



Asia Pacific
Data Centre

ANNUAL REPORT
2014





Australia's first listed data centre REIT

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Chairman's Letter

On behalf of your Board, I have pleasure in reporting on the performance of the Asia Pacific Data Centre Group (APDC, the Group) for the year ended 30 June 2014. I welcome new securityholders who have invested in APDC since our last annual report.

APDC recorded distributable earnings of \$9.95 million in line with the PDS Forecast¹.

The Group paid total distributions of 9.00 cents per stapled security representing a distribution yield of 9% (annualised) on the fully paid \$1.00 issue price.

APDC recorded a statutory profit of \$21.76 million which included unrealised asset revaluations of \$11.99 million.

APDC now owns three state of the art data centres in Sydney (S1), Melbourne (M1) and Perth (P1). Given improved market conditions, each data centre was independently valued during the year with the consequence that the portfolio increased in value by \$11.99 million. The value of the portfolio at 30 June 2014 is \$150.70 million. Net Tangible Assets per security at 30 June 2014 was \$1.11 (up 9.9% from 30 June 2013).

The Group expanded its portfolio of operational data centres during the year with the completion of the newly constructed data centre in Perth. The acquisition was financed through a five year facility with Bankwest (a division of Commonwealth Bank of Australia) of up to \$29.0m of debt funding secured against the Sydney data centre. Gearing was 16.4% at 30 June 2014.

APDC has one tenant, NEXTDC Limited, under long term leases of the data centres. These leases are on a triple-net basis and so there are no operating or outgoing expenses for the properties payable by the Group. During the year, APDC earned \$11.6 million in rental income pursuant to the leases, reflecting a full year of rent for the Melbourne and Sydney data centres, and a part year for the Perth data centre.

APDC has successfully completed its PDS Forecast period and met all key milestones including:

- Establishment of the Group by way of an Initial Public Offering and listing on the ASX
- Completion of the final instalment on partly paid securities of \$44.85 million to complete the capitalisation of the Group
- Acquisition of the Sydney and Perth data centre base buildings under development agreements with NEXTDC Limited, which increased the gross assets of the Group by \$69.3 million
- Securing a \$29.0 million loan facility to fund the Perth data centre development fee and to provide working capital headroom
- Management of operating expenses within the initial working capital constraints of the Group
- Paying distributions to securityholders of 12.2 cents per stapled security for the period from establishment to 30 June 2014.

APDC has an alliance with NEXTDC Limited which provides the parties with rights and obligations in relation to the acquisition, development and operation of further data centres in the Australia and Asia Pacific region. The alliance expires in December 2015. APDC will consider future acquisitions during the period of the alliance in collaboration with NEXTDC Limited.

I again pay tribute to our chief executive officer, Francina Turner, for her management skills and expertise in meeting the many challenges during the year. I also wish to acknowledge the contribution of Bevan Slattery who resigned as a director on 30 June.

On behalf of my fellow Directors, I thank you for your support of APDC and I look forward to your continuing investment in APDC.



Ian Fraser
Chairman

¹ PDS Forecast is the Directors' forecasts and forecast distributions in the prospectus and product disclosure statement dated 3 December 2012.

Corporate Governance Statement

Introduction

The ADPC Group (APDC or Group) comprises Asia Pacific Data Centre Holdings Limited (APDC Holdings) and Asia Pacific Data Centre Limited (APDC Limited) as responsible entity for Asia Pacific Data Centre Trust (APDC Trust). APDC Limited holds Australian Financial Services Licence (AFSL) No. 426 503.

The shares of APDC Holdings and the units of APDC Trust are stapled and listed on the Australian Securities Exchange (ASX). The ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' (Principles) provide a framework for good corporate governance. The recommendations are not prescriptive. However listed entities are required to disclose the extent of their compliance and, if any ASX recommendations have not been followed, must give reasons for not following them.

APDC is committed to meeting securityholders' expectations of sound corporate governance, while delivering sustainable value to securityholders and investors. APDC recognises the importance of good governance in achieving corporate objectives in a cost effective manner, in discharging its responsibilities to all stakeholders and in addressing the broader role of being a good corporate citizen.

APDC's governance framework is designed to ensure that the Group is effectively managed, statutory obligations are met, and APDC's culture of corporate integrity is reinforced. The corporate governance policies are identical for APDC Holdings and APDC Limited.

Details of the corporate governance practices, systems and processes in place within APDC, which were followed throughout the year are provided below. APDC's key corporate governance policies can also be found on its website www.asiapacificcdc.com.

1. Principle 1 - Lay solid foundations for management and oversight

The boards of APDC Holdings and APDC Limited have the same members, and have identical corporate governance policies. The term Board hereafter should read as a reference to either or both of these Boards. The Board is accountable to investors for APDC's performance and is responsible for the overall management and governance of APDC. The Board's guiding principle in meeting this responsibility is to act honestly, in good faith and in the best interests of APDC as a whole and of its securityholders in accordance with the law and APDC's code of conduct.

Board Charter

APDC has adopted a Board Charter which notes that the Board retains responsibility for the overall operation and stewardship of APDC, but that authority to act on behalf of the Board may be delegated to the Chief Executive Officer under a Statement of Delegated Authority.

In accordance with the Charter, the Board is responsible for:

- approving the strategic objectives of APDC and establishing goals designed to promote the achievement of those strategic objectives;
- approving and monitoring systems of risk management and internal compliance and control, codes of conduct, legal compliance and ethical standards;
- approving investments and ongoing evaluation of those investments;
- approving and monitoring financial and other reporting;
- remuneration and nomination functions;
- monitoring senior management's performance (against the goals and objectives established by the Board); and
- approving any public statements which reflect significant issues of APDC's policy or strategy.

The Board Charter also permits the establishment of Board committees in the interests of good governance and adopting charters relating to the responsibilities of such Board committees.

The Board holds regular, scheduled meetings and additional meetings are convened as required. Board papers are designed to focus Board attention on key issues and standing items include major strategic initiatives, corporate governance, compliance, tenant and development updates and financial performance.

The number of Board meetings held and Director attendance at those meetings are included in the Directors' Report on pages 19 to 29.

Performance criteria

A combination of financial and non-financial key performance indicators (KPI's) is used to monitor the performance of the Chief Executive Officer (CEO). The performance of the CEO is assessed at least annually by the Chairman who then makes recommendations to the Board. The next evaluation of the CEO's performance will be conducted by December 2014 in line with the process described. The previous evaluation took place in December 2013.

2. Principle 2 - Structure the board to add value

Board composition

The required composition of the Board is set out in the Board Charter. The Board of Directors will comprise no less than three and no more than ten Directors at any one point in time.

During the year ended 30 June 2014, the Board consisted of six directors, three independent and three non-independent. Currently, the Board consists of five Directors, comprising an independent Chairman (Ian Fraser), two other independent non-executive Directors (John Wright and Chris Breach), one non-independent non-executive Director (Greg Baynton) and one executive Director (Francina Turner). Greg Baynton was also a Director of NEXTDC Limited, a significant party to APDC's investment and operational activities (NEXTDC was also a related party of the Group until 3 July 2013) and ceased to hold that position on 30 April 2014. Bevan Slattery was a non-independent Director of APDC during the year, and resigned as a Director on 30 June 2014.

Profiles of each Director, including details of their skills, expertise and experience can be found in the Directors' Report. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of APDC. Further details on Directors' skills, experience and period in office is included in the Directors' Report on pages 19 to 29.

Appointment and induction

Each Director is provided with a formal appointment letter setting out the key terms and conditions of their appointment. Any new Directors appointed will be provided with an induction, including key documents and discussions with key persons.

In addition, the CEO (currently the only executive) appointment is by way of an employment agreement which, includes expectations of her role, term of appointment, termination entitlements and rights and responsibilities.

Director independence

APDC and the Board recognise that independent Directors are important in assuring investors that the Board is properly fulfilling its role and is diligent in holding management accountable for its performance. Accordingly, the Board will endeavour to have at least 50% Independent Directors and an Independent Chairman. The independence of Directors is assessed annually by the Board in accordance with criteria set out in the Board Charter. During the year ended 30 June 2014, three out of six Directors were independent Directors. Currently, three out of five Directors are independent Directors.

In assessing a Director's independent status, the Board has adopted a materiality threshold of 5% of APDC's equity on issue or 5% of operating revenue or expenses (as appropriate).

Directors' interests in securities are detailed in the Remuneration Report on pages 25 to 27.

Board performance

In accordance with the Board Charter, the Board will undertake an annual performance evaluation of itself that compares Board performance with the requirements of the Charter and sets forth the goals and objectives of the Board for the upcoming year.

Following the completion of the Product and Disclosure Statement period, the first performance evaluation is scheduled to occur in September 2014. The evaluation process will be an internal assessment based on a survey of Directors. The Chairman will coordinate the results and discuss these and any potential improvements with the Board.

Nomination committee

The Board performs the nomination function because of the size of the Group and has adopted policies relating to nomination as part of its Board Charter. Currently three out of five Directors are independent Directors.

Responsibilities under this Charter include:

- identifying Director and senior management competencies;
- considering succession planning;
- identifying qualified and appropriate potential Board members having regard to prescribed criteria; and
- developing selection policies and procedures.

Appointment, retirement and re-election

Any appointment of new Directors will be managed by the Board in accordance with its nomination responsibilities. In accordance with APDC's Constitution, the Directors may appoint a person to be a Director, either in addition to the existing Directors, or to fill a casual vacancy, provided there are not less than three and not more than ten Directors at any one time. A person may also be elected to the office of Director if that person has been nominated for election, or if a member has expressed his or her desire to be a candidate for election.

At each Annual General meeting (AGM), any such Director appointed must retire from office at the next AGM following his or her appointment. In addition to this, one third of the remaining Directors and any other Director who will have been in office for three or more years and for three or more AGMs since they were last elected must retire from office. The Directors required to retire at the AGM are the Directors who have been longest in office since their last election. Any Director retiring from office is eligible for re-election.

Independent advice

In fulfilling their duties, and to ensure independent decision-making, each Director may take independent professional advice where necessary at the expense of the APDC Group. Before obtaining independent professional advice, a Director must inform the Chairman that they wish to obtain the advice and provide an estimate of the cost of the advice. The budget for the advice must then be approved by the Chairman (such approval not being unreasonably withheld) before the cost is incurred.

3. Principle 3 - Promote ethical and responsible decision-making

Ethical conduct

The Board has adopted a Code of Conduct for senior executives and Directors setting out the ethical standards expected of those individuals. The Board has also adopted a Code of Conduct for APDC's employees.

The purpose of these Codes is to guide Directors and senior executives in their performance of their duties, including:

- acting honestly and with integrity;
- dealing with conflicts of interest;
- disclosing any conflicts of interests; and
- managing confidential information.

Each Director and senior executive is required to comply with the Code, and report to the appropriate authority within the Group any matters which are believed to constitute fraud, corruption, misconduct or other unethical conduct.

Whistle Blowing

APDC is committed to promoting a culture of corporate compliance and ethical behaviour. The best way to fulfil this commitment is to create an environment in which employees who have genuine suspicions about improper conduct feel safe to report it without fear of reprisal.

The Whistle Blowing Policy provides employees with an internal reporting system where there is genuine suspicion of improper conduct. Any report made in good faith will be listened to, investigated and treated in confidence. APDC will take all reasonable steps to protect people who report concerns from any detrimental action in reprisal for making the disclosure. APDC will also afford natural justice to the person who is the subject of the disclosure.

This Policy is very important to APDC, as it helps APDC identify and rectify problems and reflects the Group's commitment to ensure its compliance with legal and ethical obligations.

Diversity

The Board has adopted a Diversity Policy which acknowledges that commitment to diversity creates competitive advantage and enhances employee participation and contemplates strategies, initiatives and programs to assist in realisation of such advantages.

Given that APDC has two employees measurable objectives including gender diversity targets have not been set.

As at 30 June 2014, the Board had one female Director (out of six Directors) and two female members of senior executive and staff (out of two).

Securities trading policy

The objective of the Securities Trading Policy is to ensure that Directors and employees adhere to high ethical and legal standards in relation to their personal investment in the APDC Group's securities. The Policy also ensures that personal investments of Directors and employees do not conflict with the interests of the APDC Group and other securityholders in relation to the APDC Group's securities.

The policy is not designed to prohibit Directors and employees from investing in APDC's securities but does recognise that there may be times when Directors or employees cannot or should not invest in the APDC Group's securities. The policy provides guidance to Directors and employees as to the times that Directors and employees may invest in the APDC Group's securities.

4. Principle 4 - Safeguard integrity in financial reporting

Audit Committee

The Board has established an audit committee that operates under the Audit, Risk and Compliance Committee Charter.

The members of the Audit, Risk and Compliance Committee shall be members of, and appointed by, the Board. In accordance with the Charter, the Audit, Risk and Compliance Committee shall consist of:

- at least three members;
- only non-executive Directors;
- a majority of independent Directors; and
- an independent chairman, who shall be nominated by the Board from time to time but who shall not be the chairman of the Board.

Current members are John Wright (Chairman), Ian Fraser and Chris Breach, each an independent Director. All the members of the Audit, Risk and Compliance Committee are financially literate. The Committee is chaired by an independent Director who is not the Chairman of the Board.

The Audit, Risk and Compliance Committee meets quarterly. Minutes are kept of all Committee meetings and presented at the next Board meeting. The Committee reports to the Board on all matters relevant to its role and responsibilities.

Details of Audit, Risk and Compliance Committee meetings held and attendance at those meetings are detailed in the Directors' Report on pages 19 to 29.

External auditors

The Audit, Risk and Compliance Committee is responsible for making recommendations to the Board in regard to the appointment, re-appointment, replacement, remuneration and monitoring of the effectiveness and independence of the external auditors.

In line with requirements of the Corporations Act and professional standards, APDC requires the audit partners and review partners of its external auditor to rotate every 5 years. The External Auditor must manage its audit team members to ensure adequate rotation of staff.

The members of the Audit, Risk and Compliance Committee meet with the external auditor when required without Executive Directors and management present.

5. Principle 5 - Make timely and balanced disclosure

The Board has adopted a Continuous Disclosure Policy which is designed to ensure that APDC complies with its ASX Listing Rule requirements, provide securityholders and the market with timely, direct and equal access to information issued by APDC and promote investor confidence in the integrity of APDC and its securities.

The Group Company Secretary is responsible for determining what information is to be disclosed. Where there is doubt as to whether certain information should be disclosed, the Group Company Secretary will discuss the issue with the Directors, and if necessary, seek external advice.

6. Principle 6 - Respect the rights of shareholders

Investor communications

The Board has adopted a Securityholder Communications Policy which is designed to ensure that APDC securityholders are kept informed of all major developments affecting the state of affairs of APDC and are able to obtain information about APDC. Communications are available to securityholders both electronically and in hard copy.

Investor reports

APDC prepares annual reports for investors for each financial year ending 30 June. These reports are posted to APDC's website following their release to the ASX.

General meetings

APDC holds an Annual General Meeting (AGM) in November each year. Notices and proxy forms will be sent to securityholders in advance of the meeting. A copy of the notice will be posted to APDC's website. APDC will encourage securityholder participation in the AGM.

The Board will request the auditor to attend the AGM each year to answer questions about the conduct of the audit and the preparation and content of the Audit Report.

7. Principle 7 - Recognise and manage risk

Audit, Risk and Compliance Committee

The Board has adopted policies relating to risk management as part of the Audit, Risk and Compliance Charter. The Audit, Risk and Compliance Committee is responsible for reviewing risk management policies developed and implemented by management, gaining an understanding of the current areas of greatest compliance risk, receiving updates from management, legal counsel, auditors and others regarding risk management and compliance matters and reviewing any significant legal matters.

Management of business risk

The Board is responsible for approving and monitoring systems of risk management and internal compliance and control, codes of conduct, legal compliance and ethical standards and for internal and external financial and other reporting, including reporting to securityholders, the ASX and other stakeholders.

APDC has a risk management framework which is detailed in the Risk Management Policy. The Board has received a report from management as to the effectiveness of the APDC's management of material business risks.

