



DIGITAL REALTY
Data Center Solutions

NEWS RELEASE

Digital Realty Reports First Quarter 2016 Results

4/28/2016

SAN FRANCISCO, April 28, 2016 /PRNewswire/ -- **Digital Realty Trust, Inc.** (NYSE: DLR), a leading global provider of data center, colocation and interconnection solutions, announced today financial results for the first quarter of 2016. All per share results are presented on a fully-diluted share and unit basis.

Highlights

- Reported FFO per share of \$1.39 in 1Q16, compared to \$1.56 in 1Q15
- Reported core FFO per share of \$1.42 in 1Q16, compared to \$1.27 in 1Q15
- Reported net income available to common stockholders per share of \$0.27 in 1Q16, compared to \$0.75 in 1Q15
- Signed leases during 1Q16 expected to generate \$39 million of annualized GAAP rental revenue
- Raised 2016 core FFO per share outlook from \$5.45 - \$5.60 to \$5.55 - \$5.65 and "constant-currency" core FFO per share outlook from \$5.50 - \$5.70 to \$5.60 - \$5.75

Financial Results

Revenues were \$504 million for the first quarter of 2016, a 1% increase from the previous quarter and a 24% increase over the same quarter last year.

Net income for the first quarter of 2016 was \$62 million, and net income available to common stockholders was \$39 million, or \$0.27 per diluted share, compared to net loss available to common stockholders of \$0.28 per diluted share in the fourth quarter of 2015 and net income available to common stockholders of \$0.75 per diluted share in the first quarter of 2015.

Adjusted EBITDA was \$294 million for the first quarter of 2016, a 2% increase from the previous quarter and a 23% increase over the same quarter last year.

Funds from operations ("FFO") on a fully diluted basis was \$208 million in the first quarter of 2016, or \$1.39 per share, compared to \$0.79 per share in the fourth quarter of 2015 and \$1.56 per share in the first quarter of 2015.

Excluding certain items that do not represent core expenses or revenue streams, first quarter of 2016 core FFO was \$1.42 per share, a 3% increase from \$1.38 per share in the fourth quarter of 2015, and a 12% increase from \$1.27 per share in the first quarter of 2015.

Leasing Activity

"We signed new leases representing \$39 million of annualized GAAP rental revenue including a \$6 million contribution from Telx, during the first quarter of 2016, which is typically a seasonally slower quarter. Leasing activity included a multi-megawatt lease with a hyper-scale cloud service provider in Osaka, fully leasing phase one of our first project in Japan. We also announced that we entered Germany, with the acquisition of a six-acre land parcel," commented Chief Executive Officer A. William Stein. "Data center demand remains robust, driven by a rapidly growing trend towards corporate IT outsourcing. Our activity in Germany and Japan underscores the importance of scale and a global platform in providing data center solutions to meet customers' needs around the world."

In addition to space and power, Telx also contributed \$8 million of annualized interconnection revenue bookings during the first quarter.

The weighted-average lag between leases signed during the first quarter of 2016 and the contractual commencement date was 8.1 months.

In addition to new leases signed, Digital Realty also signed renewal leases representing \$51 million of annualized GAAP rental revenue during the quarter. Rental rates on renewal leases signed during the first quarter of 2016 rolled up 2% on a cash basis and up 13% on a GAAP basis.

New leases signed during the first quarter of 2016 by region and product type are summarized as follows:

North America	Annualized GAAP Base Rent (in thousands)	Square Feet	GAAP Base Rent per Square Foot	Megawatts	GAAP Base Rent per Kilowatt
Turn-Key Flex (1)	\$23,514	106,449	\$221	12	\$158
Powered Base Building	—	—	—	—	—
Colocation	6,071	22,904	265	2	278
Non-Technical	746	37,333	20	—	—
Total	\$30,331	166,686	\$182	14	\$173
Europe (2)					
Turn-Key Flex	—	—	—	—	—
Colocation	—	—	—	—	—
Non-Technical	\$110	2,425	\$45	—	—
Total	\$110	2,425	\$45	—	—
Asia Pacific (2)					
Turn-Key Flex	\$8,886	43,509	\$204	4	\$180
Colocation	—	—	—	—	—
Non-Technical	101	1,200	84	—	—
Total	\$8,987	44,709	\$201	4	\$180
Grand Total	\$39,428	213,820	\$184	18	\$175

Note: Totals may not foot due to rounding differences.

