

## Investment Perspectives

11 April 2025

## REAL ESTATE EQUITY RESEARCH

## DIGITAL CORE REIT

SGX: DCRU

Bloomberg: DCREIT:SP

ISIN code: SGXC50067435

Country: Singapore

Industry: Data Centres, Real Estate

11 April 2025

**RECOMMENDATION: BUY**

Current price: US\$0.460

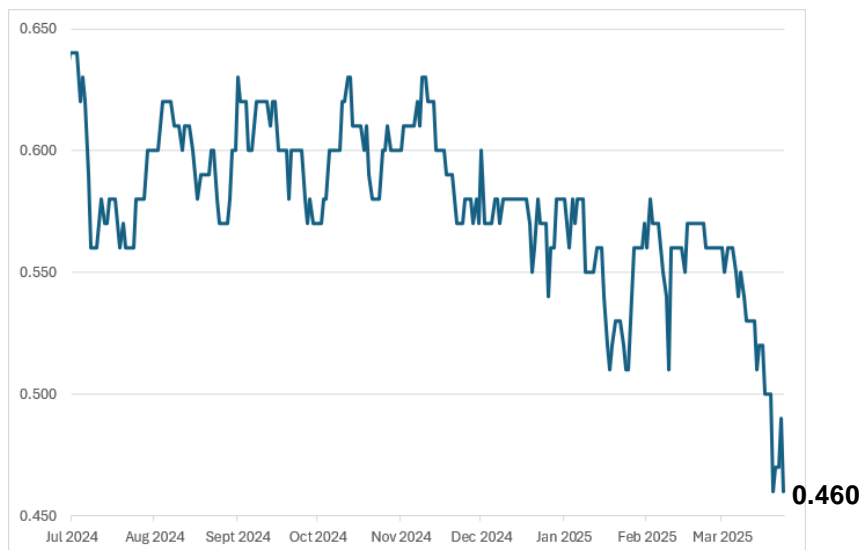
Target price: US\$0.616

Issued units: 1,300 million (31 Dec 2024)

Market capitalisation: US\$598 million

52-week range: US\$0.460 – US\$0.640

## PRICE PERFORMANCE



## COMPANY DESCRIPTION

Digital Core REIT ("DCREIT") is a Singapore real estate investment trust that invests 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. DCREIT owns a portfolio of freehold facilities that support the underlying businesses of leading technology service providers. As at 31 December 2024, DCREIT's portfolio was valued at US\$1.6 billion (at share) and comprised 10 data centres located in the United States, Canada, Germany and Japan. DCREIT also acquired a 20.0% interest in an Osaka data centre (located on the same campus but separate from the one held by Digital Osaka 2) in March 2025.

## SUMMARY

For the six months ended 31 December 2024 (2H FY2024), gross revenue rose by 9.8% from S\$49.2 million in 2H FY2023 to S\$54.0 million in 2H FY2024 mainly due to straight-line rent written off in 2H FY2023 owing to the bankruptcy of Cyxtera Technologies. NPI rose by 12.6% from US\$27.9 million in 2H FY2023 to US\$31.4 million in 2H FY2024 in line with the rise in gross revenue. Profit after tax rose from a loss of US\$129.0 million in 2H FY2023 to a profit of US\$244.1 million in 2H FY2024 mainly due to net change in fair value of investment properties rising from a loss of US\$139.2 million to a gain of US\$251.6 million. Accordingly, profit after tax attributable to unitholders rose from a loss of US\$117.7 million in 2H FY2023 to a profit of US\$186.8 million in 2H FY2024 in line with the rise in profit after tax. EPU (diluted in U.S. cents) rose from a loss of 10.30 in 2H FY2023 to a profit of 14.14 in 2H FY2024. After excluding mainly non-cash items, income available for distribution to unitholders rose by 17.0% from US\$20.0 million in 2H FY2023 to US\$23.4 million in 2H FY2024. However, Distribution Per Unit ("DPU" in U.S. cents) rose by only 1.1% from 1.78 in 2H FY2023 to 1.80 in 2H FY2024 mainly in line with the 192,000,000 new units issued as part of the private placement in February 2024.

## RECOMMENDATION

DCREIT is currently trading at a P/B multiple of 0.58x which is lower than the peer average P/B of 1.19x, which suggests that DCREIT is undervalued. DCREIT's current dividend yield of 7.83% is more attractive than the peer average yield of 5.97%, which also suggests that DCREIT is undervalued. By averaging our estimated target prices based on P/B multiple and dividend yield, we derive an overall target price of US\$0.770 which represents an upside potential of 67.4% from the current unit price of US\$0.460. However, we note that DCREIT has a smaller market capitalisation than its peer companies. Shares or units of smaller firms may have a lower trading volume and thus may be subject to an illiquidity discount. We apply an illiquidity discount of 20% to reflect the higher risks involved in investing in DCREIT's units which may be less liquid than its peers. Thus, we derive our final target price of US\$0.616 which represents an upside potential of 33.9% from the current unit price of US\$0.460. In view of the upside potential, a buy recommendation may be warranted.

## KEY FINANCIALS

	Revenue	Earnings <sup>(1)</sup>	EPU <sup>(2)</sup>	P/E	DPU	Dividend Yield	NAV per unit	P/B
Year ended 31 Dec	(US\$ million)	(US\$ million)	(U.S. cents)	(x)	(U.S. cents)	(%)	(in US\$)	(x)
2023 Actual	102.6	(108.6)	(9.50)	(4.8)	3.70	8.04%	0.69	0.67
2024 Actual	102.3	205.4	15.54	3.0	3.60	7.83%	0.79	0.58
<b>2025 Forecast</b>	159.5	41.7	3.16	14.6	3.62	7.87%	n.a.	n.a.
<b>2026 Forecast</b>	175.1	51.7	3.91	11.8	3.91	8.50%	n.a.	n.a.

Note: P/E, P/B and dividend yield based on the current unit price of US\$0.460; n.a. = not available.

<sup>(1)</sup> Profit after tax attributable to unitholders.

<sup>(2)</sup> Diluted Earnings Per Unit (Trailing Twelve-Month).

Source: DCREIT, FPA

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## FINANCIAL ANALYSIS

### (I) FINANCIAL REVIEW

In this section, we review the financial performance of Digital Core REIT ("DCREIT") for the six months ended 31 December 2024 (2H FY2024).

#### Gross revenue:

Gross revenue rose by 9.8% from US\$49.2 million in 2H FY2023 to US\$54.0 million in 2H FY2024 as shown in **Exhibit 1**. DCREIT noted that the increase was "largely due to straight-line rent written off in 2H 2023 attributable to a customer bankruptcy".

Cyxtera Technologies ("Cyxtera") filed for bankruptcy in June 2023 and was DCREIT's second-largest customer prior to filing for bankruptcy. In the financial statements for 2H FY2023, DCREIT noted that it "recorded a total of US\$3.4 million write-off of straight-line rent previously capitalised for 1500 Space Park, 3015 Winona Avenue, 2403 Walsh Avenue and 2401 Walsh Avenue and 200 North Nash Street"<sup>1</sup>.

Gross revenue comprised utilities reimbursements, other recovery & operating income and rental income.

Utilities reimbursements rose by 29.4% from US\$6.6 million in 2H FY2023 to US\$8.5 million in 2H FY2024, mainly in line with utilities expenses rising by 41.4% from US\$6.8 million in 2H FY2023 to US\$9.6 million in 2H FY2024.

Other recovery & operating income fell<sup>2</sup> by 13.7% from US\$10.0 million in 2H FY2023 to US\$8.6 million in 2H FY2024.

Rental income rose by 13.0% from US\$32.7 million in 2H FY2023 to US\$36.9 million in 2H FY2024. We discuss further rental income on the next page.

#### Exhibit 1: Gross Revenue (2H FY2023 & 2H FY2024)

(in US\$ '000)	Actual		2H FY2024 v 2H FY2023	
	2H FY2024 (ended 31 Dec)	2H FY2023 (ended 31 Dec)	Absolute Change	Change (%)
Rental income	36,906	32,669	4,237	13.0%
Utilities reimbursements	8,508	6,573	1,935	29.4%
Other recovery & operating income	8,598	9,962	(1,364)	(13.7%)
<b>Gross revenue</b>	<b>54,012</b>	<b>49,204</b>	<b>4,808</b>	<b>9.8%</b>

Source: DCREIT's financials, FPA

<sup>1</sup> Typo in quote ("2043") amended (to "2403").

<sup>2</sup> The decrease in other recovery & operating income may be related to property taxes & insurance expenses falling by 43.0% from US\$5.7 million in 2H FY2023 to US\$3.3 million in 2H FY2024. DCREIT noted in its financial statements for 2H FY2023 that "recovery income was higher from higher recoverable property taxes and other expenses and partially offset with lower repairs and maintenance expenses".

**Rental income:**

Rental income rose by 13.0% from US\$32.7 million in 2H FY2023 to US\$36.9 million in 2H FY2024.

Besides the write-off of straight-line rent, DCREIT noted that the “decrease in rental income from the divestment of 2401 Walsh Avenue and 2403 Walsh Avenue (“Divested Properties”) was largely offset by increased colocation income from the two Los Angeles assets (3015 Winona and 200 North Nash)(“LA Assets”) as well as additional contribution from the newly acquired Frankfurt Facility in December 2024”.

In January 2024, DCREIT divested 2401 Walsh Avenue & 2403 Walsh Avenue to Brookfield Infrastructure Partners L.P. & its institutional partners (“Brookfield”) as part of the agreement to resolve Cyxtera’s bankruptcy.

DCREIT also accelerated the expiration of Cyxtera’s leases at 3015 Winona Street & 200 North Nash Street to 30 September 2024 and took over the operations of both properties from 1 October 2024. DCREIT noted in February 2025 that it “signed rental agreements totaling US\$8.7 million” at its 90.0% share, “representing a 75% increase relative to the previously in-place rent”.

In April 2024, DCREIT announced that it acquired an additional 24.9% interest in a data centre property located at Wilhelm Fay-Straße 15 & 24 (the “Frankfurt Facility”). DCREIT also announced in December 2024 that it acquired a further 15.1% interest in the Frankfurt Facility, following which DCREIT’s interest in the Frankfurt Facility rose from 49.9% to 65.0%. The Frankfurt Facility was thus re-classified from associate to subsidiary such that rental income from the Frankfurt Facility was thereafter included in DCREIT’s rental income<sup>1</sup>.

Partly to illustrate the changes in rental income, we collate the breakdown of DCREIT’s annualised rent & Weighted Average Lease Expiry (“WALE”) for each of its properties from end-1Q FY2022 to end-4Q FY2024 as shown in **Exhibit 2**. Rental income may differ from annualised rent due to straight-line (i.e., non-cash) rent & related write-off, as well as timing differences (rental income for 4Q FY2024 may remain largely unchanged should annualised rent rise near end-4Q FY2024).

We note that:

1. **44520 Hastings Drive:** Following an increase of 1.0% in 3Q FY2024, annualised rent (at DCREIT’s 90.0% share) rose further by 1.5% from US\$14.1 million at end-3Q FY2024 to US\$14.3 million at end-4Q FY2024 after the “existing AAA-rated cloud provider” extended its lease for “another eight years” (as noted from DCREIT; such that WALE rose from 0.7 at end-3Q FY2024 to 8.4 at end-4Q FY2024). Based on the valuation certificate for 44520 Hastings Drive (dated August 2021) included in DCREIT’s IPO Prospectus (dated November 2021), the property was “100% leased to a Fortune 50 software company” with “staggered lease expirations from August 2024 to August 2026”.
2. **3011 Lafayette Street:** While annualised rent (at share) remained at US\$12.4 million from end-2Q FY2024 to end-3Q FY2024, WALE rose from 0.7 years to 5.4 years in the same period. Based on DCREIT’s IPO Prospectus, the property was “100% leased, with majority of the space leased to a Fortune Global 500 and S&P 100 global social media platform”.
3. **200 North Nash Street & 3015 Winona Avenue:** The annualised rent (at share) of 200 North Nash Street rose by 98.7% from US\$2.7 million at end-3Q FY2024 to US\$5.4 million at end-4Q FY2024 while that of 3015 Winona Avenue rose by 49.0% from US\$2.2 million at end-3Q FY2024 to US\$3.3 million at end-4Q FY2024. Meanwhile, WALE rose from nil to 1.8 years for 200 North Nash Road and from nil to 3.2 years for 3015 Winona Avenue in the same period.

DCREIT accelerated the expiration of Cyxtera’s leases for both properties to 30 September 2024 and took over the operations for both from 1 October 2024. Thereafter, DCREIT noted in February 2025 that it “signed rental agreements totaling US\$8.7 million” at its 90.0% share, “representing a 75% increase relative to the previously in-place rent”.

<sup>1</sup> Prior to the acquisition of a further 15.1% interest in the Frankfurt Facility, earnings from the Frankfurt Facility were included under “Share of result of associate”.

4. **371 Gough Road:** Annualised rent (at share) rose by 36.2% from US\$9.3 million at end-3Q FY2024 to US\$12.7 million at end-4Q FY2024 while WALE rose from 3.1 years to 3.4 years in the same period. DCREIT noted in November 2024 that it “reached a three-year agreement with a next-generation AI computing developer to occupy the entire remaining capacity within its Toronto facility” which will “commence in the first quarter of 2025” and was “expected to generate approximately US\$4.7 million of annualised rent (or approximately US\$4.2 million at Digital Core REIT’s 90% share)”.
5. **Frankfurt Facility:** Annualised rent (at share) rose by 26.7% from US\$24.1 million at end-3Q FY2024 to US\$30.6 million at end-4Q FY2024 (WALE fell from 5.5 years to 5.3 years in the same period). DCREIT acquired a further 15.1% interest in the Frankfurt Facility in December 2024, such that its interest in the Frankfurt Facility rose from 49.9% at end-3Q FY2024 to 65.0% at end-4Q FY2024.
6. **Digital Osaka 2:** While annualised rent (at share) fell by 6.6% from US\$7.5 million at end-3Q FY2024 to US\$7.0 million at end-4Q FY2024, WALE rose from 3.2 years to 3.5 years in the same period. The rise in WALE indicates that tenant(s) likely renewed their lease(s) as occupancy fell from 95.3% at end-3Q FY2024 to 94.6% at end-4Q FY2024 (such that DCREIT likely did not secure any new lease for the property).

The fall in annualised rent (at share) may be attributed to the Japanese Yen (“JPY”) depreciating against the United States Dollar (“USD”) by 9.7% from 0.00703 USD per JPY (142.2 JPY per USD) on 30 September 2024 (end-3Q FY2024) to 0.00635 USD per JPY (157.5 JPY per USD) on 31 December 2024 (end-4Q FY2024) based on Oanda.com. Excluding exchange rate effect, annualised rent (at share) rose by 3.4% from ¥1.062 million at end-3Q FY2024 to ¥1.099 million at end-4Q FY2024 based on Oanda.com’s rates.

7. **Digital Osaka 3:** In March 2025, DCREIT announced that it acquired a 20.0% interest in Digital Osaka 3, which “holds the data centre located at Lot 2-1, 6-Chome, Ao-kita, Saito, Minoh-city, Osaka, Japan 2 (“KIX12” or the “Osaka Data Centre”)” (footnote removed from quote) that is located “on the same campus, but separate from” the one held by Digital Osaka 2. DCREIT noted that the “total acquisition outlay for the acquisition” was “expected to be approximately JPY 13,177 million (approximately US\$87.8 million)”, comprising:
  - a “purchase consideration of JPY 13,000 million” (approx. US\$86.7 million)
  - an “acquisition fee of JPY 130 million (approximately US\$0.9 million), payable in cash to the Manager” (or 1.0% of the purchase consideration” as noted by DCREIT); and
  - “estimated professional and other fees and expenses of approximately JPY 47 million (approximately US\$0.3 million)”

Historical annualised rent is yet available as DCREIT acquired the 20.0% interest in Digital Osaka 3 only in March 2025.

While not shown in **Exhibit 2**, DCREIT also mentioned in January 2025 that the “customer option to renew the lease for 8217 Linton Hall in Northern Virginia expired unexercised on 31 December 2024”. DCREIT added that the “current lease expires on 30 June 2025” and that every “one month of downtime” thereafter “represents approximately 0.06 cents of DPU”.



**Exhibit 2: Annualised Rent & Weighted Average Lease Expiry of DCREIT's Properties (1Q FY2022 to 4Q FY2024)**

(in US\$ '000)	Latest rent reversion <sup>(1)</sup>	Actual / Estimate											
		4Q FY2024	3Q FY2024	2Q FY2024	1Q FY2024	4Q FY2023	3Q FY2023	2Q FY2023	1Q FY2023	4Q FY2022	3Q FY2022	2Q FY2022	1Q FY2022
At share:													
44520 Hastings Drive	1.0%	14,309	14,104	13,961	13,961	13,961	13,961	13,688	13,688	13,688	13,687	13,419	13,419
8217 Linton Hall Road	1.0%	9,860	9,860	9,762	9,762	9,762	9,762	9,666	9,666	9,666	9,666	9,570	9,570
43831 Devin Shaftron Drive	3.0%	1,727	1,727	1,727	1,676	1,676	1,676	1,676	1,628	1,628	1,628	1,628	1,580
3011 Lafayette Street	2.0%	12,425	12,425	12,425	12,425	12,182	12,182	12,182	12,182	11,945	11,945	11,945	11,939
1500 Space Park Drive	2.0%	4,308	4,308	4,224	4,224	4,224	4,224	4,141	4,141	4,141	4,141	4,060	4,060
2401 Walsh Avenue	2.5%	-	-	-	-	4,212	4,212	4,212	4,212	4,110	4,109	4,109	4,109
2403 Walsh Avenue	2.5%	-	-	-	-	2,607	2,607	2,607	2,607	2,544	2,543	2,543	2,543
371 Gough Road	n.a.	12,688	9,316	9,449	11,468	11,680	11,716	11,806	9,697	8,459	11,682	11,950	11,972
200 North Nash Street <sup>(2)</sup>	2.5%	5,403	2,719	2,719	2,719	2,652	2,652	2,652	2,652	2,588	2,588	2,588	2,588
3015 Winona Avenue <sup>(3)</sup>	2.0%	3,253	2,183	2,183	2,183	2,140	2,140	2,140	2,140	2,098	2,099	2,099	2,099
Wilhelm-Fay-Straße 15 & 24 ("Frankfurt Facility")	n.a.	30,551	24,109	22,655	11,060	10,507	10,273	10,362	10,177	9,861	-	-	-
Digital Osaka 2	n.a.	6,977	7,470	6,624	7,010	3,712	-	-	-	-	-	-	-
Digital Osaka 3 <sup>(4)</sup>	n.a.	-	-	-	-	-	-	-	-	-	-	-	-
Total annualised rent (at share)	n.a.	101,500	88,221	85,729	76,488	79,317	75,407	75,133	72,790	70,726	64,088	63,911	63,879
At 100.0% share (excluding those with <50.0% interest) <sup>(5)</sup> :													
44520 Hastings Drive	1.0%	15,899	15,671	15,512	15,512	15,512	15,512	15,209	15,209	15,209	15,208	14,910	14,910
8217 Linton Hall Road	1.0%	10,956	10,956	10,847	10,847	10,847	10,847	10,740	10,740	10,740	10,740	10,633	10,633
43831 Devin Shaftron Drive	3.0%	1,919	1,919	1,919	1,862	1,862	1,862	1,862	1,809	1,809	1,809	1,809	1,756
3011 Lafayette Street	2.0%	13,806	13,806	13,806	13,806	13,536	13,536	13,536	13,272	13,272	13,272	13,272	13,266
1500 Space Park Drive	2.0%	4,787	4,787	4,693	4,693	4,693	4,693	4,601	4,601	4,601	4,601	4,511	4,511
2401 Walsh Avenue	2.5%	-	-	-	-	4,680	4,680	4,680	4,680	4,567	4,566	4,566	4,566
2403 Walsh Avenue	2.5%	-	-	-	-	2,897	2,897	2,897	2,897	2,827	2,826	2,826	2,826
371 Gough Road	n.a.	14,098	10,351	10,499	12,742	12,978	13,018	13,118	10,774	9,399	12,980	13,278	13,302
200 North Nash Street	2.5%	6,003	3,021	3,021	3,021	2,947	2,947	2,947	2,947	2,876	2,875	2,875	2,875
3015 Winona Avenue	2.0%	3,614	2,426	2,426	2,426	2,378	2,378	2,378	2,378	2,331	2,332	2,332	2,332
Wilhelm-Fay-Straße 15 & 24 ("Frankfurt Facility") <sup>(6)</sup>	n.a.	13,794	-	-	-	-	-	-	-	-	-	-	-
Digital Osaka 2	n.a.	-	-	-	-	-	-	-	-	-	-	-	-
Digital Osaka 3	n.a.	-	-	-	-	-	-	-	-	-	-	-	-
(A) Annualised rent (100.0% share; excl. those w/ <50% interest)	n.a.	84,875	62,936	62,722	64,909	72,329	72,369	71,967	69,570	67,630	71,209	71,012	70,978
(B = A/4) Total quarterly rent		21,219	15,734	15,681	16,227	18,082	18,092	17,992	17,393	16,908	17,802	17,753	17,745
Total semiannual rent (Q1 + Q2 or Q3 + Q4)	n.a.	36,953		31,908		36,174		35,384		34,710		35,498	
Add: timing diff., straight-line rent & related write-off (estimated)		(47)		1,589		(3,505)		1,015		2,546		2,299	
Rental income	n.a.	36,906		33,497		32,669		36,399		37,256		37,796	

Note: Annualised rents that differ from that of the previous period by more than US\$1,000 (rounded) are bolded; cells in which WALE fell by more than 0.3 years from that of the previous period are shaded; cells in which WALE rose from that of the previous period are shaded and bolded. n.a. = not available/applicable, as there may be little clear trend in annualised rent for the property.

