

THE BENEFITS OF BEING

# out in front

DIGITAL REALTY TRUST | 2008 Annual Report



DIGITAL REALTY TRUST. DIGITAL REALTY TRUST, INC. OWNS, ACQUIRES, DEVELOPS, REDEVELOPS AND MANAGES REAL ESTATE FOR THE PURPOSE OF PROVIDING TURN-KEY DATACENTER<sup>SM</sup>, POWERED BASE BUILDING<sup>SM</sup> AND BUY AND BUILD-TO-SUIT DATACENTER SOLUTIONS. THESE SOLUTIONS COMBINE PREMISES, INFRASTRUCTURE, AND FACILITIES MANAGEMENT FOR COMPANIES SEEKING TO COST-EFFECTIVELY EXPAND THEIR DATA CENTER CAPACITY OR OUTSOURCE EXISTING DATA CENTER OPERATIONS. OUR TENANTS RANGE ACROSS A VARIETY OF INDUSTRY VERTICALS, FROM INFORMATION TECHNOLOGY AND INTERNET ENTERPRISES TO MANUFACTURING AND FINANCIAL SERVICES. THE DIGITAL REALTY TRUST PORTFOLIO IS LOCATED IN 27 MARKETS THROUGHOUT NORTH AMERICA AND EUROPE. IT COMPRISES MORE THAN 75 PROPERTIES WITH APPROXIMATELY 13.0 MILLION RENTABLE SQUARE FEET, INCLUDING 1.6 MILLION SQUARE FEET OF SPACE CURRENTLY HELD FOR REDEVELOPMENT.

This annual report contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. Such forward-looking statements include statements related to the Company's expected future financial and other results, financial flexibility and access to capital, the commencement of leases and demand for space, and the Company's ability to execute its strategies. For a list and description of the risks and uncertainties that could cause actual outcomes and results to differ materially, see the section entitled "Risk Factors" in the Company's annual report on Form 10-K for the year ended December 31, 2008, which is a part of this annual report. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## OUT IN FRONT

Digital Realty Trust provides the foundation of the digital world: mission critical corporate and Internet gateway datacenters that are integral to the business operations of our enterprise tenants. Our early commitment to this mission has made us the world's largest wholesale datacenter provider, and our resulting size and financial strength have enabled us to sustain our growth even in a difficult financial and economic environment. Yet, because we are out in front, we have remained nimble and responsive – able to see opportunities sooner, identify and obtain resource requirements more efficiently, and build our portfolio strategically and cost-effectively.

# anticipating

THE NEED FOR CAPITAL AND A STRONG BALANCE SHEET  
AHEAD OF THE FINANCIAL CRISIS.

financial flexibility | sufficient liquidity | out in front





Digital Realty Trust raised **\$813.5 million** of new capital in 2008.

At Digital Realty Trust, technical professionals make up over **40%** of all employees.



