DIGITAL CORE REIT

CORE | SUSTAINABLE | GROWTH

CORPORATE PROFILE

Listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST) on 6 December 2021 (Listing Date), Digital Core REIT is the only pure-play data centre Singapore Real Estate Investment Trust (S-REIT) sponsored by Digital Realty, a global best-in-class pure-play listed data centre owner and operator.

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 primarily used 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.

CORE | SUSTAINABLE | GROWTH

Pure-Play Data Centre S-REIT Sponsored by the Largest Global Owner, Operator, Developer and Acquirer of Data Centres.

DIGITAL REALTY

CONTENTS

Any discrepancies in the tables and charts between the listed figures and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

100%

FREEHOLD PORTFOLIO WITH 11 MISSION CRITICAL PROPERTIES IN KEY STRATEGIC DATA CENTRE MARKETS

US$1.58 Bn

OF ASSETS UNDER MANAGEMENT

CORE

SUSTAINABLE

100%

INSULATED FROM ENERGY COSTS

Over 50%

OF PORTFOLIO CERTIFIED FOR SUSTAINABILITY


79%
68%
95%

GROWTH

10%

GROWTH IN ASSETS UNDER MANAGEMENT IN 2022

34%

AGGREGATE LEVERAGE PROVIDES AMPLE DEBT HEADROOM


RESUMEN REAL
1E+02
6E+01
9E+01
Entretenimiento
Artículos personales
Comida
Viajes

VISION

To become the leading S-REIT supporting the digital economy with a global portfolio of core data centre assets.

MISSION

To deliver long-term, sustainable value for all stakeholders through investments in a diversified and growing portfolio of mission-critical data centres located in key global markets.

OUR CORE STRENGTHS

Dedicated Core Data Centre S-REIT with an Industry-Leading Pipeline and Operating Expertise Sponsored by Digital Realty (the Sponsor)

Exclusively Focused on Highly Attractive Data Centre Industry Benefiting from Robust Demand Driven by Digital Transformation

High-Quality, Mission-Critical Portfolio Across Top Data Centre Markets

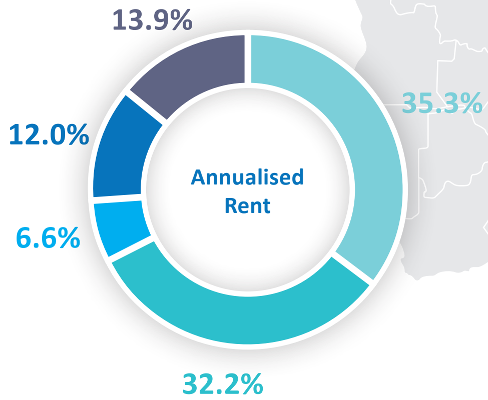
Industry-Leading Pipeline Provides Unparalleled Growth Opportunity via Gobal Right of First Refusal

Exclusive S-REIT Vehicle of Best-in-Class Global Data Centre Sponsor

OUR PRESENCE

Date Centre Metros

	Data Centres	Portfolio Value (at Share)[1] (US$ million)	Net Rentable Square Feet (at Share)[1]
NORTHERN VIRGINIA	3	590.6	0.4 million
SILICON VALLEY	4	422.1	0.4 million
LOS ANGELES	2	110.7	0.2 million
TORONTO[2]	1	158.0	0.1 million
FRANKFURT[2]	1	148.8	0.1 million
TOTAL	11	1,430.2	1.2 million



Source: Data as at 31 December 2022

1 Portfolio value (at share) is based on respective ownership interests of properties. This value is lower than the US$1.58 billion assets under management which is based on balance sheet value of investment properties at 100%, and investment in associate and advance to associate at share.

2 Local currency figures converted based on a CAD:USD exchange rate of 0.74 and a EUR:USD exchange rate of 1.07.

KEY HIGHLIGHTS

11
Data Centres

100%
Freehold

4.5 years[1]
Weighted Average Lease Expiry

98.2%
Occupancy

100%
Insulated from Energy Cost

US$1.58billion[2]
Assets Under Management

1.2million
Net Rentable Square Feet[3]

Source: Data as at 31 December 2022
1 Based on annualised rent.
2 Based on balance sheet value of investment properties at 100%, and investment in associate and advance to associate at share.
3 Based on respective ownership interests of properties.

FINANCIAL HIGHLIGHTS

Financial Highlights and Ratios

for the financial period from 6 December 2021 (Listing Date) to 31 December 2022

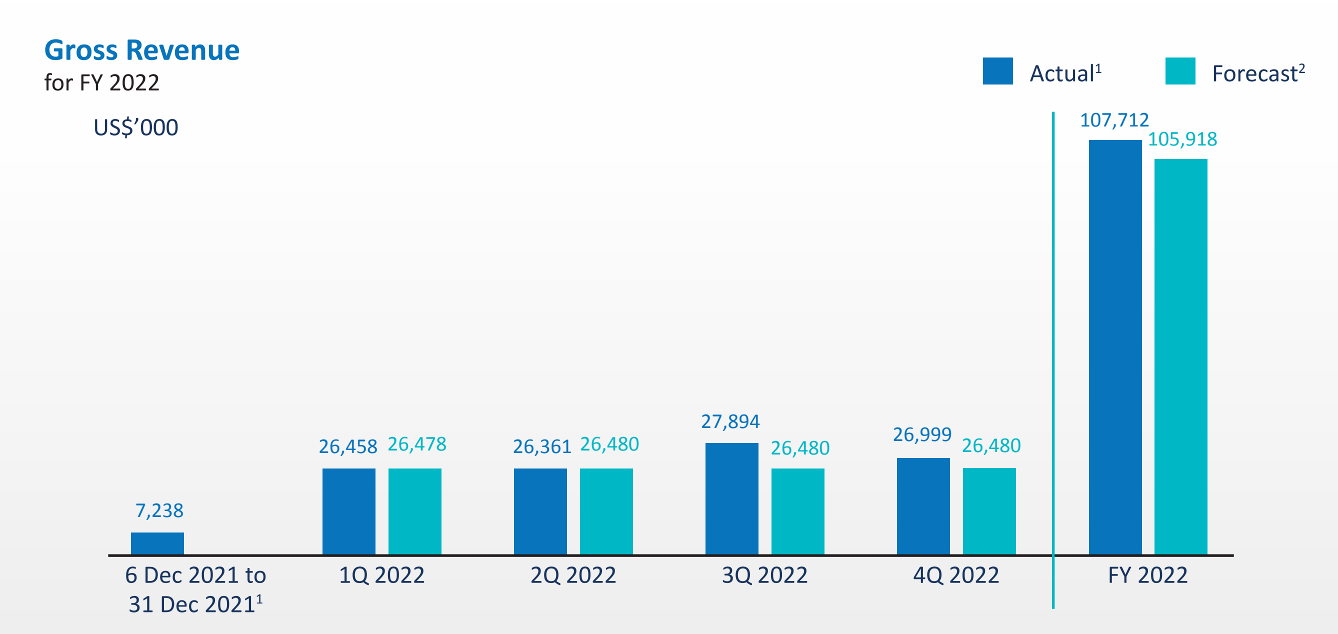
	Actual 2022[1] US$'000	Forecast 2022[2] US$'000	Change %	Listing Date to 31 Dec 2021[1] US$'000
Gross revenue	**107,712**	105,918	1.7	**7,238**
Net property income	**69,377**	66,860	3.8	**4,926**
Distributable income attributable to Unitholders	**44,765**	47,519	(5.8)	**3,483**
Distribution per Unit (DPU) (US cents)	**3.98**	4.18	(4.8)	**0.31**
Distribution yield (%)[3]	**7.24**	4.75	249 bps	-
Interest coverage ratio (times)[4]	**5.7**	11.3	(49.6)	-
Weighted average all-in interest rate (% per annum)[5]	**2.7%**	1.2%	150 bps	**1.1%**

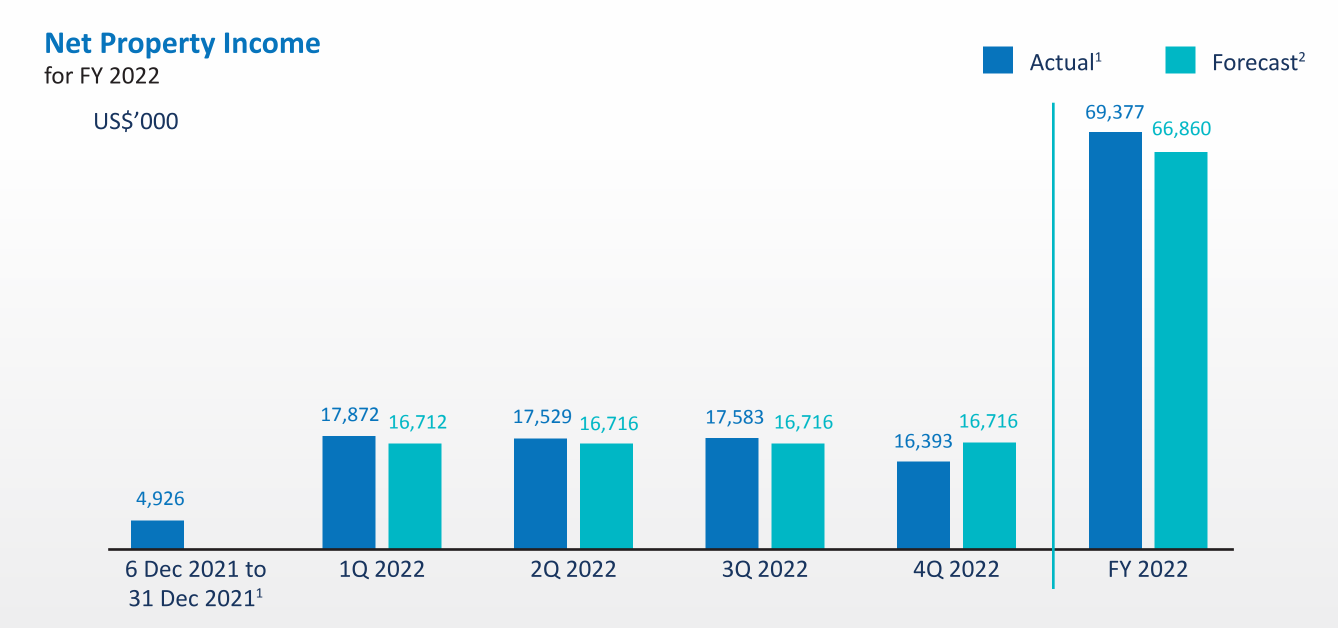
Statement of Financial Position Highlights

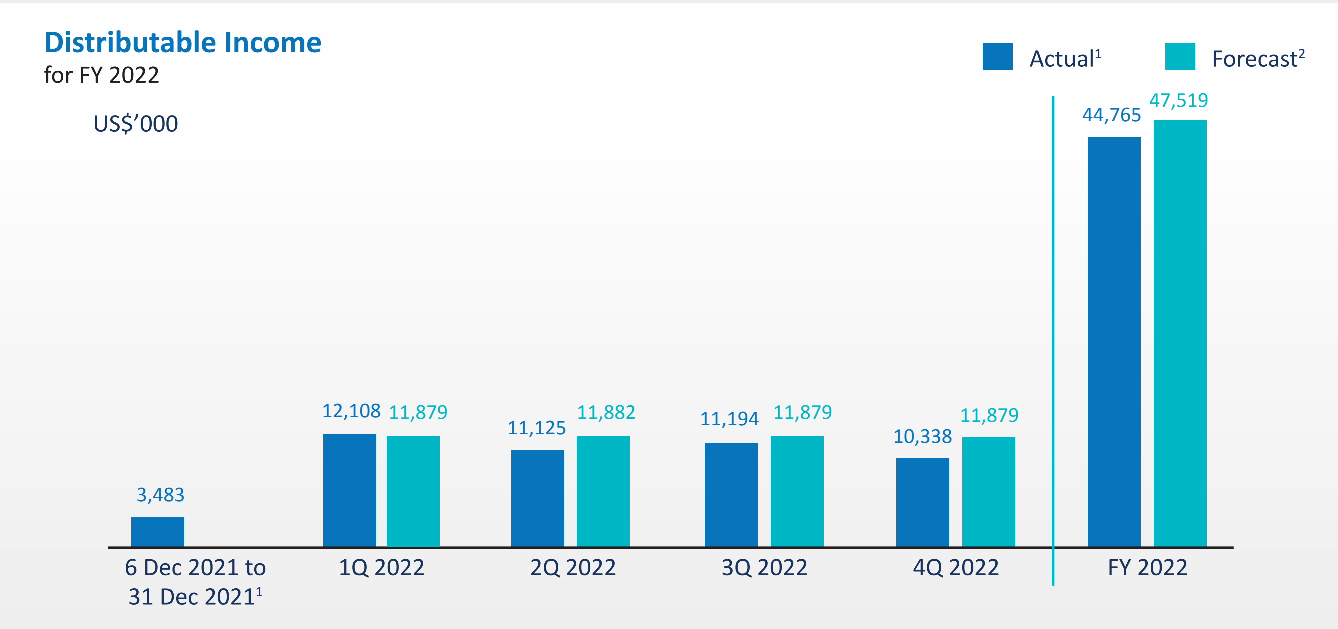
as at 31 December 2022

	2022 US$'000
Investment properties	**1,423,796**
Total assets	1,612,564
Gross borrowings[6]	499,870
Total liabilities	535,541
Unitholders' funds	934,891
Units in issue and to be issued as at balance sheet date ('000)	1,130,694
Net asset value (NAV) per Unit (US$)[7]	0.83
Adjusted NAV per Unit, excluding distribution (US$)[8]	0.81
Unit price as at balance sheet date (US$)	0.55
Aggregate leverage (%)[9]	34.0%

1 In the summary table, the Actual results for the period from Listing Date to 31 December 2022 have been split into full year 1 January 2022 to 31 December 2022 and stub period 6 – 31 December 2021 respectively for a better comparison against the IPO Forecast.
2 There was no forecast figure for the period from Listing Date to 31 December 2021. The full year forecast figures were derived from the Forecast Year 2022 as disclosed in the Prospectus.
3 Distribution yield for FY 2022 is based on market closing price of US$0.55 per Unit as at last trading day of FY 2022. The Forecast distribution yield of 4.75% is as per disclosed in the Prospectus.
4 Interest coverage ratio (or ICR) is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees. Excluding management fees taken in Units, the ICR would be 6.5 times for FY 2022. As the Group did not issue any hybrid securities, the Adjusted ICR is the same as the ICR.
5 Excluding amortisation of debt upfront fees and for the period from 1 January 2022 to 31 December 2022 and 6 December 2021 to 31 December 2021 respectively.
6 Gross borrowings relate to bank borrowings drawn down from loan facilities.
7 The pro-forma NAV per Unit at the beginning of the period on Listing Date was US$0.84 as disclosed in the Prospectus.
8 Adjusted NAV per Unit as at 31 December 2022 excludes DPU of 1.92 U.S. cents per Unit for the period from 1 July 2022 to 31 December 2022.
9 Aggregate leverage was computed based on gross borrowings divided by deposited properties. Under Para 9.7 of the CIS Code, if a property fund invests in real estate through the shareholdings in unlisted SPVs, the aggregate leverage of all SPVs held by the property fund should be aggregated on a proportionate basis based on the property fund's share of each SPV.







1 The Actual results from Listing Date to 31 December 2022 have been split into full year 1 January 2022 to 31 December 2022 and stub period 6 – 31 December 2021 respectively for a better comparison against the IPO Forecast.

2 There was no forecast figure for the period from Listing Date to 31 December 2021. The full year forecast figures were derived from the Forecast Year 2022 as disclosed in the Prospectus.

SUSTAINABILITY HIGHLIGHTS

About this Report

This report is prepared with reference to the Global Reporting Initiative (GRI) Standards. The GRI Standards have been chosen as they are a globally recognised standard for sustainability reporting which allows for comparability with industry peers. Digital Core REIT observes the Monetary Authority of Singapore Guidelines on Environmental Risk Management for Asset Managers and the SGX Listing Manual Rules. Additionally, Digital Core REIT has referenced other sustainability principles and reporting frameworks including the United Nations Sustainable Development Goals as well as the Taskforce on Climate-related Financial Disclosures recommendations to guide our sustainability strategy and ensure that our report is aligned with regulatory requirements.

Board Statement

The Board of the Manager of Digital Core REIT has determined the organisation's material environmental, social, and governance (ESG) factors and has responsibility for overseeing the management and monitoring of these material ESG factors. The Board and the Manager recognise that ESG is a continuous journey, and while Digital Core REIT is still at the outset of its journey, ESG is a top corporate priority for the organisation. We are committed to integrating material ESG issues into our strategy and business operations to promote the development and adoption of sustainable corporate practices and policies. We are also committed to regularly and transparently communicating with stakeholders on our ESG performance, risks, and opportunities. Finally, we are committed to doing our part to create a more sustainable future for our customers, partners, employees, and the communities we serve.

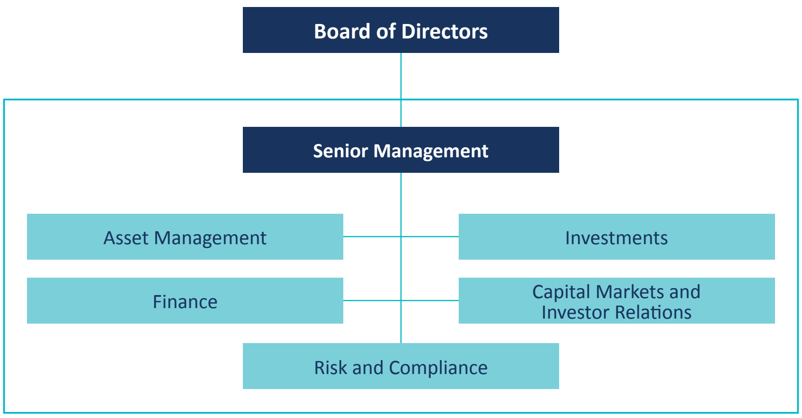
Sustainability Management Structure

The Board has responsibility for overseeing the management and monitoring of material ESG factors. The Manager is responsible for devising Digital Core REIT's sustainability strategy and goals, as well as monitoring performance against material ESG issues and providing regular updates to the Board.

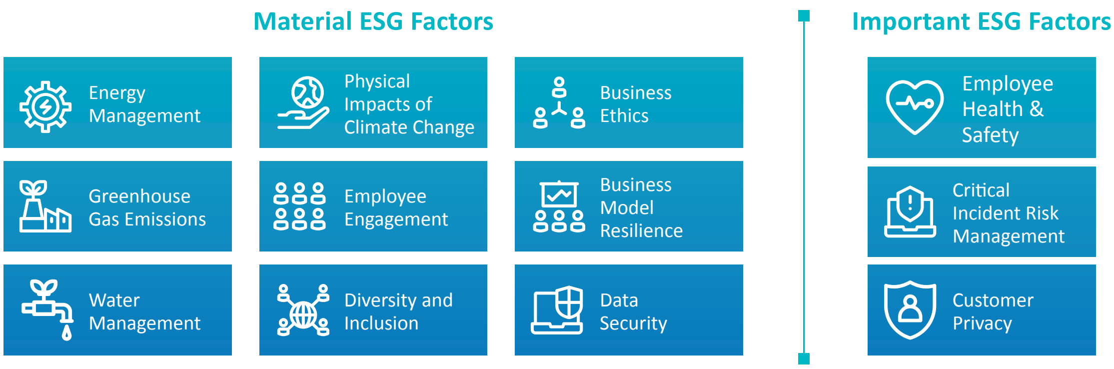
Materiality

The Manager has undertaken a materiality assessment to determine ESG issues by engaging with internal and external stakeholders. The material issues were identified and prioritised as material and important ESG factors.

Sustainability Management Structure



Prioritisation of ESG Material Factors



YEAR IN BRIEF

2021

December 6

Listed on Mainboard of SGX-ST on 6 December with gross proceeds of US$977 million raised from the initial public offering, the Sponsor Units and the Cornerstone Units.

2022

July 28

Entered into a cash flow support agreement with the Sponsor in relation to Digital Core REIT's fifth largest customer who filed for bankruptcy protection.

September 22

Announced the proposed acquisition of (I) a 25.0% interest in a data centre located in Germany or (II) (In the Event the Equity Fund Raising Takes Place) an 89.9% interest in a data centre located in Germany and a 90.0% interest in a data centre located in the United States of America.

November 3

Announced the Notice of Extraordinary General Meeting (EGM) in relation to the proposed acquisition would be convened and held by way of electronic means on 18 November 2022 at 10.00 a.m..

November 18

Announced the results of the EGM held on 18 November 2022.

December 1

Announced that Digital Core REIT intends to proceed with the 100% debt-funded acquisition of a 25% interest in the Frankfurt facility for approximately US$140 million.

Initiated daily Unit buy-back by way of market acquisition.

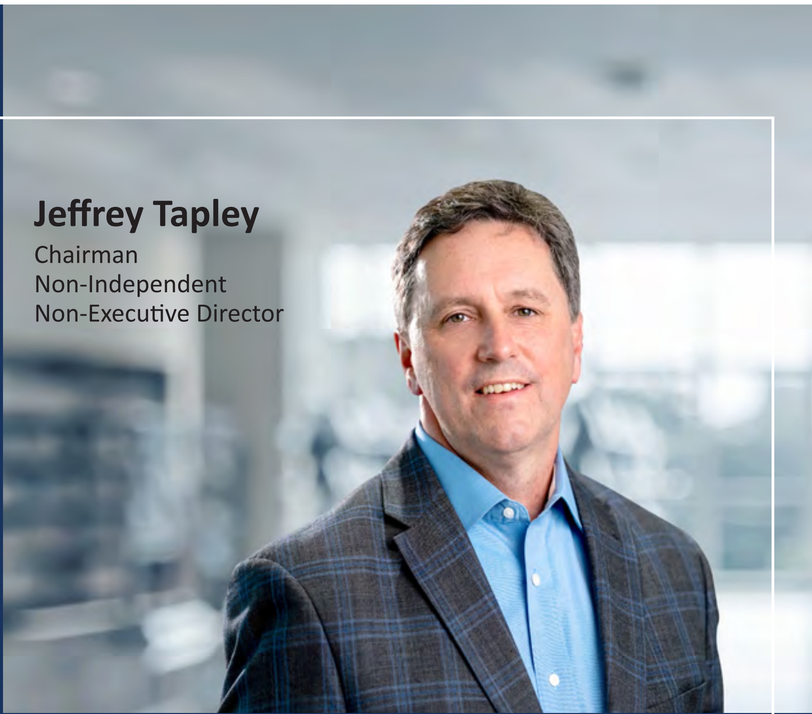
December 8

Announced €300 million loan facility obtained by Digital Core REIT.

December 13

Completed the acquisition of a 25.0% interest in a data centre located in Frankfurt, Germany.

MESSAGE TO UNITHOLDERS



Jeffrey Tapley
Chairman
Non-Independent
Non-Executive Director

John Stewart
Chief Executive Officer

> "The current data centre fundamentals and long-term digital demand trends are highly supportive of our business. In addition, we continue to enjoy strong support from our Sponsor – a leading global data centre owner and operator."

DEAR UNITHOLDERS

On behalf of the Board and management, we are pleased to present Digital Core REIT's inaugural annual report for the financial period from its listing date on 6 December 2021 to 31 December 2022.

2022 was a milestone year for Digital Core REIT as a newly listed entity shortly after the successful completion of our initial public offering on the Mainboard of the Singapore Exchange on 6 December 2021. We are deeply grateful for the enthusiastic reception our offering received, and we are delighted to join the growing number of REIT listings in Singapore.

FINANCIAL AND OPERATIONAL PERFORMANCE

Digital Core REIT delivered solid results in 2022 despite a rapidly evolving environment. Central banks embarked on a tightening cycle, raising interest rates further and faster than we had expected. Digital Core REIT adapted to the shifting landscape by establishing a minimum fixed rate debt policy, executing a series of interest rate swaps, and ending the year with 75% of our debt hedged against rising rates. The sharp rise in interest rates over the course of the year had roughly a US$5.4 million impact to distribution per Unit (DPU), or nearly half a cent per Unit relative to our forecast.

We managed to offset more than half the impact through a combination of proactively containing controllable costs and executing accretive investments. We were insulated from higher energy costs due to the structure of our lease agreements and we were able to generate savings from property-level operating expenses as well as lower-than-expected trust expenses and non-controlling interests.

We also managed to effectively navigate a customer bankruptcy in the first half of the year. We partially mitigated our exposure by entering into a cash flow support agreement with the Sponsor, to cover for any rental shortfall at 371 Gough Road for the period up to 31 December 2023. Shortly before year-end, we executed a short-term lease agreement with an investment grade cloud service provider that covers half of the prior customer's rental payments.

We are proactively working with our Sponsor's salesforce and portfolio management team to backfill the remaining vacancy. Given the currently favourable data centre fundamentals, the strength of the Sponsor's global platform and the backstop from the cash flow support agreement, we remain cautiously optimistic on the prospects for backfilling this capacity with no impact to DPU.

DELIVERING VALUE THROUGH ACCRETIVE INVESTMENTS

We also closed on our inaugural acquisition in 2022, acquiring a 25% interest in a state-of-the-art freehold facility in Frankfurt from our Sponsor for approximately US$146 million. The Frankfurt facility was purpose-built from the ground up as a data centre by Digital Realty in successive phases of contiguous customer expansion from 2017-2022 and is approximately 92% leased to leading global cloud providers and IT service providers.

This transaction delivered significant strategic and financial benefits for unitholders, establishing a presence in a new region and a top-tier global data centre market, improving geographic and customer diversification, achieving scale, and enhancing overall portfolio quality while generating 2% DPU accretion. We believe our US$15 billion Sponsor acquisition pipeline is unparalleled in the industry and this transaction demonstrates our ability to execute upon our external growth strategy and deliver attractive DPU accretion despite challenging capital markets conditions.

We generated another 1% DPU accretion through the repurchase of nearly 11 million units. We executed the unit buy-back at an average price of US$0.585, or a 30% discount to NAV and a 6.8% DPU yield. When we have ample liquidity and all material information has been publicly disclosed, we believe that buying our own assets in the public market at a meaningful discount to intrinsic value represents a unique opportunity to create value for unitholders.

LOOKING AHEAD

In stark contrast to our unit price performance, data centre fundamentals improved significantly over the course of the year. According to datacenterHawk, market vacancy is hovering in the low-to-mid-single-digits across our five core markets. Supply remains constrained, and market rents rose meaningfully in 2022. Although we are seeing some "optimisation" of IT spending, demand for core data centre workloads remains robust, and we expect to see continued growth in digital spending as a percentage of global GDP over time.

The current data centre fundamentals and long-term digital demand trends are highly supportive of our business. In addition, we continue to enjoy strong support from our Sponsor – a leading global data centre owner and operator. We believe our Sponsor acquisition pipeline is unparalleled in the industry, and we have a unique opportunity to source accretive investments in state-of-the-art digital infrastructure across the globe.

EMBARKING ON SUSTAINABILITY

At Digital Core REIT, we are committed to investing in a sustainable future while generating long-term value for Unitholders. This is the first year we are presenting our Sustainability Report, which communicates our Environmental, Social and Governance (ESG) commitments with reference to the Global Reporting Initiative Standards. We have established the sustainability board statement, identified our material ESG factors and defined our stakeholder groups. We will look to adopt best practices to drive our sustainability efforts as we embark on this exciting journey.

APPRECIATION

In closing, we would like to express our sincere appreciation to our Board members for their strategic oversight and governance, as well as to our Sponsor, business partners, advisors, customers, and wider members of the investment community. We thank you for your continued support as we commit to growing our portfolio of properties to deliver sustainable long-term growth. We believe we have a tremendous runway, and a tremendous opportunity to continue to create long-term value for unitholders. Thank you for your continued support of Digital Core REIT.

JEFFREY TAPLEY
Chairman

JOHN J. STEWART
Chief Executive Officer

20 March 2023

BOARD OF DIRECTORS

JEFFREY TAPLEY, 59

Chairman and
Non-Independent Non-Executive Director of the Manager

Date of appointment: 2 July 2021
Length of service (as at 31 December 2022):
1 year 6 months

Mr Tapley has been the Managing Director – EMEA of Digital Realty since March 2019 with responsibility for the day-to-day operations and all aspects of the company's EMEA operations, and was recently appointed as Interim Leader of Global Operations. He first joined Digital Realty Trust, Inc. as VP – Portfolio Management in August 2013 before being promoted to SVP – Global Portfolio Management Group in April 2016.

Prior to this, Mr Tapley served as Managing Director at Long Wharf Real Estate Partners, Boston from July 2011 to July 2013. Between May 1994 to June 2011, Mr Tapley was with Fidelity Investments, Boston, where he rose to become Managing Director – Private Equity Real Estate. Between August 1987 to April 1994, Mr Tapley was Senior Asset Manager at Liberty Real Estate. Mr Tapley started his career as an accountant at Jordan Marsh Company.

Mr Tapley holds a Bachelor of Arts from Saint Anselm College, Manchester, New Hampshire and a Masters of Business Administration from Bentley University, Waltham, Massachusetts.

Principal commitments:
- Digital Realty Trust, Inc
  (Managing Director for EMEA)
- LREP IV, LLC
  (Limited Partner)
- Sluggers Academy, LLC
  (Managing Member)

DAVID LUCEY, 60

Non-Independent
Non-Executive Director of the Manager

Date of appointment: 2 July 2021
Length of service (as at 31 December 2022):
1 year 6 months
Board Committees served on:
Member of Nominating and Corporate Governance Committee, Member of Remuneration Committee

Mr Lucey is Senior Vice President, Portfolio Management, of Digital Realty Trust, Inc.. Mr Lucey is responsible for leasing and overall financial management of all of Digital Realty's assets in North America. Mr. Lucey served as Managing Director – APAC for Digital Realty from June 2022 through December 2022. From January 2009 to January 2016, Mr Lucey held various roles in Pembroke Real Estate, Inc. an affiliate of Fidelity Investments, where his last held role was Head of US Operations and Global Risk. He was Managing Director of Fidelity Real Estate Group from February 2008 to January 2009 and from October 1996 to February 2008, Mr Lucey was a member of the Fidelity Investments' Legal Group where his last held position was Vice President and Associate General Counsel. Mr Lucey began his career as a Corporate and Commercial Real Estate Attorney at Ropes & Gray LLP.

Mr Lucey holds a Bachelor of Arts (Political Science) from Trinity College, Hartford, Connecticut and a Juris Doctor from the Vanderbilt University School of Law.

Principal commitments:
- Digital Realty Trust, Inc
  (Senior Vice President, Portfolio Management)

JOHN HERBERT, 66

Lead Independent
Non-Executive Director of the Manager

Date of appointment: 18 November 2021
Length of service (as at 31 December 2022):
1 year 2 months
Board Committees served on:
Chairman of Nominating and Corporate Governance Committee, Member of Audit and Risk Committee, Member of Remuneration Committee

Mr Herbert has extensive experience in investment banking, lending and investment. He was the Global Head of Real Estate and Hotels at HSBC London from 2010 to 2015 and prior to that, he held the position of Head of EMEA Real Estate and Hotels at Merrill Lynch London from 2005 to 2007 and Citigroup London from 1997 to 2005.

Mr Herbert was a Partner at Blackrock Capital Finance from 1994 to 1996 where he acted on investments in debt securities and real estate. He also provided advice on distressed debt restructuring and sales during his tenure as Principal of Victor Capital Group. Over the course of his career, he has been involved in a number of significant sales, mergers and public equity offerings in Asia, North America and Europe and has overseen banking and investment banking operations in over 35 countries worldwide.

Mr Herbert holds a Bachelor of Arts from Duke University and a Masters of Business Administration from Harvard Business School.

Principal commitments:
- SpectraTen, LLC
  (Non-Executive Director)
- Novo Banco S.A.
  (Non-Executive Director)

TSUI KAI CHONG, 67

Independent
Non-Executive Director of the Manager

Date of appointment: 18 November 2021
Length of service (as at 31 December 2022):
1 year 2 months
Board Committees served on:
Chairman of Audit and Risk Committee, Member of Nominating and Corporate Governance Committee

Dr Tsui Kai Chong was a Professor of Finance and the Provost of Singapore University of Social Sciences. He is currently an independent non-executive director of Lendlease Global Commercial Trust Management Pte Ltd., the manager of Lendlease Global Commercial REIT. He was Chairman of the Board of Keppel REIT Asia Management Limited and served as a member of the boards of the Intellectual Property Office of Singapore, National Council of Social Service, Keppel Land, Keppel Capital Holdings, Keppel TatLee Bank and Fullerton Fund Management Company Limited.

Dr Tsui holds a BA (Hons) Business Studies from the Polytechnic of Central London, an MPhil (Finance) and a PhD (Finance) from the Graduate School of Business of New York University. He is also a Chartered Financial Analyst.

Present directorships in listed company:
- Lendlease Global Commercial Trust Management Pte. Ltd. (Non-Executive Director)

TAN JEH WUAN, 57

Independent
Non-Executive Director of the Manager

Date of appointment: 18 November 2021
Length of service (as at 31 December 2022):
1 year 2 months
Board Committees served on:
Chairman of Remuneration Committee, Member of Audit and Risk Committee

Mr Tan was a career investment banker, spending 30 years with DBS Bank from 1989 to 2019. His last position held was as Managing Director & Head of Capital Markets Singapore, in which position he was responsible for DBS Bank's equity capital markets business in Singapore. In his career, Mr Tan was involved in many domestic and international equity fund raisings and financial advisory transactions, including initial public offerings, private placements and right issues.

Mr Tan also served on various financial sector workgroups and committees in Singapore in his career. He was a member of the Association of Banks in Singapore Corporate Finance Standing Committee (as well as its predecessor Singapore Investment Banking Association Corporate Finance Committee) for several years, including serving as the Chairman of the Committee for two terms. Mr Tan was a member of the SGX Securities Advisory Committee from 2018 to 2019 and was conferred as an Institute of Banking & Finance Fellow, Capital Markets in 2019. Mr Tan is also the Chairman and Independent Non-Executive Director of Daiwa House Asset Management Asia Pte Ltd. Mr Tan is appointed as co-Deputy Chairman of SGX's Listings Advisory Committee effective March 2023.

Mr Tan holds a Bachelor of Science in Industrial Engineering and Operations Research from the University of California, Berkeley, United States of America.

Principal commitments:
- Tower Capital Asia Pte. Ltd. (Non-Executive Director)
- SGX Listings Advisory Committee (co-Deputy Chairman)

Present directorships in listed company:
- Daiwa House Asset Management Pte. Ltd. (Non-Executive Director)

MANAGEMENT TEAM

JOHN STEWART

Chief Executive Officer

The **Chief Executive Officer** works with the Board to determine the strategy for Digital Core REIT. The Chief Executive Officer also works with the other members of the management team to ensure that Digital Core REIT operates in accordance with the Manager's stated investment strategy. Additionally, the Chief Executive Officer is responsible for planning the future strategic development of Digital Core REIT. The Chief Executive Officer is also responsible for the overall day-to-day management and operations of Digital Core REIT and working with the Manager's investment, asset management, financial and legal and compliance personnel in meeting the strategic, investment and operational objectives of Digital Core REIT.

Prior to his appointment as Chief Executive Officer of the Manager, Mr Stewart was Senior Vice President, Investor Relations, Tax & Treasury at Digital Realty Trust, Inc. Mr Stewart joined Digital Realty Trust, Inc. in September 2013. From June 2008 to September 2013, Mr Stewart was Senior Analyst, Research Department at Green Street Advisors, LLC where he was responsible for coverage of data centres and industrial REITs. Between June 2006 to January 2008, he was Senior REIT Analyst, Equity Research at Credit Suisse, New York. He held the role of Vice President, Equity Research at Citigroup Investment Research, New York from June 2004 to June 2006 and at Merrill Lynch, New York from June 2003 to June 2004. He also served as Associate, Equity Research at Salomon Smith Barney, New York between June 2000 and June 2003. Mr Stewart started his career in the corporate finance departments of NationsBank, N.A., New York and Natexis Banque Populaire, New York where he was in charge of performing credit analysis.

Mr Stewart graduated from Oklahoma State University with a Bachelor of Science in Business Administration. He is also a Chartered Financial Analyst charterholder.

DANIEL TITH

Chief Financial Officer

The **Chief Financial Officer** of the Manager works with the Chief Executive Officer and the other members of the management team to formulate strategic plans for Digital Core REIT in accordance with the Manager's stated investment strategy. The Chief Financial Officer is responsible for applying the appropriate capital management strategy, including tax and treasury matters, as well as finance and accounting matters, overseeing implementation of Digital Core REIT's short and medium-term business plans, financing activities and financial condition.

Mr Tith has more than ten years of experience in the investment banking and finance industry. Mr Tith joined Digital Realty Trust, Inc. in July 2015 and last served as Vice President, Finance where he was responsible for leading the finance and financial planning & analysis teams in EMEA and the integration project management office for Digital Realty Trust, Inc.'s merger with Interxion, as well as aiding in capital markets transactions, corporate merger and acquisition transactions, corporate budgeting and internal/external consolidated reporting before taking up his appointment as Chief Financial Officer of the Manager. From July 2013 to July 2015, Mr Tith served as Vice President, Product at Peloton Document Solutions LLC where he took charge of the execution and delivery of all product and feature initiatives of the firm. Mr Tith began his career as an investment banking Associate in the Real Estate, Gaming and Leisure department of Bank of America Merrill Lynch in New York where he was responsible for executing capital markets and merger and acquisition transactions in an advisory role.

Mr Tith holds a Bachelor of Arts from the University of California, Los Angeles.

TAN SHU FANG MABEL

Director of Capital Markets & Investor Relations

The **Director of Capital Markets & Investor Relations** of the Manager is responsible for facilitating communications and liaising with Unitholders and is involved in corporate finance matters in relation to Digital Core REIT (including raising monies through debt and equity). This includes producing annual reports for Unitholders, preparation for investor presentations, result briefings and other engagement activities with investors, managing investor queries and developing the investor relations strategy. The Director of Capital Markets & Investor Relations is responsible for maintaining transparent communications with Unitholders and the market.

Prior to her appointment to the Manager, Ms Tan was Senior Treasury Manager of Digital Investment Management Pte. Ltd., which is part of Digital Realty Trust, Inc.. In her prior position, she was responsible for management of cash, debt, bank accounts, administration, banking relationships and reporting and analysis for the Asia-Pacific region. From October 2012 to July 2020, Ms Tan was with GLP Pte. Ltd. where she rose to become Senior Treasury Manager and was in charge of managing cash and liquidity, forex and interest rate risk, banking relationships and operations for the group. Ms Tan started her career as a Corporate Banking Officer with MUFG Bank Ltd, Singapore Branch.

Ms Tan graduated with a Bachelor of Science with Merit from the National University of Singapore. She is also a Certified Treasury Professional.

CHEO WEI

Senior Finance Manager

The **Senior Finance Manager** of the Manager is responsible for finance, tax and accounting matters. On a day to day basis, the Senior Finance Manager assists the Chief Financial Officer to develop and maintain appropriate policies, procedures and processes for finance and other operational areas to ensure appropriate internal controls are in place to safeguard Digital Core REIT's assets, ensure accuracy and validity of financial information required for management's decision making and ensuring compliance with the applicable provisions of the relevant legislation pertaining to the operations of Digital Core REIT. In addition, he provides financial support for investment assessments including structuring, fund-raising and post-acquisition processes.

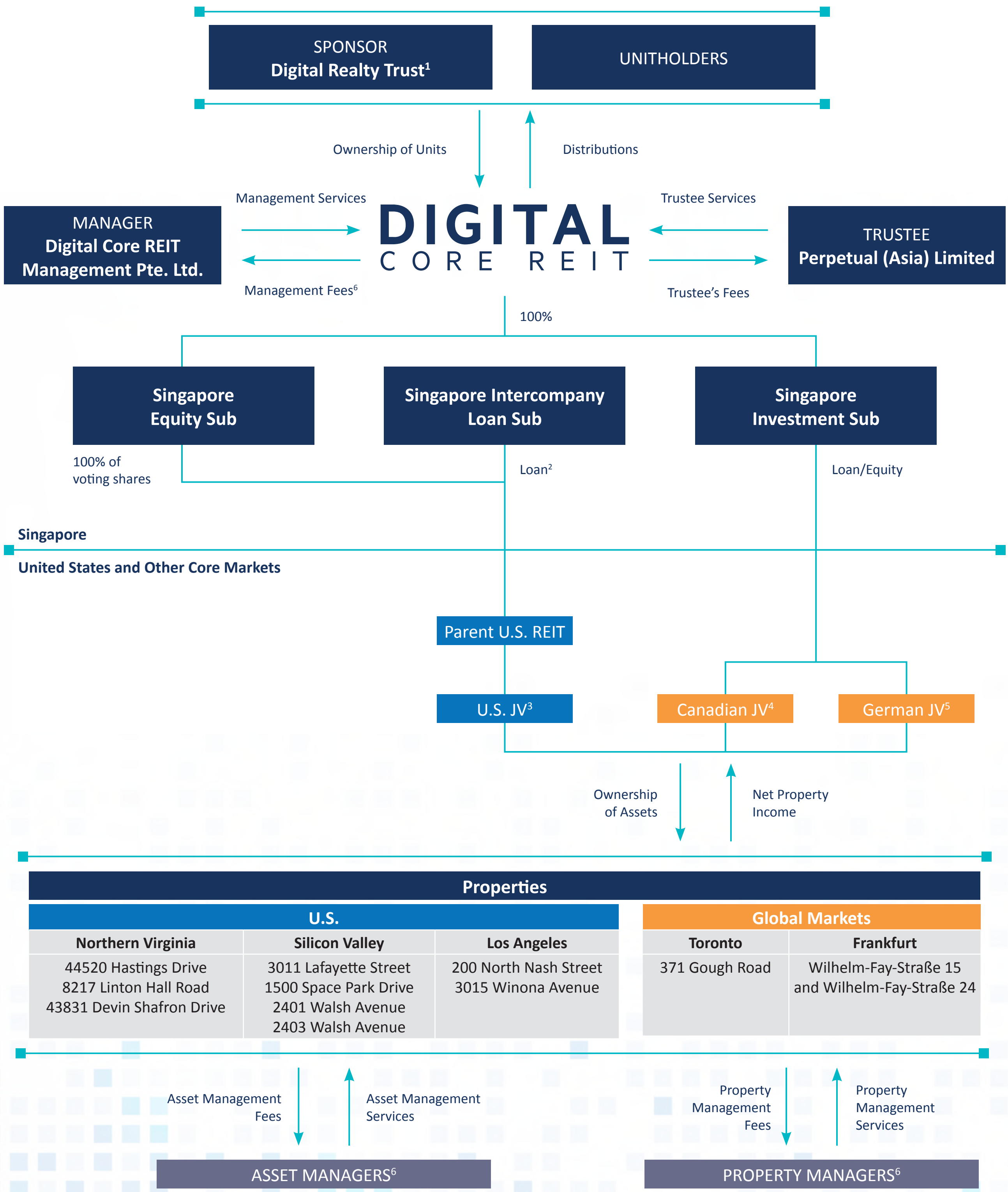
Prior to his appointment to the Manager, Mr Cheo was the Senior Finance Manager of Keppel Pacific Oak US REIT Management Pte. Ltd., the manager of Keppel Pacific Oak US REIT from 2017 to 2021. Prior to that in 2017, he was the Finance Manager of Keppel Capital International Pte. Ltd., where he was responsible for the financial and reporting functions. These included group consolidation, management reporting, statutory and financial reporting, annual budgeting and certain compliance matters.

