

## **ASX RELEASE**

ASX Code: AJD

19 February 2014

### **Interim Financial Reports for the half year ended 31 December 2013**

Asia Pacific Data Centre Group (APDC) is pleased to announce the group's results for the half year ended 31 December 2013.

#### **Profit and distributions**

APDC earned a profit of \$5,870,000 which included a non-cash revaluation increment of \$1,293,000.

The group paid a distribution of 2.25 cents per stapled security for the quarter ended 30 September 2013 and a distribution of 2.25 cents per stapled security for the quarter ended 31 December 2013 is scheduled for payment on 27 February 2014.

#### **Rent reviews**

The APDC portfolio of three data centres is leased to a national tenant, NEXTDC Limited (NEXTDC) (ASX: NXT).

The rentals for all three of APDC's data centres were the subject of a CPI review and a 2.2% increase in rentals was effective from 21 December 2013.

#### **Acquisition of P1 base building**

APDC acquired the base building for the P1 data centre in Malaga, Perth upon its practical completion by NEXTDC on 29 November 2013. NEXTDC commenced paying rent under the lease from that date. The lease is for an initial term of 15 years with options for up to another 25 years.

#### **Debt facility**

APDC entered into a five year facility with Bankwest (a division of Commonwealth Bank of Australia) in November 2013 to provide the Group with up to \$29,000,000 of asset-secured debt funding (Debt Facility).

A draw down of \$25,000,000 in December 2013 was used to fund the P1 development fee, repay a \$750,000 loan from NEXTDC and pay debt establishment costs (Core Debt). APDC also entered into a swap agreement to fix the floating interest rate component over \$12,500,000 of the drawn amount for five years. The effective cost of the Core Debt is 5.45% per annum as at 31 December 2013.

#### **Valuation of investment properties**

The portfolio has a carrying value of \$140,000,000 as at 31 December 2013.

An independent valuation of P1 as at 15 January 2014 valued APDC's interest in the data centre land and buildings at \$30,000,000. This represents a 4.2% increase on the acquisition price. Consequently there was a small increase in Net Tangible Assets from \$1.01 to \$1.02.

**Uptime Institute certification**

All of APDC's data centres have received the Uptime Institute's Tier III certification for design, and its S1 Sydney and P1 Perth data centres have also received constructed facility certification. The three APDC data centres are 3 of only 11 data centres in Australia that have achieved certification by the Uptime Institute.

APDC CEO, Ms Francina Turner summarised, 'APDC has achieved all the acquisition, funding, profit and distribution milestones outlined in the prospectus and product disclosure statement dated 3 December 2012. We are pleased to see the revaluation of P1 post-completion and CPI growth in the annual rental income from all the properties.

As envisaged, the initial portfolio is now complete and looking forward, the achievement of these milestones ensures that APDC is well placed as Australia's first listed data-centre REIT.'

For further information please contact:

Company Secretary  
Asia Pacific Data Centre Group  
+61 2 9008 9785  
info@asiapacificdc.com

## APPENDIX 4D

### Reporting entity and reporting period

Asia Pacific Data Centre Holdings Limited ACN 159 621 735 and its controlled entities (APDC Group) and Asia Pacific Data Centre Trust (APDC Trust) for the half year ended 31 December 2013.

Users of this Appendix 4D should note this is the first interim financial report prepared for APDC Trust as a result, there are no comparative figures for APDC Trust.

### Results for announcement to the market

	APDC Group 1 July 2013 to 31 Dec 2013 \$'000	APDC Group 24 July 2012 to 31 Jan 2013 \$'000	APDC Trust 1 July 2013 to 31 Dec 2013 \$'000
Revenue from ordinary operating activities	6,552	725	6,544
Profit (loss) from ordinary activities after tax attributable to members	5,870	621	5,870
Net profit (loss) for the period attributable to members	5,870	621	5,870

Profit of \$5,870,000 included an unrealised revaluation increment of \$1,293,000.

### Distributions for the period

The following distributions were paid and payable by APDC Trust:

Distributions for the quarter ended	Distribution Cents per security	APDC Trust 1 July 2013 to 31 Dec 2013 \$'000
30 September 2013	2.25	2,587
31 December 2013	2.25	2,588
Total	4.50	5,175

### Explanatory comments

During the half year ended 31 December 2013, the Group:

- earned rental income and rent on unimproved land from its three data centre investment properties in Melbourne (M1), Sydney (S1) and Perth (P1) totalling \$5,388,000;
- confirmed CPI increases of 2.2% for all three data centre rentals effective from 21 December 2013;
- finalised a five year facility with Bankwest (a division of Commonwealth Bank of Australia) to provide the Group with up to \$29,000,000 of asset-secured debt funding (Debt Facility);

- drew \$25,000,000 of the Debt Facility to fund the P1 development fee, repay a \$750,000 loan from NEXTDC Limited (NEXTDC) and pay debt establishment costs (Core Debt) and entered into a swap agreement to fix the floating interest rate component over \$12,500,000 of the Core Debt for five years. The effective cost of the Core Debt is 5.45% per annum as at 31 December 2013;
- drew \$1,500,000 of the Debt Facility for working capital, which was repaid on 4 February 2014;
- paid the \$22,969,000 of the development fee for the P1 base building upon its practical completion by the developer, NEXTDC;
- commenced earning rental from NEXTDC on the lease on P1 on 29 November 2013; and
- received an independent valuation of \$30,000,000 for the P1 investment property, representing a \$1,200,000 increase from the acquisition price.