Chief Executive Officer declaration

The Board received a declaration signed by the Chief Executive Officer required by section 295A of the Corporations Act confirming that:

- APDC's financial statements are complete and present a true and fair view of the financial position and performance of the Group, and are in accordance with accounting standards; and
- the above statement is founded on a sound system of risk management and internal compliance and control systems which, in all material respects, implements the policies adopted by the Board.

8. Principle 8 -Remunerate fairly and responsibly

Remuneration function

The Board performs the remuneration function because of the size of the Group and has adopted policies relating to remuneration in its Board Charter. Currently three out of five Directors are independent Directors.

Responsibilities under this Charter include:

- regularly reviewing and making recommendations as to the structure of remuneration packages of senior executives, non-executive Directors and executive Directors;
- equity-based incentive plans; and
- other employee benefit programs.

Remuneration of Directors

The APDC Holdings Constitution provides that the non-executive Directors of the company are entitled to remuneration not exceeding an aggregate maximum sum of \$400,000 per annum (total amount paid 2014: \$210,000) or such other maximum amount determined by APDC Holdings in general meeting. The aggregate sum is divided among the non-executive Directors of APDC Holdings in such a manner and proportion as agreed by the APDC Holdings Directors and, in default of agreement, equally. Non-executive Directors will not be remunerated by way of commission or participate in profits and will not be provided with any retirement benefits other than statutory superannuation.

The APDC Holdings Constitution provides that the remuneration of an executive Director will be determined by the APDC Holdings Directors. Remuneration may be by way of salary or commission or participation in profits, but may not be by commission or a percentage of operating revenue. The executive Director of APDC Holdings (Francina Turner) will not receive Directors' fees from the company, is an employee of the company and will be remunerated in that capacity.

Except in circumstances prohibited by the Corporations Act, APDC Holdings may pay a premium for a contract insuring an APDC Holdings Director against liability incurred by the person as a Director.

APDC Holdings Directors may also be paid out of pocket expenses properly incurred by them in connection with the company's business.

Currently, APDC does not have any equity-based remuneration schemes in place and as such has not developed a policy regarding executives ability to enter into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration scheme.

Refer further to the Remuneration Report on pages 25 to 27.

Corporate Governance Summary

| Principle | Complied | Note |
|--------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principle 1 - Lay solid foundations for management and oversight | | |
| 1.1 Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions. | ✓ | "Board Charter" available on APDC's website. |
| 1.2 Disclose the process for evaluating the performance of senior executives. | ✓ | The performance evaluation process for the CEO will be conducted by the Chairman with reference to strategic objectives, key performance indicators and input from other Board members. |
| 1.3 Provide the information indicated in the Guide to reporting on Principle 1. | ✓ | Refer to the Corporate Governance Statement. |
| Principle 2 - Structure the board to add value | | |
| 2.1 A majority of the Board should be independent Directors. | ✓ | Currently, three of the five Directors are independent Directors. During the year ended 30 June 2014, three of the six Directors were independent directors. |
| 2.2 The Chair should be an independent Director. | ✓ | Mr Ian Fraser, the Chairman, is an independent Director. |
| 2.3 The roles of Chair and Chief Executive Officer should not be exercised by the same individual. | ✓ | The Chair is Mr Ian Fraser and the Chief Executive Officer is Ms Francina Turner. |
| 2.4 The Board should establish a nomination committee. | ✓ | The Board performs the nomination committee function and has adopted policies relating to nomination as part of its Board Charter, which is available on APDC's website. |
| 2.5 Disclose the process for evaluating the performance of the Board, its committees and individual Directors. | ✓ | Following the completion of the PDS Forecast ² period, the first performance evaluation is scheduled to occur in September 2014. The evaluation process will be an internal assessment based on a survey of Directors. |
| 2.6 Provide the information indicated in the Guide to reporting on Principle 2. | ✓ | Refer to the Corporate Governance Statement |

² PDS Forecast is the Directors' forecasts and forecast distributions in the prospectus and product disclosure statement dated 3 December 2012.

Principle 3 - Promote ethical and responsible decision-making

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|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| 3.1 | Establish a code of conduct and disclose the code or a summary of the code. | <input checked="" type="checkbox"/> | The Board has adopted a Code of Conduct for senior executives and Directors, and for employees, which is available on APDC's website. |
| 3.2 | Establish a policy concerning diversity and disclose the policy or a summary of the policy. | <input checked="" type="checkbox"/> | The Board has adopted a Diversity Policy which is available on APDC's website. |
| 3.3 | Disclose in annual reports the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them. | <input type="checkbox"/> | Given that APDC has two employees, measurable objectives including gender diversity targets have not been set. |
| 3.4 | Disclose in annual reports the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board. | <input checked="" type="checkbox"/> | This has been disclosed in the Remuneration Report. |
| 3.5 | Provide the information indicated in the Guide to reporting on Principle 3. | <input checked="" type="checkbox"/> | This has been disclosed in the Remuneration Report. |

Principle 4 - Safeguard integrity in financial reporting

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|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.1 | Establish an audit committee. | <input checked="" type="checkbox"/> | The Audit, Risk and Compliance Committee has been established. |
| 4.2 | Structure the audit committee so that it: <ul style="list-style-type: none"> • consists only of non-executive Directors • consists of a majority of independent Directors • is chaired by an independent chair, who is not chair of the Board • has at least three members. | <input checked="" type="checkbox"/> | The Audit, Risk and Compliance Committee satisfies all these criteria. The Committee is comprised of: <ul style="list-style-type: none"> – Committee Chair John Wright (independent non-executive APDC Director) – Ian Fraser (APDC Chair and independent APDC Director); and – Christopher Breach (independent non-executive APDC Director). |
| 4.3 | Adopt an audit committee charter. | <input checked="" type="checkbox"/> | The Board has adopted audit policies as part of the Audit, Risk and Compliance Committee Charter, which is available on ADPC's website. |
| 4.4 | Provide the information indicated in the Guide to reporting on Principle 4. | <input checked="" type="checkbox"/> | Refer to the Corporate Governance Statement |

Principle 5 - Make timely and balanced disclosure

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| 5.1 | Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. | <input checked="" type="checkbox"/> | The Board has adopted a Continuous Disclosure Policy which is available on APDC's website. |
| 5.2 | Provide the information indicated in the Guide to reporting on Principle 5. | <input checked="" type="checkbox"/> | Refer to the Corporate Governance Statement |

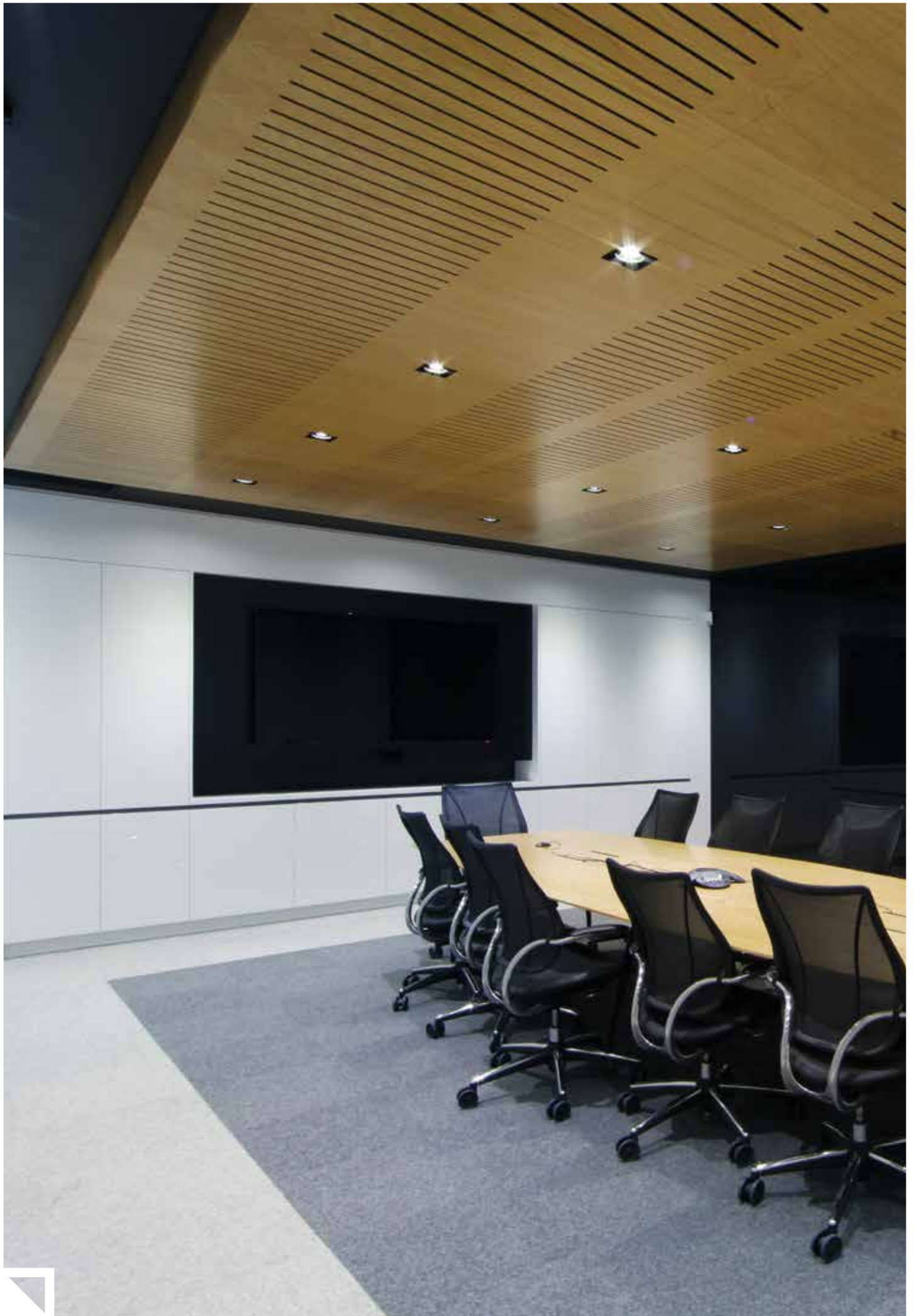
Principle 6 - Respect the rights of shareholders

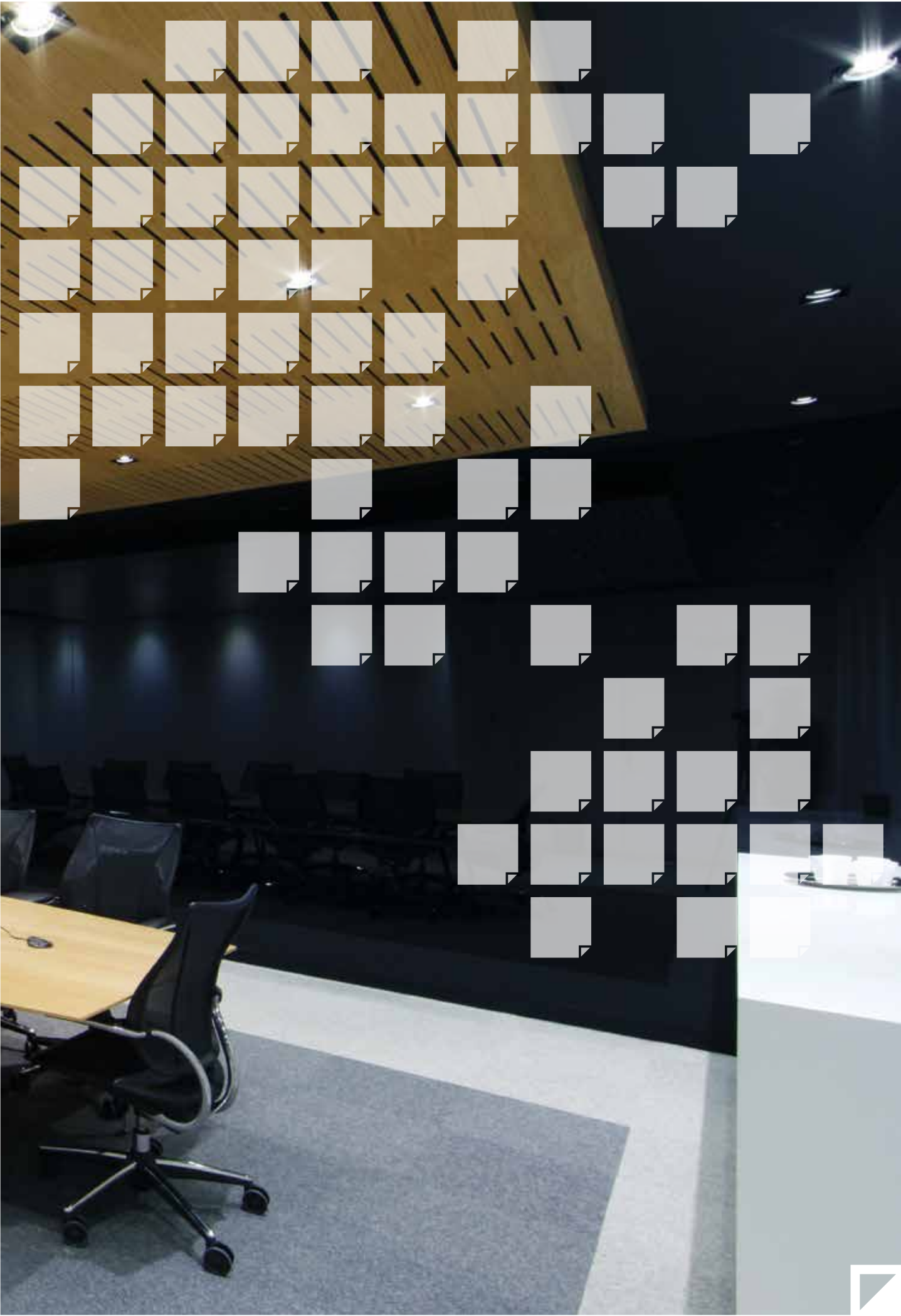
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|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------------------------------------------------------------------------|
| 6.1 | Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. | <input checked="" type="checkbox"/> | The Board has adopted a Securityholder Communications Policy which is available on APDC's website. |
| 6.2 | Provide the information indicated in the Guide to reporting on Principle 6. | <input checked="" type="checkbox"/> | Refer to the Corporate Governance Statement |

Principle 7 - Recognise and manage risk

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|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.1 | Establish policies for the oversight and management of material business risks and disclose a summary of those policies. | <input checked="" type="checkbox"/> | The Board has adopted policies relating to risk management as part of the Audit, Risk and Compliance Committee Charter, which is available on APDC's website. |
| 7.2 | Require management to design and implement the risk management and internal control system to manage the entity's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the entity's management of its material business risks. | <input checked="" type="checkbox"/> | <p>The Audit, Risk and Compliance Committee Charter requires the Audit, Risk and Compliance Committee to review the risk management policies developed and implemented by management.</p> <p>The full Board is responsible for approving and monitoring systems of risk management and internal compliance and control, codes of conduct, legal compliance and ethical standards and for internal and external financial and other reporting, including reporting to securityholders, the ASX and other stakeholders. The Board has received a report from management as to the effectiveness of APDC's management of material business risks.</p> |

| | | | |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.3 | Disclose whether it has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. | <input checked="" type="checkbox"/> | The Board has received a declaration signed by the Chief Executive Officer in accordance with section 295A of the Corporations Act and this Recommendation. |
| 7.4 | Provide the information indicated in the Guide to reporting on Principle 7. | <input checked="" type="checkbox"/> | Refer to the Corporate Governance Statement |
| Principle 8 -Remunerate fairly and responsibly | | | |
| 8.1 | Establish a remuneration committee. | <input checked="" type="checkbox"/> | The Board performs the remuneration committee function and has adopted policies relating to remuneration as part of its Board Charter, which is available on APDC's website. |
| 8.2 | Structure the remuneration committee so that it: <ul style="list-style-type: none"> • consists of a majority of independent Directors • is chaired by an independent chair • has at least three members. | <input checked="" type="checkbox"/> | As noted in Recommendation 8.1, the Board as a whole will carry out the remuneration function. Refer to section 2.1 and 2.2 of this Corporate Governance Summary for details of Board composition. |
| 8.3 | Clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives. | <input checked="" type="checkbox"/> | Refer to the information contained in the Remuneration Report and the Corporate Governance Statement. |
| 8.4 | Provide the information indicated in the Guide to reporting on Principle 8. | <input checked="" type="checkbox"/> | Refer to the Corporate Governance Statement. |







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Directors' Report and Financial Statements

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 year ended 30 June 2014

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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 'the Directors') present their report for APDC Holdings and APDC Trust together with the consolidated financial report of APDC Holdings and its controlled entities (Group, APDC Group) and the financial report of APDC Trust for the year ended 30 June 2014.