Mr Cheo started out as an Auditor at Deloitte & Touche LLP in 2008 in the general audit team where he performed audit assurances to various industries including real estate fund management. From 2010 to 2014, he joined DBS Bank Ltd. as an associate in the finance function of the stockbroking arm, where he led the general ledger accounting team and assisted in various functions including tax, statutory, financial and regulatory reporting. From 2014 to 2017, Mr Cheo was the Senior Manager of Leeden National Oxygen Ltd., where he oversaw the group consolidation and financial reporting function, established finance policies and conducted training for finance staff.

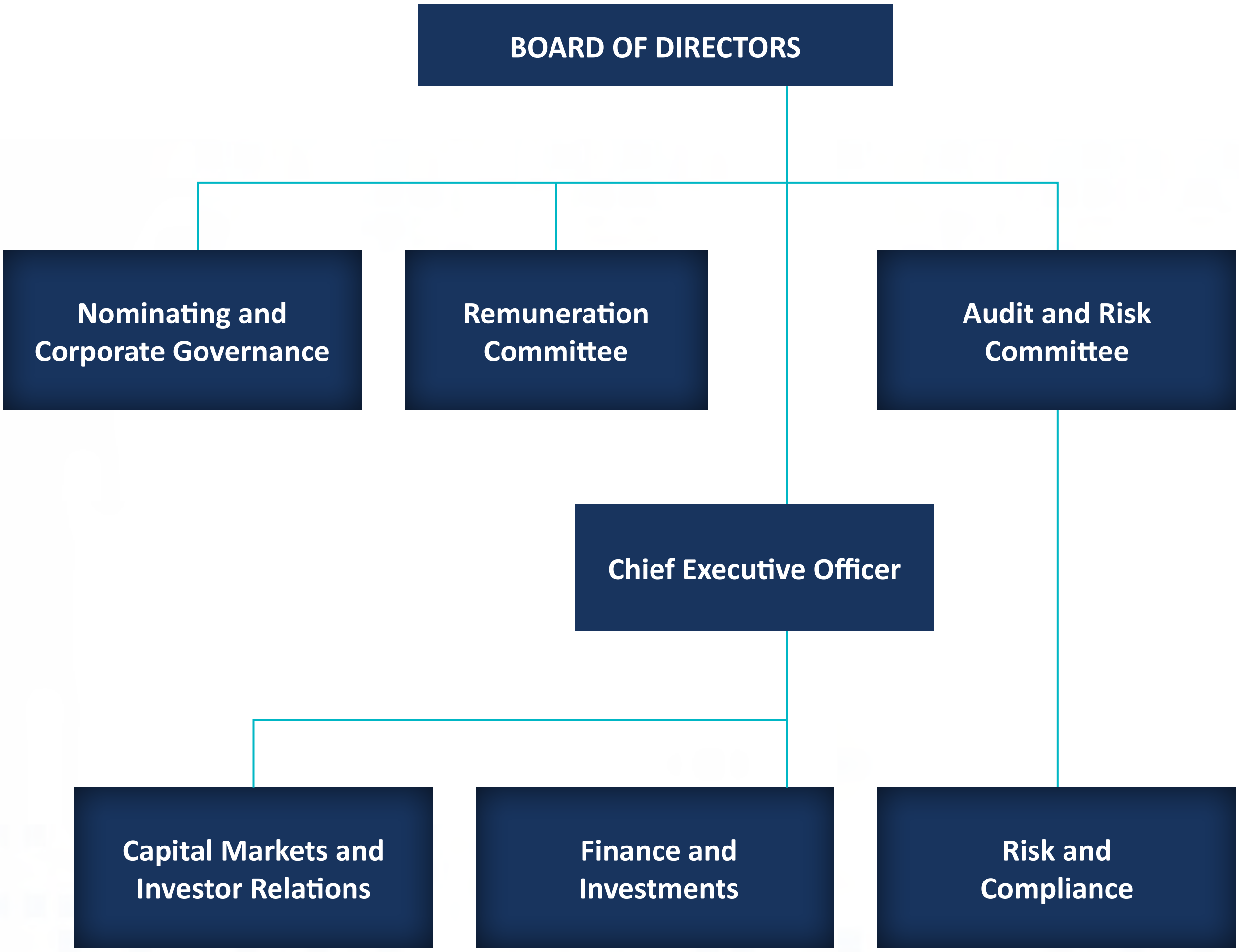
Mr Cheo graduated with a Bachelor of Accountancy, Second Class Honours (Upper Division), from Nanyang Technological University of Singapore in 2008. He is a Chartered Accountant (Singapore) and is a member of the Institute of Singapore Chartered Accountants.

TRUST AND ORGANISATION STRUCTURE

TRUST STRUCTURE



MANAGER ORGANISATION STRUCTURE



Notes on the Trust Structure:
1 Digital Realty Trust, L.P. holds a deemed 35.4% stake in Digital Core REIT.
2 Interest payments that are finally distributed to Unitholders are not subject to U.S. withholding taxes, assuming Unitholders qualify for portfolio interest exemption and provide appropriate tax certifications, including an appropriate IRS W Form.
3 Parent U.S. REIT holds 90% of each U.S. JV with a wholly-owned subsidiary of the Sponsor holding the other 10% of each U.S. JV. Each U.S. JV holds 100% of a U.S. Subsidiary, and each such U.S. Subsidiary holds the Property.
4 A wholly-owned Singapore Investment Subsidiary holds 90% of the Canadian JV with a wholly-owned subsidiary of the Sponsor holding the other 10% of the Canadian JV. The Canadian JV holds 100% of the Canadian Subsidiary, and the Canadian Property is held by the Canadian Subsidiary on behalf of the Canadian JV (i.e. the registered owner is the Canadian Subsidiary and the beneficial owner is the Canadian JV).
5 A wholly-owned Singapore Investment Subsidiary holds 25% of the German JV with a wholly-owned subsidiary of the Sponsor holding the other 75% of the German JV. The German Property is 100% held by the German JV.
6 The asset managers and the property managers are wholly-owned subsidiaries of the Sponsor. The fees paid to the asset managers are subsumed under the management fees paid to the Manager.

Information as at 31 December 2022.
Unitholding in Digital Core REIT is subject to an ownership restriction of 9.8% of the total Units outstanding.

FINANCIAL REVIEW

Overview

Digital Core REIT is a leading pure-play data centre Singapore REIT (S-REIT) listed on the Main Board of the Singapore Exchange Securities Trading Limited and sponsored by Digital Realty, the largest global data centre owner and operator.

Digital Core REIT completed the acquisition of its initial portfolio on 6 December 2021 (Listing Date). As at 31 December 2022, Digital Core REIT's portfolio consisted of 11 high-quality, mission-critical freehold data centres located across the United States, Canada and Germany totalling 1.2 million net rentable square feet and valued at approximately US$1.43 billion[1].

On 22 September 2022, Digital Core REIT entered into a contribution and sale agreement with the Sponsor, Digital Realty, to acquire a 25.0% equity interest in the Frankfurt Facility. This was an Interested Person Transaction (IPT) which required Unitholders' approval. On 18 November 2022, Unitholders passed an ordinary resolution to approve the IPT via an Extraordinary General Meeting. The acquisition was completed on 13 December 2022 and as at 31 December 2022, the Frankfurt Facility was valued at approximately US$0.6 billion (100% share) by the independent valuer, Cushman and Wakefield, based on the direct capitalisation, discounted cash flow and sale comparison methods.

Distributable income to Unitholders for FY 2022 was US$44.8 million, 5.8% lower than the forecast distributable income of US$47.5 million. This was largely due to higher interest expenses of US$5.4 million as compared to the assumptions used during forecast, partially offset by higher net property income of US$2.5 million from better operational performance.

During the year, a Unit buy-back plan was implemented and a total of 10,654,100 repurchased units were cancelled as at 31 December 2022. Consequently, DPU for FY 2022 was 3.98 U.S. cents, 4.8% lower than forecast DPU of 4.18 U.S. cents.

Distribution Policy

Digital Core REIT makes distributions to Unitholders on a semi-annual basis. 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.

Revenue and Expenses

FY 2022 gross revenue of US$107.7 million was higher than forecast by 1.7%. Rental income was in line with forecast despite a rental shortfall at 371 Gough Road in Toronto, as a customer who filed for bankruptcy vacated the premises at year-end. As previously announced, Digital Core REIT has entered into a cash flow support agreement with the Sponsor, to cover any rental shortfall at 371 Gough Road for the period up to 31 December 2023.

Utility reimbursements were higher than forecast by 56.4%, in line with higher utility expenses, which was offset by lower recovery income from property taxes and other property expenses.

FY 2022 property expenses of US$38.3 million were lower than forecast by 1.9% due to lower property taxes and other property expenses, partially offset by higher utility expenses.

Overall, FY 2022 net property income of US$69.4 million was higher than forecast by 3.8%, largely driven by lower property taxes and other property expenses as the higher utility expenses are fully recoverable.

Other income, finance expenses and other trust expenses

Other income includes a one-time MAS grant of US$1.4 million to defray a portion of the IPO listing expenses.

Finance expenses of US$10.3 million for FY 2022 were higher than forecast due to rising interest rates, especially in second half of 2022, partially offset by the 75.0% of borrowings hedged with floating-to-fixed interest rate swaps.

Other trust expenses of US$6.0 million were higher than forecast due to a US$2.4 million unrealised foreign exchange loss on the revaluation of the foreign currency denominated Euro term loans (which has no impact on distributable income), along with a US$1.4 million reclassification of IPO listing expenses previously recognised in equity to other trust expenses. Excluding the above-mentioned effects from the unrealised loss and reclassification, other trust expenses would have been US$2.2 million, slightly below forecast.

1 Based on respective ownership interests of properties as at 31 December 2022.

	FY 2022		
	Actual [1]	Forecast [2]	Change %
Consolidated Statement of Comprehensive Income	**US$'000**	**US$'000**	
Rental income	75,052	74,847	0.3
Utilities reimbursements	15,830	10,123	56.4
Other recovery and operating income	16,830	20,948	(19.7)
Gross Revenue	**107,712**	**105,918**	**1.7**
Utilities	(15,875)	(10,237)	55.1
Property taxes and insurance expenses	(6,693)	(11,717)	(42.9)
Repairs and maintenance	(4,256)	(4,121)	3.3
Property management fees	(2,033)	(2,005)	1.4
Other property expenses	(9,478)	(10,978)	(13.7)
Property expenses	**(38,335)**	**(39,058)**	**(1.9)**
Net Property Income	**69,377**	**66,860**	**3.8**
Other income	1,423	-	NM
Finance income	121	-	NM
Finance expenses	(10,274)	(4,851)	>100
Manager's base fee	(6,768)	(7,208)	(6.1)
Manager's performance fee	(2,197)	(2,340)	(6.1)
Trustee's fee	(158)	(216)	(26.9)
Other trust expenses	(5,972)	(2,300)	>100
Share of result of associate	(462)	-	NM
Profit before tax and fair value changes in investment properties	**45,090**	**49,945**	**(9.7)**
Net fair value change in investment properties	(28,805)	(26,662)	8.0
Net profit before tax	**16,285**	**23,283**	**(30.1)**
Tax expense	(12,652)	(6,876)	84.0
Profit after tax	**3,633**	**16,407**	**(77.9)**
Attributable to:			
Unitholders	(1,294)	9,878	NM
Non-controlling interest	4,927	6,529	(24.5)
Profit after tax	**3,633**	**16,407**	**(77.9)**
Distribution Statement			
Profit after tax attributable to Unitholders	(1,294)	9,878	NM
Distribution adjustments	46,059	37,641	22.4
Income available for distribution to Unitholders	**44,765**	**47,519**	**(5.8)**

Notes:

1 Digital Core REIT was listed on 6 December 2021 (Listing Date). There was no forecast for the period from Listing Date to 31 December 2021 (Stub Period) and hence there is no actual against forecast comparison for the Stub Period. Accordingly, the period for comparison was for 1 January 2022 to 31 December 2022.
2 FY 2022 forecast figures were derived from the Forecast Year 2022 as disclosed in the Prospectus.

FINANCIAL REVIEW

Profit attributable to Unitholders

Profit before tax and fair value changes in investment properties was US$45.1 million, 9.7% below forecast. This includes a US$0.5 million share of loss of associate largely due to the negative fair value change in investment properties, partially offset by operating profit of the associate.

Profit after tax for FY 2022 was US$3.6 million, 77.9% lower than IPO forecast, driven largely from a higher net fair value loss in investment properties and higher tax expenses.

The net fair value loss in investment properties amounted to US$28.8 million, higher than the US$26.7 million fair value loss included in the IPO forecast, which has taken into consideration acquisition related expenses and capitalised straight-line rents.

Tax expense was higher due to an increased non-cash deferred tax from higher tax depreciation as compared to forecast, partially offset by the net deferred tax credit from the negative fair value change in investment properties.

Investment Properties

As at 31 December 2022, investment properties amounted to US$1.42 billion based on the appraised value. Assets under management (AUM), including a 25.0% interest in the Frankfurt Facility, amounted to approximately US$1.58 billion.

Comparing the valuations as at 31 December 2022 against the valuations performed during the IPO and excluding the effects of the capitalised costs, the data centres in the U.S. portfolio recorded a net fair value gain, mainly driven by the Northern Virginia properties as robust market rent growth driven by supply constraints more than offset higher capitalisation and discount rates. However, 371 Gough Road in Toronto recorded a 13.6% fair value reduction relative to the IPO valuation. Excluding the effects of the CAD to USD exchange rate, 371 Gough Road would have recorded a (7.0%) constant-currency fair value change.

Net Asset Value (NAV) per Unit

As at 31 December 2022, NAV per Unit was US$0.83. Excluding the DPU of 1.92 U.S. cents for second half of 2022, the adjusted NAV per Unit was US$0.81.

Funding and Borrowings

On the Listing Date, Digital Core REIT had obtained US$550.0 million of unsecured debt facilities (Loan Facilities) comprising:

i. a five-year US$350.0 million term loan (Term Loan Facility) and
ii. a four-year (with a one-year extension option) US$200.0 million revolving credit facility (Revolving Credit Facility)

Of the US$550.0 million Loan Facilities, US$350.0 million was drawn down on the Listing date. During the year, Digital Core REIT obtained commitments for a new three-year term loan facility of up to EUR150.0 million and a five-year term loan facility of up to EUR150.0 million (together, the Euro Term Loan Facilities). Of the EUR300.0 million Euro Term Loan Facilities, EUR140.0 million (US$149.9 million) was drawn down as at 31 December 2022 to finance the acquisition of the 25.0% interest in the Frankfurt Facility.

As at 31 December 2022, Digital Core REIT had total gross borrowings of US$499.9 million and US$200.0 million of undrawn capacity available on the Revolving Credit Facility to meet its future obligations.

Cash Flows and Liquidity

As at 31 December 2022, Digital Core REIT had cash and cash equivalents of US$25.2 million. Net cash generated from operating activities for the period was US$76.2 million mainly from cash received from net property income and movement in working capital requirements.

Net cash used in investing activities for the Financial Period amounted to US$1.45 billion. This included net cash of US$1.29 billion deployed for the acquisition of the investment properties, as well as related assets and liabilities relating to the IPO portfolio properties. During the year, $149.2 million was used to acquire a 25.0% interest in the Frankfurt Facility (accounted for as an associate) and an equivalent percentage interest in the loan to the associate.

Net cash generated from financing activities amounted to US$1.40 billion. This comprised US$950.6 million from equity proceeds, net of transaction costs and related grant proceeds raised from the IPO, as well as US$491.9 million of debt financing obtained from external banks. The above was partially offset by financing expenses, dividends paid to non-controlling interests and distributions paid to Unitholders of US$41.3 million, as well as an additional US$5.8 million used to repurchase Units under the Unit buy-back programme.

Use of IPO Proceeds

An aggregate of 1,110,625,000 units issued at US$0.88 per unit amounting to US$977,350,000 were issued on Listing Date. The proceeds raised from the initial public offering (IPO), as well as the US$350,000,000 proceeds from the IPO Loan Facilities, are fully disbursed in accordance with the stated uses as disclosed in the Prospectus and set out below:

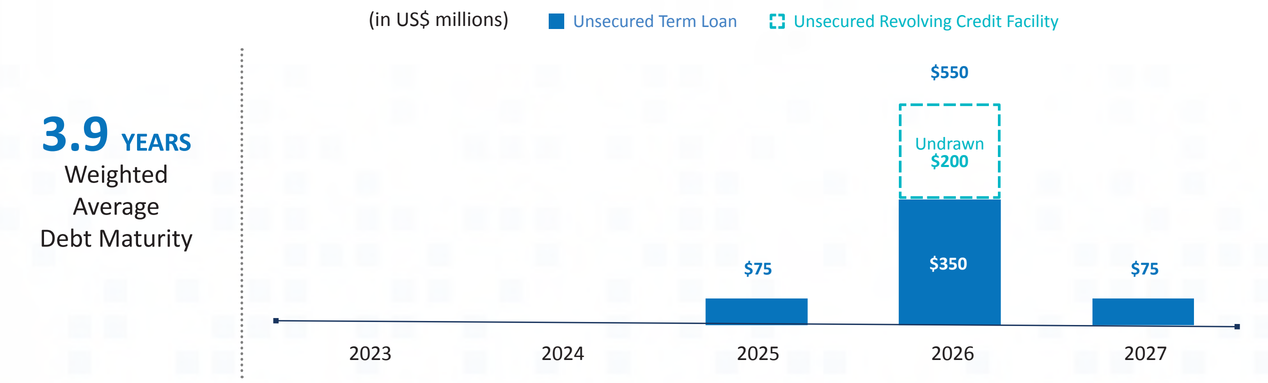
	Actual US$'000	Per Prospectus US$'000	Variance US$'000
Acquisition of investment properties[1]	1,296,450	1,296,450	-
Transaction costs[2]	44,000	44,000	-
	1,340,450	**1,340,450**	-

1 The purchase consideration for the investment properties is based on Digital Core REIT's 90% ownership.
2 The transaction costs include expenses incurred in relation to the acquisition of the investment properties, the offering, the debt related transaction costs for the IPO Loan Facilities as well as the US$13.0 million IPO acquisition fee in units issued to the Manager.

Capital Management

The Manager adopts a proactive and prudent approach towards capital management and endeavours to maintain an optimal combination of debt and equity in order to balance the cost of capital and maximise returns to Unitholders. The Manager also seeks to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Where possible, the Manager aims to diversify its borrowings from both financial institutions and capital markets, and monitors externally imposed capital requirements closely and ensures the REIT's adopted capital structure complies with these requirements. The Manager maintains strong diversified banking relationships with reputable banks and has established banking facilities to enhance its financial flexibility and diversification in funding sources. The Manager actively monitors its capital structure through its leverage ratio to maintain leverage within acceptable limits.

Debt Maturity Profile



Digital Core REIT manages its interest rate exposure through interest rate swaps. As at 31 December 2022, 75.0% of our borrowings were hedged via floating-to-fixed interest rate swaps.

Under the Property Funds Appendix of the CIS Code, the aggregate leverage should not exceed 50.0% of deposited properties. Digital Core REIT has complied with this requirement for the financial period ended 31 December 2022. A lower aggregate leverage ratio of 34.0% provides Digital Core REIT with a sizeable debt headroom of approximately US$468.0 million before the aggregate leverage ratio reaches the regulatory limit of 50.0%. The headroom provides for a greater flexibility for Digital Core REIT to manage its capital structure and to capture any acquisitive growth opportunity. The higher aggregate leverage of 34.0% as at 31 December 2022 as compared to 27.0% at Listing Date is not expected to have a material impact on the risk profile of Digital Core REIT.

FINANCIAL REVIEW

All the borrowings are unsecured and the weighted average term to maturity of debt was 3.9 years, with no long-term debt refinancing requirements until December 2025. Interest coverage ratio, as defined under the Property Funds Appendix, was 5.7 times.

The Manager has Board and unitholders' approval to implement the unit buy-back mandate and has a defined unit buy-back plan to repurchase its own shares on the market. The timing of these purchases was dependent on the daily unit trading prices. As of 31 December 2022, a total of 10,654,100 repurchased units were cancelled.

Financial Risk Management

Digital Core REIT is exposed to a variety of financial risks, including credit, liquidity and market (mainly currency and interest rate) risks. The Manager carries out financial risk management in accordance with its established policies and guidelines while achieving a balance between the costs of risks occurring and the cost of managing them. Digital Core REIT's financial risk management is discussed in more detail in the notes to the financial statements.

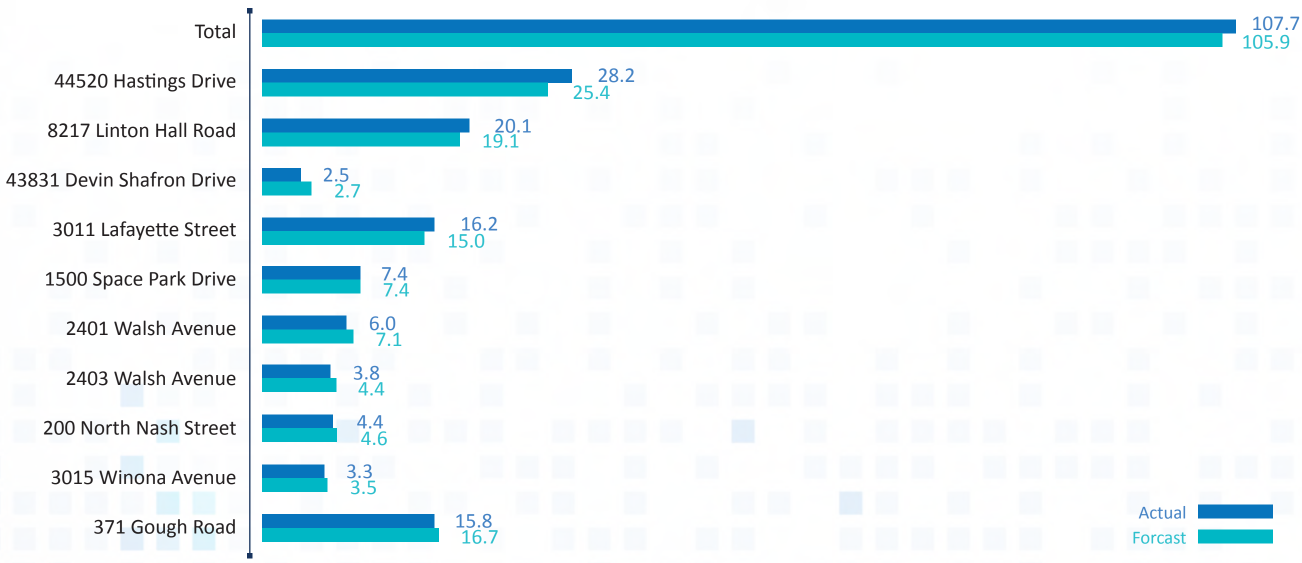
The Manager continues to adopt appropriate hedging strategies to manage interest rate and foreign currency exposure for Digital Core REIT. Interest rate swaps have been entered into to hedge interest rate exposure of the long-term loans. Where possible, natural hedging is in place by borrowing in currencies that match the corresponding investments. During the year, a Euro term loan has been put in place to fund the acquisition of investment in the Frankfurt Facility which generates Euro distributions. The Manager may enter into foreign currency forward contracts based on forecasted distributions in foreign currencies. Hedge accounting has been applied and the fair value changes of the interest rate swap derivatives are reflected in other comprehensive income.

Accounting Policy

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the provisions of the Trust Deed. Digital Core REIT's significant policies are discussed in more detail in the notes to the financial statements.

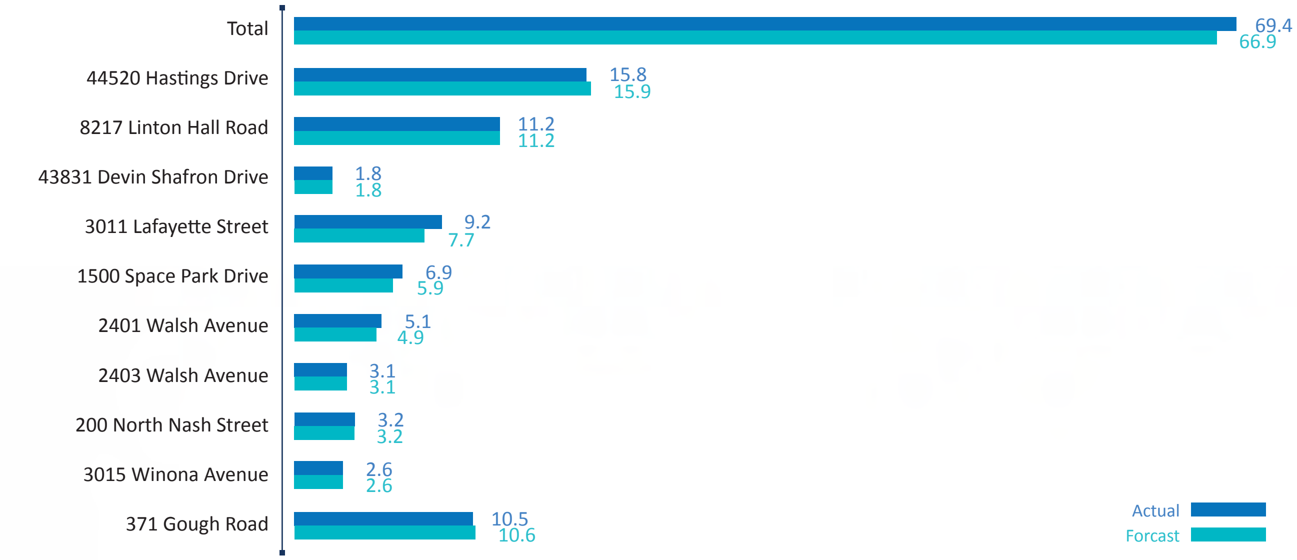
Gross Revenue by Asset

for FY 2022
(US$ million)



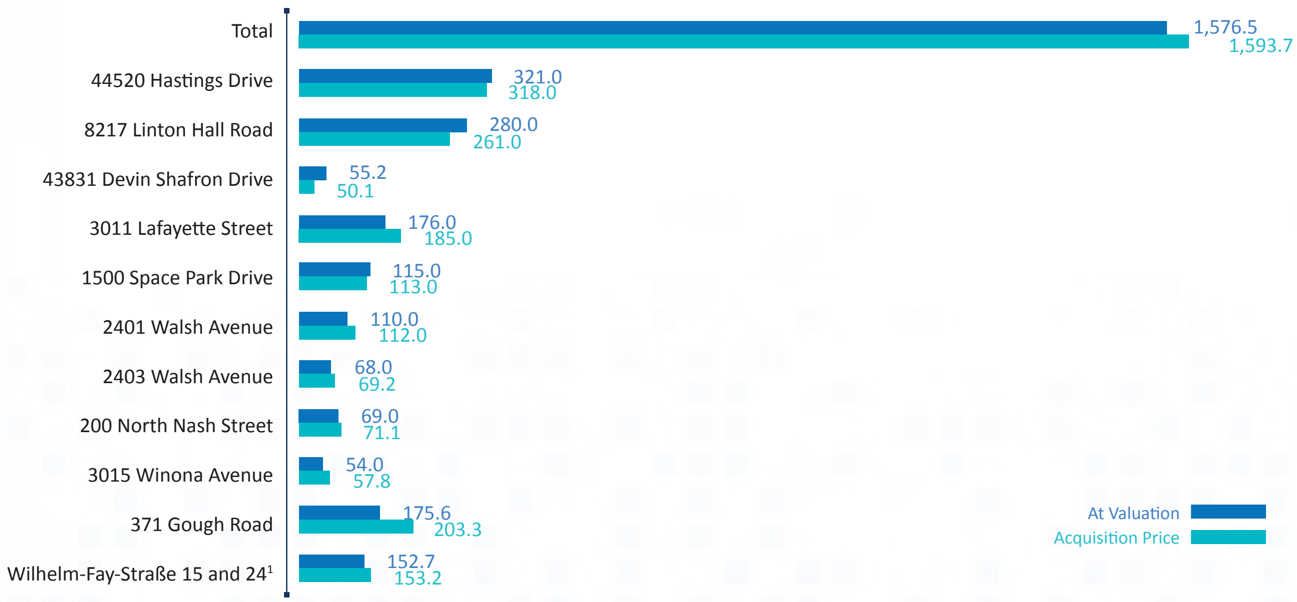
Net Property Income Contribution by Asset

for FY 2022
(US$ million)



Assets Under Management

for FY 2022
(US$ million)



1 Based on carrying value of the investment and advance to Associate which is based on 25% ownership.

Key Statistics

As at 31 December 2022

34.0% Aggregate leverage

75.0% Fixed rate debt

5.7 times Interest coverage ratio

2.7% p.a. All-in interest rate[1]

3.9 years Weighted average debt maturity

1 Excluding amortisation of upfront fees and for the period from 1 January 2022 to 31 December 2022.

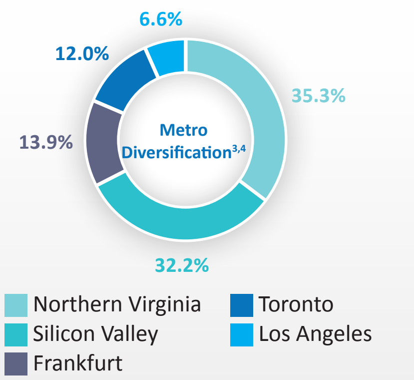
OPERATIONS REVIEW

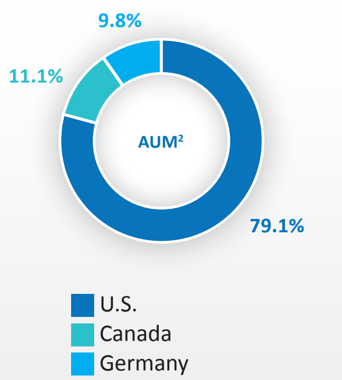
Digital Core REIT's portfolio comprises 11 high-quality and mission-critical data centres concentrated within top-tier markets in the U.S., Canada and Germany. The 100% freehold portfolio of 1.20 million net rentable square feet was valued at US$2.02 billion[1] as at 31 December 2022. Digital Core REIT's portfolio is well located, highly functional and in good condition. The strategic locations of the properties are expected to continue to meet the rising demand for quality data centre space capacity.

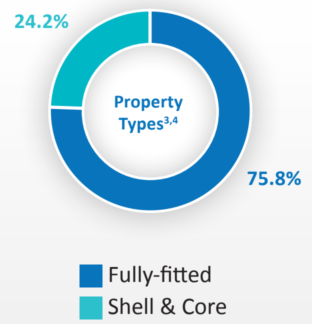
As at 31 December 2022, Digital Core REIT had US$1.58 billion[2] of assets under management (AUM).

The portfolio is diversified in terms of client profile and lease expiries, with a good mix of fully-fitted as well as shell and core assets and a healthy weighted average lease expiry. As at 31 December 2022, fully-fitted properties constituted approximately 76% of Digital Core REIT's portfolio based on annualised rent while shell and core buildings accounted for approximately 24%.

Portfolio Metrics







Pursuing Sustainable Growth

On 6 December 2021, Digital Core REIT was listed on SGX-ST with an initial portfolio of 10 core data centres. Since then, the Manager has executed its growth strategy and evaluated investment opportunities that would be DPU accretive, improve geographic diversification for the portfolio and achieve international expansion. The Manager is constantly exploring investment opportunities that would complement its portfolio and enhance the total returns to Unitholders, with potential for long-term income and capital growth.

On 13 December 2022, Digital Core REIT successfully completed its inaugural acquisition of a 25.0% interest in the Frankfurt Facility for a total consideration of approximately US$146 million, including transaction costs. With this acquisition, Digital Core REIT achieved greater scale with a presence in a top-tier global data centre market. The transaction improved geographic and customer diversification and enhanced overall portfolio quality while expected to generate 2% DPU accretion. The acquisition added a state-of-the-art facility that is 100% powered by renewable energy to the portfolio. The property is also fully integrated into the Sponsor's global platform, providing connectivity as well as consistency of deployment and operations.

Frankfurt Facility - Wilhelm-Fay-Straße 15 and 24

1 At 100% based on the appraised value as at 31 December 2022. Appraised value (at share) was US$1.43 billion as at 31 December 2022.
2 Based on balance sheet value of investment properties at 100%, and investment in associate and advance to associate at share.
3 Based on annualised rent as at 31 December 2022.
4 Based on respective ownership interests of properties.

Key Highlights of Frankfurt Facility Acquisition

91.8%
Occupancy

4.2
Weighted Average Lease Expiry

2%
DPU accretion

449,546
Net Rentable Square Feet[1]

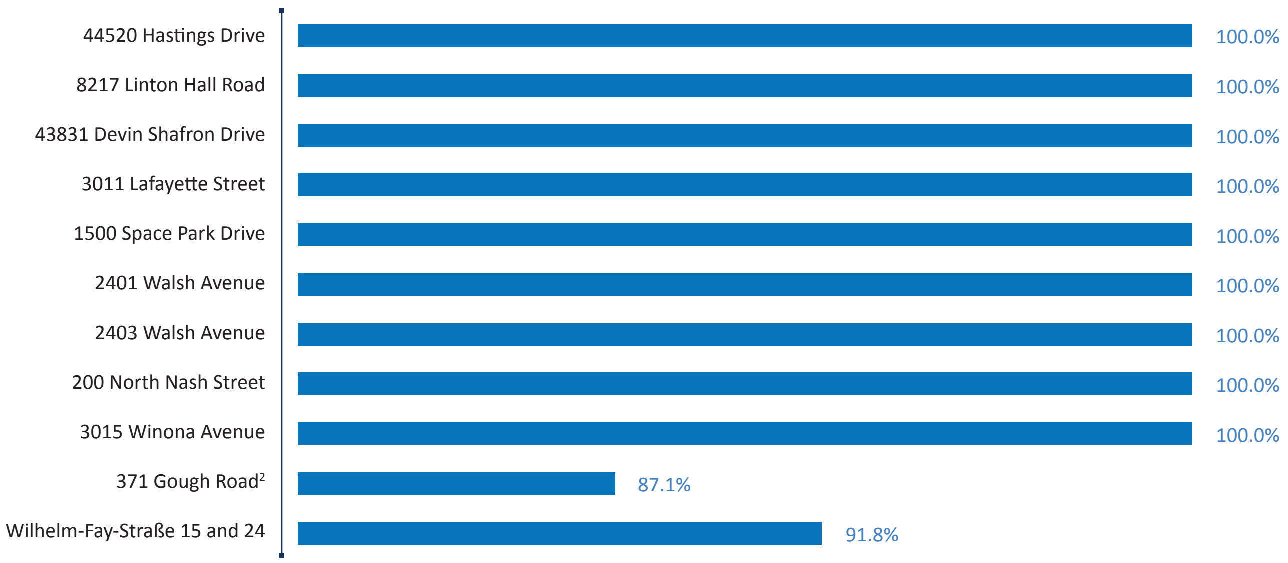
100%
Powered by renewable energy

1 At 100% basis.

Maintaining Healthy Occupancy

Portfolio occupancy of 98.2% as at 31 December 2022 is underpinned by a high historical customer retention rate with significant customer investment further enhancing customer stickiness. The only vacancies within the portfolio are at the Frankfurt facility and 371 Gough Road in Toronto. The Manager is proactively working with the Sponsor's salesforce and portfolio management team to lease up these pockets of vacancy.

Occupancy Rate[1]



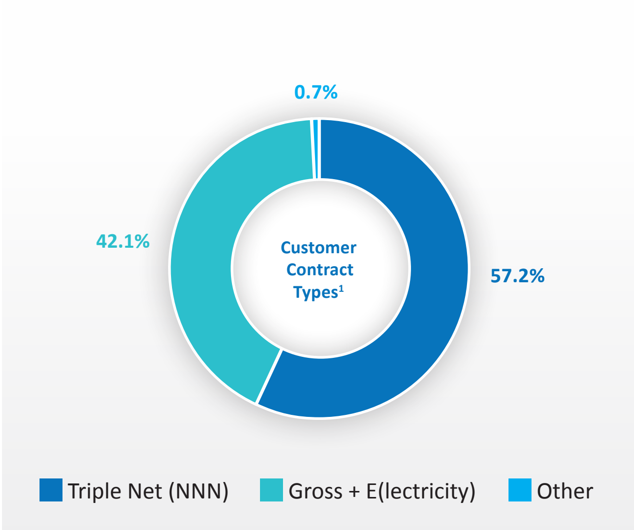
1 Based on net rentable square feet.
2 In April 2022, a customer that occupied approximately 37,000 net rentable square feet filed for bankruptcy protection. The customer vacated the premises effective 1 January 2023. Adjusting for the customer move-out on 1 January 2023, occupancy would be 65% for 371 Gough Road and the total portfolio occupancy would be 96%.

OPERATIONS REVIEW

Proactive Lease Management

The portfolio is 98.2% leased to strategically important customers, each with numerous deployments across the Sponsor's global platform. The in-place lease agreements generally contain annual contractual rental rate escalations ranging from 1%-3%, contributing to organic growth across the portfolio. Additionally, approximately 57% of the portfolio is leased on a triple-net lease structure and 42% of the portfolio is leased on Gross +E(lectricity) structure[1], providing comprehensive insulation against rising energy costs.

In November, the Manager reached an agreement to amend a lease in Toronto with a customer who filed for bankruptcy protection to allow for an orderly exit of the premises by 31 December 2022. Shortly before year-end, the Manager executed a short-term lease agreement, effective January 2023, with an investment grade cloud service provider that covers half of the prior customer's rental payments.

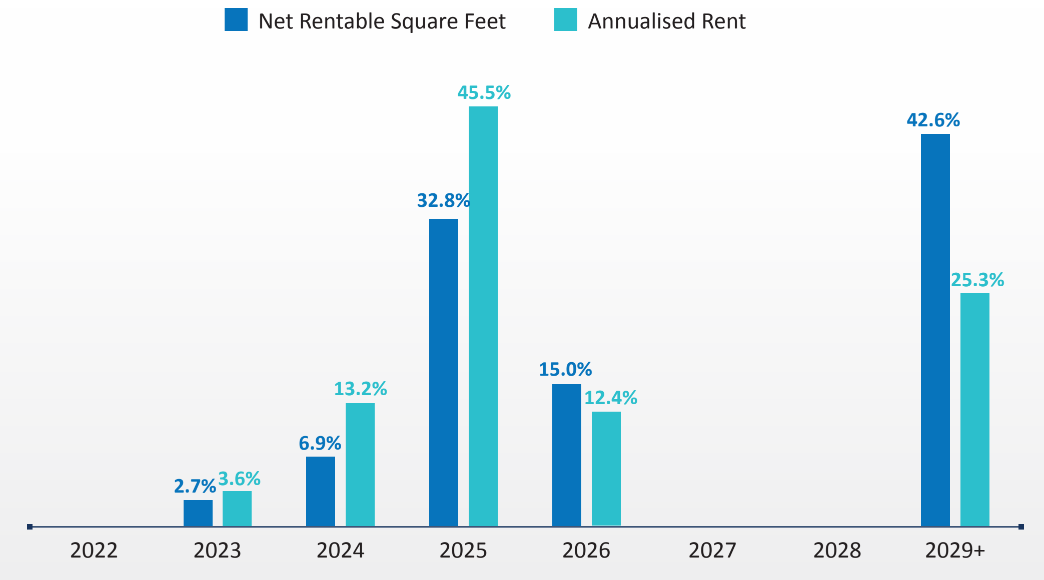


1 Based on annualised rent as at 31 December 2022.

Well-spread Lease Expirations

The portfolio has a well spread lease expiration profile with the majority of leases expiring in 2025 and 2029 and beyond. Leases up for expiration are 3.6% and 13.2% respectively in 2023 and 2024 based on annualised rent as at 31 December 2022. The portfolio's weighted average lease expiry (WALE) is 4.5 years by annualised rent. There are no new or renewed leases that commenced from the Listing Date to 31 December 2022.

4.5 YEARS
Weighted Average Lease Expiry[1]



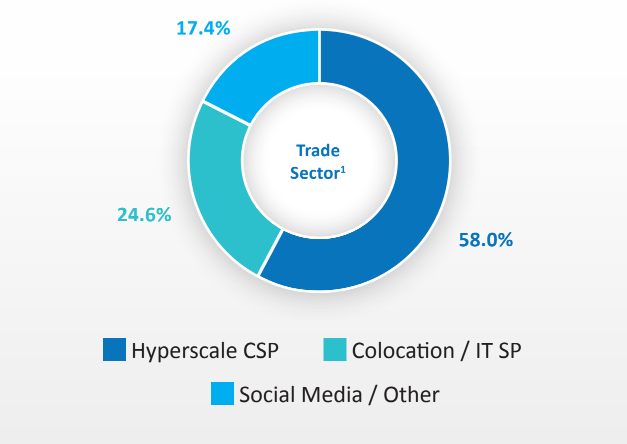
1 Based on annualised rent as at 31 December 2022. Annualised rental income is computed based on the gross rental income for December 2022 multiplied by 12. For the avoidance of doubt, the above chart also reflects the lease expiry profile based on gross rental income for December 2022.

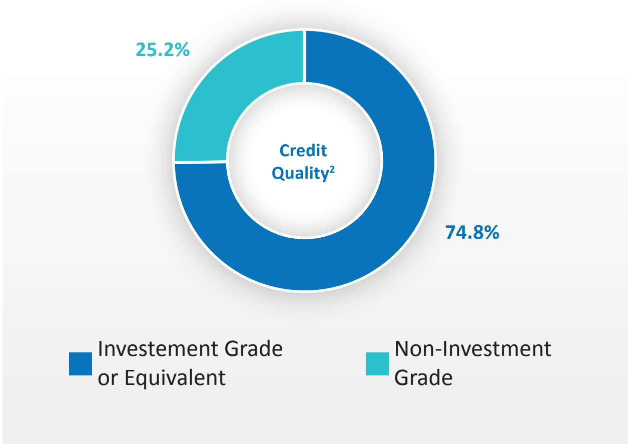
1 Gross + E(lectricity) structure refers to customer contracts in which the customer is responsible for paying a gross rent for the capacity it leases and reimbursing the landlord for 100% of the utility costs related to its capacity.

Diversified Customer Profile

Digital Core REIT has a stable and resilient portfolio with 23 customers as at 31 December 2022. The top customers in the portfolio consist of leading global cloud providers, global colocation and interconnection providers, social media platforms and IT solutions providers. In terms of credit quality, 74.8% of annualised rent was contributed by investment grade customers as at 31 December 2022.

Portfolio Trade Sector and Credit Quality





Note: Portfolio statistics and figures shown at share.
1 Based on annualised rent as at 31 December 2022. Annualised rental income is computed based on the gross rental income for December 2022 multiplied by 12. For the avoidance of doubt, the above chart also reflects the trade sector mix based on gross rental income for December 2022.
2 Based on annualised rent as at 31 December 2022.

Top 10 Customers[1]

	Customer	Trade Sector	Number of Locations	Total Annualised Rent[3] (US$'000)	% of Total Annualised Rent[3]
1.	Fortune 50 Software Company	Hyperscale CSP	3	27,657	39.1%
2.	Global Colocation and Interconnection Provider	Colocation / IT SP	6	16,003	22.6%
3.	Social Media Platform	Social Media	1	11,877	16.8%
4.	Global Technology Solutions Provider	Hyperscale CSP	1	6,968	9.9%
5.	Fortune 25 Tech Company	Hyperscale CSP	1	4,724	6.7%
6.	Global Cloud Provider	Hyperscale CSP	1	1,628	2.3%
7.	IT Service Provider[2]	Colocation / IT SP	1	1,391	2.0%
8.	Multi-National Service Provider	Other	1	191	0.3%
9.	Utility Provider	Other	1	45	0.1%
10.	Communications Infrastructure Company	Other	2	36	0.1%

1 Customers statistics are shown at share.
2 In April 2022, a customer filed for bankruptcy protection. The customer vacated the premises effective 1 January 2023.
3 Annualised rental income is computed based on the gross rental income for December 2022 multiplied by 12. For the avoidance of doubt, the above table also reflects the top 10 customers based on gross rental income for December 2022.

