



Real Estate for the Virtual World

DIGITAL REALTY TRUST 2005 ANNUAL REPORT



Dear Shareholders:

In our first full year of operation, we committed our full attention and resources to the challenge of building a business in a sector with tremendous growth potential. Our strategy is unique among real estate investment trusts: we focus exclusively on properties designed to meet the demanding technology requirements of today's corporate enterprises. This focus is a key source of differentiation for Digital Realty, and this year's annual report illustrates the direct link between our property portfolio and the growing need for specialized real estate that serves the dynamic world of information technology. Our strategy, our focus, and most importantly, our ability to execute made 2005 a year of substantial accomplishment:

- DLR's stock generated a total return to common shareholders of 78 percent in 2005. In fact, Digital Realty Trust was the top-performing REIT in 2005.¹
- Our dividend increased 8.7 percent to \$1.06 per share on an annualized basis.
- We exceeded our acquisition targets and grew our portfolio by more than 79 percent to 43 properties. Square footage increased by approximately 63 percent at year-end, and we owned approximately 9.2 million net rentable square feet, including space held for redevelopment.
- To complement our existing London property, we expanded our presence in Europe by adding sites in Amsterdam and Geneva during the year. In early 2006, we added a fourth property in Dublin.
- We signed new leases totaling almost 440,000 square feet during the year. Our unique brand of technical expertise and sales solutions established DLR as a trusted source for a wide variety of mission critical data center and Internet gateway space requirements ranging from 100 square foot telecom sites to 60,000 square foot custom designed data center spaces.
- We significantly reduced our ratio of total debt to total market capitalization to 33.3% at year-end 2005 from 42.1% at year-end 2004.
- We completed two successful preferred stock offerings and a follow-on common stock offering.

We are proud of what the Digital Realty Trust team accomplished in 2005, and we are excited and motivated by the prospects before us. The demand for our brand of corporate data center and technology industry space – real estate for the virtual world – is accelerating, and we believe no company is better positioned to capture this tremendous opportunity.

OUR FOCUS MAKES US DIFFERENT

It's important to understand that demand for our properties is not limited to technology tenants in the traditional sense. In today's business environment, corporate enterprises across all sectors of the economy rely on computers, the Internet, and telecommunications to conduct daily business. For contemporary business operations, the ability to manage data and transactions effectively, securely, and continuously necessitates a robust, 24x7 technology infrastructure. Moreover, recent history has underscored the need for disaster preparedness in terms of infrastructure security, contingency plans, and business continuity.

The critical role of data and technology translates directly into increasing demand for precisely the kind of sites we specialize in identifying, acquiring, and repositioning: buildings with the infrastructure to support and protect IT assets. Our tenants require facilities with superior power management and precision cooling capabilities that today's high-performance computer

¹ Source: NAREIT REITWatch, Citigroup Equity Research, REIT Wrap

systems demand. They want proximity to telecommunications networks. And they demand state-of-the-art security to house these vital assets. All of these distinct qualities are hallmarks of Digital Realty Trust properties; we believe no other firm can match our degree of focus on this sector. Our tenants appreciate our specialization as well as our ability to understand their technology real estate requirements.

We also believe that this sector is poised for continued growth as technology and the integrity of information continues to gain importance within the enterprise. Online retail sales, for example, are growing at a compound rate of 14 percent per year and are expected to reach \$329 billion by 2010.¹ Regulations such as the Sarbanes-Oxley and the Gramm-Leach-Bliley Acts require companies to secure and protect their data. The sheer volume of data is growing; one estimate puts the rate at 60 percent a year.² And business continuity is becoming more critical. One analyst firm estimates that 70 percent of businesses experience systems downtime every year.³ All these trends require IT investments which, by extension, drive demand for our brand of real estate. The specialized nature of our product and the high level of investment by our tenants into their respective spaces should result in stable occupancy and growing rents.

