
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 14, 2017

**DIGITAL REALTY TRUST, INC.
DIGITAL REALTY TRUST, L.P.**
(Exact name of registrant as specified in its charter)

**Maryland
Maryland**
(State or other jurisdiction
of incorporation)

**001-32336
000-54023**
(Commission
File Number)

**26-0081711
20-2402955**
(IRS Employer
Identification No.)

**Four Embarcadero Center, Suite 3200
San Francisco, California**
(Address of principal executive offices)

94111
(Zip Code)

(415) 738-6500
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Digital Realty Trust, Inc.:

Emerging growth company

Digital Realty Trust, L.P.:

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Digital Realty Trust, Inc.:

Digital Realty Trust, L.P.:

Item 8.01 Other Events.

As previously announced, on June 8, 2017, Digital Realty Trust, Inc. entered into an Agreement and Plan of Merger by and among Digital Realty Trust, Inc. (“we,” “us,” “our,” “our company” or “the company”), Digital Realty Trust, L.P., Penguins REIT Sub, LLC, Penguins OP Sub 2, LLC and Penguins OP Sub, LLC, on the one hand, and DuPont Fabros Technology, Inc. (“DFT”) and DuPont Fabros Technologies, L.P., on the other hand, pursuant to which, subject to the satisfaction or waiver of certain conditions, DFT will be merged with and into Penguins REIT Sub, LLC (the “company merger”) and Penguins OP Sub, LLC will be merged with and into DuPont Fabros Technologies, L.P. (the “partnership merger” and, together with the company merger, the “DFT Merger”). The combined company after the DFT Merger will retain the name Digital Realty Trust, Inc.

Additional Information and Where to Find It

On July 10, 2017, we filed a proxy statement/prospectus in connection with the DFT Merger. Investors and our stockholders are urged to read carefully the proxy statement/prospectus and other relevant materials because they contain important information about the DFT Merger. Investors and stockholders may obtain free copies of these documents and other documents filed by us with the SEC through the web site maintained by the SEC at www.sec.gov. In addition, investors and security holders may obtain free copies of the documents filed with the SEC by us by going to our corporate website at www.digitalrealty.com or by directing a written request to: Digital Realty Trust, Inc., Four Embarcadero Center, Suite 3200, San Francisco, CA 94111, Attention: Investor Relations. Investors and security holders are urged to read the proxy statement/prospectus and the other relevant materials before making any voting decision with respect to the DFT Merger.

Interests of Participants

The company and its directors and executive officers and DFT and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of DFT in connection with the proposed transaction. Information regarding the special interests of these directors and executive officers in the DFT Merger is included in the proxy statement/prospectus referred to above.

Cautionary Statement Regarding Forward-Looking Statements

This communication contains certain “forward-looking” statements as that term is defined by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements that are predictive in nature, that depend on or relate to future events or conditions, or that include words such as “believes”, “anticipates”, “expects”, “may”, “will”, “would,” “should”, “estimates”, “could”, “intends”, “plans” or other similar expressions are forward-looking statements. Forward-looking statements involve significant known and unknown risks and uncertainties that may cause the company’s or DFT’s actual results in future periods to differ materially from those projected or contemplated in the forward-looking statements as a result of, but not limited to, the following factors: the failure to receive, on a timely basis or otherwise, the required approvals by our or DFT’s stockholders; the risk that a condition to closing of the proposed transaction may not be satisfied; our and DFT’s ability to consummate the DFT merger; the possibility that the anticipated benefits and synergies from the proposed transaction cannot be fully realized or may take longer to realize than expected; the possibility that costs or difficulties related to the integration of our and DFT’s operations will be greater than expected; operating costs and business disruption may be greater than expected; the ability of the company or the combined company to retain and hire key personnel and maintain relationships with customers, providers or other business partners pending the consummation of the transaction; and the impact of legislative, regulatory and competitive changes and other risk factors relating to the industries in which we and DFT operate, as detailed from time to time in each of our and DFT’s reports filed with the SEC. There can be no assurance that the proposed transaction will in fact be consummated.

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, 2016, our current report on Form 8-K filed July 10, 2017 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.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined balance sheet as of June 30, 2017 and the unaudited pro forma condensed combined income statements for the year ended December 31, 2016 and the six months ended June 30, 2017 of Digital Realty Trust, Inc. are filed as Exhibit 99.1 hereto. The unaudited pro forma condensed combined balance sheet as of June 30, 2017 and the unaudited pro forma condensed combined income statements for the year ended December 31, 2016 and the six months ended June 30, 2017 of Digital Realty Trust, L.P. are filed as Exhibit 99.2 hereto. Such unaudited pro forma condensed combined financial statements are not necessarily indicative of the financial position that actually would have existed or the operating results that actually would have been achieved if the adjustments set forth therein had been in effect as of the dates and for the periods indicated or that may be achieved in future periods and should be read in conjunction with the historical financial statements of Digital Realty Trust, Inc., Digital Realty Trust, L.P., DFT and DuPont Fabros Technologies, L.P.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Unaudited pro forma condensed combined financial information of Digital Realty Trust, Inc. as of June 30, 2017 and for the year ended December 31, 2016 and the six months ended June 30, 2017.
99.2	Unaudited pro forma condensed combined financial information of Digital Realty Trust, L.P. as of June 30, 2017 and for the year ended December 31, 2016 and the six months ended June 30, 2017.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

Date: August 14, 2017

Digital Realty Trust, Inc.

By: /s/ JOSHUA A. MILLS

Joshua A. Mills
Senior Vice President, General Counsel
and Secretary

Digital Realty Trust, L.P.

By: Digital Realty Trust, Inc.
Its general partner

By: /s/ JOSHUA A. MILLS

Joshua A. Mills
Senior Vice President, General Counsel
and Secretary

Exhibit Index

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DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Introduction

Penguins REIT Sub, LLC, which we refer to as Merger Sub, a wholly owned subsidiary of Digital Realty Trust, Inc., which we refer to as Digital Realty or DLR, plans to merge with and into DuPont Fabros Technology, Inc., which we refer to as DuPont Fabros or DFT, with Merger Sub continuing as the surviving corporation and a wholly owned subsidiary of Digital Realty. In addition, a subsidiary of Digital Realty Trust, L.P., which we refer to as DLR OP, plans to merge with and into DFT's operating partnership, DuPont Fabros Technology, L.P., which we refer to as DFT OP, with DFT OP as the surviving partnership and a wholly owned subsidiary of DLR OP. We refer to these mergers collectively as the mergers. The mergers are part of the transactions contemplated by the Agreement and Plan of Merger entered into on June 8, 2017, which we refer to as the merger agreement, among Digital Realty, DuPont Fabros and certain of their subsidiaries. In addition, on June 8, 2017, in connection with the execution of the merger agreement, DLR entered into a commitment letter, pursuant to which the initial commitment parties agreed to provide a mortgage loan facility of up to \$104 million to one or more wholly owned subsidiaries of DLR OP, which we refer to as the mortgage loan facility, to potentially fund the repayment of DFT mortgage debt in connection with the mergers.

During July and August of 2017, DLR and DLR OP, which we refer to together with their consolidated subsidiaries as the Company, we and our, entered into the following transactions with the purpose of using the proceeds to potentially fund the repayment of DFT debt in connection with the mergers, and therefore such transactions have been included in the accompanying Unaudited Pro Forma Condensed Combined Financial Information as discussed more fully below.

The Company completed the sale of (i) £250 million aggregate principal amount of Digital Stout Holding, LLC's 2.750% Guaranteed Notes due 2024, or the 2024 GBP Notes, on July 21, 2017, which we refer to as the GBP Notes Offering, (ii) \$350 million aggregate principal amount of DLR OP's 2.750% Notes due 2023, or the 2023 USD Notes, and \$1.0 billion aggregate principal amount of DLR OP's 3.700% Notes due 2027, or the 2027 USD Notes and, together with the 2023 USD Notes, the USD Notes, on August 7, 2017, which we refer to as the USD Notes Offering, and (iii) 8,000,000 shares of the DLR's 5.250% Series J Cumulative Redeemable Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$25.00 per share, or series J preferred stock, on August 7, 2017, which we refer to as the Preferred Offering.

The consummation of the mergers is subject to certain customary closing conditions, including, among others, approval by the holders of a majority of the outstanding shares of DFT common stock, approval of the issuance of DLR common stock by a majority of the votes cast by the holders of DLR common stock at a special meeting of Digital Realty's stockholders, the absence of certain legal impediments to the consummation of the mergers, the effectiveness of a registration statement on Form S-4 filed by Digital Realty in connection with the mergers, approval for listing on the New York Stock Exchange of the shares of DLR common stock to be issued in connection with the mergers, the absence of a material adverse effect on either Digital Realty or DuPont Fabros and compliance by the parties to the merger agreement with their respective obligations under the merger agreement. The obligations of the parties to consummate the mergers are not subject to any financing condition or the receipt of any financing by Digital Realty. As of the date of this Current Report on Form 8-K, the mergers are expected to be completed in the second half of 2017.

Pursuant to the terms and conditions in the merger agreement, at the effective time of the mergers, (i) each share of DFT common stock issued and outstanding immediately prior to the effective time will be converted into the right to receive 0.545 shares of DLR common stock, which we refer to as the common consideration, and (ii) each share of DFT's 6.625% Series C Cumulative Redeemable Perpetual Preferred Stock, \$0.001 par value per share, which we refer to as the DFT series C preferred stock, will be converted into the right to receive one validly issued, fully paid and nonassessable share of DLR's 6.625% Series C

Cumulative Redeemable Perpetual Preferred Stock, par value \$0.01 per share, which we refer to as the DLR series C preferred stock, having substantially similar rights, privileges, preferences and interests as the DFT series C preferred stock. In addition, (i) each outstanding share of restricted DFT common stock will vest and all restrictions thereon will lapse, and each such restricted share will be cancelled in exchange for the right to receive the common consideration, (ii) each outstanding award of performance stock units granted by DFT, which we refer to as DFT performance stock units, will vest and be cancelled and converted into the right to receive the common consideration and (iii) each outstanding and unexercised option to purchase shares of DFT common stock will be automatically converted into an option covering a number of shares of DLR common stock equal to the number of shares of DFT common stock subject to such option immediately prior to the effective time of the mergers multiplied by 0.545, rounded down to the nearest whole share, with an exercise price per share equal to the exercise price per share of such option immediately prior to the effective time of the merger, divided by 0.545, rounded up to the nearest whole cent.

At the effective time of the mergers, each common unit of limited partnership interest in the DFT OP, or DFT OP common units, issued and outstanding immediately prior to the effective time held by a limited partner of the DFT OP will be converted into the right to receive 0.545 common units of limited partnership interest in DLR OP, or the DLR OP common units. In the alternative, limited partners in the DFT OP may elect to be deemed to have redeemed their DFT OP common units in order to receive the common consideration.

