DIGITAL REALTY

NEWS RELEASE

Digital Realty Reports First Quarter 2020 Results

5/7/2020

SAN FRANCISCO, May 7, 2020 /PRNewswire/ -- Digital Realty (NYSE: DLR), a leading global provider of data center, colocation and interconnection solutions, announced today financial results for the first quarter of 2020. All per-share results are presented on a fully-diluted share and unit basis.

Highlights

- Reported net income available to common stockholders of $0.90 per share in 1Q20, compared to $0.46 in 1Q19
- Reported FFO per share of $0.91 in 1Q20, compared to $1.92 in 1Q19
- Reported core FFO per share of $1.53 in 1Q20, compared to $1.73 in 1Q19
- Signed total bookings during 1Q20 expected to generate $75 million of annualized GAAP rental revenue, including a $9 million contribution from interconnection (not including an additional $10 million signed by Interxion)
- Issued $652 million of equity under the company's ATM program, including approximately $615 million subsequent to quarter-end
- Introduced 2020 core FFO per share outlook of $5.90-$6.10

Financial Results

Digital Realty reported revenues for the first quarter of 2020 of $823 million, a 5% increase from the previous quarter and a 1% increase from the same quarter last year.

The company delivered first quarter of 2020 net income of $229 million, and net income available to common stockholders of $203 million, or $0.90 per diluted share, compared to $1.50 per diluted share in the previous quarter and $0.46 per diluted share in the same quarter last year.

Digital Realty generated first quarter of 2020 adjusted EBITDA of $482 million, a 1% increase from the previous quarter and a 1% decrease over the same quarter last year.

The company reported first quarter of 2020 funds from operations of $212 million, or $0.91 per share, compared to $1.62 per share in the previous quarter and $1.92 per share in the same quarter last year.

Excluding certain items that do not represent core expenses or revenue streams, Digital Realty delivered first quarter of 2020 core FFO per share of $1.53, a 6% decrease from $1.62 per share in the previous quarter, and a 12% decrease from $1.73 per share in the same quarter last year.

Leasing Activity

In the first quarter, Digital Realty signed total bookings expected to generate $75 million of annualized GAAP rental revenue, including a $9 million contribution from interconnection. These figures do not include any contribution from the combination with Interxion, which was completed on March 12, 2020. Interxion signed total bookings in the first quarter expected to generate an additional $10 million of annualized GAAP rental revenue.

"Our hearts go out to all those impacted by the COVID-19 global pandemic, and our top priority is the health and safety of our employees, customers and partners," said Digital Realty Chief Executive Officer A. William Stein. "Despite the challenging environment, we continued to execute on our strategic plan, closing our highly strategic combination with Interxion as well as the acquisition of the Westin Building in Seattle while delivering another quarter of solid bookings. Our business is highly resilient, and we remain confident that our global platform will continue to deliver sustainable growth for all stakeholders."

The weighted-average lag between leases signed during the first quarter of 2020 and the contractual commencement date was five months.

In addition to new leases signed, Digital Realty also signed renewal leases representing $92 million of annualized GAAP rental revenue during the quarter. Rental rates on renewal leases signed during the first quarter of 2020 rolled down 1.5% on a cash basis and up 0.7% on a GAAP basis.

New leases signed during the first quarter of 2020 are summarized by region and product type as follows:

The Americas	Annualized GAAP Base Rent (in thousands)	Square Feet	GAAP Base Rent per Square Foot	Megawatts	GAAP Base Rent per Kilowatt
Turn-Key Flex	$36,750	365,219	$101	34.1	$90
Powered Base Building	301	9,600	31	—	—
Colocation	6,146	22,661	271	1.8	286
Non-Technical	204	7,271	28	—	—
Total	$43,401	404,751	$107	35.9	$100
Europe (1)					
Turn-Key Flex	$5,045	36,703	$137	2.7	$154
Colocation	1,334	4,706	283	0.4	305
Non-Technical	13	129	103	—	—
Total	$6,393	41,538	$154	3.1	$172
Asia Pacific (1)					
Turn-Key Flex	$16,028	93,520	$171	10.6	$126
Powered Base Building	212	2,000	106	—	—
Colocation	40	158	251	—	367
Non-Technical	131	2,218	59	—	—
Total	$16,411	97,896	$168	10.6	$126
Interconnection	$8,638	N/A	N/A	N/A	N/A
Grand Total	$74,842	544,185	$122	49.6	$110

Note: Totals may not foot due to rounding differences.