<sup>(1)</sup> Estimated based on the last rise in annualised rent not due to lease renewal/extension or securing of new lease.

<sup>(2)</sup> & <sup>(3)</sup> Based on rent reversion in 1Q FY2024; rise in annualised rents in 4Q FY2024 was due to DCREIT securing higher rents after taking over operations from 1 October 2024 (start of 4Q FY2024).

<sup>(4)</sup> Acquired by DCREIT on 25 March 2025.

<sup>(5)</sup> For comparison with gross revenue.

<sup>(6)</sup> Adjusted by  $\frac{27 \text{ (days from 5 Dec 2024 to 31 Dec 2024)}}{92 \text{ (days from 1 Oct 2024 to 31 Dec 2024)}}$  for comparability with gross revenue. Annualised rent at 100.0% share at end-4Q FY2024 was US\$47,002,000 (nearest '000).

Source: DCREIT's presentations, FPA

To get a better sense of the tenant mix for each of DCREIT's properties, we begin by collating the annualised rent of DCREIT's top five customers (by annualised rent) from end-1Q FY2022 to end-4Q FY2024 as shown in **Exhibit 3**. We also include in **Exhibit 3** the top-sixth to top-eighth customers as at end-4Q FY2024 as "selected" customers.

We note that the annualised rent from the top five customers as a percentage of total annualised rent remained above 72.4% from end-1Q FY2022 to end-4Q FY2024.

We also note that the percentage fell from 97.3% at end-1Q FY2022 to 72.4% at end-4Q FY2024 in line with DCREIT broadening its customer base with the acquisition of interest in the Frankfurt Facility (25.0% interest in December 2022, additional 24.9% interest in April 2024 and further 15.1% interest in December 2024) as well as in Digital Osaka 2 (10.0% interest in November 2023 and an additional 10.0% interest in March 2024).

Including the selected customers, we note too that the annualised rent from the top five & selected customers as a percentage of total annualised rent has remained above (and fell from 99.7% to) 83.7% from end-1Q FY2022 to end-4Q FY2024.

### Exhibit 3: DCREIT's Top Five & Selected Customers (1Q FY2022 to 4Q FY2024)

(at share; in US\$ '000)	Trade sector	Latest credit rating <sup>(1)</sup>	Actual											
			4Q FY2024	3Q FY2024	2Q FY2024	1Q FY2024	4Q FY2023	3Q FY2023	2Q FY2023	1Q FY2023	4Q FY2022	3Q FY2022	2Q FY2022	1Q FY2022
Fortune 50 Software Company	Hyperscale CSP	AAA / Aaa	36,133	33,876	33,189	28,943	28,675	28,124	27,787	27,722	27,657	23,353	22,990	22,990
Fortune 25 Tech Company	Hyperscale CSP	AA+ / Aa2	13,965	11,655	10,620	5,947	5,461	4,763	4,836	4,775	4,724	-	-	-
Social Media Platform	Social Media	AA- / Aa3	12,357	12,357	12,357	12,357	12,115	12,115	12,115	12,115	11,877	11,877	11,877	11,877
Global Technology Solutions Provider	Hyperscale CSP	A- / A3	6,692	7,048	7,192	9,123	9,291	9,183	9,187	7,352	6,968	7,116	7,211	7,305
Global Colocation Data Centre Provider (Cytera)	Colocation / IT SP	Unrated	4,308	9,210	9,126	9,126	16,388	16,376	16,302	16,282	16,003	15,480	15,399	15,399
IT Service Provider (Sunguard Availability Services)	Colocation / IT SP	n.a.	-	-	-	-	-	-	-	-	1,391	4,467	4,639	4,565
<b>Annualised rent (top five customers)<sup>(2)</sup></b>			<b>73,455</b>	<b>74,146</b>	<b>72,484</b>	<b>65,496</b>	<b>71,930</b>	<b>70,561</b>	<b>70,227</b>	<b>68,246</b>	<b>67,229</b>	<b>62,294</b>	<b>62,115</b>	<b>62,136</b>
Total annualised rent			101,500	88,221	85,729	76,488	79,317	75,407	75,133	72,790	70,726	64,088	63,911	63,879
<b>Top five customers as % of total annualised rent</b>			<b>72.4%</b>	<b>84.0%</b>	<b>84.6%</b>	<b>85.6%</b>	<b>90.7%</b>	<b>93.6%</b>	<b>93.5%</b>	<b>93.8%</b>	<b>95.1%</b>	<b>97.2%</b>	<b>97.2%</b>	<b>97.3%</b>
<b>Other selected customers:</b>														
Global Cloud and Software Service Provider	Hyperscale CSP	BBB / Baa2	3,882	4,128	3,898	4,026	3,230	2,259	2,303	1,676	-	-	-	-
Next-Generation AI Computing Developer	Other	Unrated	3,849	-	-	-	-	-	-	-	-	-	-	-
Global Cloud Provider	Hyperscale CSP	AA / A1	3,760	3,916	3,673	3,745	2,786	1,676	1,676	1,628	1,628	1,628	1,628	1,580
<b>Annualised rent (selected customers)</b>			<b>11,491</b>	<b>8,044</b>	<b>7,571</b>	<b>7,771</b>	<b>6,016</b>	<b>3,935</b>	<b>3,979</b>	<b>3,304</b>	<b>1,628</b>	<b>1,628</b>	<b>1,628</b>	<b>1,580</b>
Annualised rent (top five customers)			73,455	74,146	72,484	65,496	71,930	70,561	70,227	68,246	67,229	62,294	62,115	62,136
<b>Annualised rent (selected + top five customers)</b>			<b>84,946</b>	<b>82,190</b>	<b>80,055</b>	<b>73,267</b>	<b>77,946</b>	<b>74,496</b>	<b>74,206</b>	<b>71,550</b>	<b>68,857</b>	<b>63,922</b>	<b>63,743</b>	<b>63,716</b>
Total annualised rent			101,500	88,221	85,729	76,488	79,317	75,407	75,133	72,790	70,726	64,088	63,911	63,879
<b>Selected + top five as % of total annualised rent</b>			<b>83.7%</b>	<b>93.2%</b>	<b>93.4%</b>	<b>95.8%</b>	<b>98.3%</b>	<b>98.8%</b>	<b>98.8%</b>	<b>98.3%</b>	<b>97.4%</b>	<b>99.7%</b>	<b>99.7%</b>	<b>99.7%</b>

(no. of locations)	Trade sector	Latest credit rating <sup>(1)</sup>	Actual											
			4Q FY2024	3Q FY2024	2Q FY2024	1Q FY2024	4Q FY2023	3Q FY2023	2Q FY2023	1Q FY2023	4Q FY2022	3Q FY2022	2Q FY2022	1Q FY2022
Fortune 50 Software Company	Hyperscale CSP	AAA / Aaa	4	4	4	4	4	3	3	3	3	2	2	2
Fortune 25 Tech Company	Hyperscale CSP	AA+ / Aa2	2	2	2	3	3	1	1	1	1	-	-	-
Social Media Platform	Social Media	AA- / Aa3	1	1	1	1	1	1	1	1	1	1	1	1
Global Technology Solutions Provider	Hyperscale CSP	A- / A3	2	2	2	2	2	1	1	1	1	1	1	1
Global Colocation Data Centre Provider	Colocation / IT SP	Unrated	1	3	3	3	6	6	6	6	6	5	5	5
IT Service Provider (Sunguard)	Colocation / IT SP	n.a.	-	-	-	-	-	-	-	-	1	1	1	1
<b>Other selected customers:</b>														
Global Cloud and Software Service Provider	Hyperscale CSP	BBB / Baa2	2	2	2	2	2	1	1	1	-	-	-	-
Next-Generation AI Computing Developer	Other	Unrated	1	-	-	-	-	-	-	-	-	-	-	-
Global Cloud Provider	Hyperscale CSP	AA / A1	2	2	2	2	2	1	1	1	1	1	1	1

Note: Annualised rent indicated as at share. n.a. = not available.

<sup>(1)</sup> As last disclosed by DCREIT.

<sup>(2)</sup> Excluding Sunguard Availability Services in 4Q FY2022.

Source: DCREIT's presentations, FPA

Based on **Exhibit 2** (page 6), **Exhibit 3** (page 7) and DCREIT's IPO Prospectus, we estimate the breakdown of annualised rent for each of the top five & selected customers as shown in **Exhibit 4**.

#### Exhibit 4: Breakdown of Annualised Rent for Top Five & Selected Customers (1Q FY2022 to 4Q FY2024)

(at share; in US\$ '000)	Trade sector	Latest credit rating <sup>(1)</sup>	Actual / Estimate											
			4Q FY2024	3Q FY2024	2Q FY2024	1Q FY2024	4Q FY2023	3Q FY2023	2Q FY2023	1Q FY2023	4Q FY2022	3Q FY2022	2Q FY2022	1Q FY2022
<b>Fortune 50 Software Company:</b>	Hyperscale CSP	AAA / Aaa												
Location(s)			4	4	4	4	4	3	3	3	3	2	2	2
Annualised rent			36,133	33,876	33,189	28,943	28,675	28,124	27,787	27,722	27,657	23,353	22,990	22,990
Less: 44520 Hastings Drive rent			(14,309)	(14,104)	(13,961)	(13,961)	(13,961)	(13,961)	(13,688)	(13,688)	(13,688)	(13,687)	(13,419)	(13,419)
Less: 8217 Linton Hall Road rent			(9,860)	(9,860)	(9,762)	(9,762)	(9,762)	(9,762)	(9,666)	(9,666)	(9,666)	(9,666)	(9,570)	(9,570)
Less: Frankfurt Facility rent (estimated)			n.a.	n.a.	n.a.	n.a.	n.a.	(4,401)	(4,433)	(4,368)	(4,303)	-	-	-
Unaccounted rent (excluding those indicated as "n.a.")			11,964	9,912	9,466	5,220	4,952	-	-	-	-	1	1	
Frankfurt Facility + Digital Osaka 2 rent (estimated)			11,964	9,912	9,466	5,220	4,952	-	-	-	-	-	-	
<b>Fortune 25 Tech Company:</b>	Hyperscale CSP	AA+ / Aa2												
Location(s)			2	2	2	3	3	1	1	1	1	-	-	-
Annualised rent			13,965	11,655	10,620	5,947	5,461	4,763	4,836	4,775	4,724	-	-	-
Less: Frankfurt Facility rent (estimated)			n.a.	n.a.	n.a.	n.a.	n.a.	(4,763)	(4,836)	(4,775)	(4,724)	-	-	-
Unaccounted rent (excluding those indicated as "n.a.")			13,965	11,655	10,620	5,947	5,461	-	-	-	-	-	-	-
Frankfurt Facility + Digital Osaka 2 rent (estimated)			13,965	11,655	10,620	n.a.	n.a.	-	-	-	-	-	-	-
Frankfurt Facility + Digital Osaka 2 + 371 Gough Road rent (estimated)	n.a.	n.a.	n.a.	5,947	5,461	-	-	-	-	-	-	-		
<b>Social Media Platform:</b>	Social Media	AA- / Aa3												
Location(s)			1	1	1	1	1	1	1	1	1	1	1	1
Annualised rent			12,357	12,357	12,357	12,357	12,115	12,115	12,115	12,115	11,877	11,877	11,877	11,877
Less: 3011 Lafayette Street (estimated)			(12,357)	(12,357)	(12,357)	(12,357)	(12,115)	(12,115)	(12,115)	(12,115)	(11,877)	(11,877)	(11,877)	(11,877)
Unaccounted rent			-	-	-	-	-	-	-	-	-	-	-	-
<b>Global Technology Solutions Provider:</b>			Hyperscale CSP	A- / A3										
Location(s)	2	2			2	2	2	1	1	1	1	1	1	1
Annualised rent	6,692	7,048			7,192	9,123	9,291	9,183	9,187	7,352	6,968	7,116	7,211	7,305
Less: 371 Gough Road rent (estimated)	n.a.	n.a.			n.a.	n.a.	n.a.	(9,183)	(9,187)	(7,352)	(6,968)	(7,116)	(7,211)	(7,305)
Unaccounted rent (excluding those indicated as "n.a.")	6,692	7,048			7,192	9,123	9,291	-	-	-	-	-	-	-
371 Gough Road + Digital Osaka 2 rent (estimated)	6,692	7,048			7,192	9,123	9,291	-	-	-	-	-	-	-
<b>Global Colocation Data Centre Provider</b>	Colocation / IT SP	Unrated												
Location(s)			1	3	3	3	6	6	6	6	6	5	5	5
Annualised rent			4,308	9,210	9,126	9,126	16,388	16,376	16,302	16,282	16,003	15,480	15,399	15,399
Less: 2401 Walsh Avenue rent			-	-	-	-	(4,212)	(4,212)	(4,212)	(4,212)	(4,110)	(4,109)	(4,109)	(4,109)
Less: 2403 Walsh Avenue rent			-	-	-	-	(2,607)	(2,607)	(2,607)	(2,607)	(2,544)	(2,543)	(2,543)	(2,543)
Less: 200 North Nash Street rent			-	(2,719)	(2,719)	(2,719)	(2,652)	(2,652)	(2,652)	(2,652)	(2,588)	(2,588)	(2,588)	(2,588)
Less: 3015 Winona Avenue rent	-	(2,183)	(2,183)	(2,183)	(2,140)	(2,140)	(2,140)	(2,140)	(2,098)	(2,099)	(2,099)	(2,099)		
Less: 1500 Space Park Drive rent	(4,308)	(4,308)	(4,224)	(4,224)	(4,224)	(4,224)	(4,141)	(4,141)	(4,141)	(4,141)	(4,060)	(4,060)		
Less: Frankfurt Facility rent (estimated)	-	-	-	-	(553)	(541)	(550)	(530)	(522)	-	-	-		
Unaccounted rent	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Global Cloud and Software Service Provider:</b>	Hyperscale CSP	BBB / Baa2												
Location(s):			2	2	2	2	2	1	1	1	-	-	-	-
Annualised rent			3,882	4,128	3,898	4,026	3,230	2,259	2,303	1,676	-	-	-	-
Less: 371 Gough Road rent (estimated)			n.a.	n.a.	n.a.	n.a.	n.a.	(2,259)	(2,303)	(1,676)	-	-	-	-
Unaccounted rent (excluding those indicated as "n.a.")			3,882	4,128	3,898	4,026	3,232	-	-	-	-	-	-	-
371 Gough Road + Digital Osaka 2 rent (estimated)			3,882	4,128	3,898	4,026	3,230	-	-	-	-	-	-	-
<b>Next-Generation AI Computing Developer:</b>	Other	Unrated												
Location(s):			1	-	-	-	-	-	-	-	-	-	-	-
Annualised rent			3,849	-	-	-	-	-	-	-	-	-	-	-
Less: 371 Gough Road rent (estimated)			(3,849)	-	-	-	-	-	-	-	-	-	-	-
Unaccounted rent (excluding those indicated as "n.a.")			-	-	-	-	-	-	-	-	-	-	-	-
<b>Global Cloud Provider:</b>			Colocation / IT SP	n.a.										
Location(s):	2	2			2	2	2	1	1	1	1	1	1	1
Annualised rent	3,760	3,916			3,673	3,745	2,786	1,676	1,676	1,628	1,628	1,628	1,628	1,580
Less: 43831 Devin Shafron Drive	(1,727)	(1,727)			(1,727)	(1,676)	(1,676)	(1,676)	(1,676)	(1,628)	(1,628)	(1,628)	(1,628)	(1,580)
Less: Digital Osaka 2 rent (estimated)	(2,033)	(2,189)			(1,946)	(2,069)	(1,110)	-	-	-	-	-	-	-
Unaccounted rent	-	-			-	-	-	-	-	-	-	-	-	-

Note: Sunguard is excluded from Exhibit as it has vacated DCREIT's premise (371 Gough Road) as at 1 January 2023. Where annualised rent rose in the same quarter as an acquisition of initial or additional interest in the Frankfurt Facility or Digital Osaka 2, we assume that the rise in annualised rent is due to the acquisition of interest in the respective properties. Digital Osaka 3 excluded from Exhibit as historical annualised rent is yet available. n.a. = not available. <sup>(1)</sup> As last disclosed by DCREIT.

Source: DCREIT's IPO Prospectus, presentations and announcements, FPA



Accordingly, based on **Exhibit 2** and **Exhibit 4**, we estimate the breakdown of annualised rent from each of DCREIT's properties as shown in **Exhibit 5**. We observe that: (1) most of DCREIT's properties are fully or mainly leased by one tenant; (2) 371 Gough Road is likely mainly leased by a "Global Technology Solutions Provider", DCREIT's top-fourth customer (by annualised rent) as at end-4Q FY2024; and (3) the Frankfurt Facility is mainly leased by a "Fortune 50 Software Company" and a "Fortune 25 Tech Company", DCREIT's top two customers (by annualised rent) as at end-4Q FY2024.

