



DIGITAL REALTY

# Global. Connected. Sustainable.

Digital Realty to Acquire Teraco  
*Strategic Transaction Establishes Digital Realty as the Leading Data Center Provider in Africa*

January 2022

**Digital Realty the trusted foundation | powering your digital ambitions**

Note: There can be no assurance the proposed transaction will be completed.

# Sustainable Growth for Customers, Shareholders and Employees



GLOBAL

**TERACO**<sup>TM</sup>  
DATA ENVIRONMENTS

#1 MARKET POSITION

LEADING COLOCATION AND  
INTERCONNECTION PROVIDER IN AFRICA

**600+**  
CUSTOMERS

SEVEN ON-RAMPS, NUMEROUS COMPUTE  
NODES WITH LEADING PLATFORMS  
275+ CONNECTIVITY PROVIDERS



CONNECTED

**~22,000**

CROSS-CONNECTS

DENSELY INTERCONNECTED  
COMMUNITIES OF INTEREST

**NAPAFRICA**

#1 AFRICAN INTERNET EXCHANGE

TERACO HOUSES NAPAFRICA, THE MOST  
INTERCONNECTED INTERNET EXCHANGE  
IN AFRICA AND 5<sup>TH</sup> MOST IN EMEA



SUSTAINABLE

**7**

DATA CENTERS

STATE-OF-THE-ART FACILITIES  
IN KEY SOUTH AFRICAN METROS

**187 MW**

CURRENT + PLANNED CAPACITY

75 MW IN-SERVICE  
19 MW UNDER CONSTRUCTION  
93 MW FUTURE DEVELOPMENT



## TRANSACTION OVERVIEW

# Strategic Acquisition of Teraco Data Environments

### Transaction Overview

- Entered into a definitive agreement to acquire a majority stake in Teraco, Africa's leading carrier-neutral colocation and interconnection provider
- The transaction values Teraco at approximately \$3.5 billion, representing a cap rate of approximately 3.5%

### Company Overview

- Teraco is the largest and most densely interconnected data center platform in Africa, with seven state-of-the-art facilities strategically located in the key South African metros of Johannesburg, Cape Town and Durban
- Teraco has approximately 22,000 cross-connects and its Johannesburg Isando campus is one of the most interconnected sites in the world with over 13,000 cross-connects
- Teraco's platform contains 187 megawatts of total planned capacity, including 75 megawatts currently in-service, 19 megawatts under construction and 93 megawatts of future development capacity

### Ownership Overview



DIGITAL REALTY

*Existing Investor Consortium*

**TERACO**  
DATA ENVIRONMENTS

*Management*

After closing, Digital Realty will own approximately 55% of the total equity interests in Teraco, while the remaining 45% will be held by a consortium of existing investors, including management, Berkshire Partners LLC, Permira, van Rooyen Group, Columbia Capital, Stepstone Ventures and the Teraco Connect Trust

### Financing Overview

**\$1,725 mm INVESTMENT**

The Teraco investment will be financed through a combination of proceeds from private capital and capital recycling initiatives, committed funding under the existing forward equity commitment as well as other potential future financings

#### Ownership Funding

Amount (\$ in mm)

Digital Realty Investment	\$1,725
Existing Investor Consortium Rollover	\$1,420
Teraco Rolled Net Debt and Other <sup>(1)</sup>	\$355
<b>Expected Total Funding</b>	<b>\$3,500</b>

The transaction is expected to be approximately 1% dilutive to Digital Realty's core FFO per share in 2022, breakeven in 2023, and accretive to financial metrics and the growth trajectory of the combined organization thereafter

