



# Built to Last

DIGITAL REALTY  
3Q16 FINANCIAL RESULTS

OCTOBER 2016



DIGITAL REALTY

# The Next Horizon

## Three-Year Guideposts

### Our Focus

Our philosophy is to deliver superior returns by capitalizing on our core competencies and tailoring them to meet our customers' growing and evolving data center needs

1

#### SUPERIOR RETURNS

Deliver superior risk-adjusted total returns

2

#### CAPITAL ALLOCATION

Prudently allocate capital to opportunistically extend global campus footprint

3

#### PRODUCT OFFERINGS

Drive higher returns on the asset base by diversifying product offerings

4

#### OPERATING EFFICIENCIES

Achieve operating efficiencies to accelerate growth in cash flow and value per share



# Expanding the Global Footprint

## Building Scale in London, Amsterdam and Frankfurt

### AMSTERDAM

#### Amstel Business Park

Total MW 6.7  
Total S.F. 31,823  
Occupancy: 89.3%



#### Amsterdam Science Park

Total MW 4.7  
Total S.F. 44,449  
Occupancy: 65.3%



### FRANKFURT

#### Lyonerstrasse

Total MW 3.9  
Total S.F. 47,641  
Occupancy: 55.9%



### LONDON

#### Sovereign House

Total MW 4.8  
Total S.F. 64,100  
Occupancy: 75.7%



#### Bonnington House

Total MW 0.6  
Total S.F. 14,078  
Occupancy: 100%



#### Meridian Gate

Total MW 1.4  
Total S.F. 17,943  
Occupancy: 73.3%



#### West Drayton

Total MW 2.9  
Total S.F. 58,200  
Occupancy: 47.8%



#### Oliver's Yard

Total MW 2.4  
Total S.F. 37,634  
Occupancy: 57.9%



Premium assets with strong interconnection growth and colocation lease-up potential in three strategically important locations

### Significant Presence in Top Three European Data Center Markets



650+ diversified clients

Note: As of September 30, 2016. We acquired leasehold interests in seven of the eight properties. The weighted-average remaining lease term of the leased properties is approximately 23 years. We acquired a fee interest in the Amstel Business Park property.

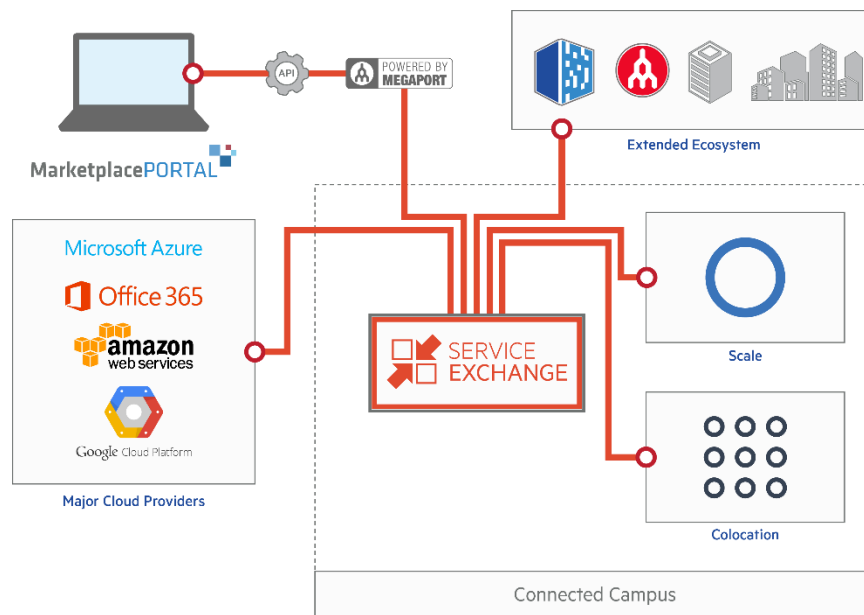
# Diversifying Product Offerings

## Facilitating Secure Connections to Multiple Service Providers

### SERVICE EXCHANGE

A software-defined network (SDN) that allows a customer to establish direct, private connections to multiple cloud service providers, other participants of the platform, and other data centers on the connected network from a single interface.

- 1 The underlying platform of Service Exchange is provided by Megaport, a leader in SDN-enabled interconnection solutions, based in Australia.
- 2 Digital Realty leverages the full breadth of the Megaport global platform capabilities via Megaport's API infrastructure and has built enhanced features including physical redundancy and integrated reporting, only available within Digital Realty data centers.



### Service Exchange Markets



**Available**  
(Nov2016)

Ashburn  
Atlanta  
Chicago  
Dallas  
Los Angeles  
New York  
San Francisco  
Seattle



**Planned**  
(thru 2017)

Amsterdam  
Dublin  
London  
Miami  
Phoenix  
Portland  
Singapore



**Additional Markets**  
supported by Megaport (thru 4Q2016)

Athens  
Auckland  
Berlin  
Brisbane  
Bucharest  
Düsseldorf  
Frankfurt  
Hamburg  
Hong Kong  
Kiev  
Las Vegas  
Luxembourg  
Melbourne  
Moscow  
Munich  
Perth  
Skopje  
Sofia  
Stockholm  
Sydney  
Toronto  
Vienna

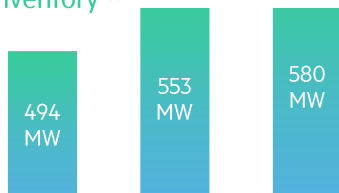
# Data Center Supply in Perspective

## The Fundamentals Glass is Still Half-Full

### Demand Outpacing Supply in Top-Tier Data Center Markets

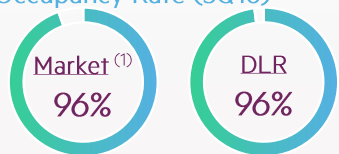
#### NORTHERN VIRGINIA

Inventory <sup>(1)</sup>



1Q16 2Q16 3Q16

Occupancy Rate (3Q16)



LTM Digital Realty Deliveries



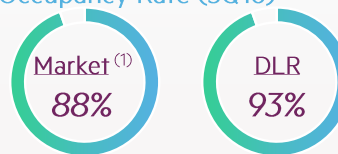
#### DALLAS

Inventory <sup>(1)</sup>



1Q16 2Q16 3Q16

Occupancy Rate (3Q16)



LTM Digital Realty Deliveries



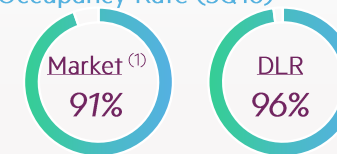
#### CHICAGO

Inventory <sup>(1)</sup>



1Q16 2Q16 3Q16

Occupancy Rate (3Q16)



LTM Digital Realty Deliveries



#### National Metro Areas

Construction concentrated in metro areas characterized by robust leasing velocity and high visibility of demand

#### Healthy Occupancy Rates

Tight market vacancy rates; recent deliveries likewise largely leased

#### LTM Absorption Outpacing Construction <sup>(2)</sup>

2015 market absorption = 2-3x current construction pipelines

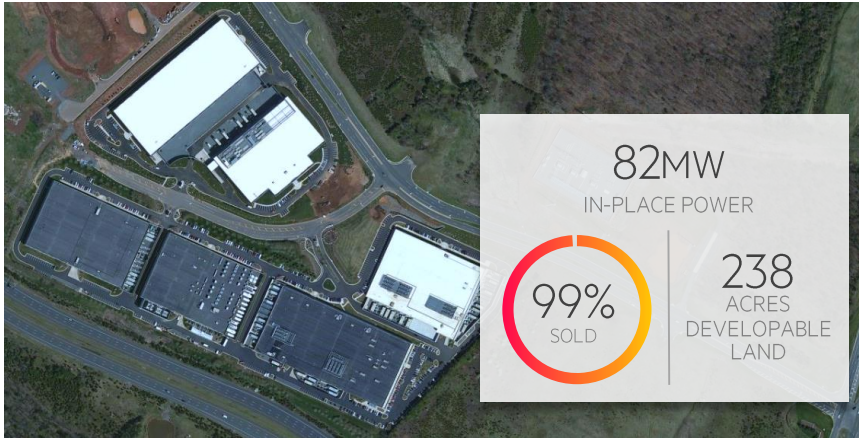
Source: Digital Realty internal estimates and datacenterHawk

1) Per datacenterHawk. Excludes owner-occupied data centers.

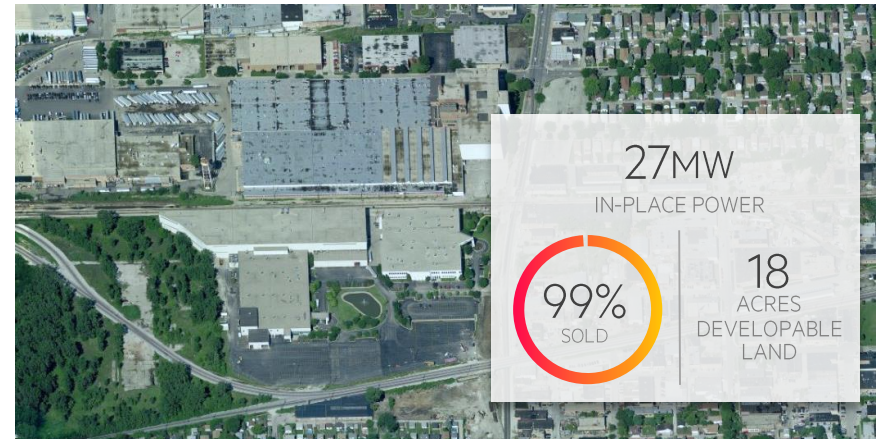
2) Calculated as 2015 market absorption divided by current data center construction.