#### Exhibit 5: Breakdown of Annualised Rent for DCREIT's Properties (1Q FY2022 to 4Q FY2024)

(at share; in US\$ '000)	Actual / Estimate											
	4Q FY2024	3Q FY2024	2Q FY2024	1Q FY2024	4Q FY2023	3Q FY2023	2Q FY2023	1Q FY2023	4Q FY2022	3Q FY2022	2Q FY2022	1Q FY2022
<b>44520 Hastings Drive:</b>												
Annualised rent	14,309	14,104	13,961	13,961	13,961	13,961	13,688	13,688	13,688	13,687	13,419	13,419
Less: rent from Fortune 50 Software Company (estimated)	(14,309)	(14,104)	(13,961)	(13,961)	(13,961)	(13,961)	(13,688)	(13,688)	(13,688)	(13,687)	(13,419)	(13,419)
Unaccounted rent	-	-	-	-	-	-	-	-	-	-	-	-
<b>8217 Linton Hall Road:</b>												
Annualised rent	9,860	9,860	9,762	9,762	9,762	9,762	9,666	9,666	9,666	9,666	9,570	9,570
Less: rent from Fortune 50 Software Company (estimated)	(9,860)	(9,860)	(9,762)	(9,762)	(9,762)	(9,762)	(9,666)	(9,666)	(9,666)	(9,666)	(9,570)	(9,570)
Unaccounted rent	-	-	-	-	-	-	-	-	-	-	-	-
<b>43831 Devin Shafron Drive:</b>												
Annualised rent	1,727	1,727	1,727	1,676	1,676	1,676	1,676	1,628	1,628	1,628	1,628	1,580
Less: rent from Global Cloud Provider (actual until 3Q FY2023; estimated thereafter)	(1,727)	(1,727)	(1,727)	(1,676)	(1,676)	(1,676)	(1,676)	(1,628)	(1,628)	(1,628)	(1,628)	(1,580)
Unaccounted rent	-	-	-	-	-	-	-	-	-	-	-	-
<b>3011 Lafayette Street:</b>												
Annualised rent	12,425	12,425	12,425	12,425	12,182	12,182	12,182	12,182	11,945	11,945	11,945	11,939
Less: rent from Social Media Platform (actual)	(12,357)	(12,357)	(12,357)	(12,357)	(12,115)	(12,115)	(12,115)	(12,115)	(11,877)	(11,877)	(11,877)	(11,877)
Unaccounted rent	68	68	68	68	67	67	67	67	68	68	68	62
<b>1500 Space Park Drive:</b>												
Annualised rent	4,308	4,308	4,224	4,224	4,224	4,224	4,141	4,141	4,141	4,141	4,060	4,060
Less: rent from Global Colocation Data Centre Provider (Cytera; estimated)	(4,308)	(4,308)	(4,224)	(4,224)	(4,224)	(4,224)	(4,141)	(4,141)	(4,141)	(4,141)	(4,060)	(4,060)
Unaccounted rent	-	-	-	-	-	-	-	-	-	-	-	-
<b>2401 Walsh Avenue:</b>												
Annualised rent	-	-	-	-	4,212	4,212	4,212	4,212	4,110	4,109	4,109	4,109
Less: rent from Global Colocation Data Centre Provider (Cytera; estimated)	-	-	-	-	(4,212)	(4,212)	(4,212)	(4,212)	(4,110)	(4,109)	(4,109)	(4,109)
Unaccounted rent	-	-	-	-	-	-	-	-	-	-	-	-
<b>2403 Walsh Avenue:</b>												
Annualised rent	-	-	-	-	2,607	2,607	2,607	2,607	2,544	2,543	2,543	2,543
Less: rent from Global Colocation Data Centre Provider (Cytera; estimated)	-	-	-	-	(2,607)	(2,607)	(2,607)	(2,607)	(2,544)	(2,543)	(2,543)	(2,543)
Unaccounted rent	-	-	-	-	-	-	-	-	-	-	-	-
<b>371 Gough Road:</b>												
Annualised rent	12,688	9,316	9,449	11,468	11,680	11,716	11,806	9,697	8,459	11,682	11,950	11,972
Less: rent from IT Service Provider (Sungard Availability Services; actual)	-	-	-	-	-	-	-	-	(1,391)	(4,467)	(4,639)	(4,565)
Less: rent from Next-Generation AI Computing Developer (actual)	(3,849)	-	-	-	-	-	-	-	-	-	-	-
Less: rent from Global Technology Solutions Provider (actual)	n.a.	n.a.	n.a.	n.a.	n.a.	(9,183)	(9,187)	(7,352)	(6,968)	(7,116)	(7,211)	(7,305)
Less: rent from Global Cloud and Software Service Provider (actual)	n.a.	n.a.	n.a.	n.a.	n.a.	(2,259)	(2,303)	(1,676)	-	-	-	-
Unaccounted rent (excluding those indicated as "n.a.")	8,839	9,316	9,449	11,468	11,680	274	316	669	100	99	101	102
<b>200 North Nash Street:</b>												
Annualised rent	5,403	2,719	2,719	2,719	2,652	2,652	2,652	2,652	2,588	2,588	2,588	2,588
Less: rent from Global Colocation Data Centre Provider (Cytera; estimated)	-	(2,719)	(2,719)	(2,719)	(2,652)	(2,652)	(2,652)	(2,652)	(2,588)	(2,588)	(2,588)	(2,588)
Unaccounted rent	5,403	-	-	-	-	-	-	-	-	-	-	-
<b>3015 Winona Avenue:</b>												
Annualised rent	3,253	2,183	2,183	2,183	2,140	2,140	2,140	2,140	2,098	2,099	2,099	2,099
Less: rent from Global Colocation Data Centre Provider (Cytera; estimated)	-	(2,183)	(2,183)	(2,183)	(2,140)	(2,140)	(2,140)	(2,140)	(2,098)	(2,099)	(2,099)	(2,099)
Unaccounted rent	3,253	-	-	-	-	-	-	-	-	-	-	-
<b>Frankfurt Facility:</b>												
Annualised rent	30,551	24,109	22,655	11,060	10,507	10,273	10,362	10,177	9,861	-	-	-
Less: rent from Fortune 50 Software Company (estimated)	n.a.	n.a.	n.a.	n.a.	n.a.	(4,401)	(4,433)	(4,368)	(4,303)	-	-	-
Less: rent from Fortune 25 Tech Company (actual)	n.a.	n.a.	n.a.	n.a.	n.a.	(4,763)	(4,836)	(4,775)	(4,724)	-	-	-
Less: rent from Global Colocation Data Centre Provider (Cytera; estimated)	-	-	-	-	(553)	(541)	(550)	(530)	(522)	-	-	-
Unaccounted rent (excluding those indicated as "n.a.")	30,551	24,109	22,655	11,060	9,954	568	543	504	312	-	-	-
<b>Digital Osaka 2:</b>												
Annualised rent	6,977	7,470	6,624	7,010	3,712	-	-	-	-	-	-	-
Less: rent from Global Cloud Provider (estimated)	(2,033)	(2,189)	(1,946)	(2,069)	(1,110)	-	-	-	-	-	-	-
Unaccounted rent	4,944	5,281	4,678	4,941	2,602	-	-	-	-	-	-	-

Note: Digital Osaka 3 excluded from this Exhibit as historical annualised rent is yet available. n.a. = not available.

Source: DCREIT's IPO Prospectus, announcements and presentations, FPA

**Net Property Income (“NPI”):**

NPI rose by 12.6% from US\$27.9 million in 2H FY2023 to US\$31.4 million in 2H FY2024 in line with the rise in gross revenue.

**Finance income:**

Finance income rose by 66.2% from US\$3.0 million in 2H FY2023 to US\$5.0 million in 2H FY2024.

DCREIT noted that finance income “comprises interest income from a loan to associate and deposits placed with financial institutions”. DCREIT added that the “increase year-on-year was largely due to higher fixed deposits placed with banks and the increased 49.9% ownership percentage of the loan to associate until 5 December 2024 when the loan to associate became an intercompany loan and the Frankfurt associate became a subsidiary”.

DCREIT’s interest income from advance to an associate rose by 52.1% from US\$5.7 million in FY2023 to US\$8.6 million in FY2024, in line with DCREIT’s acquisition of a further 24.9% interest in the Frankfurt Facility in April 2024.

Meanwhile, interest income from cash & cash equivalents rose by 464.2% from US\$0.4 million in FY2023 to US\$2.5 million in FY2024. Interest income on cash & cash equivalents as a percentage of cash & cash equivalents (or “effective interest on interest income”) rose from 3.6% in FY2023 to 5.6% in FY2024 despite the average federal funds rate remaining around 5.2% in FY2023 & FY2024, generally in line with the “higher fixed deposits placed with banks” as noted by DCREIT.

DCREIT’s finance income from FY2022 to FY2024 is shown in **Exhibit 6**.

**Exhibit 6: Finance Income (FY2022 to FY2024)**

(in US\$ '000 unless otherwise stated)	Actual		
	FY2024	FY2023	FY2022
Interest income from advance to an associate	8,619	5,665	117
Interest income from cash & cash equivalents	2,488	441	4
<b>Finance income</b>	<b>11,107</b>	<b>6,106</b>	<b>121</b>
Interest income from cash & cash equivalents	2,488	441	4
Cash & cash equivalents	44,115	12,101	25,241
<b>Effective interest on interest income (annualised)</b>	<b>5.6%</b>	<b>3.6%</b>	<b>0.0%</b>

**Target federal funds rate (average)****5.2%****5.2%****2.0%**

Note: Breakdown of finance income was available only in DCREIT’s Annual Reports. Target federal funds rate (higher end of target range) from January 2022 to December 2024 is shown in **Exhibit 7**.

Source: DCREIT’s Annual Reports, U.S. Federal Reserve, FPA

**Finance expenses:**

Finance expenses fell by 5.5% from US\$13.9 million in 2H FY2023 to US\$13.1 million in 2H FY2024.

DCREIT noted that the fall in finance expenses was “due to the decreased cost of debt as a result of the reduced USD loan balances post the sale of the Divested Properties and partially offset by incremental EUR borrowings to partially finance the Frankfurt facility acquisition and the additional JPY borrowings to finance the Digital Osaka 2 (KIX11) acquisition”.

Based on DCREIT’s financial statements, the balance on term loan used to “partially finance the acquisition of the initial IPO Portfolio” fell by 54.3% from US\$350.0 million in 2H FY2023 to US\$160.0 million in 2H FY2024.

The balance on loan used to “finance the acquisition of the 65.0% interest in the Frankfurt Facility” rose by 100.8% from US\$154.5 million in 2H FY2023 to US\$310.2 million in 2H FY2024 in line with DCREIT’s acquisition of an additional 40.0% interest in the Frankfurt Facility.

Meanwhile, the balance on term loan used to “finance the acquisition of the 20.0% interest in Digital Osaka 2” rose by 76.9% from US\$46.4 million in 2H FY2023 to US\$82.1 million in 2H FY2024 in line with DCREIT’s acquisition of an additional 10.0% interest in Digital Osaka 2.

DCREIT’s finance expenses & borrowings from 1H FY2022 to 2H FY2024 are shown in **Exhibit 7**.

**Exhibit 7: Finance Expenses (1H FY2022 to 2H FY2024)**

(in US\$ '000)	Actual					
	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Interest expense on borrowings (excl. JPY 10B fixed rate notes)	10,274	11,225	13,143	11,567	6,450	3,133
Interest expense on JPY 10 billion 1.97% fixed rate notes <sup>(1)</sup>	-	-	-	-	-	-
Amortisation of upfront debt-related transaction costs	2,598	767	733	732	357	320
Interest expense on shareholder loan	243	-	-	-	-	-
Dividends on preferred units	7	8	7	8	8	6
<b>Finance expenses</b>	<b>13,122</b>	<b>12,000</b>	<b>13,883</b>	<b>12,307</b>	<b>6,815</b>	<b>3,459</b>
Interest expense on borrowings	10,274	11,225	13,143	11,567	6,450	3,133
Total borrowings (excl. JPY 10B fixed rate notes)	552,349	472,338	558,915	505,726	499,870	350,000
<b>(A) Effective interest on interest expense (annualised)</b>	<b>3.7%</b>	<b>4.8%</b>	<b>4.7%</b>	<b>4.6%</b>	<b>2.6%</b>	<b>1.8%</b>
Difference: B - A	1.3%	0.7%	0.8%	0.4%	0.8%	(1.1%)
<b>(B) Target federal funds rate (average)</b>	<b>5.0%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.0%</b>	<b>3.3%</b>	<b>0.7%</b>

(in US\$ M)	Actual					
	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
For acquisition of initial IPO portfolio	160.0	210.0	350.0	350.0	350.0	350.0
For acquisition of interest in Frankfurt Facility	310.2	182.1	154.5	152.7	149.9	-
For acquisition of interest in Digital Osaka 2	82.1	80.2	46.4	-	-	-
From revolving credit facility	-	-	8.0	3.0	-	-
<b>Total borrowings (excl. JPY 10B fixed rate notes)</b>	<b>552.3</b>	<b>472.3</b>	<b>558.9</b>	<b>505.7</b>	<b>499.9</b>	<b>350.0</b>
JPY 10 billion 1.97% fixed rate notes <sup>(1)</sup>	-	-	-	-	-	-
<b>Total borrowings</b>	<b>552.3</b>	<b>472.3</b>	<b>558.9</b>	<b>505.7</b>	<b>499.9</b>	<b>350.0</b>

(in %)	Actual					
	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
January		5.50%		4.50%		0.25%
February		5.50%		4.75%		0.25%
March		5.50%		5.00%		0.50%
April		5.50%		5.00%		0.50%
May		5.50%		5.25%		1.00%
June		5.50%		5.25%		1.75%
July	5.50%		5.50%		2.50%	
August	5.50%		5.50%		2.50%	
September	5.00%		5.50%		3.25%	
October	5.00%		5.50%		3.25%	
November	4.75%		5.50%		4.00%	
December	4.50%		5.50%		4.50%	
<b>Target federal funds rate (average)</b>	<b>5.04%</b>	<b>5.50%</b>	<b>5.50%</b>	<b>4.96%</b>	<b>3.33%</b>	<b>0.71%</b>

<sup>(1)</sup> Issued in April 2025.

Source: DCREIT's presentations &amp; financials, U.S. Federal Reserve, FPA

**Manager's fee:**

Manager's base fees fell by 44.0% from US\$3.6 million in 2H FY2023 to US\$2.0 million in 2H FY2024 despite a rise in DCREIT's total assets while performance fees fell by 5.5% from US\$13.9 million in 2H FY2023 to US\$13.1 million in 2H FY2024 despite a rise in NPI.

Based on the Annual Report for FY2024, DCREIT noted that the base fee is "0.5% per annum of the value of all the assets of the Group ("Deposited Property")". DCREIT also noted that the performance fee is "3.5% per annum of net property income".

DCREIT noted in the financial statements for 2H FY2024 that the "year-on-year decline in management fees resulted from the Manager waiving base and performance fees for the Frankfurt Facility in FY 2023 and FY 2024 while conducting a transfer pricing study on internal fee arrangements to prevent potential double-counting of the fees".

**Trustee's fee:**

Trustee's fee fell by 2.1% from US\$94,000 in 2H FY2023 to US\$92,000 in 2H FY2024.

Based on the Annual Report for FY2024, 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 goods and services tax in accordance with the Trust Deed".

**Other trust expenses:**

Other trust expenses rose by 185.9% from US\$0.7 million in 2H FY2023 to US\$2.0 million in 2H FY2024. DCREIT noted that the "variance is largely due to additional tax advisory and professional fees related to the integration of the LA Assets, as well as legal and other expenses for the Group's debt recast in 2H 2024".

Based on the Annual Report for FY2024, "Other expenses" rose by 491.2% from US\$0.2 million in FY2023 to US\$1.0 million in FY2024. DCREIT noted that "Other expenses include internal audit fees, realised foreign exchange and other fees and expenses".

**Unrealised foreign exchange gain:**

Unrealised foreign exchange gain rose from US\$0.2 million in 2H FY2023 to US\$6.6 million in 2H FY2024. DCREIT noted that it "mainly relates to the USD revaluation of the EUR and JPY loans issued to fund investments into the Frankfurt Facility and Digital Osaka 2 (KIX11) asset".

**Profit before tax, fair value, remeasurement loss & share of results:**

Mainly in line with the rise in finance income, fall in Manager's base fee and rise in unrealised foreign exchange gain, profit before tax, fair value, remeasurement loss & share of results rose by 115.1% from US\$11.6 million in 2H FY2023 to US\$25.0 million in 2H FY2024.

**Share of result of associate:**

Share of result of associate rose from a loss of US\$18.0 million in 2H FY2023 to a profit of US\$12.6 million in 2H FY2024. DCREIT noted that the profit in 2H FY2024 was "largely due to the 20% pro-rata share of profit and fair value gain recognised for Digital Osaka 2 associate as compared to a fair value loss recognised for the Frankfurt Facility which was classified as an associate in 2023".



**Remeasurement loss:**

DCREIT incurred a remeasurement loss of US\$11.1 million in 2H FY2024 (none in 2H FY2023). DCREIT noted that its acquisition of a further 15.1% interest in the Frankfurt Facility in December 2024 “resulted in a change of control and reclassification of the investment from associate to a subsidiary” such that the remeasurement loss was recorded “based on the acquired price which was at a discount to the appraised and carrying value”.

**Fair value change in financial derivatives:**

Fair value change in financial derivatives was US\$0.1 million in 2H FY2024 (none in 2H FY2023). DCREIT noted that it used “foreign exchange forward contracts to manage its income exposure to Japanese Yen and Euro currency fluctuations” and that the “change in fair value of the forward exchange contracts was recorded in the profit and loss statement”.

**Net fair value change in investment properties:**

Net fair value change in investment properties rose from a loss of US\$139.2 million in 2H FY2023 to a gain of US\$251.6 million in 2H FY2024. DCREIT noted that “result of the North American portfolio recorded an approximate 11% portfolio gain of US\$135.7 million due to a combination of new and extension leases executed and positive market fundamentals”. DCREIT also noted that the “Frankfurt Facility recorded a US\$115.9 million gain as the acquisition price of EUR470.0 million was an approximate 20% discount to the appraised valuation of EUR581.0 million”.

**Profit/(loss) before tax:**

Mainly due to the net change in fair value of investment properties, profit before tax rose from a loss of US\$145.5 million in 2H FY2023 to a profit of US\$278.2 million in 2H FY2024.

**Tax expense:**

Tax expense rose from a credit of US\$16.5 million in 2H FY2023 to an expense of US\$34.1 million in 2H FY2024. DCREIT noted that the “variance in tax expense was largely due to the net deferred tax expense recognised for the fair value gain of the investment properties”.

**Profit/(loss) after tax:**

Mainly due to the net change in fair value of investment properties, profit after tax rose from a loss of US\$129.0 million in 2H FY2023 to a profit of US\$244.1 million in 2H FY2024.

**Profit/(loss) after tax attributable to unitholders:**

Non-Controlling Interests (“NCI”) relate to the 10.0% interest in the North American properties and 35.0% interest in the Frankfurt Facility not held by DCREIT.

Profit after tax attributable to NCI rose from a loss of US\$11.4 million in 2H FY2023 to a profit of US\$57.4 million in 2H FY2024. Accordingly, after deducting profit after tax attributable to NCI from profit after tax, profit after tax attributable to unitholders rose from a loss of US\$117.7 million in 2H FY2023 to a profit of US\$186.8 million in 2H FY2024.

**Earnings Per Unit (“EPU”):**

Both the basic & diluted weighted number of units in issue rose by 15.7% from 2H FY2023 to 2H FY2024, mainly in line with the 192,000,000 new units issued as part of the private placement in February 2024.

Partly in line with the rise in issued units, EPU (basic in U.S. cents) rose from a loss of 10.47 in 2H FY2023 to a profit of 14.36 in 2H FY2024 while EPU (diluted in U.S. cents) rose from a loss of 10.30 in 2H FY2023 to a profit of 14.14 in 2H FY2024.