(1) Turn-Key Flex activity includes \$7 million of power expansions not associated with any additional rentable square footage.

(2) Based on quarterly average exchange rates during the three months ended March 31, 2016.

Investment Activity

As previously announced, during the first quarter of 2016, Digital Realty closed on the sale of 47700 Kato Road and 1055 Page Avenue, two adjacent non-data center properties totaling 199,000 square feet in Fremont, CA for \$37.5 million, or \$188 per square foot. The properties were 100% leased and generated cash net operating income of approximately \$2.7 million in 2015, representing a cap rate of 7.2%. The sale generated net proceeds of \$35.8 million, and Digital Realty recognized a gain on the sale of \$1.1 million in the first quarter of 2016.

Balance Sheet

Digital Realty had approximately \$6.2 billion of total debt outstanding as of March 31, 2016, comprised of \$5.9 billion of unsecured debt and approximately \$0.3 billion of secured debt. At the end of the first quarter of 2016, net debt-to-adjusted EBITDA was 5.3x, debt-plus-preferred-to-total enterprise value was 36.2% and fixed charge coverage was 3.4x.

Subsequent to the end of the quarter, the company closed an eight-year, €600 million bond offering at an all-in coupon of 2.625%.

2016 Outlook

Digital Realty raised its 2016 core FFO per share outlook from \$5.45 - \$5.60 to \$5.55 - \$5.65. The assumptions underlying this guidance are summarized in the following table.

	Jan. 4, 2016	Feb. 25, 2016	Apr. 28, 2016
Top-Line and Cost Structure			
2016 total revenue	\$2.0 - \$2.2 billion	\$2.0 - \$2.2 billion	\$2.0 - \$2.2 billion
2016 net non-cash rent adjustments (1)	\$10 - \$20 million	\$10 - \$20 million	\$10 - \$20 million
2016 adjusted EBITDA margin	55.0% - 57.0%	55.0% - 57.0%	55.5% - 57.5%
2016 G&A margin	7.0% - 7.5%	7.0% - 7.5%	6.5% - 7.0%
Internal Growth			
Rental rates on renewal leases			

Cash basis	N/A	Flat	Flat
GAAP basis	N/A	Up high single-digits	Up high single-digits
Year-end portfolio occupancy	N/A	+/- 50 bps	+/- 50 bps
"Same-capital" cash NOI growth (2)	N/A	0.0% - 3.0%	1.0% - 4.0%
Foreign Exchange Rates			
U.S. Dollar / Pound Sterling	N/A	\$1.40 - \$1.48	\$1.38 - \$1.45
U.S. Dollar / Euro	N/A	\$1.02 - \$1.07	\$1.05 - \$1.10

External Growth

Dispositions

Dollar volume	\$0 - \$200 million	\$38 - \$200 million	\$38 - \$200 million
Cap rate	0.0% - 10.0%	0.0% - 10.0%	0.0% - 10.0%

Development

CapEx	\$750 - \$900 million	\$750 - \$900 million	\$750 - \$900 million
Average stabilized yields	10.5% - 12.5%	10.5% - 12.5%	10.5% - 12.5%
Enhancements and other non-recurring CapEx (3)	\$20 - \$25 million	\$20 - \$25 million	\$20 - \$25 million
Recurring CapEx + capitalized leasing costs (4)	\$145 - \$155 million	\$145 - \$155 million	\$145 - \$155 million

Balance Sheet

Long-term debt issuance

Dollar amount	\$1.25 - \$1.75 billion	\$1.25 - \$1.75 billion	\$1.25 - \$1.75 billion
Pricing	3.00% - 5.00%	3.00% - 5.00%	2.50% - 3.50%
Timing	Mid 2016	Mid 2016	Early-to-mid 2016

Funds From Operations / share (NAREIT-Defined)	\$5.35 - \$5.45	\$5.35 - \$5.45	\$5.45 - \$5.50
Adjustments for non-core expense and revenue streams	\$0.10 - \$0.15	\$0.10 - \$0.15	\$0.10 - \$0.15
Core Funds From Operations / share	\$5.45 - \$5.60	\$5.45 - \$5.60	\$5.55 - \$5.65
Foreign currency translation adjustments	\$0.05 - \$0.10	\$0.05 - \$0.10	\$0.05 - \$0.10
Constant-Currency Core FFO / share	\$5.50 - \$5.70	\$5.50 - \$5.70	\$5.60 - \$5.75

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- (1) Net non-cash rent adjustments represents the sum of straight-line rental revenue, 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, 2014 with less than 5% of the total rentable square feet under development. It also excludes properties that were undergoing, or were expected to undergo, development activities in 2015-2016, properties classified as held for sale, and properties sold or contributed to joint ventures for all periods presented.