(1) Based on quarterly average exchange rates during the three months ended March 31, 2020.

Investment Activity

Digital Realty completed the previously announced combination with Interxion promptly following expiration of the related exchange offer on March 12, 2020, in which 70,862,736 shares of InterXion, representing approximately 92.3% of total shares outstanding, were tendered. Under the terms of the agreement announced in October 2019, Interxion shareholders received a fixed exchange ratio of 0.7067 Digital Realty shares per Interxion share, valuing Interxion at approximately $8.4 billion of total enterprise value, including assumed net debt. This powerful combination builds upon Digital Realty's established foundation of serving market demand for colocation, scale and hyper-scale requirements in the Americas, EMEA and Asia Pacific and leverages InterXion's European colocation and interconnection expertise, enhancing the combined company's capabilities to enable customers to solve for the full spectrum of data center requirements across a global platform. The combination of the two organizations establishes a global platform expected to significantly enhance the ability to create long-term value for the customers, stockholders and employees of both companies.

On February 25, 2020, Digital Realty closed on the previously announced acquisition of a 49% interest in the Westin Building Exchange in Seattle, WA for approximately $368 million, including the assumption of existing debt. The Westin Building is expected to generate 2020 cash net operating income of approximately $43 million, including management fee synergies, representing a 5.8% cap rate. The Westin Building Exchange serves as the primary interconnection hub for the Pacific Northwest, linking Canada, Alaska and Asia along the Pacific Rim. The building is the sixth most densely interconnected facility in North America, and is home to leading global cloud, content and interconnection providers, housing over 150 carriers and more than 10,000 cross-connects.

Balance Sheet

Digital Realty completed the following financing transactions during the first quarter of 2020.

- In mid-January, Digital Realty closed an offering of €1.7 billion of Euro-denominated notes with a weighted-average maturity of approximately seven years and a weighted-average coupon of approximately 1.0%.
- In mid-March, Digital Realty completed its combination with Interxion and exchanged approximately 54 million shares of DLR common stock for all of the outstanding common shares of Interxion, representing total consideration of approximately $7 billion.
- Likewise in mid-March, a portion of the net proceeds from the January Euro bond offering was used to redeem all €1.2 billion of Interxion's outstanding senior notes.
- During the first quarter of 2020, Digital Realty issued 264,765 shares of common stock under the company's at-the-market equity offering program at a weighted average price of $139.49 per share, generating gross proceeds of approximately $37 million.
- Subsequent to quarter-end, Digital Realty issued an additional 4.3 million shares of common stock under the company's at-the-market equity offering program at a weighted average price of $142.56 per share, generating gross proceeds of approximately $615 million.

Digital Realty had approximately $12.3 billion of total debt outstanding as of March 31, 2020, comprised of $12.1 billion of unsecured debt and approximately $0.2 billion of secured debt. At the end of the first quarter of 2020, net debt-to-adjusted EBITDA was 6.6x, debt plus-preferred-to-total enterprise value was 26.6% and fixed charge coverage was 3.8x. Pro forma for settlement of the $1.1 billion forward equity offering and the $615 million of equity issued under the ATM subsequent to quarter-end as well a full-quarter contribution from Interxion and the acquisition of a 49% interest in the Westin Building, net debt-to-adjusted EBITDA was 5.1x and fixed charge coverage was 4.8x.

COVID-19

Throughout the COVID-19 global pandemic, Digital Realty's data centers around the world have remained fully operational in accordance with business continuity and pandemic response plans, prioritizing the health and safety of employees, customers and partners while ensuring service levels are maintained. Digital Realty data centers have been deemed essential operations, allowing for critical personnel to remain in place and continue to provide services and support for customers. Construction activity has been somewhat delayed in a few markets due to government restrictions in certain locations and/or limited availability of labor. In some instances, these delays are impacting scheduled delivery dates. We are monitoring the situation closely and remain in frequent communication with customers, contractors and suppliers. We have proactively managed our supply chain, and we believe we have acquired the vast majority of the equipment needed to complete our 2020 development activities. We believe we have ample liquidity to fund our business needs, given the $246 million of cash on the balance sheet as of March 31, 2020; the $615 million of equity issued under the company's at-the-market equity offering program subsequent to quarter-end; $1.1 billion available upon physical settlement of the forward equity offering; and $2.0 billion of availability under our global revolving credit facilities. While we have not experienced any significant business disruptions from the COVID-19 pandemic to date, we cannot predict what impact the COVID-19 pandemic may have on our future financial condition, results of operations or cash flows due to numerous uncertainties.

