

**DIGITAL CORE REIT
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND
DISTRIBUTION ANNOUNCEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2023**

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BofA Securities (Merrill Lynch (Singapore) Pte. Ltd.), Citigroup Global Markets Singapore Pte. Ltd. and DBS Bank Ltd were the joint issue managers, global coordinators, bookrunners and underwriters for the initial public offering of units in Digital Core REIT.

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.

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)
- 7) 2403 Walsh Avenue (90% interest)

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)

As at 30 June 2023, Digital Core REIT’s portfolio consisted of the initial 10 high-quality, mission-critical freehold data centres located across the United States and Canada totalling 1.2 million sq. ft. acquired on Listing Date with approximately US\$1.42 billion in value, as well as its inaugural acquisition of a 25% interest in the Frankfurt Facility (approximately US\$0.6 billion in value at 100%) in December 2022.

Distribution Policy

Digital Core REIT intends to make distributions to Unitholders on a semi-annual basis. The current distribution will be for the period from 1 January 2023 to 30 June 2023 and will be paid on or before 28 September 2023.

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 HALF YEAR ENDED 30 JUNE 2023**

	Actual vs IPO Forecast			Year-on-Year Comparison		
	Actual 1H 2023	Forecast ⁽¹⁾ 1H 2023	+ / (-) ⁽²⁾	Actual 1H 2023	Actual 1H 2022	+ / (-) ⁽²⁾
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue	53,388	53,347	0.1	53,388	52,819	1.1
Property Expenses	(18,236)	(20,091)	(9.2)	(18,236)	(17,418)	4.7
Net Property Income	35,152	33,256	5.7	35,152	35,401	(0.7)
Distributable Income to Unitholders ⁽³⁾	21,480	25,242	(14.9)	21,480	23,233	(7.5)
Distribution per Unit (DPU) (US cents) ⁽⁴⁾	1.92	2.20	(12.7)	1.92	2.06	(6.8)
Annualised distribution yield (%) ⁽⁵⁾	8.15	5.00	315 bps	8.15	5.39	276 bps

Footnotes:

- (1) Forecast figures for 1H 2023 were derived from one half of the Projection Year 2023 as disclosed in the Prospectus.
- (2) Refer to Section 7 Review of Performance and Section 8 Variance from Forecast Statement for information on the respective variances.
- (3) The distributable income to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.
- (4) Actual 1H 2023 DPU of 1.92 US cents was calculated based on 1,118,739,541 issued units as at 30 June 2023, while Actual 1H 2022 DPU of 2.06 US cents was calculated based on 1,127,275,128 issued units as at 30 June 2022.

The reduction in Units was due to the Unit buyback conducted in the second half of 2022 and the first half of 2023, partially offset by the issuance of Units for management fees during the period. For further details, please refer to Section 2 (A) Details of Any Changes in Units.

- (5) The annualised DPU yield for 1H 2023 and 1H 2022 are on a basis of 181 days and pro-rated to 365 days. Distribution yields for 1H 2023 and 1H 2022 are based on market closing prices of US\$0.475 and US\$0.770 per Unit as at last trading day of the respective periods. 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
FOR THE HALF YEAR ENDED 30 JUNE 2023

	FS Note ⁽¹⁾	Group		+/(-)%
		1H 2023	Listing Date to 30 June 2022 ⁽²⁾	
		US\$'000	US\$'000	
Rental income		36,399	42,213	(13.8)
Utilities reimbursements		6,918	8,708	(20.6)
Other recovery and operating income		10,071	9,136	10.2
Gross Revenue		53,388	60,057	(11.1)
Utilities		(7,117)	(8,478)	(16.1)
Property taxes and insurance expenses		(3,369)	(3,041)	10.8
Repairs and maintenance		(1,678)	(1,694)	(0.9)
Property management fees		(1,008)	(1,108)	(9.0)
Other property expenses		(5,064)	(5,409)	(6.4)
Property expenses		(18,236)	(19,730)	(7.6)
Net Property Income		35,152	40,327	(12.8)
Finance income ⁽³⁾		3,112	-	NM
Finance expenses	3	(12,307)	(3,827)	>100
Manager's base fee ⁽⁴⁾		(3,654)	(4,254)	(14.1)
Manager's performance fee ⁽⁴⁾		(1,143)	(1,411)	(19.0)
Trustee's fee		(91)	(91)	-
Other trust expenses ⁽⁵⁾		(1,097)	(1,253)	(12.5)
Unrealised foreign exchange		(2,896)	-	NM
Share of result of associate ⁽⁶⁾		2,078	-	NM
Profit before tax		19,154	29,491	(35.1)
Tax expense ⁽⁷⁾		(6,874)	(3,794)	81.2
Profit after tax		12,280	25,697	(52.2)
Attributable to:				
Unitholders		9,073	22,319	(59.3)
Non-controlling interest		3,207	3,378	(5.1)
		12,280	25,697	(52.2)
Earnings per Unit (US cents) ("EPU") ⁽⁸⁾				
- basic		0.81	1.98	(59.1)
- diluted		0.80	1.98	(59.6)

