



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

ASX RELEASE

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27 February 2018

Interim Financial Report for the half year ended 31 December 2017

Appendix 4D

Asia Pacific Data Centre Group (APDC) has lodged its interim financial report for the half year ended 31 December 2017.

For further information please contact:

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

APPENDIX 4D

Reporting entity and reporting period

Asia Pacific Data Centre Holdings Limited ACN 159 621 735 and its controlled entities (APDC Group) and Asia Pacific Data Centre Trust (APDC Trust) for the half year ended 31 December 2017.

Results for announcement to the market

	APDC Group 1 Jul 2017 to 31 Dec 2017 \$'000	APDC Group 1 Jul 2016 to 31 Dec 2016 \$'000	APDC Trust 1 Jul 2017 to 31 Dec 2017 \$'000	APDC Trust 1 Jul 2016 to 31 Dec 2016 \$'000
Revenue from ordinary operating activities	6,787	6,702	6,779	6,690
Profit from ordinary activities after tax attributable to members	1,042	5,542	1,042	5,542
Total profit for the period attributable to members	68,310	5,733	68,310	5,733

Distributions for the period

The following distributions were paid and payable by APDC Trust:

Distributions for the quarter ended	Cents per security	\$'000
30 September 2017	-	-
31 December 2017 (paid 25 January 2018)	5.00	5,750
Total	5.00	5,750
30 September 2016	2.43	2,795
31 December 2016 (paid 24 February 2017)	2.43	2,794
Total	4.86	5,589

Explanatory comments

During the half year ended 31 December 2017, the Group:

- earned rental income from its three data centre investment properties in Melbourne (M1), Sydney (S1) and Perth (P1) totalling \$6,755,000 (2016: \$6,656,000);
- confirmed CPI increases of 1.8% for M1 and P1 data centres effective from 21 December 2017 (2016: 1.3%); market rent review was applied to S1 data centre resulting an increase of \$445,000 (7.87%) from the previous annual rental effective from 21 December 2017.

Refer to the attached interim financial report for further detail.

Revenue from ordinary operating activities

Revenue from ordinary operating activities comprises:

	APDC Group 1 Jul 2017 to 31 Dec 2017 \$'000	APDC Group 1 Jul 2016 to 31 Dec 2016 \$'000	APDC Trust 1 Jul 2017 to 31 Dec 2017 \$'000	APDC Trust 1 Jul 2016 to 31 Dec 2016 \$'000
Rental income	6,755	6,656	6,755	6,656
Interest income	32	46	24	34
Net gain from fair value adjustment on assets held for sale	67,200	-	67,200	-
Revenue from ordinary operating activities	73,987	6,702	73,979	6,690

Net tangible assets per stapled security

	APDC Group 31 Dec 2017	APDC Group 30 Jun 2017	APDC Trust 31 Dec 2017	APDC Trust 30 Jun 2017
Net tangible assets per stapled security	\$2.20	\$1.65	\$2.19	\$1.64

Asia Pacific Data Centre Group

Interim Financial Report of

Asia Pacific Data Centre Holdings Limited (ACN 159 621 735) and its controlled entities

and

Asia Pacific Data Centre Trust (ARSN 161 049 556)

for the half year ended 31 December 2017

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Directors' Report

The directors of Asia Pacific Data Centre Holdings Limited (APDC Holdings) and the directors of Asia Pacific Data Centre Limited (APDC Limited) as responsible entity for Asia Pacific Data Centre Trust (APDC Trust) present their report for APDC Holdings and APDC Trust together with the consolidated interim financial statements of Asia Pacific Data Centre Group (APDC Group or Group) and the interim financial statements of APDC Trust for the half year ended 31 December 2017 (Interim Financial Report).

As at 31 December 2017 and for purposes of the interim financial statements the APDC Group comprised APDC Holdings and controlled entities APDC Limited and APDC Trust. APDC Holdings is a company limited by shares, incorporated and domiciled in Australia and its registered office and principal place of business is Level 8, 56 Pitt Street, Sydney. APDC Trust is a managed investment scheme and APDC Limited is the responsible entity of the APDC Trust.

The shares of APDC Holdings and units of APDC Trust are stapled and can only be traded as stapled securities. Although there is no ownership interest between APDC Holdings and APDC Trust, APDC Holdings is deemed to be the parent entity of the Group under Australian Accounting Standards (AASB).

Sale of responsible entity

APDC Limited was sold to One Investment Group Pty Limited (ACN 136 507 241) and associate (OIGPL) on 16 January 2018. APDC Limited was a wholly owned subsidiary of APDC Holdings during the period ended 31 December 2017 and up until the date of the sale on 16 January 2018. Post the sale, APDC Limited remained the responsible entity of APDC Trust however APDC Limited was no longer a member of the APDC Group.

Under a service agreement APDC SPV Pty Limited (APDC SPV), a wholly owned subsidiary of APDC Holdings incorporated on 16 January 2018, will provide a range of investment management services to APDC Limited in respect of the management of the Trust including the preparation of these financial statements.

