

**DIGITAL CORE REIT
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND
DISTRIBUTION ANNOUNCEMENT
FOR 2ND HALF AND FULL YEAR ENDED 31 DECEMBER 2023**

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DIGITAL CORE REIT AND ITS SUBSIDIARIES

INTRODUCTION

Overview

Digital Core REIT is sponsored by Digital Realty, the largest global data centre owner and operator and is a leading pure-play data centre Singapore REIT (“S-REIT”) listed on the Main Board of the Singapore Exchange Securities Trading Limited on 6 December 2021 (“Listing Date”). Digital Core REIT is an S-REIT established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of stabilised income-producing real estate assets located globally which are used primarily for data centre purposes, as well as assets necessary to support the digital economy.

Digital Core REIT seeks to create long-term, sustainable value for all stakeholders through ownership and operation of a stabilised and diversified portfolio of mission-critical data centre facilities concentrated in select global markets.

On 1 November 2023, Digital Core REIT completed the acquisition of a 10.0% interest in Digital Osaka 2, which holds the data centre located at 6-chome, Ao-kita, Saito, Minoh-city, Osaka, Japan “Digital Osaka 2 (KIX11)” from Mitsubishi Corporation, a third-party seller at a gross consideration of JPY7,725,000 (approximately US\$51.5 million). The acquisition was fully funded by Japanese Yen-denominated borrowings from the multi-currency global revolving credit facility.

As at 31 December 2023, Digital Core REIT’s portfolio had a total Asset Under Management (“AUM”) of approximately US\$1.40 billion, comprising mission-critical freehold data centres located across the United States, Canada, Frankfurt and Osaka. The data centre facilities are:

Northern Virginia

- 1) 44520 Hastings Drive (90% interest)
- 2) 8217 Linton Hall Road (90% interest)
- 3) 43831 Devin Shafron Drive (90% interest)

Northern California (Silicon Valley)

- 4) 3011 Lafayette Street (90% interest)
- 5) 1500 Space Park Drive (90% interest)
- 6) 2401 Walsh Avenue (90% interest) (disposal completed on 12 January 2024)
- 7) 2403 Walsh Avenue (90% interest) (disposal completed on 12 January 2024)

Los Angeles

- 8) 200 North Nash Street (90% interest)
- 9) 3015 Winona Avenue (90% interest)

Toronto

- 10) 371 Gough Road (90% interest)

Frankfurt

- 11) Wilhelm-Fay-Straße 15 and 24 (“Frankfurt Facility”) (25% interest)

Osaka

- 12) Digital Osaka 2 (KIX11) (10% interest) (acquisition completed on 1 November 2023)

On 12 January 2024, Digital Core REIT completed the sale of the two Silicon Valley Facilities (2401 Walsh Avenue and 2403 Walsh Avenue) to Brookfield Infrastructure Partners L.P. and its institutional partners. The gross proceeds to Digital Core REIT’s for its 90% ownership interest of both assets was approximately US\$160.2 million.

Distribution Policy

Digital Core REIT intends to make distributions to Unitholders on a semi-annual basis. The current distribution for the period from 1 July 2023 to 31 December 2023 will be paid on or before 31 March 2024.

Digital Core REIT’s distribution policy is to distribute 100% of distributable income for the period from the Listing Date to 31 December 2023. Thereafter, Digital Core REIT will distribute at least 90% of its annual distributable income for each financial year. The actual level of distribution will be determined at the Manager’s discretion.

**SUMMARY OF DIGITAL CORE REIT RESULTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	2023 vs 2022					
	Actual 2H 2023	Actual 2H 2022	+ / (-) ⁽¹⁾	Actual FY 2023	Actual FY 2022	+ / (-) ⁽¹⁾
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue	49,203	54,893	(10.4)	102,591	107,712	(4.8)
Property Expenses	(21,305)	(20,917)	1.9	(39,541)	(38,335)	3.1
Net Property Income (NPI)	27,898	33,976	(17.9)	63,050	69,377	(9.1)
Cash NPI ⁽³⁾	32,445	32,362	0.3	66,123	62,819	5.3
Distributable Income to Unitholders ⁽⁴⁾	20,004	21,532	(7.1)	41,484	44,765	(7.3)
Distribution per Unit (DPU) (US cents) ⁽⁵⁾	1.78	1.92	(7.3)	3.70	3.98	(7.0)
Annualised distribution yield (%) ⁽⁶⁾	5.47	6.92	(145 bps)	5.74	7.24	(150 bps)

	Actual vs IPO Forecast					
	Actual 2H 2023	Forecast ⁽²⁾ 2H 2023	+ / (-) ⁽¹⁾	Actual FY 2023	Forecast FY 2023	+ / (-) ⁽¹⁾
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue	49,203	53,347	(7.8)	102,591	106,694	(3.8)
Property Expenses	(21,305)	(20,090)	6.0	(39,541)	(40,181)	(1.6)
Net Property Income (NPI)	27,898	33,257	(16.1)	63,050	66,513	(5.2)
Cash NPI ⁽³⁾	32,445	32,736	(0.9)	66,123	65,471	1.0
Distributable Income to Unitholders ⁽⁴⁾	20,004	25,242	(20.8)	41,484	50,484	(17.8)
Distribution per Unit (DPU) (US cents) ⁽⁵⁾	1.78	2.20	(19.1)	3.70	4.40	(15.9)
Annualised distribution yield (%) ⁽⁶⁾	5.47	5.00	47 bps	5.74	5.00	74 bps

Footnotes:

- (1) Refer to Section 7 Review of Performance and Section 8 Variance from Forecast Statement for information on the respective variances.
- (2) Forecast figures for 2H 2023 were derived from one half of the Projection Year 2023 as disclosed in the Prospectus.
- (3) Cash net property income excludes non-cash straight line rent and related write-off. In 2023, there were non-cash straight line rent write-off which affected net property income relating to the leases due to the customer bankruptcy announced on 1 November 2023. After excluding the non-cash items which has no direct impact to the distributable income, cash net property income for FY 2023 was higher than FY 2022 and forecast by 5.3% and 1.0% respectively.
- (4) The distributable income to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.
- (5) Actual 2H 2023 DPU of 1.78 US cents was calculated based on 1,123,853,481 issued units (excluding treasury units) as at 31 December 2023, while Actual 2H 2022 DPU of 1.92 US cents was calculated based on 1,120,892,272 issued units (excluding treasury units) as at 31 December 2022.
- (6) The annualised DPU yield for 2H 2023 and 2H 2022 are on a basis of 184 days and pro-rated to 365 days. Distribution yields for 2H 2023 and FY 2023 are based on market closing prices of US\$0.645 per Unit as at the last trading day of the period. Distribution yields for 2H 2022 and FY 2022 are based on market closing prices of US\$0.550 per Unit as at the last trading day of the period. The Forecast distribution yield of 5.00% is as disclosed in the Prospectus.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

1 (A)(i) CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS

	FS Note ⁽¹⁾	2H 2023	2H 2022	+/(-)%	FY 2023	Listing Date to 31 Dec 2022 ⁽²⁾	+/(-)%
		US\$'000	US\$'000		US\$'000	US\$'000	
Rental income		32,669	37,256	(12.3)	69,068	79,469	(13.1)
Utilities reimbursements		6,573	8,234	(20.2)	13,491	16,942	(20.4)
Other recovery and operating income		9,961	9,403	5.9	20,032	18,539	8.1
Gross Revenue		49,203	54,893	(10.4)	102,591	114,950	(10.8)
Utilities		(6,764)	(8,265)	(18.2)	(13,881)	(16,743)	(17.1)
Property taxes and insurance expenses		(5,713)	(3,960)	44.3	(9,082)	(7,001)	29.7
Repairs and maintenance		(1,737)	(2,562)	(32.2)	(3,415)	(4,256)	(19.8)
Property management fees		(1,036)	(1,061)	(2.4)	(2,044)	(2,169)	(5.8)
Other property expenses		(6,055)	(5,069)	19.5	(11,119)	(10,478)	6.1
Property expenses		(21,305)	(20,917)	1.9	(39,541)	(40,647)	(2.7)
Net Property Income		27,898	33,976	(17.9)	63,050	74,303	(15.1)
Other income		–	1,423	(100)	–	1,423	(100)
Finance income ⁽³⁾		2,994	121	>100	6,106	121	>100
Finance expenses	3	(13,883)	(6,815)	>100	(26,190)	(10,642)	>100
Manager's base fee ⁽⁴⁾		(3,602)	(2,967)	21.4	(7,256)	(7,221)	0.5
Manager's performance fee ⁽⁴⁾		(1,148)	(941)	22.0	(2,291)	(2,352)	(2.6)
Trustee's fee		(94)	(82)	14.6	(185)	(173)	6.9
Other trust expenses ⁽⁵⁾		(715)	(2,626)	(72.8)	(1,812)	(3,879)	(53.3)
Unrealised foreign exchange ⁽⁶⁾		174	(2,293)	NM	(2,722)	(2,293)	18.7
Share of result of associate ⁽⁷⁾		(17,959)	(462)	>100	(15,881)	(462)	>100
Profit before tax and fair value changes		(6,335)	19,334	NM	12,819	48,825	(73.7)
Net fair value change in investment properties ⁽⁸⁾		(139,197)	(28,805)	>100	(139,197)	(28,805)	>100
Profit before tax		(145,532)	(9,471)	>100	(126,378)	20,020	NM
Tax expense ⁽⁹⁾		16,522	(9,345)	NM	9,648	(13,139)	NM
Profit after tax		(129,010)	(18,816)	>100	(116,730)	6,881	NM
Attributable to:							
Unitholders		(117,658)	(20,781)	>100	(108,585)	1,538	NM
Non-controlling interest		(11,352)	1,965	NM	(8,145)	5,343	NM
		(129,010)	(18,816)	>100	(116,730)	6,881	NM
Earnings per Unit (US cents) ("EPU") ⁽¹⁰⁾							
- basic		(10.47)	(1.85)	>100	(9.66)	0.14	NM
- diluted		(10.30)	(1.84)	>100	(9.50)	0.14	NM