INVESTOR AND MEDIA RELATIONS

At Digital Core REIT, we are committed to delivering timely, transparent and accurate communication to the investment community comprising Unitholders, potential retail and institutional investors, analysts and media journalists. Guided by our Investor Relations Policy, we focus on building long term relationships with the investment community through regular and effective engagement programmes. The senior management and investor relations team maintain regular dialogue with the investment community to solicit and understand their views, as well as to respond to inquiries. Such active engagements are conducted through various communication channels and platforms.

In 2022, the senior management and investor relations team held more than 100 engagements with investors and analysts through a mix of in-person meetings, virtual investor conferences and meetings, non-deal roadshows and teleconferences as well as property tours to articulate Digital Core REIT's strategy, business performance and prospects. The Manager held analyst, media and investor briefings for its half- and full-year results, and provided quarterly business updates to keep the investment community informed on key developments. The Manager maintains open and regular communication with the investment community throughout the year as part of its engagement programme.

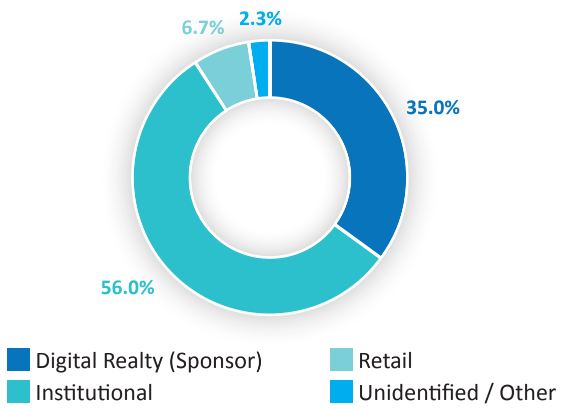
On 22 September 2022, the Manager announced a proposed acquisition. As the proposed acquisition was deemed to be an interested party transaction and major transaction under Rule 1014(1) of the Listing Manual of the SGX-ST, an extraordinary general meeting (EGM) was convened and held by way of electronic means on 18 November 2022. Post announcement of the transaction, Digital Core REIT's senior management and the investor relations team were involved in various virtual engagements including analyst and media briefings, one-on-one and group investor meetings as well as partnering with the Securities Investors Association (Singapore) to organise a dialogue session with retail unitholders. Unitholders were also invited to submit substantial and relevant questions and the detailed responses to those questions were published on SGXNet and Digital Core REIT's website ahead of the EGM. All the resolutions tabled were passed and the results and minutes of the meeting were announced to SGXNet and uploaded to the website in a timely manner.

Digital Core REIT also utilises its corporate website (www.digitalcorereit.com) to stay engaged and keep the investment community up to date with disclosures. The Manager releases business updates, financial results, annual reports, announcements, presentation materials, media statements and other corporate information relating to Digital Core REIT through SGXNet and the corporate website. The investment community can subscribe to email alerts to receive our updates. In order to onboard new investors, the Manager distributed information packs with instructions and relevant tax forms to help investors understand their tax obligations as Unitholders. The Investor Relations contact is available on the corporate website and in all media releases to facilitate communication with the investment community.

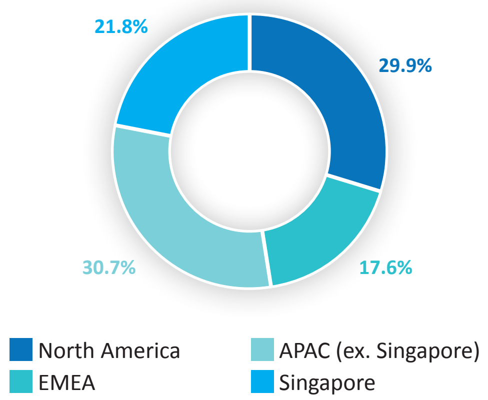
Digital Core REIT is a constituent of the MSCI Singapore Small Cap Index. To-date, six research firms comprising BofA Securities, Citi Research, DBS Bank, Daiwa Capital Markets, RBC Capital Markets and UOB Kay Hian have initiated coverage of Digital Core REIT.

Unitholdings Analysis[1]

Unitholdings by Investor Type



Unitholdings by Geography[2]



Source: IHS Markit.

1 As at 30 November 2022.

2 Excludes units held by the Sponsor.

Calendar of Upcoming Results

Subject to change without prior notice

	Indicative Month
First Quarter Business and Operational Update	April 2023
First Half Financial Results	July 2023
First Half Distribution to Unitholders	September 2023
Third Quarter Business and Operational Update	October 2023
Full Year Results Announcement	January 2024
Final Distribution to Unitholders	March 2024

Investor and Media Relations Calendar for 2022

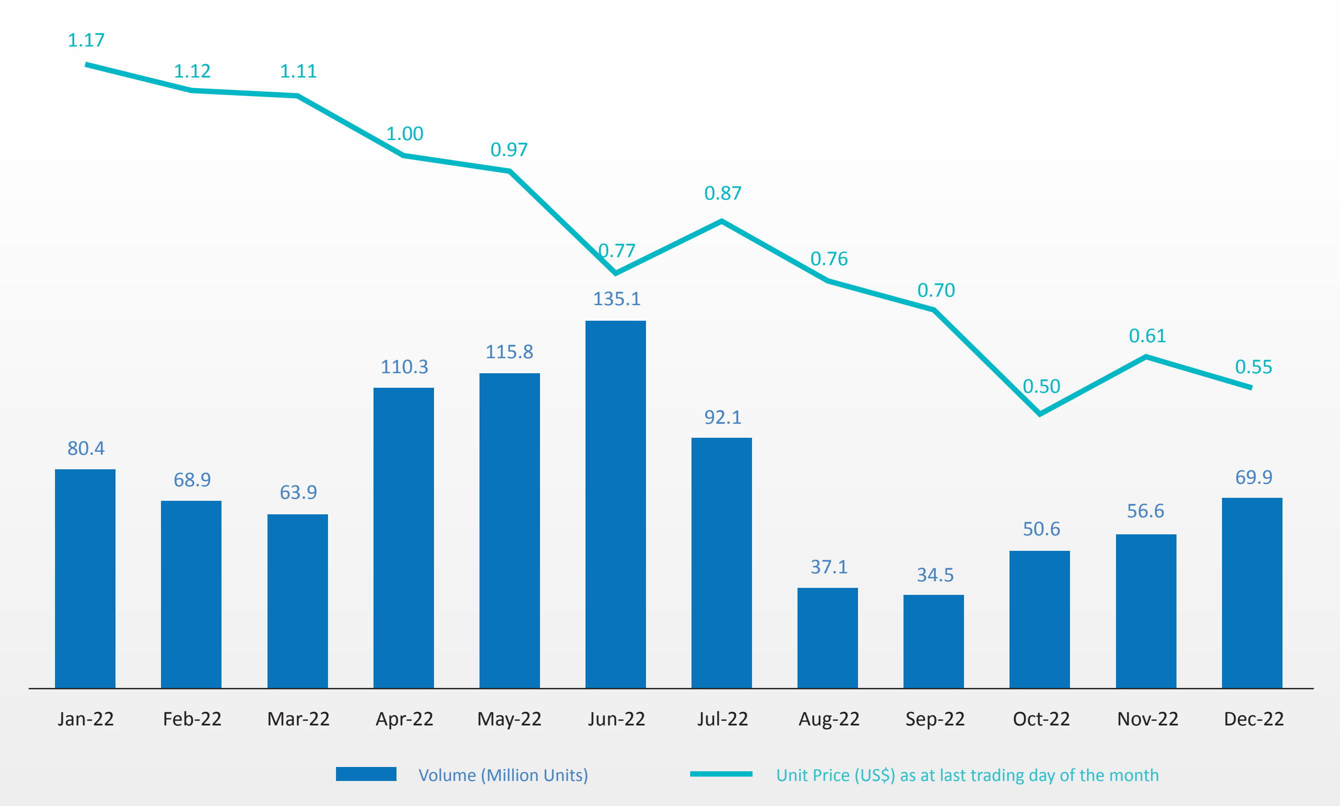
1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Nomura ASEAN Virtual Conference	First Quarter 2022 Business & Operational Update - Media and analyst, and investor briefings	First Half 2022 Financial Results - Media and analyst, and investor briefings	Third Quarter 2022 Business & Operational Update - Media and analyst, and investor briefings
SGX-Samsung Securities S-REITs Corporate Day for Korean Investors	BofA 2022 APAC Financial, Real Estate Equity and Credit Conference	BofA Securities 2022 Global Real Estate Conference	Pre-EGM SIAS-Digital Core REIT Dialogue Session
SGX-Goldman Sachs Virtual Corporate Day	BNP Paribas Singapore Property Days 2022	Proposed Acquisition analyst and investor meetings	Digital Core REIT Extraordinary General Meeting 2022
	Nomura Investment Forum Asia 2022		Investor Presentation in Thailand (Non-deal Roadshow)
	DBS Virtual Property Conference: Taking stock on the global re-opening story - New Economy Spotlight Conference		
	RBC Capital Markets 2022 Global Communications Infrastructure Conference (Fireside chat)		
	DBS Private Bank - S-REITs: Withstanding the Test of Times		
	CGS-CIMB Securities Asia Tech Tour 2022		

INVESTOR AND MEDIA RELATIONS

Trading and Yield Performance

Digital Core REIT's unit price traded between US$0.50 and US$1.20 in 2022. The unit price declined approximately 53% since the beginning of the year, amidst much volatility in the interest rate environment with consecutive hikes in the Federal Funds Target Rate by the Federal Reserve as well as concerns surrounding withholding tax required on the transfer or sale of Digital Core REIT units (Units) under Section 1446(f) of the U.S. Internal Revenue Code. For the financial year ended 2022, a total of 915.1 million Units were traded or a daily average of 3.7 million Units. Digital Core REIT registered -53.1%[1] in total return for 2022.

2022 Trading Performance



Source: Bloomberg

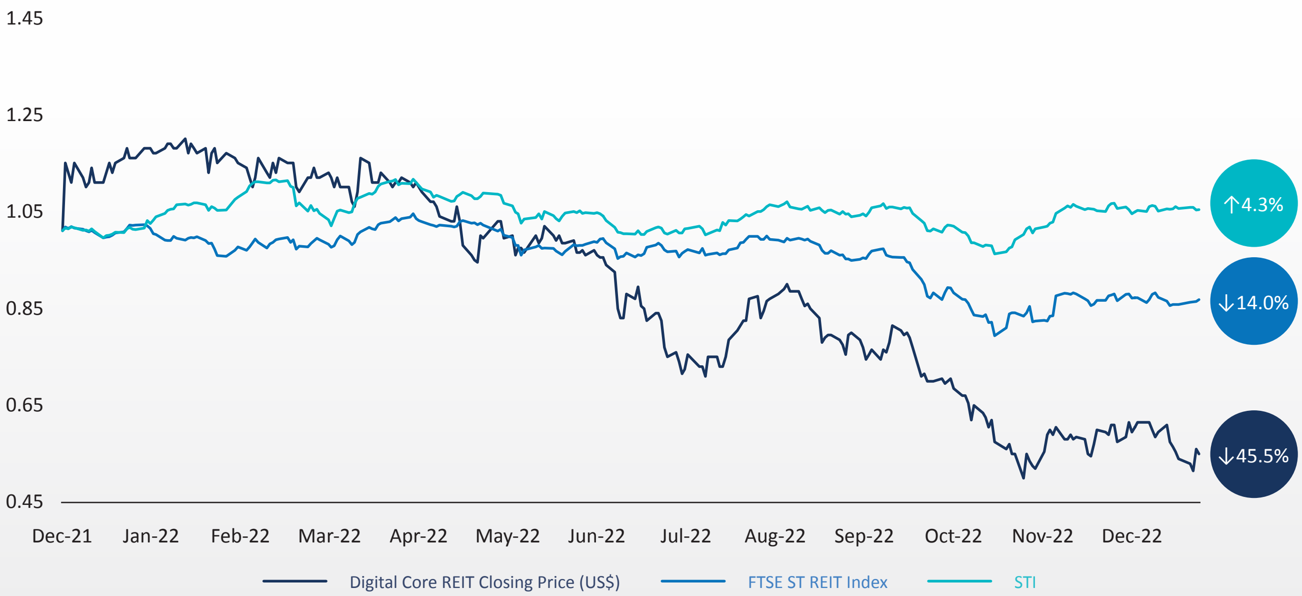
Unit Price Performance

	2022	Since Listing Date
Opening price on the first trading day of the year (US$)	1.17	1.00
Closing price on the last trading day of the year (US$)	0.55	0.55
Highest closing price (US$)	1.20	1.20
Lowest closing price (US$)	0.50	0.50
Trading Volume (million Units)	915.1	1,176.9

Source: Bloomberg

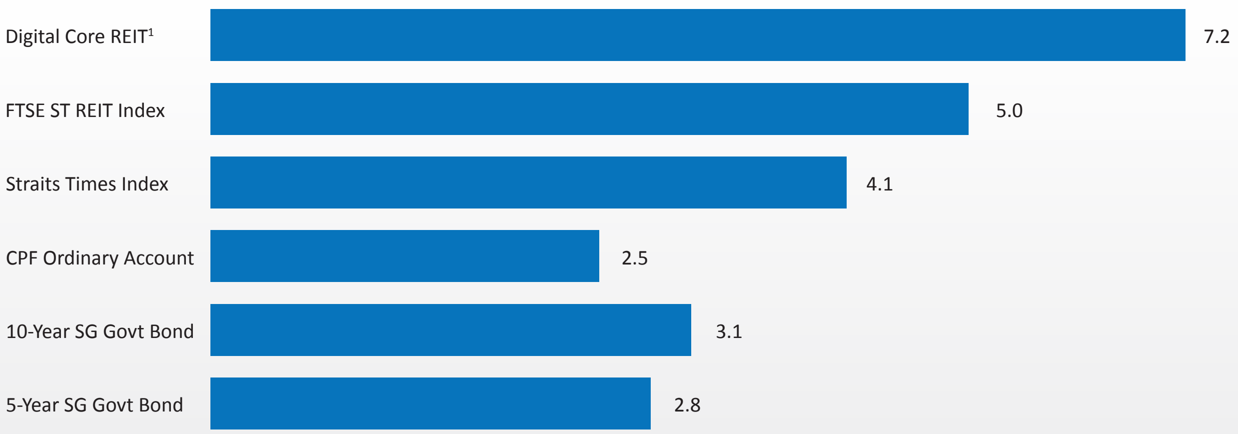
1 Source: Bloomberg (assumes distributions are reinvested).

Comparative Price Trends Since Listing Date



Comparative Yields (%)

as at 31 December 2022



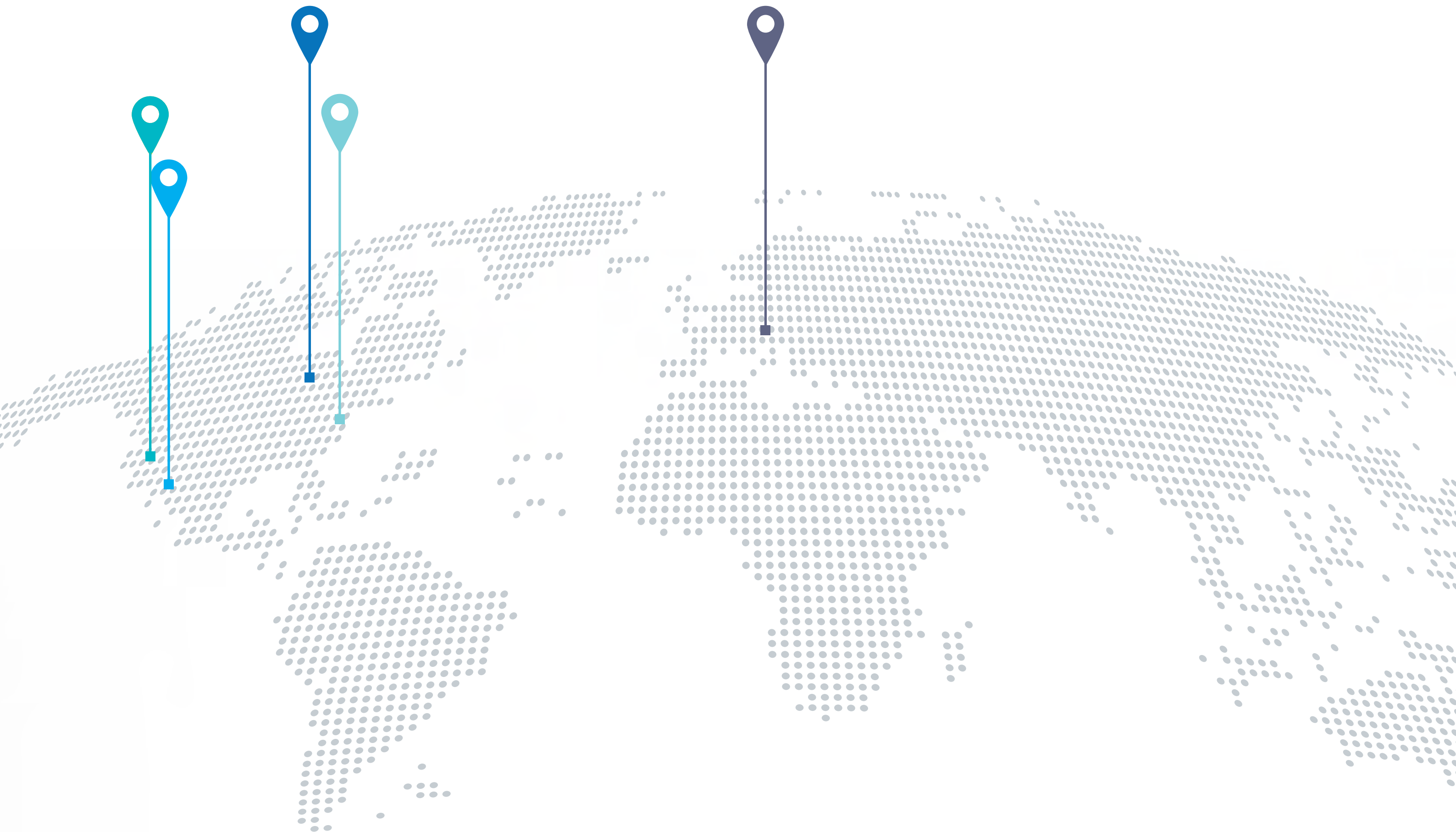
Sources: Bloomberg, Monetary Authority of Singapore and Central Provident Fund.

1 Based on Digital Core REIT's total DPU of 3.98 U.S. cents for FY 2022 and the closing price of US$0.55 as at 31 December 2022.

Unitholder Enquiries

For more information, please contact:
Ms Mabel Tan
Director of Capital Markets and Investor Relations
Tel: +65 6505 3948
Email: IR@digitalcorereit.com
Website: https://www.digitalcorereit.com

PORTFOLIO OVERVIEW



Northern Virginia
44520 Hastings Drive
8217 Linton Hall Road
43831 Devin Shafron Drive

Silicon Valley
3011 Lafayette Street
1500 Space Park Drive
2401 Walsh Avenue
2403 Walsh Avenue

Los Angeles
200 North Nash Street
3015 Winona Avenue

Toronto
371 Gough Road

Frankfurt
Wilhelm-Fay-Straße 15 and Wilhelm-Fay-Straße 24

PROPERTY DETAILS

44520 Hastings Drive

The Property is a one-storey data centre facility located within the Sponsor's 740,520 sq.ft. Ashburn Corporate Campus in the Ashburn area of Loudoun County, Virginia. Located within Loudoun County's "Data Centre Alley" which is part of the Northern Virginia data centre market, the Property is close in proximity to the MAE East Internet Exchange Point providing premier connectivity and access to an extensive fibre network already in place. This Northern Virginia data centre campus also provides access to the Sponsor's robust ecosystem via Service Exchange as well as metro connect and campus connect availability.

In addition, the Property is in close proximity to (i) major toll roads, such as Dulles Toll Road, (ii) state highways such as Loudoun County Parkway and Route 28, (iii) north of Dulles International Airport and (iv) approximately 30 miles northwest of Washington, D.C.. The Property is Energy Star certified.

Address	44520 Hastings Drive, Ashburn, VA 20147
Land Lease Title	Freehold
Property Type	Fully-fitted
Ownership Interest	90%
Net Rentable Square Feet	146,999
Occupancy (as at 31 December 2022)	100%
WALE by Annualised Rent as at 31 December 2022 (years)	2.4
Purchase Consideration based on ownership interest (US$ million)	286.2
Valuation based on ownership interest (US$ million)	288.9
Rent received in 2022 based on ownership interest (US$ '000)	13,508

PROPERTY DETAILS

8217 Linton Hall Road

The Property is a one-storey data centre facility positioned just east of Linton Hall in a transition area between heavy industrial uses to the east and residential development to the west. It is close in proximity to Dulles International Airport, 20 miles north in Loudoun and Fairfax Counties.

Address	8217 Linton Hall Rd, Bristow, VA 20136
Land Lease Title	Freehold
Property Type	Fully-fitted
Ownership Interest	90%
Net Rentable Square Feet	230,002
Occupancy (as at 31 December 2022)	100%
WALE by Annualised Rent as at 31 December 2022 (years)	2.5
Purchase Consideration based on ownership interest (US$ million)	234.9
Valuation based on ownership interest (US$ million)	252.0
Rent received in 2022 based on ownership interest (US$ '000)	9,602

43831 Devin Shafron Drive

The Property is a one-storey powered shell data centre facility located within the Ashburn Corporate Campus in the Ashburn area of Loudoun County, Virginia. The Property is part of the Digital Realty Loudoun Ashburn Campus, an eight-data centre complex.

Located within Loudoun County's "Data Centre Alley" and part of the Northern Virginia data centre market in proximity to the MAE East Internet Exchange Point, the Property provides premier connectivity and access to an extensive fibre network already in place. The Property is also in close proximity to major toll roads and state highways. In addition, the Property is north of Dulles International Airport and approximately 30 miles northwest of Washington, D.C..

Address	43831 Devin Shafron Drive Bldg. C, Ashburn, VA
Land Lease Title	Freehold
Property Type	Shell and Core
Ownership Interest	90%
Net Rentable Square Feet	117,071
Occupancy (as at 31 December 2022)	100%
WALE by Annualised Rent as at 31 December 2022 (years)	3.3
Purchase Consideration based on ownership interest (US$ million)	45.1
Valuation based on ownership interest (US$ million)	49.7
Rent received in 2022 based on ownership interest (US$ '000)	1,612

PROPERTY DETAILS

3011 Lafayette Street

The Property is a two-storey carrier-neutral data centre that was completed in 2000 and renovated in 2007. Located in the heart of Silicon Valley near Highway 101, it is in close proximity to the Donald Von Raesfield Power Plant.

Address	3011 Lafayette Street, Santa Clara, CA 95054
Land Lease Title	Freehold
Property Type	Fully-fitted
Ownership Interest	90%
Net Rentable Square Feet	90,780
Occupancy (as at 31 December 2022)	100%
WALE by Annualised Rent as at 31 December 2022 (years)	2.2
Purchase Consideration based on ownership interest (US$ million)	166.5
Valuation based on ownership interest (US$ million)	158.4
Rent received in 2022 based on ownership interest (US$ ‘000)	9,954

1500 Space Park Drive

The Property is a two-storey colocation data centre located in the heart of Silicon Valley. Besides being in the Silicon Valley/Bay Area, the Property is also located near Highway 101 and three cost-effective sub-stations of the power grids of Silicon Valley Power. The Property is Leed Gold certified.

Address	1500 Space Park Drive, Santa Clara, CA 95054
Land Lease Title	Freehold
Property Type	Shell and Core
Ownership Interest	90%
Net Rentable Square Feet	51,615
Occupancy (as at 31 December 2022)	100%
WALE by Annualised Rent as at 31 December 2022 (years)	11.7
Purchase Consideration based on ownership interest (US$ million)	101.7
Valuation based on ownership interest (US$ million)	103.5
Rent received in 2022 based on ownership interest (US$ ‘000)	5,828

PROPERTY DETAILS

2401 Walsh Avenue / 2403 Walsh Avenue

2401 Walsh Avenue is a two-storey powered shell data centre facility. The physical structure was completed in 1973 and was retrofitted for data centre use in 2001. 2403 Walsh Avenue is a two-storey powered shell data centre facility. The physical structure was completed in 1996 and retrofitted for data centre use in 2000.

Both Properties are located on the north side of Walsh Avenue, just east of Northwestern Parkway and south of Central Expressway within the city limits of Santa Clara, Santa Clara County, California. Both Properties are also in close proximity to major highways, and major transportation networks such as the Valley Transportation Authority light rail and the San Jose International Airport. Both Properties are Energy Star certified.

Address	2401 Walsh Avenue, Santa Clara, CA 95051
Land Lease Title	Freehold
Property Type	Shell and Core
Ownership Interest	90%
Net Rentable Square Feet	167,932
Occupancy (as at 31 December 2022)	100%
WALE by Annualised Rent as at 31 December 2022 (years)	10.2
Purchase Consideration based on ownership interest (US$ million)	100.8
Valuation based on ownership interest (US$ million)	99.0
Rent received in 2022 based on ownership interest (US$ '000)	4,110

Address	2403 Walsh Avenue, Santa Clara, CA 95051
Land Lease Title	Freehold
Property Type	Shell and Core
Ownership Interest	90%
Net Rentable Square Feet	103,940
Occupancy (as at 31 December 2022)	100%
WALE by Annualised Rent as at 31 December 2022 (years)	10.2
Purchase Consideration based on ownership interest (US$ million)	62.3
Valuation based on ownership interest (US$ million)	61.2
Rent received in 2022 based on ownership interest (US$ '000)	2,544

200 North Nash Street

The Property is a two-storey powered shell data centre facility completed in 1976 located within the South Bay area of Los Angeles County, in the City of El Segundo. It is in close proximity to Los Angeles International Airport, and major highways such as San Diego (Interstate 405) and Long Beach (Interstate 710). Its last refurbishment was completed in 2000. The Property is Energy Star certified.

Address	200 N. Nash Street El Segundo, CA 90245
Land Lease Title	Freehold
Property Type	Shell and Core
Ownership Interest	90%
Net Rentable Square Feet	113,606
Occupancy (as at 31 December 2022)	100%
WALE by Annualised Rent as at 31 December 2022 (years)	10.2
Purchase Consideration based on ownership interest (US$ million)	64.0
Valuation based on ownership interest (US$ million)	62.1
Rent received in 2022 based on ownership interest (US$ '000)	2,588

PROPERTY DETAILS

3015 Winona Avenue

The Property is a two-storey powered shell data centre facility located in Burbank which is known as the "media capital of the world", and is home to Warner Brothers, Walt Disney Company, and Burbank Studios. NBC Universal City and the CBS Studio Centre are also nearby, as is the DreamWorks campus. Besides being in close proximity to Burbank Airport, the Property is also well connected to the interstate network by the Golden State Freeway (I-5) as well as the Hollywood Freeway (State Route170/101) and the Ventura Freeway. The Property is Energy Star certified.

Address	3015 Winona Ave, Burbank, CA 91504
Land Lease Title	Freehold
Property Type	Shell and Core
Ownership Interest	90%
Net Rentable Square Feet	82,911
Occupancy (as at 31 December 2022)	100%
WALE by Annualised Rent as at 31 December 2022 (years)	12.1
Purchase Consideration based on ownership interest (US$ million)	52.0
Valuation based on ownership interest (US$ million)	48.6
Rent received in 2022 based on ownership interest (US$ '000)	2,098

371 Gough Road

The Property is a one-storey data centre facility with a two-storey office area. Completed in 1980, the property underwent a major renovation over 2014 and 2015 as part of its conversion into a data centre.

The Property is strategically located in Canada's high-tech capital (Markham, Ontario) and is approximately 17 miles north of the financial district in downtown Toronto.

Address	371 Gough Road, Markham, Ontario, Canada, L3R 4B6
Land Lease Title	Freehold
Property Type	Fully-fitted
Ownership Interest	90%
Net Rentable Square Feet	104,308
Occupancy (as at 31 December 2022)	87.1%[1]
WALE by Annualised Rent as at 31 December 2022 (years)	2.1
Purchase Consideration based on ownership interest (US$ million)	183.0
Valuation based on ownership interest (US$ million)	158.0
Rent received in 2022 based on ownership interest (US$ '000)	9,249

1 A customer who previously occupied 37,000 net rentable square foot vacated the premises effective 1 January 2023. Adjusting for the customer move-out, occupancy would be 65%.

PROPERTY DETAILS

Wilhelm-Fay-Straße 15 and Wilhelm-Fay-Straße 24

The Property, a purpose-built three-storey data centre facility, was developed in successive phases of contiguous customer expansion within the supply-constrained Sossenheim sub-market. It is connected via dark fibre to the Sponsor's cross-town Hanauer Landstraße campus, one of the world's leading connectivity hubs, with direct access to more than 700 carriers and internet service providers.

Address	Wilhelm-Fay-Straße 15 and Wilhelm-Fay-Straße 24, Frankfurt, Germany
Land Lease Title	Freehold
Property Type	Fully-fitted
Ownership Interest	25.0%
Net Rentable Square Feet	449,546
Occupancy (as at 31 December 2022)	91.8%
WALE by Annualised Rent as at 31 December 2022 (years)	4.2
Purchase Consideration based on ownership interest (US$ million)	149.4
Valuation based on ownership interest (US$ million)	148.8
Rent received in 2022 based on ownership interest (US$ '000)	504[1]

1 Rental income is from date of acquisition to 31 December 2022.

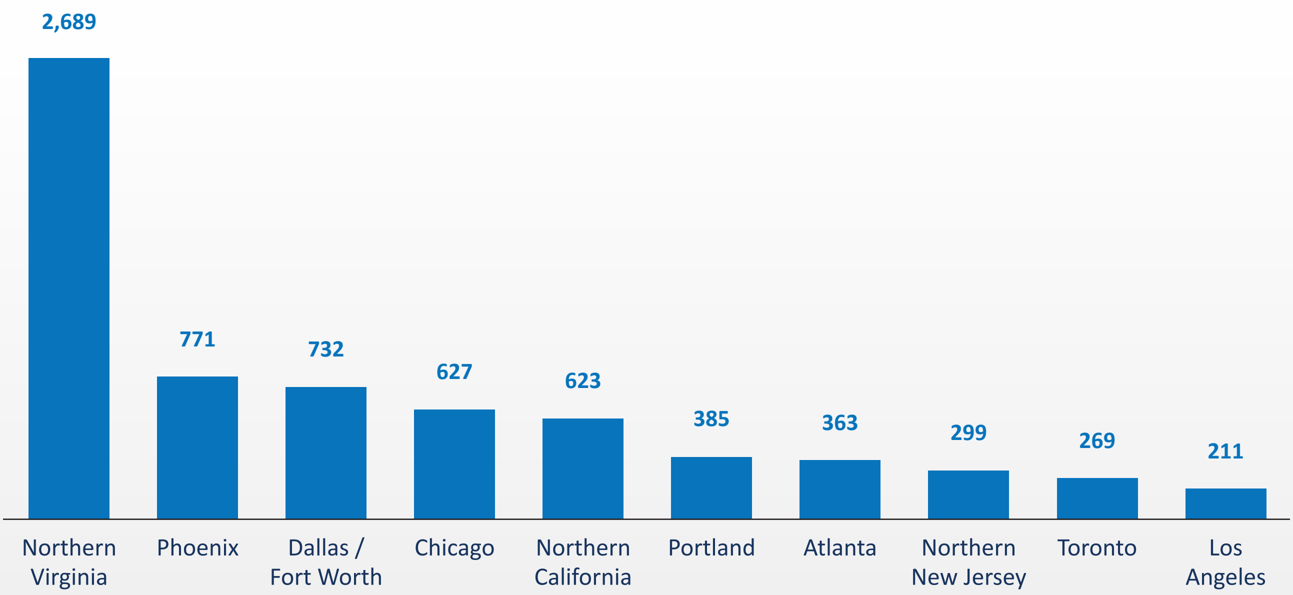
INDEPENDENT MARKET RESEARCH REPORT

Statement of Assumptions and Limitations

datacenterHawk has assembled this independent market research report in good faith for Digital Core REIT Management Pte. Ltd., in its capacity as manager of Digital Core REIT, and Perpetual (Asia) Limited, in its capacity as trustee of Digital Core REIT, and has made every attempt to ensure the accuracy and reliability of the information provided in this report. However, the information is provided without warranty of any kind. datacenterHawk does not accept responsibility or liability for the accuracy, content, completeness, reliability, or legality of the information provided.

Leading North America Data Center Markets

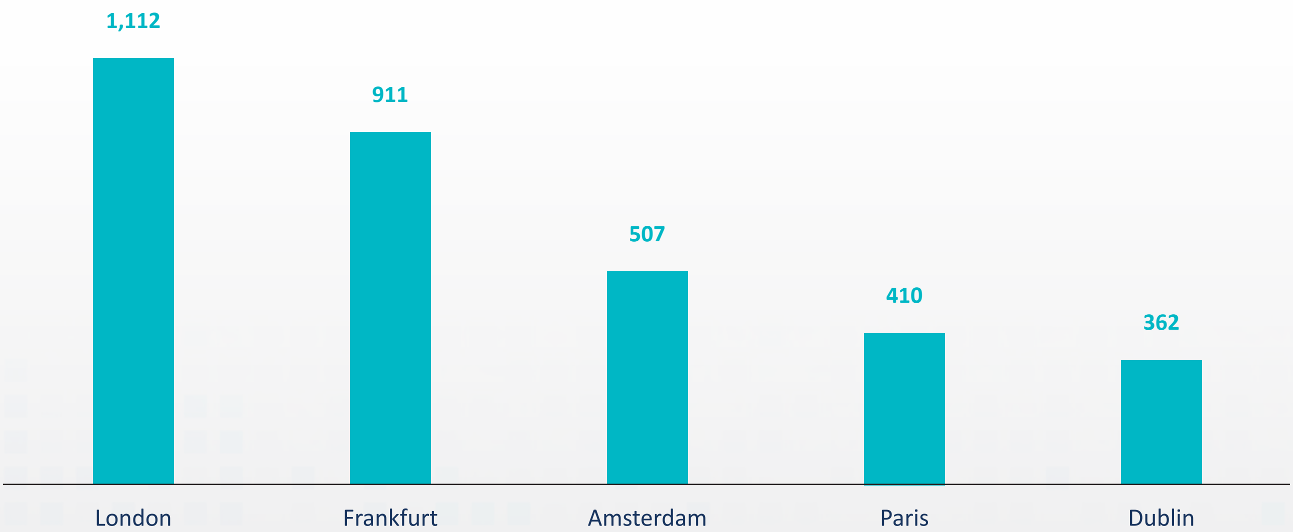
Multi-Tenant Commissioned Power in MW[1]



1 As of 4Q 2022.

Leading Europe Data Center Markets

Multi-Tenant Commissioned Power in MW[1]



1 As of 4Q 2022.

INDEPENDENT MARKET RESEARCH REPORT

NORTHERN VIRGINIA

Overview

Northern Virginia is the largest data center market in the United States. This extremely mature and well-connected area traces its roots to the U.S. Government's experiments in wide area fiber optic networking in the late 1960s. The low-latency connections to the national fiber network backbone along with a relatively business-friendly environment make Northern Virginia the top market for data centers serving the area's biggest public and private enterprises.

Northern Virginia is the largest data center market in the United States for the following reasons:

1. **Competitive Colocation/Cloud Environment** – The Northern Virginia market has the largest presence of colocation and cloud providers in the United States, creating a very competitive environment
2. **Strategic Location** – The Northern Virginia market provides a strategic, cost-effective market for companies needing their data center in the northeastern United States
3. **Relatively Free of Natural Disasters** – Other than occasional high winds and rain from hurricane remnants, the Northern Virginia market is typically very safe
4. **Reasonable Power Cost** – Northern Virginia's power costs are competitive among major colocation markets and is reasonable considering the total cost of occupancy for long-term requirements
5. **Business Climate** – Despite some economic challenges in Virginia over the past few years, the area's businesses continue to grow, creating data center requirements for the market

The Virginian economy is diverse, with both a strong manufacturing base (producing everything from wood flooring to rocket engines) and information services sector. Over 70 firms with annual revenue over $500 million are headquartered in Virginia with eight of the nineteen of the Fortune 500 companies in Virginia headquartered in the Northern Virginia area. Since 2018, nearly $2 billion was spent on land purchases for data center development in Northern Virginia.

While the downtown Washington, DC area has several smaller data centers, the bulk of data center investment occurs outside of the downtown area. Concentrations of colocation, cloud, and enterprise data centers are located in several cities to the northwest corner of the market, including Ashburn, Sterling, and Reston, VA. The Ashburn area (a suburb north of Dulles Airport so dense it is commonly referred to as "Data Center Alley) is dominated by a number of large data center providers. Digital Realty continues to develop its campus located on Loudoun County Parkway. The site is supported by a dedicated substation capable of producing up to 150 MW of power. They also purchased DuPont Fabros, adding six data centers in Ashburn, with room to construct one more based on tenant demand. In addition, Equinix has continually invested in the Northern Virginia market by building fourteen data centers in the area (DC1, DC2, DC3, DC4, DC5, DC6, DC7, DC10, DC11, DC12, DC13, DC14, DC15, and DC21). In addition, Equinix has secured land in the area to continue to expand.

Approximately one mile to the southeast is Sterling, an area with a significant number of data center providers as well. Cyxtera, CyrusOne, Stack Infrastructure, and Digital Realty are well positioned to be competitive in this area for the immediate future. Reston continues to grow as well, with significant investments from CoreSite, Digital Realty, and Equinix.

While government agency requirements have increased the data center demand in Northern Virginia, the majority of the market is made up of other industries finding the market attractive. Aerospace, financial, managed hosting, technology, and telecommunications companies have all staked claims in Northern Virginia's data centers. Colocation requirements in the Northern Virginia market are typically larger than most markets. This is due to the nature of the requirements as well as the availability and competitive pricing in the market.

Power Overview

To meet the voracious demand for data centers, the entire Northern Virginia area has experienced uncommonly-rapid growth of new electricity providers. According to published reports, Virginia has the lowest commercial electricity rates in the Mid-Atlantic region. Virginia does not provide a wholly-competitive electricity market, but local regulators enable co-ops such as the Northern Virginia Electric Cooperative (NOVEC) to resell service from monopoly provider Dominion Energy–doing business as "Virginia Electric & Power." Therefore, the Virginia Electric & Power Company and NOVEC do not compete on price but rather on customer service offerings.

NORTHERN VIRGINIA

Hazard Risk Overview

The Northern Virginia market is at low overall risk for natural disasters. Northern Virginia is far enough inland to avoid the full force of hurricanes, but does feel the impact of these storms' remnants. While not an annual occurrence, large storms (called "nor'easters) can strike the region with enough rain, snow, and ice to cause power outages and impede traffic. Earthquakes are rare in Virginia, with almost no significant activity in the past 50 years.

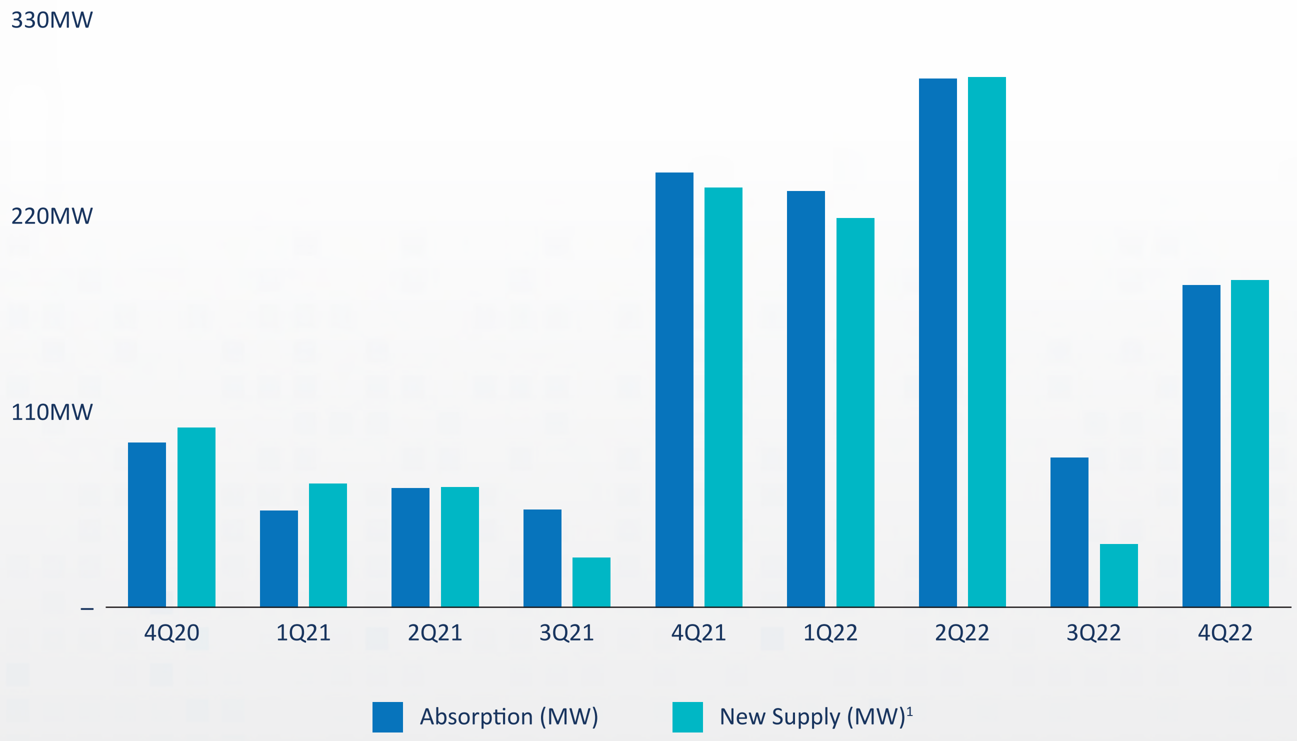
Tax Incentives Overview

Legislation making qualified data center facilities exempt from Virginia's sales and use taxes went into effect in 2009. To qualify, data center providers must spend at least $150 million and create between 25-50 new jobs in the area. Revisions in 2012 not only extended those tax benefits to 2020 but also enabled aggregation of the requirements across multiple data centers and its tenants. This reduced the capital investment needed to receive the tax abatement and encouraged providers to build multiple smaller data centers. Records show the State of Virginia waived an estimated $65 million in state and local sales tax revenue for data centers in 2017 alone. These tax incentives, combined with Virginia's business-friendly environment, attract data center investment that would otherwise go to the District of Columbia and Maryland.

Connectivity Overview

An astounding 70 percent of the world's Internet traffic flows through Northern Virginia. The region's proximity to every federal government agency's headquarters obviously plays a role in that world-class network connectivity. As a result, the area's robust technology and financial businesses grew up around that connectivity. Hundreds of thousands of fiber miles laid by dozens of providers enable robust carrier-neutral broadband connectivity to many of the region's data centers.

