

DIGITAL CORE REIT

(a real estate investment trust constituted on 10 November 2021
under the laws of the Republic of Singapore)

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

ACQUISITION OF A 10.0% INTEREST IN A DATA CENTRE LOCATED IN OSAKA, JAPAN

1. INTRODUCTION

Digital Core REIT Management Pte. Ltd., in its capacity as manager of Digital Core REIT (the “**Manager**”), is pleased to announce that Digital Core REIT, through its wholly-owned subsidiary, Digital CR Singapore 4 Pte. Ltd., Japan Branch, has on 1 November 2023 entered into a share purchase agreement with a third-party vendor, Mitsubishi Corporation, to acquire a 10.0% interest in Digital Osaka 2 TMK, which holds the data centre located at 6-chome, Ao-kita, Saito, Minoh-city, Osaka, Japan and completed the acquisition on the same day.

2. INFORMATION ON THE OSAKA DATA CENTRE

The Osaka data centre is a freehold facility located in Osaka, Japan, comprising 114,940 net rentable square feet as at 30 September 2023 and is predominantly leased to leading global cloud providers.

The following table sets out a summary of selected information on the Osaka data centre as at 30 September 2023.

Address	6-chome, Ao-kita, Saito, Minoh-city, Osaka, Japan
Land Lease Title	Freehold
Completion Year	2019
Property Type	Fully-Fitted Data Centre
Occupancy (%)	95%
Net Rentable Square Feet	114,940
Customer IT Load (kW)	25,500
Agreed Value (at 100% share)	JPY 77,250 million
Agreed Value (for 10.0% interest)	JPY 7,725 million

3. DETAILS OF THE PROPOSED ACQUISITION

3.1 Purchase Consideration and Valuation

3.1.1 Purchase Consideration

The purchase consideration for the 10.0% interest in the Osaka data centre is JPY 7,725 million (approximately US\$51.5 million¹), based on the agreed value of the Osaka data centre of JPY 77,250 million (at 100% share), and takes into account the estimated net assets and liabilities of Digital Osaka 2 TMK as at the date of closing (subject to closing adjustments)², including the onshore JPY bonds issued by Digital Osaka 2 TMK of JPY 18,000 million (at 100% share)³.

The agreed value of the Osaka data centre was negotiated on a willing-buyer and willing-seller basis and takes into account the historical cashflow, rental rates and underlying tenants of the Osaka data centre and current market conditions.

3.1.2 Valuation

The Manager has commissioned an independent property valuer, Newmark Valuation & Advisory, to value the Osaka data centre. The valuation of the Osaka data centre was JPY 79,000 million (at 100% share) as at 31 August 2023.

In arriving at the valuation, the independent valuer relied on the cost approach, sales comparison approach and income capitalisation approach.

3.2 Total Acquisition Outlay

The total acquisition outlay for the proposed acquisition is expected to be approximately US\$53.2 million, comprising:

- (i) the purchase consideration of JPY 7,725 million (approximately US\$51.5 million);
- (ii) the acquisition fee of JPY 77.25 million (approximately US\$0.5 million), payable in Digital Core REIT units (“Units”) to the Manager (representing 1.0% of the purchase consideration in accordance with the trust deed constituting Digital Core REIT dated 10 November 2021, as amended from time to time); and
- (iii) the estimated professional and other fees and expenses of approximately US\$1.2 million incurred or to be incurred by Digital Core REIT in connection with the proposed acquisition.

3.3 Principal Terms of Share Purchase Agreement

The principal terms of the share purchase agreement to acquire the 10.0% interest in the Osaka data centre include, among others, the following:

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- 1 Unless otherwise stated, certain JPY amounts in this announcement have been translated into US dollars at an illustrative exchange rate of US\$1.00 to JPY 150. Where applicable, figures and percentages are rounded to one decimal place, and any discrepancies between the listed amounts and totals thereof are due to rounding.
 - 2 This takes into account the consolidated net asset value (“NAV”) of Digital Osaka 2 TMK (at 100% share) currently estimated to be approximately JPY 64,959 million (approximately US\$433.1 million) as at 30 September 2023, subject to closing adjustments and Digital Core REIT’s pro rata 10.0% share payable to Mitsubishi Corporation in cash is JPY 6,496 million (approximately US\$43.3 million).
 - 3 The pro rata share attributable for Digital Core REIT’s 10.0% interest amounts to JPY 1,800 million.