### Timing Overview

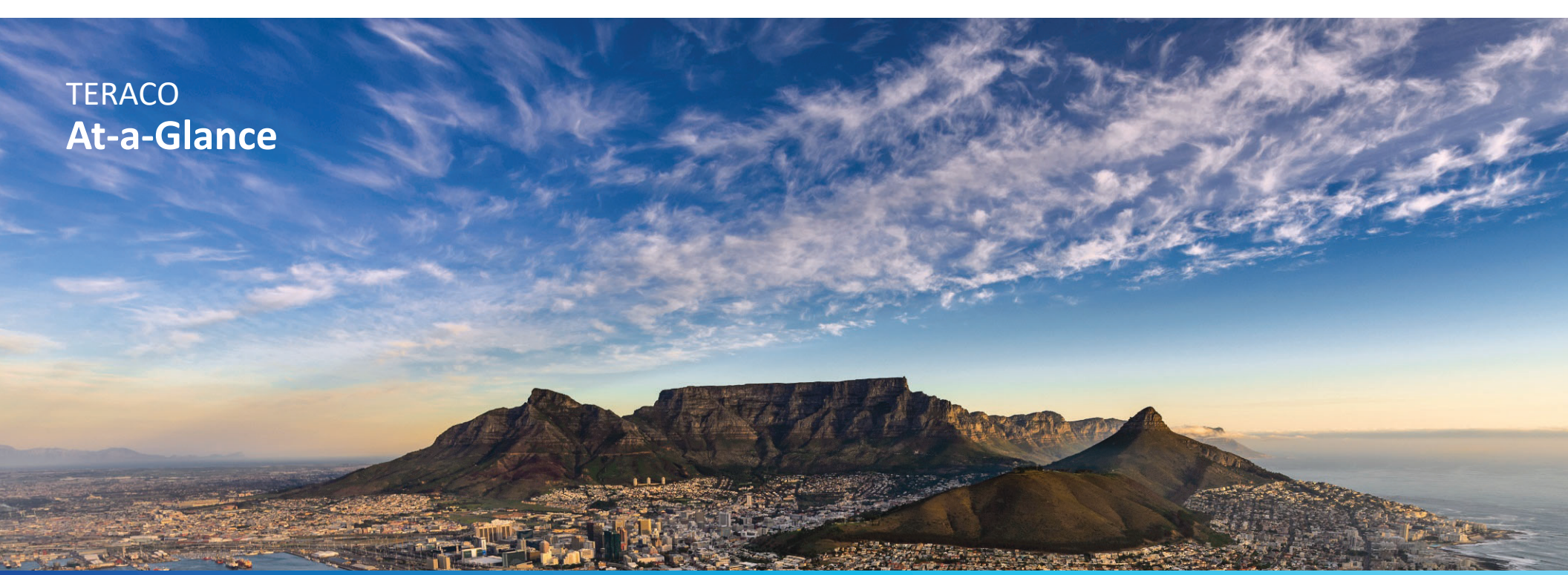
- The transaction is expected to close in the first half of 2022 and is subject to customary closing conditions



Note: There can be no assurance that the proposed acquisition will be completed. Data as of acquisition signing date.

1) Teraco is expected to retain existing ZAR debt financing. Purchase price assumes a USD/ZAR rate of 14.2676 per Bloomberg as of 6/30/2021.

# TERACO At-a-Glance



Teraco provides carrier- and cloud-neutral colocation data centers, and with approximately 22,000 cross-connects, is Africa's most interconnected data center hub. As the first provider of highly resilient, vendor-neutral data environments in sub-Saharan Africa, Teraco brings global content closer to the digital edge

**TOTAL  
DATA CENTERS**

**7**

**TOTAL CURRENT + PLANNED CAPACITY (MW)**

**187**

TOTAL CURRENT  
+ PLANNED



**75**

CURRENTLY  
IN-SERVICE

**+**

**19**

UNDER  
CONSTRUCTION

**+**

**93**

FUTURE  
DEVELOPMENT

## Data Centers

- 4 Johannesburg
- 2 Cape Town
- 1 Durban



Teraco owns the freehold to six of its seven data centers as well as strategic land holdings adjacent to its existing campuses to support future growth



## OWNERSHIP OVERVIEW

# Partnering with Strong Local Management and Experienced Regional Investors



Leading global provider of data center, colocation and interconnection solutions in 48 metros across 24 countries on six continents

**280+**

GLOBAL DATA CENTERS <sup>(1)</sup>  
ACROSS 48 METROS

**\$68 Bn**    **4,000+**

ENTERPRISE VALUE <sup>(2)</sup> GLOBAL CUSTOMERS



### Existing Investor Consortium

Leading global digital infrastructure investors with conviction in Teraco's future growth prospects under the Digital Realty umbrella

**2014**

INITIAL INVESTMENT  
IN TERACO

**~45%**

RETAINED  
OWNERSHIP STAKE <sup>(3)</sup>

**7+**

YEARS OF CONTINUED  
INVESTMENT <sup>(4)</sup>

PERMIRA

*Teraco  
Connect Trust*

**3+**

YEARS OF CONTINUED  
INVESTMENT <sup>(5)</sup>

Berkshire  
Partners

*van Rooyen Group*

COLUMBIA CAPITAL

*Stepstone Ventures*



Highly experienced management team with proven track record of delivering growth and operational excellence in Africa

**100+**

YEARS OF COMBINED TERACO  
MANAGEMENT EXPERIENCE

**40%+**

5 YEAR REVENUE CAGR <sup>(6)</sup>



**JAN HNIZDO**  
CEO

- 11+ years at Teraco
- Drove Teraco's growth over the past decade to become Africa's leading colocation and interconnection platform
- Jan will continue to lead Teraco following closing of the transaction

Note: Data as of December 31, 2021, unless otherwise noted.

