

Digital Core REIT

(SGX: DCRU)

Stable DPU and improved income visibility

- **Stable Distribution per unit (DPU).** Distribution per unit was maintained at 1.80 cents in 2H 2025, unchanged from 2H 2024. For the full year FY2025, DPU was maintained at 3.60 cents, unchanged year-on-year. FY2025 DPU at 3.60 cents translated to a distribution yield of 6.8% based on the closing price of US\$0.53 as at 4 February 2026.
- **Higher revenue and net property income.** Revenue rose sharply by 61.6% year-on-year to US\$87.3 million in 2H25, led by robust leasing activities and positive rental reversion. Net property income grew by 35.1% year-on-year to S\$42.4 million in 2H25. Expansion in revenue and net property income were driven by the consolidation of the Frankfurt facility. Net property income margin declined to 50.4% in FY2025, from 60.5% in FY2024.
- **A balanced portfolio of resilience and growth.** With focused asset management, the Trust has built a quality portfolio with high income visibility. Weighted average lease expiry (WALE) was relatively stable at 4.6 years at 31 December 2025, from 4.8 years as at 31 December 2024. Committed portfolio occupancy was also unchanged at 97% as at 31 December 2025.
- **Healthy balance sheet.** Aggregate leverage increased to 37.1% as at 31 December 2025, from 34.0% as at 31 December 2024. Cost of debt declined to 3.5% as at 31 December 2025, from 3.9% as at 31 December 2024. The Trust strengthened its funding platform by setting up a euro medium-term note programme to gain access to public debt capital markets.
- **Portfolio valuation growth partly driven by acquisitions and rental gains.** As at 31 December 2025, AUM grew by 3% year-on-year on a constant-currency basis, to US\$1.8 billion. The increase reflects the 20% stake acquisition in Digital Osaka 3 and overall improvement in the leasing activities and market rents. In particular, the Trust locked in higher renewal rent in Los Angeles. In FY2025, the Trust achieved strong rental reversions of 31%.
- **Linton Hall lease-up at 20% positive rental revision.** After six months of downtime, the Trust successfully lease-up the space at 20% positive rental revision, on a like-for-like basis. The new lease is a 10-year contract with a global cloud service provider. It is expected to generate US\$13.3 million in net property income, representing 15% of the Trust's FY2025 net property income. The lease commences on 1 December 2026.
- **Maintain BUY and target price at US\$0.63.** Based on our estimates, Digital Core REIT is trading at FY2026E distribution yield of 6.9%. In terms of PB ratio, Digital Core REIT is trading at a steep discount to its book value, at PB 0.73x. In comparison, Keppel DC REIT and NTT DC REIT are trading at PB 1.43x and 1.06x. We remain positive that Digital Core REIT's valuation will converge with the peer valuation with improved income visibility with progressive leasing of Linton Hall.
- **Key risks** include customer concentration, technology obsolescence, operating risks, amongst others.

Ticker	DCRU
Rating	BUY
Price Target*	US\$0.63
Price (4 Feb)	US\$0.53
Upside/Downside:	+18.9%
52-week range	US\$0.44 – 0.585
Market Cap	US\$0.70B

*Target price is for 12 months

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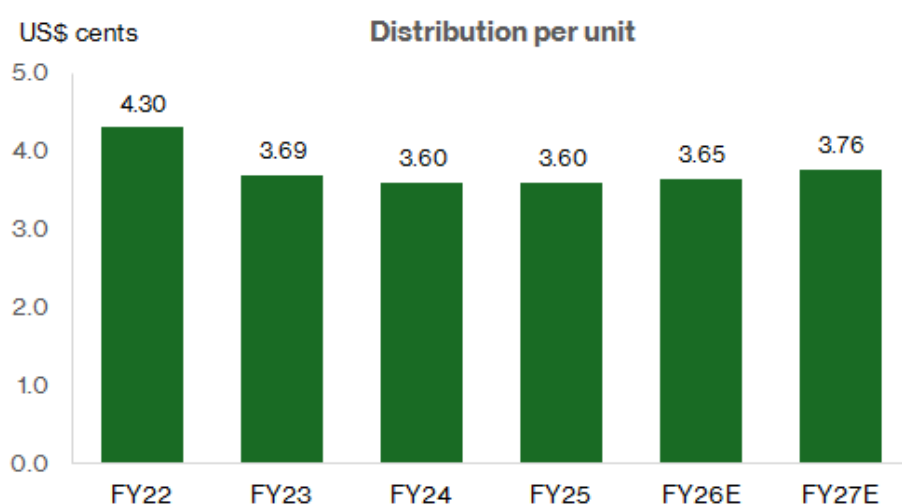
Stable distribution per unit with improved income visibility

