DIGITAL CORE REIT

(a real estate investment trust constituted on 10 November 2021
under the laws of the Republic of Singapore)

ANNUAL GENERAL MEETING TO BE HELD ON 16 APRIL 2025

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

We refer to the notice dated 26 March 2025 convening the annual general meeting of Digital Core REIT ("**Notice of AGM**"). Digital Core REIT Management Pte. Ltd., in its capacity as manager of Digital Core REIT (the "**Manager**"), would like to thank all unitholders of Digital Core REIT ("**Unitholders**") who have submitted their questions in advance of our annual general meeting ("**AGM**") to be convened and held at NTUC Centre, 1 Marina Boulevard, Training Room 801 on Level 8, One Marina Boulevard, Singapore 018989 on Wednesday, 16 April 2025 at 9.00 a.m. (Singapore Time).

The Manager's responses to the key questions received from Unitholders prior to 5.30 p.m. (Singapore Time) on Wednesday, 2 April 2025, can be found in the Appendix to this announcement. Any further key questions received from Unitholders after this date will be addressed by the Manager at the AGM.

As there was substantial overlap between many of the questions received from Unitholders, we have, for Unitholders' easy reference and reading, summarised some of the questions and consolidated related and/or similar questions and our responses thereto. Accordingly, not all questions received from Unitholders may be individually addressed. Key questions raised prior to and/or during the session organised and hosted by the Securities Investors Association (Singapore) have also been included.

Unless otherwise defined herein, all capitalised terms used and not defined herein have the meanings ascribed to them in the Notice of AGM.

By Order of the Board of Digital Core REIT Management Pte. Ltd.
(as Manager of Digital Core REIT)
(Company Registration No. 202123160H)

John J. Stewart
Chief Executive Officer

Singapore
11 April 2025

APPENDIX

Responses to Substantial and Relevant Questions

Resolution of customer bankruptcy – In November 2023, Digital Core REIT had reached a series of agreements to resolve the bankruptcy of its second-largest customer and sold two assets as part of the bankruptcy resolution process in January 2024. Overall, the resolution process was managed effectively by Digital Core REIT.

Question 1 – What key lessons has management learned from this episode? How has this experience influenced the REIT's credit assessment process and its limits on non-investment grade customers?

- This episode underscored the importance of achieving scale and diversification. The issue was not that we faced a customer bankruptcy – as acknowledged, the resolution was managed effectively, and in fact, we have significantly increased the annualised rental contribution from the two properties for which we took over operations following the bankruptcy. The primary challenge we faced was that the bankrupt customer represented an outsized percentage (22%) of total annualised revenue, which created far greater reputational rather than operational risk.

- Through a combination of leasing and capital allocation initiatives, we have increased the annualised rental contribution from investment grade customers from 69% at our IPO in December 2021 to 82% following our recent investment in Osaka. While we continue to prioritise stable cash flows from creditworthy customers, our primary focus is achieving appropriate risk-adjusted returns rather than avoiding non-investment-grade customers altogether.

Acquisitions (Osaka) – In March 2024, the REIT increased its stake in Digital Osaka 2 TMK to 20%. A year later, in March 2025, the REIT acquired a 20% stake in Digital Osaka 3 TMK, located within the same campus as Digital Osaka 2.

Question 2 – How do Digital Osaka 2 and 3 compare in terms of asset characteristics, yield and market positioning? What factors influenced the decision to acquire a new stake in Digital Osaka 3 versus increasing the REIT's stake in Digital Osaka 2?

- Digital Osaka 2 and Digital Osaka 3 are very similar in terms of asset characteristics, yield and market positioning. Both are high-quality, freehold data centres located on a connected data centre campus in Osaka and are fully integrated into the Sponsor's global platform. Both investments were acquired from an independent third party in arms' length transactions. The decision to acquire a stake in a new asset on the campus rather than the existing asset was a function of the independent third-party vendor's capital recycling objectives.

Question 2A – What was the rationale behind using the revolving credit facility (RCF) as a bridging loan instead of securing long-term, fixed-rate JPY-denominated debt upfront?

- To ensure timely completion and to avoid a currency mismatch, it was most efficient to use the revolving credit facility to bridge the initial funding requirement for the Digital Osaka 3 investment. Shortly thereafter, we issued a JPY10 billion 1.97% fixed-rate note due 2030 under the recently established Euro Medium-Term Note programme to refinance the investment with long-term, fixed-rate, locally-denominated debt.