# Securing Our Supply Chain Future-Proofing Our Customers' Expansion Needs

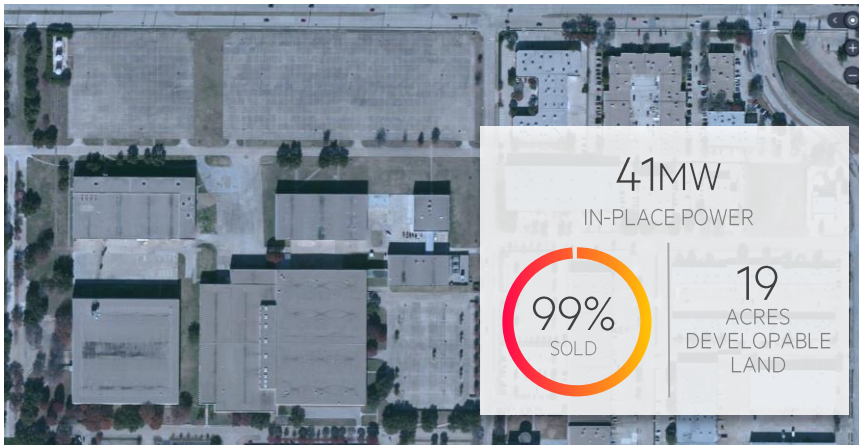
NORTHERN VIRGINIA: ASHBURN



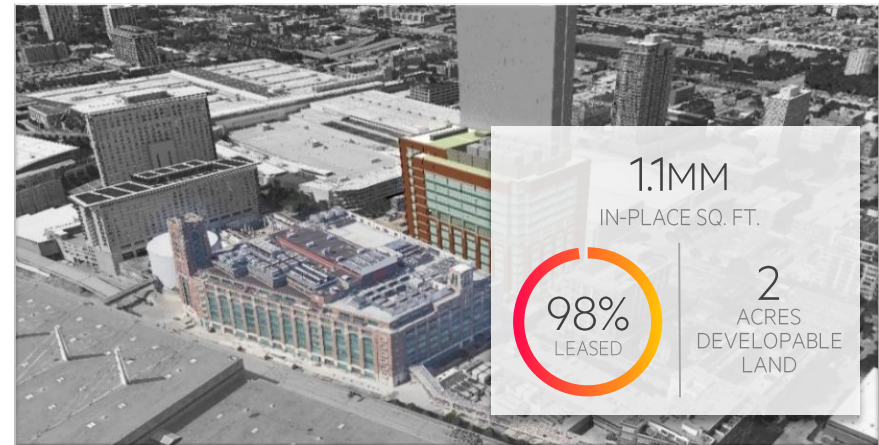
CHICAGO: FRANKLIN PARK



DALLAS: RICHARDSON



CHICAGO: CERMAK



# Uncertain Global Economic Growth Outlook

## Data Center Demand Drivers Remain a Bright Spot

	<u>2Q16 Call</u> July 28, 2016	<u>CURRENT</u> October 25, 2016	Better/ Worse	<u>2017E</u>	<u>2018E</u>	
MACROECONOMIC	Global GDP Growth Forecast <sup>(1)</sup>	2017E: 3.2%	2017E: 3.2%	◀▶	3.2%	3.3%
	U.S. GDP Growth Forecast <sup>(1)</sup>	2017E: 2.2%	2017E: 2.1%	▼	2.1%	2.1%
	U.S. Unemployment Rate <sup>(2)</sup>	4.9%	5.0%	▲	4.7%	4.6%
	Inflation Rate – U.S. Annual CPI Index <sup>(2)</sup>	1.0%	1.5%	▲	2.2%	2.2%
	Crude Oil (\$/barrel) <sup>(3)</sup>	\$41	\$50	▲	\$54	\$60
INTEREST RATES	Control of White House, Senate and HoR <sup>(4)</sup>	D,R,R	D,D,R	▼	D,D,R	D,D,R
	Three-Month Libor (USD) <sup>(2)</sup>	0.8%	0.9%	▲	1.4%	n/a
	10-Yr U.S. Treasury Yield (2)	1.5%	1.8%	▲	2.1%	n/a
	GBP-USD (2)	1.32	1.22	▼	1.27	1.32
	EUR-USD (2)	1.11	1.09	▼	1.10	1.15
EQUITY MARKETS	S&P 500 <sup>(2)</sup>	2,170 (YTD 7.5%); P/E: 20.4x	2,143 (YTD 6.7%); P/E: 20.1x	▼	18.1x	16.1x
	NASDAQ 100 <sup>(2)</sup>	4,721 (YTD 3.5%); P/E: 23.5x	4,891 (YTD 7.6%); P/E: 24.6x	▲	19.6x	17.3x
	RMZ <sup>(2)(5)</sup>	1,260 (YTD 16.9%); P/FFO: 17.8x	1,149 (YTD 7.7%); P/FFO: 16.5x	▼	16.5x	15.5x
INDUSTRY	IT Spending Growth Worldwide <sup>(6)</sup>	2017E: 2.6%	2017E: 2.7%	▲	2.7%	2.6%
	Server Shipment Worldwide <sup>(7)</sup>	2017E: 4.2%	2017E: 3.7%	▼	3.7%	2.6%
	Global Data Center to Data Center IP Traffic <sup>(8)</sup>	31% CAGR 2014 - 2019E	31% CAGR 2014 - 2019E	◀▶	31% CAGR 2014 - 2019E	
	Global Cloud IP Traffic <sup>(8)</sup>	33% CAGR 2014 - 2019E	33% CAGR 2014 - 2019E	◀▶	33% CAGR 2014 - 2019E	

1) IMF World Economic Outlook – October 2016.

2) Bloomberg – October 2016.

3) Bloomberg, NY Mercantile Exchange WTI Crude Oil (Front Month).

4) Nate Silver FiveThirtyEight.com – October 2016.

5) Citi Investment Research – July 2016 and October 2016.

6) Gartner: IT Spending, Worldwide, Constant Currency, 2Q16 / July 2016 and 3Q16 / October 2016.

7) Gartner: Servers Forecast Worldwide, 2Q16 / July 2016 and 3Q16 / October 2016.

8) Cisco Global Cloud Index: Forecast and Methodology, 2014-2019 – October 2015.

