

# Digital Realty Reports Third Quarter 2019 Results

10/29/2019

SAN FRANCISCO, Oct. 29, 2019 /PRNewswire/ -- **Digital Realty** (NYSE: DLR), a leading global provider of data center, colocation and interconnection solutions, announced today financial results for the third quarter of 2019. All per-share results are presented on a fully-diluted share and unit basis.

## Highlights

- Reported net income available to common stockholders of \$0.24 per share in 3Q19, compared to \$0.33 in 3Q18
- Reported FFO per share of \$1.59 in 3Q19, compared to \$1.57 in 3Q18
- Reported core FFO per share of \$1.67 in 3Q19, compared to \$1.63 in 3Q18
- Signed total bookings during 3Q19 expected to generate \$69 million of annualized GAAP rental revenue, including an \$8 million contribution from interconnection
- Revised 2019 core FFO per share outlook from \$6.60 - \$6.70 to \$6.55 - \$6.65, reflecting the expected closing of the \$1.0 billion joint venture with Mapletree in early November

## Financial Results

Digital Realty reported revenues for the third quarter of 2019 of \$806 million, a 1% increase from the previous quarter and a 5% increase from the same quarter last year.

The company delivered third quarter of 2019 net income of \$68 million, and net income available to common stockholders of \$50 million, or \$0.24 per diluted share, compared to \$0.15 per diluted share in the previous quarter and \$0.33 per diluted share in the same quarter last year.

Digital Realty generated third quarter of 2019 adjusted EBITDA of \$473 million, a 1% increase from the previous

quarter and a 4% increase over the same quarter last year (reflecting the January 1, 2019 adoption of FASB Accounting Standard Codification Topic 842, Leases).

The company reported third quarter of 2019 funds from operations of \$349 million, or \$1.59 per share, compared to \$1.53 per share in the previous quarter and \$1.57 per share in the same quarter last year.

Excluding certain items that do not represent core expenses or revenue streams, Digital Realty delivered third quarter of 2019 core FFO per share of \$1.67, a 2% increase from \$1.64 per share in the previous quarter, and a 2% increase from \$1.63 per share in the same quarter last year.

## Leasing Activity

"In the third quarter, we signed total bookings expected to generate \$69 million of annualized GAAP rental revenue, including an \$8 million contribution from interconnection," said Chief Executive Officer A. William Stein. "We continued to execute well, with record new logos and the third-best bookings in the company's history, close on the heels of our second-highest in the prior quarter. We also made progress on key strategic priorities, extending our global footprint, expanding our sustainability initiatives and optimizing the portfolio while advancing our private capital program and further strengthening our balance sheet. Looking ahead, we are confident that our global, multi-product platform will continue to deliver sustainable growth for all stakeholders."

The weighted-average lag between leases signed during the third quarter of 2019 and the contractual commencement date was five months.

In addition to new leases signed, Digital Realty also signed renewal leases representing \$152 million of annualized GAAP rental revenue during the quarter. Rental rates on renewal leases signed during the third quarter of 2019 rolled up 7.2% on a cash basis and up 10.1% on a GAAP basis.

New leases signed during the third quarter of 2019 are summarized by region and product type as follows:

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	Annualized GAAP				
	Base Rent		GAAP Base Rent		GAAP Base Rent
The Americas	(in thousands)	Square Feet	per Square Foot	Megawatts	per Kilowatt
Turn-Key Flex	\$40,097	356,759	\$112	34.8	\$96

Powered Base Building	72	—	—	—	—
Colocation	5,987	17,260	347	1.8	276
Non-Technical	154	7,346	21	—	—
<b>Total</b>	<b>\$46,310</b>	<b>381,365</b>	<b>\$121</b>	<b>36.6</b>	<b>\$105</b>
<b>Europe (1)</b>					
Turn-Key Flex	\$5,094	40,811	\$125	3.5	\$123
Colocation	1,236	4,460	277	0.3	333
Non-Technical	120	2,815	42	—	—
<b>Total</b>	<b>\$6,450</b>	<b>48,086</b>	<b>\$134</b>	<b>3.8</b>	<b>\$140</b>
<b>Asia Pacific (1)</b>					
Turn-Key Flex	\$7,536	36,225	\$208	3.9	\$161
Colocation	210	235	893	—	426
Non-Technical	101	1,766	57	—	—
<b>Total</b>	<b>\$7,847</b>	<b>38,226</b>	<b>\$205</b>	<b>3.9</b>	<b>\$164</b>
<b>Interconnection</b>	<b>\$8,009</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Grand Total</b>	<b>\$68,616</b>	<b>467,677</b>	<b>\$130</b>	<b>44.3</b>	<b>\$113</b>

Note: Totals may not foot due to rounding differences.

(1) Based on quarterly average exchange rates during the three months ended September 30, 2019.

## Investment Activity

During the third quarter of 2019, Digital Realty closed on the acquisition of a 22,000 square foot land parcel located in Seoul, South Korea for approximately \$15 million. The site is located within the Sangam Digital Media City in northwest Seoul, a newly developed urban planning zone focused on technology and media companies, designed

to promote South Korea's digital economy. Upon completion, the new facility is expected to support up to 12 megawatts of critical IT capacity. Construction is expected to commence within the coming months and to be complete in 2021.

