



DIGITAL REALTY
Data Center Solutions

NEWS RELEASE

Digital Realty Reports Third Quarter 2015 Results

10/29/2015

SAN FRANCISCO, Oct. 29, 2015 /PRNewswire/ -- **Digital Realty Trust, Inc.** (NYSE: DLR), a leading global provider of data center and colocation solutions, announced today financial results for the third quarter of 2015. All per share results are presented on a fully-diluted share and unit basis.

Highlights

- Reported FFO per share of \$1.28 in 3Q15, compared to \$1.22 in 3Q14;
- Reported core FFO per share of \$1.32 in 3Q15, compared to \$1.22 in 3Q14;
- Signed leases during 3Q15 expected to generate \$33 million in annualized GAAP rental revenue;
- Revised 2015 core FFO per share outlook to \$5.12 - \$5.18 from the prior range of \$5.05 - \$5.15; and
- Revised 2015 "constant-currency" core FFO per share outlook to \$5.27 - \$5.33 from the prior range of \$5.20 - \$5.30.

Financial Results

Revenues were \$436 million for the third quarter of 2015, a 4% increase from the previous quarter and a 6% increase over the same quarter last year.

Adjusted EBITDA was \$251 million for the third quarter of 2015, a 2% increase from the previous quarter and a 7% increase over the same quarter last year.

Funds from operations ("FFO") on a diluted basis was \$178 million in the third quarter of 2015, or \$1.28 per share, compared to \$1.26 per share in the second quarter of 2015 and \$1.22 per share in the third quarter of 2014.

Excluding certain items that do not represent core expenses or revenue streams, core FFO was \$1.32 per share for

the third quarter of 2015 compared to \$1.30 per share in the second quarter of 2015, and \$1.22 per share in the third quarter of 2014.

Net income for the third quarter of 2015 was \$58 million, and net income available to common stockholders was \$39 million, or \$0.28 per diluted share, compared to \$0.86 per diluted share in the second quarter of 2015 and \$0.80 per diluted share in the third quarter of 2014.

Leasing Activity

"The Digital Realty team kept its collective eye on the ball during a very busy few months and delivered another quarter of solid results, with new leases signed representing \$33 million in annualized GAAP rental revenue," said Chief Executive Officer A. William Stein.

"We continue to capitalize on our core competencies and execute well with our target customer verticals, including social media, cloud service providers, content delivery networks, financial and IT services, which collectively accounted for the lion's share of our leasing activity again in the third quarter. We recently welcomed Telx to the Digital Realty team, and together we are focused on successfully integrating our operations to ensure that we maximize revenue synergy opportunities while simultaneously maintaining our current momentum."

The weighted-average lag between leases signed during the third quarter of 2015 and the contractual commencement date was 5.4 months.

In addition to new leases signed, Digital Realty also signed renewal leases representing \$21 million of annualized GAAP rental revenue during the quarter. Rental rates on renewal leases signed during the third quarter of 2015 rolled up 4% on a cash basis and up 11% on a GAAP basis.

New leases signed during the third quarter of 2015 by region and product type are summarized as follows:

North America	(\$ in thousands) Annualized GAAP Base Rent	Square Feet	GAAP Base Rent per Square Foot	Megawatts	GAAP Base Rent per Kilowatt
Turn-Key Flex	\$28,144	153,582	\$183	16	\$145
Colocation	1,941	8,855	219	1	229
Non-Technical	225	8,348	27	—	—
Total	\$30,310	170,785	\$177	17	\$148

Europe (1)					
Turn-Key Flex	\$1,438	5,626	\$256	1	\$222
Powered Base Building	3	—	—	—	—
Colocation	854	2,856	299	—	293
Non-Technical	10	185	52	—	—
Total	\$2,305	8,667	\$266	1	\$244
Asia Pacific (1)					
Turn-Key Flex	\$—	—	\$—	—	\$—
Colocation	25	73	341	—	259
Non-Technical	—	—	—	—	—
Total	\$25	73	\$341	—	\$259
Grand Total	\$32,640	179,525	\$182	18	\$153

Note: Totals may not foot due to rounding differences.

(1) Based on quarterly average exchange rates during the three months ended September 30, 2015.

