DIGITAL
CORE REIT

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

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

RESPONSES TO SIAS QUERIES ON ANNUAL REPORT

Digital Core REIT Management Pte. Ltd., in its capacity as manager of Digital Core REIT (the "Manager"), refers to queries received from Securities Investors Association (Singapore) ("SIAS") in relation to the group's annual report for the financial year ended 31 December 2022. The Manager is providing its responses to these queries in the following Appendix.

Unless otherwise defined herein, all capitalised terms used and not defined herein have the meanings ascribed to them in the 2022 annual report.

By Order of the Board
John J. Stewart
Chief Executive Officer

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

19 April 2023

APPENDIX

Responses to SIAS Queries

Q1. As noted in the message to unitholders, the Manager has been active in ensuring that it delivers value to unitholders, including being agile on capital management, asset leasing, share buyback, acquisitions, etc.

(i) **Can the Manager clarify the Sponsor's role, if any, in the REIT's operational and strategic functions?**

The Manager has engaged various wholly-owned subsidiaries of the Sponsor to conduct the day-to-day management, operation, maintenance, leasing and servicing of the Digital Core REIT portfolio, including negotiation, administration and enforcement of leases, collection of rents, preparation and submission of proposed annual plans for review and approval, maintenance and repairs, negotiation and administration of other contracts, liaising with insurance carriers for processing of claims and other matters, monitoring of accounts, maintenance of books and records, and compliance with applicable laws.

In addition, the Manager has engaged various wholly-owned subsidiaries of the Sponsor to perform certain asset management functions, including those relating to asset management, acquisitions and divestitures, investments, property-level financing, accounting, legal and compliance.

(ii) **Can the Manager provide a detailed summary of the impact of the customer bankruptcy at 371 Gough Road on the REIT? Please disclose if the REIT had experienced any rental income losses from April 2022 to December 2022.**

The customer remained current on their rental obligations through the end of the third quarter of 2022, paid a portion of their rent during the fourth quarter of 2022 and forfeited their security deposit. As a result, the customer bankruptcy did not have any impact to DPU in 2022.

With the move-out of the customer, the occupancy for 371 Gough Road would decrease to 65% and the valuation of 371 Gough Road is 7.0% lower on a constant-currency basis and 13.6% lower relative to the IPO valuation (US$175.6 million vs US$203.3 million at IPO).

(iii) **How much of the 37,000 net rentable square feet vacated by the bankrupt customer has been leased out? When will the lease commence? What is the rental reversion?**

Shortly before year-end, the Manager executed a short-term lease agreement with an investment grade cloud service provider that covers half of the prior customer's rental payments at the same rent. There was no rental reversion, either positive or negative, on the re-leased capacity.

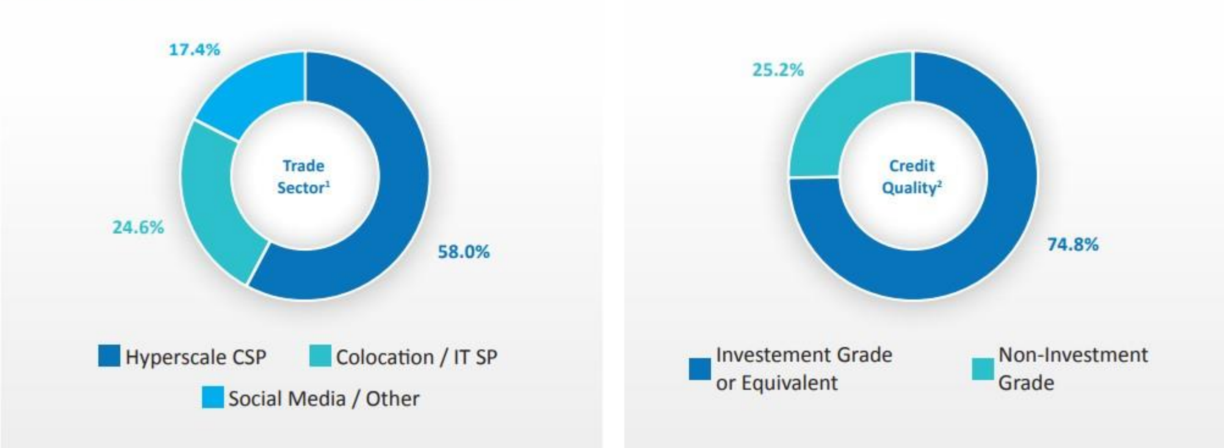
On 20 March 2023, the REIT further announced that the corporate credit rating of its second-largest customer was downgraded by Moody's Investors Services. The customer also announced that it had agreed with its lenders to extend the maturity date of its 2023 debt to April 2024. The tenant remains current on its rent obligations.