Distribution per unit was maintained at 1.80 cents in 2H 2025, unchanged from 2H 2024. Regardless of the challenges from vacated spaces for six months, the Trust was able to defend the distributable income with the sponsor's strong support. The Trust was able to leverage on the sponsor's network for accretive acquisitions, customers and global relationships.

For the full year FY2025, DPU was maintained at 3.60 cents, unchanged year-on-year. FY2025 DPU at 3.60 cents translated to a distribution yield of 6.8% based on the closing price of US\$0.53 as at 4 February 2026.

Including the contribution from newly acquired assets and the new tenant at Linton Hall, we estimate the distribution per unit to grow steadily in FY2026 and FY2027 to 3.65 cents and 3.76 cents, respectively.

Figure 1: Distribution per unit



Source: Company data

Positive financial performance driven by accretive acquisition

Figure 2: Financial highlights

US\$ '000	2H FY25	2H FY24	change, % yoy	FY2025	FY2024	change, % yoy
Revenue	87,260	54,012	61.6%	176,152	102,274	72.2%
Property operating expenses	-44,821	-22,609	98.2%	-87,413	-40,422	116.3%
Net property income	42,439	31,403	35.1%	88,739	61,832	43.5%
Finance expenses	-14,604	-13,122	11.3%	-29,394	-25,122	17.0%
Income to be distributed to Unitholders	23,472	23,405	0.3%	46,846	45,991	1.9%
Distribution per Unit (U.S. cents)	1.80	1.80	0.0%	3.60	3.60	0.0%

Source: Company data

Digital Core REIT reported 2% year-on-year increase in total property income to S\$145.1 million in 2H25. Contributions from newly acquired properties and improved operating performance drove the set of positive results.

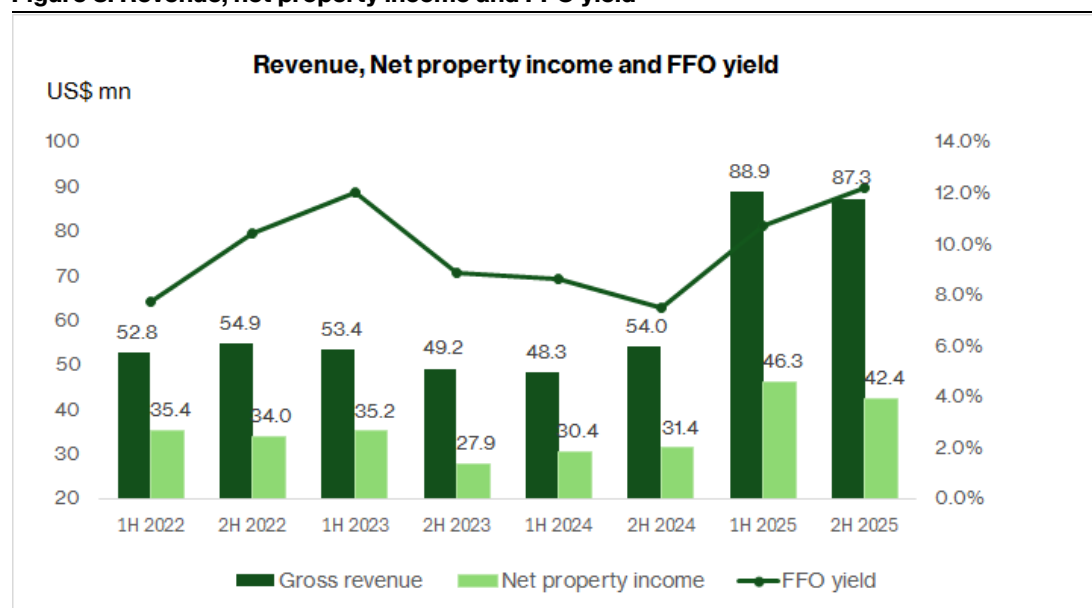
Revenue rose sharply by 61.6% year-on year to US\$87.3 million in 2H25, led by robust leasing activities and positive rental reversion.