APDC Holdings and APDC Limited are both companies limited by shares, incorporated and domiciled in Australia. The registered office for both companies is Level 16, 55 Hunter Street, Sydney NSW 2000 and principal place of business for both companies is 22 Market Street, Sydney NSW 2000.

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.

1. Directors

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

| | |
|-----------------|----------------------------------|
| Ian Fraser | Chairman, Non-Executive Director |
| Greg Baynton | Non-Executive Director |
| Chris Breach | Non-Executive Director |
| Bevan Slattery | Non-Executive Director |
| Francina Turner | CEO, Executive Director |
| John Wright | Non-Executive Director |

Mr Slattery resigned from the Board on 30 June 2014.

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 year.

2.1 Objectives

The Group's objective is to provide investors with stable income sourced from rental income earned from its data centres and the potential for capital growth.

In order to achieve this objective, the Group owns a geographically diverse portfolio of data centres in three Australian capital cities. The Group's data centre investment properties comprise the land and buildings. This includes essential building service improvements but excludes the tenant's fit out such as the plant and equipment and specialised data hall or data centre technical improvements. The land and buildings in the current portfolio are leased on long-term triple-net terms pursuant to which all maintenance, taxes, insurance and outgoings are paid by the tenant, NEXTDC Limited (NEXTDC). The leases provide for upwards only annual CPI rental increases and market reviews every 5 years, not exceeding 110% of the preceding year's rent.

3. Operating and financial review

3.1 Results of operations

The Group earned a statutory profit for the year of \$21,755,000, representing earnings per stapled security of 18.92 cents.

The Group's distributable earnings for the year was \$9,953,000, representing earnings per stapled security of 8.65 cents.

APDC Group reports statutory profit for the year in accordance with Australian Accounting Standards (AASB). Distributable earnings is the primary basis upon which distributions are determined by the Directors. Distributable earnings are a non-AASB measure that represents the Directors' view of the amount available for distribution to securityholders from ongoing activities for the year, as presented in the reconciliation between statutory profit for the year and distributable earnings below:

| | APDC Group 1 July 2013 to 30 June 2014 \$'000 | APDC Group 24 July 2012 to 30 June 2013 \$'000 | APDC Trust 1 July 2013 to 30 June 2014 \$'000 | APDC Trust 1 Nov 2013 to 30 June 2013 \$'000 |
|--------------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|
| Statutory profit for the year | 21,755 | 3,314 | 21,755 | 3,314 |
| Net gain from fair value adjustment on investment properties ⁽¹⁾ | (11,988) | (689) | (11,988) | (689) |
| Rent on unimproved land for properties under construction ⁽²⁾ | 186 | 689 | 186 | 689 |
| Distributable earnings | 9,953 | 3,314 | 9,953 | 3,314 |
| Return of capital - expenses funded from pre-IPO capital | 397 | 343 | 397 | 343 |
| Total distribution for the year | 10,350 | 3,657 | 10,350 | 3,657 |
| Basic earnings per security (cents) | - | - | 18.92 | 3.83 |
| Distributable earnings per security (cents) | - | - | 8.65 | 2.88 |
| Distributions paid and payable | - | - | 10,350 | 3,657 |
| Distributions per security (cents) | - | - | 9.00 | 3.18 |

⁽¹⁾ Unrealised gains or losses, including unrealised fair value gains and losses on revaluation of investment properties. Refer to Notes 3(h) and 14.

⁽²⁾ Rent received on unimproved land for properties under construction is included in distributable earnings but is not included in statutory profit or loss for the year. Under AASB, rent on unimproved land derived from land or on investment property under construction or development, which directly relates to bringing an asset to the location and working condition of an investment property, is recognised as a reduction in the purchase price of the asset. Refer to Notes 3(h) and 14.

The total distribution for the year is 9.00 cents per stapled security. Interim distributions totalling 6.75 cents per stapled security were paid on 31 October 2013, 27 February 2014 and 29 April 2014. A final distribution for the year of 2.25 cents per stapled security will be paid on 29 August 2014.

Distributions to securityholders were 28.18% tax deferred.

Distributions paid and payable represent an annualised 8.3% yield on the stapled security price of \$1.09 at market close on 26 August 2014.

The Group's revenue, direct trust expenses and responsible entity operating expenses for the year were:

| | APDC Group 1 July 2013 to 30 June 2014 \$'000 | APDC Group 24 July 2012 to 30 June 2013 \$'000 | APDC Trust 1 July 2013 to 30 June 2014 \$'000 | APDC Trust 1 Nov 2013 to 30 June 2013 \$'000 |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|
| Rent on land and buildings: | | | | |
| M1, Melbourne | 4,740 | 2,471 | 4,740 | 2,471 |
| S1, Sydney | 5,318 | 1,121 | 5,318 | 1,121 |
| P1, Perth | 1,736 | 237 | 1,736 | 237 |
| | 11,794 | 3,829 | 11,794 | 3,829 |
| Less: Rent on unimproved land for properties under construction, recognised as a reduction in purchase price | (186) | (689) | (186) | (689) |
| Total rental income | 11,608 | 3,140 | 11,608 | 3,140 |
| Interest income | 118 | 57 | 117 | 54 |
| Net gain from fair value adjustment on investment properties | 11,988 | 689 | 11,988 | 689 |
| Total revenue | 23,714 | 3,886 | 23,713 | 3,883 |
| Administration expenses | 191 | 143 | 131 | 86 |
| Audit and taxation fees | 122 | 67 | 86 | 24 |
| Compliance expenses | 120 | 92 | 27 | 27 |
| Directors' fees | 215 | 113 | - | - |
| Employee expenses | 326 | 116 | - | - |
| Interest expense | 843 | 20 | 904 | 39 |
| Other expenses | 94 | 6 | 762 | 378 |
| Valuation fees | 48 | 15 | 48 | 15 |
| Total expenses | 1,959 | 572 | 1,958 | 569 |
| Profit before income tax expense | 21,755 | 3,314 | 21,755 | 3,314 |

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

3.2 Direct property investments

| | APDC Group 30 June 2014 \$'000 | APDC Group 30 June 2013 \$'000 | APDC Trust 30 June 2014 \$'000 | APDC Trust 30 June 2013 \$'000 |
|----------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| M1, Melbourne | 56,200 | 52,000 | 56,200 | 52,000 |
| S1, Sydney ⁽¹⁾ | 64,500 | 58,000 | 64,500 | 58,000 |
| P1, Perth | 30,000 | 13,330 | 30,000 | 13,330 |
| Total investment properties at fair value | 150,700 | 123,330 | 150,700 | 123,330 |
| Net assets | 127,669 | 116,657 | 126,519 | 115,507 |
| Net tangible asset backing per security (\$) | 1.11 | 1.01 | 1.10 | 1.00 |

The fair value of the assets is derived using the basis set out in Note 3(h) to the financial statements.

⁽¹⁾The Bankwest Debt Facility is secured by a mortgage over S1 Sydney data centre asset. Refer Note 17.

All of the Group's data centres are wholly-owned by APDC Trust. The data centres are leased to NEXTDC for an initial term of 15 years with options for up to another 25 years.

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.

The current rental income from the lease of M1 is \$4,789,000 per annum. This investment property was valued by an independent valuer at \$56,200,000 as at 30 June 2014, an increase of \$4,195,000 in the carrying value as at 31 December 2013.

The current rental income from the lease of S1 is \$5,372,000 per annum. This investment property was valued by an independent valuer at \$64,500,000 as at 30 June 2014, an increase of \$6,500,000 in the carrying value as at 31 December 2013.

The P1 data centre building was developed by NEXTDC and completed on 29 November 2013 at which time the Group paid a development fee to NEXTDC. The development fee of \$23,800,000 was fully funded by a drawdown on APDC Trust's debt facility. As the terms of the debt facility were more favourable than the terms of the convertible notes funding available under the development agreement, no convertible notes were issued to NEXTDC in satisfaction of the development fee and this funding alternative is no longer available.

The lease to NEXTDC for the land and base building for the P1 data centre commenced on 30 November 2013. The current rental income from the lease of P1 is \$2,650,000 per annum. This investment property was valued by an independent valuer at \$30,000,000 as at 15 January 2014, an increase of \$1,107,000 in the carrying value as at 31 December 2013.

The practical completion and payment of the development fee for the P1 base building completed the Group's initial data centre portfolio, as outlined in the prospectus and product disclosure statement dated 3 December 2012.

Pursuant to the leases, a CPI increase of 2.2% was applied to the M1, S1 and P1 rentals effective 21 December 2013.

3.3 Bankwest Debt Facility

APDC Trust entered into a five year facility on 13 November 2013 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 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 30 June 2014, \$25 million of the facility was drawn to fund the P1 base building development fee, repay a \$750,000 loan from NEXTDC and pay debt establishment costs (Core Debt).

APDC Trust has entered into 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 5.46% per annum as at 30 June 2014.

3.4 Real estate funds management

APDC Limited, a wholly owned subsidiary of APDC Holdings, provides responsible entity services to APDC Trust. During the year, APDC Limited charged APDC Trust a management fee equal to the cost to APDC Limited to provide these services. Refer to Note 7 to the financial statements.

3.5 Events subsequent to reporting date

Since the end of the year, the Directors of APDC Holdings and APDC Limited are not aware of any matter or circumstance not otherwise dealt with in the financial reports 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 year ended 30 June 2014.

3.6 Likely developments and expected results of operations

The Group will continue to collaborate with NEXTDC to optimise the alliance between the two entities. The alliance period expires on 21 December 2015. Refer further to Note 24 to the financial statements.

As NEXTDC is the sole tenant of APDC Trust's properties, the Group will continue to monitor NEXTDC's financial position and ability to make rental payments under the leases.

The management of the Group is currently performed by the Chief Executive Officer and a part-time financial controller. Outsourced service providers provide technical expertise for compliance, legal and other services. Should the scale of operations of the Group alter then this management model will be reviewed.

4. Information on Directors

The Board of APDC Holdings and the Board of APDC Limited have the same members and identical Board Charters. The term Board hereafter should be read as a reference to both of these Boards.

Mr Ian Fraser

INDEPENDENT NON-EXECUTIVE CHAIRMAN
AUDIT, RISK AND COMPLIANCE COMMITTEE MEMBER

Mr Ian Fraser is a chartered accountant and non-executive company director with 45 years experience as a business and accounting professional, including 10 years as a company director of listed and unlisted public companies and 27 years as a partner with KPMG. He retired as a senior audit and corporate advisory partner in 2004.

Mr Fraser is a director of UQ Health Care Limited and a Councillor of the QIMR Berghofer Medical Research Institute. He retired from the Boards of Wilson HTM Investment Group Ltd in 2013 after 7 years as a director and RP Data Ltd in 2011 after 3 years as chairman and 5 years as a director.

Mr Fraser holds a Bachelor of Commerce from the University of Queensland, is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.

Mr Greg Baynton

NON-EXECUTIVE DIRECTOR

Mr Greg Baynton is the founder and Managing Director of Orbit Capital, a boutique investment and advisory company. He comes from a background in merchant banking and Queensland Treasury, and has experience in infrastructure investment, capital raisings, IPOs, pre-IPO funding, corporate structuring and corporate governance.

He has 16 years experience as a director of Australian public companies.

During this reporting period, Mr Baynton was a director of NEXTDC Limited (to 30 April 2014) and Coalbank Limited (to 22 November 2013). Mr Baynton was previously a director of PIPE Networks Limited and Tissue Therapies Limited.

Mr Baynton holds a Bachelor of Business (Accountancy), a Master of Economic Studies from University of Queensland, a Post-graduate Diploma in Applied Finance & Investment from the Securities Institute of Australia, and a Master of Business Administration from Queensland University of Technology.

Mr Chris Breach

INDEPENDENT NON-EXECUTIVE DIRECTOR
AUDIT, RISK AND COMPLIANCE COMMITTEE MEMBER

Mr Christopher Breach has over 35 years experience as a property professional and an extensive career covering many types and aspects of the real estate market in Australia, New Zealand, UK and USA. Until 2010, Mr Breach was Managing Director and Licensee of Macquarie Asset Services Limited (part of Macquarie Group Limited) and an executive director of Macquarie Group Limited. Mr Breach was an early initiator of a due diligence product that became the cornerstone of real estate investment over the last 15 years.

Prior to joining Macquarie, Mr Breach was the Director of Valuations and Corporate Real Estate at Jones Lang Wootton.

Mr Breach holds a Diploma in Estate Management from Kingston upon Thames Polytechnic and a Diploma in Financial Markets from the Securities Institute of Australia. He is a Fellow of the Royal Institution of Chartered Surveyors. Mr Breach was the Chairman of Charities Aid Foundation from 1999 to 2009, and was also previously a director of Sydney Community Foundation.

Mr Bevan Slattery

NON-EXECUTIVE DIRECTOR (resigned 30 June 2014)

Mr Bevan Slattery is founder of NEXTDC Limited and was its CEO until June 2012 and a director until October 2013.

Mr Slattery is founder of Megaport and was co-founder and director of PIPE Networks Limited and iSeek Communications Pty Ltd.

Mr Slattery has a background in building successful Australian IT and telecommunication companies and an earlier career in government. Mr Slattery is the recipient of the ACOMM Australian Telecommunications Ambassador of the Year Award in 2009 and ATUG's Charles Todd Medal in 2010.

He holds a Masters in Business Administration (Hon.) from Central Queensland University.

Ms Francina Turner

EXECUTIVE DIRECTOR, CEO & COMPANY SECRETARY

Ms Francina Turner is a senior executive with over 15 years experience in funds management, real estate, specialised assets and risk management. Over her career, Ms Turner has held leadership roles in listed and unlisted real estate funds with up to \$1bn of funds under management.

Ms Turner started her career at Macquarie Group Limited where she worked for 13 years in various real estate divisions and funds, including as General Manager of Macquarie Leisure Trust (now Ardent Leisure Group). Following this, Ms Turner held management roles in group-level risk functions at Lend Lease Corporation and Stockland Group before joining the Group.

Ms Turner holds a Bachelor of Commerce (Marketing & Hospitality Management) from University of New South Wales and a Graduate Diploma in Applied Finance from Securities Institute of Australia. Ms Turner is a Fellow of the Royal Institution of Chartered Surveyors. Ms Turner was previously a director of Youth Hostels of Australia (NSW) Limited and Omni Leisure Operations Limited, and Responsible Officer of Macquarie Leisure Management Limited.

Mr John Wright

INDEPENDENT NON-EXECUTIVE DIRECTOR
CHAIRMAN OF AUDIT, RISK AND COMPLIANCE COMMITTEE

Mr John Wright has over 40 years experience in accounting and real estate funds management. He started his career at Price Waterhouse as a chartered accountant and has a Bachelor of Economics from the University of Sydney. Following this he worked for a number of funds management and property groups and spent 16 years working for Macquarie Group Limited.

Mr Wright has extensive experience in REITs having spent 14 years at Macquarie Real Estate where he was responsible for the administration aspects for 7 listed REITs (including 3 IPOs), as well as involvement in the establishment of 11 unlisted REITs. His last position was as Head of Corporate Affairs for Charter Hall Group where he was responsible for the integration of the Macquarie real estate platform with Charter Hall.

He was an executive director of Macquarie Group Limited for 6 years and director of Macquarie Leisure Group (now Ardent Leisure Group) for 2 years as well as alternate director for 3 other listed REITs during 2002-2009.