# FINANCIAL RESULTS



DIGITAL REALTY

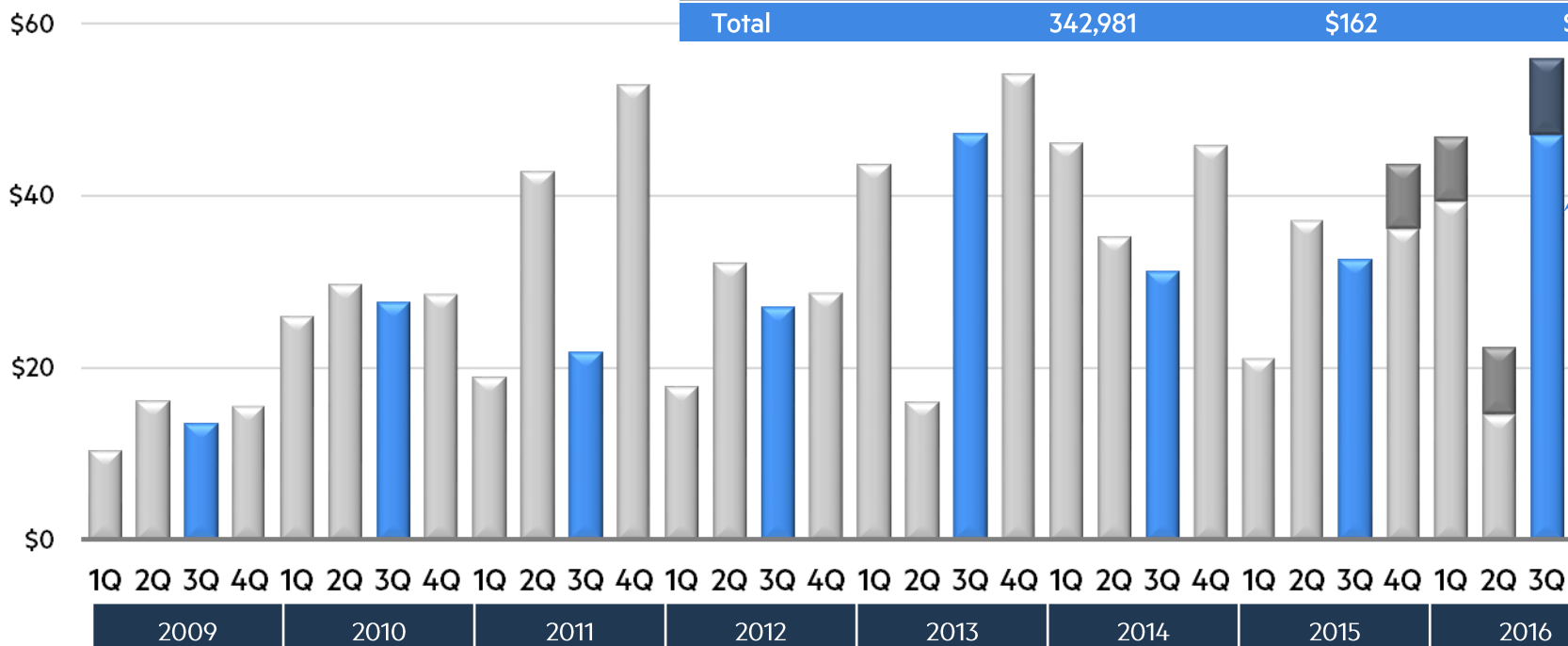
# Robust Long-Term Demand

## Diverse Customer Base + Product Offerings

Historical Lease Signings  
Annualized GAAP Base Rent <sup>(2)</sup>

Product Type	Total s.f. Signed <sup>(1)</sup>	Annualized GAAP Base Rent / s.f. <sup>(2)</sup>	Annualized GAAP Base Rent <sup>(2)</sup>
Turn-Key Flex <sup>®</sup>	250,404	\$149	\$37.2 million
Powered Base Building <sup>®</sup>	10,230	\$44	\$0.4 million
Colocation	25,637	\$300	\$7.7 million
Non-Technical	56,710	\$18	\$1.0 million
Interconnection	-	-	\$9.1 million
<b>Total</b>	<b>342,981</b>	<b>\$162</b>	<b>\$55.4 million</b>

\$ in millions



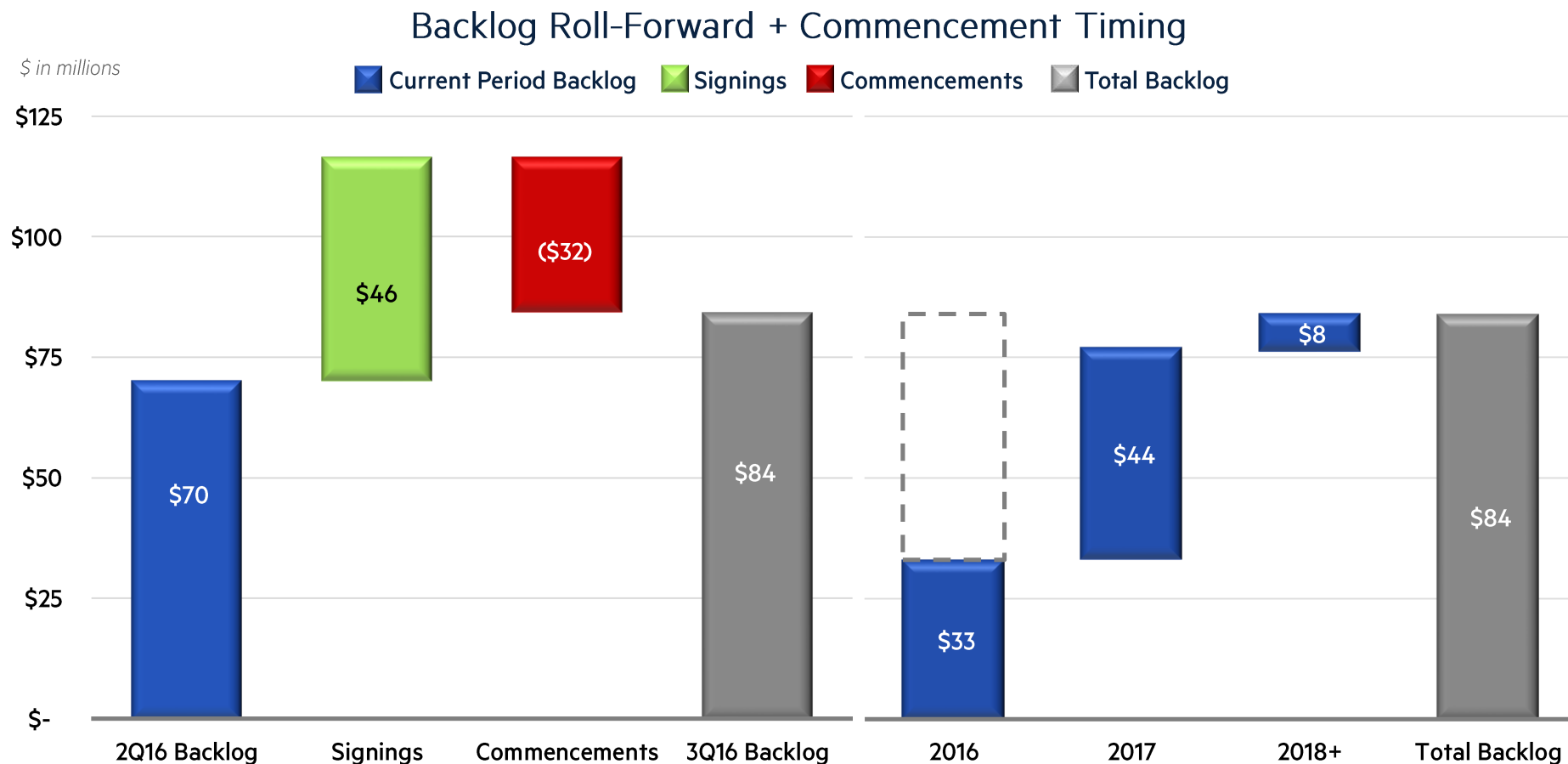
Note: Darker shading represents interconnection signings.

1) Includes signings for new and re-leased space.

2) GAAP rental revenues include total rent for new leases and expansions. The timing between lease signing and lease commencement (and receipt of rents) may be significant.



# Healthy Backlog Sets a Solid Foundation Front-End-Loaded Commencement Schedule



Note: Amounts shown represent GAAP annualized base rent from signed, but not yet commenced, leases and are based on current estimates of future lease commencement timing. Actual results may vary from current estimates. The lag between lease signing and lease commencement (and receipt of rents) may be significant. Expected commencement date at time of signing.