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

### Revenue from ordinary operating activities

Revenue from ordinary operating activities comprises:

	<b>APDC Group</b>	<b>APDC Group</b>	<b>APDC Trust</b>
	<b>1 July 2013 to 31 Dec 2013</b>	<b>24 July 2012 to 31 Jan 2013</b>	<b>1 July 2013 to 31 Dec 2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Rental income	5,202	519	5,202
Interest income	57	32	49
Net gain from fair value adjustment on investment properties	1,293	174	1,293
Revenue from ordinary operating activities	6,552	725	6,544

### Net tangible assets per stapled security

	<b>APDC Group</b>	<b>APDC Group</b>	<b>APDC Trust</b>	<b>APDC Trust</b>
	<b>31 Dec 2013</b>	<b>30 June 2013</b>	<b>31 Dec 2013</b>	<b>30 June 2013</b>
Net tangible assets per stapled security	\$1.02	\$1.01	\$1.01	\$1.00

## **Asia Pacific Data Centre Group**

### **Interim 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)

**and**

**Asia Pacific Data Centre Trust** (ARSN 161 049 556)

for the half year ended 31 December 2013

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

---

Directors' Report.....	2
Auditor's Independence Declaration.....	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	6
Consolidated Statement of Financial Position as at 31 December 2013 .....	7
Consolidated Statement of Changes in Equity – the Group.....	8
Statement of Changes in Equity – APDC Trust.....	9
Consolidated Statement of Cash Flows .....	10
Notes to the consolidated financial statements .....	11
1. Reporting entities .....	11
2. Basis of preparation .....	11
3. Summary of significant accounting policies .....	12
4. Segment information .....	14
5. Responsible entity management fees .....	15
6. Income tax.....	15
7. Earnings per stapled security.....	15
8. Distributions paid and payable .....	16
9. Trade and other receivables .....	16
10. Investment properties.....	17
11. Trade and other payables .....	19
12. Interest bearing loans.....	19
13. Financial instruments .....	20
14. Contributed equity .....	21
15. Related party disclosures.....	22
16. Significant party disclosures.....	22
17. Capital expenditure commitments.....	24
18. Contingent liabilities .....	24
19. Subsequent events.....	24
Directors' Declaration .....	25
Independent Auditor's Report.....	26

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 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 interim financial report of APDC Holdings and its controlled entities (Group, APDC Group) and the interim financial report of APDC Trust for the half year ended 31 December 2013 (half year).

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 14, 22 Market Street, Sydney NSW 2000.

The shares of APDC Holdings and units of APDC Trust are stapled and can only be traded as stapled securities. Although there is no ownership interest between APDC Holdings and APDC Trust, APDC Holdings is deemed to be the parent entity of the Group under Australian Accounting Standards.

**1. Directors**

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

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

**2. Principal activities**

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

APDC Trust holds the following data centre investment properties:

M1	Port Melbourne, Melbourne, VIC
S1	Macquarie Park, Sydney, NSW
P1	Malaga, Perth, WA

There were no significant changes in the nature of the activities of the Group during the half year.

**3. Operating and financial review**

Results of operations

The Group earned a profit of \$5,870,000 including an unrealised revaluation increment of \$1,293,000 for the half year, representing earnings per security of 5.1 cents.

During the half year, APDC Trust earned \$2,346,000 in rental income on M1, \$2,632,000 in rental income on S1 and \$224,000 in rental income and \$186,000 rent on unimproved land on P1 (recognised as a reduction to the acquisition cost of the asset).

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

The Group's direct trust expenses and responsible entity operating expenses for the half year were \$557,000.

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

Profit and distributions

	<b>APDC Group 1 July 2013 to 31 Dec 2013 \$'000</b>	<b>APDC Group 24 July 2012 to 31 Jan 2013 \$'000</b>	<b>APDC Trust 1 July 2013 to 31 Dec 2013 \$'000</b>
Profit after tax for the half year	5,870	621	5,870
Basic earnings per security (cents)	-	-	5.10
Distributions paid and payable	5,175	-	5,175
Distributions per security (cents)	4.50	-	4.50

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

The total distribution by APDC Trust for the half year is 4.50 cents per stapled security. An interim distribution of 2.25 cents per stapled security was paid on 31 October 2013. A final distribution for the half year of 2.25 cents per stapled security will be paid on 27 February 2014.

Distributions paid and payable represent an annualised 8.7% yield on the stapled security price of \$1.035 at market close on 18 February 2014.

The total available for distribution was \$4,763,000 or 4.14 cents per stapled security. The distribution paid and payable included a return of capital of \$412,000 as detailed below.

	<b>APDC Group 1 July 2013 to 31 Dec 2013 \$'000</b>	<b>APDC Group 24 July 2012 to 31 Jan 2013 \$'000</b>	<b>APDC Trust 1 July 2013 to 31 Dec 2013 \$'000</b>
Profit after tax for the half year	5,870	621	5,870
Net gain from fair value adjustment on investment properties	(1,293)	(174)	(1,293)
Rent on unimproved land for properties under construction	186	174	186
<b>Total available for distribution</b>	<b>4,763</b>	<b>621</b>	<b>4,763</b>
Return of capital - expenses funded from pre-IPO capital	412	-	412
Transfer to retained earnings <sup>(1)</sup>	-	(621)	-
<b>Distribution paid and payable</b>	<b>5,175</b>	<b>-</b>	<b>5,175</b>

<sup>(1)</sup>There was no distribution for the period to 31 January 2013. The first distribution was for the period to 31 March 2013.