During the third quarter of 2019, Digital Realty entered into definitive agreements with affiliates of Mapletree Investments Pte Ltd and Mapletree Industrial Trust for the sale of ten Powered Base Buildings® and the establishment of a joint venture on three existing data centers. The Powered Base Buildings® will be sold for a total purchase price of approximately \$557 million, representing a 6.6% cap rate on expected 2020 net operating income of \$37 million. Separately, an entity jointly owned by Mapletree Investments and Mapletree Industrial Trust will purchase an 80% interest, and Digital Realty will retain a 20% interest, in a joint venture on three fully stabilized hyper-scale facilities located in Ashburn, Virginia. Mapletree Investments and Mapletree Industrial Trust will acquire its 80% stake for approximately \$811 million, valuing these three assets at approximately \$1.0 billion. These three facilities are fully leased and are expected to generate 2020 cash net operating income of approximately \$61 million, representing a 6.0% cap rate. Digital Realty will continue to operate and manage these facilities, and the transaction will be completely seamless from a customer perspective. The transactions are expected to close in late 2019 or early 2020 and are subject to customary closing conditions.

## Balance Sheet

Digital Realty had approximately \$10.9 billion of total debt outstanding as of September 30, 2019, comprised of \$10.8 billion of unsecured debt and approximately \$0.1 billion of secured debt. At the end of the third quarter of 2019, net debt-to-adjusted EBITDA was 6.1x, debt-plus-preferred-to-total enterprise value was 29.9% and fixed charge coverage was 4.3x. Pro forma for settlement of the \$1.1 billion forward equity offering and \$1.4 billion of proceeds from the Mapletree transaction, net debt-to-adjusted EBITDA was 5.0x and fixed charge coverage was 4.4x.

Subsequent to the end of the quarter, Digital Realty closed an offering of 13,800,000 shares of 5.20% Series L Cumulative Redeemable Preferred Stock (including 1,800,000 shares from the exercise of the underwriters' over-allotment option) at a price of \$25.00 per share, generating gross proceeds of approximately \$345 million.

Subsequent to quarter-end, Digital Realty also closed a €500 million (approximately \$550 million) Euro-denominated offering of 8.5-year senior unsecured notes due 2028 at 1.125%.

## 2019 Outlook

Digital Realty revised its 2019 core FFO per share outlook from \$6.60 - \$6.70 to \$6.55 - \$6.65. The assumptions underlying this guidance are summarized in the following table.

	As of	As of	As of	As of	As of
Top-Line and Cost Structure	January 8, 2019	February 5, 2019	April 25, 2019	July 30, 2019	October 29, 2019
Total revenue	\$3.2 - \$3.3 billion	\$3.2 - \$3.3 billion	\$3.2 - \$3.3 billion	\$3.2 - \$3.3 billion	\$3.2 billion
Net non-cash rent adjustments (1)	(\$5 - \$15 million)	(\$5 - \$15 million)	(\$5 - \$15 million)	(\$5 - \$15 million)	(\$25 - \$30 million)
Adjusted EBITDA margin	57.0% - 59.0%	57.0% - 59.0%	57.0% - 59.0%	57.0% - 59.0%	58.0% - 59.0%
G&A margin	6.0% - 7.0%	6.0% - 7.0%	6.0% - 7.0%	6.0% - 7.0%	6.0% - 7.0%

## Internal Growth

Rental rates on renewal leases					
Cash basis	Down high-single-digits	Down high-single-digits	Down high-single-digits	Down mid-single-digits	Slightly negative
GAAP basis	Slightly positive	Slightly positive	Slightly positive	Slightly positive	Up mid-single-digits
Year-end portfolio occupancy	+/- 50 bps	+/- 50 bps	+/- 50 bps	+/- 50 bps	- 150 bps
"Same-capital" cash NOI growth (2)	+/- 2.0%	+/- 2.0%	-2.0% to -4.0%	-2.0% to -4.0%	-2.0% to -4.0%
Foreign Exchange Rates					
U.S. Dollar / Pound Sterling	\$1.20 - \$1.30	\$1.20 - \$1.30	\$1.20 - \$1.30	\$1.20 - \$1.30	\$1.20 - \$1.30
U.S. Dollar / Euro	\$1.10 - \$1.20	\$1.10 - \$1.20	\$1.10 - \$1.20	\$1.10 - \$1.20	\$1.10 - \$1.20

## External Growth

Dispositions					
Dollar volume	N/A	N/A	N/A	N/A	\$811 million
Cap rate	N/A	N/A	N/A	N/A	6.0%
Development					
CapEx	\$1.2 - \$1.4 billion	\$1.2 - \$1.4 billion	\$1.2 - \$1.4 billion	\$1.2 - \$1.4 billion	\$1.2 - \$1.4 billion
Average stabilized yields	9.0% - 12.0%	9.0% - 12.0%	9.0% - 12.0%	9.0% - 12.0%	9.0% - 12.0%

Enhancements and other non-recurring CapEx (3)	\$30 - \$40 million	\$30 - \$40 million	\$30 - \$40 million	\$30 - \$40 million	\$5 - \$10 million
Recurring CapEx + capitalized leasing costs (4)	\$145 - \$155 million	\$145 - \$155 million	\$145 - \$155 million	\$160 - \$170 million	\$160 - \$170 million

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## Balance Sheet

Long-term debt issuance					
Dollar amount	\$0.5 - \$1.0 billion	\$1.0 - \$1.5 billion	\$1.5 - \$2.0 billion	\$2.3 billion	\$2.9 billion
Pricing	3.50% - 5.00%	2.50% - 5.00%	2.75% - 3.75%	3.03%	2.67%
Timing	Early-to-mid 2019	Early-to-mid 2019	Early-to-mid 2019	Early-to-mid 2019	Early-to-mid 2019
Preferred equity issuance					
Dollar amount	N/A	N/A	N/A	N/A	\$555 million
Pricing	N/A	N/A	N/A	N/A	5.45%
Timing	N/A	N/A	N/A	N/A	Mid-2019