1) Includes unconsolidated data centers.

2) Enterprise Value calculated as the sum of the current share price multiplied by fully diluted shares outstanding, debt, preferred stock and non-controlling interests, less cash and cash equivalents.

3) After closing, approximately 45% of the equity interests in Teraco will be held by a consortium of existing investors, including management, Berkshire Partners LLC, Permira, van Rooyen Group, Columbia Capital, Stepstone Ventures and the Teraco Connect Trust.

4) Permira and Teraco Connect Trust invested in Teraco in 2014.

5) Berkshire Partners, van Rooyen Group, Columbia Capital and Stepstone Venture invested in Teraco in 2019.

6) Represents the period from December 2016 to December 2021E, in local currency. December 2021E revenue based on Teraco management estimates.



## COMPANY OVERVIEW

# Most Densely Interconnected Data Center Platform in Africa



**7**  
IN-SERVICE  
DATA CENTERS

**3**  
EXPANSION  
FACILITIES

**600+**  
CUSTOMERS



**#1** Internet Exchange in Africa <sup>(1)</sup>



### JOHANNESBURG



#### In-Service

JB1 East (Isando Campus)  
JB1 West (Isando Campus)  
JB2 (Bredell Campus)  
JB3 (Isando Campus)

#### Expansion

JB4 (Bredell Campus)  
JB5 (Isando Campus)

### CAPE TOWN



#### In-Service

CT1 (Rondebosch Campus)  
CT2 (Brackenfell Campus)

#### Expansion

CT3 (Brackenfell Campus)

### DURBAN



#### In-Service

DB1 (Riverhorse Valley Campus)



Note: Data as of acquisition signing date.

1) Based on number of participants and average peak traffic, as measured by pch.net, September 2021.

# KEY SOUTH AFRICAN METROPOLITAN CAMPUSES

## Spearheading Digital Transformation across the African Continent



**~22,000**

CROSS-CONNECTS

**275+**

CONNECTIVITY PROVIDERS <sup>(1)</sup>

**7**

CLOUD ON-RAMPS

### CAPE TOWN <sup>(4)</sup>

**5,700+**

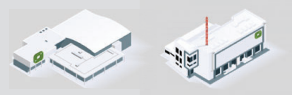
Cross-Connects

**150+**

Connectivity Providers

- Subsea cable gateway for South Africa with existing connectivity to the west coast of Africa and Europe, in addition to indirect / planned direct routes to East Africa and Asia
- Home to multinational, digitally connected organizations and a leading destination for hyper-scale platforms

### JOHANNESBURG



### JOHANNESBURG <sup>(2)</sup>

**13,800+**

Cross-Connects

**250+**

Connectivity Providers

- Commercial capital of South Africa; home to headquarters of Africa's largest enterprises
- South Africa's #1 data center market and the country's largest city by population
- Teraco's Isando campus is the most densely interconnected campus in Africa with 13,000+ cross-connects



METRO CAMPUSES

### DURBAN



### DURBAN <sup>(3)</sup>

**2,300+**

Cross-Connects

**80+**

Connectivity Providers

- One of Africa's premier manufacturing hubs and home to the largest shipping terminal in sub-Saharan Africa
- Well-positioned on South Africa's eastern coast with access to subsea cables to Eastern Africa and Asia



### CAPE TOWN



1) Unique connectivity providers.

2) Subsea cables ACE, METISS, EASSy, WACS, SAT3 / SAFE, Seacom and SACS are accessible from JB1 via in-facility consortium members.

3) Subsea cables METISS, EASSy and Seacom directly accessible at Teraco's DB1 facility.

4) Subsea cables ACE, WACS, SAT3 / SAFE and SACS are accessible at Teraco's CT1 facility.