Note: In an effort to present 2016 same-capital results on a basis comparable to 2015, projected Net Operating Income (NOI) includes intercompany activity related to legacy Telx leases at properties owned as of December 31, 2014 that meet the same-capital definition. The intercompany activity will be eliminated to arrive at consolidated financial results.

- (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. Capitalized leasing costs include capitalized leasing compensation as well as capitalized internal leasing commissions.

Non-GAAP Financial Measures

This press release contains non-GAAP financial measures, including FFO, core FFO, constant-currency 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 constant-currency core FFO, and definitions of FFO, core FFO and constant-currency core FFO are included as an attachment to this press release. 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 press release.

Investor Conference Call

Prior to Digital Realty's conference call today at 5:30 p.m. EDT / 2:30 p.m. PDT, Digital Realty will post a presentation 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 first quarter 2016 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 +1 (888) 317-6003 (for domestic callers) or +1 (412) 317-

6061 (for international callers) and reference the conference ID# 8994685 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 one hour after the call until May 28, 2016. The telephone replay can be accessed by dialing +1 (877) 344-7529 (for domestic callers) or +1 (412) 317-0088 (for international callers) and providing the conference ID# 10083613. The webcast replay can be accessed on Digital Realty's website.

About Digital Realty

Digital Realty Trust, Inc. supports the data center and colocation strategies of more than 1,000 firms across its secure, network-rich portfolio of data centers located throughout North America, Europe, Asia and Australia. Digital Realty's clients include domestic and international companies of all sizes, ranging from financial services, cloud and information technology services, to manufacturing, energy, gaming, life sciences and consumer products.

Additional information about Digital Realty is included in the Company Overview, available on the Investors page of Digital Realty's website at www.digitalrealty.com. The Company Overview is updated periodically, and may disclose material information and updates. To receive e-mail alerts when the Company Overview is updated, please visit the Investors page of Digital Realty's website.

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Safe Harbor Statement

This press release contains forward-looking statements which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially,

including statements related to supply and demand for data center and colocation space; the integration and financial contributions of Telx; leasing and development activity in Japan and Germany; 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; and the company's FFO, core FFO, constant currency core FFO and net income outlook and underlying assumptions. These risks and uncertainties include, among others, the following: the impact of current global economic, credit and market conditions; current local economic conditions in the geographies in which we operate; decreases in information technology spending, including as a result of economic slowdowns or recession; 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); our dependence upon significant tenants; bankruptcy or insolvency of a major tenant or a significant number of smaller tenants; defaults on or non-renewal of leases by tenants; our failure to obtain necessary debt and equity financing; 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; financial market fluctuations; changes in foreign currency exchange rates; our inability to manage our growth effectively; difficulty acquiring or operating properties in foreign jurisdictions; our failure to successfully integrate and operate acquired or developed properties or businesses, including Telx; the suitability of our properties and data center infrastructure, delays or disruptions in connectivity, failure of our physical and information security infrastructure or services or availability of power; risks related to joint venture investments, including as a result of our lack of control of such investments; delays or unexpected costs in development of properties; decreased rental rates, increased operating costs or increased vacancy rates; increased competition or available supply of data center space; our inability to successfully develop and lease new properties and development space; difficulties in identifying properties to acquire and completing acquisitions; our inability to acquire off-market properties; our inability to comply with the rules and regulations applicable to reporting companies; our failure to maintain our status as a REIT; possible adverse changes to tax laws; restrictions on our ability to engage in certain business activities; environmental uncertainties and risks related to natural disasters; losses in excess of our insurance coverage; changes in foreign laws and regulations, including those related to taxation and real estate ownership and operation; and changes in local, state and federal regulatory requirements, including changes in real estate and zoning laws and increases in real property tax rates. For a further list and description of such risks and uncertainties, see the reports and other filings by the company with the U.S. Securities and Exchange Commission, including the company's Annual Report on Form 10-K for the year ended December 31, 2015, as amended. The company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Consolidated Quarterly Statements of Operations
Unaudited and in thousands, except share and per share data

