

Digital Realty reports first quarter 2017 results

April 27, 2017

SAN FRANCISCO, April 27, 2017 /PRNewswire/ -- **Digital Realty** (NYSE: DLR), a leading global provider of data center, colocation and interconnection solutions, announced today financial results for the first quarter of 2017. All per-share results are presented on a fully-diluted share and unit basis.

Highlights

- Reported net income available to common stockholders of \$0.41 per share in 1Q17, compared to \$0.27 per share in 1Q16
- Reported FFO per share of \$1.50 in 1Q17, compared to \$1.39 in 1Q16
- Reported core FFO per share of \$1.52 in 1Q17, compared to \$1.42 in 1Q16
- Signed total bookings during 1Q17 expected to generate \$50 million of annualized GAAP rental revenue, including a \$9 million contribution from interconnection
- Raised 2017 core FFO per share outlook from \$5.90 - \$6.10 to \$5.95 - \$6.10 and "constant-currency" core FFO per share outlook from \$5.95 - \$6.25 to \$6.00 - \$6.25

Financial Results

Digital Realty reported first-quarter 2017 revenues of \$551 million, a 5% decrease from the previous quarter, which included a \$29 million non-cash gain on a lease termination. Compared to the same quarter last year, revenues increased 9%.

The company delivered first-quarter 2017 net income of \$85 million, and net income available to common stockholders of \$66 million, or \$0.41 per diluted share, compared to \$0.49 per diluted share in the previous quarter, and \$0.27 per diluted share in the same quarter last year.

Digital Realty generated first-quarter 2017 adjusted EBITDA of \$323 million, a 4% increase from the previous quarter and a 10% increase over the same quarter last year.

The company reported first-quarter 2017 funds from operations ("FFO") on a fully diluted basis of \$244 million, or \$1.50 per share, compared to \$1.58 per share in the previous quarter and \$1.39 per share in same quarter last year.

Excluding certain items that do not represent core expenses or revenue streams, Digital Realty delivered first-quarter 2017 core FFO of \$1.52 per share, a 6% increase from \$1.43 per share in the previous quarter, and a 7% increase from \$1.42 per share in the same quarter last year.

Leasing Activity

"We achieved healthy volume in each of our global regions and across product types during the first quarter," said Chief Executive Officer A. William Stein. "We signed total bookings representing \$50 million of annualized GAAP rental revenue, including a \$9 million contribution from interconnection. We are encouraged by the favorable intermediate-term outlook, given healthy market fundamentals, a supportive macro environment and secular demand tailwinds."

The weighted-average lag between leases signed during the first quarter of 2017 and the contractual commencement date was three months.

In addition to new leases signed, Digital Realty also signed renewal leases representing \$46 million of annualized GAAP rental revenue during the quarter. Rental rates on renewal leases signed during the first quarter of 2017 rolled up 3.1% on a cash basis and up 4.5% on a GAAP basis.

New leases signed during the first quarter of 2017 by region and product type are summarized as follows:

	Annualized GAAP		GAAP Base Rent		GAAP Base Rent
	Base Rent (in thousands)	Square Feet	per Square Foot	Megawatts	per Kilowatt
North America					
Turn-Key Flex	\$16,015	102,360	\$156	9	\$147
Colocation	9,494	34,204	278	3	302
Non-Technical	301	7,792	39	—	—
Total	\$25,810	144,356	\$179	12	\$181
Europe (1)					
Turn-Key Flex	\$6,990	48,350	\$145	5	\$110
Colocation	1,353	4,352	311	0	232

Non-Technical	38	593	64	—	—
Total	\$8,381	53,295	\$157	6	\$120
Asia Pacific (1)					
Turn-Key Flex	\$7,467	34,352	\$217	4	\$173
Non-Technical	91	1,076	84	—	—
Total	\$7,558	35,428	\$213	4	\$173
Interconnection	\$8,629	N/A	N/A	N/A	N/A
Grand Total	\$50,378	233,079	\$179	21	\$163

Note: Totals may not foot due to rounding differences.

(1)Based on quarterly average exchange rates during the three months ended March 31, 2017.

Investment Activity

During the first quarter of 2017, Digital Realty acquired a seven-acre land parcel adjacent to its existing development project in Osaka, Japan for a total purchase price of \$13.6 million. The site is expected to support the development of 25 megawatts of critical power. Commencement of development will be subject to market demand and delivery will be phased to facilitate customer expansion requirements upon completion of the company's existing development project in Osaka.

Balance Sheet

Digital Realty had approximately \$6.2 billion of total debt outstanding as of March 31, 2017, substantially all of which was unsecured. At the end of the first quarter of 2017, net debt-to-Adjusted EBITDA was 4.9x, debt-plus-preferred-to-total enterprise value was 29.6% and fixed charge coverage was 4.2x.