Absorption and Supply

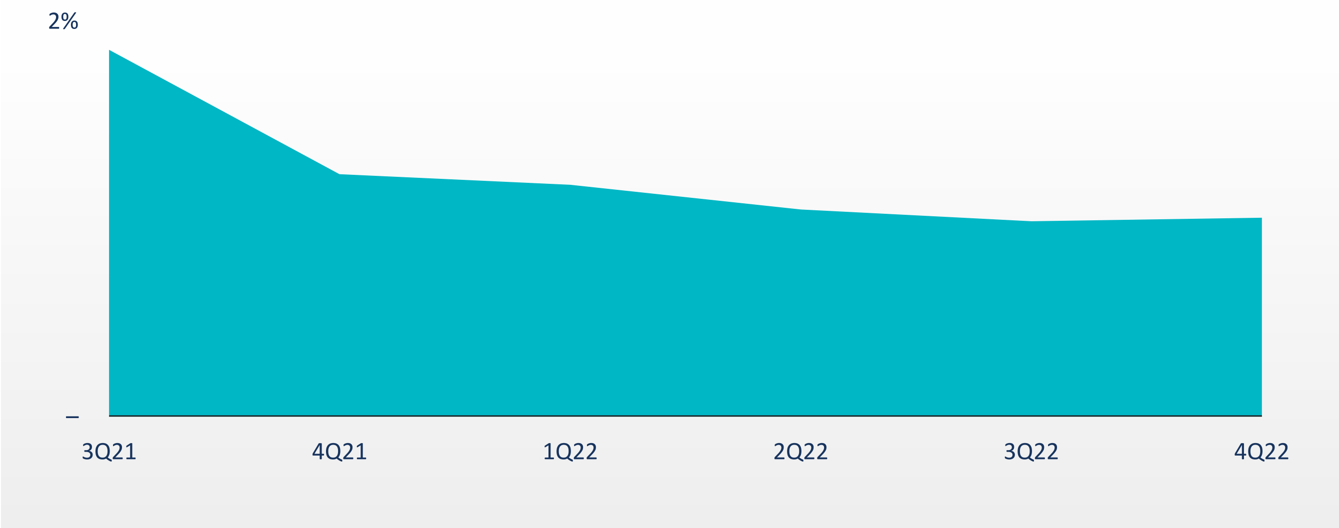


1 Calculated based on the change in commissioned power quarter over quarter.

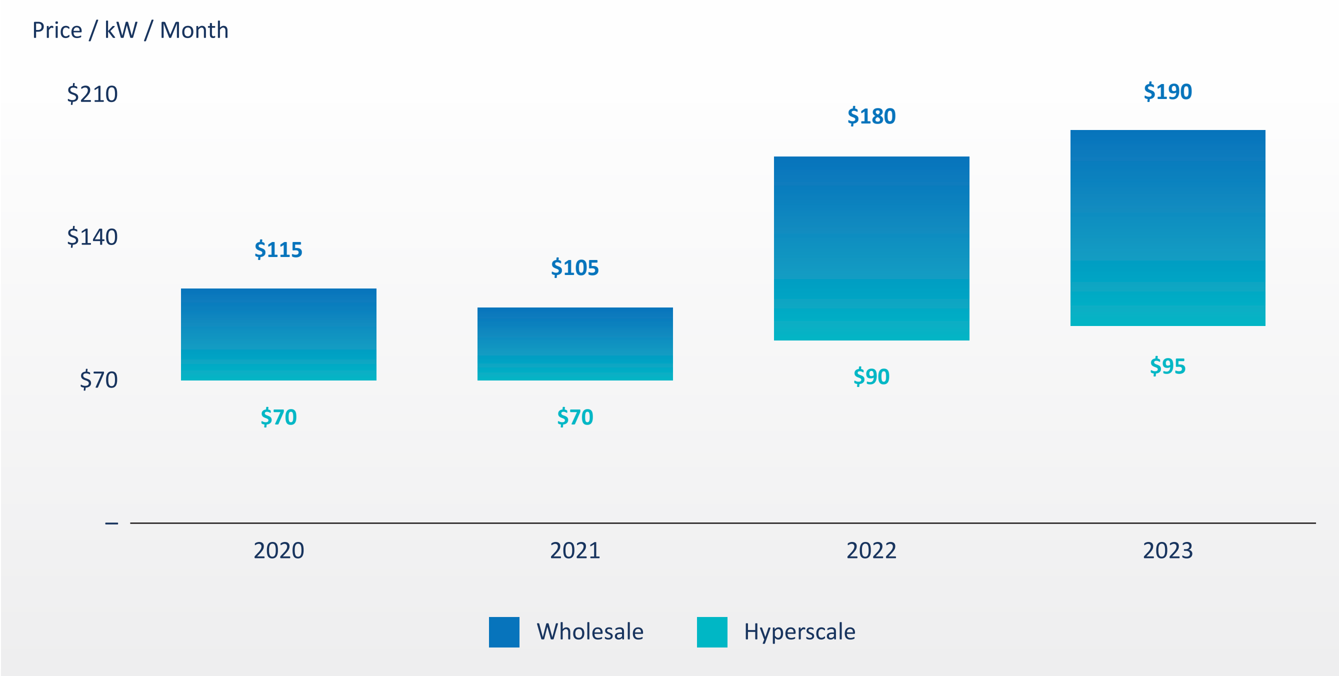
INDEPENDENT MARKET RESEARCH REPORT

NORTHERN VIRGINIA

Vacancy



Pricing[1]



1 Wholesale pricing represents deals with a deployment size from 250kW to 4MW and hyperscale pricing represents deals greater than 4MW.

NORTHERN CALIFORNIA

Overview

Northern California is the second largest data center market in the country. Most companies objectively evaluating the market for expansion should be deterred by the area's expensive real estate, power costs, and risk of earthquakes. Despite these facts, consistent activity from large data center users and colocation/cloud operators over the last five years is the prime catalyst for the market's impressive ranking.

Growth in the Northern California data center market has occurred in several cities south of San Francisco, with Santa Clara being home to the majority. One of the key reasons for the large data center market in Santa Clara is Silicon Valley Power, the city-run electric company, has consistently offered lower power costs to data center users. Santa Clara boasts over 40 data centers located in a three and half square mile area, an area rivaling "Data Center Alley" in Northern Virginia, the world's largest concentration of data centers. In addition, several data center users and providers have locations in San Jose, directly southeast of Santa Clara. Other cities in the San Francisco metro area with data center locations include Sunnyvale and Milpitas.

Data center requirements in the Northern California market typically originate from companies already located in the area. The Silicon Valley business environment, specifically the technology industry, has fueled much of the growth in the data center market over the past few years. In 2014, The Silicon Valley Leadership Group reported 33% of economic output in the area comes from technology companies. According to U.S. Bureau of Labor Statistics data, the combined area of San Francisco/San Jose/Oakland saw unemployment steadily drop from a high of 10.4% in July 2011 down to an impressive 2.3% in December 2019. While the Northern California data center market benefits greatly from tech sector growth, it also heavily depends on it-posing a risk should the sector decline. Other industries consistently active and adding to the data center growth in Northern California include telecom, healthcare, financial, and retail.

Several years ago, large data center users like Apple and Facebook relied heavily on wholesale provider infrastructure, creating heavy demand from operators like Digital Realty, DuPont Fabros, and CoreSite. A shift in strategy by these companies to build, own, and operate their data centers created several sublease opportunities in the market in 2013, disrupting traditional transaction pricing. Even with these subleases, vacancy in the Northern California market is decreasing.

Power Overview

Northern California has a reliable and extensive electrical grid. In the Santa Clara/San Jose data center cluster, power is provided by both Pacific Gas & Electric and Silicon Valley Power. These companies encourage using renewable power such as solar, wind, and the more exotic biomass solutions. However, these "green" power sources can often increase a data center's total cost of ownership. The average power cost throughout Northern California is extremely high. These high costs often factor into the decisions for Northern California-based companies to co-locate in Portland, OR or Seattle, WA, where the typical power cost for data center users is approximately two times less.

Tax Incentives Overview

Tax abatement opportunities are not currently available through the State of California. Brook Taylor, a spokesman for the California Governor's Office of Business and Economic Development, told the Associated Press in 2015 that: "If anything, data centers are being built in spite of the fact that we don't have specific tax credits or incentives for them." Local tax abatement opportunities do exist in certain markets in Northern California.

Hazard Risk Overview

The largest natural hazard threat in the Northern California market is earthquakes. According to the United States Geological Survey's 2014 findings, Northern California market is in one of the areas most likely to be impacted by an earthquake. Because of this, data center users and providers have invested significant capital in building facilities designed to handle these seismic events.

Another challenge for the Northern California market is the availability of water. Data centers need large amounts of water to cool their facilities, and the multi-year drought in California creates challenges for data center operators. There is a media-created perception that data centers abuse Northern California's limited resources. However, the data center industry as a whole worked hard even before California's provincial water crisis to conserve and use water in environmentally-friendly ways. As far back as 2005, numerous data centers (including many in Northern California) received Leadership in Energy and Environmental Design (LEED) certifications designed to conserve both water and electricity.

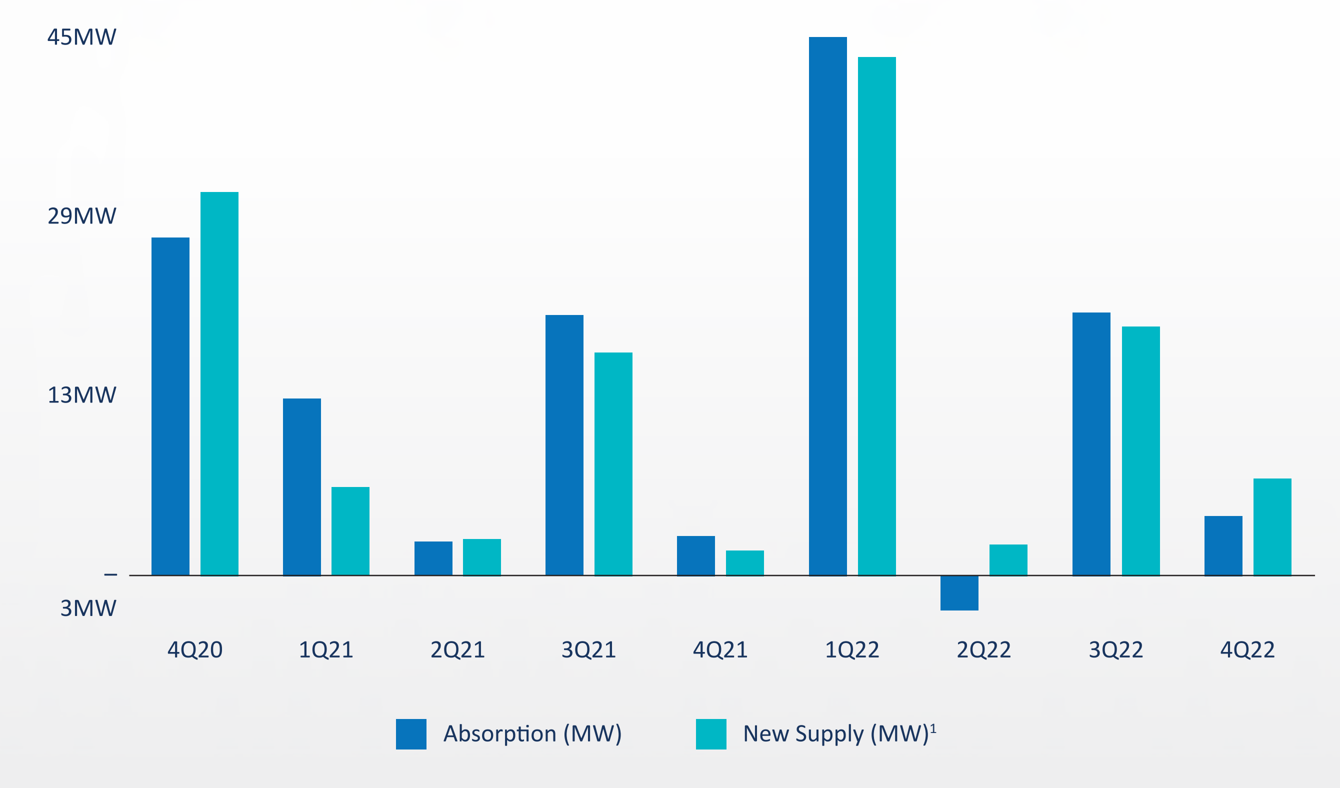
INDEPENDENT MARKET RESEARCH REPORT

NORTHERN CALIFORNIA

Connectivity Overview

Legacy carriers AT&T, Sprint, and Verizon all run long-haul fiber connections on the west side of San Francisco Bay. These fast connections to the Internet backbone link tech businesses from San Francisco in the north to the concentrations of data centers south of the Bay in Santa Clara and San Jose. Fiber from newer carriers CenturyLink, Cogent, Electric Lightwave, Integra, Level3, M Power, Paxio, Telepacific, XO Communications, and Zayo all follow similar paths but also add connections to east Bay Area-suburbs of Berkeley and Oakland in the north, out to the growing eastern suburbs of Dublin, Pleasanton, and Livermore (home of the famous Jet Propulsion Labs), and circle back southwest to link up to San Jose/Santa Clara. Northern California also has a half-dozen localized fiber providers servicing specific areas. Municipal fiber is available in Palo Alto, San Bruno (just south of San Francisco proper), and San Leandro while Wilcon and Northern California Fiber serve the data center-heavy areas in Santa Clara and San Jose.

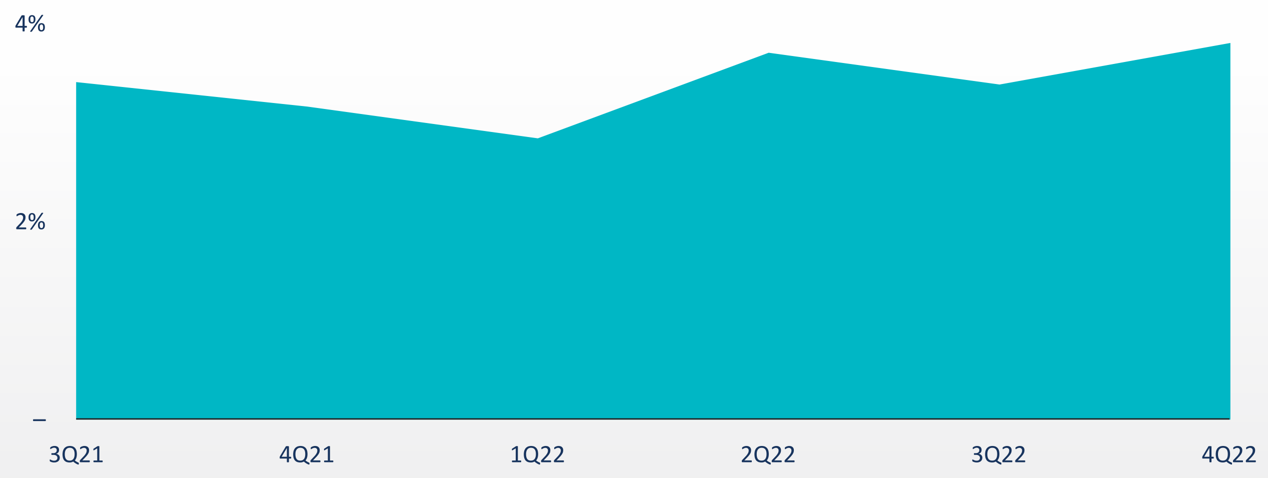
Absorption and Supply



1 Calculated based on the change in commissioned power quarter over quarter.

NORTHERN CALIFORNIA

Vacancy



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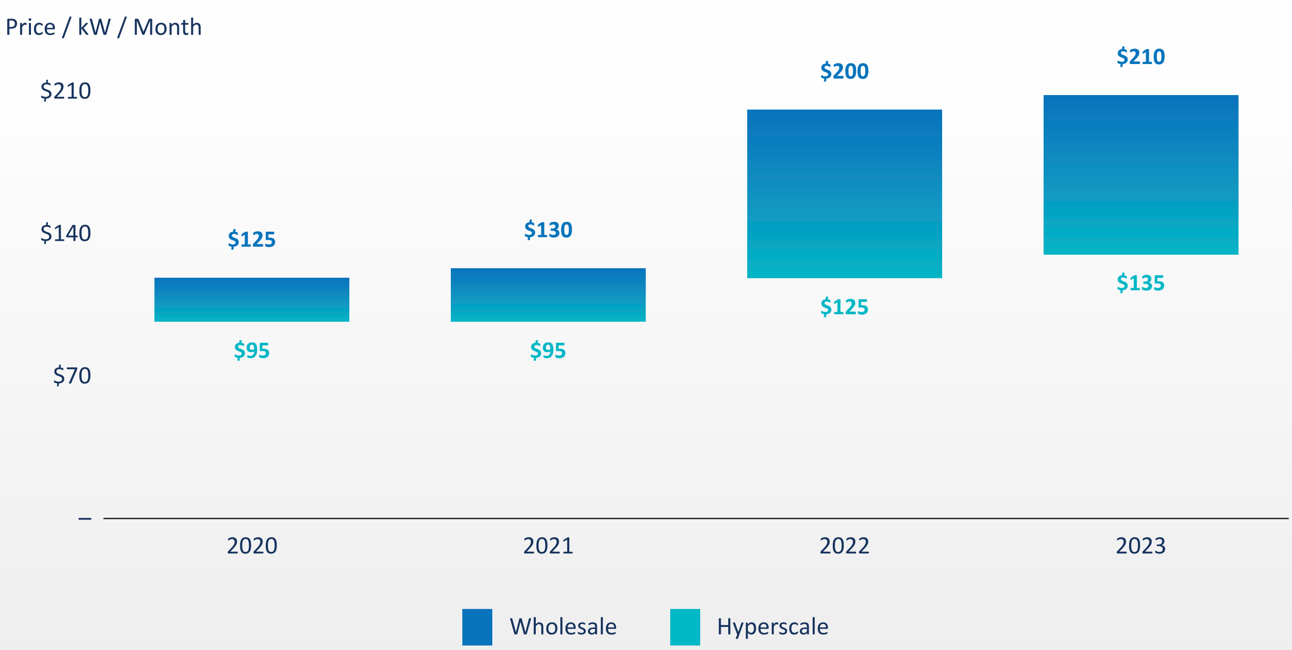


1 Wholesale pricing represents deals with a deployment size from 250kW to 4MW and hyperscale pricing represents deals greater than 4MW.

INDEPENDENT MARKET RESEARCH REPORT

LOS ANGELES

Overview

Los Angeles is not only one of America's largest cities, it is also a global hub for commerce and finance. The region has a broad and diverse economy, but is most often associated with the entertainment industry. As Hollywood and other entertainment properties such as video games embrace Internet delivery, the Los Angeles data center market has grown to meet the demand-especially for colocation.

The Los Angeles market typically appeals to users for the following reasons:

1. **Competitive Colocation/Cloud Environment** – While not the most competitive in the United States, the Los Angeles market provides credible options from operators with a large U.S./global footprint
2. **Robust Connectivity** – The Los Angeles market provides data center users with both national and international connectivity options
3. **Favorable Business Climate** – The size and wealth-creation history of the area means the greater Los Angeles area market has an enduring appeal for entrepreneurs

Overall job growth in the Los Angeles area is up, particularly in comparison with the steep employment decline caused by the COVID-19 pandemic. Although commercial and residential real estate prices in the Los Angeles market have been far more expensive than the national average for decades, the demand for commercial real estate remains strong. Reports from Cushman & Wakefield notes that Los Angeles ranks fourth behind Tokyo, London, and New York City for commercial real estate investments.

The downtown Los Angeles area has a strong presence of data centers. The largest data center in downtown is One Wilshire, which sold for $437 million in 2013 by GI Partners. The 30-story, 663,000 SF building was the most expensive building ever sold in downtown Los Angeles and is typically 95-100% occupied. CoreSite (which has a large presence within One Wilshire), Digital Realty, Equinix, and InfoRelay all have locations in downtown Los Angeles. While several providers occupy the downtown area, most of the new market activity has occurred south of Los Angeles International Airport in El Segundo. Cyxtera, Digital Realty, Equinix, and T5 Data Centers all have capacity in the area and are pricing solutions in an aggressive manner. In addition, the city of Irvine, CA (approximately 30 miles southeast of Los Angeles) has a small data center presence as well. AT&T, Cyxtera, and DataBank all have invested in the Los Angeles suburb of Irvine, CA.

Demand in the Los Angeles market typically comes from companies already located in Southern California. The growing business environment continues to create data center requirements that remain in the region. In the case of companies evaluating several markets in the southwestern U.S. (Los Angeles, Las Vegas, Phoenix, et cetera), Los Angeles can lose these opportunities due to the high cost of electricity and colocation rates in the market. The seismic threat can also keep users out of the market from choosing Los Angeles as their data center destination. Transactions completed in the Los Angeles market are usually below 500 kW. Industries active in the Los Angeles data center market include financial, healthcare, media, technology, and telecommunications.

Power Overview

Los Angeles' electrical grid is managed by the publicly-owned utility, Los Angeles Department of Water and Power (LADWP). Electrical transmission lines and substations in Los Angeles proper are plentiful, but in some areas they are decades old. Due to political and market factors that hobble the market's overall supply, the average electrical rates throughout the City of Los Angeles are extremely high. In the sprawling suburbs outside LADWP coverage area, rates can be a little less expensive but are still higher than most other data center markets. However, rates that are a few cents per kilowatt-hour less can make a big difference in total electricity costs for a data center. This is why so many data centers in the Los Angeles market are located in El Segundo and other suburbs where LADWP is not the electricity provider.

LOS ANGELES

Tax Incentives Overview

While California does not offer specific business incentives to data center providers, Los Angeles does offer some tax abatement strategies that data centers can leverage. Data centers built in designated "Enterprise Zones" (i.e. areas with high unemployment rates hoping to gentrify using corporate investments) can qualify for tax credits of up to 100% on sales/use taxes paid for equipment purchases.

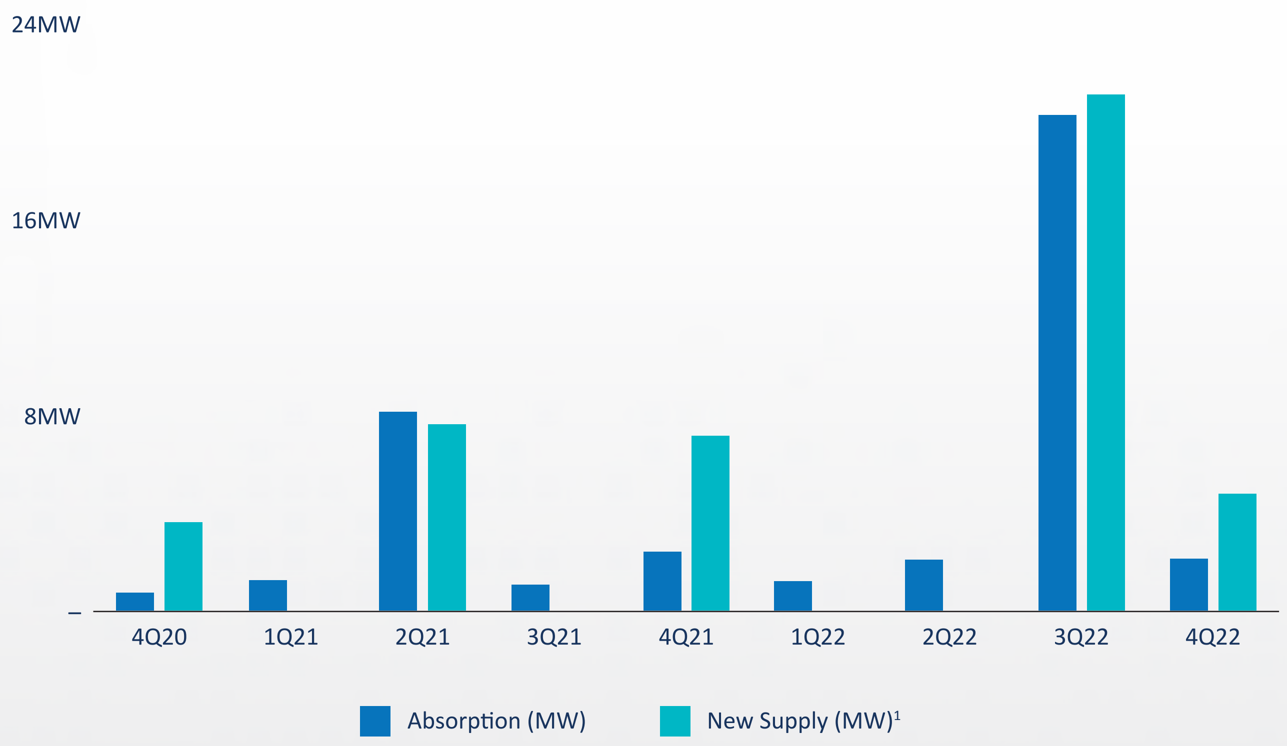
Hazard Risk Overview

Despite the seismic threat on the West Coast, data center operators and users have grown accustomed to the risk. Data center providers in Los Angeles build facilities with redundancy and backup strategies in mind.

Connectivity Overview

Los Angeles' demand for high-performance connectivity is driven by several factors, but it's in no small part due to the entertainment industry. AT&T, CenturyLink, Integra, Level 3, Sprint, and XO all run long-haul fiber connections through the center of the city. Cogent, Electric Lightwave, Verizon, and Zayo also offer long-haul fiber in the Los Angeles market but do not run through the areas of data center concentration. Regionally focused fiber networks have been developed by Edison, El Paso Global Networks, M-Power, Spectrum, Syringa, Telepacific, and Wilcon. Municipal fiber available in Burbank, Culver, and Los Angeles serve the data center-heavy areas.

Absorption and Supply

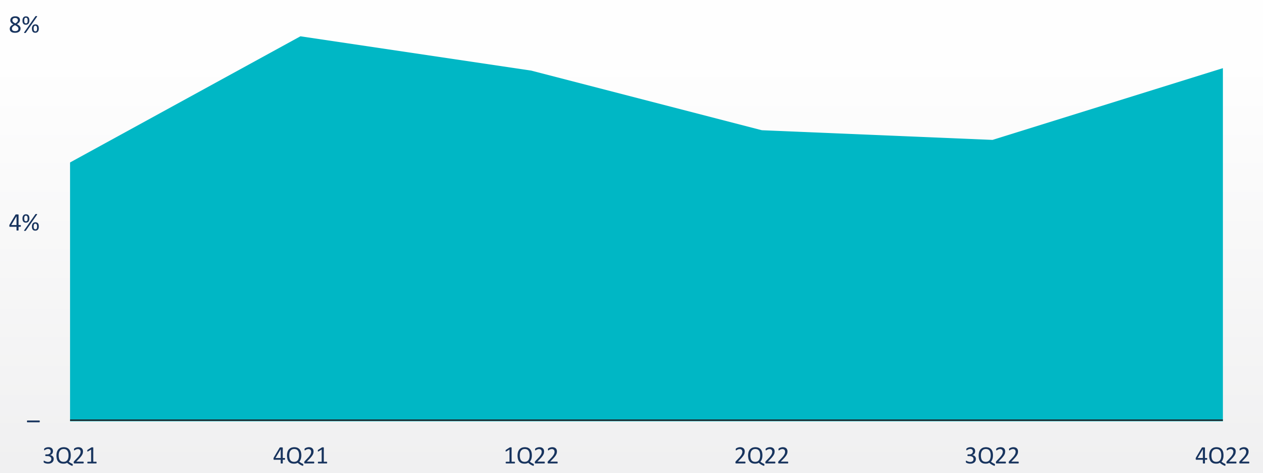


1 Calculated based on the change in commissioned power quarter over quarter.

INDEPENDENT MARKET RESEARCH REPORT

LOS ANGELES

Vacancy



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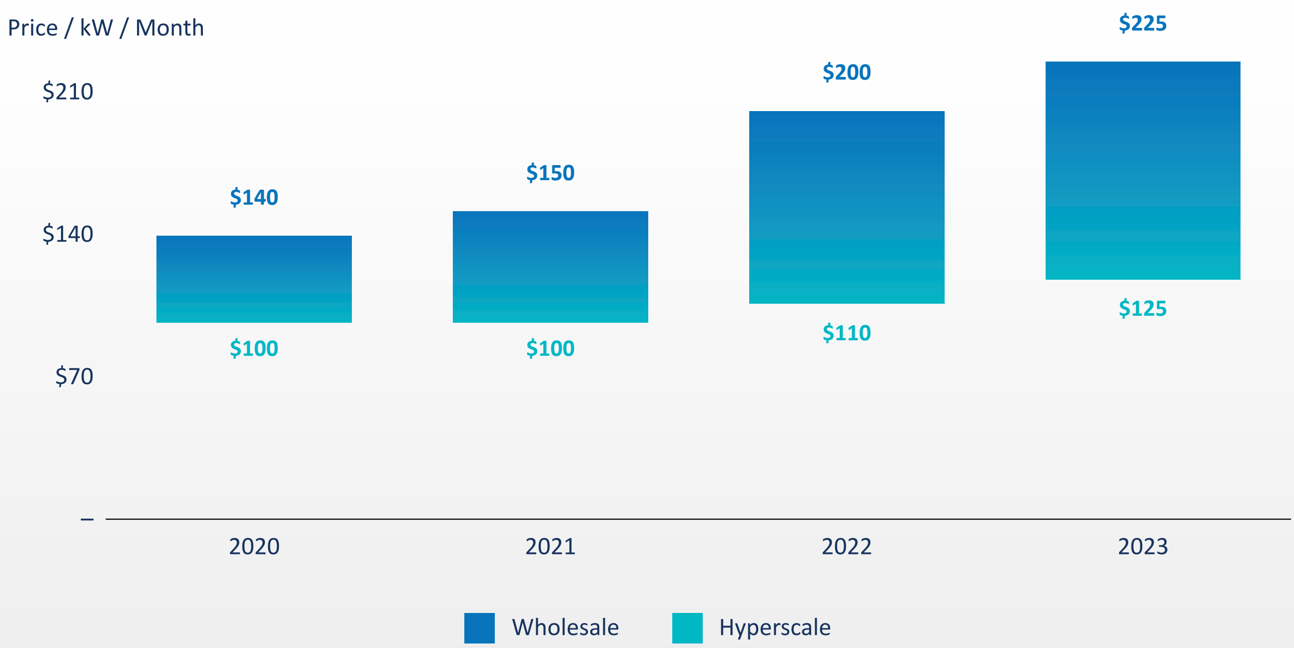


1 Wholesale pricing represents deals with a deployment size from 250kW to 4MW and hyperscale pricing represents deals greater than 4MW.

TORONTO

Overview

Toronto is Canada's largest city (with a population of 2.9 million) and the fourth largest in North America. Additionally, Toronto ranks as the seventh largest metropolitan statistical area (MSA) in North America with a population of 6.4 million people. Data center development typically grows near large population areas, and the growth in Toronto is tied market size. Data center users also find Toronto attractive for the following reasons:

1. **Privacy Issues** – Concerns about data privacy are prompting companies to choose Canada as a home for their data center requirements. As Canada's largest city, Toronto becomes a prime location for users.
2. **Global Gateway to Canada** – Toronto is Canada's primary link to the world economy, according to the Globalization and World Cities Research Network. The 2016 think tank listed Toronto among 39 "Alpha" cities that serve as conduits for major regions to the global economy.
3. **Central Location** – Toronto is centrally located, providing connectivity to many large cities. Chicago, Indianapolis, Detroit, Cincinnati, Washington D.C., New York, Philadelphia, Boston, Montreal, and Ottawa are all within 500 miles of Toronto.
4. **Growing Economy** – Toronto's economy is primarily driven by large financial institutions in the city, but also is a home to the media, telecom, IT, cloud, and manufacturing industries.

Data centers in Toronto are spread throughout both the downtown and surrounding suburbs. Similar to 350 E Cermak (Chicago's downtown major carrier hotel owned by Digital Realty), a majority of Toronto's downtown data center growth has been located by 151 Front Street, Toronto's carrier hotel. Cologix, Equinix, QTS, Cogeco, DataBank, Priority Colo, 3Z Canada, Beanfield all have a presence in the building. Outside of downtown, data center development takes place in the suburbs of Mississauga, Vaughan, Richmond Hill, and Markham. Most suburban data center activity is in in Mississauga, partly due to the presence of the Toronto Pearson International Airport.

Toronto is the primary economic hub for Canada, with a GDP of $304 billion. Toronto is home to seven of the 11 Fortune 500 companies located in Canada. Five of the seven companies mentioned previously are financial institutions. The financial industry is one of Toronto's strongest sectors, and provides over 251,000 Canadian jobs. According to the Canadian Trade Commissioner, over 70% of Ontario's employment is in the finance field. Toronto is home to the five major Canadian banks, all of which compete on a global scale, and the Toronto Stock Exchange. Toronto has also invested heavily in renewable energy, cleantech and life science industries.

Toronto is a maturing data center market and grew as telecommunications companies began providing colocation to Canadian companies. These retrofit facilities and services were traditionally best suited for companies smaller infrastructure requirements, which is one of the reasons most Toronto infrastructure requirements remain under 250 kW. Many of the companies here with larger needs have kept their requirements in facilities the company owned and operated themselves. In recent years, however, data center providers serving larger customer needs have established a presence in Toronto (Digital Realty, Equinix, Q9, Urbacon, and several others). Both the purpose-built facilities and relationships with existing customers in other markets will drive larger demand to the Toronto area.

Canada catches the eye of different international data center users because of privacy concerns related to having a North America data center presence. Despite the maturity of the US data center market, some companies bypass the US because of the US Patriot Act (an anti-terrorism law enacted by US Congress in 2001 designed to provide greater transparency around information relating to terrorism). As Canada's largest city, Toronto has received the majority of the data center demand generated from this.

Power Overview

Toronto's primary power company is HydroOne, which provides Toronto with relatively inexpensive power from the abundant hydroelectric plants around Canada. The company was completely owned and operated by the Ontario provincial government, but recently completed the third and final sale of shares, with Ontario keeping 49.9% ownership. In 2009, Ontario passed the Green Energy Act with aims to increase the amount of renewable energy in the province's fuel mix. While Toronto's power cost ($.08-$.09/kWh) is reasonably competitive with other major data center markets, it's almost double that of Montreal's power cost ($.03-$.04/kWh), which has played a role in attracting several large cloud provider requirements out of Toronto and in to Montreal.

INDEPENDENT MARKET RESEARCH REPORT

TORONTO

Tax Incentives Overview

All tax incentives come from the greater Ontario government. Toronto cannot offer tax benefits on its own.

Hazard Risk Overview

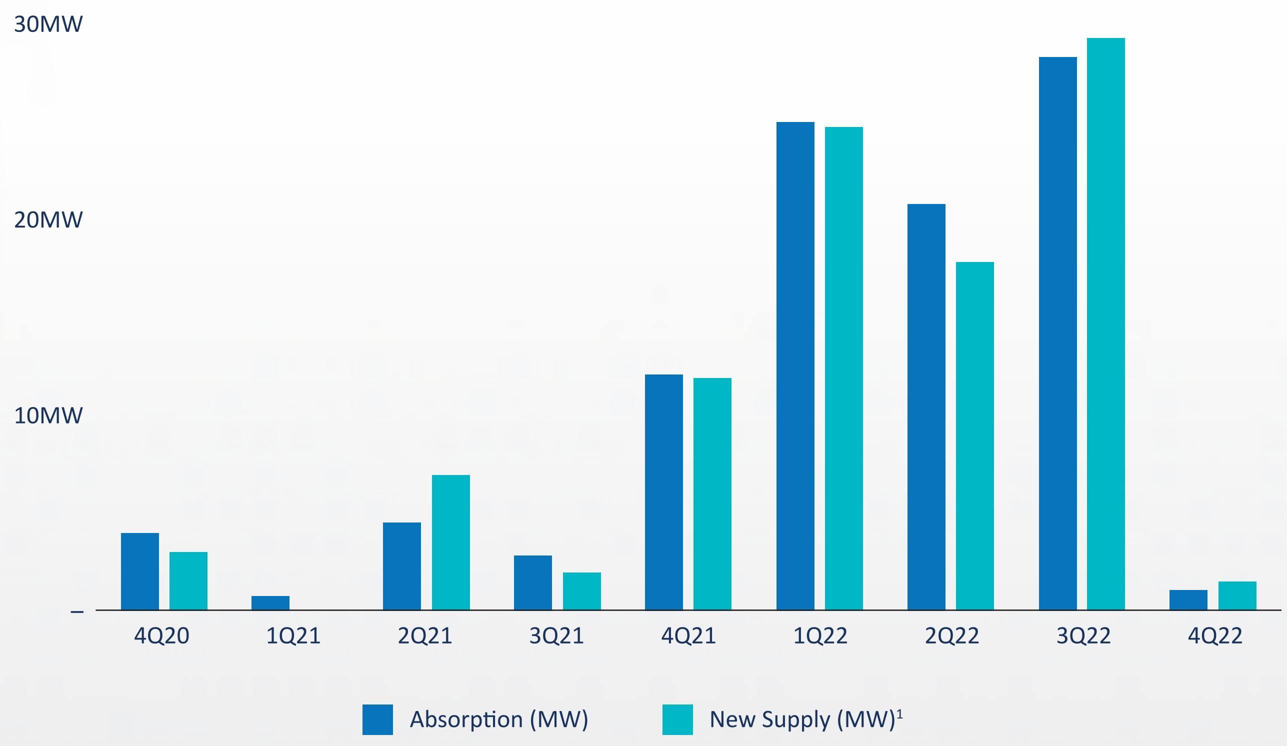
Toronto is a relatively safe city. The market is far enough inland to avoid damaging winds and flooding from hurricanes. The small number of tornadoes recorded in the Toronto area have all been relatively weak, with most in the F0-F1 category. Even rarer are earthquakes, with only two events ever measuring 5.0 in magnitude.

Disruptive hazards in Toronto, however, are floods and winter storms. Given Toronto is located on the coast of Lake Ontario, a flood risk exists but most major damaging events occur directly around the shore and on Toronto Island. While winter storms are common, occasional and unexpected winter events can create complications.

Connectivity Overview

Toronto's fiber density is another reason data center users find the area attractive. The larger providers in Toronto are Canada's Big Three: BCE, Rogers Communications and TELUS Corp. Toronto also has three carrier hotels that are heavily connected: 151 Front Street, 250 Front Street and 905 King Street, all owned by Allied Properties REIT. The three buildings are interconnected and create a highly interconnected fiber ring downtown. Long-haul fiber lines run through Toronto as well, connecting the city to New York, Northern Virginia, Chicago, Boston, Philadelphia, Montreal, and other major East Coast markets.

Absorption and Supply



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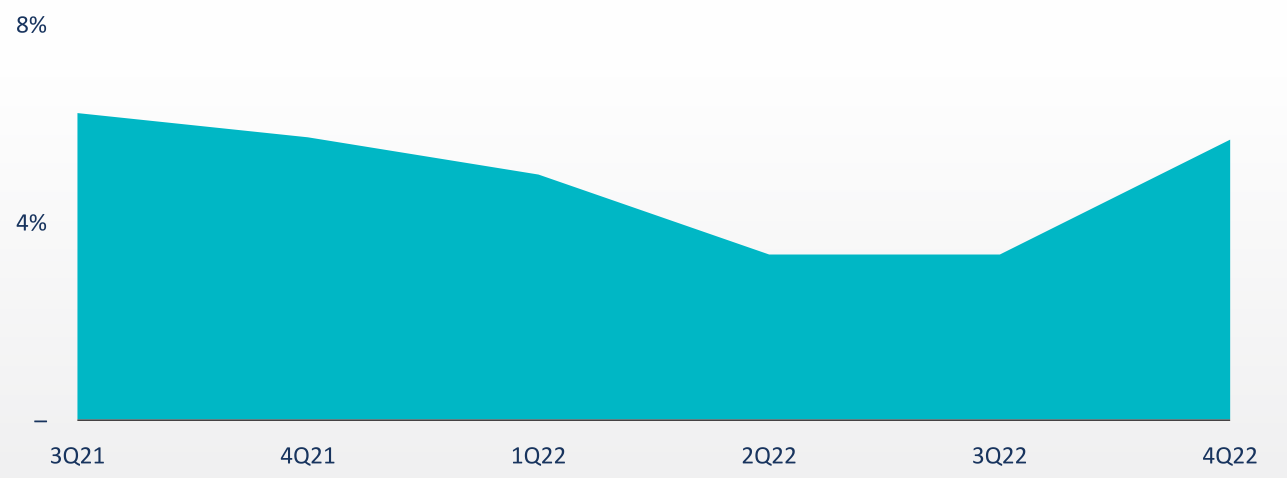
TORONTO

Vacancy



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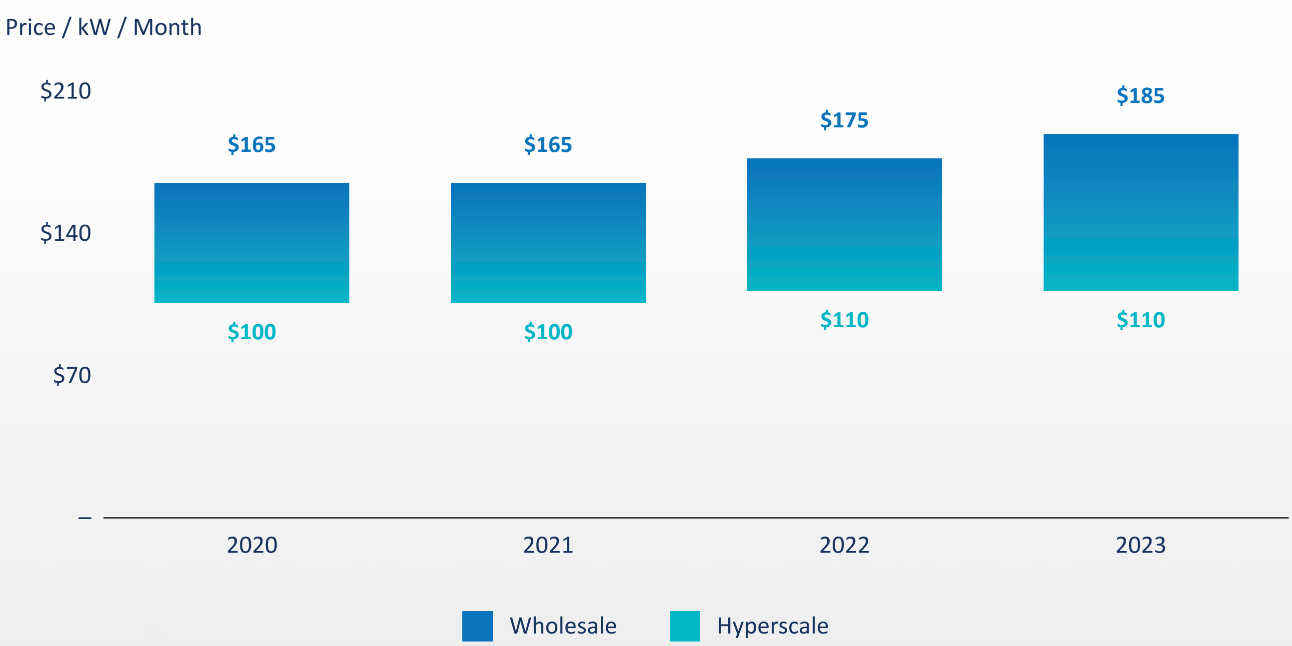

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INDEPENDENT MARKET RESEARCH REPORT

FRANKFURT

Overview

Frankfurt is one of the fastest growing data center markets in Europe, leading the industry along with London. Although the London data center market is more mature, Frankfurt's characteristics are more accommodating for rapid expansion. Because of this, Frankfurt actually leads London in total capacity. Several characteristics leading to Frankfurt's growing data center industry include:

1. **Major Financial Hub** – Frankfurt is home to the Deutsche Bundesbank (German Federal Bank) and the European Central Bank, as well as several other leading commercial financial institutions.
2. **Central Location** – Frankfurt's location makes the city one of the most central cities in not only Germany, but also Europe.
3. **Availability of Land** – Unlike many developed European cities, Frankfurt has ample land suitable for data center development.

