UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2005

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Transition Period From __________ to __________.

Commission file number 001-32336

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

Maryland **(State or other jurisdiction of Incorporation or organization)**	**26-0081711** **(IRS employer identification number)**
560 Mission Street, Suite 2900 **San Francisco, CA** **(Address of principal executive offices)**	**94105** **(Zip Code)**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 10, 2005
Common Stock, $.01 par value per share	27,304,691

Table of Contents

DIGITAL REALTY TRUST, INC.
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2005
TABLE OF CONTENTS

		Page number
PART I.	**FINANCIAL INFORMATION**	
ITEM 1.	Consolidated and Combined Condensed Financial Statements:	
	Condensed Consolidated Balance Sheets for the Company as of September 30, 2005 (unaudited) and December 31, 2004	1
	Condensed Consolidated and Combined Statements of Operations for the Company for the three and nine months ended September 30, 2005 and for the Digital Realty Trust, Inc. Predecessor for the three and nine months ended September 30, 2004 (all unaudited)	2
	Condensed Consolidated and Combined Statements of Comprehensive Income for the Company for the three and nine months ended September 30, 2005 and for the Digital Realty Trust, Inc. Predecessor for the three and nine months ended September 30, 2004 (all unaudited)	3
	Condensed Consolidated and Combined Statements of Cash Flows for the Company for the nine months ended September 30, 2005 and for the Digital Realty Trust, Inc. Predecessor for the nine months ended September 30, 2004 (both unaudited)	4
	Notes to Condensed Consolidated and Combined Financial Statements	6
ITEM 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	17
ITEM 3.	Quantitative and Qualitative Disclosures About Market Risk	30
ITEM 4.	Controls and Procedures	31
PART II.	**OTHER INFORMATION**	
ITEM 1.	Legal Proceedings	31
ITEM 2.	Changes in Securities and Use of Proceeds	31
ITEM 3.	Defaults Upon Senior Securities	31
ITEM 4.	Submission of Matters to a Vote of Security Holders	31
ITEM 5.	Other Information	31
ITEM 6.	Exhibits	31
	Signatures	33

Table of Contents

ITEM 1. *CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS*

DIGITAL REALTY TRUST, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	September 30, 2005 (unaudited)	December 31, 2004
ASSETS		
Investments in real estate:		
Land	$ 184,837	$ 129,112
Acquired ground lease	1,477	1,477
Buildings and improvements	867,168	613,058
Tenant improvements	119,850	74,745
Investments in real estate	1,173,332	818,392
Accumulated depreciation and amortization	(54,256)	(30,980)
Net investments in real estate	1,119,076	787,412
Cash and cash equivalents	7,070	4,557
Accounts and other receivables	5,994	3,051
Deferred rent	20,843	12,236
Acquired above market leases, net	50,001	43,947
Acquired in place lease value and deferred leasing costs, net	202,758	136,721
Deferred financing costs, net	8,032	8,236
Restricted cash	29,025	14,207
Other assets	11,423	2,920
Total Assets	$ 1,454,222	$ 1,013,287
LIABILITIES AND STOCKHOLDERS' EQUITY		
Notes payable under line of credit	$ 103,755	$ 44,000
Mortgage loans	561,154	453,498
Other secured loans	22,000	22,000
Accounts payable and other accrued liabilities	36,900	12,789
Accrued dividends and distributions	—	8,276
Acquired below market leases, net	58,155	37,390
Security deposits and prepaid rents	10,574	6,276
Total liabilities	792,538	584,229
Commitments and contingencies		
Minority interests in consolidated joint ventures	142	997
Minority interests in operating partnership	268,846	254,862
Stockholders' equity:		
Preferred Stock: $0.01 par value, 20,000,000 authorized:		
Series A Cumulative Redeemable Preferred Stock, 8.50%, $103,500,000 liquidation preference ($25.00 per share), 4,140,000 issued and outstanding	99,297	—
Series B Cumulative Redeemable Preferred Stock, 7.875%, $63,250,000 liquidation preference ($25.00 per share), 2,530,000 issued and outstanding	60,517	—
Common Stock; $0.01 par value: 100,000,000 authorized, 27,304,691 and 21,421,300 shares issued and outstanding as of September 30, 2005 and December 31, 2004	273	214
Additional paid-in capital	252,416	182,411
Dividends in excess of earnings	(21,688)	(9,517)
Accumulated other comprehensive income, net	1,881	91
Total stockholders' equity	392,696	173,199
Total liabilities and stockholders' equity	$ 1,454,222	$ 1,013,287

See accompanying notes to the consolidated and combined financial statements.

Table of Contents

DIGITAL REALTY TRUST, INC. AND
DIGITAL REALTY TRUST, INC. PREDECESSOR
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
(in thousands, except share data)
(unaudited)

	The Company	The Predecessor	The Company	The Predecessor
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Revenues:				
Rental	$ 45,065	$ 24,666	$ 115,360	$ 59,127
Tenant reimbursements	11,040	4,658	25,673	10,055
Other	451	22	4,829	1,734
Total revenues	56,556	29,346	145,862	70,916
Expenses:				
Rental property operating and maintenance	12,385	5,336	29,248	11,625
Property taxes	6,241	2,417	14,832	6,250
Insurance	770	617	1,899	1,179
Interest	10,724	7,926	28,134	15,804
Asset management fees to related party	—	797	—	2,389
Depreciation and amortization	16,957	8,604	43,428	20,822
General and administrative	3,324	86	8,190	243
Loss from early extinguishment of debt	—	—	125	—
Other	106	176	1,588	2,716
Total expenses	50,507	25,959	127,444	61,028
Income before minority interests	6,049	3,387	18,418	9,888
Minority interests in consolidated joint ventures	4	(28)	11	28
Minority interests in operating partnership	(1,628)	—	(6,930)	—
Net income	4,425	3,359	11,499	9,916
Preferred stock dividends	(3,099)	—	(6,569)	—
Net income available to common stockholders	$ 1,326	$ 3,359	$ 4,930	$ 9,916
Basic income per share available to common stockholders	$ 0.05	$ —	$ 0.22	$ —
Diluted income per share available to common stockholders	$ 0.05	—	0.21	—
Weighted average common shares outstanding:				
Basic	25,704,721	—	22,864,797	—
Diluted	26,004,324	—	23,037,992	—

See accompanying notes to the consolidated and combined financial statements.

DIGITAL REALTY TRUST, INC. AND
DIGITAL REALTY TRUST, INC. PREDECESSOR
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	The Company	The Predecessor	The Company	The Predecessor
	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Net income	$ 4,425	$ 3,359	$ 11,499	$ 9,916
Other comprehensive income:				
Foreign currency translation adjustments	19	28	1,186	33
Minority interests in foreign currency translation adjustments	(11)	—	(705)	—
Increase in fair value of interest rate swaps	2,423	—	2,967	—
Minority interests in change in fair value of interest rate swaps	(1,335)	—	(1,658)	—
Comprehensive income	$ 5,521	$ 3,387	$ 13,289	$ 9,949

See accompanying notes to the consolidated and combined financial statements.

Table of Contents

DIGITAL REALTY TRUST, INC. AND
DIGITAL REALTY TRUST, INC. PREDECESSOR
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	The Company	The Predecessor
	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
Cash flows from operating activities:		
Net income	$ 11,499	$ 9,916
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests in operating partnership	6,930	—
Minority interests in consolidated joint ventures	(11)	(28)
Distributions to joint venture partner	—	(289)
Write-off of net assets (liabilities) due to early lease terminations	(197)	2,371
Depreciation and amortization of buildings and improvements, tenant improvements and acquired ground lease	23,500	12,271
Amortization over the vesting period of the fair value of stock options	146	—
Amortization of deferred financing costs	2,172	3,515
Write-off of deferred financing costs, included in net loss on early extinguishment of debt	125	—
Amortization of debt premium	(81)	(1,111)
Amortization of acquired in place lease value and deferred leasing costs	19,928	8,551
Amortization of acquired above market leases and acquired below market leases, net	(1,234)	(175)
Changes in assets and liabilities:		
Accounts and other receivables	(2,743)	(3,064)
Deferred rent	(8,701)	(4,445)
Deferred leasing costs	(2,066)	—
Other assets	255	525
Accounts payable and other accrued liabilities	10,126	3,089
Security deposits and prepaid rents	4,654	425
Net cash provided by operating activities	64,302	31,551
Cash flows from investing activities:		
Acquisitions of properties (including $16.5 million paid to GI Partners in 2005)	(382,538)	(306,270)
Deposits paid for acquisitions of properties	(1,953)	—
Change in restricted cash	(14,818)	(9,561)
Improvements to investments in real estate	(9,463)	(5,906)
Net cash used in investing activities	(408,772)	(321,737)

Table of Contents

DIGITAL REALTY TRUST, INC. AND
DIGITAL REALTY TRUST, INC. PREDECESSOR
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS—(Continued)
(in thousands)

	The Company	The Predecessor
	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
Cash flows from financing activities:		
Borrowings on line of credit	$ 293,755	$ 99,381
Repayments on line of credit	(234,000)	(137,700)
Borrowings under bridge loan	—	243,686
Proceeds from mortgage loans	100,000	20,000
Principal payments on mortgage loans	(13,742)	(1,051)
Principal payments on other secured loans	—	(92)
Payment of loan fees and costs	(1,660)	(4,046)
Borrowings under note payable to affiliate	—	4,052
Prepayment of offering costs	—	(4,052)
Contributions from owner of the Predecessor	—	113,658
Distributions to owner of the Predecessor	—	(46,195)
Settlement of foreign currency forward sale contract	(2,519)	—
Reimbursement by GI Partners of settlement cost of foreign currency forward sale contract	1,911	—
Gross proceeds from the sale of common stock	104,502	
Gross proceeds from the sale of preferred stock	166,750	—
Common stock offering costs paid	(6,305)	—
Preferred stock offering costs paid	(6,714)	—
Payment of dividends to preferred stockholders	(6,569)	—
Payment of dividends to common stockholders and distributions to limited partners of operating partnership	(48,426)	—
Net cash provided by financing activities	346,983	287,641
Net increase (decrease) in cash and cash equivalents	2,513	(2,545)
Cash and cash equivalents at beginning of period	4,557	5,174
Cash and cash equivalents at end of period	$ 7,070	$ 2,629
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 25,449	$ 12,717
Supplementary disclosure of noncash investing and financing activities:		
Increase in net assets related to foreign currency translation adjustments	$ 481	$ 33
Increase in other assets related to increase in fair value of interest rate swaps	2,967	$ —
Accrual for additions to investments in real estate included in accounts payable and accrued expenses	828	915
Allocation of purchase of properties to:		
Investments in real estate	339,972	268,738
Accounts and other receivables	200	—
Acquired above market leases	14,365	16,381
Acquired below market leases	(21,055)	(12,214)
Acquired in place lease value	74,104	60,186
Other assets (includes $3.3 million of refundable value added tax)	3,786	—
Mortgage loans assumed	(15,838)	(14,392)
Other secured loan assumed	—	(11,884)
Loan premium	(2,333)	(545)
Accounts payable and other accrued liabilities	(11,508)	—
Reverse minority interest in consolidated joint venture	845	—
Cash paid for acquisition of properties	382,538	306,270
Increase to components of net investment foreign currency hedge upon settlement:		
Investment in real estate	5,304	—
Mortgage loans	(3,307)	—
Other accrued liabilities	(1,997)	—
	—	—
Accrual of common stock and Series B preferred stock offering costs	588	
Reallocation between minority interest and stockholders' equity resulting from the completion of the common and preferred stock offerings	27,929	—

See accompanying notes to the consolidated and combined financial statements.

DIGITAL REALTY TRUST, INC. AND
DIGITAL REALTY TRUST, INC. PREDECESSOR
NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
September 30, 2005 and 2004
(unaudited)

1. Organization and Description of Business

Digital Realty Trust, Inc., through its controlling interest in Digital Realty Trust, L.P. (the Operating Partnership) and the subsidiaries of the Operating Partnership (collectively, we or the Company), is engaged in the business of owning, acquiring, repositioning and managing technology-related real estate. As of September 30, 2005, our portfolio consisted of 38 properties; 36 properties located throughout the United States, one property located in London, England and one property located in Amsterdam, Netherlands.

Our properties are located in a limited number of markets where technology tenants are concentrated, including the Boston, Chicago, Dallas, Los Angeles, New York, Philadelphia, San Francisco and Silicon Valley metropolitan areas. The portfolio consists of Internet gateway properties, data center properties, technology manufacturing properties and regional or national headquarters of technology companies.

We completed our initial public offering of common stock (the IPO) on November 3, 2004 and commenced operations on that date. The IPO resulted in the sale of 20,000,000 shares of common stock at a price per share of $12.00, generating gross proceeds to us of $240.0 million. Our aggregate proceeds, net of underwriters' discounts, commissions and financial advisory fees and other offering costs were approximately $214.9 million. On November 30, 2004, an additional 1,421,300 shares of common stock were sold at $12.00 per share as a result of the underwriters' exercising their over-allotment option. This resulted in additional net proceeds of approximately $15.9 million to us.

On February 9, 2005, we completed the offering of 4.14 million shares of 8.50% Series A Cumulative Redeemable Preferred Stock (liquidation preference $25.00 per share) for total net proceeds, after underwriting discounts and other offering costs, of $99.3 million, including the proceeds from the exercise of the underwriters' over-allotment option. The net proceeds from this offering were used to reduce borrowings under our unsecured credit facility, acquire two properties in March 2005 and for investment and general corporate purposes.

On July 26, 2005, we completed the offering of 2.53 million shares of 7.875% Series B Cumulative Redeemable Preferred Stock (liquidation preference $25.00 per share) for total net proceeds, after underwriting discounts and other offering costs, of $60.5 million, including the proceeds from the exercise of the underwriters' over-allotment option. On July 26, 2005 we also completed the offering of 5.87 million shares of common stock for total net proceeds, after underwriting discounts and other offering costs, of $98.1 million, including the proceeds from the exercise of the underwriters' over-allotment option. The net proceeds from these offerings were used to reduce borrowings under our unsecured credit facility, acquire properties and for investment and general corporate purposes.

The Operating Partnership was formed on July 21, 2004 in anticipation of the IPO. Effective as of the completion of the IPO, including exercise of the underwriters' over-allotment option, we, as sole general partner, owned a 40.5% common interest. As a result of our February 2005 and July 2005 stock offerings, as of September 30, 2005, we own a 46.4% common interest and a 100% preferred interest in the Operating Partnership. We have control over the Operating Partnership. The limited partners of the Operating Partnership do not have rights to replace the general partner or approve the sale or refinancing of the Operating Partnership's assets, although they do have certain protective rights.

We continue to operate and expand the business of our predecessor (the Predecessor). The Predecessor is not a legal entity; rather it is a combination of certain of the real estate subsidiaries of Global Innovation Partners, LLC, a Delaware limited liability company (GI Partners) contributed to us in connection with the IPO, along with an allocation of certain assets, liabilities, revenues and expenses of GI Partners related to the real estate owned by such subsidiaries.

We believe that we have operated in a manner that has enabled us to qualify and have elected to be treated, as a Real Estate Investment Trust (REIT) under Sections 856 through 860 of the Internal Revenue Code of 1986, (the Code) as amended.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation and Combination and Basis of Presentation

The accompanying condensed consolidated financial statements include all of the accounts of Digital Realty Trust, Inc., the Operating Partnership, the subsidiaries of the Operating Partnership and its consolidated joint venture(s), one as of September 30, 2005 and two as of December 31, 2004. Intercompany balances and transactions have been eliminated.

Property interests contributed to the Operating Partnership by GI Partners in exchange for limited partnership interests, also known as common units, in the Operating Partnership have been accounted for as a reorganization of entities under common control in a manner similar to a pooling of interests. Accordingly, the contributed assets and assumed liabilities were recorded at the Predecessor's historical cost basis. Property interests acquired from third parties for cash or common units are accounted for using purchase accounting.

The accompanying condensed combined financial statements of the Predecessor include the wholly owned real estate subsidiaries and two majority-owned real estate joint ventures that GI Partners contributed to the Operating Partnership in connection with the IPO. Intercompany balances and transactions have been eliminated. The interests of the joint venture partners, all of whom are third parties, are reflected in minority interests in the accompanying combined financial statements.

The accompanying condensed combined financial statements of the Predecessor do not include the real estate subsidiaries for two properties owned by GI Partners that are subject to right of first offer (ROFO) agreements, whereby the Operating Partnership has the right to make the first offer to purchase these properties if GI Partners decides to sell them. We acquired one of these properties from GI Partners on June 3, 2005. The accompanying condensed combined financial statements of the Predecessor also do not include any of GI Partners' investments in privately held companies, which GI Partners did not contribute to the Operating Partnership.

The accompanying condensed interim financial statements are unaudited, but have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and in compliance with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments necessary for a fair presentation of the financial statements for these interim periods have been included. The results of operations for the interim periods are not necessarily indicative of the results to be obtained for the full fiscal year. These condensed financial statements should be read in conjunction with the audited consolidated and combined financial statements and the notes thereto included in our annual report on Form 10-K for the year ended December 31, 2004.

(b) Cash Equivalents

For purpose of the consolidated and combined statements of cash flows, we consider short-term investments with original maturities of 90 days or less when purchased to be cash equivalents. As of September 30, 2005 and December 31, 2004, cash equivalents consisted of investments in money market funds.

(c) Stock Based Compensation

We account for stock based compensation, including stock options and fully vested long-term incentive units granted under our 2004 Incentive Award Plan in connection with the IPO, using the fair value method of accounting. The estimated fair value of each of the long-term incentive units was equal to the IPO price of our stock and such amount was recorded as an expense upon closing of the IPO since those long term incentive units were fully vested as of the grant date. The estimated fair value of the stock options granted by us is being amortized over the vesting period of the stock options.

(d) Income Taxes

We have elected to be taxed as a REIT under the Code, commencing with our taxable year ended December 31, 2004. We have been organized and have operated in a manner that management believes has allowed us to qualify for taxation as a REIT under the Code commencing with our taxable year ended December 31, 2004, and we intend to continue to be organized and operate in this manner. As a REIT, we generally are not required to pay federal corporate income taxes on our taxable income to the extent it is currently distributed to our stockholders.

Qualification and taxation as a REIT depend upon our ability to meet the various qualification tests imposed under the Code, including tests related to annual operating results, asset composition, distribution levels and diversity of stock ownership. Accordingly, no assurance can be given that we are organized or will be able to operate in a manner so as to qualify or remain qualified as a REIT. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate tax rates.

We have elected to treat two of the Operating Partnership's subsidiaries as taxable REIT subsidiaries (each, a TRS). In general, a TRS may perform non-customary services for tenants, hold assets that the Company cannot hold directly and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or lodging facilities or the provision to any person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated). A TRS is subject to corporate federal income taxes on its taxable income at regular corporate tax rates. There is no U.S. Federal tax provision for either of our TRS entities for the periods presented in the accompanying consolidated and combined statements of operations. No tax benefits have been recorded since it is not considered more likely than not that the deferred tax asset related to the net operating loss carryforward will be utilized.

To the extent that any taxes are incurred by the subsidiaries invested in real estate located in London, England or Amsterdam, Netherlands a provision is made for such taxes.

No provision has been made in the condensed combined financial statements of the Predecessor for U.S. income taxes, because any such taxes are the responsibility of GI Partners' members, as GI Partners is a limited liability company.

Table of Contents

(e) Management's Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates made.

3. Minority Interests in the Operating Partnership

Minority interests relate to the interests in the Operating Partnership that are not owned by us, which, at September 30, 2005, amounted to 53.6%. In conjunction with the our formation, GI Partners received common units, in exchange for contributing ownership interests in the Predecessor's properties to the Operating Partnership. Also in connection with acquiring real estate interests owned by third parties, the Operating Partnership issued common units to those sellers. Limited partners who acquired common units in the formation transactions have the right, commencing on or after January 3, 2006, to require the Operating Partnership to redeem part or all of their common units for cash based upon the fair market value of an equivalent number of shares of our common stock at the time of the redemption. Alternatively, we may elect to acquire those common units in exchange for shares of our common stock on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, issuance of stock rights, specified extraordinary distributions and similar events. Pursuant to registration rights agreements we entered into with GI Partners and the other third party contributors, we are required to file a shelf registration statement covering the issuance of the shares of our common stock issuable upon redemption of the common units, and the resale of those shares of common stock by the holders. We anticipate that we will make the initial filing of this registration statement in November 2005.

As of September 30, 2005, GI Partners owned 23,699,359 common units or 40.3% of all common units, third parties owned 6,331,511 common units or 10.8% of all common units and our employees, non-employee directors and Executive Chairman together own 1,490,561 long term incentive units or 2.5% of all common units. Richard Magnuson, the Executive Chairman of our board of directors, Michael Foust, our Chief Executive Officer and a member of our board of directors, and Scott Peterson, our Senior Vice President, Acquisitions, are minority indirect investors in GI Partners.

4. Investments in Real Estate Acquired During the Three Months Ended September 30, 2005

On August 11, 2005 we executed a purchase and sale agreement and simultaneously acquired a data center in Amsterdam, Netherlands for approximately 14.0 million Euros or approximately $17.3 million based on the exchange rate in effect on August 11, 2005, excluding closing costs and reimbursable taxes. This property is subject to an operating ground lease of approximately $3,000 per month expiring in April 2054. In connection with this purchase we paid value added tax of approximately 2.7 million Euros or approximately $3.2 million based on the exchange rate in effect on August 11, 2005. We expect to recover this amount in the final quarter of 2005 and have included $3.2 million in other assets in the condensed consolidated balance sheet at September 30, 2005.

On August 30, 2005 we acquired three properties comprising the Charlotte Internet Gateway located in Charlotte, North Carolina for approximately $17.2 million.

On September 30, 2005 we acquired Printers' Square, located in Chicago, Illinois for approximately $39.0 million.

As discussed further in note 11, the purchase prices for the Charlotte Internet Gateway and the Amsterdam property may increase depending on future leasing activity.

The purchase price of these acquisitions have been allocated on a preliminary basis to the assets acquired and the liabilities assumed. We expect to finalize our purchase price allocation no later than twelve months from the date of each acquisition.

Table of Contents

5. Debt

A summary of outstanding indebtedness as of September 30, 2005 and December 31, 2004, respectively, is as follows (in thousands):

Properties	Interest Rate	Maturity Date	Principal Outstanding September 30, 2005	Principal Outstanding December 31, 2004
100 Technology Center Drive—Mortgage	LIBOR + 1.70% [1]	Apr. 1, 2009	$ 20,000	$ 20,000
200 Paul Avenue—Mortgage	LIBOR + 3.03% [1][2]	Jul. 1, 2006[3]	45,315	46,749
Ardenwood Corporate Park, NTT/Verio Premier Data Center, VarTec Building—Mortgage	LIBOR + 1.59% [1]	Aug. 9, 2006[4]	43,000	43,000
Ardenwood Corporate Park, NTT/Verio Premier Data Center, VarTec Building—Mezzanine	LIBOR + 5.75%	Aug. 9, 2006[4][14]	22,000	22,000
AT&T Web Hosting Facility—Mortgage	LIBOR + 1.85% [1]	Dec. 1, 2006[3]	8,775	8,775
Camperdown House—Mortgage	6.85%	Oct. 31, 2009	24,591[5]	22,672[5]
Carrier Center—Mortgage	LIBOR + 4.25% [6]	Nov. 11, 2007[7][14]	25,633	25,964
Charlotte Internet Gateway—Mortgage	8.22%	Jul. 1, 2020	6,080	—
eBay Data Center Bridge Loan	LIBOR + 2.00%	Aug. 11, 2005	—	7,950
Granite Tower—Mortgage	LIBOR + 1.20% [1]	Jan. 1, 2009	21,285	21,645
Lakeside Technology Center—Mortgage	LIBOR + 2.20% [1][8]	Jun. 9, 2008[3]	100,000	—
MAPP Building—Mortgage	7.62% [9]	Mar. 1, 2032	9,700	—
Maxtor Manufacturing Facility—Mortgage	LIBOR + 2.25%	Dec. 31, 2006[3]	17,646	17,965
Stanford Place II—Mortgage	5.14%	Jan. 10, 2009	26,000	26,000
Univision Tower—Mortgage [10]	6.04%	Nov. 6, 2009	57,463	57,943
Secured Term Debt [11]	5.65%	Nov. 11, 2014	153,413	154,835
Unsecured Credit Facility [12]	LIBOR + 1.625%	Nov. 3, 2007[7]	103,755[13]	44,000
Total principal outstanding			684,656	519,498
Loan premium—MAPP Building and Charlotte Internet Gateway Mortgages			2,253	—
Total indebtedness			$ 686,909	$ 519,498

(1) We have entered into interest rate swap agreements as a cash flow hedge for these loans. The total variable rate debt subject to the swap agreements was $238.3 million and $140.2 million as of September 30, 2005 and December 31, 2004, respectively. See note 9 for further information.

(2) This is the weighted average interest rate as of September 30, 2005. The first note, in a principal amount of $45.0 million, bears interest at a rate of LIBOR + 3.0% per annum and the second note, in a principal amount of $0.3 million, bears interest at a rate of LIBOR + 7.0% per annum.

(3) Two one-year extensions are available.

(4) A 13-month extension and a one-year extension are available.

(5) Based on our hedged exchange rate of $1.8472 to £1.00 as of September 30, 2005 and $1.6083 to £1.00 as of December 31, 2004.

(6) Subject to a 2.5% LIBOR floor.

(7) A one-year extension option is available.

(8) This is the weighted average interest rate as of September 30, 2005. The first note, in a principal amount of $80.0 million, bears interest at a rate of LIBOR + 1.375% per annum and the second note, in a principal amount of $20.0 million, bears interest at a rate of LIBOR + 5.5% per annum.

(9) If the loan is not repaid by March 1, 2012, the interest rate increases to the greater of 9.62% or the then treasury rate plus 2%.

(10) The Univision Tower mortgage loan is also secured by a $5.0 million letter of credit.

(11) This amount represents six mortgage loans secured by our interests in 36 Northeast Second Street, Brea Data Center, Comverse Technology Building, Hudson Corporate Center, Siemens Building, and Webb at LBJ. Each of these loans are cross-collateralized by the six properties.

(12) The interest rate under our unsecured credit facility equals either (i) LIBOR plus a margin of between 1.375% and 1.750% or (ii) the greater of (x) the base rate announced by the lender and (y) the federal funds rate, plus a margin of between 0.375% - 0.750%. In each case, the margin is based on our leverage ratio.

(13) As of September 30, 2005, borrowings under our credit facility include advances of $19.8 million, which are denominated in Euros.

(14) In November 2005 we repaid this debt. See note 12 for further details.

On May 11, 2005, we amended our unsecured revolving credit facility pursuant to which the size of the facility may be expanded from $200.0 million to $350.0 million at our request, subject to receipt of lender commitments and satisfaction of other conditions, and also added a $100.0 million sub-facility for foreign multi-currency advances in Euros, British Pounds Sterling and Canadian Dollars. As of September 30, 2005, approximately $103.8 million was drawn under this facility and approximately $101.0 million remained available pursuant to the terms of this facility. The credit facility contains various restrictive covenants, including limitations on our ability to incur additional indebtedness, make certain investments or merge with another company, and requirements to maintain financial coverage ratios and maintain a pool of unencumbered assets. In addition except to

enable us to maintain our status as a REIT for federal income tax purposes, we will not during any four consecutive fiscal quarters make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 95% of Funds From Operations, as defined, for such period, subject to certain other adjustments. As of September 30, 2005, we believe that we were in compliance with all the covenants.