2020 Outlook

Digital Realty introduced its 2020 core FFO per share outlook of $5.90-$6.10. The assumptions underlying this guidance are summarized in the following table.

Top-Line and Cost Structure	As of May 7, 2020
Total revenue	$3.725 - $3.825 billion
Net non-cash rent adjustments (1)	($20 - $30 million)
Adjusted EBITDA	$2.075 - $2.125 billion
G&A	$320 - $330 million
Internal Growth	
Rental rates on renewal leases	
Cash basis	Down low single-digits
GAAP basis	Unchanged
Year-end portfolio occupancy (2)	85.0% - 86.0%
"Same-capital" cash NOI growth (3)	(2.5%) - (3.5%)
Foreign Exchange Rates	
U.S. Dollar / Pound Sterling	$1.20 - $1.25
U.S. Dollar / Euro	$1.05 - $1.10
External Growth	
Dispositions	
Dollar volume	$0.6 - $1.0 billion
Cap rate	0.0% - 12.0%
Development	
CapEx (4)	$1.9 - $2.2 billion
Average stabilized yields	9.0% - 15.0%
Enhancements and other non-recurring CapEx (5)	$5 - $10 million
Recurring CapEx + capitalized leasing costs (6)	$220 - $230 million
Balance Sheet	

Long-term debt issuance	
Dollar amount	$1.9 billion
Pricing	1.00%
Timing	Early 2020
Net income per diluted share	$1.60 - $1.75
Real estate depreciation and (gain) / loss on sale	$3.50 - $3.50
Funds From Operations / share (NAREIT-Defined)	$5.10 - $5.25
Non-core expenses and revenue streams	$0.80 - $0.85
Core Funds From Operations / share	$5.90 - $6.10
Foreign currency translation adjustments	$0.05 - $0.15
Constant-Currency Core FFO / share	$5.95 - $6.25

(1) Net non-cash rent adjustments represent the sum of straight-line rental revenue and straight-line rent expense, as well as the amortization of above- and below-market leases (i.e., ASC 805 adjustments).

(2) Reflects inclusion of the Interxion portfolio, which was approximately 75% occupied as of March 31, 2020.

(3) The "same-capital" pool includes properties owned as of December 31, 2018 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 2019-2020, properties classified as held for sale, and properties sold or contributed to joint ventures for all periods presented.

(4) Includes land acquisitions.

(5) 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.

(6) Recurring CapEx represents non-incremental improvements required to maintain current revenues, including second-generation tenant improvements and leasing commissions.

Non-GAAP Financial Measures

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

Investor Conference Call

Prior to Digital Realty's investor conference call at 5:30 p.m. EDT / 2:30 p.m. PDT on May 7, 2020, a presentation will be posted to the Investors section of the company's website at **https://investor.digitalrealty.com/**. The presentation is designed to accompany the discussion of the company's first quarter 2020 financial results and operating performance. The conference call will feature Chief Executive Officer A. William Stein and Chief Financial Officer Andrew P. Power.

To participate in the live call, investors are invited to dial (888) 317-6003 (for domestic callers) or (412) 317-6061 (for international callers) and reference the conference ID# 6715656 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 **https://investor.digitalrealty.com/**.

Telephone and webcast replays will be available after the call until June 8, 2020. The telephone replay can be accessed by dialing (877) 344-7529 (for domestic callers) or (412) 317-0088 (for international callers) and providing the conference ID# 10142172. The webcast replay can be accessed on Digital Realty's website.

About Digital Realty

Digital Realty supports the data center, colocation and interconnection strategies of customers across the Americas, EMEA and APAC, ranging from cloud and information technology services, communications and social networking to financial services, manufacturing, energy, healthcare and consumer products. To learn more about Digital Realty, please visit **digitalrealty.com** or follow us on **LinkedIn** and **Twitter**.