Frankfurt is Germany's fifth largest city, with a population of approximately 750,000. The city is also the center for the Frankfurt Rhine-Main metropolitan area, the third largest in Germany with a population near 6 million. As home of the European Central Bank, Frankfurt holds substantial authority over European economic and currency decisions, making it the financial capital of continental Europe. It is estimated Frankfurt's importance as a European financial center will only increase due to the effects of Brexit. Frankfurt has a healthy economy, with a GDP of €173 billion, among the highest in Europe by GDP per capita. Frankfurt also reports 922 jobs per 1000 inhabitants, giving the area the highest concentration of jobs in Germany.

Frankfurt benefits from something many European markets lack, namely, land able to satisfy hyperscale demand. Increasing enterprise and hyperscale leasing drives the need for data center providers to build larger facilities on land capable of supporting multiple buildings. As such, the heaviest investment occurs in areas able to sustain wholesale growth, such as Frankfurt, Amsterdam, Dublin, and London suburbs like Slough. For Frankfurt, however, land is less expensive than other European markets, making it an ideal location for hyperscale users and data center providers to build.

Data center demand in Frankfurt comes from a variety of industries, but primarily is driven by the financial and information sectors. Frankfurt is undoubtedly the economic seat of Europe, due to the presence of the European Central Bank and Deutsche Bundesbank headquarters, as well as numerous commercial banks. Financial institutions create ample data center demand, needing low-latency transactional processing, and highly sensitive information storage. Frankfurt is also considered the internet capital of Europe, with the German Internet Exchange processing 6.1 terabits of traffic per second in September 2020. As such an important connectivity hub, Frankfurt becomes an essential location for a company's trans-European operations.

Enterprise demand in Frankfurt comes from both domestic and international companies. Germany is home to many large companies, such as Volkswagen, Mercedes, Siemens, Bosch, Adidas, Porsche, Audi, and SAP, among many others. In general, German companies prefer to have their primary data center operations in Germany, with much of that demand landing in Frankfurt. Additionally, hyperscale cloud service providers find Frankfurt a highly attractive location due to the city's location and connectivity.

Power Overview

Power rates in Germany are among the highest in the EU, partly due to the German Renewable Energy Sources Act introduced in 2000. The act intends to make Germany greenhouse gas neutral by 2050, transitioning from fossil fuels and atomic energy to other renewable sources. To fund the transition, Germany taxes power usage at higher rates than any other EU country. For industrial companies, power usage is taxed at a rate of 45.5%. According to Eurostat, Germany's industrial power cost rates averaged €.15/kWh. The base rate without taxes was approximately €.08/kWh, on par with most EU countries, but the high tax rates push Germany's tax rate to the highest among the EU.

In 3Q 2020, Germany announced their intentions to invest €750 million to improve the power infrastructure in Frankfurt due to the increasing data center development in the area.

FRANKFURT

Tax Incentives Overview

Currently, Germany offers no official data center tax incentives, although efforts are underway from data center providers in Germany to obtain similar tax breaks offered to other industries.

Hazard Risk Overview

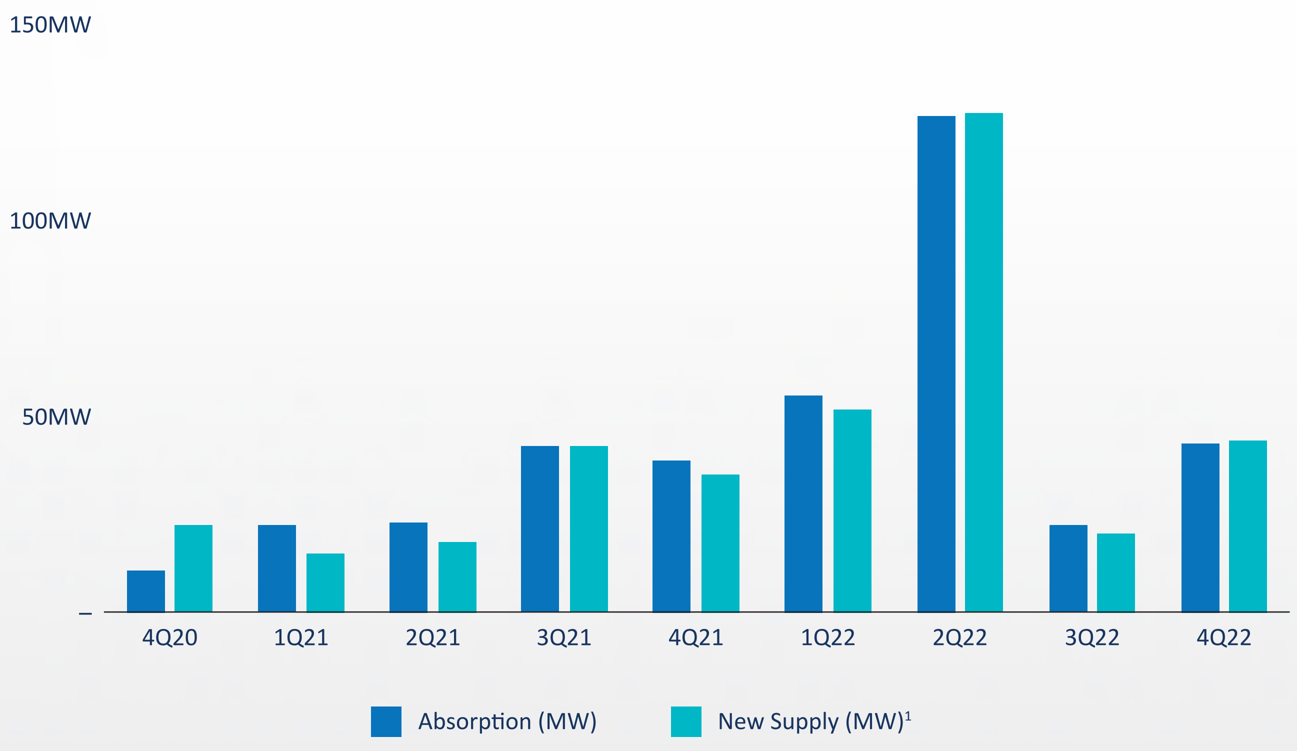
Frankfurt is a safe data center market, from a natural disaster risk perspective. The city's central location eliminates risk from coastal storms and surges. Seismic and volcanic activity is extremely low, with any earthquake events occurring below 4.0 magnitude. The closest volcano is the Laacher See Volcano, over 60 miles NE from Frankfurt. Although the volcano is considered active, activity is low.

Connectivity Overview

Frankfurt is one of the most connected cities in Europe, home to the DE-CIX internet exchange. DE-CIX is the world's largest internet exchange in terms of traffic, processing 6.1 terabits per second, and connects to over 850 ISPs.

Germany's fiber infrastructure is somewhat dated, with most information running through copper lines, and not fiber optic. This leads to low data transfer rates and higher latency. Frankfurt, however, has a much more developed fiber optic cable system, increasing the market's interconnection strength.

Absorption and Supply



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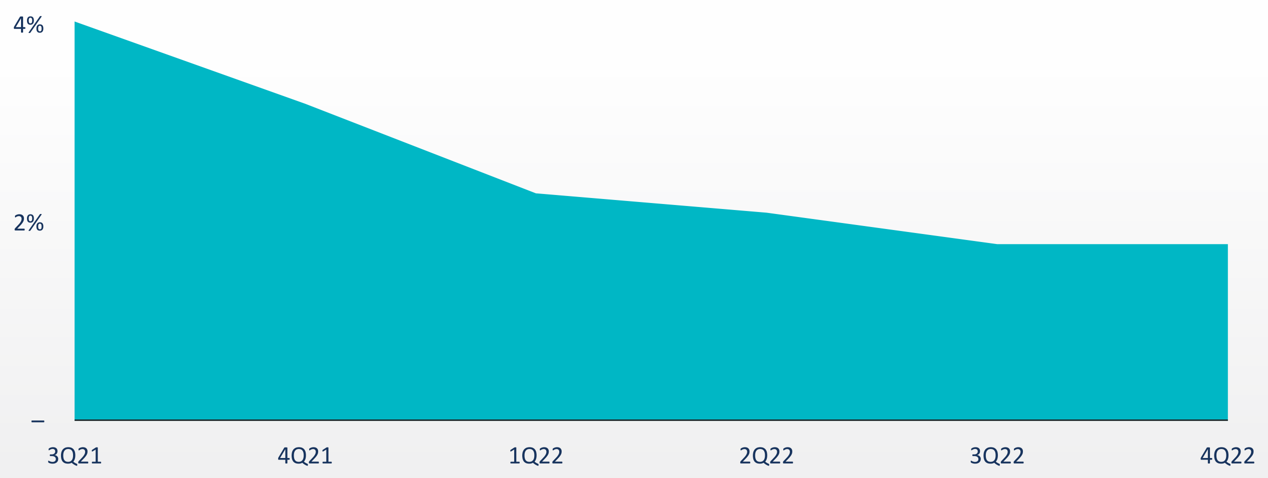
INDEPENDENT MARKET RESEARCH REPORT

FRANKFURT

Vacancy



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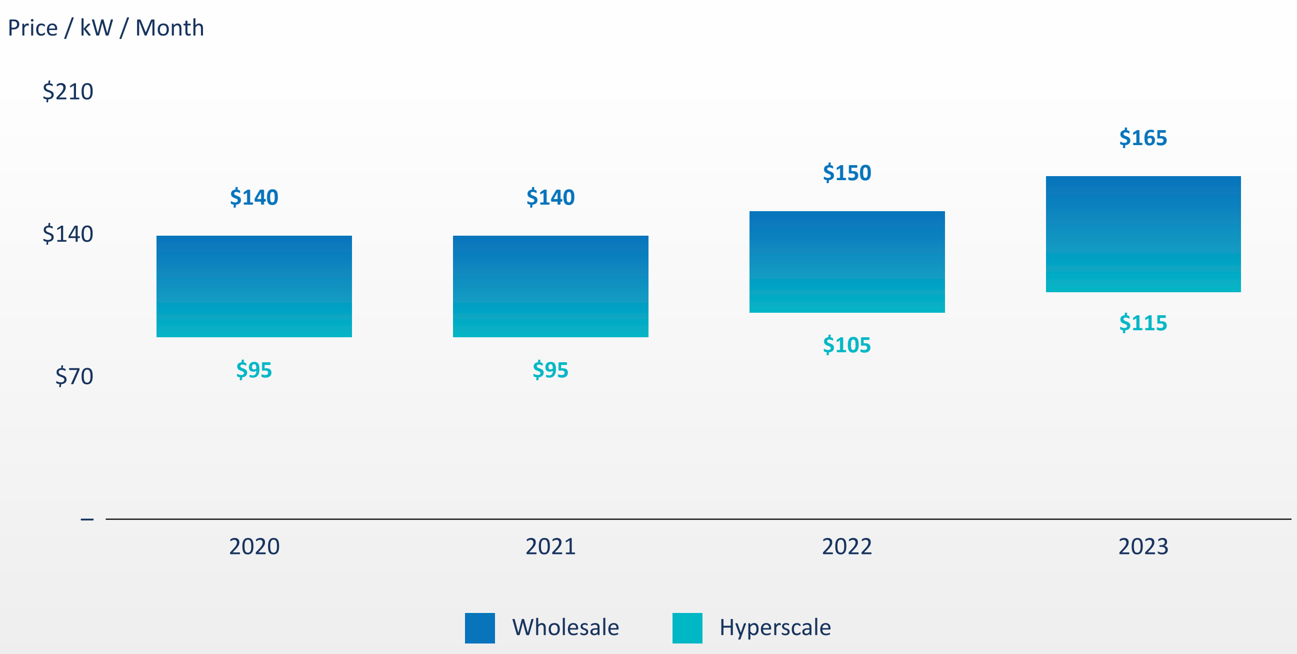

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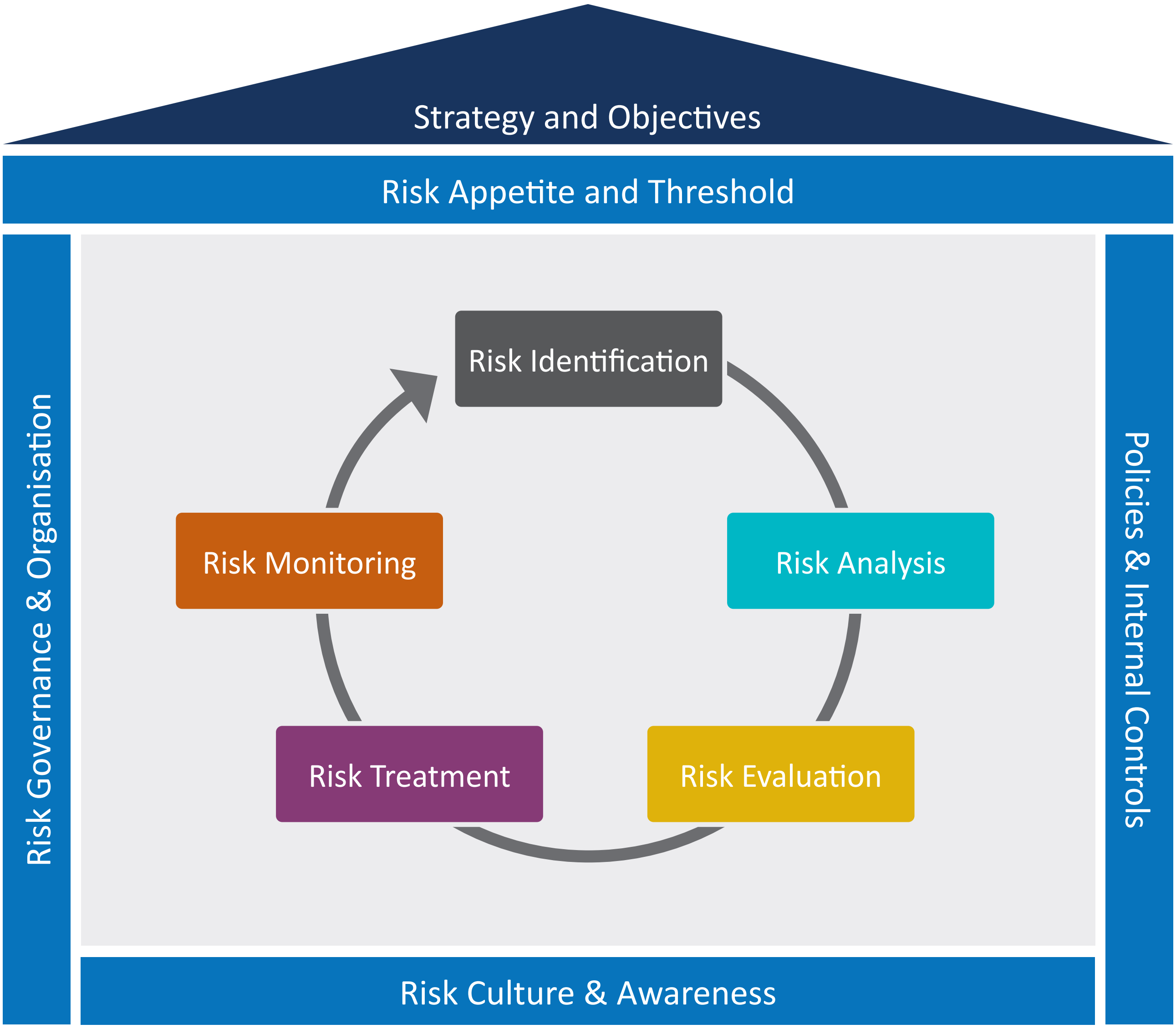
RISK MANAGEMENT FRAMEWORK

The Manager established an Enterprise Risk Management (ERM) Framework adapted from the International Organisation for Standardisation (ISO) 31000 Risk Management Standards. The Framework outlines the reporting structure, the relevant risk management processes and tools to identify, assess, respond, monitor and report material risks in a holistic manner.



The Board is responsible for overseeing the overall formulation of the risk management framework and approving the risk appetite and thresholds, which set out the nature and extent of risks that can be taken to achieve the Manager's business objectives. The Board is supported by the Audit and Risk Committee (ARC) which provides assurance to the Board on the adequacy and effectiveness of the risk management systems.

The risk management culture involves both top-down oversight and bottom-up engagement with the functional levels. This ensures a holistic approach which integrates business objectives and strategies into operational processes for effectiveness and accountability.

A Risk Profiling exercise is conducted quarterly to identify material risks, including new and emerging events, and the mitigating measures that Digital Core REIT has in place to deliver our strategic objectives. The Manager has identified the following key risks which are relevant to Digital Core REIT, including assessing their likelihood and impact on the business, as well as establishing corresponding mitigating controls.

RISK MANAGEMENT FRAMEWORK

Strategic Risks

Economic and Industry
Digital Core REIT is subject to real estate market risks. Any downturn in economies of the markets in which the properties are located could result in decreased demand for data centres and place downward pressures on rental rates and valuations, while competition from competitor properties can reduce tenant retention. To mitigate this risk, the Manager monitors developments in the data centre industry while existing leases have built-in rental escalations with lease structures to manage an increase in operating expenses (i.e. triple net and gross + E(lectricity)). The Sponsor has a long track record in ensuring customer success and provides sound support and access to a diversified pipeline to Digital Core REIT.

Investment & Divestment
Digital Core REIT's investment mandate is to invest in income producing data centres globally but there is risk that investments may not achieve intended returns. The Manager conducts comprehensive due diligence on potential investments which includes site inspections, market assessments, and detailed financial and valuation reviews. Investment proposals are deliberated and approved by the Board with a property's continued performance actively monitored by the asset managers and reported to the Board during the reporting cycle. The Manager also continuously monitors the market for opportunities for capital recycling.

Operational Risks

Fraud, Bribery & Corruption
Digital Core REIT is committed to conducting its business with zero tolerance for fraud, bribery and corruption. The Manager has in place a whistle-blowing policy that allows employees and stakeholders to raise any serious concerns, malpractices or wrongdoings in the workplace while protecting them from reprisals. The Manager also observes compliance with its Code of Business Conduct and Ethics Policy which sets out the principles of conduct that guide directors and employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with competitors, customers, suppliers, other employees and key stakeholders.

Operations
The Manager as well as asset and property manager oversee the overall performance of Digital Core REIT's portfolio to ensure that the asset performance is well managed and adheres to the respective service level agreements. The Manager takes a proactive approach in its lease management strategies through engaging with customers regularly and ahead of renewals to minimise rental voids and ensure lease expirations are managed across the portfolio. The Sponsor has a vested interest in Digital Core REIT's operations and their support is demonstrated through their substantial stake in Digital Core REIT, which aligns the Sponsor with the interests of Digital Core REIT. The Sponsor's processes ensure equal and fair treatment in operational matters, and it does not engage in activities that will result in conflicts of interests with Digital Core REIT.

Environmental
Digital Core REIT's assets could be exposed to physical risks including weather events such as floods, hurricanes, rising temperatures and droughts which can impact operations and cause damage. The Manager ensures adequate insurance is in place and risk assessment is performed on the assets and the sites on which the assets are built to assess their preparedness for weather events. Digital Core REIT also faces transition risks including increasing regulations and expectations from stakeholders in adopting more sustainable practices in our operations. The Manager is supported by the Sponsor in keeping up-to-date with the sustainability regulatory requirements and has a dedicated team that works with consultants on pursuing market-based solutions to cost effectively make progress towards renewable energy targets and overseeing energy improvement programs. The Sponsor is also an active participant in various sustainability councils globally. More details can be found in Digital Core REIT's Sustainability Report.

Technological, Business Disruption & Continuity
IT-related threats may result in the compromised confidentiality and integrity of information systems. The Manager outsources and relies on the Sponsor for technological support. The Sponsor builds a cyber resilience infrastructure through its sound policies and procedures including data protection policy, vulnerability assessment and penetration testing policy to manage technological and cyber security risks. The Sponsor also rolls out periodic training to all employees to build IT security awareness within the Group. The operations team runs the Emergency Response procedures that deal with business disruptions at the operational level. Digital Core REIT procures adequate insurance coverage to protect its asset values from external threats.

Human Capital, Health & Safety
The loss of key management personnel or inability to attract, grow and retain key talent and management personnel can cause disruptions to business operations.

The Manager will review its succession plan to ensure there is proper talent management and competitive compensation and benefits to attract and retain talent. The Manager provides opportunities for employees to undergo development of skills via its training programmes and has programmes that promote employee welfare. The Manager places importance on the health and safety of its employees and leverages on the Sponsor's Environmental Occupational Health and Safety program which is managed by the operations team. Safety practices have been incorporated into operating procedures, including emergency plans.

Financial Risks

Financing, Interest Rates & Exchange Rates

The Manager employs a sound capital management strategy and manages its financing risks by maintaining sufficient financial flexibility and reserves to fund its operations. The Manager monitors its debt maturity profile and ensures adequate debt headroom with available access to various sources of funds from both banks and capital markets for refinancing and acquisition funding. The limit on Digital Core REIT's aggregate leverage ratio is observed and monitored to ensure compliance with the Property Funds Appendix. Interest rate volatility is managed through maintenance of a mix of fixed and floating rate debt. Natural hedges such as borrowing in the same currency as revenue generated from investments are employed to mitigate against exchange rate fluctuations.

Credit & Concentration

The Manager manages its credit risks through active monitoring of its receivables profile. The financial standing of prospective customers is reviewed prior to signing of lease agreements. In dealing with concentration risks, the Property Manager actively engages with customers to review if there are noticeable issues with their operations. Renewal negotiations are carried out ahead of expirations to reduce the risks of any periods of rental voids. Digital Core REIT also has the privilege of leveraging on the Sponsor's well-diversified customer base across multiple locations and geographies and its specialised data centre salesforce.

Compliance Risks

Regulatory & Compliance

The Manager identifies applicable laws and regulatory obligations and ensures compliance with these laws and regulations in its day to day business processes. As a Capital Markets Services Licence holder, the Manager complies with applicable laws and regulations including the SGX-ST Listing Rules, the Property Funds Appendix and conditions of the Capital Markets Services Licence for REIT Management issued by the Monetary Authority of Singapore as well as the Securities and Futures Act. The Manager engages external consultants to advise on and keep up to date with necessary regulatory matters, where necessary. Digital Core REIT and the Manager are also subjected to internal and external audits to ensure relevant policies and processes are adhered to.

CORPORATE GOVERNANCE

Digital Core REIT Management Pte. Ltd., as the manager (Manager) to Digital Core REIT, sets the overall strategic direction for Digital Core REIT and makes recommendations to Perpetual (Asia) Limited, in its capacity as trustee of Digital Core REIT (Trustee), in relation to its operations of the REIT in accordance with the overall strategy. The Manager's responsibilities include:

- ✓ Achieving growth in revenue and net property income, maintaining occupancy levels and facilitating asset enhancement opportunities;
- ✓ Achieving portfolio growth through acquisition of quality income-producing properties that is in line with investment strategy and caters to population and infrastructure growth;
- ✓ Endeavouring to conduct Digital Core REIT's business in an efficient manner that optimises risk-adjusted returns to Unitholders, and carry out all transactions on normal commercial terms and at an arm's length basis;
- ✓ Ensuring compliance with relevant laws and regulations, including the Listing Manual of Singapore Exchange Securities Trading Limited (SGX-ST) (Listing Manual), the Appendix 6 of the Code on Collective Investment Schemes (CIS Code) (Property Funds Appendix) issued by the Monetary Authority of Singapore (MAS), the Securities and Futures Act 2001 (SFA), the Trust Deed (as defined below), and tax rulings issued by the relevant tax authorities. Digital Core REIT has complied with the relevant tax laws and regulations for its relevant subsidiaries or associates to qualify as a real estate investment trust for US federal income tax purposes as at 31 December 2022;
- ✓ Managing regular communications with Unitholders; and
- ✓ Supervising the property managers who perform day-to-day property management functions (including leasing, accounting, budgeting, and property management and maintenance) for Digital Core REIT's properties.

Digital Core REIT, constituted as a trust, is externally managed by the Manager. The Manager appoints experienced and well-qualified personnel to run its day-to-day operations. All directors and employees of the Manager are remunerated by the Manager, and not by Digital Core REIT. The Manager was appointed in accordance with the terms of the trust deed constituting Digital Core REIT dated 10 November 2021 (as amended) (Trust Deed). The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

The Manager observes the Code of Corporate Governance 2018 (CG Code) and is committed to upholding respectable standards of governance practices within the Group. The Manager recognises that effective corporate governance culture is fundamental to delivering success to Digital Core REIT and ensuring that the interests of the Unitholders are met.

The Manager has complied with the principles of the CG Code, where there are deviations from the provisions of the Code, appropriate explanations have been provided in this Report.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Board's duties and responsibilities

The Board oversees the strategic direction and performance of the Manager, and is responsible for the overall management and corporate governance of Digital Core REIT and the Manager.

The Board sets an appropriate tone from the top, establishes goals and works with Management to achieve long-term success for the REIT and deliver sustainable value to Unitholders. Management is responsible for the execution of strategy and the day-to-day operations of the REIT and is accountable to the Board for its performance.

The Board ensures that proper and effective controls are in place to assess and manage business risks and compliance with requirements under the applicable guidelines from SGX-ST, MAS or other relevant authorities and applicable laws. The Directors have the duty in ensuring they are equipped with the relevant knowledge to carry out and discharge their duties as directors, including understanding their roles as non-executive and independent directors, the business and the environment in which Digital Core REIT operates. The Directors are also required to dedicate sufficient time and commitment to their works as directors, and attend all meetings of the Board.

The Board has adopted a set of internal guidelines which establishes financial authority limits for investments and divestments, capital expenditures, and treasury activities to be undertaken by the Group, and this is clearly communicated to Management in writing. The Board delegates authority below the Board's approval limits to the Board Committees and Management to optimise operational efficiency. The Board reserves authority to approve certain matters including:

- Material acquisitions and divestments
- Annual budgets
- Material write-offs
- Equity fund raising
- Entry into derivative contracts

The Board has, in the spirit of setting the desired organisational culture, adopted a Board Code of Business Conduct and Ethics which provides that every Director is expected to adhere to the highest standards of ethical conduct. All Directors are fiduciaries who act objectively in the best interests of Digital Core REIT. In line with this, Directors will recuse themselves from discussions and decisions where there is a conflict with their own interests. The Manager has conflict of interest procedures in place where a Director shall disclose his or her interests to the Board, recuse himself or herself from deliberations on the matter and abstain from voting on the matter in which he or she has an interest.

Board Committees

The Board has established various Board Committees to assist it in the discharge of its functions. The Audit & Risk Committee (ARC), Nominating & Corporate Governance Committee (NCGC), and Remuneration Committee (RC) are constituted with their specific terms of reference setting out their composition, authorities and duties. Each of the Board Committees operates under delegated authority from the Board while the Board retains overall oversight. The decisions and significant matters discussed at the respective Board Committees are reported to the Board where required. The minutes of Board Committee meetings which record the discussions and decisions are also circulated to the Board for their information.

The composition of each Board Committee is reviewed regularly with a view to ensuring there is an appropriate diversity of skills and experience.

The composition, duties and responsibilities of the Board Committee are set out on page 72, 74 and 78 of the Report.

Meetings of Board and Board Committees

The Board meetings are scheduled to be held at least four times a year, and additionally where there are other business imperatives to be addressed. The Directors also meet from time to time without the presence of Management. The Manager's constitution permits the Board meetings to be held by way of conference via telephone or video conference or other methods of simultaneous communication by electronic, telegraphic or other similar means of communication equipment whereby all persons participating in the meeting are able to hear, see and be seen by all participants.

At each Board meeting, the Board is engaged in discussing:

- Key activities including any proposed acquisitions and divestments
- Financial performance, budget and capital management matters, including any material variance between any projections in the budget or business plans and the actual results
- Updates on business and operations, including market developments and trends, strategic planning and setting of long term and short term goals
- Decisions made by the Board Committees
- ARC recommendations on any risk management issues that impact Digital Core REIT's operations or financial performance
- Updates on Unitholder engagement as well as analyst views and market feedback

Prior to Board meetings as well as on an ongoing basis, the Management provides complete, adequate and at best efforts, timely information to the Board on Digital Core REIT's financial and business affairs and issues that require the Board's decisions. This enables the Directors to make informed decisions and discharge their duties and responsibilities. The Directors have separate, independent and unfettered access to Management for any information they may require. At Board and Board Committee meetings, all the Directors actively participate and engage in open discussions with Management on its assumptions and recommendations.

A total of four Board meetings and four ARC meetings were held in FY2022. The key deliberations and decisions taken at Board and Board Committees meetings are minuted. The attendance of the Directors as well as the frequency of such meetings are set out below.

Directors		Board Meetings Attended	Audit & Risk Committee Meetings Attended	(1) Nominating & Corporate Governance (2) Remuneration Committee Meetings Attended
Mr Jeffrey Tapley	Chairman and Non-Independent Non-Executive Director	4/4	4/4[1]	-
Mr John Herbert	Lead Independent Non-Executive Director and Chairman of the Nominating and Corporate Governance Committee	4/4	4/4	2/2
Dr Tsui Kai Chong	Independent Non-Executive Director and Chairman of Audit & Risk Committee	4/4	4/4	2/2[2]
Mr Tan Jeh Wuan	Independent Non-Executive Director and Chairman of the Remuneration Committee	4/4	4/4	1/1[3]
Mr David Lucey	Non-Independent Non-Executive Director	4/4	4/4[1]	2/2

1 Attended ARC meeting by invitation.
2 Attended NCGC meeting, and attended RC meeting by invitiation.
3 Attended RC meeting.

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Additionally, all Directors attended the Extraordinary General Meeting held for the proposed acquisition of a 25% interest in the Frankfurt facility on 18 November 2022. Digital Core REIT will hold its first Annual General Meeting on 20 April 2023 which will be attended by all Directors.

The Directors have separate and independent access to the Company Secretary of the Manager. The Company Secretary assists the Board on corporate secretarial administration matters and advises the Board and Management on corporate governance matters. The Company Secretary attends Board and Board Committees' meetings and assists the Chairman in ensuring that procedures are followed. The appointment and removal of the Company Secretary will be reviewed and approved by the Board.

The Directors are entitled to have access to independent external professional advice where necessary in discharging their responsibilities effectively, at the Manager's expense.

Directors' Development

The Manager recognises that it is essential for Directors to be equipped with a firm understanding of Digital Core REIT's business as well as their directorship duties. Directors who have no prior experience as a director of an issuer listed on the SGX-ST are provided with training conducted by the Singapore Institute of Directors in accordance with the listing rules of SGX-ST. The costs of the training are borne by the Manager.

Upon appointment, Directors are provided with formal appointment letters explaining terms of appointment as well as duties and obligations. Directors can request to undergo an induction programme where they are briefed on Digital Core REIT's business, strategic direction and policies. After being appointed, Directors are also provided with opportunities (at the Manager's expense) for continuing education in areas such as directors' duties and responsibilities, corporate governance, insider trading, or other applicable legislation and industry-related matters so that they maintain up-to-date knowledge and skills necessary to discharge their duties and responsibilities. In FY2022, such training and development opportunities include courses conducted by the Singapore Institute of Directors on the Board's and Board Committees' responsibilities as well as sustainability essentials. All Directors have completed the sustainability training as prescribed by the Exchange in FY2022. Going forward, new Directors who are appointed to the Board from time to time should either have expertise in sustainability matters, or will be required to undergo further sustainability training as required under Rule 720(7) of the Listing Manual.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board has an independent composition with majority of the Board being Independent Directors. The Board comprises five members, all of which are Non-Executive Directors, and three out of five are Independent Directors.

The NCGC reviews the composition of the Board from time to time, ensuring that the size is appropriate in facilitating effective decision-making and the composition reflects a good balance of independence and diversity in experience. The Board seeks to refresh its membership progressively, in line with its Board diversity policy.

The non-executive directors and/or independent directors, hold informal meetings on a need to basis without presence of Management, led by the Lead Independent Director. The Lead Independent Director provides feedback to the Board and/or Chairman and CEO, as and when appropriate.

Profiles of the Directors, their respective Board Committee memberships and roles are set out on pages 18-19 of the Annual Report.

Independence Composition

The NCGC reviews the independence declaration from the Independent Directors annually and assesses their independence in accordance with the requirements of the Listing Manual, the CG Code and the Securities and Futures (Licensing and Conduct of Business) Regulations. The Independent Non-Executive Directors exercise objective judgement over Digital Core REIT's affairs and are independent from Management. Based on the requirements from the relevant guidelines and regulations, each of the Directors is assessed on their independence on the following criteria:

(a) has no relationship with the Manager, its related corporations, its shareholders who hold 5% or more of the voting shares (Substantial Shareholders), Digital Core REIT's unitholders who have interests in units with 5% or more of the total votes attached to all voting Units (Substantial Unitholders) or the Manager's officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of Digital Core REIT;
(b) is independent from the management of the Manager and Digital Core REIT, from any business relationship

with the Manager and Digital Core REIT, and from every Substantial Shareholder of the Manager and every Substantial Unitholder of Digital Core REIT;

(c) is not a Substantial Shareholder of the Manager or a Substantial Unitholder of Digital Core REIT;
(d) is not employed and has not been employed by the Manager or Digital Core REIT or their related corporations in the current or any of the past three financial years;
(e) does not have an immediate family member who is employed or has been employed by the Manager or Digital Core REIT or their related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Board;
(f) has not served on the Board for a continuous period of nine years or longer.

Each independent director has declared his business interests and confirmed that there are no relationships which interfere with the exercise of his independent business judgement and the declarations have been duly reviewed by the NCGC.

Mr John Herbert is the Non-executive Director of SpectraTen LLC and Novo Banco S.A., all of which generate no conflict of interest issue in respect of his role as Director of the Manager. Mr Herbert does not have any other relevant relationships which may affect his independent judgement and he has demonstrated independence in character and judgement in the discharge of his duties and responsibilities as a director.

Dr Tsui Kai Chong is the Non-executive Director of Lendlease Global Commercial Trust Management Pte. Ltd. which is in a different industry from Digital Core REIT. Accordingly, his relationship with the entity generates no conflict of interest issue in respect of his role as Director of the Manager. Dr Tsui does not have any other relevant relationships which may affect his independent judgement and he has demonstrated independence in character and judgement in the discharge of his duties and responsibilities as a director.

Mr Tan Jeh Wuan is the Non-executive Director of Tower Capital Asia Pte. Ltd., Daiwa House Asset Management Asia Pte. Ltd. and co-Deputy Chairman of SGX's Listings Advisory Committee, all of which generate no conflict of interest issue in respect of his role as Director of the Manager. Mr Tan does not have any other relevant relationships which may affect his independent judgement and he has demonstrated independence in character and judgement in the discharge of his duties and responsibilities as a director.

Each of the three Directors above (i) has been independent from management and business relationships with the Manager and Digital Core REIT; (ii) has not been a Substantial Shareholder of the Manager or a Substantial Unitholder of Digital Core REIT; and (iii) has been independent from every Substantial Shareholder of the Manager and Substantial Unitholder of Digital Core REIT. Mr David Lucey and Mr Jeffrey Tapley are not considered independent as they hold positions in Digital Realty, the sponsor of Digital Core REIT (the Sponsor); the Sponsor is a Substantial Unitholder of Digital Core REIT and Substantial Shareholder of the Manager. None of the Directors have served on the Board for a continuous period of nine years or longer.

On the basis of the independence declaration, the Board is in accord with the NCGC that the independent directors are independent as defined under the relevant regulations. Each director has recused himself from reviewing his own independence.

As at the last day of FY2022, the Board is satisfied that Mr David Lucey and Mr Jeffrey Tapley were able to act in the best interests of all the Unitholders in respect of the period in which they served as directors in FY2022.

Board Diversity

The Board recognises that diversity in relation to composition of the Board provides a range of perspectives, insights and challenges to support good decision making, and is committed to ensuring that the Board comprises an appropriate mix of skills, knowledge, experience, and age, so as to promote the inclusion of different perspectives and ideas, and mitigate against groupthink and foster constructive debate. Therefore, the Board has adopted a Board Diversity Policy which sets out the Manager's approach toward achieving diversity on its Board. The NCGC is responsible for monitoring the implementation of the Board Diversity Policy.

The NCGC determines the optimal composition of the Board in its Board renewal process, identifying possible candidates and making recommendations of board appointments to the Board, considers diversity factors such as age, gender, education, business and professional backgrounds. The current Board comprises five members who are professionals with varied background, expertise and experience in accounting, banking, finance, investment, real estate, legal, business and general management. The Board is of the view that the current size and composition of Directors is optimal in facilitating effective decision making, taking into account the nature and scope of Digital Core REIT's operations. The Board has in plan a target to achieve gender diversity on its Board with female representation forming 15% of the Board composition by 2025.

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Chairman and Chief Executive Officer

Principle 3: There is clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The positions of the Chairman and the Chief Executive Officer (CEO) are held by two separate persons with division of responsibilities between the Board and Management, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and CEO are not immediate family members.

The Chairman leads the overall management of the Board and ensures that Directors and Management work together, and also guides the Board in the overall strategic direction, management of assets and governance matters.

The CEO is responsible for running the Manager's business operations. He has full executive responsibilities over the business and operational decisions of the Group and is responsible for the day-to-day operations of Digital Core REIT.

The Lead Independent Director, Mr John Herbert, is appointed in view that the Chairman is not independent. As Lead Independent Director, Mr Herbert's main duties are to facilitate the functioning of, and provide leadership to, the Board if circumstances arise in which the Chairman may be (or is perceived to be) in conflict, and to serve as an independent leadership contact for Unitholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. The Lead Independent Director also presides over the general meetings where he plays a crucial role in fostering constructive dialogue between the Unitholders, the Board and Management.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Board established the NCGC and it comprises three Directors, Mr John Herbert as the Chairman of the NCGC, and two other members Dr Tsui Kai Chong and Mr David Lucey, all of whom are non-executive Directors. The majority of members, including the NCGC chairman, who is the Lead Independent Director, are independent Directors.

Under its written terms of reference, the NCGC's duties include assisting the Board in matters relating to:

- regularly and strategically reviewing the composition of the Board and Board Committees and making recommendations to the Board for the appointment and re-appointment of each director
- determining on an annual basis and when necessary, the independence of directors in accordance with the Listing Manual, the provisions of the CG Code and the Securities and Futures Licensing and Conduct of Business (SFLCB) Regulations
- developing the performance evaluation framework and proposing objective performance criteria for the Board, Board Committees and individual Directors
- reviewing annually the other directorships held by each Director and determining whether the Director is able to adequately carry out his duties as a Director
- reviewing the training and professional development programmes for the Board
- making recommendations to the Board on the review of succession plans for the Board Chairman, Directors, CEO and key management personnel
- keeping up to date with developments in corporate governance initiatives and overseeing corporate governance matters.

Board Composition and Renewal

The NCGC reviews the structure, size and composition of the Board and Board Committees, including the balance and diversity of skills, knowledge, gender, age, qualification and experience which would bring independent and objective perspective to the table and facilitate decision making and make recommendations to the Board for the appointment and re-appointment of each director. The Board has members who have working experience in the data centre sector.

The NCGC has adopted a process for identifying and nominating candidates for appointment as Directors. The NCGC assesses if there are any inadequate representations from the above attributes, in consultation with management. The NCGC considers candidates from a wide range of backgrounds and evaluates their merits against objective criteria such as integrity, independent mindedness, diversity to complement existing Board, experience in high performing corporations and financially literate in relation to the needs of the Board. The NCGC also considers whether the candidates will add diversity, possess core competencies that meet the current needs of the REIT and the Manager and complement the skills and competencies of the existing Directors on the Board, and whether they are able to commit time and effort to carry out duties and responsibilities effectively. The NCGC engages external help from external consultants to source and screen potential candidates, if necessary.

No alternate Director has been appointed during the financial year.

Board Independence

The NCGC reviews the independence of the Independent Directors against the requirements of the CG Code as well as the SFLCB Regulations set out in Principle 1 above. All Directors are expected to declare their independence annually and disclose any relationships with the Manager, its related corporations, its Substantial Shareholders, its officers or Digital Core REIT's Substantial Unitholders, if any, which may affect their independence as and when it arises. The Board has taken into consideration the recommendations from the NCGC, and determined that the Board composition has met the optimum level of independence and diversity to make decisions in the best interests of Digital Core REIT.

Board Time Commitments

The NCGC reviews annually other appointments and commitments held by each Director and decides whether or not a Director is able to adequately carry out his duties as a Director. The NCGC has not set a limit on the number of listed company board appointments for the Directors, the NCGC assesses holistically whether they are able to adequately carry out their duties, taking into consideration the results of the annual assessment of the effectiveness of the individual Director, and the respective Director's attendance record at meetings, actual conduct and contributions on the Board. Directors with multiple directorships are expected to ensure that they can devote sufficient time and attention to the affairs of the Manager. The Directors' listed company directorships and principal commitments are disclosed on pages 18-19 of the Annual Report. For FY2022, the Directors have achieved good meeting attendance rates and have contributed to the discussions at Board and Board Committee meetings. Based on above and the self-assessment by the individual directors, the NCGC is satisfied that the Directors are able to adequately carry out their duties as a Director and the number of commitments held by the Directors do not affect their ability to carry out their duties.

Based on the assessment confirmed by the NCGC, the Board has noted that the Directors are able to adequately carry out their duties and responsibilities as Directors of the Manager.

While Digital Core REIT was only listed on 6 December 2021, nevertheless, the Board is cognisant of the need for progressive renewal of the Board and is in the process of implementing a suitable Board succession plan. When structuring the succession plan, the Board will take into account the Manager's strategic priorities and the factors affecting the long-term success of the Manager. The Board will consider different time horizons for succession planning, including long-term, medium-term and contingency planning. Lastly, to maintain an optimal Board composition and set appointment criteria for successors, the NCGC will bear in mind the trends affecting the Manager, review the skills needed and identify any gaps, and take steps towards achieving diversity.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NCGC undertakes a process to evaluate the effectiveness of the Board as a whole, each of its Board Committees and individual Directors. The process encompasses the use of confidential questionnaires laying out the objective performance criteria determined by the NCGC and recommended to the Board for approval. These criteria include an evaluation of the Board and Board Committees' oversight over the performance of Digital Core REIT, the size and composition of the Board and Board committees, the overall governance and risk framework, meeting participation and access to information. The individual Director evaluation includes standards of individual Director's conduct, independence and upkeep of professional development. The results are aggregated and presented during the NCGC meeting for overall analysis, and where necessary, follow up actions are taken to enhance the effectiveness of the Board in discharging its duties and responsibilities. The process provides opportunities for the Board to evaluate its effectiveness as well as identify any key strengths and areas for improvement which will drive long-term value creation for Unitholders.

For FY2022, based on the assessment of the Board, Board Committees and each individual Director's performance, the Board is satisfied with the overall result. The Board has also taken on feedback from the results of the assessment. The Manager did not engage an external facilitator, in respect of the Board evaluation.

REMUNERATION MATTERS

Disclosure on procedures for developing remuneration policies, level and mix of remuneration

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

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Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Board established the RC and it comprises three Directors, Mr Tan Jeh Wuan as the Chairman of the RC, and two other members Mr John Herbert and Mr David Lucey, all of whom are non-executive Directors. The majority of members, including the RC chairman, are independent Directors.