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

Direct property investments

The base building for the P1 data centre was completed on time by the developer NEXTDC Limited (NEXTDC) on 29 November 2013. APDC Trust paid \$22,969,000 of the \$23,800,000 development fee for the P1 base building.

The development fee was fully funded by a drawdown on APDC Trust's debt facility. As the terms of the debt facility were more favourable than the terms of the convertible notes available under the development agreement, no convertible notes were issued to NEXTDC in satisfaction of the development fee and this funding alternative is no longer available.

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

A residual payment for completion of minor construction works for the P1 base building of \$831,000 remained payable at 31 December 2013. Refer to Note 16 to the financial statements.



**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

The lease to NEXTDC for the land and base building for the P1 data centre commenced on 29 November 2013. The lease is for an initial term of 15 years with options for up to another 25 years. The current rental income from the lease of P1 is \$2,646,980 per annum.

	APDC Group 31 Dec 2013 \$'000	APDC Group 30 June 2013 \$'000	APDC Trust 31 Dec 2013 \$'000	APDC Trust 30 June 2013 \$'000
Investment properties	140,000	123,330	140,000	123,330
Net assets	117,227	116,657	116,077	115,507
Net tangible asset backing per security (\$)	1.02	1.01	1.01	1.00

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

**Bankwest Debt Facility**

APDC Trust entered into a five year facility on 13 November 2013 with Bankwest (a division of Commonwealth Bank of Australia) (Bankwest) to provide the Group with up to \$29 million of asset-secured debt funding (Debt Facility). The Debt Facility is provided at market interest rates for a five year term, and is secured by a mortgage over the S1 Sydney data centre asset.

At 31 December 2013, \$26.5 million of the facility was drawn, representing \$25.0 million to fund the P1 base building development fee, repay a \$750,000 loan from NEXTDC and pay debt establishment costs (Core Debt) and \$1.5 million of working capital.

APDC Trust has entered into a swap agreement to fix the floating interest rate component over \$12.5 million of the drawn amount for five years. The effective cost of the Core Debt (loan interest, margin and swap interest) is 5.45% per annum as at 31 December 2013.

**Real estate funds management**

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

**4. Auditor's independence declaration**

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

**5. Rounding of amounts to the nearest thousand dollars**

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

This report is made in accordance with resolutions of the Directors of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Limited as responsible entity for Asia Pacific Data Centre Trust.



Ian Fraser  
Chairman

Brisbane  
19 February 2014



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

To: the directors of Asia Pacific Data Centre Holdings Limited and the directors of Asia Pacific Data Centre Limited the responsible entity of Asia Pacific Data Centre Trust

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

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

*KPMG*

KPMG

*JRichards*

Jillian Richards  
Partner

Brisbane  
19 February 2014

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	APDC Group 1 July 2013 to 31 Dec 2013 \$'000	APDC Group 24 July 2012 to 31 Jan 2013 \$'000	APDC Trust 1 July 2013 to 31 Dec 2013 \$'000
<b>Revenue</b>				
Rental income		5,202	519	5,202
Interest income		57	32	49
Net gain from fair value adjustment on investment properties	10	1,293	174	1,293
<b>Total revenue</b>		<b>6,552</b>	<b>725</b>	<b>6,544</b>
<b>Expenses</b>				
Operating expenses		557	97	524
Interest expense and finance costs		125	7	150
<b>Total expenses</b>		<b>682</b>	<b>104</b>	<b>674</b>
<b>Profit before income tax expense</b>		<b>5,870</b>	<b>621</b>	<b>5,870</b>
Income tax expense	6	-	-	-
<b>Profit for the half year</b>		<b>5,870</b>	<b>621</b>	<b>5,870</b>
<b>Profit for the half year attributable to:</b>				
Owners of APDC Holdings		-	-	-
Owners of APDC Trust		-	-	5,870
Non-controlling interest - members of APDC Trust		5,870	621	-
<b>Total profit for the half year</b>		<b>5,870</b>	<b>621</b>	<b>5,870</b>
<b>Other comprehensive income</b>				
Items that may be reclassified to profit or loss:				
Effective portion of changes in fair value of cash flow hedge		(125)	-	(125)
<b>Other comprehensive income, net of tax</b>		<b>(125)</b>	<b>-</b>	<b>(125)</b>
<b>Total comprehensive income for the half year</b>		<b>5,745</b>	<b>621</b>	<b>5,745</b>
<b>Total comprehensive income for the half year attributable to:</b>				
Owners of APDC Holdings		-	-	-
Owners of APDC Trust		-	-	5,745
Non-controlling interest - members of APDC Trust		5,745	621	-
<b>Total comprehensive income for the half year</b>		<b>5,745</b>	<b>621</b>	<b>5,745</b>
Basic and diluted earnings per security (cents)	7	-	-	5.10

