

# DIGITAL CORE REIT

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

## PROPOSED ACQUISITION OF A 24.9% INTEREST IN A DATA CENTRE LOCATED IN GERMANY

### 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 subsidiary, Digital CR Singapore 5 Pte. Ltd. (“**Singapore Sub 5**”), has entered into a reinstatement and first amendment to contribution and sale agreement and escrow instructions (the “**Reinstated and Amended Contribution and Sale Agreement**”) with Digital Realty Trust, L.P. (the “**Sponsor**”), the Manager and Digital CR US REIT, Inc. (the “**Parent U.S. REIT**”) to acquire an interest in the property located at Wilhelm-Fay-Straße 15 and Wilhelm-Fay-Straße 24 in Frankfurt, Germany (the “**Frankfurt Facility**”); Singapore Sub 5 will acquire an 24.9% interest in the Frankfurt Facility (the “**Proposed Acquisition**”).

(See paragraph 3.1 below for further details on the manner in which Digital Core REIT will acquire the interest in the Frankfurt Facility and paragraph 3.4 below for further details on the principal terms of the Reinstated and Amended Contribution and Sale Agreement.)

In connection with the Proposed Acquisition, under the Reinstated and Amended Contribution and Sale Agreement, Singapore Sub 5 has agreed to purchase a 24.9% interest in the shares of Digital Greenfield B.V. (the “**German JV**”), which owns the Frankfurt Facility, from Digital Germany Holding, LLC, a wholly-owned subsidiary of the Sponsor (the “**Vendor**”), together with an equivalent percentage participation interest in the existing €300 million unsecured intercompany revolving loan facility between Digital Euro Finco L.P., a wholly-owned subsidiary of the Sponsor (as lender) and the German JV (as borrower) (the “**German Loan Facility**”).

A circular (the “**Circular**”) will be issued to the unitholders of Digital Core REIT (“**Unitholders**”) in due course, together with a notice of the extraordinary general meeting (the “**EGM**”), for the purpose of seeking the approval of Unitholders for, among others, the Proposed Acquisition as an interested person transaction under Rule 906(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**” and the Listing Manual of the SGX-ST, the “**Listing Manual**”).

(See paragraph 6.2 below for further details on the approvals required from Unitholders in respect of the Proposed Acquisition.)

## 2. INFORMATION ON THE FRANKFURT FACILITY

The Frankfurt Facility is an institutional quality, freehold data centre concentrated within a top-tier, core data centre market located in Germany, which totals 449,546 net rentable square feet (“**NRSF**”) as at 31 December 2023. The Frankfurt Facility is 92.0% leased to a roster of blue-chip customers, each with numerous deployments across the Sponsor’s global platform. The Frankfurt Facility is a purpose-built data centre facility completed in successive phases of contiguous customer expansion from 2017 (Phase I) to 2022 (Phase IV) and is the Sponsor’s primary campus in the Sossenheim submarket. The Frankfurt Facility is fully integrated into PlatformDIGITAL®, the Sponsor’s global data centre platform. The weighted average remaining lease expiry is approximately 2.7 years (based on annualised rent<sup>1</sup> as at 31 December 2023). In addition, 100% of the Frankfurt Facility lease agreements allow for the pass-through of utilities expenses, providing additional insulation against rising energy costs.

The table below sets out a summary of selected information on the Frankfurt Facility as at 31 December 2023, 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) Average Age: 4.0 years (based on net rentable square feet)
Property Type	Fully-Fitted
Occupancy (%)	92%
Net Rentable Square Feet	449,546
Customer IT Load (kW)	34,000
FY2023 Cash Net Property Income (at 100% share)	€28.0 million (approximately US\$30.8 million)
Valuation by Cushman (at 100% share) <sup>(1)</sup>	€498.0 million (approximately US\$547.8 million) as at 20 October 2023
Valuation by CBRE (at 100% Share) <sup>(1)</sup>	€460.6 million (approximately US\$506.7 million) as at 31 December 2023 (Standard Purchaser’s Costs) €504.1 million (approximately US\$554.5 million) as at 31 December 2023 (Share Deal Purchaser’s Costs)

1 “**Annualised rent**” represents the monthly contractual base rent (defined as cash base rent before abatements) under existing leases as 30 September 2023, multiplied by 12.

Property	Frankfurt Facility
Agreed Value (at 100% Share)	€470 million (approximately US\$517.0 million)
Estimated Purchase Consideration Payable	€117.0 million (approximately US\$128.7 million) (1)(2) (24.9% interest)
Number of Customers	14
WALE by Annualised Rent as at 31 December 2023	2.7 years
WALE by Net Rentable Square Feet	2.9 years

**Notes:**

- (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 an illustrative exchange rate of €1.00 = US\$1.10.
- (2) Subject to closing adjustments under the Reinstated and Amended Contribution and Sale Agreement.

### 3. DETAILS OF THE PROPOSED ACQUISITION

#### 3.1 Structure of the Proposed Acquisition

On 13 December 2022, Digital Core REIT, through its subsidiary Singapore Sub 5, completed the acquisition of a 25.0% interest in the Frankfurt Facility, through the acquisition of 25.0% of the shares in the German JV which holds the Frankfurt Facility and an equivalent percentage participation interest in the German Loan Facility. A contribution and sale agreement and escrow instructions (the “**Existing Contribution and Sale Agreement**”) were entered into on 21 September 2022 in relation to this acquisition.

