



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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22 November 2016

Annual Meetings 2016 - Chairman's Address

Attached is the Chairman's overview and presentation to the Combined Annual Meetings for Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Trust to be held today.

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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.

COMBINED MEETINGS
ASIA PACIFIC DATA CENTRE HOLDINGS LIMITED ACN 159 621 735
ASIA PACIFIC DATA CENTRE TRUST ARSN 161 049 556
22 NOVEMBER 2016

CHAIRMAN'S ADDRESS

Introduction

Good morning ladies and gentlemen.

I welcome you to the 2016 Annual General Meeting of the Members of Asia Pacific Data Centre Holdings Limited and the 2016 General Meeting of Unitholders of Asia Pacific Data Centre Trust.

My name is Ian Fraser and I am the Chairman and an independent Non-Executive Director of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Limited.

I have been appointed by APDC Limited, the Responsible Entity for the APDC Trust, as the Chairman of the APDC Trust General Meeting and I table my letter of appointment.

The Meetings of the two entities will be held concurrently today as detailed in the Notice of Meetings dated 21 October 2016 sent to securityholders. The constitutions of each entity provide for the meetings to be held in conjunction with each other while the stapling of the shares in APDC Holdings to the units in the APDC Trust applies.

I am advised by the Company Secretary that a quorum is present, I declare the 2016 Meetings open.

Please can I ask you to turn off your mobile phone and recording devices.

Let me begin by introducing my fellow Directors and executives. With me today are:

- Francina Turner - Executive Director, CEO and Company Secretary;

Non-Executive Directors:

- Chris Breach; and
- John Wright - chairman of the Audit, Risk and Compliance Committee.

Also with us today is KPMG, the Company's Auditor, represented at these Meetings in person by Jillian Richards.

The minutes of the 2015 Meetings were approved by the Board and signed by the Chairman of the Meetings. Copies are available at the registration desk should any securityholder wish to view them.

I will provide an overview of the 2016 year, and then conduct the formal business of the Meetings.

On behalf of your Board of Directors, it is my pleasure to provide you with an overview of the performance of the Asia Pacific Data Centre Group (APDC Group) for the year ended 30 June 2016.

APDC and the data centre sector

APDC listed on 9 January 2013 and was established to own investment grade data centre properties in the Asia Pacific.

It derives income from owning and leasing these data centres to data centre tenants or operators.

The Group owns a portfolio of three operational data centres in Melbourne, Sydney, and Perth, totalling more than 46,000 square metres of gross lettable area.

All of the data centres in our portfolio were developed by NEXTDC Limited and are leased to NEXTDC, an ASX S&P 200 listed company.

APDC performance

I am pleased to say that APDC has achieved a 24.7% accumulated return for FY16 in line with the S&P 300 ASX-AREIT accumulated index return of 24.6%.

APDC paid distributions of 9.48 cents per stapled security for the 2016 financial year, an increase of 4.2% on the previous year.

The stapled security price closed at \$1.44 yesterday, up from \$1.26 on 30 June last year.

Financial highlights

I will now take you through some of the key highlights for the financial year ended 30 June 2016.

The Group's financial results for the year ended 30 June 2016 were in line with expectations.

APDC recorded distributable earnings of \$10.96 million from which it paid distributions of \$10.90 million or 9.48 cents per stapled security. This was slightly ahead of the Board's guidance at the last AGM and represents a 4.2% increase on the prior year distributions.

Statutory profit was higher than distributable earnings at \$31.66 million which included unrealised asset revaluations of \$20.7 million.

Distributions in FY16 were 24.77% tax deferred.

Rental income

The 2016 year has been another year of income stability and capital growth.

The rental income from the three data centres in our portfolio was \$13.21 million for the year ended 30 June 2016.

The data centre leases are the subject of an annual CPI review based on the September quarter CPI. The rent for all three of APDC's data centres increased by 1.5% at 21 December 2015 and will increase by 1.3% from 21 December of this year. The total annual rental from the leases will thus increase to \$13.5 million.

Leases

The weighted average lease expiry of the portfolio was 11.7 years as at 30 September 2016.

The terms of the leases are 'triple net' where outgoing and statutory expenses, maintenance and the tenant's plant and equipment are the responsibility of the tenant.