NM – Not meaningful

DIGITAL CORE REIT AND ITS SUBSIDIARIES

1 (A)(ii) CONDENSED INTERIM CONSOLIDATED DISTRIBUTION STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2H 2023	2H 2022	+/(-)%	FY 2023	Listing Date to 31 Dec 2022	+/(-)%
	US\$'000	US\$'000		US\$'000	US\$'000	
Profit after tax attributable to Unitholders	(117,658)	(20,781)	>100	(108,585)	1,538	NM
<u>Distribution adjustments</u>						
Property related non-cash items ⁽¹¹⁾⁽¹²⁾	4,093	(1,452)	NM	2,766	(6,281)	NM
Manager's base fee paid/payable in units	4,750	3,908	21.5	9,547	9,573	(0.3)
Trustee fee	94	82	14.6	185	173	6.9
Amortisation of upfront debt-related transaction costs ⁽¹³⁾	733	357	>100	1,465	735	99.3
Net deferred tax expense ⁽¹¹⁾	(17,163)	8,861	NM	(11,000)	11,955	NM
Net fair value change in investment properties ⁽¹¹⁾	125,357	27,392	>100	125,357	27,392	>100
Share of result of associate	17,959	462	>100	15,881	462	>100
Unrealised foreign exchange	(173)	2,336	NM	2,722	2,336	16.5
Others ⁽¹⁴⁾	2,012	367	>100	3,146	365	>100
Net distribution adjustments	137,662	42,313	>100	150,069	46,710	>100
Income available for distribution to Unitholders ⁽¹⁵⁾	20,004	21,532	(7.1)	41,484	48,248	(14.0)
DPU (US cents) ⁽¹⁰⁾⁽¹⁵⁾	1.78	1.92	(7.3)	3.70	4.29	(13.8)

NM – Not meaningful

Footnotes:

- (1) Please see Section 1(E) - Notes to the Condensed Interim Consolidated Financial Statements.
- (2) The comparative period is for the period from Listing Date to 31 December 2022. For a like-for-like comparison against FY 2022, please refer to Section 7 Review of Performance.
- (3) Finance income comprises interest income from loan to associate and deposits placed with financial institutions.
- (4) The Manager has elected to receive 100% of its base and performance fees in the form of units for 4Q 2023 and FY 2023.
- (5) Other trust expenses comprise audit, tax, compliance, legal and professional fees and other corporate expenses. In 2022, other trust expenses include the additional US\$1.4 million of professional fee expenses which was net off with the other income.
- (6) Unrealised foreign exchange relates mainly to the revaluation of the Euro and Japanese Yen loans to USD. Due to natural hedging, the Group has applied hedge accounting and the effective portion of the hedges relating to the unrealised foreign exchange has been recognised directly in foreign currency translation reserve in other comprehensive income.
- (7) Share of result of associate represents the share of the earnings of the 25% interest in the Frankfurt Facility. The share of result (loss) of associate is largely due to the 25% pro-rata share of fair value loss recognised in the investment properties held by the associate as the investment properties share value had decreased during the period (2023: EUR504.1 million 2022: EUR556.1 million, based on 100% ownership). Excluding fair value and other adjustments relating to acquisition costs, the share of the operational profit from the associate was approximately US\$5.3 million.

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- (8) Digital Core REIT obtains independent appraisals on an annual basis and recognised changes in fair value as gain / (losses) in the consolidated statement of comprehensive income. The net fair value loss in investment properties relates to the net decrease in the appraised fair value of investment properties after taking into consideration the capital expenditure spent.
- (9) Tax expense comprises (i) current income tax for the Canadian property and (ii) deferred tax which is recognised due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The deferred tax expense arose from both fair value adjustments and capital allowances claimed on the investment properties.
- (10) Please refer to Section 5 - Consolidated Earnings per Unit and Distribution per Unit for further information.
- (11) Excludes the share attributable to non-controlling interests.
- (12) Property-related non-cash items consist primarily of straight line rent adjustments.
- (13) Upfront debt-related transaction costs are amortised over the life of the borrowings.
- (14) Other distribution adjustments include other non-cash and non-tax-deductible items as well as adjustments related to timing differences in income and expenses and other capital items.
- (15) The income available for distribution and DPU to Unitholders is based on 100% of the taxable income available for distribution to Unitholders for FY2023. Please refer to Section 10 - Distributions for further information.

1 (A)(iii) CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2H 2023	2H 2022	+/(-%)	FY 2023	Listing Date to 31 Dec 2022	+/(-%)
	US\$'000	US\$'000		US\$'000	US\$'000	
(Loss) / Profit after tax	(129,010)	(18,816)	>100	(116,730)	6,881	NM
<u>Other comprehensive income</u>						
Movement in fair value of cash flow hedges ⁽¹⁾	(6,780)	(823)	>100	(3,731)	383	NM
Movement in fair value reserve ⁽²⁾	(1,341)	–	NM	(1,341)	–	NM
Foreign currency translation movement ⁽³⁾	(939)	(8,008)	(88)	6,192	(9,890)	NM
Total other comprehensive income	(9,060)	(8,831)	2.6	1,120	(9,507)	NM
Total comprehensive income	(138,070)	(27,647)	>100	(115,610)	(2,626)	>100
Attributable to:						
Unitholders	(126,670)	(28,576)	>100	(107,833)	(6,745)	>100
Non-controlling interest	(11,400)	929	NM	(7,777)	4,119	NM
	(138,070)	(27,647)	>100	(115,610)	(2,626)	>100

NM – Not meaningful

Footnotes:

- (1) These relate to the fair value movement of interest rate swaps which were designated as cash flow hedges. The Group entered into floating-to-fixed interest rate swaps to manage its interest rate risk.
- (2) Movement in fair value reserve relates to the post acquisition fair value changes to the 10% interest in Digital Osaka 2 (KIX11), which is designated as an investment in fair value through other comprehensive income (FVOCI).
- (3) Foreign currency translation reserve movement arose from the net translation differences related to financial statements of foreign subsidiaries and the corresponding foreign currency denominated loans due to hedge accounting.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

1 (B) CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	FS Note	Group		+ / (-) %	Trust		+ / (-) %
		Actual 31-Dec-23 US\$'000	Actual 31-Dec-22 US\$'000		Actual 31-Dec-23 US\$'000	Actual 31-Dec-22 US\$'000	
Current assets							
Cash and cash equivalents		12,101	25,241	(52.1)	3,355	8,975	(62.6)
Trade and other receivables		8,653	7,139	21.2	94,459	95,728	(1.3)
Derivative financial assets ⁽¹⁾		–	1,417	(100)	–	1,417	(100)
Investment properties held for sale ⁽²⁾		178,000	–	NM	–	–	–
Prepaid expenses		297	741	(59.9)	73	475	(84.6)
Total current assets		199,051	34,538	>100	97,887	106,595	(8.2)
Non-current assets							
Derivative financial assets ⁽¹⁾		908	–	NM	908	–	NM
Investment properties	4	1,114,887	1,423,796	(21.7)	–	–	–
Investment in subsidiaries		–	–	–	1,391,023	1,364,905	1.9
Investment in FVOCI ⁽³⁾		45,555	–	NM	–	–	–
Associate	5	143,058	152,705	(6.3)	–	–	–
Deferred tax asset		5,578	1,525	>100	–	–	–
Total non-current assets		1,309,986	1,578,026	(17.0)	1,391,931	1,364,905	2.0
Total Assets		1,509,037	1,612,564	(6.4)	1,489,818	1,471,500	1.2
Current liabilities							
Trade and other payables		16,725	20,170	(17.1)	5,712	11,092	(48.5)
Current tax payable		1,110	400	>100	–	–	–
Rent received in advance		5,207	5,339	(2.5)	–	–	–
Total current liabilities		23,042	25,909	(11.1)	5,712	11,092	(48.5)
Non-current liabilities							
Derivative financial liabilities ⁽¹⁾		4,255	1,034	>100	4,255	1,034	>100
Loans and borrowings	6	555,493	495,034	12.2	555,493	495,034	12.2
Preferred units	7	99	99	–	–	–	–
Deferred tax liabilities		6,517	13,465	(51.6)	–	–	–
Total non-current liabilities		566,364	509,632	11.1	559,748	496,068	12.8
Total liabilities		589,406	535,541	10.1	565,460	507,160	11.5
Net assets		919,631	1,077,023	(14.6)	924,358	964,340	(4.1)
Represented by:							
Units in issue		943,582	958,771	(1.6)	943,582	958,771	(1.6)
Hedging reserve ⁽¹⁾		(3,348)	383	NM	(3,348)	383	NM
Fair value reserve ⁽³⁾		(1,341)	–	NM	–	–	–
Foreign currency translation reserve		(2,842)	(8,666)	(67.2)	–	–	–
Retained earnings		(145,576)	(15,597)	>100	(15,876)	5,186	NM
Net assets attributable to Unitholders		790,475	934,891	(15.4)	924,358	964,340	(4.1)
Non-controlling interests		129,156	142,132	(9.1)	–	–	–
		919,631	1,077,023	(14.6)	924,358	964,340	(4.1)
Net asset value per Unit (“NAV”) (US\$) ⁽⁴⁾		0.69	0.83	(16.9)	0.81	0.85	(4.7)

DIGITAL CORE REIT AND ITS SUBSIDIARIES

NM – Not meaningful

Footnotes:

- (1) Derivative financial assets and liabilities relate to fair value of the floating-to-fixed interest rate swaps entered to hedge interest rate risks. These derivatives were designated as cash flow hedges and their fair value movement are recognised directly in equity under hedging reserve.
- (2) Investment properties held for sale relates to the sale of 2401 Walsh Avenue and 2403 Walsh Avenue which was completed on 12 January 2024.
- (3) This relates to the 10% interest in Digital Osaka 2 (KIX11) which is designated as an investment in fair value through other comprehensive income (FVOCI). The post-acquisition fair value change was recognised in fair value reserve.
- (4) The computation of NAV is based on number of units in issue and to be issued at the end of the period. Please refer to Section 6 – Net Asset Value and Net Tangible Asset per Unit for further information.