During the first quarter of 2017, Digital Realty retired \$50 million of its 5.730% Series E Prudential Unsecured Senior Notes at maturity. Subsequent to quarter end, Digital Realty redeemed all 7.3 million shares of its 6.625% Series F Cumulative Redeemable Preferred Stock.

As of March 31, 2017, 2.375 million shares remained subject to the forward sale agreements originally entered into during the second quarter of 2016. Digital Realty expects to settle the remainder of the forward sale agreements no later than May 19, 2017.

2017 Outlook

Digital Realty raised its 2017 core FFO per share outlook from \$5.90 - \$6.10 to \$5.95 - \$6.10. The assumptions underlying this guidance are summarized in the following table.

Top-Line and Cost Structure	As of Jan. 3, 2017	As of Feb. 16, 2017	As of Apr. 27, 2017
2017 total revenue	\$2.2 - \$2.3 billion	\$2.2 - \$2.3 billion	\$2.2 - \$2.3 billion
2017 net non-cash rent adjustments (1)	(\$5 - \$10 million)	(\$5 - \$10 million)	(\$5 - \$10 million)
2017 Adjusted EBITDA margin	57.0% - 59.0%	57.0% - 59.0%	57.0% - 59.0%
2017 G&A margin	6.0% - 7.0%	6.0% - 7.0%	6.0% - 7.0%

Internal Growth

Rental rates on renewal leases			
Cash basis	Slightly positive	Slightly positive	Slightly positive
GAAP basis	Up high single-digits	Up high single-digits	Up high single-digits
Year-end portfolio occupancy	+/- 50 bps	+/- 50 bps	+/- 50 bps
"Same-capital" cash NOI growth (2)	2.0% - 3.0%	2.0% - 3.0%	2.0% - 3.0%

Foreign Exchange Rates

U.S. Dollar / Pound Sterling	\$1.20 - \$1.24	\$1.20 - \$1.24	\$1.20 - \$1.28
U.S. Dollar / Euro	\$1.00 - \$1.05	\$1.00 - \$1.05	\$1.00 - \$1.10

External Growth

Dispositions			
Dollar volume	\$0 - \$200 million	\$0 - \$200 million	\$0 - \$200 million
Cap rate	0.0% - 10.0%	0.0% - 10.0%	0.0% - 10.0%
Development			
CapEx	\$0.8 - \$1.0 billion	\$0.8 - \$1.0 billion	\$0.8 - \$1.0 billion
Average stabilized yields	10.0% - 12.0%	10.0% - 12.0%	10.0% - 12.0%
Enhancements and other non-recurring CapEx (3)	\$20 - \$25 million	\$20 - \$25 million	\$20 - \$25 million

Recurring CapEx + capitalized leasing costs (4) \$125 - \$135 million \$125 - \$135 million \$125 - \$135 million

Balance Sheet

Long-term debt issuance			
Dollar amount	\$400 - \$600 million	\$400 - \$600 million	\$400 - \$600 million
Pricing	3.50% - 4.25%	3.50% - 4.25%	3.50% - 4.25%
Timing	Mid-to-late 2017	Mid-to-late 2017	Mid-to-late 2017

Net income per diluted share	\$1.60 - \$1.75	\$1.60 - \$1.75	\$1.55 - \$1.65
Real estate depreciation and (gain)/loss on sale	\$4.20 - \$4.20	\$4.20 - \$4.20	\$4.30 - \$4.30
Funds From Operations / share (NAREIT-Defined)	\$5.80 - \$5.95	\$5.80 - \$5.95	\$5.85 - \$5.95
Non-core expense and revenue streams	\$0.10 - \$0.15	\$0.10 - \$0.15	\$0.10 - \$0.15
Core Funds From Operations / share	\$5.90 - \$6.10	\$5.90 - \$6.10	\$5.95 - \$6.10
Foreign currency translation adjustments	\$0.05 - \$0.15	\$0.05 - \$0.15	\$0.05 - \$0.15
Constant-Currency Core FFO / share	\$5.95 - \$6.25	\$5.95 - \$6.25	\$6.00 - \$6.25

(1) Net non-cash rent adjustments represents the sum of straight-line rental revenue, straight-line rent expense as well as the amortization of above- and below-market leases (i.e., FAS 141 adjustments).

(2) The "same-capital" pool includes properties owned as of December 31, 2015 with less than 5% of the total rentable square feet under development. It also excludes properties that were undergoing, or were expected to undergo, development activities in 2016-2017, properties classified as held for sale, and properties sold or contributed to joint ventures for all periods presented.

(3) Other non-recurring CapEx represents costs incurred to enhance the capacity or marketability of operating properties, such as network fiber initiatives and software development costs.

(4) Recurring CapEx represents non-incremental improvements required to maintain current revenues, including second-generation tenant improvements and leasing commissions. Capitalized leasing costs include capitalized leasing compensation as well as capitalized internal leasing commissions.