1. Directors

The following persons have held office as Directors during the half year:

APDC Holdings

David van Aanholt	Chairman, Non-Executive Director	- appointed 23 November 2017
Tony Pitt	Non-Executive Director	- appointed 23 November 2017
Lawrence Gibbs	Non-Executive Director	- appointed 23 November 2017
John Wilson	Non-Executive Director	- appointed 23 November 2017
Ian Fraser	Chairman, Non-Executive Director	- resigned 23 November 2017
Chris Breach	Non-Executive Director	- resigned 23 November 2017
Francina Turner	CEO, Executive Director	- resigned 23 November 2017
John Wright	Non-Executive Director	- resigned 23 November 2017

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1. Directors (continued)

APDC Limited

Frank Tearle	Executive Director	- appointed 16 January 2018
Justin Epstein	Executive Director	- appointed 16 January 2018
Elizabeth Reddy	Non-Executive Director	- appointed 16 January 2018
David van Aanholt	Chairman, Non-Executive Director	- appointed 23 November 2017, resigned 16 January 2018
Tony Pitt	Non-Executive Director	- appointed 23 November 2017, resigned 16 January 2018
Lawrence Gibbs	Non-Executive Director	- appointed 23 November 2017, resigned 16 January 2018
John Wilson	Non-Executive Director	- appointed 23 November 2017, resigned 16 January 2018
Ian Fraser	Chairman, Non-Executive Director	- resigned 23 November 2017
Chris Breach	Non-Executive Director	- resigned 23 November 2017
Francina Turner	CEO, Executive Director	- resigned 23 November 2017
John Wright	Non-Executive Director	- resigned 23 November 2017

2. Principal activities

The Group's principal activity is to invest in data centre investment property in Australia and Asia Pacific region.

APDC Trust owns the following data centre investment properties:

M1	Port Melbourne, Melbourne, VIC
S1	Macquarie Park, Sydney, NSW
P1	Malaga, Perth, WA

There were no significant changes in the nature of the activities of the Group during the half year.

3. Operating and financial review

3.1 Results of operations

The statutory profit of the Group for the half year ended 31 December 2017 was \$68,242,000 (December 2016: profit \$5,542,000). The basic earnings per stapled security for the period was 59.34 cents (December 2016: 4.82 cents).

The distributable earnings for the Group for the half year ended 31 December 2017 was \$5,674,000 (2016: \$5,542,000) representing 4.93 cents per stapled security (December 2016: 4.82 cents per stapled security).

APDC Group reports statutory profit for the half year in accordance with AASB. Distributable earnings is the primary basis upon which distributions are determined by the Directors. Distributable earnings is a non-AASB measure that represents the Directors' view of the amount available for distribution to securityholders from ongoing activities for the half year.

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	Consolidated APDC Group 31 Dec 2017 \$'000	Consolidated APDC Group 31 Dec 2016 \$'000	APDC Trust 31 Dec 2017 \$'000	APDC Trust 31 Dec 2016 \$'000
Profit for the half year	68,242	5,542	68,242	5,542
Transaction costs	4,632	-	4,632	-
Net gain from fair value adjustment on assets held for sale	(67,200)	-	(67,200)	-
Distributable earnings (including return of capital)	5,674	5,542	5,674	5,542
Undistributed income brought forward	80	156	80	156
Amount available for distribution	5,754	5,698	5,754	5,698
Undistributed income carried forward	(4)	(109)	(4)	(109)
Total distribution for the half year	5,750	5,589	5,750	5,589
Basic earnings per security (cents)	59.34	4.82	59.34	4.82
Distributable earnings per security (cents)	4.93	4.82	4.93	4.82
Distributions paid and payable	5,750	5,589	5,750	5,589
Distributions per security (cents)	5.00	4.86	5.00	4.86

The total distribution for the half year is 5.00 cents per stapled security. The distribution for the December 2017 quarter of 5.00 cents per stapled security was paid on 25 January 2018.

The Group's direct trust operating expenses and responsible entity operating expenses excluding transaction costs for the half year were \$522,000 (December 2016: \$564,000).

There were no movements in the total number of securities on issue for the Group and APDC Trust during the half year.

3.2 Direct property investments

	Consolidated APDC Group 31 Dec 2017 \$'000	Consolidated APDC Group 30 Jun 2017 \$'000	APDC Trust 31 Dec 2017 \$'000	APDC Trust 30 Jun 2017 \$'000
M1, Melbourne	110,000	80,000	110,000	80,000
S1, Sydney ⁽¹⁾	130,000	95,300	130,000	95,300
P1, Perth	40,000	37,500	40,000	37,500
Total investment properties at fair value	280,000	212,800	280,000	212,800
Net assets	252,439	189,879	251,289	188,729
Net tangible asset backing per security (\$)	2.20	1.65	2.19	1.64

⁽¹⁾ The Bankwest Debt Facility is secured by a mortgage over S1 Sydney data centre asset. Refer to Note 11 to the financial statements.

The fair value of the assets is derived using the basis set out in Note 9(a) to the financial statements. The valuation of the properties is further supported by the outcome of the expression of interest (EOI) campaign commencing in December 2017 in relation to the sale of the portfolio which has resulted in an exclusive due diligence process with the bidder at an offer price of \$280 million. The agreement for the sale of the portfolio is still non-binding and conditional at the date of this report and there is no guarantee that a sale will proceed, refer section 3.6 for further information on the EOI campaign. The portfolio has been reclassified as held for sale as at balance date.

3.3 Rental income

All the Group's data centres are wholly-owned by APDC Trust. All the data centres are leased to NEXTDC Limited (NEXTDC) on a triple net basis for initial terms of 15 years expiring in 2027 and 2028, with options for up to another 25 years.

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Rental income for the half year was \$6,755,000 as detailed below.

	31 Dec 2017 \$'000	31 Dec 2016 \$'000
M1, Melbourne	2,521	2,488
S1, Sydney	2,839	2,791
P1, Perth	1,395	1,377
	6,755	6,656

Pursuant to the leases for M1 and P1, a CPI increase of 1.8% was applied to the M1 and P1 rentals effective 21 December 2017. The annualised rental income from 21 December 2017 is \$5,128,000 for M1 and \$2,837,000 for P1.

Pursuant to the lease for S1, a market rent review was effective on 21 December 2017. The determining valuer assessed the market rent for S1 at \$6,095,000 per annum, representing an increase of \$445,000 (7.87%) from the previous annual rental.