**Distribution adjustments:**

After excluding mainly non-cash items, income available for distribution to unitholders rose by 17.0% from US\$20.0 million in 2H FY2023 to US\$23.4 million in 2H FY2024.

However, Distribution Per Unit (“DPU” in U.S. cents) rose by only 1.1% from 1.78 in 2H FY2023 to 1.80 in 2H FY2024 mainly in line with the 192,000,000 new units issued as part of the private placement in February 2024.

DCREIT's performance in 2H FY2023 & 2H FY2024 is summarised in **Exhibit 8**.

**Exhibit 8: Financial Performance (2H FY2023 & 2H FY2024)**

(in US\$ '000)	Actual		2H FY2024 v 2H FY2023	
	2H FY2024 (ended 31 Dec)	2H FY2023 (ended 31 Dec)	Absolute Change	Change (%)
Rental income	36,906	32,669	4,237	13.0%
Utilities reimbursements	8,508	6,573	1,935	29.4%
Other recovery & operating income	8,598	9,962	(1,364)	(13.7%)
<b>Gross revenue</b>	<b>54,012</b>	<b>49,204</b>	<b>4,808</b>	<b>9.8%</b>
Utilities	(9,563)	(6,764)	(2,799)	41.4%
Property taxes & insurance expenses	(3,256)	(5,713)	2,457	(43.0%)
Repairs & maintenance	(2,376)	(1,737)	(639)	36.8%
Property management fees	(1,047)	(1,036)	(11)	1.1%
Other property expenses	(6,367)	(6,056)	(311)	5.1%
<b>Net Property Income ("NPI")</b>	<b>31,403</b>	<b>27,898</b>	<b>3,505</b>	<b>12.6%</b>
Other income	-	-	-	n.m.
Finance income	4,975	2,994	1,981	66.2%
Finance expenses	(13,122)	(13,883)	761	(5.5%)
Manager's base fee	(2,019)	(3,603)	1,584	(44.0%)
Manager's performance fee	(702)	(1,148)	446	(38.9%)
Trustee's fee	(92)	(94)	2	(2.1%)
Other trust expenses	(2,041)	(714)	(1,327)	185.9%
Unrealised foreign exchange	6,601	174	6,427	n.m.
<b>Profit before tax, fair value, remeasurement loss &amp; share of results</b>	<b>25,003</b>	<b>11,624</b>	<b>13,379</b>	<b>115.1%</b>
Share of result of associate	12,642	(17,959)	30,601	(170.4%)
Remeasurement loss	(11,144)	-	(11,144)	n.m.
Fair value change in financial derivatives	71	-	71	n.m.
Net fair value change in investment properties	251,601	(139,197)	390,798	(280.8%)
<b>Profit/(loss) before tax</b>	<b>278,173</b>	<b>(145,532)</b>	<b>423,705</b>	<b>(291.1%)</b>
Tax expense	(34,066)	16,522	(50,588)	(306.2%)
<b>Profit/(loss) after tax</b>	<b>244,107</b>	<b>(129,010)</b>	<b>373,117</b>	<b>(289.2%)</b>
<b>Attributable to:</b>				
Unitholders	186,754	(117,658)	304,412	(258.7%)
Non-controlling interests	57,353	(11,352)	68,705	(605.2%)
<b>Profit/(loss) after tax</b>	<b>244,107</b>	<b>(129,010)</b>	<b>373,117</b>	<b>(289.2%)</b>
Weighted average number of units (basic; in '000)	1,300,392	1,123,956	176,436	15.7%
Weighted average number of units (diluted; in '000)	1,321,588	1,142,626	178,962	15.7%
<b>Earnings Per Unit (in U.S. cents):</b>				
Basic	14.36	(10.47)	24.83	(237.2%)
Diluted	14.14	(10.30)	24.44	(237.3%)

n.a. = not available.

Source: DCREIT's financials, FPA

DCREIT's distributions in 2H FY2023 & 2H FY2024 are summarised in **Exhibit 9**.

**Exhibit 9: Distributions (2H FY2023 & 2H FY2024)**

(in US\$ '000 unless otherwise stated)	Actual		2H FY2024 v 2H FY2023	
	2H FY2024 (ended 31 Dec)	2H FY2023 (ended 31 Dec)	Absolute Change	Change (%)
<b>Profit/(loss) after tax attributable to unitholders</b>	<b>186,754</b>	<b>(117,658)</b>	<b>304,412</b>	<b>(258.7%)</b>
<b><u>Distribution adjustments:</u></b>				
Property related non-cash items	(17)	4,093	(4,110)	(100.4%)
Manager's base fee paid/payable in units	2,721	4,750	(2,029)	(42.7%)
Trustee fee	92	94	(2)	(2.1%)
Amortisation of upfront debt-related transaction costs	2,598	733	1,865	254.4%
Deferred tax expense / (credit), net of non-controlling interest	33,639	(17,163)	50,802	(296.0%)
Remeasurement loss	11,144	-	11,144	n.m.
Fair value change in derivatives	(71)	-	(71)	n.m.
Fair value change in investment properties, net of non-controlling interest	(197,464)	125,357	(322,821)	(257.5%)
Share of result of associate	(12,642)	17,959	(30,601)	(170.4%)
Unrealised foreign exchange	(6,601)	(173)	(6,428)	n.m.
Others	3,252	2,012	1,240	61.6%
<b>Income available for distribution to Unitholders</b>	<b>23,405</b>	<b>20,004</b>	<b>3,401</b>	<b>17.0%</b>
Number of units in issue (end of period; in '000)	1,300,294	1,123,853	176,440	15.7%
<b>Distribution per unit (in U.S. cents)</b>	<b>1.80</b>	<b>1.78</b>	<b>0.02</b>	<b>1.1%</b>

n.m. = not meaningful.

Source: DCREIT's financials, FPA

## INDUSTRY OUTLOOK

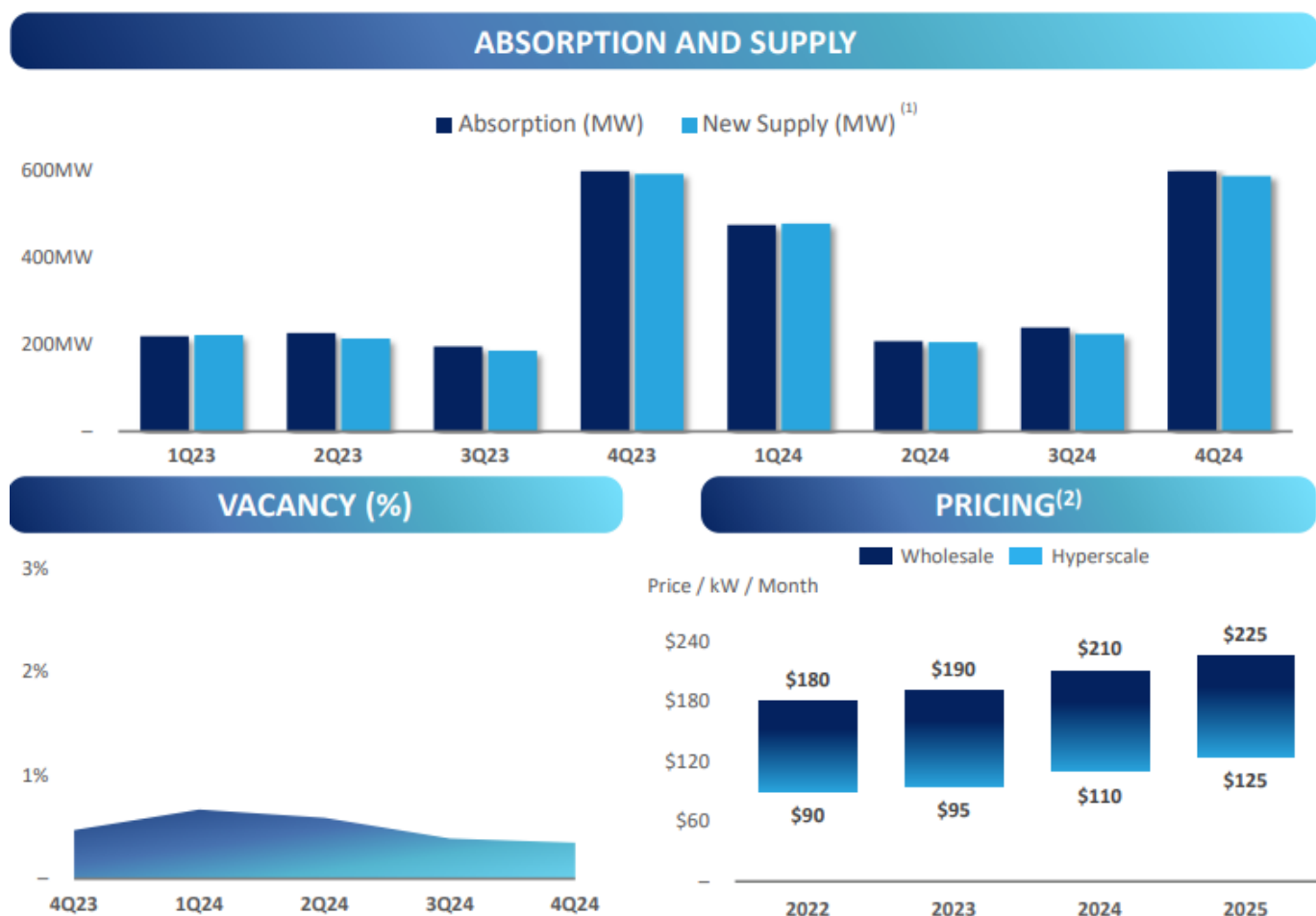
In this section, we discuss the outlooks of data centre markets located where DCREIT's property has or is expected to have vacancies. The outlooks (by data centre platform DatacenterHawk and dated January 2025) are collated from DCREIT's presentation dated April 2025.

### (I) NORTHERN VIRGINIA DATA CENTRE MARKET

According to DatacenterHawk, vacancy in Northern Virginia remained at less than 1% in 4Q 2024 as shown in **Exhibit 10**. DatacenterHawk indicated that wholesale rent (in price per kW per month) was expected to rise by 7.1% from US\$210 in 2024 to US\$225 in 2025 while hyperscale rent was expected to rise by 13.6% from US\$110 in 2024 to US\$125 in 2025.

DatacenterHawk noted that activity in Northern Virginia remained “focused on site selection, with Dominion enhancing its transmission network and providers migrating south toward Henrico County”. However, DatacenterHawk added that “Community concerns about data center projects are growing”. For instance, DCREIT raised that in “Leesburg, the Greenlin Park project, initially approved by the Planning Commission in July 2024, was restructured after a September public hearing”.

#### Exhibit 10: Northern Virginia Data Centre Market (4Q FY2024)



<sup>(1)</sup> “Calculated based on the change in commissioned power quarter over quarter” as noted in DCREIT's presentation. <sup>(2)</sup> “Wholesale pricing represents deals with a deployment size from 250kW to 4MW and hyperscale pricing represents deals greater than 4MW” as noted in DCREIT's presentation.

Source: DatacenterHawk (as at January 2025; cited by DCREIT in April 2025)

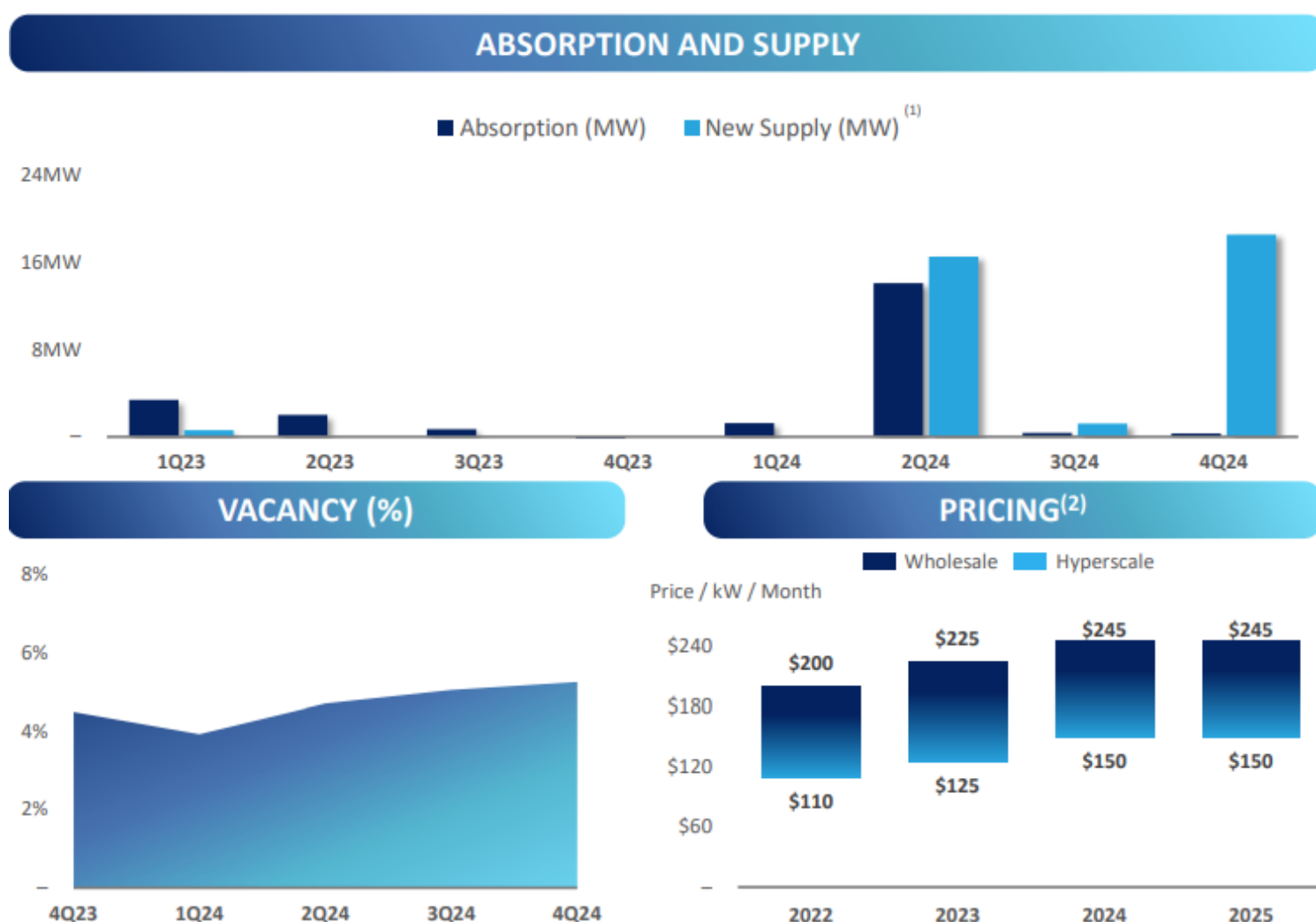


## (II) LOS ANGELES DATA CENTRE MARKET

According to DatacenterHawk, vacancy in Los Angeles was around 4–5% in 4Q 2024 as shown in **Exhibit 11**. DatacenterHawk indicated that wholesale rent was expected to remain around US\$245 in 2023 & 2024 while hyperscale rent was expected to remain around US\$150 in 2023 & 2024.

DatacenterHawk noted that “growth in Los Angeles has picked up” after “many years with little to no new projects active simultaneously”. For instance, DatacenterHawk noted that DCREIT’s Sponsor, Digital Realty, has filed a “Notice of Preparation of Environmental Impact Report for planned facility at 727 S. Grand Avenue, Los Angeles” and that “Public comment period” was “currently ongoing”.

**Exhibit 11: Los Angeles Data Centre Market (4Q FY2024)**



<sup>(1)</sup> “Calculated based on the change in commissioned power quarter over quarter” as noted in DCREIT’s presentation. <sup>(2)</sup> “Wholesale pricing represents deals with a deployment size from 250kW to 4MW and hyperscale pricing represents deals greater than 4MW” as noted in DCREIT’s presentation.

Source: DatacenterHawk (as at January 2025; cited by DCREIT in April 2025)

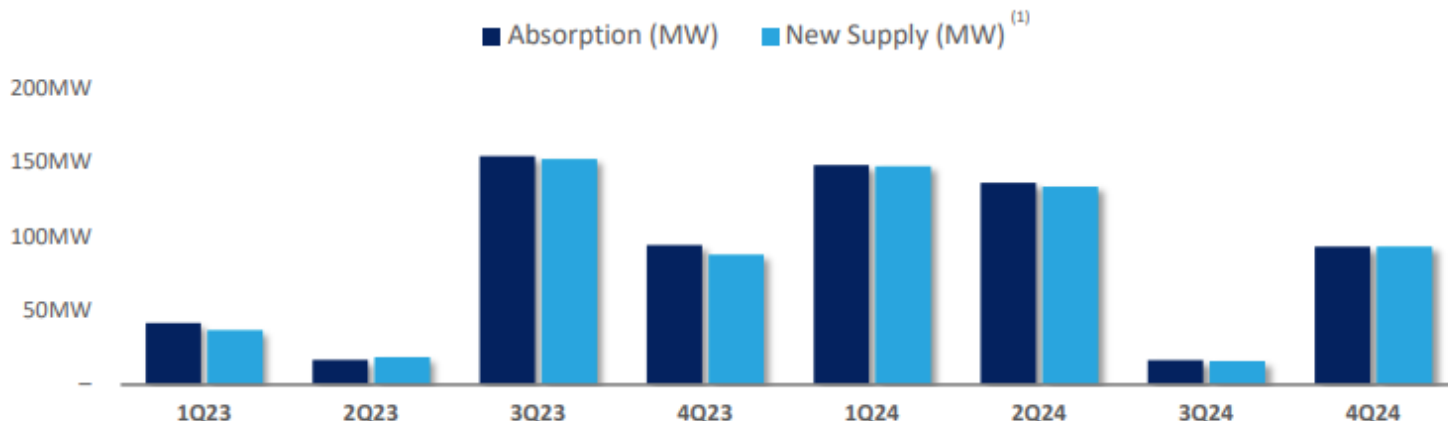
### (III) FRANKFURT DATA CENTRE MARKET

According to DatacenterHawk, vacancy in Frankfurt remained less than 1% in 4Q 2024 as shown in **Exhibit 12**. DatacenterHawk indicated that wholesale rent was expected to fall by 5.1% from US\$234 in 2024 to US\$222 in 2025 while hyperscale rent was expected to fall by 5.5% from US\$109 in 2024 to US\$103 in 2025.

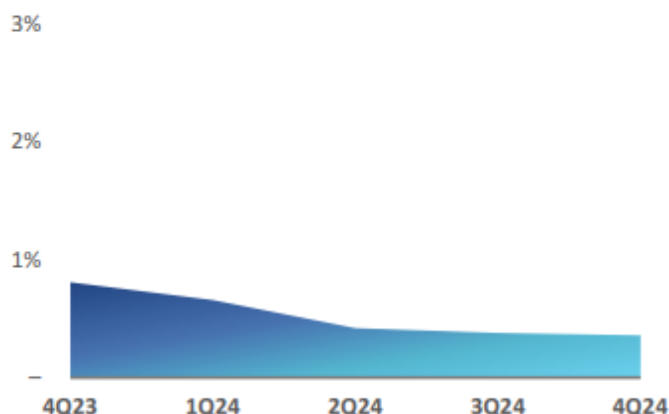
DCREIT noted that hyperscalers “continue to drive pre-leasing activity, often on entire planned campus developments” and added that “many of these campuses are reserved ahead of planning consent, with options for contract cancellation if approval is not received”. DCREIT also mentioned that “AI workload demands continue to hamper construction start dates as liquid cooling designs are re-assessed, both from a design and capacity planning perspective”.