On 1 November 2023, Digital Core REIT announced that it had reached an agreement to sell 2401 Walsh Avenue and 2403 Walsh Avenue in Silicon Valley (the “**Silicon Valley Properties**”) to Brookfield Infrastructure Partners L.P. and its institutional partners (“**Brookfield**”). The sale was completed on 15 January 2024 and Digital Core REIT received consideration of US\$160.2 million. After taking into account the divestment fee of approximately US\$0.8 million payable in cash and other transaction-related expenses of approximately US\$1.2 million, Digital Core REIT realised net proceeds from the sale of the two Silicon Valley Properties of approximately US\$158.2 million. As previously disclosed, the Manager wishes to use proceeds from the sale of the two Silicon Valley Properties to acquire a further 20.0% interest in the Frankfurt Facility.<sup>2</sup> On 7 February 2024, the Manager launched a private placement of new Units to institutional, accredited and other investors (the “**1Q2024 Private Placement**”) which closed on 8 February 2024 and raised net

<sup>2</sup> For further information, please see the 1 November 2023 announcement titled “Customer Situation Update” and the 15 January 2024 announcement titled “Completion of Sale of Two Shell & Core Facilities in Silicon Valley”.

proceeds of US\$117.0 million.<sup>3</sup> As disclosed in the announcements<sup>3</sup> in relation to the 1Q2024 Private Placement, the Manager intends to use a portion of the proceeds from the 1Q2024 Private Placement to fund the acquisition of a further 4.9% interest in the Frankfurt Facility (and together with the 20.0% interest which Digital Core REIT previously announced on 1 November 2023 that it had entered into letter of intent to acquire) to bring its aggregate interest in the Frankfurt Facility to 49.9%.

In connection therewith, on 6 March 2024, Digital Core REIT, through Singapore Sub 5, entered into the Reinstated and Amended Contribution and Sale Agreement to amend the Existing Contribution and Sale Agreement with the Sponsor, the Manager and the Parent U.S. REIT to acquire a further 24.9% interest in the Frankfurt Facility.

Under the Reinstated and Amended Contribution and Sale Agreement, Singapore Sub 5 has agreed to purchase shares of the German JV. At Closing, Digital Core REIT will, through Singapore Sub 5, purchase 24.9% of the outstanding shares of the German JV, which owns the Frankfurt Facility, from the Vendor for a purchase price equal to 24.9% of the value allocated to the German JV as set forth in the Reinstated and Amended Contribution and Sale Agreement subject to closing adjustments under the Reinstated and Amended Contribution and Sale Agreement (the “**German JV Allocated Value**”). The Purchase Consideration of €117.0 million comprises: (i) a 24.9% participation interest in the existing German Loan Facility between Digital Euro Finco L.P. (as lender), a wholly-owned subsidiary of the Sponsor, and the German JV (as borrower); (ii) 24.9% of the net asset value of €167.0 million of the German JV (being approximately €41.6 million); and (iii) 24.9% of the €3.0 million accrued interest (being approximately €0.7 million).

Upon completion of the Proposed Acquisition, Digital Core REIT will have a 49.9% interest in the Frankfurt Facility through Singapore Sub 5’s 49.9% shareholding in the German JV, and (through Singapore Sub 5) a 49.9% participation interest in the German Loan Facility. The remaining 50.1% of the shares in the German JV and 50.1% participation interest in the German Loan Facility will be held by the Vendor.

(See paragraph 3.4 below for the principal terms of the Reinstated and Amended Contribution and Sale Agreement.)

## **3.2 Consideration and Valuation**

### **3.2.1 Consideration**

The estimated purchase consideration (the “**Purchase Consideration**”) of €117.0 million (approximately US\$128.7 million) payable by Singapore Sub 5 in connection with the Proposed Acquisition is based on 24.9% of the German JV Allocated Value and the estimated amount payable for a 24.9% participation interest in the German Loan Facility (based on the current outstanding loan balance thereunder). The German JV Allocated Value considers the net asset value (“**NAV**”) of the German JV as at the Closing, which is currently estimated to be approximately €167.0 million (approximately US\$183.7 million)

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<sup>3</sup> For further information, please see the 7 February 2024 announcement titled “Launch of Private Placement to Raise Gross Proceeds of No Less than US\$100.0 million” and the 8 February 2024 announcement titled “Close of Private Placement at US\$0.625 Per New Unit Raising Gross Proceeds of US\$120.0 Million”.

(at 100% share)<sup>4</sup>, taking into account, among other things, the agreed market value at 100% share (the “**Agreed Value**”) of the Frankfurt Facility of €470.0 million (approximately US\$517.0 million). The amount payable by Singapore Sub 5 for the participation interest in the German Loan Facility will take into account the aggregate principal amount and accrued interest outstanding under the German Loan Facility as at Closing under the Reinstated and Amended Contribution and Sale Agreement.