Some of the loans impose penalties upon prepayment. The terms of the following loans do not permit prepayment of the loan prior to the dates listed below:

Loan	Date
Carrier Center—Mortgage	October 2005
Ardenwood Corporate Park, NTT/Verio Premier Data Center, Var Tec Building—Mortgage	October 2005
Ardenwood Corporate Park, NTT/Verio Premier Data Center, Var Tec Building—Mezzanine	October 2005
Granite Tower—Mortgage	January 2006
100 Technology Center Drive—Mortgage	March 2006
Lakeside Technology Center—Mortgage	May 2006
Univision Tower—Mortgage	August 2009
MAPP Building—Mortgage	December 2011
Secured Term Debt	September 2014

6. Earnings per Share

The following is a summary of the elements used in calculating basic and diluted income per share (in thousands, except share and per share amounts):

	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005
Net income	$ 4,425	$ 11,499
Preferred dividends	(3,099)	(6,569)
Income (loss) allocable to common stockholders	$ 1,326	$ 4,930
Weighted average shares outstanding—basic	25,704,721	22,864,797
Potentially dilutive common shares:		
Stock options	299,603	173,195
Weighted average shares outstanding—diluted	26,004,324	23,037,992
Earnings per share—Basic:		
Basic income (loss) per share available to common stockholders	$ 0.05	$ 0.22
Earnings per share—Diluted:		
Diluted income (loss) per share available to common stockholders	$ 0.05	$ 0.21

For the three and nine months ended September 30, 2005, 30,030,870 common units and 1,490,561 long-term incentive units were excluded from the computation of diluted earnings per share as their effect would not be dilutive.

7. Stockholders' Equity

(a) Preferred Stock

Underwriting discounts and commissions and other offering costs totaling approximately $6.9 million are reflected as a reduction to preferred stock in the accompanying consolidated balance sheet.

8.50% Series A Cumulative Redeemable Preferred Stock

We currently have outstanding 4,140,000 shares of our 8.50% series A cumulative redeemable preferred Stock, or series A preferred stock. Dividends are cumulative on our series A preferred stock from the date of original issuance in the amount of $2.125 per share each year, which is equivalent to 8.50% of the $25.00 liquidation preference per share. Dividends on our series A preferred stock are payable quarterly in arrears. Our series A preferred stock does not have a stated maturity date and is not subject to any sinking fund or mandatory redemption provisions.

Upon liquidation, dissolution or winding up, our series A preferred stock will rank senior to our common stock with respect to the payment of distributions and other amounts and ranks on parity with our Series B Preferred Stock. We are not allowed to redeem our series A preferred stock before February 9, 2010, except in limited circumstances to preserve our status as a REIT. On or after February 9, 2010, we may, at our option, redeem our series A preferred stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus all accrued and unpaid dividends on such series A preferred stock up to but excluding the redemption date. Holders of our series A preferred stock generally have no voting rights except for limited voting rights if we fail to pay dividends for six or more quarterly periods (whether or not consecutive) and in certain other circumstances. Our series A preferred stock is not convertible into or exchangeable for any other property or securities of our company.

7.875% Series B Cumulative Redeemable Preferred Stock

We currently have outstanding 2,530,000 shares of our 7.875% series B cumulative redeemable preferred Stock, or series B preferred stock. Dividends are cumulative on our series B preferred stock from the date of original issuance in the amount of $1.96875 per share each year, which is equivalent to 7.875% of the $25.00 liquidation preference per share. Dividends on our series B preferred stock are payable quarterly in arrears. Our series B preferred stock does not have a stated maturity date and is not subject to any sinking fund or mandatory redemption provisions. Upon liquidation, dissolution or winding up, our series B preferred stock will rank senior to our common stock with respect to the payment of distributions and other amounts and ranks on parity with our Series A Preferred Stock. We are not allowed to redeem our series B preferred stock before July 26, 2010, except in limited circumstances to preserve our status as a REIT. On or after July 26, 2010, we may, at our option, redeem our series B preferred stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus all accrued and unpaid dividends on such series B preferred stock up to but excluding the redemption date. Holders of our series B preferred stock generally have no voting rights except for limited voting rights if we fail to pay dividends for six or more quarterly periods (whether or not consecutive) and in certain other circumstances. Our series B preferred stock is not convertible into or exchangeable for any other property or securities of our company.

(b) Shares and Units

A common unit and a share of our common stock have essentially the same economic characteristics as they share equally in the total net income or loss and distributions of the Operating Partnership. A common unit may be redeemed for cash, or, at our option, exchanged for shares of common stock on a one-for-one basis after January 3, 2006. There were 27,304,691 shares of common stock, 30,030,870 common units and 1,490,561 long-term incentive units, which have achieved full parity outstanding as of September 30, 2005. See note 8 for a description of the long term incentive units.

Table of Contents

(c) Dividends and Distributions

In 2005, we have declared the following dividends and equivalent distributions on common units in our Operating Partnership:

Date dividend and distribution declared	Share class	Dividend and distribution amount	Period covered	Dividend and distribution payable date	Annual equivalent rate of dividend and distribution	Dividend and distribution amount (in thousands)
August 9, 2005	Series A Preferred Stock	$ 0.53125	July 1, 2005 to September 30, 2005	September 30, 2005 to shareholders on record on September 15, 2005.	$ 2.125	$ 2,199
August 9, 2005	Series B Preferred Stock	$ 0.35547	July 26, 2005 to September 30, 2005	September 30, 2005 to shareholders on record on September 15, 2005.	$ 1.969	900
August 9, 2005	Common stock and operating partnership common units and long term incentive units.	$ 0.24375	July 1, 2005 to September 30, 2005	September 30, 2005 to shareholders on record on September 15, 2005.	$ 0.975	14,338
May 16, 2005	Series A Preferred Stock	$ 0.53125	April 1, 2005 to June 30, 2005	June 30, 2005 to shareholders on record on June 15, 2005.	$ 2.125	2,199
May 16, 2005	Common stock and operating partnership common units and long term incentive units.	$ 0.24375	April 1, 2005 to June 30, 2005	June 30, 2005 to shareholders on record on June 15, 2005.	$ 0.975	12,905
February 14, 2005	Series A Preferred Stock	$ 0.30694	February 9, 2005 to March 31, 2005	March 31, 2005 to shareholders on record on March 15, 2005.	$ 2.125	1,271
February 14, 2005	Common stock and operating partnership common units and long term incentive units.	$ 0.24375	January 1, 2005 to March 31, 2005	March 31, 2005 to shareholders on record on March 15, 2005.	$ 0.975	12,905

Total 2005 dividends and distributions paid through September 30, 2005:

Series A Preferred Stock	$ 1.36944	5,669
Series B Preferred Stock	$ 0.35547	900
Common stock and operating partnership common units and long term incentive units.	$ 0.73125	40,148
		$ 46,717

Distributions to common and long-term incentive unitholders are recorded as a reduction to minority interests in operating partnership. Earnings and profits, which determine the taxability of distributions to stockholders, will differ from income reported for financial reporting purposes, generally due to the differences for federal income tax purposes in the treatment of loss on extinguishment of debt, revenue recognition, compensation expense and depreciation expense because of the basis of depreciable assets and estimated useful lives used to compute depreciation.

(d) Stock Options

The fair value of each option granted under the 2004 Incentive Award Plan is estimated on the date of the grant using the Black-Scholes option-pricing model with the weighted-average assumptions listed below for grants in 2005. The fair values are being expensed on a straight-line basis over the vesting period of the options, which is four years. The expense recorded for the three and nine months ended September 30, 2005 was approximately $50,000 and $146,000 respectively.

The following table sets forth the weighted-average assumptions used to calculate the fair value of the stock options granted during the three and nine months ended September 30, 2005:

Dividend yield	6.88%
Expected life of option	120 months
Risk-free interest rate	4.13%
Expected stock price volatility	20.00%

Table of Contents

A summary of the status of our stock options under the 2004 Incentive Award Plan as of September 30, 2005 and for the nine months then ended are presented below:

	Shares	Weighted Average Exercise Price
Options outstanding, beginning of period	924,902	$ 12.16
Granted	31,000	$ 14.18
Exercised	(12,500)	$ 13.02
Cancelled	(77,907)	$ 12.49
Options outstanding, end of period	865,495	$ 12.21
Exercisable, end of period	—	
Weighted-average fair value of options granted during the period		$ 1.10

As of September 30, 2005, we had 865,495 stock options outstanding, with exercise prices ranging from $12.00 to $14.50. The weighted-average remaining contractual life of these options at September 30, 2005 was 9.1 years.

8. Incentive Plan

Our 2004 Incentive Award Plan provides for the grant of incentive awards to employees, directors and consultants. Awards issuable under the 2004 Incentive Award Plan include stock options, restricted stock, dividend equivalents, stock appreciation rights, long-term incentive units, cash performance bonuses and other incentive awards. Only employees are eligible to receive incentive stock options under the 2004 Incentive Award Plan. We have reserved a total of 4,474,102 shares of common stock for issuance pursuant to the 2004 Incentive Award Plan, subject to certain adjustments set forth in the 2004 Incentive Award Plan. As of September 30, 2005, 2,105,546 shares of common stock or awards convertible into or exchangeable for common stock remained available for future issuance under the 2004 Incentive Award Plan. Each long-term incentive unit issued under the 2004 Incentive Award Plan will count as one share of common stock for purposes of calculating the limit on shares that may be issued under the 2004 Incentive Award Plan and the individual award limit discussed below.

Long-term incentive units may be issued to eligible participants for the performance of services to or for the benefit of the Operating Partnership. Long-term incentive units, whether vested or not, will receive the same quarterly per unit distributions as common units in the Operating Partnership. In connection with the IPO, an aggregate of 1,490,561 of fully vested long-term incentive units were issued, which are not transferable for a period of three years from the date the IPO was consummated, and compensation expense totaling $17.9 million was recorded at the completion of the IPO. These long-term incentive units achieved parity with common units on February 9, 2005 upon completion of the series A preferred stock offering. Any long-term incentive units granted in the future will not, initially, have full parity with common units with respect to liquidating distributions. Upon the occurrence of specified events, those long-term incentive units may over time achieve full parity with common units in the Operating Partnership for all purposes, and therefore accrete to an economic value for participants equivalent to our common stock on a one-for-one basis. If such parity is reached, vested long-term incentive units may be converted into an equal number of common units of the Operating Partnership at any time, and thereafter enjoy all the rights of common units of the Operating Partnership.

See note 12 for a summary of awards granted subsequent to September 30, 2005.

9. Derivative Instruments

We record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives used to hedge the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation.

Derivatives used to hedge the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Our objective in using derivatives is to add stability to interest expense and to manage its exposure to interest rate movements or other identified risks. To accomplish this objective, we primarily use interest rate swaps as part of our cash flow hedging strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts in exchange for fixed-rate payments over the life of the agreements without exchange of the underlying principal amount. Through September 30, 2005, we used such derivatives to hedge the variable cash flows associated with floating rate debt.

For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in other comprehensive income (outside of earnings) and subsequently reclassified to earnings when the hedged transactions affect earnings, and the ineffective portion of changes in the fair value of the derivative is recognized directly in earnings. For derivatives designated as net investment hedges, changes in the fair value of the derivative are reported in other comprehensive income (outside of earnings) as part of the cumulative translation adjustment. As of September 30, 2005, no derivatives were designated as fair value hedges. Additionally, we do not use derivatives for trading or speculative purposes.

In November 2004 and May 2005, we entered into interest rate swaps to hedge variability in cash flows related to certain of our mortgage loans. The fair value of such derivatives was $2.9 million and ($27,000) at September 30, 2005 and December 31, 2004. For the nine months ended September 30, 2005, the change in net unrealized gains for derivatives designated as cash flow hedges was $3.0 million, and is separately disclosed in the statement of comprehensive income, as reduced by the amount allocated to minority interests.

The table below summarizes the terms of these interest rate swaps and their fair values as of September 30, 2005 (in thousands):

Current Notional Amount	Strike Rate	Effective Date	Expiration Date	Fair Value
$ 45,315	3.178%	Nov. 26, 2004	Jul. 1, 2006	$ 369
43,000	3.250%	Nov. 26, 2004	Sep. 15, 2006	448
21,240	3.754%	Nov. 26, 2004	Jan. 1, 2009	453
20,000	3.824%	Nov. 26, 2004	Apr. 1, 2009	445
8,775	3.331%	Nov. 26, 2004	Dec. 1, 2006	108
100,000	4.025%	May 26, 2005	Jun. 15, 2008	1,115
$ 238,330				$ 2,938

We also have LIBOR interest rate caps as required by the lenders that are not designated as hedges. The fair values of the caps were immaterial as of September 30, 2005 and December 31, 2004.

In 2003, one of the Predecessor's subsidiaries entered into a foreign currency forward sale contract of approximately £7.9 million, with a delivery date of January 24, 2005, to hedge the equity investment in Camperdown House, located in London, England. On January 24, 2005, we settled our obligations under this arrangement for a payment of approximately $2.5 million and entered into a new forward contract of the same notional amount expiring in January 2006. On February 4, 2005, GI Partners reimbursed us for $1.9 million of the $2.5 million settlement since it was determined that the negative value associated with the forward contract that we assumed was not otherwise factored into the determination of the number of common units that were granted to GI Partners in exchange for our interests in Camperdown House.

The forward contracts had been designated as net investment hedges and the contracts had values of $0.7 million and ($2.8) million on September 30, 2005 and December 31, 2004, respectively. The change in value of the derivative was recorded in other comprehensive income (loss) as a part of the cumulative translation adjustments. The $1.9 million received from GI Partners was recorded as other comprehensive income during the nine months ended September 30, 2005, when GI Partners agreed to pay such amount. The cumulative translation adjustment amounts included in other comprehensive income (loss) related to the net investment hedge will be reclassified to earnings when the hedged investment is sold or liquidated.

10. Asset Management and Other Fees to Related Parties

Asset management fees incurred by GI Partners totaling approximately $0.8 million and $2.4 million for the three and nine months ended September 30, 2004, respectively have been allocated to the Predecessor. Such fees were paid to an affiliate of GI Partners. Although neither we nor the Operating Partnership are or will be parties to the agreement requiring the payment of the asset management fees, an allocation of such fees has been included in the accompanying condensed combined financial statements of the Predecessor since such fee is essentially the Predecessor's historical general and administrative expense as the Predecessor did not directly incur personnel costs, home office space rent or other general and administrative expenses that are incurred directly by us and the Operating Partnership subsequent to the completion of the IPO. These types of expenses were historically incurred by the asset manager and were passed through to GI Partners via the asset management fee.

As of September 30, 2005, GI Partners had $1.2 million of letters of credit outstanding that secure obligations relating to two of our properties, Carrier Center and Stanford Place II. These letters of credit were initially issued in lieu of making deposits required by a local utility and in lieu of establishing a restricted cash account on behalf of a lender. We are in the process of causing these letters of credit to be transferred to us. We are currently reimbursing GI Partners for the costs of maintaining the letters of credit, which payments are less than $5,000 per quarter.

Additionally, we and the Predecessor paid additional compensation, not encompassed in the management fee, to affiliates of CB Richard Ellis Investors for real estate services. Fees incurred were $0.3 million and $0.4 million for the three months ended September 30, 2005 and 2004, respectively and $0.8 million and $1.1 million for the nine months ended September 30, 2005 and 2004, respectively.

In April 2005, we entered into two agreements with Linc Facility Services, LLC, or LFS primarily for personnel providing for operations and maintenance repairs of the mechanical, electrical, plumbing and general building service systems of five of our properties. LFS belongs to The Linc Group, which GI Partners has owned since late 2003. Our consolidated statement of operations includes expenses of approximately $0.3 million and $0.5 million for these services for the three and nine months ended September 30, 2005 and we owed LFS approximately $9,000 at September 30, 2005.

11. Commitments and Contingencies

The seller of Lakeside Technology Center can earn an additional $20.0 million by obtaining a change in the real estate tax classification prior to December 31, 2006. We have also agreed with the seller to share a portion, not to exceed $135,000 per month, of rental revenue, adjusted for our costs to lease the premises, from the lease of the 260,000 square feet of space held for redevelopment. This revenue sharing agreement will terminate in May 2013. Our purchase price for the Charlotte Internet Gateway properties may increase by $1.3 million if specified leasing activity occurs before December 31, 2005. As part of the acquisition of the Amsterdam property, we entered into an agreement with the seller, whereby, for twelve months from the execution of the purchase and sale agreement, our purchase price may increase dependant upon future leasing activity as a result of actions by the seller. The amount of the potential commitment is not currently quantifiable as it is based on a 10% cap rate on the incremental operating income from qualifying new leases that are closed or binding during the participation period. We have recorded no liability for these contingent liabilities on our balance sheet at September 30, 2005.

12. Subsequent Events

On November 10, 2005 we prepaid the balance of the mortgage on our Carrier Center property. No prepayment fees were incurred as a result of this prepayment.

On November 9, 2005, we prepaid the balance of the mezzanine loan on our Ardenwood Corporate Park, NTT/Verio Premier Data Center and VarTec Building, properties. No prepayment fees were incurred as a result of this prepayment.

On November 8, 2005, we declared a dividend on our series A preferred stock of $0.53125 per share for the period from October 1, 2005 through December 31, 2005, payable on December 30, 2005 to holders of record on December 15, 2005. The dividend is equivalent to an annual rate of $2.125 per share of series A preferred stock. Additionally, we declared a dividend on our series B preferred stock of $0.49219 per share for the period from October 1, 2005 through December 31, 2005, payable on December 30, 2005 to holders of record on December 15, 2005. The dividend is equivalent to an annual rate of $1.96875 per share of series B preferred stock. On November 8, 2005, we also declared a dividend on our common stock, and the Operating Partnership declared distributions on common units and long-term incentive units of $0.265 per share for the period from October 31, 2005 to December 31, 2005, payable on January 13, 2006 to holders of record on December 30, 2005. The dividend and distribution is equivalent to an annual rate of $1.06 per common share and common unit.

On October 31, 2005, our operating partnership entered into an amendment of its existing unsecured revolving credit facility to raise the commitments thereunder to $350.0 million (with the option to further increase the unsecured revolving credit facility to $500 million subject to receipt of lender commitments and satisfaction of other conditions), reduce the applicable margin on advances by 12.5 basis points and extend the maturity by one year. Borrowings under the amended unsecured revolving credit facility currently bear interest at a rate based on LIBOR plus a margin ranging from 1.250% to 1.625%, depending on our operating partnership's overall leverage, which margin was 1.625% as of October 31, 2005. The amended unsecured revolving credit facility matures in October 2008, subject to a one-year extension option. The amended unsecured revolving credit facility has a $150.0 million sub-facility for foreign exchange advances in Euros and British Sterling. We intend to use available borrowings under the amended unsecured revolving credit facility to, among other things, finance the acquisition of future properties (including, potentially, IBM Technology Park), to fund tenant improvements and capital expenditures, and to provide for working capital and other corporate purposes.

On October 28, 2005 we signed an agreement to acquire two buildings located in Austin, Texas for approximately $13.5 million.

On October 25, 2005 we entered into an agreement to purchase the IBM Technology Park, a property located near Mainz, Germany for approximately 77.1 million Euros (approximately $91.2 million based on the exchange rate on October 25, 2005). The seller may be entitled to additional consideration based on future leasing activity.

On October 25, 2005 we entered into an agreement to purchase a data center in Geneva, Switzerland for approximately 10.1 million Euros (approximately $11.9 million based on the exchange rate on November 9, 2005).

On October 7, 2005 we signed an agreement to acquire a property located in Piscataway, New Jersey for approximately $17.2 million.

On October 4, 2005 we purchased a property in Waltham, Massachusetts for approximately $14.3 million.

On October 4, 2005 we refinanced the mortgage related to our 200 Paul property which resulted in a new loan for $81.0 million at an interest rate of 5.74% which expires in October 3, 2015. Also in October 2005, we sold the interest rate swap related to this loan for approximately $0.4 million.

On October 27, 2005, we granted to each of our named executive officers of an award of Class C Profits Interest Units (Class C Units) of the Operating Partnership under our 2004 Incentive Award Plan. If the performance condition and the other vesting conditions are satisfied with respect to a Class C Unit, as described below, the Class C Unit will be treated in the same manner as the existing long-term incentive units issued by the Operating Partnership.

The Class C Units subject to each award will vest based on the achievement of a 10% or greater compound annual total shareholder return, as defined, for the period from the grant date through earlier of September 30, 2008 and the date of a change of control of our Company (the Performance Condition) combined with the executive's continued service with our company or the Operating Partnership through September 30, 2010.

The aggregate amount of the performance award pool will be equal to 7% of the excess shareholder value, as defined, created during the applicable performance period, but in no event will the amount of the pool exceed the lesser of $40,000,000 or the value of 2.5% of the total number of shares of our common stock and limited partnership units of the Operating Partnership at the end of the performance period.

Except in the event of a change in control of our company, 60% of the Class C Units that satisfy the performance condition will vest at the end of the three year performance period and an additional 1/60th of such Class C Units will vest on the date of each monthly anniversary thereafter, provided that the executive's service has not terminated prior to the applicable vesting date.

To the extent that any Class C Units fail to satisfy the Performance Condition, such Class C Units will automatically be cancelled and forfeited by the executive. In addition, any Class C Units which are not eligible for pro rata vesting in the event of a termination of the executive's employment due to death or disability or without cause (or for good reason, if applicable) will automatically be cancelled and forfeited upon a termination of the executive's employment.

In the event that the value of the executive's allocated portion of the award pool that satisfies the performance condition equates to a number of Class C Units that is greater than the number of Class C Units awarded to the executive, we will make an additional payment to the executive in the form of a number of shares of our restricted stock equal to the difference subject to the same vesting requirements as the Class C Units.

We also intend to grant similar performance awards to certain other executives who are not named executive officers. In addition, a portion of the award pool may remain unallocated and available for grants to other future senior executives or to the then current grantees (including the named executive officers) if the Compensation Committee determines that the award pool percentage allocated to one or more of such executives should be increased.

On October 26, 2005, our operating partnership amended and restated its agreement of limited partnership in order to create the Class C Units. The Class C Units awarded and award pool percentages with respect to the awards made October 27, 2005 to our named Executive Officers are as follows:

Named Executive Officer	Number of Class C Units	Award Pool Percentage
Richard A. Magnuson	333,333 Units	25.00%
Michael F. Foust	250,000 Units	18.75%
A. William Stein	166,667 Units	12.50%
Scott E. Peterson	166,667 Units	12.50%

The fair value of these awards of approximately $4.0 million will be recognized as compensation expense over the expected service period of five years. If the Performance Condition is not met, the amount of unamortized expense will be recognized at that time.

On September 30, 2005 we signed an agreement to acquire a property, 251 Exchange Place located in Herndon, Virginia for approximately $12,850,000. We had not acquired this property at September 30, 2005.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. This report contains forward-looking statements within the meaning of the federal securities laws. We caution investors that any forward-looking statements presented in this report, or which management may make orally or in writing from time to time, are based on management's beliefs and assumptions made by, and information currently available to, management. When used, the words "anticipate," "believe," "expect," "intend," "may," "might," "plan," "estimate," "project," "should," "will," "result" and similar expressions, which do not relate solely to historical matters, are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise.

Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following: adverse economic or real estate developments in our markets or the technology industry; general and local economic conditions; our inability to manage growth effectively; defaults on or non-renewal of leases by tenants; increased interest rates and operating costs; our failure to obtain necessary outside financing; decreased rental rates or increased vacancy rates; difficulties in identifying properties to acquire and completing acquisitions; our failure to successfully operate acquired properties and operations; our failure to maintain our status as a REIT; possible adverse changes to tax laws; environmental uncertainties and risks related to natural disasters; financial market fluctuations; changes in foreign currency exchange rates; and changes in real estate and zoning laws and increases in real property tax rates.

The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance, including factors and risks included in other sections of this report. In addition, we discussed a number of material risks in our annual report on Form 10-K for the year ended December 31, 2004. 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. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Overview

The Company. We completed our initial public offering, or IPO, of common stock on November 3, 2004. We elected to qualify as a REIT for federal income tax purposes beginning with our initial taxable year ended December 31, 2004. The Company was formed on March 9, 2004. During the period from our formation until we commenced operations in connection with the completion of our IPO, we did not have any corporate activity other than the issuance of shares of common stock in connection with the initial capitalization of the Company. Because we believe that a discussion of the results of the Company prior to the completion of our IPO would not be meaningful, we have set forth below a discussion of historical combined operations for the Company and the Predecessor and as such, any reference to "our," "we" and "us" in this Item 2 includes the Company and the Predecessor. The Predecessor is comprised of the real estate activities and holdings of GI Partners related to the properties in our portfolio. The Predecessor's combined historical financial information includes:

- the wholly owned real estate subsidiaries and majority-owned real estate joint ventures that GI Partners contributed to our operating partnership in connection with our initial public offering;
- an allocation of GI Partners' line of credit to the extent that borrowings and related interest expense related to (1) borrowings to fund acquisitions of the properties in our initial portfolio and (2) borrowings to pay asset management fees paid by GI Partners that were allocated to the properties in our initial portfolio; and
- an allocation of the asset management fees paid to a related party and incurred by GI Partners and an allocation of GI Partners' general and administrative expenses.

Business and strategy. Our primary business objectives are to maximize sustainable long-term growth in cash flows, earnings per share, funds from operations per share and to maximize returns to our stockholders. We expect to achieve our objectives by focusing on our core business of investing in technology-related real estate. We target high-quality, strategically located properties containing applications and operations critical to the day-to-day operations of technology industry tenants and corporate and institutional data center users, including the IT departments of Fortune 1000 and financial services companies. We focus on regional, national and international tenants that require technology real estate and are leaders in their respective areas. Most of our properties contain fully redundant electrical supply systems, multiple power feeds, above-standard electrical HVAC systems, raised floor areas to accommodate computer cables and below-floor cooling systems, extensive in-building communications cabling and high-level security systems. We focus solely on technology-related real estate because we

believe that the growth of the technology industry, particularly Internet and data communications and corporate data center use, will be superior to that of the overall economy.

Since the acquisition of our first property in 2002 and through September 30, 2005, we have acquired an aggregate of 38 technology-related real estate properties with 7.9 million net rentable square feet, excluding space held for redevelopment. From January 1, 2005 through September 30, 2005, we acquired 14 technology-related properties, with approximately 2.5 million net rentable square feet. We have developed detailed, standardized procedures for evaluating acquisitions to ensure that they meet our financial and other criteria. We expect to continue to acquire additional assets as a key part of our growth strategy. We intend to aggressively manage and lease our assets to increase their cash flow.

We may acquire properties subject to existing mortgage financing and other indebtedness or to new indebtedness, which may be incurred in connection with acquiring or refinancing these investments. Debt service on such indebtedness will have a priority over any dividends with respect to our common stock and our preferred stock. We intend to limit our indebtedness to 60% of our total market capitalization and, based on the closing price of our common stock on September 30, 2005 of $18.00, our ratio of debt to total market capitalization was approximately 36% as of September 30, 2005. Our total market capitalization is defined as the sum of the market value of our outstanding common stock (which may decrease, thereby increasing our debt to total market capitalization ratio) and the liquidation value of our preferred stock, excluding options issued under our incentive award plan, plus the aggregate value of the common and long-term incentive units not held by us, plus the book value of our total consolidated indebtedness. Total market capitalization as of September 30, 2005 includes 6,670,000 shares of preferred stock with a $25.00 liquidation preference, 27,304,691 shares of our common stock and 31,521,431 common units and long-term incentive units.

Revenue Base. As of September 30, 2005, we owned 38 properties through our operating partnership. These properties are located throughout the U.S., with one property located in London, England and another property located in Amsterdam, Netherlands, and contain a total of approximately 7.9 million net rentable square feet. We acquired our first portfolio property in January 2002, an additional 4 properties through December 31, 2002, 8 properties during the year ended December 31, 2003, 11 properties during the year ended December 31, 2004 and 14 properties during the nine months ended September 30, 2005. Excluding space held for redevelopment, of approximately 732,000 square feet as of September 30, 2005, the properties in our portfolio were approximately 93.2% leased at an average annualized rent per leased square foot of $20.43. Since our tenants generally fund capital improvements, our lease terms are generally longer than standard commercial leases. At September 30, 2005, our average lease term was 12.6 years, with an average of 7.5 years remaining. Our lease expirations through 2008 are only 8.7% of net rentable square feet and 8.4% of aggregate annualized rent as of September 30, 2005.

Operating expense. Our operating expenses generally consist of utilities, property and ad valorem taxes, insurance and site maintenance costs, and rental expenses on our ground leases. For the Predecessor, a significant portion of the general and administrative type expenses were reflected in the asset management fees that were paid to GI Partners' related-party asset manager. The asset management fees were based on a fixed percentage of capital commitments made by the investors in GI Partners, a portion of which have been allocated to the Predecessor. Since the consummation of our initial public offering, we have internalized our asset management and accounting functions and are now incurring our general and administrative expenses directly. In addition, as a public company, we are incurring significant legal, accounting and other expenses related to corporate governance, Securities and Exchange Commission reporting and compliance with the various provisions of the Sarbanes-Oxley Act of 2002. In addition, we rely on third-party property managers for most of our properties. As of September 30, 2005, 23 of our properties were managed by affiliates of CB Richard Ellis, an affiliate of GI Partners with the remaining properties managed by third party property managers.