Net property income grew by 35.1% year-on-year to S\$42.4 million in 2H25. Expansion in revenue and net property income were driven by the consolidation of the Frankfurt facility.

That said, the property expenses have increased due to the consolidation and higher utilities expenses. Net property income margin declined to 50.4% in FY2025, from 60.5% in FY2024.

Net property income grew by 35.1% year-on-year to S\$42.4 million in 2H25. Through consolidating high quality assets and positive rent gains, the FFO yield has improved in FY2025.

Figure 3: Revenue, net property income and FFO yield



Source: Company data

Portfolio performance remains resilient

With focused asset management, the Trust has built a quality portfolio with high income visibility. Weighted average lease expiry (WALE) was relatively stable at 4.6 years at 31 December 2025, from 4.8 years as at 31 December 2024.

Committed portfolio occupancy was also unchanged at 97% as at 31 December 2025, compared to the previous year.

Figure 4: Portfolio metrics

Portfolio metrics	31-Dec-25	31-Dec-24	change, %
AUM, US\$ bn	1.83	1.62	12.5%
Net asset value per unit, US\$	0.78	0.77	1.3%
Portfolio Occupancy	97.0%	97.0%	-
Portfolio WALE, years (by annualised rent)	4.6	4.8	-0.1
Proportion of investment grade customers	79%	81%	-2.0 ppt

Source: Company data

As at 31 December 2025, AUM grew by 12.5% year-on-year to US\$1.83 billion or +3% year-on-year on a constant-currency basis.

The increase partly reflects the acquired 20% stake in Digital Osaka 3 and overall improvement in the leasing activities and market rents. In particular, the Trust lock-in higher renewal rent rates on the facilities in Los Angeles. In FY2025, the Trust achieved strong rental reversions of 31% in FY2025.

Figure 5: Portfolio performance across geographical region

Same-Store Constant-Currency AUM Growth Driven by Healthy Leasing Activity + Market Rent Gains						
	Market Rent	WALE	Occupancy	Discount Rate	AUM ⁽²⁾	
NORTH AMERICA	\$167 kW/mo ↑ +4%	4.3 yrs ↓ 0.7 yrs	72.5% ↓ 2,330 bps	7.1% ↓ 10 bps	↑ +2%	
EMEA	\$217 kW/mo ↑ +23%	4.4 yrs ↓ 0.9 yrs	99.4% ↓ 10 bps	7.5% ↑ 100 bps	↑ +5%	
APAC	\$172 kW/mo ↑ +12%	2.7 yrs ↓ 0.9 yrs	98.3% ↑ 370 bps	6.5% ↑ 100 bps	↑ +5%	
TOTAL	\$181 kW/mo ↑ +10%	4.5 yrs ↓ 0.3 yrs	80.2% ↓ 1,650 bps	7.2% ↑ 30 bps	↑ +3%	