**1 (C) CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	2H 2023	2H 2022	FY 2023	Listing Date to 31 Dec 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
(Loss) / Profit before tax	(145,532)	(9,471)	(126,378)	20,020
Adjustments for:				
Property related non-cash items	4,556	(1,479)	3,026	(6,844)
Manager's fee paid/payable in Units	4,750	3,908	9,547	9,573
Finance income	(2,994)	(121)	(6,106)	(121)
Finance expenses	13,883	6,815	26,190	10,642
Unrealised foreign exchange	(174)	2,293	2,722	2,293
Share of result of associate	17,959	462	15,881	462
Fair value change in investment properties	139,197	28,805	139,197	28,805
	31,645	31,212	64,079	64,830
Changes in working capital				
Trade and other receivables	1,425	53	(42)	(5,939)
Prepaid expenses	1,826	644	444	1,440
Trade and other payables	(1,518)	2,164	(4,257)	18,163
Rent received in advance	316	185	(132)	(1,487)
Net cash generated from operations	33,694	34,258	60,092	77,007
Tax paid	(288)	(784)	(643)	(784)
Net cash generated from operations	33,406	33,474	59,449	76,223
Cash flows from investing activities				
Acquisition of investment properties and related assets and liabilities	–	–	–	(1,294,712)
Additions to investment properties	(5,599)	(2,242)	(6,951)	(2,596)
Investment in an associate	–	(68,916)	–	(68,916)
Loan to an associate	–	(80,288)	–	(80,288)
Acquisition of investment in FVOCI	(43,964)	–	(43,964)	–
Interest received	1,442	–	2,874	–
Net cash used in investing activities	(48,121)	(151,446)	(48,041)	(1,446,512)
Cash flows from financing activities				
Proceeds from issuance of units	–	–	–	977,350
Net proceeds ⁽¹⁾ / (payment) of transaction costs relating to issuance of units	–	1,149	(176)	(26,783)
Proceeds from loans and borrowings	48,491	147,518	51,491	497,518
Payment of debt related transaction costs	–	(2,506)	–	(5,571)
Proceeds from preferred units	–	–	–	99
Financing expense paid on loans and borrowings	(13,348)	(5,097)	(24,698)	(8,540)
Financing expense paid on preferred units	(7)	(8)	(15)	(14)
Dividends paid to non-controlling interests	(2,969)	(3,138)	(5,199)	(6,037)
Distribution paid to unitholders	(21,480)	(26,717)	(43,001)	(26,717)
Purchase of units	(1,261)	(5,783)	(3,384)	(5,783)
Net cash generated from / (used in) financing activities	9,426	105,418	(24,982)	1,395,522
Net (decrease) / increase in cash and cash equivalents	(5,289)	(12,554)	(13,574)	25,233
Effects of exchange rate on cash held	392	8	434	8
Cash and cash equivalents at beginning of the period	16,998	37,787	25,241	–
Cash and cash equivalents at end of the period	12,101	25,241	12,101	25,241

Footnote:

- (1) 2H 2022 included a one-time grant proceeds from the Monetary Authority of Singapore ("MAS") related to listing expenses

DIGITAL CORE REIT AND ITS SUBSIDIARIES

1 (D) CONDENSED INTERIM STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

Group	<-----Attributable to Unitholders of the Trust----->						
	Units in issue and issuable US\$'000	Foreign Currency Translation Reserve US\$'000	Hedging Reserve US\$'000	Fair Value Reserve US\$'000	Retained earnings US\$'000	Non- controlling interests US\$'000	Total US\$'000
At 1 January 2023	958,771	(8,666)	383	–	(15,597)	142,132	1,077,023
Total comprehensive income							
Profit for the period	–	–	–	–	9,073	3,207	12,280
Other comprehensive income							
Movement in fair value of cash flow hedges	–	–	3,049	–	–	–	3,049
Foreign currency translation movement	–	6,715	–	–	–	416	7,131
Total other comprehensive income for the period	–	6,715	3,049	–	–	416	10,180
Total comprehensive income for the period	–	6,715	3,049	–	9,073	3,623	22,460
Transactions with Unitholders, recognised directly in unitholders' funds							
Management fees paid/payable in units	3,654	–	–	–	–	–	3,654
Unit buyback	(2,123)	–	–	–	–	–	(2,123)
Issue costs ⁽¹⁾	(176)	–	–	–	–	–	(176)
Distribution to Unitholders	(7,958)	–	–	–	(13,563)	–	(21,521)
Dividends paid to non-controlling interest	–	–	–	–	–	(2,230)	(2,230)
Total transactions with Unitholders for the period	(6,603)	–	–	–	(13,563)	(2,230)	(22,396)
As at 30 June 2023	952,168	(1,951)	3,432	–	(20,087)	143,525	1,077,087
Total comprehensive income							
Loss for the period	–	–	–	–	(117,658)	(11,352)	(129,010)
Other comprehensive income							
Movement in fair value of cash flow hedges	–	–	(6,780)	–	–	–	(6,780)
Movement in fair value of equity investment through other comprehensive income	–	–	–	(1,341)	–	–	(1,341)
Foreign currency translation movement	–	(891)	–	–	–	(48)	(939)
Total other comprehensive income for the period	–	(891)	(6,780)	(1,341)	–	(48)	(9,060)
Total comprehensive income for the period	–	(891)	(6,780)	(1,341)	(117,658)	(11,400)	(138,070)
Transactions with Unitholders, recognised directly in unitholders' funds							
Acquisition fee paid/payable in Units to the Manager	431	–	–	–	–	–	431
Management fees paid/payable in units	5,893	–	–	–	–	–	5,893
Unit buyback	(1,261)	–	–	–	–	–	(1,261)
Distribution paid to Unitholders	(13,649)	–	–	–	(7,831)	–	(21,480)
Dividends paid to non-controlling interest	–	–	–	–	–	(2,969)	(2,969)
Total transactions with Unitholders for the period	(8,586)	–	–	–	(7,831)	(2,969)	(19,386)
As at 31 December 2023	943,582	(2,842)	(3,348)	(1,341)	(145,576)	129,156	919,631

DIGITAL CORE REIT AND ITS SUBSIDIARIES

Group	<-----Attributable to Unitholders of the Trust----->					
	Units in issue and issuable US\$'000	Foreign Currency Translation Reserve US\$'000	Hedging Reserve US\$'000	Retained earnings US\$'000	Non- controlling interests US\$'000	Total US\$'000
At 10 November 2021 (Date of Constitution) ⁽¹⁾	-	-	-	-	-	-
<u>Total comprehensive income</u>						
Profit for the period	-	-	-	22,319	3,378	25,697
Other comprehensive income						
Movement in fair value of cash flow hedges	-	-	1,206	-	-	1,206
Foreign currency translation movement	-	(1,694)	-	-	(188)	(1,882)
Total other comprehensive income for the period	-	(1,694)	1,206	-	(188)	(676)
Total comprehensive income for the period	-	(1,694)	1,206	22,319	3,190	25,021
<u>Transactions with Unitholders, recognised directly in unitholders' funds</u>						
Issue of IPO units	977,350	-	-	-	-	977,350
IPO acquisition fees paid in units	12,965	-	-	-	-	12,965
Management fees paid/payable in units	4,254	-	-	-	-	4,254
Issue costs ⁽²⁾	(27,932)	-	-	-	-	(27,932)
Contribution from non-controlling interest	-	-	-	-	144,050	144,050
Dividends paid to non-controlling interest	-	-	-	-	(2,899)	(2,899)
Total transactions with Unitholders for the period	966,637	-	-	-	141,151	1,107,788
As at 30 June 2022	966,637	(1,694)	1,206	22,319	144,341	1,132,809
<u>Total comprehensive income</u>						
Loss for the period	-	-	-	(20,781)	1,965	(18,816)
Other comprehensive income						
Movement in fair value of cash flow hedges	-	-	(823)	-	-	(823)
Foreign currency translation movement	-	(6,972)	-	-	(1,036)	(8,008)
Total other comprehensive income for the period	-	(6,972)	(823)	-	(1,036)	(8,831)
Total comprehensive income for the period	-	(6,972)	(823)	(20,781)	929	(27,647)
<u>Transactions with Unitholders, recognised directly in unitholders' funds</u>						
Acquisition fee paid/payable in Units to the Manager	1,484	-	-	-	-	1,484
Management fees paid/payable in units	5,319	-	-	-	-	5,319
Unit buyback	(6,236)	-	-	-	-	(6,236)
Net reversal of issue costs ⁽²⁾	1,149	-	-	-	-	1,149
Distribution paid to Unitholders	(9,582)	-	-	(17,135)	-	(26,717)
Dividends paid to non-controlling interest	-	-	-	-	(3,138)	(3,138)
Total transactions with Unitholders for the period	(7,866)	-	-	(17,135)	(3,138)	(28,139)
As at 31 December 2022	958,771	(8,666)	383	(15,597)	142,132	1,077,023

