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.

ANNUAL GENERAL MEETING TO BE HELD ON 20 APRIL 2023
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

We refer to the notice dated 27 March 2023 convening the annual general meeting of Digital Core REIT ("**Notice of AGM**"). Digital Core REIT Management Pte. Ltd., in its capacity as manager of Digital Core REIT (the "**Manager**"), would like to thank all unitholders of Digital Core REIT ("**Unitholders**") who have submitted their questions in advance of our Annual General Meeting ("**AGM**") to be convened and held by way of electronic means on Thursday, 20 April 2023 at 8.30 a.m. (Singapore Time).

The Manager's responses to the key questions received from Unitholders prior to 8.30 a.m. (Singapore Time) on Monday, 17 April 2023, can be found in the Appendix to this announcement. Any further key questions received from Unitholders after this date will be addressed by the Manager at the AGM.

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

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

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

John Stewart
Chief Executive Officer

Singapore
19 April 2023

APPENDIX

Digital Core REIT Annual General Meeting 2023

Responses to Substantial and Relevant Questions

A.	Operations and Portfolio
1.	**In a short period of a year, there have been two major tenants facing bankruptcy. Why did Digital Core not disclose this early until it became public? Are there more tenants facing financial difficulty?** Customer credit ratings were disclosed in our IPO prospectus, and we intend to disclose customer credit ratings on a regular basis going forward (for reference, please see p. 13 of Digital Core REIT-SIAS Virtual Dialogue Session Presentation dated 11 April 2023). 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).
2.	**Given the possibility of your second-largest tenant facing cash flow issues, how would Digital Core REIT provide assurance to unitholders in the future? How would Digital Core REIT diversify your portfolio, given one of your tenants may have a high chance to default on rental?** As disclosed in our announcement on 17 March, substantially all (>99% of annualized revenue) of our customers are publicly traded companies and the vast majority (75% of annualized revenue) are investment grade (for reference, please see p. 13 of 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. We believe the customer bankruptcy in 2022 demonstrated our ability to successfully navigate customer churn events.
3.	**Why are your assets failing one after another in such quick succession? Were there signs of these failures during IPO due diligence or was the sponsor aware of this already?** None of our assets have failed; one of our customers has filed for bankruptcy. No. We did not anticipate the Russian invasion of Ukraine, which caused a spike in energy costs in Europe and pushed our fifth-largest customer into bankruptcy. The global economic outlook remains uncertain, with headwinds from rising interest rates and higher energy costs in addition to recent developments in the banking sector. The current economic environment remains a challenging period for many businesses. Nonetheless, data centre growth prospects remain robust, and despite the uncertain near-term economic outlook, favourable fundamentals should drive attractive long-term returns.

4.	**What is the likelihood of Cyxtera bankruptcy, and if that happen, how quickly the vacant capacity can be backfilled? Confidence on releasing spaces assume that Cyxtera default on payment and have to move out?** It would be inappropriate to speculate on any potential future customer bankruptcy. Digital Core REIT owns mission-critical facilities concentrated in top-tier global 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.
5.	**Please update the tenancy renewal status of your top 10 largest tenants.** Long-term customer retention across the Digital Core REIT portfolio has historically been high. The weighted average remaining lease expiry is 4.5 years based on annualised rent as at 31 December 2022. Near-term lease expirations are modest, with 4% of total annualised rent expiring in 2023 and 13% expiring in 2024. The portfolio management team proactively engages with customers to manage lease renewals well ahead of the lease expiry.
6.	**Can the management be more transparent about its plan going forward regarding tenant insolvency? Moving forward, how does the REIT manager intend to communicate significant changes to tenant's financial ability? The prior disclosures were not timely. What is management's take on further managing financing cost so that it will impact DPU to unitholders going forward?** Customer credit ratings were disclosed in our IPO prospectus, and we intend to disclose customer credit ratings on a regular basis going forward (for reference, please see p. 13 of Digital Core REIT-SIAS Virtual Dialogue Session Presentation dated 11 April 2023). We are committed to providing relevant and material disclosures to the extent we have a disclosable material event and will continue to do so. As at 31 December 2022, 75% of total debt was hedged against rising rates. The Manager is committed to prudently managing interest rate risk and to mitigating the impact of rising rates through a combination of proactively containing controllable costs and executing accretive investments.
7.	**Does the Management see a softening demand from key customers?** Enterprise customers have begun to "optimize" their IT spending, and numerous technology service providers have announced job cuts in response to the expected slowdown in the growth of their business.