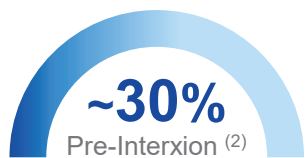
# EXPANDING GLOBAL CONNECTED DATA COMMUNITIES

## Leading Connectivity Hubs Enhance Ability to Serve Customers

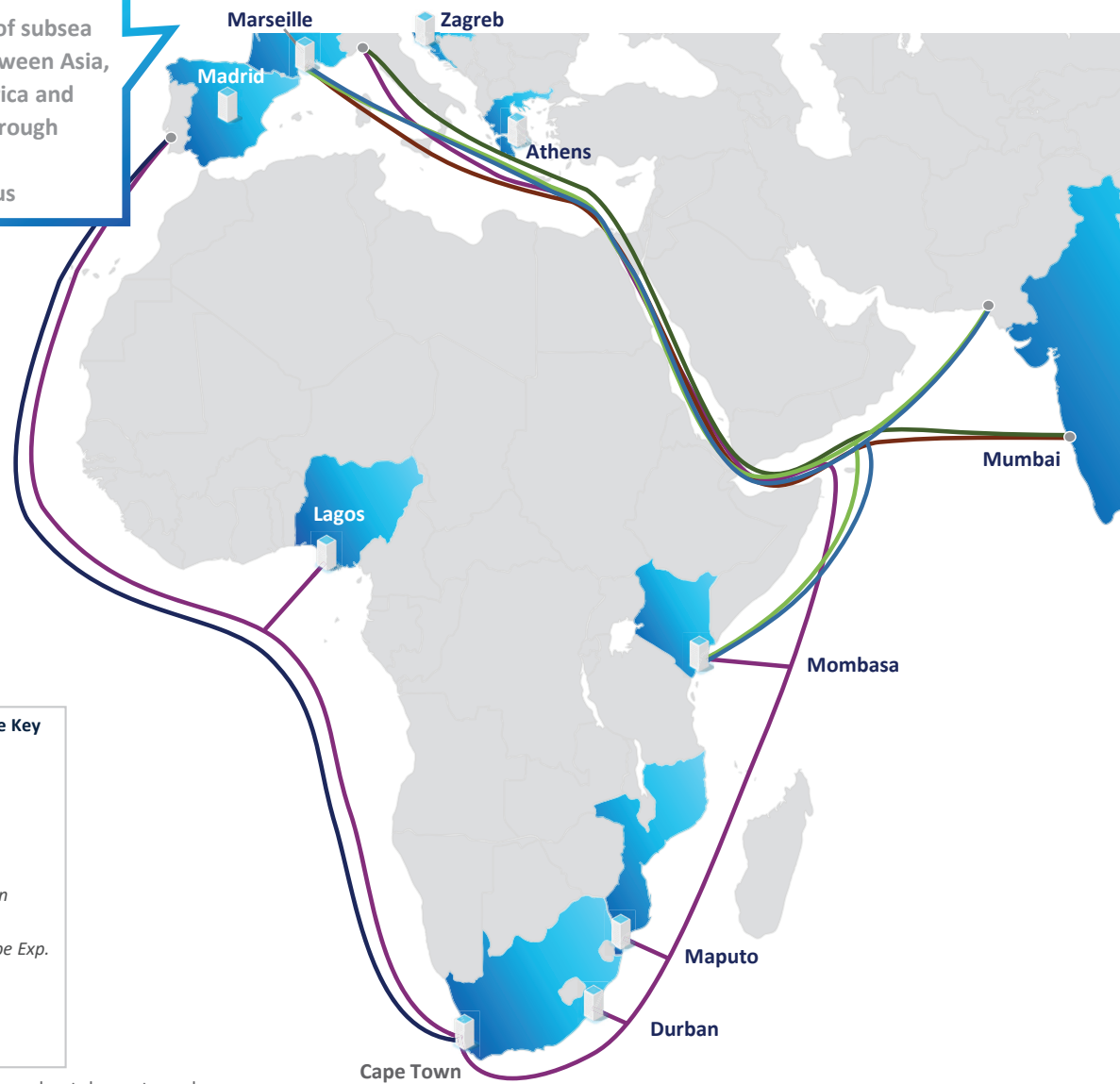
Platform  
**DIGITAL**

- Strategically located, connecting three continents with **85%** of global population
- Expect to have access to **10** subsea cables by 2023/2024, providing high capacity and low latency connectivity
- Pan-African connectivity leverages Digital Realty hubs in **Marseille, Lagos, Mombasa, Maputo** and **Athens**

### Portfolio Network Density <sup>(1)</sup>



Ninety percent of subsea cable traffic between Asia, Middle East, Africa and Europe flows through Digital Realty's **Marseille campus**



Note: Map and selected subsea cable routes reflected here for illustrative purposes and not drawn to scale.