These unaudited pro forma condensed combined financial statements, which we refer to as the pro forma financial statements, were prepared using the acquisition method of accounting with DLR considered the accounting acquirer of DFT. Under the acquisition method of accounting, the purchase price is allocated to the underlying DFT tangible and intangible assets acquired and liabilities assumed based on their respective fair values with the excess purchase price, if any, allocated to goodwill.

The pro forma adjustments and the purchase price allocation as presented are based on estimates and certain information that is available as of the date of this Current Report on Form 8-K. The total consideration for the mergers and the assignment of fair values to DFT's assets acquired and liabilities assumed has not been finalized, is subject to change, could vary materially from the actual amounts at the time the mergers are completed and may not have identified all adjustments necessary to conform DFT's accounting policies to DLR's accounting policies. A final determination of the fair value of DFT's assets and liabilities, including intangible assets, will be based on the actual net tangible and intangible assets and liabilities of DFT that exist as of the closing date of the mergers and, therefore, cannot be made prior to the completion of the mergers. In addition, the value of the consideration to be paid by DLR upon the consummation of the mergers will be determined based on the closing price of DLR's common stock on the closing date of the mergers. As a result of the foregoing, the pro forma adjustments are preliminary and are subject to change as additional information becomes available and additional analyses are performed. The preliminary pro forma adjustments have been made solely for the purpose of providing the pro forma financial statements presented below. DLR estimated the fair value of DFT's assets and liabilities based on discussions with DFT's management, preliminary valuation studies, due diligence and information presented in DFT's public filings. Upon completion of the mergers, final valuations will be performed. Any increases or decreases in the fair value of relevant balance sheet amounts upon completion of the final valuations will result in adjustments to the unaudited pro forma condensed combined balance sheet and/or statements of income. The final purchase price allocation may be different than that reflected in the pro forma purchase price allocation presented herein, and this difference may be material.

The aggregate purchase price for financial statement purposes will be based on the actual closing price per share of DLR common stock on the closing date consistent with the requirements of Financial Accounting Standards Board Accounting Standards Codification 805, *Business Combinations*, which could differ materially from the assumed price per share of \$114.56 (the last reported sales price of DLR's common stock on the New York Stock Exchange on August 7, 2017) used in the pro forma financial statements. If the actual closing price per share of DLR common stock on the closing date is higher than the assumed amount, the final purchase price will be higher; conversely, if the actual closing price is lower, the final purchase price will be lower.

Assumptions and estimates underlying the unaudited adjustments to the pro forma financial statements are described in the accompanying notes. The historical consolidated financial statements have been adjusted in the pro forma financial statements to give effect to pro forma events that are: (1) directly attributable to the mergers, (2) factually supportable and (3) expected to have a continuing impact on the results of income of DLR following the mergers. The pro forma condensed consolidated statements of income for the six months ended June 30, 2017 and the year ended December 31, 2016 consolidate the historical consolidated statements of income of DLR and DFT, giving effect to the mergers as if they had been consummated on January 1, 2016, the beginning of the earliest period presented. The unaudited pro forma condensed combined balance sheet combines the historical consolidated balance sheet of DLR and the historical consolidated balance sheet of DFT as of June 30, 2017, giving effect to the mergers as if they had been consummated on June 30, 2017. This information is presented for illustrative purposes only. It is neither indicative of the consolidated operating results that would have occurred or financial position that would have existed if such transactions had occurred on the dates described above and in accordance with the assumptions described below, nor is it indicative of future operating results or financial position.

The pro forma financial statements, although helpful in illustrating the financial characteristics of DLR following the mergers under one set of assumptions, do not reflect the benefits of expected cost savings (or associated costs to achieve such savings), opportunities to earn additional revenue, or other factors that may result as a consequence of the mergers and do not attempt to predict or suggest future results. Specifically, the unaudited pro forma condensed combined statements of income exclude projected operating efficiencies and overhead synergies expected to be achieved as a result of the mergers. The pro forma financial statements also exclude the effects of costs associated with any restructuring or integration activities from the mergers as they are currently not known and, to the extent they occur, are expected to be non-recurring and will not have been incurred at the closing date of the mergers. However, such costs could affect DLR following the mergers in the period the costs are incurred or recorded. Further, the pro forma financial statements do not reflect the effect of any regulatory actions that may impact the results of DLR following the mergers.

The following Unaudited Pro Forma Condensed Combined Financial Information is based on, and should be read in conjunction with:

- the accompanying notes to the pro forma financial statements;
- the historical audited consolidated financial statements of DLR and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the Securities and Exchange Commission, or the SEC, on March 1, 2017;
- the historical unaudited condensed consolidated financial statements of DLR and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in its quarterly report on Form 10-Q for the quarterly period ended June 30, 2017, as filed with the SEC on August 9, 2017;
- the historical audited consolidated financial statements of DFT and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the SEC on February 23, 2017; and
- the historical unaudited condensed consolidated financial statements of DFT and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in its quarterly report on Form 10-Q for the quarterly period ended June 30, 2017, as filed with the SEC on July 27, 2017.

DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2017
(in thousands)

	Historical		Pro Forma Adjustments	Note Reference	Pro Forma Combined Company
	Digital Realty Trust, Inc.	DuPont Fabros Technology, Inc. (See Note 1)			
ASSETS					
Investments in real estate:					
Properties:					
Land	\$ 795,822	\$ 192,566	\$ 117,398	2(b)	\$ 1,105,786
Acquired ground leases	10,692	—	—		10,692
Buildings and improvements	10,838,278	3,578,055	147,385	2(b)	14,563,718
Tenant improvements	537,018	—	—		537,018
Total investments in properties	12,181,810	3,770,621	264,783		16,217,214
Accumulated depreciation and amortization	(2,929,095)	(688,808)	688,808	2(c)	(2,929,095)
Net investments in properties	9,252,715	3,081,813	953,591		13,288,119
Investment in unconsolidated joint ventures	103,881	—	—		103,881
Net investments in real estate	9,356,596	3,081,813	953,591		13,392,000
Cash and cash equivalents	22,383	31,125	—		53,508
Accounts and other receivables, net of allowance for doubtful accounts	229,450	9,422	—		238,872
Deferred rent	423,188	120,599	(120,599)	2(d)	423,188
Acquired above-market leases, net	19,716	4,610	155,989	2(b)	180,315
Goodwill	778,862	—	2,011,731	2(b)	2,790,593
Acquired in-place lease value, deferred leasing costs and intangibles, net	1,494,083	25,040	1,514,679	2(b)	3,033,802
Restricted cash	18,931	—	—		18,931
Assets held for sale	87,882	—	—		87,882
Other assets	148,480	43,857	—		192,337
Total assets	\$12,579,571	\$ 3,316,466	\$4,515,391		\$ 20,411,428
LIABILITIES AND EQUITY					
Global revolving credit facility, net	\$ 563,063	\$ 335,997	\$ (589,582)	2(e)	\$ 309,478
Unsecured term loan, net	1,520,482	249,143	(249,143)	2(e)	1,520,482
Unsecured senior notes, net	4,351,148	838,461	820,736	2(e)	6,010,345
Mortgage loans, including premiums, net	2,927	107,175	(3,175)	2(e)	106,927
Accounts payable and other accrued liabilities	850,602	125,736	—		976,338
Accrued dividends and distributions	—	46,431	—		46,431
Acquired below-market leases, net	76,099	1,937	183,130	2(b)	261,166
Security deposits and prepaid rents	181,007	65,692	—		246,699
Obligations associated with assets held for sale	2,949	—	—		2,949
Total liabilities	7,548,277	1,770,572	161,966		9,480,815
Redeemable noncontrolling interests – operating partnership	—	714,494	(652,040)	2(f)	62,454
Commitments and contingencies					
Equity:					
Stockholders' Equity:					
Preferred Stock	836,770	201,250	193,164	2(e)	1,231,184
Common Stock	1,611	78	351	2(f)	2,040
Additional paid-in capital	5,991,753	631,022	4,281,579	2(f)	10,904,354
Accumulated dividends in excess of earnings	(1,722,610)	—	(172,000)	2(f)	(1,894,610)
Accumulated other comprehensive loss, net	(110,709)	(950)	—		(111,659)
Total stockholders' equity	4,996,815	831,400	4,303,094		10,131,309
Noncontrolling Interests:					
Noncontrolling interests in operating partnership	27,909	—	702,371	2(f)	730,280
Noncontrolling interests in consolidated joint ventures	6,570	—	—		6,570
Total noncontrolling interests	34,479	—	702,371		736,850
Total equity	5,031,294	831,400	5,005,465		10,868,159
Total liabilities and equity	\$12,579,571	\$ 3,316,466	\$4,515,391		\$ 20,411,428

DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In thousands, except share and per share data)

	Historical		Pro Forma Adjustments	Note Reference	Pro Forma Combined Company
	Digital Realty Trust, Inc.	DuPont Fabros Technology, Inc. (See Note 1)			
Operating Revenues:					
Rental	\$ 816,702	\$ 185,463	\$ (4,501)	3(a)	\$ 997,664
Tenant reimbursements	180,630	91,368	—		271,998
Interconnection and other	115,526	—	—		115,526
Fee income	3,324	—	—		3,324
Other	376	3,363	—		3,739
Total operating revenues	1,116,558	280,194	(4,501)		1,392,251
Operating Expenses:					
Rental property operating and maintenance	344,055	82,007	—		426,062
Property taxes	55,080	9,047	—		64,127
Insurance	5,168	992	—		6,160
Depreciation and amortization	354,577	57,155	110,313	3(b)	522,045
General and administrative	72,156	13,088	—	3(c)	85,244
Transactions and integration	17,558	7,658	(16,588)	3(d)	8,628
Other	24	3,138	—		3,162
Total operating expenses	848,618	173,085	93,725		1,115,428
Operating income	267,940	107,109	(98,226)		276,823
Other Income (Expenses):					
Equity in earnings of unconsolidated joint ventures	13,712	—	—		13,712
Loss on sale of property	(142)	—	—		(142)
Interest and other income	518	—	—		518
Interest expense	(113,032)	(24,871)	4,656	3(e)	(133,247)
Tax expense	(4,862)	—	—		(4,862)
Net income	164,134	82,238	(93,570)		152,802
Net income attributable to noncontrolling interests	(1,945)	(10,218)	7,524	3(f)	(4,639)
Net income attributable to Digital Realty Trust, Inc.	162,189	72,020	(86,046)		148,163
Preferred stock dividends	(31,898)	(6,666)	(5,250)	3(g)	(43,814)
Issuance costs associated with redeemed preferred stock	(6,309)	—	—		(6,309)
Net income available to common stockholders	\$ 123,982	\$ 65,354	\$ (91,296)		\$ 98,040
Net income per share available to common stockholders:					
Basic	\$ 0.77	0.84			\$ 0.48
Diluted	\$ 0.77	0.83			\$ 0.48
Weighted average common shares outstanding:					
Basic	160,069,201	77,080,615	42,886,082	3(h)	202,955,283
Diluted	161,059,527	78,071,944	42,886,082	3(h)	203,945,609

DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016
(In thousands, except share and per share data)

	Historical		Pro Forma Adjustments	Note Reference	Pro Forma Combined Company
	Digital Realty Trust, Inc.	DuPont Fabros Technology, Inc. (See Note 1)			
Operating Revenues:					
Rental	\$ 1,542,511	\$ 347,512	\$ (9,540)	3(a)	\$ 1,880,483
Tenant reimbursements	355,903	169,668	—		525,571
Interconnection and other	204,317	—	—		204,317
Fee income	6,285	—	—		6,285
Other	33,197	11,521	—		44,718
Total operating revenues	2,142,213	528,701	(9,540)		2,661,374
Operating Expenses:					
Rental property operating and maintenance	660,177	154,206	—		814,383
Property taxes	102,497	18,102	—		120,599
Insurance	9,492	2,078	—		11,570
Depreciation and amortization	699,324	107,781	260,279	3(b)	1,067,384
General and administrative	152,733	23,043	—	3(c)	175,776
Transactions and integration	20,491	1,532	—		22,023
Other	213	10,074	—		10,287
Total operating expenses	1,644,927	316,816	260,279		2,222,022
Operating income	497,286	211,885	(269,819)		439,352
Other Income (Expenses):					
Equity in earnings of unconsolidated joint ventures	17,104	—	—		17,104
Gain on sale of property	169,902	22,833	—		192,735
Interest and other income (expense)	(4,564)	(33)	—		(4,597)
Interest expense	(236,480)	(52,006)	4,167	3(e)	(284,319)
Tax expense	(10,385)	—	—		(10,385)
Loss from early extinguishment of debt	(1,011)	(1,232)	—		(2,243)
Net income	431,852	181,447	(265,652)		347,647
Net income attributable to noncontrolling interests	(5,665)	(24,248)	20,540	3(f)	(9,373)
Net income attributable to Digital Realty Trust, Inc.	426,187	157,199	(245,112)		338,274
Preferred stock dividends	(83,771)	(20,739)	(10,500)	3(g)	(115,010)
Issuance costs associated with redeemed preferred stock	(10,328)	(12,495)	—		(22,823)
Net income available to common stockholders	\$ 332,088	\$ 123,965	\$ (255,612)		\$ 200,441
Net income per share available to common stockholders:					
Basic	\$ 2.21	\$ 1.69			\$ 1.04
Diluted	\$ 2.20	\$ 1.67			\$ 1.04
Weighted average common shares outstanding:					
Basic	149,953,662	73,003,164	42,886,082	3(h)	192,839,744
Diluted	150,679,688	73,839,036	42,886,082	3(h)	193,565,770

DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Reclassifications of Historical DFT

Financial information presented in the “Historical-DuPont Fabros Technology, Inc.” columns in the unaudited pro forma condensed combined balance sheet and income statement represents the historical balance sheet of DFT as of June 30, 2017 and the historical statement of operations of DFT for the six months ended June 30, 2017 and for the year ended December 31, 2016, respectively. Such financial information has been reclassified or classified to conform to the historical presentation in DLR’s consolidated financial statements as set forth below. Unless otherwise indicated, defined line items included in the footnotes have the meanings given to them in the historical financial statements of DFT (in thousands).

	<u>Before Reclassification</u>	<u>Reclassification Amount</u>	<u>After Reclassification</u>
Balance Sheet			
Construction in progress and land held for development	\$ 551,258	\$ (551,258)(1)	\$ —
Land	107,539	85,027(1)	192,566
Building and improvements	3,141,102	436,953(1)(5)	3,578,055
Accumulated depreciation and amortization	(716,719)	27,911(5)	(688,808)
Acquired above-market leases, net	—	4,610(2)	4,610
Acquired in-place lease value, deferred leasing costs and intangibles, net	23,673	1,367(5)	25,040
Other assets	48,467	(4,610)(2)	43,857
Accounts payable and accrued liabilities	39,426	86,310(3)	125,736
Construction costs payable	74,795	(74,795)(3)	—
Accrued interest payable	11,515	(11,515)(3)	—
Acquired below-market leases, net	—	1,937(4)	1,937
Security deposits and prepaid rents	67,629	(1,937)(4)	65,692
Income Statement - For the Six Months Ended June 30, 2017			
Rental	\$ 184,199	\$ 1,264(1)	\$ 185,463
Other revenue	4,627	(1,264)(1)	3,363
Real estate taxes and insurance	10,039	(10,039)(2)	—
Property taxes	—	9,047(2)	9,047
Insurance	—	992(2)	992
Rental property operating and maintenance	81,663	344(3)	82,007
Transactions and integration	7,128	530(3)	7,658
Other	4,012	(874)(3)	3,138
Income Statement - For the Year Ended December 31, 2016			
Rental	\$ 345,022	\$ 2,490(1)	\$ 347,512
Other revenue	14,011	(2,490)(1)	11,521
Real estate taxes and insurance	20,180	(20,180)(2)	—
Property taxes	—	18,102(2)	18,102
Insurance	—	2,078(2)	2,078
Rental property operating and maintenance	154,064	142(3)	154,206
Transactions and integration	—	1,532(3)	1,532
Other	11,781	(1,707)(3)	10,074
Interest and other income (expense)	—	33(3)	33

DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (continued)

Reclassification and classification of the Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2017:

- (1) Represents disaggregation and reclassification of "Construction in progress and land held for development" of \$551.3 million to "Land" of \$85.0 million and "Buildings and improvements" of \$466.3 million.
- (2) Represents reclassification of "Other assets" of \$4.6 million to "Acquired above-market leases, net" of \$4.6 million.
- (3) Represents reclassification of "Construction costs payable" of \$74.8 million and "Accrued interest payable" of \$11.5 million to "Accounts payable and other accrued liabilities" of \$86.3 million.
- (4) Represents reclassification of "Security deposits and prepaid rents" of \$1.9 million to "Acquired below-market leases, net" of \$1.9 million.
- (5) Represents reclassification of "Buildings and improvements" of \$29.3 million and "Accumulated depreciation and amortization" of \$(27.9) million to "Acquired in-place lease value, deferred leasing costs and intangibles, net" of \$1.4 million.

Reclassification and classification of the Unaudited Pro Forma Condensed Combined Income Statement for the six months ended June 30, 2017:

- (1) Represents reclassification of "Other revenue" of \$1.3 million to "Rental revenue" of \$1.3 million.
- (2) Represents reclassification of "Real estate taxes and insurance" of \$10.0 million to "Property taxes" of \$9.0 million and to "Insurance" of \$1.0 million.
- (3) Represents reclassification of "Other expense" of \$874,000 to "Rental property operating and maintenance" of \$344,000 and to "Transactions" of \$530,000.

Reclassification and classification of the Unaudited Pro Forma Condensed Combined Income Statement for the year ended December 31, 2016:

- (1) Represents reclassification of "Other revenue" of \$2.5 million to "Rental revenue" of \$2.5 million.
- (2) Represents reclassification of "Real estate taxes and insurance" of \$20.2 million to "Property taxes" of \$18.1 million and to "Insurance" of \$2.1 million.
- (3) Represents reclassification of "Other expense" of \$1.7 million to "Rental property operating and maintenance" of \$142,000 to "Transactions" of \$1.5 million and to "Interest and other income (expense)" of \$33,000.

DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (continued)

2. Unaudited Pro Forma Condensed Combined Balance Sheet Adjustments

The unaudited pro forma condensed combined balance sheet reflects the effect of the following adjustments:

(a) Summary of sources and uses for the mergers (in thousands):

Sources of funds:	
DLR common stock (1)	\$4,913,029
DLR OP common units (1)	764,825
DLR series C preferred stock (2)	201,250
GBP Notes Offering (3)	321,302
USD Notes Offering (3)	1,337,895
Preferred Offering (3)	193,164
Mortgage loan facility (3)	104,000
Total sources of funds	<u>\$7,835,465</u>
Uses of funds:	
DFT common stock and OP units (1)	\$5,677,854
DFT series C preferred stock (2)	201,250
DFT indebtedness(4)	1,530,776
Transaction costs (5)	172,000
Repayments under our global revolving credit facility (3)	253,585
Total uses of funds	<u>\$7,835,465</u>

- (1) Reflects the issuance of 42.9 million shares of DLR common stock and 6.7 million DLR OP common units at an assumed price of \$114.56 per share of DLR common stock and DLR OP common unit, which is the last reported sales price of DLR's common stock on the New York Stock Exchange on August 7, 2017. The number of shares of DLR common stock and DLR OP common units to be issued was determined based on the number of shares of DFT common stock, shares of restricted DFT common stock, DFT performance stock units and DFT OP common units outstanding as of August 7, 2017. Such shares of DFT common stock and DFT OP common units are assumed to remain outstanding until the closing date of the mergers. Further, no effect has been given to any new shares of DFT common stock or DFT OP common units that may be issued or granted subsequent to August 7, 2017 and before the closing date of the mergers. A 10% increase (decrease) in the closing share price of DLR common stock would increase (decrease) the purchase price by approximately \$568 million, which, in turn, would increase (decrease) the amount of goodwill recorded in connection with the mergers by the same amount. See Note 2(b) for additional information on our preliminary purchase price allocation, and see Note 2(f) for additional information on the issuance of DLR common stock and elimination of historical DFT equity balances.
- (2) Reflects the conversion of DFT series C preferred stock into the right to receive one validly issued, fully paid and nonassessable share of DLR series C preferred stock.
- (3) Reflects the sale of (i) £250 million aggregate principal amount of Digital Stout Holding, LLC's 2024 GBP Notes in the GBP Notes Offering, or \$324.9 million aggregate principal amount assuming an exchange rate of \$1.30 to £1.00, the exchange rate in effect on July 21, 2017, the closing date of the GBP Notes Offering, (ii) \$350 million aggregate principal amount of DLR OP's 2023 USD Notes and \$1.0 billion aggregate principal amount of DLR OP's 2027 USD Notes in the USD Notes Offering, and (iii) 8,000,000 shares of DLR's series J preferred stock in the Preferred Offering, and a \$104.0 million draw under the mortgage loan facility to repay certain DFT indebtedness in connection with the mergers. The excess of the proceeds from the GBP Notes Offering, USD Notes Offering and Preferred Offering were used to repay a portion of our global revolving credit facility. See Note 3(e) for additional information on the interest expense adjustments associated with the GBP Notes Offering, the USD Notes Offering, the mortgage loan facility, and the paydown of our global revolving credit facility.
- (4) Includes the payoff of \$336.0 million, \$249.1 million, \$838.5 million and \$107.2 million outstanding under DFT's revolving credit facility, term loan, senior notes and mortgage loans, respectively, net of deferred financing costs. The

DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (continued)

debt and related unamortized deferred financing costs have been eliminated from the unaudited pro forma condensed combined balance sheet, with a corresponding decrease to accumulated deficit related to the elimination of unamortized deferred loan costs and prepayment penalties.