3.4 Bankwest Debt Facility

APDC Trust has a five year facility with Bankwest (a division of Commonwealth Bank of Australia) (Bankwest) to provide the Group with up to \$29 million of asset-secured debt funding (Debt Facility). The Debt Facility matures on 29 November 2018. The Debt Facility is provided at market interest rates for a five year term and is secured by a mortgage over the S1 Sydney data centre asset. APDC will assess the refinancing of its debt facility once the outcome of the current sales process is known, however given the quality of the Group's investment portfolio and its current gearing levels it is expected that the Group will be able to refinance its debt facilities before maturity if required.

On 21 December 2017, an additional \$4 million of the debt facility was drawn. The drawdown was to provide additional working capital funding and to pay the transaction costs incurred by APDC in relation to the proposed take-over offers for the APDC Group during the period.

APDC Trust has a swap agreement to fix the floating interest rate component over \$12.5 million of the drawn amount for five years. The effective cost of debt (loan interest, margin and swap interest) is 4.38% per annum as at 31 December 2017.

3.5 Real estate funds management

APDC Limited, previously a wholly owned subsidiary of APDC Holdings, was sold to OIGPL on 16 January 2018. APDC Limited provides responsible entity services to APDC Trust. During the half year, APDC Limited charged APDC Trust a management fee equal to the cost to APDC Limited to provide these services. Refer to Note 10 to the financial statements.

3.6 Corporate matters

Meeting on wind up APDC Trust

On 14 December 2017, NEXTDC Limited advised the securityholders of APDC Trust that it intended to convene a meeting to wind up APDC Trust (Wind-up Proposal). The meeting was scheduled on 31 January 2018. On 29 January 2018, 360 Capital Group (ASX: TGP) initiated proceedings in the supreme court of NSW seeking declaratory relief that it is entitled to vote at the meeting. The parties have provided withdrawals to the court to cause the adjournment of the meeting until 5 business days after the proceedings have been determined.

Portfolio expression of interest campaign

On 19 December 2017, the Board of APDC announced that it had resolved to seek expressions of interest in respect of the sale of APDC's assets. Following the announcement, on 21 December 2017, APDC Limited appointed Savills and Cushman Wakefield to undertake a sales campaign for the sale of assets. On 14 February 2018 the Group announced that it had agreed terms and exchanged non-binding letters with the preferred purchaser for the sale of the portfolio at an agreed price of \$280 million. At the date of this report the agreement for the sale of the portfolio is non-binding and subject to securityholder approval, FIRB and other approvals and as such there is no guarantee that the sale will proceed.

4. Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

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5. Rounding of amounts to the nearest thousand dollars

The Group and APDC Trust are of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the directors' report and interim financial report. Amounts in the Directors' Report and interim financial report have been rounded to the nearest thousand dollars in accordance with that Instrument, unless otherwise stated.

This report is made in accordance with resolutions of the Directors of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Limited as responsible entity for Asia Pacific Data Centre Trust.



David van Aanholt
Chairman
Asia Pacific Data Centre Holdings Limited



Frank Tearle
Director
Asia Pacific Data Centre Limited

Sydney
27 February 2018

Auditor's Independence Declaration to the Directors of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Limited as Responsible Entity for Asia Pacific Data Centre Trust

As lead auditor for the reviews of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Trust for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Asia Pacific Data Centre Holdings Limited and its controlled entities and Asia Pacific Data Centre Trust.



Ernst & Young



Mark Conroy
Partner
27 February 2018

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Statements of Profit or Loss and Other Comprehensive Income

	Consolidated APDC Group 31 Dec 2017 \$'000	Consolidated APDC Group 31 Dec 2016 \$'000	APDC Trust 31 Dec 2017 \$'000	APDC Trust 31 Dec 2016 \$'000
Note				
Revenue				
Rental income	6,755	6,656	6,755	6,656
Interest income	32	46	24	34
Net gain from fair value adjustment on assets held for sale	67,200	-	67,200	-
Total revenue	73,987	6,702	73,979	6,690
Expenses				
Operating expenses	522	564	514	552
Transaction costs	4,632	-	4,632	-
Interest expense and finance costs	591	596	591	596
Total expenses	5,745	1,160	5,737	1,148
Profit before income tax expense	68,242	5,542	68,242	5,542
Income tax expense	-	-	-	-
Profit for the half year	68,242	5,542	68,242	5,542
Profit for the half year attributable to:				
Owners of APDC Holdings	-	-	-	-
Owners of APDC Trust	-	-	68,242	5,542
Non-controlling interest - members of APDC Trust	68,242	5,542	-	-
Total profit for the half year	68,242	5,542	68,242	5,542
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Effective portion of changes in fair value of cashflow hedge	68	191	68	191
Other comprehensive income, net of tax	68	191	68	191
Total comprehensive income for the half year	68,310	5,733	68,310	5,733
Total comprehensive income for the half year attributable to:				
Owners of APDC Holdings	-	-	-	-
Owners of APDC Trust	-	-	68,310	5,733
Non-controlling interest - members of APDC Trust	68,310	5,733	-	-
Total comprehensive income for the half year	68,310	5,733	68,310	5,733
Basic and diluted earnings per security (cents)	6	4.82	59.34	4.82

The accompanying notes are an integral part of these financial statements.