	However, data centre demand growth is not directly linked to job growth. While the leading technology service providers may be reining in human capital, they are continuing to invest in digital infrastructure. 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.
8.	**Will there be income support from sponsor if any of your tenant becomes bankrupt or can't pay up? How many months of rental deposits does Digital Core REIT requires for its tenants? If Cyxtera is unable to continue to lease its current space from Digital Core REIT, will the sponsor provide cash flow support again?** It would be inappropriate to speculate on any potential future customer bankruptcy. Security deposits are negotiated on an individual lease-by-lease basis. It would also be inappropriate to speculate on any potential future Sponsor support. However, the Sponsor is by far our largest unitholder with a 36% stake and remains committed to our long-term success.
9.	**It appears that your second-largest customer who accounts for 22.6% of revenue is also facing issues. The REIT has customers with investment grade ratings who contribute 75% of the REIT's total revenue. What about the remaining 25%? How strong are your non-investment grade customers? Can the REIT focus exclusively on investment-grade customers?** Please see the customer credit ratings disclosed on p. 13 of Digital Core REIT-SIAS Virtual Dialogue Session Presentation dated 11 April 2023. The Manager does not intend to exclusively focus on investment grade customers but is keenly focused on achieving appropriate risk-adjusted returns and diversifying the customer base to mitigate customer concentration.
10.	**Is Digital Core REIT manager going to do anything about the REIT's rental income concentration in a few tenants? Why only 50% loan is on fixed rate?** Yes. The Manager is keenly focused on diversifying the customer base to mitigate customer concentration. The Manager wishes to clarify that 75% of total debt was hedged against rising rates as at 31 December 2022.
11.	**What is the implication and contingency plan in case of bankruptcy of your 2nd largest tenant?** It would be inappropriate to speculate on any potential future customer bankruptcy.

	Digital Core REIT owns mission-critical facilities concentrated in top-tier global 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.
12.	**Are we expecting a sharp drop in cap rates of data centres in the regions where Digital Core REIT is in? Do you expect cap rates to increase and to what levels with the impending recession?** No, we are not expecting a sharp drop in data centre cap rates across our core markets. In our FY22 results briefing, we disclosed that valuer cap rates were up approximately 25 basis points across the portfolio, largely offset by pronounced market rent growth, notably in Northern Virginia. Data centre fundamentals improved significantly over the course of 2022, and data centres remain a sought-after asset class. Interest rates have continued to rise, and it is possible we could see some modest additional cap rate expansion, but we are not expecting a material erosion in asset values.
13.	**Can you provide guidance on the REIT's occupancy outlook?** Total portfolio occupancy was 98% as at 31 December 2022. Our fifth-largest customer filed for bankruptcy in April 2022 and vacated the premises effective 1 January 2023. Adjusting for the customer move-out, total portfolio occupancy would be 96%.
14.	**On 371 Gough Road, Canada, your tenant moved out on 1 January 2023 due to bankruptcy and you have replaced half of the income. From April 2022 to the end of 2022, did the REIT suffer any loss in rental income due from the customer?** No. 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. **Could you also update your unitholders on the new customer and the new leases? How much of the 37,000 net rentable square feet has been leased out? Are you able to achieve better rates and any impacts to DPU?** 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. **What is your timeline in leasing up the remaining space?** The Manager is actively engaged to backfill the remaining vacancy as quickly as possible.

