DIGITAL
CORE REIT

2024 Full-Year Results Briefing

Thank you for joining us for our 2024 full-year briefing.

Key Highlights

The Digital Core REIT team delivered an outstanding set of results for the full-year of 2024.

We declared a second-half distribution of 1.80 U.S. cents, up 1.1% year-over-year, and bringing our full-year distribution to 3.60 U.S. cents – down 2.7% year-over-year, but nearly 3% better than the 3.50 U.S. cents we telegraphed in our 1 November 2023 **Strategically Positioning for the Future** presentation.

We signed new and renewal leases totaling US$74 million of annualised rent. To put that in perspective, our total annualized revenue as at 31 December 2023 was US$79 million. Said differently, we leased or re-leased more than ninety percent of our portfolio over the last 12 months. In the process, we leased up substantially all the vacancy within our portfolio and added two full years to our WALE.

We closed three separate acquisitions totaling more than US$250 million of accretive investment activity, achieving scale and diversification while enhancing portfolio quality.

We also continued to invest in our existing portfolio, repurchasing 27 million units, at an average price of less than fifty-eight cents and a 14% discount to NAV – demonstrating our prioritisation of value creation over AUM growth and generating 180 basis points of accretion, while adding just 90 basis points to leverage.

We also generated a 20% increase in AUM, driven primarily by robust leasing activity as well as continued market rent growth across our core global markets.

Finally, we further strengthened our balance sheet, with $280 million of proceeds from asset sales in January and an equity fundraising in February. In October, we recast our global credit facilities, doubling our weighted-average debt maturity from 2.4 years to 4.8 years and achieving a 30-basis point reduction in our weighted average cost of debt, while maintaining a healthy level of fixed rate debt, with 86% hedged against variable rate exposure.

Portfolio Update

Let's turn to our portfolio update on page three.

In November, we announced that we had signed a lease to absorb all our remaining vacancy in Toronto. This lease will commence in the first quarter of 2025 and is expected to generate approximately US$4.2 million of annualised rent at our share. This transaction boosted our Toronto occupancy from 66% to 100% and added nearly 300 basis points to overall portfolio occupancy.

As you are aware, we exercised our option to acquire an additional stake in the Frankfurt facility at an 18% discount to appraised value and closed on the purchase of an additional 15.1% interest in December. We continue to enjoy sustained leasing momentum in Frankfurt. During the fourth quarter, we signed a lease representing another US$0.5 million of annualized rent at our share, pushing occupancy up another 100 basis points to end the year at 99.5%.

As you may recall, this asset was just 92% leased one year ago. Not only have we leased up virtually all the vacancy in this asset, but we also renewed the existing lease agreements with both the anchor customers on this campus, a AAA-flat and a AA-plus cloud provider, extending their lease agreements for another five years of exceptionally high-quality cash flows. This investment is now the largest asset in our portfolio, and the significant increase in asset value over the past 12 months is almost entirely driven by the voluminous leasing activity and continued market rent growth rather than cap rate or discount rate compression.

As you may also recall, we took over operations of the two L.A. properties on 1 October of last year. We signed rental agreements totaling US$8.7 million at our share, representing a 75% increase relative to the previously in-place rent. We did incur some one-time integration and deferred maintenance costs in the fourth quarter, which somewhat artificially dragged down fourth-quarter NPI.

Similar to Frankfurt, we are experiencing sustained leasing momentum in L.A., and we expect to continue to build on this momentum in 2025. The two L.A. assets are currently 80% leased, but we have a healthy pipeline of activity in flight that could absorb most of the remaining vacancy in the two L.A. properties.

The cash rental rate reversion for our 2024 leasing activity was +4.3%. This was heavily skewed towards hyperscale renewal activity and was somewhat constrained by customer renewal options within existing lease agreements. On the heels of the blowout renewal activity in 2024, however, almost all the upcoming near-term expirations either do not contain renewal options or contain renewal options that have lapsed. Consequently, we should have an opportunity to capture tremendous embedded-growth potential over the next 12 months.

We signed a large renewal representing US$14 million of annualized rent at our share in Northern Virginia during the fourth quarter, extending the existing AAA-rated cloud provider's lease term for another eight years. As I'm sure you are all aware, in early January, we announced that the customer occupying 8217 Linton Hall Road in Northern Virginia allowed their renewal option to expire unexercised on 31 December 2024, and we now expect the customer to move out upon the expiration of their lease agreement on 30 June 2025.