# Cycling Through Peak Vintage Renewals

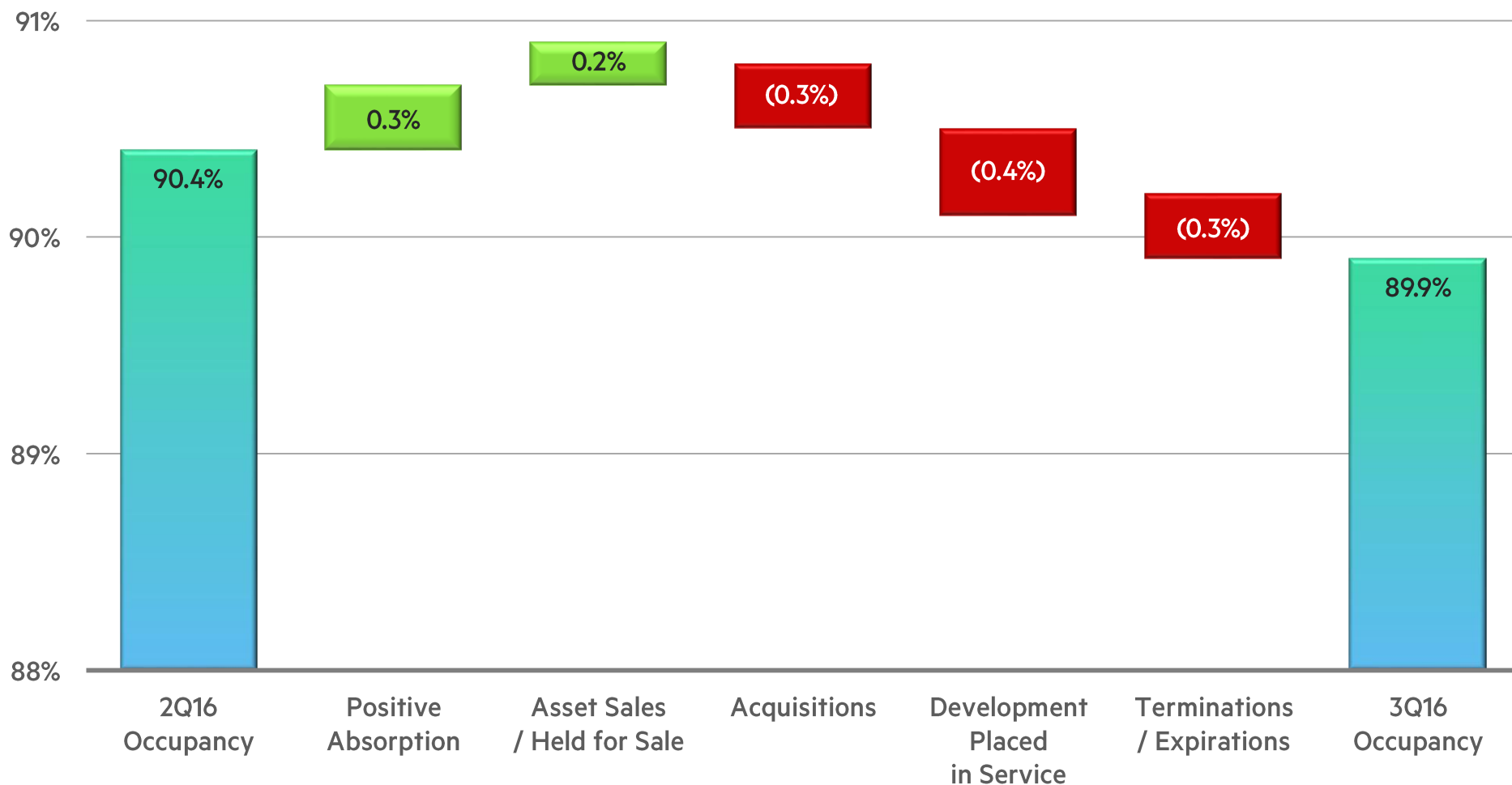
## Mark-to-Market Mostly Positive

		Re-Leasing Spreads	
		Cash	GAAP
<b>Turn-Key Flex<sup>®</sup></b>	<ul style="list-style-type: none"> <li>Renewed 66,855 square feet of Turn-Key Flex<sup>®</sup> data centers at a rental rate decrease of 9% on a cash basis and decrease of 7% on a GAAP basis</li> </ul>	(9%)	(7%)
<b>Powered Base Building<sup>®</sup></b>	<ul style="list-style-type: none"> <li>Renewed 46,296 square feet of Powered Base Building<sup>®</sup> data centers at a rental rate increase of 7% on a cash basis and a 35% increase on a GAAP basis</li> </ul>	7%	35%
<b>Colocation</b>	<ul style="list-style-type: none"> <li>Renewed 84,392 square feet of colocation space at a rental rate increase of 4% on a cash basis and increase of 4% on a GAAP basis</li> </ul>	4%	4%
<b>Total Data Center</b>	<ul style="list-style-type: none"> <li>Signed renewal leases representing \$40 million of annualized GAAP rental revenue</li> <li>Rental rates were up on a cash basis by 1% and increased by 3% on a GAAP basis for total data center space</li> </ul>	1%	3%

Note: Total Data Center represents Turn-Key Flex<sup>®</sup>, Powered Base Building<sup>®</sup>, and Colocation leases signed during the quarter ended September 30, 2016.