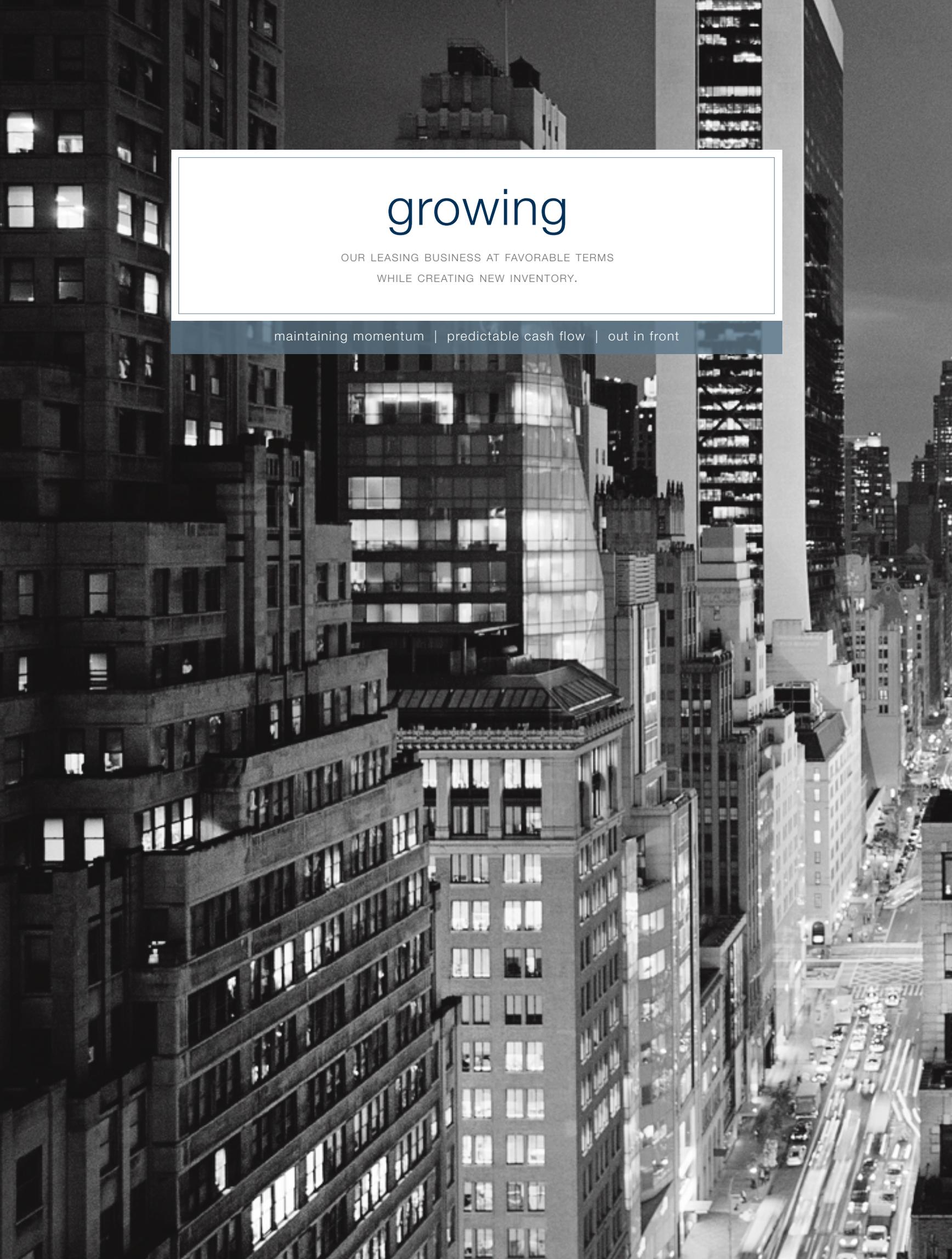
FROM LEFT TO RIGHT: Dave Caron, Senior Vice President, Portfolio Management, Bernard Geoghegan, Senior Vice President, International, Bill Stein, Chief Financial Officer and Chief Investment Officer, Mike Foust, Chief Executive Officer, Chris Crosby, Senior Vice President, Sales and Technical Services, Scott Peterson, Senior Vice President, Acquisitions and Ellen Jacobs, Vice President of Corporate Services and Human Resources.



# achieving

SUFFICIENT SCALE TO ATTRACT AND RETAIN THE BEST  
PEOPLE FOR A PROVEN OPERATING PLATFORM.