- (5) DLR estimates that the total transaction costs will be approximately \$172.0 million. The actual amount may vary. DLR also expects to incur other financing costs and integration costs associated with the mergers. Given the uncertainty of the amounts involved, such financing costs and integration costs are not reasonably estimatable. See Note 3(d) for additional information on our estimated transaction costs.
- (b) Adjustment reflects the excess of the estimated purchase price over the book value of the net tangible and intangible assets to be acquired. Under the acquisition method of accounting, the total estimated purchase price will be allocated to DFT's net tangible and intangible assets based on their estimated fair values at the date of the completion of the mergers. The following table sets forth the preliminary allocation of the estimated purchase price to DFT's net tangible and intangible assets and the adjustments to the historical book value of DFT's net tangible and intangible assets to reflect this preliminary allocation (in thousands):

	Preliminary estimate for allocation of the purchase price	Historical DFT	Pro Forma Adjustment
Land	\$ 309,964	\$ 192,566	\$ 117,398
Buildings and improvements	3,725,440	3,578,055	147,385
Acquired above-market leases	160,599	4,610	155,989
Customer relationships	961,400	—	961,400
In-place lease value	520,713	—	520,713
Tenant origination costs	50,906	25,040	25,866
Non-compete	6,700	—	6,700
Goodwill	2,011,731	—	2,011,731
Acquired below-market leases	(185,067)	(1,937)	(183,130)
Working capital and other	(152,506)	(152,506)	—
Total	\$ 7,409,880	\$ 3,645,828	\$3,764,052

Upon closing of the mergers, the purchase consideration will be adjusted for working capital levels and other adjustments as stipulated in the merger agreement.

Upon completion of the fair value assessment, the final purchase price allocation may differ from the preliminary allocation provided above. Any changes to the initial estimates of the fair value of the assets and liabilities will be recorded as adjustments to those assets and liabilities and the residual amounts will be allocated as an increase or decrease to goodwill. The goodwill recorded is due primarily to the synergies expected to be realized between the two companies and the assembled workforce acquired in connection with the mergers.

The fair value of investment in real estate acquired of \$4.0 billion consists of land with an estimated fair value of \$0.3 billion, building and improvements with an estimated fair value of \$2.9 billion and construction in process, which is classified within building and improvements, with an estimated fair value of \$0.8 billion. Buildings and improvements are expected to be depreciated on a straight-line basis over estimated useful lives of 2 - 39 years.

The components of investment in real estate have been valued using a combination of the income approach, the market approach and the cost approach, which is based on current replacement and/or reproduction cost of the asset as new, less depreciation attributable to physical, functional and economic factors.

DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (continued)

The fair value of definite life intangible assets acquired of \$1.5 billion primarily consists of customer relationships with an estimated fair value of \$1.0 billion, in-place lease value with an estimated fair value of \$0.5 billion, acquired above-market leases with an estimated fair value of \$160 million, acquired below-market leases with an estimated fair value of \$(185) million and tenant origination costs with an estimated fair value of \$51 million. The customer relationship value is expected to be amortized on a straight-line basis over an estimated useful life of approximately 19 years, in-place lease value is expected to be amortized on a straight-line basis over an estimated useful life of six years, acquired above-market leases is expected to be amortized on a straight-line basis over an estimated useful life of approximately four years, acquired below-market leases is expected to be amortized on a straight-line basis over an estimated useful life of approximately 12 years and tenant origination costs is expected to be amortized on a straight-line basis over an estimated useful life of seven years.

The fair value of intangible assets is determined primarily using the “income approach,” which is a valuation technique that provides an estimate of the fair value of an asset based on market participants’ expectations of the cash flows an asset would generate over its remaining useful life. Some of the more significant assumptions inherent in the development of the valuations include the estimated annual net cash flows for each indefinite lived or definite lived intangible asset (including net revenues, operating expenses, selling and marketing costs and working capital asset/contributory asset charges), the appropriate discount rate that appropriately reflects the risk inherent in each future cash flow stream, the assessment of each asset’s life cycle, and competitive trends as well as other factors.

- (c) Adjustment eliminates DFT’s historical accumulated depreciation.
- (d) Adjustment eliminates DFT’s historical deferred rent receivable.
- (e) Adjustment reflects the GBP Notes Offering and the USD Notes Offering (in each case, net of related financing costs and discount), a draw on the mortgage loan facility and the Preferred Offering (net of offering costs) and the use of proceeds therefrom (in thousands):

	Global credit facility, net	Unsecured term loan, net	Unsecured senior notes, net	Mortgage loans, including premiums, net	Preferred stock	Net proceeds / (payments)
2.750% Guaranteed Notes due 2024 ⁽¹⁾	\$ —	\$ —	\$ 321,302	\$ —	\$ —	\$ 321,302
2.750% Notes due 2023	—	—	346,855	—	—	346,855
3.700% Notes due 2027	—	—	991,040	—	—	991,040
Mortgage loan facility	—	—	—	104,000	—	104,000
5.250% Series J Cumulative Redeemable Preferred Stock	—	—	—	—	193,164	193,164
Subtotal — Total DLR Proceeds	—	—	1,659,197	104,000	193,164	1,956,361
Repayment of DFT’s indebtedness	(335,997)	(249,143)	(838,461)	(107,175)	—	(1,530,776)
Payment of transaction costs	—	—	—	—	—	(172,000)
Excess DLR proceeds applied to DLR debt	(253,585)	—	—	—	—	(253,585)
Adjustments	<u>\$ (589,582)</u>	<u>\$ (249,143)</u>	<u>\$ 820,736</u>	<u>\$ (3,175)</u>	<u>\$ 193,164</u>	<u>\$ —</u>

(1) Assumes exchange rate of \$1.30 to £1.00, the exchange rate in effect on July 21, 2017, the closing date of the GBP Notes Offering.

DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (continued)

- (f) Reflects the issuance of 42.9 million shares of DLR common stock and 6.7 million DLR OP common units at an assumed price of \$114.56 per share of DLR common stock and DLR OP common unit, which is the last reported sales price of DLR's common stock on the New York Stock Exchange on August 7, 2017, as well as the elimination of all historical DFT common stock, additional paid in capital, redeemable noncontrolling interests—operating partnership and noncontrolling interests in operating partnership balances and transaction costs. The following table sets forth the adjustments impacting common stock, additional paid in capital and distributions in excess of earnings (in thousands):

	Common stock	Additional paid-in capital	Accumulated dividends in excess of earnings	Redeemable noncontrolling interests – operating partnership	Noncontrolling interests in operating partnership
Issuance of DLR common stock / DFT OP common units	\$ 429	\$4,912,601	\$ —	\$ 62,454	\$ 702,371
Elimination of DFT's historical common stock / DFT OP common unit balances	(78)	(631,022)	—	(714,494)	—
Transaction costs of DLR	—	—	(172,000)	—	—
Adjustments	<u>\$ 351</u>	<u>\$4,281,579</u>	<u>\$ (172,000)</u>	<u>\$ (652,040)</u>	<u>\$ 702,371</u>

3. Unaudited Pro Forma Condensed Combined Income Statement Adjustments

The unaudited pro forma condensed combined income statements reflect the effect of the following pro forma adjustments:

- (a) Rental revenue for the six months ended June 30, 2017 is adjusted to: (i) remove \$(2.5) million of DFT's historical straight-line rent; (ii) recognize \$7.0 million of total minimum lease payments provided under the acquired leases on a straight-line basis over the remaining term from January 1, 2016; (iii) remove \$0.4 million of DFT's historical amortization of the asset or liability created from previous acquisitions of leases with favorable or unfavorable rents; and (iv) amortization of the asset or liability from the acquired leases with favorable or unfavorable rents relative to estimated market rents, including a reduction of \$24.4 million from amortization of the asset and an increase of \$10.8 million from amortization of the liability, both from January 1, 2016. Rental revenue for the year ended December 31, 2016 is adjusted to: (i) remove \$0.1 million of DFT's historical straight-line rent; (ii) recognize \$20.0 million of total minimum lease payments provided under the acquired leases on a straight-line basis over the remaining term from January 1, 2016; (iii) remove \$0.4 million of DFT's historical amortization of the asset or liability created from previous acquisitions of leases with favorable or unfavorable rents; and (iv) amortization of the asset or liability from the acquired leases with favorable or unfavorable rents relative to estimated market rents, including a reduction of \$50.8 million from amortization of the asset and an increase of \$21.7 million from amortization of the liability, both from January 1, 2016. We amortized the asset or liability from the acquired leases with favorable or unfavorable rents relative to estimated market rents using the remaining lease term associated with these leases, which approximated eight years.
- (b) Reflects the net impact on depreciation and amortization expense of the following adjustments:
- An increase to depreciation and amortization expense of \$14.8 million and \$36.1 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, as a result of fair value accounting for investment in real estate and other fixed assets acquired in the mergers.

DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (continued)

- An increase to depreciation and amortization expense of \$95.5 million and \$224.2 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, as a result of fair value accounting for definite-lived intangible assets acquired in the mergers.

For the six months ended June 30, 2017, real estate depreciation expense for the assets acquired in the mergers would have been \$167.2 million and non-real estate depreciation expense would have been \$0.3 million. For the year ended December 31, 2016, total real estate depreciation expense for the assets acquired in the mergers would have been \$360.9 million and non-real estate depreciation expense would have been \$7.2 million.