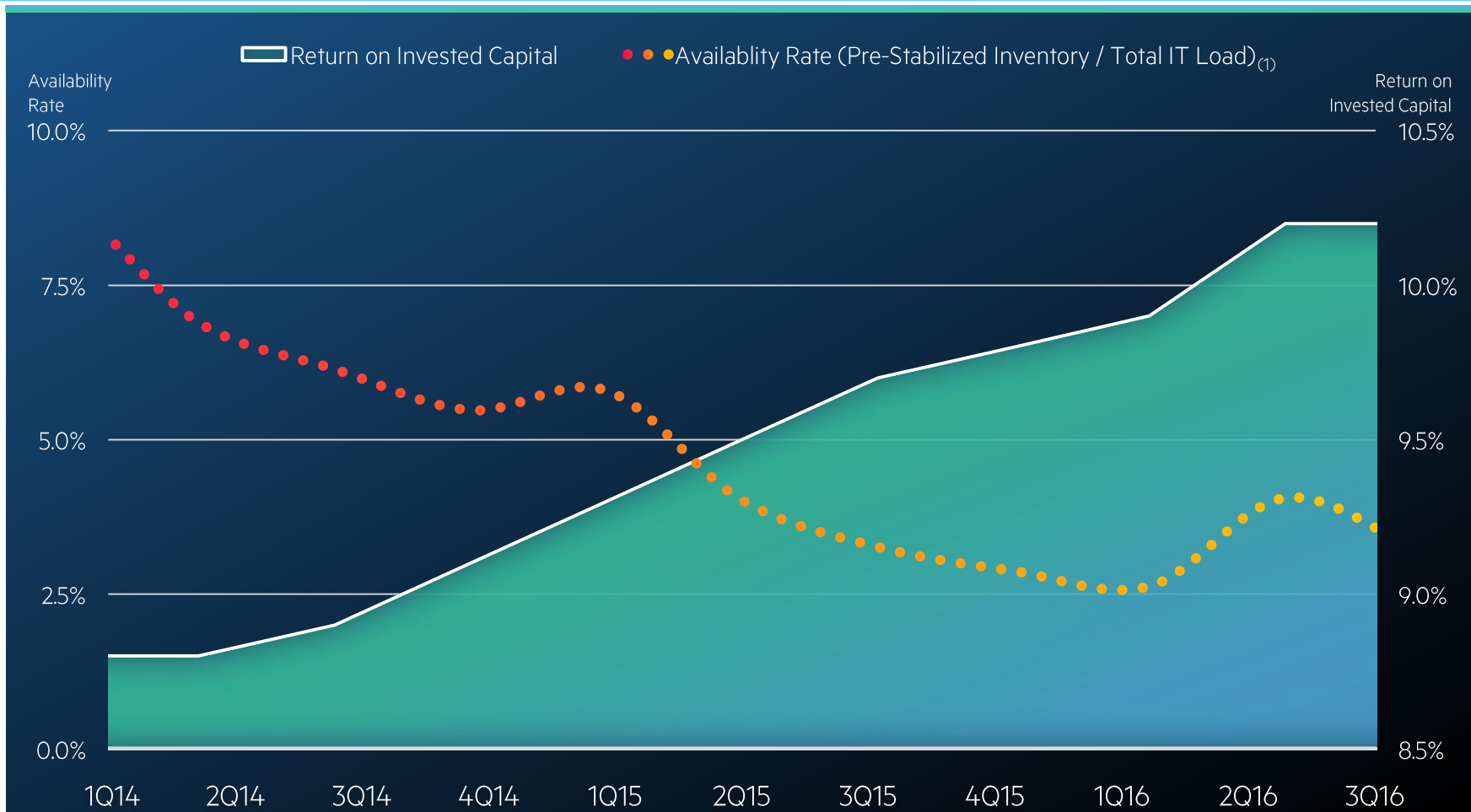


# External Growth Activities Add Under-Utilized Capacity Setting the Stage for Embedded Growth Upside Potential



# Inventory Utilization a More Meaningful Measure

## Significant Improvement in Return on Invested Capital

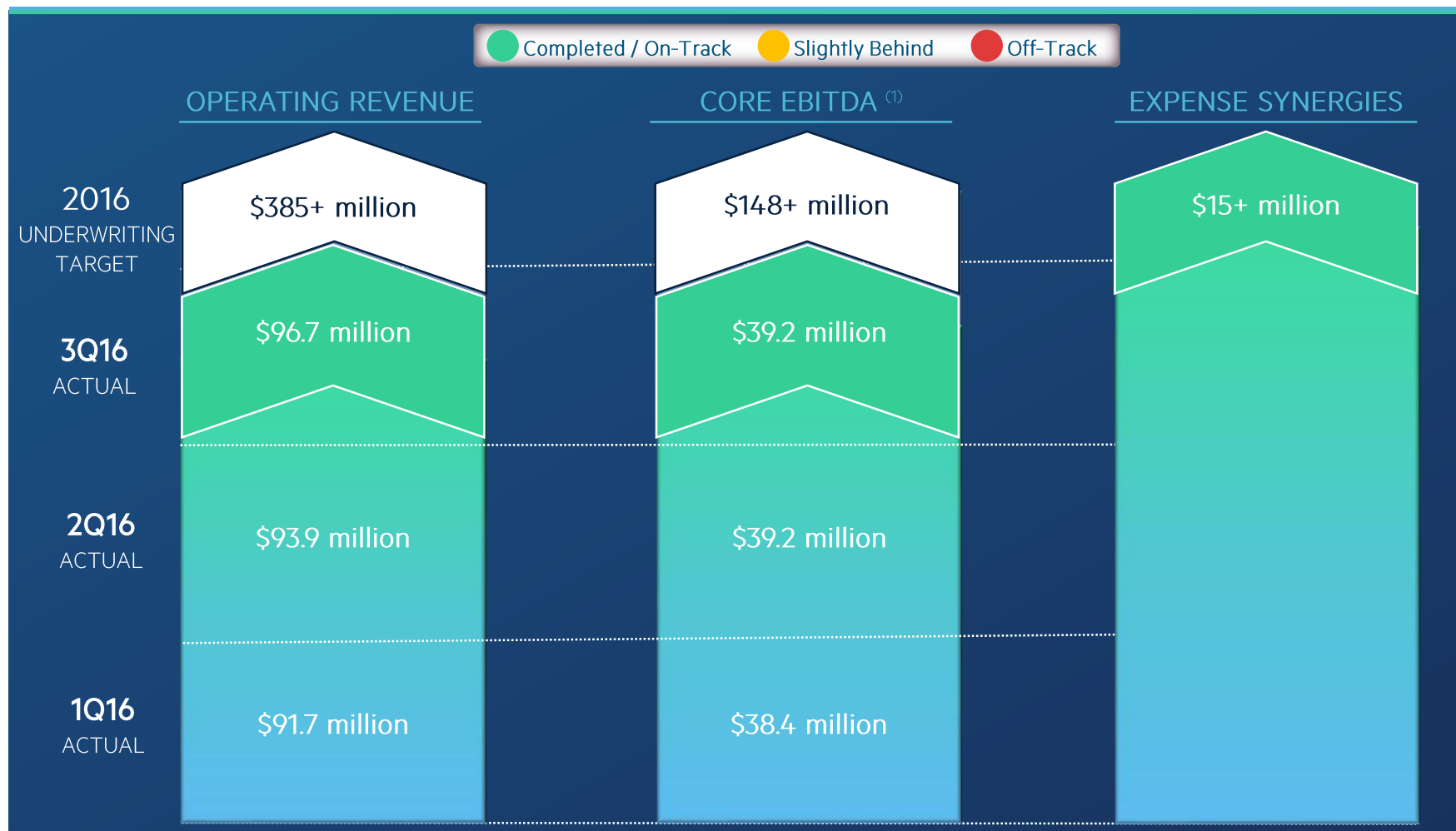


1) Return on Invested Capital ROIC is defined as cash NOI divided by Adjusted Investments in Real Estate. Adjusted Investments in Real Estate includes the acquired value of assets and companies allocated to intangibles on the balance sheet plus an add back for impairment charges and held for sale assets, if applicable. Cash NOI is a non-GAAP measure. For a description please see the Appendix.



# M&A Scorecard

## On Track to Meet or Exceed Key 2016 Financial Targets

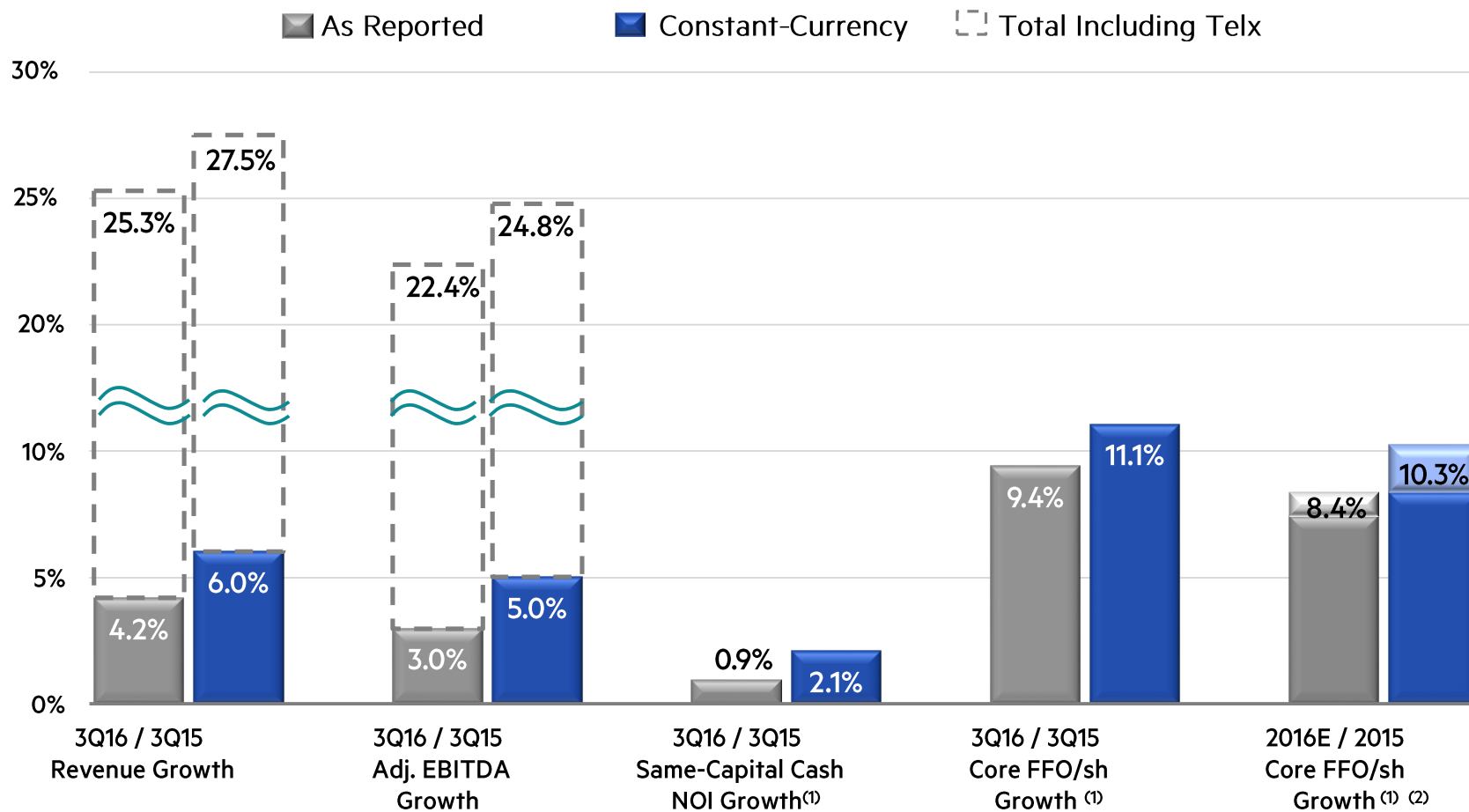


1) Represents Telx EBITDA adjusted for non-cash rent expense and non-cash compensation. Excludes synergies. For a definition of Core EBITDA and a reconciliation to net income (loss), please see the Appendix.



# Constant-Currency Growth

## FX Represents ~ 100-200 bps Drag on Reported Results



Note: Constant-currency, Adjusted EBITDA, same-capital cash NOI and core FFO are non-GAAP financial measures. For a description of these measures, see the Appendix.

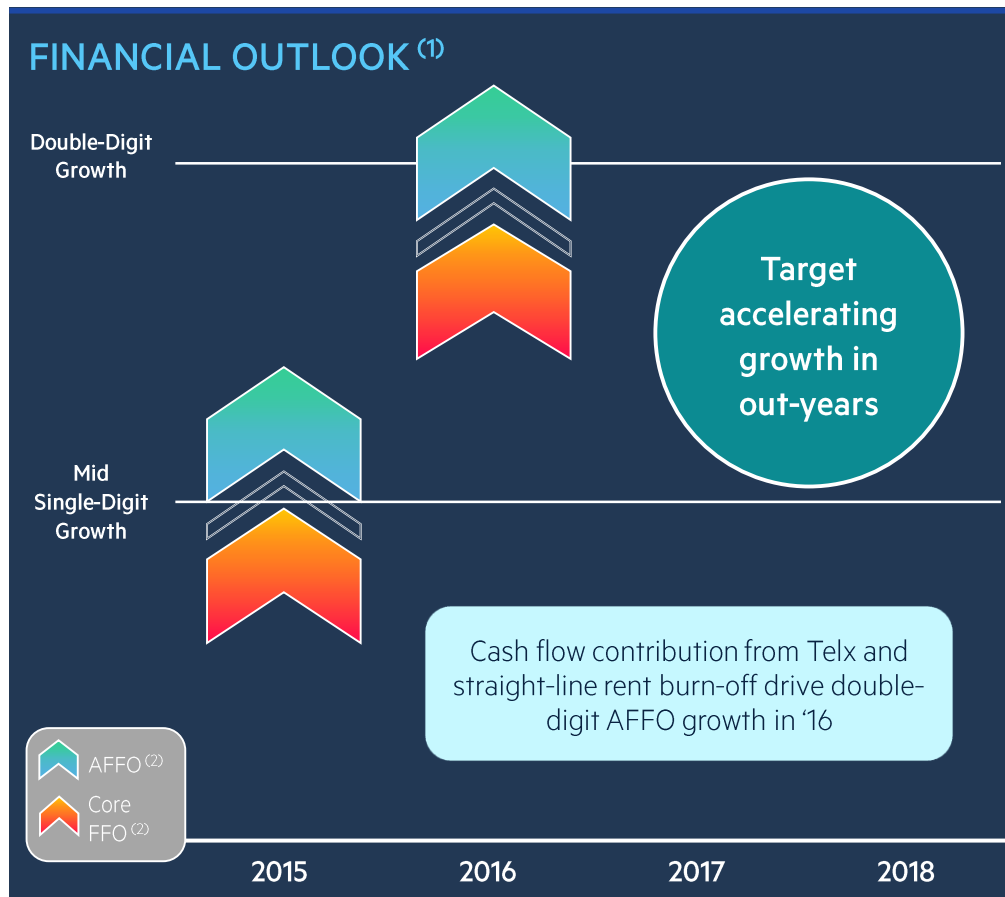
1) Net income for the quarter ended September 30, 2016 was \$187 million. Net income for the quarter ended September 30, 2015 was \$39 million.

2) The lighter shaded sections represent the core FFO and constant-currency core FFO per share guidance ranges. The midpoints of 2016 core FFO and constant-currency core FFO reflect 8.4% and 10.3% growth over 2015 results, respectively.