Three Months Ended

	31-Mar- 16	31-Dec- 15	30-Sep- 15	30-Jun-15	31-Mar- 15
Rental revenues	\$371,128	\$365,827	\$336,679	\$329,213	\$317,804
Tenant reimbursements - Utilities	58,955	60,800	70,148	62,305	59,764
Tenant reimbursements - Other	25,263	30,190	25,336	25,267	26,065
Interconnection & other	46,963	41,746	1,651	1,463	1,362
Fee income	1,799	1,880	1,595	1,549	1,614
Other	91	—	580	498	—
Total Operating Revenues	\$504,199	\$500,443	\$435,989	\$420,295	\$406,609
Utilities	\$69,917	\$70,758	\$73,887	\$64,669	\$62,970
Rental property operating	54,109	52,563	35,254	34,954	33,663
Repairs & maintenance	30,143	32,063	31,301	29,895	27,908
Property taxes	27,331	28,472	19,953	20,900	23,263
Insurance	2,412	2,360	2,140	2,154	2,155
Change in fair value of contingent consideration	—	—	(1,594)	352	(43,034)
Depreciation & amortization	169,016	172,956	136,974	131,524	129,073
General & administrative	29,808	29,862	26,431	24,312	19,798
Severance-related accrual, equity acceleration, and legal expenses	1,448	6,125	(3,676)	1,301	1,396
Transaction expenses	1,900	3,099	11,042	3,166	93
Other expenses	(1)	60,914	51	(6)	(16)
Total Operating Expenses	\$386,083	\$459,172	\$331,763	\$313,221	\$257,269
Operating Income (Loss)	\$118,116	\$41,271	\$104,226	\$107,074	\$149,340
Equity in earnings of unconsolidated joint ventures	\$4,078	\$3,321	\$4,169	\$3,383	\$4,618

Gain (loss) on sale of property	1,097	322	(207)	76,669	17,820
Interest and other income	(624)	498	(358)	(231)	(2,290)
Interest (expense)	(57,261)	(61,717)	(48,138)	(46,114)	(45,466)
Tax (expense)	(2,109)	(268)	(1,850)	(2,636)	(1,697)
Loss from early extinguishment of debt	(964)	—	—	(148)	—
Net Income (Loss)	\$62,333	(\$16,573)	\$57,842	\$137,997	\$122,325
Net (income) loss attributable to noncontrolling interests	(784)	590	(864)	(2,486)	(2,142)
Net Income (Loss) Attributable to Digital Realty Trust, Inc.	\$61,549	(\$15,983)	\$56,978	\$135,511	\$120,183
Preferred stock dividends	(22,424)	(24,056)	(18,456)	(18,456)	(18,455)
Net Income (Loss) Available to Common Stockholders	\$39,125	(\$40,039)	\$38,522	\$117,055	\$101,728
Weighted-average shares outstanding - basic	146,565,564	145,561,559	135,832,503	135,810,060	135,704,525
Weighted-average shares outstanding - diluted	147,433,194	145,561,559	138,259,936	136,499,004	136,128,800
Weighted-average fully diluted shares and units	149,915,428	149,100,083	139,192,198	139,256,470	138,831,268
Net income (loss) per share - basic	\$0.27	(\$0.28)	\$0.28	\$0.86	\$0.75
Net income (loss) per share - diluted	\$0.27	(\$0.28)	\$0.28	\$0.86	\$0.75

Funds From Operations and Core Funds From Operations
Unaudited and in thousands, except per share data

Three Months Ended

Reconciliation of Net Income to Funds From Operations (FFO)	31-Mar-16	31-Dec-15	30-Sep-15	30-Jun-15	31-Mar-15
Net Income (Loss) Available to Common Stockholders	\$39,125	(\$40,039)	\$38,522	\$117,055	\$101,728

Adjustments:

Noncontrolling interests in operating partnership	663	(708)	747	2,377	2,026
Real estate related depreciation & amortization (1)	166,912	170,095	135,613	130,198	127,823
Unconsolidated JV real estate related depreciation & amortization	2,803	2,867	2,761	3,187	2,603
(Gain) loss on sale of property	(1,097)	(322)	207	(76,669)	(17,820)
(Gain) on settlement of pre-existing relationship with Telx (2)	—	(14,355)	—	—	—
Funds From Operations	\$208,406	\$117,538	\$177,850	\$176,148	\$216,360
Funds From Operations - diluted	\$208,406	\$117,538	\$177,850	\$176,148	\$216,360
Weighted-average shares and units outstanding - basic	149,048	148,388	138,468	138,568	138,407
Weighted-average shares and units outstanding - diluted (3)	149,915	149,100	139,192	139,257	138,831
Funds From Operations per share - basic	\$1.40	\$0.79	\$1.28	\$1.27	\$1.56
Funds From Operations per share - diluted (3)	\$1.39	\$0.79	\$1.28	\$1.26	\$1.56

Three Months Ended

Reconciliation of FFO to Core FFO	31-Mar-16	31-Dec-15	30-Sep-15	30-Jun-15	31-Mar-15
Funds From Operations - diluted	\$208,406	\$117,538	\$177,850	\$176,148	\$216,360
Termination fees and other non-core revenues (4)	(91)	—	(580)	(313)	1,573
Transaction expenses	1,900	3,099	11,042	3,166	93
Loss from early extinguishment of debt	964	—	—	148	—
Change in fair value of contingent consideration (5)	—	—	(1,594)	352	(43,034)
Severance-related accrual, equity acceleration, and legal expenses (6)	1,448	6,125	(3,676)	1,301	1,396
Bridge facility fees (7)	—	3,903	—	—	—
Other non-core expense adjustments (8)	(1)	75,269	51	(29)	(30)
Core Funds From Operations - diluted	\$212,626	\$205,934	\$183,093	\$180,773	\$176,358

Weighted-average shares and units outstanding - diluted (3)	149,915	149,100	139,192	139,257	138,831
Core Funds From Operations per share - diluted (3)	\$1.42	\$1.38	\$1.32	\$1.30	\$1.27

(1) Real Estate Related Depreciation & Amortization:

	Three Months Ended				
	31-Mar-16	31-Dec-15	30-Sep-15	30-Jun-15	31-Mar-15
Depreciation & amortization per income statement	\$169,016	\$172,956	\$136,974	\$131,524	\$129,073
Non-real estate depreciation	(2,104)	(2,861)	(1,361)	(1,326)	(1,250)
Real Estate Related Depreciation & Amortization	\$166,912	\$170,095	\$135,613	\$130,198	\$127,823

(2) Included in Other expenses on the Income Statement, offset by the write off of straight-line rent receivables related to the Telx Acquisition of \$75.3 million.

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

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

(5) Relates to earn-out contingencies in connection with the Sentrum and Singapore (29A International Business Park) acquisitions. The Sentrum earn-out contingency expired in July 2015 and the Singapore earn-out contingency will expire in November 2020 and will be reassessed on a quarterly basis. During the first quarter of 2015, we reduced the fair value of the earnout related to Sentrum by approximately \$44.8 million. The adjustment was the result of an evaluation by management that no additional leases would be executed for vacant space by the contingency expiration date.

(6) Relates to severance and other charges related to the departure of company executives. For the quarter ended December 31, 2015, includes integration-related severance of \$6.1 million.

(7) Bridge facility fees included in interest expense.

(8) For the quarter ended December 31, 2015, includes write off of straight-line rent receivables related to the Telx Acquisition of \$75.3 million. Includes reversal of accruals and certain other adjustments that are not core to our business. Construction management expenses are included in Other expenses on the income statement but are not added back to core FFO.