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Net income per diluted share	\$1.40 - \$1.45	\$1.40 - \$1.45	\$1.65 - \$1.70	\$1.50 - \$1.55	\$2.40 - \$2.45
Real estate depreciation and (gain) / loss on sale	\$5.15 - \$5.15	\$5.15 - \$5.15	\$5.00 - \$5.10	\$5.10 - \$5.10	\$4.15 - \$4.15
Funds From Operations / share (NAREIT-Defined)	\$6.55 - \$6.60	\$6.55 - \$6.60	\$6.65 - \$6.80	\$6.60 - \$6.65	\$6.55 - \$6.60
Non-core expenses and revenue streams	\$0.05 - \$0.10	\$0.05 - \$0.10	(\$0.05 - \$0.10)	\$0.00 - \$0.05	\$0.00 - \$0.05
Core Funds From Operations / share	\$6.60 - \$6.70	\$6.60 - \$6.70	\$6.60 - \$6.70	\$6.60 - \$6.70	\$6.55 - \$6.65
Foreign currency translation adjustments	\$0.05 - \$0.15	\$0.05 - \$0.15	\$0.05 - \$0.15	\$0.05 - \$0.15	\$0.05 - \$0.15
Constant-Currency Core FFO / share	\$6.65 - \$6.85	\$6.65 - \$6.85	\$6.65 - \$6.85	\$6.65 - \$6.85	\$6.60 - \$6.80

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- (1) Net non-cash rent adjustments represent the sum of straight-line rental revenue and straight-line rent expense, as well as the amortization of above- and below-market leases (i.e., FAS 141 adjustments).
  - (2) The "same-capital" pool includes properties owned as of December 31, 2017 with less than 5% of total rentable square feet under development. It also excludes properties that were undergoing, or were expected to undergo, development activities in 2018-2019, properties classified as held for sale, and properties sold or contributed to joint ventures for all periods presented.
  - (3) Other non-recurring CapEx represents costs incurred to enhance the capacity or marketability of operating properties, such as network fiber initiatives and software development costs.
  - (4) Recurring CapEx represents non-incremental improvements required to maintain current revenues, including second-generation tenant improvements and leasing commissions.

## Non-GAAP Financial Measures

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

## Investor Conference Call

Prior to Digital Realty's investor conference call at 5:30 p.m. EDT / 2:30 p.m. PDT on October 29, 2019, a presentation will be posted to the Investors section of the company's website at <http://investor.digitalrealty.com>. The presentation is designed to accompany the discussion of the company's third quarter 2019 financial results and operating performance. The conference call will feature Chief Executive Officer A. William Stein and Chief Financial Officer Andrew P. Power.

To participate in the live call, investors are invited to dial (888) 317-6003 (for domestic callers) or (412) 317-6061 (for international callers) and reference the conference ID# 3707672 at least five minutes prior to start time. A live webcast of the call will be available via the Investors section of Digital Realty's website at <http://investor.digitalrealty.com>.

Telephone and webcast replays will be available after the call until November 29, 2019. The telephone replay can be accessed by dialing (877) 344-7529 (for domestic callers) or (412) 317-0088 (for international callers) and

providing the conference ID# 10135281. The webcast replay can be accessed on Digital Realty's website.

## About Digital Realty

Digital Realty supports the data center, colocation and interconnection strategies of more than 2,000 firms across its secure, network-rich portfolio of data centers located throughout North America, Europe, Latin America, Asia and Australia. Digital Realty's clients include domestic and international companies of all sizes, ranging from cloud and information technology services, communications and social networking to financial services, manufacturing, energy, healthcare, and consumer products.

## Contact Information

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

John J. Stewart  
Investor Relations  
Digital Realty  
(415) 738-6500

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## Consolidated Quarterly Statements of Operations

Unaudited and in Thousands, Except Share and Per Share Data

	Three Months Ended					Nine Months Ended	
	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Sep-19	30-Sep-18
Rental revenues	\$564,975	\$565,925	\$585,425	\$555,816	\$541,073	\$1,716,325	\$1,606,554
Tenant reimbursements - Utilities	114,719	106,409	102,569	102,641	105,822	323,697	304,482
Tenant reimbursements - Other	57,466	62,820	55,868	53,090	57,282	176,154	164,424
Interconnection & other	65,312	64,232	68,168	63,803	62,760	197,712	185,903

Fee income	3,994	925	1,921	2,896	1,469	6,840	4,945
Other	—	486	564	21	518	1,050	1,903
<b>Total Operating Revenues</b>	<b>\$806,466</b>	<b>\$800,797</b>	<b>\$814,515</b>	<b>\$778,267</b>	<b>\$768,924</b>	<b>\$2,421,778</b>	<b>\$2,268,211</b>
Utilities	\$132,565	\$123,398	\$124,334	\$122,108	\$127,239	\$380,297	\$354,939
Rental property operating	126,866	128,634	130,620	133,024	118,732	386,120	346,994
Property taxes	38,255	41,482	37,315	32,098	34,871	117,052	97,418
Insurance	3,103	3,441	2,991	2,412	2,653	9,535	8,990
Depreciation & amortization	286,718	290,562	311,486	299,362	293,957	888,766	887,534
General & administration	49,862	52,318	51,976	38,801	40,997	154,156	121,563
Severance, equity acceleration, and legal expenses	123	665	1,483	602	645	2,271	2,701
Transaction and integration expenses	4,115	4,210	2,494	25,917	9,626	10,819	19,410
Impairment of investments in real estate	—	—	5,351	—	—	5,351	—
Other expenses	92	7,115	4,922	1,096	1,139	12,129	1,722
<b>Total Operating Expenses</b>	<b>\$641,699</b>	<b>\$651,825</b>	<b>\$672,972</b>	<b>\$655,420</b>	<b>\$629,859</b>	<b>\$1,966,496</b>	<b>\$1,841,271</b>
<b>Operating Income</b>	<b>\$164,767</b>	<b>\$148,972</b>	<b>\$141,543</b>	<b>\$122,847</b>	<b>\$139,065</b>	<b>\$455,282</b>	<b>\$426,940</b>
Equity in earnings of unconsolidated joint ventures	(\$19,269)	\$6,962	\$9,217	\$9,245	\$8,886	(\$3,090)	\$23,734
Gain on sale / deconsolidation	—	—	67,497	7	26,577	67,497	80,042
Interest and other income	16,842	16,980	21,444	1,106	(981)	55,266	2,375
Interest (expense)	(84,574)	(86,051)	(101,552)	(84,883)	(80,851)	(272,177)	(236,646)
Tax benefit (expense)	(4,826)	(4,634)	(4,266)	5,843	(2,432)	(13,726)	(7,927)