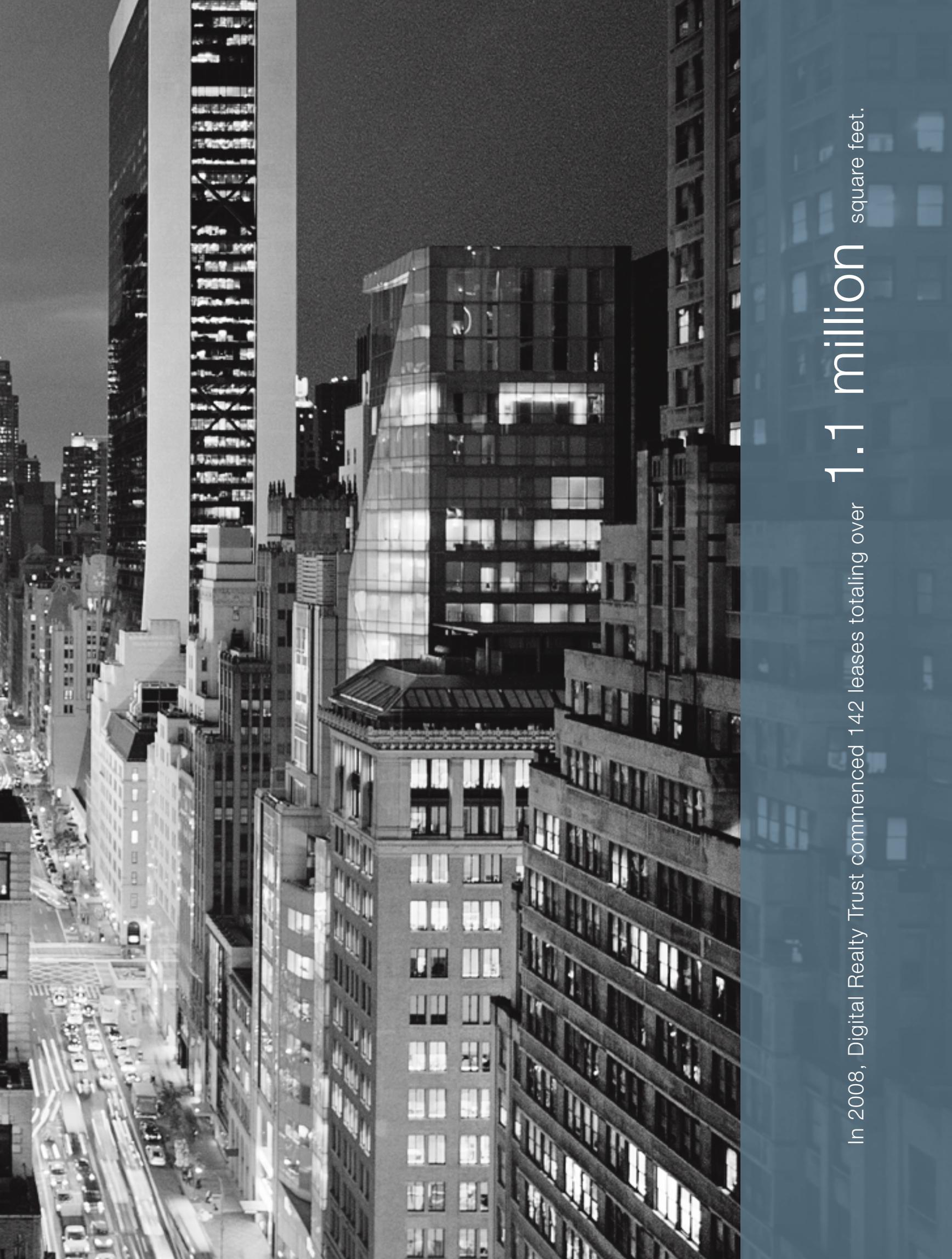
specific expertise | rigorous execution | out in front



# growing

OUR LEASING BUSINESS AT FAVORABLE TERMS  
WHILE CREATING NEW INVENTORY.