The Agreed Value of the Frankfurt Facility was negotiated on a willing-buyer and willing-seller basis and takes into account the higher of the two independent valuations for the Frankfurt Facility as set out in paragraph 3.2.2 below.

The final consideration payable by Digital Core REIT, through Singapore Sub 5, in connection with the Proposed Acquisition will be subject to closing adjustments under the Reinstated and Amended Contribution and Sale Agreement.

### 3.2.2 Valuation of the Frankfurt Facility

The Manager has commissioned an independent property valuer, Cushman & Wakefield of North Carolina, Inc. (“**Cushman**”), and Perpetual (Asia) Limited (in its capacity as trustee of Digital Core REIT) (the “**Trustee**”) has commissioned an independent valuer, CBRE Limited (“**CBRE**”) (together with Cushman, the “**Independent Valuers**”), to value the Frankfurt Facility. The valuations of the Frankfurt Facility are set out below.

	At 100.0% Share (Standard Purchaser’s Costs)	At 100.0% Share (Share Deal Purchaser’s Costs)	At 24.9% Share
Cushman <sup>(1)</sup>	€498.0 million (approximately US\$547.8 million)	-	€124.0 million (approximately US\$136.4 million)
CBRE <sup>(2)</sup>	€460.6 million (approximately US\$506.7 million)	€504.1 million (approximately US\$554.5 million)	€114.7 million (approximately US\$126.2million)
<b>Agreed Value</b>	-	€470.0 million (approximately US\$517.0 million)	€117.0 million (approximately US\$128.7 million)

**Notes:**

(1) Cushman valuation as at 20 October 2023.

(2) CBRE valuation as at 31 December 2023.

The Independent Valuers relied on the income capitalisation, sales comparison and discounted cashflow approaches to arrive at the market value for the Frankfurt Facility.

### 3.3 Estimated Total Acquisition Cost

The total acquisition cost for the Proposed Acquisition (the “**Total Acquisition Cost**”) is estimated

<sup>4</sup> The NAV of the German JV (on a 24.9% basis) is approximately €41.6 million.

to be approximately US\$131.3 million, comprising:

- (a) the estimated Purchase Consideration of €117.0 million (or approximately US\$128.7 million), which is subject to closing adjustments under the Reinstated and Amended Contribution and Sale Agreement;
- (b) the acquisition fee (“**Acquisition Fee**”) of approximately US\$1.3 million (being 1.0% of the Agreed Value (on a 24.9% basis) pursuant to the trust deed constituting Digital Core REIT dated 10 November 2021 (as may be amended from time to time) (the “**Trust Deed**”) payable in units in Digital Core REIT (“**Units**”) to the Manager<sup>5</sup>; and
- (c) the estimated professional and other fees and expenses<sup>6</sup> of approximately US\$1.3 million incurred or to be incurred by Digital Core REIT in connection with the Proposed Acquisition (comprising 1.0% of the Total Acquisition Cost).

For the avoidance of doubt, the Purchase Consideration of €117.0 million includes the amount to be paid for the acquisition of the proportionate participation interest in the German Loan Facility.

### 3.4 Principal Terms of the Reinstated and Amended Contribution and Sale Agreement

The following sets out the principal terms of the Existing Contribution and Sale Agreement as disclosed in the circular issued by Digital Core REIT on 3 November 2022 (“**2022 Circular**”), which continue to be applicable as amended by the Reinstated and Amended Contribution and Sale Agreement:

- (i) Singapore Sub 5 has agreed to purchase 24.9% of the outstanding shares of the German JV for a purchase price equal to 24.9% of the German JV Allocated Value, together with an equivalent percentage participation interest in the German Loan Facility for an amount equal to 24.9% of the then-outstanding loan balance (including accrued interest) under the German Loan Facility;
- (ii) Singapore Sub 5 has the option, exercisable during the six-month period following execution of the Reinstated and Amended Contribution and Sale Agreement, to acquire from time to time additional shares in the German JV (and the corresponding percentage participation interest to be acquired in the German Loan Facility) from 49.9% to an amount between 50.1% and 89.9%<sup>7</sup>;
- (iii) the obligations of Singapore Sub 5 to purchase the shares in the German JV and acquire an equivalent percentage participation interest in the German Loan Facility are subject to certain conditions including but not limited to:
  - (a) the accuracy of the Sponsor’s representations and warranties in all material

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5 As the Proposed Acquisition constitutes an “interested party transaction” under Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“**Property Funds Appendix**”), the acquisition fee payable in Units shall not be sold within one year from the date of issuance in accordance with the Property Funds Appendix.

6 Such fees and expenses include due diligence costs, debt financing costs and acquisition costs such as legal expenses, expenses relating to the appointment of the independent financial adviser and other professional costs.

7 It should be noted that if this option to acquire is exercised, it would be a new interested person transaction, and is not the subject of approval of unitholders at this EGM. Accordingly, such transaction will comply with the requirements of the Listing Manual with regards to interested person transaction.

