Asia Pacific Data Centre Group
Asia Pacific Data Centre Holdings Limited ACN 159 621 735
Asia Pacific Data Centre Trust ARSN 161 049 556

ASX RELEASE

ASX Code: AJD

21 August 2013

Annual Financial Report for the period to 30 June 2013

Appendix 4E

Asia Pacific Data Centre Group (APDC) has lodged its annual financial report for the period from incorporation to 30 June 2013.

Users of the financial report and Appendix 4E should note that whilst the statutory reporting period for the parent entity commenced on 24 July 2012 and for the APDC Trust on 1 November 2012, the investment activities of the Group commenced on 21 December 2012.

For further information please contact:

Company Secretary
Asia Pacific Data Centre Group
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APPENDIX 4E

Reporting entities and reporting periods

The reporting entities are:

1. Asia Pacific Data Centre Holdings Limited ACN 159 621 735 and its controlled entities (Group) for the period from incorporation on 24 July 2012 to 30 June 2013; and
2. Asia Pacific Data Centre Trust ARSN 161 049 556 (APDC Trust) for the period from commencement on 1 November 2012 to 30 June 2013

As permitted by Class Order 05/642 issued by the Australian Securities and Investments Commissions, the financial reports of the Group and APDC Trust are combined.

The financial statements are the first set of full-year financial statements prepared by the Group and for APDC Trust, consequently there are no comparative figures.

Results for announcement to the market

	Group 24 July 2012 to 30 June 2013 $'000	**APDC Trust 1 Nov 2012 to 30 June 2013 $'000**
Revenue from ordinary activities	3,886	3,883
Profit (loss) from ordinary activities after tax attributable to members	3,314	3,314
Net profit (loss) for the period attributable to members	3,314	3,314

Revenue from ordinary operating activities comprises:

	Group 24 July 2012 to 30 June 2013 $'000	**APDC Trust 1 Nov 2012 to 30 June 2013 $'000**
Rental income	3,140	3,140
Interest income	57	54
Net gain from fair value adjustment on investment properties under construction	689	689
Revenue from ordinary operating activities	3,886	3,883

	Group 30 June 2013	**APDC Trust 30 June 2013**
Net tangible assets per security	$1.01	$1.00

Refer to the attached audited financial report and accompanying notes for further detail.

Distributions for the period

The following distributions were paid and payable by APDC Trust;

Period	Distribution cents per security	Record date	Payment date
31 March 2013	1.37	28 March 2013	22 April 2013
30 June 2013	1.81	28 June 2013	30 August 2013

Explanatory comments

The Group commenced its investment activities on 21 December 2012.

During the period, the Group:

- issued 115,000,000 stapled securities pursuant to an initial public offering and offer document dated 3 December 2012;
- acquired freehold interests valued at $115 million in three data centre properties located in Melbourne, Sydney and Perth. APDC settled the December 2012 acquisitions from NEXTDC Limited (NXT) with a combination of the initial public offering funding of $98.87 million and an equity-settled security-based payment to the value of $16.13 million;
- entered into lease agreements with NXT for the data centres located in Melbourne (M1), Sydney (S1) and Perth (P1);
- entered into an alliance with NXT in relation to the acquisition of further data centre properties by the Group;
- listed on the Australian Securities Exchange (ASX Code: AJD) on 9 January 2013;
- received rental income for M1 and S1 ($3.14 million) and rent on unimproved land for S1 and P1 ($0.69 million) of $3.83 million;
- entered into development agreements totalling $69,300,000 with NXT Limited to acquire S1 and P1 buildings on completion of construction;
- paid a development fee of $45.1 million to NXT for the S1 data centre base building upon its practical completion on 15 May 2013, a further $0.43 million is payable upon completion of minor residual construction works;
- accrued $8.33 million in relation to the development fee payable for P1, which is not payable until practical completion (expected in November 2013), at which time the total development fee of $23.8 million is payable. Settlement of the development fee may be by convertible note or other finance; and
- paid or provided for distributions of 3.18 cents per security

After 30 June 2013, NXT, a substantial shareholder and related party of the Group sold its entire holding in APDC.

Asia Pacific Data Centre Group

Annual Financial Reports of

Asia Pacific Data Centre Holdings Limited (ACN 159 621 735) and its controlled entities:
Asia Pacific Data Centre Limited (ACN 159 624 585)
Asia Pacific Data Centre Trust (ARSN 161 049 556)
for the period from 24 July 2012 to 30 June 2013

and

Asia Pacific Data Centre Trust (ARSN 161 049 556)
for the period from 1 November 2012 to 30 June 2013

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) for the period from incorporation on 24 July 2012 to 30 June 2013 and the financial report of APDC Trust for the period from commencement on 1 November 2012 to 30 June 2013.

APDC Holdings and APDC Limited are both companies limited by shares, incorporated and domiciled in Australia. The registered office for both companies is Level 4, 88 Creek Street, Brisbane QLD 4000 and principal place of business for both companies is Level 8, 54 Miller Street, North Sydney NSW 2060.

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.

Users of this financial report should note that whilst the statutory reporting period for APDC Holdings commenced on 24 July 2012 and for APDC Trust commenced on 1 November 2012, the investment activities of the Group commenced on 21 December 2012.

As permitted by Class Order 08/15 issued by the Australian Securities and Investments Commission, APDC Trust relied on relief from preparing a half-year financial report and directors' report, as its first financial year is 8 months or less. Accordingly, this is the first financial report and Directors' Report for APDC Trust.

1. Directors

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

Ian Fraser	Chairman	appointed on 3 December 2012
Greg Baynton	Non-Executive Director	appointed on 24 July 2012
Chris Breach	Non-Executive Director	appointed on 3 December 2012
Bevan Slattery	Non-Executive Director	appointed on 13 June 2013
Francina Turner	CEO, Executive Director	appointed on 3 December 2012
John Wright	Non-Executive Director	appointed on 3 December 2012
Craig Scroggie		appointed on 24 July 2012, resigned on 3 December 2012
Robin Khuda		appointed on 24 July 2012, resigned on 3 December 2012

2. Principal activities

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

The Group commenced its investment activities during the period when it acquired its initial portfolio of data centre properties on 21 December 2012.

Objectives

The Group's objective is to provide investors with stable income sourced from rental income earned on its data centre land and buildings and the potential for capital growth by investing in assets in a developing industry.

In order to achieve this objective, the Group owns a geographically diverse portfolio of data centres in three Australian capital cities. The land and buildings in the current portfolio are leased or intended to be leased on long-term triple-net terms pursuant to which all maintenance, taxes, insurance and outgoings will be paid by the tenant, NEXTDC Limited. The leases include annual rental increases linked to CPI with market reviews every 5 years.

Directors' Report (cont.)