Non-GAAP Financial Measures

This press release contains non-GAAP financial measures, including FFO, core FFO, constant-currency core FFO, and Adjusted EBITDA. A reconciliation from U.S. GAAP net income available to common stockholders to FFO, a reconciliation from FFO to core FFO and constant-currency core FFO, and definitions of FFO, core FFO and constant-currency core FFO are included as an attachment to this document. A reconciliation from U.S. GAAP net income available to common stockholders to Adjusted EBITDA, a definition of Adjusted EBITDA and definitions of net debt-to-Adjusted EBITDA, debt-plus-preferred-to-total enterprise value, cash NOI, and fixed charge coverage ratio are included as an attachment to this document.

Investor Conference Call

Prior to Digital Realty's investor conference call at 5:30 p.m. EDT / 2:30 p.m. PDT on April 27, 2017, a presentation will be posted to the Investors section of the company's website at <http://investor.digitalrealty.com>. The presentation is designed to accompany the discussion of the company's first quarter 2017 financial results and operating performance. The conference call will feature Chief Executive Officer A. William Stein and Chief Financial Officer Andrew P. Power.

To participate in the live call, investors are invited to dial (888) 317-6003 (for domestic callers) or (412) 317-6061 (for international callers) and reference the conference ID# 2435204 at least five minutes prior to start time. A live webcast of the call will be available via the Investors section of Digital Realty's website at <http://investor.digitalrealty.com>.

Telephone and webcast replays will be available one hour after the call until May 27, 2017. The telephone replay can be accessed by dialing (877) 344-7529 (for domestic callers) or (412) 317-0088 (for international callers) and providing the conference ID# 10104221. The webcast replay can be accessed on Digital Realty's website.

About Digital Realty

Digital Realty supports the data center, colocation and interconnection strategies of more than 2,300 firms across its secure, network-rich portfolio of data centers located throughout North America, Europe, Asia and Australia. Digital Realty's clients include domestic and international companies of all sizes, ranging from financial services, cloud and information technology services, to manufacturing, energy, gaming, life sciences and consumer products.

Additional information about Digital Realty is included in the Company Overview, available on the Investors page of Digital Realty's website at www.digitalrealty.com. The Company Overview is updated periodically, and may contain material information and updates. To receive e-mail alerts when the Company Overview is updated, please visit the Investors page of Digital Realty's website.

Contact Information

Andrew P. Power
Chief Financial Officer
Digital Realty
(415) 738-6500

John J. Stewart / Maria S. Lukens
Investor Relations
Digital Realty
(415) 738-6500

Safe Harbor Statement

This press release contains forward-looking statements which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially, including statements related to supply and demand for data center and colocation space; the settlement of our forward sales agreements; the expected development and expansion in Japan; market dynamics and data center fundamentals; our strategic priorities; rent from leases that have been signed but have not yet commenced and other contracted rent to be received in future periods; rental rates on future leases; lag between signing and commencement; cap rates and yields; investment activity; expected capital markets activity; and the company's FFO, core FFO, constant-currency core FFO and net income outlook and underlying assumptions. These risks and uncertainties include, among others, the following: the impact of current global economic, credit and market conditions; current local economic conditions in the metropolitan areas in which we operate; decreases in information technology spending, including as a result of economic slowdowns or recession; 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); our dependence upon significant tenants; bankruptcy or insolvency of a major tenant or a significant number of smaller tenants; defaults on or non-renewal of leases by tenants; our failure to obtain necessary debt and equity financing; risks associated with using debt to fund our business activities, including re-financing 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; financial market fluctuations; changes in foreign currency exchange rates; our inability to manage our growth effectively; difficulty acquiring or operating properties in foreign jurisdictions; our failure to successfully integrate and operate acquired or developed properties or businesses; the suitability of our properties and data center infrastructure, delays or disruptions in connectivity, failure of our physical and information security infrastructure or services or availability of power; risks related to joint venture investments, including as a result of our lack of control of such investments; delays or unexpected costs in development of properties; decreased rental rates, increased operating costs or increased vacancy rates; increased competition or available supply of data center space; our inability to successfully develop and lease new properties and development space; difficulties in identifying properties to acquire and completing acquisitions; our inability to acquire off-market properties; the impact of the United Kingdom's referendum on withdrawal from the European Union on global financial markets and our business; our inability to comply with the rules and regulations applicable to reporting companies; our failure to maintain our status as a REIT; possible adverse changes to tax laws; restrictions on our ability to engage in certain business activities; environmental uncertainties and risks related to natural disasters; losses in excess of our insurance coverage; changes in foreign laws and regulations, including those related to taxation and real estate ownership and operation; and changes in local, state and federal regulatory requirements, including changes in real estate and zoning laws and increases in real property tax rates. For a further list and description of such risks and uncertainties, see the reports and other filings by the company with the U.S. Securities and Exchange Commission, including the company's Annual Report on Form 10-K for the year ended December 31, 2016. The company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Consolidated Quarterly Statements of Operations