- respects;
- (b) performance of the Sponsor's material obligations under the Reinstated and Amended Contribution and Sale Agreement;
  - (c) Unitholder approval of the acquisition of the interest in the Frankfurt Facility on the terms set forth in the Reinstated and Amended Contribution and Sale Agreement;
  - (d) the receipt by Digital Core REIT of sufficient funds (from third-party financing or other sources) to pay the purchase price for the acquisition of the German JV shares and corresponding percentage participation interest in the German Loan Facility, the Cash Contribution (if the U.S. Contribution Option is exercised), and all closing costs that are the responsibility of Singapore Sub 5; and
  - (e) receipt of certain specified third-party approvals and regulatory clearances and exemptions as set out in the Reinstated and Amended Contribution and Sale Agreement;
- (iv) the Sponsor's obligations to cause the Vendor to sell the shares in the German JV to Singapore Sub 5 (together with a corresponding participation interest in the German Loan Facility) are subject to certain conditions, including:
- (a) the accuracy of Singapore Sub 5's representations and warranties in all material respects;
  - (b) performance of Singapore Sub 5's material obligations under the Reinstated and Amended Contribution and Sale Agreement;
  - (c) the receipt by Digital Core REIT of sufficient funds (from third-party financing or other sources) to pay the purchase price for the acquisition of the German JV shares and corresponding percentage participation interest in the German Loan Facility, and all closing costs that are the responsibility of Singapore Sub 5; and
  - (d) receipt of certain specified third-party approvals and regulatory clearances and exemptions as set out in the Reinstated and Amended Contribution and Sale Agreement.

### **3.5 Principal terms of the Joint Venture Agreement**

As stated in Paragraph 3.1 above, Digital Core REIT had on 13 December 2022, through Singapore Sub 5, completed the acquisition of a 25.0% interest in the Frankfurt Facility through the acquisition of 25.0% of the shares in the German JV and an equivalent percentage participation interest in the German Loan Facility. In connection therewith, Singapore Sub 5 entered into a Joint Venture Agreement with the Vendor with respect to the German JV.

The Joint Venture Agreement shall be amended at the Closing of the Proposed Acquisition to reflect the change of Digital Core REIT's (through Singapore Sub 5) interest in the German JV from 25.0% to 49.9%; save for this amendment and another amendment in relation to the disclosure of the beneficial ownership of the shareholders when requested, there will be no other changes to the terms of the Joint Venture Agreement. Unitholders may wish to refer to the 2022 Circular for

the principal terms of the Joint Venture Agreement.

The Joint Venture Agreement is on substantially the same terms as the existing joint venture agreements in respect of Digital Core REIT's existing properties, as approved by Unitholders at the time of the IPO, other than changes to reflect requirements of Dutch law, the organisation of the German JV as a Dutch private limited liability company incorporated under the laws of the Netherlands (as opposed to a Delaware limited liability company), and/or the fact that, as of the Closing, the Frankfurt Facility is owned and leased by the German JV itself (rather than through a subsidiary).

### 3.6 Property Manager for the Frankfurt Facility

There is an existing property management and leasing agreement (the "**Property Management Agreement**") in place in respect of the Frankfurt Facility, which was entered into by a wholly-owned subsidiary of the Sponsor and the German JV on 13 December 2022 to appoint such subsidiary as the property manager for the Frankfurt Facility (the "**Property Manager**"), in accordance with the terms of the master property management services agreement between the Sponsor, the Manager, the Trustee and Parent U.S. REIT in respect of the properties of Digital Core REIT (the "**Master Property Management Services Agreement**"), as approved by Unitholders at the time of the IPO.<sup>8</sup>

Under the Property Management Agreement for the Frankfurt Facility, the Property Manager will be paid the following fees in respect of the Frankfurt Facility:

- (i) an annual property management fee equal to 2% of gross revenue of the Frankfurt Facility, payable quarterly in arrears;
- (ii) leasing commissions in amounts equal to the standard internal commissions paid to employees of the Property Manager or its affiliates from time to time for leases and renewals of other properties owned and managed by the Manager or its affiliates, up to a maximum of 3.0% of total contract value (defined as the total amount of recurring revenue paid in cash over the term of the lease); and
- (iii) construction management fees as follows:
  - (a) where total construction costs are US\$5,000,000 or less, a fee equal to 5.0% of total construction costs;
  - (b) where total construction costs exceed US\$5,000,000 but do not exceed US\$15,000,000, a fee equal to the greater of (a) 4.0% of total construction costs and (b) US\$250,000; and
  - (c) where total construction costs exceed US\$15,000,000, a fee equal to the greater of 3.0% of total construction costs and US\$600,000.

For the avoidance of doubt, there will be no changes to the Property Management Agreement dated 13 December 2022 in respect of the Frankfurt Facility as disclosed in the 2022 Circular

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<sup>8</sup> In accordance with the Master Property Management Services Agreement, the Property Management Agreement for the Frankfurt Facility has been modified to comply with Dutch and German local law requirements and other applicable laws, regulations and guidelines.



following the Proposed Acquisition.

### **3.7 Asset Manager for the Frankfurt Facility**

There is an existing European asset management agreement (the “**European Asset Management Agreement**”) in place in respect of the Frankfurt Facility, which was entered into by the Manager, a wholly-owned subsidiary of the Sponsor and the German JV on 13 December 2022, appointing such subsidiary as the asset manager (the “**European Asset Manager**”) for the German JV and for any joint venture entities established in the future between subsidiaries of Digital Core REIT and the Sponsor with respect to real estate assets located in Europe.