Asia Pacific Data Centre Group
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Statements of Financial Position as at 31 December 2017

		Consolidated APDC Group 31 Dec 2017 \$'000	Consolidated APDC Group 30 Jun 2017 \$'000	APDC Trust 31 Dec 2017 \$'000	APDC Trust 30 Jun 2017 \$'000
	Note				
Current assets					
Cash and cash equivalents		7,743	7,098	6,075	5,533
Assets held for sale	8	280,000	-	280,000	-
Trade and other receivables		1	1	500	500
Security deposit		9	8	-	-
Prepayments		78	25	26	-
Total current assets		287,831	7,132	286,601	6,033
Non-current assets					
Investment properties	9	-	212,800	-	212,800
Deferred tax asset		15	15	-	-
Total non-current assets		15	212,815	-	212,800
Total assets		287,846	219,947	286,601	218,833
Current liabilities					
Trade and other payables		424	1,992	329	2,042
Distribution payable		5,750	2,794	5,750	2,794
Interest bearing liabilities	11	28,938	-	28,938	-
Derivatives	12	295	-	295	-
Provision for employee benefits		-	14	-	-
Total current liabilities		35,407	4,800	35,312	4,836
Non-current liabilities					
Interest bearing liabilities	11	-	24,905	-	24,905
Derivatives	12	-	363	-	363
Total non-current liabilities		-	25,268	-	25,268
Total liabilities		35,407	30,068	35,312	30,104
Net assets		252,439	189,879	251,289	188,729
Equity					
Contributed equity		1,150	1,150	110,478	115,110
Asset revaluation reserve		-	-	141,102	73,902
Cashflow hedge reserve		-	-	(295)	(363)
Undistributed income		-	-	4	80
Total equity attributable to owners of APDC Holdings/APDC Trust		1,150	1,150	251,289	188,729
Non-controlling interest attributable to APDC Trust		251,289	188,729	-	-
Total equity		252,439	189,879	251,289	188,729

The accompanying notes are an integral part of these financial statements.

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Consolidated Statement of Changes in Equity – the Group

	Contributed equity \$'000	Total equity attributable to owners of APDC Holdings \$'000	Non- controlling interest attributable to APDC Trust \$'000	Total equity \$'000
Total equity at 1 July 2016	1,150	1,150	162,731	163,881
Total comprehensive income for the half year				
Profit for the half year	-	-	5,542	5,542
Other comprehensive income for the half year	-	-	191	191
Total comprehensive income for the half year	-	-	5,733	5,733
Transactions with owners of the Group:				
Contributions by and distributions to owners of the Group				
Distributions paid or provided for	-	-	(5,589)	(5,589)
Total contribution by and distributions to owners of the Group	-	-	(5,589)	(5,589)
Total equity at 31 December 2016	1,150	1,150	162,875	164,025
Total equity at 1 July 2017	1,150	1,150	188,729	189,879
Total comprehensive income for the half year				
Profit for the half year	-	-	68,242	68,242
Other comprehensive income for the half year	-	-	68	68
Total comprehensive income for the half year	-	-	68,310	68,310
Transactions with owners of the Group:				
Contributions by and distributions to owners of the Group				
Distributions paid or provided for	-	-	(5,750)	(5,750)
Total contribution by and distributions to owners of the Group	-	-	(5,750)	(5,750)
Total equity at 31 December 2017	1,150	1,150	251,289	252,439

The accompanying notes are an integral part of these consolidated financial statements.

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Statement of Changes in Equity – APDC Trust

	Contributed equity \$'000	Undistributed Income \$'000	Asset revaluation reserve \$'000	Cashflow hedge reserve \$'000	Total equity \$'000
Total equity at 1 July 2016	115,110	156	48,102	(637)	162,731
Total comprehensive income for the half year					
Profit for the half year	-	5,542	-	-	5,542
Other comprehensive income for the half year	-	-	-	191	191
Total comprehensive income for the half year	-	5,542	-	191	5,733
Transactions with owners of the Group: Contributions by and distributions to owners of the Trust					
Distributions paid or provided for	-	(5,589)	-	-	(5,589)
Total contribution by and distributions to owners of the Trust	-	(5,589)	-	-	(5,589)
Total equity at 31 December 2016	115,110	109	48,102	(446)	162,875
Total equity at 1 July 2017	115,110	80	73,902	(363)	188,729
Total comprehensive income for the half year					
Profit for the half year	-	1,042	67,200	-	68,242
Other comprehensive income for the half year	-	-	-	68	68
Total comprehensive income for the half year	-	1,042	67,200	68	68,310
Transactions with owners of the Group: Contributions by and distributions to owners of the Trust					
Distributions paid or provided for	(4,632)	(1,118)	-	-	(5,750)
Total contribution by and distributions to owners of the Trust	(4,632)	(1,118)	-	-	(5,750)
Total equity at 31 December 2017	110,478	4	141,102	(295)	251,289

The accompanying notes are an integral part of these financial statements.

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Statements of Cash Flows

	Consolidated APDC Group 31 Dec 2017 \$'000	Consolidated APDC Group 31 Dec 2016 \$'000	APDC Trust 31 Dec 2017 \$'000	APDC Trust 31 Dec 2016 \$'000
Cashflows from operating activities				
Receipts from lessee	6,274	7,369	6,274	7,369
Payments to suppliers and employees	(1,140)	(663)	(1,235)	(632)
Payments of transaction costs	(4,632)	-	(4,632)	-
Net GST payment to ATO	(542)	(686)	(542)	(686)
Interest received	32	47	24	34
Net cash (outflows)/inflows from operating activities	(8)	6,067	(111)	6,085
Cashflows from investing activities	-	-	-	-
Cashflows from financing activities				
Loan drawdown	4,000	-	4,000	-
Payment of interest and finance costs	(553)	(576)	(553)	(576)
Payment of distributions	(2,794)	(5,589)	(2,794)	(5,589)
Net cash inflows/(outflows) from financing activities	653	(6,165)	653	(6,165)
Net increase/(decrease) in cash and cash equivalents	645	(98)	542	(80)
Cash and cash equivalents at the beginning of the half year	7,098	5,814	5,533	4,230
Cash and cash equivalents at the end of the half year	7,743	5,716	6,075	4,150

The accompanying notes are an integral part of these financial statements.

Asia Pacific Data Centre Group

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Notes to the financial statements

1. Reporting entities

The reporting entities are:

- (a) Asia Pacific Data Centre Group (APDC Group or Group) comprising Asia Pacific Data Centre Holdings Limited (APDC Holdings) and its controlled entities Asia Pacific Data Centre Limited (APDC Limited), a wholly owned subsidiary until the sale on 16 January 2018, and Asia Pacific Data Centre Trust (APDC Trust) (collectively 'Group entities') and
- (b) APDC Trust.

