

**Digital Core REIT Reaches Agreements to Resolve Customer Bankruptcy,  
Expand into Japan and Increase Stake in Frankfurt Facility***Recycling \$160 million of capital at attractive valuations**Redeploying proceeds into recently completed, stabilised facilities in Germany and Japan**Significantly enhancing overall portfolio credit quality*

**Singapore, 1 November 2023** – Digital Core REIT (SGX: DCRU), a leading pure-play data centre REIT listed in Singapore and sponsored by Digital Realty (NYSE: DLR), announced today it has reached a series of agreements to: resolve the bankruptcy of its second-largest customer; sell two Silicon Valley facilities to Brookfield at book value for US\$160 million; acquire an additional 20% interest in a fully-fitted freehold facility in Frankfurt from Digital Realty for €94 million, or approximately US\$99 million; and expand into Japan with the acquisition of a 10% interest in a fully-fitted freehold data centre in Osaka from Mitsubishi Corporation for ¥7.725 billion, or approximately US\$51.5 million.

As previously disclosed, Digital Core REIT's second-largest customer, a global colocation and interconnection provider representing approximately US\$16 million, or 22% of annualised rental revenue, filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the District of New Jersey on 4 June 2023. The customer currently occupies 100% of three shell & core facilities in Silicon Valley; 100% of two shell & core facilities in Los Angeles; and 1.5 megawatts, or 4%, of a fully-fitted facility in Frankfurt.

- **Selling Silicon Valley Facilities:** Digital Core REIT has reached a definitive agreement to sell two of the three Silicon Valley facilities, 2401 Walsh Avenue and 2403 Walsh Avenue, to Brookfield Infrastructure Partners L.P. and its institutional partners ("Brookfield"), for US\$178 million. Digital Core REIT owns a 90% interest in both assets and the transaction values Digital Core REIT's 90% interest at US\$160 million, in line with current book value. Based on 2024 contractual cash net operating income of approximately US\$7.7 million, or US\$7.0 million at Digital Core REIT's 90% share, the transaction represents a 4.4% cap rate.
- **Affirming Silicon Valley Lease Agreement:** The customer has also agreed to assume and assign to Brookfield, which is acquiring the customer's business out of bankruptcy, its existing lease agreement with Digital Core REIT for 1500 Space Park, the third Silicon Valley facility, with no change to the terms, conditions, or rental rate of the existing lease agreement.
- **Amending Los Angeles Lease Agreements:** Digital Core REIT has reached an agreement to amend its existing lease agreements with the customer for 200 North Nash Street in El Segundo and 3015 Winona Avenue in Burbank to accelerate the lease expiration dates from February 2033 and January 2035, respectively, to 30 September 2024. The customer has agreed to assume both lease agreements as amended and assign them to Brookfield as part of the sale of its business in bankruptcy. Upon expiration of the amended lease agreements on 30 September

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.

2024, Digital Core REIT expects to enter into direct agreements with the end-user colocation customers currently occupying the facilities and expects to enhance the return on these facilities over time by leveraging Digital Realty's global platform to gain efficiencies, lease up existing vacancy, and invest prudently to enhance marketability and build out additional capacity.