The charts and data points on the right hand of page three are intended to provide some context on the Northern Virginia market. Northern Virginia is far and away the largest data center market in the world – it's more than twice the size of the next largest market.

According to datacenterHawk, 2024 market absorption in Northern Virginia was over 1.5 Gigawatts. That volume of leasing activity represents more than twice the entire data center stock in Singapore. In addition, Northern Virginia has been severely supply-constrained for the past several years, and current market vacancy is less than one percent. Consequently, although the upcoming expiration at Linton Hall Road does present the risk of near-term downtime, the strength of Northern Virginia market fundamentals and the Sponsor's global platform bode well for the opportunity to re-lease this capacity and to capture some of the embedded rent growth within our portfolio.

Data Center Demand Drivers

Let's briefly address data center demand drivers on page four.

Since ChatGPT burst onto the scene, artificial intelligence has gripped the public imagination and driven a tremendous acceleration in data center demand. However, it's important to note that, although AI is by far the fastest-growing, it's still the smallest piece of the data center demand pie. If all of McKinsey's 11 GW of AI demand projected by 2030 were to disappear completely, total data center demand would still increase by 50% from 2026 to 2030. In addition, this is only one half of the equation – supply remains severely constrained across core global markets. Consequently, we remain highly confident in data center supply/demand fundamentals.

Distribution Details

Let's turn to our distribution details on page five.

We expect to make a distribution of 1.80 U.S. cents on 28 March to unitholders of record as of 20 February, bringing our full-year distribution to 3.60 U.S. cents. We expect to publish our annual report and ESG report in late-March, and we expect to conduct our annual general meeting in mid-April.

Building Blocks of DPU Growth

Let's take a quick look at the DPU bridge chart on page six.

As previously mentioned, we closed on the acquisition of a 15.1% interest in the Frankfurt facility in December. We recognized less than a one-month contribution from this investment in 2024, and the full-year run-rate is expected to be approximately 3% accretive. Likewise as previously mentioned, the lease-up of the vacancy in Toronto is expected to commence in the first quarter and is expected to contribute approximately US$4.2 million of annualised rent at our share. In addition, the two L.A. properties continue to outperform our underwriting and should provide an additional tailwind. Last but not least, Dave and his team successfully completed the recast of our credit facilities in the fourth quarter, and the related interest rate savings is expected to contribute another 2%.

Consequently, while we have previously disclosed that every month of downtime at Linton Hall represents approximately 0.06 cents of DPU, the cumulative effect of our 2024 leasing, financing and investment activity should absorb most of the blow, setting us up for healthy DPU growth once we're able to backfill the vacancy.

Long-Term Runway for Growth

Let's quickly turn to page seven to discuss our runway for growth.

I've already made this point at a high level, but I thought it would be helpful to provide the supporting details. The discount rates the valuers used to value our portfolio actually increased 20 basis points year-over-year. The uplift in asset values is driven entirely by lease-up and market rent growth. Headline AUM is up 20% year-over-year, but there were a few changes to the portfolio mix in 2024, including the two Silicon Valley asset sales and the purchase of the additional interests in Osaka and the Frankfurt facility. On a same-store, constant-currency basis, AUM increased 13% year-over-year.

Favorable Fundamentals at Discounted Valuation

Finally, before we open the call to Q&A, let's turn to page eight to take a quick look at the valuation setup. The increase in asset values drove a fifteen percent year-over-year increase in NAV per-unit. Consequently, the NAV discount at which our units trade has gapped out to 34%. The discount is even more pronounced on a relative basis. In addition, it is important to remember that we own the freehold to 100% of our assets.

DIGITAL CORE REIT

We believe we are uniquely positioned, given our global right of first refusal and our Sponsorship by the largest global data center owner and operator. Digital Realty remains firmly committed to our long-term success. That commitment has been demonstrated again with the recent appointment of Serene Nah as chairman of the Board. Serene has already been an invaluable partner in helping us navigate within the region, and I am excited to partner with her even more closely to strengthen our management presence in Singapore, enhance our engagement with investors, and drive the growth of our platform within the Asia Pacific region.

Given the strong support from our Sponsor along with our industry-leading acquisition pipeline and the favorable fundamentals underpinning our business, we believe we are poised to deliver outsized returns for unitholders.