Adjusted Funds From Operations
Unaudited and in thousands, except per share data

Three Months Ended

Reconciliation of Core FFO to AFFO	31-Mar-16	31-Dec-15	30-Sep-15	30-Jun-15	31-Mar-15
Core FFO available to common stockholders and unitholders	\$212,626	\$205,934	\$183,093	\$180,773	\$176,358
Adjustments:					
Non-real estate depreciation	2,104	2,861	1,361	1,326	1,250
Amortization of deferred financing costs	2,260	2,121	2,076	2,069	2,216
Amortization of debt discount/premium	647	611	557	546	582
Non-cash stock-based compensation expense	3,420	604	3,831	4,518	2,795
Straight-line rent revenue	(7,456)	(9,530)	(13,579)	(14,499)	(13,369)
Straight-line rent expense	5,655	5,698	80	92	74
Above- and below-market rent amortization	(2,266)	(2,479)	(2,174)	(2,359)	(2,324)
Non-cash tax expense	637	(757)	680	1,066	557
Capitalized leasing compensation (1)	(2,695)	(2,563)	(2,581)	(2,044)	(3,028)
Recurring capital expenditures (2)	(21,064)	(35,386)	(14,716)	(23,708)	(18,066)
Capitalized internal leasing commissions	(2,024)	(1,460)	(907)	(888)	(826)
AFFO available to common stockholders and unitholders - basic (3)	\$191,844	\$165,654	\$157,721	\$146,892	\$146,220
Weighted-average shares and units outstanding - basic	149,048	148,388	138,468	138,568	138,407

Weighted-average shares and units outstanding - diluted (4)	149,915	149,100	139,192	139,257	138,831
AFFO available to common stockholders and unitholders - basic	\$191,844	\$165,654	\$157,721	\$146,892	\$146,220
AFFO available to common stockholders and unitholders - diluted	\$191,844	\$165,654	\$157,721	\$146,892	\$146,220
AFFO per share - diluted (4)	\$1.28	\$1.11	\$1.13	\$1.05	\$1.05
Dividends per share and common unit	\$0.88	\$0.85	\$0.85	\$0.85	\$0.85
Diluted AFFO Payout Ratio	68.8%	76.5%	75.0%	80.6%	80.7%

Share Count Detail	Three Months Ended				
	31-Mar-16	31-Dec-15	30-Sep-15	30-Jun-15	31-Mar-15
Weighted Average Common Stock and Units Outstanding	149,048	148,388	138,468	138,568	138,407
Add: Effect of dilutive securities	867	712	724	689	424
Weighted Avg. Common Stock and Units Outstanding - diluted	149,915	149,100	139,192	139,257	138,831

(1) Beginning in the first quarter of 2015, we changed the presentation of certain capital expenditures. Infrequent expenditures for capitalized replacements and upgrades are now categorized as Recurring capital expenditures (categorized as Enhancements and Other Non-Recurring capital expenditures in 2014). First-generation leasing costs are now classified as Development capital expenditures (categorized as recurring capital expenditures in 2014). Capitalized leasing compensation for 2015 includes only second generation leasing costs.

(2) For a definition of recurring capital expenditures, see our supplemental operating and financial data package.

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

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

Consolidated Balance Sheets
Unaudited and in thousands, except share and per share data

	31-Mar-16	31-Dec-15	30-Sep-15	30-Jun-15	31-Mar-15
Assets					
Investments in real estate:					
Real estate	\$10,226,549	\$10,066,936	\$9,473,253	\$9,353,820	\$9,146,341
Construction in progress	720,363	664,992	570,598	646,012	735,544
Land held for future development	156,000	183,445	133,343	141,294	135,606
Investments in Real Estate	\$11,102,912	\$10,915,373	\$10,177,194	\$10,141,126	\$10,017,491
Accumulated depreciation & amortization	(2,380,400)	(2,251,268)	(2,137,631)	(2,033,289)	(1,962,966)
Net Investments in Properties	\$8,722,512	\$8,664,105	\$8,039,563	\$8,107,837	\$8,054,525
Investment in unconsolidated joint ventures	106,008	106,107	103,703	103,410	103,475
Net Investments in Real Estate	\$8,828,520	\$8,770,212	\$8,143,266	\$8,211,247	\$8,158,000
Cash and cash equivalents	\$31,134	\$57,053	\$22,998	\$49,989	\$30,969
Accounts and other receivables (1)	180,456	177,398	157,994	126,734	112,995
Deferred rent	412,579	403,327	475,796	467,262	455,834
Acquired in-place lease value, deferred leasing costs and other real estate intangibles, net	1,368,340	1,391,659	405,824	424,229	434,917
Acquired above-market leases, net	30,107	32,698	30,617	33,936	34,757
Goodwill	330,664	330,664	—	—	—
Restricted cash	19,599	18,009	12,500	18,557	18,294
Assets associated with real estate held for sale	145,087	180,139	173,461	171,990	81,667
Other assets	75,489	54,904	49,384	51,862	52,750