There are no rental arrears.

The leases feature initial lease terms of 15 years expiring in 2027 and 2028 and options for further terms totalling another 25 years. Annual rent increases with CPI and there are market reviews in every 5th year.

The terms of the lease for M1 provide for a market rent review effective 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 effective 21 December 2017.

The alliance agreement between APDC and NEXTDC expired on 21 December 2015. Under the terms of the alliance agreement APDC had the first right of refusal to acquire any NEXTDC's data centre developments or acquisitions should NEXTDC wish to sell these and NEXTDC had a first right to lease or operate any properties that APDC acquires. During the term of the alliance, the rights were not exercised by either party.

Investment properties

The Group has invested \$138.8 million in the acquisition of the data centres and the portfolio is currently valued at \$187.0 million, an increase in value of \$48.2 million or 35% since acquisition.

All three data centres were independently valued by CBRE at 30 June 2016 and all have recorded valuation uplifts in the financial year ended 30 June 2016.

The Board believes that the valuation increases reflect the real estate market in the respective locations, quality of the data centres and investor demand for long term leases.

These valuation increments resulted in unrealised gains of \$20.7 million in the year ended 30 June 2016 and Net Tangible Assets per security increased from \$1.24 to \$1.43 or by 15%. These unrealised gains have not been included in the amounts distributed to securityholders.

Capital management

The Group has a debt facility with Bankwest of up to \$29.0 million of debt funding which expires in 2018 and is secured against the Sydney data centre. The Melbourne and Perth data centre assets remain unencumbered.

\$25 million of this loan facility is drawn and no additional drawings were made this year. 50% of the drawn debt is hedged for interest rate risk management.

Gearing was 13.6% of total non-current assets at 30 June 2016. For both Loan to Value Ratio and Interest Cover the Group has comfortable headroom relative to the debt facility covenants. The Loan to Value Ratio has improved since the inception of the debt facility due to the rising valuation of the data centres.

At the beginning of the 2016 financial year, APDC successfully renegotiated the interest rate on its debt facility, resulting in a reduction in margin of 65 basis points. The reduced margin together with a generally favourable interest rate environment resulted in interest expense savings of 13.9% compared with the prior year.

Distribution guidance

I advise that our guidance for distributions for the remainder of FY17 is 2.43 cents per security for the December, March and June quarters.

This guidance is subject to market conditions and the existing portfolio, operations, interest rates, hedging and capital structure remaining unchanged. If circumstances change, this guidance may be reviewed.

Outlook

APDC will continue to earn rent from its current portfolio which provides a stable and CPI-linked income to the Group.

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.

APDC continues to seek suitable acquisitions. In identifying and assessing possible acquisitions, we will take into account location, quality of tenant covenant and lease terms.

Closing remarks

APDC has a small, dedicated and effective Board and management team who are present here today. I thank the directors for their service to securityholders and on behalf of the Board, I extend my thanks to the management team ably lead by our chief executive, Francina Turner, for their dedication and contribution in the past year.

I thank all securityholders for their support as it is valued by the Board and particularly those for taking the time to join us today.