Under its written terms of reference, the RC's duties include assisting the Board in matters relating to:

- ensuring that the level and structure of remuneration of the Board and key management personnel are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Manager and successfully manage the Manager for the long term; and proportionate to the sustained performance and value creation of the Manager, taking into account the strategic objectives of the Manager
- ensuring the remuneration of non-executive directors is appropriate to the level of contribution, taking into account effort, time spent and responsibilities
- reviewing the remuneration of employees who are Substantial Shareholders of the Manager, or are immediate family members of a Director, CEO or Substantial Shareholder, if any
- reviewing the design of all long-term and short-term incentive plans for approval by the Board and setting performance measures and determining targets for any performance related pay schemes
- considering all aspects of remuneration, including termination terms, to ensure they are fair.

Remuneration Framework

The remuneration framework promotes the achievement of the business strategy and the delivering of sustainable returns to Unitholders. The principles governing the remuneration policies of the key management personnel are as follows:

Value Creation

- Total variable compensation is structured taking into consideration the level of performance and value creation attained which is being assessed holistically and determined based on the achievement of a combination of financial and non-financial goals

Competitive and Encourage Retention

- Ensure competitive remuneration is reviewed and benchmarked to external market and internal equity

Long-term Orientation

- Motivate employees to drive sustainable long-term growth

In assessing the remuneration packages for key management personnel, appropriate compensation benchmarks within the industry are taken into consideration, so as to ensure the packages are competitive, in line with the objective of the renumeration policies and serve to retain and motivate key management personnel to successfully manage Digital Core REIT for the long term. The Board, together with the RC, seeks to ensure that the remuneration of the CEO and other key management personnel is linked to achievement of overall performance targets that are set to motivate them to achieve long term business performance. The RC recommends to the Board for endorsement a framework of remuneration and the specific remuneration packages for each Director and key management personnel.

The Manager did not engage remuneration consultant during FY2022 as Digital Core REIT was only listed on 6 December 2021. However, Aon Hewitt has been appointed as independent remuneration consultant for FY2023 onwards.

The remuneration of the Directors and the employees of the Manager is paid by the Manager and not by Digital Core REIT.

Remuneration of Key Management Personnel

Remuneration of key management personnel comprises fixed component, variable component and employee benefits. The remuneration framework is structured keeping in mind the alignment of the incentives to the long-term interests of Unitholders and overall business and individual performance.

The Manager had on 20 March 2023 approved the establishment of a unit-based incentive plan which allows for a portion of the remuneration of key management personnel to be paid in the form of Units. The Units to be granted to the key management personnel under the incentive plan will be taken from Units already owned by the Manager and accordingly, no new Units are or will be issued to satisfy the grant of Units under the incentive plan.

Remuneration Structure			
Component	**Link to Program Objectives**	**Type of Compensation**	**Description**
Base Salary	Fixed level of cash compensation to attract and retain key executive officers in a competitive market place	Cash	Determined based on evaluation of individual's experience and current performance, internal pay equity and a comparison to salaries of similarly situated executive officers in our peer group
Annual Incentive Bonus	Incentive opportunity that encourages executive officers to achieve annual Company and individual goals Assist in attracting, retaining and motivating employees in the near and long term	Cash	Earned based on attainment of both quantitative and qualitative targets: **Financial** – This includes targets relating to profitability and distributions **Value Creation** – This includes targets relating to preserving and enhancing asset value **Returns** – This includes targets relating to total returns generated by the REIT against the benchmark index
Long-Term Incentive Program	Focuses executive officers on creating long-term unitholder value and directly aligns with unitholders' interests Additional tool for retention	Equity	**Performance-Based Awards**: Three-year performance period with actual performance vesting of units or RSUs at 0% to 200% of target based entirely on relative total unitholder return over the performance period; 50% of performance-vested units or RSUs time-vest upon the conclusion of the performance period and 50% time-vest one year thereafter **Time-Based Awards**: 25% of the units or RSUs vest annually over four years

Unit-based component

The Manager believes that the Unit-based components serve to align the interests of management with that of the Unitholders and Digital Core REIT's long-term growth and value. The obligation to deliver the Units is satisfied out of the Units held by the Manager. In respect of the long-term incentive plan, the Units are awarded under a time-based scheme for all employees and a performance-based scheme for senior management. The time-based scheme has a vesting period of four years with the objective of long-term employee retention. The performance-based scheme is over a three-year performance measurement period and is conditional on the achievement of pre-determined targets in respect of the Relative Total Unitholder Return against the FTSE ST REIT Index. The Units are granted when the threshold target is achieved at the end of the qualifying period. The measure is a key measurement of long-term value creation for Unitholders. No Units will be released if the minimum threshold targets are not met at the end of the qualifying performance period. On the other hand, if superior targets are met, more units than the baseline award can be delivered up to a maximum of 200% of the baseline award.

At the end of the financial year, the RC reviews Digital Core REIT Group's achievements and determines the overall performance while also taking into consideration factors such as any changes in the industry trends or regulatory landscape. For FY2022, the RC was satisfied that Management has met Digital Core REIT's overall strategy and objective. The resulting number of Units to be released will be adjusted accordingly to reflect performance level.

The Manager is cognisant of the requirement to disclose (i) the remuneration of the CEO (ii) the remuneration of at least the top five key management executives (who are not Directors or the CEO), on a named basis, in bands of no wider than S$250,000; (iii) in aggregate the total remuneration paid to these key management personnel; and (iv) any other forms of remuneration and other payments and miscellaneous staff benefits paid to key management executives (who are not Directors or the CEO). The Board has assessed and elected not to disclose the above remuneration for the following reasons:

(i) the competition for talent in the REIT management industry is very keen and the Manager has, in the interests of Unitholders, opted not to disclose the

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remuneration of its CEO and top five key management executives (who are not Directors or the CEO) so as to minimise potential staff movement which would cause undue disruptions to the management team of Digital Core REIT;

(ii) confidentiality and sensitivity of staff remuneration matters; and

(iii) the Manager has opined that the non-disclosure will not be prejudicial to the interests of Unitholders and there is no misalignment between the remuneration of the CEO and key management executives and the interests of the Unitholders as the remuneration is not borne by Digital Core REIT but paid out from the fees received by the Manager (the quantum and basis of which have been disclosed). Additionally, the RC, which comprises a majority of independent directors, conducted a review of the Manager's remuneration policies and packages, and the information provided regarding the remuneration framework is sufficient to provide an understanding between the link of the remuneration paid and their performance.

Accordingly, the Manager is of the view that the above practice is consistent with the intent of Principle 8 of the CG Code. In light of the abovementioned reasons, Unitholders' interests are not prejudiced by the deviations from Provisions 8.1 and 8.3 of the CG Code.

There were no employees of the Manager who are Substantial Shareholders of the Manager, Substantial Unitholders of Digital Core REIT, or immediate family members of a Director, the CEO, a Substantial Shareholder of the Manager or a Substantial Unitholder of Digital Core REIT, whose remuneration exceeds S$100,000 during the year.

The Board has assessed that the above remuneration of the key management personnel is appropriate to attract, retain and motivate the key management personnel to provide good stewardship to the Manager and Digital Core REIT for the long term.

Disclosures under the AIFMR

The Manager is required under the United Kingdom's Alternative Investment Fund Managers Regulations 2013 (as amended) (AIFMR) to make quantitative disclosures of remuneration. Disclosures are provided in relation to (a) the staff of the Manager; (b) staff who are senior management; and (c) staff who have the ability to materially affect the risk profile of Digital Core REIT.

All individuals included in the aggregated figures disclosed are rewarded in line with the Manager's remuneration policies described in this Report.

The aggregate amount of remuneration awarded by the Manager to its staff (including CEO and non-executive Directors) in respect of FY 2022 was approximately US$1.9 million. This figure comprised fixed pay of US$1.2 million, variable pay of US$0.6 million and allowances and benefits-in-kind of US$0.1 million. There was a total of 10 beneficiaries of the remuneration described above. In respect of FY 2022, the aggregate amount of remuneration awarded by the Manager to its senior management (which are also members of staff whose actions have a material impact on the risk profile of Digital Core REIT) was approximately US$1.1 million, comprising two individuals identified having considered, among others, their roles and decision-making powers.

Remuneration of Non-Executive Directors

The non-executive Directors' fees are paid by the Manager. The remuneration is divided into basic retainer fees for serving as Director and additional fees for serving on Board Committees. The fee structure takes into account the effort, time spent and demanding responsibilities in light of the scale, complexity and geographic scope of the business. The non-executive Directors who are employees of the Sponsor do not receive any Directors' fees. No individual Director is involved in any decision relating to his own remuneration. The non-executive Directors' fees are paid entirely in cash and the details of their remuneration are set out below:

Directors	Membership	Fees Paid for FY22
Mr Jeffrey Tapley	Chairman and Non-Independent Non-Executive Director	Nil[1]
Mr John Herbert	Lead Independent Non-Executive Director, Chairman of NCGC, Member of ARC and Member of RC	S$112,000
Dr Tsui Kai Chong	Independent Non-Executive Director, Chairman of ARC and Member of NCGC	S$112,000
Mr Tan Jeth Wuan	Independent Non-Executive Director, Chairman of RC and Member of ARC	S$100,000
Mr David Lucey	Non-Independent Non-Executive Director	Nil[1]

1 Non-Executive Directors who are employees of the Sponsor do not receive any fees in their capacity as Directors.

The Board has assessed that the above remuneration of the Directors is appropriate to attract, retain and motivate the Directors to provide good stewardship to the Manager and Digital Core REIT for the long term.

ACCOUNTABILITY AND AUDIT

Risk management and internal controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Manager maintains an adequate and effective system of risk management and internal controls (including financial, operational, compliance and information technology (IT) controls).

The Board has overall responsibility for the governance of risk, including overseeing the formulation of the risk management framework and determining risk appetite and risk limits. The Board has established the ARC to assist it in carrying out the Board's responsibility of overseeing risk reporting and policies for Digital Core REIT and ensuring that the Manager maintains a sound system of risk management and internal controls. Digital Core REIT operates within the overall guidelines and specific parameters set by the Board.

The ARC has written terms of reference setting out its scope and authority in performing the functions of a risk committee, which include assisting the Board in matters relating to:

- reviewing and recommending to the Board the Manager's and the REIT's risk strategy, risk appetite and levels of risk parameters
- reviewing at least annually and reporting to the Board on the adequacy and effectiveness of the Manager and the REIT's risk management and internal controls in relation to financial reporting and other risks and controls
- overseeing the design, implementation and monitoring of the risk management and internal control systems, including recommending areas for improvement and additional risk mitigation
- reviewing periodic reports from management on material risk exposures and mitigating controls

The Manager adopts an Enterprise Risk Management (ERM) Framework which guides the Manager in the risk management process and the risk profile is reported to the ARC on a quarterly basis. Digital Core REIT operates within the overall guidelines and parameters set by the ARC and Board. The adequacy and effectiveness of the systems of risk management and internal controls are reviewed at least annually by the Manager, the ARC and the Board. More information on the Manager's ERM Framework including material risks identified can be found in the ERM section on pages 65-67 of the Annual Report.

The internal and external auditors conduct reviews of the adequacy and effectiveness of the material internal controls (including financial, operational, compliance and IT controls) and risk management systems. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal and external auditors are reported to and reviewed by the ARC. The ARC also reviews the measures taken by management in addressing the recommendations of the internal and external auditors.

The Board has received assurance from the CEO and the CFO of the Manager that the financial records of Digital Core REIT have been properly maintained and the financial statements for FY2022 give a true and fair view of the Group's operations and financials. It has also received assurance from the CEO and relevant key management personnel who are responsible, regarding the adequacy and effectiveness of the risk management and internal control systems. The CEO and CFO have obtained similar assurances from the respective risk and control owners.

The Board is satisfied with the adequacy and effectiveness of Digital Core REIT's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, taking into account the nature, scale and complexity of the Manager's operations. The Board arrived at their opinion based on the ERM Framework established, the reviews conducted by the internal auditors and external auditors, together with Management's confirmation of the adequacy and effectiveness of the internal controls. The ARC concurred with the Board's assessment. However, the Board also notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

The Board and the ARC are also responsible for (a) monitoring Digital Core REIT's risk of becoming subject to, or violating, any sanction law; and (b) ensuring timely and accurate disclosures to SGX-ST of any such risks and other relevant authorities. The Manager will inform Unitholders of any sanction-related risks to Digital Core REIT, the impact of such risk on the financials and operations of the Group, if any, and also the cessation of such risk via announcement to SGXNet.

CORPORATE GOVERNANCE

Audit Committee

Principle 10: The Board has an Audit Committee (AC) which discharges its duties objectively.

The Board established the ARC and it comprises three Directors, Dr Tsui Kai Chong as the Chairman of the ARC, and two other members Mr John Herbert and Mr Tan Jeh Wuan, all of whom are non-executive Directors. All members, including the ARC chairman, are independent Directors. The Code requires at least two members, including the ARC Chairman, to have recent and relevant accounting or related financial management expertise or experience. Dr Tsui Kai Chong holds a PhD in Finance from the Graduate School of Business Administration of New York University and has experience serving on various audit committees. Mr John Herbert and Mr Tan Jeh Wuan have extensive experience in the financial sector and investment banking. Together, the ARC members bring with them a wealth of experience in financial management and are appropriately qualified with the necessary expertise and experience to discharge their responsibilities. The ARC does not comprise any former partners of Digital Core REIT's incumbent external auditors, KPMG LLP (a) within a period of two years commencing from the date of their ceasing to be partners of KPMG LLP; or (b) have any financial interests in KPMG LLP.

The role of the ARC is to monitor and evaluate the effectiveness of the Manager's internal controls. Under its terms of reference, the ARC's duties include assisting the Board in matters relating to:

- reviewing the financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on Digital Core REIT's financial performance
- reviewing the adequacy, effectiveness, independence, scope and results of the Manager's and Digital Core REIT's internal audit function
- reviewing the assurance from the CEO and CFO that the financial records and financial statements give a true and fair view of Digital Core REIT's operations and finances
- reviewing the adequacy, effectiveness, scope and results of the external audit, and the independence and objectivity of the external audit, and making recommendations to the Board on the proposals to Unitholders on the appointment, reappointment and removal of the external auditors, and its remuneration and terms of engagement
- ensuring that the Manager and Digital Core REIT complies with the requisite laws and regulations
- ensuring that the Manager has policies in place to manage fraud and review the arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately addressed
- overseeing the establishment, operation and monitoring of the whistleblowing process
- reviewing all Interested Party Transactions (IPTs) and Related Party Transactions (RPTs), ensuring they are on normal commercial terms and in compliance with the relevant regulations
- reviewing the hedging policies and approving the procedures for entry into any hedging transactions
- undertaking other functions and duties as may be required by the Board

The ARC holds four scheduled meetings in a year. In FY2022, all four ARC meetings were attended by all ARC members, the CEO and CFO. The ARC reviewed the full year and half year financial statements, and the quarterly business updates, while considering the relevance of accounting principles adopted and any significant financial reporting issues, and recommended to the Board for approval. The ARC has authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any Director to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The ARC also meets with the external auditors and the internal auditors, without the presence of Management, at least once a year. In FY2022, the ARC met with the external auditors and internal auditors, without the presence of Management, to discuss the reasonableness of the financial reporting process, the internal controls and risk management systems, and the recommendations by the auditors. Both the external auditors and internal auditors have confirmed that they had unfettered access to all documents and received cooperation and support from Management, with no restrictions on their scope of audit.

The ARC reviewed the independence of the external auditors and the non-audit services provided by the auditors and is satisfied that the nature and extent of such services will not affect the independence and objectivity of the external auditors. The aggregate amount of audit and non-audit fees paid/payable to the external auditors for FY2022 amounted to US$336k and US$12k respectively.

Digital Core REIT has complied with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of its auditing firms. In particular, the ARC is of the view that KPMG LLP is a suitable auditing firm having regard to the adequacy of the resources and experience of the auditing firm and the audit partner-in-charge assigned to the audit, the size and complexity of Digital Core REIT, and the number and experience of supervisory and professional staff assigned to the audit of Digital Core REIT.

The internal audit function has been outsourced to Ernst and Young Advisory Pte. Ltd. and the internal auditors are independent of Management and have a primary line of reporting to the ARC. The ARC is satisfied that the internal auditors met the standards set by internationally recognised professional bodies including the International Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The ARC has assessed the adequacy of the internal auditors and is of the view that the internal auditors were independent, effective and had the relevant qualifications, appropriate standing within the Manager and adequate resources to perform their functions effectively. The ARC approved the appointment of and fees to the internal auditors.

The internal auditors submit their internal audit plan to the ARC for approval at the beginning of the audit cycle and the ARC reviews results of the audits based on the approved audit plan. The ARC also reviews reports on Interested Person Transactions reviewed by the internal auditors that they were on normal commercial terms and not prejudicial to the interests of Unitholders. The internal auditors have confirmed that they had unfettered access to all documents, records, properties and personnel, including the ARC.

In FY2022, the ARC has reviewed and assessed the adequacy and effectiveness of the internal controls and risk management systems established by the Manager, and concurred with the Board opinion, taking into consideration the reviews from the internal and external auditors, as well as assurance from the CEO and CFO.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder rights and conduct of general meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Manager is committed to ensuring timely disclosures and transparent communication with Unitholders, and ensuring that all Unitholders are given the opportunity to communicate their views and be treated fairly and equitably. Announcements on relevant information which would likely have a material effect on the price of the Units are made in a timely manner.

General Meetings

Unitholders are invited to attend the general meetings of Digital Core REIT and are given the opportunity to participate effectively in and vote at the general meetings. The necessary reports and circulars are made available to Unitholders before the general meeting and the Manager adheres to the regulatory timeline in issuing Notices of general meeting. The Manager informs Unitholders of the rules governing the general meetings and provides instructions on voting. Unitholders are given the opportunity to communicate their views, ask questions and discuss with the Board and Management on matters affecting Digital Core REIT during the general meetings. Representatives of the Trustee, the Directors (including the chairman of the respective Board Committees) key management personnel and external auditors are present for the entire duration of the annual general meetings to address any queries Unitholders may have. All Directors attended the general meeting held during their tenure in FY2022. The Directors' attendance at the general meetings is set out on page 70 of the Annual Report.

The Manager tables separate resolutions for each substantially separate issue at general meetings of Unitholders. Each resolution will be voted on by way of electronic polling. Unitholders are also entitled to appoint up to two proxies to attend, speak and vote on their behalf at the general meetings. An independent scrutineer is appointed to validate the vote tabulation and procedures. The Manager will announce the results of the votes cast for and against each resolution and the respective percentages after each resolution is voted on at the general meetings as well as on SGXNet after the meeting. Minutes of the general meetings are also made available on Digital Core REIT's website as soon as practicable and, where required, on SGXNET. The minutes record substantial and relevant comments and queries from Unitholders relating to the agenda of the general meeting, and responses from the Directors and Management.

Provision 11.4 of the CG Code requires an issuer's constitutive documents to allow for absentia voting at general meetings of Unitholders. The Trust Deed currently does not permit Unitholders to vote at general meetings in absentia following careful study from the Manager to ensure the integrity of information and authentication of the identity of Unitholders through web are not compromised. The Manager is of the view that despite deviation from Provision 11.4 of the CG Code, Unitholders nevertheless have opportunities to communicate their views on matters affecting Digital Core REIT even when they are not in attendance at general meetings. For example, such opportunities include being allowed to appoint proxies to attend, speak and vote on their behalf at general meetings.

CORPORATE GOVERNANCE

Distribution Policy

Digital Core REIT's distribution policy is to distribute 100% of its Annual Distributable Income from the Listing Date to the end of 2023 on a semi-annual basis. Thereafter, Digital Core REIT will distribute at least 90% of its Annual Distributable Income on a semi-annual basis.

Unitholder Engagement

The Manager discloses its half year and full year financial statements which are reviewed and approved by the Board prior to the release to the Unitholders by announcement on SGXNet within the stipulated regulatory timeline. The Manager also provides quarterly business updates reflecting the performance and any information which would likely materially affect the price of the Units, so as to enable Unitholders to make informed decisions.

The Manager has in place an Investor Relations department which actively engages with Unitholders through analyst briefings and investor roadshows. An Investor Relations Policy that promotes regular, effective and fair communications with Unitholders has also been put in place. The Investor Relations Policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions. Unitholders are welcome to engage with the Manager beyond general meetings and may contact the Investor Relations department via the Contact Us section on the website.

The Lead Independent Director is available to all Unitholders via the email jherbert@digitalcorereit.com

MANAGING STAKEHOLDERS AND RELATIONSHIPS

Engagement with stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Manager is committed to its sustainability efforts and engagement with its stakeholders and has put together a Sustainability Report which can be found on page 84 of the Annual Report. The Manager incorporates the key principles of environmental and social responsibility, and corporate governance in Digital Core REIT's business strategies and operations to achieve sustainable economic growth and deliver long-term Unitholder value. The Manager has identified its material stakeholder groups and engages with these groups from time to time to gather feedback. Such engagement includes the maintenance of Digital Core REIT's website to keep stakeholders updated with timely, fair and transparent disclosure of information and facilitate communication with them. Further details of the sustainability approach can be found in the Sustainability Report.

ADDITIONAL INFORMATION

Dealings in Securities

The Manager has established a Code of Best Practices on Securities Transactions to guide its Directors and employees in respect of dealings in Units. The policy sets out that officers of the Manager should not deal in Units on short-term considerations.

The policy prohibits any person connected to Digital Core REIT, the Manager including Directors and Officers of the Manager, from dealing in Units:

(i) when in possession of material unpublished price-sensitive information
(ii) during "Black-out periods" which is one month before the announcement of Digital Core REIT's half year and full-year financial statements. Prior to the commencement of each relevant black-out period, an email would be sent to all the relevant persons to inform them of the duration of the black-out period. The Manager also does not deal in the Units during the same black-out period.

Additionally, the connected person must not communicate the information or cause the information to be communicated to another person if the connected person ought reasonably to know that the other person would or would likely deal in any Units or procure a third person to deal in any Units.

Each Director and CEO of the Manager is required to give notice to the Manager of his acquisition of Units or of changes in the number of Units which he has an interest in, within two business days after such acquisition or occurrence of event giving rise to the changes in the number of Units held. Following receipt of such notification by the Manager from the Director or the CEO, the Manager is required to announce such information via SGXNet within one business day. Dealings by the Directors are disclosed in accordance with the requirements in the SFA and the Listing Manual. In FY2022, based on the information available to the Manager, there were no dealings by the Directors in Digital Core REIT Units.

Dealings with Interested Person Transactions

The Manager has established an internal control system to ensure that all Interested Party Transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of Digital Core REIT and Unitholders. As a general rule, the Manager shall demonstrate to its ARC that such transactions satisfy the foregoing criteria which entails obtaining quotations from parties unrelated to the Manager or obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager will maintain a register to record all Interested Party Transactions which are entered into by Digital Core REIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into. The Manager will also incorporate into its internal audit plan a review of all Interested Party Transactions entered into by Digital Core REIT. The ARC shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor the Interested Party Transactions have been complied with. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review will include the examination of the nature of the transactions and its supporting documents or such other data deemed necessary to the ARC. If a member of the ARC has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction.

The following procedures will be undertaken with respect to Interested Party Transactions:

- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding $100,000 in value but less than 3.0% of the value of Digital Core REIT's net tangible assets (based on the latest audited accounts) will be subject to review by the ARC at regular intervals
- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Digital Core REIT's net tangible assets (based on the latest audited accounts) will be subject to the review and prior approval of the ARC. Such approval shall only be given if such transaction is on normal commercial terms and not prejudicial to the interests of Digital Core REIT and the Unitholders and is consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager
- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding 5.0% of the value of Digital Core REIT's net tangible assets (based on the latest audited accounts) will be reviewed and approved prior to such transaction being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transaction would have to be approved by Unitholders at a meeting duly convened and held in accordance with the provisions of the Trust Deed
- pursuant to the Listing Manual, transactions with a value below S$100,000 are disregarded for the purpose of the announcement and Unitholders' approval requirements under the Listing Manual. Accordingly, such transactions are excluded from aggregation with other transactions involving the same Interested Parties

Where matters concerning Digital Core REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Digital Core REIT with an Interested Party of the Manager or the Trustee, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of Digital Core REIT and the Unitholders, and in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

Subject to the provisions of the Trust Deed, the Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving an Interested Party of the Manager or the Trustee. If the Trustee is to sign any contract with an Interested Party of the Manager or the Trustee, the Trustee will review the contract to ensure that it complies with the relevant requirements relating to Interested Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

Digital Core REIT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person (as defined in the Listing Manual) during the same financial year, is 3.0% or more of the value of Digital Core REIT's latest audited net tangible assets. The aggregate value of all Interested Person Transactions in accordance with the Listing Manual for the financial year, each of at least S$100,000 in value and which are subject to Rules 905 and 906 of the Listing Manual is disclosed in this Annual Report.

CORPORATE GOVERNANCE

Role of the Audit & Risk Committee for Interested Person Transaction

The ARC will monitor the procedures established to regulate Interested Person Transactions, including reviewing any Interested Person Transactions (equal to or exceeding S$100,000 in value) entered into from time to time and the internal audit reports to ensure compliance with the relevant provisions of the Listing Manual and the Property Funds Appendix.

If a member of the ARC has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction.

Dealing with conflicts of interests

The Manager has instituted the following procedures to deal with potential conflicts of interest issues:

- The Manager will not manage any other real estate investment trust which invests in the same types of properties as Digital Core REIT
- All executive officers will be working exclusively for the Manager and will not hold other executive positions in other entities (save for any wholly-owned subsidiaries of the Manager)
- All resolutions in writing of the directors of the Manager in relation to matters concerning Digital Core REIT must be approved by at least a majority of the Manager's directors (excluding any interested director), including at least one independent director
- At least one-third of the Board shall comprise independent directors, provided that where the (i) Chairman of the Board and the CEO is the same person; (ii) Chairman of the Board and the CEO are immediate family members; (iii) Chairman of the Board is part of the management team; (iv) Chairman of the Board is not an independent director or (v) unitholders do not have the right to appoint directors, at least half the Board shall comprise independent directors
- In respect of matters in which a Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Manager's directors and must exclude such interested director
- In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the independent directors and must exclude nominee directors of the Sponsor and/or its subsidiaries
- Save as to resolutions relating to the removal of the Manager, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the holders of units in Digital Core REIT convened to approve any matter in which the Manager and/or any of its associates has a material interest, and for so long as the Manager is the manager of Digital Core REIT, the controlling shareholders (as defined in the Listing Manual) of the Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of the holders of units in Digital Core REIT convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and/or of any of its associates have an interest
- It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Digital Core REIT with an Interested Person (as defined in the Listing Manual) and/or, as the case may be, an Interested Party (as defined in the Property Funds Appendix) of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of Digital Core REIT, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Manager's directors (including the independent directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of Digital Core REIT with a Related Party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of the holders of units in Digital Core REIT and/or which is in the interests of the holders of units in Digital Core REIT. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

Whistle-Blowing Policy

The Manager is committed to maintaining a high standard of integrity in its business conduct. In support of its commitment, the Manager has put in place a whistle-blowing policy which sets out the procedures which provides a trusted avenue for the Manager's employees, vendors, customers and other stakeholders to report serious wrongdoing or concerns relating to the Manager and its officers, particularly in relation to fraud, controls or ethics, without fear of reprisals when whistleblowing in good faith and ensure that robust arrangements are in place to facilitate independent investigation of the reported concern and for the appropriate follow up actions to be taken. The Manager ensures that the identity of the whistle-blower is kept confidential and that the whistle-blower is protected against detrimental or unfair treatment. The ARC is responsible for oversight and monitoring of whistleblowing, of which the ARC reviews all whistle-blowing complaints at its quarterly meetings. In the Chairman's absence, any other ARC member can take charge of the matter. All concerns raised will be independently assessed to ensure that they are fairly and properly considered. No reports were made during the year in review. Details of the whistle-blowing policy including the procedures for raising concerns, is covered and explained in communication to all employees of the Manager.

Material Contracts

There are no material contracts entered into by Digital Core REIT or any of its subsidiaries that involve the interests of the CEO, any Director or any controlling unitholder, except as disclosed in the Annual Report.

SUSTAINABILITY

LETTER FROM THE CEO

GRI 2-22

Dear Stakeholders,

We are pleased to present Digital Core REIT's inaugural Sustainability Report for FY2022 that is published with reference to the internationally recognised Global Reporting Initiative Standards. In preparing this report, we have also observed recommendations by the Monetary Authority of Singapore Guidelines on Environmental Risk Management and the SGX Listing Manual Rules.

Despite a rapidly evolving macro environment in 2022, Digital Core REIT's business and operational performance showed resiliency and delivered solid results. As we continue to expand our global footprint, we are committed to driving a comprehensive Environmental, Social and Governance (ESG) strategy that strikes a balance between protecting the environment, meeting the needs of our stakeholders and delivering long-term sustainable value to our Unitholders.

To promote the development and adoption of sustainable corporate practices and policies, the Board maintains oversight of the integration of ESG issues into business operations and strategies while the Manager is responsible for devising the ESG strategy and goals, as well as monitoring performance against material ESG issues and providing regular updates to the Board. The Board has considered sustainability issues in Digital Core REIT's business and strategy, and has approved a sustainability statement. We have undertaken a materiality assessment to identify and prioritise material ESG issues. We recognise the significance of ESG monitoring and look to set ESG targets to measure our performance as we embrace ESG in our business decisions.

My team and I are eager to make further progress in the coming years to amplify our ESG commitments for our customers, employees, investors and the communities where we serve.

We hope this report showcases Digital Core REIT's initial efforts and commitment towards sustainability. We value any feedback that will enhance our future performance.

John J. Stewart
Chief Executive Officer

BOARD STATEMENT

GRI 2-22

The Board of the Manager of Digital Core REIT has determined the organisation's material environmental, social, and governance (ESG) factors and has responsibility for overseeing the management and monitoring of these material ESG factors. The Board and the Manager recognise that ESG is a continuous journey, and while Digital Core REIT is still at the outset of its journey, ESG is a top corporate priority for the organisation. We are committed to integrating material ESG issues into our strategy and business operations to promote the development and adoption of sustainable corporate practices and policies. We are also committed to regularly and transparently communicating with stakeholders on our ESG performance, risks, and opportunities. Finally, we are committed to doing our part to create a more sustainable future for our customers, partners, employees, and the communities we serve.

ABOUT THE REPORT

GRI 2-1 TO 2-7

REPORTING SCOPE AND PERIOD

This report, which will be published annually, covers Digital Core REIT's portfolio performance for the period from 1 January 2022 to 31 December 2022, unless otherwise indicated. Digital Core REIT's portfolio is comprised of 11 properties (nine in the United States, one in Canada, and one in Europe). Consistent with the operational control approach as defined by the Greenhouse Gas (GHG) Protocol Corporate Standard, the environmental performance of the properties under Digital Core REIT's operational control are covered in this report. These properties include:

United States	Canada
3011 Lafayette Street	371 Gough Road
44520 Hastings Drive	
8217 Linton Hall Road	

Digital Core REIT is externally managed by Digital Core REIT Management Pte. Ltd., or "the Manager," which is a wholly owned subsidiary of our Sponsor, Digital Realty (the Sponsor together with its subsidiaries, are referred to as the Group). The Manager is responsible for Digital Core REIT's overall property and portfolio operations. Digital Core REIT does not have any employees. References to employees within this report refer to employees of the Manager.

REPORTING APPROACH

This report is prepared with reference to the Global Reporting Initiative (GRI) Standards. The GRI Standards have been chosen as they are a globally recognised standard for sustainability reporting which allows for comparability with industry peers. Digital Core REIT observes the Monetary Authority of Singapore (MAS) Guidelines on Environmental Risk Management for Asset Managers and the SGX Listing Manual Rules. Additionally, Digital Core REIT has referenced other sustainability principles and reporting frameworks including the United Nations Sustainable Development Goals (UN SDGs) as well as the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations to guide our sustainability strategy and ensure that our report is aligned with regulatory requirements. The GRI Content Index outlines the material indicators relevant to Digital Core REIT and can be found on pages 102-105.

INDEPENDENT ASSURANCE

For this inaugural report, the Manager has not conducted an internal audit on the material within this report. However, the Manager has engaged with its internal auditors to incorporate a review of the sustainability report as part of their internal audit scope and audit plan in the following reporting period. The Manager has not solicited external independent assurance for this report but will review the need for external assurance in the future.

The Manager values feedback from all stakeholders and sees it as integral to the sustainability reporting process. Please send any comments and suggestions to IR@digitalcorereit.com.

SUSTAINABILITY

OUR SUSTAINABILITY COMMITMENTS

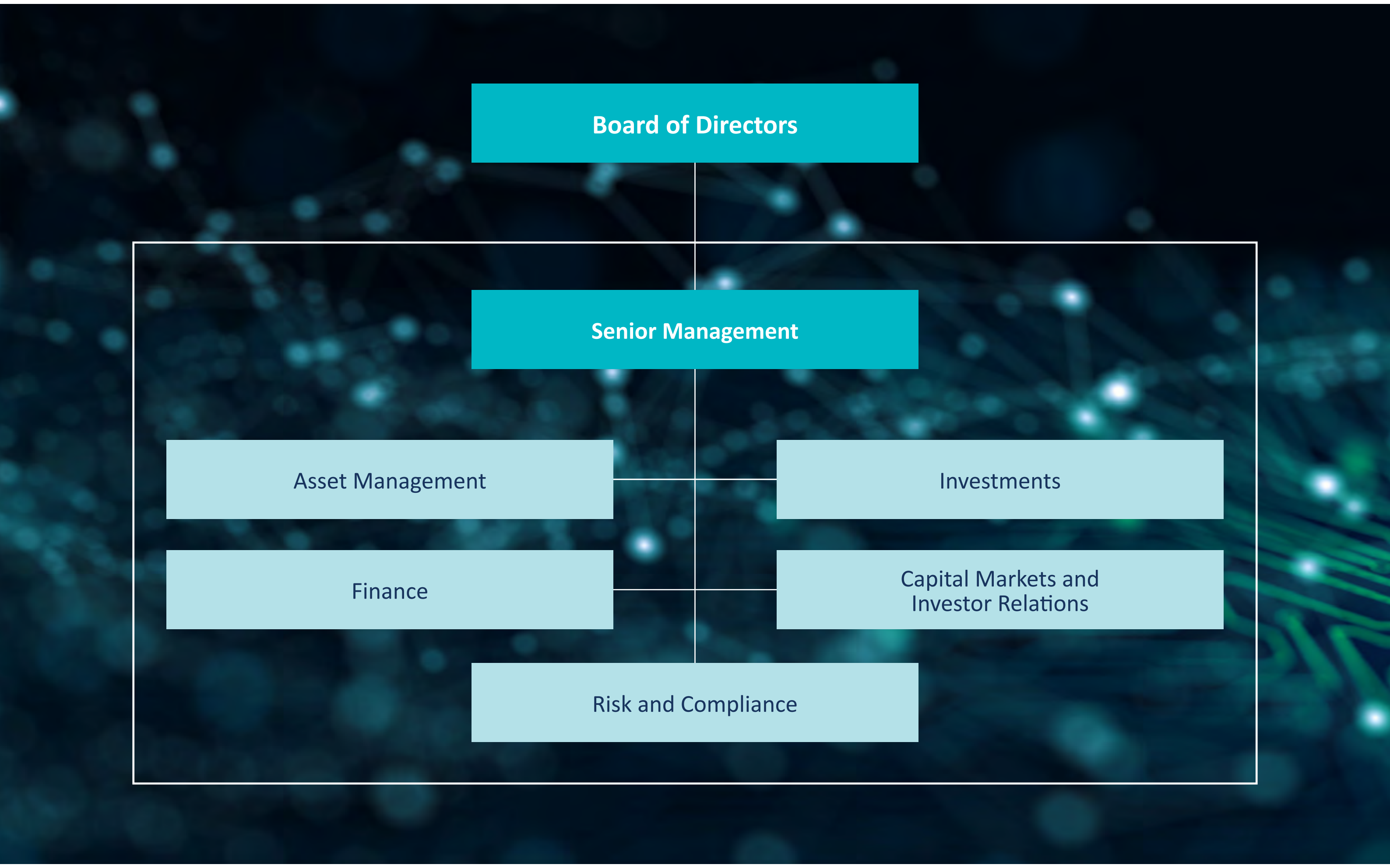
Digital Core REIT is committed to driving a comprehensive sustainability strategy that strikes a balance between meeting the needs of our stakeholders and serving a social purpose.

- We seek to deliver leading environmental performance that is sustainable and remain committed to ongoing efforts that benefit the environment and meet the needs of our customers.
- We engage with stakeholders who are key to our business success and reach out to those who may be affected by our business activities to garner a positive impact.
- We commit to being an active member of our community and give back to the communities we serve. We encourage and celebrate community involvement and employee engagement.
- We aim to promote health and well-being in the workplace by engaging with and investing in our employees.
- We utilise internal and external resources to remain consistent with the highest standards of business ethics and hold ourselves responsible to display organizational integrity, including ethical and lawful behavior.

We are in the process of building our sustainability framework on a foundation of continuous improvement. As such, we look to international frameworks, third-party professionals, and industry leaders for best practices on sustainability initiatives and reporting. As we pursue opportunities to enhance our sustainability commitments, we are focused on aligning with international standards.

SUSTAINABILITY MANAGEMENT STRUCTURE

The Board has responsibility for overseeing the management and monitoring of material ESG factors. The Manager is responsible for devising Digital Core REIT's sustainability strategy and goals, as well as monitoring performance against material ESG issues and providing regular updates to the Board.



MATERIALITY ASSESSMENT

GRI 3-1 to 3-3

The Manager has undertaken a materiality assessment process to identify material ESG issues. The Manager engaged with both internal and external stakeholders as described below.

IDENTIFYING ESG TOPICS: Referenced the Sustainability Accounting Standards Board (SASB) list of material topics and selected relevant topics based on SASB industry guidance as well as internal review.

ASSESSING THE SIGNIFICANCE OF TOPIC IMPACTS: Evaluated each topic, triangulating between the following approaches:

Stakeholder perspectives

Surveyed internal and external stakeholders to understand the substantive influence of the impacts on stakeholder assessments and decisions. The survey sought to understand stakeholders' concerns with respect to these topics.

Significance of impacts to the economy, environment, and people

Assessed impacts by:

SEVERITY:
Determined by scale (how grave the impact is), scope (how widespread the impact is), and irremediable character (how hard it is to counteract or mitigate the resulting impact).

LIKELIHOOD:
How likely is the impact and how frequently will it occur (if it is a potential impact).

Significance of impacts to Digital Core REIT

Used SASB definitions and risk universe results to assess impacts to Digital Core REIT's overall performance and business activities based on scale, scope, and likelihood (if there is a potential impact).

SUSTAINABILITY

PRIORITISATION OF ESG MATERIAL ISSUES

	MATERIAL ESG FACTORS	IMPORTANT ESG FACTORS
Environmental	Energy Management	
	Greenhouse gas (GHG) Emissions	
	Water Management	
	Physical Impacts of Climate Change	
Social	Employee Engagement	Employee Health & Safety
	Diversity & Inclusion	Critical Incident Risk Management
Governance	Business Ethics	Customer Privacy
	Business Model Resilience	
	Data Security	

ALIGNMENT WITH UNSDGs

The UN SDGs are a set of goals designed to help the global economy transition towards a more sustainable future. Below is a list of goals we have identified as most applicable to our business. We seek to align our sustainability strategy with these goals and pursue initiatives that make an impact inside and outside of our business.

SDG	MATERIAL AND IMPORTANT ISSUES	OUR COMMITMENTS
3 GOOD HEALTH AND WELL-BEING	• Employee Health & Safety • Employee Engagement	We are committed to ensuring and promoting the health and well-being of our employees as well as the communities we serve.
5 GENDER EQUALITY	• Employee Engagement • Diversity and Inclusion	We are committed to fostering a diverse, equal, inclusive, and nurturing culture in order to help our employees thrive at work.
7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	• Energy Management • GHG Emissions	We are actively pursuing opportunities to expand affordable, clean energy options and adopt energy efficient technologies and energy management practices to run our data centres and improve our energy efficiency, in our efforts to help build sustainable communities.
8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Business Ethics • Business Model Resilience • Data Security • Customer Privacy • Critical Incident Risk Management • Employee Health & Safety	We are focused on embodying good governance and high ethical standards and will facilitate a safe workplace that promotes decent work for everyone.

STAKEHOLDER ENGAGEMENT

GRI 2-29

Digital Core REIT actively engages with stakeholders to understand their concerns and expectations related to our business activities and focus our efforts on issues that are expected to have the greatest impact inside and outside our organisation.

Customers	Employees	Investors	Regulators	Local Communities
Objectives of Engagement				
Building relationships with customers to better understand their requirements	Upskilling and retaining skilled talent	Ensuring timely and accurate disclosure of information	Working together to achieve mutual interests	Supporting community needs
Engagement Platforms				
Onsite meetings Customer Satisfaction Survey	Annual engagement surveys Annual Performance assessments Networking and teambuilding events	Annual General meetings Extraordinary General meetings Investor conferences, roadshows and meetings Property tours Media releases Financial results and business updates Corporate website and dedicated investor relations contact Annual Report	In-person meetings Regulator-organised industry sharing sessions SGX Announcements Circulars	Community outreach activities and initiatives

Legend for engagement frequency:

Throughout the year   Monthly   Quarterly   Annually   Ad hoc

EXTERNAL MEMBERSHIPS

GRI 2-28

REITAS

Digital Core REIT is a member of the REIT Association of Singapore (REITAS), an organisation that aims to collaboratively strengthen and promote the Singapore REIT industry through education, research, and professional development.

SIAS

Digital Core REIT supports the Securities Investors Association (Singapore) (SIAS) in its efforts to empower the investment community through continuous investor education.

SUSTAINABILITY

ENVIRONMENT

GRI 201-2 | 302-1 | 302-3 | 303-1 | 303-5 | 305-1 | 305-2 | 305-4 | 305-5 | 306-1 | 306-3

Digital Core REIT is committed to managing our environmental impacts through energy and water use optimisation, as well as green building certification. Ensuring we operate sustainable, energy-efficient data centres is key to our success and helps us attract socially responsible customers and investors.

Physical Impacts of Climate Change

TCFD Disclosure

Digital Core REIT prioritises strong governance and effective management practices. The Manager discloses its approach in four key pillars as recommended by the TCFD:

TCFD Recommended Disclosure	Our Approach
GOVERNANCE *Governance around climate-related risks and opportunities.*	The Board oversees the overall management and monitoring of Digital Core REIT's sustainability strategy and performance. Within the overall Enterprise Risk Management Framework, the Board establishes the risk appetite and determines the nature and extent of the material risks that Digital Core REIT is willing to accept in order to achieve its strategic and business objectives. Environmental risks have been identified as key risks to be tracked and monitored. The Manager is responsible for developing and implementing the sustainability objectives and providing periodic progress reports to the Board.
STRATEGY *Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.*	The risks identified have been deemed to be material and applicable to Digital Core REIT's business and operations. **Physical risks** Acute risks: Short-term weather events exacerbated by climate change such as hurricanes, floods, and extreme temperatures may lead to increased risk of property damage and operational impacts. Increased severity of acute weather-related events could impact operational resilience, result in insured and uninsured losses, lead to higher operational and recovery costs, and necessitate future mitigation efforts. This could happen in the medium-term (2-4 years). To mitigate these risks, we evaluate exposure to weather events, flooding, and climate change at all stages of the investment lifecycle. We maintain appropriate levels of insurance for our portfolio. Our Sponsor's Risk Management team receives reports from insurance providers that identify opportunities to enhance protection for each facility and improve loss expectancy values. On an annual basis, the reductions in value-at-risk achieved through the implementation of these measures are measured. Each site has a mitigation plan in place specific to its location and climate risk exposure. Our Operations team actively implements and refines operating procedures to ensure our data centres are safe and resilient. This includes regular emergency response plan updates and other measures that result from property-specific risk reports. Fuel delivery agreements for backup power systems, for instance, are on par with those held by the Federal Emergency Management Agency (FEMA) and allow for power to be maintained in the event of an extended power outage.