DIGITAL CORE REIT AND ITS SUBSIDIARIES

1 (A)(ii) CONDENSED INTERIM CONSOLIDATED DISTRIBUTION STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2023

	Group		
	1H 2023	Listing Date to 30 June 2022	+/(-)%
	US\$'000	US\$'000	
Profit after tax attributable to Unitholders	9,073	22,319	(59.3)
<u>Distribution adjustments</u>			
Property-related non-cash items ⁽⁹⁾	(1,327)	(4,829)	(72.5)
Manager's fees paid/payable in units	4,797	5,665	(15.3)
Trustee fee	91	91	-
Amortisation of upfront debt-related transaction costs ⁽¹⁰⁾	732	378	93.7
Net deferred tax expense	6,163	3,094	99.2
Share of result of associate	(2,078)	-	NM
Unrealised foreign exchange	2,895	-	NM
Others ⁽¹¹⁾	1,134	(2)	NM
Net distribution adjustments	12,407	4,397	>100
Income available for distribution to Unitholders ⁽¹²⁾	21,480	26,716	(19.6)
DPU (US cents) ⁽⁸⁾⁽¹²⁾	1.92	2.37	(19.0)

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 30 June 2022. For a like-for-like comparison against 1H 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 as well as non-cash loan discount amortisation on the loan to associate.
- (4) The Manager has elected to receive 100% of its base and performance fees in the form of units for 1H 2023 and FY 2023.
- (5) Other trust expenses comprise audit, tax, compliance, legal and professional fees and other corporate expenses.
- (6) Share of result of associate represents the share of the post-acquisition earnings of the 25% interest in the Frankfurt Facility.
- (7) 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 mainly from the capital allowances claimed on the investment properties.
- (8) Please refer to Section 5 - Consolidated Earnings per Unit and Distribution per Unit for further information.
- (9) Property-related non-cash items consist primarily of straight-line rent adjustments, net of share attributable to non-controlling interests.
- (10) Upfront debt-related transaction costs are amortised over the life of the borrowings.
- (11) Other distribution adjustments include other non-cash and non-tax-deductible items as well as other adjustments related to timing differences in income and expenses.
- (12) The income available for distribution and DPU to Unitholders is based on 100% of the taxable income available for distribution to Unitholders. The DPU from Listing Date to 30 June 2022 of 2.37 US cents comprises DPU 2.06 US cents for the period from 1 January 2022 to 30 June 2022 and 0.31 US cents for the period from Listing Date to 31 December 2021.

Digital Core REIT declares distributions on a half-yearly basis. Please refer to Section 10 - Distributions for further information.

**1 (A)(iii) CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2023**

	1H 2023	Group Listing Date to 30 June 2022	+/(-)%
	US\$'000	US\$'000	
Profit after tax	12,280	25,697	(52.2)
<u>Other comprehensive income</u>			
Movement in fair value of cash flow hedges ⁽¹⁾	3,049	1,206	>100
Foreign currency translation movement ⁽²⁾	7,131	(1,882)	NM
Total other comprehensive income	10,180	(676)	NM
Total comprehensive income	22,460	25,021	(10.2)
Attributable to:			
Unitholders	18,837	21,831	(13.7)
Non-controlling interest	3,623	3,190	13.6
	22,460	25,021	(10.2)

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) Foreign currency translation reserve movement arose from translation differences related to financial statements of foreign subsidiaries.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

