

Digital Core REIT Addresses Customer Bankruptcy

Singapore, 5 June 2023 – Digital Core REIT (SGX: DCRU), a leading pure-play data centre REIT listed in Singapore and sponsored by Digital Realty, announced today that its second-largest customer, a global colocation and interconnection provider representing approximately \$16.3 million, or 22.4% of Digital Core REIT’s 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. Please see the table below for additional property-level information.

Digital Core REIT Customer Profile

(in USD thousands)

Property	Market	Property Type	Ownership (%)	At Share					
				WALE (in Years)	Net Rentable Square Feet	Customer IT Load (kW)	Annualised Rent	In-Place Rent (\$/s.f./mo.)	Occupancy 31-Mar-23
1500 Space Park Drive	Silicon Valley	Shell & Core	90.0%	11.4	46,454	3,240	\$4,141	\$7.43	100.0%
2401 Walsh Avenue	Silicon Valley	Shell & Core	90.0%	9.9	151,139	–	\$4,212	\$2.32	100.0%
2403 Walsh Avenue	Silicon Valley	Shell & Core	90.0%	9.9	93,546	–	\$2,607	\$2.32	100.0%
200 North Nash Street	Los Angeles	Shell & Core	90.0%	9.9	102,245	–	\$2,652	\$2.16	100.0%
3015 Winona Avenue	Los Angeles	Shell & Core	90.0%	11.8	74,620	–	\$2,140	\$2.39	100.0%
Wilhelm-Fay-Straße 15 and 24	Frankfurt	Fully-Fitted	25.0%	11.3	4,356	375	\$528	\$10.11	100.0%
Total / Weighted Average				10.6	472,360	3,615	\$16,280	\$2.87	100.0%

The customer has remained current on its rental obligations to Digital Core REIT through the month of May but has not yet paid rent for the month of June. In conjunction with its bankruptcy filing on 4 June 2023, the customer announced that it has obtained a commitment for up to \$200 million of debtor-in-possession financing and stated that it intends to pay vendors and suppliers in full for goods and services provided on or after the filing date.

All else equal, if 100% of the annual revenue from this customer were to be eliminated, the Manager estimates that Digital Core REIT’s distribution per unit, or DPU, would be reduced by approximately 2.00 U.S. cents; total asset value would be reduced by approximately \$85 million, or roughly 6%; net asset value, or NAV, per unit would be reduced from \$0.81 to \$0.74, or approximately 9%; and aggregate leverage would increase by approximately 200 basis points, from 34.4% to 36.5%. However, the Manager expects to be able to minimise any potential DPU impact and maintain or enhance long-term value and returns for unitholders given the following mitigating factors.

- **Below-Market Rents in Top-Tier Markets with Favorable Fundamentals:** The customer’s in-place or passing rents are below market in each of the metros where the customer leases capacity from Digital Core REIT. Current market conditions are tight, with vacancy rates in the low- to mid-single-digits across all three metros. Silicon Valley is a global technology hub, and three of the five largest companies in the world by market capitalisation are headquartered within 15 miles of all three Silicon Valley facilities. Los Angeles serves as the connectivity gateway from the Americas to Asia as well as a global media, entertainment and gaming capital. Frankfurt is a preferred data centre destination for leading global service providers as well as local and international enterprises due to its central European location, excellent connectivity and leading role as a major financial centre.

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.

- **Colocation Operating Expertise:** In addition, the customer has disclosed that its facilities are 70% occupied in Frankfurt, 57% occupied in Los Angeles and 95% occupied in Silicon Valley. Given the Sponsor's operating expertise as the largest global provider of data center, colocation and interconnection solutions, the Manager is well-positioned to step into agreements with the existing end-user colocation customers currently relying upon these facilities to support their digital infrastructure requirements, if the customer were to reject any of its lease agreements with Digital Core REIT.

"We are disappointed by this recent development, but we wish our customer well as they navigate the bankruptcy process, and we stand prepared to guard against any potential near-term disruption while capturing long-term upside potential as the opportunity presents itself," said John J. Stewart, CEO of Digital Core REIT Management Pte. Ltd., the manager of Digital Core REIT. "We are fortunate to have the support of our Sponsor, Digital Realty, the largest global data centre owner and operator. Digital Realty is also our largest unitholder and remains committed to our long-term success. As for the Manager, we remain committed to our strategy of investing in a diversified portfolio of mission-critical data centre facilities in top-tier global markets and remain focused on preserving and creating long-term value for Digital Core REIT unitholders."

For Additional Information

Digital Core REIT Investor Relations

Mabel Tan

Director of Investor Relations

+65 6505 3948

IR@digitalcorereit.com

Digital Core REIT Media Inquiries

Omnicom Public Relations Group

Swyn Evans / Karishma Sharma

+65 8688 8550 / +65 9009 4455

sng.dcreit@omnicomprgroup.com

Digital Realty Investor Relations

Jordan Sadler / Jim Huseby

Digital Realty

+1 (415) 738-6500

InvestorRelations@digitalrealty.com

Digital Realty Media Inquiries

Helen Bleasdale

Digital Realty

+1 737 267 6822

hbleasdale@digitalrealty.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 center, colocation and interconnection solutions. PlatformDIGITAL®, the company's global data center platform, provides customers with a secure data meeting place and a proven Pervasive Datacenter Architecture™ (PDx) solution methodology for powering innovation and efficiently managing Data Gravity challenges. Digital Realty gives its customers access to the connected data communities that matter to them with a global data center 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](#).

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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.