Unaudited and in thousands, except share and per share data

	Three Months Ended				
	31-Mar-17	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16
Rental revenues	\$404,126	\$399,062	\$395,212	\$377,109	\$371,128
Tenant reimbursements - Utilities	63,398	63,956	68,168	62,363	58,955
Tenant reimbursements - Other	23,890	23,853	27,497	25,848	25,263
Interconnection & other	57,225	55,094	53,897	48,363	46,963
Fee income	1,895	1,718	1,517	1,251	1,799
Other	35	33,104	2	—	91
Total Operating Revenues	\$550,569	\$576,787	\$546,293	\$514,934	\$504,199
Utilities	\$77,198	\$76,896	\$85,052	\$74,396	\$69,917
Rental property operating	92,141	92,372	92,140	85,152	84,252
Property taxes	26,919	27,097	20,620	27,449	27,331
Insurance	2,592	2,369	2,470	2,241	2,412
Depreciation & amortization	176,466	176,581	178,133	175,594	169,016

General & administrative	33,778	40,481	43,555	32,681	29,808
Severance, equity acceleration, and legal expenses	869	672	2,580	1,508	1,448
Transaction and integration expenses	3,323	8,961	6,015	3,615	1,900
Other expenses	—	236	(22)	—	(1)
Total Operating Expenses	\$413,286	\$425,665	\$430,543	\$402,636	\$386,083
Operating Income	\$137,283	\$151,122	\$115,750	\$112,298	\$118,116
Equity in earnings of unconsolidated joint ventures	\$5,324	\$4,742	\$4,152	\$4,132	\$4,078
Gain (loss) on real estate transactions	(522)	(195)	169,000	—	1,097
Interest and other income	151	(970)	355	(3,325)	(624)
Interest (expense)	(55,450)	(56,226)	(63,084)	(59,909)	(57,261)
Tax (expense)	(2,223)	(2,304)	(3,720)	(2,252)	(2,109)
Loss from early extinguishment of debt	—	(29)	(18)	—	(964)
Net Income	\$84,563	\$96,140	\$222,435	\$50,944	\$62,333
Net (income) attributable to non-controlling interests	(1,025)	(1,065)	(3,247)	(569)	(784)
Net Income Attributable to Digital Realty Trust, Inc.	\$83,538	\$95,075	\$219,188	\$50,375	\$61,549
Preferred stock dividends	(17,393)	(17,393)	(21,530)	(22,424)	(22,424)
Issuance costs associated with redeemed preferred stock	—	—	(10,328)	—	—
Net Income Available to Common Stockholders	\$66,145	\$77,682	\$187,330	\$27,951	\$39,125
Weighted-average shares outstanding - basic	159,297,027	158,956,606	147,397,853	146,824,268	146,565,564
Weighted-average shares outstanding - diluted	160,421,655	159,699,411	149,384,871	147,808,268	147,433,194
Weighted-average fully diluted shares and units	162,599,529	162,059,914	151,764,542	150,210,714	149,915,428
Net income per share - basic	\$0.42	\$0.49	\$1.27	\$0.19	\$0.27
Net income per share - diluted	\$0.41	\$0.49	\$1.25	\$0.19	\$0.27

Funds From Operations and Core Funds From Operations

Unaudited and in thousands, except per share data

Three Months Ended

Reconciliation of Net Income to Funds From Operations (FFO) 31-Mar-17 31-Dec-16 30-Sep-16 30-Jun-16 31-Mar-16

Net Income Available to Common Stockholders	\$66,145	\$77,682	\$187,330	\$27,951	\$39,125
Adjustments:					
Non-controlling interests in operating partnership	904	1,154	3,024	457	663
Real estate related depreciation & amortization (1)	173,447	173,523	175,332	167,043	166,912
Impairment charge related to Telx trade name	—	—	—	6,122	—
Unconsolidated JV real estate related depreciation & amortization	2,757	2,823	2,810	2,810	2,803
(Gain) loss on real estate transactions	522	195	(169,000)	—	(1,097)
Funds From Operations	\$243,775	\$255,377	\$199,496	\$204,383	\$208,406
Funds From Operations - diluted	\$243,775	\$255,377	\$199,496	\$204,383	\$208,406
Weighted-average shares and units outstanding - basic	161,475	161,317	149,778	149,227	149,048
Weighted-average shares and units outstanding - diluted (2)	162,600	162,060	151,765	150,211	149,915
Funds From Operations per share - basic	\$1.51	\$1.58	\$1.33	\$1.37	\$1.40
Funds From Operations per share - diluted (2)	\$1.50	\$1.58	\$1.31	\$1.36	\$1.39

Three Months Ended

Reconciliation of FFO to Core FFO 31-Mar-17 31-Dec-16 30-Sep-16 30-Jun-16 31-Mar-16

