Asia Pacific Data Centre Group
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ASX RELEASE

ASX Code: AJD

25 August 2017

Annual Results for the year ended 30 June 2017

Asia Pacific Data Centre Group (APDC, Group) today announces its results for the year ended 30 June 2017.

Performance highlights

	2017	2016	Variance
For the year ended 30 June			
Distributions paid or payable	$11.18 million	$10.90 million	Up 2.6%
Distributions per stapled security	9.72 cents	9.48 cents	Up 2.5%
Distributable earnings[1]	$11.10 million	$10.96 million	Up 1.3%
Unrealised asset revaluations included in profit for the year	$25.80 million	$20.70 million	Up 24.6%
Profit for the year	$36.90 million	$31.66 million	Up 16.5%
At 30 June			
Data centre portfolio value	$212.8 million	$187.0 million	Up 13.8%
Gearing[2]	11.9%	13.6%	Down 1.7%
Net tangible assets (NTA)	$1.65	$1.43	Up 15.4%

[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

Operational highlights

Investment property revaluations	Independent valuations of APDC's data centres as at 30 June 2017 resulted in an increase in the value of the portfolio by $25.8million or 13.8%.
Rent reviews - CPI	Rentals for all three of APDC's data centres were the subject of a CPI review which resulted in a 1.30% increase effective from 21 December 2016.

Earnings

The Group recorded a profit for the year of $36.90 million which included unrealised asset revaluations of $25.80 million. Distributable earnings were $11.10 million.

During the year, APDC earned $13.39 million in rental income pursuant to the leases. Rentals benefited from a CPI review which resulted in a 1.30% increase from 21 December 2016.

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

Operating and compliance expenses in the ordinary course of operations totalled $1.1 million, in line with the previous three 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 2017 and it is scheduled to be paid on 28 August 2017.

Total distributions for the year ended 30 June 2017 were 9.72 cents per stapled security. Distributions were 24.69% tax deferred for the year.

Distributions of $11.18 million were funded from distributable earnings and undistributed income from prior years.

Investment property valuations

The directors have revalued the Group's investment properties based on independent valuations as at 30 June 2017 by Jones Lang LaSalle Advisory Services as summarised below:

Property	Valuation as at 30 June 2017	Increase in valuation	Increase in valuation	Capitalisation rate
M1 Melbourne	**80,000,000**	8,000,000	11.1%	6.25%
S1 Sydney	**95,300,000**	15,300,000	19.1%	6.25%
P1 Perth	**37,500,000**	2,500,000	7.1%	7.50%
	$212,800,000	**$25,800,000**	**13.8%**	

Capital management

Gearing was 11.9% at 30 June 2017 (down from 13.6% at 30 June 2016).

The Group has a five year facility with Bankwest (a division of Commonwealth Bank of Australia), maturing on 28 November 2018, 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 2017, the Group had undrawn debt facility capacity of $4.0 million. APDC has commenced discussions with Bankwest regarding a refinancing of this facility.

Update in relation to Third Party Engagement Process

On 7 July 2017, APDC announced that it was progressing confidential discussions with third parties who had expressed an interest in acquiring APDC Securities or APDC's assets and that APDC had commenced a broader process to determine whether any other parties had any interest to acquire APDC Securities or APDC's assets (Third Party Engagement Process).

During the Third Party Engagement Process, APDC granted due diligence to a number of third parties, including 360 Capital, however no binding proposal capable of consideration by APDC Securityholders was received, other than the NEXTDC Offer discussed below.

NEXTDC Offer

The Board of APDC has considered the terms of the off-market unconditional takeover offer by NEXTDC Limited to acquire all of the outstanding APDC Securities for $1.87 per APDC Security (NEXTDC Offer).

The Target’s Statement in relation to the NEXTDC Offer will be released shortly.

Recent developments

The determining valuer assessed the market rental for S1 at $6,095,000 per annum ($305 per m^2 per annum), representing an increase of $445,000 per annum (7.87%) from the previous annual rental.

This increase will become effective from 21 December 2017 and continue to apply unless revised under CPI adjustments or market rent reviews in future.

Following this determination, the Board of APDC commissioned Jones Lang LaSalle to apply the market rental to the valuation of S1. As a result, S1’s fair value as at 30 June 2017 is $95,300,000 based on an independent valuation.

Distribution guidance

In the last four months the Group has been involved in corporate activity and has incurred significant expenses that would not otherwise arise under normal operating conditions. These expenses include fees and expenses associated with considering and responding to the 360 Capital securityholder meeting and the proposals received by the Group before and during the course of the Third Party Engagement Process, preparing and arranging the distribution of APDC’s Target's Statement and engaging an Independent Expert.

APDC Group will incur additional expenses of this nature, with the quantum of these expenses dependent upon a variety of factors, including whether a change of control of APDC Group occurs.

Prior to making a decision on payment of the September 2017 distribution the Board will carefully consider APDC Group's circumstances at that time. Given the significant expenses incurred and to be incurred in relation to the corporate activity, it is possible that no September 2017 distribution will be made or that the September 2017 distribution will be less than the June 2017 distribution. Similar considerations will apply to distributions in subsequent quarters if the corporate activity is ongoing at that time.

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