



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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20 February 2017

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:

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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 2016.

Results for announcement to the market

	APDC Group 1 Jul 2016 to 31 Dec 2016 \$'000	APDC Group 1 Jul 2015 to 31 Dec 2015 \$'000	APDC Trust 1 Jul 2016 to 31 Dec 2016 \$'000	APDC Trust 1 Jul 2015 to 31 Dec 2015 \$'000
Revenue from ordinary operating activities	6,702	6,614	6,690	6,601
Profit (loss) from ordinary activities after tax attributable to members	5,542	5,415	5,542	5,415
Total profit (loss) for the period attributable to members	5,733	5,440	5,733	5,440

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 2016	2.43	2,795
31 December 2016 (payable 24 February 2017)	2.43	2,794
Total	4.86	5,589
30 September 2015	2.30	2,645
31 December 2015 (paid 26 February 2016)	2.35	2,703
Total	4.65	5,348

Explanatory comments

During the half year ended 31 December 2016, the Group:

- earned rental income from its three data centre investment properties in Melbourne (M1), Sydney (S1) and Perth (P1) totalling \$6,656,000 (2015: \$6,558,000);
- confirmed CPI increases of 1.3% for all three data centre rentals effective from 21 December 2016 (2015: 1.5%);

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 2016 to 31 Dec 2016 \$'000	APDC Group 1 Jul 2015 to 31 Dec 2015 \$'000	APDC Trust 1 Jul 2016 to 31 Dec 2016 \$'000	APDC Trust 1 Jul 2015 to 31 Dec 2015 \$'000
Rental income	6,656	6,558	6,656	6,558
Interest income	46	56	34	43
Net gain from fair value adjustment on investment properties	-	-	-	-
Revenue from ordinary operating activities	6,702	6,614	6,690	6,601

Net tangible assets per stapled security

	APDC Group 31 Dec 2016	APDC Group 30 Jun 2016	APDC Trust 31 Dec 2016	APDC Trust 30 Jun 2016
Net tangible assets per stapled security	\$1.43	\$1.43	\$1.42	\$1.42

Asia Pacific Data Centre Group

Interim Financial Report of

Asia Pacific Data Centre Holdings Limited (ACN 159 621 735) and its controlled entities:
Asia Pacific Data Centre Limited (ACN 159 624 585)
Asia Pacific Data Centre Trust (ARSN 161 049 556)

and

Asia Pacific Data Centre Trust (ARSN 161 049 556)

for the half year ended 31 December 2016

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for the half year ended 31 December 2016

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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) (collectively 'Directors') 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 2016 (Interim Financial Report).

APDC Group comprises APDC Holdings and its controlled entities APDC Limited and APDC Trust.

APDC Holdings and APDC Limited are both companies limited by shares, incorporated and domiciled in Australia. The registered office for both companies is Level 32, 19 Martin Place, Sydney NSW and principal place of business for both companies is Level 13, 135 King Street, Sydney NSW.

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).

1. Directors

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

Ian Fraser	Chairman, Non-Executive Director
Chris Breach	Non-Executive Director
Francina Turner	CEO, Executive Director
John Wright	Non-Executive Director

2. Principal activities

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

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 Group earned a profit for the half year and distributable earnings of \$5,542,000. Earnings per stapled security was 4.82 cents.

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.

Asia Pacific Data Centre Group
Interim Financial Report
for the half year ended 31 December 2016

	Consolidated APDC Group 1 Jul 2016 to 31 Dec 2016 \$'000	Consolidated APDC Group 1 Jul 2015 to 31 Dec 2015 \$'000	APDC Trust 1 Jul 2016 to 31 Dec 2016 \$'000	APDC Trust 1 Jul 2015 to 31 Dec 2015 \$'000
Profit for the half year and Distributable earnings	5,542	5,415	5,542	5,415
Undistributed income brought forward	156	94	156	94
Amount available for distribution	5,698	5,509	5,698	5,509
Undistributed income carried forward	(109)	(161)	(109)	(161)
Total distribution for the half year	5,589	5,348	5,589	5,348
Basic earnings per security (cents)	-	-	4.82	4.71
Distributable earnings per security (cents)	-	-	4.82	4.71
Distributions paid and payable	-	-	5,589	5,348
Distributions per security (cents)	-	-	4.86	4.65

The total distribution for the half year is 4.86 cents per stapled security. An interim distribution of 2.43 cents per stapled security was paid on 28 October 2016. A final distribution for the half year of 2.43 cents per stapled security will be paid on 24 February 2017.