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

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

Consolidated Statement of Financial Position as at 31 December 2013

	Note	APDC Group 31 Dec 2013 \$'000	APDC Group 30 June 2013 \$'000	APDC Trust 31 Dec 2013 \$'000	APDC Trust 30 June 2013 \$'000
<b>Current assets</b>					
Cash and cash equivalents		5,901	5,196	4,887	4,280
Trade and other receivables	9	2,294	24	2,792	524
Security deposit held		8	5	-	-
Prepayments		90	2	21	-
<b>Total current assets</b>		<b>8,293</b>	<b>5,227</b>	<b>7,700</b>	<b>4,804</b>
<b>Non-current assets</b>					
Investment properties	10	140,000	123,330	140,000	123,330
Interest bearing asset		-	-	750	-
<b>Total non-current assets</b>		<b>140,000</b>	<b>123,330</b>	<b>140,750</b>	<b>123,330</b>
<b>Total assets</b>		<b>148,293</b>	<b>128,557</b>	<b>148,450</b>	<b>128,134</b>
<b>Current liabilities</b>					
Development fee accrued - P1		-	8,330	-	8,330
Trade and other payables	11	2,170	713	2,340	1,066
Provisions		2,601	2,087	2,588	2,081
<b>Total current liabilities</b>		<b>4,771</b>	<b>11,130</b>	<b>4,928</b>	<b>11,477</b>
<b>Non-current liabilities</b>					
Interest bearing liabilities	12	26,170	770	27,320	1,150
Derivatives	13	125	-	125	-
<b>Total non-current liabilities</b>		<b>26,295</b>	<b>770</b>	<b>27,445</b>	<b>1,150</b>
<b>Total liabilities</b>		<b>31,066</b>	<b>11,900</b>	<b>32,373</b>	<b>12,627</b>
<b>Net assets</b>		<b>117,227</b>	<b>116,657</b>	<b>116,077</b>	<b>115,507</b>
<b>Equity</b>					
Contributed equity	14	1,150	1,150	115,507	115,507
Cashflow hedge reserve		-	-	(125)	-
Retained earnings		-	-	695	-
Total equity attributable to owners of APDC Holdings/APDC Trust		1,150	1,150	116,077	115,507
Non-controlling interest attributable to APDC Trust		116,077	115,507	-	-
<b>Total equity</b>		<b>117,227</b>	<b>116,657</b>	<b>116,077</b>	<b>115,507</b>

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

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

Consolidated Statement of Changes in Equity – the Group

	Contributed equity \$'000	Total equity attributable to owners of APDC Holdings \$'000	Non- controlling interest attributable APDC Trust \$'000	Total equity \$'000
<b>Total equity at 24 July 2012</b>	-	-	-	-
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	621	621
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	<b>621</b>	<b>621</b>
<b>Contributions by and distributions to owners of the Group</b>				
Issues of ordinary shares	-	-	-	-
Loan forgiven by NEXTDC Limited	-	-	2,000	2,000
Issue of stapled securities under the Offer	885	885	87,665	88,550
Security-based payment - equity-settled	265	265	26,185	26,450
<b>Total contribution by and distributions to owners of the Group</b>	<b>1,150</b>	<b>1,150</b>	<b>115,850</b>	<b>117,000</b>
<b>Total equity at 31 January 2013</b>	<b>1,150</b>	<b>1,150</b>	<b>116,471</b>	<b>117,621</b>
<b>Total equity at 1 July 2013</b>	1,150	1,150	115,507	116,657
<b>Total comprehensive income for the half year</b>				
Profit for the half year	-	-	5,870	5,870
Other comprehensive income for the half year	-	-	(125)	(125)
<b>Total comprehensive income for the half year</b>	-	-	<b>5,745</b>	<b>5,745</b>
<b>Contributions by and distributions to owners of the Group</b>				
Distributions paid or provided for	-	-	(5,175)	(5,175)
<b>Total contribution by and distributions to owners of the Group</b>	-	-	<b>(5,175)</b>	<b>(5,175)</b>
<b>Total equity at 31 December 2013</b>	<b>1,150</b>	<b>1,150</b>	<b>116,077</b>	<b>117,227</b>

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

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

Statement of Changes in Equity – APDC Trust

	Contributed equity \$'000	Retained earnings \$'000	Cashflow hedge reserve \$'000	Total equity \$'000
<b>Total equity at 1 July 2013</b>	<b>115,507</b>	-	-	<b>115,507</b>
<b>Total comprehensive income for the half year</b>				
Profit for the half year	-	5,870	-	5,870
Other comprehensive income for the half year	-	-	(125)	(125)
<b>Total comprehensive income for the half year</b>	-	5,870	(125)	5,745
<b>Contributions by and distributions to owners of the Trust</b>				
Distributions paid or provided for	-	(5,175)	-	(5,175)
<b>Total contribution by and distributions to owners of the Trust</b>	-	(5,175)	-	(5,175)
<b>Total equity at 31 December 2013</b>	<b>115,507</b>	<b>695</b>	<b>(125)</b>	<b>116,077</b>

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

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

Consolidated Statement of Cash Flows

	APDC Group	APDC Group	APDC Trust
Note	1 July 2013 to 31 Dec 2013 \$'000	24 July 2012 to 31 Jan 2013 \$'000	1 July 2013 to 31 Dec 2013 \$'000
<b>Cashflows from operating activities</b>			
Receipts from lessee	6,916	1,336	6,916
Payments to suppliers and employees	(763)	-	(964)
Net GST payment to ATO	(585)	-	(508)
Interest received	57	32	46
<b>Net cash inflows from operating activities</b>	<b>5,625</b>	<b>1,368</b>	<b>5,490</b>
<b>Cashflows from investing activities</b>			
Payments for investment properties	(25,767)	(53,365)	(25,767)
Rent on unimproved land	186	-	186
<b>Net cash outflows from investing activities</b>	<b>(25,581)</b>	<b>(53,365)</b>	<b>(25,581)</b>
<b>Cashflows from financing activities</b>			
Proceeds from issue of stapled securities	-	54,016	-
Proceeds from loans and borrowings	12 26,500	2,750	26,500
Payment of loan to APDC Holdings	12 -	-	(750)
Repayment of loans and borrowings	12 (750)	-	-
Payment of interest and finance costs	(421)	-	(384)
Payment of distributions	8 (4,668)	-	(4,668)
<b>Net cash inflows from financing activities</b>	<b>20,661</b>	<b>56,766</b>	<b>20,698</b>
<b>Net increase in cash and cash equivalents</b>	<b>705</b>	<b>4,769</b>	<b>607</b>
Cash and cash equivalents at the beginning of the half year	5,196	-	4,280
<b>Cash and cash equivalents at the end of the half year</b>	<b>5,901</b>	<b>4,769</b>	<b>4,887</b>

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

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

---

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 interim 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 Group).