3. Distributions

The total distribution by APDC Trust for the period ended 30 June 2013 is 3.18 cents per stapled security. An interim distribution of 1.37 cents per partly paid stapled security was paid on 22 April 2013. A final distribution for the period ended 30 June 2013 of 1.81 cents per stapled security will be paid on 30 August 2013.

4. Operating and financial review

Results of Operations

During the period, the Group issued 115,000,100 stapled securities.

Under an initial public offering and offer document dated 3 December 2012, $98,865,000 was raised in two instalments. The proceeds from the offering and an equity-settled security-based payment of $16,135,000 were used to acquire three data centre properties located in Melbourne (M1), Sydney (S1) and Perth (P1). Rental income from M1 and rent on unimproved land for S1 and P1 commenced on 21 December 2012. Rental income for S1 commenced following practical completion of this property on 15 May 2013.

The stapled securities were listed on the Australian Securities Exchange (ASX Code: AJD) on 9 January 2013.

Security holder returns

	APDC Holdings Group 24 July 2012 to 30 June 2013	APDC Trust 1 Nov 2012 to 30 June 2013
Profit after tax for the period ($)	3,314,000	3,314,000
Basic earnings per security (cents)	-	3.83
Earnings per security from 21 December 2012[1] (cents)	-	2.88
Distributions paid or provided ($)	3,657,000	3,657,000
Distributions per security (cents)	3.18	3.18

(1) Earnings per security from 21 December 2012 is calculated by dividing earnings of $3,314,000 by the number of securities on issue at 30 June 2013.

Profit has been calculated in accordance with Australian Accounting Standards (AASBs).

Refer further to note 8 to the financial statements for basic earnings per security and earnings per security from 21 December 2012.

Distributions to securityholders were 28.58% tax deferred.

The movements in securities for the Group and APDC Trust during the period are set out below:

	APDC Holdings Group 24 July 2012 to 30 June 2013	APDC Trust 1 Nov 2012 to 30 June 2013
Securities on issue at the beginning of the period	-	-
Securities issued	100	100
Securities issued in initial public offering and security-based payment	115,000,000	115,000,000
Securities on issue at the end of the period	**115,000,100**	**115,000,100**

Refer to note 12 for details of the equity-settled security-based payment.

Direct property investments

During the period, APDC Trust acquired freehold interests totalling $98,165,000 in three data centres located in Melbourne (M1), Sydney (S1) and Perth (P1: 35% complete) from NEXTDC Limited (NEXTDC). Refer to notes 12 and 13 to the financial statements.

Directors' Report (cont.)

4. Operating and financial review (cont.)

APDC Trust entered into lease agreements with NEXTDC for these three properties. During the period, APDC Trust earned $2,471,000 in rental income on M1, $1,121,000 in rental income and rent on unimproved land on S1, and $237,000 in rent on unimproved land on P1.

APDC Trust entered into development agreements totalling $69,300,000 with NEXTDC during the period, to acquire the S1 and P1 data centre buildings on practical completion of the base buildings located on land owned by APDC Trust. The development fee for S1 of $45,500,000 was payable following practical completion on 15 May 2013. The fee was funded from the final instalment proceeds and cash. A residual payment for completion of minor construction works of $425,000 remained payable at 30 June 2013.

P1 remains under construction, with practical completion expected in November 2013. The development fee for P1 is $23,800,000 payable upon practical completion of P1. The development fee accrued at 30 June 2013 is $8,330,000.

	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Investment properties	123,330	123,330
Net assets	116,657	115,507
Net tangible asset backing per security ($)	1.01	1.00

The value of the assets is derived using the basis set out in Note 2 to the financial statements.

Real estate funds management

APDC Limited, a wholly owned subsidiary of APDC Holdings, provides responsible entity services to APDC Trust. During the period, APDC Limited charged APDC Trust a management fee equal to the cost to APDC Limited to provide these services. Refer to note 5 to the financial statements.

Review of financial condition

As at 30 June 2013, the Group and APDC Trust had an excess of current liabilities over current assets:

	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Current assets	5,227	4,804
Trade and other payables	(713)	(1,066)
Provisions	(2,087)	(2,081)
Net current assets before development fee accrued - P1	2,427	1,657
Development fee accrued - P1	(8,330)	(8,330)
Net current liabilities	**(5,903)**	**(6,673)**

The development fee accrued for P1 of $8,330,000 as at 30 June 2013 is determined by reference to surveys of work performed. The development fee is not payable until practical completion of the base building, at which time the total development fee of $23,800,000 is payable. For the purposes of providing funding certainty to the Group, NEXTDC has granted the Group the right to issue convertible notes to NEXTDC in satisfaction of the P1 development fee. The Group is also exploring financing options which will be used to fund the P1 development fee.

Directors' Report (cont.)

4. Operating and financial review (cont.)

The terms of the convertible note are in accordance with the prospectus and disclosure statement dated 3 December 2012, summarised in this paragraph. If the convertible notes are issued, interest is capitalised at 9% per annum. Under the terms of the convertible notes, NEXTDC and its associates are not permitted to convert the convertible notes to stapled securities but can transfer the convertible notes to a third party. The convertible notes can be converted to stapled securities at the third party noteholder's option within one year of their issue. On conversion, noteholders are entitled to the number of notes they hold multiplied by the face value of each note ($100), and divided by the conversion price ($1.00). If not converted or redeemed by the first anniversary of their issue, the convertible notes must be redeemed on the first anniversary of their issue.

Significant changes in the state of affairs

(a) Outcome of final instalment

The Group issued partly paid securities during the period with a final instalment due and payable on 15 May 2013. The full amount of the final instalment totalling $44,850,000 was received from security holders and no default or forfeit processes were required.

All stapled securities of the Group are now fully paid.

(b) Progress on developments

The base building at the S1 data centre site located at Macquarie Park, Sydney was completed on time and the proceeds of the final instalment applied to pay the S1 development fee of $45,500,000. NEXTDC commenced paying rent on the land and buildings following practical completion on 15 May 2013.

The construction of the base building at the P1 data centre site located at Malaga, Perth commenced during the period and is scheduled for practical completion in November 2013.

Events subsequent to reporting date

On 3 July 2013, NEXTDC sold its 26.45 million stapled securities held in the Group.

A distribution of $2.08 million (1.81 cents per stapled security) will be paid on 30 August 2013 in respect of the quarter ended 30 June 2013.

Since the end of the financial period, the Directors of APDC Holdings and APDC Limited are not aware of any other 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 financial period ended 30 June 2013.

Likely developments and expected results of operations

The Group remains focused on securing funding for the purchase of the P1 data centre and appointed advisors to assist with this process. Practical completion of the base building for P1, which APDC Trust will own, is expected in November 2013.

The Group will continue to collaborate with NEXTDC to optimise the alliance between the two entities. The alliance period commenced on 21 December 2013 and is in place for three years. Refer further to note 20 to the financial statements.