The Group's direct trust expenses and responsible entity operating expenses for the half year were \$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 2016 \$'000	Consolidated APDC Group 30 Jun 2016 \$'000	APDC Trust 31 Dec 2016 \$'000	APDC Trust 30 Jun 2016 \$'000
M1, Melbourne	72,000	72,000	72,000	72,000
S1, Sydney ⁽¹⁾	80,000	80,000	80,000	80,000
P1, Perth	35,000	35,000	35,000	35,000
Total investment properties at fair value	187,000	187,000	187,000	187,000
Net assets	164,025	163,881	162,875	162,731
Net tangible asset backing per security (\$)	1.43	1.43	1.42	1.42

⁽¹⁾ The Bankwest Debt Facility is secured by a mortgage over S1 Sydney data centre asset. Refer to Note 10 to the financial statements.

The fair value of the assets is derived using the basis set out in Note 8(a) to the financial statements. The fair value of the investment properties is determined by the Directors by reference to the most recent independent valuation for that property updated to take into account any changes in valuation factors. All the investment properties were independently valued as at 30 June 2016. There were no changes to the carrying values of the investment properties during the half year.

Fair value of assets has increased by \$36,300,000 since 1 July 2014. Fair value may increase or decrease in future. Refer to Note 8(b) to the financial statements.

3.3 Rental income

All of the Group's data centres are wholly-owned by APDC Trust. All of 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.

Asia Pacific Data Centre Group
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Rental income for the half year was \$6,656,000 as detailed below.

	1 Jul 2016 to 31 Dec 2016 \$'000	1 Jul 2015 to 31 Dec 2015 \$'000
M1, Melbourne	2,488	2,451
S1, Sydney	2,791	2,750
P1, Perth	1,377	1,357
	6,656	6,558

Pursuant to the leases, a CPI increase of 1.3% was applied to the M1, S1 and P1 rentals effective 21 December 2016. The annualised rental income from 21 December 2016 is \$5,037,000 for M1, \$5,650,000 for S1 and \$2,787,000 for P1.

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 28 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.

At 31 December 2016, \$25 million of the facility was drawn (Core Debt).

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 the Core Debt (loan interest, margin and swap interest) is 4.43% per annum as at 31 December 2016.

3.5 Real estate funds management

APDC Limited, a wholly owned subsidiary of APDC Holdings, 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 9 to the financial statements.

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 5.

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.



Ian Fraser
Chairman

Brisbane
20 February 2017



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Asia Pacific Data Centre Holdings Limited and the directors of Asia Pacific Data Centre Limited as responsible entity for Asia Pacific Data Centre Trust

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2016 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Jillian Richards
Partner

Brisbane
20 February 2017

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Statements of Profit or Loss and Other Comprehensive Income

	Consolidated APDC Group 1 Jul 2016 to 31 Dec 2016 Note \$'000	Consolidated APDC Group 1 Jul 2015 to 31 Dec 2015 \$'000	APDC Trust 1 Jul 2016 to 31 Dec 2016 \$'000	APDC Trust 1 Jul 2015 to 31 Dec 2015 \$'000
Revenue				
Rental income	6,656	6,558	6,656	6,558
Interest income	46	56	34	43
Total revenue	6,702	6,614	6,690	6,601
Expenses				
Operating expenses	564	582	552	569
Interest expense and finance costs	596	617	596	617
Total expenses	1,160	1,199	1,148	1,186
Profit before income tax expense	5,542	5,415	5,542	5,415
Income tax expense	-	-	-	-
Profit for the half year	5,542	5,415	5,542	5,415
Profit for the half year attributable to:				
Owners of APDC Holdings	-	-	-	-
Owners of APDC Trust	-	-	5,542	5,415
Non-controlling interest - members of APDC Trust	5,542	5,415	-	-
Total profit for the half year	5,542	5,415	5,542	5,415
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Effective portion of changes in fair value of cashflow hedge	191	25	191	25
Other comprehensive income, net of tax	191	25	191	25
Total comprehensive income for the half year	5,733	5,440	5,733	5,440
Total comprehensive income for the half year attributable to:				
Owners of APDC Holdings	-	-	-	-
Owners of APDC Trust	-	-	5,733	5,440
Non-controlling interest - members of APDC Trust	5,733	5,440	-	-
Total comprehensive income for the half year	5,733	5,440	5,733	5,440
Basic and diluted earnings per security (cents)	6	-	4.82	4.71