Loss from early extinguishment of debt	(5,366)	(20,905)	(12,886)	(1,568)	—	(39,157)	—
Net Income	\$67,574	\$61,324	\$120,997	\$52,597	\$90,264	\$249,895	\$288,518
Net (income) loss attributable to noncontrolling interests	(1,077)	(1,156)	(4,185)	(1,038)	(2,667)	(6,418)	(8,831)
Net Income Attributable to Digital Realty Trust, Inc.	\$66,497	\$60,168	\$116,812	\$51,559	\$87,597	\$243,477	\$279,687
Preferred stock dividends, including undeclared dividends	(16,670)	(16,670)	(20,943)	(20,329)	(20,329)	(54,283)	(60,987)
Issuance costs associated with redeemed preferred stock	—	(11,760)	—	—	—	(11,760)	—
Net Income Available to Common Stockholders	\$49,827	\$31,738	\$95,869	\$31,230	\$67,268	\$177,434	\$218,700
Weighted-average shares outstanding - basic	208,421,470	208,284,407	207,809,383	206,345,138	206,118,472	208,173,995	205,931,031
Weighted-average shares outstanding - diluted	209,801,771	209,435,572	208,526,249	207,113,100	206,766,256	209,199,535	206,555,627
Weighted-average fully diluted shares and units	218,755,597	218,497,318	217,756,161	215,417,085	214,937,168	218,280,351	214,824,010
Net income per share - basic	\$0.24	\$0.15	\$0.46	\$0.15	\$0.33	\$0.85	\$1.06
Net income per share - diluted	\$0.24	\$0.15	\$0.46	\$0.15	\$0.33	\$0.85	\$1.06

Unaudited and in Thousands, Except Per Share Data

Reconciliation of Net Income to Funds From Operations (FFO)	Three Months Ended					Nine Months Ended	
	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Sep-19	30-Sep-18
Net Income Available to Common Stockholders	\$49,827	\$31,738	\$95,869	\$31,230	\$67,268	\$177,434	\$218,700
Adjustments:							
Non-controlling interests in operating partnership	2,300	1,400	4,300	1,300	2,700	8,000	8,880
Real estate related depreciation & amortization (1)	283,090	286,915	307,864	295,724	290,757	877,869	878,193
Unconsolidated JV real estate related depreciation & amortization	13,612	13,623	3,851	3,615	3,775	31,086	10,973
(Gain) on real estate transactions	—	—	—	(7)	(26,577)	—	(80,042)
Impairment of investments in real estate	—	—	5,351	—	—	5,351	—
Funds From Operations	\$348,829	\$333,676	\$417,235	\$331,862	\$337,923	\$1,099,740	\$1,036,704
Funds From Operations - diluted	\$348,829	\$333,676	\$417,235	\$331,862	\$337,923	\$1,099,740	\$1,036,704
Weighted-average shares and units outstanding - basic	217,375	217,346	217,039	214,649	214,289	217,255	214,199
Weighted-average shares and units outstanding - diluted (2)	218,756	218,497	217,756	215,417	214,937	218,280	214,824
Funds From Operations per share - basic	\$1.60	\$1.54	\$1.92	\$1.55	\$1.58	\$5.06	\$4.84

Funds From Operations per share - diluted (2)	Three Months Ended					Nine Months Ended	
	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Sep-19	30-Sep-18
	\$1.59	\$1.53	\$1.92	\$1.54	\$1.57	\$5.04	\$4.83
Reconciliation of FFO to Core FFO							
Funds From Operations - diluted	\$348,829	\$333,676	\$417,235	\$331,862	\$337,923	\$1,099,740	\$1,036,704
Adjustments:							
Termination fees and other non-core revenues (3)	(16,792)	(16,826)	(14,445)	(21)	(518)	(48,063)	(5,039)
Transaction and integration expenses	4,115	4,210	2,494	25,917	9,626	10,819	19,410
Loss from early extinguishment of debt	5,366	20,905	12,886	1,568	—	39,157	—
Issuance costs associated with redeemed preferred stock	—	11,760	—	—	—	11,760	—
Severance, equity acceleration, and legal expenses (4)	123	665	1,483	602	645	2,271	2,701
(Gain) / Loss on FX revaluation	23,136	(4,251)	9,604	—	—	28,489	—
(Gain) on contribution to unconsolidated joint venture, net of related tax	—	—	(58,497)	—	—	(58,497)	—
Other non-core expense adjustments	92	7,115	4,922	1,471	2,269	12,129	2,852
Core Funds From Operations - diluted	\$364,869	\$357,254	\$375,682	\$361,399	\$349,945	\$1,097,805	\$1,056,628
Weighted-average shares and units outstanding - diluted (2)	218,756	218,497	217,756	215,417	214,937	218,280	214,824
Core Funds From							