1 (B) CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	FS Note	Group		+/(-) %	Trust		+/(-) %
		Actual 30-Jun-23 US\$'000	Actual 31-Dec-22 US\$'000		Actual 30-Jun-23 US\$'000	Actual 31-Dec-22 US\$'000	
Current assets							
Cash and cash equivalents		16,998	25,241	(32.7)	4,004	8,975	(55.4)
Trade and other receivables		8,104	7,139	13.5	93,917	95,728	(1.9)
Derivative financial assets ⁽¹⁾		641	1,417	(54.8)	641	1,417	(54.8)
Prepaid expenses		2,123	741	>100	1,405	475	>100
Total current assets		27,866	34,538	(19.3)	99,967	106,595	(6.2)
Non-current assets							
Derivative financial assets ⁽¹⁾		3,092	-	NM	3,092	-	NM
Investment properties	4	1,430,757	1,423,796	0.5	-	-	-
Investment in subsidiaries		-	-	NM	1,358,854	1,364,905	(0.4)
Associate	5	159,935	152,705	4.7	-	-	-
Deferred tax asset		1,263	1,525	(17.2)	-	-	-
Total non-current assets		1,595,047	1,578,026	1.1	1,361,946	1,364,905	(0.2)
Total Assets		1,622,913	1,612,564	0.6	1,461,913	1,471,500	(0.7)
Current liabilities							
Trade and other payables		18,791	20,170	(6.8)	11,640	11,092	4.9
Current tax payable		756	400	89.0	-	-	-
Rent received in advance		4,891	5,339	(8.4)	-	-	-
Total current liabilities		24,438	25,909	(5.7)	11,640	11,092	4.9
Non-current liabilities							
Derivative financial liabilities ⁽¹⁾	4	301	1,034	(70.9)	301	1,034	(70.9)
Loans and borrowings		501,622	495,034	1.3	501,622	495,034	1.3
Preferred units	6	99	99	-	-	-	-
Deferred tax liabilities		19,366	13,465	43.8	-	-	-
Total non-current liabilities		521,388	509,632	2.3	501,923	496,068	1.2
Total liabilities		545,826	535,541	1.9	513,563	507,160	1.3
Net assets		1,077,087	1,077,023	-	948,350	964,340	(1.7)
Represented by:							
Units in issue		952,168	958,771	(0.7)	952,168	958,771	(0.7)
Hedging reserve ⁽¹⁾		3,432	383	>100	3,432	383	>100
Foreign currency translation reserve		(1,951)	(8,666)	(77.5)	-	-	-
Retained earnings		(20,087)	(15,597)	28.8	(7,250)	5,186	NM
Net assets attributable to Unitholders		933,562	934,891	(0.1)	948,350	964,340	(1.7)
Non-controlling interests		143,525	142,132	1.0	-	-	-
		1,077,087	1,077,023	-	948,350	964,340	(1.7)
Net asset value per Unit ("NAV") (US\$) ⁽²⁾		0.82	0.83	(1.2)	0.84	0.85	(1.2)

DIGITAL CORE REIT AND ITS SUBSIDIARIES

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) The computation of NAV is based on the 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 HALF YEAR ENDED 30 JUNE 2023**

	Group	
	1H 2023	Listing Date to 30 June 2022
	US\$'000	US\$'000
Operating activities		
Profit before tax	19,154	29,491
Adjustments for:		
Property-related non-cash items	(1,530)	(5,365)
Manager's fees paid/payable in Units	4,797	5,665
Finance income	(3,112)	-
Finance expenses	12,307	3,827
Unrealised foreign exchange	2,896	-
Share of result of associate	(2,078)	-
	32,434	33,618
Changes in working capital		
Trade and other receivables	(1,467)	(5,992)
Prepaid expenses	(1,382)	796
Trade and other payables	(2,739)	15,999
Rent received in advance	(448)	(1,672)
Net cash generated from operations	26,398	42,749
Tax paid	(355)	-
Net cash generated from operations	26,043	42,749
Cash flows from investing activities		
Acquisition of investment properties and related assets and liabilities	-	(1,294,712)
Additions to investment properties	(1,352)	(354)
Cash paid for unit buyback	(2,123)	-
Interest received	1,432	-
Net cash used in investing activities	(2,043)	(1,295,066)
Cash flows from financing activities		
Proceeds from issuance of units	-	977,350
Payment of transaction costs relating to issuance of units	(176)	(27,932)
Proceeds from loans and borrowings	3,000	350,000
Payment of debt-related transaction costs	-	(3,065)
Proceeds from preferred units	-	99
Financing expense paid on loans and borrowings	(11,350)	(3,443)
Financing expense paid on preferred units	(8)	(6)
Dividends paid to non-controlling interests	(2,230)	(2,899)
Distribution paid to unitholders	(21,521)	-
Net cash (used in) / generated from financing activities	(32,285)	1,290,104
Net (decrease) / increase in cash and cash equivalents	(8,285)	37,787
Effects of exchange rate fluctuations on cash held	42	-
Cash and cash equivalents at beginning of the period	25,241	-
Cash and cash equivalents at end of the period	16,998	37,787