- (c) The unaudited pro forma condensed combined income statements and general and administrative expenses do not reflect the benefits of expected cost savings nor incremental costs that may be incurred, as a result of the mergers.
- (d) Adjustment eliminates \$16.6 million of merger-related expenses that were incurred and recorded by DLR and DFT during the six months ended June 30, 2017. Expenses related to the merger do not have a continuing impact on the results of income of DLR following the mergers, and therefore, such merger expenses are excluded from the unaudited pro forma condensed combined income statements.
- (e) Reflects the net impact on interest expense of the following adjustments:
 - An increase in interest expense of \$29.7 million and \$59.4 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, due to the issuance of \$324.9 million aggregate principal amount of the 2024 GBP Notes assuming an exchange rate of \$1.30 to £1.00, the exchange rate in effect on July 21, 2017, the closing date of the GBP Notes Offering, \$350.0 million aggregate principal amount of the 2023 USD Notes, \$1.0 billion aggregate principal amount of the 2027 USD Notes and a \$104.0 million draw under the mortgage loan facility, which is assumed to bear interest at 3.70%, and an increase in associated deferred financing cost amortization of \$1.1 million and \$2.2 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, net of capitalized interest of \$8.9 million and \$10.4 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively and net of a reduction in interest expense of \$1.7 million and \$3.3 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, due to the pay down of our revolving credit facility with a portion of the net proceeds therefrom.
 - A reduction in interest expense of \$23.3 million and \$48.3 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, due to the payoff of DFT debt in connection with the mergers and elimination of the associated deferred financing cost amortization of \$1.6 million and \$3.7 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively.
- (f) Adjustment reflects the noncontrolling interest portion of the adjustments to the unaudited pro forma condensed combined income statements.
- (g) Adjustment reflects dividends on the series J preferred stock the Company sold in the Preferred Offering of \$5.3 million and \$10.5 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively.

DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (continued)

(h) The calculation of basic and diluted income per share of common stock was as follows:

	<u>Six months Ended June 30, 2017</u> <u>(in thousands, except for per share data)</u>		
	<u>DLR</u> <u>Historical</u>	<u>DFT</u> <u>Historical</u>	<u>Pro Forma</u> <u>Combined</u> <u>Company</u>
Net income from continuing operations available to common stockholders, basic and diluted	\$ 123,982	\$ 65,354	\$ 98,040
Weighted average common shares outstanding, basic (1)	160,069	77,081	202,955
Weighted average common shares outstanding, diluted (1)	161,060	78,072	203,946
Net income per share available to common stockholders, basic	\$ 0.77	\$ 0.84	\$ 0.48
Net income per share available to common stockholders, diluted	\$ 0.77	\$ 0.83	\$ 0.48

	<u>Year Ended December 31, 2016</u> <u>(in thousands, except for per share data)</u>		
	<u>DLR</u> <u>Historical</u>	<u>DFT</u> <u>Historical</u>	<u>Pro Forma</u> <u>Combined</u> <u>Company</u>
Net income from continuing operations available to common stockholders, basic and diluted	\$ 332,088	\$ 123,965	\$ 200,441
Weighted average common shares outstanding, basic (1)	149,954	73,003	192,840
Weighted average common shares outstanding, diluted (1)	150,680	73,839	193,566
Net income per share available to common stockholders, basic	\$ 2.21	\$ 1.69	\$ 1.04
Net income per share available to common stockholders, diluted	\$ 2.20	\$ 1.67	\$ 1.04

(1) The pro forma weighted average common shares assume that the DLR shares issued to DFT stockholders in connection with the mergers were issued as of January 1, 2016.

DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Introduction

Penguins REIT Sub, LLC, which we refer to as Merger Sub, a wholly owned subsidiary of Digital Realty Trust, Inc., which we refer to as Digital Realty or DLR, plans to merge with and into DuPont Fabros Technology, Inc., which we refer to as DuPont Fabros or DFT, with Merger Sub continuing as the surviving corporation and a wholly owned subsidiary of Digital Realty. In addition, a subsidiary of Digital Realty Trust, L.P., which we refer to as DLR OP, plans to merge with and into DFT's operating partnership, DuPont Fabros Technology, L.P., which we refer to as DFT OP, with DFT OP as the surviving partnership and a wholly owned subsidiary of DLR OP. We refer to these mergers collectively as the mergers. The mergers are part of the transactions contemplated by the Agreement and Plan of Merger entered into on June 8, 2017, which we refer to as the merger agreement, among Digital Realty, DuPont Fabros and certain of their subsidiaries. In addition, on June 8, 2017, in connection with the execution of the merger agreement, DLR entered into a commitment letter, pursuant to which the initial commitment parties agreed to provide a mortgage loan facility of up to \$104 million to one or more wholly owned subsidiaries of DLR OP, which we refer to as the mortgage loan facility, to potentially fund the repayment of DFT mortgage debt in connection with the mergers.

During July and August of 2017, DLR and DLR OP, which we refer to together with their consolidated subsidiaries as the Company, we and our, entered into the following transactions with the purpose of using the proceeds to potentially fund the repayment of DFT debt in connection with the mergers, and therefore such transactions have been included in the accompanying Unaudited Pro Forma Condensed Combined Financial Information as discussed more fully below.

The Company completed the sale of (i) £250 million aggregate principal amount of Digital Stout Holding, LLC's 2.750% Guaranteed Notes due 2024, or the 2024 GBP Notes, on July 21, 2017, which we refer to as the GBP Notes Offering, (ii) \$350 million aggregate principal amount of DLR OP's 2.750% Notes due 2023, or the 2023 USD Notes, and \$1.0 billion aggregate principal amount of DLR OP's 3.700% Notes due 2027, or the 2027 USD Notes and, together with the 2023 USD Notes, the USD Notes, on August 7, 2017, which we refer to as the USD Notes Offering, and (iii) 8,000,000 shares of the DLR's 5.250% Series J Cumulative Redeemable Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$25.00 per share, or series J preferred stock, on August 7, 2017, which we refer to as the Preferred Offering. DLR, as general partner of DLR OP, contributed the proceeds of the Preferred Offering to DLR OP in exchange for 8,000,000 5.250% Series J Cumulative Redeemable Preferred Units of DLR OP, or the series J preferred units.

The consummation of the mergers is subject to certain customary closing conditions, including, among others, approval by the holders of a majority of the outstanding shares of DFT common stock, approval of the issuance of DLR common stock by a majority of the votes cast by the holders of DLR common stock at a special meeting of Digital Realty's stockholders, the absence of certain legal impediments to the consummation of the mergers, the effectiveness of a registration statement on Form S-4 filed by Digital Realty in connection with the mergers, approval for listing on the New York Stock Exchange of the shares of DLR common stock to be issued in connection with the mergers, the absence of a material adverse effect on either Digital Realty or DuPont Fabros and compliance by the parties to the merger agreement with their respective obligations under the merger agreement. The obligations of the parties to consummate the mergers are not subject to any financing condition or the receipt of any financing by Digital Realty. As of the date of this Current Report on Form 8-K, the mergers are expected to be completed in the second half of 2017.

Pursuant to the terms and conditions in the merger agreement, at the effective time of the mergers, (i) each share of DFT common stock issued and outstanding immediately prior to the effective time will be converted into the right to receive 0.545 shares of DLR common stock, which we refer to as the common consideration, and (ii) each share of DFT's 6.625% Series C

Cumulative Redeemable Perpetual Preferred Stock, \$0.001 par value per share, which we refer to as the DFT series C preferred stock, will be converted into the right to receive one validly issued, fully paid and nonassessable share of DLR's 6.625% Series C Cumulative Redeemable Perpetual Preferred Stock, par value \$0.01 per share, which we refer to as the DLR series C preferred stock, having substantially similar rights, privileges, preferences and interests as the DFT series C preferred stock. In addition, (i) each outstanding share of restricted DFT common stock will vest and all restrictions thereon will lapse, and each such restricted share will be cancelled in exchange for the right to receive the common consideration, (ii) each outstanding award of performance stock units granted by DFT, which we refer to as DFT performance stock units, will vest and be cancelled and converted into the right to receive the common consideration and (iii) each outstanding and unexercised option to purchase shares of DFT common stock will be automatically converted into an option covering a number of shares of DLR common stock equal to the number of shares of DFT common stock subject to such option immediately prior to the effective time of the mergers multiplied by 0.545, rounded down to the nearest whole share, with an exercise price per share equal to the exercise price per share of such option immediately prior to the effective time of the merger, divided by 0.545, rounded up to the nearest whole cent.

At the effective time of the mergers, each common unit of limited partnership interest in the DFT OP, or DFT OP common units, issued and outstanding immediately prior to the effective time held by a limited partner of the DFT OP will be converted into the right to receive 0.545 common units of limited partnership interest in DLR OP, or the DLR OP common units. In the alternative, limited partners in the DFT OP may elect to be deemed to have redeemed their DFT OP common units in order to receive the common consideration. In addition, each Series C preferred partnership unit in DFT OP, or DFT OP series C preferred units, will be converted into the right to receive one validly issued Series C preferred partnership unit in DLR OP, or DLR OP series C preferred units. DFT is the only holder of DFT OP series C preferred units.

These unaudited pro forma condensed combined financial statements, which we refer to as the pro forma financial statements, were prepared using the acquisition method of accounting with DLR OP considered the accounting acquirer of DFT OP. Under the acquisition method of accounting, the purchase price is allocated to the underlying DFT OP tangible and intangible assets acquired and liabilities assumed based on their respective fair values with the excess purchase price, if any, allocated to goodwill.

The pro forma adjustments and the purchase price allocation as presented are based on estimates and certain information that is available as of the date of this Current Report on Form 8-K. The total consideration for the mergers and the assignment of fair values to DFT OP's assets acquired and liabilities assumed has not been finalized, is subject to change, could vary materially from the actual amounts at the time the mergers are completed and may not have identified all adjustments necessary to conform DFT OP's accounting policies to DLR OP's accounting policies. A final determination of the fair value of DFT OP's assets and liabilities, including intangible assets, will be based on the actual net tangible and intangible assets and liabilities of DFT OP that exist as of the closing date of the mergers and, therefore, cannot be made prior to the completion of the mergers. In addition, the value of the consideration to be paid by DLR and therefore the consideration to be issued by DLR OP for DFT OP upon the consummation of the mergers will be determined based on the closing price of DLR's common stock on the closing date of the mergers. As a result of the foregoing, the pro forma adjustments are preliminary and are subject to change as additional information becomes available and additional analyses are performed. The preliminary pro forma adjustments have been made solely for the purpose of providing the pro forma financial statements presented below. DLR OP estimated the fair value of DFT OP's assets and liabilities based on discussions with DFT OP's management, preliminary valuation studies, due diligence and information presented in DFT OP's public filings. Upon completion of the mergers, final valuations will be performed. Any increases or decreases in the fair value of relevant balance sheet amounts upon completion of the final valuations will result in adjustments to the unaudited pro forma condensed combined balance sheet and/or statements of income. The final purchase price allocation may be different than that reflected in the pro forma purchase price allocation presented herein, and this difference may be material.

The aggregate purchase price for financial statement purposes will be based on the actual closing price per share of DLR common stock on the closing date consistent with the requirements of Financial Accounting Standards Board Accounting Standards Codification 805, *Business Combinations*, which could differ materially from the assumed price per share of \$114.56 (the last reported sales price of DLR's common stock on the New York Stock Exchange on August 7, 2017) used in the pro

forma financial statements. If the actual closing price per share of DLR common stock on the closing date is higher than the assumed amount, the final purchase price will be higher; conversely, if the actual closing price is lower, the final purchase price will be lower.