As NEXTDC is the sole developer and tenant of APDC Trust's properties, the Group will continue to monitor NEXTDC's financial position and ability to complete the development of P1 and make rental payments under the leases. During the period, NEXTDC announced some significant customer contracts. On 3 July 2013 NEXTDC reported that the sale of its securities in the Group realised $28.1 million after costs. On 20 August 2013 the company announced a fully underwritten placement to institutions and sophisticated investors to raise approximately $50 million, a non-underwritten Share Purchase Plan estimated to raise approximately $10 million, and that it had secured a three year $30 million corporate debt facility, subject to customary conditions precedent to the first drawing.

The management of the Group is currently performed by the Chief Executive Officer with outsourced service providers providing technical expertise for bookkeeping, compliance, legal and other services. Should the scale of operations of the Group alter as a result of say, acquisitions, then this management model will be reviewed.

Directors' Report (cont.)

5. Information on current 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 9 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 Wilson HTM Investment Group Ltd and a Councillor of the Queensland Institute of Medical Research. He retired from the Board of 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 15 years experience as a director of Australian public companies.

Mr Baynton is currently a director of NEXTDC Limited and Coalbank Limited. Previously Mr Baynton was 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 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. He is presently a director of DanaAsia.

Directors' Report (cont.)

5. Information on current Directors (cont.)

Mr Bevan Slattery

NON-EXECUTIVE DIRECTOR

Mr Bevan Slattery is the founder and Non-executive Deputy Chairman of NEXTDC Limited (NEXTDC). Until June 2012, he was the CEO of NEXTDC. Mr Slattery will retire as a director of NEXTDC at the 2013 NEXTDC annual general meeting.

Prior to establishing NEXTDC, Mr Slattery 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 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 35 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.

Directors' Report (cont.)

5. Information on current Directors (cont.)

Directors' interests in stapled securities

	Number held at start of the period	Net movement	Number held at 30 June 2013
Ian Fraser	-	50,000	50,000
Greg Baynton	-	-	-
Chris Breach	-	16,605	16,605
Bevan Slattery	-	20,500,000	20,500,000
Francina Turner	-	-	-
John Wright	-	50,000	50,000
Craig Scroggie	-	-	-
Robin Khuda	-	-	-

6. 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 period are:

Director	Board meetings	
	Total number of meetings eligible to attend	Attended
Ian Fraser	13	13
Greg Baynton	15	13
Chris Breach	13	11
Bevan Slattery	1	1
Francina Turner	13	13
John Wright	13	13
Craig Scroggie	2	2
Robin Khuda	2	2

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	4

7. Company Secretary

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

Mr Robin Khuda held the position of company secretary for the period 24 July 2012 until his retirement on 3 December 2012.

Directors' Report (cont.)

8. Remuneration Report - audited

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 period to 30 June 2013, the remuneration framework provided for fixed 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 shareholder wealth.

Remuneration committee

The Board fulfils the role of a Remuneration and Nomination committee.

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

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 within similar listed entities within Australia.
When is FAR reviewed?	FAR is reviewed in December each year with any changes being effective from 1 January of the following year. The first review is scheduled for December 2013.

(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	$200,000	3 months	3 months

(c) Remuneration details for period to 30 June 2013

Details of the remuneration of the Key Management Personnel for the period to 30 June 2013 are set out in the following table:

Executive	Short term			Post employment benefits	Other long term benefits	Equity based payments	Total
	Salary	Other	Total	Superannuation benefits			
	$	$	$	$	$	$	$
Francina Turner	96,676	5,863	102,539	8,701	-	-	111,240

The proportion of fixed remuneration was 100%. The value of equity based remuneration and performance based remuneration as a proportion of remuneration was nil.

Directors' Report (cont.)

8. Remuneration report – audited (cont.)

Non-executive director remuneration

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

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.

Current directors' fees, inclusive of superannuation entitlement, are as follows:

Director	Board		Audit, Risk and Compliance Committee	
	For period 3 December 2012 to 30 June 2013 $	Per annum fee $	For period 3 December 2012 to 30 June 2013 $	Per annum fee $
Ian Fraser[(1)]	34,767	60,000	-	-
Greg Baynton	28,973	50,000	-	-
Chris Breach	28,973	50,000	-	-
Bevan Slattery	-	-	-	-
John Wright[(2)]	28,973	50,000	2,897	5,000
Craig Scroggie	-	-	-	-
Robin Khuda	-	-	-	-

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

9. Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

10. Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance provided to either the officers of the Manager or the auditor of the Trust. 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.

During the period, insurance was in place to insure the directors and officers of the Group. The premium was paid by NEXTDC and is therefore not recorded in the financial statements.

11. 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.

The Federal Government's Clean Energy Plan is unlikely to have a material impact on the operations of the Group and APDC Trust. However, the Group and APDC Trust will continue to monitor this issue in light of potential future changes to the Clean Energy Plan.

Directors' Report (cont.)

12. Non-audit services

During the period 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 period 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 period 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 period, 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 Holdings Group 24 July 2012 to 30 June 2013 $	APDC Trust 1 Nov 2012 to 30 June 2013 $
(i) Taxation services		
Tax compliance services	6,915	6,846
(ii) Other services	-	-
Total remuneration of KPMG Australia non-audit services	**6,915**	**6,846**

During the period, $241,550 was paid by NEXTDC to KPMG Australia in relation to the Investigating Accountant's Report for the initial public offering of stapled securities in APDC Holdings and APDC Trust.

13. 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 and 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.

I. H. Fraser

Ian Fraser
Chairman

Brisbane
21 August 2013

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 period ended 30 June 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audits; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audits.

KPMG

KPMG

J. B. Richards

Jillian Richards
Partner

Brisbane
21 August 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	APDC Holdings Group 24 July 2012 to 30 June 2013 $'000	APDC Trust 1 Nov 2012 to 30 June 2013 $'000
Revenue			
Rental income	4	3,140	3,140
Interest income		57	54
Net gain from fair value adjustment on investment properties		689	689
Total revenue		3,886	3,883
Expenses			
Operating expenses		552	530
Interest expense		20	39
Total expenses		572	569
Profit before income tax expense		**3,314**	**3,314**
Income tax expense	7	-	-
Profit for the period		**3,314**	**3,314**
Profit for the period attributable to:			
Owners of APDC Holdings		-	-
Owners of APDC Trust		-	3,314
Non-controlling interest - members of APDC Trust		3,314	-
Total profit for the period		3,314	3,314
Other comprehensive income, net of tax		-	-
Total comprehensive income for the period		**3,314**	**3,314**
Total comprehensive income for the period attributable to:			
Owners of APDC Holdings		-	-
Owners of APDC Trust		-	3,314
Non-controlling interest - members of APDC Trust		3,314	-
Total comprehensive income for the period		**3,314**	**3,314**
Basic and diluted earnings per security (cents)	8	-	3.83