The consolidated interim financial statements of APDC Holdings incorporate the assets and liabilities of APDC Holdings and its controlled entities, APDC Limited and APDC Trust. The shares of APDC Holdings are stapled to units in APDC Trust.

The stapled securities cannot be traded or dealt with separately. The Constitutions of APDC Holdings and APDC Trust ensure that, for so long as the two entities remain jointly quoted, the number of shares of APDC Holdings and the number of units in APDC Trust are equal and shareholders and unitholders are identical.

APDC Holdings was registered as a company on 24 July 2012, APDC Limited was registered as a company on 25 July 2012, and APDC Trust was established on 1 November 2012. All of the entities are domiciled in Australia. APDC Group was established on 3 December 2012 and was quoted on the Australian Securities Exchange (ASX Code: AJD) from 9 January 2013.

As permitted by ASIC Corporations (Stapled Group Reports) Instrument 2015/838 issued by the Australian Securities & Investments Commission, this report presents the consolidated financial statements of the Group and the financial statements of APDC Trust, and their accompanying notes. This presentation is consistent with the annual financial report for the year ended 30 June 2017.

The annual financial report is available at www.asiapacificdc.com or upon request from APDC Group's registered office.

2. Basis of preparation

(a) Statement of compliance

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and APDC Trust since the last annual consolidated financial statements of the Group and the financial statements of APDC Trust as at and for the year ended 30 June 2017.

These interim financial statements do not include all the notes of the type normally included in the annual financial report. Accordingly, these financial statements are to be read in conjunction with the consolidated financial statements of the Group and financial statements of APDC Trust for the year ended 30 June 2017 and any public announcements made by the Group and APDC Trust during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

The Group and APDC Trust are of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the directors' report and interim financial report. Amounts in the Directors' Report and interim financial report have been rounded to the nearest thousand dollars in accordance with that Instrument, unless otherwise stated.

(b) Going concern

The financial statements are prepared on a going concern basis. As at 31 December 2017 the Group's investment property portfolio is classified as held for sale following the expression of interest campaign relating to the sale of the properties. Subsequent to balance date the Group announced that it had agreed terms and exchanged non-binding letters with the preferred purchaser for the sale of the portfolio. The agreement for the sale of the portfolio is non-binding and subject to securityholder approval, FIRB and other approvals and as such there is no guarantee that the sale will proceed.

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2. Basis of preparation (cont.)

(b) Going concern (cont.)

On 14 December 2017, NEXTDC Limited (ASX code: NXT) advised the securityholders of APDC Trust that it intended to convene a meeting to wind up APDC Trust. The meeting was scheduled to be on 31 January 2018. On 29 January 2018, 360 Capital Group (ASX code: TGP) initiated proceedings in the supreme court of NSW seeking declaratory relief that it is entitled to vote at the meeting. The parties have provided withdrawals to the court to cause the adjournment of the meeting until 5 business days after the proceedings have been determined.

As there is no certainty as to the sale of the portfolio or the outcome of the court proceedings and the proposed meeting to vote on the wind up of the APDC Trust, the Directors believe that the going concern basis of preparation for the financial statements is appropriate. Should the sale of the portfolio proceed, and the decision made to wind up the Group, the costs, including selling, cost of extinguishing any financing arrangements of the Group and wind up costs would be incurred. These costs are estimated to be approximately \$2.5 million however the actual costs may vary depending on sales contact negotiations, the timing of the wind up and other unforeseen events.

(c) Significant judgements and estimates

The preparation of these interim financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

In applying accounting policies, management continually evaluates estimates, assumptions and historical judgements based on experience and other factors, including expectations about future events that may have an impact on the Group entities. All judgements, estimates and assumptions made are believed to be reasonable, based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions.

Significant estimates, assumptions and historical judgements made by management in the preparation of these interim financial statements were consistent with those used in the annual financial report for the year ended 30 June 2017.

3. Summary of significant accounting policies

The accounting policies applied in these interim financial statements for the half year are the same as those applied in the Group's consolidated financial statements and APDC Trust's financial statements as at and for the year ended 30 June 2017.

4. Segment information

The Group entities present operating segments based on the internal information that is available to the Group's Chief Operating Decision Maker (CODM). The Group entities operate wholly within Australia and derive rental income from investments in commercial property and 100% of this income is derived from one tenant and as such this is considered to be the only segment in which the Group and APDC Trust is engaged. The assets are currently subject to an expression of interest campaign (Note 2 b).

The Chief Executive Officer (CEO) was the Group's CODM up until the date of their resignation on 23 November 2017. Post the resignation of the CEO the Boards of Directors of APDC Group assumed responsibility as CODM until such time as a replacement CEO was appointed. At the date of this report the position of CEO was still vacant.

The operating results are regularly reviewed by the CODM to make decisions about resources to be allocated and to assess performance. There are no reconciling items that exist between the discrete financial information reviewed by the CODM and the financial statements relating to revenue, profit or loss, assets and liabilities or other material items.

5. Income tax

APDC Group

There were no changes to the Group's taxation policy for the half year. The Group's consolidated effective tax rate for the half year was nil (half year to 31 December 2016: nil).

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APDC Trust

Under current Australian tax legislation, APDC Trust is not liable for income tax, provided that the taxable income (including any assessable component of any capital gains from the sale of investment assets) is fully distributed to unit holders each year.

Distributions in excess of the taxable income of APDC Trust are treated as tax deferred distributions.

The tax deferred component reduces a security holder's capital gains tax base applicable to the units held in APDC Trust.