DIGITAL CORE REIT AND ITS SUBSIDIARIES

Trust	<-----Attributable to Unitholders of the Trust----->			
	Units in issue and issuable US\$'000	Hedging Reserve US\$'000	Retained earnings US\$'000	Total US\$'000
At 1 January 2023	958,771	383	5,186	964,340
<u>Total comprehensive income</u>				
Profit for the period	-	-	1,127	1,127
Other comprehensive income				
Movement in fair value of cash flow hedges	-	3,049	-	3,049
Total comprehensive income for the period	-	3,049	1,127	4,176
<u>Transactions with Unitholders, recognised directly in unitholders' funds</u>				
Management fees paid/payable in units	3,654	-	-	3,654
Unit buyback	(2,123)	-	-	(2,123)
Issue costs ⁽²⁾	(176)	-	-	(176)
Distribution to Unitholders	(7,958)	-	(13,563)	(21,521)
Total transactions with Unitholders for the period	(6,603)	-	(13,563)	(20,166)
As at 30 June 2023	952,168	3,432	(7,250)	948,350
<u>Total comprehensive income</u>				
Profit for the period	-	-	(795)	(795)
Other comprehensive income				
Movement in fair value of cash flow hedges	-	(6,780)	-	(6,780)
Total comprehensive income for the period	-	(6,780)	(795)	(7,575)
<u>Transactions with Unitholders, recognised directly in unitholders' funds</u>				
Acquisition fee paid/payable in Units to the Manager	431	-	-	431
Management fees paid and payable in units	5,893	-	-	5,893
Unit buyback	(1,261)	-	-	(1,261)
Distribution paid to Unitholders	(13,649)	-	(7,831)	(21,480)
Total transactions with Unitholders for the period	(8,586)	-	(7,831)	(16,417)
As at 31 December 2023	943,582	(3,348)	(15,876)	924,358

DIGITAL CORE REIT AND ITS SUBSIDIARIES

Trust	<-----Attributable to Unitholders of the Trust----->			
	Units in issue and issuable US\$'000	Hedging Reserve US\$'000	Retained earnings US\$'000	Total US\$'000
At 10 November 2021 (Date of Constitution) ⁽¹⁾	-	-	-	-
<u>Total comprehensive income</u>				
Profit for the period	-	-	16,647	16,647
Other comprehensive income				
Movement in fair value of cash flow hedges	-	1,206	-	1,206
Total comprehensive income for the period	-	1,206	16,647	17,853
<u>Transactions with Unitholders, recognised directly in unitholders' funds</u>				
Issue of IPO units	977,350	-	-	977,350
IPO acquisition fees paid in units	12,965	-	-	12,965
Management fees paid and payable in units	4,254	-	-	4,254
Issue costs ⁽²⁾	(27,932)	-	-	(27,932)
Total transactions with Unitholders for the period	966,637	-	-	966,637
As at 30 June 2022	966,637	1,206	16,647	984,490
<u>Total comprehensive income</u>				
Profit for the period	-	-	5,674	5,674
Other comprehensive income				
Movement in fair value of cash flow hedges	-	(823)	-	(823)
Total comprehensive income for the period	-	(823)	5,674	4,851
<u>Transactions with Unitholders, recognised directly in unitholders' funds</u>				
Acquisition fee paid/payable in Units to the Manager	1,484	-	-	1,484
Management fees paid and payable in units	5,319	-	-	5,319
Unit buyback	(6,236)	-	-	(6,236)
Net reversal of issue costs	1,149	-	-	1,149
Distribution paid to Unitholders	(9,582)	-	(17,135)	(26,717)
Total transactions with Unitholders for the period	(7,866)	-	(17,135)	(25,001)
As at 31 December 2022	958,771	383	5,186	964,340

Footnotes:

- (1) Less than US\$1,000.
(2) Issue costs comprise underwriting and selling commissions, professional fees and other issue expenses.

1 (E) NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1 GENERAL

DIGITAL CORE REIT (the "Trust") is a Singapore real estate investment trust constituted pursuant to the trust deed (the "Trust Deed") dated 10 November 2021 between Digital Core REIT Management Pte. Ltd. (the "Manager") and Perpetual (Asia) Limited (the "Trustee"). The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the Unitholders of the Trust.

The Trust was dormant from 10 November 2021 (constitution date) to 5 December 2021. The Trust was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 6 December 2021 ("Listing Date").

The Trustee's registered office and principal place of business are 8 Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore 018981 and 16 Collyer Quay, #07-01, Singapore 049318, respectively.

The Manager's registered office and principal place of business is 10 Collyer Quay #42-06, Ocean Financial Centre Singapore 049315.

The principal activity of the Trust is investment holding. The principal activities of the Trust's subsidiaries are to own and invest, directly or indirectly, in a portfolio of income-producing real estate located globally which are primarily used for data centre purposes, as well as assets necessary to support the digital economy. The Group seeks to create long-term, sustainable value for all stakeholders through ownership and operation of a stabilised and diversified portfolio of mission-critical data centre facilities concentrated in select global markets.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

These condensed interim consolidated financial statements for the financial year ended 31 December 2023 have been prepared in accordance with the IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB"), and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the relevant provisions of the Trust Deed. These condensed interim consolidated financial statements do not include all the disclosures required for a complete set of financial statements. However, select explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last audited financial statements for the period ended 31 December 2022. Accordingly, this report should be read in conjunction with the Group's Annual Report for the period from Listing Date to 31 December 2022 and any public announcements made by Digital Core REIT during the interim reporting period.

The full set of financial statements will be presented in the Group's Annual Report for the financial year ended 31 December 2023.

The condensed interim consolidated financial statements are presented in US Dollars (USD or US\$) and all values in the tables are rounded to the nearest thousand (US\$'000), except when otherwise stated.

2.2 Changes in Accounting Policies

The accounting policies adopted by the Group in the preparation of the condensed interim consolidated financial statements are consistent with those applied in the preparation of the Group's Annual report for the period from Listing Date to 31 December 2022.

2.3 Critical Accounting Judgments and Estimates

The preparation of the financial information 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which facts and circumstances indicate that adjustments are required.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are disclosed in Section 1(E) Notes to the Condensed Interim Consolidated Financial Statements Note 9(d) Fair Value Measurement of Investment Properties.

3 FINANCE EXPENSES

	Group					
	2H 2023	2H 2022	+/(-)%	1H 2023	Listing Date to 31 Dec 2022	+/(-)%
	US\$'000	US\$'000		US\$'000	US\$'000	
Interest expense on borrowings	13,143	6,450	>100	24,710	9,893	>100
Amortisation of upfront debt-related transaction costs	733	357	>100	1,465	735	99.3
Dividends on preferred units	7	8	(12.5)	15	14	7.1
	13,883	6,815	>100	26,190	10,642	>100

4 INVESTMENT PROPERTIES

Investment properties comprise data centre properties which are held either to earn rental income or for capital appreciation, or both.

	Group	
	31-Dec-23	31-Dec-22
	US\$'000	US\$'000
Consolidated Statement of Financial Position		
As at beginning of the financial period	1,423,796	–
Acquisition of properties (including acquisition costs)	–	1,455,172
Net straight line rent (write-off) / capitalised	(3,026)	6,844
Capital expenditure	6,951	2,596
Currency translation difference	4,489	(12,011)
Fair value change in investment properties	(139,323)	(28,805)
Reclassification to investment properties held for sale	(178,000)	–
As at end of the financial period	1,114,887	1,423,796

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2023. The valuations were performed by CBRE Valuation and Advisory Services (2022: Cushman & Wakefield) for the investment properties. The independent valuers have the relevant professional qualification and recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs are disclosed in Note 9(d).

During the financial year, purchase and sales agreement were entered into for the sale of the interests in the two Silicon Valley Facilities (2401 Walsh Avenue and 2403 Walsh Avenue) to Brookfield Infrastructure Partners L.P. and its institutional partners. The sale of the investment properties was completed on 12 January 2024.

5 ASSOCIATE

	Group	
	31-Dec-23	31-Dec-22
	US\$'000	US\$'000
Investment in associate	66,415	81,465
Loan and advances to an associate	76,643	71,240
	143,058	152,705

The carrying value of the associate was estimated based on the Group's share of the net assets of the associate and is revalued to USD from EUR. The decrease is largely due to the decrease in the fair value of the investment properties held by the associate, partially offset by the share of operational profit during the year.

The loan to an associate is denominated in EUR, carries a fixed interest rate of 3.0% per annum and is discounted to its effective interest rate.

6 LOANS AND BORROWINGS

	Group and Trust	
	31-Dec-23	31-Dec-22
	US\$'000	US\$'000
<u>Unsecured loans and borrowings</u>		
Amount repayable after one year	558,915	499,870
Less: Unamortised upfront debt-related transaction costs	(3,422)	(4,836)
Total unsecured loans and borrowings	555,493	495,034

Notes:

As at 31 December 2023, the Group had gross borrowings comprising:

- (i) US\$350.0 million term loan to partially finance the acquisition of the initial IPO Portfolio
- (ii) US\$154.5 million (EUR140.0 million) term loan to finance the acquisition of the 25.0% interest in the Frankfurt Facility
- (iii) US\$46.4 million (JPY6.5 billion) loan to finance the acquisition of the 10.0% interest in Digital Osaka 2 (KIX11)
- (iv) a US\$8.0 million loan drawn down from the committed revolving credit facility

As at 31 December 2023, the Group had US\$146.0 million of undrawn capacity available on the revolving credit facility to meet its future obligations. Seventy-three percent (73%) of the outstanding term loan was hedged via floating-to-fixed interest rate swaps. The year-to-date all-in average interest rate for borrowings, excluding upfront debt-related transaction costs, was 4.5%. Aggregate leverage, as defined in the Property Funds Appendix, was 40.5%.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

7 PREFERRED UNITS

	Group	
	31-Dec-23	31-Dec-22
	US\$'000	US\$'000
As at beginning of the period	99	-
Issuance of preferred units (net of transaction costs)	-	99
As at end of the financial period	99	99

The preferred units rank senior to all units of the indirect subsidiaries. Each holder of the preferred units is entitled to receive cumulative preferential cash dividends (recorded as finance expense) at a rate of 12.0% per annum on the subscription price of US\$1,000 per unit plus all accrued and unpaid dividends, payable annually in arrears.