Total Assets	\$11,421,975	\$11,416,063	\$9,471,840	\$9,555,806	\$9,380,183
Liabilities and Equity					
Global unsecured revolving credit facility	\$677,868	\$960,271	\$682,648	\$770,481	\$820,798
Unsecured term loan	1,566,185	923,267	937,198	959,982	940,962
Unsecured senior notes, net of discount	3,662,753	3,712,569	2,794,783	2,834,070	2,651,584
Mortgage loans, net of premiums	249,923	302,930	304,777	374,090	376,324
Accounts payable and other accrued liabilities	570,653	608,343	513,555	516,232	523,948
Accrued dividends and distributions	—	126,925	—	—	—
Acquired below-market leases	96,475	101,114	88,632	94,312	97,234
Security deposits and prepaid rent	147,934	138,347	107,704	109,005	108,244
Liabilities associated with assets held for sale	4,974	5,795	6,892	7,441	3,228
Total Liabilities	\$6,976,765	\$6,879,561	\$5,436,189	\$5,665,613	\$5,522,322
Equity					
Preferred Stock: \$0.01 par value per share, 70,000,000 shares authorized:					
Series E Cumulative Redeemable Preferred Stock (2)	\$277,172	\$277,172	\$277,172	\$277,172	\$277,172
Series F Cumulative Redeemable Preferred Stock (3)	176,191	176,191	176,191	176,191	176,191
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	353,290	353,290
Series I Cumulative Redeemable Preferred Stock (6)	242,014	242,014	241,683	—	—
Common Stock: \$0.01 par value per share, 215,000,000 shares authorized (7)					
	1,459	1,456	1,351	1,351	1,350
Additional paid-in capital	4,659,484	4,655,220	3,977,945	3,974,398	3,967,846
Dividends in excess of earnings	(1,440,028)	(1,350,089)	(1,185,633)	(1,108,701)	(1,110,298)
Accumulated other comprehensive (loss) income, net	(104,252)	(96,590)	(87,988)	(67,324)	(91,562)
Total Stockholders' Equity	\$4,406,798	\$4,500,132	\$3,995,479	\$3,847,845	\$3,815,457

Noncontrolling Interests

Noncontrolling interest in operating partnership	\$31,648	\$29,612	\$33,411	\$35,577	\$35,596
Noncontrolling interest in consolidated joint ventures	6,764	6,758	6,761	6,771	6,808
Total Noncontrolling Interests	\$38,412	\$36,370	\$40,172	\$42,348	\$42,404
Total Equity	\$4,445,210	\$4,536,502	\$4,035,651	\$3,890,193	\$3,857,861
Total Liabilities and Equity	\$11,421,975	\$11,416,063	\$9,471,840	\$9,555,806	\$9,380,183

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- (1) Net of allowance for doubtful accounts of \$3,913 and \$5,844 as of March 31, 2016 and December 31, 2015, respectively.
- (2) Series E Cumulative Redeemable Preferred Stock, 7.000%, \$287,500 and \$287,500 liquidation preference, respectively (\$25.00 per share), 11,500,000 and 11,500,000 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively.
- (3) Series F Cumulative Redeemable Preferred Stock, 6.625%, \$182,500 and \$182,500 liquidation preference, respectively (\$25.00 per share), 7,300,000 and 7,300,000 shares issued and outstanding as of March 31, 2016 and December 31, 2015, 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 March 31, 2016 and December 31, 2015, respectively.
- (5) Series H Cumulative Redeemable Preferred Stock, 7.375%, \$365,000 and \$365,000 liquidation preference, respectively (\$25.00 per share), 14,600,000 and 14,600,000 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively.
- (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 March 31, 2016 and December 31, 2015, respectively.
- (7) Common Stock: 146,797,648 and 146,384,247 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively.