TCFD Recommended Disclosure	Our Approach
STRATEGY *Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.*	Chronic risks: Long-term climate impacts may pose several risks to our portfolio. More extreme weather events and extreme temperatures could lead to higher and more volatile energy costs; severe droughts could lead to higher water costs; air quality impacts related to forest fires could affect operational resilience; extreme rainfall events could exacerbate the risk of localized flooding and water ingress at buildings; sea level rise could increase the risk of flooding. These impacts could contribute to increased insurance premiums, incremental planning and prevention costs, as well as costs to limit or further 'harden' resistance to these impacts. These effects could transpire over the long-term (5-10 years) and the mitigation measures mentioned for acute physical risks are also applicable to chronic risks. In addition to sensitivity analyses and climate change scenarios, Digital Core REIT continues to look into implementing sustainability projects to minimize our environmental impacts and reduce our contribution to global carbon emissions that contribute to climate-related risks. These efforts include, but are not limited to, supporting the development of new renewable energy supplies, incorporating sustainable designs that use less water and energy to operate, and improving energy and water efficiency for operational sites. **Transition risks** Policy and legal risks: Digital Core REIT sees the potential for increased regulatory compliance costs associated with tracking, reporting, reducing or offsetting carbon emissions. This could happen in the short-term (0-1 years) and would have a low impact to our direct operations. To mitigate this risk, we seek to enhance energy efficiency in order to reduce compliance cost and burden. We currently comply with various benchmarking and disclosure regulations. We have also developed in-house reporting capabilities to lower annual reporting expenses. Carbon pricing mechanisms could increase capital expenditures and operating costs. Adoption of more aggressive climate-change regulations could lead to higher costs for our portfolio, either through direct fees, compliance, and reporting costs, or indirectly through higher energy and raw material prices. This could increase the cost or affect our ability to operate in certain areas. We expect this risk might take place over the medium-term and it could increase our indirect operating costs. To mitigate this potential risk, we monitor political and regulatory changes in the markets where we operate. Building codes are expected to become more stringent over time, potentially increasing development costs and requiring the adoption of new and different technologies. This could also influence the selection of locations where we operate as well as the technologies and building infrastructure we install. We anticipate this taking place over the medium-term which could increase our direct costs. Our data centres have been built to high standards by our Sponsor's Design and Construction team, above code where applicable. Technology risks: Current products and materials could become obsolete more quickly than anticipated or could be replaced with lower carbon technologies, which could result in increased costs. This could happen over the medium-term and could increase direct costs within our operations, primarily in equipment used in end-of-life upgrades of equipment in operational facilities. Our Sponsor's Design and Construction team pursues low-carbon technologies where available.

SUSTAINABILITY

TCFD Recommended Disclosure	Our Approach
STRATEGY *Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.*	Market risks: Higher utility costs in the markets where we have a presence could impact customers' total cost of operations within our portfolio. To mitigate this potential impact, we seek to source renewable energy solutions and opportunities to utilise suppliers who are less likely to be impacted by climate change-related effects. Shifts in customer preferences could also reduce demand for certain goods and services. Data centre demand has grown over time, but it is possible that customers will self-service and procure their own renewable energy. This could happen over the medium-term and could affect our downstream operations. To manage this risk, we actively track customer opportunities via direct dialogue, surveys, and other formal and informal feedback mechanisms. We have an in-house team in addition to third-party consultants focused on addressing low- and zero-carbon solutions. Reputational risks: Customers and investors could increase their scrutiny of data centres, encouraging increased investment in cleaner renewable energy solutions and low-carbon technologies and diversifying away from more carbon-intensive properties and portfolios. This could occur over the short-term and could affect our downstream operations. To manage reputational risks, we constantly seek to enhance the energy efficiency of our operations and expand the availability of renewable energy solutions to minimize the impact on the communities we serve.
RISK MANAGEMENT *Processes used to identify, assess, and manage climate-related risks.*	The Manager reviews material risks as part of its risk profile reporting to the Audit Committee and Board during the quarterly Audit Committee and Board meetings. The risk profile reporting review is conducted to identify, assess, and document risks, along with key controls and mitigation measures. Material risks, their associated controls, and overall risk ratings are reviewed by Management and presented to the Audit Committee and Board. Digital Core REIT plans to formalise the approach to effectively monitoring and tracking progress towards managing climate-related or sustainability issues.
METRICS AND TARGETS *Metrics and targets used to assess and manage climate-related risks and opportunities which are material to the business.*	Digital Core REIT is still in the early stages of tracking GHG emissions. Digital Core REIT seeks to make active efforts to implement more quantitative targets in the future which include setting both interim and long-term targets to take into consideration different time horizons. Please refer to page 93 for the performance indicators that are being monitored and reported. Additionally, we will explore options to increase use of renewable energy throughout the portfolio.

Energy and GHG Emissions[1]

Digital Core REIT is committed to supporting climate action and intends to work towards reducing emissions and energy consumption by exploring the adoption of technologies to achieve this goal. We also actively monitor our energy use in ENERGY STAR® Portfolio Manager®.

In FY2022, the energy consumption for the properties within our operational control totaled 185,835 MWh. This translates to an energy intensity of 2,312.9 MWh per US$1 million revenue. Heating consumption, comprised of diesel and natural gas, was recorded at 2,665 MWh in FY2022. This consumption data translates to approximately 634 tCO2-e of Scope 1 GHG emissions, and 47,473 tCO_2-e and 37,287 tCO_2-e of Scope 2 Market-based and Location-based emissions respectively. The GHG intensity[2] for Scope 1 and Scope 2 emissions combined was 599 tCO_2-e per US$1 million revenue.

Water

Data centres use water for chillers and cooling towers to maintain an ideal operating environment in order for extensive IT equipment and infrastructure to function optimally. The Manager is committed to reducing water consumption through water conservation efforts. Our Sponsor has developed a Global Water Strategy to address the strategic role that water plays in our operations, identify regions where water quality and scarcity pose the greatest interruption risk to the business, and to create a pipeline of projects and opportunities to conserve water and increase resiliency throughout our operations.

In FY2022, Digital Core REIT's total water consumption was 185,788m^3 which translates to water intensity of approximately 2,312.3m^3 per US$1 million revenue. Approximately 99% of the consumption was comprised of municipally supplied reclaimed (non-potable) water. Digital Core REIT views water as a scarce resource; as such we use smart water management processes and technologies as key steps in our efforts to conserve and protect it. We actively monitor our water use in ENERGY STAR Portfolio Manager.

Waste

While waste has not been identified as a material factor, we will continue to ensure adequate management and disposal of waste to preserve and protect our shared resources.

Waste is primarily generated by customers, guests, and the general public and is disposed of through recycling, composting, or sent to landfills. Data centre waste is predominantly non-hazardous with very minimal or insignificant amounts of hazardous material.

To remain diligent in managing our impact, we benchmark our waste generation in ENERGY STAR® Portfolio Manager®. In FY2022, Digital Core REIT generated 632.7 tons of waste. 423.3 tons (67%) was recycled and 4.3 tons (0.7%) was composted.

Green Building Rating

Addressing our environmental footprint begins with our buildings. By utilising ENERGY STAR® Portfolio Manager®, we are able to track energy and water usage at our locations, allowing us to monitor consumption and submit for green building accreditation when applicable. As of 31 December 2022, 44520 Hastings Drive located in Northern Virginia, United States, is ENERGY STAR® certified. The Manager is committed to improving energy efficiency and is committed to work with the Sponsor and customers in achieving green building certifications in our portfolio. The following properties in Digital Core REIT's portfolio currently have a green building rating:

Property	Certification
44520 Hastings Drive	Energy Star
1500 Space Park	LEED Gold
2401 Walsh Avenue	Energy Star
2403 Walsh Avenue	Energy Star
200 North Nash Street	Energy Star
3015 Winona Avenue	Energy Star

1 GHG emissions comprise Scope 1 emissions from diesel consumption for backup generators and natural gas. Scope 2 emissions from electricity use. GHG emissions are calculated in accordance with the operational control approach of the GHG Protocol standard - the most widely accepted international standard for GHG accounting. Gases included in the calculation are carbon dioxide (CO2), methane (CH4), and nitrous oxide (N2O). Conversion factors for Scope 1 and Scope 2 GHG emissions were based on eGrid subregions under the Environmental Protection Agency (EPA) Emission Factor Hub website and using the EPA emission calculator tool.

2 GHG intensity calculation is based on revenue generated by the properties in reporting scope and includes both Scope 1 and 2 emissions.

SUSTAINABILITY

ENERGY STAR AWARD 2022
PARTNER OF THE YEAR
Sustained Excellence

Digital Core REIT is aligned with our Sponsor who received the EPA's ENERGY STAR® Partner of the Year – Sustained Excellence Award in 2022, the third consecutive year the Sponsor has received the ENERGY STAR® Partner of the Year Award.

Digital Core REIT's portfolio achieved a total energy savings of

10,160MWh

in FY2022 against the national median according to the U.S. EPA, which is equivalent to powering

924

average U.S. homes[1].

Green Leasing

Our Sponsor was among the first global data centre operators to adopt green lease standards for use in data centres and was the first data centre provider to be recognised as a Green Lease Leader by the Institute for Market Transformation and U.S. Department of Energy. In 2022, Digital Realty received Green Lease Leader Platinum recognition. The Platinum criteria seeks to address the greater ESG impact of leasing practices and recognises leaders who integrate environmental and social performance impact goals in leasing. Green lease language is incorporated when applicable to customer leases to better align interests between data centre providers and customers and to incentivise energy and resource efficiency investments, streamline renewable energy procurement, and support sustainable building certifications. Digital Core REIT intends to adopt the Sponsor's practice of incorporating green lease standards into new and renewal lease agreements.

Environmental targets

- Set an overall GHG emissions reduction target
- Increase the use of renewable energy in the portfolio

1 According to Independent Statistics and Analysis U.S. Energy Information Administration.

PROPERTY SPOTLIGHT

On 13 December 2022, Digital Core REIT completed its first acquisition of a 25% interest in a Frankfurt facility (Frankfurt Facility). This property is 100% powered by renewable energy.

The Frankfurt Facility[1] is located within an established data centre hub to the northwest of Frankfurt, Germany. It was purpose-built as a data centre by the Sponsor from the ground up in successive phases of contiguous customer expansion from 2017 to 2022. Digital Core REIT successfully completed the acquisition of a 25% interest in the property on 13 December 2022. The 449,546 square feet facility comprises three buildings on an approximately six-acre campus that provides flexible plant solutions and allocated car parking. The Frankfurt Facility is powered by 100% renewable energy. In 2021, a total of 87,796 megawatt-hours (MWh) was sourced from hydroelectric plants, resulting in a carbon reduction of 21,217[2] tons of carbon dioxide, which is the equivalent of powering 3,110 U.S. homes, annually[3]. Other sustainability initiatives implemented at the property include the use of climate compensated fuels in gensets, LED lights, Power Usage Effectiveness ("PUE") optimisation, Uninterruptible Power Supply ("UPS") functioning on the most efficient eco-mode, and increased Computer Room Air Conditioning ("CRAC") setpoints to higher temperatures for larger periods of free air cooling and higher energy efficiency.

1 Not within reporting scope.
2 Based on 2021 certification from Süwag Vertrieb AG & Co. KG.
3 Based on U.S. EPA statistics and calculations.

SUSTAINABILITY

SOCIAL

GRI 2-30 | 401-1 to 401-3 | 403-1 to 403-10 | 404-1 to 404-3 | 405-1 | 406-1

Our customers, property management teams, and employees are at the forefront of our business, and we do our best to ensure their long-term success, health, and well-being. Digital Core REIT is committed to being a constructive member of our communities and we encourage our employees to contribute to help us do our part.

Employee Engagement

The Manager recognises that our employees are key to ensuring our continued business growth and overall resilience. The Manager puts in place measures to attract, develop, and retain talent by offering competitive remuneration, maintaining open and transparent career development opportunities, and providing a conducive and supportive work environment that looks after each employee's well-being.

Employee profile

As of 31 December 2022, the Manager had a total of six employees. Two new hires joined the Manager in FY2022 and turnover was zero.

Employee well-being

The Manager offers competitive compensation and comprehensive benefits to all full-time employees. The Manager outsources its Human Resource (HR) function to the Sponsor which has in place a performance management framework where employees undergo performance reviews to understand the Company's overall goals and targets, individual contributions, and career development plans. Digital Core REIT recognises that a positive work environment is essential to attract, motivate and retain talent. As such, we offer initiatives such as healthcare and medical coverage, dental and insurance coverage, as well as leave entitlements and contributions to the local pension fund i.e., the Central Provident Fund in Singapore. Other employee benefits include parental leave, flexible work arrangements, fitness reimbursements, mobile allowances, and staff engagement activities to promote personal development, health, and a work/life balance. In FY2022, one employee went on maternity leave and returned with no turnover.

As hybrid work arrangements continued in 2022, we stayed connected to our team with regular communications via virtual platforms. Senior management was also able to share business updates with employees via those platforms. Overall, the Manager practices an open-door policy that encourages employees to offer opinions or raise concerns.

Training and Development

Employees are given opportunities to pursue training and development to enable them to build their skills and knowledge and stay ahead of industry trends while driving our success. At new hire onboarding, employees are required to undergo mandatory online training on Global Data Privacy, Insider Trading, Anti-Bribery and Corruption, and Information Security. Our Digital University program includes training courses covering Operations, Legal, Ethics and Compliance, Management and Leadership, Risk Management, Sales, Diversity, Equity and Inclusion (DEI), as well as Information Security and Privacy. Unconscious bias training and other workplace diversity and inclusion training programmes are also offered in the Digital University training portal. In compliance with MAS regulations, Capital Markets Services (CMS) licensed holders also attend REIT Management courses on an ongoing basis organised by the REIT Association of Singapore (REITAS), which contributes to Continuing Professional Development (CPD) training hours.

EMPLOYEE TRAINING BY THE NUMBERS:

11.7 HOURS

on average per employee

100% OF CORPORATE STAFF

completed 1 hour of anti-corruption training per employee

Employee Outreach

On a quarterly basis, the Group hosts global as well as regional all-hands meetings to keep employees abreast of business and operational developments. In addition, welfare sessions are organised by the outsourced HR function to provide updates on the latest employment benefits. The Group has an Employee Recognition program designed to celebrate employees who demonstrate company values which include Customer Focus, Teamwork, and Results-Driven. Employees are recognised through Manager Spot Awards, Peer-to-Peer High Five Awards, Quarterly Individual Going the Extra Mile (GEM) Awards, Quarterly Team GEM Awards, and the Annual CEO Circle Awards.

Finally, the Group conducts annual employee engagement surveys to seek feedback and to give managers the tools they need to listen to employee input, focus on what matters most, and take action to enhance employee engagement.

Employee Resource Group - Women's Leadership Forum (WLF)

Some of the Employee Resource Group include the Women's Leadership Forum which recognises women across the Group globally who live our values and accelerate our progress through their various contributions.

- Hosts a series of Masterclass sessions open to all employees covering topics that promote wellbeing, ranging from topics such as coping with burnout to keeping up with evolving personal and professional risks
- Sponsors external virtual events with the Women's Tech Forum
- Drives community involvement and external customer events
- Prepares accelerated virtual events to support networking and career development

Employee Volunteering

In 2022, our employees participated in a tree planting event at Chestnut Nature Park, a Singapore National Park. The event supported the Singapore OneMillionTrees movement and provided an opportunity to build camaraderie and give back to the community while engaging outside of the traditional work environment. The OneMillionTrees movement seeks to restore nature throughout the city-state by planting one million more trees across Singapore over the next 10 years. We were fortunate to play a role in this movement and we are proud of the time and effort our team spent on this initiative.

CORPORATE EMPLOYEE DEMOGRAPHICS

Gender

MALE	FEMALE
50%	50%

Age

20-30	31-40	>40
17%	67%	17%

BOARD DEMOGRAPHICS

Gender

MALE
100%

Age

50-60	61-70
60%	40%

SUSTAINABILITY

Diversity, Equity and Inclusion

At Digital Core REIT, we strive to create an inclusive culture by recruiting talent based on knowledge, skills, attitude, and experience above all else. We have a Board diversity policy, and we are committed to improving our diversity, equity, and inclusion strategy to help facilitate a more dynamic workplace. Under our Code of Business Conduct and Ethics, Digital Core REIT pursues fair employment practices in every aspect of our business and is committed to complying with all applicable labour and employment laws, including anti-discrimination laws and laws related to freedom of association, privacy, and collective bargaining. Digital Core REIT is committed to providing equal opportunity and fair treatment to all individuals on the basis of merit, without discrimination of race, colour, ethnicity, religion, national origin, sex, pregnancy, gender identity or expression, marital status, age, mental or physical disability, or a legally protected medical condition. The company is also committed to treating all individuals with dignity and respect and prohibits discrimination and harassment in any form. Any discrimination or harassment can be reported to the HR department in confidence and will be investigated and dealt with via corrective actions.

In FY2022, there were no incidents of discrimination reported.

We are also committed to developing an organisational culture with policies that support internationally recognised human rights guidelines and seek to avoid complicity in human rights abuses. We support the principles contained within the Universal Declaration of Human Rights and the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work. Digital Core REIT will not use forced labour, including prison labour, indentured labour, bonded labour or other forms of forced labour as established by the ILO Forced Labour Convention (No. 29) and the Abolition of Forced Labour Convention (No. 105). No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher, as established by the ILO Minimum Age Convention.

Occupational Health and Safety

The Manager is committed to ensuring the health, safety, and wellbeing of its employees. Our Environmental, Occupational Health & Safety (EOH&S) program is managed by our Sponsor's Operations team. The EOH&S management system is compliant with the principles of ISO 14001:2004 and ISO 45001:2016, and aims to identify and eliminate hazards and minimise risks of incidents.

Our data centres and equipment undergo periodic inspections via our corrective and preventive actions and assurance mechanisms program to ensure they are in optimal working order.

Emergency action drills, including building evacuation drills are conducted to ensure the operations team and building occupants are familiar with and understand the appropriate actions to take during an emergency. Each site performs a minimum of one emergency action drill every 12 months, covering a variety of occurrences such as fires, severe weather response, tornados, and more. All occupants are required to understand what is expected during an actual emergency event. Standard operating procedures incorporate EOH&S practices which are set in place for every job in the data centre.

If a safety incident occurs, all details are reported to the Global Command Centre which will then assign a ticket for tracking and investigation. Based upon investigation, root causes will be identified and corrective and preventive measures will be implemented to minimise the risk of similar incidents occurring.

Employees participate in the safety program and process through:
- Safety briefings at data centres
- Active workplace interactions at all levels
- Communications about safety inspections, injury and illness statistics, and other safety-related issues
- Providing feedback on developing, reviewing and improving the safety program
- Engagement in informational briefings and active participation in customer interactions
- Training and education
- Personal accountability and responding to unsafe acts/conditions at the data centres

There were zero fatalities or injuries reported in FY2022.

Supplier Code of Conduct

All suppliers are required to acknowledge the Supplier Code of Conduct at onboarding to safeguard a professional business relationship built on respect and dignity in an environment where health and safety are protected.
- Business is conducted lawfully, observing all applicable anti-bribery, antitrust and fair competition, health and safety, and environmental laws and regulations, as well as relevant employment practices, data protection laws, necessary permits and licenses to conduct business, including insider trading requirements.
- Work is conducted on the basis of freely agreed upon and documented terms of employment.

- All employees, agents, and representatives are treated equally with respect and dignity, and are not discriminated against.
- Work is conducted on a voluntary basis ensuring all employees, agents, and representatives are of an appropriate age. Forced labour is not acceptable.
- All employees, agents, and representatives are paid fair wages and work reasonable working hours according to legal minimum standards and applicable laws.
- Health and safety are protected at work including ensuring a safe work environment for all suppliers and visitors of the property.
- Business is conducted in a manner which embraces sustainability and reduces environmental impact including applying principles depicted in ASHRAE, LEED and BREEAM guidelines.

Social Targets

- Female directors to represent at least 15% of the Board by 2025
- Engage with local communities and improve volunteerism in the community
- Set training and development plans for employees to help in upskilling and professional growth

SUSTAINABILITY

GOVERNANCE

GRI 2-15 and 2-16 | 2-25 to 2-26 | 205-2 | 205-3 | 418-1

Digital Core REIT is focused on embodying good governance and high ethical standards. We seek out best practices from our Sponsor and other industry leaders to build out our governance structure. The Board has undergone ESG training during FY2022, satisfying the SGX Listing Rules requirement. The Manager has also provided opportunities for other employees to attend ESG trainings.

The Manager is committed to high standards of corporate governance with observation and adherence to the Code on Corporate Governance issued by the MAS. The Board is majority independent and oversees the management and monitoring of the overall ESG strategy and performance. The Manager is committed to timely and accurate disclosure of material information and employs various platforms of engagement with the investment community. More details are set out under the Corporate Governance section of the Annual Report (Pages 68-83).

Risk Management Framework

The Manager also maintains a sound and effective system of risk management and internal controls. The Enterprise Risk Management (ERM) Framework provides a holistic top-down and bottom-up approach to overall risk management. The Framework puts in place the reporting structure, risk management processes, monitoring mechanisms, the mitigating controls, as well as responsible risk ownership to address and manage key risks. More details are set out under the Risk Management section of the Annual Report (Pages 65-67).

Ethics and Integrity

The Manager has zero tolerance for corruption, bribery, fraud, and unethical business practices. All employees are required to adhere to the Employee Code of Conduct adopted from the Sponsor and rolled out at the Group level. The Employee Code of Conduct expects all employees to declare any conflicts of interests, safeguard confidentiality of company information, engage in fair dealings, make necessary declarations on gifts and entertainment, ensure compliance with laws and regulations, strive to conserve the environment, follow health and safety practices, ensure fair employment practices, and observe human rights. On an annual basis, all employees are required to declare that they have read the Group Insider Trading Policy, and Group Anti-Bribery and Corruption Policy. The Securities Trading Policy sets out guidance for all employees and directors on dealings in securities of Digital Core REIT. Under the policy, all employees and directors in the Group are required to refrain from dealing in the Company's securities (a) while in possession of material unpublished price-sensitive or trade-sensitive information; and (b) during the one-month period immediately preceding, and up to the time of the announcement of the Company's half-year and full-year financial statements. Prior to the commencement of each relevant blackout period, an email would be sent out to all employees and directors of the Group to inform and/or remind them of the duration of the relevant blackout period. The Anti-Bribery and Corruption Policy prohibits all employees, officers, and directors from offering or accepting bribes, making improper payments, or acting corruptly. The Manager also has in place a whistle-blowing policy which provides mechanisms for employees, customers, and other stakeholders to raise concerns or report, in good faith, incidents of actual or suspected illegal and/or unethical conduct including violation of laws and regulations, without fear of reprisal. All concerns or issues reported through the whistle-blowing channel are reported to the independent Audit Committee Chairman.

In FY2022, there were no incidents of corruption, bribery or fraud, or any non-compliance with laws or regulations reported.

Business Model Resilience

Since data centres function as mission-critical facilities that provide uninterrupted services, the Manager is committed to ensuring optimal performance with minimal downtime and maximum physical security. Digital Core REIT has stringent physical security in place at our properties and an EOH&S program that ensures a safe and healthy environment for building occupants and visitors. Scheduled maintenance is carried out to ensure properties continue to meet the necessary standards of operation. We also adopt the Sponsor's Business Continuity Management Policy which sets out weather preparedness and notification procedures, as well as emergency action drill procedures where an emergency action drill is conducted once every 12 months which prepares us for events such as fires, severe weather conditions or earthquakes that will impact the resilience of our operations.

IT Security and Data Protection

On an annual basis, all employees are required to undergo training on Global Data Privacy and Information Security. Cyber resilience is an important element of customer data security. While we do not control, manage, or access customer servers or data, we are committed to respecting and protecting the privacy rights of all individuals with whom we interact. The Sponsor maintains a Cyber Resilience as a Service (CRaaS) Program with a dedicated team, and an in-house Security Operations Centre, as well as co-sourced 24/7 managed security services partners. Our technology approach enables us to better prevent, protect, detect, and respond to cybersecurity incidents.

Governance Targets

- Uphold high standards and best practices in cybersecurity and data protection with no non-compliance with data privacy laws
- Maintain high standards and best practices in ethical business conduct and compliance with zero incidents of fraud, corruption, bribery and non-compliance with laws and regulations

SUSTAINABILITY

GRI CONTENT INDEX

GRI 2: General Disclosures

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2-6	Activities, value chain and other business relationships	Corporate Profile	IFC
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Governance			
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2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance Ethics and Integrity	68-83 100
2-27	Compliance with laws and regulations		No non-compliance with laws and regulations at the REIT Manager level
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Stakeholder Engagement			
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SUSTAINABILITY

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GRI 205: Anti-corruption			
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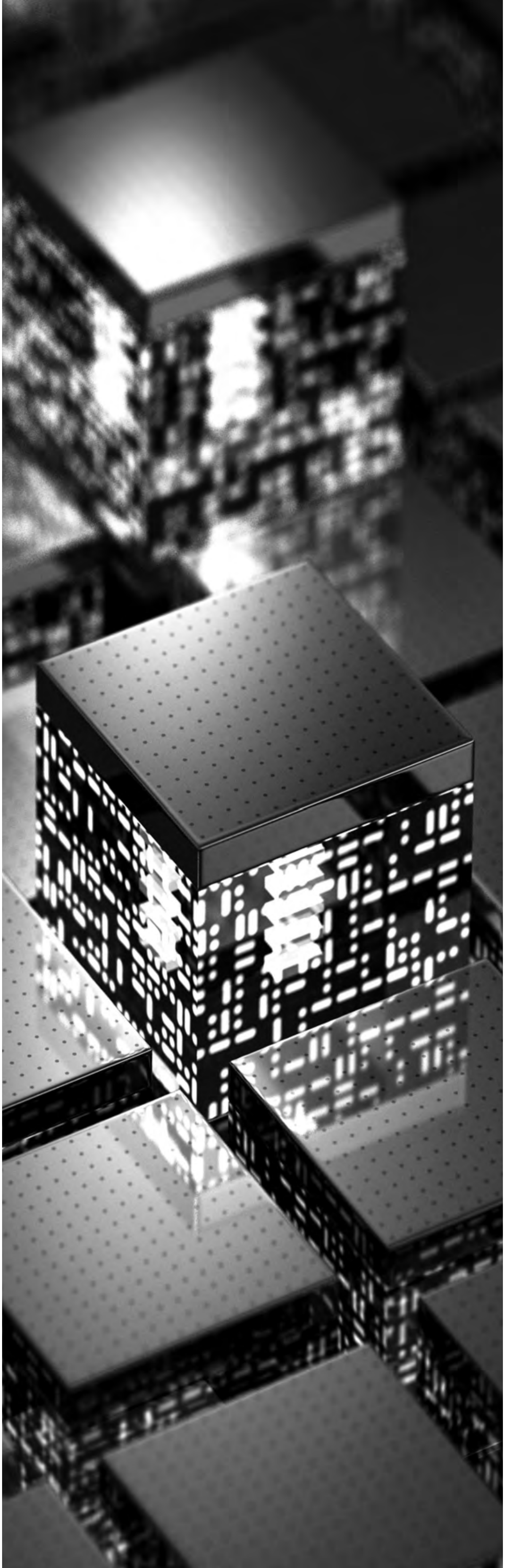
404-3	Percentage of employees receiving regular performance and career development reviews		100%
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	Diversity, Equity, and Inclusion	98
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	Diversity, Equity and Inclusion	98
GRI 418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No instances of breaches in customer privacy in the FY2022



FINANCIAL CONTENTS

REPORT OF THE TRUSTEE

Perpetual (Asia) Limited (the “Trustee”) is under a duty to take into custody and hold the assets of Digital Core REIT (the “Trust”) and its subsidiaries (collectively, the “Group”) in trust for the holders of units (“Unitholders”) in the Trust. In accordance with, among other things, the Securities and Futures Act 2001 of Singapore, its subsidiary legislation, the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the Listing Manual (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of Digital Core REIT Management Pte. Ltd. (the “Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 10 November 2021 (as amended) (the “Trust Deed”) between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the period covered by these financial statements, set out on pages 113 to 159, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

Matthew Allen
Director

Singapore
20 March 2023

STATEMENT BY THE MANAGER

In the opinion of the directors of Digital Core REIT Management Pte. Ltd. (the "Manager"), the accompanying financial statements of Digital Core REIT (the "Trust") and its subsidiaries (collectively, the "Group") set out on pages 113 to 159, comprising the Statements of Financial Position of the Group and the Trust as at 31 December 2022, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Distribution Statement, the Consolidated Statement of Changes in Unitholders' Funds and the Consolidated Statement of Cash Flows of the Group and the Statement of Changes in Unitholders' Funds of the Trust for the period from 10 November 2021 (date of constitution) to 31 December 2022, and the notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2022, the profit or loss and other comprehensive income, the distributable income, the changes in Unitholders' funds and the cash flows of the Group and the changes in Unitholders' funds of the Trust for the period then ended in accordance with the International Financial Reporting Standards and the provisions of the trust deed dated 10 November 2021 (as amended) (the "Trust Deed") and the relevant requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
Digital Core REIT Management Pte. Ltd.

Tsui Kai Chong
Director

Tan Jeh Wuan
Director

Singapore
20 March 2023

INDEPENDENT AUDITORS' REPORT

UNITHOLDERS OF DIGITAL CORE REIT
(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 10 November 2021 (as amended))

We have audited the consolidated financial statements of Digital Core REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the Statements of Financial Position of the Group and the Trust as at 31 December 2022, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Distribution Statement, the Consolidated Statement of Changes in Unitholders' Funds and the Consolidated Statement of Cash Flows of the Group and the Statement of Changes in Unitholders' Funds of the Trust for the period from 10 November 2021 (date of constitution) to 31 December 2022, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 113 to 159.

In our opinion, the accompanying consolidated financial statements of the Group and the Statement of Financial Position and the Statement of Changes in Unitholders' Funds of the Trust present fairly, in all material respects, the financial positions of the Group and the Trust as at 31 December 2022, the profit or loss and other comprehensive income, the distributable income, the changes in Unitholders' funds and the cash flows of the Group and the changes in Unitholders' funds of the Trust for the period then ended in accordance with the International Financial Reporting Standards ("IFRS") and provisions of the trust deed dated 10 November 2021 (as amended) (the "Trust Deed").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to Note 7 to the financial statements)

Risk:

As of 31 December 2022, the Group owns a portfolio of investment properties, comprising income-producing real estate assets located in the United States of America and Canada which are used primarily for data centre purposes, as well as assets necessary to support the digital economy. Investment properties represent the single largest asset category on the consolidated statement of financial position.

These investment properties are stated at their fair values based on the valuations performed by independent professional valuers engaged by the Group. The valuation process involves determining the appropriate valuation methodology to be used and significant judgement in estimating the underlying assumptions to be applied. These valuations are highly sensitive to the key assumptions applied, which may be subject to estimation uncertainties.

INDEPENDENT AUDITORS' REPORT

Our response:

We assessed the Group's processes for the selection of the independent professional valuers, the determination of the scope of work of the independent professional valuers, and the review and acceptance of the valuations reported by the independent professional valuers. We evaluated the independence, objectivity and competency of the independent professional valuers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We considered the appropriateness of the valuation methodologies applied against those applied by other valuers for similar property types, and the reasonableness of the key assumptions applied by the independent professional valuers by benchmarking against industry data.

Our findings:

The Group has put in place a process for appointing and instructing independent professional valuers, and in reviewing and accepting their valuation results. The independent professional valuers are members of generally recognised professional bodies for valuers and have considered their own independence in carrying out the work.

In determining the fair values of the Group's investment properties, the independent professional valuers have adopted the discounted cash flow method. The valuation methodology used was consistent with the generally accepted market practices.

The key assumptions applied were generally within the range of market data available as at 31 December 2022.

Other information

Digital Core REIT Management Pte. Ltd. (the "Manager") is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and the provisions of the Trust Deed dated 10 November 2021 (as amended), and for such internal controls as the Manager determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We disclose these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lee Chin Siang Barry.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
20 March 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group 2022 US$'000	Trust 2022 US$'000
Current assets			
Cash and cash equivalents	4	25,241	8,975
Trade and other receivables	5	7,139	95,728
Derivative financial assets	6	1,417	1,417
Prepaid expenses		741	475
Total current assets		34,538	106,595
Non-current assets			
Investment properties	7	1,423,796	–
Subsidiaries	8	–	1,364,905
Associate	9	152,705	–
Deferred tax asset	10	1,525	–
Total non-current assets		1,578,026	1,364,905
Total assets		1,612,564	1,471,500
Current liabilities			
Trade and other payables	11	20,170	11,092
Current tax payable		400	–
Rent received in advance		5,339	–
Total current liabilities		25,909	11,092
Non-current liabilities			
Derivative financial liabilities	6	1,034	1,034
Loans and borrowings	12	495,034	495,034
Preferred units	13	99	–
Deferred tax liabilities	10	13,465	–
Total non-current liabilities		509,632	496,068
Total liabilities		535,541	507,160
Net assets		1,077,023	964,340
Represented by:			
Unitholders' funds		934,891	964,340
Non-controlling interests	14	142,132	–
		1,077,023	964,340
Units in issue and to be issued ('000)	15	1,130,694	1,130,694
Net asset value per Unit attributable to Unitholders (US$)		0.83	0.85

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

	Note	Group Period from 10 November 2021 (date of constitution) to 31 December 2022 US$'000
Gross revenue	16	114,950
Property operating expenses	17	(40,647)
Net property income		74,303
Other income	18	1,423
Finance income	19	121
Finance costs	19	(10,642)
Manager's base fee		(7,221)
Manager's performance fee		(2,352)
Trustee's fee		(173)
Other trust expenses	20	(6,172)
Profit before tax, fair value changes in investment properties and share of loss of an associate		49,287
Fair value changes in investment properties	7	(28,805)
Share of loss of an associate		(462)
Profit before tax		20,020
Tax expense	21	(13,139)
Profit after tax		6,881
Attributable to:		
Unitholders		1,538
Non-controlling interest		5,343
		6,881
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Movement in fair value of cash flow hedges		383
Foreign currency translation movement		(9,890)
Total other comprehensive income for the period		(9,507)
Total comprehensive income for the period		(2,626)
Attributable to:		
Unitholders		(6,745)
Non-controlling interest		4,119
		(2,626)
Earnings per Unit (US cents)		
Basic and diluted	22	0.14

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENT

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

	Group
	Period from 10 November 2021 (date of constitution) to 31 December 2022 US$'000
Amount available for distribution to Unitholders at the date of constitution	–
Profit after tax attributable to Unitholders	1,538
Distribution adjustments	
Property related non-cash items [1]	(6,281)
Manager's base fee paid/payable in Units	7,221
Manager's performance fee paid/payable in Units	2,352
Trustee's fee	173
Amortisation of upfront debt-related transaction costs [2]	735
Net deferred tax expense	11,955
Net change in fair value in investment properties	27,392
Share of loss of an associate	462
Unrealised foreign exchange loss	2,336
Others [3]	365
Net distribution adjustments	46,710
Amount available for distribution to Unitholders	48,248
Distribution to Unitholders during the period	
Distribution of 2.37 US cents per unit for the period from 6 December 2021 to 30 June 2022	(26,717)
Amount available for distribution to Unitholders at end of the period	21,531
Distribution per Unit (US cents)	4.29

1 Property-related non-cash items consist primarily of straight-line rent adjustments.

2 Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.

3 Included in others are other non-cash and non-tax-deductible items as well as other adjustments related to timing differences in income and expenses.

CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

	Attributable to Unitholders of the Trust							
Group	Units in issue US$'000	Treasury units US$'000	Foreign currency translation reserve US$'000	Hedging reserve US$'000	Retained earnings US$'000	Total Unitholders' funds US$'000	Non-controlling interests US$'000	Total US$'000
At 10 November 2021 (date of constitution)	*	–	–	–	–	*	–	*
Total comprehensive income for the period								
Profit for the period	–	–	–	–	1,538	1,538	5,343	6,881
Other comprehensive income for the period								
Movement in fair value of cash flow hedges	–	–	–	383	–	383	–	383
Foreign currency translation movement	–	–	(8,666)	–	–	(8,666)	(1,224)	(9,890)
Total other comprehensive income for the period	–	–	(8,666)	383	–	(8,283)	(1,224)	(9,507)
Total comprehensive income for the period	–	–	(8,666)	383	1,538	(6,745)	4,119	(2,626)
Transactions with Unitholders, recognised directly in Unitholders' funds								
Issuance of new units on Listing Date	977,350	–	–	–	–	977,350	–	977,350
Issuance costs on Listing Date	(26,783)	–	–	–	–	(26,783)	–	(26,783)
Manager's acquisition fee paid or payable in units	14,449	–	–	–	–	14,449	–	14,449
Manager's base fee paid or payable in units	7,221	–	–	–	–	7,221	–	7,221
Manager's performance fee paid or payable in units	2,352	–	–	–	–	2,352	–	2,352
Contribution from non-controlling interests	–	–	–	–	–	–	144,050	144,050
Dividends paid to non-controlling interests	–	–	–	–	–	–	(6,037)	(6,037)
Purchase of units	(6,236)	6,236	–	–	–	–	–	–
Cancellation of treasury units	–	(6,236)	–	–	–	(6,236)	–	(6,236)
Distribution to Unitholders	(9,582)	–	–	–	(17,135)	(26,717)	–	(26,717)
Total transactions with Unitholders for the period	958,771	–	–	–	(17,135)	941,636	138,013	1,079,649
At 31 December 2022	958,771	–	(8,666)	383	(15,597)	934,891	142,132	1,077,023

* less than 1,000.

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

	Attributable to Unitholders of the Trust				
Trust	**Units in issue US$ '000**	**Treasury units US$'000**	**Hedging reserve US$ '000**	**Retained earnings US$ '000**	**Total Unitholders' funds US$ '000**
At 10 November 2021 (date of constitution)	*	–	–	–	*
Total comprehensive income for the period					
Profit for the period	–	–	–	22,321	22,321
Other comprehensive income for the period					
Movement in fair value of cash flow hedges	–	–	383	–	383
Total other comprehensive income for the period	–	–	383	–	383
Total comprehensive income for the period	–	–	383	22,321	22,704
Transactions with Unitholders, recognised directly in Unitholders' funds					
Issuance of new units on Listing Date	977,350	–	–	–	977,350
Issuance costs on Listing Date	(26,783)	–	–	–	(26,783)
Manager's acquisition fee paid or payable in units	14,449	–	–	–	14,449
Manager's base fee paid or payable in units	7,221	–	–	–	7,221
Manager's performance fee paid or payable in units	2,352	–	–	–	2,352
Purchase of units	(6,236)	6,236	–	–	–
Cancellation of treasury units	–	(6,236)	–	–	(6,236)
Distribution to Unitholders	(9,582)	–	–	(17,135)	(26,717)
Total transactions with Unitholders for the period	958,771	–	–	(17,135)	941,636
At 31 December 2022	958,771	–	383	5,186	964,340

* less than 1,000.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

	Note	Group Period from 10 November 2021 (date of constitution) to 31 December 2022 US$'000
Cash flows from operating activities		
Profit before tax		20,020
Adjustments for:		
Property related non-cash items		(6,844)
Manager's fees paid or payable in units		9,573
Finance income	19	(121)
Finance expense	19	10,642
Unrealised foreign exchange losses	20	2,293
Share of loss of an associate	9	462
Net change in fair value of investment properties	7	28,805
Operating profit before working capital changes		64,830
Changes in working capital:		
Trade and other receivables		(5,939)
Prepaid expenses		1,440
Trade and other payables		18,163
Rent received in advance		(1,487)
Net cash generated from operations		77,007
Tax paid		(784)
Net cash generated from operating activities		76,223
Cash flows from investing activities		
Acquisition of investment properties and related assets and liabilities [1]		(1,294,712)
Additions to investment properties	7	(2,596)
Investment in an associate		(68,916)
Advance to an associate		(80,288)
Net cash used in investing activities		(1,446,512)
Cash flows from financing activities		
Proceeds from issuance of units		977,350
Payment of transaction costs relating to issuance of units		(26,783)
Proceeds from loans and borrowings		497,518
Payment of debt-related transaction costs		(5,571)
Net proceeds from preferred units		99
Interest paid on loans and borrowings		(8,540)
Interest paid on preferred units		(14)
Dividends paid to non-controlling interests		(6,037)
Distribution to Unitholders		(26,717)
Purchase of units		(5,783)
Net cash from financing activities		1,395,522
Net increase in cash and cash equivalents		25,233
Cash and cash equivalents at 10 November 2021 (date of constitution)		–
Effect of exchange rate fluctuations on cash held in foreign currency		8
Cash and cash equivalents at 31 December 2022	4	25,241

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

1 Acquisition of investment properties and related assets and liabilities is set out below.

	Group
	Period from 10 November 2021 (date of constitution) to 31 December 2022 US$'000
Investment properties (including acquisition costs)	1,442,207
Trade and other receivables	1,200
Prepaid expenses	2,181
Rent received in advance	(6,826)
Net assets acquired	1,438,762
Less: Non-controlling interests	(144,050)
Net cash outflow on acquisition	1,294,712

Significant non-cash transactions

During the financial period ended 31 December 2022, there were the following significant non-cash transactions:

(i) The Trust issued units amounting to US$5.5 million as payment for the base fee element of the Manager's management fees.

(ii) The Trust issued units amounting to US$13.0 million as payment for the acquisition fee element of the Manager's management fees.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager on 20 March 2023.

1 GENERAL

Digital Core REIT (the "Trust") is a Singapore real estate investment trust constituted pursuant to the trust deed dated 10 November 2021 (as amended) (the "Trust Deed") 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 the date of constitution 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 consolidated financial statements relate to the Trust and its subsidiaries (the "Group") and the Group's interest in equity-accounted investee.

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 and 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 Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are summarised below.

1.1 Manager's management fees

The Manager is entitled under the Trust Deed to receive base fee, performance fee, acquisition and divestment fee and development management fee as follows:

(i) Base fee

A base fee of 0.5% per annum of the value of all the assets of the Group ("Deposited Property").

The base fee is payable in the form of cash and/or units as the Manager may elect prior to the end of the financial period.

(ii) Performance fee

A performance fee of 3.5% per annum of net property income.

The performance fee is payable in the form of cash and/or units as the Manager may elect prior to the end of the financial period.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

1 GENERAL (cont'd)

1.1 Manager's management fees (cont'd)

(iii) Acquisition and divestment fee

The Manager is entitled to receive the following fees:

(a) an acquisition fee at the rate of 1.0% each for the acquisition price of any real estate purchased, the underlying value of real estate which is taken into account when computing the acquisition price payable (purchased) and the acquisition price of investment purchased by the Trust.

(b) a divestment fee at a rate of 0.5% each for the sale price of real estate sold or divested, the underlying value of real estate which is taken into account when computing the sale price (sold or divested) and the sale price of investment sold or divested by the Trust.

The acquisition and divestment fees are payable in the form of cash and/or units as the Manager may elect, such election to be made prior to the payment of the fees.

(iv) Development management fee

The Manager is entitled to receive development management fee of 3.0% of the total project costs incurred in a development project undertaken and managed by the Manager on behalf of the Trust.

