

Digital Core REIT Completes Inaugural Acquisition

DPU-accretive transaction marks entry into Europe, meaningfully enhancing portfolio diversification

Singapore, 13 December 2022 – Digital Core REIT (SGX: DCRU), a leading pure-play data centre REIT listed in Singapore and sponsored by Digital Realty, is pleased to announce it has successfully completed the acquisition of a 25% interest in an institutional quality freehold data centre located in Frankfurt, Germany, and valued at US\$558 million¹ (at 100% share). The transaction is expected to be approximately 2.0% accretive to DPU.²

Digital Core REIT acquired its 25% interest in the Frankfurt facility for total consideration of approximately US\$146 million, including transaction costs. As separately announced on 1 December 2022, Digital Core REIT [elected to proceed with the 100% debt-funded transaction](#) and no longer intends to proceed with the equity fundraising scenario described in the [circular dated 3 November 2022](#). Accordingly, the purchase was funded with proceeds from a [Euro-denominated term loan that closed on 7 December 2022](#). Pro forma for the debt-funded transaction, aggregate leverage increases from 26% to 33% and the portion of debt hedged against variable interest rates increases from 50% to 64%.

The transaction is expected to meaningfully improve geographic as well as customer diversification and establish important new commercial relationships while enhancing overall credit quality. The transaction establishes a presence in Frankfurt, a top-tier global data centre market characterised by robust customer demand due to its central location, excellent connectivity and leading role as a major financial hub. The transaction increases the number of markets where Digital Core REIT has a presence from four to five and reduces its largest market concentration from 39% of annualised rent to 33%.

Similarly, the transaction expands the number of customer relationships from 16 to 23 and improves customer diversification, reducing the total annualised rent contribution from the top five customers from 97% to 91%. In addition, the contribution from investment grade customers grows from 68% of annualised rent to 72%.

“We are pleased to have completed our inaugural acquisition, and we would like to thank our unitholders, Sponsor, advisors and capital partners for their support,” said John J. Stewart, CEO of Digital Core REIT Management Pte. Ltd., the manager of Digital Core REIT. “This milestone delivers significant scale and diversification while enhancing overall portfolio quality and generating healthy accretion, representing an important step on the journey of delivering sustainable growth for stakeholders.”

¹ The agreed value is based on the higher of the valuations performed by Cushman & Wakefield of Washington, D.C., Inc. and CBRE Limited at 100% share as at 15 July 2022 and 1 July 2022, respectively (i.e., €558 million, or US\$558 million, and €527 million, or US\$527 million, respectively).

² Please refer to the circular dated 3 November 2022 for further details on the pro forma financial effects of the proposed acquisition, including key assumptions.

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

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About Digital Core REIT

Digital Core REIT (SGX: DCRU) is a leading pure-play data centre REIT listed in Singapore and sponsored by Digital Realty, the largest global data centre owner and operator. Digital Core REIT aims to create long-term, sustainable value for all stakeholders through ownership of a stabilised and diversified portfolio of mission-critical data centre facilities concentrated in select global markets. For more information, please visit digitalcorereit.com.

About Digital Realty

Digital Realty brings companies and data together by delivering the full spectrum of data centre, colocation and interconnection solutions. PlatformDIGITAL[®], the company's global data centre platform, provides customers with a secure data "meeting place" and a proven Pervasive Datacentre Architecture (PDx[™]) solution methodology for powering innovation and efficiently managing Data Gravity challenges. Digital Realty gives its customers access to the connected communities that matter to them with a global data centre footprint of over 300 facilities in more than 50 metros across 27 countries on six continents. To learn more about Digital Realty, please visit digitalrealty.com or follow us on [LinkedIn](#) and [Twitter](#).

Important Notice

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

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

APPENDIX A

About the Frankfurt Facility

The Frankfurt facility is an institutional quality, 100% freehold data centre located in Frankfurt, a top-tier, core data centre market in Germany. As at 30 June 2022, the Frankfurt facility was 91% leased to a roster of blue-chip customers, each with numerous deployments across Digital Realty's global platform. This facility was purpose-built as a data centre by Digital Realty from the ground up within the past five years and is fully integrated into Digital Realty's global data centre platform. The weighted average remaining lease expiry is approximately five years. In addition, 100% of energy costs are passed through to customers under the terms of the in-place lease agreements, providing protection against utility expense growth. The table below sets out a summary of selected information on the Frankfurt facility as at 30 June 2022, unless otherwise indicated.

Property	Frankfurt Facility
Address	Wilhelm-Fay-Straße 15 and Wilhelm-Fay-Straße 24, Frankfurt, Germany
Land Lease Title	Freehold
Completion Year	2017 (Phase I) / 2022 (Phase IV)
Property Type	Fully-Fitted
Occupancy (%)	91%
Net Rentable Square Feet	450,662
1H2022 Cash Net Property Income (at 100% Share)	€12 million (US\$12 million)
Valuation by Cushman (at 100% Share) ⁽¹⁾	€558 million (US\$558 million) as at 15 July 2022
Valuation by CBRE (at 100% Share) ⁽¹⁾	€527 million (US\$527 million) as at 1 July 2022
Agreed Value (at 100% Share)	€558 million (US\$558 million)
Estimated Aggregate Consideration Payable (Debt-Funded Scenario)	€140 million (US\$ 140 million) ^{(1), (2)} (25.0% interest)
Estimated Aggregate Consideration Payable (Equity Fund Raising Scenario)	€502 million (US\$502 million) ^{(1), (2)} (89.9% interest)
Number of Customers	12
WALE by Annualised Rent as at 30 June 2022 (years)	4.7
WALE by NRSF (years)	4.8

1) For illustrative purposes, certain Euro amounts in this announcement have been translated into U.S. dollars. Unless otherwise indicated, such translations have been made based on the illustrative exchange rate of €1.00 = US\$1.00.

2) Subject to closing adjustments under the Contribution and Sale Agreement.