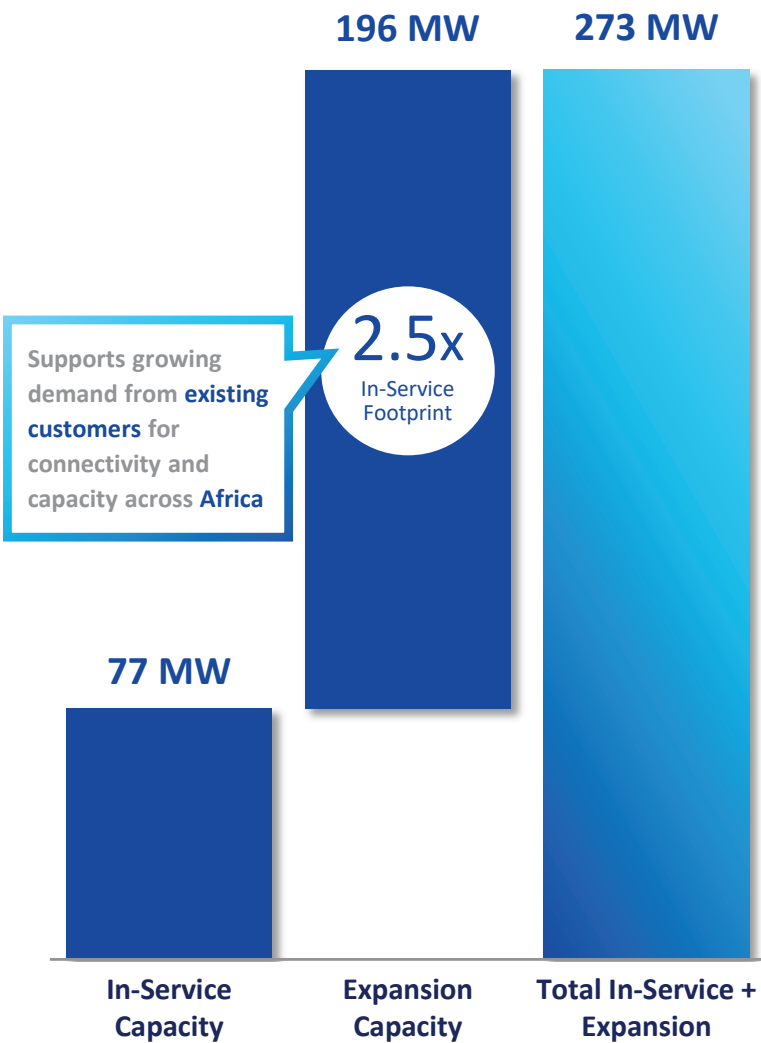
- 1) Based on management estimates.
- 2) As of December 31, 2019. Includes pro rata share of unconsolidated joint ventures.
- 3) As of September 30, 2021. Reflects historical investment activity including Interxion, the Westin Building and the Mapletree, Ascendas and Prudential portfolio sales. Pro forma for the December contribution of 10 stabilized data centers to Digital Core REIT and the proposed Teraco transaction.
- 4) Estimated completion date of Q4 2023.
- 5) Estimated completion date of Q1 2022.