6. Earnings per stapled security

	Consolidated APDC Group 31 Dec 2017	Consolidated APDC Group 31 Dec 2016	APDC Trust 31 Dec 2017	APDC Trust 31 Dec 2016
Earnings used in the calculation of earnings per security (\$'000)	68,242	5,542	68,242	5,542
Basic earnings per security (cents)	59.34	4.82	59.34	4.82
Diluted earnings per security (cents)	59.34	4.82	59.34	4.82
Weighted average number of securities on issue used in the calculation of basic and diluted earnings per security	115,000,100	115,000,100	115,000,100	115,000,100
Distributable earnings (\$'000) ⁽¹⁾	5,674	5,542	5,674	5,542
Distributable earnings per security (cents)	4.93	4.82	4.93	4.82

⁽¹⁾ Refer to Note 7.

7. Distributions paid and payable

The following distributions were paid and payable by APDC Trust:

	Distribution cents per stapled security	Total amount \$'000
For the half year ended 31 December 2017:		
Distributions for the quarter ended:		
30 September 2017	-	-
31 December 2017 (paid 25 January 2018)	5.00	5,750
	5.00	5,750
For the half year ended 31 December 2016:		
Distributions for the quarter ended:		
30 September 2016	2.43	2,795
31 December 2016 (paid 24 February 2017)	2.43	2,794
	4.86	5,589

Distributable earnings for the half year was \$5,674,000 or 4.93 cents per stapled security.

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7. Distributions paid and payable (cont.)

	Consolidated APDC Group 31 Dec 2017 \$'000	Consolidated APDC Group 31 Dec 2016 \$'000	APDC Trust 31 Dec 2017 \$'000	APDC Trust 31 Dec 2016 \$'000
Profit for the half year	68,242	5,542	68,242	5,542
Transaction costs	4,632	-	4,632	-
Net gain from fair value adjustment on assets held for sale	(67,200)	-	(67,200)	-
Distributable earnings (including return of capital)	5,674	5,542	5,674	5,542
Undistributed income brought forward	80	156	80	156
Amount available for distribution	5,754	5,698	5,754	5,698
Distributions paid and payable	(5,750)	(5,589)	(5,750)	(5,589)
Undistributed income carried forward	4	109	4	109

Transaction costs were costs incurred in respect to the proposed take-over offers for of APDC during the period, costs included of engaging corporate and legal advisers to advise the APDC Group.

The distribution of \$2,794,000 for the quarter ended 30 June 2017 was paid on 28 August 2017.

8. Assets held for sale

	Consolidated APDC Group 31 Dec 2017 \$'000	Consolidated APDC Group 31 Dec 2016 \$'000	APDC Trust 31 Dec 2017 \$'000	APDC Trust 31 Dec 2016 \$'000
M1, Melbourne	110,000	-	110,000	-
S1, Sydney	130,000	-	130,000	-
P1, Perth	40,000	-	40,000	-
	280,000	-	280,000	-

Movements in the carrying value during the half year are as follows:

	Consolidated APDC Group 31 Dec 2017 \$'000	Consolidated APDC Group 31 Dec 2016 \$'000	APDC Trust 31 Dec 2017 \$'000	APDC Trust 31 Dec 2016 \$'000
Balance at 1 July	-	-	-	-
Reclassification from investment properties (Note 9)	212,800	-	212,800	-
Fair value adjustment of assets held for sale	67,200	-	67,200	-
Closing balance	280,000	-	280,000	-

The fair value of the assets is derived using the basis set out in Note 9(a) to the financial statements. The valuation of the properties is further supported by the outcome of the expression of interest (EOI) campaign commencing in December 2017 in relation to the sale of the portfolio which has resulted in an exclusive due diligence process with the selected

Notes to the financial statements

8. Assets held for sale (cont.)

bidder at an offer price of \$280 million. The agreement for the sale of the portfolio is still non-binding and conditional at the date of this report and there is no guarantee that a sale will proceed, refer to Note 14 for further information on the EOI campaign. The portfolio has been reclassified as held for sale as at balance date.

9. Investment properties

APDC Trust has three investment properties, Melbourne (M1), Sydney (S1) and Perth (P1).

All of the data centres are leased to NEXTDC Limited (NEXTDC) for initial terms of 15 years expiring in 2027 and 2028 with options for up to another 25 years. The leases are on triple net terms pursuant to which all maintenance, taxes, insurance and outgoings are paid by the tenant, NEXTDC Limited. The leases provide for upwards only annual CPI rental increases and market reviews in every fifth year, not exceeding 110% of the preceding year's rent. If a market rent review is not undertaken, then a CPI review will apply. Pursuant to the leases for M1 and P1, a CPI increase of 1.8% was applied to the M1 and P1 rentals effective 21 December 2017. The annualised rental income from 21 December 2017 is \$5,128,000 for M1 and \$2,837,000 for P1. Pursuant to the lease for S1, a market rent review was effective on 21 December 2017. The determining valuer assessed the market rent for S1 at \$6,095,000 per annum, representing an increase of \$445,000 (7.87%) from the previous annual rental.

NEXTDC Limited has made rental payments for M1, S1 and P1 in accordance with the lease agreements.

In the event that the Group wishes to sell M1, S1 and P1, NEXTDC Limited has the first right to acquire these properties.

At reporting date, investment properties were reclassified to current assets as assets held for sale.

(a) Basis of valuation

The carrying amount of investment property is the fair value of the property as assessed by the Directors.

The Directors assess fair value based on the most recent independent valuation updated to take into account any changes in estimated rental income, property capitalisation rates or estimated yields with reference to market evidence of transaction prices for similar properties.

Independent valuations when obtained, are performed by an independent valuer with a recognised professional qualification and recent experience in the location and category of property being valued. The independent valuations utilise the following methodologies: active market prices, capitalisation of net income and discounted cash flow:

- i. The active market prices method assesses a property's value based on the sale price of comparable properties that have recently traded in commercial, arm's length transactions.
- ii. The capitalisation of net income method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments, adjusted to take into consideration a number of factors including:
 - lease term remaining;
 - the relationship of current rent to the market rent;
 - the location;
 - prevailing investment market conditions; and
 - other property specific conditions;
- iii. The discounted cash flow method calculates a property's value by using projections of future cash flows and terminal value derived from the term of any existing leases, and from external evidence such as current market rents for similar properties in the same area and condition, and using discount rates that reflect the current market assessments of the uncertainty in the amount and timing of cash flows specific to the asset.