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Consolidated Quarterly Statements of Operations — Financial Supplement

Unaudited and in Thousands, Except Per Share Data — First Quarter 2020

	Three Months Ended				
	31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
Rental revenues	$579,774	$549,733	$564,975	$565,925	$585,425
Tenant reimbursements - Utilities	113,520	107,518	114,719	106,409	102,569
Tenant reimbursements - Other	56,943	59,641	57,466	62,820	55,868
Interconnection & other	69,835	65,576	65,312	64,232	68,168
Fee income	2,452	4,814	3,994	925	1,921
Other	813	181	—	486	564
Total Operating Revenues	$823,337	$787,463	$806,466	$800,797	$814,515
Utilities	$129,526	$125,127	$132,565	$123,398	$124,334
Rental property operating	136,182	129,034	126,866	128,634	130,620
Property taxes	42,123	42,541	38,255	41,482	37,315
Insurance	3,547	3,055	3,103	3,441	2,991
Depreciation & amortization	291,457	275,008	286,718	290,562	311,486
General & administration	62,266	53,540	49,862	52,318	51,976
Severance, equity acceleration, and legal expenses	1,272	1,130	123	665	1,483
Transaction and integration expenses	56,801	17,106	4,115	4,210	2,494
Impairment of investments in real estate	—	—	—	—	5,351
Other expenses	114	1,989	92	7,115	4,922
Total Operating Expenses	$723,288	$648,530	$641,699	$651,825	$672,972
	$100,049	$138,933	$164,767	$148,972	$141,543

Unaudited and in Thousands, Except Per Share Data

Operating Income					
Equity in (loss) earnings of unconsolidated joint ventures	($78,996)	$11,157	($19,269)	$6,962	$9,217
Gain on sale / deconsolidation	304,801	267,651	—	—	67,497
Interest and other income (expense), net	(3,542)	10,734	16,842	16,980	21,444
Interest (expense)	(85,800)	(80,880)	(84,574)	(86,051)	(101,552)
Income tax benefit (expense)	(7,182)	1,731	(4,826)	(4,634)	(4,266)
Loss from early extinguishment of debt	(632)	—	(5,366)	(20,905)	(12,886)
Net Income	$228,698	$349,326	$67,574	$61,324	$120,997
Net (income) attributable to noncontrolling interests	(4,684)	(13,042)	(1,077)	(1,156)	(4,185)
Net Income Attributable to Digital Realty Trust, Inc.	$224,014	$336,284	$66,497	$60,168	$116,812
Preferred stock dividends, including undeclared dividends	(21,155)	(20,707)	(16,670)	(16,670)	(20,943)
Issuance costs associated with redeemed preferred stock	—	—	—	(11,760)	—
Net Income Available to Common Stockholders	$202,859	$315,577	$49,827	$31,738	$95,869
Weighted-average shares outstanding - basic	222,163,324	208,776,355	208,421,470	208,284,407	207,809,383
Weighted-average shares outstanding - diluted	224,474,295	210,286,278	209,801,771	209,435,572	208,526,249
Weighted-average fully diluted shares and units	232,753,630	218,901,078	218,755,597	218,497,318	217,756,161
Net income per share - basic	$0.91	$1.51	$0.24	$0.15	$0.46
Net income per share - diluted	$0.90	$1.50	$0.24	$0.15	$0.46

	Three Months Ended				
Reconciliation of Net Income to Funds From Operations (FFO)	31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
Net Income Available to Common Stockholders	$202,859	$315,577	$49,827	$31,738	$95,869
Adjustments:					
Non-controlling interests in operating partnership	7,800	13,100	2,300	1,400	4,300
Real estate related depreciation & amortization (1)	286,517	271,371	283,090	286,915	307,864
Unconsolidated JV real estate related depreciation & amortization	19,923	21,631	13,612	13,623	3,851
(Gain) on real estate transactions	(304,801)	(267,651)	—	—	—
Impairment of investments in real estate	—	—	—	—	5,351
Funds From Operations	$212,298	$354,028	$348,829	$333,676	$417,235
Funds From Operations - diluted	$212,298	$354,028	$348,829	$333,676	$417,235
Weighted-average shares and units outstanding - basic	230,443	217,391	217,375	217,346	217,039
Weighted-average shares and units outstanding - diluted (2)	232,754	218,901	218,756	218,497	217,756