Assumptions and estimates underlying the unaudited adjustments to the pro forma financial statements are described in the accompanying notes. The historical consolidated financial statements have been adjusted in the pro forma financial statements to give effect to pro forma events that are: (1) directly attributable to the mergers, (2) factually supportable and (3) expected to have a continuing impact on the results of income of DLR OP following the mergers. The pro forma condensed consolidated statements of income for the six months ended June 30, 2017 and the year ended December 31, 2016 consolidate the historical consolidated statements of income of DLR OP and DFT OP, giving effect to the mergers as if they had been consummated on January 1, 2016, the beginning of the earliest period presented. The unaudited pro forma condensed combined balance sheet combines the historical consolidated balance sheet of DLR OP and the historical consolidated balance sheet of DFT OP as of June 30, 2017, giving effect to the mergers as if they had been consummated on June 30, 2017. This information is presented for illustrative purposes only. It is neither indicative of the consolidated operating results that would have occurred or financial position that would have existed if such transactions had occurred on the dates described above and in accordance with the assumptions described below, nor is it indicative of future operating results or financial position.

The pro forma financial statements, although helpful in illustrating the financial characteristics of DLR OP following the mergers under one set of assumptions, do not reflect the benefits of expected cost savings (or associated costs to achieve such savings), opportunities to earn additional revenue, or other factors that may result as a consequence of the mergers and do not attempt to predict or suggest future results. Specifically, the unaudited pro forma condensed combined statements of income exclude projected operating efficiencies and overhead synergies expected to be achieved as a result of the mergers. The pro forma financial statements also exclude the effects of costs associated with any restructuring or integration activities from the mergers as they are currently not known and, to the extent they occur, are expected to be non-recurring and will not have been incurred at the closing date of the mergers. However, such costs could affect DLR OP following the mergers in the period the costs are incurred or recorded. Further, the pro forma financial statements do not reflect the effect of any regulatory actions that may impact the results of DLR OP following the mergers.

The following Unaudited Pro Forma Condensed Combined Financial Information is based on, and should be read in conjunction with:

- the accompanying notes to the pro forma financial statements;
- the historical audited consolidated financial statements of DLR OP and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the Securities and Exchange Commission, or the SEC, on March 1, 2017;
- the historical unaudited condensed consolidated financial statements of DLR OP and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in its quarterly report on Form 10-Q for the quarterly period ended June 30, 2017, as filed with the SEC on August 9, 2017;
- the historical audited consolidated financial statements of DFT OP and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the SEC on February 23, 2017; and
- the historical unaudited condensed consolidated financial statements of DFT OP and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in its quarterly report on Form 10-Q for the quarterly period ended June 30, 2017, as filed with the SEC on July 27, 2017.

DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2017
(in thousands)

	Historical		Pro Forma Adjustments	Note Reference	Pro Forma Combined Company
	Digital Realty Trust, L.P.	DuPont Fabros Technology, L.P. (See Note 1)			
ASSETS					
Investments in real estate:					
Properties:					
Land	\$ 795,822	\$ 192,566	\$ 117,398	2(b)	\$ 1,105,786
Acquired ground leases	10,692	—	—		10,692
Buildings and improvements	10,838,278	3,578,055	147,385	2(b)	14,563,718
Tenant improvements	537,018	—	—		537,018
Total investments in properties	12,181,810	3,770,621	264,783		16,217,214
Accumulated depreciation and amortization	(2,929,095)	(688,808)	688,808	2(c)	(2,929,095)
Net investments in properties	9,252,715	3,081,813	953,591		13,288,119
Investment in unconsolidated joint ventures	103,881	—	—		103,881
Net investments in real estate	9,356,596	3,081,813	953,591		13,392,000
Cash and cash equivalents	22,383	26,910	—		49,293
Accounts and other receivables, net of allowance for doubtful accounts					
	229,450	9,422	—		238,872
Deferred rent	423,188	120,599	(120,599)	2(d)	423,188
Acquired above-market leases, net	19,716	4,610	155,989	2(b)	180,315
Goodwill	778,862	—	2,011,731	2(b)	2,790,593
Acquired in-place lease value, deferred leasing costs and intangibles, net					
	1,494,083	25,040	1,514,679	2(b)	3,033,802
Restricted cash	18,931	—	—		18,931
Assets held for sale	87,882	—	—		87,882
Other assets	148,480	43,857	—		192,337
Total assets	\$12,579,571	\$ 3,312,251	\$4,515,391		\$ 20,407,213
LIABILITIES AND CAPITAL					
Global revolving credit facility, net	\$ 563,063	\$ 335,997	\$ (589,582)	2(e)	\$ 309,478
Unsecured term loan, net	1,520,482	249,143	(249,143)	2(e)	1,520,482
Unsecured senior notes, net	4,351,148	838,461	820,736	2(e)	6,010,345
Mortgage loans, including premiums, net	2,927	107,175	(3,175)	2(e)	106,927
Accounts payable and other accrued liabilities	850,602	125,736	—		976,338
Accrued dividends and distributions	—	46,431	—		46,431
Acquired below-market leases, net	76,099	1,937	183,130	2(b)	261,166
Security deposits and prepaid rents	181,007	65,692	—		246,699
Obligations associated with assets held for sale	2,949	—	—		2,949
Total liabilities	7,548,277	1,770,572	161,966		9,480,815
Redeemable partnership units	—	714,494	(652,040)	2(e)	62,454
Commitments and contingencies					
Capital:					
Partners' capital:					
General Partner:					
Preferred units	836,770	—	394,414	2(e), 2(f)	1,231,184
Common units	4,270,754	5,326	4,735,209	2(f)	9,011,289
Limited Partners	32,579	821,859	(124,158)	2(f)	730,280
Accumulated other comprehensive loss	(115,379)	—	—		(115,379)
Total partners' capital	5,024,724	827,185	5,005,465		10,857,374
Noncontrolling interests in consolidated joint ventures					
	6,570	—	—		6,570
Total capital	5,031,294	827,185	5,005,465		10,863,944
Total liabilities and capital	\$12,579,571	\$ 3,312,251	\$4,515,391		\$ 20,407,213

DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In thousands, except unit and per unit data)

	Historical		Pro Forma Adjustments	Note Reference	Pro Forma Combined Company
	Digital Realty Trust, L.P.	DuPont Fabros Technology, L.P. (See Note 1)			
Operating Revenues:					
Rental	\$ 816,702	\$ 185,463	\$ (4,501)	3(a)	\$ 997,664
Tenant reimbursements	180,630	91,368	—		271,998
Interconnection and other	115,526	—	—		115,526
Fee income	3,324	—	—		3,324
Other	376	3,363	—		3,739
Total operating revenues	1,116,558	280,194	(4,501)		1,392,251
Operating Expenses:					
Rental property operating and maintenance	344,055	82,007	—		426,062
Property taxes	55,080	9,047	—		64,127
Insurance	5,168	992	—		6,160
Depreciation and amortization	354,577	57,155	110,313	3(b)	522,045
General and administrative	72,156	13,088	—	3(c)	85,244
Transactions and integration	17,558	7,658	(16,588)	3(d)	8,628
Other	24	3,138	—		3,162
Total operating expenses	848,618	173,085	93,725		1,115,428
Operating income	267,940	107,109	(98,226)		276,823
Other Income (Expenses):					
Equity in earnings of unconsolidated joint ventures	13,712	—	—		13,712
Loss on sale of property	(142)	—	—		(142)
Interest and other income	518	—	—		518
Interest expense	(113,032)	(24,871)	4,656	3(e)	(133,247)
Tax expense	(4,862)	—	—		(4,862)
Net income	164,134	82,238	(93,570)		152,802
Net income attributable to noncontrolling interests in consolidated joint ventures					
	(234)	—	—		(234)
Net income attributable to Digital Realty Trust, L.P.	163,900	82,238	(93,570)		152,568
Preferred units distributions	(31,898)	(6,666)	(5,250)	3(f)	(43,814)
Issuance costs associated with redeemed preferred units	(6,309)	—	—		(6,309)
Net income available to common unitholders	\$ 125,693	\$ 75,572	\$ (98,820)		\$ 102,445
Net income per unit available to common unitholders:					
Basic	\$ 0.77	0.84			\$ 0.48
Diluted	\$ 0.77	0.83			\$ 0.48
Weighted average common units outstanding:					
Basic	162,280,678	89,132,366	49,562,277	3(g)	211,842,955
Diluted	163,271,004	90,123,695	49,562,277	3(g)	212,833,281

DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016
(In thousands, except unit and per unit data)

	Historical		Pro Forma Adjustments	Note Reference	Pro Forma Combined Company
	Digital Realty Trust, L.P.	DuPont Fabros Technology, L.P. (See Note 1)			
Operating Revenues:					
Rental	\$ 1,542,511	\$ 347,512	\$ (9,540)	3(a)	\$ 1,880,483
Tenant reimbursements	355,903	169,668	—		525,571
Interconnection and other	204,317	—	—		204,317
Fee income	6,285	—	—		6,285
Other	33,197	11,521	—		44,718
Total operating revenues	2,142,213	528,701	(9,540)		2,661,374
Operating Expenses:					
Rental property operating and maintenance	660,177	154,206	—		814,383
Property taxes	102,497	18,102	—		120,599
Insurance	9,492	2,078	—		11,570
Depreciation and amortization	699,324	107,781	260,279	3(b)	1,067,384
General and administrative	152,733	23,043	—	3(c)	175,776
Transactions and integration	20,491	1,532	—		22,023
Other	213	10,074	—		10,287
Total operating expenses	1,644,927	316,816	260,279		2,222,022
Operating income	497,286	211,885	(269,819)		439,352
Other Income (Expenses):					
Equity in earnings of unconsolidated joint ventures	17,104	—	—		17,104
Gain on sale of property	169,902	22,833	—		192,735
Interest and other income (expense)	(4,564)	(33)	—		(4,597)
Interest expense	(236,480)	(52,006)	4,167	3(e)	(284,319)
Tax expense	(10,385)	—	—		(10,385)
Loss from early extinguishment of debt	(1,011)	(1,232)	—		(2,243)
Net income	431,852	181,447	(265,652)		347,647
Net income attributable to noncontrolling interests in consolidated joint ventures	(367)	—	—		(367)
Net income attributable to Digital Realty Trust, L.P.	431,485	181,447	(265,652)		347,280
Preferred unit distributions	(83,771)	(20,739)	(10,500)	3(f)	(115,010)
Issuance costs associated with redeemed preferred units	(10,328)	(12,495)	—		(22,823)
Net income available to common unitholders	\$ 337,386	\$ 148,213	\$ (276,152)		\$ 209,447
Net income per unit available to common unitholders:					
Basic	\$ 2.21	\$ 1.69			\$ 1.04
Diluted	\$ 2.20	\$ 1.67			\$ 1.03
Weighted average common units outstanding:					
Basic	152,359,680	87,284,564	49,562,277	3(g)	201,921,957
Diluted	153,085,706	88,120,436	49,562,277	3(g)	202,647,983

DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Reclassifications of Historical DFT OP

Financial information presented in the “Historical-DuPont Fabros Technology, L.P.” columns in the unaudited pro forma condensed combined balance sheet and income statement represents the historical balance sheet of DFT OP as of June 30, 2017 and the historical statement of operations of DFT OP for the six months ended June 30, 2017 and for the year ended December 31, 2016, respectively. Such financial information has been reclassified or classified to conform to the historical presentation in DLR OP’s consolidated financial statements as set forth below. Unless otherwise indicated, defined line items included in the footnotes have the meanings given to them in the historical financial statements of DFT OP (in thousands).