Funds From Operations - diluted	\$243,775	\$255,377	\$199,496	\$204,383	\$208,406
Adjustments:					
Termination fees and other non-core revenues (3)	(35)	(33,104)	(2)	—	(91)
Transaction and integration expenses	3,323	8,961	6,015	3,615	1,900
Loss from early extinguishment of debt	—	29	18	—	964

Issuance costs associated with redeemed preferred stock	—	—	10,328	—	—
Severance, equity acceleration, and legal expenses (4)	869	672	2,580	1,508	1,448
Loss on currency forwards	—	—	—	3,082	—
Other non-core expense adjustments	—	236	(22)	—	(1)
Core Funds From Operations - diluted	\$247,932	\$232,171	\$218,413	\$212,587	\$212,626
Weighted-average shares and units outstanding - diluted (2)	162,600	162,060	151,765	150,211	149,915
Core Funds From Operations per share - diluted (2)	\$1.52	\$1.43	\$1.44	\$1.42	\$1.42

(1) Real Estate Related Depreciation & Amortization:

	Three Months Ended				
	31-Mar-17 31-Dec-16 30-Sep-16 30-Jun-16 31-Mar-16				
Depreciation & amortization per income statement	\$176,466	\$176,581	\$178,133	\$175,594	\$169,016
Non-real estate depreciation	(3,019)	(3,058)	(2,801)	(2,429)	(2,104)
Impairment charge related to Telx trade name	—	—	—	(6,122)	—
Real Estate Related Depreciation & Amortization	\$173,447	\$173,523	\$175,332	\$167,043	\$166,912

(2) For all periods presented, we have excluded the effect of dilutive series E, series F, series G, series H and series I preferred stock, as applicable, that may be converted upon the occurrence of specified change in control transactions as described in the articles supplementary governing the series E, series F, series G, series H and series I preferred stock, as applicable, which we consider highly improbable. See above for calculations of diluted FFO available to common stockholders and unitholders and below for calculations of weighted average common stock and units outstanding.

(3) Includes lease termination fees and certain other adjustments that are not core to our business.

(4) Relates to severance and other charges related to the departure of company executives and integration related severance.

Adjusted Funds From Operations (AFFO)

Unaudited and in Thousands, Except Per Share Data

	Three Months Ended				
Reconciliation of Core FFO to AFFO	31-Mar-17	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16
Core FFO available to common stockholders and unitholders	\$247,932	\$232,171	\$218,413	\$212,587	\$212,626
Adjustments:					
Non-real estate depreciation	3,019	3,058	2,801	2,429	2,104
Amortization of deferred financing costs	2,443	2,455	2,550	2,643	2,260
Amortization of debt discount/premium	697	693	693	689	647
Non-cash stock-based compensation expense	3,704	3,774	4,041	4,630	3,420
Straight-line rental revenue	(4,058)	(5,210)	(6,032)	(5,554)	(7,456)
Straight-line rental expense	4,187	5,096	6,402	5,933	5,655
Above- and below-market rent amortization	(1,973)	(2,048)	(2,002)	(1,997)	(2,266)
Deferred non-cash tax expense	(653)	(1,279)	(189)	669	637
Capitalized leasing compensation (1)	(2,634)	(3,644)	(2,795)	(2,455)	(2,695)
Recurring capital expenditures (2)	(29,588)	(21,246)	(15,252)	(17,914)	(21,064)
Capitalized internal leasing commissions	(1,493)	(1,835)	(1,786)	(1,677)	(2,024)
AFFO available to common stockholders and unitholders (3)	\$221,583	\$211,984	\$206,844	\$199,984	\$191,844
Weighted-average shares and units outstanding - basic	161,475	161,317	149,778	149,227	149,048
Weighted-average shares and units outstanding - diluted (4)	162,600	162,060	151,765	150,211	149,915
AFFO per share - diluted (4)	\$1.36	\$1.31	\$1.36	\$1.33	\$1.28
Dividends per share and common unit	\$0.93	\$0.88	\$0.88	\$0.88	\$0.85
Diluted AFFO Payout Ratio	68.2%	67.3%	64.6%	66.1%	66.4%

	Three Months Ended				
Share Count Detail	31-Mar-17	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16

Weighted Average Common Stock and Units Outstanding	161,475	161,317	149,778	149,227	149,048
Add: Effect of dilutive securities	1,125	743	1,987	984	867

Weighted Avg. Common Stock and Units Outstanding - diluted	162,600	162,060	151,765	150,211	149,915
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(1)Includes only second generation leasing costs.

(2)For a definition of recurring capital expenditures, see our supplemental operating and financial data package.

(3)For a definition and discussion of AFFO, see below. For a reconciliation of net income available to common stockholders to FFO and core FFO, see above.

(4)For all periods presented, we have excluded the effect of dilutive series E, series F, series G, series H and series I preferred stock, as applicable, that may be converted upon the occurrence of specified change in control transactions as described in the articles supplementary governing the series E, series F, series G, series H and series I preferred stock, as applicable, which we consider highly improbable. See above for calculations of diluted FFO available to common stockholders and unitholders and above for calculations of weighted average common stock and units outstanding.