Independent valuations for each investment property will take place once every three years or earlier should the Directors consider it appropriate.

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9. Investment properties (cont.)

(b) Fair value of investment properties

Property	Date of last independent valuation	Independent valuation \$'000	Adopted capitalisation rate	Adopted discount rate	Adopted discount rate	Fair value 31 Jun 2017
M1, Melbourne	30-Jun-17	80,000 ⁽²⁾	6.25%	7.00%	7.00%	80,000
S1, Sydney ⁽¹⁾	30-Jun-17	95,300 ⁽³⁾	6.25%	7.25%	7.25%	95,300
P1, Perth	30-Jun-17	37,500 ⁽⁴⁾	7.50%	8.00%	8.00%	37,500

All independent valuations used the capitalisation and discounted cash flow valuation methods.

⁽¹⁾ The Bankwest Debt Facility is secured by a mortgage over S1 Sydney data centre asset. Refer to Note 11.

⁽²⁾ Valued by Martin Reynolds, AAPI MRICS, Jones Lang LaSalle Advisory Services Pty Ltd.

⁽³⁾ Valued by Tim Barwick, CPV AAPI, Jones Lang LaSalle Advisory Services Pty Ltd.

⁽⁴⁾ Valued by Stuart Parry, AAPI, Jones Lang LaSalle Advisory Services Pty Ltd.

The carrying amount of investment properties is set out below:

	Consolidated APDC Group Half year to 31 Dec 2017 \$'000	Consolidated APDC Group Year to 30 Jun 2017 \$'000	APDC Trust Half year to 31 Dec 2017 \$'000	APDC Trust Year to 30 Jun 2017 \$'000
Carrying amount at the beginning of the period	212,800	187,000	212,800	187,000
Reclassification to assets held for sale	(212,800)	25,800	(212,800)	25,800
Carrying amount at the end of the period	-	212,800	-	212,800

The investment property portfolio was transferred to assets held for sale following the commencement of the EOI campaign at their carrying value and subsequently revalued at 31 December 2017.

(c) Amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income

Property	Consolidated APDC Group 31 Dec 2017 \$'000	Consolidated APDC Group 31 Dec 2016 \$'000	APDC Trust 31 Dec 2017 \$'000	APDC Trust 31 Dec 2016 \$'000
Rental income	6,755	6,656	6,755	6,656
Net gain from fair value adjustment for investment properties	-	-	-	-
Direct operating expenses of properties that generated rental income	-	-	-	-

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10. Responsible entity management fees

APDC Limited, the responsible entity of APDC Trust, is entitled to a management fee calculated as up to 2% per annum of the gross asset value of APDC Trust. It is payable from the income (or other assets) of APDC Trust, as and when incurred.

As long as APDC Trust does not have its own management structure and APDC Limited provides the responsible entity services to APDC Trust and APDC Trust is stapled to APDC Holdings, APDC Limited will charge APDC Trust on a cost recovery basis for the direct APDC Trust expenses and for the operating expenses of APDC Holdings and APDC Limited.

Management fees of \$1,157,000 were expensed by APDC Trust for the half year (half year to 31 December 2016 \$413,000).

On 16 January 2018 the responsible entity was sold to One Investment Group Pty Limited (ACN 136 507 241) and associate (OIGPL). Following the sale APDC Limited will be entitled to receive a responsible entity fee equal to 0.07% per annum of the gross assets of APDC Trust (subject to a minimum fee of \$200,000).

11. Interest bearing liabilities

	Consolidated APDC Group 31 Dec 2017 \$'000	Consolidated APDC Group 30 Jun 2017 \$'000	APDC Trust 31 Dec 2017 \$'000	APDC Trust 30 Jun 2017 \$'000
Commercial loan - Bankwest	29,000	25,000	29,000	25,000
Unamortised finance costs	(62)	(95)	(62)	(95)
Total interest bearing loans	28,938	24,905	28,938	24,905

APDC Trust has a five-year facility with Bankwest (a division of Commonwealth Bank of Australia) (Bankwest) to provide the Group with up to \$29 million of asset-secured debt funding (Debt Facility). The Debt Facility matures on 29 November 2018 and is secured by a mortgage over the S1 Sydney data centre asset. The Debt Facility comprises a cash advance facility with a maximum limit of \$25 million and a multi option facility with a maximum limit of \$4 million. On 21 December 2017, \$4 million was drawn against the multi option facility. APDC will assess the refinancing of its debt facility once the outcome of the current sales process is known, however given the quality of the Groups investment portfolio and its current gearing levels it is expected that the Group will be able to refinance its debt facilities before maturity if required.

12. Financial instruments

(a) Derivatives

The Group uses derivative financial instruments such as interest rate swaps to manage its financial risk as permitted under the Group's risk management policy. Such instruments are used exclusively for hedging purposes and not for trading or speculative purposes.

APDC Trust has an interest rate swap agreement to fix the floating interest rate component for \$12.5 million of its Debt Facility for five years.

The interest rate swap agreement entitles APDC Trust to receive interest at quarterly intervals at a floating rate on a notional principal amount and obliges it to pay interest at a fixed rate. The interest rate swap agreement allows APDC Trust to raise long term borrowings at a floating rate and effectively swap them into a fixed rate.

The interest rate swap is designated as a cash flow hedging instrument. Accordingly, the effective portion of changes in the fair value of the interest rate swap is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The fair value of the interest rate swap liability at 31 December 2017 was \$295,000 (30 June 2017: \$363,000).