Formation Transactions. In connection with the completion of our IPO, our operating partnership received contributions from GI Partners and third parties of direct and indirect interests in the majority of the properties in our portfolio in exchange for consideration that included cash, assumption of debt, and common units in our operating partnership.

We accounted for the ownership interests contributed to us by GI Partners in exchange for common units in our operating partnership and the assumption of debt as a reorganization of entities under common control in a manner similar to a pooling of interests. Accordingly, the assets and liabilities contributed by GI Partners are accounted for by our operating partnership at GI Partners' historical cost. We utilized purchase accounting to account for the acquisition of ownership interests in 200 Paul Avenue and 1100 Space Park Drive, which were contributed to us by third parties in exchange for interests in our operating partnership, cash and the assumption of debt and for the acquisition of the 10% minority ownership interest in Univision Tower, which was contributed to us by our joint venture partner in exchange for an interest in our operating partnership and the repayment of debt. Accordingly, the purchase price for these interests, which is equal to the value of the common units that we issued in exchange plus cash paid and debt assumed, was allocated to the assets acquired and liabilities assumed based on the fair value of the assets and liabilities.

Factors Which May Influence Future Results of Operations

Rental income. The amount of net rental income generated by the properties in our portfolio depends principally on our ability to maintain the occupancy rates of currently leased space and to lease currently available space and space available from lease terminations. Excluding space

held for redevelopment, as of September 30, 2005, the occupancy rate in the properties in our portfolio was approximately 93.2% of our net rentable square feet. The amount of rental income generated by us also depends on our ability to maintain or increase rental rates at our properties. Included in our approximately 7.9 million square feet of net rentable square feet at September 30, 2005 is approximately 260,000 net rentable square feet of space with extensive data center improvements that is currently, or will shortly be, available for lease and we had leased approximately 118,000 square feet of this space at September 30, 2005. Rather than leasing all of this space to large single tenants, we are subdividing some of it for multi-tenant turn-key datacenter use, with tenants averaging between 100 and 5,000 square feet of net rentable space. Multi-tenant turn-key datacentering is a cost-effective solution for tenants who cannot afford or do not require their own extensive infrastructure and security. Because we can provide such features, we are able to lease space to these tenants at a significant premium over other uses. Negative trends in one or more of these factors could adversely affect our rental income in future periods. Future economic downturns or regional downturns affecting our submarkets or downturns in the technology industry that impair our ability to renew or re-lease space and the ability of our tenants to fulfill their lease commitments, as in the case of tenant bankruptcies, could adversely affect our ability to maintain or increase rental rates at our properties. In addition, growth in rental income will also partially depend on our ability to acquire additional technology-related real estate that meets our investment criteria. One of our tenants, VarTec Telecom, Inc. filed for Chapter 11 bankruptcy protection on November 1, 2004. VarTec Telecom, Inc. occupies approximately 135,000 rentable square feet at VarTec Building in Carrolton, Texas, 13,700 rentable square feet at our Lakeside Technology Center in Chicago, Illinois and 8,600 rentable square feet at our Univision Tower property in Dallas, Texas. The US Bankruptcy Count approved the sale of VarTec to Comtel in July 2005 and approval from the Federal Communication Commission is pending. On August 3, 2004, prior to our acquisition of 200 Paul Avenue, Universal Access Inc., a tenant which occupied approximately 11,700 square feet filed for Chapter 11 bankruptcy protection. UK-based Vanco plc acquired Universal Access in May 2005 and a new lease was executed with Vanco in August 2005. Both tenants are current on their rental obligations.

Scheduled lease expirations. Our ability to re-lease expiring space will impact our results of operations. In addition to approximately 0.5 million square feet of available space in our portfolio as of September 30, 2005, leases representing approximately 0.5% and 2.6% of the square footage of our portfolio are scheduled to expire during the three months ending December 31, 2005 and the year ending December 31, 2006, respectively. The leases scheduled to expire in the periods ending December 31, 2005 and 2006 represent approximately 0.4% and 2.1%, respectively, of our total annualized base rent. We are actively pursuing opportunities to release this expiring space.

Conditions in significant markets. As of September 30, 2005, our portfolio was geographically concentrated in the following metropolitan markets:

Metropolitan Market	Percentage of total annualized rent
Boston	6.5%
Chicago	15.2%
Dallas	13.4%
Los Angeles	8.1%
New York	4.6%
Philadelphia	4.8%
San Francisco	8.1%
Silicon Valley	24.8%
Other	14.5%
	100.0%

Positive or negative condition changes in our significant markets will impact our overall performance. The Dallas and Silicon Valley metropolitan real estate markets were adversely affected by the downturn in the technology industry, and continue to stabilize as the technology industry and broader economy rebound.

Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations are based upon our consolidated and combined financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The preparation of these financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed financial statements and the reported amount of revenues and expenses in the reporting period. Our actual results may differ from these estimates. We have provided a summary of our significant accounting policies in Note 2 to our consolidated and combined financial statements included in Item 1 of this report and in Item 8 of our annual report on Form 10-K for the year ended December 31, 2004. We describe below those accounting policies that require material subjective or complex judgments and that have the most significant impact on our financial condition and results of operations. Our management evaluates these estimates on an ongoing basis, based upon information currently available and on various assumptions management believes are reasonable as of the date of this report.

Investments in Real Estate

Acquisition of real estate. The price that we pay to acquire a property is impacted by many factors, including the condition of the buildings and improvements, the occupancy of the building, the existence of above and below market tenant leases, the creditworthiness of the tenants, favorable or unfavorable financing and above or below market ground leases. Accordingly, we are required to make subjective assessments to allocate the purchase price paid to acquire investments in real estate among the assets acquired and liabilities assumed based on our estimate of the fair values of such assets and liabilities. This includes determining the value of the buildings and improvements, land, any ground leases, tenant improvements, in-place tenant leases, tenant relationships, the value (or negative value) of above (or below) market leases and any debt assumed from the seller or loans made by the seller to us. Each of these estimates requires a great deal of judgment and some of the estimates involve complex calculations. Our allocation methodology is summarized in Note 2 to our consolidated and combined condensed financial statements included in our annual report on Form 10-K for the year ended December 31, 2004. These allocation assessments have a direct impact on our results of operations. For example, if we were to allocate more value to land, there would be no depreciation with respect to such amount. If we were to allocate more value to the buildings as opposed to tenant leases, this amount would be recognized as an expense over a much longer period of time. This potential effect occurs because the amounts allocated to buildings are depreciated over the estimated lives of the buildings whereas amounts allocated to tenant leases are amortized over the terms of the leases. Additionally, the amortization of value (or negative value) assigned to above or below market rate leases is recorded as an adjustment to rental revenue as compared to amortization of the value of in-place leases and tenant relationships, which is included in depreciation and amortization in our combined statements of operations.

Useful lives of assets. We are required to make subjective assessments as to the useful lives of our properties for purposes of determining the amount of depreciation to record on an annual basis with respect to our investments in real estate. These assessments have a direct impact on our net income because if we were to shorten the expected useful lives of our investments in real estate we would depreciate such investments over fewer years, resulting in more depreciation expense and lower net income on an annual basis.

Asset impairment valuation. We review the carrying value of our properties when circumstances, such as adverse market conditions, indicate potential impairment may exist. We base our review on an estimate of the future cash flows (excluding interest charges) expected to result from the real estate investment’s use and eventual disposition. We consider factors such as future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If our evaluation indicates that we may be unable to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property. These losses have a direct impact on our net income because recording an impairment loss results in an immediate negative adjustment to net income. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. Since cash flows on properties considered to be long-lived assets to be held and used are considered on an undiscounted basis to determine whether an asset may have been impaired, our strategy of holding properties over the long-term directly decreases the likelihood of recording an impairment loss. If our strategy changes or market conditions otherwise dictate an earlier sale date, an impairment loss may be recognized and such loss could be material. If we determine that impairment has occurred, the affected assets must be reduced to their fair value. No such impairment losses have been recognized to date.

If the asset’s undiscounted cash flow for the holding period is less than its net carrying value, we estimate the fair value of rental properties utilizing a discounted cash flow analysis that includes projections of future revenues, expenses and capital improvement costs, and is similar to the income approach that is commonly utilized by appraisers.

Revenue Recognition

Rental income is recognized using the straight-line method over the terms of the tenant leases. Deferred rent included in our balance sheets represent the aggregate excess of rental revenue recognized on a straight-line basis over the rental revenue that would be recognized under the terms of the leases. Our leases generally contain provisions under which the tenants reimburse us for a portion of property operating expenses and real estate taxes incurred by us. Such reimbursements are recognized in the period that the expenses are incurred. Lease termination fees are recognized when the related leases are canceled, the fees are collectible, and we have no continuing obligation to provide services to such former tenants. As discussed above, we recognize amortization of the value of acquired above or below market tenant leases as a reduction of rental income in the case of above market leases or an increase to rental revenue in the case of below market leases.

We must make subjective estimates as to when our revenue is earned and the collectibility of our accounts receivable related to minimum rent, deferred rent, expense reimbursements, lease termination fees and other income. We specifically analyze accounts receivable and historical bad debts, tenant concentrations, tenant creditworthiness, and current economic trends when evaluating the adequacy of the allowance for bad debts. These estimates have a direct impact on our net income because a higher bad debt allowance would result in lower net income, and recognizing rental revenue as earned in one period versus another would result in higher or lower net income for a particular period.

[Table of Contents](#)

Results of Operations

The discussion below relates to our financial condition and results of operations for the three and nine months ended September 30, 2005 and 2004.

Our property portfolio has experienced consistent and significant growth since the first property acquisition in January 2002. As a result of such growth, a period-to-period comparison of our financial performance focuses primarily on the impact on our revenues and expenses resulting from the new property additions to our portfolio. The following table identifies each of the properties in our portfolio acquired through September 30, 2005.

Acquired Properties	Metropolitan Area	Acquisition date	Redevelopment Space	Net Rentable Square Feet excluding redevelopment space	Square Feet including redevelopment	Occupancy Rate (1)
						Sept 30, 2005
Year Ended December 31, 2002						
36 Northeast Second Street	Miami	Jan. 2002	—	162,140	162,140	81.2%
Univision Tower	Dallas	Jan. 2002	19,890	457,217	477,107	80.9
Camperdown House	London, UK	July 2002	—	63,233	63,233	100.0
Hudson Corporate Center	New York	Nov. 2002	—	311,950	311,950	87.4
NTT/Verio Premier Data Center	Silicon Valley	Dec. 2002	—	130,752	130,752	100.0
Subtotal			19,890	1,125,292	1,145,182	
Year Ended December 31, 2003						
Ardenwood Corporate Park	Silicon Valley	Jan. 2003	—	307,657	307,657	100.0
VarTec Building	Dallas	Jan. 2003	—	135,250	135,250	100.0
ASM Lithography Training Facility	Phoenix	May. 2003	—	113,405	113,405	100.0
AT&T Web Hosting Facility	Atlanta	June 2003	123,891	126,300	250,191	100.0
Brea Data Center	Los Angeles	Aug. 2003	—	68,807	68,807	100.0
Granite Tower	Dallas	Sept. 2003	—	240,065	240,065	94.3
Maxtor Manufacturing Facility	Silicon Valley	Sept. 2003	—	183,050	183,050	100.0
Stanford Place II	Denver	Oct. 2003	—	366,184	366,184	89.8
Subtotal			123,891	1,540,718	1,664,609	
Year Ended December 31, 2004						
100 Technology Center Drive	Boston	Feb. 2004	—	197,000	197,000	100.0
Siemens Building	Dallas	April 2004	—	125,538	125,538	100.0
Carrier Center	Los Angeles	May 2004	59,319	430,759	490,078	83.0
Savvis Data Center 1	Silicon Valley	May 2004	—	300,000	300,000	100.0
Comverse Technology Building	Boston	June 2004	—	386,956	386,956	100.0
Webb at LBJ	Dallas	Aug. 2004	—	365,648	365,648	90.5
AboveNet Data Center	Silicon Valley	Sept. 2004	—	187,334	187,334	98.5
eBay Data Center	Sacramento	Oct. 2004	—	62,957	62,957	100.0
200 Paul Avenue	San Francisco	Nov. 2004	37,630	494,608	532,238	93.8
1100 Space Park Drive	Silicon Valley	Nov. 2004	85,542	82,409	167,951	94.9
Burbank Data Center	Los Angeles	Dec. 2004	—	82,911	82,911	100.0
Subtotal			182,491	2,716,120	2,898,611	
Nine Months Ended September 30, 2005						
833 Chestnut Street	Philadelphia	Mar. 2005	118,440	536,318	654,758	91.3
MAPP Building	Minneapolis/ St. Paul	Mar. 2005	—	88,134	88,134	100.0
Lakeside Technology Center	Chicago	May 2005	263,208	870,183	1,133,391	92.2
Ameriquest	Denver	June 2005	—	82,229	82,229	100.0
Savvis Data Center 2	Silicon Valley	June 2005	—	167,932	167,932	100.0
Savvis Data Center 3	Los Angeles	June 2005	—	113,606	113,606	100.0
Savvis Data Center 4	Silicon Valley	June 2005	—	103,940	103,940	100.0
Savvis Data Center 5	Silicon Valley	June 2005	—	90,139	90,139	100.0
Savvis Office Building	Silicon Valley	June 2005	—	84,383	84,383	100.0
Charlotte 1	Charlotte	Aug. 2005	—	40,879	40,879	100.0
Charlotte 2	Charlotte	Aug. 2005	10,501	18,717	29,218	100.0
Charlotte 3	Charlotte	Aug. 2005	13,242	12,151	25,393	85.8
Amsterdam Data Center	Amsterdam, Netherlands	Aug. 2005	—	112,472	112,472	62.0
Printers' Square	Chicago	Sept. 2005	—	161,547	161,547	84.1
Subtotal			405,391	2,482,630	2,888,021	
Total			731,663	7,864,760	8,596,423	

[1] The occupancy percentage presented in the above table excludes space available for redevelopment.

Comparison of the Three Months Ended September 30, 2005 to the Three Months Ended September 30, 2004

As of September 30, 2005, our portfolio consisted of 38 properties with an aggregate of 7.9 million net rentable square feet compared to a portfolio consisting of 20 properties with an aggregate of 4.7 million net rentable square feet as of September 30, 2004. The increase in our portfolio reflects the acquisition of 18 properties with an aggregate of approximately 3.2 million net rentable square feet during the twelve months ended September 30, 2005.

Total revenues increased $27.3 million, or 93.2%, to $56.6 million for the three months ended September 30, 2005 compared to $29.3 million for the three months ended September 30, 2004. Rental revenue increased $20.4 million, or 82.6%, to $45.1 million for the three months ended September 30, 2005 compared to $24.7 million for the three months ended September 30, 2004. Revenues from tenant reimbursements increased $6.3 million, or 134.0%, to $11.0 million for the three months ended September 30, 2005 compared to $4.7 million for the three months ended September 30, 2004. The increase in rental and tenant reimbursements revenue was primarily due to the 18 properties added to our portfolio during the twelve months ended September 30, 2005 along with a full three months of revenue earned in 2005 for our 2 acquisitions made during the three months ended September 30, 2004.

Total expenses increased $24.5 million, or 94.2%, to $50.5 million for the three months ended September 30, 2005 compared to $26.0 million for the three months ended September 30, 2004. The increase in total expenses was primarily due to the 18 properties added to our portfolio during the twelve months ended September 30, 2005 along with a full three months of expenses incurred in 2005 for our 2 acquisitions made during the three months ended September 30, 2004, resulting in increases in rental property operating and maintenance expense, property taxes, insurance, interest expense, depreciation and amortization expense and general and administrative expense. The increase in total expenses was also due to expenses incurred in connection with being a public company after the completion of our IPO in November 2004.

Rental property operating and maintenance expense increased $7.1 million, or 134.0%, to $12.4 million for the three months ended September 30, 2005 compared to $5.3 million for the three months ended September 30, 2004. The increase is primarily due to the 18 properties added to our portfolio during the twelve months ended September 30, 2005 along with a full three months of expenses incurred in 2005 attributed to our 2 acquisitions made during the three months ended September 30, 2004. Rental property operating and maintenance expenses included $0.6 million and $0.8 million for the three months ended September 30, 2005 and 2004, respectively, paid to affiliates of CB Richard Ellis Investors and The Linc Group for property management and other fees.

Property taxes increased $3.8 million, or 158.3%, to $6.2 million for the three months ended September 30, 2005 compared to $2.4 million for the three months ended September 30, 2004. The increase is primarily due to the 18 properties added to our portfolio during the twelve months ended September 30, 2005 along with a full three months of expense incurred in 2005 attributed to our 2 acquisitions made during the three months ended September 30, 2004.

Insurance increased $0.2 million, or 33.3%, to $0.8 million for the three months ended September 30, 2005 compared to $0.6 million for the three months ended September 30, 2004. The increase is primarily due to the 18 properties added to our portfolio during the twelve months ended September 30, 2005 along with a full three months of expense incurred in 2005 attributed to our 2 acquisitions made during the three months ended September 30, 2004.

Interest expense increased $2.8 million, or 35.4%, to $10.7 million for the three months ended September 30, 2005 compared to $7.9 million for the three months ended September 30, 2004. The increase was associated with new debt incurred primarily in connection with the properties added to our portfolio. The increase in interest expense related to property acquisitions was partially offset by a reduction in interest expense related to loans repaid or refinanced in connection with the completion of our IPO.

Depreciation and amortization expense increased $8.4 million, or 97.7%, to $17.0 million for the three months ended September 30, 2005 compared to $8.6 million for the three months ended September 30, 2004. The increase is primarily due to the 18 properties added to our portfolio during the twelve months ended September 30, 2005 along with a full three months of depreciation and amortization in 2005 attributed to our 2 acquisitions made during the three months ended September 30, 2004.

General and administrative expense increased $3.2 million to $3.3 million for the three months ended September 30, 2005 compared to $0.1 million for the three months ended September 30, 2004. Prior to the completion of our IPO, general and administrative expenses were incurred by the Predecessor's related party asset manager and the Predecessor incurred an asset management fee of $0.8 million, which is included separately in our combined statement of operations for the three months ended September 30, 2004. As a public company, we are incurring significant legal, accounting and other costs related to corporate governance, Securities and Exchange Commission reporting and other public company overhead. We also incurred increased general and administrative expenses as a result of the increase in size of our property portfolio.

The monthly asset management fees to a related party were based on a fixed percentage of capital commitments by the investors in GI Partners, a portion of which was allocated to the Predecessor. Effective as of the completion of our IPO, no such fees are allocated to us.

Comparison of the Nine Months Ended September 30, 2005 to the Nine Months Ended September 30, 2004

As of September 30, 2005, our portfolio consisted of 38 properties with an aggregate of 7.9 million net rentable square feet compared to a portfolio consisting of 20 properties with an aggregate of 4.7 million net rentable square feet as of September 30, 2004. The increase in our portfolio reflects the acquisition of 18 properties with an aggregate of approximately 3.2 million net rentable square feet during the twelve months ended September 30, 2005.

Total revenues increased $75.0 million, or 105.8%, to $145.9 million for the nine months ended September 30, 2005 compared to $70.9 million for the nine months ended September 30, 2004. This increase was mainly due to the acquisition of 18 properties during the 12 months ended September 30, 2005 along with a full nine months of revenue for the 7 properties added to our portfolio during the nine months ended September 30, 2004. Rental revenue increased $56.3 million, or 95.3%, to $115.4 million for the nine months ended September 30, 2005 compared to $59.1 million for the nine months ended September 30, 2004. Revenues from tenant reimbursements increased $15.6 million, or 154.5%, to $25.7 million for the nine months ended September 30, 2005 compared to $10.1 million for the nine months ended September 30, 2004. The increase in rental and tenant reimbursements revenue was primarily due to the 18 properties added to our portfolio during the twelve months ended September 30, 2005 along with a full nine months of revenue earned in 2005 attributed to our 7 acquisitions made during the nine months ended September 30, 2004.

The increase in other revenue of $3.1 million for the nine months ended September 30, 2005 compared to the nine months ended September 30, 2004 was primarily due to lease termination revenue related to an early termination of a tenant lease at Carrier Center during the nine months ended September 30, 2005 offset by non-recurring early lease termination revenue for other properties during the nine months ended September 30, 2004.

Total expenses increased $66.4 million, or 108.9%, to $127.4 million for the nine months ended September 30, 2005 compared to $61.0 million for the nine months ended September 30, 2004. The increase in total expenses was primarily due to 18 properties added to our portfolio during the twelve months ended September 30, 2005 along with a full nine months of expenses incurred in 2005 for our 7 acquisitions made during the nine months ended September 30, 2004, resulting in increases in rental property operating and maintenance expense, property taxes, insurance, interest expense, depreciation and amortization expense and general and administrative expense. The increase in total expenses was also due to expenses incurred in connection with being a public company after the completion of our IPO in November 2004.

Rental property operating and maintenance expense increased $17.6 million, or 151.7%, to $29.2 million for the nine months ended September 30, 2005 compared to $11.6 million for the three months ended September 30, 2004. The increase is primarily due to the 18 properties added to our portfolio during the twelve months ended September 30, 2005 along with a full nine months of expenses incurred in 2005 attributed to our 7 acquisitions made during the nine months ended September 30, 2004. Rental property operating and maintenance expenses included $1.3 million and $2.4 million for the nine months ended September 30, 2005 and 2004, respectively, paid to affiliates of CB Richard Ellis Investors and The Linc Group for property management and other fees.

Interest expense increased $12.3 million, or 77.8%, to $28.1 million for the nine months ended September 30, 2005 compared to $15.8 million for the nine months ended September 30, 2004. The increase was associated with new debt incurred primarily in connection with the properties added to our portfolio. The increase in interest related to property acquisitions was partially offset by a reduction in interest related to loans repaid or refinanced in connection with the completion of our IPO.

Depreciation and amortization expense increased $22.6 million, or 108.7% , to $43.4 million for the nine months ended September 30, 2005 compared to $20.8 million for the nine months ended September 30, 2004. The increase is primarily due to the 18 properties added to our portfolio during the twelve months ended September 30, 2005 along with a full nine months of depreciation and amortization in 2005 attributed to our 7 acquisitions made during the nine months ended September 30, 2004.

General and administrative expense increased $8.0 million to $8.2 million for the nine months ended September 30, 2005 compared to $0.2 million for the nine months ended September 30, 2004. Prior to the completion of our IPO, general and administrative expenses were incurred by the Predecessor's related party asset manager and the Predecessor incurred an asset management fee of $2.4 million, which is included separately in our combined statement of operations. As a public company, we are incurring significant legal, accounting and other costs related to corporate governance, Securities and Exchange Commission reporting and other public company overhead. We also incurred increased general and administrative expenses as a result of the increase in size of our property portfolio.

Other expenses are primarily comprised of write-offs of the carrying amounts for deferred rent, tenant improvements, acquired in place lease value and acquired above and below market lease values as a result of the early termination of tenant leases. Other expenses decreased

$1.1 million for the nine months ended September 30, 2005 compared to the nine months ended September 30, 2004, because the carrying value of the tenant related assets written off as a result of early lease terminations was lower for the leases terminated during the nine months ended September 30, 2005 compared to the nine months ended September 30, 2004.

For the nine months ended September 30, 2004, the monthly asset management fees to a related party were based on a fixed percentage of capital commitments by the investors in GI Partners, a portion of which was allocated to the Predecessor. Effective as of the completion of our IPO, no such fees are allocated to us.

Liquidity and Capital Resources

Analysis of Liquidity and Capital Resources

As of September 30, 2005, we had $7.1 million of cash and cash equivalents, excluding $29.0 million of restricted cash. Restricted cash primarily consists of interest bearing cash deposits required by the terms of several of our mortgage loans for a variety of purposes, including real estate taxes, insurance, anticipated or contractually obligated tenant improvements and leasing reserves.

Our short term liquidity requirements primarily consist of operating expenses and other expenditures associated with our properties, dividend payments on our series A and series B preferred stock, which were issued on February 9, 2005 and July 26, 2005, respectively, dividend payments to our stockholders and distributions to our unitholders in the operating partnership required to maintain our REIT status, capital expenditures, debt service on our loans and, potentially, acquisitions. We expect to meet our short-term liquidity requirements through net cash provided by operations, restricted cash accounts established for certain future payments and by drawing upon our unsecured credit facility.

Our properties require periodic investments of capital for tenant-related capital expenditures and for general capital improvements. As of September 30, 2005, we had commitments under leases in effect for $13.8 million of tenant improvement costs and leasing commissions, including approximately $11.2 million for the remainder of 2005 and approximately $2.6 million in 2006. We also expect to incur costs of recurring capital improvements for our properties. As of September 30, 2005 we have identified from our existing properties approximately 732,000 square feet of shell condition space as redevelopment space. The three most significant redevelopment space properties are: Lakeside Technology Center, which we acquired in May 2005, containing approximately 263,000 square feet of additional vacant space in shell condition; AT&T Web Hosting facility which the Predecessor acquired in June 2003 containing approximately 124,000 square feet of vacant shell condition space; and 833 Chestnut Street, which we acquired in March 2005, containing approximately 118,000 square feet of vacant space in shell condition. Depending on demand in these buildings, we may incur significant tenant improvement costs to build out these spaces.

As of September 30, 2005, we owned approximately 260,000 net rentable square feet of data center space with extensive installed tenant improvements that we may subdivide for multi-tenant turn-key datacenter use during the next two years rather than lease such space to large single tenants. We had leased approximately 118,000 square feet of this space at September 30, 2005. We estimate that the cost to convert this space will be approximately $10 to $20 per square foot, on average. We may also spend additional amounts in the next two years related to the build-out of unimproved space for turn-key datacenter use, depending on tenant demand; however, we currently have no commitments to do so. The cost to build out such unimproved space will vary based on the size and condition of the space.

As of September 30, 2005 our operating partnership has a $210.0 million unsecured revolving credit facility. Borrowings under the facility currently bear interest at a rate based on LIBOR plus a premium ranging from 1.375% to 1.750%, depending on our operating partnership's overall leverage, which premium was 1.625% as of September 30, 2005. The facility matures in November 2007, subject to a one-year extension option. On October 31, 2005, our operating partnership entered into an amendment of its existing unsecured revolving credit facility to raise the commitments thereunder to $350.0 million (with the option to further increase the unsecured revolving credit facility to $500 million subject to receipt of lender commitments and satisfaction of other conditions), reduce the applicable margin on advances by 12.5 basis points and extend the maturity by one year. Borrowings under the amended unsecured revolving credit facility currently bear interest at a rate based on LIBOR plus margin ranging from 1.250% to 1.625%, depending on our operating partnership's overall leverage, which margin was 1.625% as of October 31, 2005. The amended unsecured revolving credit facility matures in October 2008, subject to a one-year extension option. The amended unsecured revolving credit facility has a $150.0 million sub-facility for foreign exchange advances in Euros and British Sterling. We intend to use available borrowings under the amended unsecured revolving credit facility to, among other things, finance the acquisition of future properties (including, potentially, IBM Technology Park), to fund tenant improvements and capital expenditures, and to provide for working capital and other corporate purposes.

On November 10, 2005 we prepaid the balance of the mortgage on our Carrier Center property. No prepayment fees were incurred as a result of this prepayment.

On November 9, 2005, we prepaid the balance of the mezzanine loan on our Ardenwood Corporate Park, NTT/Verio Premier Data Center and VarTec Building, properties. No prepayment fees were incurred as a result of this prepayment.

In February 2005, we completed the offering of 4.14 million shares of our 8.50% series A preferred stock for total net proceeds, after underwriting discounts and estimated expenses, of $99.3 million, including the proceeds from the exercise of the underwriters' over-allotment option. We used the net proceeds from this offering to reduce borrowings under our unsecured credit facility, acquire two properties in March 2005 as described below and for investment and general corporate purposes.