Unit repurchase – In 2024, the Manager repurchased 27 million units in Digital Core REIT ("**Units**") at an average price of $0.576, representing a 14% discount to net asset value ("**NAV**"). The transactions generated accretion to both NAV and distribution per Unit ("**DPU**").

Question 3 – How does the Manager weigh the trade-off between Unit repurchases (which were carried out at a significant discount to NAV) and acquisitions like Digital Osaka 3 (which was transacted closer to fair value)?

- In consultation with our Board of Directors, we attempt to strike the best balance between creating value for unitholders and achieving scale and diversification while preserving balance sheet flexibility and liquidity. In addition, unit repurchases are subject to various regulatory restrictions, including the size of the buyback mandate, blackout periods, and the 1% creeper rule.

- Unit repurchases remain an important capital management tool for enhancing return on equity for Unitholders and we will consider opportunistically executing additional Unit repurchases when conditions are favorable.

Question 3A – The REIT is trading in the high $0.40s range, or at discount of approximately 40% to NAV. What strategy does the manager have in place to boost investor confidence and reduce the valuation gap?

- We intend to narrow the valuation gap over time through consistent execution of economic leasing, accretive investing, and prudent financing.

Question 4 – The emergence of cheaper and better AI e.g., DeepSeek, Alibaba, etc. which requires lesser capacity in the data centre; how does this trend impact the demand of data centre?

- The launch of DeepSeek's open-source model (R1) and subsequent similarly remarkable software scaling-driven advances suggest that AI models can scale and proliferate with far greater efficiency than pioneer models, leading to an acceleration of AI adoption and opening the playing field to a broader array of developers and other users. In our experience, advances in technology have historically translated to new use cases that ultimately drive greater demand for data centre capacity (e.g. blade servers, virtual machines, cloud, etc.).

- AI-driven data centre demand is accelerating rapidly but still represents a relatively small portion of aggregate data centre demand. Traditional data centre demand drivers (e.g., cloud, enterprise, etc.) are much larger and still growing at a very healthy rate. For additional details, please see page 4 of Digital Core REIT's 4Q 2024 financial results presentation.

Question 4A – Since then, we have seen speculation that Microsoft is canceling data centre leases. Joe Tsai of Alibaba commented that there's overspending by big tech on data centre and AI. Has any customer begun to downsize their data centre needs in Asia or globally?

- Like use cases, data centre demand is not dependent on any one customer. Each customer follows its own unique procurement and buildout cycle, and some are accelerating while others may be digesting. Facts on the ground could certainly change quickly given the current global trade dynamic, but on current form, aggregate data centre demand remains robust.

Question 5 – DCRU has been trading in a narrow range, likely due to thin liquidity or a small market-cap. Are hedge funds range-trading the stock? What are the short- and long-term plans to improve Unitholder returns via unit price appreciation? The Unit buybacks do not seem to have any effect thus far.

- The proportion of Digital Core REIT Units held by hedge funds remains low, and there is no indication that range-trading by hedge funds is materially influencing the Unit price.

- We intend to narrow the valuation gap over time through consistent execution of economic leasing, accretive investing, and prudent financing.

Question 6 – What is management's comfortable level of aggregate leverage?

- Our target leverage range remains 35-40%.

Question 7 – The proportion of the DPU from capital distribution increased significantly to 1.62 cts (i.e., 90% of the total DPU of 1.8c) in 2H24, up from the average of c.60% in the preceding halves. Does management see this trend of high proportion of DPU supported by capital return persisting in 2025?

- The higher capital distribution in 2H 2024 was driven by an audit and tax adjustment related to 2023. As a result of this adjustment, a significant portion of tax-exempt income was reclassified as capital distribution, which reduced the reported tax-exempt component and temporarily skewed the distribution mix. We do not expect this trend to persist in 2025.

Question 8 – Are there plans to expand Digital Core REIT's portfolio into new geographic regions in 2025, and if so, what markets are being considered?

- We have a global investment mandate, and we will continue to invest in select core global data centre markets where we see the best opportunity to create value for unitholders.

Important Notice
This announcement is for information only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for Units in Digital Core REIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by Digital Core REIT, the Manager or any of their respective affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request the Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.