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

Consolidated Statement of Financial Position

	Note	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Current assets			
Cash and cash equivalents	10	5,196	4,280
Trade and other receivables	11	24	524
Security deposit held		5	-
Prepayments		2	-
Total current assets		**5,227**	**4,804**
Non-current assets			
Investment properties	13	123,330	123,330
Total non-current assets		**123,330**	**123,330**
Total assets		**128,557**	**128,134**
Current liabilities			
Development fee accrued - P1	22(d)	8,330	8,330
Trade and other payables	14	713	1,066
Provisions	15	2,087	2,081
Total current liabilities		**11,130**	**11,477**
Non-current liabilities			
Interest bearing loans	16	770	1,150
Total non-current liabilities		**770**	**1,150**
Total liabilities		**11,900**	**12,627**
Net assets		**116,657**	**115,507**
Equity			
Contributed equity	17	1,150	115,507
Retained earnings		-	-
Total equity attributable to owners of APDC Holdings/APDC Trust		1,150	115,507
Non-controlling interest attributable to APDC Trust		115,507	-
Total equity		**116,657**	**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 24 July 2012 to 30 June 2013 $'000	Total equity attributable to owners of APDC Holdings 24 July 2012 to 30 June 2013 $'000	Non-controlling interest attributable to APDC Trust 24 July 2012 to 30 June 2013 $'000	Total equity 24 July 2012 to 30 June 2013 $'000
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	20	-	-	2,000	2,000
Issue of stapled securities under the Offer		988	988	97,877	98,865
Security-based payment - equity-settled	20	162	162	15,973	16,135
Distributions paid or provided for	9	-	-	(3,657)	(3,657)
Total contribution by owners		**1,150**	**1,150**	**112,193**	**113,343**
Total equity at 30 June 2013		**1,150**	**1,150**	**115,507**	**116,657**

Statement of Changes in Equity – APDC Trust

	Note	Contributed equity 1 Nov 2012 to 30 June 2013 $'000	Retained earnings 1 Nov 2012 to 30 June 2013 $'000	Total equity 1 Nov 2012 to 30 June 2013 $'000
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	20	2,000	-	2,000
Issue of stapled securities under the Offer		97,877	-	97,877
Security-based payment - equity-settled		15,973	-	15,973
Distributions paid or provided for	9	(343)	(3,314)	(3,657)
Total contribution by owners		115,507	(3,314)	112,193
Total equity at 30 June 2013		**115,507**	**-**	**115,507**

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

Consolidated Statement of Cash Flows

	Note	APDC Holdings Group 24 July 2012 to 30 June 2013 $'000	APDC Trust 1 Nov 2012 to 30 June 2013 $'000
Cashflows from operating activities			
Receipts from lessee		3,439	3,439
Payments to suppliers and employees		(579)	(242)
Interest received		48	45
Net cash inflows from operating activities	19(a)	**2,908**	**3,242**
Cashflows from investing activities			
Payments for investment properties	19(b)	(98,440)	(98,440)
Rent on unimproved land		689	689
Net cash outflows from investing activities		**(97,751)**	**(97,751)**
Cashflows from financing activities			
Proceeds from issue of stapled securities		98,865	97,715
Proceeds from loans and borrowings		2,750	2,650
Payment of distributions	15	(1,576)	(1,576)
Net cash inflows from financing activities		**100,039**	**98,789**
Net increase in cash and cash equivalents		5,196	4,280
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period	10	**5,196**	**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 including APDC Limited and APDC Trust (Group, APDC Holdings Group).

As permitted by Class Order 05/642 issued by the Australian Securities and Investments Commission, this report is a combined financial report that 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. Summary of significant accounting policies

The significant policies which have been adopted in the preparation of these consolidated financial statements for the period ended 30 June 2013 are set out below. These policies have been consistently applied, unless otherwise stated.

The Group entities have not early adopted any accounting standards.

(a) Basis of preparation

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.

Basis of measurement

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties.

Notes to the consolidated financial statements

2. Summary of significant accounting policies (cont.)

(a) Basis of preparation (cont.)

As at 30 June 2013, the Group and APDC Trust had an excess of current liabilities over current assets:

	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Current assets	5,227	4,804
Trade and other payables	(713)	(1,066)
Provisions	(2,087)	(2,081)
Net current assets before development fee accrued - P1	2,427	1,657
Development fee accrued - P1	(8,330)	(8,330)
Net current liabilities	**(5,903)**	**(6,673)**

The development fee accrued for P1 of $8,330,000 as at 30 June 2013 is determined by reference to surveys of work performed. The development fee is not payable until practical completion of the base building, at which time the total development fee of $23,800,000 is payable. For the purposes of providing funding certainty to the Group, NEXTDC has granted the Group the right to issue convertible notes to NEXTDC in satisfaction of the P1 development fee. The Group is also exploring financing options which will be used to fund the P1 development fee.

The terms of the convertible note are in accordance with the prospectus and disclosure statement dated 3 December 2012, summarised in this paragraph. If the convertible notes are issued, interest is capitalised at 9% per annum. Under the terms of the convertible notes, NEXTDC and its associates are not permitted to convert the convertible notes to stapled securities but can transfer the convertible notes to a third party. The convertible notes can be converted to stapled securities at the third party noteholder's option within one year of their issue. On conversion, noteholders are entitled to the number of notes they hold multiplied by the face value of each note ($100), and divided by the conversion price ($1.00). If not converted or redeemed by the first anniversary of their issue, the convertible notes must be redeemed on the first anniversary of their issue.

After considering the above, the Directors believe the Group and APDC Trust will be able to pay their debts as and when they become due and payable and that the preparation of the financial reports on a going concern basis is appropriate.

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.

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 entered into commercial property leases on its investment portfolio, and commenced earning rent on the M1 and S1 property during the period.

  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 2 (g)).

Notes to the consolidated financial statements

2. Summary of significant accounting policies (cont.)

- Investment properties – valuation

  Investment properties are revalued by the Directors at each reporting date to reflect their fair value according to the accounting policy on valuing assets and applying generally accepted valuation criteria, methodology and assumptions (refer Note 2 (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.

Functional and presentation currency

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

(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 unit holders 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 the entity is separately disclosed as non-controlling interest in the profit or loss of the Group.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a stapled security holding of more than one‑half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another 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.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Notes to the consolidated financial statements

2. Summary of significant accounting policies (cont.)

(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 period 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 period, 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:

- 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.

Notes to the consolidated financial statements

2. Summary of significant accounting policies (cont.)

(e) Taxation (cont.)

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 unit holders each year.

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

The tax deferred component reduces a security holder'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 from 1 June 2013.