As permitted by Class Order CO 13/1050 as amended by CO 13/1644, issued by the Australian Securities & Investments Commission, this interim report presents the consolidated financial statements of the Group and the financial statements of APDC Trust and their accompanying notes. This presentation is consistent with the previous basis of the annual financial report for the period ended 30 June 2013.

**2. Basis of preparation**

**(a) Statement of compliance**

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and APDC Trust since the last annual consolidated financial statements of the Group and the financial statements of APDC Trust as at and for the period ended 30 June 2013.

These interim financial statements do not include all the notes of the type normally included in the annual financial report. Accordingly, these financial statements are to be read in conjunction with the consolidated financial statements of the Group for the period from incorporation on 24 July 2012 to 30 June 2013 and the financial statements of APDC Trust for the period from commencement on 1 November 2012 to 30 June 2013 and any public announcements made by the Group and APDC Trust during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

**(b) Significant judgements and estimates**

The preparation of these interim 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.



## **Notes to the consolidated financial statements**

### **2. Basis of preparation (cont.)**

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 interim financial statements are outlined below.

- Investment properties – operating leases

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

The Directors have determined that APDC Trust retains all the significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases (refer to Note 2(g) in annual financial report).

- Investment properties – valuation

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

- 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.

- Derivative – valuation

Derivative financial instruments are revalued at each reporting date to reflect their fair value. Refer to Note 3(c).

### **3. Summary of significant accounting policies**

Except as described below, the accounting policies applied in these interim financial statements for the half year ended 31 December 2013 (half year) are the same as those applied in the Group's consolidated financial statements and APDC Trust's financial statements as at and for the period ended 30 June 2013.

#### **(a) Changes in accounting policies**

The Group and APDC Trust have adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements and APDC Trust's financial statements as at and for the year ending 30 June 2014:

##### *AASB 13 Fair Value Measurement*

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 provide 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. Some of these disclosures are specifically required in interim financial statements for financial instruments, and accordingly, the Group and APDC Trust have included these additional disclosures. Refer to Notes 10 and 13.

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

**Notes to the consolidated financial statements**

**3. Significant accounting policies (cont.)**

**(a) Changes in accounting policies (cont.)**

*AASB 10 Consolidated Financial Statements, AASB 12 Disclosures of Interests in Other Entities and AASB 119 Employee Benefits*

There was no material impact on the interim financial reports as a result of the adoption of these new and amended Accounting Standards.

**(b) 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 assessed by the Directors, in accordance with AASB 13 *Fair Value Measurement*, using a valuation technique to estimate the price at which an orderly transaction to sell the asset would take place between market participants under current market conditions.

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

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

**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.

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

---

**Notes to the consolidated financial statements**

**3. Summary of significant accounting policies (cont.)**

**(c) Derivative financial instruments and hedge accounting**

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

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

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

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedge item affects profit or loss.

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

**(d) Comparative information**

APDC Group

The comparative figures for the Group are for the period from incorporation on 24 July 2012 to the end of the Group's first half year on 31 January 2013, as determined by the Directors in accordance with section 323D(5) of the *Corporations Act 2001*. Users of this interim financial report should note that whilst the comparative figures for the Group commenced on 24 July 2012, the investment activities of the Group commenced in December 2012.

Therefore, the comparative figures for the Group include results from investment activities from December 2012 to 31 January 2013 only.

APDC Trust

APDC Trust was established on 1 November 2012 and was provided relief from preparing an interim financial report by Class Order CO 08/15 issued by the Australian Securities & Investments Commission, whereby a listed disclosing entity is relieved from the requirement to prepare and lodge a half year financial report and directors' report during the first financial year of the entity, where that financial year lasts for 8 months or less.

Therefore, this is the first interim financial report prepared for APDC Trust and as a result, there are no comparative figures for APDC Trust.

**4. Segment information**

The Group entities present operating segments based on the internal information that is available to the Chief Executive Officer (CEO), who is the Group's chief operating decision maker.

The Group entities operate wholly within Australia and derive rental income from investments in commercial property and 100 per cent of this income is derived from one tenant and as such this is considered to be the only segment in which the Group and APDC Trust is engaged.

The operating results are regularly reviewed by the CEO to make decisions about resources to be allocated and to assess performance. There are no reconciling items that exist between the discrete financial information reviewed by the CEO and the financial statements relating to revenue, profit or loss, assets and liabilities or other material items.

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

**Notes to the consolidated financial statements**

**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 half year, management fees of \$343,000 have been expensed.

**6. Income tax**

APDC Group

There were no changes to the Group's taxation policy for the half year. The Group's consolidated effective tax rate for the half year was nil (period to 31 January 2013: nil).