Funds From Operations per share - basic	$0.92	$1.63	$1.60	$1.54	$1.92
Funds From Operations per share - diluted (2)	$0.91	$1.62	$1.59	$1.53	$1.92

	Three Months Ended				
Reconciliation of FFO to Core FFO	31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
Funds From Operations - diluted	$212,298	$354,028	$348,829	$333,676	$417,235
Adjustments:					
Termination fees and other non-core revenues (3)	(2,425)	(5,634)	(16,792)	(16,826)	(14,445)
Transaction and integration expenses	56,801	17,106	4,115	4,210	2,494
Loss from early extinguishment of debt	632	—	5,366	20,905	12,886
Issuance costs associated with redeemed preferred stock	—	—	—	11,760	—
Severance, equity acceleration, and legal expenses (4)	1,272	1,130	123	665	1,483
(Gain) / Loss on FX revaluation	81,288	(10,422)	23,136	(4,251)	9,604
(Gain) on contribution to unconsolidated joint venture, net of related tax	—	—	—	—	(58,497)
Other non-core expense adjustments	5,509	(1,511)	92	7,115	4,922
Core Funds From Operations - diluted	$355,375	$354,697	$364,869	$357,254	$375,682
Weighted-average shares and units outstanding - diluted (2)	232,754	218,901	218,756	218,497	217,756
Core Funds From Operations per share - diluted (2)	$1.53	$1.62	$1.67	$1.64	$1.73

(1) Real Estate Related Depreciation & Amortization:	Three Months Ended				
	31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
Depreciation & amortization per income statement	$291,457	$275,008	$286,718	$290,562	$311,486
Non-real estate depreciation	(4,940)	(3,637)	(3,628)	(3,647)	(3,622)
Real Estate Related Depreciation & Amortization	$286,517	$271,371	$283,090	$286,915	$307,864

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

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

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

Unaudited and in Thousands, Except Per Share Data First Quarter 2020

Reconciliation of Core FFO to AFFO	Three Months Ended 31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
Core FFO available to common stockholders and unitholders	$355,375	$354,697	$364,869	$357,254	$375,682
Adjustments:					
Non-real estate depreciation	4,940	3,637	3,628	3,647	3,622
Amortization of deferred financing costs	4,260	3,064	2,900	2,905	4,493
Amortization of debt discount/premium	943	612	466	515	760
Non-cash stock-based compensation expense	12,153	8,937	8,906	9,468	7,592
Straight-line rental revenue	(15,404)	(13,994)	(12,764)	(13,033)	(15,979)
Straight-line rental expense	1,460	(342)	(209)	318	1,235
Above- and below-market rent amortization	3,294	4,109	2,824	3,954	6,210
Deferred tax expense	(792)	(998)	(1,418)	(979)	(15,397)
Leasing compensation & internal lease commissions (1)	2,793	3,646	3,254	4,025	3,581
Recurring capital expenditures (2)	(34,677)	(54,731)	(48,408)	(39,515)	(38,059)
AFFO available to common stockholders and unitholders (3)	$334,345	$308,637	$324,048	$328,559	$333,740
Weighted-average shares and units outstanding - basic	230,443	217,391	217,375	217,346	217,039
Weighted-average shares and units outstanding - diluted (4)	232,754	218,901	218,756	218,497	217,756
AFFO per share - diluted (4)	$1.44	$1.41	$1.48	$1.50	$1.53
Dividends per share and common unit	$1.12	$1.08	$1.08	$1.08	$1.08
Diluted AFFO Payout Ratio	78.0%	76.6%	72.9%	71.8%	70.5%

Share Count Detail	Three Months Ended 31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
Weighted Average Common Stock and Units Outstanding	230,443	217,391	217,375	217,346	217,039
Add: Effect of dilutive securities	2,311	1,510	1,381	1,151	717
Weighted Avg. Common Stock and Units Outstanding - diluted	232,754	218,901	218,756	218,497	217,756