#### Exhibit 12: Frankfurt Data Centre Market (4Q FY2024)

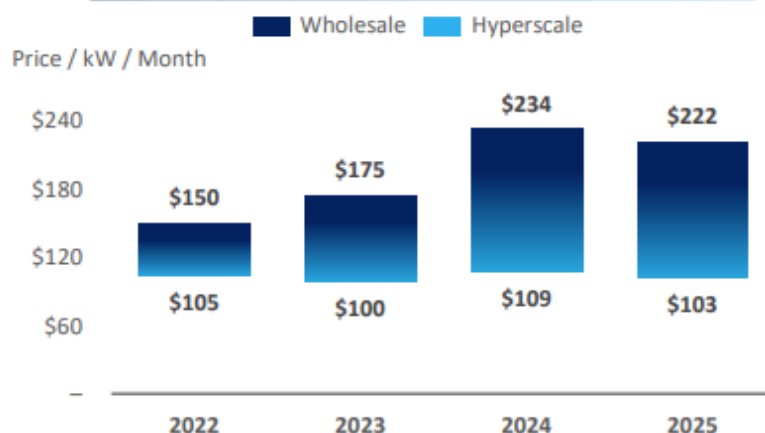
##### ABSORPTION AND SUPPLY



##### VACANCY (%)



##### PRICING<sup>(2)</sup>



<sup>(1)</sup> “Calculated based on the change in commissioned power quarter over quarter” as noted in DCREIT’s presentation. <sup>(2)</sup> “Wholesale pricing represents deals with a deployment size from 250kW to 4MW and hyperscale pricing represents deals greater than 4MW” as noted in DCREIT’s presentation.

Source: DatacenterHawk (as at January 2025; cited by DCREIT in April 2025)

#### (IV) OSAKA DATA CENTRE MARKET

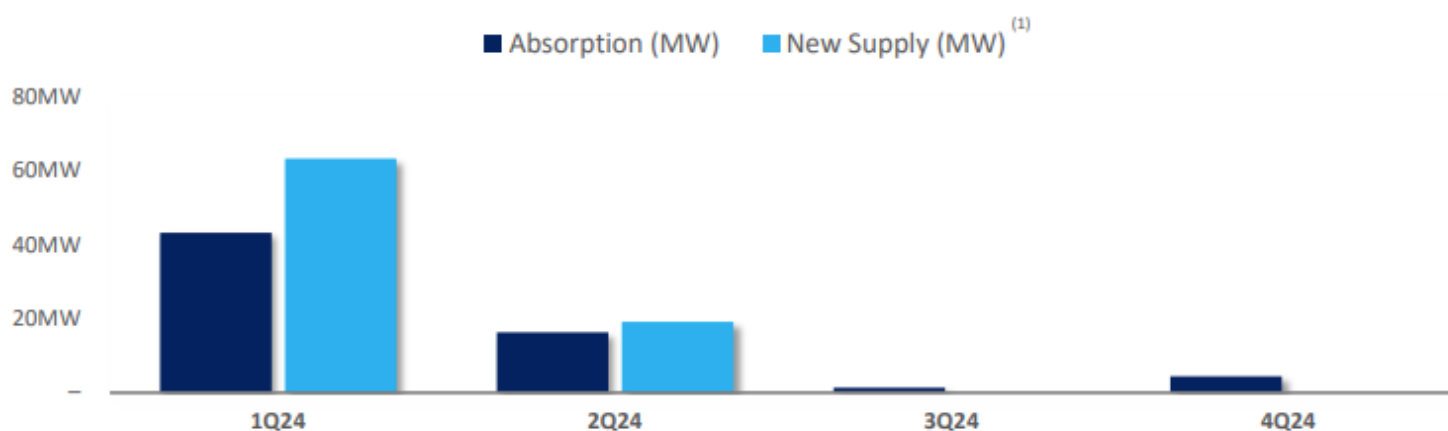
According to DatacenterHawk, vacancy in Osaka was around (or just below) 10% in 4Q 2024 as shown in **Exhibit 13**. DatacenterHawk indicated that wholesale rent was expected to fall by 7.3% from US\$164 in 2024 to US\$152 in 2025 while hyperscale rent was expected to fall by 7.8% from US\$103 in 2024 to US\$95 in 2025.

DatacenterHawk noted that Japanese authorities would no longer minimise nuclear dependence in its long term energy planning, with Japan having “restarted the 825 MW Onagawa No. 2 nuclear reactor” in November 2024, the “first Boiling Water Reactor (BWR) to resume operation since the Fukushima Daiichi disaster 13 years ago”. DatacenterHawk added that “Osaka is gaining traction as an alternative to Tokyo for development, offering easier power access and more sites”.

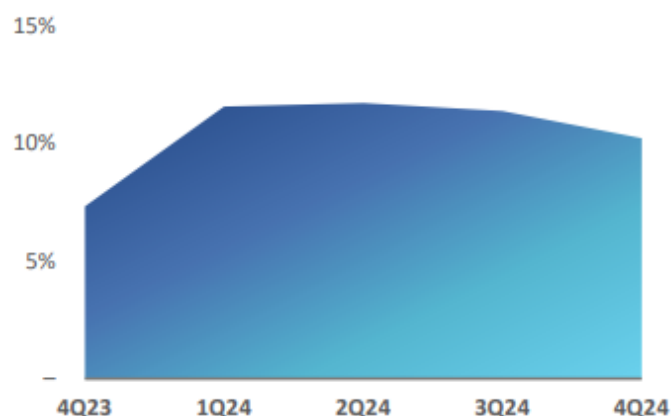
We provide more details on data centre markets in our industry report dated November 2024.

#### Exhibit 13: Osaka Data Centre Market (4Q FY2024)

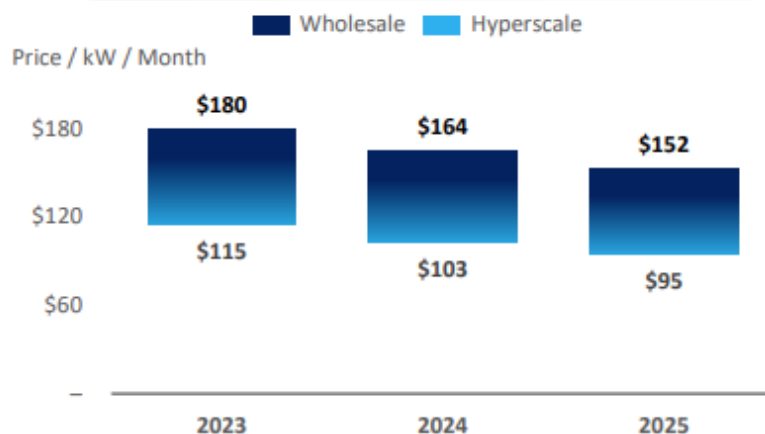
##### ABSORPTION AND SUPPLY



##### VACANCY (%)



##### PRICING<sup>(2)</sup>



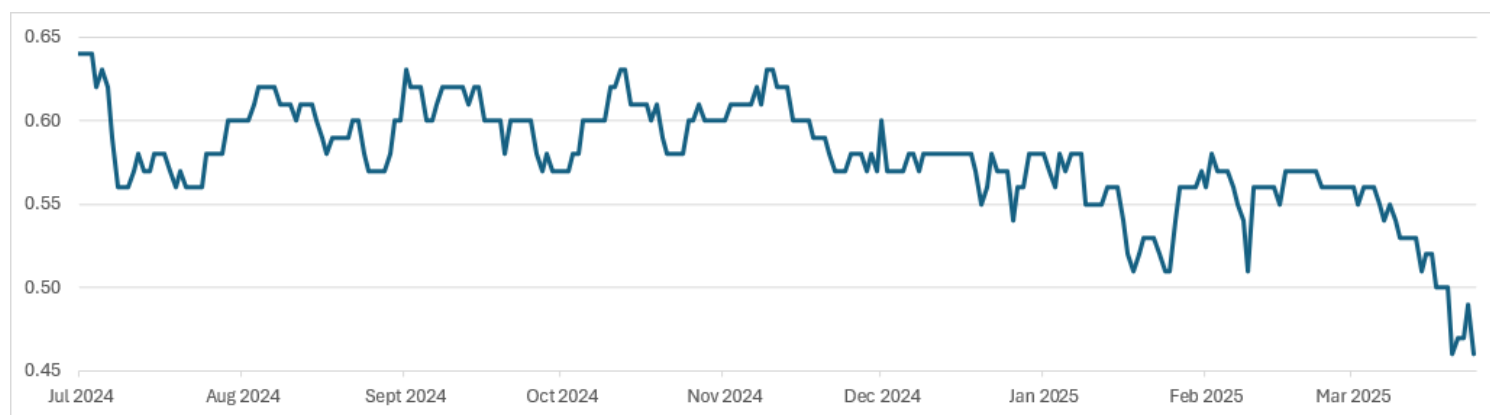
<sup>(1)</sup> “Calculated based on the change in commissioned power quarter over quarter” as noted in DCREIT’s presentation. <sup>(2)</sup> “Wholesale pricing represents deals with a deployment size from 250kW to 4MW and hyperscale pricing represents deals greater than 4MW” as noted in DCREIT’s presentation.

Source: DatacenterHawk (as at January 2025; cited by DCREIT in April 2025)

## UNIT PRICE MOVEMENTS

Since the publication of our initiation report, DCREIT's unit price fell by 28.1% from US\$0.640 on 19 July 2024 to US\$0.460 on 11 April 2025 as shown in **Exhibit 14**.

### Exhibit 14: Unit Price Performance



Note: Exhibit based on data from Investing.com, which provided historical unit prices only to two decimal places.

Source: Investing.com, FPA

On 24 July 2024, DCREIT announced its 1H FY2024 results. Gross revenue fell by 9.6% from US\$53.4 million in 1H FY2023 to US\$48.3 million in 1H FY2024 while DPU (in U.S. cents) fell by 6.3% from 1.92 in 1H FY2023 to 1.80 in 1H FY2024. Unit price fell by 8.1% from US\$0.620<sup>1</sup> on 24 July 2024 to US\$0.570 on 31 July 2024.

On 23 October 2024, DCREIT released its Business & Operational Update for 3Q FY2024. Unit price rose by 5.0% from US\$0.595 on 23 October 2024 to US\$0.625 on 30 October 2024.

On 12 February 2025, DCREIT announced its FY2024 and 2H FY2024 results. Gross revenue rose by 9.8% from US\$49.2 million in 2H FY2023 to US\$54.0 million in 2H FY2024 while DPU (in U.S. cents) rose by 1.1% from 1.78 in 2H FY2023 to 1.80 in 2H FY2024.

On the same day, DCREIT released its notice of asset valuation which showed that most of DCREIT's properties appreciated. DCREIT also announced that Serene Nah has been appointed as the Chairman of the Board. Previously, she was a Managing Director and the Head of Asia Pacific of Digital Realty, the sponsor of DCREIT.

Unit price rose by 9.7% from US\$0.515 on 12 February 2025 to US\$0.565 on 19 February 2025.

On 2 April 2025, U.S. President Donald Trump announced universal & "reciprocal" tariffs on U.S.'s trading partners. STI fell by 14.2% from 3,954.21 on 2 April 2025 to 3,393.69 on 9 April 2025. In line with the fall in STI, DCREIT's unit price fell by 10.6% from US\$0.520 on 2 April 2025 to US\$0.465 on 9 April 2025.

<sup>1</sup> Individual unit prices as extracted from SGX Stock Screener.

## FINANCIAL PROJECTIONS

### (I) REVENUE & NET PROPERTY INCOME PROJECTIONS

To project DCREIT's revenue, we begin by projecting the average annualised rent in FY2025 & FY2026 for each of its properties.

1. **44520 Hastings Drive:** Annualised rent rose by 2.0% in 3Q FY2022 & 3Q FY2023. We assume that annualised rent in 1Q FY2025 will be the same as in 4Q FY2024 and that annualised rent will rise by 2.0% in 3Q FY2025 & 3Q FY2026. Thus, we project that the average annualised rent (at 100.0% share) will be US\$16.1 million in FY2025 and US\$16.4 million in FY2026 as follows:

$$\begin{aligned}
 \text{Average annualised rent at 100.0\% share (FY2025)} &= \left[ \text{Sum of annualised rent at 90.0\% share (1Q to 4Q FY2025)} \right. \\
 &\quad \left. \times \frac{1}{\text{no. of quarters}} \right] \times \frac{1}{\text{DCREIT's share}} \\
 &= \left[ (\text{US\$14.3 million} \times 2 + \text{US\$14.3 million} \times 102.0\% \times 2) \times \frac{1}{4} \right] \\
 &\quad \times \frac{1}{90.0\%} \\
 &= \text{US\$14.5 million} \times \frac{1}{90.0\%} \\
 &= \text{US\$16.1 million} \\
 \text{Average annualised rent at 100.0\% share (FY2026)} &= \text{Average annualised rent at 100.0\% share (FY2025)} \\
 &\quad \times 102.0\% \\
 &= \text{US\$16.1 million} \times 102.0\% \\
 &= \text{US\$16.4 million}
 \end{aligned}$$



2. **8217 Linton Hall Road:** DCREIT mentioned in January 2025 that the “customer option to renew the lease for 8217 Linton Hall in Northern Virginia expired unexercised on 31 December 2024”. DCREIT added that the “current lease expires on 30 June 2025” and that every “one month of downtime” thereafter “represents approximately 0.06 cents of DPU”. We also note that, according to DatacenterHawk, vacancy in the Northern Virginia data centre market has remained below 1% from 4Q 2023 to 4Q 2024 as shown in **Exhibit 10** (page 18). Thus, we assume that DCREIT will secure a new tenant in 4Q FY2025 (in six months) after the current customer’s lease expires at end-2Q FY2025.

Based on the valuation certificate (dated August 2021) found in DCREIT’s IPO Prospectus, the property’s contract rent was “\$91.39 per kW per month” for the sole “Fortune 50 software company” tenant. From FY2022 to FY2024, annualised rent rose by 1.0% in 3Q of each Financial Year (“FY”). We assume that the contract rent (in price per kW per month) of US\$91.39 is after rent reversion in the quarter (3Q FY2021). Therefore, the contract rent will likely have risen further by 1.0% annually to US\$94.16 at end-2Q FY2025.

As also shown in **Exhibit 10**, DatacenterHawk indicated that hyperscale rent was expected to rise to US\$125 in 2025. Hyperscale rent was indicated as US\$90 in 2022 and US\$95 in 2023, generally in line with the estimated contract rent for 8217 Linton Hall Road in the same period. Therefore, the contract rent of 8217 Linton Hall Road may rise by 32.8% from US\$94.16 at end-2Q FY2025 to US\$125.00 at end-1Q FY2026.

We assume that annualised rent will rise proportionally to the rise in contract rent. Thus, we project that annualised rent at 90.0% share (and 100.0% share) will rise by 32.8% from US\$9.9 million (US\$11.0 million) at end-2Q FY2024 to US\$13.1 million (US\$14.5 million) at end-1Q FY2025 after DCREIT secures new tenant(s). Thereafter, we assume that annualised rent at 90.0% share (and 100.0% share) will rise by 1.0% to US\$13.2 million (US\$14.7 million) at end-3Q FY2026, such that the average annualised rent will be US\$5.5 million in FY2025 and US\$14.6 million in FY2026 as follows:

$$\begin{aligned}
 \text{Average annualised rent at 100.0\% share (FY2025)} &= \left[ \text{Sum of annualised rent at 90.0\% share (1Q to 4Q FY2025)} \right. \\
 &\quad \left. \times \frac{1}{\text{no.of quarters}} \right] \times \frac{1}{\text{DCREIT's share}} \\
 &= \left[ (\text{US\$9.9 million} \times 2) \times \frac{1}{4} \right] \times \frac{1}{90.0\%} \\
 &= \text{US\$4.9 million} \times \frac{1}{90.0\%} \\
 &= \text{US\$5.5 million}
 \end{aligned}$$

$$\begin{aligned}
 \text{Average annualised rent at 100.0\% share (FY2026)} &= \left[ \text{Sum of annualised rent at 90.0\% share (1Q to 4Q FY2026)} \right. \\
 &\quad \left. \times \frac{1}{\text{no.of quarters}} \right] \times \frac{1}{\text{DCREIT's share}} \\
 &= \left[ (\text{US\$13.1 million} \times 2 + \text{US\$13.2 million} \times 2) \times \frac{1}{4} \right] \times \frac{1}{90.0\%} \\
 &= \text{US\$13.2 million} \times \frac{1}{90.0\%} \\
 &= \text{US\$14.6 million}
 \end{aligned}$$

3. **43831 Devin Shafron Drive:** From FY2022 to FY2024, annualised rent rose by around 3.0% in 2Q of each FY. WALE was 1.3 years at end-4Q FY2024, which suggests that the existing lease may end in 2Q FY2026. Based on the valuation certificate (dated August 2021) in DCREIT's IPO Prospectus, the property was "100% leased to a Global Cloud Provider via a lease that commenced May 1, 2006 and expires April 1, 2026". The valuation certificate also noted that the lease "expires April 2026 but given the tenant's continued investment in the subject and growth in the Northern Virginia data center market, we assume a high renewal probability of 90 percent"<sup>1</sup>. We assume that the "Global Cloud Provider" will renew its lease in April 2026 as vacancy in the Northern Virginia data centre market has remained below 1% from 4Q 2023 to 4Q 2024 according to DatacenterHawk.

Accordingly, we project that the annualised rent of 43831 Devin Shafron Drive will rise by 3.0% in 2Q FY2025 & 2Q FY2026 such that the average annualised rent at share (and 100.0% share) will be US\$1.8 million (US\$2.0 million) in FY2025 and US\$1.8 million (US\$2.0 million) in FY2026.

4. **3011 Lafayette Street:** Annualised rent rose by 2.0% in 1Q FY2023 & 1Q FY2024. WALE was 5.1 years at end-4Q FY2024, which suggests that the existing lease is unlikely to expire in FY2025 & FY2026. Accordingly, we project that the annualised rent will rise by 2.0% in 1Q FY2025 & 1Q FY2026 such that the average annualised rent at share (and 100.0% share) will be US\$12.7 million (US\$14.1 million) in FY2025 and US\$12.9 million (US\$14.4 million) in FY2026.
5. **1500 Space Park Drive:** As part of the agreement to resolve Cyxtera's bankruptcy, Cyxtera's lease was assumed & assigned to Brookfield with no change in lease terms or rental rate. From FY2022 to FY2024, annualised rent rose by 2.0% in 3Q of each FY. WALE was 9.7 years at end-4Q FY2024, which suggests that the existing lease is unlikely to expire in FY2025 & FY2026. Accordingly, we project that annualised rent will rise by 2.0% in 3Q FY2025 & 3Q FY2026 such that the average annualised rent at share (and 100.0% share) will be US\$4.4 million (US\$4.8 million) in FY2025 and US\$4.4 million (US\$4.9 million) in FY2026.
6. **371 Gough Road:** As may be seen in **Exhibit 5** (page 9), we estimate that 371 Gough Road is mainly occupied by (in descending order of estimated annualised rent) a "Global Technology Solutions Provider", the newly-onboarded "Next-Generation AI Computing Developer" and a "Global Cloud and Software Service Provider".

As the annual rent reversion for DCREIT's properties generally ranged between 1.0% to 3.0% from FY2022 to FY2024, we assume that the annual rent reversion for 371 Gough Road will be 2.0% in FY2025 & FY2026, the middle of the 1.0–3.0% range. We also assume that the annual rent reversion will occur at the start of 3Q FY2025 & 3Q FY2026 such that the annualised rent will be higher in the second-half than the first-half of each FY from FY2025 to FY2026. We assume too that the USD-to-CAD (Canadian Dollar) exchange rate for FY2025 & FY2026 will remain the same as at end-4Q FY2024. Thus, we project that the average annualised rent at share (and at 100.0% share) will be US\$12.8 million (US\$14.2 million) in FY2025 and US\$13.1 million (US\$14.5 million) in FY2026.