	<u>Before Reclassification</u>	<u>Reclassification Amount</u>		<u>After Reclassification</u>
Balance Sheet				
Construction in progress and land held for development	\$ 551,258	\$ (551,258)	(1)	\$ —
Land	107,539	85,027	(1)	192,566
Building and improvements	3,141,102	436,953	(1)(5)	3,578,055
Accumulated depreciation and amortization	(716,719)	27,911	(5)	(688,808)
Acquired above-market leases, net	—	4,610	(2)	4,610
Acquired in-place lease value, deferred leasing costs and intangibles, net	23,673	1,367	(5)	25,040
Other assets	48,467	(4,610)	(2)	43,857
Accounts payable and accrued liabilities	39,426	86,310	(3)	125,736
Construction costs payable	74,795	(74,795)	(3)	—
Accrued interest payable	11,515	(11,515)	(3)	—
Acquired below-market leases, net	—	1,937	(4)	1,937
Security deposits and prepaid rents	67,629	(1,937)	(4)	65,692

Income Statement - For the Six Months Ended June 30, 2017

Rental	\$ 184,199	\$ 1,264	(1)	\$ 185,463
Other revenue	4,627	(1,264)	(1)	3,363
Real estate taxes and insurance	10,039	(10,039)	(2)	—
Property taxes	—	9,047	(2)	9,047
Insurance	—	992	(2)	992
Rental property operating and maintenance	81,663	344	(3)	82,007
Transactions and integration	7,128	530	(3)	7,658
Other	4,012	(874)	(3)	3,138

Income Statement - For the Year Ended December 31, 2016

Rental	\$ 345,022	\$ 2,490	(1)	\$ 347,512
Other revenue	14,011	(2,490)	(1)	11,521
Real estate taxes and insurance	20,180	(20,180)	(2)	—
Property taxes	—	18,102	(2)	18,102
Insurance	—	2,078	(2)	2,078
Rental property operating and maintenance	154,064	142	(3)	154,206
Transactions and integration	—	1,532	(3)	1,532
Other	11,781	(1,707)	(3)	10,074
Interest and other income (expense)	—	33	(3)	33

DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (continued)

Reclassification and classification of the Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2017:

- (1) Represents disaggregation and reclassification of "Construction in progress and land held for development" of \$551.3 million to "Land" of \$85.0 million and "Buildings and improvements" of \$466.3 million.
- (2) Represents reclassification of "Other assets" of \$4.6 million to "Acquired above-market leases, net" of \$4.6 million.
- (3) Represents reclassification of "Construction costs payable" of \$74.8 million and "Accrued interest payable" of \$11.5 million to "Accounts payable and other accrued liabilities" of \$86.3 million.
- (4) Represents reclassification of "Security deposits and prepaid rents" of \$1.9 million to "Acquired below-market leases, net" of \$1.9 million.
- (5) Represents reclassification of "Buildings and improvements" of \$29.3 million and "Accumulated depreciation and amortization" of \$(27.9) million to "Acquired in-place lease value, deferred leasing costs and intangibles, net" of \$1.4 million.

Reclassification and classification of the Unaudited Pro Forma Condensed Combined Income Statement for the six months ended June 30, 2017:

- (1) Represents reclassification of "Other revenue" of \$1.3 million to "Rental revenue" of \$1.3 million.
- (2) Represents reclassification of "Real estate taxes and insurance" of \$10.0 million to "Property taxes" of \$9.0 million and to "Insurance" of \$1.0 million.
- (3) Represents reclassification of "Other expense" of \$874,000 to "Rental property operating and maintenance" of \$344,000 and to "Transactions" of \$530,000.

Reclassification and classification of the Unaudited Pro Forma Condensed Combined Income Statement for the year ended December 31, 2016:

- (1) Represents reclassification of "Other revenue" of \$2.5 million to "Rental revenue" of \$2.5 million.
- (2) Represents reclassification of "Real estate taxes and insurance" of \$20.2 million to "Property taxes" of \$18.1 million and to "Insurance" of \$2.1 million.
- (3) Represents reclassification of "Other expense" of \$1.7 million to "Rental property operating and maintenance" of \$142,000 to "Transactions" of \$1.5 million and to "Interest and other income (expense)" of \$33,000.

DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (continued)

2. Unaudited Pro Forma Condensed Combined Balance Sheet Adjustments

The unaudited pro forma condensed combined balance sheet reflects the effect of the following adjustments:

(a) Summary of sources and uses for the mergers (in thousands):

Sources of funds:	
DLR OP common units (1)	\$5,677,854
DLR series C preferred units (2)	201,250
GBP Notes Offering (3)	321,302
USD Notes Offering (3)	1,337,895
Preferred Offering (3)	193,164
Mortgage loan facility (3)	104,000
Total sources of funds	<u>\$7,835,465</u>
Uses of funds:	
DFT OP common units and other (1)	\$5,677,854
DFT series C preferred units (2)	201,250
DFT indebtedness(4)	1,530,776
Transaction costs (5)	172,000
Repayments under our global revolving credit facility (3)	253,585
Total uses of funds	<u>\$7,835,465</u>

- (1) Reflects the issuance of 49.6 million DLR OP common units at an assumed price of \$114.56 per DLR common unit, which is the last reported sales price of DLR's common stock on the New York Stock Exchange on August 7, 2017. The number of DLR OP common units to be issued was determined based on the number of DFT OP common units (including DFT OP common units held by DFT) outstanding as of August 7, 2017, as well as the number of shares of restricted DFT common units and DFT performance stock units outstanding as of August 7, 2017, which will be converted into the right to receive the common consideration and result in the issuance of an equal number of DLR OP common units to DLR. Such DFT OP common units, shares of restricted DFT common units, and DFT performance stock units are assumed to remain outstanding until the closing date of the mergers. Further, no effect has been given to any new DFT OP common units, shares of restricted DFT common units, and DFT performance stock units that may be issued or granted subsequent to August 7, 2017 and before the closing date of the mergers. A 10% increase (decrease) in the closing share price of DLR common stock would increase (decrease) the purchase price by approximately \$568 million, which, in turn, would increase (decrease) the amount of goodwill recorded in connection with the mergers by the same amount. See Note 2(b) for additional information on our preliminary purchase price allocation, and see Note 2(f) for additional information on the issuance of DLR OP common units and elimination of historical DFT capital balances.
- (2) Reflects the conversion of each DFT OP series C preferred unit into the right to receive one validly issued DLR OP series C preferred unit.
- (3) Reflects the sale of (i) £250 million aggregate principal amount of Digital Stout Holding, LLC's 2024 GBP Notes in the GBP Notes Offering, or \$324.9 million aggregate principal amount assuming an exchange rate of \$1.30 to £1.00, the exchange rate in effect on July 21, 2017, the closing date of the GBP Notes Offering, (ii) \$350 million aggregate principal amount of DLR OP's 2023 USD Notes and \$1.0 billion aggregate principal amount of DLR OP's 2027 USD Notes in the USD Notes Offering, and (iii) 8,000,000 shares of DLR's series J preferred stock in the Preferred Offering and the related issuance of 8,000,000 units of DLR OP's series J preferred units to DLR and a \$104.0 million draw under the mortgage loan facility to repay certain DFT OP indebtedness in connection with the mergers. The excess of the proceeds from the GBP Notes Offering, USD Notes Offering and Preferred Offering were used to repay a portion of our global revolving credit facility. See Note 3(e) for additional information on the interest expense adjustments associated with the GBP Notes Offering, the USD Notes Offering, the mortgage loan facility, and the paydown of our global revolving credit facility.

DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (continued)

- (4) Includes the payoff of \$336.0 million, \$249.1 million, \$838.5 million and \$107.2 million outstanding under DFT OP's revolving credit facility, term loan, senior notes and mortgage loans, respectively, net of deferred financing costs. The debt and related unamortized deferred financing costs have been eliminated from the unaudited pro forma condensed combined balance sheet, with a corresponding decrease to accumulated deficit related to the elimination of unamortized deferred loan costs and prepayment penalties.
- (5) DLR OP estimates that the total transaction costs will be approximately \$172.0 million. The actual amount may vary. DLR OP also expects to incur other financing costs and integration costs associated with the mergers. Given the uncertainty of the amounts involved, such financing costs and integration costs are not reasonably estimatable. See Note 3(d) for additional information on our estimated transaction costs.
- (b) Adjustment reflects the excess of the estimated purchase price over the book value of the net tangible and intangible assets to be acquired. Under the acquisition method of accounting, the total estimated purchase price will be allocated to DFT OP's net tangible and intangible assets based on their estimated fair values at the date of the completion of the mergers. The following table sets forth the preliminary allocation of the estimated purchase price to DFT OP's net tangible and intangible assets and the adjustments to the historical book value of DFT OP's net tangible and intangible assets to reflect this preliminary allocation (in thousands):

	Preliminary estimate for allocation of the purchase price	Historical DFT	Pro Forma Adjustment
Land	\$ 309,964	\$ 192,566	\$ 117,398
Buildings and improvements	3,725,440	3,578,055	147,385
Acquired above-market leases	160,599	4,610	155,989
Customer relationships	961,400	—	961,400
In-place lease value	520,713	—	520,713
Tenant origination costs	50,906	25,040	25,866
Non-compete	6,700	—	6,700
Goodwill	2,011,731	—	2,011,731
Acquired below-market leases	(185,067)	(1,937)	(183,130)
Working capital and other	(152,506)	(152,506)	—
Total	\$ 7,409,880	\$ 3,645,828	\$ 3,764,052

Upon closing of the mergers, the purchase consideration will be adjusted for working capital levels and other adjustments as stipulated in the merger agreement.

Upon completion of the fair value assessment, the final purchase price allocation may differ from the preliminary allocation provided above. Any changes to the initial estimates of the fair value of the assets and liabilities will be recorded as adjustments to those assets and liabilities and the residual amounts will be allocated as an increase or decrease to goodwill. The goodwill recorded is due primarily to the synergies expected to be realized between the two companies and the assembled workforce acquired in connection with the mergers.