LOOKING FORWARD

In 2005, we worked hard on our acquisition, geographic expansion, and leasing strategies. We made particularly good progress securing our presence in the Midwest, the East Coast, and Europe. Looking ahead, we continue to benefit from a very robust acquisition pipeline. As we grow our portfolio, we are actively building our brand; we want Digital Realty Trust to be recognized as the market leader for corporate data center and technology industry space with the expertise, responsiveness, and creativity that today's customers demand.

We are confident about our marketplace and our strategy. We are even more confident about the people who transform our strategy into results. The people of Digital Realty Trust – now more than 60 strong – worked incredibly hard in 2005, and we thank them for their dedication, their intelligence, and their energy. We also thank our tenants for their confidence and their business. Finally, we acknowledge the support of our shareholders. Our mission on your behalf is crystal-clear: to enhance the value of your investment. We did that successfully in 2005; we are working diligently to do that in the quarters and years ahead.



Michael Foust

MICHAEL FOUST

Chief Executive Officer

Richard Magnuson

RICHARD MAGNUSON

Executive Chairman

¹ Source: Forrester Research

² Source: Wall Street Journal

³ Source: Datamation

A high-angle, slightly blurred photograph of a busy trading floor. Numerous people are seated at desks, each equipped with multiple computer monitors. The room is filled with the glow of screens and the movement of people, creating a sense of intense activity. The lighting is somewhat dim, with the primary light sources being the computer monitors. The overall atmosphere is one of a high-stakes, fast-paced financial environment.

A typical day on a major U.S. trading floor can see some two billion shares change hands. Keeping this type of economic activity operating at optimal performance and ensuring the integrity of the market's financial data demands high-performance, high-security networking, computing, and backup – the kind of technology housed in Digital Realty Trust properties.

TO FUEL THEIR MASSIVE TECHNOLOGY INVESTMENTS,
OUR TENANTS DEMAND STATE-OF-THE-ART POWER CAPABILITIES.
OUR RECENTLY ACQUIRED PROPERTY IN CHICAGO, THE 1.1 MILLION
SQUARE-FOOT 350 EAST CERMAK ROAD FACILITY, OFFERS FIVE TIMES
THE POWER CAPACITY OF THE SEARS TOWER DESPITE BEING
ONE-QUARTER OF ITS SIZE.





PROXIMITY TO THE BACKBONE OF THE INTERNET
IS CRUCIAL FOR OUR TENANTS, AND OUR 490,000 SQUARE-FOOT
600 WEST 7TH STREET PROPERTY IN LOS ANGELES
IS THE INTERNET HUB FOR SOUTHERN CALIFORNIA.



The Internet created an entirely new shopping experience – the virtual store – and online sales volumes have already reached hundreds of billions of dollars.

E-commerce companies are vigorous consumers of real estate to house technology and their “virtual assets.” Their brick and mortar locations must meet their demanding requirements for power, cooling, telecommunications, and security – and that’s why many of them are turning to Digital Realty Trust properties.