<sup>1</sup> "probably" in quote amended to "probability".

7. **200 North Nash Street:** Annualised rent at share rose by 98.7% from US\$2.7 million at end-3Q FY2024 to US\$5.4 million at end-4Q FY2024 while WALE rose from nil to 1.8 years in the same period after DCREIT signed rental agreements which had higher rents than those previously in place. Prior, annualised rent rose by 2.5% in 1Q FY2023 & 1Q FY2024. We assume that annualised rent will rise by 2.5% in 1Q FY2025 & 1Q FY2026. Thus, we project that the average annualised rent at share (and at 100.0% share) will rise to US\$5.5 million (US\$6.2 million) in FY2025 and US\$5.7 million (US\$6.3 million) in FY2026.
8. **3015 Winona Avenue:** Annualised rent at share rose by 49.0% from US\$2.2 million at end-3Q FY2024 to US\$3.3 million at end-4Q FY2024 while WALE rose from nil to 3.2 years in the same period after DCREIT signed rental agreements which had higher rents than those previously in place. Prior, annualised rent rose by 2.0% in 1Q FY2023 & 1Q FY2024. We assume that annualised rent will rise by 2.0% in 1Q FY2025 & 1Q FY2026. Thus, we project that the average annualised rent at share (and at 100.0% share) will rise to US\$3.3 million (US\$3.7 million) in FY2025 and US\$3.4 million (US\$3.8 million) in FY2026.
9. **Frankfurt Facility:** As the annual rent reversion for DCREIT's properties generally ranged between 1.0% to 3.0% from FY2022 to FY2024, we assume that the annual rent reversion for the Frankfurt Facility will be 2.0% in FY2025 & FY2026, the middle of the 1.0–3.0% range. We also assume that the annual rent reversion will occur at the start of 3Q FY2025 & 3Q FY2026 such that the annualised rent will be higher in the second-half than the first-half of each FY from FY2025 to FY2026. We assume too that the USD-to-EUR (Euro) exchange rate for FY2025 & FY2026 will remain the same as at end-4Q FY2024. Thus, we project that the average annualised rent at share (and at 100.0% share) will be US\$30.9 million (US\$47.5 million) in FY2025 and US\$31.5 million (US\$48.4 million) in FY2026.
10. **Digital Osaka 2:** While rental income from Digital Osaka 2 has yet been included in DCREIT's rental income, we project the annualised rent of Digital Osaka 2 for use in projecting share of results of associates later. Annualised rent at share rose by 88.8% from US\$3.7 million at end-4Q FY2023 to US\$7.0 million at end-1Q FY2024 after DCREIT acquired an additional 10.0% interest in Digital Osaka 2 in March 2024.

As the annual rent reversion for DCREIT's properties generally ranged between 1.0% to 3.0% from FY2022 to FY2024, we assume that the annual rent reversion for Digital Osaka 2 will be 2.0% in FY2025 & FY2026, the middle of the 1.0–3.0% range. We also assume that the annual rent reversion will occur at the start of 3Q FY2025 & 3Q FY2026 such that the annualised rent will be higher in the second-half than the first-half of each FY from FY2025 to FY2026. We assume too that the USD-to-JPY (Japanese Yen) exchange rate for FY2025 & FY2026 will remain the same as at end-4Q FY2024. Thus, we project that the average annualised rent at share will be US\$7.0 million in FY2025 and US\$7.2 million in FY2026.

11. **Digital Osaka 3:** While rental income from Digital Osaka 3 has yet been included in DCREIT's rental income, we project the annualised rent of Digital Osaka 3 for use in projecting share of results of associates later. Historical annualised rent is yet available as DCREIT acquired the 20.0% interest in Digital Osaka 3 only in March 2025.

We note that the customer IT load for the data centre held by Digital Osaka 2 is 25,500 kW while the customer IT load for the data centre held by Digital Osaka 3 is 19,900 kW. Given that the two data centres are both located on the same campus, we assume that the rental rates for both data centres are the same. Accordingly, we project that annualised rent from 1Q FY2025 to 4Q FY2026 for Digital Osaka 3 is  $\frac{19,900}{25,500}$  (or  $\frac{\text{Customer IT Load (data centre held by Digital Osaka 3)}}{\text{Customer IT Load (data centre held by Digital Osaka 2)}}$ ) that of Digital Osaka 2 in the same respective periods such that we project the average annualised at share of Digital Osaka 3 to be US\$5.5 million in FY2025 and US\$5.6 million in FY2026.

We assume no straight-line or other non-cash rent such that the projected average annualised rent (at 100.0% share) from each property in FY2025 & FY2026 reflects their respective contributions to DCREIT's rental income in the same respective periods.

Our projections of annualised rent in FY2025 & FY2026 for each of DCREIT's properties are shown in **Exhibit 15**.

### **Exhibit 15: Projected Annualised Rent (1Q FY2025 to 4Q FY2026)**

(in US\$ '000)	Projected rent reversion	Projection								Actual / Estimate			
		4Q FY2026	3Q FY2026	2Q FY2026	1Q FY2026	4Q FY2025	3Q FY2025	2Q FY2025	1Q FY2025	4Q FY2024	3Q FY2024	2Q FY2024	1Q FY2024
At share:													
44520 Hastings Drive	1.0%	14,887	14,887	14,595	14,595	14,595	14,595	14,309	14,309	14,309	14,104	13,961	13,961
8217 Linton Hall Road	1.0%	13,220	13,220	13,090	13,090	-	-	9,860	9,860	9,860	9,860	9,762	9,762
43831 Devin Shafron Drive	3.0%	1,832	1,832	1,832	1,779	1,779	1,779	1,779	1,727	1,727	1,727	1,727	1,676
3011 Lafayette Street	2.0%	12,927	12,927	12,927	12,927	12,674	12,674	12,674	12,674	12,425	12,425	12,425	12,425
1500 Space Park Drive	2.0%	4,482	4,482	4,394	4,394	4,394	4,394	4,308	4,308	4,308	4,308	4,224	4,224
2401 Walsh Avenue	2.5%	-	-	-	-	-	-	-	-	-	-	-	-
2403 Walsh Avenue	2.5%	-	-	-	-	-	-	-	-	-	-	-	-
371 Gough Road	2.0%	13,201	13,201	12,942	12,942	12,942	12,942	12,688	12,688	12,688	9,316	9,449	11,468
200 North Nash Street	2.5%	5,677	5,677	5,677	5,677	5,538	5,538	5,538	5,538	5,403	2,719	2,719	2,719
3015 Winona Avenue	2.0%	3,384	3,384	3,384	3,384	3,318	3,318	3,318	3,318	3,253	2,183	2,183	2,183
Wilhelm-Fay-Straße 15 & 24 ("Frankfurt Facility")	2.0%	31,785	31,785	31,162	31,162	31,162	31,162	30,551	30,551	30,551	24,109	22,655	11,060
Digital Osaka 2	2.0%	7,259	7,259	7,117	7,117	7,117	7,117	6,977	6,977	6,977	7,470	6,624	7,010
Digital Osaka 3	2.0%	5,665	5,665	5,554	5,554	5,554	5,554	5,445	5,445	-	-	-	-
Total annualised rent (at share)	n.a.	114,319	114,319	112,673	112,620	99,072	99,072	107,446	107,394	101,501	88,221	85,729	76,488
At 100.0% share (excluding those with <50.0% interest):													
44520 Hastings Drive	1.0%	16,541	16,541	16,217	16,217	16,217	16,217	15,899	15,899	15,899	15,671	15,512	15,512
8217 Linton Hall Road	1.0%	14,689	14,689	14,544	14,544	-	-	10,956	10,956	10,956	10,956	10,847	10,847
43831 Devin Shafron Drive	3.0%	2,036	2,036	2,036	1,976	1,976	1,976	1,976	1,919	1,919	1,919	1,919	1,862
3011 Lafayette Street	2.0%	14,363	14,363	14,363	14,363	14,082	14,082	14,082	14,082	13,806	13,806	13,806	13,806
1500 Space Park Drive	2.0%	4,980	4,980	4,882	4,882	4,882	4,882	4,787	4,787	4,787	4,787	4,693	4,693
2401 Walsh Avenue	2.5%	-	-	-	-	-	-	-	-	-	-	-	-
2403 Walsh Avenue	2.5%	-	-	-	-	-	-	-	-	-	-	-	-
371 Gough Road	2.0%	14,667	14,667	14,380	14,380	14,380	14,380	14,098	14,098	14,098	10,351	10,499	12,742
200 North Nash Street	2.5%	6,307	6,307	6,307	6,307	6,153	6,153	6,153	6,153	6,003	3,021	3,021	3,021
3015 Winona Avenue	2.0%	3,760	3,760	3,760	3,760	3,687	3,687	3,687	3,687	3,614	2,426	2,426	2,426
Wilhelm-Fay-Straße 15 & 24 ("Frankfurt Facility")	2.0%	48,900	48,900	47,942	47,942	47,942	47,942	47,002	47,002	13,794	-	-	-
Digital Osaka 2	2.0%	-	-	-	-	-	-	-	-	-	-	-	-
Digital Osaka 3	2.0%	-	-	-	-	-	-	-	-	-	-	-	-
(A) Annualised rent (100.0% share; excl. those w/ <50% interest)	n.a.	126,245	126,245	124,431	124,372	109,319	109,319	118,639	118,581	84,875	62,936	62,722	64,909
(B = A/4) Total quarterly rent		31,561	31,561	31,108	31,093	27,330	27,330	29,660	29,645	21,219	15,734	15,681	16,227
Total semiannual rent (Q1 + Q2 or Q3 + Q4)	n.a.	63,123		62,201		54,659		59,305		36,953		31,908	

n.a. = not available.

Source: DCREIT's presentations & announcements, FPA

To project gross revenue, we project the difference between the revenue and average annualised rent for each of DCREIT's properties.

For all properties except 8217 Linton Hall Road and the Frankfurt Facility, we assume that the difference in FY2025 & FY2026 will be the average from FY2022 to FY2024.

For 8217 Linton Hall Road, we assume that DCREIT will take six months to secure a new lease for the property in FY2025. Thus, we assume that the difference in FY2025 to be half (based on the number of quarters with active tenancy) of the average from FY2022 to FY2024. We also assume that the difference in FY2026 will be the average from FY2022 to FY2024.

For the Frankfurt Facility, the difference in FY2024 (based on 5–31 December 2024 or 27 out of 366 days in FY2024) was US\$1.3 million. Thus, we assume that the difference in FY2025 & FY2026 will be US\$17.6 million  $(\text{US\$1.3 million} \times \frac{366 \text{ (days from 1 Jan 2024 to 31 Dec 2024)}}{27 \text{ (days from 5 Dec 2024 to 31 Dec 2024)}})$ .

Accordingly, we project that gross revenue will be US\$159.5 million in FY2025 and US\$175.1 million in FY2026 as shown in **Exhibit 16**.

To project NPI, we assume that property operating expenses in FY2025 & FY2026 for all properties except 8217 Linton Hall Road and the Frankfurt Facility will be the average from FY2022 to FY2024.

For 8217 Linton Hall Road, we assume that the property operating expenses in FY2025 to be half (based on the number of quarters with active tenancy) of the average from FY2022 to FY2024. We also assume that the property operating expenses in FY2026 will be the average from FY2022 to FY2024.

For the Frankfurt Facility, property operating expenses in FY2024 (based on 5–31 December 2024 or 27 out of 366 days in FY2024) were US\$2.0 million. Thus, we assume that the property operating expenses in FY2025 & FY2026 will be US\$27.1 million  $(\text{US\$2.0 million} \times \frac{366 \text{ (days from 1 Jan 2024 to 31 Dec 2024)}}{27 \text{ (days from 5 Dec 2024 to 31 Dec 2024)}})$ .

Accordingly, we project that NPI will be US\$99.5 million in FY2025 and US\$110.8 million in FY2026 as shown in **Exhibit 17**.



**Exhibit 16: Projected Gross Revenue (FY2025 & FY2026)**

(in US\$ '000; rounded)	Projection		Actual		
	FY2026	FY2025	FY2024	FY2023	FY2022
44520 Hastings Drive	28,400	28,100	27,500	26,500	28,200
8217 Linton Hall Road	23,500	10,000	18,900	20,100	20,100
43831 Devin Shafron Drive	2,800	2,800	2,700	2,600	2,500
3011 Lafayette Street	18,300	18,000	18,800	17,300	16,200
1500 Space Park Drive	8,000	7,900	8,800	6,900	7,400
2401 Walsh Avenue	-	-	-	5,800	6,000
2403 Walsh Avenue	-	-	-	3,600	3,800
371 Gough Road	15,900	15,600	11,900	13,200	15,800
200 North Nash Street	7,500	7,400	5,100	3,700	4,400
3015 Winona Avenue	4,700	4,600	3,900	2,900	3,300
Frankfurt Facility	66,000	65,100	4,600	-	-
<b>Gross revenue</b>	<b>175,100</b>	<b>159,500</b>	<b>102,200</b>	<b>102,600</b>	<b>107,700</b>

(in US\$ '000; rounded)	Projection		Actual		
	FY2026	FY2025	FY2024	FY2023	FY2022
44520 Hastings Drive	16,400	16,100	15,600	15,400	15,100
8217 Linton Hall Road	14,600	5,500	10,900	10,800	10,700
43831 Devin Shafron Drive	2,000	2,000	1,900	1,800	1,800
3011 Lafayette Street	14,400	14,100	13,800	13,500	13,300
1500 Space Park Drive	4,900	4,800	4,700	4,600	4,600
2401 Walsh Avenue	-	-	-	4,700	4,600
2403 Walsh Avenue	-	-	-	2,900	2,800
371 Gough Road	14,500	14,200	11,900	12,500	12,200
200 North Nash Street	6,300	6,200	3,800	2,900	2,900
3015 Winona Avenue	3,800	3,700	2,700	2,400	2,300
Frankfurt Facility	48,400	47,500	3,300	-	-
<b>Total avg annualised rent (excl. those with &lt;50% interest)</b>	<b>125,300</b>	<b>114,100</b>	<b>68,600</b>	<b>71,500</b>	<b>70,300</b>

(in US\$ '000; rounded)	Projection		Actual		
	FY2026	FY2025	FY2024	FY2023	FY2022
44520 Hastings Drive	12,000	12,000	11,900	11,100	13,100
8217 Linton Hall Road	8,900	4,500	8,000	9,300	9,400
43831 Devin Shafron Drive	800	800	800	800	700
3011 Lafayette Street	3,900	3,900	5,000	3,800	2,900
1500 Space Park Drive	3,100	3,100	4,100	2,300	2,800
2401 Walsh Avenue	-	-	-	1,100	1,400
2403 Walsh Avenue	-	-	-	700	1,000
371 Gough Road	1,400	1,400	-	700	3,600
200 North Nash Street	1,200	1,200	1,300	800	1,500
3015 Winona Avenue	900	900	1,200	500	1,000
Frankfurt Facility	17,600	17,600	1,300	-	-
<b>Gross revenue - average annualised rent</b>	<b>49,800</b>	<b>45,400</b>	<b>33,600</b>	<b>31,100</b>	<b>37,400</b>

Source: DCREIT's financials &amp; presentations, FPA

**Exhibit 17: Projected Net Property Income (FY2025 & FY2026)**

(in US\$ '000; rounded)	Projection		Actual		
	FY2026	FY2025	FY2024	FY2023	FY2022
44520 Hastings Drive	28,400	28,100	27,500	26,500	28,200
8217 Linton Hall Road	23,500	10,000	18,900	20,100	20,100
43831 Devin Shafron Drive	2,800	2,800	2,700	2,600	2,500
3011 Lafayette Street	18,300	18,000	18,800	17,300	16,200
1500 Space Park Drive	8,000	7,900	8,800	6,900	7,400
2401 Walsh Avenue	-	-	-	5,800	6,000
2403 Walsh Avenue	-	-	-	3,600	3,800
371 Gough Road	15,900	15,600	11,900	13,200	15,800
200 North Nash Street	7,500	7,400	5,100	3,700	4,400
3015 Winona Avenue	4,700	4,600	3,900	2,900	3,300
Frankfurt Facility	66,000	65,100	4,600	-	-
<b>Gross revenue</b>	<b>175,100</b>	<b>159,500</b>	<b>102,200</b>	<b>102,600</b>	<b>107,700</b>

(in US\$ '000; rounded)	Projection		Actual		
	FY2026	FY2025	FY2024	FY2023	FY2022
44520 Hastings Drive	(10,700)	(10,700)	(9,900)	(9,700)	(12,400)
8217 Linton Hall Road	(8,600)	(4,300)	(7,800)	(9,000)	(8,900)
43831 Devin Shafron Drive	(700)	(700)	(800)	(700)	(700)
3011 Lafayette Street	(8,300)	(8,300)	(9,400)	(8,600)	(7,000)
1500 Space Park Drive	(800)	(800)	(900)	(1,100)	(500)
2401 Walsh Avenue	-	-	-	(1,900)	(900)
2403 Walsh Avenue	-	-	-	(1,200)	(700)
371 Gough Road	(5,100)	(5,100)	(4,800)	(5,100)	(5,300)
200 North Nash Street	(1,800)	(1,800)	(2,800)	(1,300)	(1,200)
3015 Winona Avenue	(1,200)	(1,200)	(2,000)	(900)	(700)
Frankfurt Facility	(27,100)	(27,100)	(2,000)	-	-
<b>Property operating expenses</b>	<b>(64,300)</b>	<b>(60,000)</b>	<b>(40,400)</b>	<b>(39,500)</b>	<b>(38,300)</b>

(in US\$ '000; rounded)	Projection		Actual		
	FY2026	FY2025	FY2024	FY2023	FY2022
44520 Hastings Drive	17,700	17,400	17,600	16,800	15,800
8217 Linton Hall Road	14,900	5,700	11,100	11,100	11,200
43831 Devin Shafron Drive	2,100	2,100	1,900	1,900	1,800
3011 Lafayette Street	10,000	9,700	9,400	8,700	9,200
1500 Space Park Drive	7,200	7,100	7,900	5,800	6,900
2401 Walsh Avenue	-	-	-	3,900	5,100
2403 Walsh Avenue	-	-	-	2,400	3,100
371 Gough Road	10,800	10,500	7,100	8,100	10,500
200 North Nash Street	5,700	5,600	2,300	2,400	3,200
3015 Winona Avenue	3,500	3,400	1,900	2,000	2,600
Frankfurt Facility	38,900	38,000	2,600	-	-
<b>Net property income</b>	<b>110,800</b>	<b>99,500</b>	<b>61,800</b>	<b>63,100</b>	<b>69,400</b>

Source: DCREIT's financials &amp; presentations, FPA

**(II) EARNINGS PROJECTION****Other income:**

Given that DCREIT has at least 20.0% interest in each of its properties, we assume no other income in FY2025 & FY2026.

**Finance income:**

DCREIT noted in February 2025 that “Subsequent to the acquisition of the Frankfurt Facility to a subsidiary, the interest income earned from the subsidiary would be eliminated at group level”. Accordingly, we assume that DCREIT will not receive further interest income from its loan to associate.

Our projections of DCREIT’s finance income from FY2025 to FY2026 are shown in **Exhibit 18**.