Asia Pacific Data Centre Group Annual Meetings

22 November 2016





Agenda

Welcome

Chairman's Overview

Formal Business

Chairman's Overview

Investment in the data centre sector

- Investment grade data centres
- Owning and leasing data centre properties

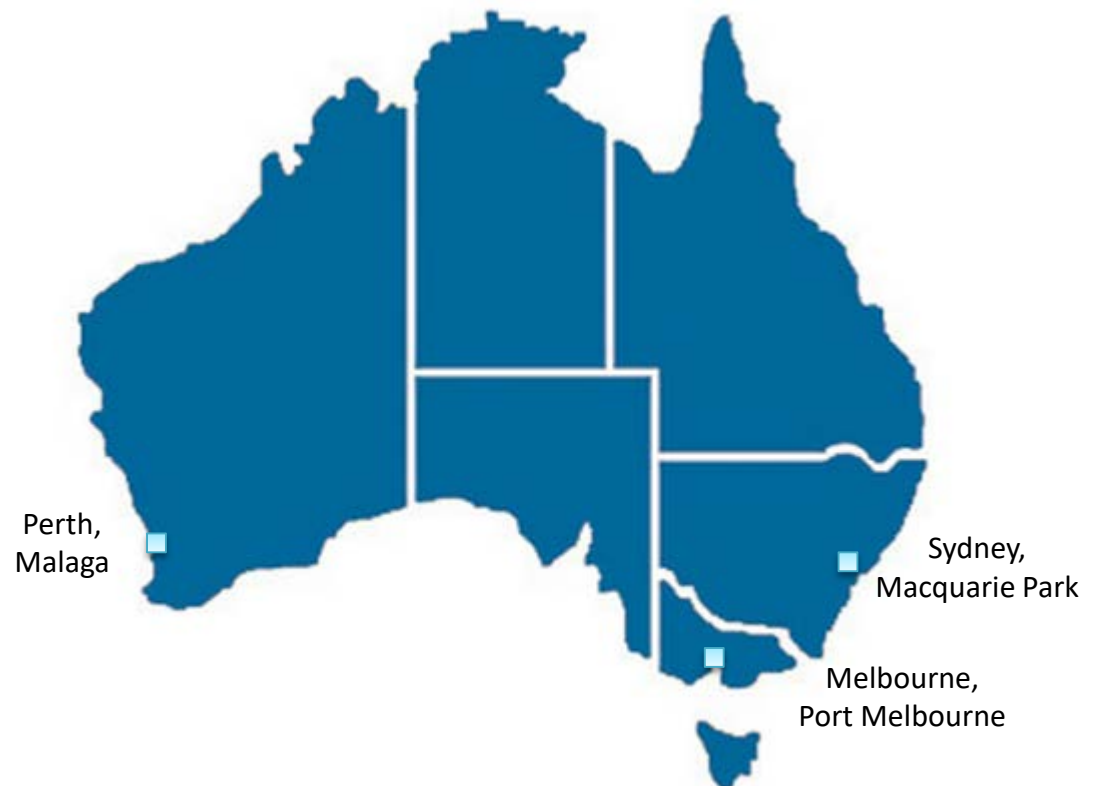
Portfolio overview

46,893m² gross lettable area

11.7 years Weighted Average Lease Expiry as at 30/09/2016

100% leased

1 tenant – NEXTDC



Performance highlights

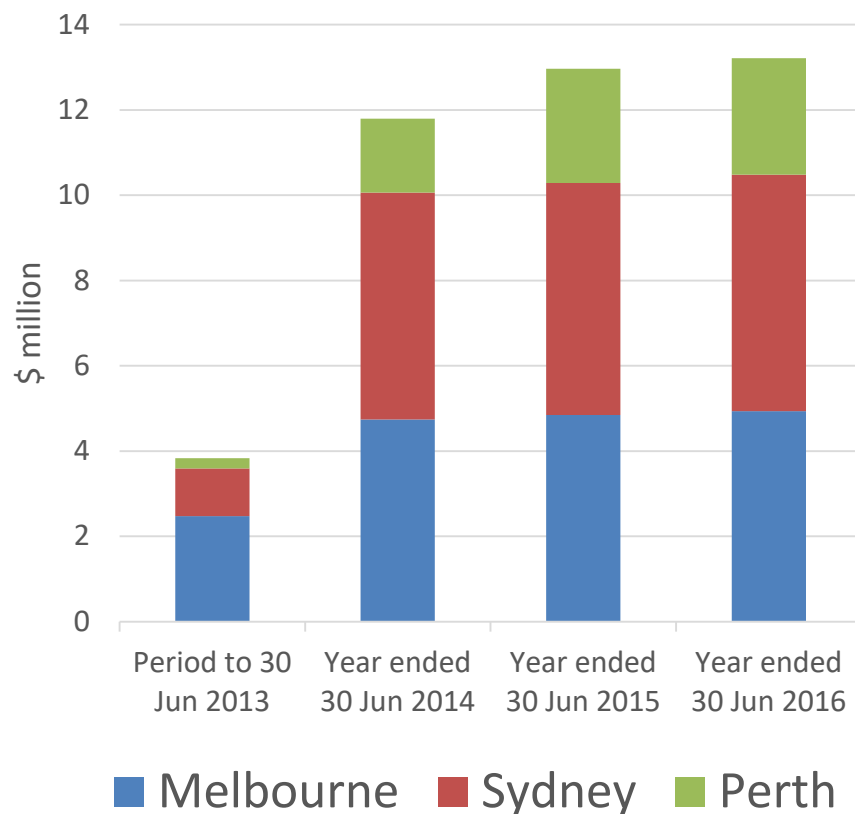
	FY16
Accumulated return	24.7%
NTA	\$1.43
Distribution per stapled security	9.48 cents