The preferred units are not convertible or exchangeable for any other property or securities of the subsidiaries. The Board of Directors of the subsidiary may, in its sole and absolute discretion, cause the subsidiary to redeem the preferred units at US\$1,000 per unit plus all accrued and unpaid dividends.

The preferred units have been classified as financial liabilities in accordance with IFRS 9.

8 SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities.

In the normal course of its business, the Group carried out transactions with related parties on terms agreed between the parties. During the period, in addition to those disclosed elsewhere in the financial statements, the following significant related party transactions took place at terms agreed between the parties:

	Group	
	FY 2023	Listing Date to
	US\$'000	31 Dec 2022
		US\$'000
Acquisition of an interest in an associate from a related party	-	(148,410)
Acquisition fee paid/payable to the Manager	(431)	(14,449)
Disposition fee paid/payable to the Manager	(800)	-
Manager's management fees paid/payable to the Manager	(9,547)	(9,573)
Property management fees paid/payable to related parties	(2,044)	(2,169)
Other property related reimbursement costs to a related party	(7,544)	(4,110)
Interest income from an associate	2,433	117
Trustee fees paid/payable	(185)	(174)
Loan from a related party under the cashflow support agreement	1,100	-

9 FAIR VALUE OF ASSETS AND LIABILITIES

a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market 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, and
- Level 3: Unobservable inputs for the asset or liability.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

Fair value measurements that use inputs of different hierarchy levels are categorised in their entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value:

Group	31-Dec-2023 US\$'000			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
Assets measured at fair value				
Derivative financial assets	–	908	–	908
Investment properties	–	–	1,114,887	1,114,887
Investment properties held for sale	–	–	178,000	178,000
Investment in FVOCI	–	–	45,555	45,555
Total assets	–	908	1,338,442	1,339,350
Liabilities measured at fair value				
Derivative financial liabilities	–	4,255	–	4,255
Total liabilities	–	4,255	–	4,255

Group	31-Dec-2022 US\$'000			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
Assets measured at fair value				
Derivative financial assets	–	1,417	–	1,417
Investment properties	–	–	1,423,796	1,423,796
Total assets	–	1,417	1,423,796	1,425,213
Liabilities measured at fair value				
Derivative financial assets	–	1,034	–	1,034
Total liabilities	–	1,034	–	1,034

DIGITAL CORE REIT AND ITS SUBSIDIARIES

	31-Dec-2023 US\$'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Trust				
Assets measured at fair value				
Derivative financial assets	–	908	–	908
Total financial assets	–	908	–	908
Liabilities measured at fair value				
Derivative financial assets	–	4,255	–	4,255
Total liabilities	–	4,255	–	4,255

	31-Dec-2022 US\$'000			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Trust				
Assets measured at fair value				
Derivative financial assets	–	1,417	–	1,417
Total financial assets	–	1,417	–	1,417
Liabilities measured at fair value				
Derivative financial assets	–	1,034	–	1,034
Total liabilities	–	1,034	–	1,034

c) Level 2 fair value measurements

The fair value of interest rate swaps is based on valuations provided by the financial institutions that are the counterparties of the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

d) Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy as at 31 December 2023.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Discounted cash flow analysis	<ul style="list-style-type: none"> Discount rate of 6.25% to 8.50% (2022: 5.50% to 7.00%) 	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	<ul style="list-style-type: none"> Terminal capitalisation rate of 5.25% to 7.00% (2022: 4.75% to 5.00%) 	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).

The Group carries its investment properties at fair value with changes in fair value being recognised in profit or loss account, determined annually by independent professional valuers based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair values were estimated using the income approach. The Group adopted the discounted cash flows method. Discounted cash flows method calculates the present values of future cash flows over a specified time period, including the potential proceeds of a deemed disposal, to determine the fair value. Discounted cash flows method convert the earnings of a property into an estimate of value.

The above fair value has been classified as a Level 3 fair value based on the inputs to the valuation techniques used in the estimation of the valuations of the investment properties as compared to a standard market condition.

e) Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities approximate their fair values. The carrying amounts of loans and borrowings approximate their fair value as these loans and borrowings bear interest at floating rates and reprice at an interval of one to twelve months. Other financial assets and liabilities include cash and cash equivalents, trade and other receivables, trade and other payables and preferred units approximate their fair values because they are either short term in nature or the effect of discounting has been adjusted into the carrying value.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

10 SEGMENT ANALYSIS

For segment reporting purposes, the primary segment is by geography, and it comprises North America (U.S. and Canada), EMEA (Europe, the Middle East and Africa) and APAC (Asia Pacific). Segment information is presented in respect of the Group's geographical segments. The operations of each of the Group's geographical segments are separately managed because of different economic and regulatory environments in which they operate.

	North America US\$'000	EMEA US\$'000	APAC US\$'000	Total US\$'000
2H 2023				
Gross revenue	49,203	–	–	49,203
Property operating expenses	(21,305)	–	–	(21,305)
Total segment net property income	27,898	–	–	27,898
Manager's base fee	(2,250)	–	–	(2,250)
Fair value changes in investment properties	(139,197)	–	–	(139,197)
Share of result of an associate	–	(17,959)	–	(17,959)
Reportable segment loss before tax	(113,549)	(17,959)	–	(131,508)
<i>Unallocated items:</i>				
Finance income				2,994
Finance costs				(13,883)
Manager's base fee				(1,352)
Manager's performance fee				(1,148)
Trustee's fees				(94)
Other trust expenses				(715)
Unrealised foreign exchange				174
Loss before tax				(145,532)
	North America US\$'000	EMEA US\$'000	APAC US\$'000	Total US\$'000
2H 2022				
Gross revenue	54,893	–	–	54,893
Property operating expenses	(20,917)	–	–	(20,917)
Total segment net property income	33,976	–	–	33,976
Manager's base fee	(2,250)	–	–	(2,250)
Fair value changes in investment properties	(28,805)	–	–	(28,805)
Share of result of an associate	–	(462)	–	(462)
Reportable segment profit before tax	2,921	(462)	–	2,459
<i>Unallocated items:</i>				
Other income				1,423
Finance income				121
Finance costs				(6,815)
Manager's base fee				(717)
Manager's performance fee				(941)
Trustee's fees				(82)
Other trust expenses				(2,626)
Unrealised foreign exchange				(2,293)
Loss before tax				(9,471)

DIGITAL CORE REIT AND ITS SUBSIDIARIES

	North America US\$'000	EMEA US\$'000	APAC US\$'000	Total US\$'000
FY 2023				
Gross revenue	102,591	–	–	102,591
Property operating expenses	(39,541)	–	–	(39,541)
Total segment net property income	63,050	–	–	63,050
Manager's base fee	(4,500)	–	–	(4,500)
Fair value changes in investment properties	(139,197)	–	–	(139,197)
Share of result of an associate	–	(15,881)	–	(15,881)
Reportable segment profit before tax	(80,647)	(15,881)	–	(96,528)
<i>Unallocated items:</i>				
<i>Finance income</i>				6,106
<i>Finance costs</i>				(26,190)
<i>Manager's base fee</i>				(2,756)
<i>Manager's performance fee</i>				(2,291)
<i>Trustee's fees</i>				(185)
<i>Other trust expenses</i>				(1,812)
<i>Unrealised foreign exchange</i>				(2,722)
Loss before tax				(126,378)
	North America US\$'000	EMEA US\$'000	APAC US\$'000	Total US\$'000
As at 31 December 2023				
Segment assets	1,309,064	143,058	45,555	1,497,677
Other unallocated amounts				11,360
Consolidated assets				1,509,037
Segment liabilities	17,501	–	–	17,501
Other unallocated amounts				571,905
Consolidated liabilities				589,406
Other segment items:				
Capital expenditure	6,951	1,580	–	8,531

DIGITAL CORE REIT AND ITS SUBSIDIARIES

	North America US\$'000	EMEA US\$'000	APAC US\$'000	Total US\$'000
From Listing Date to 31 December 2022				
Gross revenue	114,950	–	–	114,950
Property operating expenses	(40,647)	–	–	(40,647)
Total segment net property income	74,303	–	–	74,303
Manager's base fee	(4,833)	–	–	(4,833)
Fair value changes in investment properties	(28,805)	–	–	(28,805)
Share of result of an associate	–	(462)	–	(462)
Reportable segment profit before tax	40,665	(462)	–	40,203
<i>Unallocated items:</i>				
<i>Other income</i>				1,423
<i>Finance income</i>				121
<i>Finance costs</i>				(10,642)
<i>Manager's base fee</i>				(2,388)
<i>Manager's performance fee</i>				(2,352)
<i>Trustee's fees</i>				(173)
<i>Other trust expenses</i>				(3,879)
<i>Unrealised foreign exchange</i>				(2,293)
Profit before tax				20,020
	North America US\$'000	EMEA US\$'000	APAC US\$'000	Total US\$'000
As at 31 December 2022				
Segment assets	1,444,923	152,705	–	1,597,628
Other unallocated amounts				14,936
Consolidated assets				1,612,564
Segment liabilities	23,601	–	–	23,601
Other unallocated amounts				511,940
Consolidated liabilities				535,541
Other segment items:				
Capital expenditure	2,596	–	–	2,596

DIGITAL CORE REIT AND ITS SUBSIDIARIES

11 SUBSEQUENT EVENT

- (1) On 15 January 2024, the Manager announced (i) the completion of the sale of 2401 Walsh Avenue and 2403 Walshe Avenue with gross proceeds of US\$160.2 million based on Digital Core REIT's 90% ownership interest of the facilities (ii) affirmation of the lease for 1500 Space Park (iii) amendment of lease agreements for 200 North Nash and 3015 Winona Avenue and (iv) termination of lease agreement for the Frankfurt facility.
- (2) On 16 January 2024, 856,083 acquisition fee Units were issued in connection with the acquisition of the 10.0% interest in Digital Osaka 2 (KIX11).
- (3) On 2 February 2024, the Manager announced a distribution of 1.78 US cents per Unit for the period from 1 July 2023 to 31 December 2023.