Operations per share - diluted (2)	\$1.67	\$1.64	\$1.73	\$1.68	\$1.63	\$5.03	\$4.92
(1) Real Estate Related Depreciation & Amortization:	Three Months Ended					Nine Months Ended	
	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Sep-19	30-Sep-18
Depreciation & amortization per income statement	\$286,718	\$290,562	\$311,486	\$299,362	\$293,957	\$888,766	\$887,534
Non-real estate depreciation	(3,628)	(3,647)	(3,622)	(3,638)	(3,200)	(10,897)	(9,341)
Real Estate Related Depreciation & Amortization	\$283,090	\$286,915	\$307,864	\$295,724	\$290,757	\$877,869	\$878,193

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

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

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

## Adjusted Funds From Operations (AFFO)

Unaudited and in Thousands, Except Per Share Data

	Three Months Ended					Nine Months Ended	
Reconciliation							

of Core FFO to AFFO	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Sep-19	30-Sep-18
Core FFO available to common stockholders and unitholders	\$364,869	\$357,254	\$375,682	\$361,399	\$349,945	\$1,097,805	\$1,056,628
Adjustments:							
Non-real estate depreciation	3,628	3,647	3,622	3,638	3,200	10,897	9,341
Amortization of deferred financing costs	2,900	2,905	4,493	3,128	3,066	10,298	9,079
Amortization of debt discount/premium	466	515	760	971	902	1,741	2,659
Non-cash stock-based compensation expense	8,906	9,468	7,592	5,609	5,823	25,966	19,741
Straight-line rental revenue	(12,764)	(13,033)	(15,979)	(11,157)	(10,511)	(41,776)	(29,266)
Straight-line rental expense	(209)	318	1,235	2,052	2,482	1,342	7,698
Above- and below-market rent amortization	2,824	3,954	6,210	6,521	6,552	12,988	20,012
Deferred tax expense	(1,418)	(979)	(15,397)	(8,835)	(1,783)	(17,794)	(3,135)
Leasing compensation & internal lease commissions (1)	3,254	4,025	3,581	(5,160)	(5,153)	10,860	(15,847)
Recurring capital expenditures (2)	(48,408)	(39,515)	(38,059)	(47,951)	(22,500)	(125,982)	(84,275)
AFFO available to common stockholders and unitholders (3)	\$324,048	\$328,559	\$333,740	\$310,215	\$332,023	\$986,345	\$992,635
Weighted-average shares and units outstanding - basic	217,375	217,346	217,039	214,649	214,289	217,255	214,199

Weighted-average

shares and units outstanding - diluted (4)	218,756	218,497	217,756	215,417	214,937	218,280	214,824
AFFO per share - diluted (4)	\$1.48	\$1.50	\$1.53	\$1.44	\$1.54	\$4.52	\$4.62
Dividends per share and common unit	\$1.08	\$1.08	\$1.08	\$1.01	\$1.01	\$3.24	\$3.03
Diluted AFFO Payout Ratio	72.9 %	71.8 %	70.5 %	70.1 %	65.4 %	71.7 %	65.6 %

Share Count Detail	Three Months Ended					Nine Months Ended	
	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Sep-19	30-Sep-18
Weighted Average Common Stock and Units Outstanding	217,375	217,346	217,039	214,649	214,289	217,255	214,199
Add: Effect of dilutive securities	1,381	1,151	717	768	648	1,025	625
Weighted Avg. Common Stock and Units Outstanding - diluted	218,756	218,497	217,756	215,417	214,937	218,280	214,824

(1) The company adopted ASC 842 in the first quarter of 2019.

(2) Recurring capital expenditures represent non-incremental building improvements required to maintain current revenues, including second-generation tenant improvements and external leasing commissions. Recurring capital expenditures do not include acquisition costs contemplated when underwriting the purchase of a building, costs which are incurred to bring a building up to Digital Realty's operating standards, or internal leasing commissions.

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

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

## Consolidated Balance Sheets

Unaudited and in Thousands, Except Share and Per Share Data

	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18
<b>Assets</b>					
Investments in real estate:					
Real estate	\$16,407,080	\$17,324,416	\$16,988,322	\$17,055,017	\$16,062,402
Construction in progress	1,647,130	1,685,056	1,584,327	1,621,927	1,464,010
Land held for future development	150,265	152,368	163,081	162,941	284,962
<b>Investments in real estate</b>	<b>\$18,204,475</b>	<b>\$19,161,840</b>	<b>\$18,735,730</b>	<b>\$18,839,885</b>	<b>\$17,811,374</b>
Accumulated depreciation and amortization	(4,298,629)	(4,312,357)	(4,124,002)	(3,935,267)	(3,755,596)
<b>Net Investments in Properties</b>	<b>\$13,905,846</b>	<b>\$14,849,483</b>	<b>\$14,611,728</b>	<b>\$14,904,618</b>	<b>\$14,055,778</b>
Investment in unconsolidated joint ventures	1,035,861	979,350	930,326	175,108	169,919
<b>Net Investments in Real Estate</b>	<b>\$14,941,707</b>	<b>\$15,828,833</b>	<b>\$15,542,054</b>	<b>\$15,079,726</b>	<b>\$14,225,697</b>
Cash and cash equivalents	\$7,190	\$33,536	\$123,879	\$126,700	\$46,242
Accounts and other receivables (1)	304,712	320,938	328,009	299,621	308,709
Deferred rent	471,516	491,486	479,640	463,248	454,412
Acquired in-place lease value, deferred leasing costs and other real estate intangibles, net	2,245,017	2,499,564	2,580,624	3,144,395	2,734,158
Acquired above-market leases, net	84,315	94,474	106,044	119,759	135,127
Goodwill	3,338,168	3,353,538	3,358,463	4,348,007	3,373,342