APDC Trust

Under current Australian tax legislation, APDC Trust is not liable for income tax, provided that the taxable income (including any assessable component of any capital gains from the sale of investment assets) is fully distributed to unit holders each year.

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

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

**7. Earnings per stapled security**

	APDC Group 1 July 2013 to 31 Dec 2013	APDC Group 24 July 2012 to 31 Jan 2013	APDC Trust 1 July 2013 to 31 Dec 2013
Earnings used in the calculation of earnings per security (\$'000)	-	-	5,870
Basic earnings per security (cents)	-	-	5.10
Diluted earnings per security (cents)	-	-	5.10
Weighted average number of securities on issue used in the calculation of basic and diluted earnings per security	115,000,100	19,166,767	115,000,100

Total available for distribution is \$4,763,000 or 4.14 cents per security. Refer to Note 8.

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

**Notes to the consolidated financial statements**

**8. Distributions paid and payable**

The following distributions were paid and payable by APDC Trust:

	Distribution cents per stapled security	Total amount \$'000
Distributions for the quarter ended:		
30 September 2013	2.25	2,587
31 December 2013 (payable 27 February 2014)	2.25	2,588
	<b>4.50</b>	<b>5,175</b>

The total available for distribution was \$4,763,000 or 4.14 cents per stapled security. The distribution paid and payable included a return of capital of \$412,000 as detailed below.

	APDC Group 1 July 2013 to 31 Dec 2013 \$'000	APDC Group 24 July 2012 to 31 Jan 2013 \$'000	APDC Trust 1 July 2013 to 31 Dec 2013 \$'000
Profit after tax for the half year	5,870	621	5,870
Net gain from fair value adjustment on investment properties	(1,293)	(174)	(1,293)
Rent on unimproved land for properties under construction	186	174	186
<b>Total available for distribution</b>	<b>4,763</b>	<b>621</b>	<b>4,763</b>
Return of capital - expenses funded from pre-IPO capital	412	-	412
Transfer to retained earnings <sup>(1)</sup>	-	(621)	-
<b>Distribution paid and payable</b>	<b>5,175</b>	<b>-</b>	<b>5,175</b>

<sup>(1)</sup>There was no distribution for the period to 31 January 2013. The first distribution was for the period to 31 March 2013.

The distribution of \$2,081,000 for the quarter ended 30 June 2013 was paid on 30 August 2013.

**9. Trade and other receivables**

	APDC Group 31 Dec 2013 \$'000	APDC Group 30 June 2013 \$'000	APDC Trust 31 Dec 2013 \$'000	APDC Trust 30 June 2013 \$'000
Trade receivables	9	24	11	24
GST receivable	2,285	-	2,281	-
Advance to APDC Limited	-	-	500	500
<b>Total trade and other receivables</b>	<b>2,294</b>	<b>24</b>	<b>2,792</b>	<b>524</b>

The GST receivable amount of \$2,285,000 relates to the refund for the GST paid in relation to the P1 development fee.

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

**Notes to the consolidated financial statements**

**10. Investment properties**

APDC Trust has lease agreements with NEXTDC for M1, S1 and P1. The leases are on a triple net basis and for a 15 year initial term with options for up to another 25 years. NEXTDC has made rental payments for M1, S1 and P1. Rental payments for P1 commenced on 30 November 2013 following practical completion of the base building.

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

Basis of valuation

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

The Directors assess fair value based on the most recent independent valuation updated to take into account any changes in estimated rental income, property capitalisation rates or estimated yields with reference to market evidence of transaction prices for similar properties.

Independent valuations when obtained, are performed at the end of a reporting period 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 valuation dated 30 September 2012 for M1 and independent valuation dated 15 January 2014 for P1.

Fair value of investment properties

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

	<b>APDC Group Half year to 31 Dec 2013 \$'000</b>	<b>APDC Group Period to 30 June 2013 \$'000</b>	<b>APDC Trust Half year to 31 Dec 2013 \$'000</b>	<b>APDC Trust Period to 30 June 2013 \$'000</b>
Carrying amount at the beginning of the period	123,330	-	123,330	-
Acquisition costs incurred	-	98,165	-	98,165
Capital improvements	15,563	25,165	15,563	25,165
Rent on unimproved land for properties under construction	(186)	(689)	(186)	(689)
Fair value adjustments	1,293	689	1,293	689
<b>Carrying amount at the end of the period</b>	<b>140,000</b>	<b>123,330</b>	<b>140,000</b>	<b>123,330</b>

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

**Notes to the consolidated financial statements**

**10. Investment properties (cont.)**

Fair value of investment properties

<b>Property</b>	<b>Acquisition date</b>	<b>Acquisition price \$'000</b>	<b>Capital improvements since acquisition \$'000</b>	<b>Rent on unimproved land for properties under construction \$'000</b>	<b>Fair value adjustments since acquisition \$'000</b>	<b>Fair value as at 31 December 2013 \$'000</b>	<b>Date of last independent valuation</b>	<b>Independent valuation<sup>(1)</sup> \$'000</b>
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	58,000
P1, Perth	21/12/2012	5,000	23,893	(423)	1,530	30,000	15/01/2014	30,000
<b>Total</b>		<b>98,165</b>	<b>40,728</b>	<b>(875)</b>	<b>1,982</b>	<b>140,000</b>		

Independent valuations for M1 and S1 were performed by Fraser Bentley, FAPI, Jones Lang LaSalle. The independent valuation for P1 was performed by Jason Fenner, AAPI, CBRE Valuations Pty Limited.