4.1 Meetings of Directors

The number of Directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of APDC Holdings and APDC Limited during the year are:

| Director | Board meetings | |
|----------------------------------------|---------------------------------------------|----------|
| | Total number of meetings eligible to attend | Attended |
| Ian Fraser | 14 | 14 |
| Greg Baynton | 14 | 13 |
| Chris Breach | 14 | 14 |
| Bevan Slattery (resigned 30 June 2014) | 14 | 11 |
| Francina Turner | 14 | 14 |
| John Wright | 14 | 13 |

| Director | Audit, Risk and Compliance Committee meetings | |
|--------------|-----------------------------------------------|----------|
| | Total number of meetings eligible to attend | Attended |
| Ian Fraser | 4 | 4 |
| Chris Breach | 4 | 4 |
| John Wright | 4 | 3 |

5. Company Secretary

Ms Francina Turner is the company secretary. She was appointed to this position by the Board on 3 December 2012.

6. Remuneration Report – audited

6.1 Remuneration objectives and approach

The objective of the Group's executive framework is to attract and retain high quality executives by ensuring that executive remuneration:

- is competitive with prevailing employment market conditions; and
- is aligned to the Group's strategic goals and objectives and the creation of value for securityholders.

For the year ended 30 June 2014, the remuneration framework provided for fixed pay and performance based pay.

In developing the framework for any variable pay arrangements, the Group will have regard to ensuring a relationship between remuneration policy and the Group's performance, including its earnings and securityholder wealth.

The Board has adopted policies relating to remuneration as part of its Board Charter. The Charter sets out its role and responsibilities.

6.2 Executive remuneration

(a) Fixed annual remuneration (FAR)

| | |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| What is FAR? | FAR is the guaranteed salary of the executive and includes superannuation and salary sacrificed components such as motor vehicles, computers and superannuation. |
| How is FAR set? | FAR is set by reference to external market data for comparable roles and responsibilities for an executive manager for a four day week of similar listed entities within Australia. |
| When is FAR reviewed? | FAR is reviewed each year with any changes being effective from 1 January. |

(b) Summary of key contract terms

| Executive | Position | Contract Length | Fixed Annual Remuneration | Notice by APDC | Notice by executive |
|-----------------|---------------------------|-----------------|---------------------------|----------------|---------------------|
| Francina Turner | CEO and Company Secretary | 3 years | \$215,000 | 3 months | 3 months |

(c) Remuneration details for year ended 30 June 2014

Details of the remuneration of the Key Management Personnel for the year ended 30 June 2014 are set out in the following table:

| Executive | Short term | | | Post employment benefits | Other long term benefits | Equity based payments | Total |
|-------------------------|------------|-----------------------|---------|--------------------------|--------------------------|-----------------------|---------|
| | Salary | Performance incentive | Total | Superannuation benefits | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Francina Turner | | | | | | | |
| Year ended 30 June 2014 | 190,141 | 50,000 | 240,141 | 17,588 | - | - | 257,729 |
| Period to 30 June 2013 | 96,676 | - | 96,676 | 8,701 | - | - | 105,377 |

The value of fixed remuneration as a proportion of total remuneration was 81% (period to 30 June 2013: 100%). The value of performance based remuneration as a proportion of total remuneration was 19% (period to 30 June 2013: nil).

Short term incentives are based on performance relative to individual key performance indicators (KPIs). In the period from establishment of the Group to 30 June 2014 most of the CEO's KPI's related to the achievement of milestones included in the product and disclosure statement (PDS) dated 3 December 2012. All the milestones were achieved and the CEO's responsibilities necessitated a full time role in the 13 month period to 31 December 2013. Consequently Directors resolved to recognise the CEO's performance in the period and paid her a cash bonus of \$50,000.

The Group does not have a long term incentive plan.

6.3 APDC Group performance for the periods ended 30 June 2013 and 30 June 2014

The table below sets out summary information about the Group's earnings and movements in securityholder wealth since the Group's establishment:

| | | Year to 30 June 2014 Actual | Year to 30 June 2014 PDS forecast | Period to 30 June 2013 Actual | Period to 30 June 2013 PDS forecast ⁽¹⁾ |
|-----------------------------------|--------------------|--------------------------------|--------------------------------------|----------------------------------|-------------------------------------------------------|
| Distributable earnings | \$'000 | 9,953 | 9,600 | 3,314 | 3,200 |
| Distribution paid or payable | cents per security | 9.00 | 9.00 | 3.18 | 3.20 |
| Management operating expenses | \$'000 | 1,116 | 1,000 | 552 | 600 |
| Security price ⁽²⁾ | | \$1.06 | \$1.00 ⁽³⁾ | \$1.07 | \$1.00 ⁽³⁾ |
| Accumulated securityholder return | Annual | 7.7% ⁽⁴⁾ | n/a | 15.5% ⁽⁵⁾ | n/a |

⁽¹⁾ The PDS forecast period is the period from 21 December 2012 to 30 June 2013.

⁽²⁾ Security price is the closing price for AJD securities on the last trading day of the period.

⁽³⁾ Security price for PDS forecast comparison is the fully paid price per stapled security pursuant to the PDS.

⁽⁴⁾ Annualised return for the year to 30 June 2014.

⁽⁵⁾ Nominal return for the period from 9 January 2013 to 30 June 2013.

The total securityholder return for the year to 30 June 2014 is 7.7%. This compares to the S&P 300 ASX-AREIT index accumulated return of 12.9% and S&P/ASX 200 index accumulated return of 21.5% for the same period.

The performance of the Group relative to PDS Forecast was taken into account in determining the short term performance incentives awarded in the year to 30 June 2014.

6.4 Non-executive director remuneration

Non-executive directors' individual fees are determined by the Board within the aggregate amount of \$400,000 as previously approved.

The Board reviews its fees to ensure that non-executive directors are remunerated fairly for their services, recognising the level of skill, expertise and experience required to conduct the role. The Board will review its fees from time to time to ensure it is remunerating directors at a level that enables the Group to attract and retain the right non-executive directors. The Board may obtain the advice of independent remuneration consultants to ensure that non-executive directors' fees and payments are appropriate and in line with the market. Non-executive directors do not receive any equity based payments, retirement benefits or other incentive payments.

Non-executive directors receive a cash fee for service and they have no entitlement to any performance based remuneration, nor can they participate in any security incentive scheme.

Directors' fees for the year ended 30 June 2014, inclusive of superannuation entitlement, are as follows:

| Non-executive director | Board | Audit, Risk and Compliance Committee |
|----------------------------------------|------------------|--------------------------------------|
| | Per annum fee \$ | Per annum fee \$ |
| Ian Fraser ⁽¹⁾ | 60,000 | - |
| Greg Baynton | 50,000 | - |
| Chris Breach | 50,000 | - |
| Bevan Slattery (resigned 30 June 2014) | - | - |
| John Wright ⁽²⁾ | 50,000 | 5,000 |

⁽¹⁾ Ian Fraser is the Chairman of the Board.

⁽²⁾ John Wright is the Chairman of the Audit, Risk and Compliance Committee.

6.5 Directors' interests in stapled securities

| | Number held at 1 July 2013 | Net movement | Number held at 30 June 2014 | Number held at 27 August 2014 |
|----------------------------------------|----------------------------|--------------|-----------------------------|-------------------------------|
| Ian Fraser | 50,000 | - | 50,000 | 50,000 |
| Greg Baynton | - | - | - | - |
| Chris Breach | 16,605 | - | 16,605 | 16,605 |
| Bevan Slattery (resigned 30 June 2014) | 20,500,000 | - | 20,500,000 | - |
| Francina Turner | - | - | - | - |
| John Wright | 50,000 | - | 50,000 | 50,000 |

7. Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 forms part of this Directors' Report and is set out on page 29.

8. Indemnification and insurance of officers and auditors

During the year, insurance was in place to insure the directors and officers of the Group. So long as the officers of the Manager act in accordance with the Trust Constitution and the Corporations Act 2001, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is not indemnified out of the assets of the Trust.

9. Environmental regulation

The operations of the Group and APDC Trust are not subject to any particular and significant environmental regulation under a law of the Commonwealth, State or Territory. Additionally, there have been no known breaches of any environmental regulations applicable to the Group or APDC Trust.

10. Non-audit services

During the year KPMG, the auditor of the Group and APDC Trust, has performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with a recommendation from the Audit, Risk and Compliance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with and did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Board and have been reviewed by the Audit, Risk and Compliance Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year, the following fees were paid or payable for non-audit services provided by the auditor of the Group and APDC Trust, its related practices and non-related audit firms:

| | APDC Group 1 July 2013 to 30 June 2014 \$ | APDC Group 24 July 2012 to 30 June 2013 \$ | APDC Trust 1 July 2013 to 30 June 2014 \$ | APDC Trust 1 Nov 2013 to 30 June 2013 \$ |
|--------------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------|
| Tax compliance services | 34,890 | 6,915 | 30,538 | 6,846 |
| Total remuneration of KPMG Australia non-audit services | 34,890 | 6,915 | 30,538 | 6,846 |

11. Rounding of amounts to the nearest thousand dollars

The Group and APDC Trust are of a kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the Directors' Report and financial reports have been rounded to the nearest thousand dollars in accordance with that Class Order, 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
 27 August 2014



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 the Responsible Entity of Asia Pacific Data Centre Trust

I declare that, to the best of my knowledge and belief, in relation to the audits of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Trust for the financial year ended 30 June 2014 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audits; and
- no contraventions of any applicable code of professional conduct in relation to the audits.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Jillian Richards'.

Jillian Richards
Partner

Brisbane
27 August 2014

Consolidated Statements of Profit or Loss and Other Comprehensive Income

| | Note | APDC Group 1 July 2013 to 30 June 2014 \$'000 | APDC Group 24 July 2012 to 30 June 2013 \$'000 | APDC Trust 1 July 2013 to 30 June 2014 \$'000 | APDC Trust 1 Nov 2013 to 30 June 2013 \$'000 |
|-----------------------------------------------------------------|-------|-----------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|
| Revenue | | | | | |
| Rental income | 6 | 11,608 | 3,140 | 11,608 | 3,140 |
| Interest income | | 118 | 57 | 117 | 54 |
| Net gain from fair value adjustment on investment properties | 14(b) | 11,988 | 689 | 11,988 | 689 |
| Total revenue | | 23,714 | 3,886 | 23,713 | 3,883 |
| Expenses | | | | | |
| Operating expenses | | 1,116 | 552 | 1,054 | 530 |
| Interest expense and finance costs | | 843 | 20 | 904 | 39 |
| Total expenses | | 1,959 | 572 | 1,958 | 569 |
| Profit before income tax expense | | 21,755 | 3,314 | 21,755 | 3,314 |
| Income tax expense | 9 | - | - | - | - |
| Profit for the year | | 21,755 | 3,314 | 21,755 | 3,314 |
| Profit for the year attributable to: | | | | | |
| Owners of APDC Holdings | | - | - | - | - |
| Owners of APDC Trust | | - | - | 21,755 | 3,314 |
| Non-controlling interest - members of APDC Trust | | 21,755 | 3,314 | - | - |
| Total profit for the year | | 21,755 | 3,314 | 21,755 | 3,314 |
| Other comprehensive income | | | | | |
| Items that may be reclassified to profit or loss: | | | | | |
| Effective portion of changes in fair value of cash flow hedge | 18(b) | (393) | - | (393) | - |
| Other comprehensive income, net of tax | | (393) | - | (393) | - |
| Total comprehensive income for the year | | 21,362 | 3,314 | 21,362 | 3,314 |
| Total comprehensive income for the year attributable to: | | | | | |
| Owners of APDC Holdings | | - | - | - | - |
| Owners of APDC Trust | | - | - | 21,362 | 3,314 |
| Non-controlling interest - members of APDC Trust | | 21,362 | 3,314 | - | - |
| Total comprehensive income for the year | | 21,362 | 3,314 | 21,362 | 3,314 |
| Basic and diluted earnings per security (cents) | 10 | - | - | 18.92 | 3.83 |

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

Consolidated Statements of Financial Position

| | Note | APDC Group 30 June 2014 \$'000 | APDC Group 30 June 2013 \$'000 | APDC Trust 30 June 2014 \$'000 | APDC Trust 30 June 2013 \$'000 |
|-----------------------------------------------------------------|-------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Current assets | | | | | |
| Cash and cash equivalents | 12 | 5,308 | 5,196 | 3,677 | 4,280 |
| Trade and other receivables | 13 | 56 | 24 | 556 | 524 |
| Security deposit held | | 8 | 5 | - | - |
| Prepayments | | 27 | 2 | - | - |
| Total current assets | | 5,399 | 5,227 | 4,233 | 4,804 |
| Non-current assets | | | | | |
| Investment properties | 14 | 150,700 | 123,330 | 150,700 | 123,330 |
| Property, plant and equipment | | 2 | - | - | - |
| Deferred tax asset | | 15 | - | - | - |
| Total non-current assets | | 150,717 | 123,330 | 150,700 | 123,330 |
| Total assets | | 156,116 | 128,557 | 154,933 | 128,134 |
| Current liabilities | | | | | |
| Trade and other payables | 15 | 726 | 713 | 728 | 1,066 |
| Tax payable | | 15 | - | - | - |
| Provisions | 16 | 2,608 | 2,087 | 2,588 | 2,081 |
| Development fee accrued - P1 | | - | 8,330 | - | 8,330 |
| Total current liabilities | | 3,349 | 11,130 | 3,316 | 11,477 |
| Non-current liabilities | | | | | |
| Interest bearing liabilities | 17 | 24,705 | 770 | 24,705 | 1,150 |
| Derivatives | 18(d) | 393 | - | 393 | - |
| Total non-current liabilities | | 25,098 | 770 | 25,098 | 1,150 |
| Total liabilities | | 28,447 | 11,900 | 28,414 | 12,627 |
| Net assets | | 127,669 | 116,657 | 126,519 | 115,507 |
| Equity | | | | | |
| Contributed equity | 19 | 1,150 | 1,150 | 115,110 | 115,507 |
| Asset revaluation reserve | 20 | - | - | 11,802 | - |
| Cashflow hedge reserve | 20 | - | - | (393) | - |
| Retained earnings | | - | - | - | - |
| Total equity attributable to owners of APDC Holdings/APDC Trust | | 1,150 | 1,150 | 126,519 | 115,507 |
| Non-controlling interest attributable to APDC Trust | | 126,519 | 115,507 | - | - |
| Total equity | | 127,669 | 116,657 | 126,519 | 115,507 |

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

Consolidated Statement of Changes in Equity – the Group

| Note | 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 24 July 2012 | - | - | - | - |
| Total comprehensive income for the period | | | | |
| Profit for the period | - | - | 3,314 | 3,314 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | - | - | 3,314 | 3,314 |
| Contributions by and distributions to owners of the Group | | | | |
| Issues of ordinary shares | - | - | - | - |
| Loan forgiven by NEXTDC Limited | - | - | 2,000 | 2,000 |
| Issue of stapled securities under the Offer | 988 | 988 | 97,877 | 98,865 |
| Security-based payment - equity-settled | 162 | 162 | 15,973 | 16,135 |
| Distributions paid or provided for | - | - | (3,657) | (3,657) |
| Total contribution by and distributions to owners of the Group | 1,150 | 1,150 | 112,193 | 113,343 |
| Total equity at 1 July 2013 | 1,150 | 1,150 | 115,507 | 116,657 |
| Total comprehensive income for the year | | | | |
| Profit for the year | - | - | 21,755 | 21,755 |
| Other comprehensive income for the year | - | - | (393) | (393) |
| Total comprehensive income for the year | - | - | 21,362 | 21,362 |
| Contributions by and distributions to owners of the Group | | | | |
| Distributions paid or provided for | - | - | (10,350) | (10,350) |
| Total contribution by and distributions to owners of the Group | - | - | (10,350) | (10,350) |
| Total equity at 30 June 2014 | 1,150 | 1,150 | 126,519 | 127,669 |