On July 26, 2005, we completed the offering of approximately 5.9 million shares of common stock for total net proceeds, after underwriting discounts and estimated expenses, of $98.1 million, including the proceeds from the exercise of the underwriters' over-allotment option. Concurrently, we completed the offering of approximately 2.5 million shares of 7.875% Series B Cumulative Redeemable Preferred Stock (liquidation preference of $25.00 per share) for total net proceeds, after underwriting discounts and estimated expenses, of $60.5 million, including the proceeds from the exercise of the underwriters' over-allotment option. We used the net proceeds from the concurrent offerings to reduce borrowings under our unsecured credit facility, to acquire properties and for general corporate purposes.

In March 2005, we completed the acquisition of two properties, 833 Chestnut Street in Philadelphia, Pennsylvania and MAPP Building in Minneapolis, Minnesota. The aggregate purchase price for these properties was approximately $74.6 million, which was paid from the proceeds of our offering of series A preferred stock described above along with the assumption of a $9.7 million mortgage loan on the MAPP Building.

In May 2005, we completed the acquisition of Lakeside Technology Center in Chicago, Illinois, for a purchase price of approximately $141.6 million. To finance this purchase we borrowed $100.0 million in the form of a mortgage on the property and also borrowed $35.0 million under our unsecured credit facility. We are obligated to pay the seller a contingent fee of up to $20.0 million in the event a new real estate tax classification for the property is obtained prior to December 31, 2006. We have also agreed with the seller to share a portion, not to exceed $135,000 per month, of rental revenue, adjusted for our costs to lease the premises, from the lease of the 263,000 square feet of space held for redevelopment. This revenue sharing agreement will terminate in May 2013.

In June 2005, we completed the acquisition of the Ameriquest Data Center located in Englewood, Colorado (Denver metropolitan area) from GI Partners. The purchase price of approximately $16.5 million was determined through negotiations between us and GI Partners and was less than the value determined by an independent third party appraiser retained in connection with the acquisition. We funded the purchase price with borrowings under the credit facility.

In June 2005, we completed the acquisition of Savvis Data Centers 2 through 5 and Savvis Office Building for a combined purchase price of approximately $92.5 million, which we borrowed under our unsecured credit facility.

On August 11, 2005 we executed a purchase and sale agreement and simultaneously acquired a data center in Amsterdam, Netherlands for approximately 14.0 million Euros or approximately $17.3 million based on the exchange rate in effect on August 11, 2005, excluding closing costs and reimbursable taxes. This property is subject to an operating ground lease of approximately $3,000 per month expiring in April 2054. In connection with this purchase we paid value added tax of approximately 2.7 million Euros or approximately $3.2 million based on the exchange rate in effect on August 11, 2005. We expect to recover this amount in the final quarter of 2005 and have included $3.2 million in other assets in the condensed consolidated balance sheet at September 30, 2005.

On August 30, 2005 we acquired three properties comprising the Charlotte Internet Gateway located in Charlotte, North Carolina for approximately $17.2 million.

On September 30, 2005 we acquired Printers' Square, located in Chicago, Illinois for approximately $39.0 million.

On September 30, 2005 we signed an agreement to acquire a property, 251 Exchange Place located in Herndon, Virginia for approximately $12,850,000.

On October 4, 2005 we purchased a property in Waltham, Massachusetts for approximately $14.3 million.

On October 7, 2005 we signed an agreement to acquire a property located in Piscataway, New Jersey for approximately $17.2 million.

On October 25, 2005 we entered into an agreement to purchase the IBM Technology Park, a property located near Mainz, Germany for approximately 77.1 million Euros (approximately $91.2 million based on the exchange rate on October 25, 2005). The seller may be entitled to additional consideration based on future leasing activity.

On October 25, 2005 we entered into an agreement to purchase a data center in Geneva, Switzerland for approximately 10.1 million Euros (approximately $11.9 million based on the exchange rate on November 10, 2005).

On October 28, 2005 we signed an agreement to acquire two buildings located in Austin, Texas for approximately $13.5 million.

Our purchase price for the Charlotte Internet Gateway properties may increase by $1.3 million if specified leasing activity occurs before December 31, 2005. As part of the acquisition of the Amsterdam property, we entered into an agreement with the seller, whereby, for twelve months from the execution of the purchase and sale agreement, our purchase price may increase dependant upon future leasing activity as a result of actions by the seller. The amount of the potential commitment is not currently quantifiable as it is based on a 10% cap rate on the incremental operating income from qualifying new leases that are closed or binding during the participation period. We have no liability for these contingent liabilities on our balance sheet at September 30, 2005.

We expect to meet our long-term liquidity requirements to pay for scheduled debt maturities and to fund property acquisitions and non-recurring capital improvements with net cash from operations, future long-term secured and unsecured indebtedness and the issuance of equity and debt securities. We also may fund future property acquisitions and non-recurring capital improvements using our unsecured credit facility pending permanent financing.

Distributions

We are required to distribute 90% of our REIT taxable income (excluding capital gains) on an annual basis in order to continue to qualify as a REIT for federal income tax purposes. Accordingly, we intend to make, but are not contractually bound to make, regular quarterly distributions to preferred stockholders, common stockholders and unit holders from cash flow from operating activities. All such distributions are at the discretion of our board of directors. We may be required to use borrowings under the credit facility, if necessary, to meet REIT distribution requirements and maintain our REIT status. We consider market factors and our performance in addition to REIT requirements in determining distribution levels. Amounts accumulated for distribution to stockholders are invested primarily in interest-bearing accounts and short-term interest-bearing securities, which are consistent with our intention to maintain our status as a REIT.

In 2005, we have declared the following dividends:

Date dividend and distribution declared	Share class	Dividend and distribution amount	Period covered	Dividend and distribution payable date	Annual equivalent rate of dividend and distribution	Dividend and distribution amount (in thousands)
August 9, 2005	Series A Preferred Stock	$ 0.53125	July 1, 2005 to September 30, 2005	September 30, 2005 to shareholders on record on September 15, 2005.	$ 2.125	$ 2,199
August 9, 2005	Series B Preferred Stock	$ 0.35547	July 26, 2005 to September 30, 2005	September 30, 2005 to shareholders on record on September 15, 2005.	$ 1.969	900
August 9, 2005	Common stock and operating partnership common units and long term incentive units.	$ 0.24375	July 1, 2005 to September 30, 2005	September 30, 2005 to shareholders on record on September 15, 2005.	$ 0.975	14,338
May 16, 2005	Series A Preferred Stock	$ 0.53125	April 1, 2005 to June 30, 2005	June 30, 2005 to shareholders on record on June 15, 2005.	$ 2.125	2,199
May 16, 2005	Common stock and operating partnership common units and long term incentive units.	$ 0.24375	April 1, 2005 to June 30, 2005	June 30, 2005 to shareholders on record on June 15, 2005.	$ 0.975	12,905
February 14, 2005	Series A Preferred Stock	$ 0.30694	February 9, 2005 to March 31, 2005	March 31, 2005 to shareholders on record on March 15, 2005.	$ 2.125	1,271
February 14, 2005	Common stock and operating partnership common units and long term incentive units.	$ 0.24375	January 1, 2005 to March 31, 2005	March 31, 2005 to shareholders on record on March 15, 2005.	$ 0.975	12,905

Total 2005 dividends and distributions paid through September 30, 2005:

Series A Preferred Stock	$ 1.36944	5,669
Series B Preferred Stock	$ 0.35547	900
Common stock and operating partnership common units and long term incentive units.	$ 0.73125	40,148
		$ 46,717

Distributions to common and long-term incentive unitholders are recorded as a reduction to minority interests in operating partnership. Earnings and profits, which determine the taxability of distributions to stockholders, will differ from income reported for financial reporting

purposes, generally due to the differences for federal income tax purposes in the treatment of loss on extinguishment of debt, revenue recognition, compensation expense and depreciation expense because of the basis of depreciable assets and estimated useful lives used to compute depreciation.

On November 8, 2005, we declared a dividend on our series A preferred stock of $0.53125 per share for the period from October 1, 2005 through December 31, 2005, payable on December 30, 2005 to holders of record on December 15, 2005. The dividend is equivalent to an annual rate of $2.125 per share of series A preferred stock. Additionally, we declared a dividend on our series B preferred stock of $0.49219 per share for the period from October 1, 2005 through December 31, 2005, payable on December 30, 2005 to holders of record on December 15, 2005. The dividend is equivalent to an annual rate of $1.96875 per share of series B preferred stock. On November 8, 2005, we also declared a dividend on our common stock, and the Operating Partnership declared distributions on common units and long-term incentive units of $0.265 per share, for the period from October 1, 2005 to December 31, 2005 payable on January 13, 2006 to holders of record on December 30, 2005. The dividend and distribution is equivalent to an annual rate of $1.06 per common share and common unit.

Commitments and Contingencies

The following table summarizes our contractual obligations as of September 30, 2005, including the maturities and scheduled principal on our secured debt and unsecured credit facility debt, and provides information about the commitments due in connection with our ground lease, tenant improvement and leasing commissions (in thousands):

Obligation	Total	Remainder	2006-2007	2008-2009	Thereafter
Long-term debt principal payments (1)	$ 684,656	$ 2,196	$ 278,907	$ 244,958	$ 158,595
Interest payable (2)	166,022	10,276	68,930	34,244	52,572
Ground leases (3)	12,577	70	563	563	11,381
Operating lease	2,521	89	716	758	958
Tenant improvements and leasing commissions	13,805	11,196	2,609	—	—
	$ 879,581	$ 23,827	$ 351,725	$ 280,523	$ 223,506

(1) Includes $103.8 million of borrowings under our unsecured credit facility, which was due to mature in November 2007 and excludes $2.3 million of loan premium. On October 31, 2005 we extended the maturity date of our unsecured credit facility from November 2007 to October 2008. In November 2005, we prepaid approximately $47.6 million representing the balances on our Carrier Center property and the mezzanine loan on our Ardenwood Corporate Park, NTT/Verio Premier Data Center and VarTac Building properties. The Carrier Center and the Ardenwood Corporate Park, NTT/Verio Premier Data Center and VarTac Building debt were due to expire in August 2006 and November 2007, respectively.

(2) Interest payable is based on the interest rate in effect on September 30, 2005 including the effect of interest rate swaps. Interest payable excluding the effect of interest rate swaps is as follows (in thousands):

Remainder of 2005	$ 10,346
2006-2007	69,057
2008-2009	34,296
Thereafter	52,572
	$ 166,271

(3) This is comprised of ground lease payments on our ASM Lithography Training Facility and our Amsterdam Data Center. After February 2036, rent for the remaining term of the ASM Lithography Facility ground lease will be determined based on a fair market value appraisal of the asset and, as a result, is excluded from the above information.

We are party to interest rate swap agreements with KeyBank National Association and Bank of America for approximately $238.3 million of our variable rate debt that was outstanding as of September 30, 2005. Under these swaps, we receive variable-rate amounts in exchange for fixed-rate payments over the life of the agreements without exchange of the underlying principal amounts. See Item 3 “Quantitative and Qualitative Disclosures about Market Risk.”

Outstanding Consolidated Indebtedness

The table below summarizes our debt, at September 30, 2005 (in millions):

Fixed rate	$277.3
Variable rate—hedged by interest rate swaps	238.3
Total fixed rate	515.6
Variable rate—unhedged	169.1
Total	684.7
Percent of Total Debt:	
Fixed rate (including swapped debt)	75.3%
Variable rate	24.7%
Total	100.0%
Effective Interest Rate at September 30, 2005	
Fixed rate (including swapped debt)	5.84%
Variable rate—unhedged	6.43%
Effective interest rate	5.99%

The variable rate debt shown above bears interest at rates based on 1-month and 3-month LIBOR rates, depending on the agreement governing the debt. The debt secured by our properties at September 30, 2005 had a weighted- average term to initial maturity of approximately 4.3 years (approximately 5.2 years assuming exercise of extension options).

Unsecured Credit Facility. As of September 30, 2005 our operating partnership has $210.0 million unsecured revolving credit facility. Borrowings under the facility currently bear interest at a rate based on LIBOR plus a premium ranging from 1.375% to 1.750%, depending on our operating partnership's overall leverage, which premium was 1.625% as of September 30, 2005. The facility matures in November 2007, subject to a one-year extension option. On October 31, 2005, our operating partnership entered into an amendment of its existing unsecured revolving credit facility to raise the commitments thereunder to $350.0 million (with the option to further increase the unsecured revolving credit facility to $500 million subject to receipt of lender commitments and satisfaction of other conditions), reduce the applicable margin on advances by 12.5 basis points and extend the maturity by one year. Borrowings under the amended unsecured revolving credit facility currently bear interest at a rate based on LIBOR plus margin ranging from 1.250% to 1.625%, depending on our operating partnership's overall leverage, which margin was 1.625% as of October 31, 2005. The amended unsecured revolving credit facility matures in October 2008, subject to a one-year extension option. The amended unsecured revolving credit facility has a $150.0 million sub-facility for foreign exchange advances in Euros and British Sterling.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements consist of interest rate cap agreements in connection with certain of our indebtedness, a currency fluctuation hedge arrangement in connection with our ownership of the Camperdown House property in London, England and interest rate swap agreements with KeyBank National Association and Bank of America related to $238.3 million of outstanding principal on our variable rate debt. See Item 3 "Quantitative and Qualitative Disclosures about Market Risk."

As of September 30, 2005, GI Partners had $1.2 million of letters of credit outstanding that secure obligations relating to two of our properties, Carrier Center and Stanford Place II. These letters of credit were initially issued in lieu of making deposits required by a local utility and in lieu of establishing a restricted cash account on behalf of a lender. We are in the process of causing these letters of credit to be transferred to us. We are currently reimbursing GI Partners for the costs of maintaining the letters of credit, which payments are less than $5,000 per quarter. We currently have no other off-balance sheet arrangements.

Cash Flows

The following summary discussion of our cash flows is based on the consolidated and combined statements of cash flows and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below.

Comparison of Nine Months Ended September 30, 2005 to Nine Months Ended September 30, 2004

Cash and cash equivalents were $7.1 million and $2.6 million at September 30, 2005 and 2004, respectively.

Net cash provided by operating activities increased $32.7 million to $64.3 million for the nine months ended September 30, 2005 compared to $31.6 million for the nine months ended September 30, 2004. The increase was primarily due to revenues from the properties added to our portfolio and an increase in accounts payable and other liabilities and security deposits and prepaid rent which was partially offset by the increased interest expense incurred on the debt related to the acquired properties and an increase in deferred leasing costs.

Net cash used in investing activities increased $87.1 million to $408.8 million for the nine months ended September 30, 2005 compared to $321.7 million for the nine months ended September 30, 2004. The increase was primarily the result of the acquisition of 14 properties during the nine months ended September 30, 2005, which required a larger investment than the 7 properties acquired during the nine months ended September 30, 2004.

Net cash provided by financing activities increased $59.4 million to $347.0 million, for the nine months ended September 30, 2005 compared to $287.6 million for the nine months ended September 30, 2004. The increase was primarily due to net proceeds from the sale of series A and B preferred stock and common stock during the nine months ended September 30, 2005, offset by a decrease in net borrowings during the nine months ended September 30, 2005 compared to the nine months ended September 30, 2004, and offset by dividends and distributions paid during the nine months ended September 30, 2005 compared to net contributions received from the owner of the Predecessor during the nine months ended September 30, 2004.

Shelf registration

Minority interests relate to the interests in the Operating Partnership that are not owned by us, which, at September 30, 2005, amounted to 53.6% of the Operating Partnership Common Units. In conjunction with the our formation, GI Partners received common units, in exchange for contributing ownership interests in the Predecessor’s properties to the Operating Partnership. Also in connection with acquiring real estate interests owned by third parties, the Operating Partnership issued common units to those sellers. Limited partners who acquired common units in the formation transactions have the right, commencing on or after January 3, 2006, to require the Operating Partnership to redeem part or all of their common units for cash based upon the fair market value of an equivalent number of shares of our common stock at the time of the redemption. Alternatively, we may elect to acquire those common units in exchange for shares of our common stock on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, issuance of stock rights, specified extraordinary distributions and similar events. Pursuant to registration rights agreements we entered into with GI Partners and the other third party contributors, we are required to file a shelf registration statement covering the issuance of the shares of our common stock issuable upon redemption of the common units, and the resale of those shares of common stock by the holders. We anticipate that we will make the initial filing of this registration statement in November 2005.

Recent accounting pronouncements not yet adopted

In March 2005, the Financial Accounting Standards Board (FASB) issued Interpretation No. 47, “Accounting for Conditional Asset Retirement Obligations” (“FIN 47”). FIN 47 clarifies guidance provided in FASB Statement No. 143, “Accounting for Asset Retirement Obligations.” The term asset retirement obligation refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Entities are required to recognize a liability for the fair value of a conditional asset retirement obligation when incurred if the liability’s fair value can be reasonably estimated. FIN 47 will be effective as of the end of the first fiscal year ending after December 15, 2005. We are currently considering the impact of the adoption of FIN 47.

Inflation

Substantially all of our leases provide for separate real estate tax and operating expense escalations. In addition, many of the leases provide for fixed base rent increases. We believe that inflationary increases may be at least partially offset by the contractual rent increases and expense escalations described above.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We do not use derivatives for trading or speculative purposes and only enter into contracts with major financial institutions based on their credit rating and other factors.

Effective November 2004 and May 2005, we entered into interest rate swap agreements with KeyBank National Association and Bank of America to hedge variability in cash flows related to certain of our variable rate debt. The table below summarizes the terms of these interest rate swaps and their fair values as of September 30, 2005 (in thousands):

Current Notional Amount	Strike Rate	Effective Date	Expiration Date	Fair Value
$ 45,315	3.178%	Nov. 26, 2004	Jul. 1, 2006	$ 369
43,000	3.250	Nov. 26, 2004	Sep. 15, 2006	448
21,240	3.754	Nov. 26, 2004	Jan. 1, 2009	453
20,000	3.824	Nov. 26, 2004	Apr. 1, 2009	445
8,775	3.331	Nov. 26, 2004	Dec. 1, 2006	108
100,000	4.025	May 26, 2005	Jun. 15, 2008	1,115
$ 238,330				$2,938

If the underlying base interest rates were to increase by 10%, or approximately 44 basis points, the fair value of our interest rate swaps would increase by approximately $1.9 million. If interest rates were to decrease by 10%, or approximately 44 basis points, the fair value of our interest rate swaps would decrease by approximately $1.9 million.

If interest rates were to increase by 10%, or approximately 44 basis points, the increase in interest expense on the unhedged variable rate debt would decrease future earnings and cash flows by approximately $0.7 million annually. If fixed interest rates were to increase by 10%, the fair value of our $277.2 million principal amount of outstanding fixed rate debt would decrease by approximately $6.0 million. If interest rates were to decrease by 10%, or approximately 44 basis points, the decrease in interest expense on the unhedged variable rate debt would be approximately $0.7 million annually. If interest rates were to decrease by 10%, the fair value of our $277.2 million principal amount of outstanding fixed rate debt would increase by approximately $6.1 million.

Interest risk amounts were determined by considering the impact of hypothetical interest rates on our financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur in that environment. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

As of September 30, 2005, our total outstanding debt was approximately $686.9 million, which consisted of $558.8 million of principal outstanding for mortgage loans and $2.3 million for the debt premium on two of our mortgage loans, $103.8 million of notes payable under our line of credit and $22.0 million of other secured loans. Approximately $407.4 million of our total outstanding debt was variable rate debt and after considering that $238.3 million of such debt is hedged with interest rate swaps, our variable rate debt comprises 24.7% of our total outstanding debt. As of September 30, 2005, the fair value of our outstanding fixed-rate debt approximated $288.0 million compared to the carrying value of $279.5 million, comprised of $277.2 of principal and $2.3 million of debt premium.

We are also party to a foreign currency hedging contract with a notional value of approximately £7.9 million, which we use to convert the balance of our investment in the Camperdown House property into U.S. dollars. The fair value of this forward contract was $0.7 million as of September 30, 2005 using the currency exchange rate in effect as of that date. If the exchange rate of United States Dollars to Great Britain Pounds were to increase by 10%, the fair value of our forward contract would decrease by $1.4 million to ($0.7) million. If the exchange rate of United States Dollars to Great Britain Pounds were to decrease by 10%, the fair value of our forward contract would increase by $1.3 million to $2.0 million.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have adopted and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by SEC Rule 13a-15(b), we have carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the quarter covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting that has occurred during the fiscal quarter ended September 30, 2005 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1 – Legal Proceedings.

None.

ITEM 2 – Unregistered Sales of Equity Securities and Use of Proceeds.

None.

ITEM 3 – Defaults Upon Senior Securities.

None.

ITEM 4 – Submission of Matters to a Vote of Security Holders.

None.

ITEM 5 – Other Information.

(a) None.

(b) None.

ITEM 6 – Exhibits

3.1 [1]	Articles Supplementary of Digital Realty Trust, Inc. filed July 25, 2005.
3.2 [2]	Articles of Amendment and Restatement of Digital Realty Trust, Inc.
3.3 [2]	Amended and Restated Bylaws of Digital Realty Trust, Inc.
10.1 [3]	Amendment No. 2 to the Credit Agreement, dated as of October 31, 2005, among Digital Realty Trust, L.P., Citicorp North America, Inc., as administrative agent, the financial institutions named therein, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as syndication agent, Bank of America, N.A., KeyBank National Association and Royal Bank of Canada, as co-documentation agents, and Citigroup Global Markets Inc. and Merrill Lynch, as the arrangers.
10.2 [4]	Fourth Amended and Restated Agreement of Limited Partnership of Digital Realty Trust, L.P.
10.3	Purchase Contract, dated as of October 19, 2005, by and among Digital Realty Trust Germany 1 GmbH, LBC-Digital Realty Trust Germany 1 GmbH & Co. KG, Euroareal Holding Projekt Mainz Hechtsheimerstrasse GmbH and Euroareal Mainz Produktionsgebäude Hechtsheimer Straße GmbH (English translation).

10.4 [5]	Form of Class C Profits Interest Units Agreement
10.5 [5]	Loan Agreement, dated as of October 4, 2005, by and between 200 Paul, LLC as borrower and Countrywide Commercial Real Estate Finance, Inc.
10.7 [1]	Third Amended and Restated Agreement of Limited Partnership of Digital Realty Trust, L.P.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

(1) Incorporated by reference to the registrant’s current report on Form 8-K filed with the Commission on July 29, 2005.

(2) Incorporated by reference to the registrant’s quarterly report on Form 10-Q filed with the commission on December 13, 2004.

(3) Incorporated by reference to the registrant’s current report on Form 8-K filed with the Commission on November 2, 2005.

(4) Incorporated by reference to the registrant’s current report on Form 8-K filed with the Commission on November 1, 2005.

(5) Incorporated by reference to the registrant’s current report on Form 8-K filed with the Commission on October 5, 2005.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DIGITAL REALTY TRUST, INC.

November 10, 2005	/s/ MICHAEL F. FOUST **Michael F. Foust** **Chief Executive Officer**
November 10, 2005	/s/ A. WILLIAM STEIN **A. William Stein** **Chief Financial Officer and Chief Investment Officer** **(principal financial officer)**
November 10, 2005	/s/ EDWARD F. SHAM **Edward F. Sham** **Controller** **(principal accounting officer)**

Table of Contents

EXHIBIT INDEX

Exhibit No.	Description
3.1 [(1)]	Articles Supplementary of Digital Realty Trust, Inc. filed July 25, 2005.
3.2 [(2)]	Articles of Amendment and Restatement of Digital Realty Trust, Inc.
3.3 [(2)]	Amended and Restated Bylaws of Digital Realty Trust, Inc.
10.1 [(3)]	Amendment No. 2 to the Credit Agreement, dated as of October 31, 2005, among Digital Realty Trust, L.P., Citicorp North America, Inc., as administrative agent, the financial institutions named therein, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as syndication agent, Bank of America, N.A., KeyBank National Association and Royal Bank of Canada, as co-documentation agents, and Citigroup Global Markets Inc. and Merrill Lynch, as the arrangers.
10.2 [(4)]	Fourth Amended and Restated Agreement of Limited Partnership of Digital Realty Trust, L.P.
10.3	Purchase Contract, dated as of October 19, 2005, by and among Digital Realty Trust Germany 1 GmbH, LBC-Digital Realty Trust Germany 1 GmbH & Co. KG, Euroareal Holding Projekt Mainz Hechtsheimerstrasse GmbH and Euroareal Mainz Produktionsgebäude Hechtsheimer Straße GmbH (English translation).
10.4 [(5)]	Form of Class C Profits Interest Units Agreement
10.5 [(5)]	Loan Agreement, dated as of October 4, 2005, by and between 200 Paul, LLC as borrower and Countrywide Commercial Real Estate Finance, Inc.
10.7 [(1)]	Third Amended and Restated Agreement of Limited Partnership of Digital Realty Trust, L.P.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

(1) Incorporated by reference to the registrant’s current report on Form 8-K filed with the Commission on July 29, 2005.

(2) Incorporated by reference to the registrant’s quarterly report on Form 10-Q filed with the commission on December 13, 2004.

(3) Incorporated by reference to the registrant’s current report on Form 8-K filed with the Commission on November 2, 2005.

(4) Incorporated by reference to the registrant’s current report on Form 8-K filed with the Commission on November 1, 2005.

(5) Incorporated by reference to the registrant’s current report on Form 8-K filed with the Commission on October 5, 2005.

Exhibit 10.3

Document no. 1577 for 2005

Heard

in Cologne on 22 September 2005.

There appeared before me

Wolfgang Gruntkowski, Notary Public,

Notary public for Cologne Higher Regional Court with offices in Cologne

1a. Mr. Rolf Breuer, MBA, born on 19 January 1951, with his place of business at Jülicher Strasse 26, 50674 Cologne,

1b. Mr. Fritz Eduard Skrzypczak, born on 23 May 1936, with his place of business at Louisenstrasse 119-121, 61348 Bad Homburg von der Höhe.

Parties **1.a) and 1.b)** are not acting for themselves personally but

a) as managing directors, with joint power of representation and exempt from the restrictions contained in § 181 Civil Code, of the limited liability company with the name of **Euroareal Holding Projekt Mainz Hechtsheimerstrasse GmbH** registered in the Commercial Register of Cologne Municipal Court as [HR] B 52583, having its registered office in Cologne and with its business address at Jülicher Strasse 26, 50674 Cologne.

- the company **Euroareal Holding Projekt Mainz Hechtsheimerstrasse GmbH** being hereinafter referred to as ***"Seller" –***

b) as managing directors, with joint power of representation and exempt from the restrictions contained in § 181 Civil Code, of the limited liability company with the name of **Euroareal Mainz Verwaltungsgebäude Hechtsheimerstrasse GmbH** registered in the Commercial Register of Cologne Municipal Court as [HR] B 52649, having its registered office in Cologne and with its business address at Jülicher Strasse 26, 50674 Cologne.

c) lastly, as managing directors, with joint power of representation and exempt from the restrictions contained in § 181 Civil Code, of the limited liability company with the name of **Euroareal Mainz Produktionsgebäude Hechtsheimerstrasse GmbH** registered in the Commercial Register of Cologne Municipal Court as [HR] B 52656, having its registered office in Cologne and with its business address at Jülicher Strasse 26, 50674 Cologne.

d) in addition, with respect to Mr. Rolf Breuer, as managing director, with sole power of representation and exempt from the restrictions contained in § 181 Civil Code, of the company with the name of **Euroareal Beteiligungs GmbH** registered in the Commercial Register of Cologne Municipal Court as [HR] B 42719, having its registered office in Frechen and with its business address at Kölner Strasse 9, 50226 Frechen,

e) in addition, with respect to Mr. Fritz Eduard Skrzypczak, as verbally authorised representative of the limited liability company with the name of **Cooperative für Planen und Bauen GmbH** registered in the Commercial Register of Bad Homburg von der Höhe Municipal Court as [HR] B 5852, having its registered office in Bad Homburg and with its business address at Louisenstrasse 119-121, 61348 Bad Homburg. Undertaking provided to forward notarial confirmation of power of attorney.

2. Mr. Jon Hardy Paulsen, born on 4 March 1963, residing at 560 Mission Street Suite 2900 San Francisco, California, acting here as managing director with sole power of representation and exempt from the restrictions contained in § 181 Civil Code, of the limited liability company with the name of **Digital Realty Trust Germany 1 GmbH (formerly Einhundertdreiundsechzigste Verwaltungsgesellschaft Dammtor mbH)** registered in the Commercial Register of Hamburg Municipal Court as [HR] B 93 395, having its registered office in Hamburg and with its business address at Warburgstrasse 50 (c/o Latham & Watkins LLP), 20354 Hamburg.