Investment Activity

Subsequent to the end of the quarter, Digital Realty completed the previously announced acquisition of Telx Holdings, Inc. from private equity firms ABRY Partners and Berkshire Partners in a transaction valued at \$1.886 billion. The combination approximately doubles Digital Realty's footprint in the rapidly growing colocation business and provides the company's customers access to a leading interconnection platform.

Balance Sheet

Digital Realty had approximately \$4.7 billion of total debt outstanding as of September 30, 2015, comprised of \$4.4 billion of unsecured debt and approximately \$0.3 billion of secured debt. At the end of the third quarter of 2015,

net debt-to-adjusted EBITDA was 4.7x, debt-plus-preferred-to-total-enterprise-value was 40.2% and fixed charge coverage was 3.5x.

Subsequent to quarter-end, Digital Realty completed the financing for the Telx acquisition raising total gross proceeds of approximately \$1.9 billion of debt and equity capital.

- On October 8, 2015, Digital Realty settled its forward equity sale transaction with each of the forward counterparties, delivering 10.5 million shares and receiving gross proceeds of \$714 million.
- On October 1, 2015, Digital Delta Holdings, LLC, a wholly owned subsidiary of Digital Realty Trust, Inc., issued \$500 million of 3.400% Notes due 2020 and \$450 million of 4.750% Notes due 2025.
- On August 24, 2015, Digital Realty closed an offering of 10 million shares of 6.350% Series I Cumulative Redeemable Preferred Stock at a price of \$25.00 per share, generating gross proceeds of \$250 million.

2015 Outlook

Digital Realty revised its 2015 core FFO per share outlook to \$5.12 - \$5.18 from the prior range of \$5.05 - \$5.15. The revised core FFO per share outlook includes the expected financial impact from the Telx acquisition, but the underlying assumptions summarized in the following table reflect standalone results for Digital Realty only.

	As of Jan. 5, 2015	As of Feb. 12, 2015	As of May 5, 2015	As of July 30, 2015	As of Oct. 29, 2015
Internal Growth					
Rental rates on renewal leases					
Cash basis	Slightly positive	Slightly positive	Slightly negative	Slightly positive	Slightly positive
GAAP basis	Up double digits	Up double digits	Up high single digits	Up high single digits	Up low double digits
Year-end portfolio occupancy	93.0% - 94.0%	93.0% - 94.0%	93.0% - 94.0%	93.0% - 94.0%	93.0% - 94.0%
"Same-capital" cash NOI growth (1)	2.0% - 4.0%	2.0% - 4.0%	2.0% - 4.0%	2.0% - 4.0%	2.0% - 4.0%
Operating margin	72.5% - 73.5%	72.5% - 73.5%	72.5% - 73.5%	72.5% - 73.5%	74.0% - 75.0%
Incremental revenue from speculative leasing (2)					
Full year forecast	\$25 - \$30 million	\$25 - \$30 million	\$30 - \$35 million	\$30 - \$35 million	\$33 - \$35 million

Speculative leasing completed to date	(\$0 million)	(\$5 million)	(\$20 million)	(\$30 million)	(\$33 million)
Speculative leasing embedded in 2015 guidance	\$25 - \$30 million	\$20 - \$25 million	\$10 - \$15 million	\$0 - \$5 million	\$0 - \$2 million
Overhead load (3)	80 - 90 bps on total assets	80 - 90 bps on total assets	80 - 90 bps on total assets	90 - 100 bps on total assets	90 - 100 bps on total assets
Foreign Exchange Rates					
U.S. Dollar / Pound Sterling	N/A	N/A	1.45 - 1.55	1.45 - 1.55	1.50 - 1.55
U.S. Dollar / Euro	N/A	N/A	1.05 - 1.10	1.05 - 1.10	1.05 - 1.10
External Growth					
Acquisitions					
Dollar volume	\$0 - \$200 million	\$0 - \$200 million	\$0 - \$200 million	\$0 - \$200 million	\$0 - \$200 million
Cap rate	7.5% - 8.5%	7.5% - 8.5%	7.5% - 8.5%	7.5% - 8.5%	7.5% - 8.5%
Dispositions					
Dollar volume	\$175 - \$400 million	\$175 - \$400 million	\$175 - \$400 million	\$205 - \$400 million	\$205 - \$400 million
Cap rate	0.0% - 10.0%	0.0% - 10.0%	0.0% - 10.0%	0.0% - 10.0%	0.0% - 10.0%
Joint ventures					
Dollar volume	\$0 - \$150 million	\$0 - \$150 million	\$0 - \$150 million	\$0 - \$150 million	\$0 - \$150 million
Cap rate	6.75% - 7.25%	6.75% - 7.25%	6.75% - 7.25%	6.75% - 7.25%	6.75% - 7.25%
Development					
Capex	\$750 - \$850 million	\$750 - \$850 million	\$750 - \$850 million	\$750 - \$850 million	\$600 - \$700 million
Average stabilized yields	10.0% - 12.0%	10.0% - 12.0%	10.0% - 12.0%	10.0% - 12.0%	10.0% - 12.0%
Enhancements and other non-recurring capex (4)	\$20 - \$25 million	\$20 - \$25 million	\$20 - \$25 million	\$20 - \$25 million	\$15 - \$20 million
Recurring capex + capitalized leasing costs (5)	\$100 - \$110 million	\$100 - \$110 million	\$100 - \$110 million	\$100 - \$110 million	\$100 - \$110 million