- (i) there being no defect which would have a material adverse effect on the management, operation or value of the specified assets stated in the asset liquidation plan of Digital Osaka 2 TMK, together with the ancillary assets thereto;
- (ii) Digital Core REIT's obligations to purchase Mitsubishi Corporation's shares in Digital Osaka 2 TMK are subject to certain conditions, including, but not limited to:
 - (a) the representations and warranties of Mitsubishi Corporation contained in the share purchase agreement being true and correct in all material respects;
 - (b) Mitsubishi Corporation having performed and complied with all agreements, covenants and obligations under the share purchase agreement in all material respects; and
- (iii) Mitsubishi Corporation's obligations to sell its shares in Digital Osaka 2 TMK to Digital Core REIT are subject to certain conditions, including, but not limited to:
 - (a) the representations and warranties of Digital Core REIT contained in the share purchase agreement being true and correct in all material respects; and
 - (b) Digital Core REIT having performed and complied with all agreements and obligations under the share purchase agreement in all material respects.

3.4 Principal Terms of the Shareholders' Agreement

Upon completion of the proposed acquisition, Digital Core REIT, through its wholly-owned subsidiary, Digital CR Singapore 4 Pte. Ltd., Japan Branch, will enter into a shareholders' agreement with the existing shareholders of Digital Osaka 2 TMK, comprising Mitsubishi Corporation (holding a 40.0% interest) and two wholly-owned subsidiaries of Digital Realty Trust, L.P. (holding a 50.0% interest). For the avoidance of doubt, the proposed acquisition is with Mitsubishi Corporation, an unrelated third party, and **not** with either of the wholly-owned subsidiaries of Digital Realty Trust, L.P.

The principal terms of the shareholders' agreement include, among others, the following:

- (i) reserved matters which require Digital Core REIT's approval include amendment of the articles of incorporation, cessation or change in the nature of business, changes to the equity capital structure, amendment to the distribution policy, issuance of additional securities, incurrence of debt, creation of security interests, asset sales, capital expenditures, and asset enhancements as well as entry into interested party transactions; and
- (ii) Digital Osaka 2 TMK shall make profit distributions to its preferred shareholders of at least 90.0% of its distributable profit for each fiscal period.

3.5 Asset Manager for the Osaka Data Centre

The existing asset manager is MC Digital Realty, Inc., in which Mitsubishi Corporation holds a 50.0% interest, while a wholly-owned subsidiary of Digital Realty Trust, L.P. holds the remaining 50.0% interest. Since Digital Core REIT will hold just a 10.0% interest in Digital Osaka 2 TMK, it is not considered an associated company, and hence not an entity at risk as defined under Rule 904(2) of the Listing Manual.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Manager believes the proposed acquisition will provide the following key benefits to Unitholders:

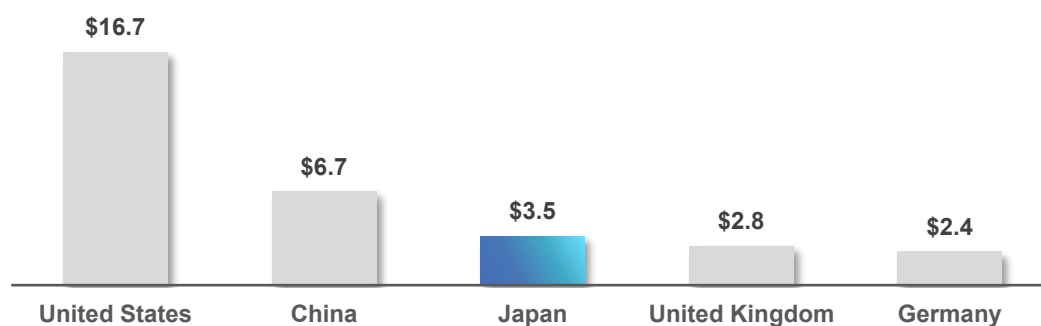
4.1 Initial Entry into Asia Pacific

The acquisition of a 10.0% interest in the Osaka data centre would establish Digital Core REIT's presence in a top-tier global data centre market characterised by robust, diverse and durable customer demand. Japan is the third-largest country in the world by GDP and serves as a key connectivity hub for internet traffic to and from North America, serving as the initial landing point for multiple submarine cables connecting the Americas to the Asia Pacific region before branching out across the rest of Asia. The Japanese data centre market also benefits from high barriers to entry given high build costs, labour shortages and long lead times for power infrastructure development.

Osaka is one of the fastest growing data centre markets in the Asia Pacific region and serves as a critical availability zone for public cloud providers serving Japan.