DIGITAL CORE REIT AND ITS SUBSIDIARIES

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

Group	<-----Attributable to Unitholders of the Trust----->					Total
	Units in issue and issuable	Foreign Currency Translation Reserve	Hedging Reserve	Retained earnings	Non- controlling interests	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2023	958,771	(8,666)	383	(15,597)	142,132	1,077,023
<u>Total comprehensive income</u>						
Profit for the period	-	-	-	9,073	3,207	12,280
<u>Other comprehensive income</u>						
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
<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 ⁽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

DIGITAL CORE REIT AND ITS SUBSIDIARIES

Group	<-----Attributable to Unitholders of the Trust----->					Total US\$'000
	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	
At 10 November 2021 (Date of Constitution) ⁽²⁾	-	-	-	-	-	-
<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 and payable in units	4,254	-	-	-	-	4,254
Issue costs ⁽¹⁾	(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

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 other comprehensive income for the period	-	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 ⁽¹⁾	(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

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) ⁽²⁾	-	-	-	-
<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 other comprehensive income for the period	-	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 ⁽¹⁾	(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

Footnotes:

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

**1 (E) NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 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 half year ended 30 June 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 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 followed 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		
	1H 2023	1H 2022	+/(-)
	US\$'000	US\$'000	%
Interest expense on borrowings	11,567	3,133	>100
Amortisation of upfront debt-related transaction costs	732	320	>100
Dividends on preferred units	8	6	33.3
	12,307	3,459	>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	Group
	31-Jun-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
Straight-line rent capitalised	1,530	6,844
Capital expenditure	1,352	2,596
Currency translation difference	4,079	(12,011)
Fair value change in investment properties	-	(28,805)
As at end of the financial period	1,430,757	1,423,796

5 ASSOCIATE

	Group 30-Jun-23 US\$'000	Group 31-Dec-22 US\$'000
Investment in associate	85,146	81,465
Loan and advances to an associate	74,789	71,240
	159,935	152,705

The carrying value of the associate includes post-acquisition share of profit and is revalued to USD from EUR€.

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 30-Jun-23 US\$'000	Group and Trust 31-Dec-22 US\$'000
<u>Unsecured loans and borrowings</u>		
Amount repayable after one year	505,726	499,870
Less: Unamortised upfront debt-related transaction costs	(4,104)	(4,836)
Total unsecured loans and borrowings	501,622	495,034

Notes:

As at 30 June 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\$152.7 million (EUR€150.0 million) term loan to finance the acquisition of the 25.0% interest in the Frankfurt Facility
- (iii) a US\$3.0 million loan drawn down from the committed revolving credit facility

As at 30 June 2023, the Group had US\$197.0 million of undrawn capacity available on the revolving credit facility to meet its future obligations. Seventy-two percent (72%) 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, including upfront debt-related transaction costs, was 4.7%. Aggregate leverage, as defined in the Property Funds Appendix, was 34.2%.

7 PREFERRED UNITS

	Group 30-Jun-23 US\$'000	Group 31-Dec-22 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 1H 2023 US\$'000	Group 1H 2022 US\$'000
Acquisition fee paid/payable to the Manager	-	(12,965)
Manager's management fees paid/payable to the Manager	(4,797)	(5,665)
Property management fees paid/payable to related parties	(1,008)	(1,108)
Other property-related reimbursement costs to a related party	(2,978)	(2,480)
Interest income from an associate	1,206	-
Trustee fees paid/payable	(91)	(91)

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 an 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.