Balance Sheet

Long-term debt issuance

Dollar amount	\$300 - \$700 million	\$300 - \$700 million	\$300 - \$700 million	\$0.5 - \$1.0 billion	\$0.5 - \$1.0 billion
Pricing	4.50% - 5.50%	4.50% - 5.50%	4.50% - 5.50%	4.00% - 5.50%	4.00% - 5.50%
Timing	Early-to-mid 2015	Early-to-mid 2015	Early-to-mid 2015	Mid-to-late 2015	Mid-to-late 2015

Funds From Operations / share (NAREIT-Defined)

	\$4.95 - \$5.05	\$4.95 - \$5.05	\$5.28 - \$5.38	\$5.33 - \$5.43	\$5.24 - \$5.34
--	-----------------	-----------------	-----------------	-----------------	-----------------

Adjustments for non-core items (6)

	\$0.05	\$0.05	(\$0.25)	(\$0.28)	(\$0.28)
--	--------	--------	----------	----------	----------

Core Funds From Operations / share

	\$5.00 - \$5.10	\$5.00 - \$5.10	\$5.03 - \$5.13	\$5.05 - \$5.15	\$5.12 - \$5.22
--	-----------------	-----------------	-----------------	-----------------	-----------------

Foreign currency translation adjustments

	N/A	N/A	\$0.15	\$0.15	\$0.15
--	-----	-----	--------	--------	--------

Constant-Currency Core FFO / share

	N/A	N/A	\$5.18 - \$5.28	\$5.20 - \$5.30	\$5.27 - \$5.37
--	-----	-----	-----------------	-----------------	-----------------

(1) The "same-capital" pool includes properties owned as of December 31, 2013 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 2014-2015. NOI represents rental revenue and tenant reimbursement revenue less rental property operating and maintenance expenses, property taxes and insurance expenses (as reflected in the statement of operations), and cash NOI is NOI less straight-line rents and above and below market rent amortization.

(2) Incremental revenue from speculative leasing represents revenue expected to be recognized in the current year from leases that have not yet been signed.

(3) Overhead load is defined as General & Administrative expense divided by Total Assets.

(4) 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.

(5) 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.

- (6) See "Funds From Operations and Core Funds From Operations" table below for historical reconciliations of net income available to common stockholders to funds from operations (FFO), which is NAREIT-Defined, and core funds from operations (core FFO).

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 definition of FFO, a reconciliation from FFO to core FFO, and a definition of 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, a definition of net-debt-to-Adjusted EBITDA, debt-plus-preferred-to-total-enterprise-value, and a definition of 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 third quarter 2015 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# 8772359 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 November 30, 2015. 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# 10073885. 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 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.