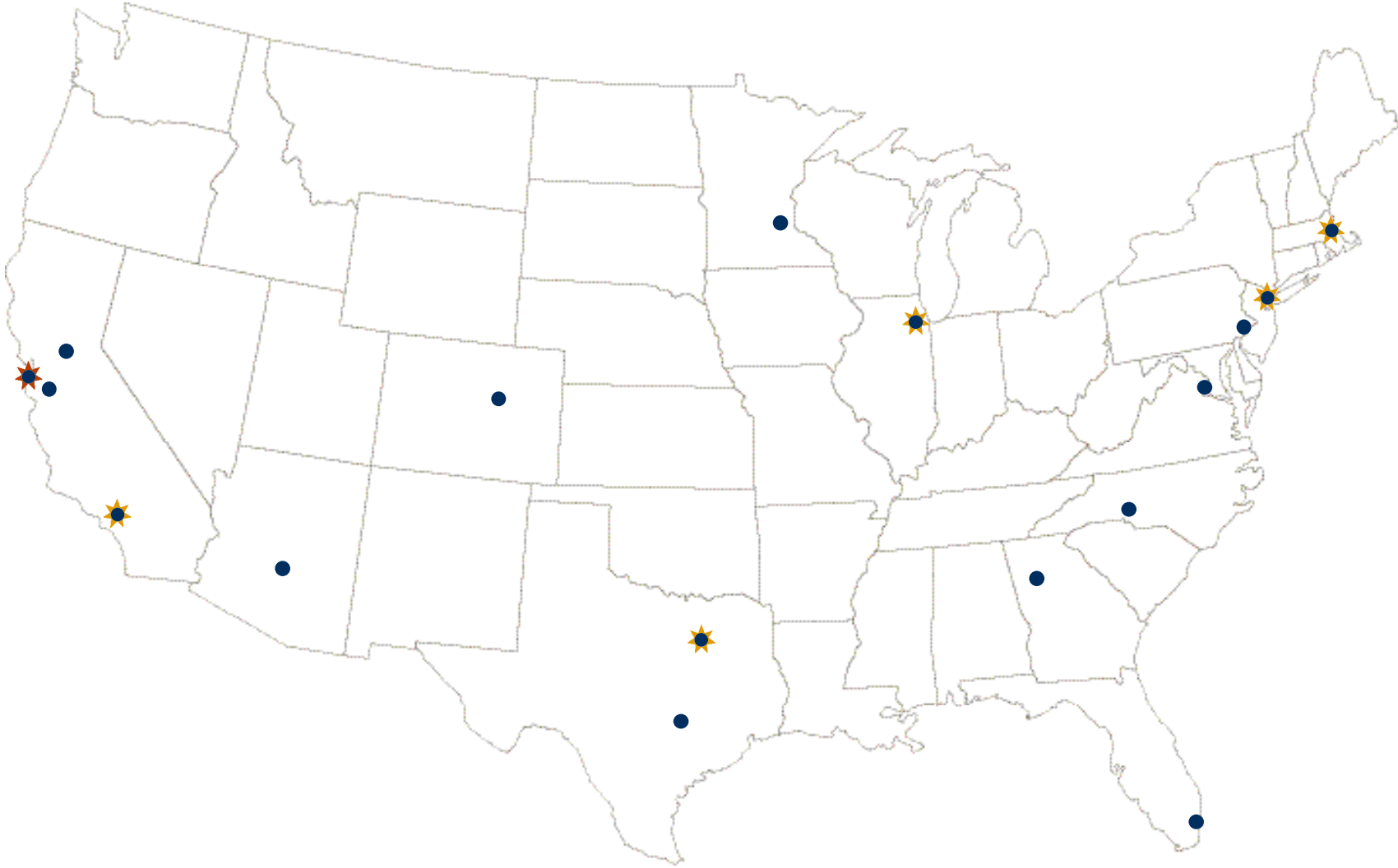
Digital Realty Trust Properties

DOMESTIC PROPERTIES	# OF PROPERTIES	# OF BUILDINGS	NET RENTABLE SQUARE FEET*
Atlanta	1	1	250,191
Austin	1	2	119,962
Boston	3	4	652,025
Charlotte	3	3	95,490
Chicago	2	2	1,294,938
Dallas	5	5	1,343,608
Denver	2	2	448,413
Los Angeles	4	4	755,402
Miami	1	1	162,140
Minneapolis/St. Paul	1	1	88,134
New York	2	2	595,074
Northern Virginia	1	1	70,982
Philadelphia	1	1	654,758
Phoenix	1	1	113,405
Sacramento	1	1	62,957
San Francisco	1	4	532,238
Silicon Valley	10	15	1,723,138
INTERNATIONAL PROPERTIES	# OF PROPERTIES	# OF BUILDINGS	NET RENTABLE SQUARE FEET*
Amsterdam, Netherlands	1	1	112,472
Geneva, Switzerland	1	1	59,190
London, England	1	1	63,233
TOTAL	43	53	9,197,750

*Includes redevelopment square footage.