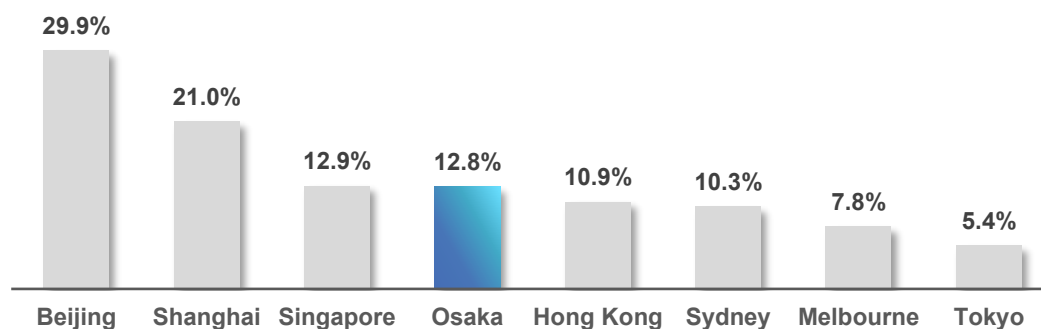
Top Five Global Data Centre Countries

2022 Total Data Centre Revenue (in US\$ Billions)⁽¹⁾



Fastest Growing APAC Data Centre Markets

Total Data Centre Revenue (2017 to 2022 CAGR)⁽²⁾



Source: Synergy Research.

(1) Synergy Research as at October 2023.

(2) Synergy Research as at June 2023.

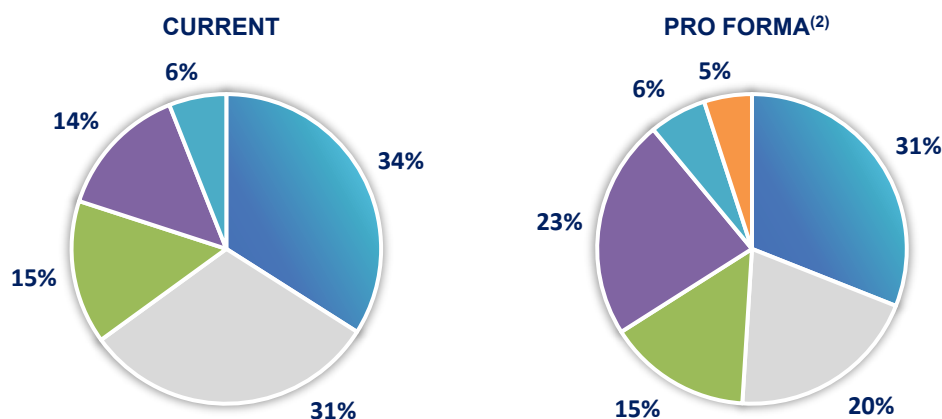
4.2 Improving Geographic Diversification, Achieving International Expansion

The proposed acquisition will improve Digital Core REIT's overall geographic diversification and achieve international expansion with the entry into a new region. The proposed acquisition will expand the number of markets where Digital Core REIT has a presence from five to six while the total annualised rent contribution from North America will be reduced from 86% as at 30 September 2023 to 72% pro forma for the proposed acquisition and other strategic transactions.⁴

Metro Diversification

(% of annualised rent)⁽¹⁾

Northern Virginia Silicon Valley Toronto Frankfurt Los Angeles Osaka



(1) Based on annualised rent as at 30 September 2023.

(2) This announcement should be read in conjunction with the announcement released by Digital Core REIT on 1 November 2023 titled "Customer Situation Update". Based on pro forma annualised rent after taking into account the customer related transactions, the proposed acquisition of a 20.0% interest in a data centre located in Frankfurt, Germany, as well as the acquisition of a 10.0% interest in a data centre located in Osaka, Japan.

4.3 Enhancing Portfolio Quality

The Osaka Data Centre was purpose-built as a data centre from the ground up and was completed in June 2019. The 114,940-square foot, state-of-the-art facility offers customers 25,500 kW of critical IT load and is situated on a connected data centre campus in Osaka, servicing a diverse community of leading hyperscale and technology companies.

4 This announcement should be read in conjunction with the announcement released by Digital Core REIT on 1 November 2023 titled "Customer Situation Update". Based on pro forma annualised rent after taking into account the customer related transactions, the proposed acquisition of a 20.0% interest in a data centre located in Frankfurt, Germany, as well as the acquisition of a 10.0% interest in a data centre located in Osaka, Japan.