Contact Information

John J. Stewart
Senior Vice President
Investor Relations
Digital Realty Trust, Inc.
+1 (415) 738-6500

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 the acquisition of Telx Holdings, Inc.; supply and demand for data center and colocation space; pricing and net effective leasing economics; market dynamics and data center fundamentals; our strategic priorities, including improving ROIC and our disposition program; 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; 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 our metropolitan areas; 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 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, 2014 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015 and June 30, 2015. 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					Nine Months Ended	
	30-Sep-15	30-Jun-15	31-Mar-15	31-Dec-14	30-Sep-14	30-Sep-15	30-Sep-14
Rental revenues	\$338,330	\$330,676	\$319,166	\$319,816	\$317,064	\$988,172	\$936,270
Tenant reimbursements - Utilities	70,148	62,305	59,764	59,830	65,604	192,217	186,850
Tenant reimbursements - Other	25,336	25,267	26,065	28,887	26,605	76,668	74,667
Fee income	1,595	1,549	1,614	1,871	2,748	4,758	5,397
Other	580	498	—	1,812	165	1,078	1,038
Total Operating Revenues	\$435,989	\$420,295	\$406,609	\$412,216	\$412,186	\$1,262,893	\$1,204,222
Utilities	\$73,887	\$64,669	\$62,970	\$62,560	\$69,388	\$201,526	\$196,907

Rental property operating	36,401	36,035	34,650	33,211	32,017	107,087	95,988
Repairs & maintenance	30,250	28,835	26,943	31,783	29,489	86,027	82,691
Property taxes	19,953	20,900	23,263	23,053	25,765	64,116	68,485
Insurance	2,140	2,154	2,155	2,180	2,145	6,449	6,463
Change in fair value of contingent consideration	(1,594)	352	(43,034)	(3,991)	(1,465)	(44,276)	(4,102)
Depreciation & amortization	136,974	131,524	129,073	133,327	137,474	397,571	405,186
General & administrative	26,431	24,312	19,798	21,480	20,709	70,541	59,018
Severance related accrual, equity acceleration, and legal expenses	(3,676)	1,301	1,396	—	—	(979)	12,690
Transactions	11,042	3,166	93	323	144	14,301	980
Impairment of investments in real estate	—	—	—	113,970	12,500	—	12,500
Other expenses	51	(6)	(16)	486	1,648	29	2,584
Total Operating Expenses	\$331,859	\$313,242	\$257,291	\$418,382	\$329,814	\$902,392	\$939,390
Operating Income (Loss)	\$104,130	\$107,053	\$149,318	(\$6,166)	\$82,372	\$360,501	\$264,832
Equity in earnings of unconsolidated joint ventures	\$4,169	\$3,383	\$4,618	\$3,776	\$3,455	\$12,170	\$9,513
Gain (loss) on sale of property	(207)	76,669	17,820	—	—	94,282	15,945
Gain on contribution of properties to unconsolidated JV	—	—	—	—	93,498	—	95,404
Gain on sale of investment	—	—	—	14,551	—	—	—
Interest and other income	(358)	(231)	(2,290)	641	378	(2,879)	2,022
Interest expense	(48,138)	(46,114)	(45,466)	(46,396)	(48,169)	(139,718)	(144,689)
Tax (expense)	(1,754)	(2,615)	(1,675)	(1,201)	(1,178)	(6,044)	(4,037)
Loss from early extinguishment of debt	—	(148)	—	—	(195)	(148)	(780)

Net Income (Loss)	\$57,842	\$137,997	\$122,325	(\$34,795)	\$130,161	\$318,164	\$238,210
Net (income) loss attributable to noncontrolling interests	(864)	(2,486)	(2,142)	961	(2,392)	(5,492)	(4,190)
Net Income (Loss) Attributable to Digital Realty Trust, Inc.	\$56,978	\$135,511	\$120,183	(\$33,834)	\$127,769	\$312,672	\$234,020
Preferred stock dividends	(18,456)	(18,456)	(18,455)	(18,455)	(18,455)	(55,367)	(49,010)
Net Income (Loss) Available to Common Stockholders	\$38,522	\$117,055	\$101,728	(\$52,289)	\$109,314	\$257,305	\$185,010
Weighted-average shares outstanding - basic	135,832,503	135,810,060	135,704,525	135,544,597	135,492,618	135,782,831	132,635,894
Weighted-average shares outstanding - diluted	138,259,936	136,499,004	136,128,800	135,544,597	135,946,533	136,920,477	132,852,966
Weighted-average fully diluted shares and units	139,192,198	139,256,470	138,831,268	138,757,650	138,762,045	139,050,965	138,216,486
Net income (loss) per share - basic	\$0.28	\$0.86	\$0.75	(\$0.39)	\$0.81	\$1.89	\$1.39
Net income (loss) per share - diluted	\$0.28	\$0.86	\$0.75	(\$0.39)	\$0.80	\$1.88	\$1.39