# Cash Flow Poised to Outpace Earnings

## Steady, Improving and High-Quality Growth

### Low Volatility, High Quality of Earnings, Accelerating Growth Profile



#### Accelerating Growth from Multiple Drivers

##### PRICE INCREASES

Contractual bumps and improving rent growth

##### LEASE-UP

Opportunity to generate upside from vacancy, particularly legacy Telx and European Acquisition Portfolio facilities

##### DEVELOPMENT

Delivery and stabilization of value-creating pipeline

##### INTERCONNECTION

High-growth and high-margin business fundamentals

##### MARGIN EXPANSION

Lease-up, efficiencies and stabilization

##### SYNERGIES

Acquisition-related expense synergies, longer-term revenue synergy upside potential

1) Forecasts are based on current estimates; actual results may vary from current estimates.

2) Core FFO and AFFO are non-GAAP financial measures. Please see Appendix for definitions of Core FFO and AFFO and reconciliations to their closest GAAP equivalent.

# Second Half 2016 Sources & Uses

## One-Way Draw-Down

(\$ in billions)

Sources			Uses		
<input checked="" type="checkbox"/>	Forward Equity Offering	\$1.1 Bn	European Portfolio Acquisition	\$0.9 Bn	<input checked="" type="checkbox"/>
<input type="checkbox"/>	Underwriters' Over-Allotment Option	\$0.2 Bn	Mortgage Debt Maturities	\$0.2 Bn	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Four-Property Portfolio Sale	\$0.1 Bn	Preferred Equity Redemption	\$0.3 Bn	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>	Paris Property Sale	\$0.2 Bn	Additional Investment Activity + GCP	\$0.2 Bn	<input checked="" type="checkbox"/>
<b>Total</b>		<b>\$1.6 Bn</b>	<b>Total</b>	<b>\$1.6 Bn</b>	

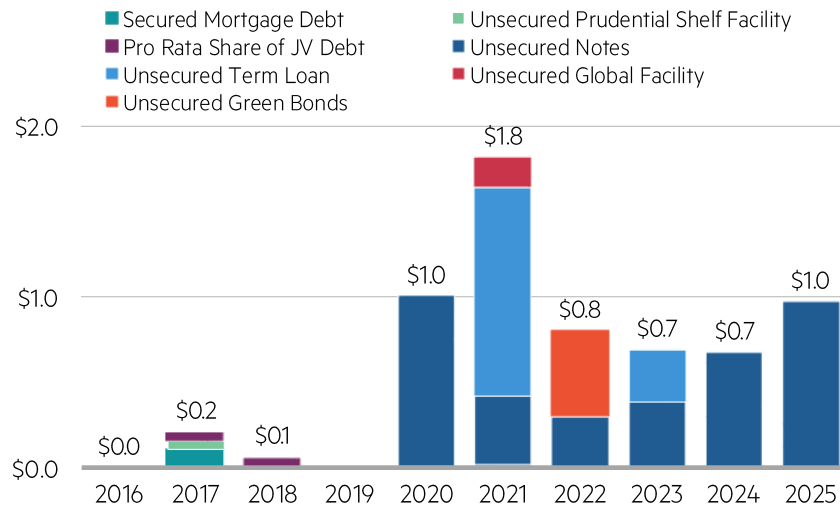
Note: Figures represent company estimates and projections as of September 30, 2016. Actual results may vary materially.



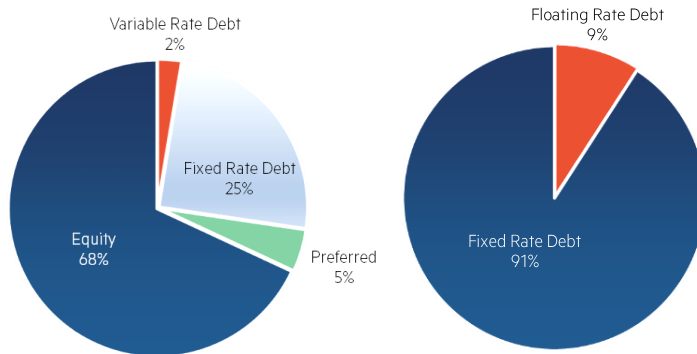
# Putting Exposure in Perspective

## Benefits of Diversification and Scale on Display

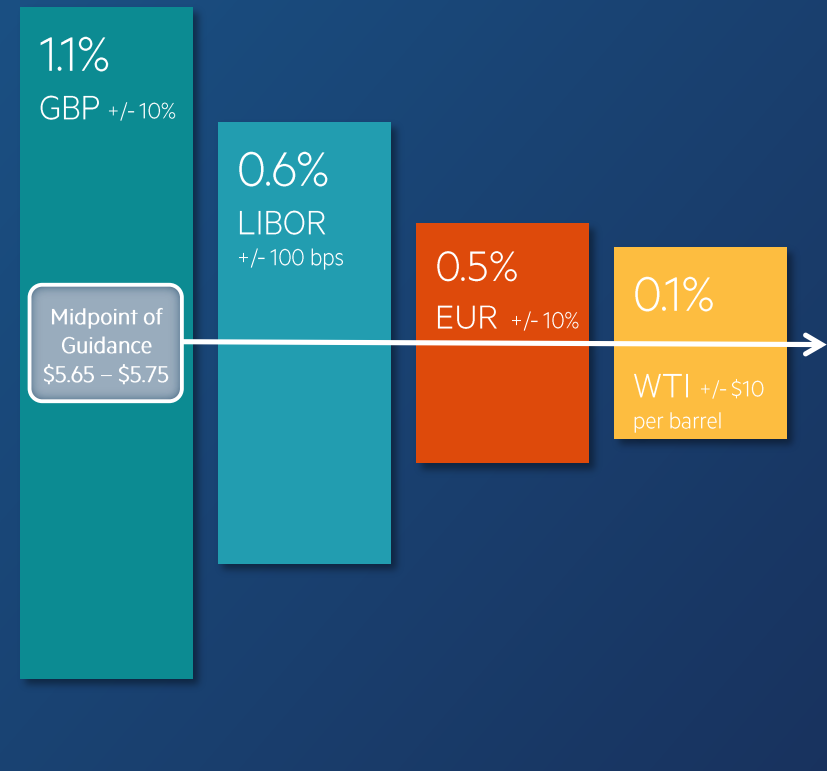
### DEBT MATURITY SCHEDULE (\$ in billions)



### CURRENT CAPITAL STRUCTURE (1)



### CURRENCY / FLOATING RATE EXPOSURE (2)



1) As of September 30, 2016, except where noted. Based on DLR closing stock price of \$96.01 on October 20, 2016. Includes Digital Realty's pro rata share of unconsolidated joint venture debt.

2) Based on the midpoint of 2016 core FFO per share guidance of \$5.65 - \$5.75.

# Consistent Execution on Strategic Vision

## Delivering Current Results, Seeding Future Growth

### Successful 3Q16 Initiatives



#### EXTENDING GLOBAL FOOTPRINT

Closed strategic European portfolio acquisition



#### ENHANCING PRODUCT OFFERINGS

Announced Launch of the Service Exchange



#### DELIVERING DOUBLE-DIGIT AFFO GROWTH

Quality of earnings improving, growth in cash flow accelerating



#### STRENGTHENING THE BALANCE SHEET

Generated more than \$1.6 billion in proceeds from forward equity offering and asset sales

# APPENDIX



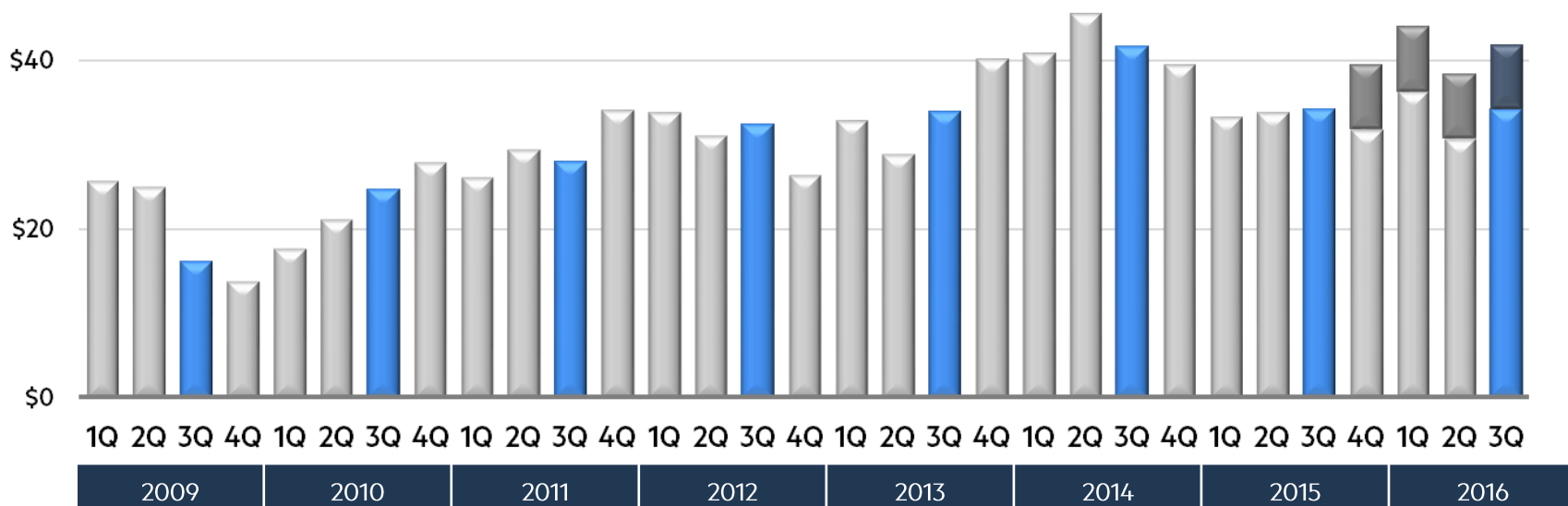
DIGITAL REALTY

# Robust Long-Term Demand, Lumpy Near-Term Signings

## Diverse Customer Base + Product Offerings

Historical Lease Signings  
Trailing Four-Quarter Average  
Annualized GAAP Base Rent <sup>(2)</sup>