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.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

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	30-Jun-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	-	3,733	-	3,733
Investment properties	-	-	1,430,757	1,430,757
Total assets	-	3,733	1,430,757	1,434,490
Liabilities measured at fair value				
Derivative financial assets	-	301	-	301
Total liabilities	-	301	-	301

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

	30-Jun-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	-	3,733	-	3,733
Total financial assets	-	3,733	-	3,733
Liabilities measured at fair value				
Derivative financial assets	-	301	-	301
Total liabilities	-	301	-	301

	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 30 June 2023.

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Discounted cash flow approach	<ul style="list-style-type: none"> Discount rate of 5.50% to 7.00% Terminal capitalisation rate of 4.75% to 5.00% 	Higher discount rate or terminal capitalisation rate would result in a lower fair value, while lower rates would result in a higher fair value.
Direct capitalisation method	<ul style="list-style-type: none"> Capitalisation rate of 4.25% to 4.75% 	Higher capitalisation rate would result in a lower fair value, while lower rate would result in a higher fair value.

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 independent professional valuers have considered valuation techniques including the direct comparison method, capitalisation approach and discounted cash flows in arriving at the open market value as at the reporting date. These valuation methods involve certain estimates. The Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using a market-corroborated capitalisation rate. The discounted cash flow method involves the estimation of an income stream over a period and discounting the income stream with an expected internal rate of return and terminal yield.

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.

10 SEGMENT ANALYSIS

For segment reporting purposes, the primary segment is by geography, and it comprises North America (U.S. and Canada) and EMEA (Europe, the Middle East and Africa). 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.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

	North America US\$'000	EMEA US\$'000	Total US\$'000
1H 2023			
Gross revenue	53,388	-	53,388
Property operating expenses	(18,236)	-	(18,236)
Total segment net property income	35,152	-	35,152
Manager's base fee	(2,250)	-	(2,250)
Share of profit of an associate	-	2,078	2,078
Reportable segment profit before tax	32,902	2,078	34,980
<i>Unallocated items:</i>			
<i>Finance income</i>			3,112
<i>Finance costs</i>			(12,307)
<i>Manager's base fee</i>			(1,404)
<i>Manager's performance fee</i>			(1,143)
<i>Trustee's fees</i>			(91)
<i>Other trust expenses</i>			(1,097)
<i>Unrealised foreign exchange</i>			(2,896)
Profit before tax			19,154
	North America US\$'000	EMEA US\$'000	Total US\$'000
Segment assets	1,445,857	85,146	1,531,003
Other unallocated amounts			91,910
Consolidated assets			1,622,913
Segment liabilities	10,718	-	10,718
Other unallocated amounts			535,108
Consolidated liabilities			545,826
Other segment items:			
Capital expenditure	1,352	-	1,352

There is no segment reporting in 1H 2022 as the inaugural acquisition of a 25% interest in the Frankfurt Facility was completed in December 2022.

11 SUBSEQUENT EVENT

On 27 July 2023, the Manager announced a distribution of 1.92 US cents per Unit for the period from 1 January 2023 to 30 June 2023.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

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 to be issued:		
- Management base and performance fees in units to be issued ⁽¹⁾	15,483,537	2,413,203
Total issued and issuable Units as at 30 June (excluding treasury units)	1,134,223,078	1,129,688,331

Notes:

(1) The 15,483,537 units issuable as at 30 June 2023 comprises:

- (i) 7,358,140 units to be issued as payment of management base fee in units for 4Q 2022 and management performance fee in units for the period from the Listing Date to 31 December 2022 respectively, based on the volume weighted average price for the last 10 business days prior to 31 December 2022.
- (ii) 8,125,397 units to be issued as payment of management base fees in units for 1Q 2023 and 2Q 2023 based on the volume weighted average price for the last 10 business days prior to each quarter end period.