Funds From Operations and Core Funds From Operations

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-15	30-Jun-15	31-Mar-15	31-Dec-14	30-Sep-14	30-Sep-15	30-Sep-14

Net Income (Loss) Available to Common Stockholders	\$38,522	\$117,055	\$101,728	(\$52,289)	\$109,314	\$257,305	\$185,010
Adjustments:							
Noncontrolling interests in operating partnership	747	2,377	2,026	(1,074)	2,272	5,150	3,838
Real estate related depreciation & amortization (1)	135,613	130,198	127,823	132,100	136,289	393,634	401,723
Unconsolidated JV real estate related depreciation & amortization	2,761	3,187	2,603	2,173	1,934	8,551	5,364
(Gain) loss on sale of property	207	(76,669)	(17,820)	—	—	(94,282)	(15,945)
Gain on contribution of properties to unconsolidated JV	—	—	—	—	(93,498)	—	(95,404)
Impairment of investments in real estate	—	—	—	113,970	12,500	—	12,500
Funds From Operations	\$177,850	\$176,148	\$216,360	\$194,880	\$168,811	\$570,358	\$497,086
Add: Interest and amortization of debt issuance costs on 2029 Debentures	—	—	—	—	—	—	4,725
Funds From Operations - diluted	\$177,850	\$176,148	\$216,360	\$194,880	\$168,811	\$570,358	\$501,811
Weighted-average shares and units outstanding - basic	138,468	138,568	138,407	138,327	138,308	138,481	135,382
Weighted-average shares and units outstanding - diluted (2)	139,192	139,257	138,831	138,757	138,762	139,051	138,217
Funds From Operations per share - basic	\$1.28	\$1.27	\$1.56	\$1.41	\$1.22	\$4.12	\$3.67
Funds From Operations per share - diluted (2)	\$1.28	\$1.26	\$1.56	\$1.40	\$1.22	\$4.10	\$3.63
	Three Months Ended					Nine Months Ended	
Reconciliation of FFO to Core FFO	30-Sep-15	30-Jun-15	31-Mar-15	31-Dec-14	30-Sep-14	30-Sep-15	30-Sep-14
Funds From Operations - diluted	\$177,850	\$176,148	\$216,360	\$194,880	\$168,811	\$570,358	\$501,811

Termination fees and other non-core revenues (3)	(580)	(313)	1,573	(2,584)	(165)	680	(3,085)
Gain on sale of investment	—	—	—	(14,551)	—	—	—
Significant transaction expenses	11,042	3,166	93	323	144	14,301	980
Loss from early extinguishment of debt	—	148	—	—	195	148	780
Change in fair value of contingent consideration (4)	(1,594)	352	(43,034)	(3,991)	(1,465)	(44,276)	(4,102)
Equity in earnings adjustment for non-core items	—	—	—	—	—	—	843
Severance related accrual, equity acceleration, and legal expenses (5)	(3,676)	1,301	1,396	—	—	(979)	12,690
Other non-core expense adjustments (6)	51	(29)	(30)	453	1,588	(8)	2,239
Core Funds From Operations - diluted	\$183,093	\$180,773	\$176,358	\$174,530	\$169,108	\$540,224	\$512,156
Weighted-average shares and units outstanding - diluted (2)	139,192	139,257	138,831	138,757	138,762	139,051	138,217
Core Funds From Operations per share - diluted (2)	\$1.32	\$1.30	\$1.27	\$1.26	\$1.22	\$3.89	\$3.71
(1) Real Estate Related Depreciation & Amortization:							
	Three Months Ended					Nine Months Ended	
	30-Sep-15	30-Jun-15	31-Mar-15	31-Dec-14	30-Sep-14	30-Sep-15	30-Sep-14
Depreciation & amortization per income statement	\$136,974	\$131,524	\$129,073	\$133,327	\$137,474	\$397,571	\$405,186
Non-real estate depreciation	(1,361)	(1,326)	(1,250)	(1,227)	(1,185)	(3,937)	(3,463)
Real Estate Related Depreciation & Amortization	\$135,613	\$130,198	\$127,823	\$132,100	\$136,289	\$393,634	\$401,723

(2) 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. In addition, the 5.50% exchangeable senior debentures due 2029 were exchangeable for 0 and 2,618 common shares on a weighted average basis for the three and nine months ended September 30, 2014, respectively. See above for calculations of diluted FFO available to common stockholders and

unitholders and 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 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.
- (5) Relates to severance and other charges related to the departure of company executives.
- (6) 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.