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 period. Land and buildings (including certain plant and equipment) that comprise investment property are not depreciated.

The fair value of investment properties is determined by the Directors, in accordance with AASB 140 Investment Property. Fair value is based on active market prices, adjusted, if necessary for any difference in the nature, location or condition of the specific asset. If this information is not available, alternative valuation methods are to be used, such as the capitalisation of net income approach or discounted cash flow projections.

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

Notes to the consolidated financial statements

2. Summary of significant accounting policies (cont.)

(h) Investment properties (cont.)

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 the 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 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 (Pl) from NEXTDC Limited (NEXTDC), a related party, at valuations assessed by an independent valuer.

The consideration paid during the 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 Statement of Financial Position.

Notes to the consolidated financial statements

2. Summary of significant accounting policies (cont.)

(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 payment 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 security holders must pay instalments of the outstanding amount on the securities, and the security holder 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) 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.

(n) 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.

Notes to the consolidated financial statements

2. Summary of significant accounting policies (cont.)

(o) 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.

(p) Contributed equity

APDC Holdings and APDC Limited

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.

Incremental costs of issue of new stapled securities

Incremental 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.

(q) Dividends/distributions

APDC Holdings and APDC Limited

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 unit holders 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.

Notes to the consolidated financial statements

2. Summary of significant accounting policies (cont.)

(r) Earnings per security

Basic earnings per security

Basic earnings per security is calculated by dividing:

- the profit attributable to owners of APDC Holdings or APDC Trust, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary securities outstanding during the period, adjusted for bonus elements

Diluted earnings per security

Diluted earnings per security adjust the figures used in the determination of basic earnings per stapled security to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary securities that would have been outstanding assuming the conversion of all dilutive potential ordinary securities

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 and loss and other comprehensive income.

(s) 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.

(t) Comparative information

The Group entities were incorporated or established during the period ended 30 June 2013. Therefore this is the first time the financial reports have been prepared and as a result, there are no comparative figures.

Notes to the consolidated financial statements

3. New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these consolidated financial statements.

AASB 9 Financial Instruments (December 2010) (includes financial assets and financial liability requirements) (effective 1 January 2015, previously 1 January 2013).

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.

AASB 10 Consolidated Financial Statements (effective 1 January 2013)

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present.

The Group does not expect the new standard to have a significant effect on disclosures.

AASB 12 Disclosures of Interests in Other Entities (effective 1 January 2013)

AASB 12 contains the disclosure requirements for entities that have interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. AASB 12 requires the disclosure of information about the nature, risks and financial effects of such interests.

The Group entities do not expect the new standard to have a significant effect on disclosures.

AASB 13 Fair Value Measurement (effective 1 January 2013)

AASB 13 provides a single source of guidance on how to measure fair value and aims to enhance fair value disclosures. AASB 13 does not change when an entity is required to use fair value, but does provides guidance on how to determine fair value when fair value is required or permitted by other Standards.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

The Group has yet to determine which, if any, of their current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standards will impact the type of information disclosed in the notes to the financial statements.

AASB 119 Employee Benefits (effective 1 January 2013)

AASB 119, amended September 2011, changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. The standard also make changes to defined benefit plans and subtle changes to termination benefits

The Group entities do not have any defined benefit plans. Therefore, these amendments will have no significant impact on the Group entities.

Notes to the consolidated financial statements

4. Rental income

	Note	APDC Holdings Group 24 July 2012 to 30 June 2013 $'000	APDC Trust 1 Nov 2012 to 30 June 2013 $'000
Rent on land and buildings		3,829	3,829
less Rent on unimproved land for properties under construction	13	(689)	(689)
Total rental income		**3,140**	**3,140**

5. 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. While the Group has internal management, fees will only be charged on a cost recovery basis for direct trust expenses and responsible entity operating expenses up to 2% per annum of the gross asset value of APDC Trust.

For the period ended 30 June 2013, a $372,000 management fee is payable and has been expensed in APDC Trust.

6. Remuneration of auditor

During the period, the auditor of the Group entities, KPMG, earned the following remuneration:

	APDC Holdings Group 24 July 2012 to 30 June 2013 $	APDC Trust 1 Nov 2012 to 30 June 2013 $
(i) Taxation services		
Tax compliance services	6,915	6,846
(ii) Other services	-	-
Total remuneration of KPMG Australia non-audit services	**6,915**	**6,846**

During the period, $241,550 was paid by NEXTDC to KPMG Australia in relation to the Investigating Accountant's Report for the initial public offering of stapled securities in APDC Holdings and APDC Trust.

7. Income tax

	APDC Holdings Group 24 July 2012 to 30 June 2013 $'000	APDC Trust 1 Nov 2012 to 30 June 2013 $'000
Profit before income tax	**3,314**	**3,314**
Tax expense at the Australian tax rate of 30%	994	994
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
APDC Trust income	(994)	(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	**-**	**-**

Notes to the consolidated financial statements

8. Earnings per stapled security

	APDC Holdings Group 24 July 2012 to 30 June 2013	APDC Trust 1 Nov 2012 to 30 June 2013
Earnings used in the calculation of earnings per security ($'000)	-	3,314
Basic earnings per security (cents)	-	3.83
Diluted earnings per security (cents)	-	3.83
Weighted average number of securities on issue used in the calculation of basic and diluted earnings per security	61,198,930	86,487,703
Earnings per security from 21 December 2012[1] (cents)	-	2.88
Number of securities on issue used in the calculation of earnings per security from 21 December 2012	115,000,100	115,000,100

[1] Earnings per security from 21 December 2012 is calculated by dividing earnings of $3,314,000 by the number of securities on issue at 30 June 2013.

9. 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 %
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**

The distribution of $3,657,000 for the period to 30 June 2013, includes a return of capital of $343,000.

The 28.58% tax deferred component of the distribution includes building allowance, building depreciation, timing differences and return of capital.

Notes to the consolidated financial statements

10. Cash and cash equivalents

	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Cash at bank	4,443	4,280
Cash on deposit	753	-
Total cash and cash equivalents	**5,196**	**4,280**

During the period ended 30 June 2013, all cash assets were placed on deposit with Commonwealth Bank of Australia in interest bearing bank accounts. At 30 June 2013, the weighted average interest rate on all cash assets was 2.3% per annum.

11. Trade and other receivables

	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Trade receivables	24	24
Advance to APDC Limited	-	500
Total trade and other receivables	**24**	**524**

At 30 June 2013, 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.

12. Acquisition of assets

The acquisition of the individual properties is accounted for as an asset acquisition.