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

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

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

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

Unaudited and in Thousands, Except Share and Per Share Data

	31-March-20	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
Assets					
Investments in real estate:					
Real estate	$20,477,290	$16,886,592	$16,407,080	$17,324,416	$16,988,322
Construction in progress	2,204,869	1,732,555	1,647,130	1,685,056	1,584,327
Land held for future development	137,447	147,597	150,265	152,368	163,081
Investments in real estate	$22,819,606	$18,766,744	$18,204,475	$19,161,840	$18,735,730
Accumulated depreciation and amortization	(4,694,713)	(4,536,169)	(4,298,629)	(4,312,357)	(4,124,002)
Net Investments in Properties	$18,124,893	$14,230,575	$13,905,846	$14,849,483	$14,611,728
Investment in unconsolidated joint ventures	1,064,009	1,287,109	1,035,861	979,350	930,326
Net Investments in Real Estate	$19,188,902	$15,517,684	$14,941,707	$15,828,833	$15,542,054
Cash and cash equivalents	$246,480	$89,817	$7,190	$33,536	$123,879
Accounts and other receivables (1)	527,699	305,501	304,712	320,938	328,009
Deferred rent	484,179	478,744	471,516	491,486	479,640
Customer relationship value, deferred leasing costs and other intangibles, net	3,500,588	2,195,324	2,245,017	2,499,564	2,580,624
Acquired above-market leases, net	66,033	74,815	84,315	94,474	106,044
Goodwill	7,466,046	3,363,070	3,338,168	3,353,538	3,358,463
Assets associated with real estate held for sale	—	229,934	967,527	—	—
Operating lease right-of-use assets (2)	1,364,621	628,681	634,085	648,952	660,586
Other assets	268,752	184,561	178,528	158,770	162,768
Total Assets	$33,113,300	$23,068,131	$23,172,765	$23,430,091	$23,342,067
Liabilities and Equity					
Global unsecured revolving credit facilities	$603,101	$234,105	$1,833,512	$1,417,675	$842,975
Unsecured term loans	771,425	810,219	796,232	807,922	807,726
Unsecured senior notes, net of discount	10,637,006	8,973,190	8,189,138	8,511,656	8,523,462
Secured debt, net of premiums	239,800	104,934	105,153	105,325	105,493
Operating lease liabilities (2)	1,431,292	693,539	699,381	714,256	725,470
Accounts payable and other accrued liabilities	1,732,318	1,007,761	938,740	984,812	922,571
Accrued dividends and distributions	—	234,620	—	—	—
Acquired below-market leases	145,208	148,774	153,422	183,832	192,667
Security deposits and prepaid rent	336,583	208,724	203,708	213,549	221,526
Liabilities associated with assets held for sale	—	2,700	23,534	—	—
Total Liabilities	$15,896,733	$12,418,566	$12,942,820	$12,939,027	$12,341,890
Redeemable non-controlling interests - operating partnership	40,027	41,465	19,090	17,344	17,678

Equity

Preferred Stock: $0.01 par value per share, 110,000,000 shares authorized:					
Series C Cumulative Redeemable Perpetual Preferred Stock (3)	$219,250	$219,250	$219,250	$219,250	$219,250
Series G Cumulative Redeemable Preferred Stock (4)	241,468	241,468	241,468	241,468	241,468
Series H Cumulative Redeemable Preferred Stock (5)	—	—	—	—	353,290
Series I Cumulative Redeemable Preferred Stock (6)	242,012	242,012	242,012	242,012	242,012
Series J Cumulative Redeemable Preferred Stock (7)	193,540	193,540	193,540	193,540	193,540
Series K Cumulative Redeemable Preferred Stock (8)	203,264	203,264	203,264	203,264	203,423
Series L Cumulative Redeemable Preferred Stock (9)	334,886	334,886	—	—	—
Common Stock: $0.01 par value per share, 392,000,000 shares authorized (10)	2,622	2,073	2,069	2,067	2,066
Additional paid-in capital	18,606,766	11,577,320	11,540,980	11,511,519	11,492,766
Dividends in excess of earnings	(3,139,350)	(3,046,579)	(3,136,668)	(2,961,307)	(2,767,708)
Accumulated other comprehensive (loss), net	(444,222)	(87,922)	(68,625)	(89,588)	(91,699)
Total Stockholders' Equity	$16,460,236	$9,879,312	$9,437,290	$9,562,225	$10,088,408
Noncontrolling Interests					
Noncontrolling interest in operating partnership	$656,266	$708,163	$732,314	$756,050	$772,931
Noncontrolling interest in consolidated joint ventures	60,038	20,625	41,251	155,445	121,160
Total Noncontrolling Interests	$716,304	$728,788	$773,565	$911,495	$894,091
Total Equity	$17,176,540	$10,608,100	$10,210,855	$10,473,720	$10,982,499
Total Liabilities and Equity	$33,113,300	$23,068,131	$23,172,765	$23,430,091	$23,342,067