Financial overview

	FY16	
Distributable earnings	\$10.96m	
Statutory profit	\$31.66m	Includes unrealised gains from fair value adjustment on investment properties of \$20.7m
Distributions	\$10.90m	
Tax deferred component	24.77%	

Rent profile – by asset

Rental from Leases and Unimproved Land



- \$13.21m FY16 Rent
- 1.5% CPI rent review from Dec15
- 1.3% CPI rent review from Dec16



Investment properties - valuations

Data Centre	Acquisition price	Current valuation
Melbourne	\$52.0m	\$72.0m
Sydney	\$58.0m	\$80.0m
Perth	\$28.8m	\$35.0m
	\$138.8m	\$187.0m

Weighted average capitalisation rate **6.94%**

Capital management

■ Gearing of 13.6%

Total Non-Current Liabilities to
Total Non-current Assets as at
30/06/2016

	FY16
Facility limit	\$29.0m
Drawn	\$25.0m
% hedged	50%
Effective cost of drawn debt	4.63% As at 30/06/2016
Term to maturity	2.1 years As at 31/10/2016
LVR	31% vs 50% covenant
ICR	4.5x vs 2.0x covenant

Distribution guidance

DecQ	2.43 cps
MarQ	2.43 cps
JunQ	2.43 cps

This guidance is subject to market conditions and the existing portfolio, operations, interest rate, hedging and capital structure remaining unchanged

- Stable and CPI-linked rental income from current portfolio
- Disciplined approach to acquisitions



Formal Business

Agenda - ordinary business

- Consideration of financial statements and reports
- Resolution 1: Re-election of John Wright as a Director
- Resolution 2: Adoption of Remuneration Report

Voting Procedure

Matter	Procedure
Speaking at the meeting	<ul style="list-style-type: none">• Securityholders, proxies or corporate representatives are entitled to comment or ask questions• Green card – speak at the meeting and vote• Yellow card – speak at the meeting only• Red card – not eligible to speak at the meeting or vote
Questions	
General questions of the Board or auditors	<ul style="list-style-type: none">• Following consideration of the financial statements
Written questions received prior to the meeting	<ul style="list-style-type: none">• None received
Questions on Resolutions	<ul style="list-style-type: none">• Ask at the time the Resolution is to be considered
Protocol	<ul style="list-style-type: none">• Raise your hand, give your name or the name of the securityholder you represent

Voting Procedure

Matter	Procedure
Voting on a motion	<ul style="list-style-type: none">• Securityholders, proxies or corporate representatives are entitled vote• Vote on show of hands• Raise green card• Joint securityholdings – only the vote of the securityholder whose name is recorded first in the register will be counted
Proxies	<ul style="list-style-type: none">• Proxies as at 11.00am on 20 November 2016• Displayed on screen before the vote
Poll	<ul style="list-style-type: none">• If a poll is called on any resolution the Chairman of the meeting will provide instructions at that time

Consideration of reports

- Annual Financial Statements
- Directors' Report
- Independent Auditor's Report

Resolution 1

Re-election of John Wright

“That, John Wright, who retires in accordance with Clause 47(b) of the Constitution of APDC Holdings, and having offered himself for election and being eligible, is hereby re-elected as a Director of APDC Holdings Limited.”

	For	Open	Against	Abstain
Proxy results	28,902,144	408,414	7,004	15,000
% of votes cast	98.58%	1.39%	0.02%	

Resolution 2 –

Adoption of Remuneration Report

“That, the Remuneration Report (which forms part of the Directors’ Report) for APDC Holdings Limited for the year ended 30 June 2016 be adopted.”

	For	Open	Against	Abstain
Proxy results	27,948,839	459,414	164,354	759,955
% of votes cast	97.82%	1.61%	0.58%	



 NEXT DC

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Asia Pacific Data Centre Group Annual Meetings

22 November 2016

