

ASX RELEASE

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Annual Results for the year ended 30 June 2016

Asia Pacific Data Centre Group (APDC, Group) today announces its results for the year ended 30 June 2016.

APDC CEO Ms Francina Turner reflected on a successful year for APDC, “Group distributions of 9.48 cents per stapled security were up 4.2% from last year’s distributions of 9.10 cents. APDC achieved accumulated securityholder returns of 24.7% for the year.”

Performance highlights

	2016	2015	Variance
For the year ended 30 June			
Distributions paid or payable	\$10.90 million	\$10.47 million	Up 4%
Distributions per stapled security	9.48 cents	9.10 cents	Up 4%
Distributable earnings ¹	\$10.96 million	\$10.56 million	Up 4%
Unrealised asset revaluations included in profit for the year	\$20.70 million	\$15.60 million	
Profit for the year	\$31.66 million	\$26.16 million	Up 21%
At 30 June			
Data centre portfolio value	\$187.0 million	\$166.3 million	Up 12%
Gearing ²	13.6%	15.3%	Down 1.7%
Net tangible assets	\$1.43	\$1.24	Up 15%

¹ The Group reports profit attributable to members in accordance with Australian Accounting Standards (AAS). Distributable earnings are a non-AAS measure that represents the Directors’ view of the amount available for distribution to securityholders from ongoing activities for the year, being profit/loss after tax adjusted for unrealised fair value gains.

² Gearing is total non-current liabilities divided by total non-current assets

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.

Operational highlights

Investment property revaluations	Independent valuations of APDC's data centres as at 30 June 2016 resulted in an increase in the value of the portfolio by \$20.7 million or 12.4%.
Rent reviews	Rentals for all three of APDC's data centres were the subject of a CPI review which resulted in a 1.50% increase effective from 21 December 2015.
Bankwest debt facility	APDC renegotiated the interest rate margin on its debt facility, resulting in a reduction in margin from 2.15% per annum to 1.50% per annum effective from 6 July 2015.

Earnings

The Group recorded a profit for the year of \$31.66 million which included unrealised asset revaluations of \$20.7 million. Distributable earnings were \$10.96 million.

During the year, APDC earned \$13.21 million in rental income pursuant to the leases. Rentals benefited from a CPI review which resulted in a 1.50% increase from 21 December 2015.

These leases are on a triple-net basis therefore no operating or outgoing expenses are payable by the Group.

Operating and compliance expenses totalled \$1.1 million, in line with the previous two years.

Distributions

APDC will pay a final distribution of 2.43 cents per stapled security in respect of the June quarter. The record date for the June quarter distribution was 30 June 2016 and it is scheduled to be paid on 26 August 2016.

Total distributions for the year ended 30 June 2016 were 9.48 cents per stapled security. Distributions were 24.77% tax deferred for the year.

Distributions of \$10.90 million were fully funded by distributable earnings.

Investment property valuations

As announced in July, the directors have revalued the Group's investment properties based on independent valuations as at 30 June 2016 by CBRE Valuations Pty Limited as summarised below:

Property	Valuation as at 30 June 2016	Increase in valuation	Increase in valuation	Capitalisation rate
M1 Melbourne	72,000,000	9,200,000	14.6%	6.75%
S1 Sydney	80,000,000	10,000,000	14.3%	6.75%
P1 Perth	35,000,000	1,500,000	4.5%	7.75%
	\$187,000,000	\$20,700,000	12.4%	

Capital management

Gearing was 13.6% at 30 June 2016 (down from 15.3% at 30 June 2015).

The Group has a five year facility with Bankwest (a division of Commonwealth Bank of Australia) to provide the Group with up to \$29 million of asset-secured debt funding. The debt facility is secured by a mortgage over the S1 Sydney data centre asset. At 30 June 2016, the Group had undrawn debt facility capacity of \$4.0 million.

APDC renegotiated the interest rate margin for the debt facility, resulting in a reduction in the margin from 2.15% per annum to 1.50% per annum effective from 6 July 2015. 50% of the drawn loan principal is hedged with a fixed rate interest rate swap at 30 June 2016.

Outlook and distribution guidance

APDC's investment strategy is to own data centre assets in the Australia and Asia Pacific region with the intention of providing investors with a stable income and potential for capital growth.

The terms of the lease for M1 provide for a market rent review on 21 December 2016. The independent valuation report for M1 as at 30 June 2016 contains a rental assessment which concluded that the rent is at market. If a market rent review is not undertaken, then a CPI review will apply. The terms of the leases for S1 and P1 provide for a market rent review on 21 December 2017.

Based on the current portfolio and operating conditions, the Board expects that the Group will maintain its current distribution of 2.43 cents per stapled security for the September and December 2016 quarters.

For further information please contact:

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