Under the European Asset Management Agreement, the European Asset Manager will perform certain asset management functions of the Manager, including those relating to asset management, acquisitions and divestitures, investments, capital management and financing, accounting, legal, compliance and information technology. The European Asset Management Agreement is on substantially the same terms as the existing U.S. and Canadian Asset Management Agreements in respect of Digital Core REIT’s existing properties (including the fees payable to the European Asset Manager for the services provided and the gross-up of fees payable thereunder to the European Asset Manager to reflect the shares or other equity interests in the German JV (or other future European joint venture entity) held by affiliates of the Sponsor, similar to the Canadian Asset Management Agreement).

For the avoidance of doubt, there will be no changes to the European Asset Management Agreement dated 13 December 2022 in respect of the Frankfurt Facility as disclosed in the 2022 Circular following the Proposed Acquisition.

As the European Asset Management Agreement is an outsourcing arrangement, similar to the existing U.S. and Canadian Asset Management Agreements, (i) there would be minimal or no overlap in the roles and responsibilities of the Manager *vis-à-vis* the European Asset Manager; and (ii) the fees paid to the Manager under the Trust Deed would be reduced by an amount equal to the fees paid to the European Asset Manager under the European Asset Management Agreement (prior to giving effect to the gross-up of fees described above). Accordingly, there would be no double counting of fees.

## **4. RATIONALE FOR AND KEY BENEFITS OF THE PROPOSED ACQUISITION**

The Manager believes that the acquisition of a 24.9% stake in the Frankfurt Facility will provide the following key benefits to Unitholders:

### **4.1 Enhancing Portfolio Quality**

#### **(i) Increasing Stake in a State-of-the-Art Facility**

The Frankfurt Facility was purpose-built as a data centre by the Sponsor from the ground up in successive phases of contiguous customer expansion from 2017 to 2022. The property is 100.0% powered by renewable energy and sourced over 100,000 megawatt-hours from hydroelectric plants in 2022, resulting in a carbon reduction of more than 74,000 tons of carbon dioxide, equivalent to powering 9,360 U.S. homes annually.

**(ii) Leveraging the Sponsor's Global Platform**

The Frankfurt Facility is fully integrated into the Sponsor's global platform, providing connectivity as well as consistency of deployment and operations. The Frankfurt Facility is located within the supply-constrained Sossenheim sub-market and is tethered via dark fibre to the Sponsor's cross-town Hanauer Landstraße campus, one of the world's leading connectivity hubs, with direct access to more than 700 carriers and internet service providers.

**4.2 Achieving Scale and Diversification**

The acquisition of a further 24.9% stake in the Frankfurt Facility will enhance portfolio diversification and improve overall portfolio credit quality while solidifying important commercial relationships.

**(i) Improving Portfolio Credit Quality**

The acquisition of a 24.9% stake in the Frankfurt Facility will improve overall portfolio credit quality, increasing the total annualised rent contribution from investment grade customers from 78.0% as at 31 December 2023 to 87.0% pro forma for the transaction.

**(ii) Improving Geographic Diversification, Achieving International Expansion**

The transaction will improve the geographic diversification of Digital Core REIT's portfolio and will achieve international expansion with a more meaningful presence in Frankfurt. The transaction will reduce the total annualised rent contribution from North America from 82.0% as at 31 December 2023 to 71.0% pro forma for the transaction.

**4.3 Investing Accretively, Seeding Future Growth**

**(i) Expected to be Approximately 3.2% Accretive to DPU**

The transaction is expected to be approximately 3.2%<sup>9</sup> accretive to Digital Core REIT's annual distribution per Unit ("DPU").

**(ii) Seeding Future Revenue Growth**

The transaction offers various opportunities to generate additional growth.

- (a) Embedded Lease-Up:** The Frankfurt Facility is 92.0% leased, providing embedded growth potential from lease-up of the remaining capacity.
- (b) Rental Reversions:** The robust data centre demand environment, limited new supply, and low market vacancy rates across the Frankfurt market should support healthy pricing and an opportunity for positive rental reversions upon lease expirations.

**5. METHOD OF FINANCING**

The Manager intends to fund the Total Acquisition Cost (save for the Acquisition Fee) with proceeds from the sale of the Silicon Valley Properties and a portion of the proceeds from the

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<sup>9</sup> Please see paragraph 6.1 of this announcement for the assumptions in relation to the pro forma DPU.

1Q2024 Private Placement.

In relation to the board resolutions of the Manager, approval from the majority of the independent directors of the Manager is required for the Proposed Acquisition as this is an interested person transaction, with the non-independent directors of the Manager abstaining from the resolution.