(iv) **In relation to the second-largest customer, what proactive measures is the Manager taking to safeguard the REIT's interests? What options or strategies are available to the Manager in this situation?**

Digital Core REIT owns mission-critical facilities concentrated in top-tier global data centre markets. Although any potential customer churn event could entail several months of downtime and some level of capital expenditures to re-lease any vacant capacity, the Manager believes Digital Core REIT owns highly marketable assets and expects to be able to backfill any potential future vacancy, given the current health of data centre fundamentals across its core markets in addition to the strength of the Sponsor's global data centre platform.

Q2. The REIT has a diversified customer profile with 23 customers as at 31 December 2022. As stated on page 33 of the annual report, 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%

(Extracted from annual report)

(i) Has the board or the audit and risk committee (ARC) evaluated the tenant concentration risks as the top three, top four and top seven customers account for 78.5%, 88.4% and 99.4% of total annualised rent, respectively?

Yes. As disclosed in our announcement dated 17 March 2023, substantially all (>99% of annualized revenue) of our customers are publicly traded companies and the vast majority (75% of annualized revenue) are investment grade (rated A- or higher). For additional reference, please see p. 13 of the Digital Core REIT-SIAS Virtual Dialogue Session Presentation dated 11 April 2023.

Our average credit quality is exceptionally strong, although our customer concentration is admittedly high. We intend to achieve diversification through external growth over time.

(ii) **Although 74.8% of revenue is derived from customers who are investment grade or equivalent, has the ARC critically assessed the customers who contribute 25.2% of annualised rent and are not investment grade?**

Yes. The Manager performs a quarterly risk-profiling exercise to identify material risks, including customer credit and concentration risks, and the ARC evaluates the adequacy and effectiveness of the mitigating measures put in place by the Manager.

(iii) **Can the ARC provide more details on the level of due diligence and credit assessment performed on these customers?**

As disclosed in our announcement dated 17 March 2023, substantially all (>99% of annualized revenue) of our customers are publicly traded companies and the vast majority (75% of annualized revenue) are investment grade (rated A- or higher). We carefully monitor the credit, financial and operating health of all our customers.

Q3. As at 31 December 2022, the REIT hedged 75% of its debt against rising interest rates. The "*sharp rise*" in interest rate reduced distributable income by US$5.4 million, or nearly half a cent per unit. Total finance expenses were US$10.3 million for FY2022 versus the IPO- forecast amount of US$(4.85) million. The Manager hedged 50% of its borrowings via floating-to-fixed interest rate swaps in 1H 2022 and another 25% in 2H 2022.

(i) **When do the interest rate swaps reach their expiration dates, and what is the average duration of these swaps?**

We have multiple swaps with varying tenors. As at 31 December 2022, the weighted average swap maturity was approximately two years.

(ii) **How does the Manager assess the current and future interest rate environment?**

We don't have a crystal ball and we aren't interest rate prognosticators, but we are cautiously optimistic the Fed may be nearing the end of its tightening cycle.

The REIT has a sizeable debt headroom of approximately US$468.0 million before the aggregate leverage ratio reaches the regulatory limit of 50%, set by the Monetary Authority of Singapore (MAS). The REIT had plans to acquire a larger stake in the Frankfurt property, along with another freehold data centre in Dallas, Texas. However, the plans were scaled back and the trust made its maiden acquisition as a listed REIT in December 2022 when it completed the acquisition of a 25% equity interest in a freehold data centre facility in Frankfurt for approximately US$146 million. This adds to the initial portfolio of 10 assets at the IPO on the listing date (6 December 2021).

(iii) **Given the current interest rate trends, how challenging would it be to make any value-accretive acquisitions? Are the REIT's acquisition plans put on hold for the time being?**

We believe our recent acquisition of a 25% interest in a state-of-the-art freehold facility in Frankfurt for US$150 million demonstrates our ability to execute upon our external growth strategy and deliver attractive DPU accretion despite challenging capital markets conditions.

The size of our Sponsor acquisition pipeline remains unchanged, and we still hope to be able to deliver significant strategic and financial benefits for unitholders (i.e., achieving scale, improving geographic and customer diversification, and enhancing overall portfolio quality while generating healthy DPU accretion). However, we are also mindful of preserving liquidity and managing leverage in the current macroeconomic environment.

(iv) **What key insights has the Manager derived over the past 16 months since the IPO and the completion of its maiden acquisition?**

The high points have been building a team, building a business, and the actions we've taken to deliver accretion for unitholders – namely, our inaugural acquisition, repurchasing units at a deep discount to NAV, containing costs and negotiating the cash flow support agreement with the Sponsor. The low points have included a customer bankruptcy, the DPU impact of rapidly rising interest rates, and the disappointing unit price performance.

The main challenges include successfully navigating the uncertain current economic environment and balancing the strategic objectives of achieving scale, diversification, and delivering accretion while preserving liquidity and managing leverage.

Important Notice

This announcement is for information only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for units in Digital Core REIT (“**Units**”) in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by Digital Core REIT, the Manager or any of their respective affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request the Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.