Assets associated with real estate held for sale	967,527	—	—	—	—
Operating lease right-of-use assets (2)	634,085	648,952	660,586	—	—
Other assets	178,528	158,770	162,768	185,239	184,423
<b>Total Assets</b>	<b>\$23,172,765</b>	<b>\$23,430,091</b>	<b>\$23,342,067</b>	<b>\$23,766,695</b>	<b>\$21,462,110</b>

## Liabilities and Equity

Global unsecured revolving credit facilities	\$1,833,512	\$1,417,675	\$842,975	\$1,647,735	\$590,289
Unsecured term loans	796,232	807,922	807,726	1,178,904	1,352,969
Unsecured senior notes, net of discount	8,189,138	8,511,656	8,523,462	7,589,126	7,130,541
Secured debt, net of premiums	105,153	105,325	105,493	685,714	106,072
Operating lease liabilities (2)	699,381	714,256	725,470	—	—
Accounts payable and other accrued liabilities	938,740	984,812	922,571	1,164,509	1,059,355
Accrued dividends and distributions	—	—	—	217,241	—
Acquired below-market leases	153,422	183,832	192,667	200,113	208,202
Security deposits and prepaid rent	203,708	213,549	221,526	209,311	233,667
Liabilities associated with assets held for sale	23,534	—	—	—	—
<b>Total Liabilities</b>	<b>\$12,942,820</b>	<b>\$12,939,027</b>	<b>\$12,341,890</b>	<b>\$12,892,653</b>	<b>\$10,681,095</b>

Redeemable non-controlling interests - operating partnership	19,090	17,344	17,678	15,832	17,553
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## Equity

Preferred Stock: \$0.01 par value per share, 110,000,000 shares authorized:

Series C Cumulative Redeemable Perpetual Preferred Stock (3)	\$219,250	\$219,250	\$219,250	\$219,250	\$219,250
Series G Cumulative Redeemable Preferred Stock (4)	241,468	241,468	241,468	241,468	241,468
Series H Cumulative Redeemable Preferred Stock (5)	—	—	353,290	353,290	353,290
Series I Cumulative Redeemable Preferred Stock (6)	242,012	242,012	242,012	242,012	242,012
Series J Cumulative Redeemable Preferred Stock (7)	193,540	193,540	193,540	193,540	193,540

Series K Cumulative Redeemable Preferred Stock (8)	203,264	203,264	203,423	—	—
Common Stock: \$0.01 par value per share, 315,000,000 shares authorized (9)	2,069	2,067	2,066	2,051	2,049
Additional paid-in capital	11,540,980	11,511,519	11,492,766	11,355,751	11,333,035
Dividends in excess of earnings	(3,136,668)	(2,961,307)	(2,767,708)	(2,633,071)	(2,455,189)
Accumulated other comprehensive (loss), net	(68,625)	(89,588)	(91,699)	(115,647)	(103,201)
<b>Total Stockholders' Equity</b>	<b>\$9,437,290</b>	<b>\$9,562,225</b>	<b>\$10,088,408</b>	<b>\$9,858,644</b>	<b>\$10,026,254</b>
<b>Noncontrolling Interests</b>					
Noncontrolling interest in operating partnership	\$732,314	\$756,050	\$772,931	\$906,510	\$671,269
Noncontrolling interest in consolidated joint ventures	41,251	155,445	121,160	93,056	65,939
<b>Total Noncontrolling Interests</b>	<b>\$773,565</b>	<b>\$911,495</b>	<b>\$894,091</b>	<b>\$999,566</b>	<b>\$737,208</b>
<b>Total Equity</b>	<b>\$10,210,855</b>	<b>\$10,473,720</b>	<b>\$10,982,499</b>	<b>\$10,858,210</b>	<b>\$10,763,462</b>
<b>Total Liabilities and Equity</b>	<b>\$23,172,765</b>	<b>\$23,430,091</b>	<b>\$23,342,067</b>	<b>\$23,766,695</b>	<b>\$21,462,110</b>

- (1) Net of allowance for doubtful accounts of \$13,239 and \$11,554, as of September 30, 2019 and December 31, 2018, respectively.
- (2) Adoption of the new lease accounting standard required that we adjust the consolidated balance sheet to include the recognition of additional right-of-use assets and lease liabilities for operating leases. See our quarterly report on Form 10-Q filed on May 10, 2019 for additional information.
- (3) Series C Cumulative Redeemable Perpetual Preferred Stock, 6.625%, \$201,250 and \$201,250 liquidation preference, respectively (\$25.00 per share), 8,050,000 and 8,050,000 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively.
- (4) Series G Cumulative Redeemable Preferred Stock, 5.875%, \$250,000 and \$250,000 liquidation preference, respectively (\$25.00 per share), 10,000,000 and 10,000,000 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively.
- (5) Series H Cumulative Redeemable Preferred Stock, 7.375%, \$0 and \$365,000 liquidation preference, respectively (\$25.00 per share), 0 and 14,600,000 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively. Redeemed on April 1, 2019.
- (6) Series I Cumulative Redeemable Preferred Stock, 6.350%, \$250,000 and \$250,000 liquidation preference, respectively (\$25.00 per share), 10,000,000 and 10,000,000 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively.
- (7) Series J Cumulative Redeemable Preferred Stock, 5.250%, \$200,000 and \$200,000 liquidation preference, respectively (\$25.00 per share), 8,000,000 and 8,000,000 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively.
- (8) Series K Cumulative Redeemable Preferred Stock, 5.850%, \$210,000 and \$0 liquidation preference, respectively (\$25.00 per share), 8,400,000 and 0 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively.

(9) Common Stock: 208,583,244 and 206,425,656 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively.