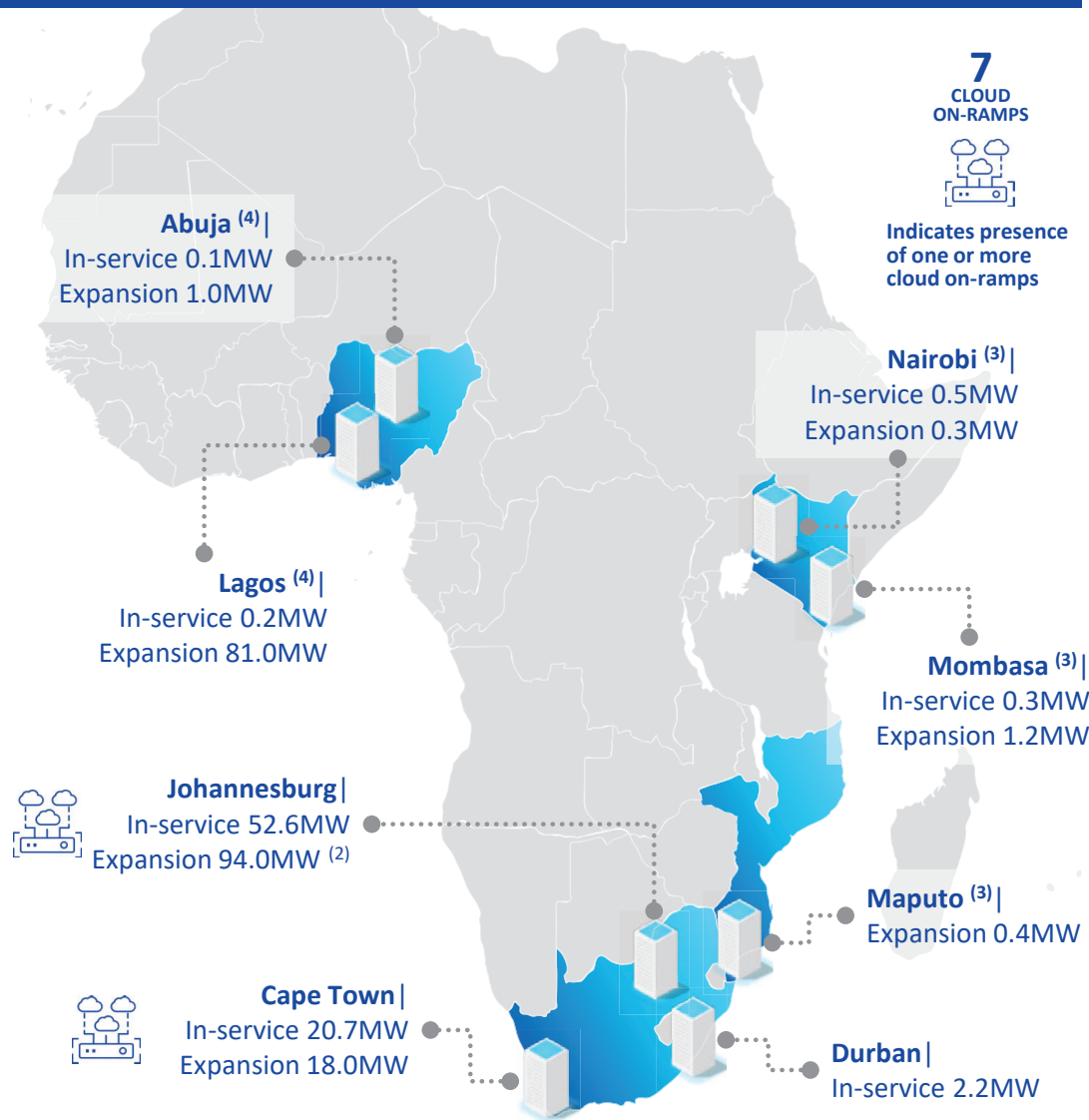
# CAPACITY TO MORE THAN DOUBLE AFRICAN PLATFORM

## Significant Embedded Growth Potential to Capitalize on Pan-African Opportunity

### Total Pan-African Capacity <sup>(1)</sup>



Digital Realty now has a presence in four African countries and eight metropolitan areas, serving a total of over 350 million Africans and countries totaling approximately 35% of the continent's GDP



Note: In-service and expansion capacity information pro forma for the Teraco acquisition. MW shown reflects IT capacity.

- 1) Reflects 100% of capacity under Digital Realty's investments in the region.
- 2) Includes 19 MW under construction and 75 MW of future development capacity.
- 3) Accessible through partnership with Pembani Remgro Infrastructure Fund in iColo.
- 4) Medallion Data Centres joint venture with Pembani Remgro Infrastructure Fund.