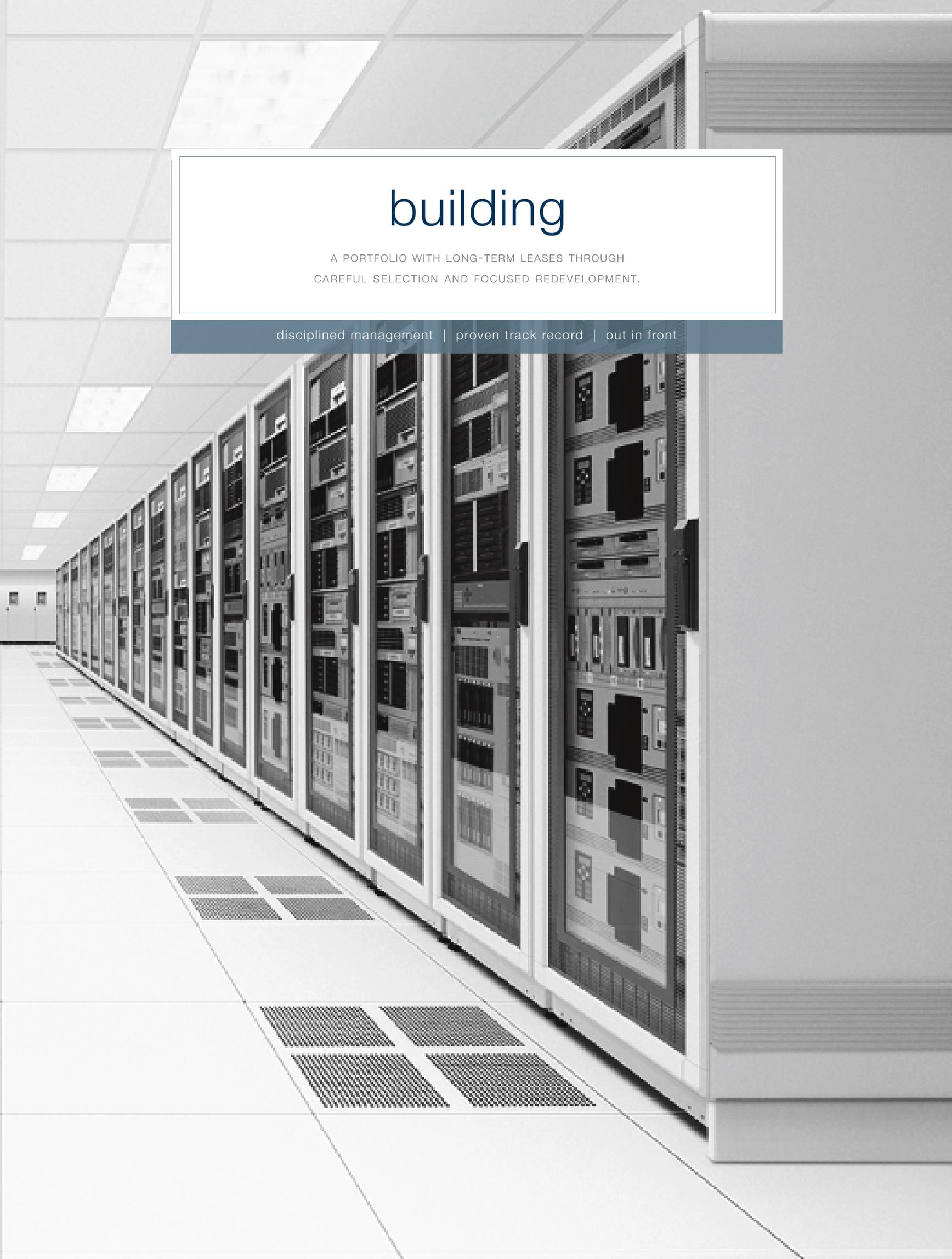
maintaining momentum | predictable cash flow | out in front



In 2008, Digital Realty Trust commenced 142 leases totaling over **1.1 million** square feet.

Digital Realty Trust achieved **23%** same store growth year over year in operating revenues.





# building

A PORTFOLIO WITH LONG-TERM LEASES THROUGH  
CAREFUL SELECTION AND FOCUSED REDEVELOPMENT.

disciplined management | proven track record | out in front

## Dear Shareholders:

When our predecessor was formed in 2001, in the midst of a different economic crisis, the original investment thesis was based on the belief that information technology (IT) applications and the Internet would ultimately serve as mission critical components of the global economy. Since that time we have seen the widespread adoption of Internet-related technologies and services as well as corporate IT applications across industry verticals that businesses and consumers alike have come to depend upon every day, in good times and in bad. Our success over the years has been driven by providing state-of-the-art datacenter solutions efficiently and cost-effectively directly to corporate enterprises and the companies that provide communication and IT services to their customers.

In 2008, Digital Realty Trust remained out in front in the datacenter solutions market. We expanded our portfolio through acquisitions, development and redevelopment, commenced a record number of new leases, and continued to strategically access capital from multiple sources. Our operational success was evidenced by our top line growth, bottom line results, and our strong balance sheet. In addition, our stock proved far more resilient to market fluctuations than the full-year average performances of both the real estate investment trust (REIT) index and the major indices of the broader market.<sup>1</sup>

Digital Realty Trust has become the world's largest wholesale datacenter provider, and the pace of our growth continued in 2008. While the media tended to focus on the current credit crisis and deepening recession, local, national and global enterprises quietly conducted more of their business and delivered more of their services in digital form in datacenters and over the Internet. This long-term trend transcends industry and geography – and continues to generate new demand for our datacenter real estate solutions.

The other dominant factor in our progress is the combination of our people and our operating platform. Because we quickly achieved leadership size and scale in our market, we have been able to attract and retain talented IT and real estate professionals with both specialized knowledge and multi-disciplinary experience. This in turn positioned us to see further ahead, align our resources with opportunities more precisely, and execute on those opportunities more efficiently.