U.S. AND EUROPEAN MARKET PRESENCE

at December 31, 2005



	<i>Corporate Headquarters: San Francisco</i>
	<i>Regional Offices: Los Angeles, Chicago, Dallas, Boston, and NY Metro</i>
	<i>Digital Realty Trust Markets</i>



In today's networked economy, natural disasters along with man-made ones pose serious threats to business continuity and data and processing integrity. In fact, most enterprises today must be prepared to maintain operations 24/7/365, and national and international regulations mandate the safety and integrity of data. They need robust contingency plans and dispersed locations for technology assets – a perfect alignment with our growing property portfolio.

IF DISASTER STRIKES, OUR TENANTS CAN BE UP AND RUNNING QUICKLY.
IN NORTHERN NEW JERSEY, RIGHT ACROSS THE HUDSON RIVER
FROM MIDTOWN MANHATTAN, OUR 311,000 SQUARE-FOOT
300 BOULEVARD EAST FACILITY SERVES AS A DATA CENTER FOR SOME
OF THE WORLD'S LARGEST COMPANIES — AND REPRESENTS A CRITICAL
ALTERNATIVE OPERATIONS AND PROCESSING CENTER
SHOULD THE NEED ARISE.





THE SAFETY AND SECURITY OF OUR TENANTS' ASSETS ARE ESSENTIAL COMPONENTS OF THE VALUE PROPOSITION OF EVERY DIGITAL REALTY TRUST PROPERTY, INCLUDING OUR 82,000 SQUARE-FOOT 8534 CONCORD CENTER DRIVE DATA CENTER IN DENVER, COLORADO, WHICH FEATURES A STATE-OF-THE-ART NETWORK SECURITY AND OPERATIONS ROOM ALONG WITH ROBUST POWER, TELECOMMUNICATIONS, AND PRECISION COOLING SYSTEMS.



Data security is critical to every enterprise in the digital economy, and recent federal legislative and regulatory initiatives, such as the Sarbanes-Oxley and the Gramm-Leach-Bliley Acts, have made data security the law of the land as well as a good business practice. The consequences of violating these mandates can be severe, so enterprises are taking extra precautions to secure their data. One of the most effective tools is to house data in secure facilities, and Digital Realty Trust properties are designed to keep both systems and data safe from loss or theft using everything from physical barriers to the latest in biometric security systems.

Corporate & Shareholder Information

SENIOR MANAGEMENT

Richard A. Magnuson
Executive Chairman

Michael F. Foust
Chief Executive Officer

A. William Stein
Chief Financial Officer and Chief Investment Officer

Scott E. Peterson
Senior Vice President, Acquisitions

Christopher J. Crosby
Senior Vice President, Sales and Technical Services

BOARD OF DIRECTORS

Laurence A. Chapman ⁽¹⁾ ⁽³⁾
Audit Committee Chairman

Kathleen Earley ⁽²⁾ ⁽³⁾

Ruann F. Ernst ⁽¹⁾ ⁽²⁾ ⁽³⁾

Dennis E. Singleton ⁽¹⁾ ⁽²⁾

Richard A. Magnuson

Michael F. Foust

⁽¹⁾ *Audit Committee Member*

⁽²⁾ *Compensation Committee Member*

⁽³⁾ *Nominating and Corporate Governance Committee Member*

CORPORATE INFORMATION

Corporate Office

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www.digitalrealtytrust.com

Ticker Symbols

NYSE: Common Stock: DLR
Preferred Stock Series A: DLR-PA
Preferred Stock Series B: DLR-PB

Stock Transfer Agent

American Stock Transfer & Trust Company
59 Maiden Lane
Plaza Level
New York, NY 10038
Toll Free Phone: 800.937.5449
www.amstock.com

Investor Relations

Investors seeking additional information about Digital Realty Trust can visit the Company's website at www.digitalrealtytrust.com (click on "Investor Relations") or contact us at:

Investor Relations
560 Mission Street, Suite 2900
San Francisco, CA 94105
Phone: 415.738.6500

Annual Meeting

The Company's annual meeting will be held at 11AM Pacific time on Monday, May 1, 2006 at:
560 Mission Street
Conference Center, 8th Floor
San Francisco, CA 94105



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