\$ in millions  
\$60



Product Type	Total s.f. Signed (1)	Annualized GAAP Base Rent / s.f. (2)	Annualized GAAP Base Rent (2)
Turn-Key Flex®	152,185	\$187	\$26.5 million
Powered Base Building®	3,450	\$54	\$0.4 million
Colocation	24,752	\$270	\$6.7 million
Non-Technical	29,400	\$29	\$0.6 million
Interconnection			\$7.8 million
<b>Total</b>	<b>208,934</b>	<b>\$176</b>	<b>\$41.9 million</b>

1) Includes signings for new and re-leased space.

2) GAAP rental revenues include total rent for new lease and expansions. The timing between lease signing and lease commencement (and receipt of rents) may be significant.

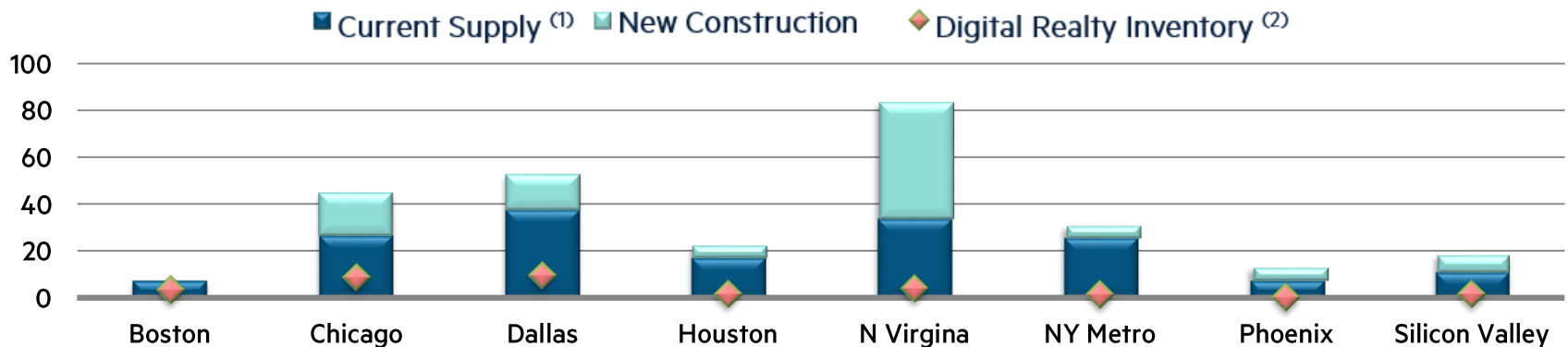
3) Trailing Four-Quarter Average

# U.S. Major Metro Area Data Center Supply<sup>(1)</sup>

## Supply Largely Concentrated in Most Active Metro Areas

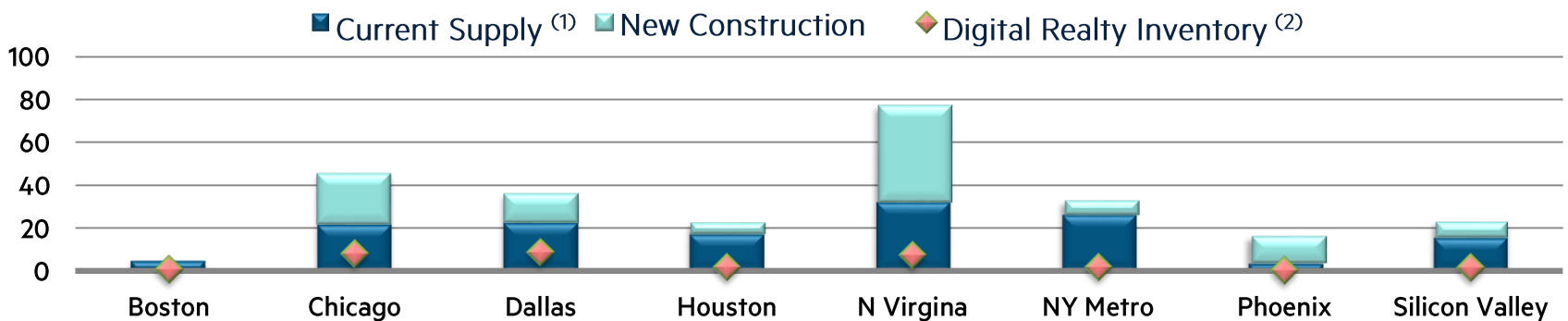
in megawatts

3Q16



in megawatts

2Q16



1) Reflects management's estimates of available supply, including sub-lease availability.

2) Represents Digital Realty's available finished data center space and available active data center construction.



# Appendix

The information included in this presentation contains certain non-GAAP financial measures that management believes are helpful in understanding our business, as further described below. Our definition and calculation of non-GAAP financial measures may differ from those of other REITs, and, therefore, may not be comparable. The non-GAAP financial measures should not be considered an alternative to net income or any other GAAP measurement of performance and should not be considered an alternative to cash flows from operating, investing or financing activities as a measure of liquidity.

## **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 (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 expenses, (iii) loss from early extinguishment of debt, (iv) costs on redemption of preferred stock, (v) change in fair value of contingent consideration, (vi) severance-related expense, equity acceleration, and legal expenses, (vii) bridge facility fees, (viii) loss on currency forwards and (ix) 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) deferred 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.



# Appendix

## **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 expense, equity acceleration, and legal expenses, transaction expenses, gain (loss) on sale of property, gain on settlement of pre-existing relationship with Telx, loss on currency forwards, 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 expense, equity acceleration, and legal expenses, transaction expenses, gain (loss) on sale of property, gain on settlement of pre-existing relationship with Telx, loss on currency forwards, other non-core expense adjustments, noncontrolling interests, preferred stock 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; 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.

## **Core EBITDA**

Core EBITDA is a non-GAAP financial metric that Telx uses as a supplemental measure of its operating performance that adjusts net loss to eliminate the impact of certain items that it does not consider indicative of its core operating performance. We believe that Core EBITDA is a useful supplemental performance measure because it allows investors to view Telx's performance without the impact of noncash depreciation and amortization, the cost of debt, deferred rent expenses, stock-based compensation expenses, sponsor management fees and transaction costs. Other companies may calculate Core EBITDA or similar metrics differently; accordingly, the Core EBITDA presented herein may not be comparable to other companies' Core EBITDA or similar metrics.

## **NET OPERATING INCOME (NOI) AND CASH NOI**

Net Operating Income (NOI) and Cash NOI: Net operating income, or NOI, represents rental revenue, interconnection and other 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, net, 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.

## **SAME-CAPITAL CASH NOI**

Same-capital Cash NOI is Cash NOI (as defined above) calculated for "Same-capital" properties. "Same-capital" properties are defined as properties owned as of December 31, 2014 with less than 5% of total rentable square feet under development and 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.