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

Statement of Changes in Equity – APDC Trust

| | Contributed equity \$'000 | Retained earnings \$'000 | Asset revaluation reserve \$'000 | Cashflow hedge reserve \$'000 | Total equity \$'000 |
|-----------------------------------------------------------------------|---------------------------------|--------------------------------|-------------------------------------------|----------------------------------------|---------------------------|
| Total equity at 1 November 2012 | - | - | - | - | - |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | 3,314 | - | - | 3,314 |
| Other comprehensive income for the period | - | - | - | - | - |
| Total comprehensive income for the period | - | 3,314 | - | - | 3,314 |
| Contributions by and distributions to owners of the Trust | | | | | |
| Issues of ordinary units | - | - | - | - | - |
| Loan forgiven by NEXTDC Limited | 2,000 | - | - | - | 2,000 |
| Issue of stapled securities under the Offer | 97,877 | - | - | - | 97,877 |
| Security-based payment - equity-settled | 15,973 | - | - | - | 15,973 |
| Transfer to asset revaluation reserve | - | (689) | 689 | - | - |
| Distributions paid or provided for | (343) | (2,625) | (689) | - | (3,657) |
| Total contribution by and distributions to owners of the Trust | 115,507 | (3,314) | - | - | 112,193 |
| Total equity at 30 June 2013 | 115,507 | - | - | - | 115,507 |
| Total comprehensive income for the year | | | | | |
| Profit for the year | - | 21,755 | - | - | 21,755 |
| Other comprehensive income for the year | - | - | - | (393) | (393) |
| Total comprehensive income for the year | - | 21,755 | - | (393) | 21,362 |
| Contributions by and distributions to owners of the Trust | | | | | |
| Transfer to asset revaluation reserve | - | (11,988) | 11,988 | - | - |
| Distributions paid or provided for | (397) | (9,767) | (186) | - | (10,350) |
| Total contribution by and distributions to owners of the Trust | (397) | (21,755) | 11,802 | - | (10,350) |
| Total equity at 30 June 2014 | 115,110 | - | 11,802 | (393) | 126,519 |

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

Consolidated Statements of Cash Flows

| | | APDC Group 1 July 2013 to 30 June 2014 \$'000 | APDC Group 24 July 2012 to 30 June 2013 \$'000 | APDC Trust 1 July 2013 to 30 June 2014 \$'000 | APDC Trust 1 Nov 2013 to 30 June 2013 \$'000 |
|-------------------------------------------------------------|-------|-----------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|
| | Note | | | | |
| Cashflows from operating activities | | | | | |
| Receipts from lessee | | 12,787 | 3,439 | 12,787 | 3,439 |
| Payments to suppliers and employees | | (3,581) | (1,963) | (3,865) | (1,621) |
| Net GST receipt from/(payment to) ATO | | 1,352 | 1,384 | 1,395 | 1,379 |
| Interest received | | 118 | 48 | 117 | 45 |
| Net cash inflows from operating activities | 22(a) | 10,676 | 2,908 | 10,434 | 3,242 |
| Cashflows from investing activities | | | | | |
| Payments for investment properties | | (24,322) | (98,440) | (24,322) | (98,440) |
| Payment for property, plant and equipment | | (2) | - | - | - |
| Rent on unimproved land | | 186 | 689 | 186 | 689 |
| Net cash outflows from investing activities | | (24,138) | (97,751) | (24,136) | (97,751) |
| Cashflows from financing activities | | | | | |
| Proceeds from issue of stapled securities | | - | 98,865 | - | 97,715 |
| Proceeds from loans and borrowings | | 26,500 | 2,750 | 26,500 | 2,650 |
| Repayment of loans and borrowings | | (2,250) | - | (2,650) | - |
| Payment of loan to APDC Holdings | | - | - | (750) | - |
| Receipt of loan proceeds from APDC Holdings | | - | - | 750 | - |
| Payment of interest and finance costs | | (833) | - | (908) | - |
| Payment of distributions | | (9,843) | (1,576) | (9,843) | (1,576) |
| Net cash inflows from financing activities | | 13,574 | 100,039 | 13,099 | 98,789 |
| Net increase/(decrease) in cash and cash equivalents | | 112 | 5,196 | (603) | 4,280 |
| Cash and cash equivalents at the beginning of the year | | 5,196 | - | 4,280 | - |
| Cash and cash equivalents at the end of the year | | 5,308 | 5,196 | 3,677 | 4,280 |

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

Notes to the consolidated financial statements

1. Reporting entities

Asia Pacific Data Centre Group (APDC Group) comprises Asia Pacific Data Centre Holdings Limited (APDC Holdings) and its wholly owned subsidiary Asia Pacific Data Centre Limited (APDC Limited), and Asia Pacific Data Centre Trust (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 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.

The reporting entities are APDC Holdings and its controlled entities (APDC Limited and APDC Trust) and APDC Trust (collectively 'Group entities').

The consolidated financial statements of APDC Holdings incorporate the assets and liabilities of APDC Holdings and its controlled entities APDC Limited and APDC Trust (Group, APDC Group).

As permitted by Class Order CO 05/642, 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.

The Group entities are for-profit for the purpose of preparing the financial statements.

2. Basis of preparation

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board.

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

The Group and APDC Trust are of a kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the Directors' Report and financial reports have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise stated.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention except for investment properties and derivative financial instruments which have been measured at fair value.

(c) Significant judgements and estimates

The preparation of the financial statements in conformity with 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 judgements, estimates and assumptions 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.

Notes to the consolidated financial statements

Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below.

- Investment properties – operating leases

APDC Trust has commercial property leases on its investment portfolio, and earned rent on the M1, S1 and P1 properties during the year.

The Directors have determined that APDC Trust retains all the significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases (refer Note 3(g)).

- Investment properties – valuation

At each reporting date, the fair values of the investment properties are assessed by the Directors according to the accounting policy on valuing assets and applying generally accepted valuation criteria, methodology and assumptions (refer Note 3(h)).

- Investment properties under construction – valuation

Investment properties under construction are valued using a continuous transfer approach with reference to surveys of completed work performed. The value of completed work performed is accrued as a development fee.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the functional currency of the Group entities.

3. Summary of significant accounting policies

The significant policies which have been adopted in the preparation of these consolidated financial statements for the year ended 30 June 2014 are set out below. These policies have been consistently applied, unless otherwise stated.

The Group entities have not early adopted any accounting standards.

(a) Changes in accounting policies

The Group and APDC Trust have adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

AASB 13 Fair Value Measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7. As a result, the Group has included additional disclosures in this regard. Refer to Notes 14 and 18.

In accordance with the transitional provisions of AASB 13, the Group and APDC Trust have applied the new fair value measurement guidance prospectively, and have not provided any comparative information for new disclosures. Notwithstanding the above, the application of AASB 13 had no significant impact on the measurement of the Group's and APDC Trust's assets and liabilities.

AASB 10 Consolidated Financial Statements,

AASB 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In accordance with the transitional provisions of AASB 10, the Group reassessed the control conclusion for its investees at 1 July 2013. There was no change to the Group's control conclusion in respect of its investments in its subsidiaries.

Notes to the consolidated financial statements

AASB 12 Disclosures of Interests in Other Entities

AASB 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The disclosure requirements in AASB 12 are set out in these financial statements. There was no material impact on the financial report as a result of the adoption of this standard.

Other new or amended Accounting Standards

The Group has also adopted the following new or amendments to accounting standards for the year ended 30 June 2014:

- AASB 119 Employee benefits;
- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income;
- AASB 2011-4 Amendments to Australian Accounting – Standards to Remove Individual Key Management Personnel Disclosure Requirements; and
- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7).

There was no material impact on the financial report as a result of the adoption of these new or amended Accounting Standards.

(b) Principles of consolidation

Stapling

The shares of APDC Holdings are stapled to units of APDC Trust. These stapled shares and units are also referred to as stapled securities and/or securities.

Stapling transactions are considered business combinations and are accounted for under AASB 3 Business Combinations using the acquisition method at the acquisition date.

AASB 3 requires one of the combining entities in a stapling transaction to be identified as the acquirer for accounting purposes. The acquirer is also the parent entity of the Group. The parent entity is required to prepare consolidated financial statements in accordance with the principles of AASB 3 and AASB 127 Consolidated and Separate Financial Statements.

Where a business combination occurs through contract alone, the acquirer attributes the acquiree's net assets recognised in accordance with AASB 3 to the owners. Any equity interest held by the parties other than the acquirer is a non-controlling interest.

APDC Holdings has been identified as the acquirer and the parent for the purposes of preparing the consolidated financial statements of the Group. Therefore APDC Limited and APDC Trust are included in the consolidated financial statements of APDC Holdings.

APDC Holdings does not own any units in the APDC Trust and there was no consideration paid.

Non-controlling interests in the financial statements of the Group represent the equity attributable to unitholders of APDC Trust. Non-controlling interest is defined as that portion of the profit or loss and net assets of APDC Trust and its subsidiaries which are not owned by APDC Holdings (parent) directly or indirectly through subsidiaries. On the basis that APDC Holdings has no ownership interest in APDC Trust, the net assets of the APDC Trust are identified as non-controlling interests and presented in the Group's Statement of Financial Position within equity separately from the APDC Holding's shareholders equity.

The \$1.00 issue price per stapled security is allocated as \$0.99 to each APDC Trust unit and \$0.01 to each APDC Holdings share. The profit or loss of APDC Trust is separately disclosed as non-controlling interest in the profit or loss of the Group.

Notes to the consolidated financial statements

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group and APDC Trust recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities as described below.

Revenue is recognised for each of the business activities as follows:

Rental income

Rental income is recognised on a straight-line basis over the lease term.

Rent on unimproved land derived from land or an investment property under construction or development, which directly relates to bringing an asset to the location and working condition of an investment property, is recognised as a reduction in the purchase price of the asset.

Interest income

Interest income is recognised using the effective interest method.

(d) Expenses

All expenses are accounted for on an accruals basis.

Expenses which are incidental to the acquisition of an investment property are included within the cost of that property.

(e) Taxation

APDC Holdings and APDC Limited

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided on all temporary differences at balance date on the difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available, against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

Notes to the consolidated financial statements

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised through the continued use or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date.

APDC Trust

Under current Australian tax legislation, the 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 unitholders each year.

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

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

(f) Goods and Services Tax

The Group entities are part of a Goods and Services Tax (GST) consolidated group.

Revenues, expenses and assets are recognised net of the amount of GST except where the GST is incurred on a purchase of goods and services and is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Properties leased under operating leases are classified as investment properties. The Directors have determined that APDC Trust retains all the significant risks and rewards of ownership of its investment properties and has thus classified the leases as operating leases.

(h) Investment properties

Investment properties comprising freehold land and buildings (including certain plant and equipment) are held for long term rental yields and capital appreciation and are not occupied by the Group or APDC Trust.

The acquisition of land and buildings is accounted for as an asset acquisition. Investment properties are initially recognised at cost including any acquisition costs.

Fair value

Investment properties are carried at fair value at each reporting date with any gain or loss arising from a change in fair value recognised as profit or loss in the year. Land and buildings (including certain plant and equipment) that comprise investment property are not depreciated.

The fair value of investment properties is assessed by the Directors, in accordance with AASB 13 *Fair Value Measurement*, using a valuation technique to estimate the price at which an orderly transaction to sell the asset would take place between market participants under current market conditions.

At each reporting date, the fair value of the investment properties is assessed by the Directors by reference to independent valuation reports or through other appropriate valuation techniques.

Notes to the consolidated financial statements

The potential effect of capital gains tax (CGT) on disposal has not been taken into account in the determination of the revalued carrying amount as it is expected that all realised gains on the sale of assets will be distributed to securityholders.

Investment properties under construction

Investment properties under construction are initially recognised when effective control and the significant risks and rewards of ownership of the building works completed are transferred to APDC Trust.

The Directors have determined that the significant risk and rewards of ownership of the investment property under construction transfer progressively as construction progresses.

Accordingly, APDC Trust will recognise investment property under construction under the continuous transfer approach with reference to the stage of completion of the development. The stage of completion is assessed by reference to surveys of work performed.

At each reporting date, investment property under construction is carried at fair value.

Subsequent costs

APDC Trust recognises in the carrying amount of an investment property the cost of replacing part of that investment property when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred.

(i) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired.

Cost is measured at the fair value of the assets given up.

Securities issued or liabilities assumed at the date of acquisition plus incidental costs are directly attributable to the acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(j) Security-based payment

An equity-settled security-based payment is measured at the fair value of the goods or services received, and the corresponding increase in equity.

During the prior period, the Group entities contracted to acquire a portfolio of assets which consist of three data centre properties located in Melbourne (M1), Sydney (S1) and Perth (PI) from NEXTDC Limited (NEXTDC), a then related party, at valuations assessed by an independent valuer.

The consideration paid during the prior period comprised proceeds from the issue of partly paid stapled securities under the initial public offer and partly paid stapled securities issued to NEXTDC under a subscription agreement.

The partly paid stapled securities issued to NEXTDC were recorded as an equity-settled security-based payment.

(k) Cash and cash equivalents

For the purpose of presentation in the Statements of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts, if applicable, are shown within borrowings in current liabilities in the Statements of Financial Position.

Notes to the consolidated financial statements

(l) Trade and other receivables

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The effective interest rate is a method of calculating the amortised cost of a financial asset or a financial liability and of collating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, cash flow estimates consider all contractual terms of the financial instruments.

Short term receivables are not discounted where the effect is not material.

Partly paid securities

For partly paid securities, where there is a fixed schedule of definite call dates when the securityholders must pay instalments of the outstanding amount on the securities, and the securityholder is contractually obliged to pay, a receivable is recognised for the outstanding future proceeds at the issue date of the securities, with a corresponding entry in equity.

The receivable is a financial asset and measured at fair value on initial recognition and subsequently at amortised cost. Amortised cost is calculated using the effective interest rate.

Impairment

An assessment is made at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to its acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured.

Depreciation on office equipment is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. The estimated useful life of office equipment is 3 years.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(n) Non-derivative financial liabilities

Non-derivative financial liabilities comprise interest bearing loans, development fee accrued and trade and other payables. The Group entities classify non-derivative financial liabilities into the other liabilities category.

Such liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Short term non-derivative financial liabilities are not discounted where the effect is not material.

Notes to the consolidated financial statements

(o) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposure.

Derivatives (including interest rate swaps) are recognised initially at fair value. Any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are remeasured to their fair value at each reporting date.

The Group documents at the inception of the hedging transaction the relationship between the hedging instrument and hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative 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 amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedge item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

(p) Provisions

Provisions are recognised when the Group entities have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date.

(q) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in provisions.

Other long term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement benefit obligations

Except for the statutory superannuation guarantee charge, the Group does not have any other retirement benefit obligations.

Notes to the consolidated financial statements

(r) Contributed equity

APDC Holdings

Ordinary shares are classified as equity.

APDC Trust

Under its Constitution, APDC Trust has been established as an indefinite life trust and the distributions are at the discretion of the Directors of the responsible entity. Accordingly, the units issued are classified as equity.

Costs of issue of new stapled securities

Costs directly attributable to the issue of new stapled securities are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new stapled securities or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(s) Dividends/distributions

APDC Holdings

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

APDC Trust

Each reporting period the Directors of the responsible entity are required to determine the distribution entitlement of the unitholders of the Trust in respect of the period. Any amounts so determined but not paid by the end of the period, are recorded as a liability.

(t) Earnings per security

Basic earnings per security

Basic earnings per security is determined by dividing profit attributable to securityholders by the weighted average number of ordinary securities on issue during the period.

Diluted earnings per security

Diluted earnings per security is determined by dividing profit attributable to securityholders by the weighted average number of ordinary securities and dilutive potential ordinary securities on issue during the period.

Profit attributable to APDC Trust

The issued units of APDC Trust are presented as a non-controlling interest, and therefore the profit attributable to APDC Trust is excluded from the calculation of basic and diluted earnings per security presented in the consolidated statement of profit or loss and other comprehensive income.

(u) Comparative information

APDC Group

The comparative figures for the Group are for the period from incorporation on 24 July 2012 to 30 June 2013. Users of this financial report should note that whilst the comparative figures for the Group commenced on 24 July 2012, the investment activities of the Group commenced in December 2012.

Therefore, the comparative figures for the Group include results from investment activities from December 2012 to 30 June 2013 only.

APDC Trust

The comparative figures for APDC Trust are for the period from establishment on 1 November 2012 to 30 June 2013.