## 6. DETAILS AND FINANCIAL INFORMATION OF THE PROPOSED ACQUISITION

### 6.1 Pro Forma Financial Effects 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 the unaudited financial statements of Digital Core REIT from 1 January 2023 to 31 December 2023 (“**FY2023 Unaudited Financial Statements**”), taking into account the Purchase Consideration (as applicable) and assuming that:

- (i) US\$128.7 million (from the proceeds from the 1Q2024 Private Placement and the sale of the Silicon Valley Properties) is used to fund the Purchase Consideration;
- (ii) US\$1.3 million of cash is used to pay the estimated professional and other fees and expenses incurred or to be incurred by Digital Core REIT in connection with the Proposed Acquisition; and
- (iii) The Manager’s Acquisition Fee of US\$1.3 million is paid in the form of approximately two million Acquisition Fee Units at an illustrative issue price of US\$0.6579.

#### 6.1.1 FY2023 Pro Forma DPU

##### FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects on Digital Core REIT’s DPU for the financial period from 1 January 2023 to 31 December 2023 (“**FY2023**”), as if the Proposed Acquisition and the issuance of the Acquisition Fee Units were completed on 1 January 2023, and Digital Core REIT held a 49.9% interest in the Frankfurt Facility through to 31 December 2023, are as follows:

	Actual as at 31 December 2023	Pro forma as at 31 December 2023 after adjusting for the transactions as announced on 1 November 2023 <sup>(4)</sup>	After the Proposed Acquisition, the completion of the sale of the Silicon Valley Properties and the 1Q2024 Private Placement <sup>(5)</sup>
Net Profit after tax attributable to Unitholders (US\$’000)	(US\$108,585)	(US\$111,027)	(US\$102,859)
Distributable	US\$41,484	US\$39,042	US\$47,210

	<b>Actual as at 31 December 2023</b>	<b>Pro forma as at 31 December 2023 after adjusting for the transactions as announced on 1 November 2023 <sup>(4)</sup></b>	<b>After the Proposed Acquisition, the completion of the sale of the Silicon Valley Properties and the 1Q2024 Private Placement <sup>(5)</sup></b>
income (US\$'000)			
Total number of Units in issue ('000)	1,123,853 <sup>(1)</sup>	1,154,064 <sup>(3)</sup>	1,347,901 <sup>(2)</sup>
DPU (US cents)	3.70	3.39	3.50
DPU accretion (%)	-	-	3.2%

**Notes:**

- (1) Number of issued Units entitled to distribution as at 31 December 2023 as stated in the FY2023 Unaudited Financial Statements.
- (2) Adjusted to include 192.0 million incremental units from the 1Q2024 Private Placement completed on 8 February 2024; two million incremental units to be issued for the Acquisition Fee; 1.5 million incremental units for incremental base and performance management fees related to the Frankfurt Facility; and 1.6 million fewer units issued to fund management fees for the sale of the Silicon Valley Properties.
- (3) The Manager's Acquisition Fee of US\$1.3 million is paid in the form of approximately two million Acquisition Fee Units at an illustrative issue price of US\$0.6579.
- (4) For further information, please see the 1 November 2023 announcement titled "Customer Situation Update".
- (5) For further information, please see the 15 January 2024 announcement titled "Completion of Sale of Two Shell & Core Facilities in Silicon Valley," the 7 February 2024 announcement titled "Launch of Private Placement to Raise Gross Proceeds of No Less than US\$100.0 million" and the 8 February 2024 announcement titled "Close of Private Placement at US\$0.625 Per New Unit Raising Gross Proceeds of US\$120.0 Million".

### 6.1.2 Pro Forma NAV as at 31 December 2023

**FOR ILLUSTRATIVE PURPOSES ONLY:**

The pro forma financial effects on Digital Core REIT's NAV per Unit as at 31 December 2023, as if the Proposed Acquisition and the issuance of the Acquisition Fee Units were completed on 31 December 2023, are as follows:

	<b>Actual as at 31 December 2023</b>	<b>Actual as at 31 December 2023 adjusted for the sale of the Silicon Valley Properties, the 1Q2024 Private Placement and the Proposed Acquisition</b>
Net assets (US\$'000)	US\$790,475	US\$918,897

Total number of Units in issue and to be issued ('000)	1,142,626 <sup>(1)</sup>	1,336,583 <sup>(2)</sup>
NAV per Unit (US\$)	0.69	0.69
NAV per Unit (ex-distribution) <sup>(3)</sup> (US\$)	0.67	0.67

**Notes:**

- (1) Number of issued and issuable Units as at 31 December 2023 as stated in the FY2023 Unaudited Financial Statements.
- (2) Assumes that the Manager's Acquisition Fee of US\$1.3 million is paid in the form of approximately two million Units at an illustrative issue price of US\$0.6579 and includes the 192.0 million units issued upon completion of the 1Q2024 Private Placement.
- (3) Excludes Digital Core REIT's reported DPU of 1.78 US cents for the financial period from 1 July 2023 to 31 December 2023.

### 6.1.3 Pro Forma Aggregate Leverage as at 31 December 2023

**FOR ILLUSTRATIVE PURPOSES ONLY:**

Digital Core REIT's pro forma aggregate leverage as at 31 December 2023, as if the Proposed Acquisition and the issuance of the Acquisition Fee Units were completed on 31 December 2023, is as follows:

	Actual as at 31 December 2023	Actual as at 31 December 2023 adjusted for the sale of the Silicon Valley Properties, the 1Q2024 Private Placement and the Proposed Acquisition
Aggregate Leverage	40.5% <sup>(1)</sup>	29.9%

**Note:**

- (1) Computed based on gross borrowings over total deposited properties as defined in the Code on Collective Investment Schemes as issued by the Monetary Authority of Singapore.