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

Asia Pacific Data Centre Group
Interim Financial Report
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Statements of Financial Position as at 31 December 2016

		Consolidated APDC Group 31 Dec 2016 \$'000	Consolidated APDC Group 30 Jun 2016 \$'000	APDC Trust 31 Dec 2016 \$'000	APDC Trust 30 Jun 2016 \$'000
	Note				
Current assets					
Cash and cash equivalents		5,716	5,814	4,150	4,230
Trade and other receivables		9	2	508	500
Security deposit		8	8	-	-
Prepayments		93	24	24	-
Total current assets		5,826	5,848	4,682	4,730
Non-current assets					
Investment properties	8	187,000	187,000	187,000	187,000
Property, plant and equipment		-	1	-	-
Deferred tax asset		15	15	-	-
Total non-current assets		187,015	187,016	187,000	187,000
Total assets		192,841	192,864	191,682	191,730
Current liabilities					
Trade and other payables		681	700	695	730
Distribution payable		2,794	2,794	2,794	2,794
Provision for employee benefits		23	14	-	-
Total current liabilities		3,498	3,508	3,489	3,524
Non-current liabilities					
Interest bearing liabilities	10	24,872	24,838	24,872	24,838
Derivatives	11	446	637	446	637
Total non-current liabilities		25,318	25,475	25,318	25,475
Total liabilities		28,816	28,983	28,807	28,999
Net assets		164,025	163,881	162,875	162,731
Equity					
Contributed equity		1,150	1,150	115,110	115,110
Asset revaluation reserve		-	-	48,102	48,102
Cashflow hedge reserve		-	-	(446)	(637)
Undistributed income		-	-	109	156
Total equity attributable to owners of APDC Holdings/APDC Trust		1,150	1,150	162,875	162,731
Non-controlling interest attributable to APDC Trust		162,875	162,731	-	-
Total equity		164,025	163,881	162,875	162,731

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 2015	1,150	1,150	141,982	143,132
Total comprehensive income for the half year				
Profit for the half year	-	-	5,415	5,415
Other comprehensive income for the half year	-	-	25	25
Total comprehensive income for the half year	-	-	5,440	5,440
Transactions with owners of the Group:				
Contributions by and distributions to owners of the Group				
Distributions paid or provided for	-	-	(5,348)	(5,348)
Total contribution by and distributions to owners of the Group	-	-	(5,348)	(5,348)
Total equity at 31 December 2015	1,150	1,150	142,074	143,224
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

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 2015	115,110	94	27,402	(624)	141,982
Total comprehensive income for the half year					
Profit for the half year	-	5,415	-	-	5,415
Other comprehensive income for the half year	-	-	-	25	25
Total comprehensive income for the half year	-	5,415	-	25	5,440
Transactions with owners of the Group: Contributions by and distributions to owners of the Trust					
Distributions paid or provided for	-	(5,348)	-	-	(5,348)
Total contribution by and distributions to owners of the Trust	-	(5,348)	-	-	(5,348)
Total equity at 31 December 2015	115,110	161	27,402	(599)	142,074
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

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

Asia Pacific Data Centre Group
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for the half year ended 31 December 2016

Statements of Cash Flows

	Consolidated APDC Group 1 Jul 2016 to 31 Dec 2016 \$'000	Consolidated APDC Group 1 Jul 2015 to 31 Dec 2015 \$'000	APDC Trust 1 Jul 2016 to 31 Dec 2016 \$'000	APDC Trust 1 Jul 2015 to 31 Dec 2015 \$'000
Cashflows from operating activities				
Receipts from lessee	7,369	8,461	7,369	8,461
Payments to suppliers and employees	(663)	(649)	(632)	(575)
Net GST payment to ATO	(686)	(650)	(686)	(650)
Interest received	47	54	34	43
Net cash inflows from operating activities	6,067	7,216	6,085	7,279
Cashflows from investing activities	-	-	-	-
Cashflows from financing activities				
Payment of interest and finance costs	(576)	(614)	(576)	(614)
Payment of distributions	(5,589)	(5,290)	(5,589)	(5,290)
Net cash outflows from financing activities	(6,165)	(5,904)	(6,165)	(5,904)
Net increase/(decrease) in cash and cash equivalents	(98)	1,312	(80)	1,375
Cash and cash equivalents at the beginning of the half year	5,814	5,507	4,230	3,933
Cash and cash equivalents at the end of the half year	5,716	6,819	4,150	5,308

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

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, 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 2016.