15.	**What is the concentration risk facing by the Company now? Any key tenants affected by the macro factors as well as bank crisis in the US?** Given the small size of the portfolio, the company has a relatively high geographic as well as customer concentration. Data centre fundamentals are healthy across each of the company's core markets, and average credit quality is exceptionally strong – the vast majority (75% of annualized revenue) are investment grade (rated A- or higher). Macro factors and the bank crisis affect all customers to some extent, although the non-investment grade customers representing approximately 25% of annualized revenue are most significantly impacted.

B.	Acquisition/Growth
1.	**I wish to understand more about the REIT's future plan. Any acquisition plans this year? Please share how the REIT intends to expand i.e., when will be the next acquisition and how much yield accretion are we expecting?** 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.
2.	**The REIT also made its maiden acquisition – a 25% interest in a data centre located in Frankfurt, Germany. The acquisition was scaled back because market sentiments didn't permit an equity fundraising. As a result, Digital Core REIT acquired 25% of the Frankfurt asset but not the Texas data centre. How has the newly acquired asset performed? Even after the acquisition, the REIT's aggregate leverage is 34%. The debt headroom is approximately US$468 million before the 50% limit is reached. Is the REIT still actively seeking for other acquisitions? Is the Texas data centre still on the radar and in the pipeline?** The Frankfurt facility has performed in line with expectations – the facility was 92% leased primarily to leading global cloud providers of excellent credit quality with over four years of WALE. Yes, the REIT is still actively seeking other acquisitions, although we are also mindful of preserving liquidity and managing leverage in the current environment. The Texas data centre is still on the radar and in the pipeline, although given the current interest rate environment, it is challenging to structure accretive transactions in the U.S.
3.	**Can Management share more about the REIT's strategy? Kindly be specific e.g., target geographic split and type of tenants.** Digital Core REIT does not have specific targets in terms of geographic regions. Over time, we would like to establish a presence in the Asia Pacific region and to achieve greater geographic diversification. In terms of customer types, we are primarily focused on strategic customers – generally large, stable, well-capitalized, repeat buyers with long-term established relationships who appreciate our global value proposition.

C.	Financials and Capital Management
1.	**What is the impact of banks' collapse (i.e., SVB etc) and rising interest rate on the company's performance? How is the rising interest cost managed? US Fed is expected to continue raising interests for 2023. What is the impact on distribution per unit in view of the above?** As disclosed in our 17 March 2023 announcement, Digital Core REIT does not have any customer or banking relationship with Silicon Valley Bank or any other U.S. regional bank. None of Digital Core REIT's customers are financial services firms, technology startup companies or backed by venture capital. As at 31 December 2022, 75% of total debt was hedged against rising rates. The Manager is committed to prudently managing interest rate risk and to mitigating the impact of rising rates through a combination of proactively containing controllable costs and executing accretive investments. All else equal, a 100-basis point increase in SOFR would have a 2.5%-3.0% impact to DPU.
2.	**What is the plan to increase DPU and reduction of cost of debt? Are we expected to see a drop in DPU from next FY when the distribution is no longer 100% but 90%? What can the Management do about it?** Reduction in the cost of debt will largely be dependent on an end to the tightening cycle and lowering of benchmark rates. In 2022, the Manager was able to offset approximately half the impact of rising interest rates through a combination of proactively managing controllable costs and accretive investment activity. We expect to repeat this same formula in 2023 to maximize distributions to unitholders. We have not made any determination or provided any guidance on next year's distribution policy. The Manager remains focused on delivering sustainable growth for unitholders while preserving liquidity and carefully managing leverage.
3.	**Can the management quantify the reduction in DPU as a result of latest rate hikes?** All else equal, a 100-basis point increase in SOFR would have a 2.5%-3.0% impact to DPU.
4.	**The REIT's weighted average all-in interest rate was 2.7% for 2022, against a forecast of 1.2%. The REIT progressively hedged its interest rate risks, with 50% in the first half and an additional 25% in the second half. In retrospect, all the REITs might have wished that they had hedged more, and hedged earlier. What is the manager's view on interest rate trends going forward?** 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. **When do the interest rate swaps expire?** We have multiple swaps with varying tenors. As at 31 December 2022, the weighted average swap maturity was approximately two years.