### FINANCIAL & OPERATIONAL RESULTS

Our operating platform at Digital Realty Trust is built to deliver growth with strong margins. Even with approximately 350 tenants and nearly 900 leases, we continually seek to bring more of our operating results to the bottom line. Highlights in 2008 included<sup>2</sup>:

- Net income of \$67.7 million, a 67 percent increase compared to 2007.
- Net income available to common shareholders of \$29.1 million, or \$0.41 per diluted share, up from \$21.3 million, or \$0.34 per diluted share, in 2007.
- Funds from operations (FFO) on a diluted basis of \$230.3 million, or \$2.62 per diluted share and unit, up 27.8 percent on a diluted share and unit basis over 2007.
- A 24.3 percent increase in earnings before interest, taxes, depreciation, and amortization, adjusted for minority interests and preferred stock dividends (adjusted EBITDA), which reached \$303.9 million.<sup>3</sup>
- A quarterly common stock dividend of \$0.33 per share beginning in the fourth quarter, up 6.5 percent compared to the fourth quarter of 2007.

Our bottom line results in 2008 reflect the continued growth in our property portfolio and leasing activities and our focus on maintaining a strong balance sheet with financial flexibility.

<sup>1</sup> Includes the MSCI REIT Index (RMS), the S&P 500 Index and the Dow Jones Industrial Index.

<sup>2</sup> See the insert for a description and reconciliation of non-GAAP financial measures.

<sup>3</sup> Excluding the \$18 million gain on sale of assets in 2007.

- **Leasing drives our internal growth:** We signed 145 leases totaling over 1.1 million square feet in 2008, representing approximately \$112.1 million in annualized GAAP rent.<sup>4</sup> Furthermore, while global financial markets and the economy worsened in the second half of 2008, our leasing activity remained strong. At year-end, our total portfolio occupancy rate was 94.9 percent, excluding space held for redevelopment. We also maintained the diversity in our tenant base, with no single tenant accounting for more than 11.1 percent of annualized rent.
- **Acquisitions and redevelopment expand our portfolio:** In 2008 we invested \$101.2 million in five new property acquisitions totaling more than 564,000 rentable square feet, including space held for redevelopment. In addition, we completed redevelopment of more than 912,000 square feet and added it to our operating portfolio. Driven by our acquisitions and redevelopment program, the book value of total assets surpassed \$3.5 billion at year-end, more than quadrupling our total assets since our IPO in November 2004.
- **Access to capital bolsters our financial strength:** Funding the expansion of our portfolio while maintaining a strong balance sheet with sufficient liquidity depends on timely access to capital. Despite deteriorating capital markets in 2008, Digital Realty Trust raised \$813.5 million in new capital at favorable terms and in accordance with our conservative capital strategy. Debt financings totaled \$268.3 million, and we kept our weighted average cost of debt, including interest rate swaps, below 6 percent. New equity capital totaled \$545.2 million, including \$333.6 million from issuance of convertible preferred stock and \$211.6 million from issuance of common stock.

#### EXTERNAL RECOGNITION

One of the signs of our market leadership is external recognition for our people and our operating platform – particularly with regard to our information technology expertise. *InfoWorld* magazine included Digital Realty Trust in its 2008 “Green 15” list of organizations that are finding ways to meet IT business goals and environmental goals at the same time. We were also proud to see our chief technology officer (CTO), Jim Smith, included in the *InfoWorld* list of 25 top CTOs in 2008. Even though Digital Realty Trust is classified as a REIT, our solutions depend on world-class sophistication in datacenter design, management and operation. IT expertise is what distinguishes us from the commodity real estate market and has fueled our profitable growth.

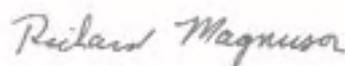
#### LOOKING AHEAD

We see many economic forecasts that predict slow or negative growth in 2009, and the global credit crisis has shown few signs of abating. We understand that these macroeconomic trends can affect our business. In fact, our business model is designed with the operating and financial flexibility to adapt to changes in business cycles and capital markets. Early in 2009, for example, we completed a follow-on offering of common stock that generated more than \$83 million in net proceeds and secured another \$25 million of unsecured debt from our shelf facility. These funds further enhance our liquidity and fortify our balance sheet in 2009 while adding potential growth capital for 2010.

Looking ahead, we are mindful of the significant challenges the economy must overcome as well as the obstacles that continue to impact the normal flow of capital in the credit and equity markets. Our confidence in our financial strength and operating platform is primarily due to the talented, dedicated people on our team, who kept Digital Realty Trust out in front in 2008 despite historically adverse economic conditions. We thank all of them for a job well done, and look forward to reporting on our progress in the year ahead.