(1) Net of allowance for doubtful accounts of $16,301 and $13,753 as of March 31, 2020 and December 31, 2019, respectively.

(2) Adoption of the new lease accounting standard required that we adjust the consolidated balance sheet to include the recognition of additional right-of-use assets and lease liabilities for operating leases. See our quarterly report on Form 10-Q filed on May 10, 2019 for additional information.

(3) Series C Cumulative Redeemable Perpetual Preferred Stock, 6.625%, $201,250 and $201,250 liquidation preference, respectively ($25.00 per share), 8,050,000 and 8,050,000 shares issued and outstanding as of March 31, 2020 and December 31, 2019, 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, 2020 and December 31, 2019, respectively.

(5) Series H Cumulative Redeemable Preferred Stock, 7.375%, $0 and $0 liquidation preference, respectively ($25.00 per share), 0 and 0 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively. Redeemed on April 1, 2019.

(6) Series I Cumulative Redeemable Preferred Stock, 6.350%, $250,000 and $250,000 liquidation preference, respectively ($25.00 per share), 10,000,000 and 10,000,000 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively.

(7) Series J Cumulative Redeemable Preferred Stock, 5.250%, $200,000 and $200,000 liquidation preference, respectively ($25.00 per share), 8,000,000 and 8,000,000 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively.

(8) Series K Cumulative Redeemable Preferred Stock, 5.850%, $210,000 and $210,000 liquidation preference, respectively ($25.00 per share), 8,400,000 and 8,400,000 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively.

(9) Series L Cumulative Redeemable Preferred Stock, 5.200%, $345,000 and $345,000 liquidation preference, respectively ($25.00 per share), 13,800,000 and 13,800,000 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively.

(10) Common Stock: 263,595,562 and 208,900,758 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively.

Unaudited and in Thousands

Reconciliation of Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA) (1)	Three Months Ended				
	31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
Net Income Available to Common Stockholders	$202,859	$315,577	$49,827	$31,738	$95,869
Interest	85,800	80,880	84,574	86,051	101,552
Loss from early extinguishment of debt	632	—	5,366	20,905	12,886
Income tax (benefit) expense	7,182	(1,731)	4,826	4,634	4,266
Depreciation & amortization	291,457	275,008	286,718	290,562	311,486
EBITDA	$587,930	$669,734	$431,311	$433,890	$526,059
Unconsolidated JV real estate related depreciation & amortization	19,923	21,631	13,612	13,623	3,851
Unconsolidated JV interest expense and tax expense	9,944	13,553	10,816	10,277	2,191
Severance, equity acceleration, and legal expenses	1,272	1,130	123	665	1,483
Transaction and integration expenses	56,801	17,106	4,115	4,210	2,494
(Gain) on sale / deconsolidation	(304,801)	(267,651)	—	—	(67,497)
Impairment of investments in real estate	—	—	—	—	5,351
Other non-core adjustments, net	85,185	(13,886)	6,436	(13,476)	(13,806)
Non-controlling interests	4,684	13,042	1,077	1,156	4,185
Preferred stock dividends, including undeclared dividends	21,155	20,707	16,670	16,670	20,943
Issuance costs associated with redeemed preferred stock	—	—	—	11,760	—
Adjusted EBITDA	$482,093	$475,366	$484,160	$478,775	$485,254

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

Definitions

Funds From Operations (FFO) :

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

<u>Core Funds from Operations (Core FFO)</u> :