5.	**Can Management share more about current loan interest rates, debt maturity profile and plans for capital structure?** The REIT's all-in weighted average interest rate was 2.7% for 2022 with a weighted average debt maturity of 3.9 years as at 31 December 2022. Going forward, we expect to maintain a fixed rate mix closer to our current mix at 75% fixed. Over the intermediate term, we aim to obtain investment grade credit ratings and tap the corporate bond market in the future. Philosophically, we believe in matching the duration of our liabilities with the duration of our long-lived assets, and we have a strong preference for long-term, fixed rate financing.
6.	**Are you taking advantage of the inverse yield curve to push out the interest rate swaps expiration date?** Yes. We have entered into varying tenors and terms to take advantage of the inverse yield curve and push out the expiration of the swaps.

D.	Others
1.	**Overall market sentiment towards US REITS is very bad. Why? What measures are you taking to address the declining share price? Why is your share price so weak? Market price of Digital Core REIT has plummeted from its IPO price. What could be the reasons for this? With cloud computing growing everywhere, data centres are the future. Why is the share price not matching up with the expectation. It has been dropping since its IPO in Dec 2021. What is the reason for the poor performance that result in the huge drop in market price since IPO? Can you comment on the drastic drop in share price? Are there any fundamental drop in the accounting numbers, operations, people, management?** The macro environment has changed meaningfully over the past year and a half. The Russian invasion of Ukraine caused a spike in energy costs, which pushed our fifth-largest customer into bankruptcy. In addition, to combat rising inflation, the Fed has been aggressively raising interest rates, farther and faster than anticipated. The sharp rise in interest rates over the course of the last year had roughly a US$5.4 million impact to DPU, or nearly half a US cent per unit relative to our forecast and caused some investors to question data centre valuations as well as Digital Core REIT's ability to generate accretive external growth. The issuance of the final regulations of Section 1446(f) of the U.S. Internal Revenue Code prompted some brokers to announce that they would no longer service publicly traded partnerships on their platform. Despite announcements expressly stating that Section 1446(f) was not applicable, investor education efforts spearheaded by REITAS, and the issuance of quarterly Qualified Notices, the Section 1446(f) final regulations had a negative impact on unit price performance late in the year for S-REITs that own U.S. assets. More recently, the tightening cycle has begun to have an impact on economic growth. Enterprise customers have begun to "optimize" their IT spending, and numerous technology service providers have announced job cuts in response to the expected slowdown in the growth of their business. The failure of Silicon Valley Bank created further negative sentiment towards Silicon Valley and technology companies and exacerbated concerns over access to capital. Aside from the impact of rising interest rates and the bankruptcy of our fifth-largest customer, there has not been any fundamental drop in the accounting numbers, operations, people or management. The Manager is unable to control interest rates or the broader macro environment, but we will continue to consistently execute in the areas where we do have control, and we will do our best to continue to create value for unitholders. **What caused the decline in your share price and dividend? Please note the obvious: the share price has been hammered. How about some getting some fresh blood in the Manager?** The sharp rise in interest rates over the course of the year had roughly a US$5.4 million impact to DPU, or nearly half a US cent per unit relative to our forecast. We will take the suggestion into consideration.