**Exhibit 18: Projected Finance Income (FY2025 to FY2026)**

(in US\$ '000 unless otherwise stated)	Projection		Actual		
	FY2026	FY2025	FY2024	FY2023	FY2022
Interest income from advance to an associate	-	-	8,619	5,665	117
Interest income from cash & cash equivalents	2,488	2,488	2,488	441	4
<b>Finance income</b>	<b>2,488</b>	<b>2,488</b>	<b>11,107</b>	<b>6,106</b>	<b>121</b>
Interest income from cash & cash equivalents	2,488	2,488	2,488	441	4
Cash & cash equivalents	44,115	44,115	44,115	12,101	25,241
<b>Effective interest on interest income (annualised)</b>	<b>5.6%</b>	<b>5.6%</b>	<b>5.6%</b>	<b>3.6%</b>	<b>0.0%</b>
<b>Target federal funds rate (average)</b>	<b>3.8%</b>	<b>4.3%</b>	<b>5.2%</b>	<b>5.2%</b>	<b>2.0%</b>

Note: Projections of target federal funds rate (higher end of target range) from January 2025 to December 2026 are shown in Exhibit 19.

Source: DCREIT’s Annual Reports, U.S. Federal Reserve, FPA

**Finance expenses:**

Finance expenses comprised interest expense on borrowings, amortisation of upfront debt-related transaction costs, interest expense on shareholder loan and dividends on preferred units.

Our projections of finance expenses from 1H FY2025 to 2H FY2026 are shown in **Exhibit 19**.

**Exhibit 19: Projected Finance Expenses (1H FY2025 to 2H FY2026)**

(in US\$ '000)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Interest expense on borrowings (excl. JPY 10B fixed rate notes)	8,009	8,561	9,114	9,666	10,274	11,225	13,143	11,567	6,450	3,133
Interest expense on JPY 10 billion 1.97% fixed rate notes <sup>(1)</sup>	659	659	659	-	-	-	-	-	-	-
Amortisation of upfront debt-related transaction costs	2,598	2,598	2,598	2,598	2,598	767	733	732	357	320
Interest expense on shareholder loan	-	2,274	3,411	3,411	243	-	-	-	-	-
Dividends on preferred units	7	8	7	8	7	8	7	8	8	6
<b>Finance expenses</b>	<b>11,273</b>	<b>14,100</b>	<b>15,789</b>	<b>15,683</b>	<b>13,122</b>	<b>12,000</b>	<b>13,883</b>	<b>12,307</b>	<b>6,815</b>	<b>3,459</b>
Interest expense on borrowings	8,009	8,561	9,114	9,666	10,274	11,225	13,143	11,567	6,450	3,133
Total borrowings (excl. JPY 10B fixed rate notes)	552,349	552,349	552,349	552,349	552,349	472,338	558,915	505,726	499,870	350,000
<b>(A) Effective interest on interest expense (annualised)</b>	<b>2.9%</b>	<b>3.1%</b>	<b>3.3%</b>	<b>3.5%</b>	<b>3.7%</b>	<b>4.8%</b>	<b>4.7%</b>	<b>4.6%</b>	<b>2.6%</b>	<b>1.8%</b>
Difference: B - A	0.7%	0.8%	0.8%	1.0%	1.2%	0.7%	0.8%	0.4%	0.8%	(1.1%)
<b>(B) Target federal funds rate (average)</b>	<b>3.6%</b>	<b>3.9%</b>	<b>4.1%</b>	<b>4.5%</b>	<b>4.9%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.0%</b>	<b>3.3%</b>	<b>0.7%</b>

(in US\$ M)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
For acquisition of initial IPO portfolio	160.0	160.0	160.0	160.0	160.0	210.0	350.0	350.0	350.0	350.0
For acquisition of interest in Frankfurt Facility	310.2	310.2	310.2	310.2	310.2	182.1	154.5	152.7	149.9	-
For acquisition of interest in Digital Osaka 2	82.1	82.1	82.1	82.1	82.1	80.2	46.4	-	-	-
From revolving credit facility	-	-	-	-	-	-	8.0	3.0	-	-
<b>Total borrowings (excl. JPY 10B fixed rate notes)</b>	<b>552.3</b>	<b>552.3</b>	<b>552.3</b>	<b>552.3</b>	<b>552.3</b>	<b>472.3</b>	<b>558.9</b>	<b>505.7</b>	<b>499.9</b>	<b>350.0</b>
JPY 10 billion 1.97% fixed rate notes <sup>(1)</sup>	66.9	66.9	66.9	66.9	-	-	-	-	-	-
<b>Total borrowings</b>	<b>619.2</b>	<b>619.2</b>	<b>619.2</b>	<b>619.2</b>	<b>552.3</b>	<b>472.3</b>	<b>558.9</b>	<b>505.7</b>	<b>499.9</b>	<b>350.0</b>

(in %)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
January		4.00%		4.50%		5.50%		4.50%		0.25%
February		4.00%		4.50%		5.50%		4.75%		0.25%
March		4.00%		4.50%		5.50%		5.00%		0.50%
April		3.75%		4.50%		5.50%		5.00%		0.50%
May		3.75%		4.50%		5.50%		5.25%		1.00%
June		3.75%		4.25%		5.50%		5.25%		1.75%
July	3.75%		4.25%		5.00%		5.50%		2.50%	
August	3.75%		4.25%		5.00%		5.50%		2.50%	
September	3.75%		4.25%		5.00%		5.50%		3.25%	
October	3.50%		4.00%		5.00%		5.50%		3.25%	
November	3.50%		4.00%		4.75%		5.50%		4.00%	
December	3.50%		4.00%		4.50%		5.50%		4.50%	
<b>Target federal funds rate (average)</b>	<b>3.63%</b>	<b>3.88%</b>	<b>4.13%</b>	<b>4.46%</b>	<b>4.88%</b>	<b>5.50%</b>	<b>5.50%</b>	<b>4.96%</b>	<b>3.33%</b>	<b>0.71%</b>

<sup>(1)</sup> Issued in April 2025.

Source: DCREIT's financials, U.S. Federal Reserve, FPA

**Manager's fees:**

We assume that Manager's base fee as a percentage of total assets will be 0.50% in FY2025 & FY2026. We also assume that Manager's performance fee as a percentage of NPI will be 3.5% in FY2025 & FY2026.

**Trustee's fee:**

Trustee's fee generally remained around US\$92,000 after rising from US\$76,000 in 1H FY2022 to US\$91,000 in 1H FY2023, despite changes in total assets, as shown in **Exhibit 20**. We assume that trustee's fee as an annualised (i.e., multiplied by two) percentage of total assets will be 0.011% from 1H FY2025 to 2H FY2026, the average from 1H FY2022 to 2H FY2024.

**Exhibit 20: Projected Trustee's Fee (1H FY2025 to 2H FY2026)**

(in %)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Trustee's fee	113	114	113	112	92	92	94	91	82	76
Total assets	2,014,669	2,014,669	2,014,669	2,014,669	2,014,669	1,516,755	1,509,037	1,509,037	1,612,564	1,445,857
Trustee's fee as % of total assets (annualised)	0.011%	0.011%	0.011%	0.011%	0.009%	0.012%	0.012%	0.012%	0.010%	0.011%

Source: DCREIT's financials, FPA

**Other trust expenses:**

Other trust expenses in FY2022 (DCREIT's first FY after listing) may include other one-off expenses besides the US\$1.4 million listing-related professional fees isolated in **Exhibit 21**. Thus, we assume that other trust expenses in FY2025 & FY2026 will be US\$2.7 million, the average from FY2023 to FY2024.

**Exhibit 21: Projected Trust Expenses (FY2025 & FY2026)**

(in US\$ '000 unless otherwise stated)	Projection		Actual / Estimate			
	FY2026	FY2025	FY2024	FY2023	FY2022 <sup>(1)</sup>	10/11/21 to 31/12/22
Auditors' remuneration	417	417	443	391	269	307
Tax compliance fees	360	360	466	254	251	287
Legal and professional fees	626	626	755	496	333	381
Listing-related professional fees	-	-	-	-	-	1,423
Valuation fees	296	296	398	193	61	70
Statutory and unit registrar	452	452	595	308	1,235	1,411
Other expenses	588	588	1,005	170		
<b>Other trust expenses</b>	<b>2,737</b>	<b>2,737</b>	<b>3,662</b>	<b>1,812</b>	<b>2,150</b>	<b>3,879</b>

<sup>(1)</sup> Estimated by multiplying the respective expenses by  $\frac{365 \text{ (days from 1 Jan 2022 to 31 Dec 2022)}}{417 \text{ (days from 10 Nov 2021 to 31 Dec 2022)}}$ .

Source: DCREIT's Annual Reports, FPA



**Share of results of associates:**

Share of results of associates relates to DCREIT's 20.0% interest in Digital Osaka 2 and 20.0% interest in Digital Osaka 3 (latter acquired on 25 March 2025). Our projections of share of results of associates are shown in **Exhibit 22**.

**Exhibit 22: Projected Share of Results of Associate (FY2025 to FY2026)**

(in US\$ '000 unless otherwise stated)	Projection		Actual/Est.
	FY2026	FY2025	FY2024
Average annualised rent at 20.0% share (Digital Osaka 2)	7,188	7,047	7,020
Average annualised rent at 20.0% share (Digital Osaka 3) <sup>(1)</sup>	5,609	4,234	-
<b>Total average annualised rent at share</b>	<b>12,797</b>	<b>11,280</b>	<b>7,020</b>
Average annualised rent at 100.0% share (Digital Osaka 2)	35,939	35,234	35,101
Average annualised rent at 100.0% share (Digital Osaka 3) <sup>(1)</sup>	28,046	21,168	-
<b>Total average annualised rent at 100.0% share</b>	<b>63,985</b>	<b>56,402</b>	<b>35,101</b>
Revenue - average annualised rent (estimated) <sup>(2)</sup>	27,955	25,135	15,702
<b>Revenue</b>	<b>91,940</b>	<b>81,537</b>	<b>50,803</b>
Profit excl. change in fair value of properties & other adj.	46,034	40,826	25,437
Revenue	91,940	81,537	50,803
<b>Profit excl. fair value change &amp; other adj. as % of revenue</b>	<b>50.1%</b>	<b>50.1%</b>	<b>50.1%</b>
Profit excl. change in fair value of properties & other adj.	46,034	40,826	25,437
Change in fair value of investment properties	-	-	36,903
Other movement in reserves	-	-	(2,866)
<b>Total comprehensive income</b>	<b>46,034</b>	<b>40,826</b>	<b>59,474</b>
<b>Attributable to:</b>			
DCREIT	9,207	8,165	11,895
Investee's shareholders	36,827	32,661	47,579
<b>Total comprehensive income</b>	<b>46,034</b>	<b>40,826</b>	<b>47,579</b>
<b>Comprehensive income attributable to DCREIT</b>	<b>9,207</b>	<b>8,165</b>	<b>11,895</b>
Intragroup loss on disposal added back as share of profit	-	-	2,524
Translation differences	-	-	(864)
<b>Share of profit/(loss)</b>	<b>9,207</b>	<b>8,165</b>	<b>13,555</b>

Note: FY2024 as indicated in DCREIT's Annual Report for FY2024. <sup>(1)</sup> FY2025 adjusted by  $\frac{281 \text{ (days from 26 Mar 2025 to 31 Dec 2025)}}{365 \text{ (days from 1 Jan 2025 to 31 Dec 2025)}}$ . <sup>(2)</sup> FY2025 adjusted by  $\frac{25,000 + 19,900 \text{ (IT load in kW of data centre held by Digital Osaka 3)} \times A}{25,500 \text{ (IT load in kW of data centre held by Digital Osaka 2)}}$ , where  $A = \frac{281 \text{ (days from 26 Mar 2025 to 31 Dec 2025)}}{365 \text{ (days from 1 Jan 2025 to 31 Dec 2025)}}$ ; FY2026 adjusted by  $\frac{25,000 + 19,900}{25,500}$ .

Source: DCREIT's Annual Report & presentations, FPA



**Unrealised foreign exchange gain:**

We assume no unrealised foreign exchange in FY2025 & FY2026.

**Remeasurement loss:**

We assume no unrealised foreign exchange in FY2025 & FY2026.

**Fair value change in financial derivatives:**

We assume no fair value change in financial derivatives in FY2025 & FY2026.

**Net fair value change in investment properties:**

We assume no net fair value change in investment properties in FY2025 & FY2026.

**Profit before tax:**

Accordingly, we project that profit before tax will be US\$68.8 million in FY2025 and US\$84.5 million in FY2026.

**Tax expense:**

We assume a tax rate of 24.6%, the average from 1Q FY2022 to 4Q FY2024 (excluding 4Q of FY2022 to FY2024, in which net fair value change of investment properties is accounted for).

**Profit after tax:**

After deducting tax expense, we project that profit after tax will be US\$51.9 million in FY2025 and US\$63.7 million in FY2026.

**Profit after tax attributable to unitholders:**

DCREIT holds 90.0% interest in its North American properties and 65.0% interest in the Frankfurt Facility. Based on DCREIT's interest in its respective properties, we project that the percentage of NPI attributable to unitholders is 80.5% (US\$80.1 million out of US\$99.5 million) in FY2025 and 81.2% (US\$90.0 million out of US\$110.8 million) in FY2026.

We assume that the percentage of profit after tax attributable to unitholders will be the same as that for projected NPI attributable to unitholders. Accordingly, we project that profit after tax attributable to unitholders will be US\$41.7 million (80.5% of US\$51.9 million) in FY2025 and US\$51.7 million (81.2% of US\$63.7 million) in FY2026.

**Earnings per unit:**

We assume that the issued number of units in FY2025 & FY2026 will remain the same as in FY2024 (e.g., due to DCREIT's unit buybacks cancelling out units issued for manager's fees). Thus, we project that EPU (basic in U.S. cents) will be 3.21 in FY2025 and 3.98 in FY2026. We also project that EPU (diluted in U.S. cents) will be 3.16 in FY2025 and 3.91 in FY2026.

Our projections of DCREIT's financial performance in FY2025 & FY2026 are summarised in **Exhibit 23**.

**Exhibit 23: Projected Financial Performance (FY2025 & FY2026)**

(in US\$ '000 unless otherwise stated)	Projection		Actual		
	FY2026	FY2025	FY2024	FY2023	FY2022
Rental income	125,300	114,100	70,403	69,068	75,052
Utilities reimbursements			14,641	13,491	15,830
Other recovery & operating income	---	not projected ---	17,230	20,032	16,830
<b>Gross revenue</b>	<b>175,100</b>	<b>159,500</b>	<b>102,274</b>	<b>102,591</b>	<b>107,712</b>
Utilities			(15,873)	(13,881)	(15,875)
Property taxes & insurance expenses			(6,919)	(9,082)	(6,693)
Repairs & maintenance		---	(3,842)	(3,415)	(4,256)
Property management fees			(2,020)	(2,044)	(2,033)
Other property expenses			(11,788)	(11,119)	(9,478)
<b>Net property income</b>	<b>110,800</b>	<b>99,500</b>	<b>61,832</b>	<b>63,050</b>	<b>69,377</b>
Other income	-	-	2,056	-	1,423
Finance income	2,488	2,488	11,107	6,106	121
Finance expenses	(24,178)	(27,934)	(25,122)	(26,190)	(10,274)
Manager's base fee	(7,012)	(7,012)	(4,723)	(7,256)	(6,768)
Manager's performance fee	(3,878)	(3,483)	(1,559)	(2,291)	(2,197)
Trustee's fee	(227)	(224)	(184)	(185)	(158)
Other trust expenses	(2,737)	(2,737)	(3,662)	(1,812)	(3,679)
Unrealised foreign exchange	-	-	8,597	(2,722)	(2,293)
<b>Profit before tax, fair value, remeasurement loss &amp; share of results</b>	<b>75,255</b>	<b>60,598</b>	<b>48,342</b>	<b>28,700</b>	<b>45,552</b>
Share of result(s) of associate(s)	9,207	8,165	16,601	(15,881)	(462)
Remeasurement loss	-	-	(11,144)	-	-
Fair value change in financial derivatives	-	-	71	-	-
Net fair value change in investment properties	-	-	251,601	(139,197)	(28,805)
<b>Profit/(loss) before tax</b>	<b>84,462</b>	<b>68,763</b>	<b>305,471</b>	<b>(126,378)</b>	<b>16,285</b>
Tax expense	(20,766)	(16,906)	(40,021)	9,648	(12,652)
<b>Profit/(loss) after tax</b>	<b>63,697</b>	<b>51,857</b>	<b>265,450</b>	<b>(116,730)</b>	<b>3,633</b>
<b>Attributable to:</b>					
Unitholders	51,736	41,720	205,381	(108,585)	(1,294)
Non-controlling interests	11,960	10,137	60,069	(8,145)	4,927
<b>Profit/(loss) after tax</b>	<b>63,697</b>	<b>51,857</b>	<b>265,450</b>	<b>(116,730)</b>	<b>3,633</b>
Weighted average number of units (basic; in '000)	1,300,392	1,300,392	1,300,343	1,123,905	1,120,917
Weighted average number of units (diluted; in '000)	1,321,588	1,321,588	1,321,588	1,142,626	1,130,694
<b>Earnings Per Unit (in U.S. cents):</b>					
Basic	3.98	3.21	15.79	(9.66)	(0.12)
Diluted	3.91	3.16	15.54	(9.50)	(0.11)

Source: DCREIT's Annual Reports & financials, FPA

### (III) DISTRIBUTION PROJECTION

DCREIT provided pro forma figures that accounted for the various developments in FY2024 as shown in **Exhibit 24**. We shall work with the pro forma figures to project DCREIT's DPU for FY2025 & FY2026.

Based on DCREIT's pro forma figures, DCREIT's DPU (in U.S. cents) may fall by 1% (3% + 4% + 2% – 10%) from 3.60 in FY2024 to around 3.56 in FY2025.

Of the developments noted in **Exhibit 24**, we note that DCREIT estimated the “Linton Hall Lease Roll” will lead to a 10% reduction in pro forma DPU. DCREIT's DPU (in U.S. cents) was 3.60 in FY2024. Thus, 10% is around 0.36 U.S. cents.

DCREIT mentioned in January 2025 that the “customer option to renew the lease for 8217 Linton Hall in Northern Virginia expired unexercised on 31 December 2024”. DCREIT added that the “current lease expires on 30 June 2025” and that every “one month of downtime” thereafter “represents approximately 0.06 cents of DPU”. We note that DCREIT thus accounted for around six months' worth of downtime in 2H FY2025.