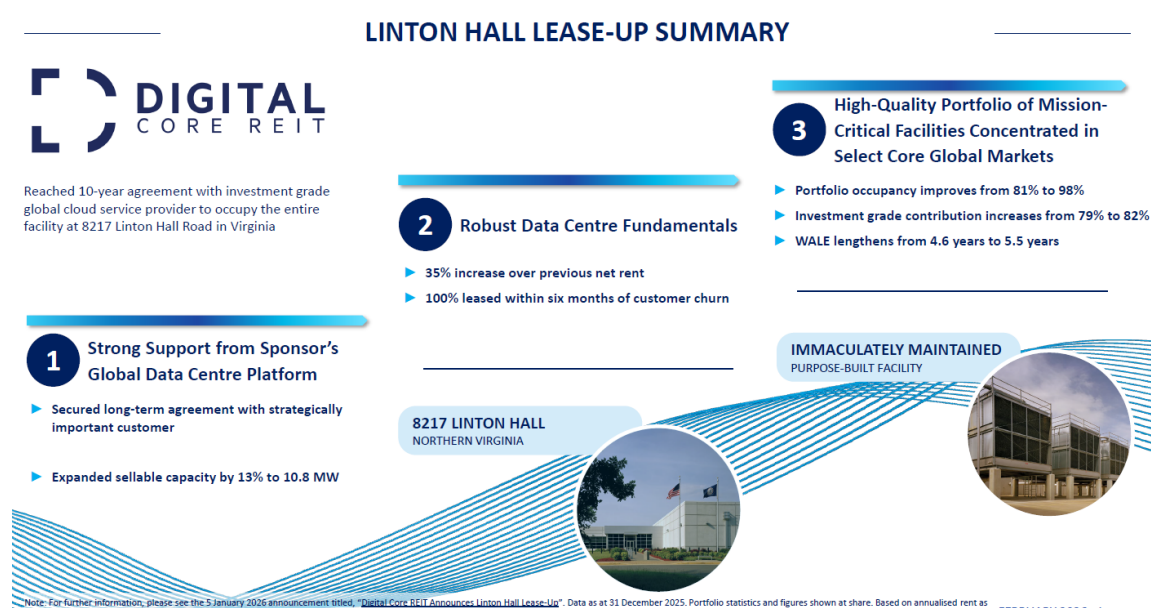
Source: Company data

Updates on progress of Linton Hall

Linton Hall lease-up at 20% positive rental revision. After six months of downtime, the Trust successfully lease-up the space at 20% positive rental revision. The new lease is a 10-year contract with a global cloud service provider. It is expected to generate US\$13.3 million in net property income, representing 15% of the Trust's FY2025 net property income.

Currently undergoing a US\$40 million redevelopment plan, the lease will commence on 1 December 2026.

Figure 6: Linton Hall on track for redevelopment



Source: Company data

Healthy balance sheet

Aggregate leverage increased to 37.1% as at 31 December 2025, from 34.0% as at 31 December 2024.

Cost of debt declined to 3.5% as at 31 December 2025, from 3.9% as at 31 December 2024.

The Trust strengthened its funding platform by setting up a euro medium-term note programme to gain access to public debt capital markets.

Figure 7: Financial ratios

As of end of period	31-Dec-25	31-Dec-24	change
Total debt outstanding, US\$ mil	1,847	552	234.6%
Aggregate leverage	37.1%	34.0%	-310 bps
Weighted average debt maturity	3.7 years	4.7 years	-1 year
Weighted average cost of debt	3.5%	3.9%	-40 bps
Fixed rate borrowings	85.0%	86.0%	-1.0 ppt
Interest coverage ratio	3.5x	3.6x	-0.1

Source: Company data

Maintain BUY and target price at US\$0.63

Digital Core REIT is trading at US\$0.53, implying FY25 distribution yield of 6.8%. Based on our estimates, Digital Core REIT is trading at FY2026E distribution yield of 6.9%.

In terms of PB ratio, Digital Core REIT is trading at a steep discount to its book value, at PB 0.73x. In comparison, Keppel DC REIT and NTT DC REIT are trading at PB 1.43x and 1.06x.

We remain positive that Digital Core REIT's valuation will converge with the peer valuation with improved income visibility with progressive leasing of Linton Hall.

Figure 8: Valuation comparison

Name	Symbol	FYE	Currency	Market cap, S\$ million	Last price	Dividend yield FY2025	Dividend yield FY2026E	ROE	PB ratio	Aggregate leverage
Digital Core REIT	DCRU-SG	12/2025	USD	882.6	0.53	6.8%	6.9%	22.4%	0.73	37.1%
Keppel DC REIT	AJBU-SG	12/2025	SGD	5,589.3	2.29	4.8%	4.8%	11.3%	1.43	35.3%
CapitaLand Ascendas REIT	A17U-SG	12/2024	SGD	12,543.2	2.85	5.3%	5.6%	7.4%	1.13	39.8%
Mapletree Industrial Trust	ME8U-SG	03/2025	SGD	5,958.5	2.09	6.2%	6.0%	6.4%	1.22	37.2%
NTT DC REIT	NTDU-SG	03/2024	USD	1,337.0	1.03	6.3%	7.7%	-3.2%	1.06	32.5%
Average						5.9%	6.2%		1.12	