The latter acting:

a) on its own behalf,

- **Digital Realty Trust Germany 1 GmbH (formerly Einhundertdreiundsechzigste Verwaltungsgesellschaft Dammtor mbH)** being hereinafter referred to as " ***Buyer2a"*** –

b) as personally liable shareholder with sole power of representation of the limited partnership] formed on the date hereof with the name **LBC-Digital Realty Trust Germany 1 GmbH & Co. KG** having its registered office in Hamburg and with its business address at Warburgstrasse 50 (c/o Latham & Watkins LLP), 20354 Hamburg.

- **LBC-Digital Realty Trust Germany 1 GmbH & Co. KG 1. Gr.** being hereinafter referred to as " ***Buyer2b"*** –

According to Deed dated 21 September 2005, Document no. 1249 for 2005 of notary public Dr. Ascan Pinckernelle in Hamburg, the name of the aforementioned limited liability company was changed to **Digital Realty Trust Germany I GmbH** and Mr. Jon Hardy Paulsen was appointed as its managing director with sole power of representation and exempt from the restrictions contained in § 181 Civil Code. The corresponding entries have not yet been made in the Commercial Register.

Parties 1a) and 1b) are personally known to the notary.

Party 2 provided evidence of his identity by presenting his US passport and consented to a copy being made.

The Parties, acting as stated, declared:

I.

1. The Seller has shares with a nominal value of €25,000 in the limited liability company with the name of **Euroareal Mainz Verwaltungsgebäude Hechtsheimerstrasse GmbH** registered in the Commercial Register of Cologne Municipal Court as [HR] B 52649, having its registered office in Cologne, the fully paid up nominal capital of which is €25,000.
2. The Seller has shares with a nominal value of €25,000 in the limited liability company with the name of **Euroareal Mainz Produktionsgebäude Hechtsheimerstrasse GmbH** registered in the Commercial Register of Cologne Municipal Court as [HR] B 52656, having its registered office in Cologne, the fully paid up nominal capital of which is EUR 25,000.

Parties 1a) and 1b), acting as stated, then declared:

1. The Seller hereby submits

   a) to the limited liability company with the name of **Digital Realty Trust Germany 1 GmbH (formerly Einhundertdreiundsechzigste Verwaltungsgesellschaft Dammtor mbH)** registered in the Commercial Register of Hamburg Municipal Court as [HR] B 93 395, having its registered office in Hamburg and with its business address at Warburgstrasse 50 (c/o Latham & Watkins LLP), 20354 Hamburg

   - hereinafter referred to as **“Buyer2a)”** –

   b) to the limited partnership formed on the date hereof with the name **LBC-Digital Realty Trust Germany 1 GmbH & Co. KG** having its registered office in Hamburg and with its business address at Warburgstrasse 50 (c/o Latham & Watkins LLP), 20354 Hamburg,

   - hereinafter referred to as **“Buyer 2b)”** –

   the offer to enter into the Outline Agreement contained in the Attachment to this Deed.

2. The period for acceptance of the Outline Agreement shall end on 10 October 2005, until which date the offer is irrevocable.

3. The Outline Agreement has come into force if by said date the declaration of acceptance has been officially authenticated by a German notary public, without the need for receipt of the declaration of acceptance.

The notary who authenticates the acceptance is however requested to immediately send the authenticating notary a copy of the deed of acceptance.

The acceptance shall come into effect if the notary for the offer has been authorised in the deed of acceptance to deal with the agreement.

4. The Parties themselves shall provide the declarations of consent by the company and/or the shareholders that are required by statute or by the Articles of Association.

5. All declarations of consent shall come into effect in relation to the Parties upon receipt by the authenticating notary.

6. Purely as a precaution the Seller reiterates and confirms all powers of attorney and authorisations contained in the Outline Agreement enclosed as an Attachment to the Deed.

II.

1. The Buyer has noted this offer without as yet accepting it.

2. The Buyers hereby undertake to bear the costs associated with this Deed in proportion to the shareholdings listed in the Deed.

The above deed together with the Attachment was read aloud by the notary to the Parties appearing, approved by them and signed by them and by the notary in their own writing, as follows:

[signatures]

§ 1
Framework Deed

The Seller is in each case sole shareholder of

(i) Euroareal Mainz Verwaltungsgebäude Hechtsheimerstrasse GmbH and

(ii) Euroareal Mainz Produktionsgebäude Hechtsheimerstrasse GmbH.

The Buyers wish to acquire both the aforementioned companies subject more specifically to the Purchase Contract attached to this Framework Deed as **Appendices 1 and 2**.

§ 2
Conclusion of Purchase Contract for
Euroareal Mainz Verwaltungsgebäude Hechtsheimerstrasse GmbH

The Parties hereby enter into the Purchase Contract attached as **Attachment 1** for all shares in Euroareal Mainz Verwaltungsgebäude Hechtsheimerstrasse GmbH.

§ 3
Conclusion of Purchase Contract for
Euroareal Mainz Produktionsgebäude Hechtsheimerstrasse GmbH

The Parties hereby enter into the Purchase Contract attached as **Attachment 2** for all shares in Euroareal Mainz Produktionsgebäude Hechtsheimerstrasse GmbH.

§ 4
Interdependence of deeds of sale attached as Appendices 1 and 2

The Parties agree that the deeds of sale attached to this Framework Deed as Appendices 1 and 2 are only to be implemented jointly. The obligation of the Parties to use their best endeavours to implement the deeds simultaneously remains unaffected by this rule. Reference is additionally made to § 10 of **Attachment 1** and § 11 of **Attachment 2**.

§ 5
Costs

With regard to the costs of this Outline Agreement and the Purchase Agreements reference is made to the rules in **§ 13 Section 1** of Attachment 1 and to **§ 14 Section 1** of Attachment 2.

§ 6
Approval

The declarations made in this Deed may be approved by the end of 10 October 2005 at midnight.

Attached as Attachment to Deed of Wolfgang Gruntkowski, notary, in Cologne dated this day, Document no. 1677 for 2005.

Cologne, 22 September 2005

[signatures]

PROJECT MAINZ

Hechtsheimer Strasse
Verwaltungsgebäude

PURCHASE CONTRACT

between

1. the limited liability company with the name of **Euroareal Holding Projekt Mainz Hechtsheimerstrasse GmbH** registered in the Commercial Register of Cologne Municipal Court as [HR} B 52583, having its registered office in Cologne and with its business address at Jülicher Strasse 26, 50674 Cologne,

   - the company **Euroareal Holding Projekt Mainz Hechtsheimerstrasse GmbH** being hereinafter referred to as **“Seller” –**

2.

a) the limited liability company with the name of **Digital Realty Trust Germany 1 GmbH (formerly Einhundertdreiundsechzigste Verwaltungsgesellschaft Dammtor mbH)** registered in the Commercial Register of Hamburg Municipal Court as [HR] B 93 395, having its registered office in Hamburg and with its business address at Warburgstrasse 50 (c/o Latham & Watkins LLP), 20354 Hamburg,

b) the limited partnership formed on the date hereof with the name **LBC-Digital Realty Trust Germany 1 GmbH & Co. KG** having its registered office in Hamburg and with its business address at Warburgstrasse 50 (c/o Latham & Watkins LLP), 20354 Hamburg,

- **Digital Realty Trust Germany 1 GmbH (formerly Einhundertdreiundsechzigste Verwaltungsgesellschaft Dammtor mbH)** and **LBC-Digital Realty Trust Germany 1 GmbH & Co. KG** hereinafter referred to as ***"Buyers 2a) and 2b)"*** –

with the involvement of

3. the limited liability company with the name of Euroareal Beteiligungs GmbH registered in the Commercial Register of Cologne Municipal Court as [HR] B 42719, having its registered office in Frechen and with its business address at Kölner Strasse 9, 50226 Frechen,
4. the limited liability company with the name of **Cooperative für Planen und Bauen GmbH** registered in the Commercial Register of Bad Homburg von der Höhe Municipal Court as [HR] B 5852, having its registered office in Bad Homburg and with its business address at Louisenstrasse 119-121, 61348 Bad Homburg von der Höhe,
5. the limited liability company with the name of **Euroareal Mainz Verwaltungsgebäude Hechtsheimerstrasse GmbH** registered in the Commercial Register of Cologne Municipal Court as [HR] B 52649, having its registered office in Cologne and with its business address at Jülicher Strasse 26, 50674 Cologne,
6. the limited liability company with the name of **Euroareal Mainz Produktionsgebäude Hechtsheimerstrasse GmbH** registered in the Commercial Register of Cologne Municipal Court as B 52656, having its registered office in Cologne and with its business address at Jülicher Strasse 26, 50674 Cologne.

§ 1
Purpose of Agreement

1. The Seller who has shares with a nominal value of €25,000 is sole shareholder of the limited liability company with the name of **Euroareal Mainz Verwaltungsgebäude Hechtsheimerstrasse GmbH** registered in the Commercial Register of Cologne Municipal Court as [HR] B 52649, having its registered office in Cologne, the fully paid up nominal capital of which is €25,000 (in words: twenty five thousand euros). The aforementioned company is hereinafter referred to as ***"Euroareal Verwaltungsgebäude").***

2. To simplify the implementation of this Purchase Contract a Reference Document was drawn up on September 22, 2005, Document No. 1576 for 2005 by the authenticating notary. This document is also referred to hereinafter as "**Reference Document.**" A certified copy of the Reference Document was available during the authentication and was provided to the Parties for inspection. Reference is made to the contents of the Reference Deed. The Parties hereby confirm the powers of attorney for the purpose of authenticating the Reference Deed and waive their right to be informed of the meaning of the reference to its being read aloud again and attached to this copy. The Parties confirm that they are aware of the contents of the Reference Deed.

3. Euroareal Verwaltungsgebäude is the owner of the property registered on Sheet 4444 of the Land Register of the Municipal Court of Mainz for Weisenau in the communal district of Weisenau, consisting of field 2, parcel 35/20, buildings and undeveloped land, at Hechtsheimer Strasse 2, measuring 65,829 square meters. On this property there are buildings 12/1, 12/2, 9, 20 and 82 as well as 354 parking places as shown in the site plan. It is also referred to hereinafter as the "**subject of purchase**" and is delineated in red in the plan attached as

Attachment "Site plan"

for the purpose of providing details of the location of the subject of purchase in this record.

4. The following encumbrances are registered in the Land Register:

Section II:

Current no. 1	Limited personal easement (water connection right associated with restrictions on use) for the city of Mainz (public utilities),
Current no. 2	Limited personal easement (right to maintain water supply pipes and a gas pipe associated with surge and growth restrictions) for the city of Mainz (public utilities),
Current no. 3	Limited personal easement (right to lay, operate and maintain high-pressure gas pipes associated with restrictions on development and growth) for Stadtwerke Mainz Aktiengesellschaft in Mainz.
Current no.	4-7 cancelled,
Current no. 8	Limited personal easement (right to supply and waste disposal pipes) for Stadtwerke Mainz AG, Mainz.

Section III:

Current no. 1:	€5,000,000 uncertificated land charge for Debeka Bausparkasse Aktiengesellschaft, Koblenz am Rhein, plus 10% interest per annum,

Current no. 2: €€46,000,000 uncertificated land charge for Debeka Bausparkasse Aktiengesellschaft, Koblenz am Rhein, plus 10% interest per annum,

Current no. 3: €€51,000,000 land charge for Credit Suisse First Boston, London, plus 18% interest per annum, plus a one-time ancillary payment of 10%.

The Land Register's entries were taken on 19 September 2005. Cancellation of the land charges in favour of Debeka Bausparkasse Aktiengesellschaft was applied for by the authenticating notary by application to Mainz Municipal Court on the date hereof.

5. Euroareal Verwaltungsgebäude has concluded a lease with IBM Deutschland GmbH and a Rider No. 1 dated February 22 2004. These are attached as Attachment V.1 and 2 to the Reference Deed.

In addition, Euroareal Verwaltungsgebäude has concluded the following leases or licences:

- Licence with DFMG Deutsche Funkturm GmbH in the version of the Agreement with T-Mobile Deutschland GmbH dated 16.07/23.07.2002 as assumed by DFMG Deutsche Funkturm GmbH, Frankfurt am Main, which is attached as Attachment V 5 to the Reference Deed.
- Lease with O2 (Deutschland) GmbH & Co. oHG dated 24.11.2004 attached as Attachment V.6 plus rider V.7 to the Reference Document.

The agreements referred to in this **Section I Clause 5** are also referred to hereinafter uniformly as the "**Leases**."

6. Euroareal Verwaltungsgebäude has additionally concluded a contract with Stadtwerke Mainz AG the purchase of technical facilities, the production and supply of heating and cooling and the purchase and operational management of the water supply and waste water network and the power supply network as well as a subsequent contract K000229. These are attached as Attachment III. 1 and 2 in their version dated 08.07.2004 and 20. 08/31.08.2004 to the Reference Document.
7. The loan by Debeka Bausparkasse Aktiengesellschaft that is secured by the subject of purchase has been fully paid off according to the Seller and has been replaced by funding by CSFB the details of which can be seen in Attachment VIII of the Reference Document.

§ 2
Funding proviso/sale of shares

1. Both Purchaser 2a) and Purchaser 2b) (only jointly) reserve the right, which can be exercised until no later than 19 **October 2005**, to withdraw from this Purchase Contract by unilateral written notification to the Seller provided there has not by that date been any reorganisation, as sought by Buyer **2a)** and Buyer **2b)**, of the existing funding of the companies by CSFB. Buyers **2a)** and **2b)** shall decide on the type and content of said reorganisation at their own discretion; they are merely obliged to allow CSFB to give the Seller information at any time on the status of the discussions between Buyers **2a)** and **2b)** and CSFB.
2. The Seller further undertakes to work together with the Buyers to ensure optimal tax-efficiency for the structure of the purchase.

In this connection the Seller shall specifically

a) collaborate in taking the necessary steps that may be required for a change in status to come into force prior to the transfer date under United States federal income tax laws, namely sign the Internal Revenue Service form 8832 (Entity Classification Election) allowing Euroareal Verwaltungsgebäude to be considered to be a "partnership for United States federal tax purposes" under US Federal Income Tax Law even before the transfer date; reference is also made to **Section 6 Section 1 q)**.

b) at the request of the Seller do everything necessary to change Euroareal Verwaltungsgebäude's financial year to the transfer date so that from said date Euroareal Verwaltungsgebäude can be integrated with the Buyer as one corporate and trade tax entity; in particular the Seller shall obtain the consent of the competent tax office pursuant to § 7 (4) page 3 Corporation Tax Act in conjunction with R 59 (3) Corporation Tax Rules and shall by 31 October 2005 decide on a corresponding amendment of the Articles of Association of Euroareal Verwaltungsgebäude and notify them for registration in the Commercial Register. The rule made under **Section 5 Section 2 (iv)** shall remain unaffected.

c) allow an audit company to be appointed by the Buyers to carry out any audits required under the US securities regulations.

3. All assets of Euroareal Verwaltungsgebäude are deemed to be sold with the shares, with the exception of

   i) a damages claim against IBU GmbH & Co. Real Estate KG written down to the reminder value by individual value adjustment to €€1 (this claim is assigned by Euroareal Verwaltungsgebäude with effect from the effective date of the assignment of the shares to the Seller, see also regarding this the following **Section 5 and 6**)

   ii) and with the exception of the assets which Euroareal Verwaltungsgebäude has sold to Stadtwerke Mainz AG by Outline Agreement dated 8 July 2004 (Attachment III.1 of the Reference Document),

   iii) and with the exception of the claims by Euroareal Verwaltungsgebäude for back payment of increased advance payments of operating costs and payment claims by Euroareal Verwaltungsgebäude against IBM Deutschland GmbH for energy costs saved pursuant to § 5 No. 10 (2) of Lease with IBM Deutschland GmbH in the version of the 1st rider dated 22.2.2005 (Attachment V.1 and 2 of Reference Document) for the period up until the transfer date.

4. From its share as specified in **Section I Section 1** the Seller sells unencumbered and not subject to any third party rights

   - to Buyer **2a)** who hereby accepts same a part share in the amount of €22,500 (in words: twenty two thousand five hundred euros),
   - to Buyer **2b)** who hereby accepts same a part share in the amount of €2,500 (in words: two thousand five hundred euros), together with all associated rights.

5. The Seller hereby undertakes upon the first written request of Buyers **2a)** and **2b)** to divide its aforementioned share in Euroareal Verwaltungsgebäude of € €25,000 into two shares of €22,500 and €2,500 and in a separate notarial deed to transfer same to the Buyers subject to the condition precedent of payment in full of the preliminary purchase price pursuant to **§ 4** of this document.

6. The division of the share specified in **§ 1 Section 1** and the real transfer of the partial shares sold here shall be implemented in a separate deed subject to the condition precedent of payment in full of the preliminary purchase price pursuant to **§ 4** of this Deed.

7. This Purchase Contract shall be implemented subject to **§ 5 Section 2** on 1 November 2005.

§ 3
Transfer date/right to receive dividends

1. The transfer date governed by the law of obligations **("Transfer Date")** is the end of the month following payment in full of the preliminary purchase price pursuant to **§ 5 Section 1.**

2. The Seller has the right to receive dividends for the current financial year until the Transfer Date.

3. With effect from the date on which the shares are effectively assigned Euroareal Verwaltungsgebäude assigns to the Seller who hereby accepts same, its claims against IBM Deutschland GmbH for back pay of assessable incidental costs and back payment of energy costs saved pursuant to § 2 Section 3 (iii) that can be defined up until the Transfer Date. At the same time and with effect from the same date the Seller undertakes to indemnify Euroareal Verwaltungsgebäude against any reimbursement claims by IBM Deutschland GmbH for any overpayment of incidental costs until the aforementioned cut-off date. The statement of incidental costs shall be drawn up by the Seller as at 30 September 2005 and updated by the Seller until the Transfer Date.

§ 4
Purchase Price

1. The Purchase Price for the share of €€22,500 is 90% of the total interim and final purchase price still to be determined and is payable by Buyer **2a).**

   The Purchase Price for the share of €€2,500 is 10% of the total interim and final purchase price still to be determined and is payable by Buyer **2b).**

2. The interim total purchase price pursuant to **Section 1** is calculated as follows:

€€56,400,000

- Plus bank balances according to the **proforma accounts** as at 30 September 2005 which are still to be prepared,
- Plus claims up until 30 September 2005 according to the **proforma accounts** as at 30 September 2005 which are still to be prepared,
- Less any existing liabilities as at 30 September 2005 in each case and less any reserves and deferred income and accrued expenses as at 30 September 2005 according to the **proforma accounts** as at 30 September 2005 which are still to be prepared.

3. The final total purchase price shall be determined in accordance with the above **Clauses 1 and 2**. To calculate the final purchase price however the reference date accounts which are to be prepared specifically in accordance with **§ 5 Section 6** shall be used instead of the **proforma accounts**; instead of 30 September 2005 the Transfer Date governed by the law of obligations shall apply pursuant to **§ 3 Section 1**. The statement of incidental costs as at 30 September 2005 must be drawn up by 30 **October 2005**.

§ 5
<u>Date purchase price payable</u>

1. The interim purchase price falls due and payable within 10 (ten) banking days (i.e. business days (except for Saturdays) on which banking institutions in Frankfurt am Main are open for general business with customers and on which transfers can be made) after fulfilment of the following preconditions for execution pursuant to **§ 5 Section 2** of this agreement, but no earlier than the last banking day of the month in which the above agreed period of 10 (ten) banking days has expired.

All payments specified – even where not directly to the Seller (see below **Section 4** for this) – shall be made to discharge the debt on the purchase price. If the interim total purchase price is not paid when due the Seller is entitled to withdraw from this Purchase Contract subject more specifically to **§ 10 Section 1**. Any other claims of the Seller shall remain unaffected.

2. The precondition for any payments falling due pursuant to **§ 5 Section 1** and hence at the same time the precondition for execution of this agreement ("**precondition for execution**") is the existence of the following declarations and/or documentation or evidence (to be provided by the Seller):

   i) Cancellation of the prior land charges registered on Sheet 4444 Section III under current nos. 1 and 2 in the Land Register of Mainz Municipal Court for Weisenau and confirmation by the notary (which cannot be more than five working days old) that apart from the lien in favour of CSFB mentioned in **§ 1 Section 3** no encumbrances are registered in the Land Register other than those listed in **§ 1 Section 4** and that the Land Registry has no applications for registration of other encumbrances.

   ii) Deletion of prohibition against execution under cartel law pursuant to § 41 Act against Restraints of Competition.

   iii) Preparation of a rider to this share Purchase Contract with the division and transfer (assignment) of the shares sold here to Buyers **2a)** and **2b)** (subject to the condition precedent of payment of the interim purchase price);

iv) Presence of certified photocopies of an amendment of the Articles of Association of Euroareal Verwaltungsgebäude in terms of which its financial year 2005 ends on 31 October 2005 and the Profit Transfer and Control Agreement dated 15 November 2004 is cancelled with effect from (no later than) 31 October 2005 and the presence of an extract from the Commercial Register for Euroareal Verwaltungsgebäude showing the amendment of the Articles of Association and the cancellation of the Profit Transfer and Control Agreement with effect from no later than 31 October 2005; and

v) Presence of preconditions for payment falling due as specified in **§ 5 Section 2 (i) to (iv)** of the Purchase Contract for all shares in Euroareal Mainz Produktionsgebäude Hechtsheimer Strasse GmbH (Attachment 2 to the Outline Agreement of notary Wolfgang Gruntkowski).

3. It is the responsibility of the notary to determine and notify the aforementioned precondition for payment falling due in **§ 5 Section 2 (i)**; in addition, the Parties are mutually obliged to immediately effect the other preconditions for execution governed by **§ 5 Section 2.** The Buyers are entitled (but not obliged) to waive any or all of the aforementioned conditions, even partially, solely by making a written declaration to the notary. If these preconditions are not met by **30 November 2005** at the latest the Purchasers are entitled pursuant to **§ 10 Section 2** to withdraw from this Purchase Contract.

4. The Seller hereby irrevocably instructs the Buyers to settle the balance between the interim purchase price and by charging to the purchase price the

   a) balances owed by the Seller to Euroareal Verwaltungsgebäude including any interest and incidental costs, and

   b) the claim by Debeka Bausparkasse AG in the amount of €€3,627,889.78 (in words: three million six hundred and twenty seven thousand eight hundred and eighty nine euros and seventy eight cents).

   The remaining amount is payable to an account of the Seller with Commerzbank Bank AG, Bad Homburg (sort code 500 400 00) the number of which is still to be provided.

5. The question of whether payment is received at the proper time shall be determined by the date of receipt by the entitled recipient. The Purchasers shall automatically be in default if they fail to pay on the due date. In this case late interest of 8% above the base rate per annum shall be payable.

6. The interim purchase price is calculated based on the **proforma accounts** to be prepared as at 30 September 2005.

   The Seller shall ensure that within 20 (twenty) calendar days after payment of the interim purchase price accounts and a reference date balance sheet are prepared as at the Transfer Date (hereinafter also referred to as “reference date accounts”). These must be prepared under the regulations of the Commercial Register in accordance with the principles of proper accounting and reporting while ensuring reporting and valuation continuity and shall be for the purpose of ascertaining the purchase price. In this regard the interim purchase price as agreed in § 4 shall only be adjusted in the context arising from the rules contained therein, i.e. in the event of changes in the following items: “bank balances,” “claims” and “liabilities, reserves and deferred income and accrued expenses.” Only financial assets and assets involved in the company’s business usage– relating solely to the purchase of the site, the development and operation thereof shall be stated as assets; intangible financial assets and accounting conveniences may not be stated. The reference date balance sheet, as with the proforma accounts, shall not include any liabilities in connection with maintenance/repair and/or renovation. There are no repair and maintenance reserves. Obligations existing at the Transfer Date to implement future input tax adjustments pursuant to § 15 a VAT Act must be stated as a liability under one total; the same applies to claims arising from an adjustment under to § 15 a VAT Act. These reference date accounts and balance sheet, which must also be certified with regard to meeting the aforementioned audit requirements as defined in § 317 ff. Commercial Code, are binding on both Parties as the basis for the calculation of the final purchase price to be made under **§ 4 Section 1 to 3**, if and to the extent that there is no objection to the accounts and reference date balance sheet and audit report as at the Transfer Date. Any objection must be made in writing within 10 (ten) banking days after the accounts and reference date balance sheet and audit report are remitted and must also be sent to the other party. It must describe the specific grounds and to what extent the accounts and reference date balance sheet allegedly fail to accord with the rules in this Agreement. Figures must be given for the minimum and maximum amount of the difference claimed in the objection relating to the items concerned and the resulting conclusions for the company’s shareholders’ equity per the balance sheet.

6. [sic] If in the event of objection the Parties are unable to agree within a further ten (10) banking days, counting from receipt by the other party of an objection, on the amount of the difference, then, on application by one party, the matter will be decided by a neutral auditor to be appointed by both sides jointly.

If the Parties cannot agree on a neutral auditor within one week after the application has been filed by one party to appoint a neutral auditor, either party is entitled to ask the competent chamber of chartered accountants to appoint the neutral auditor. The neutral auditor shall decide the matter as an arbitrator with binding effect on all parties. The neutral auditor must give all parties an opportunity to state their position before he makes his decision; an oral debate shall take place if requested by one of the parties. The neutral auditor must provide all parties with his decision together with a written statement of grounds. §§ 91 ff. Code of Civil Procedure shall apply accordingly to the costs of the arbitration proceedings. In his role as arbitrator the neutral auditor shall also decide on the allocation of costs, which shall be binding on all parties.

7. As soon as the Parties have agreed on the final purchase price or this has been finally determined by the neutral auditor, the corresponding balance shall be payable by the contractual party with the obligation to make payment to the other party in each case.

§ 6
Seller's warranties and conditions as per contract

1. Seller's warranties

The Seller issues warranties to the Buyers in the form of a separate warranty as to the following facts:

a) The information in **§ 1** of this deed is correct. The shares sold are not pledged or attached

or otherwise encumbered by third party rights (including obligations to vote in a certain way, voting rights or rights to dividends) or by restrictions on sale or disposal of any kind. The Seller and Euroareal Verwaltungsgebäude are limited liability companies duly established under German law, Euroareal Verwaltungsgebäude having nominal capital of €€25,000. The Seller is the sole shareholder of Euroareal Verwaltungsgebäude. The information in the extract of the Commercial Register relating to the Seller and to Euroareal Verwaltungsgebäude corresponds to the actual facts. The Seller is fully entitled to conclude and implement this Agreement and to dispose of the shares and no other duties under the shareholders' agreement or other contractual duties binding the Seller or Euroareal Verwaltungsgebäude are breached as a result. There are no other third party pre-emption or acquisition rights with respect to the shares.

b) All capital contributions to the shares have been paid up in full and have not been repaid either in whole or in part; nor is there a duty to make subsequent payment.

c) No resolutions have been passed concerning Euroareal Verwaltungsgebäude on the appropriation of profits relating to the period following the Transfer Date and there has been no payment or promise to make payment of advance distributions of profits that shall not arise until after the Transfer Date.

d) There are no affiliation agreements of any kind with Euroareal Verwaltungsgebäude and its associated companies or relating to their shares,

in particular not in the sense of §§ 291, 292 Stock Corporation Act; no resolutions to transform the company have been adopted nor any other transforming measures taken, in particular pursuant to the rules in the Transformation of Companies Act nor are there any silent partnership agreements, sub-participations, loans with profit participation or similar agreements or options or similar rights thereto. Nor is Euroareal Verwaltungsgebäude consolidated as part of an actual group.