During 2014, APDC Trust transferred the net gain from fair value adjustment on investment properties from retained earnings to the asset revaluation reserve. Comparative amounts in the statement of changes in equity were reclassified for consistency. There was no impact on the balances as previously reported. Refer to Note 20 for further details.

Notes to the consolidated financial statements

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 per cent 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. New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for future annual reporting periods, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group entities are set out below. The Group entities do not plan to adopt these standards early.

(a) AASB 9 Financial Instruments (December 2010) (includes financial assets and financial liability requirements) (effective 1 January 2018, previously 1 January 2017).

In AASB 9 (December 2010), the AASB added requirements for the classification and measurement of financial liabilities that are generally consistent with the equivalent requirements in AASB 139 except in respect of the fair value option and certain derivatives linked to unquoted equity instruments. The AASB also added the requirements in AASB 139 in relation to the derecognition of financial assets and liabilities to AASB 9.

AASB 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in AASB 139 on impairment of financial assets and on hedge accounting continues to apply.

The Group entities do not expect the new standard to have a significant effect on existing financial assets and financial liabilities.

(b) Other amendments

In addition to the above, further amendments to accounting standards have been proposed as a result of the revision of related standards and the Annual Improvement Projects (for non-urgent changes). These amendments are as follows:

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial liabilities (Amendments to AASB 132) (effective 1 January 2014);
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014);
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (effective 1 January 2014); and
- AASB 2013-5 Amendments to Australian Accounting Standards- Investment Entities (effective from 1 January 2014).

These recently issued or amended standards are not expected to have a significant impact on the amounts recognised in these financial statements on application of these new accounting standards.

Notes to the consolidated financial statements

6. Rental income

| | APDC Group 1 July 2013 to 30 June 2014 \$'000 | APDC Group 24 July 2012 to 30 June 2013 \$'000 | APDC Trust 1 July 2013 to 30 June 2014 \$'000 | APDC Trust 1 Nov 2013 to 30 June 2013 \$'000 |
|-------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|
| Rent on land and buildings | 11,794 | 3,829 | 11,794 | 3,829 |
| Less Rent on unimproved land for properties under construction | (186) | (689) | (186) | (689) |
| Total rental income | 11,608 | 3,140 | 11,608 | 3,140 |

7. 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 there is an internal management structure, wherein APDC Limited provides responsible entity services to APDC Trust and APDC Trust is stapled to APDC Holdings, APDC Limited will only 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 \$747,000 were expensed by APDC Trust during the year.

8. Remuneration of auditor

During the year, the auditor of the Group entities earned the following remuneration:

| | APDC Group 1 July 2013 to 30 June 2014 \$ | APDC Group 24 July 2012 to 30 June 2013 \$ | APDC Trust 1 July 2013 to 30 June 2014 \$ | APDC Trust 1 Nov 2013 to 30 June 2013 \$ |
|------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------|
| Audit and review of financial statements | 73,224 | 47,000 | 47,046 | 9,000 |
| Other regulatory audits | 13,390 | 13,000 | 8,240 | 8,000 |
| Taxation services | 34,890 | 6,915 | 30,538 | 6,846 |
| Total auditor remuneration | 121,504 | 66,915 | 85,824 | 23,846 |

Notes to the consolidated financial statements

9. Income tax

| | APDC Group 1 July 2013 to 30 June 2014 \$'000 | APDC Group 24 July 2012 to 30 June 2013 \$'000 | APDC Trust 1 July 2013 to 30 June 2014 \$'000 | APDC Trust 1 Nov 2013 to 30 June 2013 \$'000 |
|------------------------------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|
| Profit for the year | 21,755 | 3,314 | 21,755 | 3,314 |
| Tax expense at the Australian tax rate of 30% | 6,527 | 994 | 6,527 | 994 |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income: | | | | |
| APDC Trust income | (6,527) | (994) | (6,527) | (994) |
| Effect of deferred tax assets/(liabilities) for temporary differences not brought to account | - | (1) | - | - |
| Effect of deferred tax asset for tax losses not brought to account | - | 1 | - | - |
| Income tax expense | - | - | - | - |

(a) 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 unitholders each year.

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

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

10. Earnings per security

| | APDC Group 1 July 2013 to 30 June 2014 | APDC Group 24 July 2012 to 30 June 2013 | APDC Trust 1 July 2013 to 30 June 2014 | APDC Trust 1 Nov 2013 to 30 June 2013 |
|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------|-------------------------------------------------|------------------------------------------------|
| Earnings used in the calculation of earnings per security (\$'000) | - | - | 21,755 | 3,314 |
| Basic earnings per security (cents) | - | - | 18.92 | 3.83 |
| Diluted earnings per security (cents) | - | - | 18.92 | 3.83 |
| Weighted average number of securities on issue used in the calculation of basic and diluted earnings per security | 115,000,100 | 61,198,930 | 115,000,100 | 86,487,703 |
| Distributable earnings (\$'000) ⁽¹⁾ | - | - | 9,953 | 3,314 |
| Distributable earnings per security (cents) ⁽²⁾ | - | - | 8.65 | 2.88 |
| 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 11.

⁽²⁾ Distributable earnings per security for the period ended 30 June 2013 is calculated by dividing the distributable earnings by the number of securities on issue at 30 June 2013.

Notes to the consolidated financial statements

11. Distributions paid and payable

The following distributions were paid and payable by APDC Trust:

| | Distribution cents per stapled security | Total amount \$'000 | Tax deferred % | Taxable % |
|-----------------------------------------|-----------------------------------------------|---------------------------|----------------------|--------------|
| For the year ended 30 June 2014: | | | | |
| Distributions for the quarter ended: | | | | |
| 30 September 2013 | 2.25 | 2,587 | | |
| 31 December 2013 | 2.25 | 2,588 | | |
| 31 March 2014 | 2.25 | 2,587 | | |
| 30 June 2014 (payable 29 August 2014) | 2.25 | 2,588 | | |
| | 9.00 | 10,350 | 28.18 | 71.82 |

For the period ended 30 June 2013:

Distributions for the quarter ended:

| | | | | |
|---------------|-------------|--------------|--------------|--------------|
| 31 March 2013 | 1.37 | 1,576 | | |
| 30 June 2013 | 1.81 | 2,081 | | |
| | 3.18 | 3,657 | 28.58 | 71.42 |

Distributable earnings was \$9,953,000 or 8.65 cents per stapled security. The distribution paid and payable included a return of capital of \$397,000 as detailed below.

| | APDC Group 1 July 2013 to 30 June 2014 \$'000 | APDC Group 24 July 2012 to 30 June 2013 \$'000 | APDC Trust 1 July 2013 to 30 June 2014 \$'000 | APDC Trust 1 Nov 2013 to 30 June 2013 \$'000 |
|--------------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|
| Statutory profit for the year | 21,755 | 3,314 | 21,755 | 3,314 |
| Net gain from fair value adjustment on investment properties ⁽¹⁾ | (11,988) | (689) | (11,988) | (689) |
| Rent on unimproved land for properties under construction ⁽²⁾ | 186 | 689 | 186 | 689 |
| Distributable earnings | 9,953 | 3,314 | 9,953 | 3,314 |
| Return of capital - expenses funded from pre-IPO capital | 397 | 343 | 397 | 343 |
| Distribution paid and payable | 10,350 | 3,657 | 10,350 | 3,657 |

(1) Unrealised gains or losses, including unrealised fair value gains and losses on revaluation of investment properties. Refer to Notes 3(h) and 14.

(2) Rent received on unimproved land for properties under construction is included in distributable earnings but is not included in statutory profit or loss for the year. Under AASB, rent on unimproved land derived from land or on investment property under construction or development, which directly relates to bringing an asset to the location and working condition of an investment property, is recognised as a reduction in the purchase price of the asset. Refer to Notes 3(h) and 14.

The 28.18% tax deferred component of the distribution includes building allowance, building depreciation, timing differences and return of capital.

Notes to the consolidated financial statements

12. Cash and cash equivalents

| | APDC Group 30 June 2014 \$'000 | APDC Group 30 June 2013 \$'000 | APDC Trust 30 June 2014 \$'000 | APDC Trust 30 June 2013 \$'000 |
|----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Cash at bank | 4,536 | 4,443 | 3,677 | 4,280 |
| Cash on deposit | 772 | 753 | - | - |
| Total cash and cash equivalents | 5,308 | 5,196 | 3,677 | 4,280 |

During the year, all cash assets were placed with Commonwealth Bank of Australia and Bankwest in interest bearing bank accounts. At 30 June 2014, the weighted average interest rate on all cash assets was 1.8% per annum.

13. Trade and other receivables

| | APDC Group 30 June 2014 \$'000 | APDC Group 30 June 2013 \$'000 | APDC Trust 30 June 2014 \$'000 | APDC Trust 30 June 2013 \$'000 |
|------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Trade receivables | 56 | 24 | 56 | 24 |
| Advance to APDC Limited | - | - | 500 | 500 |
| Total trade and other receivables | 56 | 24 | 556 | 524 |

At 30 June 2014, APDC Trust has an intercompany receivable of \$500,000 representing an advance for working capital to APDC Limited. The loan is repayable on demand and interest free.

14. Investment properties

APDC Trust has three investment properties, Melbourne (M1), Sydney (S1) and Perth (P1). The Trust has lease agreements over the properties with NEXTDC on a triple net basis and for a 15 year initial term with options for up to another 25 years. NEXTDC has made rental payments for M1, S1 and P1 in accordance with the lease agreements. Rental payments for P1 commenced on 30 November 2013 following practical completion of the base building.

Rent on unimproved land received during the year for P1 whilst it was under construction was recognised as a reduction in the purchase price of the asset, and not as rental income. Refer Note 3(c).

(a) Basis of valuation

The carrying amount of investment property is the fair value of the property as assessed by the Directors (refer Note 3(h)).

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:

Notes to the consolidated financial statements

- 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, 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 at a minimum of once every three years or earlier should the Directors consider it appropriate.

In adopting the investment property valuations at reporting date, the Directors considered an independent valuation dated 30 June 2014 for M1, an independent valuation dated 30 June 2014 for S1 and an independent valuation dated 15 January 2014 for P1.

(b) Fair value of investment properties

A reconciliation of the carrying amount of investment properties is set out below:

| | APDC Group Year to 30 June 2014 \$'000 | APDC Group Period to 30 June 2013 \$'000 | APDC Trust Year to 30 June 2014 \$'000 | APDC Trust Period to 30 June 2013 \$'000 |
|-----------------------------------------------------------|----------------------------------------------------|------------------------------------------------------|----------------------------------------------------|------------------------------------------------------|
| Carrying amount at the beginning of the year | 123,330 | - | 123,330 | - |
| Acquisition costs incurred | - | 98,165 | - | 98,165 |
| Capital improvements | 15,568 | 25,165 | 15,568 | 25,165 |
| Rent on unimproved land for properties under construction | (186) | (689) | (186) | (689) |
| Fair value adjustments | 11,988 | 689 | 11,988 | 689 |
| Carrying amount at the end of the year | 150,700 | 123,330 | 150,700 | 123,330 |

(c) Measurement of fair value

Fair value hierarchy

AASB 13 *Fair Value Measurement* (AASB 13) requires the disclosure of fair values for each of the following measurement categories:

- 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.

The fair value measurement of investment properties of \$150,700,000 has been categorised as Level 3.

During the year, there were no transfers between Level 1, Level 2 and Level 3 fair value categories.

Notes to the consolidated financial statements

Significant unobservable inputs

Refer to the table in Note 14(d) for significant unobservable inputs and the valuation method used for each investment property.

The table includes the following descriptions and definitions relating to valuation techniques and significant unobservable inputs made in determining the fair values:

| | |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Annual net property income (m ² per annum) | The annual rent per square metre at which space could be let in the market conditions prevailing at the date of valuation. |
| Capitalisation rate | The rate at which net property income is capitalised to determine the value of a property. The rate is determined with regard to market evidence. |
| Discount rate | The rate used to discount the net cash flows generated from rental and investment activities during the period of analysis (estimated for up to 10 years). |
| Lease expiry | The date at which the lease finishes (excluding options). |

Sensitivity to changes in significant unobservable inputs

The relationship between the significant unobservable inputs and fair value is as follows:

- Annual net property income: the higher the income the higher the likelihood of a higher valuation
- Capitalisation rate: the lower the capitalisation rate the higher the likelihood of a higher valuation
- Discount rate: the lower the discount rate the higher the likelihood of a higher valuation
- Lease expiry: the longer the lease term the higher the likelihood of a higher valuation

Notes to the consolidated financial statements

(d) Fair value of investment properties

| Property | Acquisition date | Acquisition price \$'000 | Capital improvements since acquisition \$'000 | Rent on unimproved land for properties under construction \$'000 | Fair value adjustments since acquisition \$'000 | Fair value as at 30 June 2014 \$'000 | Independent valuer | Date of last independent valuation | Independent valuation \$'000 |
|---------------------------|------------------|-----------------------------|--------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------|-----------------------------------------|--------------------|------------------------------------|---------------------------------|
| M1, Melbourne | 21/12/2012 | 52,000 | 5 | - | 4,195 | 56,200 | 1 | 30/06/2014 | 56,200 |
| S1, Sydney ⁽¹⁾ | 21/12/2012 | 41,165 | 16,835 | (452) | 6,952 | 64,500 | 2 | 30/06/2014 | 64,500 |
| P1, Perth | 21/12/2012 | 5,000 | 23,893 | (423) | 1,530 | 30,000 | 3 | 15/01/2014 | 30,000 |
| Total | | 98,165 | 40,733 | (875) | 12,677 | 150,700 | | | |

Independent valuers: 1. Andrew Lett, AAPI CBRE Valuations Pty Ltd
2. Kenny Duncanson, AAPI MRICS, CBRE Valuations Pty Ltd
3. Jason Fenner, AAPI, CBRE Valuations Pty Ltd

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 (as listed in the above table) updated to take into account any changes in valuation factors (refer Note 14(a) Basis of Valuation).

Significant unobservable inputs as defined in Note 14(c), including the capitalisation rates and discount rates adopted in the independent valuations, are provided below.

| Property | Fair value hierarchy category ⁽²⁾ | Annual net property income (m ² per annum) | Adopted capitalisation rate | Adopted discount rate | Lease expiry | Valuation methods |
|---------------|----------------------------------------------|-------------------------------------------------------|-----------------------------|-----------------------|--------------|------------------------------------------------|
| M1, Melbourne | Level 3 | \$ 276 | 8.50% | 9.25% | 20/12/2027 | Capitalisation and discounted cash flow method |
| S1, Sydney | Level 3 | \$ 269 | 8.25% | 9.50% | 14/05/2028 | Capitalisation and discounted cash flow method |
| P1, Perth | Level 3 | \$ 277 | 8.75% | 9.50% | 29/11/2028 | Capitalisation and discounted cash flow method |

(1) The Bankwest Debt Facility is secured by a mortgage over S1 Sydney data centre asset. Refer Note 17.

(2) Classified in accordance with the fair value hierarchy. Refer Note 14(c).