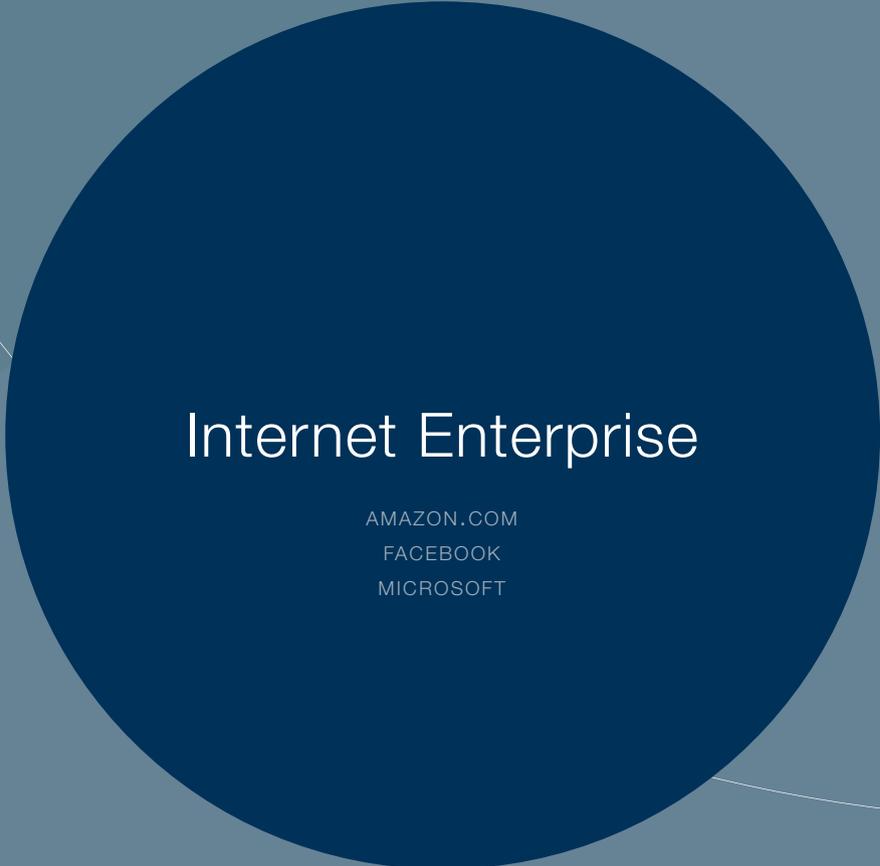


MICHAEL FOUST  
Chief Executive Officer



RICHARD MAGNUSON  
Chairman

<sup>4</sup> Including one agreement to execute a lease signed in 2007 totaling approximately 120,000 square feet, for which significant contingencies were satisfied in 2008 and for which the lease was executed in 2009.