2.	**Why the management stopped buying back units after price dropped to historical low?** We believe that buying our own assets in the public market represents a unique opportunity to create value for unitholders: **1)** when all material information has been publicly disclosed; **2)** when we have ample liquidity; and **3)** when our units are trading at a meaningful discount to intrinsic value. In the current environment, particularly given the recent bank failures, we are acutely sensitive to preserving the liquidity of our balance sheet as well as the liquidity of our units (i.e., our public float). In addition, we obviously need to be mindful of various legal restrictions. Finally, any reduction in the number of units outstanding effectively increases the Sponsor's ownership percentage. As the Sponsor currently holds more than 30% of total units outstanding, if the Sponsor and its concert parties were to increase their ownership percentage by more than 1% within a six-month period, it would trigger a mandatory offer under the Singapore Code on Take Overs and Mergers.
3.	**With recession a likely scenario in the US, how would that affect the REIT's occupancy and performance?** We have the good fortune to be operating in a business levered to secular demand drivers that are both somewhat independent from, and growing faster than, GDP. Data centre demand is not directly linked to job growth or global GDP growth. While the leading technology service providers may be reining in human capital, they are continuing to invest in digital infrastructure. We believe that data centre demand remains durable, and we expect to see continued growth in digital spending as a percentage of global GDP over time.
4.	**Are you worried that big technology companies are building their own datacentres?** No, we are not worried. Big technology companies (i.e., "hyperscale" customers) have been building their own data centres for many years. These customers have a greater propensity to build for their own account when they are able to achieve significant economies of scale (i.e., develop large campus environments) closer to home (e.g., Pacific Northwest) for applications that tend to have a longer lead-time and are relatively less sensitive to latency (i.e., the speed of light, or the lag in transmitting data from one location to another). These same hyperscale customers tend to out-source their data centre requirements to trusted third-party providers: in markets where they are not able to achieve the same economies of scale (e.g., in Europe, where data sovereignty requirements limit the ability to service multiple countries from a central location); farther from home, where they generally don't have the infrastructure or local development expertise in-house; in situations where their time-to-market business needs outpace the timeline of acquiring and entitling land; and for more latency-sensitive applications, where third-party providers may control key hubs in close proximity to existing network nodes and end-user consumers.

	In addition, hyperscale customer preferences change over time – in some cases due to a shift in corporate priorities, such as greater investor scrutiny on managing capital expenditures as opposed to operating margins at different points in the cycle, as well as personal buyer preferences, as senior data centre procurement executives move from one hyperscale customer to another over the course of their individual careers.
5.	**Any likelihood of over next 2-3 years where you may ask unitholders to contribute to equity fundraising to fund acquisitions even if the acquisitions are minority interests in the targeted assets?** We hope to be in position to raise equity to fund acquisitions over the next 2-3 years, but the unit price will need to be much higher than current levels to execute accretive transactions. All else equal, we prefer to own majority stakes, but may consider minority interests, depending on the size of the investment and the cost and availability of capital.
6.	**How is Digital Core REIT's management remuneration aligned with Unitholders' interest?** Please refer to Corporate Governance section of our Annual Report from pp. 74-77 for details.
7.	**Digital Core REIT was listed on 6 December 2021 at US88 cents. You have now been listed for over 16 months. Could you provide a brief overview of the REIT's performance since its listing for your unitholders? What have been the high points and what are the low points? What are main challenges facing REIT now and how is management addressing these challenges?** 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.
8.	**What is the Shareholder returns plan?** Our distribution policy is to distribute 100% of distributable income in 2023 and at least 90% thereafter. Distributions will be made on a semi-annual basis.
9.	**Comparing the 3 REITs with Datacentres. How would Digital Core REIT stand against them? What is your strategy against them?** Digital Core REIT is a dedicated core data centre S-REIT with an industry-leading acquisition pipeline and operating expertise sponsored by Digital Realty, the largest global owner, operator, developer and acquirer of data centres. Our portfolio consists of high-quality, mission-critical facilities concentrated in top-tier global data centre markets. Digital Core REIT has access to a US$15 billion industry-leading Sponsor acquisition pipeline via a global right of first refusal and is the exclusive S-REIT vehicle of the Sponsor.

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