Reconciliation of Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA) (1)	Three Months Ended				
	31-Mar-16	31-Dec-15	30-Sep-15	30-Jun-15	31-Mar-15
Net Income (Loss) Available to Common Stockholders	\$39,125	(\$40,039)	\$38,522	\$117,055	\$101,728

Interest	57,261	61,717	48,138	46,114	45,466
Loss from early extinguishment of debt	964	—	—	148	—
Tax expense	2,109	268	1,850	2,636	1,697
Depreciation & amortization	169,016	172,956	136,974	131,524	129,073
EBITDA	\$268,475	\$194,902	\$225,484	\$297,477	\$277,964
Change in fair value of contingent consideration	—	—	(1,594)	352	(43,034)
Severance-related accrual, equity acceleration, and legal expenses	1,448	6,125	(3,676)	1,301	1,396
Transaction expenses	1,900	3,099	11,042	3,166	93
(Gain) loss on sale of property	(1,097)	(322)	207	(76,669)	(17,820)
(Gain) on settlement of pre-existing relationship with Telx	—	(14,355)	—	—	—
Other non-core expense adjustments	(1)	75,269	51	(29)	(30)
Noncontrolling interests	784	(590)	864	2,486	2,142
Preferred stock dividends	22,424	24,056	18,456	18,456	18,455
Adjusted EBITDA	\$293,933	\$288,184	\$250,834	\$246,540	\$239,166

(1) For definition and discussion of EBITDA and Adjusted EBITDA, see below.

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. FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of property, excluding a gain from a pre-existing relationship, impairment charges, real estate related depreciation and amortization (excluding amortization of deferred financing costs) 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 properties 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 properties, 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 such other REITs' FFO. Accordingly, 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:

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 expenses, (iii) loss from early extinguishment of debt, (iv) change in fair value of contingent consideration, (v) severance-related accrual, equity acceleration, and legal expenses, (vi) bridge facility fees and (vii) 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 not calculate core FFO in a consistent manner. 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.

Constant Currency Core Funds from Operations:

We calculate constant-currency core funds from operations by adjusting the core funds from operations for foreign currency translations.

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) non-cash stock-based compensation expense, (vi) straight-line rent revenue, (vii) straight-line rent expense, (viii) above- and below-market rent amortization, (ix) non-cash tax expense, (x) capitalized leasing compensation, (xi) recurring capital expenditures and (xii) capitalized internal leasing commissions. Other REITs may not calculate AFFO in a consistent manner. 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, change in fair value of contingent consideration, severance related accrual, equity acceleration, and legal expenses, transaction expenses, (gain) loss on sale of property, (gain) loss on settlement of pre-existing relationship with Telx, other non-core expense adjustments, noncontrolling interests, and preferred stock dividends. Adjusted EBITDA is EBITDA excluding change in fair value of contingent consideration, severance related accrual, equity acceleration, and legal expenses, transaction expenses, gain (loss) on sale of property, gain on settlement of pre-existing relationship with Telx, other non-core expense adjustments, noncontrolling interests, and preferred stock dividends. 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; accordingly, our EBITDA and Adjusted EBITDA may not be comparable to such 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, interconnection revenue and tenant reimbursement revenue less utilities, rental property operating expenses, repair and maintenance 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 properties 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 properties, 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 not calculate NOI and cash NOI in the same manner we do and, accordingly, our NOI and cash NOI may not be comparable to such other REITs' NOI and cash NOI. Accordingly, 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 less unrestricted cash and cash equivalents divided by the product of Adjusted 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 March 31, 2016, GAAP interest expense was \$57 million, capitalized interest was \$4 million and scheduled debt principal payments and preferred dividends was \$24 million.

Reconciliation of Range of 2016 Projected Net Income to Projected FFO (NAREIT-Defined), Core FFO and Constant-Currency Core FFO

	Low	High
Net income available to common stockholders per diluted share	\$0.45	\$0.50

Add: Real estate depreciation and amortization and (gain)/loss on sale	\$5.00	\$5.00
Projected Funds from Operations per diluted share (NAREIT-Defined)	\$5.45	\$5.50
Add: Adjustments for items that do not represent core expenses and revenue streams	\$0.10	\$0.15
Projected Core Funds from Operations per diluted share	\$5.55	\$5.65
Add: Foreign currency translation adjustments	\$0.05	\$0.10
Projected Constant - Currency Core Funds from Operations per diluted share	\$5.60	\$5.75

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/digital-realty-reports-first-quarter-2016-results-300259676.html>

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