The fair value of investment in real estate acquired of \$4.0 billion consists of land with an estimated fair value of \$0.3 billion, building and improvements with an estimated fair value of \$2.9 billion and construction in process, which is classified within building and improvements, with an estimated fair value of \$0.8 billion. Buildings and improvements are expected to be depreciated on a straight-line basis over estimated useful lives of 2 - 39 years.

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The components of investment in real estate have been valued using a combination of the income approach, the market approach and the cost approach, which is based on current replacement and/or reproduction cost of the asset as new, less depreciation attributable to physical, functional and economic factors.

The fair value of definite life intangible assets acquired of \$1.5 billion primarily consists of customer relationships with an estimated fair value of \$1.0 billion, in-place lease value with an estimated fair value of \$0.5 billion, acquired above-market leases with an estimated fair value of \$160 million, acquired below-market leases with an estimated fair value of \$(185) million and tenant origination costs with an estimated fair value of \$51 million. The customer relationship value is expected to be amortized on a straight-line basis over an estimated useful life of approximately 19 years, in-place lease value is expected to be amortized on a straight-line basis over an estimated useful life of six years, acquired above-market leases is expected to be amortized on a straight-line basis over an estimated useful life of approximately four years, acquired below-market leases is expected to be amortized on a straight-line basis over an estimated useful life of approximately 12 years and tenant origination costs is expected to be amortized on a straight-line basis over an estimated useful life of seven years.

The fair value of intangible assets is determined primarily using the “income approach,” which is a valuation technique that provides an estimate of the fair value of an asset based on market participants’ expectations of the cash flows an asset would generate over its remaining useful life. Some of the more significant assumptions inherent in the development of the valuations include the estimated annual net cash flows for each indefinite lived or definite lived intangible asset (including net revenues, operating expenses, selling and marketing costs and working capital asset/contributory asset charges), the appropriate discount rate that appropriately reflects the risk inherent in each future cash flow stream, the assessment of each asset’s life cycle, and competitive trends as well as other factors.

- (c) Adjustment eliminates DFT OP’s historical accumulated depreciation.
- (d) Adjustment eliminates DFT OP’s historical deferred rent receivable.
- (e) Adjustment reflects the GBP Notes Offering and the USD Notes Offering (in each case, net of related financing costs and discount), a draw on the mortgage loan facility and the Preferred Offering (net of offering costs) and the use of proceeds therefrom (in thousands):

	Global credit facility, net	Unsecured term loan, net	Unsecured senior notes, net	Mortgage loans, including premiums, net	General Partner — preferred units	Net proceeds / (payments)
2.750% Guaranteed Notes due 2024 ⁽¹⁾	\$ —	\$ —	\$ 321,302	\$ —	\$ —	\$ 321,302
2.750% Notes due 2023	—	—	346,855	—	—	346,855
3.700% Notes due 2027	—	—	991,040	—	—	991,040
Mortgage loan facility	—	—	—	104,000	—	104,000
5.250% Series J Cumulative Redeemable Preferred Units	—	—	—	—	193,164	193,164
Subtotal — Total DLR OP Proceeds	—	—	1,659,197	104,000	193,164	1,956,361
Repayment of DFT’ OPs indebtedness	(335,997)	(249,143)	(838,461)	(107,175)	—	(1,530,776)
Payment of transaction costs	—	—	—	—	—	(172,000)
Excess DLR OP proceeds applied to DLR OP debt	(253,585)	—	—	—	—	(253,585)
Adjustments	<u>\$ (589,582)</u>	<u>\$ (249,143)</u>	<u>\$ 820,736</u>	<u>\$ (3,175)</u>	<u>\$ 193,164</u>	<u>\$ —</u>

- (1) Assumes exchange rate of \$1.30 to £1.00, the exchange rate in effect on July 21, 2017, the closing date of the GBP Notes Offering.

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- (f) Reflects the issuance of 49.6 million DLR OP common units at an assumed price of \$114.56 per DLR OP common unit, which is the last reported sales price of DLR's common stock on the New York Stock Exchange on August 7, 2017, as well as the elimination of all historical DFT OP general partner's capital, limited partners' capital and redeemable partnership units balances and the incurrence of transaction costs. The following table sets forth the adjustments impacting general partner — common units, limited partner capital and redeemable partnership units (in thousands):

	General Partner — preferred units	General Partner — common units	Limited partners' capital	Redeemable partnership units
Issuance of DLR OP common units	\$ —	\$ 4,912,535	\$ 697,701	\$ 62,454
Exchange of series C preferred units	201,250	—	(201,250)	—
Elimination of DFT OP's historical capital balances	—	(5,326)	(620,609)	(714,494)
Transaction costs of DLR OP	—	(172,000)	—	—
Adjustments	<u>\$ 201,250</u>	<u>\$ 4,735,209</u>	<u>\$ (124,158)</u>	<u>\$ (652,040)</u>

3. Unaudited Pro Forma Condensed Combined Income Statement Adjustments

The unaudited pro forma condensed combined income statements reflect the effect of the following pro forma adjustments:

- (a) Rental revenue for the six months ended June 30, 2017 is adjusted to: (i) remove \$(2.5) million of DFT OP's historical straight-line rent; (ii) recognize \$7.0 million of total minimum lease payments provided under the acquired leases on a straight-line basis over the remaining term from January 1, 2016; (iii) remove \$0.4 million of DFT OP's historical amortization of the asset or liability created from previous acquisitions of leases with favorable or unfavorable rents; and (iv) amortization of the asset or liability from the acquired leases with favorable or unfavorable rents relative to estimated market rents, including a reduction of \$24.4 million from amortization of the asset and an increase of \$10.8 million from amortization of the liability, both from January 1, 2016. Rental revenue for the year ended December 31, 2016 is adjusted to: (i) remove \$0.1 million of DFT OP's historical straight-line rent; (ii) recognize \$20.0 million of total minimum lease payments provided under the acquired leases on a straight-line basis over the remaining term from January 1, 2016; (iii) remove \$0.4 million of DFT OP's historical amortization of the asset or liability created from previous acquisitions of leases with favorable or unfavorable rents; and (iv) amortization of the asset or liability from the acquired leases with favorable or unfavorable rents relative to estimated market rents, including a reduction of \$50.8 million from amortization of the asset and an increase of \$21.7 million from amortization of the liability, both from January 1, 2016. We amortized the asset or liability from the acquired leases with favorable or unfavorable rents relative to estimated market rents using the remaining lease term associated with these leases, which approximated eight years.
- (b) Reflects the net impact on depreciation and amortization expense of the following adjustments:
- An increase to depreciation and amortization expense of \$14.8 million and \$36.1 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, as a result of fair value accounting for investment in real estate and other fixed assets acquired in the mergers.
 - An increase to depreciation and amortization expense of \$95.5 million and \$224.2 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, as a result of fair value accounting for definite-lived intangible assets acquired in the mergers.

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For the six months ended June 30, 2017, real estate depreciation expense for the assets acquired in the mergers would have been \$167.2 million and non-real estate depreciation expense would have been \$0.3 million. For the year ended December 31, 2016, total real estate depreciation expense for the assets acquired in the mergers would have been \$360.9 million and non-real estate depreciation expense would have been \$7.2 million.

- (c) The unaudited pro forma condensed combined income statements and general and administrative expenses do not reflect the benefits of expected cost savings nor incremental costs that may be incurred, as a result of the mergers.
- (d) Adjustment eliminates \$16.6 million of merger-related expenses that were incurred and recorded by DLR OP and DFT OP during the six months ended June 30, 2017. Expenses related to the merger do not have a continuing impact on the results of income of DLR OP following the mergers, and therefore, such merger expenses are excluded from the unaudited pro forma condensed combined income statements.
- (e) Reflects the net impact on interest expense of the following adjustments:
- An increase in interest expense of \$29.7 million and \$59.4 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, due to the issuance of \$324.9 million aggregate principal amount of the 2024 GBP Notes assuming an exchange rate of \$1.30 to £1.00, the exchange rate in effect on July 21, 2017, the closing date of the GBP Notes Offering, \$350.0 million aggregate principal amount of the 2023 USD Notes, \$1.0 billion aggregate principal amount of the 2027 USD Notes and a \$104.0 million draw under the mortgage loan facility, which is assumed to bear interest at 3.70%, and an increase in associated deferred financing cost amortization of \$1.1 million and \$2.2 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, net of capitalized interest of \$8.9 million and \$10.4 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively and net of a reduction in interest expense of \$1.7 million and \$3.3 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, due to the pay down of our revolving credit facility with a portion of the net proceeds therefrom.
 - A reduction in interest expense of \$23.3 million and \$48.3 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively, due to the payoff of DFT OP debt in connection with the mergers and elimination of the associated deferred financing cost amortization of \$1.6 million and \$3.7 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively.
- (f) Adjustment reflects distributions on the series J preferred units issued by DLR OP in connection with the Preferred Offering of \$5.3 million and \$10.5 million for the six months ended June 30, 2017 and the year ended December 31, 2016, respectively.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (continued)

(g) The calculation of basic and diluted income per unit of common units was as follows:

	<u>Six months Ended June 30, 2017</u>		
	<u>(in thousands, except for per unit data)</u>		
	<u>DLR OP</u> <u>Historical</u>	<u>DFT OP</u> <u>Historical</u>	<u>Pro Forma</u> <u>Combined</u> <u>Company</u>
Net income from continuing operations available to common unitholders, basic and diluted	\$ 125,693	\$ 75,572	\$ 102,445
Weighted average common units outstanding, basic (1)	162,281	89,132	211,843
Weighted average common units outstanding, diluted (1)	163,271	90,124	212,833
Net income per unit available to common unitholders, basic	\$ 0.77	\$ 0.84	\$ 0.48
Net income per unit available to common unitholders, diluted	\$ 0.77	\$ 0.83	\$ 0.48

	<u>Year Ended December 31, 2016</u>		
	<u>(in thousands, except for per unit data)</u>		
	<u>DLR OP</u> <u>Historical</u>	<u>DFT OP</u> <u>Historical</u>	<u>Pro Forma</u> <u>Combined</u> <u>Company</u>
Net income from continuing operations available to common unitholders, basic and diluted	\$ 337,386	\$ 148,213	\$ 209,447
Weighted average common units outstanding, basic (1)	152,360	87,285	201,922
Weighted average common units outstanding, diluted (1)	153,086	88,120	202,648
Net income per unit available to common unitholders, basic	\$ 2.21	\$ 1.69	\$ 1.04
Net income per unit available to common unitholders, diluted	\$ 2.20	\$ 1.67	\$ 1.03

(1) The pro forma weighted average common units assume that the DLR OP common units issued to DFT OP unitholders in connection with the mergers were issued as of January 1, 2016.