DLR is o  
in the datacenter

OUR DIVERSE TENANT BASE REPRESENTS

# Financial

BC  
AN CHASE  
ANTILE EXCHANGE

# Corporate Enterprise

BP  
TOYOTA  
CIGNA

# Out in front solutions market

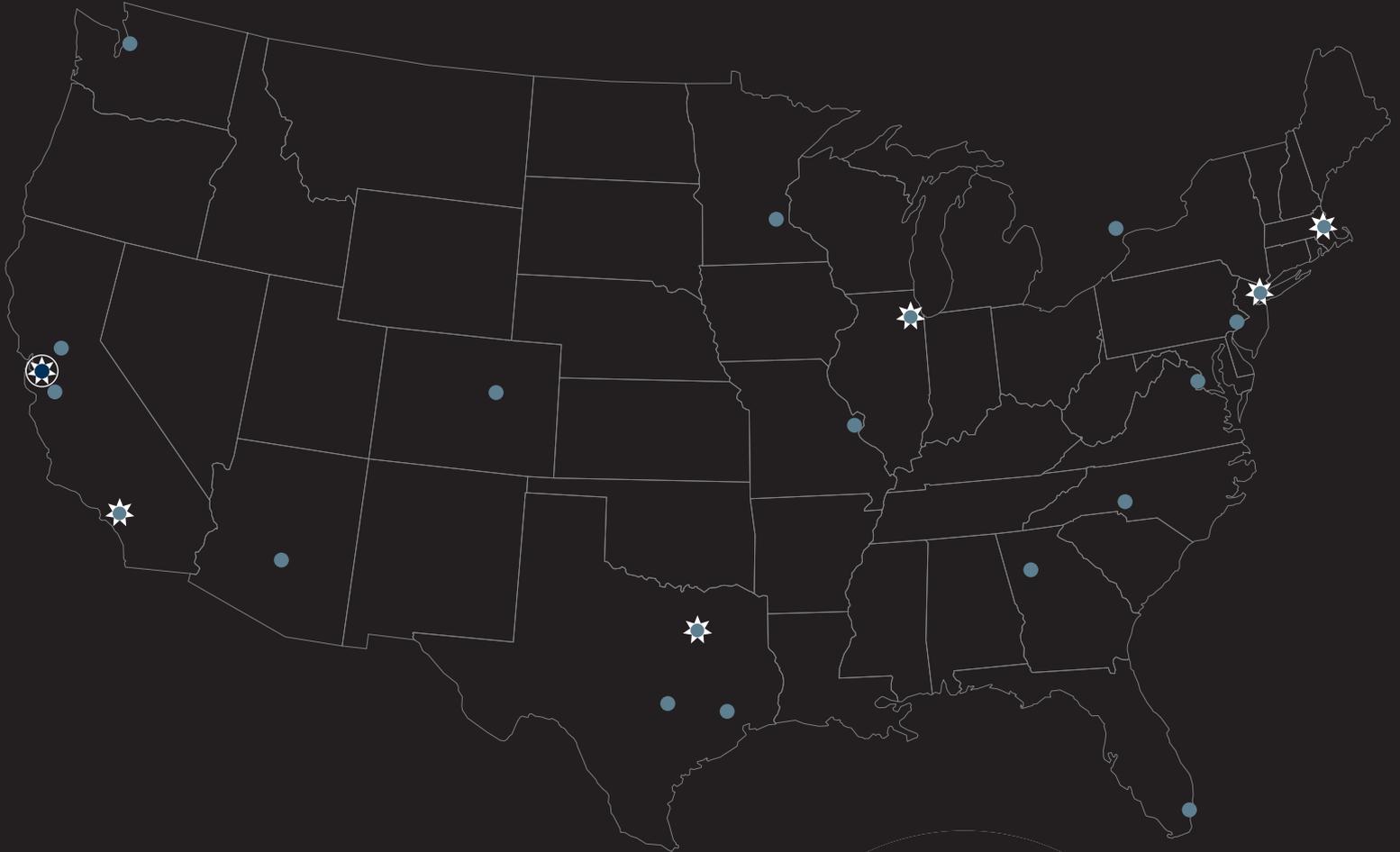
A VARIETY OF INDUSTRY VERTICALS

# Communications

AT&T  
T SYSTEMS  
BT

# U.S. and European Market Presence

AT DECEMBER 31, 2008



	CORPORATE HEADQUARTERS: San Francisco
	REGIONAL OFFICES: Los Angeles, Chicago, Dallas, Boston, NY Metro, London, Dublin and Paris
	DIGITAL REALTY TRUST MARKETS

## Digital Realty Trust Portfolio<sup>1</sup>

DOMESTIC PROPERTIES	# OF PROPERTIES	# OF BUILDINGS	TOTAL RENTABLE SF <sup>2</sup>
Atlanta	2	2	563,772
Austin	2	2	119,962
Boston	3	4	484,086
Charlotte	3	3	95,499
Chicago	2	2	1,295,286
Dallas	6	8	1,467,832
Denver	1	1	85,660
Houston	1	6	300,705
Los Angeles	4	4	755,046
Miami	2	3	226,314
Minneapolis/St. Paul	1	1	112,827
New York	5	5	1,098,306
Northern Virginia	7	10	879,908
Philadelphia	1	1	654,758
Phoenix	3	3	477,269
Sacramento	1	1	62,957
San Francisco	1	4	527,680
Seattle	1	1	400,369
Silicon Valley	13	18	1,879,306
St. Louis	3	3	469,854
INTERNATIONAL PROPERTIES	# OF PROPERTIES	# OF BUILDINGS	TOTAL RENTABLE SF <sup>2</sup>
Amsterdam, Netherlands	3	4	231,317
Dublin, Ireland	3	3	264,500
Geneva, Switzerland	1	1	59,190
London, England	4	5	374,760
Manchester, England	1	1	38,016
Paris, France	1	2	352,146
Toronto, Canada	1	1	83,758
<b>TOTAL</b>	<b>76</b>	<b>99</b>	<b>13,361,083</b>

<sup>1</sup> Includes properties owned and one property held as an investment in an unconsolidated joint venture as of 2/26/09.