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 2016.

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 2016 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) 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.

Notes to the financial statements

2. Basis of preparation (cont.)

(b) Significant judgements and estimates (cont.)

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 2016.

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 2016.

4. Segment information

The Group entities present operating segments based on the internal information that is available to the Chief Executive Officer (CEO), who is the Group's chief operating decision maker. 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 operating results are regularly reviewed by the CEO 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 CEO 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 2015: nil).

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.

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Notes to the financial statements

6. Earnings per stapled security

	Consolidated APDC Group 1 Jul 2016 to 31 Dec 2016	Consolidated APDC Group 1 Jul 2015 to 31 Dec 2015	APDC Trust 1 Jul 2016 to 31 Dec 2016	APDC Trust 1 Jul 2015 to 31 Dec 2015
Earnings used in the calculation of earnings per security (\$'000)	-	-	5,542	5,415
Basic earnings per security (cents)	-	-	4.82	4.71
Diluted earnings per security (cents)	-	-	4.82	4.71
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⁾	-	-	5,542	5,415
Distributable earnings per security (cents)	-	-	4.82	4.71
Weighted average number of securities on issue used in the calculation of distributable earnings per security	-	-	115,000,100	115,000,100

⁽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 2016:		
Distributions for the quarter ended:		
30 September 2016	2.43	2,795
31 December 2016 (payable 24 February 2017)	2.43	2,794
	4.86	5,589
For the half year ended 31 December 2015:		
Distributions for the quarter ended:		
30 September 2015	2.30	2,645
31 December 2015 (paid 26 February 2016)	2.35	2,703
	4.65	5,348

Distributable earnings for the half year was \$5,542,000 or 4.82 cents per stapled security.

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Notes to the financial statements

7. Distributions paid and payable (cont.)

	Consolidated APDC Group 1 Jul 2016 to 31 Dec 2016 \$'000	Consolidated APDC Group 1 Jul 2015 to 31 Dec 2015 \$'000	APDC Trust 1 Jul 2016 to 31 Dec 2016 \$'000	APDC Trust 1 Jul 2015 to 31 Dec 2015 \$'000
Profit for the half year and Distributable earnings	5,542	5,415	5,542	5,415
Undistributed income brought forward	156	94	156	94
Amount available for distribution	5,698	5,509	5,698	5,509
Distributions paid and payable	(5,589)	(5,348)	(5,589)	(5,348)
Undistributed income carried forward	109	161	109	161

The distribution of \$2,794,000 for the quarter ended 30 June 2016 was paid on 26 August 2016.

8. 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. 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. The terms of the leases for S1 and P1 provide for a market rent review on 21 December 2017.

NEXTDC 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 has the first right to acquire these properties.

(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, arms 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;

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Notes to the financial statements

8. Investment properties (cont.)

(a) Basis of valuation (cont.)

- 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.

(b) Fair value of investment properties

Property	Acquisition date	Cost \$'000	Previous fair value adjustments \$'000	Fair value 30 Jun 2016 \$'000	Fair value adjustments 31 Dec 2016 \$'000	Fair value 31 Dec 2016 \$'000
M1, Melbourne	21/12/2012	52,005	19,995	72,000	-	72,000
S1, Sydney	21/12/2012	57,548	22,452	80,000	-	80,000
P1, Perth	21/12/2012	28,470	6,530	35,000	-	35,000
Total		138,023	48,977	187,000	-	187,000

There were no material changes to the valuation factors reflected in the last independent valuations during the half year. Therefore, there were no changes to the carrying values of the investment properties during the half year. The investment properties are carried at fair value of the property as assessed by the Directors by reference to the most recent independent valuation for that property at 30 June 2016:

Property	Date of last independent valuation	Independent valuation \$'000	Annual net property income per m ²	Adopted capitalisation rate	Adopted discount rate	Lease expiry
M1, Melbourne	30/06/2016	72,000 ⁽²⁾	\$ 287	6.75%	7.75%	20/12/2027
S1, Sydney ⁽¹⁾	30/06/2016	80,000 ⁽³⁾	\$ 279	6.75%	7.75%	14/05/2028
P1, Perth	30/06/2016	35,000 ⁽⁴⁾	\$ 288	7.75%	8.50%	29/11/2028

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 10.