2 (B) TOTAL NUMBER OF ISSUED UNITS

	As at 30 June 2023	As at 31 December 2022
Total number of issued Units (excluding treasury units)	1,118,739,541	1,120,892,272

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

Digital Core REIT repurchased a total of 4,596,500 treasury units in 1H 2023 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

- (a) 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

- (b) 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")

	1H 2023	Listing Date to 30 June 2022
EPU		
Profit after tax attributable to Unitholders (US\$'000)	9,073	22,319
Basic EPU		
Weighted average number of Units as at end of period ⁽¹⁾	1,118,825,084	1,127,301,647
Basic EPU (US cents)	0.81	1.98
Diluted EPU		
Weighted average number of Units as at end of period ⁽²⁾	1,134,223,078	1,129,688,331
Diluted EPU (US cents)	0.80	1.98
DPU		
Income available for distribution to Unitholders (US\$'000)	21,480	26,716
Number of Units in issue at end of period ⁽³⁾	1,118,739,541	1,127,275,128
DPU (US cents) ⁽³⁾	1.92	2.37

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. The DPU of the comparative period from Listing Date to 30 June 2022 of 2.37 US cents comprises DPU 2.06 US cents for the period from 1 January 2022 to 30 June 2022 and 0.31 US cents for the period from Listing Date to 31 December 2021.

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

	As at 30 June 2023		As at 31 December 2022	
	Group	Trust	Group	Trust
Net assets ⁽¹⁾ (US\$'000)	933,562	948,350	934,891	964,340
Number of Units in issue and to be issued ⁽²⁾ ('000)	1,134,222,855	1,134,222,855	1,130,694,181	1,130,694,181
NAV and NTA per Unit ⁽³⁾ (US\$)	0.82	0.84	0.83	0.85
Adjusted NAV and NTA per Unit ⁽³⁾ (excluding Distributable Income) (US\$)	0.80	0.82	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 and performance 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

	1H 2023	1H 2022	+/(-)%
	US\$'000	US\$'000	
<u>Consolidated Statement of Comprehensive Income</u>			
Rental income	36,399	37,796	(3.7)
Utilities reimbursements	6,918	7,596	(8.9)
Other recovery and operating income	10,071	7,427	35.6
Gross Revenue	53,388	52,819	1.1
Utilities	(7,117)	(7,610)	(6.5)
Property taxes and insurance expenses	(3,369)	(2,733)	23.3
Repairs and maintenance	(1,678)	(1,694)	(0.9)
Property management fees	(1,008)	(972)	3.7
Other property expenses	(5,064)	(4,409)	14.9
Property expenses	(18,236)	(17,418)	4.7
Net Property Income	35,152	35,401	(0.7)
Finance income	3,112	-	NM
Finance expenses	(12,307)	(3,459)	>100
Manager's base fee	(3,654)	(3,801)	(3.9)
Manager's performance fee	(1,143)	(1,256)	(9.0)
Trustee's fee	(91)	(76)	19.7
Other trust expenses	(1,097)	(1,053)	4.2
Unrealised foreign exchange	(2,896)	-	NM
Share of result of associate	2,078	-	NM
Profit before tax	19,154	25,756	(25.6)
Tax expense	(6,874)	(3,307)	>100
Profit after tax	12,280	22,449	(45.3)
Attributable to:			
Unitholders	9,073	19,487	(53.4)
Non-controlling interest	3,207	2,962	8.3
Profit after tax	12,280	22,449	(45.3)
<u>Distribution Statement</u>			
Profit after tax attributable to Unitholders	9,073	19,487	(53.4)
Distribution adjustments	12,407	3,746	>100
Income available for distribution to Unitholders	21,480	23,233	(7.5)
DPU (US cents)	1.92	2.06	(6.8)

DIGITAL CORE REIT AND ITS SUBSIDIARIES

Review of performance for 1H 2023 vs 1H 2022

Lower rental income for 1H 2023 was due to a decrease in rental income at 371 Gough Road in Toronto as a result of a customer, who filed for bankruptcy protection in 2022, vacating its space on 1 January 2023. As at the date of announcement, approximately two-thirds of this previous customer's 2023 rental obligation has been backfilled by replacement tenants. Separately, on 4 June 2023, Digital Core REIT's second-largest customer, representing approximately 21.7% of total annualised rent, filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court in the District of New Jersey. The customer has remained current on its rental obligations to Digital Core REIT through the month of July 2023, except for June 2023's rental obligation which remains outstanding due to administrative claim procedures under bankruptcy law. The Manager expects the outstanding rent to be collected and hence, there was no provision of doubtful debt.

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.

As a result of the above, 1H 2023 gross revenue of US\$53.4 million was higher than 1H 2022 by 1.1%.

1H 2023 property expenses of US\$18.2 million were higher than 1H 2022 by 4.7% largely due to higher property taxes and other property expenses, offset by lower utilities.