## Reconciliation of Earnings Before Interest, Taxes, Depreciation & Amortization and Financial Ratios

Unaudited and in Thousands

Reconciliation of Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA) (1)	Three Months Ended				
	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18
Net Income Available to Common Stockholders	\$49,827	\$31,738	\$95,869	\$31,230	\$67,268
Interest	84,574	86,051	101,552	84,883	80,851
Loss from early extinguishment of debt	5,366	20,905	12,886	1,568	—
Tax (benefit) expense	4,826	4,634	4,266	(5,843)	2,432
Depreciation & amortization	286,718	290,562	311,486	299,362	293,957
<b>EBITDA</b>	<b>\$431,311</b>	<b>\$433,890</b>	<b>\$526,059</b>	<b>\$411,200</b>	<b>\$444,508</b>
Unconsolidated JV real estate related depreciation & amortization	13,612	13,623	3,851	3,615	3,775
Severance, equity acceleration, and legal expenses	123	665	1,483	602	645
Transaction and integration expenses	4,115	4,210	2,494	25,917	9,626
(Gain) on sale / deconsolidation	—	—	(67,497)	(7)	(26,577)
Impairment of investments in real estate	—	—	5,351	—	—
Other non-core adjustments, net	6,436	(13,476)	(13,806)	1,471	2,269
Non-controlling interests	1,077	1,156	4,185	1,038	2,667
Preferred stock dividends, including undeclared dividends	16,670	16,670	20,943	20,329	20,329
Issuance costs associated with redeemed preferred stock	—	11,760	—	—	—
<b>Adjusted EBITDA</b>	<b>\$473,344</b>	<b>\$468,498</b>	<b>\$483,063</b>	<b>\$464,165</b>	<b>\$457,242</b>

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(1) For definitions and discussion of EBITDA and Adjusted EBITDA, see the definitions section.

## Definitions

### Funds From Operations (FFO) :

We calculate funds from operations, or FFO, in accordance with the standards established by the National Association of Real Estate Investment Trusts, or Nareit, in the Nareit Funds From Operations White Paper - 2018 Restatement. FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from real estate transactions, impairment of investment in real estate, real estate related depreciation and amortization (excluding amortization of deferred financing costs), unconsolidated JV real estate related depreciation & amortization, non-controlling interests in operating partnership and after adjustments for unconsolidated partnerships and joint ventures. Management uses FFO as a supplemental performance measure because, in excluding real estate related depreciation and amortization and gains and losses from property dispositions and after adjustments for unconsolidated partnerships and joint ventures, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our data centers that result from use or market conditions, nor the level of capital expenditures and capitalized leasing commissions necessary to maintain the operating performance of our data centers, all of which have real economic effect and could materially impact our financial condition and results from operations, the utility of FFO as a measure of our performance is limited. Other REITs may not calculate FFO in accordance with the NAREIT definition and, accordingly, our FFO may not be comparable to other REITs' FFO. FFO should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance.

### Core Funds from Operations (Core FFO) :

We present core funds from operations, or core FFO, as a supplemental operating measure because, in excluding certain items that do not reflect core revenue or expense streams, it provides a performance measure that, when compared year over year, captures trends in our core business operating performance. We calculate core FFO by adding to or subtracting from FFO (i) termination fees and other non-core revenues, (ii) transaction and integration expenses, (iii) loss from early extinguishment of debt, (iv) issuance costs associated with redeemed preferred stock, (v) severance, equity acceleration, and legal expenses, (vi) gain/loss on FX revaluation, (vii) gain on contribution to

unconsolidated joint venture, net of related tax, and (viii) other non-core expense adjustments. Because certain of these adjustments have a real economic impact on our financial condition and results from operations, the utility of core FFO as a measure of our performance is limited. Other REITs may calculate core FFO differently than we do and accordingly, our core FFO may not be comparable to other REITs' core FFO. Core FFO should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance.

#### **Adjusted Funds from Operations (AFFO) :**

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

#### **EBITDA and Adjusted EBITDA :**

We believe that earnings before interest, loss from early extinguishment of debt, income taxes, and depreciation and amortization, or EBITDA, and Adjusted EBITDA (as defined below), are useful supplemental performance measures because they allow investors to view our performance without the impact of non-cash depreciation and amortization or the cost of debt and, with respect to Adjusted EBITDA, severance, equity acceleration, and legal expenses, transaction and integration expenses, (gain) loss on real estate transactions, equity in earnings adjustment for non-core items, other non-core adjustments, net, noncontrolling interests, preferred stock dividends, including undeclared dividends, and issuance costs associated with redeemed preferred stock. Adjusted EBITDA is EBITDA excluding unconsolidated joint venture real estate related depreciation & amortization, severance, equity acceleration, and legal expenses, transaction and integration expenses, gain on sale / deconsolidation, impairment of investments in real estate, other non-core adjustments, net, non-controlling interests, preferred stock dividends, including undeclared dividends, and issuance costs associated with redeemed preferred stock. In addition, we believe EBITDA and Adjusted EBITDA are frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. Because EBITDA and Adjusted EBITDA are calculated before recurring cash charges including interest expense and income taxes, exclude capitalized costs, such as leasing commissions, and are not adjusted for capital expenditures or other recurring cash requirements of our business, their utility as a measure of our performance is limited. Other REITs may calculate EBITDA and

Adjusted EBITDA differently than we do and accordingly, our EBITDA and Adjusted EBITDA may not be comparable to other REITs' EBITDA and Adjusted EBITDA. Accordingly, EBITDA and Adjusted EBITDA should be considered only as supplements to net income computed in accordance with GAAP as a measure of our financial performance.

### Net Operating Income (NOI) and Cash NOI :

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

### Additional Definitions

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

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

Fixed charge coverage ratio is Adjusted EBITDA divided by the sum of GAAP interest expense, capitalized interest, scheduled debt principal payments and preferred dividends. For the quarter ended September 30, 2019, GAAP interest expense was \$85 million, capitalized interest was \$10 million and scheduled debt principal payments and preferred dividends was \$17 million.