⁽²⁾ Valued by Andrew Lett, AAPI, CBRE Valuations Pty Ltd.

⁽³⁾ Valued by Kenny Duncanson, AAPI MRICS, CBRE Valuations Pty Ltd.

⁽⁴⁾ Valued by Jason Fenner, AAPI, CBRE Valuations Pty Ltd.

The carrying amount of investment properties is set out below:

	Consolidated APDC Group Half year to 31 Dec 2016 \$'000	Consolidated APDC Group Year to 30 Jun 2016 \$'000	APDC Trust Half year to 31 Dec 2016 \$'000	APDC Trust Year to 30 Jun 2016 \$'000
Carrying amount at the beginning of the period	187,000	166,300	187,000	166,300
Fair value adjustments	-	20,700	-	20,700
Carrying amount at the end of the period	187,000	187,000	187,000	187,000

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Notes to the financial statements

8. Investment properties (cont.)

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

Property	Consolidated	Consolidated	APDC	APDC
	APDC Group	APDC Group	Trust	Trust
	1 Jul 2016 to 31 Dec 2016	1 Jul 2015 to 31 Dec 2015	1 Jul 2016 to 31 Dec 2016	1 Jul 2015 to 31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
Rental income	6,656	6,558	6,656	6,558
Net gain from fair value adjustment for investment properties	-	-	-	-
Direct operating expenses of properties that generated rental income	-	-	-	-

9. 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 \$413,000 were expensed by APDC Trust for the half year (half year to 31 December 2015 \$437,000).

10. Interest bearing liabilities

	Consolidated	Consolidated	APDC	APDC
	APDC Group	APDC Group	Trust	Trust
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	\$'000	\$'000	\$'000	\$'000
Commercial loan - Bankwest	25,000	25,000	25,000	25,000
Unamortised finance costs	(128)	(162)	(128)	(162)
Total interest bearing loans	24,872	24,838	24,872	24,838

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 28 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. At 31 December 2016, there were no drawdowns against the multi option facility.

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Notes to the financial statements

11. 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 (50% of the drawn Core Debt amount) 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 2016 was \$446,000 (30 June 2016: \$637,000).

(b) Carrying amounts versus fair values

At 31 December 2016, 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 2016:				
Interest rate swap used for hedging	-	446	-	446
Total financial liabilities carried at fair value	-	446	-	446
30 June 2016:				
Interest rate swap used for hedging	-	637	-	637
Total financial liabilities carried at fair value	-	637	-	637

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.

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Notes to the financial statements

12. 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	-

There have been no changes in related party arrangements since 30 June 2016.

13. Subsequent events

Since the end of the half year, 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 2016.

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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 6 to 18 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 2016 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.



Ian Fraser
Chairman

Brisbane
20 February 2017



Independent Auditor's Review Report

To the stapled security holders of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Trust

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Trust is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the Group's and the Trust's financial position as at 31 December 2016 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*.

We have reviewed the accompanying Interim Financial Report of the Group and Trust.

The Interim Financial Report comprises:

- Statements of financial position as at 31 December 2016
- Statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the half year ended on that date
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The Group consists of Asia Pacific Data Centre Holdings Limited (the Company) and the entities it controlled as at 31 December 2016 and from time to time during the half year.

The Trust is Asia Pacific Data Centre Trust.

Responsibilities of the Directors for the Interim Financial Report

The Directors of Asia Pacific Data Centre Holdings Limited and the Directors of Asia Pacific Data Centre Limited, as Responsible Entity for Asia Pacific Data Trust (collectively referred to as "the Directors") are responsible for:

- the preparation of the Interim 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 Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Asia Pacific Data Centre Holdings Limited's and Asia Pacific Data Centre Trust's financial position as at 31 December 2016 and their performance for the half year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Trust, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim 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*.



KPMG



Jillian Richards
Partner

Brisbane
20 February 2017