2(A) DETAILS OF ANY CHANGES IN UNITS

<u>Units in issue</u>	Group and Trust	
	2023	2022
Group and Trust	Units	Units
At 1 January	1,120,892,272	1,125,357,387
New Units issued:		
- Issue of Acquisition fee units	2,443,769	-
- Issue of Management base fees in units	-	1,917,741
Unit buyback:		
- Units repurchased as treasury units	(4,596,500)	-
Total issued Units as at 30 June (excluding treasury units)	1,118,739,541	1,127,275,128
New Units issued:		
- Issue of Management base fees in units	7,358,140	4,271,244
Unit buyback:		
- Units repurchased held as treasury Units	(2,244,200)	(10,654,100)
Total issued Units (excluding treasury units) as at 31 December	1,123,853,481	1,120,892,272
New Units to be issued:		
- Acquisition fee in units to be issued ⁽¹⁾	856,083	2,443,769
- Management base and performance fees in units to be issued ⁽²⁾	17,916,692	7,358,140
Total issued Units (excluding treasury units) as at 31 December	1,142,626,256	1,130,694,181

- (1) On 16 January 2024, 856,083 acquisition fee Units were issued in connection with the acquisition of the 10.0% interest in Digital Osaka 2 (KIX11).
- (2) These relate to outstanding base fees for 1Q 2023 to 4Q 2023 to be issued and outstanding performance fees for FY 2023 to be issued.

2 (B) TOTAL NUMBER OF ISSUED UNITS

	As at 31 Dec 2023	As at 31 Dec 2022
Total number of issued Units (excluding treasury units)	1,123,853,481	1,120,892,272
Treasury units	6,840,700	10,654,100

2 (C) SALES, TRANSFERS, DISPOSALS, CANCELLATION OR USE OF TREASURY UNITS

Digital Core REIT repurchased a total of 6,840,700 treasury units in FY2023 which have been cancelled as at the date of announcement.

3 AUDIT STATEMENT

- (a) Whether the figures have been audited or reviewed, and if so, which accounting standard or practice has been followed.

The figures have neither been audited nor reviewed by the auditors.

- (b) Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4 CHANGES IN ACCOUNTING POLICIES

- (c) Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied.

Refer to Section 1E Notes to the Condensed Interim Consolidated Financial Statements Note 2.2

- (d) If there are any changes in the accounting policies and method of computation, including any required by any accounting standard, what has changed, as well as the reasons for, and the effect of the change.

Refer to Section 1E Notes to the Condensed Interim Consolidated Financial Statements Note 2.2

5 CONSOLIDATED EARNINGS PER UNIT (“EPU”) AND DISTRIBUTION PER UNIT (“DPU”)

	2H 2023	2H 2022	FY 2023	Listing Date to 31 Dec 2022
EPU				
Loss / (Profit) after tax attributable to Unitholders (US\$'000)	(117,658)	(20,781)	(108,585)	1,538
Basic EPU				
Weighted average number of Units as at end of period ⁽¹⁾	1,123,955,507	1,120,945,543	1,123,904,913	1,120,917,341
Basic EPU (US cents)	(10.47)	(1.85)	(9.66)	0.14
Diluted EPU				
Weighted average number of Units as at end of period ⁽²⁾	1,142,626,256	1,130,694,181	1,142,626,256	1,130,694,181
Diluted EPU (US cents)	(10.30)	(1.84)	(9.50)	0.14
DPU				
Income available for distribution to Unitholders (US\$'000)	20,004	21,532	41,484	48,248
Number of Units in issue at end of period ⁽³⁾	1,123,853,481	1,120,892,272	1,123,853,481	1,120,892,272
DPU (US cents) ⁽³⁾	1.78	1.92	3.70	4.29

Notes:

- (1) Based on the weighted average number of units issued and issuable as at the end of the financial period.
- (2) Based on the weighted average number of units issued and issuable as at the end of the financial period, adjusted on the basis that the management fees units were issued at the beginning of the period.
- (3) The DPU was computed and rounded based on the number of Units in issue entitled to distribution at the end of the period.

6 NET ASSET VALUE (“NAV”) AND NET TANGIBLE ASSET (“NTA”) PER UNIT

	As at 31 Dec 2023		As at 31 Dec 2022	
	Group	Trust	Group	Trust
Net assets ⁽¹⁾ (US\$'000)	790,475	924,358	934,891	964,340
Number of Units in issue and to be issued ⁽²⁾	1,142,626,256	1,142,626,256	1,130,694,181	1,130,694,181
NAV and NTA per Unit ⁽³⁾ (US\$)	0.69	0.81	0.83	0.85
Adjusted NAV and NTA per Unit ⁽³⁾ (excluding Distributable Income) (US\$)	0.67	0.79	0.81	0.83

Notes:

- (1) This excludes the non-controlling interests' share of net assets.
- (2) Number of units in issue at the end of the period and the Units to be issued as payment for the Manager's base, performance and acquisition fees.
- (3) NAV and NTA are the same as there were no intangible assets as at the end of the period.

7 REVIEW OF PERFORMANCE

	2H 2023	2H 2022	+/(-)%	FY 2023	FY 2022	+/(-)%
<u>Consolidated Statement of Comprehensive Income</u>	US\$'000	US\$'000		US\$'000	US\$'000	
Rental income	32,669	37,256	(12.3)	69,068	75,052	(8.0)
Utilities reimbursements	6,573	8,234	(20.2)	13,491	15,830	(14.8)
Other recovery and operating income	9,961	9,403	5.9	20,032	16,830	19.0
Gross Revenue	49,203	54,893	(10.4)	102,591	107,712	(4.8)
Utilities	(6,764)	(8,265)	(18.2)	(13,881)	(15,875)	(12.6)
Property taxes and insurance expenses	(5,713)	(3,960)	44.3	(9,082)	(6,693)	35.7
Repairs and maintenance	(1,737)	(2,562)	(32.2)	(3,415)	(4,256)	(19.8)
Property management fees	(1,036)	(1,061)	(2.4)	(2,044)	(2,033)	0.5
Other property expenses	(6,055)	(5,069)	19.5	(11,119)	(9,478)	17.3
Property expenses	(21,305)	(20,917)	1.9	(39,541)	(38,335)	3.1
Net Property Income	27,898	33,976	(17.9)	63,050	69,377	(9.1)
Other income	–	1,423	(100)	–	1,423	(100)
Finance income	2,994	121	>100	6,106	121	>100
Finance expenses	(13,883)	(6,815)	>100	(26,190)	(10,274)	>100
Manager's base fee	(3,602)	(2,967)	21.4	(7,256)	(6,768)	7.2
Manager's performance fee	(1,148)	(941)	22.0	(2,291)	(2,197)	4.3
Trustee's fee	(94)	(82)	14.6	(185)	(158)	17.1
Other trust expenses	(715)	(2,626)	(72.8)	(1,812)	(3,679)	(50.7)
Unrealised foreign exchange	174	(2,293)	NM	(2,722)	(2,293)	18.7
Share of result of associate	(17,959)	(462)	>100	(15,881)	(462)	>100
(Loss) / Profit before tax and fair value changes	(6,335)	19,334	NM	12,819	45,090	(71.6)
Net fair value change in investment properties	(139,197)	(28,805)	>100	(139,197)	(28,805)	>100
(Loss) / Profit before tax	(145,532)	(9,471)	>100	(126,378)	16,285	NM
Tax expense	16,522	(9,345)	NM	9,648	(12,652)	NM
(Loss) / Profit after tax	(129,010)	(18,816)	>100	(116,730)	3,633	NM
Attributable to:						
Unitholders	(117,658)	(20,781)	>100	(108,585)	(1,294)	>100
Non-controlling interest	(11,352)	1,965	NM	(8,145)	4,927	NM
Profit after tax	(129,010)	(18,816)	>100	(116,730)	3,633	NM
<u>Distribution Statement</u>						
Profit after tax attributable to Unitholders	(117,658)	(20,781)	>100	(108,585)	(1,294)	>100
Distribution adjustments	137,662	42,313	>100	150,069	46,059	>100
Income available for distribution to Unitholders	20,004	21,532	(7.1)	41,484	44,765	(7.3)
DPU (US cents)	1.78	1.92	(7.3)	3.70	3.98	(7.0)

NM – Not meaningful

DIGITAL CORE REIT AND ITS SUBSIDIARIES

Review of performance for 2H 2023 vs 2H 2022

Rental income for 2H 2023 was lower than 2H 2022 by 12.3% primarily due to the variance in straight line rent. As a result of the bankruptcy of a customer announced on 1 November 2023, 2H 2023 recorded a total of US\$3.4 million write-off of straight-line rent previously capitalised for 1500 Space Park, 3015 Winona Avenue, 2043 Walsh Avenue and 2401 Walsh Avenue and 200 North Nash Street. Excluding the impact of the non-cash straight line rent adjustments, cash rental income was 4.4% higher than 2H 2022 on a portfolio basis and registered an increase across all properties. At 371 Gough Road, higher rents from short term leases offset the loss of income generated by the departure of a customer that filed for bankruptcy.