The investment properties are carried at fair value of the property as assessed by the Directors by reference to the most recent independent valuation for that property (as listed in the above table) updated to take into account any changes in valuation factors (refer Basis of Valuation).

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

<b>Property</b>	<b>Adopted cap rate</b>	<b>Adopted discount rate</b>
M1, Melbourne	9.00%	10.50%
S1, Sydney	9.00%	10.75%
P1, Perth	8.75%	9.50%

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

**Notes to the consolidated financial statements**

**10. Investment properties (cont.)**

Amounts recognised in the Statement of Comprehensive Income

Property	APDC Group 1 July 2013 to 31 Dec 2013 \$'000	APDC Group 24 July 2012 to 31 Jan 2013 \$'000	APDC Trust 1 July 2013 to 31 Dec 2013 \$'000
Rental income	5,202	519	5,202
Net gain from fair value adjustment for investment properties	1,293	174	1,293
Direct operating expenses of properties that generated rental income	-	-	-

**11. Trade and other payables**

	APDC Group 31 Dec 2013 \$'000	APDC Group 30 June 2013 \$'000	APDC Trust 31 Dec 2013 \$'000	APDC Trust 30 June 2013 \$'000
Development fee payable - P1	831	-	831	-
Development fee payable - S1	100	425	100	425
Rental income in advance	1,067	-	1,067	-
Other payables - APDC Limited	-	-	145	424
Other payables - APDC Holdings	-	-	14	-
Accrued interest - APDC Holdings	-	-	77	39
Accrued interest - Bankwest	58	-	58	-
Other payables	114	288	48	178
<b>Total trade and other payables</b>	<b>2,170</b>	<b>713</b>	<b>2,340</b>	<b>1,066</b>

**12. Interest bearing loans**

	APDC Group 31 Dec 2013 \$'000	APDC Group 30 June 2013 \$'000	APDC Trust 31 Dec 2013 \$'000	APDC Trust 30 June 2013 \$'000
Commercial loan - Bankwest	26,500	-	26,500	-
Commercial loan - NEXTDC	-	770	-	-
Other interest bearing loan - APDC Holdings	-	-	1,150	1,150
Unamortised finance costs	(330)	-	(330)	-
<b>Total interest bearing loans</b>	<b>26,170</b>	<b>770</b>	<b>27,320</b>	<b>1,150</b>

APDC Trust entered into a five year facility on 13 November 2013 with Bankwest (a division of Commonwealth Bank of Australia) (Bankwest) to provide the Group with up to \$29 million of asset secured debt funding (Debt Facility). The Debt Facility is provided at market interest rates for a five year term, and is secured by a mortgage over S1 Sydney data centre asset.

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

The other interest bearing loan of \$1,150,000 from APDC Holdings provides APDC Trust with working capital for 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.



**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

---

**Notes to the consolidated financial statements**

**12. Interest bearing loans (cont.)**

In December 2013, APDC Trust entered into an interest bearing loan of \$750,000 with APDC Holdings to provide APDC Holdings with working capital. The loan is unsecured, on commercial terms and interest is charged at 2.15% above Bank Bill Swap Bid Rate. The loan term is 3 years, with a 3 year extension available. The loan is classified as a non-current asset of APDC Trust.

**13. Financial instruments**

**(a) Financial risk management**

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

With the exception of the changes to the interest rate risk policy detailed below, other aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the period ended 30 June 2013.

The Group uses derivative financial instruments such as interest rate swaps to manage its financial risk as permitted under the Group's risk management policy. Such instruments are used exclusively for hedging purposes and not for trading or speculative purposes.

**(b) Derivative financial instruments**

APDC Trust has entered into an interest rate swap agreement to fix the floating interest rate component for \$12.5 million of its Debt Facility (50% of the drawn Core Debt amount) for five years.

The interest rate swap agreement entitles APDC Trust to receive interest at quarterly intervals at a floating rate on a notional principal amount and obliges it to pay interest at a fixed rate. The interest rate swap agreement allows APDC Trust to raise long term borrowings at a floating rate and effectively swap them into a fixed rate.

The interest rate swap is designated as a cash flow hedging instrument. Accordingly, the effective portion of changes in the fair value of the interest rate swap is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. Refer to Note 3(c).

The fair value of the interest rate swap liability at 31 December 2013 was \$125,000 (30 June 2013: nil).

**(c) Carrying amounts versus fair values**

At 31 December 2013, the carrying amounts of the Group's financial assets and liabilities approximate their fair values.

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

**Notes to the consolidated financial statements**

**13. Financial instruments (cont.)**

**(d) Fair value hierarchy**

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

31 December 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Derivatives</b>				
Interest rate swap used for hedging	-	125	-	125
<b>Total financial liabilities carried at fair value</b>	-	<b>125</b>	-	<b>125</b>

The interest rate swap is measured at fair value based on the mark to market value quoted for forward interest rate swaps. These quotes are tested for reasonableness by discounting expected future cash flows using market interest rates for a similar instrument at the measurement date.

**14. Contributed equity**

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

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

---

**Notes to the consolidated financial statements**

**15. Related party disclosures**

**(a) Parent entity**

The immediate and ultimate parent entity of the Group is APDC Holdings Limited.

**(b) Controlled entities**

These financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy disclosures as described in Note 3:

	<b>Ownership interest</b>
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.