The table below summarises the consideration transferred at acquisition date:

	Note	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Securities issued to NEXTDC Limited - fair value of security-based payment	20	16,135	16,135
Cash paid 21 December 2012	20	53,365	53,365
Deferred purchase consideration for S1 paid during the period		28,665	28,665
Total consideration		**98,165**	**98,165**

The $28,665,000 deferred settlement consideration is the value of the S1 investment property under construction at the time of the acquisition, assessed by reference to surveys of work performed. This amount was recognised at the time of acquisition as payable to NEXTDC. It was paid during the period from the proceeds of the final instalment and cash.

Notes to the consolidated financial statements

13. Investment properties

APDC Trust has entered into 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. NEXTDC has commenced rental payments for M1 and S1. Rental payments for P1 will commence upon the practical completion of the base building.

Rent on unimproved land received during the period for investment properties under construction, for S1 up to 15 May 2013 and P1 for the period, is recognised as a reduction in the purchase price of the asset, and not as rental income.

Basis of valuation

The carrying amount of investment property is the fair value of the property as determined by the Directors (refer note 2(h)). The Directors' valuations are based on external valuations 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 utilised the following methodologies: active market prices, capitalisation of net income and discounted cash flow:

i. The active market prices method assesses a property's value based on the sale price of comparable properties that have recently traded in commercial, arms length transactions.

ii. The capitalisation of net income method capitalises the current rent received, at a rate analysed from the most recent transactions of comparable property investments, adjusted to take into consideration a number of factors including:

- lease term remaining;
- the relationship of current rent to the market rent;
- the location;
- prevailing investment market conditions; and
- other property specific conditions.

iii. The discounted cash flow method calculates a property's value by using projections of reliable estimates 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.

In adopting the investment property valuations at reporting date, the Directors considered an independent valuation dated 30 June 2013 for S1, independent valuations dated 30 September 2012 for M1 and P1, and external reports on market conditions in Melbourne and Perth dated 5 August 2013.

Notes to the consolidated financial statements

13. Investment properties (cont.)

Fair value of investment properties

Property	Acquisition date	Acquisition price $'000	Capital improvements since acqusition $'000	Rent on unimproved land for properties under construction $'000	Fair value adjustments since acquisition $'000	Fair value as at 30 June 2013 $'000	Date of last independent valuation	Independent valuation[1] $'000
M1, Melbourne	21/12/2012	52,000	-	-	-	52,000	30/09/2012	52,000
S1, Sydney	21/12/2012	41,165	16,835	(452)	452	58,000	30/06/2013	'As is' 57,500 'As if complete' 58,000
P1, Perth	21/12/2012	5,000	8,330	(237)	237	13,330	30/09/2012	'Land only' 5,500 'As if complete' 28,800
Total		**98,165**	**25,165**	**(689)**	**689**	**123,330**		

Capital improvements since acquisition for P1 is the value of P1 building to the stage of completion at reporting date, with reference to surveys of construction work performed.

Independent valuations were performed by Fraser Bentley, FAPI, Jones Lang LaSalle.

S1 is carried at a directors' valuation of $58,000,000. A residual payment for completion of minor construction works of $425,000 is included in trade and other payables at 30 June 2013. Refer to note 14.

(1) Capitalisation rates and discount rates adopted in the independent valuations are provided below:

Property	Adopted cap rate	Adopted discount rate
M1, Melbourne	9.00%	10.50%
S1, Sydney	9.00%	10.75%
P1, Perth	9.00%	10.75%

Notes to the consolidated financial statements

13. Investment properties (cont.)

Amounts recognised in the Statement of Comprehensive Income

	Note	APDC Holdings Group 24 July 2012 to 30 June 2013 $'000	APDC Trust 1 Nov 2012 to 30 June 2013 $'000
Rental income	4	3,140	3,140
Net gain from fair value adjustment for investment properties		689	689
Direct operating expenses of properties that generated rental income		-	-

Leasing arrangements

	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Within one year	11,820	11,820
Later than one year but not later than five years	50,138	50,138
Later than five years	125,345	125,345
	187,303	**187,303**

14. Trade and other payables

	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Development fee payable - S1	425	425
Other payables - APDC Limited	-	424
Accrued interest - APDC Holdings	-	39
Other payables	288	178
	713	**1,066**

Development fee payable for S1 is a residual payment for completion of minor construction works. Refer to note 21.

The other payables – APDC Limited include the responsible entity management fee of $372,000 for the period 1 November 2012 to 30 June 2013, payable to APDC Limited, the responsible entity of the Trust. Refer to note 5 for further details.

Accrued interest of $39,000 at 30 June 2013, represents interest on the intercompany loan of $1,150,000 provided by APDC Holdings to APDC Trust. Refer to note 16 for further details.

Notes to the consolidated financial statements

15. Provisions

	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Distributions declared	3,657	3,657
Distributions paid	(1,576)	(1,576)
Distributions provided for at 30 June 2013	**2,081**	**2,081**
Employee benefits	6	-
Total other current provisions	**6**	**-**
Total provisions	**2,087**	**2,081**

The current provision for employee benefits includes accrued annual leave.

16. Interest bearing loans

	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Commercial loan - NEXTDC	770	-
Other interest bearing loan - APDC Holdings	-	1,150
Total interest bearing loans	**770**	**1,150**

During the period, NEXTDC, a related party, provided a loan facility to APDC Holdings of $750,000 for the Group to satisfy the minimum capitalisation requirements of APDC Limited's Australian Financial Services Licence. The loan is unsecured, on commercial terms and interest is charged at 2% above Bank Bill Swap Bid Rate. The loan term is 3 years. $20,000 interest expense incurred in the period has been capitalised to the carrying amount of the loan.

The other interest bearing loan of $1,150,000 from APDC Holdings provides APDC Trust with working capital and operational expenditure. The loan is unsecured, on commercial terms and interest is charged at 4% above Bank Bill Swap Bid Rate. The loan term is 3 years, with a 3 year extension available.

Notes to the consolidated financial statements

17. Contributed equity

Details	No. securities[1]	APDC Holdings Group 30 June 2013 $'000
(a) Equity		
Ordinary securities - fully paid	115,000,100	116,657
(b) Movements in equity		
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	-	(343)
Balance at 30 June 2013	**115,000,100**	**116,657**
APDC Holdings		1,150
APDC Trust		115,507
		116,657

(1) Includes shares of APDC Holdings and units in APDC Trust, which are stapled. Refer to note 2(p) 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.