Consolidated Balance Sheets

Unaudited and in thousands, except share and per share data

	31-Mar-17	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16
Assets					
Investments in real estate:					
Real estate	\$10,858,628	\$10,630,514	\$10,607,440	\$10,223,946	\$10,226,549
Construction in progress	780,966	732,430	681,189	594,986	720,363
Land held for future development	229,411	195,525	223,236	161,714	156,000
Investments in Real Estate	\$11,869,005	\$11,558,469	\$11,511,865	\$10,980,646	\$11,102,912
Accumulated depreciation & amortization	(2,792,910)	(2,668,509)	(2,565,368)	(2,441,150)	(2,380,400)
Net Investments in Properties	\$9,076,095	\$8,889,960	\$8,946,497	\$8,539,496	\$8,722,512
Investment in unconsolidated joint ventures	112,856	106,402	105,819	105,673	106,008
Net Investments in Real Estate	\$9,188,951	\$8,996,362	\$9,052,316	\$8,645,169	\$8,828,520
Cash and cash equivalents	\$14,950	\$10,528	\$36,445	\$33,241	\$31,134
Accounts and other receivables (1)	195,406	203,938	208,097	165,867	180,456
Deferred rent	418,858	412,269	412,977	408,193	412,579
Acquired in-place lease value, deferred leasing costs and other real estate intangibles, net	1,501,843	1,522,378	1,526,563	1,331,275	1,368,340
Acquired above-market leases, net	20,826	22,181	24,554	26,785	30,107
Goodwill	757,444	752,970	780,099	330,664	330,664
Restricted cash	10,447	11,508	11,685	18,297	19,599
Assets associated with real estate held for sale	56,154	56,097	55,915	222,304	145,087
Other assets	164,669	204,354	190,384	110,580	75,489
Total Assets	\$12,329,548	\$12,192,585	\$12,299,036	\$11,292,375	\$11,421,975
Liabilities and Equity					
Global unsecured revolving credit facility	\$564,467	\$199,209	\$153,189	\$88,535	\$677,868
Unsecured term loan	1,505,667	1,482,361	1,521,613	1,545,590	1,566,185
Unsecured senior notes, net of discount	4,128,110	4,153,797	4,238,435	4,252,570	3,662,753
Mortgage loans, net of premiums	3,085	3,240	111,750	248,711	249,923
Accounts payable and other accrued liabilities	804,371	824,878	823,906	598,610	570,653
Accrued dividends and distributions	—	144,194	—	—	—
Acquired below-market leases	78,641	81,899	86,888	90,823	96,475
Security deposits and prepaid rent	171,692	168,111	163,787	128,802	147,934
Liabilities associated with assets held for sale	3,070	2,599	2,820	13,092	4,974
Total Liabilities	\$7,259,103	\$7,060,288	\$7,102,388	\$6,966,733	\$6,976,765
Equity					
Preferred Stock: \$0.01 par value per share, 110,000,000 shares authorized:					
Series E Cumulative Redeemable Preferred Stock (2)	—	—	—	\$277,172	\$277,172
Series F Cumulative Redeemable Preferred Stock (3)	\$176,191	\$176,191	\$176,191	176,191	176,191

Series G Cumulative Redeemable Preferred Stock (4)	241,468	241,468	241,468	241,468	241,468
Series H Cumulative Redeemable Preferred Stock (5)	353,290	353,290	353,290	353,290	353,290
Series I Cumulative Redeemable Preferred Stock (6)	242,012	242,012	242,012	242,012	242,012
Common Stock: \$0.01 par value per share, 215,000,000 shares authorized (7)	1,584	1,582	1,581	1,460	1,459
Additional paid-in capital	5,769,091	5,764,497	5,759,338	4,669,149	4,659,484
Dividends in excess of earnings	(1,629,633)	(1,547,420)	(1,483,223)	(1,541,265)	(1,440,028)
Accumulated other comprehensive (loss) income, net	(122,540)	(135,608)	(131,936)	(129,657)	(104,252)
Total Stockholders' Equity	\$5,031,463	\$5,096,012	\$5,158,721	\$4,289,820	\$4,406,798
Non-controlling Interests					
Non-controlling interest in operating partnership	\$32,409	\$29,687	\$31,088	\$29,095	\$31,648
Non-controlling interest in consolidated joint ventures	6,573	6,598	6,839	6,727	6,764
Total Non-controlling Interests	\$38,982	\$36,285	\$37,927	\$35,822	\$38,412
Total Equity	\$5,070,445	\$5,132,297	\$5,196,648	\$4,325,642	\$4,445,210
Total Liabilities and Equity	\$12,329,548	\$12,192,585	\$12,299,036	\$11,292,375	\$11,421,975

(1) Net of allowance for doubtful accounts of \$6,147 and \$7,446 as of March 31, 2017 and December 31, 2016, respectively.