## 6.2 Requirement of Unitholders' Approval

### 6.2.1 Disclosable Transaction

Chapter 10 of the Listing Manual governs the acquisition or divestment of assets, including options to acquire or dispose of assets, by Digital Core REIT. Such transactions are classified into the following categories:

- (i) non-disclosable transactions;
- (ii) disclosable transactions;
- (iii) major transactions; and
- (iv) very substantial acquisitions or reverse takeovers.

A transaction by Digital Core REIT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (i) the NAV of the assets to be disposed of, compared with Digital Core REIT's NAV;
- (ii) the net profits attributable to the assets acquired, compared with Digital Core REIT's net profits;
- (iii) the aggregate value of the consideration given, compared with Digital Core REIT's market capitalisation; and
- (iv) the number of Units issued by Digital Core REIT as consideration for an acquisition, compared with the number of Units previously in issue.

#### 6.2.2 Relative Figures Computed on the Bases set out in Rule 1006

The relative figures for the Proposed Acquisition using the applicable bases of comparison described in Rules 1006(b) and 1006(c) are set out in the table below.

Comparison of:	The Proposed Acquisition (US\$'000)	Digital Core REIT (US\$'000)	Relative figure (%)
<b>Rule 1006(b)</b> Net Profit After Tax Attributable to Unitholders	US\$7,700 <sup>(1)</sup>	(US\$108,600) <sup>(2)</sup>	(7.1)%
<b>Rule 1006(b)</b> Net Property Income	US\$7,700 <sup>(1)</sup>	US\$63,100	12.2%
<b>Rule 1006(c)</b> Consideration against market capitalisation	US\$128,700	US\$777,100 <sup>(3)</sup>	16.6%

**Notes:**

- (1) Based on a 24.9% interest in the Frankfurt Facility's unaudited FY2023 cash net property income. In the case of real estate investment trusts, net property income is a close proxy to the net profits attributable to the assets.
- (2) Based on the FY2023 Unaudited Financial Statements (as defined herein).
- (3) Based on the one-day weighted average price of US\$0.5914 per Unit on the SGX-ST as at 5 March 2024, being the market day immediately prior to the day of entry into the Reinstated and Amended Contribution and Sale Agreement (Singapore time).

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. The relative figure in Rule 1006(d) in relation to the number of Units issued by Digital Core REIT as consideration for the Proposed Acquisition, compared with the number of Units previously in issue, is not applicable to the Proposed Acquisition as the Purchase Consideration (as applicable) is payable entirely in cash.

As seen 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 figures under Rules 1006(b) and 1006(c) exceed 5% but do 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.

### **6.2.3 Interested Person Transaction Pursuant to the Listing Manual and Interested Party Transaction Pursuant to the Property Funds Appendix**

Under Chapter 9 of the Listing Manual, where Digital Core REIT proposes to enter into a transaction with an interested person (as defined in the Listing Manual) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of Digital Core REIT's latest audited net tangible asset ("**NTA**"), Unitholders' approval is required in respect of the transaction.

In addition, Paragraph 5.2(b) of the Property Funds Appendix also requires Unitholders' approval for an interested party transaction by Digital Core REIT if the value is equal to or exceeds 5.0% of Digital Core REIT's latest audited NAV.

Based on the audited financial statements of Digital Core REIT from the period of 1 January 2022 to 31 December 2022 (the "**FY2022 Audited Financial Statements**"), both the NTA and the NAV of Digital Core REIT was US\$934.9 million as at 31 December 2022.<sup>10</sup> Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by Digital Core REIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of US\$46.7 million, such a transaction would be subject to Unitholders' approval.

The Sponsor, through its wholly-owned subsidiaries, the Sponsor Investor and the Manager, has a deemed interest in 406,979,364 Units, which comprises approximately 31.0% of the total number of Units in issue as at the date of this announcement, and is therefore regarded as a "controlling unitholder" of Digital Core REIT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of the Sponsor, the Sponsor is regarded as a "controlling shareholder" of the Manager for the purposes of both the Listing Manual and the Property Funds Appendix.

Each of the Sponsor (being a "controlling unitholder" of Digital Core REIT and a "controlling shareholder" of the Manager), the Vendor (being a wholly-owned subsidiary of the Sponsor, which is in turn a "controlling unitholder" of Digital Core REIT and a "controlling shareholder" of the Manager) is considered (under Chapter 9 of the Listing Manual) an "interested person" and (under the Property Funds Appendix) an "interested

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<sup>10</sup> Based on the FY2023 unaudited financial statements, both the NAV and the NTA of Digital Core REIT was US\$ 790.5 million as at 31 December 2023. The Purchase Consideration represents approximately 16.3% of the NTA and the NAV of Digital Core REIT based on the FY2023 unaudited financial statements.

party”. Accordingly, the Proposed Acquisition among the Sponsor, the Vendor, and Digital Core REIT will constitute an “interested person transaction” as defined under Chapter 9 of the Listing Manual and an “interested party transaction” as defined under the Property Funds Appendix.

