

Digital Core REIT Reports Results for the Full Year 2023

- Declared a distribution per unit of 3.70 U.S. cents for FY 2023
- Maintained 97% portfolio occupancy
- Entered Asia Pacific with the acquisition of a 10% interest in a data centre in Osaka, Japan
- Repurchased 6.8 million units at an average price of \$0.4942 for the full year of 2023, generating DPU accretion of approximately 0.6%.
- Completed the sale of two Silicon Valley facilities in January 2024, generating gross proceeds of US\$160.2 million¹
- Preserved balance sheet flexibility with pro forma aggregate leverage at 33.5%², reflecting proceeds from the asset sales in January 2024

Summary of Results

(US\$ in thousands)

	Actual FY 2023	Actual FY 2022	Variance	Actual FY 2023	Forecast FY 2023 ⁽¹⁾	Variance
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue	102,591	107,712	(4.8)	102,591	106,694	(3.8)
Property Expenses	(39,541)	(38,335)	3.1	(39,541)	(40,181)	(1.6)
Net Property Income	63,050	69,377	(9.1)	63,050	66,513	(5.2)
Distributable Income to Unitholders ⁽²⁾	41,484	44,765	(7.3)	41,484	50,484	(17.8)
Distribution per Unit (DPU) (U.S. cents) ⁽³⁾	3.70	3.98	(7.0)	3.70	4.40	(15.9)
Annualised distribution yield (%) ⁽⁴⁾	5.74	7.24	(150 bps)	5.74	5.00	74 bps

(1) Forecast figures for FY 2023 as disclosed in the IPO Prospectus dated 29 November 2021.

(2) Distributable income to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.

(3) FY 2023 DPU of 3.70 U.S. cents includes 2H 2023 DPU of 1.78 U.S. cents declared, computed based on 1,123,853,481 issued units as at 31 December 2023.

(4) Distribution yields for FY 2023 and FY 2022 are based on market closing prices of US\$0.645 and US\$0.550 per Unit as at the last trading day of the respective periods. The Forecast distribution yield of 5.00% is as disclosed in the Prospectus.

Singapore – 01 February 2024 – Digital Core REIT (SGX: DCRU), a leading pure-play data centre REIT listed in Singapore and sponsored by Digital Realty, declared a distribution per unit of 1.78 U.S. cents for the six months ended 31 December 2023. The distribution will be paid on Wednesday, 27 March 2024 to Unitholders of record as at Friday, 09 February 2024.

“Digital Core REIT turned a pivotal corner in late 2023, reaching agreements to resolve a large customer bankruptcy and preserving the flexibility of our balance sheet with proceeds from asset sales at attractive valuations,” said John J. Stewart, CEO of Digital Core REIT Management Pte. Ltd. “In addition, the interest rate tightening cycle appears to be levelling off, while data centre transaction cap rates have begun to edge up, significantly narrowing the gap between public and private market valuations and putting us in excellent position to capitalize on favourable fundamentals and our industry-leading acquisition pipeline in 2024.”

¹ Based on Digital Core REIT’s 90% ownership interest.

² Aggregate Leverage was 40.5% as at 31 December 2023. Pro forma Aggregate Leverage of 33.5% reflects the US\$160 million of proceeds realized upon completion of the sale of two Silicon Valley facilities on 12 January 2024.

Operating Performance

As at 31 December 2023, Digital Core owned a diversified portfolio of interests in 12 mission-critical facilities concentrated in core data centre markets across the United States, Canada, Germany and Japan. The portfolio was 97% leased with a weighted average lease expiration of approximately 2.8 years.

Customer Bankruptcy Resolution

On 1 November 2023, Digital Core REIT announced a series of agreements to resolve the bankruptcy of its second-largest customer, including:

- an agreement to sell two Silicon Valley facilities to Brookfield at book value for US\$160 million, representing a 4.4% cap rate on 2024 contractual cash net property income;
- the assumption and assignment to Brookfield of the customer's existing lease agreement for 1500 Space Park in Silicon Valley;
- the amendment of the customer's existing lease agreements for 200 North Nash and 3015 Winona in Los Angeles to accelerate the lease expiration dates to 30 September 2024; and
- an agreement to pay Brookfield US\$10 million, of which Digital Core REIT's 25% share was US\$2.5 million, to terminate the customer's existing lease agreement at Wilhelm-Fay Straße 24 in Frankfurt.

The entire series of transactions closed in January 2024.

Investment Activity

In November 2023, Digital Core REIT completed the acquisition of 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 established Digital Core REIT's presence in Japan, improved geographic diversification and enhanced portfolio quality with the addition of an investment in a state-of-the-art facility in a robust data centre market.

Unit Buy-Back

For the full year of 2023, Digital Core REIT repurchased a total of 6.8 million units at an average price of \$0.4942, generating DPU accretion of approximately 0.6%. The units were held as treasury units and were subsequently cancelled.

Balance Sheet

Digital Core REIT had US\$559 million of total debt outstanding as at 31 December 2023, including approximately US\$505 million of unsecured term loans due 2025-2027 and approximately US\$54 million outstanding on its unsecured revolving credit facility, consisting primarily of Japanese Yen-denominated borrowings used to finance the acquisition of the 10% interest in the Osaka data centre in November 2023. Aggregate Leverage was 40.5% as at 31 December 2023. Pro forma Aggregate Leverage was 33.5%, reflecting the US\$160 million of proceeds realized upon completion of the sale of the two Silicon Valley facilities in January 2024. The weighted average cost of debt for FY 2023 was approximately 4.5%³ and the weighted average debt maturity was approximately 2.8 years. Approximately 73% of total interest exposure was hedged as at 31 December 2023.

³ Excluding amortisation of debt upfront fees.

For Additional Information

Mabel Tan
Director of Capital Markets & Investor Relations
+65 6505 3948
IR@digitalcorereit.com

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 300+ facilities in 50+ metros across 28+ 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 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. The value of 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 Digital Core REIT Management Pte. Ltd. (as manager of Digital Core REIT (the “Manager”)), Perpetual (Asia) Limited (as trustee of Digital Core REIT) or any of their respective affiliates. The past performance of Digital Core REIT is not necessarily indicative of its future results.

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 due to various risks, uncertainties, and assumptions. These forward-looking statements speak only as at the date of this presentation. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct.

Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental revenue, changes in operating expenses, property expenses, governmental and public policy changes, and the continued availability of financing in the amounts and on 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 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.