Consequently, 1H 2023 net property income of \$35.2 million was marginally below 1H 2022 by 0.7%.

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\$12.3 million for 1H 2023 were significantly higher than 1H 2022 due to a rise in interest rates since April 2022, partially offset by 72% of borrowings hedged with floating-to-fixed interest rate swaps.

Unrealised foreign exchange mainly relates to the revaluation of the Euro term loan to USD for the financing of the Frankfurt Facility (associate). Due to natural hedging, the unrealised foreign exchange loss is offset by a corresponding gain in other comprehensive income on the Euro-denominated investment.

Tax expense was higher due to an increased net deferred tax from higher non-cash tax depreciation.

After adjusting for distribution adjustments, 1H 2023 overall income available for distribution of US\$21.5 million and DPU of 1.92 US cents were 7.5% and 6.8% lower than 1H 2022, respectively.

8 VARIANCE FROM FORECAST STATEMENT

	1H 2023		+/(-)%
	Actual	Forecast ⁽¹⁾	
<u>Consolidated Statement of Comprehensive Income</u>	US\$'000	US\$'000	
Rental income	36,399	37,396	(2.7)
Utilities reimbursements	6,918	5,208	32.8
Other recovery and operating income	10,071	10,743	(6.3)
Gross Revenue	53,388	53,347	0.1
Utilities	(7,117)	(5,267)	35.1
Property taxes and insurance expenses	(3,369)	(5,998)	(43.8)
Repairs and maintenance	(1,678)	(2,097)	(20.0)
Property management fees	(1,008)	(1,057)	(4.6)
Other property expenses	(5,064)	(5,672)	(10.7)
Property expenses	(18,236)	(20,091)	(9.2)
Net Property Income	35,152	33,256	5.7
Finance income	3,112	-	NM
Finance expenses	(12,307)	(2,437)	>100
Manager's base fee	(3,654)	(3,611)	1.2
Manager's performance fee	(1,143)	(1,164)	(1.8)
Trustee's fee	(91)	(109)	(16.5)
Other trust expenses	(1,097)	(1,150)	(4.6)
Unrealised foreign exchange	(2,896)	-	NM
Share of result of associate	2,078	-	NM
Net profit before tax	19,154	24,785	(22.7)
Tax expense	(6,874)	(3,917)	75.5
Profit after tax	12,280	20,868	(41.2)
Attributable to:			
Unitholders	9,073	17,672	(48.7)
Non-controlling interest	3,207	3,196	0.3
Profit after tax	12,280	20,868	(41.2)
<u>Distribution Statement</u>			
Profit after tax attributable to Unitholders	9,073	17,672	(48.7)
Distribution adjustments	12,407	7,570	63.9
Income available for distribution to Unitholders	21,480	25,242	(14.9)
DPU (US cents)	1.92	2.20	(12.7)

Notes:

(1) Forecast figures for 1H 2023 were derived from one half of the Projection Year 2023 as disclosed in the Prospectus.

Certain recovery and other operating income and property expense line items in the forecast have been reclassified and/or disaggregated for a better presentation and comparison against actual performance. For the avoidance of doubt, the reclassification has no impact on the net property income and distributable income as disclosed in the Prospectus.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

Actual vs. Forecast for 1H 2023

Rental income for Actual 1H 2023 was below forecast due to a decrease in rental income at 371 Gough Road in Toronto as a result of a customer, who filed for bankruptcy protection in 2022, vacating its space on 1 January 2023. As at the date of announcement, approximately two-thirds of the previous customer's 2023 rental obligation has been backfilled by replacement tenants. Separately, on 4 June 2023, Digital Core REIT's second-largest customer, representing approximately 21.7% of total annualised rent, filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court in the District of New Jersey. The customer has remained current on its rental obligations to Digital Core REIT through the month of July 2023, except for June 2023's rental obligation which remains outstanding due to administrative claim procedures under bankruptcy law. The Manager expects the outstanding rent to be collected and hence, there was no provision of doubtful debt.

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

As a result of the above, 1H 2023 gross revenue of US\$53.4 million was in line with the forecast.

1H 2023 property expenses of US\$18.2 million were lower than forecast by 9.2% largely due to lower property taxes and other property expenses, offset by higher utilities.

Consequently, 1H 2023 net property income of \$35.2 million was higher than forecast by 5.7%.