Consolidated Balance Sheets

Unaudited and in thousands, except share and per share data

	30-Sep-15	30-Jun-15	31-Mar-15	31-Dec-14	30-Sep-14
Assets					
Investments in real estate:					
Real estate	\$9,473,253	\$9,353,820	\$9,146,341	\$9,027,600	\$9,213,833
Construction in progress	570,598	646,012	735,544	809,406	876,494
Land held for future development	133,343	141,294	135,606	145,607	146,390
Investments in Real Estate	\$10,177,194	\$10,141,126	\$10,017,491	\$9,982,613	\$10,236,717
Accumulated depreciation & amortization	(2,137,631)	(2,033,289)	(1,962,966)	(1,874,054)	(1,840,379)
Net Investments in Properties	\$8,039,563	\$8,107,837	\$8,054,525	\$8,108,559	\$8,396,338
Investment in unconsolidated joint ventures	103,703	103,410	103,475	94,729	94,497
Net Investments in Real Estate	\$8,143,266	\$8,211,247	\$8,158,000	\$8,203,288	\$8,490,835
Cash and cash equivalents	22,998	49,989	30,969	34,814	30,927
Accounts and other receivables (1)	157,994	126,734	112,995	135,931	140,463

Deferred rent	475,796	467,262	455,834	447,643	442,358
Acquired above-market leases, net	30,617	33,936	34,757	38,605	42,477
Acquired in-place lease value and deferred leasing costs, net	405,824	424,229	434,917	456,962	461,243
Deferred financing costs, net	29,173	30,203	28,243	30,821	33,761
Restricted cash	12,500	18,557	18,294	18,062	19,587
Assets associated with real estate held for sale	173,461	171,990	81,667	120,471	—
Other assets	49,384	51,862	52,750	40,188	60,356
Total Assets	\$9,501,013	\$9,586,009	\$9,408,426	\$9,526,784	\$9,722,007

Liabilities and Equity

Global unsecured revolving credit facility	\$688,957	\$777,013	\$826,906	\$525,951	\$485,023
Unsecured term loan	938,276	961,098	942,006	976,600	1,002,186
Unsecured senior notes, net of discount	2,816,359	2,856,408	2,672,472	2,791,758	2,835,478
Mortgage loans, net of premiums	304,987	374,307	376,527	378,818	417,042
Accounts payable and other accrued liabilities	513,555	516,232	523,948	605,923	648,314
Accrued dividends and distributions	—	—	—	115,019	—
Acquired below-market leases	88,632	94,312	97,234	104,235	110,708
Security deposits and prepaid rent	107,704	109,005	108,244	108,478	119,696
Liabilities associated with assets held for sale	6,892	7,441	3,228	5,764	—
Total Liabilities	\$5,465,362	\$5,695,816	\$5,550,565	\$5,612,546	\$5,618,447

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	353,300
Series I Cumulative Redeemable Preferred Stock (6)	241,683	—	—	—	—

Common Stock: \$0.01 par value per share, 215,000,000 shares authorized (7)	1,351	1,351	1,350	1,349	1,348
Additional paid-in capital	3,977,945	3,974,398	3,967,846	3,970,438	3,964,876
Dividends in excess of earnings	(1,185,633)	(1,108,701)	(1,110,298)	(1,096,603)	(931,777)
Accumulated other comprehensive (loss) income, net	(87,988)	(67,324)	(91,562)	(45,046)	(20,470)
Total Stockholders' Equity	\$3,995,479	\$3,847,845	\$3,815,457	\$3,878,259	\$4,062,108
Noncontrolling Interests					
Noncontrolling interest in operating partnership	\$33,411	\$35,577	\$35,596	\$29,188	\$34,632
Noncontrolling interest in consolidated joint ventures	6,761	6,771	6,808	6,791	6,820
Total Noncontrolling Interests	\$40,172	\$42,348	\$42,404	\$35,979	\$41,452
Total Equity	\$4,035,651	\$3,890,193	\$3,857,861	\$3,914,238	\$4,103,560
Total Liabilities and Equity	\$9,501,013	\$9,586,009	\$9,408,426	\$9,526,784	\$9,722,007