The Buyers do, however, know that the Seller, Euroareal Beteiligungs GmbH and their associated companies and Euroareal Verwaltungsgebäude are one VAT filing entity. Neither the Seller nor Euroareal Beteiligungs GmbH and their associated companies nor Euroareal Verwaltungsgebäude, however, have any VAT arrears.

e) The shares sold represent the entire nominal capital of Euroareal Verwaltungsgebäude, the Seller is sole shareholder of Euroareal Verwaltungsgebäude, there are no third party claims on any basis to acquire shares.

f) No insolvency proceedings have been commenced either on the assets of Euroareal Verwaltungsgebäude or on the assets of the Seller. There has been no application to commence such proceedings nor shall the same be commenced under law nor is the same otherwise imminent. Neither the Seller nor Euroareal Verwaltungsgebäude are insolvent or over-encumbered by debt.

g) The shareholders’ agreement corresponds with the deed of incorporation dated 18 March 2004, which is attached as Attachment VI.1 to the Reference Document. There are no further agreements or resolutions pursuant to the shareholders’ agreement.

h) Euroareal Verwaltungsgebäude is the owner of the subject of purchase more particularly described in **§ 1 Section 3** including all buildings thereon, which will be encumbered only by the land charges shown in **§ 1 Section 4**; it is moreover also absolute owner of all other assets including all claims, bank balances and liquid assets which

i) are stated in the annual accounts or in the **proforma accounts** to be prepared as at **30 September 2005**,

ii) it has acquired after **30 September 2005** or which

iii) it requires to meet its contractual duties.

There are no third party rights hereto. Acquisitions and disposals of assets have only been made in the due course of business. Title to the subject of purchase including all buildings thereon and the technical facilities and equipment is available to an extent that enables Euroareal Verwaltungsgebäude to meet all lease obligations arising from the lease agreements attached as Attachment IV to the Reference Document.

i) Euroareal Verwaltungsgebäude has no holdings in any other companies, in particular it has no company or participation rights of any kind in any other companies,

be they partnerships, limited liability companies or trading companies, nor is it bound by any corresponding shareholders' agreements.

j) Euroareal Verwaltungsgebäude has of now only those existing or imminent liabilities that are shown in the balance sheet of Euroareal Verwaltungsgebäude attached as Attachment VI. 2 and 3 to the Reference Document as at 31.12.2004 or in the **proforma accounts** to be prepared. All claims shown in the **proforma accounts** to be prepared or in the accounts and reference date balance sheet at the Transfer Date are valued (collectible) at the stated amount.

k) The annual accounts of Euroareal Verwaltungsgebäude as at 31 December 2004 and the **proforma accounts** to be prepared are in accordance with the regulations of the Commercial Code and the principles of proper accounting and reporting ensuring the continuity of the reporting and valuation, the accounts are complete and accurate and they are a true reflection of the assets and income position of Euroareal Verwaltungsgebäude; nor is there any reason to fear a downturn in the asset and income position. All reserves, value adjustments and similar items in the balance sheets of the accounts that decrease assets or increase liabilities (with the exception of building-related repair and maintenance reserves or reserves for subsequent payments of operating costs) have been accurately and fully determined and stated.

l) Euroareal Verwaltungsgebäude has paid or retained and paid over in accordance with its statutory obligations all taxes and duties and, where not paid or paid over, has made reserves in the balance sheet of the annual accounts, the **proforma accounts** and in the reference date accounts for future taxes and duties thus reducing its equity. In addition, it has made and submitted all necessary declarations to the tax and other authorities at the proper time, completely and truthfully. There are no tax assessments relating to Euroareal Verwaltungsgebäude that have not been settled.

m) Euroareal Verwaltungsgebäude has not made any public or covert profit distributions. All payment relationships with associated companies bear comparison with third party relationships and otherwise too meet all preconditions under tax law for acceptance.

n) The refinancing undertaken in 2004 and 2005 (Debeka and CSFB) of the land and buildings owned by Euroareal Verwaltungsgebäude result in no tax liabilities, in particular no tax liabilities based on hidden profit distributions.

o) The invoicing by or to third parties, including for rent under leases, must be done to or by Euroareal Verwaltungsgebäude so as to comply with the statutory regulations of the VAT Act and in particular so as to ensure that the respective input tax deduction was made at the date asserted or used in each case in accordance with the statutory regulations.

p) Within the context of letting real estate, particularly to IBM Deutschland, Euroareal Verwaltungsgebäude has elected a valid option under VAT law enabling it to treat the VAT shown in the invoices in which it is designated as recipient of the corresponding supplies or other services in the full amount as input tax that can be reimbursed or offset.

q) Euroareal Verwaltungsgebäude has not applied for a change in status as defined in the US Federal Income Tax Acts, i.e. it has not applied pursuant to Treasury Regulation Section 301-7701-3 (c) on Internal Revenue Service Form 8832 (Entity Classification Election); the current assessment of Euroareal Verwaltungsgebäude as defined in the US Federal Income Tax Acts is the one under Treasury Regulations Section 301-7701-3 (b) (2). The company has no assets (nor did it in the past) other than the subject of purchase with the buildings thereon, the associated moveable assets (fixtures and fittings), cash in hand, bank balances and claims such as claims to rental payment, arising from the current lease business; the company has no (nor did it in the past have any) shares, loans, debentures or other participation certificates nor has the company paid any advances to an issuer of securities (including those of associated companies or tenants); nor is or was the company party to a lease for moveable assets, except for leases

affecting movables and property assets jointly and where less than 10% of the total rent is attributable to the movables (calculated according to the average market value of the movables at the start and end of the financial year compared to the average market value of the subject of purchase including the movables at the start and end of each financial year); and Euroareal Verwaltungsgebäude now no longer makes more than USD 20,000 income in a calendar year from sources other than rent and interest on bank balances.

r) Euroareal Verwaltungsgebäude has not entered into any employment relationships, including with its managing directors.

s) Only liabilities of Euroareal Verwaltungsgebäude i.e. not those of third parties, even if they are unaffiliated companies, are secured by the encumbrances specified in **§ 1 Section 4** and **§ 5 Section 2 (i)**.

t) Euroareal Verwaltungsgebäude has definitively and fully implemented all obligations under the loan granted by Debeka Bausparkasse AG. There are no further obligations on Euroareal Verwaltungsgebäude under or in connection with loan agreements, including in relation to the Seller. In addition, Euroareal Verwaltungsgebäude has also implemented all obligations under the loan agreement with CSFB by the Transfer Date.

u) The subject of purchase is unencumbered by building liens, easements that have not been registered in the Land Register and restrictions under neighbouring property law with the exception of such charges contained in **§ 1 Section 4** in conjunction with **Appendices I. 6 and I**. **11** to the Reference Document.

v) There is no asbestos in the building on the subject of purchase that requires immediate removal in accordance with the relevant governmental regulations.

w) The plan for voluntary decontamination of the soil air attached as Attachment IX to the Reference Document shall be implemented by 30.06.2006.

2. Conditions as per contract

The Seller further warrants under his statutory or contractual warranty and liability obligation with regard to the agreed condition that the following information is correct as of the date hereof and will be so on the Transfer Date:

a) As at the Transfer Date all local development assessments under §§ 123 ff Town and Country Planning Code and any other assessments and duties due under the local rates law and under the corresponding bylaws, as well as any claims for reimbursement of costs, discharge or settlement amounts and other charges due for the currently existing development of the subject of purchase for the uses intended by this Purchase Contract have been paid in full. The same applies to the connection to the water and waste water supply and power supply.

b) All the buildings on the subject of purchase have all the necessary building and use permits, including evidence of parking places[1] and all other administrative permits, which are unconditional and for an unlimited duration and all conditions set in the permits granted have been fulfilled. The same applies to the provisions/conditions and corresponding official requirements currently applicable under fire prevention law.

c) Euroareal Verwaltungsgebäude has and had in the past insurance cover by which it is bound as stipulated, it was and is, in addition, insured in the amount stated in Attachment II of the Reference Document against risks for which this kind of company is usually insured when exercising the care of an ordinary businessman.

d) Euroareal Verwaltungsgebäude is not in arrears with any premium payment and there are no circumstances suggesting that the insurance cover does not exist. Copies of the corresponding insurance policies are attached as Attachment II. 3 and 4 of the Reference Document. Euroareal Verwaltungsgebäude has not filed any insurance claims or requested any cover notes.

---

[1] Partially provided for the property of Euroareal Produktionsgebäude.

e) Euroareal Verwaltungsgebäude is not bound by any agreements with the exception of the agreements specified in **§ 1** and attached as copies as an Attachment in the version specified there and with the content shown in the Reference Document and also with the exception of the usual agreements made to properly manage property; this applies specifically to:

   i) Agreements with the Seller, with Seller-associated companies or with dependents as defined in § 15 Tax Code,

   ii) Lease and tenancy agreements for real property;

   iii) Employment and service agreements of any kind with the exception of managing directors' contracts, the latter however being without any obligation to pay a fee or redundancy payment;

   iv) Pension commitments and profit-sharing commitments;

   v) Collective agreements and works' council agreements;

   vi) Loan agreements;

   vii) Commercial agent agreements and sales agreements and other distributorship agreements.

f) The agreements attached in the Reference Document are attached in full and there are no amendments, additions or ancillary agreements.

g) The agreements concluded by Euroareal Verwaltungsgebäude are not as of now terminated. Nor are there any terminations by the party currently pending with regard to these agreements nor are there any circumstances or grounds justifying such termination. There are no defaults with regard to these agreements.

h) All lease agreements of Euroareal Verwaltungsgebäude (Attachment V to Reference Document) meet the formal requirements in §§ 550, 126 Civil Code.

i) There are no preliminary orders concerning rental claims and no development cost subsidies repayable by the landlord and/or other repayable advances by tenants.

j) There are no ancillary agreements with tenants, neighbours or authorities that are not included in the Appendices to the Reference Document.

k) Euroareal Verwaltungsgebäude and/or the Seller or a company associated with the latter two companies have not concluded any agreements which in the event of a change in shareholders at Euroareal Verwaltungsgebäude would result in any legal consequence that would negatively impact Euroareal Verwaltungsgebäude.

l) Euroareal Verwaltungsgebäude is not subject to any particular restrictions on competition under civil or public law.

m) Euroareal Verwaltungsgebäude has an undisputed permanent right to use any copyrighted plans, reports and computer software that are necessary and actually used in connection with maintaining and operating the buildings.

n) Neither the Seller nor Euroareal Verwaltungsgebäude are involved in proceedings before state courts, arbitration courts or other authorities or administrative institutions. Nor are such proceedings imminent against the Seller or Euroareal Verwaltungsgebäude.

o) The Seller is liable to the Purchasers for damages, losses and costs which have arisen to date or which may still arise from the current condition due to the presence of environmental pollution in the ground water, property and/or buildings thereon, for which the Purchaser or Euroareal Verwaltungsgebäude may be sued. The liability shall include civil and public law obligations or claims of third parties. To the extent that statements and rules have been made in the Purchase Contracts (Attachment IV to the Reference Document) concerning environmental pollution previously found, the liability of the Seller shall be limited in that currently no measures are required to ensure at present uninterrupted use (without imminent rent abatement also) of the subject of purchase and the buildings thereon as well as structural installations by the owner and the tenants.

p) The Seller has no right of recourse, in particular based on or in connection with § 24 (2) Federal Soil Protection Act, against Euroareal Verwaltungsgebäude or the Buyers, and the Seller to this extent waives its right to go against the Buyers and Euroareal Verwaltungsgebäude based on or in connection with environmental pollution.

3. Other agreements

Seller and buyer further agree as follows:

a) To the extent that claims against the seller from provisions for the protection of the capital stock of Euroareal Verwaltungsgebäude exist, the seller also accepts the obligation to fulfil these claims, even in the context of this purchase contract.

b) The seller is obligated to make up for a deficit not covered by shareholders’ equity as shown on the financial statement on the day of valuation, to the extent that such a deficit exists. In this respect, to the extent that the seller had already made payments to Euroareal Verwaltungsgebäude prior to the effective date of the transfer, which lead to an increase in the bank balance shown in the financial statements on the day of valuation, this bank balance is not to be considered an increase in the purchase price according to **§ 4 number 2** and **number 3** upon the calculation of the final purchase price.

c) In the case of a corresponding request by the buyer, the seller will declare his approval that the technical Due Diligence Report that he commissioned in the context of the financing through CSFB will be “addressed” to the buyer as well, such that the buyer can also make claims against the author of the report as a result, if necessary. In the case of such a request, the buyers are obligated to bear 50% of the transfer costs resulting from the creation of the respective report to which the buyer’s request relates.

§ 7
Specific liability of the seller and of Euroareal Beteiligungs GmbH

3. Indemnity

The seller indemnifies the buyer and Euroareal Verwaltungsgebäude against all claims by third parties, and correspondingly for future circumstances, in the follow cases:

a) Upon first request, the seller releases Euroareal Verwaltungsgebäude from all debts that it might be subject to on the basis of joint and several liability for debts of the seller and of the companies associated with it. This applies particularly for joint and several liabilities or joint liabilities of Euroareal Verwaltungsgebäude with the seller from or in connection with the agreement with IBM Deutschland GmbH of 21/24 May 2005 (Attachment version 4 of the reference documents).

b) The seller releases Euroareal Verwaltungsgebäude and the buyer from all tax claims based on the existence of and/or completion of the profit and loss transfer agreement mentioned in **§ 5 Section 2 (iv)**, prior to the effective date of the transfer, and will compensate them for all existing or resulting losses, insofar and to the extent that sufficient unrestricted reserves have not be provided for this purpose.

c) The seller releases Euroareal Verwaltungsgebäude [Euroareal Administrative Buildings] and the buyer from all payment obligations with respect to

taxes and duties for transaction up until the effective date of the transfer, to the extent that the balance sheet on the day of valuation includes no corresponding reserves, or corresponding reserves in an insufficient amount. The seller is obligated to release Euroareal Verwaltungsgebäude and the buyer from all payment obligations, and to compensate for other disadvantages that result if the independent guarantee promises included in **§ 6 Section 1 (d), (l), (m) and (n)** are not applicable. **§ 8 Section 1** remains unaffected.

2. Security of Euroareal Beteiligungs GmbH and of CPB Cooperative für Planen und Bauen GmbH

By executing this purchase contract, Euroareal Beteiligungs GmbH and CPB Cooperative für Planen und Bauen GmbH each stand as an absolute surety for all of the seller's obligations from this purchase contract. Claims by the buyer against these securities are time-barred after the expiration of five years, calculated from the expiration of the effective date of the transfer.

§ 8
Liability of the seller

1. Guarantees

With respect to the guarantees provided in **§ 6 Section 1**, the legal provisions apply.

2. Quality stipulations and indemnification obligations

If one of the seller’s quality stipulations provided in **§ 6 Section 2** is incorrect in whole or in part, at the buyer’s election the seller is required

i) to pay cash compensation for damages to the buyers, or

ii) to establish a situation that corresponds to the stipulated quality for Euroareal Verwaltungsgebäude,

iii) to indemnify the buyer,

iv) to pay cash compensation for damages to Euroareal Verwaltungsgebäude , or

v) to indemnify Euroareal Verwaltungsgebäude.

§ 9
Limitation period

1. Limitation period for guarantee claims

Claims due to the failure to fulfil of guarantees provided in **§ 6 Section 1** are time-barred after 10 (ten) years.

2. Limitation period for claims for quality stipulations

The buyer’s claims due to failure to fulfil quality stipulations provided in **§ 6 Section 2** are time-barred after five years.

3. Limitation period for claims on account of taxes

The buyer’s claims on account of taxes or duties are time-barred six months after the point in time at which the corresponding taxes or duties or required amounts

have been finally and materially established in a manner not subject to modification with respect to Euroareal Verwaltungsgebäude, but at the earliest after five years. **Section 1** remains unaffected.

4. Limitation period for indemnification claims

The buyer's indemnification claims are time-barred after five years. However, longer limitation periods due to failure to fulfil with respect to guarantees or due to tax risks remain unaffected.

5. Start of the limitation periods

The limitation periods mentioned above start upon the expiration of the effective date of transfer.

§ 10
Rights of withdrawal

1. Right of withdrawal of the seller

The seller is entitled to withdraw from this purchase contract if the buyer is delinquent more than ten bank working days in the payment of the preliminary purchase price, and if an extension of time provided to the buyer from the seller under threat of withdrawal in writing (by courier and - according to the requirements of **Section 3** - by fax) of at least an additional ten bank working days passes without success.

2. Right of withdrawal of the buyer

The buyers (only collectively) are entitled to withdraw from this purchase contract by means of written declaration (by courier and by fax) to the extent that the due-date implementation requirements according to **§ 5 Section 2 (i) to (iv)** of this contract or the due-date implementation requirements according to **§ 5 Section 2 (i) to (iv)** of the contract executed today regarding Euroareal Mainz Produktionsgebäude Hechtsheimer Strasse GmbH are not completely fulfilled by 20 November 2005. In addition, the buyers (only collectively) are entitled to withdraw from this purchase contract by means of written declaration insofar as they are simultaneously withdrawn (in a manner in which they are entitled) from the contract executed today regarding the Euroareal Mainz Produktionsgebäude Hechtsheimer Strasse GmbH within the context of compensation for damages to be paid to the buyers. The buyer's additional legal rights of withdrawal, namely due to the seller's failure to comply with respect to guarantees, remain unaffected.

3. Exercise of a right of withdrawal

The right to withdraw is to be exercised by means of written declaration (by courier and by fax) to the other party in each case, to the attention of the notary public that the parties to the contract hereby irrevocably authorize both to receive the declarations regarding the threat to exercise the right to withdraw as well as to receive of the declaration of withdrawal. The declaration of withdrawal is (initially) valid upon the notary republic's receipt of the declaration delivered by courier. The faxed notices merely serve as information in advance for the parties; neither their receipt nor their absence is of importance for the

effectiveness of a threat of withdrawal nor for the exercise of a right of withdrawal. The notary public is required to inform the other party in each case regarding the threat and the exercise of a right of withdrawal; the failure to provide this information does not affect the validity of the delivered declarations. The rights of withdrawal of the parties to the contract expire if the respective right of withdrawal has not been exercised within two months after information is obtained regarding the grounds for withdrawal.

§ 11
Other obligations of the parties

3. **Obligations of the seller**

a) The seller will be responsible for seeing that Euroareal Verwaltungsgebäude [Euroareal Administrative Buildings] will carry out its transactions only in the customary line of business after the date of the acceptance of this document until the assignment of the company shares is effective. However, investment procedures require the buyers’ assent that they are not entitled to refuse for unrealistic reasons. Changes to existing rental contracts and/or the execution of new rental contracts require the buyers’ consent, which are entitled to make a decision based on their own discretion.

b) After the day of acceptance of this document until the assignment of the company shares is effective, the seller is obligated to finalize no withdrawals, profit participation rights or other financial transactions that encumber Euroareal Verwaltungsgebäude, to put no corresponding resolutions into effect, and to not demand their implementation after the

point in time mentioned above or to carry out other actions with a similar effect, insofar as the actions mentioned relate to profits that arise after the effective date of the transfer.

2. Obligations of the buyers

The buyers are obligated to cause the Euroareal management to assign its claims to compensation for damages of any sort against IBU GmbH & Co. Real Estate KG (compare Attachment 3 of the annual financial statement, Attachment VI. 2 of the reference document) when the assignment of the company shares to the seller takes effect. The liability of Euroareal Verwaltungsgebäude for the valuation and existence of the claim is barred, and the seller hereby waives all claims of this type against Euroareal Verwaltungsgebäude, presuming this waiver. The same correspondingly applies for the claims controlled by **§ 2 Section 3 (III)** and **§ 3 Section 3** to additional payment for increased prepayments for operating costs and payment claims of IBM Deutschland GmbH for savings of energy costs for the period of time until the effective date of the transfer.

§ 12
Severability clause

If a provision of this contract is or becomes invalid or cannot be carried out, the validity of the contract apart from that is hereby not affected. On the contrary, the parties to the contract are obligated to replace the provision that is invalid or cannot be carried out with a provision that is valid and that can be carried out that corresponds as closely as possible with the spirit and the purpose of the provision to be replaced. The same applies for an omission in the contract.

§ 13
Final provisions

1. Together with the purchase contract regarding all company shares of Euroareal Mainz Produktionsgebäude Hechtsheimer Strasse GmbH, this purchase contract is registered in a framework document. The expenses resulting from the registration are assigned to both of the purchase contracts based on the proportion of the respective amounts mentioned in **§ 4 Section 2 (1)**. The buyers bear the expenses that result after the registration of this purchase contract, as well as the expenses for the supplementary documents mentioned in **§ 2 Section 1**, in proportion to their purchase share. The seller bears all expenses for the release of encumbrances, including the release of encumbrances for the real estate purchased according to the provision of this contract. Apart from that, to the extent that nothing is otherwise contractually stipulated, each party to the contract bears his own existing and arising expenses and taxes. The notary public advised the parties regarding the real estate acquisition tax problem.
2. To the extent that notarial certification is not required, changes and supplements to this contract must be in writing.

§ 14
Law, court of jurisdiction

1. This contract is subject to German law, even if the German principles for conflict of laws refer to another legal system. However, the United Nations Convention on Contracts for the International Sale of Goods does not apply.

2. The court of jurisdiction for all disputes from this contract and its implementation is Mainz. This also applies for claims for the security controlled in **§ 7 Section 2**.

§ 15
<u>Other and explanations</u>

1. The buyers will notify Euroareal Verwaltungsgebäude regarding the shareholder exchange according to § 16 of the GmbHG [Limited Liability Company Law].
2. In addition, the notary public is required to make reference to the liability provisions of the GmbH law [Limited Liability Company Law], and in particular to explain that the purchaser of a company share is liable without limitation for deposits of money not made and the deficits for inadequate investments in kind by the seller and all other shareholders, and likewise for the reimbursement of any prohibited redemption payments from the capital stock and any real property tax obligation.
3. It is made known to the investors that a good-faith acquisition of company shares is not possible. The investment circumstances reported, which are based on the information from the investors, can be audited only to a limited extent by the notary public.
4. The shareholders' approval for the preceding agreement regarding the division and assignment of company shares is granted below.
5. All approvals should become effective upon their receipt by the recording notary public.
6. The investors confirm that the recording notary public provided no tax advice.

§ 16
Approvals and assumptions of liability, Shareholders' Meetings

In their capacity as chief executives with joint authority to sign for Euroareal Verwaltungsgebäude and for the seller, Mr. Fritz Eduard Skrzypczak and Mr. Rolf Breuer hereby grant their approval to this document and in particular to the division and assignment stipulated in **§ 2 Sections 3 to 5** of this memorandum. In addition, the seller irrevocably waives any pre-emption rights, purchase rights, option rights or similar rights, to which he is entitled according to the law, the articles of association or other.

The sole shareholder of Euroareal Verwaltungsgebäude, represented by Mr. Fritz Eduard Skrzypczak and Mr. Rolf Breuer, then convenes a shareholders' meeting for Euroareal Verwaltungsgebäude and then, waiving compliance with all formalities and requirements of notice and periods allotted for service upon the parties in the sense of a plenary meeting, passes a resolution as follows:

> *"The specified division and sale and assignment of company shares that has yet to take place to Euroareal Mainz Produktionsgebäude Hechtsheimer Strasse GmbH to the buyer mentioned above is hereby irrevocably approved. In addition, the shareholder irrevocably waives any pre-emption rights, purchase rights or similar rights, to which he is entitled according to the law, the articles of association or other. Additional resolutions are not provided today."*

§ 17
<u>Translation</u>

The possible English version of this document serves merely for linguistic understanding. Only the German version is binding. In the case of any deviations or contradictions between the German version and the English version, the German version has priority.

Accepted as an attachment to the document of the notary public Wolfgang Gruntkowski in Cologne on the present day, document number 1577 for 2005.

Cologne on the 22 September 2005

[signed by several parties]

[see original for graphic; terminology glossary appears below]

Tor = gate

“Als Anlage zur Urkunde vom heutigen Tage – UR Nr. 1577 / 2005 des Notars Wolfgang Gruntkowski in Köln. Köln den 22.09.2005.” = “As an attachment to the document of the notary public Wolfgang Gruntkowski in Cologne on the present day, document number 1577 / 2005. Cologne on the 22 September 2005.”

Planinhalt = plan contents

Massstab = scale

Datum = date

Gezeichnet = signed

Lageplan = site plan

Nutzung- / Wege- /Zugangsrecht = right of use / passage / entry

Dienstbarkeit für die Kantine = easement for the cafeteria

Parkplätze von IBM [illegible] mit kurzfristiges Kündigungsrecht = parking places for IBM [illegible] with short-term right of cancellation

Parkplätze von IBM, Bestandteil des [illegible] = parking places for IBM, part of the [illegible]

Dienstbarkeit für Geb. 12 [illegible] = easement for building 12 [illegible]

Dienstbarkeit für Geb. 20/82 = easement for building 20/82

IBM Verwaltung = IBM management

PROJECT MAINZ,

Hechtsheimer Strasse

Production Buildings

PURCHASE CONTRACT

between

1. the company with limited liability registered in the commercial register of the Cologne local court under Commercial Register [HR]B 52583 under the company name **Euroareal Holding Project Mainz Hechtsheimerstrasse GmbH**, with headquarters in Cologne and the business address of Jülicher Strasse 26 in 50674 Cologne,

    - the company **Euroareal Holding Project Mainz Hechtsheimerstrasssse GmbH** referred to herein as **"seller"** -

2.

a) the company with limited liability registered in the commercial register of the Hamburg local court under Commercial Register [HR]B 93 395 under the company name **Digital Realty Trust Germany 1 GmbH (previously Einhundertdreiundsechzigste Verwaltungsgesellschaft Dammtor mbH**, with headquarters in Hamburg and the business address of Warburgstrasse 50 (c/o Latham & Watkins LLP), 20354 Hamburg,

b) the limited partnership founded today under the name **LBC-Digital Realty Trust Germany 1 GmbH & Co. KG** with headquarters in Hamburg and the business address of Warburgstrasse 50 (c/o Latham & Watkins LLP), 20354 Hamburg,

- **Digital Realty Trust Germany 1 GmbH (previously Einhundertdreiundsechzigste Verwaltungsgesellschaft Dammtor mbH,** and **Digital Realty Trust Germany 1 GmbH & Co. KG** are referred to herein as ***"buyers for 2a) and 2b)"***

with the participation of the

3. company with limited liability registered in the commercial register of the Cologne local court under Commercial Register [HR]B 42719 under the company name EuroAreal Beteiligungs GmbH with headquarters in Frechen and the business address of Kölner Strasse 9, 50226 Frechen,
4. company with limited liability registered in the commercial register of the Bad Homburg v.d. Höhe local court under Commercial Register [HR]B 5852 under the company name **Cooperative für Planen und Bauen GmbH** with headquarters in Bad Homburg v.d. Höhe and the business address of Louisenstrasse 119-121 in 61348 Bad Homburg v.d. Höhe,
5. company with limited liability registered in the commercial register of the Cologne local court under Commercial Register [HR]B 52649 under the company name **Euroareal Mainz Verwaltungsgebäude Hechtsheimerstrasse GmbH** with headquarters in Cologne and the business address of Jülicher Strasse 26 in 50674 Cologne,
6. company with limited liability registered in the commercial register of the Cologne local court under Commercial Register [HR]B 52656 under the company name **Euroareal Mainz Produktionsgebäude Hechtsheimerstrasse GmbH** with headquarters in Cologne and the business address of Jülicher Strasse 26 in 50674 Cologne,

§ 1

Purpose of the contract

1. With a company share of the face value of €€25,000, the seller is the sole shareholder of the company with limited liability registered in the commercial register of the Cologne local court under Commercial Register B 52656 under the company name **Euroareal Mainz Produktionsgebäude Hechtsheimerstrasse GmbH** with headquarters in Cologne, whose fully paid-in capital stock amounts to €€25,000.00 (in words: twenty-five thousand Euros). The company indicated above is referred to herein as ***"Euroareal Produktionsgebäude"***.
2. In order to simplify the implementation of this purchase contract, a reference document was created on 22 September 2004, document number 1576 for 2005 of the recording notary public. This document is also referred to herein as **"reference document"**. At the time of the recording, the reference document existed as a notarised copy and was delivered to the publications for review. Reference will be made to the content of the reference document. The parties hereby confirm that the content of the reference document is known to them.