Utilities reimbursement was lower year-on-year, in line with lower utilities expenses, while recovery income was higher from higher recoverable property taxes and other expenses and partially offset with lower repairs and maintenance expenses.

As a result of the above, 2H 2023 gross revenue of US\$49.2 million was lower than 2H 2022 by 10.4%.

2H 2023 property expenses of US\$21.3 million were higher than 2H 2022 by 1.9% largely due to higher property taxes from prior and current year supplemental taxes received in 2H 2023 as well as other property expenses, partially offset by lower utilities and repairs and maintenance expenses.

Consequently, 2H 2023 net property income of US\$27.9 million was lower than 2H 2022 by 17.9%. Excluding the effects of straight-line rent income and write-off (2H 2023: (US\$4.5 million) 2022: US\$1.6 million), cash net property income for 2H 2023 of US\$32.4 million was in line with 2H 2022.

Finance income comprises interest income from a loan to associate and deposits placed with financial institutions as well as non-cash loan discount amortisation on the loan to associate which was higher year-on-year as the associate was only acquired in December 2022.

Finance expenses of US\$13.9 million for 2H 2023 were significantly higher than 2H 2022 due to a rise in interest rates as well as the additional interest expenses from the incremental EUR borrowings to partially finance the Frankfurt facility acquisition and the incremental JPY borrowings to finance the Digital Osaka 2 (KIX11) acquisition .

Other trust expenses comprise audit, tax, compliance, legal and professional fees and other corporate expenses. The variance is largely due to the additional US\$1.4 million of professional fee expenses (which was net off with the other income) as well as certain one-off professional fees relating to the first financial period in 2H 2022.

Unrealised foreign exchange mainly relates to the revaluation of the EUR and JPY loans to USD for the financing of the Frankfurt Facility and Digital Osaka 2 (KIX11). During the period, the Group has applied hedge accounting to account the effects of natural hedging to match the foreign exchange of the hedging instrument (loan) to the foreign exchange of the hedge item (net investment and investment in FVOCI).

The share of result (loss) of associate is largely due to the 25% pro-rata share of fair value loss recognised in the investment properties held by the associate as the investment properties share value had decreased during the period (2023: EUR504.1 million 2022: EUR556.1 million, based on 100% ownership).

Net fair value loss in investment properties amounted to US\$139.2 million, largely due to the effects of higher discount and terminal cap rates on the property valuations due to the higher interest rate environment and the customer bankruptcy, despite a healthy and stable data centre market fundamentals which the properties are located in. The two properties, 2401 Walsh Avenue and 2403 Walsh Avenue were sold to a third-party buyer at a valuation equal to each asset's valuation as of 31 December 2022. The sale of the properties was completed in January 2024.

The variance in tax expense was largely due to the net deferred tax credit recognised for the fair value loss of the investment properties.

After adjusting for distribution adjustments, 2H 2023 income available for distribution of US\$20.0 million and DPU of 1.78 US cents were 7.1% and 7.3% lower than 2H 2022 respectively.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

Review of performance for FY 2023 vs FY 2022

Rental income for FY 2023 was lower than FY 2022 by 8.0% primarily due to the variance in straight line rent. As a result of the bankruptcy of a customer announced on 1 November 2023, FY 2023 recorded a total of \$3.4 million write-off of straight-line rent previously capitalised for 1500 Space Park, 3015 Winona Avenue, 2043 Walsh Avenue and 2401 Walsh Avenue and 200 North Nash Street. Excluding the effects of the non-cash straight line rent, cash rental income was 5.3% higher than FY 2022 on a portfolio basis and registered an increase across all properties. At 371 Gough Road, higher rents from short term leases offset the loss of income generated by the departure of a customer that filed for bankruptcy.

Utilities reimbursement was lower year-on-year, in line with lower utilities expenses. Recovery income was higher due to higher recoverable property taxes and other expenses and partially offset by lower repairs and maintenance expenses.

As a result of the above, FY 2023 gross revenue of US\$102.6 million was lower than FY 2022 by 9.1%.

FY 2023 property expenses of US\$39.5 million were higher than FY 2022 by 3.1% largely due to higher property taxes from prior and current year supplemental taxes received in FY 2023 as well as other property expenses, partially offset by lower utilities and repairs and maintenance expenses.

Consequently, FY 2023 net property income of US\$63.1 million was lower than FY 2022 by 9.1%. Excluding the effects of straight line rent income and write-off (2023: (US\$3.0 million) 2022: US\$6.6 million), FY 2023 cash net property income of US\$66.1 million was 5.3% higher than FY 2022 cash net property income of US\$62.8 million.

Finance expenses of US\$26.2 million for FY 2023 were significantly higher than FY 2022 due to a rise in interest rates as well as the additional interest expenses from the incremental EUR and JPY borrowings to partially finance the Frankfurt facility and Digital Osaka 2 (KIX11) respectively, partially offset by 73% of borrowings hedged with floating-to-fixed interest rate swaps.

Other trust expenses comprise audit, tax, compliance, legal and professional fees and other corporate expenses. The variance is largely due to the additional US\$1.4 million of professional fee expenses (which was net off with the other income) as well as certain one-off professional fees relating to the first financial period in FY 2022.

The share of result (loss) of associate was largely due to the 25% pro-rata share of fair value loss recognised in the investment properties held by the associate as the investment properties share value had decreased during the period (2023: EUR504.1 million 2022: EUR556.1 million, based on 100% ownership). Excluding fair value and other adjustments relating to acquisition costs, the share of the operational profit from the associate would have been approximately US\$5.3 million for the year.

Net fair value loss in investment properties amounted to US\$139.2 million, largely due to the effects of higher discount and terminal cap rates on the property valuations due to the higher interest rate environment and the customer bankruptcy, despite a healthy and stable data centre market fundamentals within the cities which the properties are located in. In January 2024, 2401 Walsh Avenue and 2403 Walsh Avenue were sold to a third-party buyer at a valuation equal to each assets' valuation as of 31 December 2022.

The variance in tax expense was largely due to the net deferred tax credit recognised for the fair value loss of the investment properties.

After adjusting for distribution adjustments, FY 2023 overall income available for distribution of US\$41.5 million and DPU of 3.70 US cents were (7.3%) and (7.0%) lower than FY 2022 respectively.

8 VARIANCE FROM FORECAST STATEMENT

	2H 2023			FY2023		
	Actual	Forecast	+/(-)%	Actual	Forecast	+/(-)%
<u>Consolidated Statement of Comprehensive Income</u>						
	US\$'000	US\$'000		US\$'000	US\$'000	
Rental income	32,669	37,396	(12.6)	69,068	74,792	(7.7)
Utilities reimbursements	6,573	5,208	26.2	13,491	10,416	29.5
Other recovery and operating income	9,961	10,743	(7.3)	20,032	21,486	(6.8)
Gross Revenue	49,203	53,347	(7.8)	102,591	106,694	(3.8)
Utilities	(6,764)	(5,266)	28.4	(13,881)	(10,533)	31.8
Property taxes and insurance expenses	(5,713)	(5,998)	(4.8)	(9,082)	(11,996)	(24.3)
Repairs and maintenance	(1,737)	(2,096)	(17.1)	(3,415)	(4,193)	(18.6)
Property management fees	(1,036)	(1,056)	(1.9)	(2,044)	(2,113)	(3.3)
Other property expenses	(6,055)	(5,674)	6.7	(11,119)	(11,346)	(2.0)
Property expenses	(21,305)	(20,090)	6.0	(39,541)	(40,181)	(1.6)
Net Property Income	27,898	33,257	(16.1)	63,050	66,513	(5.2)
Finance income	2,994	–	NM	6,106	–	NM
Finance expenses	(13,883)	(2,437)	>100	(26,190)	(4,874)	>100
Manager's base fee	(3,602)	(3,610)	(0.2)	(7,256)	(7,221)	0.5
Manager's performance fee	(1,148)	(1,164)	(1.4)	(2,291)	(2,328)	(1.6)
Trustee's fee	(94)	(108)	(13.0)	(185)	(217)	(14.7)
Other trust expenses	(715)	(1,150)	(37.8)	(1,812)	(2,300)	(21.2)
Unrealised foreign exchange	174	–	NM	(2,722)	–	NM
Share of result of associate	(17,959)	–	NM	(15,881)	–	NM
Profit before tax and fair value changes	(6,335)	24,788	NM	12,819	49,573	(74.1)
Net fair value change in investment properties	(139,197)	(1,050)	>100	(139,197)	(1,050)	>100
Profit before tax	(145,532)	23,738	NM	(126,378)	48,523	NM
Tax expense	16,522	(3,917)	NM	9,648	(7,834)	NM
Profit after tax	(129,010)	19,821	NM	(116,730)	40,689	NM
Attributable to:						
Unitholders	(117,658)	16,624	NM	(108,585)	34,296	NM
Non-controlling interest	(11,352)	3,197	NM	(8,145)	6,393	NM
Profit after tax	(129,010)	19,821	NM	(116,730)	40,689	NM
<u>Distribution Statement</u>						
Profit after tax attributable to Unitholders	(117,658)	16,624	NM	(108,585)	34,296	NM
Distribution adjustments	137,662	8,618	>100	150,069	16,188	>100
Income available for distribution to Unitholders	20,004	25,242	(20.8)	41,484	50,484	(17.8)
DPU (US cents)	1.78	2.20	(19.1)	3.70	4.40	(15.9)

NM – Not meaningful

DIGITAL CORE REIT AND ITS SUBSIDIARIES

Actual vs. Forecast for 2H 2023

Rental income for 2H 2023 was lower than forecast by 12.6% due to the variance in straight line rent due to a total of \$3.4 million write-off of straight-line rent previously capitalised for 1500 Space Park, 3015 Winona Avenue, 2043 Walsh Avenue and 2401 Walsh Avenue and 200 North Nash Street because of the bankruptcy of a customer. Excluding the effects of the non-cash straight line rent, portfolio cash rental income was slightly higher than forecast. This was achieved despite the reduced occupancy at 371 Gough Road, as higher rents from short term leases partially offset the loss of income generated by the departure of a customer that filed for bankruptcy.