Source: Beansprout research, SGX, price as 4 February 2026

Financial summary

Y/E Dec (US\$m)	FY2023	FY2024	FY2025	FY2026E	FY2027E	Y/E Dec (US\$m)	FY2023	FY2024	FY2025	FY2026E	FY2027E
Income Statement						Cash Flow					
Revenue	103	102	176	181	187	Operating cash flow					
Property expenses	-40	-40	-87	-78	-80	Pretax profit	-110	290	65	76	78
Net property income	63	62	89	103	107	Adjustments	190	-248	1	37	38
Other income	6	13	1	0	0	Working capital changes	-1	1	14	-15	0
Manager's fees	-10	-6	-11	-13	-13	Others	-	-	-	-	-
Other expenses	-4	-5	-7	-8	-8	Cash flow from operations	79	43	80	98	117
Change in value of derivatives	0	0	0	0	0						
Change in value of investment properties	-139	252	22	18	18	Investing cash flow					
EBIT	-84	315	94	101	104	CAPEX	-7	-11	-41	-40	-40
Net finance expenses	-26	-25	-29	-25	-26	Others	-41	-35	-64	0	0
Profit before tax	-110	290	65	76	78	Cash flow from investments	-48	-46	-104	-40	-40
Tax	10	-40	-15	-6	-6						
Minority interests	8	-60	-19	-20	-20	Financing cash flow					
Profit attributable to owners	-92	190	31	51	52	Dividends paid	-48	-67	-59	-49	-50
Balance sheet						Proceeds from borrowings	51	448	87	0	0
Assets						Others	-31	-361	-30	-43	3
PPE	1,115	1,852	2,004	2,024	2,044	Cash flow from financing	-28	20	-3	-92	-47
Others	195	100	178	169	169						
Total non-current assets	1,310	1,952	2,182	2,193	2,213	Net change in cash	3	18	-28	-34	29
						Beginning cash	26	30	49	21	-13
Cash & cash equivalents	12	44	30	12	58	Currency translation	0	2	-1	0	0
Trade & other receivables	9	18	32	32	33	Ending cash	30	49	21	-13	16
Others	178	1	2	1	1						
Total current assets	199	63	63	45	92	Per share data (US\$ cents)					
Total assets	1,509	2,015	2,245	2,238	2,304	Book value per unit	70.3	79.0	80.1	85.4	90.1
						Distribution per unit	3.7	3.6	3.6	3.7	3.8
						Earnings per unit	(8.21)	14.36	2.29	3.77	3.87
Liabilities											
ST borrowings	0	0	0	0	0	Valuation					
Trade & other payables	17	34	48	33	34	P/E (x)	-	4.0	23.1	14.1	13.7
Others	6	1	14	1	1	P/B (x)	0.8	0.6	0.5	0.5	0.5
Total current liabilities	23	35	61	34	35	EV/NPI (x)	20.3	21.3	15.5	13.1	12.7
						Dividend yield (%)	5.7	6.2	6.8	6.9	7.1
LT borrowings	555	549	668	645	645						
Others	11	152	181	156	156	Ratios					
Total non-current liabilities	566	700	848	802	802	ROE (%)	(10.0)	14.8	2.3	3.6	3.5
Total liabilities	589	735	910	836	837	ROA (%)	(6.1)	9.4	1.4	2.3	2.3
						Net gearing (%)	59%	39%	48%	45%	40%
EQUITY											
Share Capital	944	1,029	1,002	1,042	1,055	Margins (%)					
Unitholders' funds	790	1,044	1,074	1,145	1,208	EBIT margin	(81.8)	308.0	53.5	55.7	55.6
Total equity	920	1,279	1,336	1,402	1,468	Net margin	(89.9)	185.5	17.4	27.9	27.8
Total equity and liabilities	1,509	2,015	2,245	2,238	2,304						

Disclosure Appendix

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