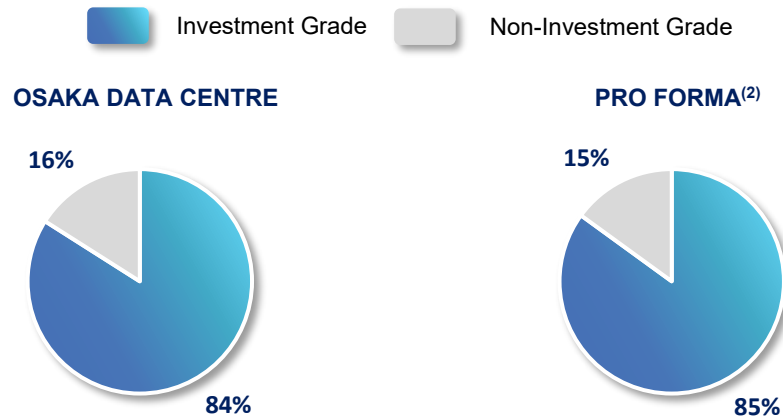


4.4 Improving Customer Credit Quality

The Osaka data centre is predominantly leased to leading global cloud and IT service providers with large and growing global data centre footprints. The proposed acquisition will expand Digital Core REIT's total customer base from 26 to more than 40, while the contribution from investment grade customers will grow from 77% of annualised rent as at 30 September 2023 to 85% pro forma for the proposed acquisition and other strategic transactions.⁽²⁾

Customer Credit Quality

(% of annualised rent)⁽¹⁾



(1) Based on annualised rent as at 30 September 2023.

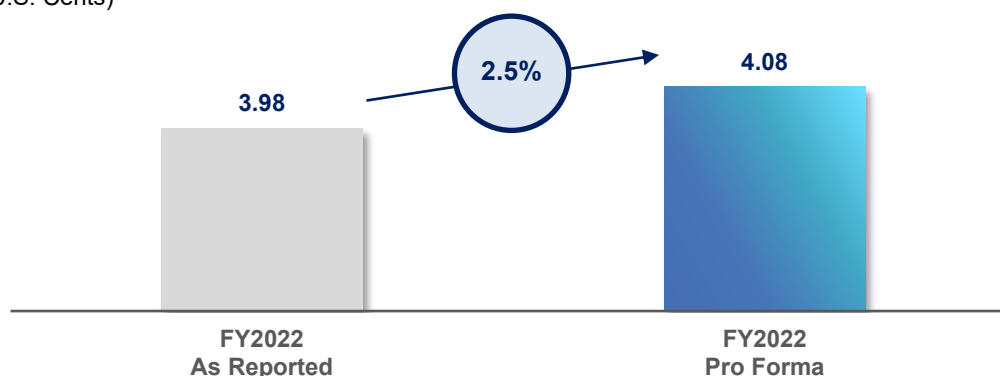
(2) This announcement should be read in conjunction with the announcement released by Digital Core REIT on 1 November 2023 titled "Customer Situation Update". Based on pro forma annualised rent after taking into account the customer related transactions, the proposed acquisition of a 20.0% interest in a data centre located in Frankfurt, Germany, as well as the acquisition of a 10.0% interest in a data centre located in Osaka, Japan.

4.5 Investing Accretively, Seeding Growth

The proposed acquisition is expected to be approximately 2.5% accretive to Digital Core REIT's distribution per Unit, or "DPU," and represents a launchpad for future growth opportunities within the region.

Distribution Per Unit

(U.S. Cents)



- (i) **Embedded Lease-Up:** The Osaka data centre is 95% leased, providing embedded growth from the potential lease-up of the remaining capacity within the facility.
- (ii) **Initial transaction sets the stage for future growth opportunities:** The proposed acquisition provides a launchpad and potential acquisition pipeline to drive additional growth in the Asia Pacific region.

5. METHOD OF FINANCING

The Manager intends to fund the acquisition (save for the acquisition fee) with JPY-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%.

6. FINANCIAL INFORMATION OF THE PROPOSED ACQUISITION

The pro forma financial effects of the proposed acquisition presented below are strictly for illustrative purposes. The pro forma financial effects of the proposed acquisition were prepared based on Digital Core REIT's financial statements for the 12-month period from 1 January 2022 to 31 December 2022⁵, taking into account the purchase consideration and assuming that:

- the proposed acquisition took place on 1 January 2022 and the Osaka data centre was held for the period from 1 January 2022 to 31 December 2022;

⁵ Derived from Digital Core REIT's audited financial statements for the financial year ended 31 December 2022, which is for the period from 6 December 2021 (being the date of IPO) to 31 December 2022.