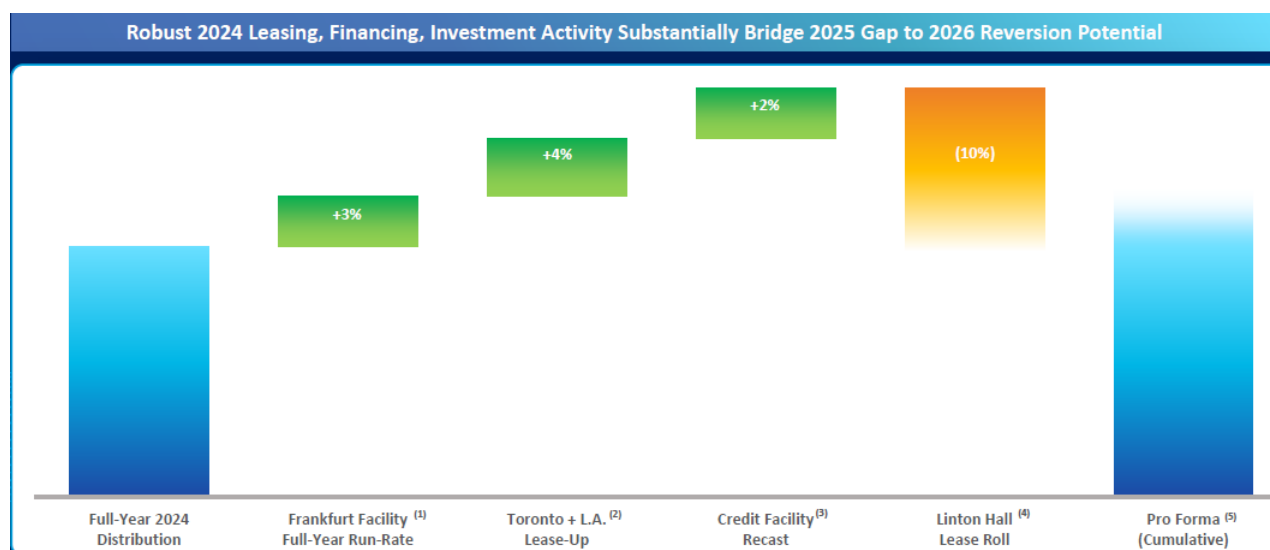
However, we estimate that the contract rent of 8217 Linton Hall Road may rise by 32.8% from US\$94.16 at end-2Q FY2025 to US\$125.00 at end-1Q FY2026 (page 24). Should the DPU from 8217 Linton Hall Road rise proportionally, DCREIT's DPU (in U.S. cents) may rise by 0.24 (0.06 per month × 32.8% rent reversion × 12 months) from 3.60 in FY2024 to 3.84 in FY2026.

DCREIT also noted in March 2025 that it acquired a 20.0% interest in Digital Osaka 3. DCREIT added that the acquisition was “expected to be approximately 1.8% accretive” to DPU such that DCREIT estimated its DPU (in U.S. cents) would have risen by 1.8% from 3.60 in FY2024 to a pro forma figure of 3.67 in the same period had DCREIT “completed the acquisition on 1 January 2024 and held and operated the Osaka data centre through 31 December 2024”.

We project that the acquisition of 20.0% interest in Digital Osaka 3 would raise DCREIT's DPU (in U.S. cents) by 0.05 in FY2025 ( $0.07 \times \frac{281 \text{ (days from 26 Mar 2025 to 31 Dec 2025)}}{365 \text{ (days from 1 Jan 2025 to 31 Dec 2025)}}$ ) and by 0.07 in FY2026.

Overall, we project that DCREIT's DPU (in U.S. cents) will rise to 3.62<sup>1</sup> (3.56 + 0.05) in FY2025 and 3.91 (3.84 + 0.07) in FY2026.

#### **Exhibit 24: Pro Forma DPU for FY2024**



Source: DCREIT's presentation

<sup>1</sup> Difference of 0.01 U.S. cent due to rounding.

## VALUATION ANALYSIS

### (I) PEER COMPARISON ANALYSIS

We performed a peer comparison analysis to review how DCREIT is faring against industry peers in terms of current valuation metrics. We selected peer companies whose portfolios comprised mostly (i.e., more than 50.0%) data centres. Then, we compared DCREIT against its peers in terms of P/E multiple, P/B multiple and dividend yield.

Below, we list the selected peer companies to compare with DCREIT (along with a brief description of each company) as follows:

#### i. Mapletree Industrial Trust ("MIT")

MIT has a market capitalisation of S\$5.5 billion as at 11 April 2025. According to MIT, its "total assets under management was S\$9.2 billion" as at 31 December 2024 and "comprised 56 properties in North America (including 13 data centres held through the joint venture with Mapletree Investments Pte Ltd), 83 properties in Singapore and two properties in Japan". MIT also noted that its portfolio "includes Data Centres, Hi-Tech Buildings, Business Park Buildings, Flatted Factories, Stack-up/Ramp-up Buildings and Light Industrial Buildings". MIT indicated separately that data centres comprise 55.9% of MIT's assets under management as at 31 December 2024.

#### ii. Keppel DC REIT ("KDCREIT")

KDCREIT has a market capitalisation of S\$4.4 billion as at 11 April 2025. According to KDCREIT, it "has a diversified global portfolio with strong Asia Pacific presence, with assets under management of approximately \$5.0 billion as at 31 December 2024". KDCREIT also noted that its portfolio "comprises 25 data centres strategically located in key data centre hubs in 14 cities across ten countries in Asia Pacific and Europe".

The results of our peer comparison analysis are shown in **Exhibit 25**.

#### Exhibit 25: Peer Comparison Analysis

Company	Stock Symbol	Currency	Price as at 11 Apr '25	Market Cap (million)	Diluted EPU (cents) <sup>(1)</sup>	P/E	DPU (cents) <sup>(2)</sup>	Dividend Yield (%)	NAV per unit (cents) <sup>(3)</sup>	P/B
Digital Core REIT ("DCREIT")	DCRU	USD	0.460	598.1	15.54	3.0 x	3.60	7.83%	0.79	0.58 x
<b>Peers:</b>										
Mapletree Industrial Trust ("MIT")	ME8U	SGD	1.920	5,473.80	4.20	45.7 x	13.57	7.07%	1.74	1.10 x
Keppel DC REIT ("KDCREIT")	AJBU	SGD	1.940	4,375.75	17.09	11.4 x	9.451	4.87%	1.53	1.27 x
<b>Peer average</b>	-	-	-	-	-	28.5 x	-	5.97%	-	1.19 x

<sup>(1)</sup> & <sup>(2)</sup> Trailing Twelve-Month ("TTM"). <sup>(3)</sup> Based on most recent financial statement; DCREIT noted in March 2025 that its acquisition of 20.0% interest in Digital Osaka 3 was "expected to be NAV-neutral".

Source: SGX Stock Screener, FPA

**(a) P/E multiple**

Based on the results in **Exhibit 25**, DCREIT is currently trading at a P/E multiple of 3.0x which is lower than the peer average P/E of 28.5x. This suggests that DCREIT is undervalued at the current unit price. As the peer average P/E of 28.5x is substantially higher than DCREIT's P/E multiple of 3.0x, we compare DCREIT's P/E multiple with KDCREIT's P/E multiple of 11.4x (lowest amongst DCREIT's peers) instead. Adopting a relative valuation approach, we estimate a target price of US\$1.764 if DCREIT is to trade at KDCREIT's P/E multiple of 11.4x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/E multiple)} &= \text{KDCREIT's P/E} \times \text{TTM Diluted EPU} \\
 &= 11.4 \times \text{US\$0.1554} \\
 &= \text{US\$1.764}
 \end{aligned}$$

The estimated target price of US\$1.764 represents an upside potential of 283.5% from the current unit price of US\$0.460.

**(b) P/B multiple**

Based on the results in **Exhibit 25**, DCREIT is currently trading at a P/B multiple of 0.58x which is lower than the peer average P/B of 1.19x. This suggests that DCREIT is undervalued at the current unit price. Adopting a relative valuation approach, we estimate a target price of US\$0.937 if DCREIT is to trade at the peer average P/B of 1.19x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/B multiple)} &= \text{Peer average P/B} \times \text{NAV per unit} \\
 &= 1.19 \times \text{US\$0.79} \\
 &= \text{US\$0.937}
 \end{aligned}$$

The estimated target price of US\$0.937 represents an upside potential of 103.7% from the current unit price of US\$0.460.

**(c) Dividend yield**

Based on the results in **Exhibit 25**, DCREIT's current dividend yield of 7.83% is more attractive than the peer average yield of 5.97%, which suggests that DCREIT is undervalued at the current unit price. Adopting a relative valuation approach, we estimate a target price of US\$0.603 if DCREIT is to trade at the peer average yield as follows:

$$\begin{aligned}
 \text{Estimated target price (dividend yield)} &= \frac{\text{DCREIT's dividend yield}}{\text{Peer average yield}} \times \text{Current unit price} \\
 &= \frac{7.83\%}{5.97\%} \times \text{US\$0.460} \\
 &= \text{US\$0.603}
 \end{aligned}$$

The estimated target price of US\$0.603 represents an upside potential of 31.1% from the current unit price of US\$0.460.

**(d) Target price**

From our analysis, DCREIT seems to be undervalued in terms of its P/E multiple, P/B multiple and dividend yield. By averaging our estimated target prices based on P/E multiple, P/B multiple and dividend yield, we derive an overall target price of US\$1.101 as follows:

$$\begin{aligned}
 \text{Overall target price} &= \frac{1}{3} \times [\text{Estimated target price (P/E multiple)} + \text{Estimated target price (P/B multiple)} \\
 &\quad + \text{Estimated target price (dividend yield)}] \\
 &= \frac{1}{3} \times [\text{US\$1.764} + \text{US\$0.937} + \text{US\$0.603}] \\
 &= \text{US\$1.101}
 \end{aligned}$$

The overall target price of US\$1.101 represents an upside potential of 139.4% from the current unit price of US\$0.460.

However, we note that the overall target price of US\$1.101 was mainly pulled up by the estimated target price of US\$1.764 based on the peer average P/E. We also note that net gain in fair value of investment properties of US\$251.6 million in FY2024 was 82.4% of the profit before tax of US\$305.5 million in FY2024. DCREIT's diluted EPU may be disproportionately influenced by non-cash items (that are likely to have minimal impact on distributions), which may thus distort DCREIT's P/E multiple.

Accordingly, we shall exclude P/E multiple from our peer comparison analysis. By averaging our estimated target prices based on P/B multiple and dividend yield, we derive an overall target price of US\$0.770 as follows:

$$\begin{aligned}
 \text{Overall target price (amended)} &= \frac{1}{2} \times [\text{Estimated target price (P/B multiple)} + \text{Estimated target price (dividend yield)}] \\
 &= \frac{1}{2} \times [\text{US\$0.937} + \text{US\$0.603}] \\
 &= \text{US\$0.770}
 \end{aligned}$$

The amended overall target price of US\$0.770 represents an upside potential of 67.4% from the current unit price of US\$0.460.



## POTENTIAL CATALYSTS

### (I) RENT REVERSION DURING LEASE RENEWAL

DCREIT noted in April 2024 that “both anchor customers on the Frankfurt campus, a AAA-flat and a AA-plus cloud provider, renewed their existing lease agreements during the first quarter for five years of additional term at a positive 2.0% cash rental reversion”. The existing leases of current tenants may have embedded rent reversion that takes effect when the leases are renewed. Thus, DCREIT’s rental income may rise should current tenants choose to renew their leases when their respective lease expiration dates approach.

As at end-4Q FY2024, DCREIT’s properties with the three shortest remaining WALE (excluding 8217 Linton Hall Road which DCREIT has already noted that the current lease will expire at end-2Q FY2025) are as follows (in descending order):

1. 43831 Devin Shafron Drive (WALE of 1.3 years and annualised rent at 90.0% share of US\$1.7 million);
2. 200 North Nash Street (WALE of 1.8 years and annualised rent at 90.0% share of US\$5.4 million); and
3. 3015 Winona Avenue (WALE of 3.2 years and annualised rent at 90.0% share of US\$3.3 million).

For reference, DCREIT’s total annualised rent at share was US\$101.5 million as at end-4Q FY2024.

### (II) ACCRETIVE ACQUISITION OF DATA CENTRES

In March 2025, DCREIT announced that it acquired a 20.0% interest in Digital Osaka 3, which “holds the data centre located at Lot 2-1, 6-Chome, Ao-kita, Saito, Minoh-city, Osaka, Japan 2 (“KIX12” or the “Osaka Data Centre”)” (footnote removed from quote) that is located “on the same campus, but separate from” the one held by Digital Osaka 2.

DCREIT noted that the acquisition was expected to be approximately 1.8% accretive to DCREIT’s DPU based on the actual DPU (in U.S. cents) of 3.60 in FY2024 and the pro forma figure of 3.67 in FY2024 which assumed that:

1. the “acquisition took place on 1 January 2024 and the Osaka Data Centre was held for the period from 1 January 2024 to 31 December 2024”; and
2. that “JPY 13,000 million (or approximately US\$86.7 million) of JPY-denominated borrowings (including the pro rata share of onshore, non-recourse JPY bonds)” was “drawn down at a weighted-average interest cost of approximately 2.0% per annum to fund the acquisition”.

Should DCREIT complete more accretive acquisitions (without an accompanying dilution of units, e.g., like how DCREIT issued 192,000,000 new units as part of a private placement in February 2024 to fund the acquisition of additional interests in the Frankfurt Facility and in Digital Osaka 2), DPU may rise.

### (III) POTENTIAL ACQUISITION OF DCREIT

We note that DCREIT's P/B multiple as at 11 April 2025 is 0.58x, which represents a discount of approximately 42% to NAV. In contrast, the peer average P/B of 1.19x represents a premium of approximately 19% to NAV. Based on DCREIT's low P/B multiple compared to that of its peer average, we consider it possible that well-funded parties may consider a takeover of DCREIT.

Reuters reported in April 2025 that financial firm SC Capital Partners “emerged as a potential bidder for British data centre group Global Switch” and that a “transaction could value Global Switch at between \$4 billion and \$5 billion”. Financial firms like SC Capital Partners and CapitalLand Investment may be able to easily acquire DCREIT given their financial ability and management capabilities, should they bid at a premium to DCREIT's current valuation.

Such firms may, for instance, offer to acquire DCREIT's units at the latest NAV per unit of US\$0.79 as at 31 December 2024 (DCREIT noted in March 2025 that its acquisition of 20.0% interest in Digital Osaka 3 was “expected to be NAV-neutral”), which represents an upside potential of 71.7% from the current unit price of US\$0.460.

For reference, DCREIT's sponsor, Digital Realty Trust, has 32.01% deemed interest in DCREIT as at 14 March 2025. Other substantial shareholders include Cohen & Steers, Inc. (9.04% deemed interest as at 5 November 2024), Daiwa Securities Group Inc. (6.97% deemed interest based on number of units as at 28 June 2024) and Franklin Resources, Inc. (5.06% deemed interest as at 7 March 2025).

## INVESTMENT RECOMMENDATION

Based on DCREIT's NAV per unit of US\$0.79 as at 31 December 2024, DCREIT is currently trading at a P/B multiple of 0.58x which represents a discount of approximately 42% to NAV. In contrast, the peer average P/B of 1.19x represents a premium of approximately 19% to NAV. We estimate a target price of US\$0.937 if DCREIT is to trade at the peer average P/B of 1.19x.

DCREIT's dividend yield of 7.83% seems more attractive relative to the peer average yield of 5.97%. Adopting a relative valuation approach, we estimate a target price of US\$0.603.

By averaging our estimated target prices based on P/B multiple and dividend yield, we derive an overall target price of US\$0.770 as follows:

$$\begin{aligned}
 \text{Overall target price (amended)} &= \frac{1}{2} \times [\text{Estimated target price (P/B multiple)} + \text{Estimated target price (dividend yield)}] \\
 &= \frac{1}{2} \times [\text{US\$0.937} + \text{US\$0.603}] \\
 &= \text{US\$0.770}
 \end{aligned}$$

The overall target price of US\$0.770 represents an upside potential of 67.4% from the current unit price of US\$0.460.

We note, however, that DCREIT has a smaller market capitalisation (US\$598.1 million as at 11 April 2025) than its peer companies (MIT: S\$5.5 billion as at 11 April 2025; KDCREIT: S\$4.4 billion as at 11 April 2025). Shares or units of smaller firms may have lower trading volume and may thus be subject to an illiquidity discount. The illiquidity discount for a private firm could be between 20–30%.

As DCREIT is a publicly listed REIT, we apply an illiquidity discount of 20% (lower-end of the 20–30% range) to reflect the higher risks involved in investing in DCREIT's units which may be less liquid than its peers. Thus, we derive our final target price of US\$0.616 as follows:

$$\begin{aligned}
 \text{Overall target price (final)} &= \text{Overall target price} \times (1 - \text{illiquidity discount}) \\
 &= \text{US\$0.770} \times (1 - 20\%) \\
 &= \text{US\$0.616}
 \end{aligned}$$

The final overall target price of US\$0.616 represents an upside potential of 33.9% from the current unit price of US\$0.460 (or an upside potential of 18.5% compared with the pre-tariffs unit price of US\$0.520 as at 2 April 2025). In view of the upside potential, a buy recommendation may be warranted.

## RISKS TO TARGET PRICE

### (I) OVERSUPPLY OF DATA CENTRES

According to Alibaba Group Holding Chairman Joe Tsai (as cited by Bloomberg in March 2025), there may be a “potential bubble forming in data center construction”. Tsai (as cited by Bloomberg) noted that many data centre projects were “built without clear customers in mind”, and was quoted as saying that “people are investing ahead of the demand that they’re seeing today, but they are projecting much bigger demand”.

Bloomberg also noted that “TD Cowen analysts cited signs” in February “that Microsoft has canceled some leases for US data center capacity, raising concerns over whether it’s securing more AI computing capacity than it needs in the long term”.

Should there be an oversupply of data centres, market rental rates for DCREIT’s properties may fall. Accordingly, rental income may fall when the leases of existing tenants expire as the rental rates of new leases secured by DCREIT may be lower than those currently in place.

### (II) TARIFF-INDUCED ECONOMIC SLOWDOWN

Bloomberg reported in April 2025 that even after U.S. President Donald Trump “announced a delay in some of his tariff plans”, the “first signs of an economically-damaging slowdown in global trade are already emerging as companies around the world hit their own pause button on orders and he continues to escalate his trade war with China”. Citing a supply chain personnel, Bloomberg noted that “higher costs are likely to hit US demand for Chinese products and vice versa, leading to a slowdown in shipping on the usually busy US-China Pacific route”.

Prior to the pause in tariffs, Reuters reported in April 2025 that U.S. President Donald Trump’s “sweeping reciprocal tariffs” could lead to a “potential slowdown in spending at cloud companies next year”. Reuters quoted a “global technology analyst” at Quilter Cheviot, an investment management company, as saying that “tariffs are likely to create demand destruction, which means cutbacks on software and cloud spending”.

The trade slowdown brought about by U.S. President Trump’s policy moves is expected to reduce U.S.-China trade such that global trade is likely to slow too. Global economic growth may thus slow, leading to a softening of business sentiments and household income growth such that demand for tech-related services (thus derived demand for data centres) may fall. Accordingly, DCREIT’s rental income may fall when the leases of existing tenants expire as the rental rates of new leases secured by DCREIT may be lower than those currently in place.

We also note that 19% of DCREIT’s annualised rent as at 31 December 2024 comes from “Non-Investment Grade” tenants. Should any of these tenants face difficulties and declare bankruptcy (like in the case of Cyxtera in 2023 or Sunguard in 2022) due to the softening of demand for tech-related services, DCREIT’s rental income may fall too.

### (III) FALLING RENT IN OSAKA

According to DatacenterHawk, hyperscale rent in the Osaka data centre market was expected to fall by 7.8% from US\$103 in 2024 to US\$95 in 2025 (as shown in **Exhibit 13** on page 21).

We note that Digital Osaka 2’s annualised rent (at share) of US\$7.0 million at end-4Q FY2024 was 6.9% of DCREIT’s total annualised rent (at share) of US\$101.5 million at end-4Q FY2024, and that DCREIT acquired a 20.0% interest in Digital Osaka 3 in March 2025. We also note that we project the collective annualised rent (at share) of Digital Osaka 2 & 3 to be US\$12.9 million at end-4Q FY2026, or 11.3% of projected total annualised rent (at share) of US\$114.3 million at end-4Q FY2026.

Should tenants in Digital Osaka 2 or 3 choose to terminate or not renew their leases, the rental rates of leases that DCREIT may secure to fill the vacancies may be lower than those currently in place. Accordingly, DCREIT’s rental income may fall.

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