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Notes to the financial statements

12. Financial instruments (cont.)

(b) Carrying amounts versus fair values

At 31 December 2017, the carrying amounts of the Group's financial assets and liabilities approximate their fair values.

(c) Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Derivative liabilities				
31 December 2017:				
Interest rate swap used for hedging	-	295	-	295
Total financial liabilities carried at fair value	-	295	-	295
30 June 2017:				
Interest rate swap used for hedging	-	363	-	363
Total financial liabilities carried at fair value	-	363	-	363

The interest rate swap is measured at fair value based on the mark to market value quoted for forward interest rate swaps. These quotes are tested for reasonableness by discounting expected future cash flows using market interest rates for a similar instrument at the measurement date.

The fixed rate on the interest rate swap is 3.94% per annum.

13. Related party disclosures

(a) Parent entity

The immediate and ultimate parent entity of the Group is APDC Holdings Limited.

(b) Controlled entities

These financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy disclosures as described in Note 3:

	Ownership interest
APDC Limited	100%
APDC Trust	-

APDC Limited was sold to One Investment Group Pty Limited (ACN 136 507 241) and associate (OIGPL) on 16 January 2018. The consideration for the acquisition is an amount equal to the net assets of APDC Limited of \$1.15 million.

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13. Related party disclosures (cont.)

(c) 360 Capital Group

On 2 May 2017, 360 Capital Group (360 Capital) (ASX code: TGP) announced it had acquired a 19.8% interest in the stapled securities of APDC Group (APDC Securities) for approximately \$35.8 million.

On 13 September 2017, 360 Capital announced an unconditional, all-cash, off-market takeover offer to acquire all the securities of APDC for consideration of \$1.95 cash per APDC Security. The offer lapsed on 20 November 2017. On 21 November 2017, 360 Capital's had a 67.3% interest in APDC Securities.

As at 31 December 2017, 360 Capital has a 67.3% interest in APDC Securities.

(d) NEXTDC Limited

APDC Trust has lease agreements with NEXTDC Limited (ASX code: NXT) for all of its investment properties.

On 18 July 2017, NEXTDC Limited announced that it had acquired a 14.1% interest in APDC Securities for \$1.78 per stapled security. Between 19 July 2017 and 27 July 2017 NEXTDC Limited acquired a further 5.89% interest, bringing its total interest to 19.99% at prices of between \$1.78 and \$1.85 per APDC Security.

On 31 July 2017, NEXTDC Limited announced an unconditional, all-cash, off-market takeover offer to acquire all of the securities of APDC for consideration of \$1.87 cash per APDC Security. This takeover offer lapsed on 15 September 2017. By the 13 September 2017 NEXTDC Limited had acquired a further 9.11% interest in APDC securities.

As at 31 December 2017, NEXTDC Limited has a 29.2% interest in APDC Securities.

14. Subsequent events

Meeting on wind up APDC Trust

On 14 December 2017, NEXTDC Limited advised to the securityholders of APDC Trust that it intended to convene a meeting to wind up APDC Trust. The meeting was scheduled on 31 January 2018. On 29 January 2018, 360 Capital initiated proceedings in the supreme court of NSW seeking declaratory relief that it is entitled to vote at the meeting. The parties have provided withdrawals to the court to cause the adjourned of the meeting until 5 business days after the proceedings have been determined.

Portfolio expression of interest campaign

On 19 December 2017, the Boards of APDC announced that it had resolved to seek expressions of interest in respect of the sale of APDC's assets. Following the announcement, on 21 December 2017, APDC Limited appointed Savills and Cushman Wakefield to undertake a sales campaign for the sale of assets. On 14 February 2018 the Group announced that it has agreed terms and exchanged non-binding letters with the preferred purchaser for the sale of the portfolio at an agreed price of \$280 million. At the date of this report the agreement for the sale of the portfolio is non-binding and subject to securityholder approval, FIRB and other approvals and as such there is no guarantee that the sale will proceed.

Sale of responsible entity

APDC Limited was sold to One Investment Group Pty Limited (ACN 136 507 241) and associate on 16 January 2018. APDC Limited was a wholly owned subsidiary of APDC Holdings from 1 July 2017 to the date of sale on 16 January 2018. Post the sale of APDC Limited, effective from 16 January 2018, APDC Group comprises APDC Holdings and its controlled entities APDC SPV Pty Limited (SPV) and APDC Trust.

Other than the above, the Directors of APDC Holdings and APDC Limited are not aware of any matter or circumstance not otherwise dealt with in the financial report or the Directors' Report that has significantly affected or may significantly affect the operations of the Group or APDC Trust, the results of those operations or the state of affairs of the Group or APDC Trust in financial years subsequent to the half year ended 31 December 2017.

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Directors' Declaration

The directors of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Limited as responsible entity for Asia Pacific Data Centre Trust declare that:

- (a) the Financial Statements and notes as set out on pages 8 to 21 for Asia Pacific Data Centre Holdings Limited and its controlled entities (Group) and Asia Pacific Data Centre Trust (APDC Trust) are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Group's and APDC Trust's financial positions at 31 December 2017 and of their performance for the half year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Group and APDC Trust will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with resolutions of the Directors of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Limited as responsible entity for Asia Pacific Data Centre Trust.



David van Aanholt
Chairman
Asia Pacific Data Centre Holdings Limited



Frank Tearle
Director
Asia Pacific Data Centre Limited

Sydney
27 February 2018

To the stapled security holders of Asia Pacific Data Centre Group and the unitholders of Asia Pacific Data Centre Trust

Asia Pacific Data Centre Group comprises of Asia Pacific Data Centre Holdings Limited and the entities it controlled at half year's end or from time to time during the financial year and Asia Pacific Data Centre Trust ("the Group").

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of the Group and the Trust which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report 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 assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Mark Conroy
Partner
Sydney
27 February 2018