Notes to the consolidated financial statements

(e) Amounts recognised in the Statement of Comprehensive Income

| Property | APDC Group 1 July 2013 to 30 June 2014 \$'000 | APDC Group 24 July 2012 to 30 June 2013 \$'000 | APDC Trust 1 July 2013 to 30 June 2014 \$'000 | APDC Trust 1 Nov 2013 to 30 June 2013 \$'000 |
|----------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|
| Rental income | 11,608 | 3,140 | 11,608 | 3,140 |
| Net gain from fair value adjustment for investment properties | 11,988 | 689 | 11,988 | 689 |
| Direct operating expenses of properties that generated rental income | - | - | - | - |

(f) Operating lease receivables

The minimum lease payments receivable under non-cancellable operating leases of investment properties at current rentals are as follows:

| | APDC Group 30 June 2014 \$'000 | APDC Group 30 June 2013 \$'000 | APDC Trust 30 June 2014 \$'000 | APDC Trust 30 June 2013 \$'000 |
|---------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Within one year | 12,810 | 11,820 | 12,810 | 11,820 |
| Later than one year but not later than five years | 51,241 | 50,138 | 51,241 | 50,138 |
| Later than five years | 113,327 | 125,345 | 113,327 | 125,345 |
| | 177,378 | 187,303 | 177,378 | 187,303 |

15. Trade and other payables

| | APDC Group 30 June 2014 \$'000 | APDC Group 30 June 2013 \$'000 | APDC Trust 30 June 2014 \$'000 | APDC Trust 30 June 2013 \$'000 |
|---------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Development fee payable - S1 | - | 425 | - | 425 |
| Other payables - APDC Limited | - | - | 65 | 424 |
| Accrued interest - APDC Holdings | - | - | - | 39 |
| Accrued interest - Bankwest | 327 | - | 327 | - |
| GST payable | 236 | 73 | 241 | 80 |
| Other payables | 163 | 215 | 95 | 98 |
| Total trade and other payables | 726 | 713 | 728 | 1,066 |

Other payables – APDC Limited include the responsible entity management fee of \$59,000 payable to APDC Limited, the responsible entity of the Trust. Refer to Note 7 for further details.

Notes to the consolidated financial statements

16. Provisions

| | APDC Group 30 June 2014 \$'000 | APDC Group 30 June 2013 \$'000 | APDC Trust 30 June 2014 \$'000 | APDC Trust 30 June 2013 \$'000 |
|---------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Distributions paid and payable | 10,350 | 3,657 | 10,350 | 3,657 |
| Distributions paid | (7,762) | (1,576) | (7,762) | (1,576) |
| Distributions provided for at 30 June 2014 | 2,588 | 2,081 | 2,588 | 2,081 |
| Employee benefits | 20 | 6 | - | - |
| Total other current provisions | 20 | 6 | - | - |
| Total provisions | 2,608 | 2,087 | 2,588 | 2,081 |

The current provision for employee benefits includes accrued annual leave.

17. Interest bearing loans

| | APDC Group 30 June 2014 \$'000 | APDC Group 30 June 2013 \$'000 | APDC Trust 30 June 2014 \$'000 | APDC Trust 30 June 2013 \$'000 |
|---------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Commercial loan - Bankwest | 25,000 | - | 25,000 | - |
| Commercial loan - NEXTDC | - | 770 | - | - |
| Other interest bearing loan - APDC Holdings | - | - | - | 1,150 |
| Unamortised finance costs | (295) | - | (295) | - |
| Total interest bearing loans | 24,705 | 770 | 24,705 | 1,150 |

APDC Trust entered into a five year facility on 13 November 2013 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 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 30 June 2014, there were no drawdowns against the multi option facility.

The Debt Facility is a variable rate loan with interest charged at 2.15% above the Bank Bill Swap Rate. The Debt Facility is provided for a five year term and is secured by a mortgage over S1 Sydney data centre asset.

In December 2013, APDC Holdings repaid a \$750,000 loan and paid \$37,000 of interest to NEXTDC.

In December 2013, APDC Holdings entered into an interest bearing loan of \$750,000 with APDC Trust to refinance the NEXTDC loan. The loan was unsecured, on commercial terms and interest was charged at 2.15% above Bank Bill Swap Bid Rate. In June 2014, APDC Holdings repaid the \$750,000 loan and \$20,000 of interest to APDC Trust.

In June 2014, APDC Trust repaid a \$1,150,000 loan and \$113,000 of interest to APDC Holdings. The interest bearing loan provided APDC Trust with working capital for operational expenditure. The loan was unsecured, on commercial terms and interest was charged at 4% above Bank Bill Swap Bid Rate.

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18. Financial instruments

(a) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. In this note, references to the Group include APDC Trust.

Risk management framework

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit, Risk and Compliance Committee (the Committee), which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board on its activities.

The Group's risk management framework is designed to ensure that it has explicitly identified the risks it faces and has measures in place to keep those risks to an acceptable minimum.

Risks are managed through the effective implementation of various measures and controls which include:

- Board approved compliance arrangements and the risk management framework;
- documented policies, procedures, compliance registers and checklists;
- ongoing monitoring of regulatory obligations;
- ongoing supervision of management personnel and service providers; and
- internal and external reporting.

As at 30 June 2014, the following financial instruments are held:

| | | APDC Group | APDC Group | APDC Trust | APDC Trust |
|------------------------------------|--------------------|------------------------|------------------------|------------------------|------------------------|
| | Valuation Basis | 30 June 2014 \$'000 | 30 June 2013 \$'000 | 30 June 2014 \$'000 | 30 June 2013 \$'000 |
| Financial assets | | | | | |
| Cash and cash equivalents | Amortised cost | 5,308 | 5,196 | 3,677 | 4,280 |
| Trade and other receivables | Amortised cost | 56 | 24 | 556 | 524 |
| Security deposit held | Amortised cost | 8 | 5 | - | - |
| Total financial assets | | 5,372 | 5,225 | 4,233 | 4,804 |
| Financial liabilities | | | | | |
| Trade and other payables | Amortised cost | 726 | 713 | 728 | 1,066 |
| Development fee accrued - P1 | Amortised cost | - | 8,330 | - | 8,330 |
| Interest bearing loans | Amortised cost | 24,705 | 770 | 24,705 | 1,150 |
| Derivatives | Fair value | 393 | - | 393 | - |
| Total financial liabilities | | 25,824 | 9,813 | 25,826 | 10,546 |

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: foreign exchange risk, price risk and interest rate risk.

Foreign exchange risk

The Group currently only operates in Australia and its transactions are in Australian dollars. Consequently, the Group has no exposure to foreign exchange risk.

Price risk

The Group is not exposed to equity securities price risk.

Notes to the consolidated financial statements

Interest rate risk

The Group is exposed to interest rate risk predominantly through interest bearing loans. Loans issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

As detailed in Note 17, the Bankwest Debt Facility is a variable rate loan, with interest charged at 2.15% above the Bank Bill Swap Rate. Therefore, the Group is mainly exposed to cash flow interest rate risk.

The Group uses derivative financial instruments such as interest rate swaps to manage its interest rate risk. Refer to Note 18(b).

At 30 June 2014, if interest rates increased by 100 or decreased by 100 basis points from the year end rates with all other variables held constant, profit for the year would have been \$173,000 higher/\$173,000 lower, mainly as a result of higher/lower interest income from deposits and interest expense on borrowings.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from cash and cash equivalents, outstanding receivables and committed transactions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of its tenant. The Group has one tenant (NEXTDC) and therefore there is significant concentration of credit risk with the Group. The Group does not have the benefit of a bank guarantee from NEXTDC. Therefore, the credit worthiness of the tenant is monitored and assessed by the Board, taking into account their financial position and operating results.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to maintain sufficient cash balances and adequate committed credit facilities.

The Group manages its liquidity risk by using detailed forward cash flow planning and by maintaining relationships with banks and investors in the capital markets.

APDC Trust's Debt Facility includes a multi option facility with a maximum limit of \$4 million that can be used for working capital purposes.

The following table provides the contractual maturity of financial liabilities as at 30 June 2014.

| | Carrying amount \$'000 | Contractual cash flows | | | | | Total \$'000 |
|----------------------------------------------------------------------|------------------------------|-------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-----------------|
| | | Less than 1 year \$'000 | 1 to 2 years \$'000 | 2 to 3 years \$'000 | 3 to 5 years \$'000 | Over 5 years \$'000 | |
| APDC Group: | | | | | | | |
| Trade and other payables | 726 | (726) | - | - | - | - | (726) |
| Interest bearing loans and projected interest cost ⁽¹⁾ | 24,705 | (930) | (1,224) | (1,220) | (26,724) | - | (30,098) |
| Derivatives and projected interest cost ⁽¹⁾ | 393 | (115) | (151) | (151) | (643) | - | (1,060) |
| Total financial liabilities | 25,824 | (1,771) | (1,375) | (1,371) | (27,367) | - | (31,884) |
| APDC Trust: | | | | | | | |
| Trade and other payables | 728 | (728) | - | - | - | - | (728) |
| Interest bearing loans and projected interest cost ⁽¹⁾ | 24,705 | (930) | (1,224) | (1,220) | (26,724) | - | (30,098) |
| Derivatives and projected interest cost ⁽¹⁾ | 393 | (115) | (151) | (151) | (643) | - | (1,060) |
| Total financial liabilities | 25,826 | (1,773) | (1,375) | (1,371) | (27,367) | - | (31,886) |

(1) Projected interest is based on the likely outcome of the loan or derivative contract given the interest rates as at 30 June 2014.

Refer to Note 17 for further details on the interest bearing loans.

Notes to the consolidated financial statements

Capital management

The Group's capital management policy seeks to maximise securityholder value through optimising the level and use of capital resources and the mix of debt and equity funding.

The Group's capital management objectives are to:

- ensure compliance with capital and distribution requirements of the Constitutions and/or trust deeds;
- ensure sufficient capital resources to support the Group's operational requirements;
- continue to support the Group's creditworthiness;
- comply with capital requirements of relevant regulatory authorities; and
- safeguard the Group's ability to continue as a going concern.

The Group monitors the adequacy of its capital requirements, cost of capital and gearing as part of its overall strategic plan.

The Debt Facility requires that APDC Trust must comply with the following financial covenants:

- Loan to valuation ratio (LVR) - maintain an LVR not exceeding 50% at all times. LVR is calculated as the Debt Facility outstanding amount divided by the value of the security property (being the S1 data centre). The LVR at 30 June 2014 is 39%.
- Interest coverage ratio (ICR) – maintain an ICR of 2.0 times in respect of each period (financial year) at the end of which ICR is measured. The ICR at 30 June 2014 is 9.3 times.

The Group's capital structure is continuously reviewed to ensure:

- sufficient funds and financing facilities are available, on a cost effective basis, to implement the Group's strategies; and
- distributions to securityholders are made within the stated policy.

The Group is able to alter its capital mix by:

- issuing new stapled securities;
- activating the distribution reinvestment plan;
- adjusting the amount of distributions paid to securityholders;
- selling assets to reduce borrowings; or
- increasing debt facilities.

Investment properties are insured by the tenant (NEXTDC) with APDC Trust noted as beneficiary.

There are specific capital requirements for APDC Limited, as the responsible entity for APDC Trust and the holder of an Australian Financial Services Licence (AFSL). APDC Holdings has provided a subordinated commercial loan of \$590,000 to APDC Limited, to ensure APDC Limited retains sufficient net tangible assets for the AFSL requirements. Management monitors APDC Limited's net tangible assets on an ongoing basis to ensure it continues to meet its licence requirements.

(b) Derivative financial instruments

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 entered into 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. Refer to Note 3(o).

The fair value of the interest rate swap liability at 30 June 2014 was \$393,000 (30 June 2013: nil).

Notes to the consolidated financial statements

(c) Carrying amounts versus fair values

At 30 June 2014, the carrying amounts of the Group's financial assets and liabilities approximate their fair values.

(d) 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 in Note 14(d).

| 30 June 2014 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|----------------------------------------------------------|-------------------|-------------------|-------------------|-----------------|
| Derivatives | | | | |
| Interest rate swap used for hedging | - | 393 | - | 393 |
| Total financial liabilities carried at fair value | - | 393 | - | 393 |

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.

19. Contributed equity

| Details | No. securities ⁽¹⁾ | APDC Group 30 June 2014 \$'000 | APDC Group 30 June 2013 \$'000 |
|-------------------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
| Equity | | | |
| Ordinary securities - fully paid | 115,000,100 | 116,260 | 116,657 |
| Movements in equity | | | |
| Opening balance | | 116,657 | - |
| Issue of initial stapled securities | 100 | - | - |
| Issue of stapled securities on 31 December 2012 | 115,000,000 | - | 115,000 |
| Loan forgiven by NEXTDC | - | - | 2,000 |
| Return of capital | - | (397) | (343) |
| Closing balance | 115,000,100 | 116,260 | 116,657 |
| Represented by: | | | |
| APDC Holdings | | 1,150 | 1,150 |
| APDC Trust | | 115,110 | 115,507 |
| | | 116,260 | 116,657 |

⁽¹⁾ Includes shares of APDC Holdings and units in APDC Trust, which are stapled. Refer to note 3(b) for details of the accounting for this stapling arrangement.

Stapled securities

Each stapled security comprises one share in APDC Holdings and one unit in APDC Trust. They cannot be traded or dealt with separately. Stapled securities entitle the holder to participate in distributions and the proceeds on winding up of the Group entities in proportion to the number of securities held. On a show of hands every holder of stapled securities present at a meeting in person or by proxy, is entitled to one vote. On a poll, each ordinary shareholder is entitled to one vote for each fully paid share and each unit holder is entitled to one vote for each fully paid unit.

Notes to the consolidated financial statements

20. Reserves

(a) Movement in reserves

| | APDC Group 30 June 2014 \$'000 | APDC Group 30 June 2013 \$'000 | APDC Trust 30 June 2014 \$'000 | APDC Trust 30 June 2013 \$'000 |
|---------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Asset Revaluation Reserve | | | | |
| Opening balance | - | - | - | - |
| Transfer from retained earnings | 11,988 | 689 | 11,988 | 689 |
| Amount distributed | (186) | (689) | (186) | (689) |
| Closing balance | 11,802 | - | 11,802 | - |
| Cashflow hedge reserve | | | | |
| Opening balance | - | - | - | - |
| Movement in effective cashflow hedges | (393) | - | (393) | - |
| Closing balance | (393) | - | (393) | - |
| Total reserves | 11,409 | - | 11,409 | - |

(b) Nature and purposes of reserves

Asset revaluation reserve

Investment properties are carried at fair value at each reporting date with any gain or loss arising from a change in fair value recognised in profit or loss in the year. At the end of each reporting period, any unrealised gain or loss arising from a change in the fair value of investment properties is transferred from retained earnings to the asset revaluation reserve. The asset revaluation reserve comprises the unrealised gains or losses arising from changes in the fair value of investment properties (excluding rent on unimproved land for properties under construction).

Cash flow hedge reserve

The cash flow hedge reserve is used to record the effective portion of changes in the fair value derivatives that are designated as cash flow hedges. Refer to Note 3(o).

21. Net tangible assets

| | APDC Group 30 June 2014 \$'000 | APDC Group 30 June 2013 \$'000 | APDC Trust 30 June 2014 \$'000 | APDC Trust 30 June 2013 \$'000 |
|------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Total assets | 156,116 | 128,557 | 154,933 | 128,134 |
| Less: total liabilities | (28,447) | (11,900) | (28,414) | (12,627) |
| Net tangible assets | 127,669 | 116,657 | 126,519 | 115,507 |
| Total number of securities on issue | 115,000,100 | 115,000,100 | 115,000,100 | 115,000,100 |
| Net tangible asset backing per security | \$1.11 | \$1.01 | \$1.10 | \$1.00 |

Notes to the consolidated financial statements

22. Notes to the Statements of Cash Flows

(a) Reconciliation of cash flows from operating activities

| | APDC Group 1 July 2013 to 30 June 2014 \$'000 | APDC Group 24 July 2012 to 30 June 2013 \$'000 | APDC Trust 1 July 2013 to 30 June 2014 \$'000 | APDC Trust 1 Nov 2013 to 30 June 2013 \$'000 |
|--------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|
| Profit for the year | 21,755 | 3,314 | 21,755 | 3,314 |
| Non-cash items: | | | | |
| Net gain from fair value adjustment on investment properties | (11,988) | (689) | (11,988) | (689) |
| Classified as financing activities: | | | | |
| Interest expense and finance costs | 843 | 20 | 904 | 39 |
| Changes in assets and liabilities: | | | | |
| (Increase)/decrease in assets | (60) | (31) | (32) | (24) |
| Increase/(decrease) in liabilities | 126 | 294 | (205) | 602 |
| Net cash flows from operating activities | 10,676 | 2,908 | 10,434 | 3,242 |

(b) Payments for investment properties

| | | | | |
|--------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Acquisition of investment properties | - | (98,165) | - | (98,165) |
| Capital additions since acquisition | (24,322) | (25,165) | (24,322) | (25,165) |
| Less Equity-settled security-based payment | - | 16,135 | - | 16,135 |
| Less Development fee accrued - P1 | - | 8,330 | - | 8,330 |
| Less Development fee payable - S1 | - | 425 | - | 425 |
| | (24,322) | (98,440) | (24,322) | (98,440) |

23. Related party disclosures

(a) Parent entity

The immediate and ultimate parent entity of the Group is APDC Holdings Limited. Refer to Note 24.

