of later years. Capital losses cannot be offset against other assessable income.

If an Australian tax resident investor is an individual, complying superannuation entity or trust, and has held the Shares for 12 months or more before disposal of the Shares, the investor will prima facie be entitled to a 'CGT discount' for any capital gain made on the disposal of the Shares. Capital gains may be discounted by half in the case of individuals and trusts, and by one-third in the case of complying superannuation entities. Investors that are companies are not entitled to a CGT discount.

Capital losses must be applied first to reduce a capital gain before applying the discount.

Where the Australian tax resident Shareholder is a trustee of a trust that has held the Shares for 12 months or more before disposal, the beneficiaries of that trust (other than companies) may be entitled to a CGT discount applicable to that gross capital gain.

9.9.3 Stamp duty

No stamp duty is payable by investors on the issue of Shares under the Offer.

9.9.4 Australian Goods and Services Tax (GST)

The acquisition, redemption or disposal of the Shares by an Australian resident (that is registered for GST) will be an input taxed financial supply, and therefore is not subject to GST.

No GST should be payable in respect of dividends paid to investors.

An Australian resident investor who is registered for GST may not be entitled to claim full input tax credits in respect of GST on expenses they incur that relate to the acquisition, redemption or disposal of the Shares (e.g. lawyers' and accountants' fees).

9.10 Authorisation

This Prospectus is issued by Megaport. Each Director has consented to the lodgement of this Prospectus with ASIC.



Bevan Slattery

Executive Chairman
Megaport Limited

10.0

GLOSSARY

ACMA

The Australian Communications and Media Authority – a statutory authority responsible for regulation of broadcasting, the Internet, radio communications and telecommunications in Australia

API

Application Programming Interface – being a set of routines, protocols and tools for building software applications

Appendix

An Appendix to this Prospectus

Applicant

A person who makes an application for shares under this Prospectus

Application

An application made to subscribe for Shares offered under this Prospectus

Application Form

The relevant form attached to or accompanying this Prospectus, including the online application form available at www.Megaport.com/prospectus, pursuant to which applicants apply for Shares

Application Monies

The amount accompanying an Application Form submitted by an investor

ASIC

Australian Securities and Investments Commission

ASX

Australian Securities Exchange, as operated by ASX Limited ABN 98 008 624 691

ASX Settlement

ASX Settlement Pty Limited ABN 49 008 504 532

ASX Settlement Operating Rules

The operating rules of ASX Settlement and, to the extent that they are applicable, the operating rules of each of the ASX and ASX Clear Pty Limited ABN 48 001 314 503

AUD, A\$, \$ or Australian Dollar

Australian Dollar

Australian Accounting Standards

Australian Accounting Standards and Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board

Board or Board of Directors

The Board of Directors of Megaport

Broker

Any ASX participating organisation selected by the Lead Manager to participate in the Broker Firm Offer

Broker Firm Offer

The Offer of Shares under this Prospectus to Australian residents who have received a firm allocation of Shares from their Broker

CAGR

Compound annual growth rate

CHESS

Clearing House Electronic Subregister System operated by ASX Settlement

Corporations Act

Corporations Act 2001 (Cth)

COGS

Cost of goods sold

Constitution

The constitution of Megaport

CY

Calendar year ending December 31

EUR

The official currency of the Eurozone

Existing Shareholders

Those persons holding Shares as at the date of this Prospectus

Existing Shares

Shares held by all Existing Shareholders as at the date of this Prospectus

FCC

Federal Communications Commission – An independent agency of the United States Government that regulates interstate and international communications

Founder and Founding Shareholder

Bevan Slattery

IDA

Infocomm Development Authority – a statutory Board of the Singapore government that is responsible for the development and growth of the infocomm sector in Singapore

Lead Manager

Morgans Corporate Limited
ACN 010 539 607

Listing

The commencement of trading in shares on the Official List of the ASX

Listing Rules

The official listing rules of ASX

Managing Director

Means a Managing Director as defined in the Constitution

Megaport or Company

Megaport Limited ACN 607 301 959 or, where the context requires a subsidiary of it

Megaport Australia

Megaport (Australia) Pty Ltd
ACN 164 521 519

Megaport Canada

Megaport (Canada) Inc

Megaport Fabric

The system of hardware, software, and services operated and offered by the Company

Megaport Hong Kong

Megaport (Hong Kong) Limited
Company Number 2094877

Megaport New Zealand

Megaport (New Zealand) Limited
Company Number 5774 690

Megaport Services

Megaport (Services) Pty Ltd
ACN 607 432 646

Megaport Singapore

Megaport (Singapore) Pte Ltd
Company Number 201413334K

Megaport USA

Megaport (USA) Inc

Megaport UK

Megaport (UK) Ltd
Company Number 09621925

Morgans

Morgans Corporate Limited
ACN 101 539 607

New Shares

The new Shares to be issued by Megaport under the Offer

NEXTDC

NEXTDC Limited ACN. 143 582 521,
ASX:NXT

Offer

The invitation by the Company to subscribe for newly issued Shares under this Prospectus

Offer Price

\$1.25 per Share, payable on application for the Shares

Official List

Official list of entities that ASX has admitted to and not removed from listing

PIPE Networks

PIPE Networks Pty Limited ABN 21
099 104 122

Pro-forma Consolidated Balance Sheet

The pro-forma consolidated balance sheet of the Megaport group in section 4.3

Prospectus

This document (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document

Share

A fully paid ordinary share in the Company

Share Registry

Link Market Services Limited
ACN 083 214 537

Shareholder

The registered holder of a Share

Software Defined Networking, SDN

An approach to computer networking that allows network administrators to manage network services through abstraction of higher-level functionality

Underwriter

Morgans Corporate Limited
ACN 010 539 607

Underwriting Agreement

The underwriting agreement between the Lead Manager and the Company described in section 7.3

USD, US\$

United States Dollars

VXC

Virtual Cross Connections - being a virtualised direct connection between two interfaces on the Megaport Fabric

11.0

CORPORATE DIRECTORY

Megaport Limited

14-16 Church Street
Fortitude Valley QLD 4006
Australia
www.megaport.com

Lead Manager & Underwriter

Morgans Corporate Limited
Level 29
123 Eagle Street
Brisbane QLD 4000
www.morgans.com.au

Legal adviser to the Offer

McCullough Robertson
Level 11, Central Plaza Two
66 Eagle Street
Brisbane QLD 4000
www.mccullough.com.au

Investigating Accountant

Deloitte Corporate Finance Pty Ltd
Level 25, Riverside Centre
123 Eagle Street
Brisbane QLD 4000
<http://www.deloitte.com/au/>

Auditor

Deloitte Touche Tohmatsu
Level 25, Riverside Centre
123 Eagle Street
Brisbane QLD 4000
<http://www.deloitte.com/au/>

Share registry

Link Market Services Limited
Level 15, 324 Queen Street
Brisbane QLD 4000
www.linkmarketservices.com.au

12.0

APPLICATION FORM

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are Megaport Limited Shares. Further details about the Shares are contained in the Prospectus dated 20 November 2015 issued by Megaport Limited. The Prospectus will expire 13 months after the date of the Prospectus. While the Prospectus is current, Megaport Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investments Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of A\$1,000 worth of Shares. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Megaport Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- E** Please enter your postal address for all correspondence. All communications to you from Megaport Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares will be issued to Megaport Limited's issuer sponsored subregister.
- G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
- If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

For personal use only



Megaport