3. Of the property entered in the land register of the Mainz local court, Euroareal Produktionsgebäude is the owner

   a) of parcel 21/4, building and land, Hechtsheimerstrasse, size 4,156 m^2, parcel 22/1, agricultural land, Hechtsheimerstrasse 62, size 274 m^2, parcel 35/19, building and land, Hechtsheimerstrasse 2, size 203 m^2, parcel 35/21, building and land, Hechtsheimerstrasse 2, size 250,683 m^2, from Weisenau, page 4443, recorded real estate of the Weisenau boundary, lot 2,

   b) of parcel 145/21, public thoroughfare, Heiligkreuzweg, 9,870 m^2, from Hechtsheim page 9881, recorded real estate of the Hechtsheim boundary, lot 6.

   This real estate is developed with buildings 01, 02/03, 04, 05, 06, 07, 08, 11, 14, 15, 16, 17, 51, 64 and 67 shown in the site plan, as well as with parking spaces. It is also referred to herein as the "purchase real estate" and is bordered in yellow in the plan attached as

Attachment "site plan"

for more detailed orientation regarding the location of the purchase real estate from this memorandum.

4. The following encumbrances are recorded in the land register:

Weisenau page 4443

Section II:

serial number 3	Limited personal easement (water line right, associated with usage limitations) for the City of Mainz (public utilities),
serial number 4	Limited personal easement (right to maintain water supply lines and a gas line associated with surge limitations and growth limitations for the City of Mainz (public utilities),
serial number 5	Limited personal easement (right for the installation, the operation and the maintenance of high-pressure gas lines, associated with construction and growth limitations) for Stadtwerke Mainz Aktiengesellschaft in Mainz,
serial number 8	Limited personal easement (supply and waste line right) for Stadtwerke Mainz AG, Mainz.

Section III:

serial number 1:	€€3,000,000.00 uncertificated mortgage for Debeka Bausparkasse Aktiengesellschaft, Koblenz am Rhein, in addition to 10% yearly interest,
serial number 2:	€€11,500,000.00 uncertificated mortgage for Debeka Bausparkasse Aktiengesellschaft, Koblenz am Rhein, in addition to 10% yearly interest,
serial number 3:	€€11,000,000.00 mortgage for Credit Suisse First Boston International, London, in addition to 18% yearly interest, in addition to a non-recurring auxiliary fee of 10%,
serial number 4:	Priority notice for the security for the claim to registration of a construction lien for M+W Zander D.I.B. Facility Management GmbH, Nürnberg.

Hechtsheim page 9881

Section II:

serial number 1: Limited personal easement (power cable transit right) for Stadtwerke Mainz AG, Mainz,

serial number 2: Easement (right of ingress and egress) for the respective owner of the real estate lot 6, number 145/20 (page 3191, volume number 660),

serial number 3: Easement (waste water line right) for the respective owner of the real estate lot 6, number 145/20 (page 3191, volume number 660),

serial number 5: Limited personal easement (right for the installation, operation and maintenance of four 20-kV power cables, five news cables along with accessories and the right to enter for Stadtwerke Mainz AG, Mainz.

Section III:

serial number 1: €€3,000,000.00 uncertificated mortgage for Debeka Bausparkasse Aktiengesellschaft, Koblenz am Rhein, in addition to 10% yearly interest,

serial number 2: €€11,500,000.00 uncertificated mortgage for Debeka Bausparkasse Aktiengesellschaft, Koblenz am Rhein, in addition to 10% yearly interest,

serial number 3: €€11,000,000.00 certificated mortgage for Credit Suisse First Boston International, London, in addition to 18% yearly interest, in addition to a non-recurring auxiliary fee of 10%.

The content of the land register was determined on 19 September 2005. The discharge of the mortgages in favour of Debeka Bausparkasse Aktiengesellschaft was applied for by the recording notary public with an application today at the Mainz local court.

The discharge of the priority notice for the security for the claim to registration of a construction lien will be carried by the seller without delay.

5. Euroareal Produktionsgebäude has executed the rental contracts listed in Attachment V of the reference document. They were accepted as Attachment V to the reference document.

   The contracts mentioned in this **§ 1 Section 5** are referred to herein collectively as **“rental contract”**.

6. In addition, Euroareal Produktionsgebäude executed a contract with Stadtwerke Mainz AG regarding the purchase of technical equipment, the production and the delivery of heating and cooling, as well as the purchase and the operation of the water and waste-water network and of the electrical supply network, as well as a subsequent contract K000229. These are accepted for the reference document as Attachments III. 1 and 2 in their version of 8.07.2004, and 20.08/31.08.2004.

7. The loan secured by the purchase real estate is completely discharged according to the seller’s assertion. Financing by the CSFB took its place, whose details are provided in Attachment VIII of the reference document.

§ 2
Financing restriction/sale of company shares

1. Both the buyer for **2a)** as well as the buyer for **2b)** (only collectively) reserve the right, exercisable at the latest by 19 **October 2005**, to withdraw from this purchase contract by means of unilateral written declaration to the seller, if the reorganization of the existing financing for the companies by CSFB sought by the buyer for **2a)** and the buyer for **2b)** is not effected by then. The buyers for **2a)** and for

2b) decide regarding the type and content of this reorganization according to their own discretion; they are obligated merely to permit information regarding the status of the discussions between the buyers for **2a)** and for **2b)** and CSFB to be given to the sellers at any time.

2. Apart from that, the seller is obligated to work with the buyers in the interest of a purchase structure that is as tax-efficient as possible. In this context, the seller will, in particular

   a) co-operate on the steps necessary, as the case may be, for a change of the status according to the United States federal income tax laws becoming effective prior to the effective date of the transfer, namely the Internal Revenue Service Form 8832 –(Entity Classification Election) with signatures, with which Euroareal Produktionsgebäude can be considered as a “partnership for United States federal tax purposes” according to US federal income tax law even before the effective date of the transfer; additional reference is made to **§ 7 Section 1 q)**.

   b) undertake everything necessary to shift the fiscal year of Euroareal Produktionsgebäude to the effective date of the transfer upon request of the buyer, in order than Euroareal Produktionsgebäude can be integrated with the buyer for **2a)** into an entity for corporate and excise tax purposes from this point in time; in particular, the seller will secure the approval of the relevant tax office according to § 7 (4) clause 3 of the KStG [Corporate Tax Code] in conjunction with R 59 (3) of the KStR [Corporate Tax Code], as well as finalize a corresponding change in the articles of association of Euroareal

Verwaltungsgebäude by 31 October 2005 and apply for entry into the commercial register. The provisions provided under **§ 5 Section 2 (iv)** remain unaffected.

c) to allow an accounting firm to be commissioned by the buyers to perform all audits that are necessary on the basis of the requirements of the US securities law.

3. The seller sells his company share mentioned in **§ 1 Section 1** free from encumbrances and free of all rights of third parties:

   - to the accepting buyer for **2a)**, a partial company share in the amount of €€22,500.00 (in words: twenty two thousand five hundred Euros),

   - to the accepting buyer for **2b)**, a partial company share in the amount of €€2,500.00 (in words: two thousand five hundred Euros), along with all rights associated with it.

4. Upon first written request by the buyer of **2a)** and **2b)**, the seller is hereby obligated to divide his company share of €25,000.00 in Euroareal Produktionsgebäude mentioned above into two company shares of €€22,500.00 and €€2,500.00, and to transfer them to the buyers in a separate notarised document under the delaying condition of full payment of the preliminary purchase price according to **§ 4** of this document.

5. The division of the company share mentioned in **§ 1 Section 1**, as well as in the transfer of the partial company shares sold here, will take place in a separate document under the condition precedent of the full purchase price payment according to **§ 4** of this document.

6. This purchase contract is to be carried out on 1 November 2005, subject to **§ 5 Section 2**.

§ 3
Effective date of the transfer/profit participation right

1. The contractual effective date of transfer (**“effective date of the transfer”**) is the end the month following full payment of the preliminary purchase price according to **§ 5 Section 1.**
2. The seller is entitled to the profit participation right for the current fiscal year until the effective date of the transfer.

§ 4
Purchase price

1. The purchase price for the company share in the amount of €€22,500.00 amounts to 90% of the preliminary and final total purchase price yet to be determined, and is to be paid by the buyer for **2a)**.

   The purchase price for the company share in the amount of €€2,500.00 amounts to 10% of the preliminary and final total purchase price yet to be determined, and is to be paid by the buyer for **2b)**.

2. The preliminary total purchase price according to **Section 1** is calculated as follows:–

€€20,000,000.00

- Plus bank balances according to the **"proforma financial statement"** as of 30 September 2005, yet to be created,
- Plus accounts receivable up until 30 September 2005, according to the **"proforma financial statement"** as of 30 September 2005, yet to be created,
- Less existing liabilities in each case as of 30 September 2005, and less all accrued liabilities and deferrals as of 30 September 2005, according to the **"proforma financial statement"** as of 30 September 2005, yet to be created.

3. The final total purchase price is determined with a corresponding application of the preceding **Sections 1 and 2**. However, within the context of the calculation of the final purchase price, the financial statement on the day of valuation, to be created according to the detailed requirements of **§ 5 Section 6**, is to appear in place of the **"proforma financial statement"**; the contractual effective date of transfer according to **§ 3 Section 1** is to appear in the place of 30 September 2005. The statement of incidental costs as of 30 September 2005, is to be created on **30 October 2005**.

§ 5
Purchase price due date

1. The preliminary purchase price is due and payable within 10 (ten) bank working days (i.e. working days (except for Saturday) on which banking institutions in Frankfurt am Main are open for general customer business and to which transfers can be made) after fulfilment of the implementation requirements according to **§ 5 Section 2** of this contract, but at the earliest

on the last bank working day of that month in which the preceding stipulated period of 10 (ten) bank working days expires. All mentioned payments – even if not made directly to the seller (on this issue compare **Section 4** below) – are made with contractual effect on the purchase price. If the preliminary total purchase price is not paid by the due date, the seller is entitled to withdraw from this purchase contract according to the detailed requirements of **§ 11 Section 1**. Additional claims of the seller remain unaffected.

[…]

2. The maturity of all payments pursuant to **§5 Section 1** and therefore the performance of this agreement (**"condition of performance"**) are conditional to the furnishing of the following declarations, documentation, and/or proofs (to be furnished by the Seller):

   i) cancellation of the preliminary encumbrances registered on the basis of the priority notice recorded to secure the claim to a builder's lien, which notice is recorded in the land registry of the Mainz District Court, von Weisenau pages 4443 and von Hechtsheim 9881, Section III, nos. 1 and 2 and on page 4443, no. 4, as well as a statement of affirmation from the notary public (no older than five business days) that no other encumbrances than those listed in **§1 Section 3** are registered in the land registry except the mortgage in favour of CSFB which is cited in **§1 Section 3**, nor any applications for the registration of encumbrances pending at the land registry office;

   ii) expiration of the statutory prohibition of execution pursuant to Cartel Act (GWB) §41;

iii) creation of a supplemental deed for this share purchase agreement comprising the splitting and conveyance (assignment) to the Buyers **2a)** and **2b)** of the shares hereby sold, subject to the condition precedent of payment of the provisional purchase price.

iv) certified photocopies of an amendment of the charter of Euroareal Produktionsgebäude to the effect that its fiscal year ends on 31 October 2005, and that the profit transfer and controlling agreement of 15 November 2004 is cancelled effective 31 October 2005 (at the latest); as well as a commercial registry extract for Euroareal Produktionsgebäude evincing the amendment to the charter and the cancellation of the profit transfer and controlling agreement of 15 November 2004 effective 31 October 2005 at the latest.

v) the occurrence of the conditions for maturity recited in **§5 Section 2 (i) to (iv)** of the purchase agreement over all shares of Euroareal Mainz Verwaltungsgebäude Hechtsheimer Strasse GmbH (Exhibit 1 of master instrument of notary public Wolfgang Gruntkowski).

3. The notary is responsible for the determination of and notification with respect to the condition of maturity cited at **§5 Section 2 (i)**; otherwise the parties are mutually obligated to each other to cause without delay the fulfilment of the other conditions of performance stipulated in **§5 Section 2**. The Buyers are entitled (but not obligated) to waive in full or in part

any and all said conditions solely by a written statement to the notary. If these conditions are not met by **30 November 2005**, the Buyers are entitled under **§11 Section 2** to withdraw from this purchase agreement.

4. The Seller hereby irrevocably instructs the Buyers to settle the balances owed by the Seller of Euroareal Produktionsgebäude including all interest and incidental expenses out of the provisional sale price, which amounts are to be accounted against the sale price. The remaining amount is to be paid into an account of the Seller to be named later at Commerzbank Bank AG, Bad Homburg (Sort Code 500 400 00).

5. Timeliness of payment is determined by the date on which the payment is received by the party entitled to receive it. The Buyers go into default immediately if they do not pay on time. In such case, a late payment penalty of 8% p.a. above the base rate is charged.

6. The calculation of the provisional purchase price is based on the **"Proforma financial statement"** to be created for 30 September 2005.

   The Seller will take care that, within 20 (twenty) calendar days after the payment of the provisional purchase price, a financial statement including a balance sheet for the transfer date (hereinafter also "deadline balance sheet") is created, which, pursuant to the provisions of the commercial code, is to be created in accordance with the principles of proper bookkeeping and account balancing and with consistent methods of accounting and evaluation, and which serves for determining the purchase price. The provisional purchase price stipulated in §4 may be adjusted only within the limits established by that provision, i.e. in the event that changes occur in the items "bank deposits", "receivables", [and/or] "liabilities, reserves and accruals and deferred items". Only assets connected with the company's business purpose – not including the real estate which is the subject of this sale, the development and the operation of the developed real estate – may be counted as assets; intangible assets and accounting aids may not be counted. No liabilities in connection with maintenance/repair and/or renovation activities may be entered into the deadline balance sheet or the pro forma financial statement. Repair and maintenance reserves are not entered. Obligations to correct input value-added tax pursuant to Value Added Tax Act (UstG) §15a

which exist on the transfer date are to be entered in a total sum as a liability; the same applies to receivables from a correction pursuant to §15a UstG. This deadline financial statement and deadline balance sheet, which will also be reviewed in light of the foregoing requirements following an audit within the meaning of Commercial Code (HGB) §317ff., are binding on both parties as the foundation for the final purchase price calculation to be performed within the framework set forth in **§ 4 Sections 1 to 3**, if and as long as no objections are made to the financial statement, deadline balance sheet, and audit report as of the transfer date. Objections must be filed in writing within 10 (ten) banking days after the transmittal of the financial statement and deadline balance sheet along with the audit report. They must be directed to the other party respectively. They must set forth the individual grounds regarding the extent to which the financial statement and deadline balance sheet are allegedly out of compliance with the provisions of this agreement. The minimum and maximum differential amount asserted on the basis of the objection in relation to the affected items and the resulting consequences for the company's balance-sheet equity capital must be quantified.

7. In the event of an objection, if the parties are unable to agree on the differential amount within an additional period of 10 (ten) banking days to begin when the other party

receives the objection, then at the request of one party a neutral auditor to be appointed by both sides jointly will decide it. If the parties are unable to agree on a neutral auditor within one week after a party requests the appointment of a neutral auditor, then either party has a right to resort to the competent *Wirtschaftsprüferkammer* to have it appoint the neutral auditor. The neutral auditor will decide as an arbitrator, and said decision will be binding on all parties. The neutral auditor must give each party an opportunity to explain its position before making a decision; at the request of a party an oral discussion will take place. The neutral auditor must transmit its decision with the grounds therefore in writing to all parties. Code of Civil Procedure (ZPO) §§ 91 ff. applies to the costs of the arbitration proceedings. The neutral auditor, as the arbitrator, also decides on the allocation of costs with binding effect as to all parties.

8. As soon as the parties have agreed on the final purchase price or the neutral auditor has determined it as binding, the corresponding balance shall be paid by the party owing to the other party respectively.

§6
Additional purchase price ("earn-out")/further leasing

1. In so far as the sum total of the net actual rents to be detailed herein below which are paid by the lessees during an earn-out period of three years to be detailed herein below is higher than €€7,005,000.00, the seller will receive an earn-out payment to be detailed below in addition to the purchase price stipulated in **§ 4** at the time stipulated in **paragraph 5**. This does not apply in so far as the Buyers exercises their right under

paragraph 3 below to terminate prematurely the agreement made in this **§ 6** regarding the earn-out payment.

2. A potential earn-out payment is determined as follows:

   i) The earn-out period of three years begins on the first calendar day of the month following the transfer date stipulated in **§ 3 Section 1** and ends upon the expiration of 36 (thirty-six) months.

   ii) Net actual rents within the meaning of the agreements made in this **§ 6** are the actual rental incomes for the lease of rooms minus all leasing and development costs of the lesser and all non-apportionable operating expenses and the costs of facility management, minus the legal value-added tax. The leasing and development expenses (particularly but not exclusively brokerage fees, development expenses and other incentives) are apportioned, i.e. amortized, on the basis of an interest rate of 10% over the fixed term of the lease (beginning with the agreed commencement of rent payment).

   iii) If, and to the extent that, the cumulative net actual rents paid by lessees over the earn-out period exceed €€7,005,000.00, and this occurs as a result of lease agreements with a fixed term of at least seven years (to begin with the commencement of the earn-out period), which agreements were not yet in existence when this purchase agreement was concluded, the earn-out payment is calculated from the amount above €€7,005,000.00 assessed for such leasing (**"Surplus amount"**). This amount is

converted to an annual basis, i.e. divided by 3 (three), and subsequently multiplied by 8.3 (eight point three). A sample calculation is enclosed as

Attachment 2 "Sample calculation of earn-out payment"

iv) To the extent that the surplus above the amount of €€7,005,000.00 cited in **paragraph 1** is based on leases with a term of less than 7 (seven) years, the amount of the earn-out payment according to (iii) is limited to 50% of the actual effective rents owed during the term of the lease.

v) If present or future tenants fail to extend their lease or fail to meet their rent payment obligations or other payment obligations, and as a result the net actual rents paid during the earn-out period are below the threshold sum of €€7,005,000.00 according to **paragraph 1**, there will be no earn-out payment; in other words, only the payments which actually occur (and not the payments which are owed) during the reference period (earn-out period) count toward the calculation of the earn-out payment. However, the special provision according to **(vi)** below remains unaffected;

vi) Animalised lease agreements which are at an advanced stage of negotiation at the end of the earn-out period and are finalized within three months thereafter also

fall under the provisions of this **§ 6** and are to be treated as if they were finalized during the earn-out period. The earn-out payment to be paid for these agreements is not due until the respective [lessee] has paid a full month's rent for the first time.

3. If the annual net actual rents actually paid do not increase by at least €€1,000,000.00 during the first 24 (twenty-four) months of the earn-out period, the Buyers can withdraw from this **§ 6** through a unilateral written declaration to the Seller. In such case the Seller has no claim to [a continuing]earn-out payment. The maturity provision according to **paragraph 5** below remains unaffected hereby.

4. The calculation of the earn-out payment is based on lease agreements with respect to which the lesser can opt for value-added tax. If this is not possible, the Seller must compensate the Buyers for any losses and other financial detriments it suffers with a lump sum payment to be paid by the Seller concurrent with the finalization of the lease agreement. To the extent that the settlement is offset by additional rents to be paid by the lessee, these rents are fully excluded from the calculation of the earn-out payment.

5. The Buyers promise to calculate the earn-out payment within one month after the expiration of the earn-out period and to transmit the calculation to the Seller. This calculation is binding on the Seller if it does not object within 10 (ten) banking days. In the event of an objection, the procedure stipulated in **§ 5 Section 6** is to be applied accordingly. The earn-out payment is due and payable as soon as the parties agree to its amount, or the neutral auditor determines its amount as binding.

6. The Seller will itself and/or through companies affiliated with it acquire additional tenants for the purchase property and in particular use best efforts to utilize its business relationships with local and regional officials for such purpose, and will use sustained efforts to bring about the further development of the purchase property as a technology centre that is integrated into the surrounding regions. This will entail the activation, use, and optimisation of the synergies offered by the high-tech, medical tech, biotech, and pharmaceuticals companies which are already located on the purchase property. The Buyers alone have sole discretion to decide on the concluding of lease agreements with tenants suggested by the Seller.

§ 7
Guarantees and quality agreements of the Seller

1. Seller's guarantees

Through this independent guarantee, the Seller warrants to the Buyers the following facts:

a) The statements in **§ 1** of herein are true. The shares sold have been neither given nor taken in pledge nor are otherwise encumbered by the rights of third parties (including voting obligations, voting rights or profit sharing rights) or by restraints on alienation or disposition of any kind. The Seller and Euroareal Produktionsgebäude are duly established limited liability corporations under German law; Euroareal Produktionsgebäude has a registered capital of €25,000.00. The Seller is the only shareholder of Euroareal Produktionsgebäude. The information in the commercial registry extract regarding the Seller and Euroareal Verwaltungsgebäude corresponds to the actual circumstances. The Seller has an unlimited right to make and execute this agreement and to dispose of the shares, nor do said actions result in the breach of any duties under the partnership agreement or other contracts

to which the Seller or Euroareal Produktionsgebäude is bound. The shares are not subject to any rights of pre-emption or acquisition of third parties.

b) All contributions for the shares have been fully paid and have been neither wholly nor partly reclaimed; nor is there any duty to make subsequent contributions.

c) No profit allocation resolutions regarding Euroareal Produktionsgebäude which relate to the period after the transfer date have been passed, and no advance payments of profits which will not accrue until the transfer date have been made or promised.

d) There are no company-transfer agreements of any kind with Euroareal Produktionsgebäude and its affiliates, i.e. shares thereof, particularly not within the meaning of Stock Corporations Act (AktG) §§§ 291, 292; there have been no reorganization resolutions passed or any other measures encompassing reorganization, particularly pursuant to the Law on the

Transformation of Companies (UmwG), nor any existing silent partnership agreements, sub-partnerships, profit participation loans or other agreements, nor options or similar rights thereto. Euroareal Produktionsgebäude is not a member of an actual group of affiliated companies.

However, the Buyers are aware that a value-added tax group exists among the Seller, Euroareal Beteiligungs GmbH and its affiliates, and Euroareal Produktionsgebäude. But no VAT arrears exist either on the part of the Seller, Euroareal Beteiligungs GmbH and its affiliates, or Euroareal Produktionsgebäude.

e) The shares sold constitute the entire registered capital of Euroareal Produktionsgebäude; the Seller is the sole shareholder of Euroareal Produktionsgebäude; there are no third-party claims of any kind whatsoever to the acquisition of shares.

f) Bankruptcy proceedings have not been instituted in relation to the assets of Euroareal Produktionsgebäude or the Seller's assets. There has been no petition to institute such proceedings, nor is there any valid legal requirement that they be instituted, nor are they imminent for any other reason. Neither the Seller nor Euroareal Produktionsgebäude is insolvent or overindebted.

g) The partnership agreement corresponds to the certificate of incorporation dated 18.03.2004 which is provided in Attachment

VII.1 as the reference document. There are no other agreements or resolutions relating to the partnership agreement.

h) Euroareal Produktionsgebäude owns the purchase property described in detail in **§ 1(3)** including all buildings thereon; the only encumbrances on said property are those recited in **§ 1(4)**; Euroareal Produktionsgebäude is also the absolute owner of all other assets including all claims, credits, and liquid assets, which

i) are included in the annual financial statement or in the **"pro forma financial statement"** per **30 September 2005**,

ii) it has subsequently acquired after **30 September 2005**,

iii) it needs in order to fulfil its contractual duties.

No third party has rights thereto. Additions to and deductions from the property assets have occurred only in the ordinary course of business. The ownership of the purchase property, including all buildings and technical equipment and facilities thereon, is disposable in a scope which allows Euroareal Produktionsgebäude to fulfil all obligations with respect to leasing under the lease agreements enclosed in Attachment V. of the reference document.

i) Euroareal Produktionsgebäude holds no interests in other companies; in particular, it holds no partnership rights or participation rights as to other companies, be they partnerships, corporations, or commercial companies, and is not bound by any partnership agreements accordingly.

j) Up to the present day, the only existing of impending liabilities of Euroareal Produktionsgebäude are those cited in the balance sheet of Euroareal Produktionsgebäude from 31.12.2004 which is enclosed in Attachment VII.2 of he reference document and those cited in the **“pro forma financial statement” which will be created**. All receivables declared for the transfer date in the **“pro forma financial statement”** to be created or in the financial statement including the deadline balance sheet are recoverable (collectible).

k) The annual financial statement of Euroareal Produktionsgebäude as of 31 December 2004 and the **“pro forma financial statement”** to be created comply with the provisions of the commercial code and the principles of standard bookkeeping and account balancing and employ consistent balancing and evaluation methods; the financial statements are complete and accurate, they give an accurate picture of the asset and earnings situation of Euroareal Produktionsgebäude; there is no reason to fear possible adverse changes of the asset and earnings situations. All reserves, value corrections and suchlike which constitute asset reducing or liability increasing items – with the exception of reserves for building related repairs and maintenance or reserves for the additional payment of operating expenses – have been calculated and disclosed accurately and completely.

l) Euroareal Produktionsgebäude has paid, or has withheld and remitted, all taxes and public charges and, to the extent not paid or remitted, has deferred said taxes and charges in the balance sheet of the annual financial statement, the balance sheet of the **"pro forma balance sheet"** to be created, and the deadline financial statement, for future taxes and charges as well, and has reduced its equity capital accordingly. Furthermore, it has given and filed on time, completely, and truthfully all declarations required by tax and other government authorities. There are no outstanding tax assessment notices in relation to Euroareal Produktionsgebäude.

m) Euroareal Produktionsgebäude has not undertaken any open or hidden dividends. All service relationships with affiliated companies bear comparison with external relationships and otherwise satisfy all tax conditions for recognition.

n) The refinancing actions (Debeka and CSFB) of the real estate holdings of Euroareal Produktionsgebäude in 2004 and 2005 did not result in any tax liabilities, particularly tax liabilities on the basis of hidden dividends.

o) All invoices to or from third parties, in particularly for rents pursuant to leases, have been presented by or to Euroareal Produktionsgebäude in such a way as to comply with the legal provisions of the Value-Added Tax Act, and particularly the input VAT as of the date claimed or the date used has been deducted in compliance with legal requirements.

p) In leasing the purchase property, Euroareal Produktionsgebäude has elected an effective VAT option that allows all the VAT stated in the invoices that list it as the recipient of the corresponding deliveries or other services to be treated as refundable or offsettable input tax.

q) Euroareal Produktionsgebäude has not filed a petition to change its status within the meaning of the United States federal income tax code, namely any petition according to Treasury Regulation Section 301-7701-3(c) on Internal Revenue Service Form 8832 (Entity Classification Election); currently the interpretation of Euroareal Produktionsgebäude within the meaning of the US Federal Income Tax Code is the interpretation according to Treasure Regulations Section 301-7701-3(b)(2). The company has no other assets (in the past either) other than the purchase property with the buildings, annexed personal property (fittings and fixtures), cash in hand, bank deposits and claims such as claims for rent which derive from the running leasing business; the company does not have (and never had in the past) any stocks, loans, debenture bonds, or other dividend papers, nor has the company have made any advance payments to an emitter of securities (including affiliated companies or tenants); the company is not, and has never been, party to a lease agreement over personal property except for lease agreements relating to a combination of personal property and real property where the rents for the

personal property amounts to les than 10% of the total rents (calculate on the basis of the average market value of the personal property at the beginning and end of the fiscal year relative to the average market value of the real property including the personal property at the beginning and end of the respective fiscal year); and Euroareal Produktionsgebäude also has not earned more than USD 20,000.00 in income in a calendar year from sources other than rents and interest on bank deposits.

r) Euroareal Produktionsgebäude has not entered an employment relationship with any person, its managers not excepted.

s) The mortgages cited in **§ 1 Section 4** and **§ 5 Section 2 (i)** secure the liabilities of Euroareal Produktionsgebäude only, i.e. not the liabilities of third parties or affiliated companies.

t) Euroareal Produktionsgebäude has satisfied fully and finally all obligations resulting from the loan granted by Debeka Bausparkasse AG. Euroareal Produktionsgebäude has no further liabilities as a result of, or in connection with, loan agreements, particularly vis a vis the Seller. Furthermore, Euroareal Produktionsgebäude satisfied all liabilities resulting from the loan agreement with CSFB by the transfer date.

u) The purchase property is free of obligations to construct or maintain, unrecorded easements, and no restrictions according to the law of neighbours except such

encumbrances as are contained in **§ 1 Section 4** in conjunction with **Attachments I.7-8 and I.11-12** of the reference document.

v) In the buildings standing on the purchase property, there is no asbestos requiring immediate removal pursuant to the respective official regulations.

w) The plan for voluntary soil air decontamination enclosed as Attachment IX will be completed by 30.06.2006.