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\$12.3 million for 1H 2023 were significantly higher than forecast due to a rise in interest rates since April 2022, partially offset by 72% of borrowings hedged with floating-to-fixed interest rate swaps.

Unrealised foreign exchange mainly relates to the revaluation of the Euro term loan to USD for the financing of the Frankfurt Facility (associate). Due to natural hedging, the unrealised foreign exchange loss is offset by a corresponding gain in other comprehensive income on the Euro-denominated investment.

Tax expense was higher due to an increased net deferred tax from higher non-cash tax depreciation.

After adjusting for distribution adjustments, 1H 2023 overall income available for distribution of US\$21.5 million and DPU of 1.92 US cents were 14.9% and 12.7% 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.

The International Monetary Fund (IMF) lifted its 2023 global economic outlook in July on the back of resilient economic activity in the first quarter, strong actions by authorities to contain the March banking turmoil in the U.S. and Switzerland, and supply chain disruption returning to pre-pandemic levels, but warns of slowing global growth, particularly for advanced economies as policymakers may face difficult trade-offs to bring inflation down and maintain growth while also preserving financial stability. The IMF now projects global growth of 3.0% in 2023, up 0.2 percentage point from its April forecast, but left its outlook for 2024 unchanged (source: IMF July 2023 report). Although persistent challenges continue to weigh on global economic activity, current data centre fundamentals are healthy and long-term digital trends are highly supportive of our business. According to a report by IT research and consultancy firm Gartner, data centre systems spending in 2023 is projected to grow 3.7% year-on-year, outpacing broader economic growth, to US\$224 billion despite global economic turbulence and tech layoffs. While leading technology service providers may be reining in human capital, they are continuing to invest in digital infrastructure such as artificial intelligence (AI). International Data Corporation (IDC) expects global spending on AI to reach US\$154 billion in 2023 and surpassing \$300 billion by 2026. The Manager expects data centre demand to remain durable with a strong tailwind from growing adoption of artificial intelligence 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.

10 DISTRIBUTIONS

(a) Current Financial Period reported on

Any distribution recommended for the current financial period reported on?

Yes.

Name of Distribution	3 rd Distribution for the period from 1 January 2023 to 30 June 2023
Distribution Type	a) Tax-exempt income distribution b) Capital distribution
Distribution Rate	a) Tax-exempt income distribution – 0.70 US cents per unit b) Capital distribution – 1.22 US cents per unit
Tax Rate	<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. <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.

DIGITAL CORE REIT AND ITS SUBSIDIARIES

(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	1 st Distribution for the period from 6 December 2021 to 30 June 2022
Distribution Type	a) Tax-exempt income distribution b) Capital distribution
Distribution Rate	a) Tax-exempt income distribution – 1.52 US cents per unit b) Capital distribution – 0.85 US cents per unit
Tax Rate	<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 DC REIT. <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 DC REIT units, the amount of capital distribution will be applied to reduce the cost base of their DC REIT units for Singapore income tax purposes.

(c) Record date

4 August 2023

(d) Date payable

28 September 2023

11 DISTRIBUTION STATEMENT

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

12 INTERESTED PERSON TRANSACTIONS

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions of less than S\$100,000)	
	1H 2023 US\$'000	1H 2022 US\$'000
Digital Realty Trust, Inc., and its subsidiaries		
Acquisition fee paid/payable to the Manager	-	12,965
Manager's management fees paid/payable to the Manager	4,797	5,665
Property management fees paid/payable to related parties	1,008	1,108
Other property-related reimbursement costs to related parties	2,978	2,480
Interest income paid/payable to a related party	1,206	-
Perpetual (Asia) Limited		
Trustee fees paid/payable	91	91

Digital Core REIT has not obtained a general mandate from Unitholders for Interested Person Transactions for the financial period under review.

13 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.

14 CONFIRMATION BY THE BOARD

We, JEFFREY TAPLEY and TSUI KAI CHONG, being two Directors of Digital Core REIT Management Pte. Ltd. (the "Company"), as Manager of Digital Core REIT, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of Digital Core REIT for the financial period from 1 January 2023 to 30 June 2023 to be false or misleading in any material respect.

On behalf of the Board,

Jeffrey Tapley
Chairman

Tsui Kai Chong
Director

27 July 2023

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
27 July 2023