## STRATEGIC ACQUISITION OF TERACO

# Establishes Digital Realty as the Leading Data Center Provider in Africa

**TERACO**<sup>TM</sup>  
A Digital Realty Company



DIGITAL REALTY

*Existing  
Investor Consortium*

**TERACO**<sup>TM</sup>  
DATA ENVIRONMENTS  
*Management*

- Leading colocation and interconnection platform
- Home to subsea cables circling Africa
- Solidifies global platform first-mover advantage
- Underserved region expected to see significant growth
- Experienced local management team
- Significant embedded growth potential



# Appendix



# APPENDIX

## Forward-Looking Statements

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This information in this presentation contains forward-looking statements within the meaning of the federal securities laws, which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. Such forward-looking statements include, among others, statements relating to: our economic outlook; timing and consummation of our acquisition of Teraco; the anticipated closing of the acquisition of Teraco; the South African and African market; access to subsea cables as a result of our acquisition of Teraco; expected growth of the digital economy in Africa; customer demand in Africa, expected benefits of the acquisition of Teraco; future capacity in the Teraco portfolio; expectations on accretion to growth, initial dilution to financial metrics and accretion to financial metrics over the intermediate term as a result of our acquisition of Teraco; our expected investment and expansion activity, including in Africa; our joint ventures; the expected benefits and timing of PlatformDIGITAL®; our other expected future financial and other results, and the assumptions underlying such results; our ability to access the capital markets; our ability to borrow funds under our credit facilities; our ability to meet our liquidity needs, including the ability to raise additional capital; the expected impact of our global expansion; and the impact of legislative, regulatory and competitive changes and other risk factors relating to the industries in which we operate, as detailed from time to time in each of our reports filed with the SEC. You can identify forward-looking statements by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “pro forma,” “estimates” or “anticipates” or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and discussions which do not relate solely to historical matters. Such statements are based on management’s beliefs and assumptions made based on information currently available to management. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance and may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following: reduced demand for data centers or decreases in information technology spending; the competitive environment in which we operate; decreased rental rates, increased operating costs or increased vacancy rates; the impact of the COVID-19 pandemic on our or our customers’, suppliers’ or business partners’ operations; increased competition or available supply of data center space; the suitability of our data centers and data center infrastructure, delays or disruptions in connectivity or availability of power, or failures or breaches of our physical and information security infrastructure or services; our dependence upon significant customers, bankruptcy or insolvency of a major customer or a significant number of smaller customers, or defaults on or non-renewal of leases by customers; breaches of our obligations or restrictions under our contracts with our customers; our inability to successfully develop and lease new properties and development space, and delays or unexpected costs in development of properties; the impact of current global and local economic conditions; our inability to retain data center space that we lease or sublease from third parties; difficulty managing an international business and acquiring or operating properties in foreign jurisdictions and unfamiliar metropolitan areas; our failure to realize the intended benefits from, or disruptions to our plans and operations or unknown or contingent liabilities related to, our recent acquisitions; our failure to successfully integrate and operate acquired or developed properties or businesses; difficulties in identifying properties to acquire and completing acquisitions; risks related to joint venture investments, including as a result of our lack of control of such investments; risks associated with using debt to fund our business activities, including refinancing and interest rate risks, our failure to repay debt when due, adverse changes in our credit ratings or our breach of covenants or other terms contained in our loan facilities and agreements; our failure to obtain necessary debt and equity financing, and our dependence on external sources of capital; financial market fluctuations and changes in foreign currency exchange rates; adverse economic or real estate developments in our industry or the industry sectors that we sell to, including risks relating to decreasing real estate valuations and impairment charges and goodwill and other intangible asset impairment charges; our inability to manage our growth effectively; losses in excess of our insurance coverage; environmental liabilities and risks related to natural disasters; our inability to comply with rules and regulations applicable to our company; Digital Realty Trust, Inc.’s failure to maintain its status as a REIT for federal income tax purposes; Digital Realty Trust, L.P.’s failure to qualify as a partnership for federal income tax purposes; restrictions on our ability to engage in certain business activities; and changes in local, state, federal and international laws and regulations, including related to taxation, real estate and zoning laws, and increases in real property tax rates; our ability to attract and retain qualified personnel and to attract and retain customers; and the impact of any financial, accounting, legal or regulatory issues or litigation that may affect us.

The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance. We discussed a number of additional material risks in our annual report on Form 10-K for the year ended December 31, 2020, and other filings with the Securities and Exchange Commission. Those risks continue to be relevant to our performance and financial condition. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise. Digital Realty, Digital Realty Trust, the Digital Realty logo, Interxion, Turn-Key Flex, Powered Base Building, PlatformDIGITAL, Data Gravity Index, Data Gravity Index DGx and Connected Data Communities are registered trademarks and service marks of Digital Realty Trust, Inc. in the United States and/or other countries. All other names, trademarks and service marks are the property of their respective owners.