2. Quality agreements

The Seller further warrants, with respect to an agreed quality for purposes of the Seller's legal or contractual warranty liability, that the following statements are true as of today and will be true as of the transfer date:

a) As of the transfer date, all development assessments pursuant to Building Code (BauGB) §§§ 123 ff. and other public charges pursuant to the Municipal Charges Act and the corresponding municipal codes, as well as cost reimbursement claims, amounts for discharge and compensation, and other public assessments due for the currently existing development of the purchase property for the uses on which this purchase agreement is based, have been paid in full; the same is true of the connection to the public water and sewer supply and the power supply.

b) For all buildings on the purchase property, all the required building and use permits have been obtained unconditionally and indefinitely, including parking lot documentation and all other official permits, and all obligations required in the permits granted have been met. This also applies to the directions/obligations under the current fire code and corresponding official regulations. The units that are still rentable in buildings 01 and 11 correspond to the requirements for the use of clean rooms by high-tech companies, medical tech companies, biotech companies, and pharmaceutical companies.

c) Euroareal Produktionsgebäude has, and had in the past, insurance which it is contractually required to hold; it was and is further insured, in the amounts cited in Attachment II of the reference document, against risks against which this kind of company, exercising ordinary care, is usually insured.

d) Euroareal Produktionsgebäude is not in arrears with any premium payment, and there do not exist any circumstances that call into question the continuation of the insurance. Copies of the corresponding insurance policies are enclosed as Attachment II.3 and 4 to the reference document. Euroareal Produktionsgebäude has not filed any claims or requested any coverage commitments in relation to the insurance policies.

e) Except for the agreements cited in **§ 1**, copies of which are enclosed in attachment to the reference document, in the versions cited therein and with contents as they

appear in the reference document, and except for standard agreements on proper management of the real estate, Euroareal Produktionsgebäude is not bound by any agreement, particularly not the following:

- i) agreements with the Seller, companies affiliated with the Seller, or relatives with in the meaning of the Fiscal Charges Regulations (Abgabenordnung) § 15,
- ii) rental and lease agreements over real property,
- iii) employment, hiring, and service agreements of any kind except for management agreements, but the latter without remuneration or buy-out obligations,
- iv) support commitments and promises to share profits;
- v) collective labour agreements and plant agreements,
- vi) loan agreements,

f) The agreements enclosed with the reference document are enclosed in full; no amendments, additions, or collateral agreements have been made,

g) The agreements concluded by Euroareal Produktionsgebäude have not been terminated up to the present day. Terminations of these agreements by the other party are not imminent at the present time, and there exist no circumstances or reasons that would justify such termination. No defaults in performance have occurred with respect to these agreements.

h) All rental agreements of Euroareal Produktionsgebäude (Attachment V of reference document) with a remaining term of more than one year satisfy the formal requirements per German Civil Code §§§ 550, 126.

i) There exist no advance disposals of rent, no advances on building costs subject to refund by the Seller, and/or no other refundable advances by tenants.

j) There are no collateral agreements with tenants, neighbours, or government officials which are not apparent from the attachments to the reference document.

k) No agreement exists with Euroareal Produktionsgebäude and/or the Seller or a company affiliated therewith which causes adverse legal consequences to Euroareal Produktionsgebäude in the event of a change of shareholders at Euroareal Produktionsgebäude.

l) Euroareal Produktionsgebäude is not subject to any special restraints on competition of a private-legal or public-legal nature.

m) Euroareal Produktionsgebäude enjoys an unchallenged, permanent right of use with respect to all copyrighted maps, expert opinions, and computer software which is necessary and actually used for maintaining and operating the buildings.

n) Neither the Seller nor Euroareal Produktionsgebäude is involved in proceedings before government courts, arbitrators, or other authorities or government institutions. Nor have the Seller or Euroareal Produktionsgebäude been threatened with such proceedings.

o) The Seller assumes liability to the Buyers for damages, detriments and expenses resulting from the existence of environmental contamination of the ground water, soil, and/or buildings, which has occurred hitherto or may yet occur due to their present condition, for which claims may be lodged against the Buyers or Euroareal Produktionsgebäude. The liability includes obligations or claims of third parties under civil law and public law. To the extent that stipulations are made in the purchase agreement (Attachment IV 2 to reference document) respecting environmental damage which was established hitherto, the Seller is liable only to the extent that measures must be taken in order to guarantee that the use of the purchase property and buildings and building structures by the owner and the tenant at the time is not impaired or at risk of a diminution of rent.

p) Recourse within the meaning of the Federal Soil Protection Act § 24(2) against Euroareal Produktionsgebäude or the Buyers is excluded; to the same extent the Seller waives its claims against the Buyers and Euroverwaltungsgebäude as a result of or in connection with environmental impact.

3. Other agreements

The Seller and Buyers further agree as follows:

a) To the extent that claims exist against the Seller on the basis of provisions for the protection of the registered capital of Euroareal Produktionsgebäude, the Seller undertakes, by this purchase agreement also, that it will satisfy said claims.

b) To the extent that the deadline financial statement discloses a deficiency which is not covered by the equity capital, the Seller promises to settle said deficiency. To the extent that the Seller has made payments to Euroareal Produktionsgebäude before the transfer date for this purpose, which add to the bank deposits stated in the deadline financial statement, the final purchase price will not be increased due to this bank deposit when it is calculated per **§ 4 Sections 2 and 3**.

c) Upon receiving a corresponding request from the Buyers, the Seller will declare its consent to the technical due diligence reports which are arranged by CFSB in connection with the financing it provides being “addressed” to the Buyers as well, so that the Buyers may bring potential claims against the author of the report. In the event of such a request, the Buyers must pay 50% of the expenses for creating the respective report to which the Buyers’ request relates and the transmittal expenses.

d) The Buyers take notice of the Seller’s intent that the water house which is operated by Euroareal Produktionsgebäude in building 02/03 on the purchase property of [sic] should undergo economic optimisation.

This includes potentially outsourcing the water house. The Seller declares that operating expenses additionally incurred by Euroareal Produktionsgebäude for this purpose are assessable.

§ 8
Special liability of the Seller and Euroareal Produktionsgebäude GmbH

1. Release

The Seller releases the Buyers and Euroareal Produktionsgebäude from potential claims by third parties, also in relation to future circumstances, in the following cases:

a) The Seller on first request will release Euroareal Produktionsgebäude from all liabilities which may reach it on the basis of joint and several liability for the Seller's and its affiliates' obligations. This applies particularly to joint and several liabilities or joint liabilities of Euroareal Produktionsgebäude and the Seller arising from or in connection with the agreement with IBM Deutschland GmbH dated 21/24 May 2005 (Attachment V.4 of reference document);

b) The Seller releases Euroareal Verwaltungsgebäude and the Buyers from any and all tax claims based on the existence and/or termination of the profit-and-loss transfer agreement cited in **§ 5 Section 2 (iv)** and will compensate them for any losses that have resulted or will result therefrom but only to the extent that absolutely sufficient reserves have not been set aside for this purpose.

c) The Seller releases Euroareal Verwaltungsgebäude and the Buyers from all payment obligations in relation to taxes and public charges for facts [sic] up to the transfer date, to the extent that the deadline balance sheet does not include any reserves, or if it does, insufficient reserves for this purpose. The Seller promises to release the Buyers and Euroareal Produktionsgebäude from all payment obligations and other detriments which occur if the independent warranties contained in **§ 7 Section 1(d), (l), (m) and (n)** are untrue. **§ 9 Section 1** remains unaffected.

2. Surety of Euroareal Beteiligungs GmbH and CPB Cooperative für Planen und Bauen GmbH

Upon the finalization of this purchase agreement, Euroareal Beteiligungs GmbH and CPB Cooperative für Planen und Bauen GmbH become personal sureties, respectively, of all the Seller’s obligations under this agreement. Claims of the Buyers based on these sureties lapse after a five- year period, to begin at the end of the day on the transfer date.

§ 9
Seller’s liability

1. Warranties

The warranties given in **§ 7 Section 1** are governed by the respective legal rules.

2. Quality agreements and release obligations

If one of the quality agreements given in **§ 7 Section 2** is wholly or partly untrue, at the Buyers’ request the Seller must:

i) pay the Buyers cash compensation or,

ii) create a condition at Euroareal Produktionsgebäude which corresponds to the agreed quality,

iii) release the Buyers,

iv) pay Euroareal Produktionsgebäude cash compensation

v) release Euroareal Produktionsgebäude.

§ 10
Lapse

1. Lapse of the warranty claims

Claims based on the untruth of warranties made in **§ 7 Section 1** lapse in 10 (ten) years.

2. Lapse of claims based on quality agreements

Claims of the Buyers based on the untruth of the quality agreements in **§ 7 Section 2** lapse in five years.

3. Lapse of claims based on taxes

Claims of the Buyers based on taxes or public charges lapse six months after the date on which the corresponding tax or public charge, i.e. the liability amounts, were (materially) finally and absolutely assessed against Euroareal Produktionsgebäude, but no sooner than five years thereafter. **Paragraph 1** remains unaffected.

4. Lapse of release claims

The Buyers' release claims lapse in five years; longer limitations periods for claims based on the untruth of warranties or based on tax risks remain unaffected.

5. Beginning of limitation period

Said limitations periods begin at the end of the day on the transfer date.

§ 11
Rights of Withdrawal

1. Seller's right to withdraw

The Seller has a right to withdraw from this purchase agreement if the Buyers are in arrears on the payment of the provisional purchase price for longer than ten banking days, and an additional period of at least another ten banking days, which the Seller grants the Buyers in writing (per courier and, as provided in **paragraph 3**, by fax) under threat of withdrawal, expires without results.

2. Seller's right of withdrawal

The Seller has a right (only jointly) to withdraw from this purchase agreement by written declaration (per courier and telefax), provided that the conditions of maturity-performance pursuant to **§ 5 Section 2(i) to (iv)** of this agreement or the conditions of maturity-performance per **§ 5 Section 2(i) to (iv)** of the agreement on Euroareal Mainz Verwaltungsgebäude Hechtsheimer Strasse GmbH which is finalized today have not been fully brought about by **November 30, 2005**. the Buyers (only jointly) have a further right to withdraw from this agreement by written declaration if they simultaneously withdraw from the agreement on Euroareal Mainz Verwaltungsgebäude Hechtsheimer Strasse GmbH which is finalized today, or the agreement on Euroareal Mainz Verwaltungsgebäude Hechtsheimer Strasse GmbH which is finalized today is voided in connection with compensatory damages to be paid to the Buyers. Other legal rights of withdrawal on the part of the Buyers, namely based on the breach of the Seller's warranties, remain unaffected.

3. **Exercising the rights of withdrawal**

The right of withdrawal must be exercised by a written declaration (per courier and telefax) to the other party to the attention of the notary, whom the parties hereby irrevocably authorize to receive both the declarations warning that withdrawal rights will be exercised and the withdrawal declaration itself. The withdrawal declaration is effective (only) upon receipt of the declaration by the notary by messenger. Fax messages serve only for informing the parties involved neither its receipt nor its omission is material to the effectiveness of a warning of withdrawal or the exercise of withdrawal rights. The notary is responsible for notifying the other party immediately of the warning and the exercising of rights of withdrawal; the omission of such notice will not affect the validity of the declarations. The rights of withdrawal of the parties are extinguished immediately two months after the date on which notice of the grounds of withdrawal is received if the respective withdrawal rights have not been exercised by then.

§ 12
<u>Other duties of the Seller</u>

1. The Seller will take care that Euroareal Produktionsgebäude conducts its businesses exclusively in the ordinary course from the date of the adoption of this document until the assignment of shares goes into effect. Investment measures require the approval of the Buyers, which may not refuse it for irrelevant reasons.

Amendments to existing lease agreements and/or the concluding of new lease agreements require the approval of the Buyers, who are entitled to decide at their own discretion.

2. The Seller promises not to resolve to undertake, from the date on which this document is adopted until the assignment of shares goes into effect, any withdrawals, profit sharing rights, or other financial transactions to the debit of Euroareal Produktionsgebäude, to carry out any potential corresponding resolutions, or, after the above referenced date, to demand their execution or to take other actions with a similar effect, to the extent that said actions relate to profits which arise after the transfer date.

§ 13
Severability

If a provision of this agreement is invalid or is or becomes unperformable, the validity of the agreement is otherwise unaffected. The parties promise that the invalid or unperformable provision will be replaced with a valid and performable provision, which best corresponds to the spirit and purpose of the original provision. The same applies to loopholes accordingly.

§ 14
Final provisions

1. This purchase agreement is recorded together with the purchase agreement covering all shares of Euroareal Mainz Verwaltungsgebäude Hechts-Heimer

Strasse GmbH in a master document. The costs for recording are allocated to the two purchase agreements according to the ratio of the amounts cited in **§ 4 Section 2 paragraph (1)**. The costs thus allocated to the Buyers, in addition to the costs for the addendum cited in **§ 2 Section 1**, are borne by the Buyers in proportion to their purchase shares. All costs for clearing encumbrances, including clearing encumbrances on the purchase property pursuant to this agreement, are borne by the seller. Otherwise, unless otherwise agreed, each party bears the costs and taxes that have accrued, or will accrue, to it. Potential land purchase taxes are borne by the Buyers. The notary has advised concerning the land purchase tax issue.

2. In so far as notarised form is not prescribed, amendments and additions to this agreement must be in writing.

§ 15
Rights, jurisdiction

1. This agreement is governed by German law, including in cases where the German conflicts-of-law rule points to another legal system. On the other hand, the UN law on sales does not apply.

2. Mainz is the jurisdiction for all disputes arising under this agreement and its performance. This also applies to the claims arising under the suretyship stipulated in **§ 8 Section 2**.

§ 16
Miscellaneous and instructions

1. The Buyers will instruct Euroareal Produktionsgebäude about the change of shareholders pursuant to the Law on GmbH’s § 16.
2. The notary has further made reference to the liability provisions of the Law on Limited Companies, particularly to the fact that the buyer of a share assumes unlimited liability for unpaid cash contributions and potentially for deficiencies resulting from inadequate contributions in kind of the Seller and all other shareholders; similarly for refunding potentially prohibited repayments back into the registered capital and for a potential land purchase tax liability.
3. The parties are aware that a bona fide acquisition of shares of a business is impossible. The stated participation ratios, which are based on statements of the participants, are verifiably by the notary only to a limited degree.
4. The approval of the shareholders of the foregoing agreement on the splitting and assignment of shares is given below.
5. All approvals become effective when received by the notary.
6. The participants affirm that the notary has not provided any tax advice.

§ 17
Approvals and assumptions of liability, shareholder meeting

Messrs. Fritz Eduard Skrzypczak and Rolf Breuer, in their capacity as managers of Euroareal Produktionsgebäude and of Seller with joint power of attorney, do hereby state their approval of this document and particularly the split and assignment agreed in **§ 2 Section 3 to 5** of this copy. The Seller waives irrevocably any and all rights of pre-emption, purchase, option, or similar rights, whether deriving from statutory law, the partnership agreement, or any other source.

The sole shareholder of Euroareal Produktionsgebäude, by and through Messrs. Fritz Eduard Skrzypczak and Rolf Breuer, do convene a shareholder meeting of Euroareal Produktionsgebäude and, dispensing with all formalities and regulations for convocation and all notice periods with respect to a plenary meeting, do resolve the following:

> *"The stipulated split and the sale and future assignment of the shares of Euroareal Mainz Produktionsgebäude Hechtsheimerstrasse GmbH to the named Buyers is hereby irrevocably ratified. The shareholder further waives irrevocably any and all rights of pre-emption and purchase and similar rights, whether deriving from statute, the partnership agreement, or any other source. No other resolutions are passed today."*

§ 18
Translation

The English version of this document serves solely for linguistic comprehension; only the German version is binding. In the event of discrepancies or inconsistencies between the German and English versions, the German version takes precedence.

Taken in attachment to the document of notary public Wolfgang Gruntkowski of Cologne, on this day, UR.No. 1577 **in 2005.**

Cologne, 22 September 2005

[See source for signatures.]

[see original for graphic; terminology glossary appears below]

Tor = gate

“Als Anlage zur Urkunde vom heutigen Tage – UR Nr. 1577 / 2005 des Notars Wolfgang Gruntkowski in Köln. Köln den 22.09.2005.” = “As an attachment to the document of the notary public Wolfgang Gruntkowski in Cologne on the present day, document number 1577 / 2005. Cologne on the 22 September 2005.”

Planinhalt = plan contents

Massstab = scale

Datum = date

Gezeichnet = signed

Lageplan = site plan

Nutzung- / Wege- /Zugangsrecht = right of use / passage / entry

Dienstbarkeit für die Kantine = easement for the cafeteria

Parkplätze von IBM [illegible] mit kurzfristiges Kündigungsrecht = parking places for IBM [illegible] with short-term right of cancellation

Parkplätze von IBM, Bestandteil des [illegible] = parking places for IBM, part of the [illegible]

Dienstbarkeit für Geb. 12 [illegible] = easement for building 12 [illegible]

Dienstbarkeit für Geb. 20/82 = easement for building 20/82

IBM Verwaltung = IBM management

[in English]

As Appendix 2 to Deed dated this day - Roll no. 1577/2005 of Notary Wolfgang Gruntkowski in Cologne. Cologne 22.09.2005. [signatures]

I.
Acceptance

In accordance with the deed of the authenticating Notary, dated 22 September 2005, Deed No. 1577 for the year 2005, the Seller has submitted to the Purchasers the offer to conclude a Framework Contract for the purchase in respect of:

a) Euroreal Mainz Verwaltungsgebäude Hechtsheimerstrasse GmbH,

b) Euroreal Main Produktionsgebäude Hechtsheimerstrasse GmbH.

In accordance with the deed of the authenticating Notary, dated 10 October 2005, Deed No. 1660 for the year 2005, the Seller extended the set period for acceptance of the above-mentioned offer until 19 October 2005.

The Purchasers hereby accept this offer in its entirety. With this acceptance, the above-mentioned Framework Contract and the Purchase Contract appended to the Framework Contract as Annexe 1 in respect of all of the shares in Euroreal Mainz Verwaltungsgebäude Hechtsheimerstrasse GmbH (hereinafter the "Administrative Building Purchase Contract") and the contracts appended to the Framework Contract as Annexe 2 in respect of all of the shares of Euroreal Mainz Produktionsgebäude Hechtsheimerstrasse GmbH (hereinafter the "Production Building Purchase Contract") come into formal effect.

II.
Modification of individual contractual conditions

The Seller and the Purchasers hereby agree to the following changes in the above-mentioned set of contracts:

1. In accordance with § 2 Section 2 c), the following insertion is made as d) in both the Administrative Building Purchase Contract and the Production Building Purchase Contract:

   "In the implementation of this Purchase Contract, the Seller provides an undertaking, with payment of the amount due on execution as a condition precedent, to cooperate in the dismissal of the present Managing Director and the appointment of one or a number of new managing directors."

2. Furthermore, the following insertion is made as e) in § 2 Section 2 of the Production Building Purchase Contract:

   "The Purchasers intend to have the Clean Room and what is termed the 'Water House' located in Building 02/03 operated and managed by another company. Within the context of what is legally possible, the Seller undertakes to take steps to ensure that in the execution of this Purchase Contract, the Euroreal Produktionsgebäude (Production Building) will cooperate in all measures to be carried out in connection with this."

3. § 2 Section 7 of the Administrative Building Purchase Contract and § 2 Section 6 of the Production Building Purchase Contract respectively, are reworded as follows:

   "This Purchase Contract is to be implemented on 31 October 2005 at 24:00, subject to the arrangements in § 5.2."

4. In accordance with § 4 Section 3, the following § 4 Section 4 is to be inserted in the Administrative Building Purchase Contract and in the Production Building Purchase Contract respectively:

“The Seller provides an undertaking to submit by 25 October 2005 a set of annual accounts for the year to 31 December 2004 and the “Proforma Statement” as per 30 September 2005 still to be produced. The “Proforma Statement” as per 30 September 2005 must take into full account all of the existing obligations in respect of CSFB and all other obligations and contingent obligations, in particular in respect of taxes. This applies correspondingly for the annual accounts for the year to 31 December 2004.

The Purchasers are entitled to check for themselves the annual accounts for the year up to 31 December 2004 and the “Proforma Statement” as per 30 September 2005 or to have them audited at their own cost by a business auditing company to be nominated by themselves. If the Purchasers should have any reservations about the provisional purchase price calculated on the basis of these accounts, then the difference between the provisional purchase price calculated as by the Seller and that calculated by the Purchasers, having taken into account their reservations, is to be paid into a third-party account of the authenticating Notary, the details of which account are still to be notified. As soon as the parties have reached agreement on the final purchase price after submission of the statement for the reference date, or the final purchase price has been bindingly calculated by the neutral auditor through application of the procedure as per § 5 Section 8 [erroneously designated as § 5 Section 6 in the Administrative Building Purchase Contract in the deed of the authenticating Notary dated 22 September 2005, Deed No. 1577 for the year 2005], then the amount paid into the third-party account is to be

paid out to the parties proportionately to their respective entitlements. The payment of the final purchase price remains unaffected by the above-mentioned arrangement.

The annual accounts for the year up to 31 December 2004, to be submitted by the Seller by 25 October 2005, shall represent those accounts on which the Seller's guarantees shall be based. In this connection, the parties shall make it clear that the circumstances of which the Purchasers have become aware within the context of their due diligence activities shall in no way restrict these guarantees from the Seller. To this extent, § 254 of the BGB / Civil Code is excluded."

5. The Purchasers are entitled to withdraw from these contractual arrangements if, by 25 October 2005, the Seller has not submitted the accounts stipulated in Point 4. (by fax or by e-mail to Deloitte & Touche, Frankfurt). In this case, the costs of notarial authentication will be borne by the Seller, this without prejudice to any further claims on the part of the Purchaser.

6. § 5 Section 4 of the Administrative Building Purchase Contract is reworded as follows:

"The Seller hereby irrevocably instructs the Purchaser to settle by means of offsetting against the purchase price the following:

a) the balances owed by the Purchaser to Euroreal Administrative Building, inclusive of all interest and accessory claims, and

b) the claim held by Debeka Bausparkasse AG to the amount of € 3,627,889.78 (in words: three million, six hundred and twenty-seven thousand, eight hundred and eighty-nine euro and 78 eurocents),

From the remaining amount, a deduction to the amount of € 800,000.00 (in words: eight hundred thousand euro) is to be made. The Purchasers are entitled to settle from this amount by way of offsetting against the purchase price, all taxes and levies owed by Euroreal Verwaltungsgebäude and/or Euroreal Produktionsgebäude along with other debts not, or not completely, taken into account in the "Proforma Statement" as per 30 September 2005 to be produced for each of the companies, these taxes and levies relating to the period up to the transfer reference date and for which the Seller has not in the respective "Proforma Statements" as per 30 September 2005 shown any reserves with the effect of reducing equity capital. Any amount remaining after these debts are settled is to be paid into the Seller's account as detailed in the next sub-paragraph, after that point in time at which the corresponding taxes or levies, or amounts of liability, have been determined finally (and materially) to be legally valid in respect of Euroreal Verwaltungsgebäude or Euroreal Produktionsgebäude, as the case may be.

The Seller is entitled to request that the retained amount of EUR 800,000.00 be paid out on submission of a tax and levies statement (also) subject to inspection, in respect of the two companies being sold off here, conditionally on the Seller providing for the Purchasers a directly liable banker's guarantee without limit of time, issued by a financial institution subject to German banking supervision. This guarantee shall expire as soon as the statements on taxes and levies become final and materially legally valid.

The amount remaining after deduction of the amounts specified in the two preceding sub-paragraphs is to be paid

into an account of the Seller still to be notified, held with Commerzbank AG, Bad Homburg (Sort Code 500 400 00), subject to the conditions set out in § 4 Section 4."

7. § 5 Section 4 page 2 of the Production Building Purchase Contract is reworded as follows:

   "The remaining amount is to be paid into an account of the Seller still to be notified, held with Commerzbank AG, Bad Homburg (Sort Code 500 400 00), subject to the conditions set out in § 4 Section 4."

8. The Purchasers provide the Seller with an undertaking that they will produce, submit and, if relevant, appeal in respect of the annual accounts for 2005 and tax declarations for the period of time up to the transfer reference date. The Purchasers are obliged to impose the above-mentioned obligation on any subsequent legal successor. In the event of differences of opinion, the matter will be decided by the neutral auditor to be nominated jointly by the two sides. The stipulated arrangement for the binding calculation of the definitive purchase prices shall apply correspondingly.

III.
Seller's affirmation

The Seller provides the following affirmation:

The Control Contract and Profit Transfer Agreement concluded on 15 November 2004 between Euroreal Holding Projekt Mainz Hechtsheimerstrasse GmbH and Euroreal Mainz Verwaltungsgebäude Hechtsheimerstrasse GmbH (designated erroneously in the last-mentioned contract as "Euroreal Mainz Verwaltungsgebäude GmbH") was cancelled on

31 December 2004. A copy of the Cancellation Agreement is attached to this deed. It fully and correctly sets out the agreements reached between the parties on this date. The above-mentioned Control Contract and Profit Transfer Agreement was subject to a condition precedent which did not come into effect. Accordingly, the above-mentioned Control Contract and Profit Transfer Agreement of 15 November 2004 remains in force to the present day, along with the arrangements stipulated therein.

IV.
Miscellaneous

All formal approvals shall become effective on being received by the authenticating notary.

The parties involved expressly confirm that under their own responsibility they have had the above-mentioned set of contracts checked by their legal advisers, from the commercial point of view and also, in particular, in respect of fiscal law and the law on contracts.

The above Agreement and Annexe were read out to the parties present by the Notary, approved by them and signed in their own hand, by themselves and the Notary, as below:

____

(signatures)

Cancellation Agreement

between the limited liability company operating under the business name of **Euroreal Holding Projekt Mainz Hechtsheimerstrasse GmbH** with its head office in Cologne,

- as the Controlling Company -

and the limited liability company operating under the business name of **Euroreal Mainz Verwaltungsgebäude GmbH** with its head office in Cologne,

- as the Controlled Company -

The Control Contract and Profit Transfer Agreement concluded on 15 November 2004 is cancelled on substantive grounds due to the intention to sell off the Controlled Company under the condition precedent of transfer of the shares in the company. This breaches no rights of any third parties.

If any individual provisions in this Contract should be, or become, invalid, this in no way affects the validity of the Contract as a whole. Both Parties to the Contract shall replace the invalid provision with another provision which as closely as possible approximates the commercial intent of the invalid provision.

Cologne, 31 December 2004

(signature)

Euroreal Holding Projekt Mainz Hechtsheimerstrasse GmbH

(signature)

Euroreal Mainz Verwaltungsgebäude GmbH

As Annexe to the Deed of this day
- Deed No. *17231 2005* of the Notary
Wolfgang Gruntkowski in Cologne
Cologne, **19 October 2005**

(signatures)

Exhibit 31.1

Certification of Principal Executive Officer

Pursuant to Section 302 of The Sarbanes–Oxley Act Of 2002

I, Michael F. Foust, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Digital Realty Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's independent registered public accounting firm and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 10, 2005

By: /s/ MICHAEL F. FOUST
Michael F. Foust
Chief Executive Officer

Certification of Principal Financial Officer

Pursuant to Section 302 of The Sarbanes–Oxley Act Of 2002

I, A. William Stein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Digital Realty Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's independent registered public accounting firm and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 10, 2005

By: /s/ A. WILLIAM STEIN

A. William Stein
Chief Financial Officer and
Chief Investment Officer

Exhibit 32.1

Certification of Chief Executive Officer Pursuant to 18 U. S. C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Digital Realty Trust, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2005 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 10, 2005

/s/ MICHAEL F. FOUST
Michael F. Foust
Chief Executive Officer

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended or incorporated by reference in any registration statement of the Company filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of Chief Financial Officer Pursuant to 18 U. S. C. Section 1350, as Adopted Pursuant

to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Digital Realty Trust, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2005 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 10, 2005

/s/ A. WILLIAM STEIN

A. William Stein
Chief Financial Officer and
Chief Investment Officer

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended or incorporated by reference in any registration statement of the Company filed under the Securities Act of 1933, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.