<sup>2</sup> Includes redevelopment square footage.

## Corporate and Shareholder Information

### SENIOR MANAGEMENT

Richard A. Magnuson  
Chairman of the Board

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

David J. Caron  
Senior Vice President, Portfolio Management

Bernard Geoghegan  
Senior Vice President, International

### BOARD OF DIRECTORS

Laurence A. Chapman <sup>(1)</sup> <sup>(3)</sup>  
Audit Committee Chairman

Kathleen Earley <sup>(2)</sup> <sup>(3)</sup>  
Nominating & Corporate Governance  
Committee Chairman

Ruann F. Ernst <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>

Dennis E. Singleton <sup>(1)</sup> <sup>(2)</sup>  
Compensation Committee Chairman

Richard A. Magnuson  
Chairman of the Board

Michael F. Foust  
Chief Executive Officer

### CORPORATE INFORMATION

#### Corporate Office

560 Mission Street, Suite 2900  
San Francisco, CA 94105  
T. +1.415.738.6500  
F. +1.415.738.6501  
[www.digitalrealtytrust.com](http://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 T. +1.800.937.5449  
[www.amstock.com](http://www.amstock.com)

#### Investor Relations

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

Investor Relations  
560 Mission Street, Suite 2900  
San Francisco, CA 94105  
T. +1.415.738.6500

#### Annual Meeting

The Company's annual meeting will be held at 10AM Pacific time on Tuesday, April 28, 2009 at:

560 Mission Street  
Conference Center, 20th Floor  
San Francisco, CA 94105

<sup>(1)</sup> Audit Committee Member

<sup>(2)</sup> Compensation Committee Member

<sup>(3)</sup> Nominating & Corporate Governance Committee Member

## Digital Realty Trust Locations – Worldwide

### CORPORATE HEADQUARTERS

**San Francisco**  
560 Mission Street, Suite 2900  
San Francisco, CA 94105  
T. +1.415.738.6500  
F. +1.415.738.6501  
[www.digitalrealtytrust.com](http://www.digitalrealtytrust.com)

### REGIONAL OFFICES - U.S.

**Boston**  
451 D Street, Suite 912  
Boston, MA 02210  
T. +1.857.366.9900  
F. +1.857.366.9998

**Chicago**  
350 East Cermak Road  
Chicago, IL 60616  
T. +1.312.567.0900  
F. +1.312.326.4510

**Dallas**  
2323 Bryan Street, Suite 1800  
Dallas, TX 75301  
T. +1.214.231.1350  
F. +1.214.231.1345

### REGIONAL OFFICES - U.S. (cont.)

**Los Angeles**  
600 West 7th Street, Suite 510  
Los Angeles, CA 90017  
T. +1.213.688.0963  
F. +1.213.688.2811

**New York**  
111 8th Avenue, 2nd Floor  
New York, NY 10011  
T. +1.212.488.3203 ext. 3155  
F. +1.212.627.2962

**Northern Virginia**  
1807 Michael Faraday Ct.  
Reston, VA 20190  
T. +1.571.633.0390  
F. +1.571.633.9340

**Phoenix**  
120 East Van Buren  
Suite 100  
Phoenix, AZ 85004  
T. +1.602.682.2200  
F. +1.602.682.2212

### REGIONAL OFFICES - EUROPE

**Dublin**  
Unit 9  
Blanchardstown Corporate Park  
Blanchardstown  
Dublin 15  
Ireland  
T. +353 (0)1.448.1424  
F. +353 (0)1.448.1414

**London**  
Level 9, 71 Fenchurch Street  
London, EC3M4BS  
United Kingdom  
T. +44 (0)20.7954.9100  
F. +44 (0)20.7702.4874

**Paris**  
19 Boulevard  
Malesherbes, 75008  
Paris, France  
T. +33 (0)1.55.27.36.45  
F. +33 (0)1.55.27.37.00



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560 Mission Street, Suite 2900 San Francisco, CA 94105 | T. +1.415.738.6500  
[www.digitalrealtytrust.com](http://www.digitalrealtytrust.com)