- US\$53 million of JPY-denominated borrowings at a weighted-average interest cost of approximately 1.3% per annum to fund the proposed acquisition; and
- the Manager's acquisition fee of US\$0.5 million was paid in the form of approximately one million Units at an illustrative issue price of US\$0.50 per Unit.

6.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

Assuming Digital Core REIT had completed the proposed acquisition on 1 January 2022 and held and operated the Osaka data centre through 31 December 2022, the pro forma financial effects of the proposed acquisition on Digital Core REIT's DPU for the financial period from 1 January 2022 to 31 December 2022 would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net Profit after tax attributable to Unitholders (US\$'000)	(1,294)	(1,058)
Distributable income (US\$'000)	44,765	45,939
Total number of Units in issue ('000)	1,120,892 ⁽¹⁾	1,122,616
DPU (US cents)	3.98	4.08
DPU accretion (%)	-	2.5%

Note:

(1) Number of issued Units as at 31 December 2022.

6.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY:

Assuming Digital Core REIT had completed the proposed acquisition and issued the acquisition fee Units on 31 December 2022, the pro forma financial effects of the proposed acquisition on Digital Core REIT's NAV per Unit as at 31 December 2022 would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NAV (US\$'000)	US\$934,891	US\$933,691
Total number of Units in issue ('000)	1,130,694 ⁽¹⁾	1,132,418
NAV per Unit (US\$)	US\$0.83	US\$0.82

Note:

(1) Number of issued and issuable Units as at 31 December 2022.

6.3 Pro Forma Aggregate Leverage

FOR ILLUSTRATIVE PURPOSES ONLY:

Assuming Digital Core REIT had completed the proposed acquisition and issued the acquisition fee Units on 31 December 2022, pro forma aggregate leverage as at 31 December 2022 would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Aggregate Leverage	34.0%	36.4%

7. Other Information

7.1 Relative Figures Computed on the Bases set out in Rule 1006

The relative figures for the proposed acquisition computed on the bases of comparison set out in Rules 1006(b) and (c) of the Listing Manual are as follows:

- (i) net profits attributable to the assets acquired, compared with Digital Core REIT's net profits; and
- (ii) aggregate value of the consideration given, compared with Digital Core REIT's market capitalisation.

Comparison of:	The Proposed Acquisition	Digital Core REIT	Relative figure (%)
Rule 1006(b) Net Profit (US\$ million)	US\$1.5	US\$35.2 ⁽¹⁾	4.1%
Rule 1006(c) Consideration against market capitalisation (US\$ million)	US\$43.3 ⁽²⁾	US\$574.9 ⁽³⁾	7.5%

Notes:

- (1) This figure is based on the net profit before tax of Digital Core REIT for the financial period ended 30 June 2023.
- (2) This is the estimated purchase price payable of JPY 6,496 million as at 30 September 2023 (subject to closing adjustments) based on the illustrative exchange rate of US\$1.00 to JPY 150.
- (3) Based on 1,126,097,681 Units in issue and the weighted average price of US\$0.5105 per Unit on the SGX-ST on 31 October 2023, being the market day immediately prior to the date of the share purchase agreement.

Rule 1006(a) of the Listing Manual is not applicable to the proposed acquisition as Digital Core REIT will not be disposing of any assets under the proposed acquisition. Rule 1006(d) of the Listing Manual is not applicable as Digital Core REIT will not be issuing any Units as consideration for the proposed acquisition.

As shown in the table above, the proposed acquisition constitutes a "disclosable transaction" under Rule 1014(1) of the Listing Manual (read with Rules 1006(b) and 1006(c) of the Listing Manual) as the relative figure under Rule 1006(c) exceeds 5% but does not exceed 20%. Therefore, the approval of Unitholders would not be required in relation to the proposed

acquisition pursuant to Chapter 10 of the Listing Manual.

7.2 Interests of Directors and Substantial Unitholders

As at the date of this announcement, certain directors of the Manager collectively hold an aggregate direct and indirect interest in 300,000 Units.

Based on the Register of Directors' Unitholdings maintained by the Manager and save as disclosed below, none of the Directors currently holds a direct or deemed interest in the Units as at the date of this announcement:

Name of Directors	Direct Interest		Deemed Interest		Total	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾	No. of Units held	% ⁽¹⁾
David Lucey	-	-	-	-	-	-
John Herbert	-	-	-	-	-	-
Tan Jeh Wuan	300,000	nm ⁽²⁾	-	-	300,000	nm ⁽²⁾
Tsui Kai Chong	-	-	-	-	-	-
Serene Nah	-	-	-	-	-	-

Notes:

(1) The percentage is based on 1,126,097,681 Units in issue as at the date of this announcement.