(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 | - |

(c) NEXTDC Limited

(i) Significant securityholder

NEXTDC Limited (NEXTDC), a leading developer and operator of data centres in Australia, was the Group's largest securityholder, with a holding 26.45 million stapled securities at 30 June 2013, representing 23% of securities on issue at that date. On 3 July 2013, NEXTDC sold all of its securities. Refer to Note 23.

(ii) P1 development fee funding

For the purposes of providing funding certainty to the Group, NEXTDC granted the Group the right to issue convertible notes to NEXTDC in satisfaction of the P1 development fee. The Group secured a debt facility with Bankwest and used borrowings from this facility to pay all of the \$23,800,000 development fee. No convertible notes were issued to NEXTDC in satisfaction of the development fee and this funding alternative is no longer available.

Notes to the consolidated financial statements

(d) Key management personnel compensation

The key management personnel compensation for the year comprises:

| | APDC Group 1 July 2013 to 30 June 2014 \$ | APDC Group 24 July 2012 to 30 June 2013 \$ | APDC Trust 1 July 2013 to 30 June 2014 \$ | APDC Trust 1 Nov 2013 to 30 June 2013 \$ |
|------------------------------|-------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------|
| Short-term employee benefits | 454,076 | 219,228 | - | - |
| Post-employment benefits | 31,558 | 16,595 | - | - |
| Termination benefits | - | - | - | - |
| Other long term benefits | - | - | - | - |
| Equity-based payments | - | - | - | - |
| | 485,634 | 235,823 | - | - |

(e) Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' Report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group or APDC Trust during the year ended 30 June 2014 and there were no material contracts involving directors' interests at 30 June 2014.

(f) Movements in Directors' interests in stapled securities

The movement during the year in the number of stapled securities held directly, indirectly or beneficially, by each director, including their related parties, is as follows:

| | Number held at 1 July 2013 | Purchases | Sales | Number held at 30 June 2014 |
|----------------------------------------|----------------------------------|-----------|-------|-----------------------------------|
| Ian Fraser | 50,000 | - | - | 50,000 |
| Greg Baynton | - | - | - | - |
| Chris Breach | 16,605 | - | - | 16,605 |
| Bevan Slattery (resigned 30 June 2014) | 20,500,000 | - | - | 20,500,000 |
| Francina Turner | - | - | - | - |
| John Wright | 50,000 | - | - | 50,000 |

24. Significant party disclosures

The following transactions with NEXTDC occurred subsequent to NEXTDC ceasing to be a related party on 3 July 2013.

(a) Transactions with NEXTDC Limited

Development agreements

On 29 November 2013, APDC Trust paid \$22,969,000 of the \$23,800,000 development fee for P1 to NEXTDC, following practical completion of the base building. The remaining \$831,000 was paid to NEXTDC in February and March 2014.

On 23 August 2013, APDC Trust paid \$325,000 of the \$425,000 final payment to NEXTDC for S1. The remaining \$100,000 was paid to NEXTDC in February and March 2014.

APDC Trust was entitled to rent from NEXTDC on P1 base building whilst it was under construction under the development agreement totalling \$186,000 for the year.

Notes to the consolidated financial statements

Lease agreements

APDC Trust has lease agreements with NEXTDC for M1, S1 and P1. The leases are on a triple net basis and for a 15 year initial term with options for up to another 25 years. The leases provide for upwards only annual CPI rental increases and market reviews every 5 years, not exceeding 110% of the preceding year's rent. The rental income for M1, S1 and P1 totalled \$11,607,000 for the year.

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

Loan facility

On 3 December 2013, APDC Holdings repaid a loan facility of \$750,000 from NEXTDC and on 20 December 2013 paid all outstanding interest of \$37,000 to NEXTDC. This loan amount was used by the Group to satisfy the minimum capitalisation requirements of APDC Limited's Australian Financial Services Licence. Refer Note 17.

Alliance with NEXTDC

The Group has an alliance with NEXTDC which expires on 21 December 2015. During the alliance period, NEXTDC grants to the Group, for no consideration, the first right to develop or own a data centre on market terms if NEXTDC wishes to sell those rights. The Group grants to NEXTDC: first right of refusal to lease (lease rights) and/or, operate, develop, finance or manage (operation rights) on market terms any data centres that the Group acquires, develops or establishes; the right to consent to the acquisition by the Group of any data centre where the lease rights or operations rights cannot be offered to NEXTDC; the right to consent to the sale of assets to a NEXTDC competitor and the right to consent to the acquisition or development of any land or data centre. The rights under the alliance period apply to any data centre or land in Australia or Asia Pacific region.

NEXTDC transactions and balances recognised in the consolidated financial statements

| Consolidated Statement of Profit or Loss and Other Comprehensive Income | APDC Group 1 July 2013 to 30 June 2014 \$'000 | APDC Group 24 July 2012 to 30 June 2013 \$'000 | APDC Trust 1 July 2013 to 30 June 2014 \$'000 | APDC Trust 1 Nov 2013 to 30 June 2013 \$'000 |
|--------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------|
| Rental income | 11,608 | 3,140 | 11,608 | 3,140 |
| Interest expense on unsecured loan from NEXTDC to APDC Holdings | 20 | 17 | - | - |
| Consolidated Statement of Financial Position | APDC Group 30 June 2014 \$'000 | APDC Group 30 June 2013 \$'000 | APDC Trust 30 June 2014 \$'000 | APDC Trust 30 June 2013 \$'000 |
| Investment property | | | | |
| Development fee paid - P1 | 23,800 | - | 23,800 | - |
| Development fee paid - S1 | 425 | 45,075 | 425 | 45,075 |
| Rent on unimproved land received for properties under construction | 186 | 689 | 186 | 689 |
| Current liabilities | | | | |
| Development fee accrued - P1 | - | 8,330 | - | 8,330 |
| Trade and other payables | | | | |
| Development fee payable - P1 | - | - | - | - |
| Development fee payable - S1 | - | 425 | - | 425 |
| Interest bearing liabilities | | | | |
| Commercial loan - NEXTDC | - | 770 | - | - |

Notes to the consolidated financial statements

| Consolidated Statement of Changes in Equity | APDC Group 30 June 2014 \$'000 | APDC Group 30 June 2013 \$'000 | APDC Trust 30 June 2014 \$'000 | APDC Trust 30 June 2013 \$'000 |
|------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Issue of securities under the Offer | - | 10,315 | - | 10,315 |
| Equity-settled security-based payment | - | 16,135 | - | 16,135 |
| Loan forgiven by NEXTDC | - | 2,000 | - | 2,000 |

Directors' interests in significant party

Mr Greg Baynton was a director of NEXTDC to 30 April 2014.

Mr Bevan Slattery (resigned 30 June 2014) was a director of NEXTDC to 30 October 2013

25. Parent entity financial information

As at, and throughout the financial year ended 30 June 2014, the parent entity of the Group was APDC Holdings Limited.

(a) Summary financial information

| | APDC Holdings 1 July 2013 to 30 June 2014 \$'000 | APDC Holdings 24 July 2012 to 30 June 2013 \$'000 |
|------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------|
| Results of parent entity | | |
| Profit for the year | - | - |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | - | - |

| | 30 June 2014 \$'000 | 30 June 2013 \$'000 |
|------------------------------------------------------------|------------------------|------------------------|
| Financial position of the parent entity at year end | | |
| Current assets | 932 | 276 |
| Total assets | 2,230 | 2,236 |
| Current liabilities | 66 | 311 |
| Total liabilities | 1,080 | 1,086 |
| Contributed equity | 1,150 | 1,150 |
| Reserves | - | - |
| Retained earnings | - | - |

(b) Guarantees

No guarantees have been entered into by the parent entity.

(c) Contingencies

The parent entity did not have any contingent liabilities at 30 June 2014 (30 June 2013: \$nil).

(d) Capital commitments

The parent entity did not have any capital commitments at 30 June 2014 (30 June 2013: \$nil).

Notes to the consolidated financial statements

26. Capital expenditure commitments

Capital expenditure contracted for at 30 June 2014 but not recognised as liabilities was \$nil (30 June 2013: \$nil).

27. Contingent liabilities

There are no contingent liabilities for Group or APDC Trust at 30 June 2014.

28. Subsequent events

Since the end of the financial year, the Directors of APDC Holdings and APDC Limited are not aware of any matter or circumstance not otherwise dealt with in the financial reports 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 year ended 30 June 2014.

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 (collectively, 'the Directors') declare that:

- (a) the Financial Statements and notes as set out on pages 30 to 63 and the Remuneration Report in the Directors' Report as set out on pages 25 to 27 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 30 June 2014 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations.
- (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; and
- (c) note 2 confirms that the Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declaration by the Chief Executive Officer required by section 295A of the Corporations Act 2001.

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
27 August 2014



Independent auditor's report to the stapled security holders of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Trust

Report on the financial report

We have audited the accompanying financial reports which comprise:

- the consolidated statement of financial position as at 30 June 2014, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 28 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of Asia Pacific Data Centre Holdings Limited which comprises Asia Pacific Data Centre Holdings Limited (the Company) and the entities it controlled at the period end and from time to time during the financial period which form the consolidated entity (the Group).
- the statement of financial position as at 30 June 2014, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, notes 1 to 28 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of Asia Pacific Data Centre Trust (the Trust).

Directors' responsibility for the financial report

The directors of Asia Pacific Data Centre Holdings Limited and the directors of Asia Pacific Data Centre Limited, the Responsible Entity of Asia Pacific Data Centre Trust (collectively referred to as "the directors") are responsible for the preparation of the financial reports that give 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 financial reports that are free from material misstatement whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial reports based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.



We performed the procedures to assess whether in all material respects the financial reports presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the financial position and performance of the Group and Asia Pacific Data Centre Trust.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial reports of the Group and Asia Pacific Data Centre Trust are 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 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial reports also comply with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in section 6 of the directors' report for the year ended 30 June 2014. The directors are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Asia Pacific Data Centre Holdings Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

A stylized signature of the KPMG firm, written in a cursive, handwritten style.

KPMG

A handwritten signature of Jillian Richards, written in a cursive, handwritten style.

Jillian Richards

Partner

Brisbane
27 August 2014

Securityholder Information

Securityholder information required by the ASX Listing Rules and not disclosed elsewhere in this Report is set out below. The information reported is as at 10 September 2014.

Substantial securityholders

The number of securities held by substantial securityholders and their associates as disclosed in substantial shareholding notices given to APDC are as follows:

| Holder of relevant interest | Date advised the ASX | Number of stapled securities | % of Issued Capital |
|--------------------------------------------------------|----------------------|------------------------------|---------------------|
| JP Morgan Nominees Australia Limited | 25/08/2014 | 11,293,428 | 9.82 |
| APN Property Group Limited and its controlled entities | 22/07/2014 | 9,151,800 | 7.96 |
| PM CAPITAL Limited, MAPP Pty Ltd and Paul Moore | 22/08/2014 | 8,597,226 | 7.48 |
| Bennelong Funds Management Group Pty Ltd | 10/04/2014 | 6,067,233 | 5.28 |
| National Australia Bank Limited | 31/10/2013 | 5,752,423 | 5.00 |

Number of stapled securities on issue and securityholders

The issued capital of APDC as at 10 September 2014 was 115,000,100 stapled securities held by 1,734 securityholders. There are no options on issue.

Voting rights

The voting rights attached to each stapled security is that on a show of hands, every member present, in person or proxy, has one vote and upon a poll, each security shall have one vote.

Use of cash and liquid assets

Since the APDC's admission to the ASX on 9 January 2013 until the end of the reporting period (30 June 2014), APDC has used the cash and assets readily convertible to cash that it has at the time of ASX admission in a way consistent with its business objectives as disclosed in its prospectus and product disclosure statement dated 3 December 2012.

Distribution of securityholders

| Range | Total holders | Number of stapled securities | % of Issued Capital |
|------------------|---------------|------------------------------|---------------------|
| 1 - 1,000 | 53 | 23,398 | 0.02 |
| 1,001 - 5,000 | 199 | 756,423 | 0.66 |
| 5,001 – 10,000 | 344 | 3,164,271 | 2.75 |
| 10,001 - 100,000 | 1,069 | 35,080,471 | 30.51 |
| 100,001 and over | 69 | 75,975,537 | 66.07 |
| Total | 1,734 | 115,000,100 | 100 |

Unmarketable securities

As at 10 September 2014, the total number of stapled securities on issue was 115,000,000.

The ASX Listing Rules define a marketable parcel of stapled securities as “a parcel of not less than AU\$500”. There were 25 securityholders (with a total of 950 stapled securities) holding less than a marketable parcel of stapled securities under the ASX Listing Rules. As at 10 September 2014, 435 stapled securities comprised a marketable parcel at the closing price of \$1.15.

Unquoted securities

There are no unquoted stapled securities.

On market buy-back

There is currently no on-market buy-back.

Twenty largest securityholders

The Top 20 Securityholders as at 10 September 2014 are:

| | Number of stapled securities | % of Issued Capital |
|----------------------------------------------------------------------|------------------------------------|------------------------|
| 1. J P Morgan Nominees Australia Limited | 23,703,815 | 20.61 |
| 2. National Nominees Limited | 10,972,763 | 9.54 |
| 3. RBC Investor Services Australia Nominees Pty Limited <APN A/C> | 10,151,800 | 8.83 |
| 4. UBS Nominees Pty Ltd | 6,061,500 | 5.27 |
| 5. UBS Wealth Management Australia Nominees Pty Ltd | 4,406,700 | 3.83 |
| 6. Citicorp Nominees Pty Limited | 2,451,613 | 2.13 |
| 7. Aust Executor Trustees Ltd <Charitable Foundation> | 2,186,183 | 1.90 |
| 8. HSBC Custody Nominees (Australia) Limited | 1,615,986 | 1.41 |
| 9. Taverners J Pty Ltd <Scanlon Foundation RC A/C> | 1,067,860 | 0.93 |
| 10. BNP Paribas Noms (NZ) Ltd <DRP> | 1,050,000 | 0.91 |
| 11. HGT Investments Pty Ltd | 870,000 | 0.76 |
| 12. BNP Paribas Noms Pty Ltd <DRP> | 801,304 | 0.70 |
| 13. Theme (No 3) Pty Ltd | 405,000 | 0.35 |
| 14. Aust Executor Trustees Ltd <BIPETA> | 393,817 | 0.34 |
| 15. Mr Maximino Amoedo | 350,000 | 0.30 |
| 16. Taverners J Pty Ltd <Scanlon Foundation RC A/C> | 340,720 | 0.30 |
| 17. Killawarra Pty Ltd <South Branch S/F Account> | 326,500 | 0.28 |
| 18. Ms Seng Bee Teoh + Mr Sin Mong Wong | 316,159 | 0.27 |
| 19. Mr Michael Beech + Mrs Robin Beech <M R Beech S/F A/C> | 300,000 | 0.26 |
| 20. KFA Investments Pty Ltd | 300,000 | 0.26 |
| Total for Top 20 | 68,071,720 | 59.19 |



Corporate Directory

Principal office

22 Market Street
Sydney NSW 2000

Phone: +61 2 9008 9785

Registered office

Level 16
55 Hunter Street
Sydney NSW 2000

Phone: +61 2 9008 9785

Fax: +61 2 9270 8699

Email: info@asiapacificdc.com

Auditor

KPMG
Level 16, Riparian Plaza
71 Eagle Street
Brisbane QLD 4000

Registry

Link Market Services Limited
Level 15, 324 Queen Street
Brisbane QLD 4000

Phone: 1300 554 474 (toll free), +61 2 8280 7111

Company Secretary

Francina Turner
Asia Pacific Data Centre Holdings Limited and
Asia Pacific Data Centre Limited

Australian Securities Exchange (ASX) Listing

ASX Code: AJD

Website

www.asiapacificdc.com