- (1) Net of allowance for doubtful accounts of \$7,041 and \$6,302 as of September 30, 2015 and December 31, 2014, 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 September 30, 2015 and December 31, 2014, 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 September 30, 2015 and December 31, 2014, 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, 2015 and December 31, 2014, 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 September 30, 2015 and December 31, 2014, respectively.
- (6) Series I Cumulative Redeemable Preferred Stock, 6.350%, \$250,000 and \$0 liquidation preference, respectively (\$25.00 per share), 10,000,000 and 0 shares issued and outstanding as of September 30, 2015 and December 31, 2014, respectively.
- (7) Common Stock: 135,843,684 and 135,626,255 shares issued and outstanding as of September 30, 2015 and December 31, 2014, respectively.

Reconciliation of Earnings Before Interest, Taxes, Depreciation, and Amortization

Unaudited and in thousands

Reconciliation of Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA) (1)	Three Months Ended				
	30-Sep-15	30-Jun-15	31-Mar-15	31-Dec-14	30-Sep-14
Net Income (Loss) Available to Common Stockholders	\$38,522	\$117,055	\$101,728	(\$52,289)	\$109,314
Interest	48,138	46,114	45,466	46,396	48,169
Loss from early extinguishment of debt	—	148	—	—	195
Tax expense	1,754	2,615	1,675	1,201	1,178
Depreciation & amortization	136,974	131,524	129,073	133,327	137,474
Impairment of investments in real estate	—	—	—	113,970	12,500
EBITDA	\$225,388	\$297,456	\$277,942	\$242,605	\$308,830
Change in fair value of contingent consideration	(1,594)	352	(43,034)	(3,991)	(1,465)
Severance related accrual, equity acceleration, and legal expenses	(3,676)	1,301	1,396	—	—
Transactions	11,042	3,166	93	323	144
(Gain) loss on sale of property	207	(76,669)	(17,820)	—	—
Gain on contribution of properties to unconsolidated joint venture	—	—	—	—	(93,498)
Gain on sale of investment	—	—	—	(14,551)	—
Noncontrolling interests	864	2,486	2,142	(961)	2,392
Preferred stock dividends	18,456	18,456	18,455	18,455	18,455
Adjusted EBITDA	\$250,687	\$246,548	\$239,174	\$241,880	\$234,858

(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, 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) gain on sale of investment, (iii) significant transaction expenses, (iv) loss from early extinguishment of debt, (v) change in fair value of contingent consideration, (vi) equity in earnings adjustment for non-core items, (vii) severance accrual, equity acceleration, and legal expenses 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 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.

EBITDA and Adjusted EBITDA:

We believe that earnings before interest expense, income taxes, depreciation and amortization, and impairment of investments in real estate, 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, gain on sale of property, gain on contribution of properties to unconsolidated joint ventures, gain on sale of equity investment, 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, transactions, gain on sale of property, gain on contribution of properties to unconsolidated joint ventures, gain on sale of investment, 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 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 September 30, 2015, GAAP interest expense was \$48 million, capitalized interest was \$2 million and scheduled debt principal payments and preferred dividends was \$21 million.

Reconciliation of Range of 2015 Projected Net Income to Projected FFO (NAREIT-Defined) and Core FFO

	Low	High
Net income available to common stockholders per diluted share	\$2.08	\$2.14
Add:		
Real estate depreciation and amortization and (gain)/loss on sale	\$3.16	\$3.16
Projected FFO per diluted share (NAREIT-Defined)	\$5.24	\$5.30
Adjustments for items that do not represent core expenses and revenue streams	(\$0.12)	(\$0.12)
Projected core FFO per diluted share	\$5.12	\$5.18
Foreign currency translation adjustments	\$0.15	\$0.15
Projected constant - currency core FFO per diluted share	\$5.27	\$5.33

To view the original version on PR Newswire, visit:<http://www.prnewswire.com/news-releases/digital-realty-reports-third-quarter-2015-results-300169054.html>

SOURCE Digital Realty Trust, Inc.