[P1 development fee funding](#)

For the purposes of providing funding certainty to the Group, NEXTDC granted the Group the right to issue convertible notes to NEXTDC in satisfaction of the P1 development fee. The Group secured a debt facility with Bankwest and used borrowings from this facility to pay \$22,969,000 of the \$23,800,000 development fee. No convertible notes were issued to NEXTDC in satisfaction of the development fee and this funding alternative is no longer available.

Other than detailed above, there have been no changes in related party arrangements since 30 June 2013.

**16. Significant party disclosures**

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

**(a) Transactions with NEXTDC Limited**

[Development agreements](#)

On 29 November 2013, APDC Trust paid \$22,969,000 of the \$23,800,000 development fee for P1 to NEXTDC, following practical completion of the base building. As at 31 December 2013, \$831,000 remained payable to NEXTDC as final payment for P1 development fee.

On 23 August 2013, APDC Trust paid \$325,000 of the \$425,000 final payment to NEXTDC for S1. As at 31 December 2013, \$100,000 remained payable to NEXTDC as final payment for S1 development fee.

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

[Lease agreements](#)

APDC Trust has lease agreements with NEXTDC for M1, S1 and P1. The leases are on a triple net basis and for a 15 year initial term with options for up to another 25 years. The rental income for M1, S1 and P1 totalled \$5,202,000 for the half year.

[Loan facility](#)

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

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

**Notes to the consolidated financial statements**

**16. Significant party disclosures (cont.)**

Alliance with NEXTDC

The Group has 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.

NEXTDC transactions and balances recognised in the consolidated financial statements

<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>APDC Group</b>	<b>APDC Group</b>	<b>APDC Trust</b>
	<b>1 July 2013 to 31 Dec 2013</b>	<b>24 July 2012 to 31 Jan 2013</b>	<b>1 July 2013 to 31 Dec 2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Rental income	5,202	519	5,202
Interest expense on unsecured loan from NEXTDC to APDC Holdings	17	8	-
<b>Consolidated Statement of Financial Position</b>	<b>APDC Group</b>	<b>APDC Group</b>	<b>APDC Trust</b>
	<b>31 Dec 2013</b>	<b>30 June 2013</b>	<b>31 Dec 2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Investment property</b>			
Development fee paid - P1	22,969	-	22,969
Development fee paid - S1	325	45,075	325
Rent on unimproved land received for properties under construction	186	689	186
<b>Current liabilities</b>			
Development fee accrued - P1	-	8,330	-
<b>Trade and other payables</b>			
Development fee payable - P1	831	-	831
Development fee payable - S1	100	425	100
Rental income in advance	1,067	-	1,067
<b>Interest bearing liabilities</b>			
Commercial loan - NEXTDC	-	770	-
<b>Consolidated Statement of Changes in Equity</b>	<b>APDC Group</b>	<b>APDC Group</b>	<b>APDC Trust</b>
	<b>31 Dec 2013</b>	<b>30 June 2013</b>	<b>31 Dec 2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Issue of securities under the Offer	-	10,315	-
Equity-settled security-based payment	-	16,135	-
Loan forgiven by NEXTDC	-	2,000	-

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 2013**

---

**Notes to the consolidated financial statements**

**16. Significant party disclosures (cont.)**

**(b) Directors' interests in significant party**

Mr Greg Baynton is a director of NEXTDC.

Mr Bevan Slattery was a director of NEXTDC to 30 October 2013.

**17. Capital expenditure commitments**

Capital expenditure contracted for at 31 December 2013 but not recognised as liabilities was \$nil.

**18. Contingent liabilities**

There are no contingent liabilities for Group or APDC Trust at 31 December 2013.

**19. Subsequent events**

Since the end of the financial period, the Directors of APDC Holdings and APDC Limited are not aware of any matter or circumstance not otherwise dealt with in the financial reports or the Directors' Report that has significantly affected or may significantly affect the operations of the Group or APDC Trust, the results of those operations or the state of affairs of the Group or APDC Trust in financial years subsequent to the half year ended 31 December 2013.

**Asia Pacific Data Centre Group**  
**Interim Financial Reports**  
**for the half year ended 31 December 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 6 to 24 for Asia Pacific Data Centre Holdings Limited and its controlled entities (Group) and Asia Pacific Data Centre Trust (APDC Trust) are in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the Group's and APDC Trust's financial positions at 31 December 2013 and of their performance for the half year ended on that date; and
  - ii. complying with Australian Accounting Standards and the Corporations Regulations.
- (b) there are reasonable grounds to believe that the Group and APDC Trust will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with resolutions of the Directors of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Limited as responsible entity for Asia Pacific Data Centre Trust.



Ian Fraser  
Chairman

Brisbane  
19 February 2014



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

### **Report on the financial reports**

We have reviewed the accompanying half year financial reports which comprise:

- the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of Asia Pacific Data Centre Holdings (the Company) which comprises the Asia Pacific Data Centre Holdings Limited and the entities it controlled at the period end or from time to time during the half year which form the consolidated entity (the Group);
- the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the half year ended on that date, notes 1 to 19 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 interim period 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 half year financial reports that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half year financial reports that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half year financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's and Trust's financial position as at 31 December 2013 and their performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Asia Pacific Data Centre Holdings Limited and Asia Pacific Data Centre Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**Independence**

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

**Conclusion**

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

- (a) giving a true and fair view of the Group's and the Trust's financial position as at 31 December 2013 and of their performance for the half year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten version of the KPMG logo in blue ink, with the letters 'KPMG' in a cursive style.

KPMG

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

Jillian Richards  
Partner

Brisbane  
19 February 2014