18. Net tangible assets

	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Total assets	128,557	128,134
less: total liabilities	(11,900)	(12,627)
Net tangible assets	**116,657**	**115,507**
Total number of securities on issue	115,000,100	115,000,100
Net tangible asset backing per security	**$1.01**	**$1.00**

Notes to the consolidated financial statements

19. Notes to the Statements of Cash Flows

(a) Reconciliation of cash flows from operating activities

	Note	APDC Holdings Group 24 July 2012 to 30 June 2013 $'000	APDC Trust 1 Nov 2012 to 30 June 2013 $'000
Profit for the period		3,314	3,314
Non-cash items:			
Net gain from fair value adjustment on investment properties	13	(689)	(689)
Changes in assets and liabilities:			
(Increase)/decrease in assets		(31)	(24)
Increase/(decrease) in liabilities		314	641
Net cash flows from operating activities		**2,908**	**3,242**

(b) Payments for investment properties

	Note	APDC Holdings Group $'000	APDC Trust $'000
Acquisition of investment properties	13	(98,165)	(98,165)
Capital additions since acquisition	13	(25,165)	(25,165)
less Equity-settled security-based payment	20	16,135	16,135
less Development fee accrued - P1	22	8,330	8,330
less Development fee payable - S1	14	425	425
		(98,440)	**(98,440)**

Notes to the consolidated financial statements

20. Related party disclosures

(a) Parent entity

The immediate and ultimate parent entity of the Group is APDC Holdings Limited. Refer to note 23.

(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 2:

	Ownership interest
APDC Limited	100%
APDC Trust	100%

(c) Transactions with NEXTDC Limited

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 25.

Debt forgiveness

During the period, NEXTDC advanced an amount of $2,000,000 to APDC Trust and subsequently forgave the debt. The Group entities treated the forgiveness of the debt as a capital transaction with a security holder and reclassified the debt to equity.

Acquisition of investment properties

On 21 December 2012, APDC Trust purchased an initial portfolio of three data centre properties from NEXTDC at valuations assessed by an independent valuer. The total consideration of $69,500,000 comprised $53,365,000 proceeds from the issue of stapled securities under the Offer and $16,135,000 from the issue of 26,450,000 stapled securities to NEXTDC partly paid to $0.61 per stapled security under a security based payment transaction. The final instalment of the security based payment transaction of $0.39 per stapled security, totalling $10,315,000, was received from NEXTDC during the period.

Development agreements

During the period, APDC Trust entered into development agreements with NEXTDC to complete the construction of the buildings on S1 and P1. NEXTDC is entitled to a development fee payable upon practical completion of the buildings. APDC Trust paid $45,075,000 to NEXTDC in relation to the S1 development fee during the period. As at 30 June 2013, $425,000 remained payable to NEXTDC as final payment for S1 development fee. The development fee for P1 is $23,800,000 and is payable upon practical completion of the building. As at 30 June 2013, $8,330,000 is accrued for P1 development fee for the construction of investment property completed as at 30 June 2013. Refer to note 22.

APDC Trust is entitled to rent from NEXTDC on investment properties under construction under development agreements totalling $689,000 during the period. Refer to note 4.

Lease agreements

APDC Trust has entered into 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. NEXTDC has commenced rental payments for M1 and S1 in accordance with the leases which totalled $3,140,000 for the period. Refer to note 4.

Loan facility

During the period, NEXTDC, provided a loan facility to APDC Holdings of $750,000 for the Group to satisfy the minimum capitalisation requirements of APDC Limited's Australian Financial Services Licence. The loan is unsecured, on commercial terms and interest is charged at 2% above Bank Bill Swap Bid Rate. The loan term is 3 years. Refer to note 16.

Notes to the consolidated financial statements

20. Related party disclosures (cont.)

Alliance with NEXTDC

The Group has entered into an alliance with NEXTDC commencing on 21 December 2012 for a term of three years. 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; the right to consent to the acquisition or development of any land or data centre; and the right to acquire M1, S1 and P1 in the event that the Group wishes to sell these properties. The rights under the alliance period apply to any data centre or land in Australia or Asia Pacific region.

Initial establishment costs

NEXTDC has paid all costs associated with the initial capitalisation and establishment of the Group and the initial public offer for which it will not seek reimbursement, and provides ongoing office-related services to the Group, for a fee equal to the cost to NEXTDC.

P1 development fee funding

For the purposes of providing funding certainty to the Group, NEXTDC has granted the Group the right to issue convertible notes to NEXTDC in satisfaction of the P1 development fee. The Group is also exploring financing options which will be used to fund the P1 development fee. The terms of the convertible note are in accordance with the prospectus and disclosure statement dated 3 December 2012, summarised in this paragraph. If the convertible notes are issued, interest is capitalised at 9% per annum. Under the terms of the convertible notes, NEXTDC and its associates are not permitted to convert the convertible notes to stapled securities but can transfer the convertible notes to a third party. The convertible notes can be converted to stapled securities at the third party noteholder's option within one year of their issue. On conversion, noteholders are entitled to the number of notes they hold multiplied by the face value of each note ($100), and divided by the conversion price ($1.00). If not converted or redeemed by the first anniversary of their issue, the convertible notes must be redeemed on the first anniversary of their issue.

NEXTDC transactions recognised in the consolidated financial statements

Consolidated Statements of Comprehensive Income	Note	APDC Holdings Group 24 July 2012 to 30 June 2013 $'000	APDC Trust 1 Nov 2012 to 30 June 2013 $'000
Rental income	4	3,140	3,140
Interest expense on unsecured loan from NEXTDC to APDC Holdings		20	-

Consolidated Statements of Financial Position	Note	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Investment property			
Acquisition of investment property and investment property under construction	13	123,330	123,330
Rent on unimproved land received for properties under construction	13	689	689
Trade and other payables			
Development fee accrued - P1	22	8,330	8,330
Development fee payable - S1	14	425	425

Notes to the consolidated financial statements

20. Related party disclosures (cont.)

Consolidated Statements of Changes in Equity	Note	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Issue of securities under the Offer	17	10,315	10,315
Equity-settled security-based payment	17	16,135	16,135
Loan forgiven by NEXTDC	17	2,000	2,000

(d) Key management personnel compensation

The key management personnel compensation for the period comprises:

	APDC Holdings Group 24 July 2012 to 30 June 2013 $	APDC Trust 1 Nov 2012 to 30 June 2013 $
Short-term employee benefits	219,228	-
Post-employment benefits	16,595	-
Termination benefits	-	-
Other long term benefits	-	-
Equity-based payments	-	-
	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 period ended 30 June 2013 and there were no material contracts involving directors’ interests at 30 June 2013.

(f) Movements in Directors’ interests in stapled securities

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

	Number held at start of the period	Purchases	Sales	Number held at 30 June 2013
Ian Fraser	-	50,000	-	50,000
Greg Baynton	-	-	-	-
Chris Breach	-	16,605	-	16,605
Bevan Slattery	-	20,500,000	-	20,500,000
Francina Turner	-	-	-	-
John Wright	-	50,000	-	50,000
Craig Scroggie	-	-	-	-
Robin Khuda	-	-	-	-

Notes to the consolidated financial statements

20. Related party disclosures (cont.)

(g) Transactions with other related parties

Mr Greg Baynton is a director of, and shareholder in, NEXTDC.

