DIGITAL
CORE REIT

(a real estate investment trust constituted on 10 November 2021

under the laws of the Republic of Singapore)

EXTRAORDINARY GENERAL MEETING TO BE HELD ON 4 DECEMBER 2024

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

We refer to the notice dated 11 November 2024 convening the extraordinary general meeting of Digital Core REIT ("**Notice of EGM**"). 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 Extraordinary General Meeting ("**EGM**") to be convened and held at Bridge+, 79 Robinson Road, Level 2, Singapore 068897 on Wednesday, 4 December 2024 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 Monday, 18 November 2024, 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 EGM.

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 also grouped related and similar questions and our responses thereto together. Accordingly, not all questions received from Unitholders may be individually addressed. Key questions raised in relation to the Proposed Acquisition 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 EGM.

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

John Stewart
Chief Executive Officer

Singapore
28 November 2024

APPENDIX

Responses to Substantial and Relevant Questions

Acquisition Size

Q1. The proposed transaction involves acquiring an additional stake in the Frankfurt Facility, ranging from 0.2% to 40%. Digital Core REIT currently owns a 49.9% interest in the Frankfurt Facility. What factors are influencing the specific size of the acquisition, given the wide range of 0.2% to 40%? How do market conditions and potential economic or tax advantages of majority ownership impact this decision?

In determining the actual amount to acquire, the Manager would primarily take into account the cost and availability of debt and equity financing. Based on current market conditions, the acquisition of a 10.0% interest represents the Manager's approximation of the best balance between delivery to Unitholders of the benefits from the transaction with preserving balance sheet flexibility, assuming a fully debt-funded transaction and based on current market conditions.

For further detail, please refer to the Circular dated 11 November 2024 titled, "The Proposed Acquisition of an Additional Interest in a Data Centre Located in Germany".

Valuation

Q2: As of December 31, 2023, the REIT's valuation of the Frankfurt Facility was €504 million. The independent valuers appointed in relation to the Proposed Acquisition have assessed the Frankfurt Facility's current valuation to be between €563 million and €580 million. What factors have led to the increase in the asset's valuation compared to the property year-end valuation in 2023?

The valuation of the Frankfurt Facility increased compared to its year-end 2023 valuation due to several key factors:

Improved Rent Roll:

During 2024, leasing activity increased the Frankfurt Facility's occupancy from 92% to nearly 99% and increased its WALT from 2.7 to 5.5 years. We renewed leases with both anchor customers, an AAA-rated tenant and an AA-plus cloud provider, for an additional five years at a positive 2% cash rental reversion. These renewals significantly strengthened the size, stability and duration of the property's cash flow.

Customer Bankruptcy Resolution:

In January 2024, the Manager terminated a lease at the Frankfurt Facility with a customer who had filed for bankruptcy. This termination was a component of a broader transaction to resolve the customer's bankruptcy. The US$10 million lease termination fee payment was recorded as a liability in the 2023 year-end valuation and the settlement of this liability caused the Frankfurt Facility's net asset value to increase. For further information, please see the 1 November 2023 announcement titled "Customer Situation Update" and the 15 January 2024 announcement titled "Completion of Sale of Two Shell & Core Facilities in Silicon Valley".

Retention of End-User Customers:
Despite terminating the second-largest customer's lease, we retained all existing end-user customers. This exceeded our underwriting expectations and bolstered the property's cash flow and valuation.

Discount to Valuation

Q3. The agreed market value for the Frankfurt Facility (the "Agreed Value") is €470 million (for 100% ownership), representing a 17%-19% discount to the independent valuations. How was the Agreed Value determined, considering the Sponsor's accountability to its shareholders? Does this represent a favourable deal for Digital Core REIT?

A year ago, the Sponsor granted Digital Core REIT an option to purchase up to 89.9% of the Frankfurt Facility at a 6% discount to its appraised value at that time.

In April 2024, we exercised this option to acquire a 24.9% interest in the Frankfurt Facility at the Agreed Value; as disclosed in the circular dated 3 April 2024, Digital Core REIT also had the option, exercisable during the six-month period after, to acquire additional interest in the Frankfurt Facility based on the same Agreed Value.

This arrangement demonstrates the Sponsor's strong backing for Digital Core REIT and its commitment to ensuring the REIT's long-term success.

The Agreed Value represents a 17%-19% discount to the updated independent valuations obtained in relation to the Proposed Acquisition, reflecting Frankfurt Facility's recent operational outperformance.

With higher occupancy, lease renewals with high-quality tenants, and strengthened cash flow stability, the transaction underscores significant value for unitholders.

Occupancy

Q4. The current occupancy of the Frankfurt Facility is 98.5%. Is the Manager actively seeking tenants to fill up the remaining 1.5%?

The remaining vacancy in the Frankfurt Facility is less than 500 kW, representing a vacancy rate of 1.5%. The Manager continues to work closely with the Sponsor's sales and portfolio management team to lease-up remaining vacancy. Given the current health of data centre fundamental in Frankfurt and strength of the Sponsor's global data centre platform, the Manager anticipates that it may be successful at leasing the remaining vacancy and driving additional upside for Unitholders.

Impact of Artificial Intelligence (AI)

Q5. Can the Manager help Unitholders better understand how artificial intelligence ("AI") is driving demand for data centres? What specifications make a data centre attractive to AI customers? How strong is the demand and is this only the beginning

of a long-term structural shift that could last for years? Is the Frankfurt Facility AI ready and does it need to be modified to accommodate liquid cooling?

The Manager has seen a tangible tightening in market fundamentals across our core markets, partially driven by the explosion of artificial intelligence workloads. We have seen first-hand evidence of this tightening, as our Sponsor's sales team scrounges for capacity and points opportunities at our portfolio, given limited availability or new development coming online in core markets. Earlier this month, the Manager announced the lease-up of our remaining capacity in Toronto to a next-generation AI computing developer.

Liquid cooling is important to handle AI deployments, and all our assets, including the Frankfurt Facility, have liquid cooling and are able to accommodate AI workloads; we are also currently running AI applications across our data centres.

Geographical diversification

Q6. How important is geographical diversification given Digital Core REIT's current scale? If the Proposed Acquisition is completed, will Digital Core REIT shift its focus to increasing its stake in the Osaka data center, similar to its approach with the Frankfurt Facility?

Achieving scale and diversification remain key strategic priorities to Digital Core REIT. We aim to further reduce customer and geographic concentration through accretive growth. Beyond Frankfurt, the Manager expects to invest more in Osaka since establishing our initial presence in Asia last year.

Method of Financing

Q7. How will the Proposed Acquisition be financed, and what is the expected impact of the Proposed Acquisition on Digital Core REIT's's leverage? At present, interest rates in Europe are decreasing; has the Manager considered waiting for interest rates to decline further before closing the Proposed Acquisition? What is the loan interest rate obtained by the Manager for the Proposed Acquisition?

Completion of the Proposed Acquisition must take place by early December 2024 and the Manager will have to make the final determination on the acquisition size before closing.

Based on an illustrative 10% investment in the Frankfurt Facility, the Proposed Acquisition will be fully debt funded by borrowings on Digital Core REIT's multi-currency credit facilities. This will add approximately 130bps to our leverage, taking our pro-forma aggregate leverage as at 31 December 2023 from 34.5% to 35.8%.

As disclosed in the Circular dated 11 November 2024 titled, "The Proposed Acquisition of an Additional Interest in a Data Centre Located in Germany", the assumed weighted-average interest cost is approximately 3.2% per annum.

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 ("Units") 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.