- **Terminating Frankfurt Lease Agreement:** Digital Core REIT owns a 25% interest and Digital Realty owns the remaining 75% interest in Wilhelm-Fay Straße 24 in Frankfurt, where the customer leases 1.5 megawatts, or approximately 4% of the facility. Digital Core REIT and Digital Realty have agreed to pay US\$10 million, of which Digital Core REIT's 25% share will be US\$2.5 million, to terminate the customer's lease agreement at Wilhelm-Fay Straße 24 as part of the broader transaction under which Brookfield is acquiring the customer's business out of bankruptcy. Digital Core REIT and Digital Realty expect to create long-term value by re-leasing this capacity at more favorable terms.
- **Increasing Frankfurt Ownership Stake:** In a separate transaction, Digital Core REIT has signed a Letter of Intent to acquire an additional 20% interest in Wilhelm-Fay Straße 15 and 24, a fully-fitted freehold facility in Frankfurt, from Digital Realty for €94 million, or approximately US\$99 million. The transaction is expected to further improve geographic and customer diversification while enhancing overall credit quality. Digital Core REIT expects to fund the transaction with a portion of the proceeds from the sale of 2401 Walsh Avenue and 2403 Walsh Avenue.
- **Entering Japan:** In another separate transaction, Digital Core REIT has reached an agreement to acquire a 10% interest in a freehold facility located in Osaka from Mitsubishi Corporation for ¥7.725 billion, or approximately US\$51.5 million. The transaction will establish Digital Core REIT's presence in Japan, improve geographic diversification and achieve international expansion, while also enhancing portfolio quality with the addition of an investment in a state-of-the-art facility in a robust data centre market. Digital Core REIT expects to fund the transaction with Japanese Yen-denominated borrowings on its multi-currency global revolving credit facility and has entered into a swap agreement to fix the rate on a portion of the borrowings for a three-year term at an all-in borrowing cost of 1.3%.
- **Financial Impact:** For illustrative purposes, assuming the current interest rate and operating expense environment and the series of transactions (including the sale of 2401 and 2403 Walsh Avenue in Silicon Valley; the assumption and assignment of the lease for 1500 Space Park in Silicon Valley; the assumption and amendment of the leases for 200 N. Nash and 3015 Winona in Los Angeles; the termination of the lease for Wilhelm-Fay Straße 24 in Frankfurt; the acquisition of an additional 20% interest in Wilhelm-Fay Straße 15 and 24 in Frankfurt; the acquisition of a 10% interest in the data centre in Osaka; and the expiration of the Sponsor cash flow support agreement<sup>1</sup> for 371 Gough in Toronto) had been completed on 1 January 2022:

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<sup>1</sup> On 28 July 2022, Digital Core REIT reached an agreement with its Sponsor, Digital Realty, to provide support for a near-term cash flow shortfall due to a customer bankruptcy in Toronto. The cash flow support agreement will expire on 31 December 2023.

- Digital Core REIT's pro forma distribution per unit, or DPU, would be 3.50 U.S. cents compared to the actual 2022 distribution of 3.98 U.S. cents;
  - pro forma net asset value, or NAV, would be \$0.82 compared to the reported NAV of \$0.83<sup>2</sup>;
  - pro forma aggregate leverage would be 34.1% compared to reported aggregate leverage of 34.0%<sup>2</sup>;
  - the second-largest customer would represent 5% of annualised rent compared to 22%<sup>3</sup>;
  - the percentage of annualised rent attributable to investment grade customers would be 85% compared to 77%<sup>3</sup>;
  - and the percentage of annualised rental revenue generated outside North America would be 28% compared to 14%<sup>3</sup>.
- **Closing Conditions:** The completion of the sale of the customer's business to Brookfield is subject to approval by the United States Bankruptcy Court for the District of New Jersey as well as customary closing conditions and is expected to close in January 2024. The sale of the two Silicon Valley properties and the termination of the Frankfurt lease are subject to completion of the sale of the customer's business to Brookfield and are expected to close in January 2024. The assumption of the Silicon Valley lease agreement and the assumption of the two amended Los Angeles lease agreements are subject to approval by the United States Bankruptcy Court for the District of New Jersey and are expected to take place by December 2023. The customer has also agreed to assign these assumed leases to Brookfield as a part of the broader sale of its business to Brookfield that is expected to close in January 2024. The acquisition of the 10% interest in the Osaka data centre was completed on 1 November 2023. The acquisition of the additional 20% interest in the Frankfurt facility is subject to unitholder approval and is expected to close in the first quarter of 2024.

"We are pleased to have reached this series of agreements to resolve our customer bankruptcy exposure and expand our portfolio with strategic investments in Japan and Germany," said John J. Stewart, CEO of Digital Core REIT Management Pte. Ltd., the manager of Digital Core REIT. "These transactions will significantly enhance credit quality while providing financial flexibility to fund opportunistic investments and advancing our mission of delivering sustainable value for unitholders."

Weil, Gotshal & Manges LLP and Allen & Gledhill LLP served as legal advisors to Digital Core REIT, while Evercore served as financial advisor to Digital Realty on the transactions.

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<sup>2</sup> As at 31 December 2022.

<sup>3</sup> Based on annualised rent as at 30 September 2023.

## **For Additional Information**

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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](http://digitalcorereit.com).

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Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

Holders of Units ("Unitholders") have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.