(2) Not meaningful.

Based on the Register of Substantial Unitholders' maintained by the Manager, the Substantial Unitholders of Digital Core REIT and their interests in the Units as at the date of this announcement are as follows:

Name of Substantial Unitholder ⁽¹⁾	Direct Interest		Deemed Interest		Total No. of Units held	% ⁽²⁾
	No. of Units	% ⁽²⁾	No. of Units	% ⁽²⁾		
Digital Realty Trust, Inc. ⁽³⁾	-	-	406,123,281	36.0	406,123,281	36.0
Digital Realty Trust, L.P. ⁽³⁾	-	-	406,123,281	36.0	406,123,281	36.0
Digital CR Singapore Holding, LLC	375,400,001	33.4	-	-	375,400,001	33.4
Daiwa Securities Group Inc. ⁽⁴⁾	-	-	100,476,883	8.9	100,476,883	8.9
Sumitomo Mitsui Financial Group,	-	-	78,233,300	6.9	78,233,300	6.9

Name of Substantial Unitholder ⁽¹⁾	Direct Interest		Deemed Interest		Total No. of Units held	% ⁽²⁾
	No. of Units	% ⁽²⁾	No. of Units	% ⁽²⁾		
Inc ⁽⁵⁾						
Sumitomo Mitsui DS Asset Management Company, Limited	78,233,300	6.9	-	-	78,233,300	6.9

Notes:

- (1) "Substantial Unitholder" means a person with an interest in Units constituting not less than 5.0% of the total number of Units in issue.
- (2) The percentage interest is based on 1,126,097,681 Units in issue as at the date of this announcement. Percentages are rounded to the nearest decimal place.
- (3) Digital CR Singapore Holding, LLC is wholly owned by Digital Realty Trust, L.P., and Digital Realty Trust, L.P., is approximately 98% owned by Digital Realty Trust, Inc. By virtue of this, each of Digital Realty Trust, L.P. and Digital Realty Trust, Inc. has a deemed interest in all the Units which Digital CR Singapore Holding, LLC holds. In addition, Digital Core REIT Management Pte. Ltd. and Digital Realty Property Manager, LLC, the property manager, are wholly owned by Digital Asia LLC, which is in turn wholly owned by Digital Realty Trust, L.P. By virtue of this, each of Digital Realty Trust, L.P. and Digital Realty Trust, Inc. has a deemed interest in the Units which Digital Core REIT Management Pte. Ltd. and Digital Realty Property Manager, LLC hold as at the date of this announcement.
- (4) Daiwa Securities Group Inc.'s deemed interest arises from its shareholding in (i) Sumitomo Mitsui DS Asset Management, an affiliate of Daiwa Securities Group Inc. and (ii) Daiwa Asset Management Co. Ltd., a subsidiary of Daiwa Securities Group Inc.
- (5) Sumitomo Mitsui Financial Group, Inc is deemed to have an interest in the Units held by Sumitomo Mitsui DS Asset Management Company, Limited from its shareholding of 50.1% in Sumitomo Mitsui DS Asset Management Company, Limited.

7.3 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the proposed acquisition or any other transactions contemplated in relation to the proposed acquisition.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 10 Collyer Quay, #42-06, Ocean Financial Centre, Singapore 049315 from the date of this announcement until three months after the date of this announcement:

- (i) the share purchase agreement (containing the form of the shareholders' agreement); and
- (ii) the independent valuation report on the Osaka data centre issued by the independent valuer.

The trust deed constituting Digital Core REIT dated 10 November 2021 (as may be amended from time to time) will also be available for inspection at the registered office of the Manager for so long as Digital Core REIT is in existence.

BY ORDER OF THE BOARD

John J. Stewart

Chief Executive Officer

Digital Core REIT Management Pte. Ltd.

(as manager of Digital Core REIT)

(Company Registration No. 202123160H)

1 November 2023

IMPORTANT NOTICE

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of Digital Core REIT 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.

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.

The value of the units in Digital Core REIT ("**Units**") and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, the Trustee 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 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. The past performance of Digital Core REIT is not necessarily indicative of the future performance of Digital Core REIT. This announcement has not been reviewed by the Monetary Authority of Singapore.