(2) Series E Cumulative Redeemable Preferred Stock, 7.000%, all 11,500,000 shares of which were redeemed on September 15, 2016.

(3) Series F Cumulative Redeemable Preferred Stock, 6.625%, \$182,500 and \$182,500 liquidation preference, respectively (\$25.00 per share), 7,300,000 and 7,300,000 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively. All outstanding shares of Series F Cumulative Redeemable Preferred Stock were redeemed on April 5, 2017.

(4) Series G Cumulative Redeemable Preferred Stock, 5.875%, \$250,000 and \$250,000 liquidation preference, respectively (\$25.00 per share), 10,000,000 and 10,000,000 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively.

(5) Series H Cumulative Redeemable Preferred Stock, 7.375%, \$365,000 and \$365,000 liquidation preference, respectively (\$25.00 per share), 14,600,000 and 14,600,000 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively.

(6) Series I Cumulative Redeemable Preferred Stock, 6.350%, \$250,000 and \$250,000 liquidation preference, respectively (\$25.00 per share), 10,000,000 and 10,000,000 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively.

(7) Common Stock: 159,539,892 and 146,384,247 shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively.

Reconciliation of Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA) (1)

	Three Months Ended				
	31-Mar-17	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16
Net Income (Loss) Available to Common Stockholders	\$66,145	\$77,682	\$187,330	\$27,951	\$39,125
Interest	55,450	56,226	63,084	59,909	57,261
Loss from early extinguishment of debt	—	29	18	—	964
Tax expense	2,223	2,304	3,720	2,252	2,109
Depreciation & amortization	176,466	176,581	178,133	175,594	169,016
EBITDA	\$300,284	\$312,822	\$432,285	\$265,706	\$268,475
Severance-related expense, equity acceleration, and legal expenses	869	672	2,580	1,508	1,448
Transaction and integration expenses	3,323	8,961	6,015	3,615	1,900
(Gain) loss on real estate transactions	522	195	(169,000)	—	(1,097)
Non-cash (gain) on lease termination (2)	—	(29,205)	—	—	—
Loss on currency forwards	—	—	—	3,082	—
Other non-core expense adjustments	—	236	(22)	—	(1)
Non-controlling interests	1,025	1,065	3,247	569	784
Preferred stock dividends	17,393	17,393	21,530	22,424	22,424
Issuance costs associated with redeemed preferred stock	—	—	10,328	—	—
Adjusted EBITDA	\$323,416	\$312,139	\$306,963	\$296,904	\$293,933

(1) For definition and discussion of EBITDA and Adjusted EBITDA, see below.

Definitions

Funds from Operations (FFO):

We calculate funds from operations, or FFO, in accordance with the standards established by the National Association of Real Estate Investment Trusts, or NAREIT. FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from real estate transactions, excluding a gain from a pre-existing relationship, impairment charges, real estate related depreciation and amortization (excluding amortization of deferred financing costs), non-controlling interests in operating partnership and after adjustments for unconsolidated partnerships and joint ventures. Management uses FFO as a supplemental performance measure because, in excluding real estate related depreciation and amortization and gains and losses from property dispositions and after adjustments for unconsolidated partnerships and joint ventures, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions, nor the level of capital expenditures and capitalized leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our financial condition and results from operations, the utility of FFO as a measure of our performance is limited. Other REITs may not calculate FFO in accordance with the NAREIT definition and, accordingly, our FFO may not be comparable to such other REITs' FFO. Accordingly, FFO should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance.

Core Funds from Operations:

We present core funds from operations, or core FFO, as a supplemental operating measure because, in excluding certain items that do not reflect core revenue or expense streams, it provides a performance measure that, when compared year over year, captures trends in our core business operating performance. We calculate core FFO by adding to or subtracting from FFO (i) termination fees and other non-core revenues, (ii) transaction and integration expenses, (iii) loss from early extinguishment of debt, (iv) issuance costs associated with redeemed preferred stock, (v) severance, equity acceleration, and legal expenses, (vi) loss on currency forwards and (vii) other non-core expense adjustments. Because certain of these adjustments have a real economic impact on our financial condition and results from operations, the utility of core FFO as a measure of our performance is limited. Other REITs may not calculate core FFO in a consistent manner. Accordingly, our core FFO may not be comparable to other REITs' core FFO. Core FFO should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance.

Constant-Currency Core Funds from Operations:

We calculate constant-currency core funds from operations by adjusting the core funds from operations for foreign currency translations.