# Forward-Looking Statements

The information included in this presentation contains forward-looking statements. Such statements are based on management's beliefs and assumptions made based on information currently available to management. Such forward-looking statements include statements relating to: our economic outlook; opportunities and strategies, including ROIC, recycling assets and capital, and sources of growth; the expected effect of foreign currency translation adjustments on our financials; business drivers; sources and uses; our expected development plans and completions, including timing, total square footage, IT capacity and raised floor space upon completion; expected availability for leasing efforts, sales incentive program, mid-market and colocation initiatives; organizational initiatives; our expected product offerings; joint venture opportunities; occupancy and total investment; our expected investment in our properties; our estimated time to stabilization and targeted returns at stabilization of our properties; our expected future acquisitions; acquisitions strategy; available inventory and development strategy; the signing and commencement of leases, and related rental revenue; lag between signing and commencement of leases; our expected same store portfolio growth; our expected growth and stabilization of development completions and acquisitions; our expected mark-to-market rates on lease expirations, lease rollovers and expected rental rate changes; our expected yields on investments; our expectations with respect to capital investments at lease expiration on existing Turn-Key Flex space; barriers to entry; competition; debt maturities; lease maturities; our expected returns on invested capital; estimated absorption rates; our other expected future financial and other results, and the assumptions underlying such results; our top investment markets and market opportunities; our ability to access the capital markets; expected time and cost savings to our customers; our customers' capital investments; our plans and intentions; future data center utilization, utilization rates, growth rates, trends, supply and demand, and demand drivers; datacenter outsourcing trends; datacenter expansion plans; estimated kW/MW requirements; growth in the overall Internet infrastructure sector and segments thereof; the replacement cost of our assets; the development costs of our buildings, and lead times; estimated costs for customers to deploy or migrate to a new data center; capital expenditures; the effect new leases and increases in rental rates will have on our rental revenues and results of operations; lease expiration rates; our ability to borrow funds under our credit facilities; estimates of the value of our development portfolio; our ability to meet our liquidity needs, including the ability to raise additional capital; the settlement of our forward sales agreements; credit ratings; capitalization rates, or cap rates, potential new markets; the expected impact of our global expansion; dividend payments and our dividend policy; projected financial information and covenant metrics; annualized; other forward-looking financial data; leasing expectations; our exposure to tenants in certain industries; our expectations and underlying assumptions regarding our sensitivity to fluctuations in foreign exchange rates and energy prices; and the sufficiency of our capital to fund future requirements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and discussions which do not relate solely to historical matters. Such statements are subject to risks, uncertainties and assumptions, are not guarantees of future performance and may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control that may cause actual results to vary materially. Some of the 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 for 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. The risks described above are not exhaustive, and additional factors could adversely affect our business and financial performance, including those discussed in our annual report on Form 10-K for the year ended December 31, 2015, as amended, and subsequent filings with the Securities and Exchange Commission. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise.



# Reconciliation of Non-GAAP Items To Their Closest GAAP Equivalent

## Reconciliation of Telx Core EBITDA

(unaudited)  
(in thousands)

	<b>Three Months Ended September 30, 2016</b>
Net Loss	(\$3,111)
Income Tax Expense (Benefit)	279
Interest Expense, net	553
Depreciation & Amortization	34,230
<b>EBITDA</b>	<b>\$31,951</b>
Plus: Non-Cash Rent	8,149
Plus: Non-Cash Compensation	323
Plus: Transaction Expenses and Other	1,294
Less: Synergies	(2,489)
<b>Core EBITDA</b>	<b>\$39,228</b>





# Reconciliation of Non-GAAP Items To Their Closest GAAP Equivalent

## Digital Realty Trust, Inc. and Subsidiaries

### Reconciliation of Funds From Operations (FFO) to Core Funds From Operations (CFFO)

(in thousands, except per share and unit data)

(unaudited)

	Three Months Ended		Nine Months Ended		Year Ended
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	December 31, 2015
FFO available to common stockholders and unitholders -- diluted	\$ 199,496	\$ 177,849	\$ 612,285	\$ 570,358	\$ 687,895
Termination fees and other non-core revenues <sup>(3)</sup>	(2)	(580)	(93)	680	680
Significant transaction expenses	6,015	11,042	11,530	14,301	17,400
Loss from early extinguishment of debt	18	-	982	148	148
Costs on redemption of preferred stock	10,328	-	10,328	-	-
Change in fair value of contingent consideration <sup>(4)</sup>	-	(1,594)	-	(44,276)	(44,276)
Severance accrual and equity acceleration <sup>(5)</sup>	2,580	(3,676)	5,536	(979)	5,146
Loss on currency forwards	-	-	3,082	-	-
Bridge facility fees	-	-	-	-	3,903
Other non-core expense adjustments <sup>(6)</sup>	(22)	51	(23)	(8)	75,261
CFFO available to common stockholders and unitholders -- diluted	\$ 218,413	\$ 183,092	\$ 643,627	\$ 540,224	\$ 746,157
Diluted CFFO per share and unit	\$ 1.44	\$ 1.32	\$ 4.29	\$ 3.89	\$ 5.26

(3) Includes one-time fees, proceeds and certain other adjustments that are not core to our business.

(4) Relates to earn-out contingency in connection with Sentrum Portfolio acquisition.

(5) Relates to severance charges related to the departure of company executives.

(6) Includes reversal of accruals and certain other adjustments that are not core to our business.



# Reconciliation of Non-GAAP Items To Their Closest GAAP Equivalent

## Digital Realty Trust, Inc. and Subsidiaries

Reconciliation of Net Income Available to Common Stockholders to Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA  
(in thousands)  
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Net income (loss) available to common stockholders	\$ 187,330	\$ 38,522	\$ 254,406	\$ 257,305
Interest	63,084	48,138	180,254	139,718
Loss from early extinguishment of debt	18	-	982	148
Taxes	3,720	1,850	8,081	6,087
Depreciation and amortization	178,133	136,974	522,743	397,571
EBITDA	432,285	225,484	966,466	800,829
Change in fair value of contingent consideration	-	(1,594)	-	(44,276)
Severance accrual and equity acceleration	2,580	(3,676)	5,536	(979)
Transactions	6,015	11,042	11,530	14,301
Gain on sale of properties	(169,000)	207	(170,097)	(94,282)
Loss on currency forwards	-	-	3,082	-
Other non-core expense adjustments	(22)	51	(23)	(8)
Noncontrolling interests	3,247	864	4,600	5,492
Preferred stock dividends	21,530	18,456	66,378	55,367
Issuance costs associated with redeemed preferred stock	10,328	-	10,328	-
Adjusted EBITDA	\$ 306,963	\$ 250,834	\$ 897,800	\$ 736,444



# Reconciliation of Non-GAAP Items To Their Closest GAAP Equivalent

**Digital Realty Trust, Inc. and Subsidiaries**  
Reconciliation of Same Capital Cash Net Operating Income  
(in thousands)  
(unaudited)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2016</b>	<b>September 30, 2015</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
Rental revenues	\$ 203,155	\$ 205,215	\$ 616,392	\$ 614,622
Tenant reimbursements - Utilities	40,590	40,710	108,800	112,110
Tenant reimbursements - Other	18,743	15,351	53,764	46,973
Interconnection and other	1,661	1,321	4,645	3,741
<b>Total Revenue</b>	<b>264,149</b>	<b>262,597</b>	<b>783,601</b>	<b>777,446</b>
Utilities	42,578	43,154	113,080	117,247
Rental property operating	19,833	21,607	59,679	62,317
Repairs & maintenance	16,854	16,370	48,504	50,783
Property taxes	15,175	10,902	46,673	38,381
Insurance	1,672	1,668	4,962	5,026
<b>Total Expenses</b>	<b>96,112</b>	<b>93,701</b>	<b>272,898</b>	<b>273,754</b>
<b>Net Operating Income</b>	<b>\$ 168,037</b>	<b>\$ 168,896</b>	<b>\$ 510,703</b>	<b>\$ 503,692</b>
Less:				
Stabilized straight-line rent	\$ 1,719	\$ 3,422	\$ 6,163	\$ 14,202
Above and below market rent	2,223	2,917	6,931	9,072
<b>Cash Net Operating Income</b>	<b>\$ 164,095</b>	<b>\$ 162,557</b>	<b>\$ 497,609</b>	<b>\$ 480,418</b>



# Reconciliation of Non-GAAP Items To Their Closest GAAP Equivalent

## Digital Realty Trust, Inc. and Subsidiaries

Reconciliation of Core Funds From Operations and Adjusted Funds From Operations (AFFO)  
(in thousands)  
(unaudited)

	<u>Nine Months Ended September 30, 2016</u>	<u>Year Ended December 31, 2015</u>
Core FFO available to common stockholders and unitholders	\$ 643,627	\$ 746,157
Non-real estate depreciation	7,334	6,798
Amortization of deferred financing costs	7,454	8,481
Amortization of debt discount/premium	2,029	2,296
Non-cash stock-based compensation expense	12,091	11,748
Straight-line rental revenue	(19,043)	(50,977)
Straight-line rental expense	17,990	5,944
Above- and below-market rent amortization	(6,265)	(9,336)
Deferred non-cash tax expense	1,117	1,546
Capitalized leasing compensation	(7,945)	(10,216)
Recurring capital expenditures	(54,230)	(91,876)
Capitalized internal leasing commissions	(5,487)	(4,081)
AFFO available to common stockholders and unitholders - basic	<u>\$ 598,672</u>	<u>\$ 616,484</u>
Weighted-average shares and units outstanding - basic	149,352	141,108
Weighted-average shares and units outstanding - diluted	150,076	141,725
AFFO available to common stockholders and unitholders - basic and diluted	\$ 598,672	\$ 616,484
AFFO per share - diluted	\$ 3.99	\$ 4.35
Dividends per share and common unit	\$ 2.64	\$ 3.40
Diluted AFFO Payout Ratio	66.2%	78.2%
	<u>Nine Months Ended September 30, 2016</u>	<u>Year Ended December 31, 2015</u>
Share Count Detail		
Weighted Average Common Stock and Units Outstanding	149,352	141,108
Add: Effect of dilutive securities	724	617
Weighted Avg. Common Stock and Units Outstanding - diluted	<u>150,076</u>	<u>141,725</u>