Given that the Purchase Consideration is estimated to be approximately €117.0 million, or approximately US\$128.7 million (which is approximately 13.8% of the latest NTA and the NAV of Digital Core REIT, respectively, as at 31 December 2022), the Purchase Consideration exceeds 5.0% of the NTA and the NAV of Digital Core REIT, respectively. Accordingly, the Manager is seeking the approval of Unitholders by way of Ordinary Resolution of the Unitholders for the Proposed Acquisition.

### 6.3 Interests of Directors and Substantial Unitholders<sup>11</sup>

As at the date of this announcement and based on the Register of Directors’ Unitholdings maintained by the Manager and save as disclosed below, none of the directors of the Manager (“**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 held	% <sup>(1)</sup>
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>		
David Lucey	-	-	-	-	-	-
John Herbert	-	-	-	-	-	-
Tan Jeh Wuan	300,000	nm <sup>(2)</sup>	-	-	300,000	nm <sup>(2)</sup>
Tsui Kai Chong	-	-	-	-	-	-
Serene Nah	-	-	-	-	-	-

**Notes:**

(1) The percentage interest is based on total issued Units of 1,314,009,364 as at the date of this announcement.

(2) Not meaningful.

As at the date of this announcement and based on the latest available substantial unitholding notifications released on the SGXNET, 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 Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	% <sup>(1)</sup>
	No. of Units	%	No. of Units	%		
Digital Realty Trust, Inc. <sup>(2)</sup>	-	-	406,979,364	30.9 <sup>(3)</sup>	406,979,364	30.9
Digital Realty Trust, L.P. <sup>(2)</sup>	-	-	406,979,364	30.9 <sup>(3)</sup>	406,979,364	30.9

11 “**Substantial Unitholder**” means a person with an interest in Units constituting not less than 5.0% of the total number of Units in issue.



Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	% <sup>(1)</sup>
	No. of Units	%	No. of Units	%		
Digital CR Singapore Holding, LLC	375,400,001	28.5 <sup>(3)</sup>	-	-	375,400,001	28.5
Daiwa Securities Group Inc. <sup>(4)</sup>	-	-	98,718,583	7.5 <sup>(6)</sup>	98,718,583	7.5
Sumitomo Mitsui Financial Group, Inc <sup>(5)</sup>	-	-	71,409,200	5.4 <sup>(6)</sup>	71,409,200	5.4
Sumitomo Mitsui DS Asset Management Company, Limited	71,409,200	5.4 <sup>(6)</sup>	-	-	71,409,200	5.4
Cohen & Steers, Inc.	-	-	92,474,720	7.0 <sup>(8)</sup>	92,474,720	7.0
Cohen & Steers Capital Management, Inc. <sup>(7)</sup>	-	-	67,536,927	6.0 <sup>(8)</sup>	67,536,927	6.0

**Notes:**

- (1) The percentage interest is based on 1,314,009,364 Units in issue as at the date of this announcement.
- (2) Digital CR Singapore Holding, LLC is wholly-owned by Digital Realty Trust, L.P., and Digital Realty Trust, Inc., is the sole general partner of 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 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.
- (3) The percentage shown is calculated based on 1,316,709,564 issued Units as of Form 3 received on 23 February 2024.
- (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.
- (6) The percentage shown is calculated based on 1,316,709,564 issued Units as of Form 3 received on 22 February 2024.
- (7) Cohen & Steers Capital Management, Inc. is wholly-owned by Cohen & Steers, Inc.
- (8) The percentage interest is calculated based on Form 3 received from Cohen & Steers Capital Management, Inc. and Cohen & Steers, Inc. on 16 February 2024 and 1 March 2024 respectively.

## 6.4 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.

## **7. AUDIT AND RISK COMMITTEE STATEMENT**

The Audit and Risk Committee of the Manager will obtain an opinion from Deloitte & Touche Corporate Finance Pte. Ltd. (the “**IFA**”), which has been appointed as the independent financial adviser on, among others, the Proposed Acquisition. The opinion of the IFA as to, among others, whether the Proposed Acquisition is on normal commercial terms and are not prejudicial to the interests of Digital Core REIT and its minority Unitholders will be disclosed in the Circular.

## **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<sup>12</sup> at 10 Collyer Quay, #42-06, Ocean Financial Centre, Singapore 049315 from the date of this announcement up to and including the date falling three (3) months after the date of this announcement:

- (i) the Reinstated and Amended Contribution and Sale Agreement;
- (ii) the FY2023 Unaudited Financial Statements; and
- (iii) the independent valuation reports on the Frankfurt Facility issued by the Independent Valuers.

The Trust Deed 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)

6 March 2024

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<sup>12</sup> Prior appointment is appreciated. Please contact the Digital Core REIT Investor Relations team (telephone: +65 6505 3948; email: [IR@digitalcorereit.com](mailto:IR@digitalcorereit.com) to schedule an appointment).

## 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 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 on 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.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. 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. This announcement has not been reviewed by the Monetary Authority of Singapore.