Mr Bevan Slattery, a director of and substantial shareholder in NEXTDC, acquired a relevant interest in 20,000,000 stapled securities in the Group through the initial public offering. Underwriters paid Mr Slattery a fee of 3% of the amount subscribed from their underwriting fees. Mr Slattery subsequently acquired a relevant interest in 500,000 stapled securities purchased on market.

21. Capital expenditure commitments

APDC Trust has committed to acquire the building constructed on P1 from NEXTDC. The development fee payable to NEXTDC on practical completion of the building is as follows:

Property	Total development fees commitment $'000	Amount included in development fee accrued $'000	Remaining development fees commitment $'000	Expected payment date
P1, Perth	23,800	8,330	15,470	November 2013
Total	**23,800**	**8,330**	**15,470**	

22. 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.

(a) 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.

Notes to the consolidated financial statements

22. Financial risk management (cont.)

As at 30 June 2013, the following financial instruments are held:

	Note	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Financial assets			
Cash and cash equivalents	10	5,196	4,280
Trade and other receivables	11	24	524
Total financial assets		**5,220**	**4,804**
Financial liabilities			
Development fee accrued - P1	22(d)	8,330	8,330
Trade and other payables	14	713	1,066
Interest bearing loans	16	770	1,150
Total financial liabilities		**9,813**	**10,546**

(b) 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.

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 16, the commercial loan provided by NEXTDC is a variable rate loan, with interest charged at 2% above the Bank Bill Swap Rate. Therefore, the Group is mainly exposed to cash flow interest rate risk.

Management have assessed the Group's interest rate risk on the $750,000 loan from NEXTDC to be minimal. It is their intention to consider hedging this amount in the future.

At 30 June 2013, 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 period would have been $21,000 higher/$44,000 lower, mainly as a result of higher/lower interest income from deposits and interest expense on borrowings.

(c) 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.

Notes to the consolidated financial statements

22. Financial risk management (cont.)

(d) 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.

As at 30 June 2013, the Group and APDC Trust had an excess of current liabilities over current assets:

	APDC Holdings Group 30 June 2013 $'000	APDC Trust 30 June 2013 $'000
Current assets	5,227	4,804
Trade and other payables	(713)	(1,066)
Provisions	(2,087)	(2,081)
Net current assets before development fee accrued - P1	2,427	1,657
Development fee accrued - P1	(8,330)	(8,330)
Net current liabilities	**(5,903)**	**(6,673)**

The development fee accrued for P1 of $8,330,000 as at 30 June 2013 is determined by reference to surveys of work performed. The development fee is not payable until practical completion of the base building, at which time the total development fee of $23,800,000 is payable. For the purposes of providing funding certainty to the Group, NEXTDC has granted the Group the right to issue convertible notes to NEXTDC in satisfaction of the P1 development fee. The Group is also exploring financing options which will be used to fund the P1 development fee.

The terms of the convertible note are in accordance with the prospectus and disclosure statement dated 3 December 2012, summarised in this paragraph. If the convertible notes are issued, interest is capitalised at 9% per annum. Under the terms of the convertible notes, NEXTDC and its associates are not permitted to convert the convertible notes to stapled securities but can transfer the convertible notes to a third party. The convertible notes can be converted to stapled securities at the third party noteholder's option within one year of their issue. On conversion, noteholders are entitled to the number of notes they hold multiplied by the face value of each note ($100), and divided by the conversion price ($1.00). If not converted or redeemed by the first anniversary of their issue, the convertible notes must be redeemed on the first anniversary of their issue.

Notes to the consolidated financial statements

22. Financial risk management (cont.)

The following table provides the contractual maturity of financial liabilities as at 30 June 2013.

	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 5 years $'000	Over 5 years $'000	Total $'000
APDC Group:						
Development fee accrued - P1	8,330	-	-	-	-	8,330
Trade and other payables	713	-	-	-	-	713
Interest bearing loans	-	770	-	-	-	770
Total financial liabilities	**9,043**	**770**	-	-	-	**9,813**
APDC Trust:						
Development fee accrued - P1	8,330	-	-	-	-	8,330
Trade and other payables	1,066	-	-	-	-	1,066
Interest bearing loans	-	1,150	-	-	-	1,150
Total financial liabilities	**9,396**	**1,150**	-	-	-	**10,546**

Refer to notes 16 and 20 for further details on the interest bearing loans.

(e) 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 their 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 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; or
- selling assets to reduce borrowings.

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). NEXTDC has provided a commercial loan of $750,000 to APDC Holdings, 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 their licence requirements.

Notes to the consolidated financial statements

23. Parent entity financial information

As at, and throughout the financial period ended 30 June 2013, the parent entity of the Group was APDC Holdings Limited.

Summary financial information

	APDC Holdings 24 July 2012 to 30 June 2013 $'000
Results of parent entity	
Profit for the period	-
Other comprehensive income	-
Total comprehensive income for the period	**-**

	30 June 2013 $'000
Financial position of the parent entity at period end	
Current assets	276
Total assets	2,236
Current liabilities	311
Total liabilities	1,086
Contributed equity	1,150
Reserves	-
Retained earnings	-

Guarantees

No guarantees have been entered into by the parent entity.

Contingencies

The parent entity did not have any contingent liabilities at 30 June 2013.

Capital commitments

The parent entity did not have any capital commitments at 30 June 2013.

24. Contingent liabilities

There are no contingent liabilities for Group or APDC Trust at 30 June 2013.

Notes to the consolidated financial statements

25. Subsequent events

On 3 July 2013, NEXTDC sold its 26.45 million stapled securities held in the Group.

A distribution of $2.08 million (1.81 cents per stapled security) will be paid on 30 August 2013 in respect of the quarter ended 30 June 2013.

Since the end of the financial period, the Directors of APDC Holdings and APDC Limited are not aware of any other 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 financial period ended 30 June 2013.

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 13 to 44 and the Remuneration Report in the Directors' Report as set out on pages 9 to 10 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 financial position at 30 June 2013 and of its performance for the period from 24 July 2012 to 30 June 2013; and

giving a true and fair view APDC Trust's financial position at 30 June 2013 and of its performance for the period from 1 November 2012 to 30 June 2013; 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.

I. H. Fraser

Ian Fraser
Chairman

Brisbane
21 August 2013

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 have been prepared in accordance with ASIC Class Order 05/642 and comprise:

- the consolidated statement of financial position as at 30 June 2013, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, notes 1 to 25 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 (APDC Holdings Group).
- the statement of financial position as at 30 June 2013, 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 25 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 reports are 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 present 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 APDC Holdings 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 APDC Holdings 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 2013 and of their performance for the period ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report 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 8 of the directors' report for the period ended 30 June 2013. 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 period ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

J. B. Richards

Jillian Richards
Partner

Brisbane
21 August 2013