Utilities reimbursement was higher than forecast, in line with higher utilities expenses, while recovery income was lower from lower recoverable property taxes, repair and maintenance and other property expenses.

As a result of the above, 2H 2023 gross revenue of US\$49.2 million was lower than forecast by 7.8%.

2H 2023 property expenses of US\$21.3 million were higher than forecast by 6.0% largely due to higher utilities and other property expenses, partially offset by lower property taxes from favourable assessed taxes and lower repairs and maintenance expenses.

Consequently, 2H 2023 net property income of US\$27.9 million was lower than forecast by 16.1%. Excluding the effects of straight-line rent, cash net property income for 2H 2023 of US\$32.4 million was marginally lower than forecast cash net property income of US\$32.7 million by 0.9%.

Finance income comprises interest income from a loan to associate and deposits placed with financial institutions as well as non-cash loan discount amortisation on the loan to associate.

Finance expenses of US\$13.9 million for 2H 2023 were significantly higher than forecast due to a higher interest rate environment as well as the additional interest expenses from the incremental EUR and JPY borrowings to partially finance the acquisitions of the Frankfurt facility and Digital Osaka 2 (KIX11) respectively.

Other trust expenses comprise audit, tax, compliance, legal and professional fees and other corporate expenses. Other trust expenses were below forecast due to lower professional fees.

The share of result (loss) of associate is largely due to the 25% pro-rata share of fair value loss recognised in the investment properties held by the associate as the investment properties share value had decreased during the period. (2023: EUR504.1 million 2022: EUR556.1 million, based on 100% ownership).

Net fair value change loss in investment properties amounted to US\$139.2 million, largely due to the effects of higher discount and terminal cap rates on the property valuations from the higher interest rate environment and the customer bankruptcy, despite a healthy and stable data centre market fundamentals which the properties are located in.

The variance in tax expense was largely due to the net deferred tax credit recognised for the fair value loss of the investment properties.

After adjusting for distribution adjustments, 2H 2023 overall income available for distribution of US\$20.0 million and DPU of 1.78 US cents were 20.8% and 19.1% lower than forecast respectively.

Actual vs. Forecast for FY 2023

Gross revenue for FY 2023 was lower than forecast by 3.8% mainly due to the variance in straight line rent from the write-off of straight-line rent previously capitalised for 1500 Space Park, 3015 Winona, 2043 Walsh Avenue and 2401 Walsh Avenue and 200 North Walsh as a result of the bankruptcy of a customer. Excluding the non-cash straight line rent adjustments, portfolio cash rental was 2.2% below forecast primarily due to the lower occupancy at 371 Gough Road.

Property expenses was marginally lower than forecast by 1.6%, largely from lower property taxes, repairs and maintenance and other property expenses, partially offset by higher utilities expenses.

Consequently, FY 2023 net property income of US\$63.1 million was lower than forecast by 5.2%. Excluding the effects of straight-line rent, cash net property income for FY 2023 of US\$66.1 million was higher than forecast cash net property income of US\$65.5 million by 1.0%.

Finance expenses of US\$26.2 million for FY 2023 were significantly higher than forecast due to a higher interest rate environment as well as the additional interest expenses from the incremental EUR and JPY borrowings to partially finance the acquisitions of the Frankfurt facility and Digital Osaka 2 (KIX11) respectively.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

The share of result (loss) of associate is largely due to the 25% pro-rata share of fair value loss recognised in the investment properties held by the associate as the investment properties share value had decreased during the period. (2023: EUR504.1 million 2022: EUR556.1 million, based on 100% ownership).

Net fair value loss in investment properties amounted to US\$139.2 million, largely due to the effects of higher discount and terminal cap rates on the property valuations from the higher interest rate environment and the customer bankruptcy, despite a healthy and stable data centre market fundamentals which the properties are located in.

The variance in tax expense was largely due to the net deferred tax credit recognised for the fair value loss of the investment properties.

After adjusting for distribution adjustments, FY 2023 overall income available for distribution of US\$41.5 million and DPU of 3.70 US cents were 17.8% and 15.9% lower than forecast respectively.

9 OUTLOOK AND PROSPECTS

A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

According to the January 2024 World Bank Global Economic Prospect Report, the global economic trajectory signals ongoing challenges. Tight monetary policies, financial constraints, and subdued trade contribute to a protracted slowdown. Projections for 2024 estimate global growth dwindling to 2.4%, marking the third consecutive year of deceleration. Major economies projected to experience sluggish growth as well. Geopolitical risks, including recent Middle East conflicts in Gaza, the broader Middle East and the Ukraine, amplify uncertainties. Policymakers grapple with intricate trade-offs, necessitating strengthened international cooperation to address mounting challenges. Urgent actions are required to provide debt relief, combat climate change, and fortify trade, emphasizing the critical role of coordinated global efforts to navigate these economic headwinds. Global GDP has continued its decline from the 2021 peak, reflecting the persistent economic complexities highlighted in the World Bank report. In the face of these challenges impacting the global economy, the present condition of data centre fundamentals remain robust, bolstered by enduring digital trends that provide strong support to our business. According to a report by IT research and consultancy firm Gartner, artificial intelligence (AI) investment will support overall IT spending. In 2024, data centre system spending is projected to grow 9.5% year-on-year, outpacing broader economic growth, to US\$260 billion despite sluggish global growth and tech layoffs. While leading technology service providers may be reining in human capital, they are continuing to invest in digital infrastructure such as AI. International Data Corporation (IDC) expects worldwide spending on AI solutions will grow to more than \$500 billion in 2027. The Manager expects data centre demand to remain durable with a strong tailwind from growing adoption of AI applications.

In the current macroenvironment, the Manager intends to preserve the flexibility of its balance sheet, while prudently utilising its debt headroom over time to continue to execute upon accretive investment opportunities, expand its asset base and enhance its geographic, as well as customer diversification. For more details, please refer to Digital Core REIT's Press Release for the financial year from 1 January 2023 to 31 December 2023.

10 DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

Yes.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

Name of Distribution	4 th Distribution for the period from 1 July 2023 to 31 December 2023
Distribution Type	a) Tax-exempt income distribution b) Capital distribution
Distribution Rate	a) Tax-exempt income distribution – 0.69 US cents per unit b) Capital distribution – 1.09 US cents per unit
Tax Rate	<p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Digital Core REIT.</p> <p><u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Digital Core REIT units, the amount of capital distribution will be applied to reduce the cost base of their Digital Core REIT units for Singapore income tax purposes.</p>

(b) Corresponding Period of the Immediately Preceding Financial Year

Any distribution declared for the corresponding period of the immediately preceding financial year?

Name of Distribution	2 nd Distribution for the period from 1 July 2022 to 31 December 2022
Distribution Type	c) Tax-exempt income distribution d) Capital distribution
Distribution Rate	c) Tax-exempt income distribution – 1.21 US cents per unit d) Capital distribution – 0.71 US cents per unit
Tax Rate	<p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Digital Core REIT.</p> <p><u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Digital Core REIT units, the amount of capital distribution will be applied to reduce the cost base of their Digital Core REIT units for Singapore income tax purposes.</p>

(c) Record date

9 February 2024

(d) Date payable

27 March 2024

11 DISTRIBUTION STATEMENT

Other than as disclosed in Note 10(a), no distribution has been declared/ recommended.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

12 GENERAL MANDATE FROM UNITHOLDERS FOR INTERESTED PERSON TRANSACTIONS

Digital Core REIT has not obtained a general mandate from Unitholders for any Interested Person Transactions.

13 MATERIAL CHANGES IN CONTRIBUTION BY OPERATING SEGMENTS

In the review of the performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments.

Please refer to Section 8 above for the review of variance of actual against forecast statement.

14 BREAKDOWN OF REVENUE

	FY 2023 US\$'000	FY 2022 US\$'000	+/(-) %
First half year			
Gross revenue reported	53,388	52,819	1.1
Profit after tax reported	12,280	22,449	(45.3)
Second half year			
Gross revenue reported	49,203	54,893	(10.4)
Profit after tax reported	(129,010)	(18,816)	>100

15 BREAKDOWN OF ANNUAL TOTAL DISTRIBUTION

	FY 2023 US\$'000	FY 2022 US\$'000
Listing Date to 30 June 2022	–	26,716
1 July 2022 to 31 December 2022	–	21,532
1 January 2023 to 30 June 2023	21,480	–
1 July 2023 to 31 December 2023 (to be paid)	20,004	–
	41,484	48,248

16 DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Manager confirms that there is no person occupying a managerial position in the Manager who is a relative of a director, chief executive officer or substantial unitholder of the Manager or Digital Core REIT.

17 CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1)

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

The past performance of Digital Core REIT is not necessarily indicative of its future performance. Certain statements made in this announcement may not be based on historical information or facts and may be “forward-looking” statements that involve a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business.

Prospective investors and unitholders of Digital Core REIT (“**Unitholders**”) are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Digital Core REIT Management Pte. Ltd., as Manager of Digital Core REIT (the “**Manager**”) on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this presentation. None of the Manager, the trustee of Digital Core REIT or any of their respective advisors, representatives or agents shall have any responsibility or liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this announcement or its contents or otherwise arising in connection with this announcement. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. The value of units in Digital Core REIT (“**Units**”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

This announcement is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United State securities laws or the laws of any other jurisdiction.

By Order of the Board
Digital Core REIT Management Pte. Ltd.
(Company Registration Number: 202123160H)
As Manager of Digital Core REIT

John Stewart
Chief Executive Officer
1 February 2024