1.2 Trustee's fees

The Trustee's fees shall be charged at a rate of 0.015% of Deposited Property per annum, with a minimum of S$15,000 per month, excluding out-of-pocket expenses and good and services tax in accordance with the Trust Deed.

The Trustee's fee is accrued and payable out of the value of Deposited Property on a monthly basis, in arrears.

1.3 Property management fee

Under the property management agreement entered into between each of the property owners and the respective property managers, the property owner is required to pay the property manager a management fee equal to 2.0% of gross revenue.

The property management fee shall be paid quarterly in arrears in cash, subject to the property manager's right to elect and receive all or a portion of the property management fee in the form of units.

1.4 Other management fee

The Manager may appoint, or the Trustee or any entity which is held by the Trust (whether wholly or partially) may, at the recommendation of the Manager appoint asset managers, investment managers or any other entities to provide asset management services or investment management services in respect of any asset of the Trust from time to time and the Manager's fees payable to the Manager will be reduced by the amount of any fees payable to such entities for asset management, acquisition, divestment or development management services.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") 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 provisions of the Trust Deed.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment properties, derivative financial instruments and certain financial assets and financial liabilities which are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in United States dollars ("US$"), which is the functional currency of the Trust. All financial information presented in United States dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the Manager 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 the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 7 – Investment properties.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The Manager has the overall responsibility for the appointment of independent professional valuers, where necessary, and all significant fair value measurements and reports directly to the Board of Directors of the Manager.

When measuring the fair value of an asset or a liability, the Manager uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as per Note 26.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

2 BASIS OF PREPARATION (cont'd)

2.3 Use of estimates and judgments (cont'd)

Measurement of fair values (cont'd)

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 6 Derivative financial instruments;

Note 7 Investment properties; and

Note 26 Fair value of assets and liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation

(i) Business combinations

Non-controlling interests ("NCI") that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets, at the date of acquisition. The measurement basis is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by IFRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are initially recognised at cost, which includes the transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Accounting for subsidiaries by the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Foreign currency

(i) Foreign currency transactions

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

Transactions in foreign currencies are translated to the functional currency of the Group entities at exchange rates at the dates of the transactions. The functional currencies of the Group entities are United States dollars ("US$"), Canadian dollars ("C$") and Euro ("€"). Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US$ at the exchange rates prevailing at the end of the reporting date. The income and expenses of foreign operations are translated to US$ at average exchange rates for the reporting period.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to NCI. When a foreign operation is disposed such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.3 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Fair value is determined in accordance with the Trust Deed, which requires an investment property to be valued by independent registered valuers in such manner and frequency as required under the CIS Code issued by MAS.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to the Manager. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Manager; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

– the change is necessary as a direct consequence of the reform; and

– the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associates with highly probable forecast transactions from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in cost of hedging reserve within equity.

For hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(vii) Unitholders' funds

Unitholders' funds represent mainly the Unitholders' residual interest in the Group's net assets upon termination and is classified as equity. Incremental costs directly attributable to the issuance, offering and placement of the units in the Trust are deducted directly against Unitholders' funds.

(viii) Preferred units

The Group's preferred units are classified as financial liabilities, because they are redeemable on a specific date and bear non-discretionary dividends. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

3.5 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group leases out its investment properties. The Group recognises lease payments received from investment property under operating leases as income on a straight- line basis over the lease term as part of 'revenue'.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.7 Revenue

Rental income from operating leases

Rental income receivable under operating leases is recognised in the statement of profit or loss on a straight-line basis over the term of the lease. Variable rentals are recognised as income in the accounting period in which they are earned, and the amount can be measured reliably.

3.8 Dividend and distribution income

Dividend and distribution income are recognised in profit or loss on the date that the Trust's right to receive payment is established.

3.9 Finance income and finance costs

Finance income comprise interest income on advance to an associate and cash and cash equivalents, which are recognised using the effective interest method.

Finance costs comprise interest expense on borrowings, including amortisation of transaction costs, which are recognised in profit or loss using the effective interest method over the period for which the borrowings are granted.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Government grants

Government grants are recognised when there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grants. Grants that compensate the Group for expenses incurred are recognised in profit or loss as a deduction to the related expenses on a systematic basis in the same periods in which the expenses are recognised. Grants that are related to revenue and for the Trust are recognised as 'other income' on a systematic basis.

3.11 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries and associate to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale and the Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Tax expense (cont'd)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Group has certain tax rulings or confirmations from the Inland Revenue Authority of Singapore ("IRAS")/ Ministry of Finance ("MoF") in relation to Singapore income tax treatment of certain income from its properties.

<u>Foreign-sourced Income Tax Exemption</u>

Pursuant to the Foreign-sourced Income Tax Exemption granted by the MoF and subject to the meeting of certain terms and conditions of the tax ruling, Digital Core REIT and/or its subsidiaries (Digital CR Singapore 1 Pte. Ltd., Digital CR Singapore 2 Pte. Ltd., Digital CR Singapore 3 Pte. Ltd., Digital CR Singapore 4 Pte. Ltd. And Digital CR Singapore 5 Pte. Ltd. (collectively, the "Singapore Subsidiaries)), will be exempted from Singapore tax on foreign-sourced dividends and interest income received from overseas entities in United States, Canada and The Netherlands / Germany.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and capital proceeds would be exempted from Singapore income tax in the hands of all Unitholders.

3.12 Distribution policy

The Trust's distribution policy is to distribute 100% of distributable income for the period from the Listing Date to 31 December 2023. Thereafter, the Trust 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.

The Trust makes distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates.

3.13 Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Manager to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the senior management of the Manager include items directly attributable to a segment as well as those that can allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Trust's head office), head office expenses and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire and fit-out investment properties.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 New standards and amendments not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 10 November 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following new IFRSs, interpretations and amendments to IFRSs are not expected to have a significant impact on the Group's and Trust's financial statements.

- IFRS 17 *Insurance Contracts and* Amendments to IFRS 17 *Insurance Contracts*
- Amendments to IFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*
- Amendments to IFRS 3 *Reference to the Conceptual Framework*
- Amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to IAS 37 *Onerous Contracts – Costs of Fulfilling a Contract*
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*
- Annual Improvements to IFRSs 2018 – 2020
- Amendments to IAS 2 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*
- Amendments to IAS 8 *Definition of Accounting Estimates*
- Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

4 CASH AND CASH EQUIVALENTS

	Group	Trust
	2022	**2022**
	US$'000	**US$'000**
Fixed deposit with financial institution	7,400	7,400
Cash at banks and in hand	17,841	1,575
	25,241	8,975

The weighted average effective interest rate relating to fixed deposit for the period from 10 November 2021 (date of constitution) to 31 December 2022 for the Group and the Trust is 4.13% per annum, respectively.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

5 TRADE AND OTHER RECEIVABLES

	Group 2022 US$'000	Trust 2022 US$'000
Trade receivables	4,792	–
Allowance for expected credit loss	(25)	–
	4,767	–
Amounts due from:		
– subsidiaries (non-trade)	–	91,500
– related companies (non-trade)	13	13
Dividend receivable	–	2,254
VAT receivables	1,961	1,958
Other receivables	398	3
	2,372	95,728
	7,139	95,728

The non-trade amounts due from subsidiaries and related companies are recharges and intercompany loans which are unsecured, interest-free and repayable on demand.

The Group's and Trust's exposure to credit and currency risks are disclosed in Note 26.

6 DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Trust		
	Contract/ Nominal Amount US$'000	Assets US$'000	Liabilities US$'000
2022			
Interest rate swap	424,870	1,417	(1,034)
Derivative financial instruments as a percentage to the net assets attributable to Unitholders			0.04%

The Group uses interest rate swaps to manage the exposure to interest rate movements on floating rate interest-bearing bank borrowings by hedging the interest expense on a portion of interest-bearing bank borrowings from floating rates to fixed rates.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

7 INVESTMENT PROPERTIES

	Group 2022 US$'000
At 10 November 2021 (date of constitution)	–
Acquisition (including acquisition costs)	1,455,172
Capital expenditure	2,596
Currency translation difference	(12,011)
Net fair value change in investment properties	(21,961)
At 31 December 2022	1,423,796

Investment properties comprise data centre interconnection and miscellaneous other types of spaces which are leased to external customers for the purpose of interconnection services.

	Group 2022 US$'000
Consolidated Statement of Profit or Loss and Other Comprehensive Income	
Net fair value change in investment properties	(21,961)
Effect of straight lining	(6,844)
Net fair value change recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income	(28,805)

Measurement of fair value

(i) Fair value hierarchy

Investment properties are stated at fair value as at 31 December 2022 and are based on the valuations performed by the independent professional valuers, Cushman & Wakefield of North Carolina, Inc. and Cushman & Wakefield of Washington, DC, Inc.

The fair value of investment properties has been categorised as a Level 3 fair value measurement based on the inputs to the valuation techniques used.

(ii) Valuation techniques

The fair values take into consideration the market values of the properties, 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 have each acted knowledgeably, prudently and without compulsion. The specific condition and characteristics inherent in each of the properties are taken into consideration in arriving at the property valuation.

The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate and terminal capitalisation rate, which are unobservable. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

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.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

7 INVESTMENT PROPERTIES (cont'd)

(iii) Key unobservable inputs

The following table shows the range of key unobservable inputs used in the valuation reports:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows analysis	• Discount rates of 5.50% to 7.00%	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rates of 4.75% to 5.00%	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).

(iv) Investment properties held by the Group

			Group
Description of property	Location	Tenure of land	2022 US$'000
44520 Hastings Drive	Northern Virginia	Freehold	321,000
8217 Linton Hall Road	Northern Virginia	Freehold	280,000
43831 Devin Shafron Drive	Northern Virginia	Freehold	55,200
3011 Lafayette Street	Silicon Valley	Freehold	176,000
2401 Walsh Avenue	Silicon Valley	Freehold	110,000
2403 Walsh Avenue	Silicon Valley	Freehold	68,000
1500 Space Park Drive	Silicon Valley	Freehold	115,000
200 North Nash Street	Los Angeles	Freehold	69,000
3015 Winona Avenue	Los Angeles	Freehold	54,000
371 Gough Road	Toronto	Freehold	175,596
			1,423,796

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

8 SUBSIDIARIES

	Trust 2022 US$'000
Unquoted equity, at cost	1,364,905

Details of the subsidiaries directly or indirectly held by the Trust are as follow:

Name of subsidiaries	Principal activities	Principal place of business / Country of incorporation	Effective interest 2022 %
Direct subsidiaries:			
Digital CR Singapore 1 Pte. Ltd. [1, 5]	Investment holding	Singapore	100
Digital CR Singapore 2 Pte. Ltd. [1, 5]	Investment holding	Singapore	100
Digital CR Singapore 3 Pte. Ltd. [1, 5]	Investment holding	Singapore	100
Digital CR Singapore 4 Pte. Ltd. [1, 5]	Investment holding	Singapore	100
Digital CR Singapore 5 Pte. Ltd. [1, 5]	Investment holding	Singapore	100
Indirect subsidiaries:			
Digital Gough, LLC [2, 4, 5]	Investment holding	Canada	90
Digital Porpoise JV, LLC [2, 3, 5]	Investment holding	United States	90
Digital Quill JV, LLC [2, 3, 5]	Investment holding	United States	90
Digital Stoughton JV, LLC [2, 3, 5]	Investment holding	United States	90
Digital Nash JV, LLC [2, 3, 5]	Investment holding	United States	90
Digital Walsh 1 JV, LLC [2, 3, 5]	Investment holding	United States	90
Digital Walsh 2 JV, LLC [2, 3, 5]	Investment holding	United States	90
Digital Winona JV, LLC [2, 3, 5]	Investment holding	United States	90
Digital Lafayette 2 JV, LLC [2, 3, 5]	Investment holding	United States	90
Digital Space Park JV, LLC [2, 3, 5]	Investment holding	United States	90

[1] Audited by KPMG LLP Singapore

[2] Not required to be audited by laws of country of incorporation

[3] Indirectly held by Digital CR Singapore 1 Pte. Ltd.

[4] Indirectly held by Digital CR Singapore 3 Pte. Ltd.

[5] Newly incorporated during the period

9 ASSOCIATE

	Note	Group 2022 US$'000
Unquoted equity, at cost		72,767
Imputed interest on advance to an associate		9,166
Share of post-acquisition reserves		(468)
		81,465
Add:		
Advance to an associate	(a)	71,240
		152,705

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

9 ASSOCIATE (cont'd)

(a) Advance to an associate is unsecured, repayable on 17 December 2025 and carry a fixed interest rate of 3.0% per annum during the year. Advance to an associate has been discounted at its original effective interest rate.

Advance to an associate is denominated in EUR.

(b) The following is the associate of the Group.

	Principal place of business / Country of incorporation	Effective interest
		2022
		%
Digital Greenfield B.V.[1]	Germany / Netherlands	25

[1]The following summarises the financial information of the Group's material associate, Digital Greenfield B.V., based on the financial statement prepared in accordance with IFRS.

	Digital Greenfield B.V.
	US$'000
Revenue from date of acquisition to 31 December 2022	3,342
Profit excluding change in fair value of investment properties	482
Change in fair value of investment properties	(2,330)
Loss after tax from date of acquisition to 31 December 2022	(1,848)
Attributable to controlling shareholder	(1,386)
Attributable to the Group	(462)
Non-current assets	561,905
Current assets	16,457
Non-current liabilities	(284,487)
Current liabilities	(21,065)
Net assets	272,810
Attributable to controlling shareholder	204,607
Attributable to the Group	68,203
Group's interest in net assets of the associate at 10 November 2021 (date of constitution)	–
Acquisition during the year	68,030
Acquisition cost and other adjustments	4,731
Imputed interest on advance to an associate	9,166
Group's share of loss	(462)
Carrying amount of interest in an associate at end of the period	**81,465**

1 Audited by Koeleman accountants & belastingadviseurs B.V.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

10 DEFERRED TAXATION

Deferred tax assets and liabilities are attributable to the following:

	Group	
	Assets 2022 US$'000	Liabilities 2022 US$'000
Investment properties	1,525	(13,465)

The deferred tax assets and liabilities are not offset as they relate to taxes from different tax authorities (U.S. and Canada) with no legal enforceability to offset.

	At 10 November 2021 (date of constitution) US$'000	Recognised in profit or loss (Note 22) US$'000	Translation differences US$'000	At 31 December 2022 US$'000
Deferred tax assets				
Investment properties	–	1,510	15	1,525
Deferred tax liabilities				
Investment properties	–	(13,465)	–	(13,465)

11 TRADE AND OTHER PAYABLES

	Group 2022 US$'000	Trust 2022 US$'000
Trade payables	802	–
Amounts due to:		
– subsidiaries (non-trade)	–	687
– related companies (non-trade)	6,456	5,345
Accrued expenses	7,851	2,680
Interest payable	1,353	1,353
Other payables	3,708	1,027
	20,170	11,092

The non-trade amounts due to subsidiaries and related companies are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

12 LOANS AND BORROWINGS

	Group and Trust 2022 US$'000
Non-current	
Unsecured interest-bearing bank borrowings	499,870
Less: Unamortised upfront debt-related transaction costs	(4,836)
	495,034

As at 31 December 2022, the Group has committed US$200.0 million of undrawn capacity available on the Revolving Credit Facility to meet its future obligations.

Terms and debt repayment schedule

Terms and conditions of the outstanding loans and borrowings are as follows:

	Nominal interest rate %	Financial year of maturity	Group and Trust 2022 US$'000
US$ floating rate bank borrowings	SOFR [1] + margin	2026	347,630
EUR floating rate bank borrowings	EURIBOR [2] + margin	2025 – 2027	147,404
			495,034

1 Secured Overnight Financing Rate

2 Euro Interbank Offered Rate

Reconciliation of changes in liabilities arising from financing activities

		Financing cash flows		Non-cash changes		
	At 10 November 2021 (date of constitution) US$'000	Proceeds from loans and borrowings US$'000	Payment of financing expenses US$'000	Borrowing costs expensed US$'000	Foreign exchange movement US$'000	At 31 December 2022 US$'000
Unsecured interest-bearing term loans	–	497,518	(5,571)	735	2,352	495,034
Interest payable	–	–	(8,540)	9,893	–	1,353
	–	497,518	(14,111)	10,628	2,352	496,387

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

13 PREFERRED UNITS

	Group
	2022
	US$'000
At 10 November 2021 (date of constitution)	–
Issuance of preferred units (net of transaction costs)	99
At 31 December 2022	99

As at 31 December 2022, an indirect subsidiary of the Trust had issued 125 preferred units with a par value of US$1,000 per preferred unit.

The preferred units rank senior to all units of the indirect subsidiary. 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 which is payable annually in arrears.

The preferred units are not convertible or exchangeable for any other properties or securities of the subsidiaries. The Board of Directors of the subsidiary may, in its sole and absolute discretion, cause the subsidiary to redeem units of 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.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

14 NON-CONTROLLING INTERESTS

Non-controlling interests relate to the indirect 10% interest held by Digital Realty Trust, L.P., a related company, in the Trust's indirect subsidiaries that hold the investment properties.

The following table summarises the financial information of the Group's subsidiaries with material NCI based on their respective financial statements prepared in accordance with IFRS.

	Digital Space Park JV, LLC	Digital Lafayette 2 JV, LLC	Digital Winona JV, LLC	Digital Walsh 2 JV, LLC	Digital Walsh 1 JV, LLC	Digital Nash JV, LLC	Digital Stoughton JV, LLC	Digital Quill JV, LLC	Digital Porpoise JV, LLC	Digital Gough, LLC	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue from date of acquisition to 31 December 2022	7,500	17,368	3,457	3,932	6,316	4,593	2,644	30,133	22,352	16,655	
Profit/(Loss) after tax from date of acquisition to 31 December 2022	7,774	(1,962)	(1,752)	1,116	2,179	514	6,668	18,048	30,357	(9,509)	
Profit/(Loss) attributable to NCI from date of acquisition to 31 December 2022	777	(196)	(175)	111	218	51	667	1,805	3,036	(951)	5,343
Non-current assets	115,000	176,000	54,000	68,000	110,000	69,000	55,200	321,000	280,000	175,596	
Current assets	1,103	5,091	1,220	1,295	348	1,419	619	4,182	2,726	3,124	
Current liabilities	(1,283)	(5,954)	(1,145)	(1,495)	(326)	(1,396)	(578)	(4,674)	(3,159)	(3,591)	
Net assets	114,820	175,137	54,075	67,799	110,022	69,023	55,242	320,508	279,567	175,129	
Net assets attributable to NCI	11,481	17,514	5,408	6,780	11,002	6,902	5,524	32,051	27,957	17,513	142,132
Cash flows from operating activities	6,004	6,512	1,910	2,723	4,460	2,235	1,929	19,996	14,711	6,879	
Cash flows from investing activities	(185)	(805)	–	(221)	–	–	–	(501)	(478)	(406)	
Cash flows from financing activities	(4,791)	(4,300)	(935)	(1,235)	(4,157)	(1,261)	(1,349)	(15,520)	(11,811)	(3,903)	
Net increase in cash and cash equivalents	1,028	1,407	975	1,267	303	974	580	3,975	2,422	2,570	

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

15 UNITS IN ISSUE

		Group and Trust			
		No. of units		Amount	
	Note	Units in issue '000	Treasury units '000	Units in issue US$'000	Treasury units US$'000
Units issued:					
Units issued at the date of constitution		*	–	*	–
Issue of new units:					
Units issued at Listing Date	(a)	1,110,625	–	977,350	–
Units issued as payment for Manager's acquisition fee	(b)	14,732	–	12,965	–
Units issued as payment for Manager's base fee	(b)	6,189	–	5,523	–
Issuance cost		–	–	(26,783)	–
Capital distribution		–	–	(9,582)	–
Purchase of units	(c)	(10,654)	10,654	(6,236)	6,236
Cancellation of treasury units	(c)	–	(10,654)	–	(6,236)
At 31 December 2022		1,120,892	–	953,237	–
Units to be issued:					
Manager's acquisition fees	(d)	2,444	–	1,484	–
Manager's base fees	(e)	3,084	–	1,698	–
Manager's performance fees [1]	(f)	4,274	–	2,352	–
Issued and issuable units at 31 December 2022		1,130,694	–	958,771	–

[1] Estimated based on the 10-day volume weighted average price as at 31 December 2022.

* less than 1,000.

(a) On 6 December 2021 ("Listing Date"), the Trust issued 1,110,625,000 new units at an issue price of US$0.88 per unit.

(b) During the financial period from Listing Date to 31 December 2022, there were the following issuances of units to the Manager:

(i) 14,732,386 units at an issue price of US$0.88 per unit on Listing Date as payment for the acquisition fee in connection with the Listing;

(ii) 6,188,985 units at an issue price of US$0.6832 to US$1.1175 per unit as payment for the base fee of the Manager's management fees incurred for the period from Listing Date to 30 September 2022.

(c) During the financial period from Listing Date to 31 December 2022, 10,654,100 Units were purchased at a unit price ranging from US$0.5163 to US$0.6192 from the open market and subsequently cancelled.

(d) On 19 January 2023, 2,443,769 Units were issued at an issue price of US$0.6073 per unit in connection with the acquisition of the 25.0% interest in Digital Greenfield B.V.

(e) 3,084,216 units to be issued for base management fees for the period from 1 October 2022 to 31 December 2022 and 4,273,924 units to be issued for performance management fees paid in units for the period from the Listing Date to 31 December 2022, based on the volume weighted average price for the last 10 business days prior to 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

15 UNITS IN ISSUE (cont'd)

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and
- Have the right to receive notice of, attend and one vote per unit at any meeting of the Unitholders.

The Unitholders are entitled to receive all distributions declared and paid by the Trust. Upon winding up, the Unitholders are entitled to a return of capital based on the asset value per unit of the Trust.

The restrictions on Unitholders include the following:

- A Unitholder's right is limited to the right to acquire due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request the Manager to redeem his units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provision of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issuance of units for the Listing.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

16 GROSS REVENUE

	Group Period from 10 November 2021 (date of constitution) to 31 December 2022 US$'000
Rental income	79,469
Utilities reimbursements	16,942
Other recovery and operating income	18,539
	114,950

Other recovery and operating income consists of real estate related revenue and includes, amongst others, charges to tenants for reimbursements of certain real estate operating costs, insurance and real estate taxes and is estimated in accordance with the individual tenant leases.

17 PROPERTY OPERATING EXPENSES

	Group Period from 10 November 2021 (date of constitution) to 31 December 2022 US$'000
Utilities	16,743
Property taxes and insurance expenses	7,001
Repairs and maintenance	4,256
Property management fees	2,169
Other property expenses	10,478
	40,647

18 OTHER INCOME

Other income relates to a one-time grant from the Monetary Authority of Singapore ("MAS") under the Grant for Equity Market Singapore ("GEMS") scheme related to listing expenses.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

19 FINANCE INCOME AND FINANCE COSTS

	Group
	Period from 10 November 2021 (date of constitution) to 31 December 2022 US$'000
Finance income	
Interest income from:	
– advance to an associate	117
– cash and cash equivalents	4
	121
Finance costs	
Interest expense on loans and borrowings	(9,893)
Amortisation of debt-related transaction costs	(735)
Dividends on preferred units	(14)
	(10,642)

20 OTHER TRUST EXPENSES

	Group
	Period from 10 November 2021 (date of constitution) to 31 December 2022 US$'000
Auditors' remuneration	307
Tax compliance fees	287
Legal and professional fees	1,804
Valuation fees	70
Unrealised foreign exchange loss	2,293
Other expenses	1,411
	6,172

Other expenses include unit registrar and investor relations costs, internal audit fee and other miscellaneous expenses.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

21 TAX EXPENSE

	Group
	Period from 10 November 2021 (date of constitution) to 31 December 2022 US$'000
Current tax expense	
Current year	1,184
Deferred tax expense	
Movement in temporary differences	11,955
Total tax expense	13,139

Reconciliation of effective tax rate

	Group
	Period from 10 November 2021 (date of constitution) to 31 December 2022 US$'000
Profit before tax	20,020
Add: Share of loss of an associate	462
Profit before share of profit of associates and tax	20,482
Tax calculated using Singapore tax rate of 17%	3,482
Effect of different tax rates arising from foreign jurisdiction	9,092
Expenses not deductible for tax purposes	1,994
Tax exempt income	(1,429)
Tax expense	13,139

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

22 EARNINGS PER UNIT

	Group
	Period from 10 November 2021 (date of constitution) to 31 December 2022 US$'000
Profit after tax attributable to Unitholders	1,538
Basic EPU	
Weighted average number of units at end of the financial period ('000) [1]	1,120,917
Basic earnings per unit (US cents)	0.14
Diluted EPU	
Weighted average number of units at end of the financial period ('000) [2]	1,130,694
Diluted earnings per unit (US cents)	0.14

[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.

23 LEASES

Leases as lessor

The Group leases out its investment properties, comprising data centre and miscellaneous other types of spaces which are leased to external customers for the purpose of data centre services (see Note 7). The Group has classified these leases as operating leases.

The Group leases out its investment properties to tenants with lease tenures of 1 to 16 years, with certain leases having options to renew. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from investment properties recognised by the Group during financial period was US$79,469,000.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group
	2022 US$'000
Operating leases under IFRS 16	
Less than one year	67,796
One to two years	64,805
Two to three years	38,829
Three to four years	23,209
Four to five years	19,205
More than five years	159,625
Total	373,469

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

24 SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party 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 with the parties. During the financial period, other than those disclosed elsewhere in the financial statements, the following significant related party transactions were carried out on terms agreed with related parties:

	Group
	Period from 10 November 2021 (date of constitution) to 31 December 2022 US$'000
Acquisition of investment properties from a related party	(1,296,450)
Acquisition of an interest in an associate from a related party	(148,410)
Acquisition fee paid/payable to the Manager	(14,449)
Manager's management fees paid/payable to the Manager	(9,573)
Property management fees paid/payable to property managers	(2,169)
Other property related reimbursement costs to property managers	(4,110)
Interest income from advances to an associate	117
Trustee fees paid/payable	(173)

25 FINANCIAL RISK MANAGEMENT

Overview

The Group's activities expose it to credit risk, liquidity risk, market risk and interest rate risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors ("BOD") of the Manager is responsible for setting the objectives and underlying principles of financial risk management of the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

As at 31 December 2022, the Group's aggregate leverage was 34.0% with an interest coverage ratio ("ICR") of 5.7 times in accordance with the Appendix 6 of the CIS Code issued by MAS (the "Property Funds Appendix"). The Group has complied with the aggregate leverage limited during the financial period.

Credit risk

Credit risk is the risk of financial loss to the Group resulting from the failure of a tenant or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

25 FINANCIAL RISK MANAGEMENT (cont'd)

Trade receivables

Credit evaluations are performed by the Manager on all tenants before lease agreements are entered into. The Manager also monitors the amount owing by the tenants on an ongoing basis.

Cash and cash equivalents

Cash and cash equivalents are placed with financial institutions which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The ECL on cash and cash equivalents is negligible.

Derivative financial instruments

Transactions involving derivative financial instruments are entered only with counterparties that are regulated.

The Group believes that there is little credit risk inherent in the Group's loans and receivables, based on historical payment behaviours and the security deposits held. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Manager monitors the liquidity risk of the Group and maintains a level of cash deemed adequate by Manager to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

25 FINANCIAL RISK MANAGEMENT (cont'd)

***Liquidity risk** (cont'd)*

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities and derivative financial instruments at the end of the reporting period based on contractual undiscounted repayment obligations.

			Contractual cash flows		
	Carrying amount US$'000	Total US$'000	Not later than 1 year US$'000	Between 1 and 5 years US$'000	More than 5 years US$'000
Group					
31 December 2022					
Non-derivative financial liabilities					
Loans and borrowings	495,034	578,940	20,179	558,761	–
Trade and other payables	20,170	20,170	20,170	–	–
Preferred units	99	200	15	60	125
	515,303	599,310	40,364	558,821	125
Derivative financial instruments					
Interest rate swaps used for hedging	1,034	1,702	374	1,328	–
	1,034	1,702	374	1,328	–
	516,337	601,012	40,738	560,149	125

			Contractual cash flows		
	Carrying amount US$'000	Total US$'000	Not later than 1 year US$'000	Between 1 and 5 years US$'000	More than 5 years US$'000
Trust					
31 December 2022					
Non-derivative financial liabilities					
Loans and borrowings	495,034	578,940	20,179	558,761	–
Trade and other payables	11,092	11,092	11,092	–	–
	506,126	590,032	31,271	558,761	–
Derivative financial instruments					
Interest rate swaps used for hedging	1,034	1,702	374	1,328	–
	1,034	1,702	374	1,328	–
	507,160	591,734	31,645	560,089	–

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

25 FINANCIAL RISK MANAGEMENT (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates which will affect the Group's income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its interest-bearing financial liabilities. The Manager manages the Group's interest rate exposure through hedging via floating-to-fixed interest rate swaps. The Manager actively reviews the Group's debt portfolio, taking into account the investment holding period and nature of its assets.

Sensitivity analysis

The Group does not account for any fixed rate instruments at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A 100 basis point ("bp") movement in interest rate at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Group and Trust
	US$'000
2022	
100 bp increase	(1,250)
100 bp decrease	1,250

Foreign currency risk

The Group's exposure to foreign currency risk relates to its investments in foreign operations. The Group's business is not exposed to significant currency risk as all but one of its indirect subsidiary hold investment properties located in the United States and the cash flows from the operations of these investment properties are denominated in United States dollars. One of the Group's indirect subsidiaries holds an investment property located in Canada and operates in Canadian dollars, exposing the related cash flows to fluctuations in currency exchange rates.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country where its investment properties are located. The Group will receive distributions in United States dollars from its investment properties which will be passed to the Unitholders, either in United States dollars or converted to Singapore dollars at the spot foreign exchange rate.

The Group is exposed to fluctuations in the cross-currency rates of the United States dollars and Singapore dollars for operating expenses incurred in Singapore, which are not expected to be material. Where appropriate, based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

25 FINANCIAL RISK MANAGEMENT (cont'd)

Foreign currency risk (cont'd)

As at the reporting date, the Group's and Trust's exposure to foreign currencies in relation to financial assets and liabilities was as follows:

	Euro
	Group and Trust
	2022
	US$'000
Advance to an associate	71,240
Loans and borrowings	(149,870)
Net Exposure	(78,630)

Sensitivity analysis

At the reporting date, a 5% strengthening (weakening) of the Euro, as indicated below, against the US$ would have increase (decrease) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Euro
	Group and Trust
	2022
	US$'000
2022	
5% strengthening	(3,930)
5% weakening	3,930

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

26 FAIR VALUE OF ASSETS AND LIABILITIES

(i) Accounting classifications and fair value

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			
	At amortised cost US$'000	FVTPL US$'000	Other financial liabilities US$'000	Total US$'000
Group				
31 December 2022				
Financial assets measured at fair value				
Derivative financial assets	–	1,417	–	1,417
	–	1,417	–	1,417
Financial assets not measured at fair value				
Cash and cash equivalents	25,241	–	–	25,241
Trade and other receivables [1]	5,178	–	–	5,178
	30,419	–	–	30,419
Financial liabilities measured at fair value				
Derivative financial liabilities	–	(1,034)	–	(1,034)
	–	(1,034)	–	(1,034)
Financial liabilities not measured at fair value				
Trade and other payables	–	–	(20,170)	(20,170)
Loans and borrowings	–	–	(495,034)	(495,034)
Preferred units	–	–	(99)	(99)
	–	–	(515,303)	(515,303)
Trust				
31 December 2022				
Financial assets measured at fair value				
Derivative financial assets	–	1,417	–	1,417
	–	1,417	–	1,417
Financial assets not measured at fair value				
Cash and cash equivalents	8,975	–	–	8,975
Trade and other receivables [1]	93,770	–	–	93,770
	102,745	–	–	102,745
Financial liabilities measured at fair value				
Derivative financial liabilities	–	(1,034)	–	(1,034)
	–	(1,034)	–	(1,034)
Financial liabilities not measured at fair value				
Trade and other payables	–	–	(11,092)	(11,092)
Loans and borrowings	–	–	(495,034)	(495,034)
	–	–	(506,126)	(506,126)

[1] Excludes VAT receivables

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

26 FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

(i) Accounting classifications and fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period.

	Quoted prices in active markets for identical instruments (Level 1)	Significant unobservable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Group				
31 December 2022				
Non-financial assets				
Investment properties	–	–	1,423,796	1,423,796
Total non-financial assets	–	–	1,423,796	1,423,796
Financial assets				
Derivative financial assets	–	1,417	–	1,417
Total financial assets	–	1,417	–	1,417
Financial liabilities				
Derivative financial liabilities	–	(1,034)	–	(1,034)
Total financial liabilities	–	(1,034)	–	(1,034)

(ii) 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.

(iii) Level 3 fair value measurements

The Group carries its investment properties at fair value with changes in fair value being recognised in profit or loss, 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 acted knowledgeably, prudently and without compulsion.

The valuation techniques and key unobservable inputs used in determining the fair value of investment properties categorised under Level 3 of the fair value hierarchy are disclosed in Note 7.

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 is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 10 NOVEMBER 2021 (DATE OF CONSTITUTION) TO 31 DECEMBER 2022

27 OPERATING SEGMENT

For segment reporting purposes, the primary segment is by geography, and it comprises the North America (U.S. and Canada) and Germany. 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 in.

	North America US$'000	Germany US$'000	Total US$'000
For the period from 10 November 2021 (date of constitution) 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 loss of an associate	–	(462)	(462)
Reportable segment profit before tax	**40,665**	**(462)**	**40,203**
Unallocated items:			
Other income			1,423
Finance income			121
Finance costs			(10,642)
Manager's base fee			(2,388)
Manager's performance fee			(2,352)
Trustee's fees			(173)
Other trust expenses			(6,172)
Profit before tax			**20,020**

	North America US$'000	Germany US$'000	Total US$'000
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**

28 COMPARATIVE INFORMATION

No comparative figures have been presented as this is the first set of financial statements prepared for the Group and Trust since the date of constitution.

29 SUBSEQUENT EVENTS

On 19 January 2023, 2,443,769 Units were issued at an issue price of US$0.6073 per unit in connection with the acquisition of the 25.0% interest in Digital Greenfield B.V.

On 2 February 2023, the Manager announced a distribution of 1.92 US cents per Unit for the period from 1 July 2022 to 31 December 2022.

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year which fall under the Listing Manual of the SGX-ST and the Property Funds Appendix of the CIS Code are as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000) Period from 06 December 2021 (Listing date) to 31 December 2022 US$'000	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) Period from 06 December 2021 (Listing date) to 31 December 2022 US$'000
Digital Realty and its subsidiaries	Digital Realty is a "controlling Unitholder" of Digital Core REIT and a "controlling shareholder" of the Manager		
– Acquisition of a 25.0% interest in Digital Greenfield B.V		148,410[1]	–
– Manager's acquisition fees		14,449	–
– Manager's management fees		9,573	–
– Property management fees		2,169	–
– Other property-related reimbursement costs		4,110	–
– Interest income		117	–
Perpetual (Asia) Ltd	Trustee of the REIT		
– Trustee fees		173	–

1 Based on an agreed consideration of EUR139,575,000 for the shares of and an equivalent percentage participation interest in a loan to Digital Greenfield B.V. with a EUR/USD exchange rate of 1.0633 as at acquisition closing date.

ADDITIONAL INFORMATION

Certain other interested person transactions outlined in the Prospectus dated 10 November 2021 are deemed to have been approved by the Unitholders and are therefore not subjected to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the Prospectus and there is no subsequent change to the rates and/or bases of fees charged thereunder which will adversely affect Digital Core REIT.

Digital Core REIT has not obtained a general mandate from Unitholders for interested person transactions for the financial year under review.

Save as disclosed above, there were no other interested person transactions (excluding transactions of less than $100,000 each) entered into during the financial year under review nor any material contracts entered into by Digital Core REIT that involved the interest of the Chief Executive Officer, any Director or controlling Unitholder of Digital Core REIT.

Please also see significant related party transactions on Note 24 in the financial statements.

SUBSCRIPTION OF DIGITAL CORE REIT UNITS

During the financial period from Listing Date to 31 December 2022, Digital Core REIT issued 20,921,371 new Units as payment of acquisition and management base fees to the Manager.

OPERATING EXPENSES AND TAXATION

According to disclosure requirements under paragraph 11.1 item (I) of the Appendix 6 to Code on Collective Investment Schemes, the total operating expenses incurred by Digital Core REIT for the period from Listing Date to 31 December 2022 was US$13.6 million. The amount included all fees and charges paid to the Manager and interested parties. This translates to 1.5% of the property fund’s net assets attributable to Unitholders as at 31 December 2022. Taxation incurred was US$13.1 million.

STATISTICS OF UNITHOLDING

AS AT 28 FEBRUARY 2023

ISSUED AND FULLY PAID UNITS

1,123,336,041 units (voting rights: 1 vote per unit)
Market Capitalisation of US$691,975,001 (based on closing unit price of US$0.616 on 28 February 2023)

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	0	0.00	0	0.00
100 – 1,000	1,332	21.73	1,283,900	0.11
1001 – 10,000	4,158	67.83	15,374,100	1.37
10,001 – 1,000,000	625	10.20	24,389,365	2.17
1,000,001 AND ABOVE	15	14.54	1,082,288,676	96.35
TOTAL	**6,130**	**100.00**	**1,123,336,041**	**100.00**

TWENTY LARGEST UNITHOLDERS

	Name	No. of Units	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	549,725,352	48.94
2	RAFFLES NOMINEES (PTE.) LIMITED	137,921,026	12.28
3	DBS NOMINEES (PRIVATE) LIMITED	125,783,404	11.20
4	HSBC (SINGAPORE) NOMINEES PTE LTD	114,751,744	10.22
5	DBSN SERVICES PTE. LTD.	97,329,872	8.66
6	BPSS NOMINEES SINGAPORE (PTE.) LTD.	33,437,029	2.98
7	DIGITAL CORE REIT MANAGEMENT PTE LTD	5,211,131	0.46
8	DB NOMINEES (SINGAPORE) PTE LTD	4,965,100	0.44
9	IFAST FINANCIAL PTE. LTD.	2,923,700	0.26
10	PHILLIP SECURITIES PTE LTD	2,810,218	0.25
11	OCBC SECURITIES PRIVATE LIMITED	1,985,200	0.18
12	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,638,100	0.15
13	ABN AMRO CLEARING BANK N.V.	1,474,800	0.13
14	CHONG GEORGE	1,211,200	0.11
15	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,120,800	0.10
16	UOB KAY HIAN PRIVATE LIMITED	823,200	0.07
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	766,800	0.07
18	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	675,600	0.06
19	CHONG FOOK SENG PATRICK	600,000	0.05
20	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	380,000	0.03
		1,085,534,276	**96.64**

STATISTICS OF UNITHOLDING

AS AT 28 FEBRUARY 2023

THE MANAGER'S DIRECTORS' UNITHOLDINGS

Based on the Register of Directors' Unitholdings maintained by the Manager as at 21 January 2023, the direct and deemed interests of each Director of Digital Core REIT Management Pte. Ltd. in the Units in Digital Core REIT are as follows:

	Direct Interest		Deemed Interest	
Name of Directors	**No. of Units**	**%[1]**	**No. of Units**	**%[1]**
Jeffrey Tapley	–	–	–	–
John Herbert	–	–	–	–
Tan Jeh Wuan	300,000	0.03	–	–
Tsui Kai Chong	–	–	–	–
David Lucey	–	–	–	–

Notes:

(1) The percentage interest is based on total issued Units of 1,123,336,041 as at 28 February 2023.

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager as at 28 February 2023, the Substantial Unitholders of Digital Core REIT and their interests in the Units in Digital Core REIT are as follows:

	Direct Interest		Deemed Interest			
Name of Substantial Unitholders	**No. of Units**	**%[1]**	**No. of Units**	**%[1]**	**Total No. of Units held**	**%[1]**
Digital Realty Trust, Inc.[2]	–	–	398,765,141	35.50	398,765,141	35.50
Digital Realty Trust, L.P.[2]	–	–	398,765,141	35.50	398,765,141	35.50
Digital CR Singapore Holding, LLC	375,400,001	33.42	–	–	375,400,001	33.42
Daiwa Securities Group Inc.[3]	–	–	101,530,483	9.04	101,530,483	9.04
Sumitomo Mitsui Financial Group, Inc[4]	–	–	79,957,900	7.12	79,957,900	7.12
Sumitomo Mitsui DS Asset Management Company, Limited	79,957,900	7.12	–	–	79,957,900	7.12
APG Asset Management N.V.	77,610,791	6.91	–	–	77,610,791	6.91

Notes:

1 The percentage interest is based on total issued Units of 1,123,336,041 as at 28 February 2023.

2 Digital CR Singapore Holding, LLC is wholly owned by Digital Realty Trust, L.P. and Digital Realty Trust, L.P., is approximately 98% owned by Digital Realty Trust, Inc. By virtue of this, each of Digital Realty Trust, L.P. and Digital Realty Trust, Inc. has a deemed interest in all the Units which Digital CR Singapore Holding, LLC holds. In addition, Digital Core REIT Management Pte. Ltd. and Digital Realty Property Manager LLC, the Property Manager, are wholly owned by Digital Asia LLC, which in turn are wholly owned by Digital Realty Trust, L.P. By virtue of this, each of Digital Realty Trust, L.P. and Digital Realty Trust, Inc. has a deemed interest in the Units which Digital Core REIT Management Pte. Ltd. and Digital Realty Property Manager LLC hold.

3 Daiwa Securities Group Inc.'s deemed interest arises from its shareholding in the Units held by (i) Sumitomo Mitsui DS Asset Management, an affiliate of Daiwa Securities Group Inc. and (ii) Daiwa Asset Management Co. Ltd., a subsidiary of Daiwa Securities Group Inc.

4 Sumitomo Mitsui Financial Group, Inc is deemed to have an interest in the Units held by Sumitomo Mitsui DS Asset Management Company, Limited from its shareholding of 50.1% in Sumitomo Mitsui DS Asset Management Company, Limited.

PUBLIC UNITHOLDERS

Based on the Register of Substantial Unitholders' Unitholdings and information available to the Manager as at 28 February 2023, approximately 48.52% of the issued Units in Digital Core REIT is held by the public. Rules 1207(9)(e) and 723 of the SGX Listing Manual have been accordingly complied with.

TREASURY UNITS

As at 28 February 2023, there are no treasury units held by Digital Core REIT or the Manager.

CORPORATE INFORMATION

REGISTERED ADDRESS OF THE MANAGER

Digital Core REIT Management Pte. Ltd.
10 Collyer Quay
#42-06 Ocean Financial Centre
Singapore 049315
Tel: +65 6505 3948
Fax: +65 6505 3950
Website: www.digitalcorereit.com
Email: IR@digitalcorereit.com

TRUSTEE

Perpetual (Asia) Limited
8 Marina Boulevard
#05-02 Marina Bay Financial Centre
Singapore 018981

AUDITOR

KPMG LLP
12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961

AUDIT PARTNER-IN-CHARGE:

Lee Chin Siang Barry (with effect from the financial period from 10 November 2021 (date of constitution) to 31 December 2022)

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
Keppel Bay Tower #14-03/07
Singapore 098632

For updates or change of mailing address, please contact:

The Central Depository (Pte) Ltd

Tel: (65) 6535 7511
Email: asksgx@sgx.com
Website: www.sgx.com/cdp

COMPANY SECRETARIES

Lee Tiong Hock
Maureen Low
Sheena Han

Counter Name

DigiCore Reit

Stock Code

DCRU

DIGITAL
CORE REIT

Digital Core REIT Management Pte. Ltd.
10 Collyer Quay
#42-06 Ocean Financial Centre
Singapore 049315

www.digitalcorereit.com

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