Reconciliation of Net Operating Income (NOI) (in thousands)	Three Months Ended			Nine Months Ended	
	30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18
Operating income	\$164,767	\$148,972	\$139,065	\$455,282	\$426,940
Fee income	(3,994)	(925)	(1,469)	(6,840)	(4,945)
Other income	—	(486)	(518)	(1,050)	(1,903)
Depreciation and amortization	286,718	290,562	293,957	888,766	887,534
General and administrative	49,862	52,318	40,997	154,156	121,563
Severance, equity acceleration, and legal expenses	123	665	645	2,271	2,701
Transaction expenses	4,115	4,210	9,626	10,819	19,410
Impairment in investments in real estate	—	—	—	5,351	—
Other expenses	92	7,115	1,139	12,129	1,722
<b>Net Operating Income</b>	<b>\$501,683</b>	<b>\$502,431</b>	<b>\$483,442</b>	<b>\$1,520,884</b>	<b>\$1,453,022</b>
<b>Cash Net Operating Income (Cash NOI)</b>					
Net Operating Income	\$501,683	\$502,431	\$483,442	\$1,520,884	\$1,453,022
Straight-line rental revenue	(12,764)	(13,033)	(10,511)	(41,776)	(29,266)
Straight-line rental expense	(192)	396	2,479	1,381	7,770
Above- and below-market rent amortization	2,824	3,954	6,552	12,988	20,012
<b>Cash Net Operating Income</b>	<b>\$491,551</b>	<b>\$493,748</b>	<b>\$481,962</b>	<b>\$1,493,477</b>	<b>\$1,451,538</b>

This document contains forward-looking statements within the meaning of the federal securities laws, which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. Such forward-looking statements include statements relating to: expected physical settlement of the forward sale agreements and use of proceeds from any such settlement, our expected investment and expansion activity, our joint ventures, supply and demand for data center and colocation

space, our acquisition and disposition activity, pricing and net effective leasing economics, market dynamics and data center fundamentals, our strategic priorities, rent from leases that have been signed but have not yet commenced and other contracted rent to be received in future periods, rental rates on future leases, lag between signing and commencement, cap rates and yields, investment activity, the company's FFO, core FFO and net income, 2019 outlook and underlying assumptions, information related to trends, our strategy and plans, leasing expectations, weighted average lease terms, the exercise of lease extensions, lease expirations, debt maturities, annualized rent at expiration of leases, the effect new leases and increases in rental rates will have on our rental revenue, our credit ratings, construction and development activity and plans, projected construction costs, estimated yields on investment, expected occupancy, expected square footage and IT load capacity upon completion of development projects, 2019 backlog NOI, NAV components, and other forward-looking financial data. Such statements are based on management's beliefs and assumptions made based on information currently available to management. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance and 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. 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:

- reduced demand for data centers or decreases in information technology spending;
- the competitive environment in which we operate;
- decreased rental rates, increased operating costs or increased vacancy rates;
- increased competition or available supply of data center space;
- the suitability of our data centers and data center infrastructure, delays or disruptions in connectivity or availability of power, or failures or breaches of our physical and information security infrastructure or services;
- our dependence upon significant customers, bankruptcy or insolvency of a major customer or a significant number of smaller customers, or defaults on or non-renewal of leases by customers;
- breaches of our obligations or restrictions under our contracts with our customers;
- our inability to successfully develop and lease new properties and development space, and delays or unexpected costs in development of properties;
- the impact of current global and local economic, credit and market conditions;
- our inability to retain data center space that we lease or sublease from third parties;
- difficulty managing an international business and acquiring or operating properties in foreign jurisdictions and unfamiliar metropolitan areas;
- our failure to realize the intended benefits from, or disruptions to our plans and operations or unknown or

contingent liabilities related to, our recent acquisitions;

- our failure to successfully integrate and operate acquired or developed properties or businesses;
- difficulties in identifying properties to acquire and completing acquisitions;
- risks related to joint venture investments, including as a result of our lack of control of such investments;
- risks associated with using debt to fund our business activities, including re-financing and interest rate risks, our failure to repay debt when due, adverse changes in our credit ratings or our breach of covenants or other terms contained in our loan facilities and agreements;
- our failure to obtain necessary debt and equity financing, and our dependence on external sources of capital;
- financial market fluctuations and changes in foreign currency exchange rates;
- adverse economic or real estate developments in our industry or the industry sectors that we sell to, including risks relating to decreasing real estate valuations and impairment charges and goodwill and other intangible asset impairment charges;
- our inability to manage our growth effectively;
- losses in excess of our insurance coverage;
- environmental liabilities and risks related to natural disasters;
- our inability to comply with rules and regulations applicable to our company;
- Digital Realty Trust, Inc.'s failure to maintain its status as a REIT for federal income tax purposes;
- Digital Realty Trust, L.P.'s failure to qualify as a partnership for federal income tax purposes;
- restrictions on our ability to engage in certain business activities; and
- changes in local, state, federal and international laws and regulations, including related to taxation, real estate and zoning laws, and increases in real property tax rates;
- our ability to attract and retain qualified personnel and to attract and retain customers; and
- the impact of any financial, accounting, legal or regulatory issues or litigation that may affect us.

The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance. We discussed a number of additional material risks in our annual report on Form 10-K for the year ended December 31, 2018 and other filings with the Securities and Exchange Commission. Those risks continue to be relevant to our performance and financial condition. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise. Digital Realty, Digital Realty Trust, the Digital Realty logo, Turn-Key Flex and Powered Base Building are registered trademarks and service marks of Digital Realty Trust, Inc. in the United States and/or other countries.

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