Adjusted Funds from Operations (AFFO):

We present adjusted funds from operations, or AFFO, as a supplemental operating measure because, when compared year over year, it assesses our ability to fund dividend and distribution requirements from our operating activities. We also believe that, as a widely recognized measure of the operations of REITs, AFFO will be used by investors as a basis to assess our ability to fund dividend payments in comparison to other REITs, including on a per share and unit basis. We calculate AFFO by adding to or subtracting from core FFO (i) non-real estate depreciation, (ii) amortization of deferred financing costs, (iii) amortization of debt discount/premium, (iv) non-cash stock-based compensation expense, (v) straight-line rent revenue, (vi) straight-line rent expense, (vii) above- and below-market rent amortization, (viii) deferred non-cash tax expense, (ix) capitalized leasing compensation, (x) recurring capital expenditures and (xi) capitalized internal leasing commissions. Other REITs may not calculate AFFO in a consistent manner. Accordingly, our AFFO may not be comparable to other REITs' AFFO. AFFO should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance.

EBITDA and Adjusted EBITDA:

We believe that earnings before interest, loss from early extinguishment of debt, income taxes and depreciation and amortization, or EBITDA, and Adjusted EBITDA (as defined below), are useful supplemental performance measures because they allow investors to view our performance without the impact of non-cash depreciation and amortization or the cost of debt and, with respect to Adjusted EBITDA, severance-related expense, equity acceleration, and legal expenses, transaction and integration expenses, (gain) on real estate transactions, loss on currency forwards, other non-core expense adjustments, noncontrolling interests, preferred stock dividends and issuance costs associated with redeemed preferred stock. Adjusted EBITDA is EBITDA excluding severance-related expense, equity acceleration, and legal expenses, transaction and integration expenses, (gain) loss on real estate transactions, non-cash (gain) on lease termination, loss on currency forwards, other non-core expense adjustments, noncontrolling interests, preferred stock dividends and issuance costs associated with redeemed preferred stock. In addition, we believe EBITDA and Adjusted EBITDA are frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. Because EBITDA and Adjusted EBITDA are calculated before recurring cash charges including interest expense and income taxes, exclude capitalized costs, such as leasing commissions, and are not adjusted for capital expenditures or other recurring cash requirements of our business, their utility as a measure of our performance is limited. Other REITs may calculate EBITDA and Adjusted EBITDA differently than we do; accordingly, our EBITDA and Adjusted EBITDA may not be comparable to such other REITs' EBITDA and Adjusted EBITDA. Accordingly, EBITDA and Adjusted EBITDA should be considered only as supplements to net income computed in accordance with GAAP as a measure of our financial performance.

Net Operating Income (NOI) and Cash NOI:

Net operating income, or NOI, represents rental revenue, tenant reimbursement revenue and interconnection revenue less utilities expense, rental property operating expenses, property taxes and insurance expenses (as reflected in the statement of operations). NOI is commonly used by stockholders, company management and industry analysts as a measurement of operating performance of the company's rental portfolio. Cash NOI is NOI less straight-line rents and above and below market rent amortization. Cash NOI is commonly used by stockholders, company management and industry analysts as a measure of property operating performance on a cash basis. However, because NOI and cash NOI exclude depreciation and amortization and capture neither the changes in the value of our properties that result from use or market conditions, nor the level of capital expenditures and capitalized leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our results from operations, the utility of NOI and cash NOI as measures of our performance is limited. Other REITs may not calculate NOI and cash NOI in the same manner we do and, accordingly, our NOI and cash NOI may not be comparable to such other REITs' NOI and cash NOI. Accordingly, NOI and cash NOI should be considered only as supplements to net income computed in accordance with GAAP as measures of our performance.

Additional Definitions

Net debt-to-Adjusted EBITDA ratio is calculated using total debt at balance sheet carrying value, plus capital lease obligations, plus our share of JV debt, less unrestricted cash and cash equivalents divided by the product of Adjusted EBITDA (inclusive of our share of JV EBITDA) multiplied by four.

Debt-plus-preferred-to-total enterprise value is mortgage debt and other loans plus preferred stock divided by mortgage debt and other loans plus the liquidation value of preferred stock and the market value of outstanding Digital Realty Trust, Inc. common stock and Digital Realty Trust, L.P. units, assuming the redemption of Digital Realty Trust, L.P. units for shares of Digital Realty Trust, Inc. common stock.

Fixed charge coverage ratio is Adjusted EBITDA divided by the sum of GAAP interest expense, capitalized interest, scheduled debt principal payments and preferred dividends. For the quarter ended March 31, 2017, GAAP interest expense was \$55 million, capitalized interest was \$5 million and scheduled debt principal payments and preferred dividends was \$17 million.

Reconciliation of Net Operating Income (NOI) (in thousands)	Three Months Ended 31-Mar-17
Operating income	\$137,283
Fee income	(1,895)
Other income	(35)
Depreciation and amortization	176,466
General and administrative	33,778
Severance related expense, equity acceleration, and legal expenses	869
Transaction expenses	3,323
Net Operating Income	\$349,789
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Cash Net Operating Income (Cash NOI)	
Net Operating Income	\$349,789
Straight-line rent, net	200
Above- and below-market rent amortization	(1,973)
Cash Net Operating Income	\$348,016

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