We present core funds from operations, or core FFO, as a supplemental operating measure because, in excluding certain items that do not reflect core revenue or expense streams, it provides a performance measure that, when compared year over year, captures trends in our core business operating performance. We calculate core FFO by adding to or subtracting from FFO (i) termination fees and other non-core revenues, (ii) transaction and integration expenses, (iii) loss from early extinguishment of debt, (iv) issuance costs associated with redeemed preferred stock, (v) severance, equity acceleration, and legal expenses, (vi) gain/loss on FX revaluation, (vii) gain on contribution to unconsolidated joint venture, net of related tax, and (viii) other non-core expense adjustments. Because certain of these adjustments have a real economic impact on our financial condition and results from operations, the utility of core FFO as a measure of our performance is limited. Other REITs may calculate core FFO differently than we do and accordingly, our core FFO may not be comparable to other REITs' core FFO. Core FFO should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance.

<u>Adjusted Funds from Operations (AFFO)</u> :

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

<u>EBITDA and Adjusted EBITDA</u> :

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, unconsolidated joint venture real estate related depreciation & amortization, unconsolidated joint venture interest expense and tax, severance, equity acceleration, and legal expenses, transaction and integration expenses, gain on sale / deconsolidation, impairment of investments in real estate, other non-core adjustments, net, non-controlling interests, preferred stock dividends, including undeclared dividends, and issuance costs associated with redeemed preferred stock. Adjusted EBITDA is EBITDA excluding unconsolidated joint venture real estate related depreciation & amortization, unconsolidated joint venture interest expense and tax, severance, equity acceleration, and legal expenses, transaction and integration expenses, gain on sale / deconsolidation, impairment of investments in real estate, other non-core adjustments, net, non-controlling interests, preferred stock dividends, including undeclared dividends, and issuance costs associated with redeemed preferred stock. In addition, we believe EBITDA and Adjusted EBITDA are frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. Because EBITDA and Adjusted EBITDA are calculated before recurring cash charges including interest expense and income taxes, exclude capitalized costs, such as leasing commissions, and are not adjusted for capital expenditures or other recurring cash requirements of our business, their utility as a measure of our performance is limited. Other REITs may calculate EBITDA and Adjusted EBITDA differently than we do and, accordingly, our EBITDA and Adjusted EBITDA may not be comparable to other REITs' EBITDA and Adjusted EBITDA. Accordingly, EBITDA and Adjusted EBITDA should be considered only as supplements to net income computed in accordance with GAAP as a measure of our financial performance.

Net Operating Income (NOI) and Cash NOI :

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

Additional Definitions

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

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

Fixed charge coverage ratio is Adjusted EBITDA divided by the sum of GAAP interest expense, capitalized interest, scheduled debt principal payments and preferred dividends. For the quarter ended March 31, 2020, GAAP interest expense was $86 million, capitalized interest was $10 million and scheduled debt principal payments and preferred dividends was $21 million.

	Three Months Ended		
Reconciliation of Net Operating Income (NOI) (in thousands)	31-Mar-20	31-Dec-19	31-Mar-19
Operating income	$100,049	$138,933	$141,543
Fee income	(2,452)	(4,814)	(1,921)
Other income	(813)	(181)	(564)

Depreciation and amortization	291,457	275,008	311,486
General and administrative	62,266	53,540	51,976
Severance, equity acceleration, and legal expenses	1,272	1,130	1,483
Transaction expenses	56,801	17,106	2,494
Impairment in investments in real estate	—	—	5,351
Other expenses	114	1,989	4,922
Net Operating Income	$508,694	$482,711	$516,770

Cash Net Operating Income (Cash NOI)

Net Operating Income	$508,694	$482,711	$516,770
Straight-line rental revenue	(13,392)	(6,385)	(14,557)
Straight-line rental expense	1,496	(307)	1,177
Above- and below-market rent amortization	3,294	4,109	6,210
Cash Net Operating Income	$500,092	$480,128	$509,600

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws, which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. Such forward-looking statements include statements relating to: expected physical settlement of the forward sale agreements and use of proceeds from any such settlement, our expected investment and expansion activity, our joint ventures, supply and demand for data center and colocation space, our acquisition and disposition activity, pricing and net effective leasing economics, market dynamics and data center fundamentals, our strategic priorities, rent from leases that have been signed but have not yet commenced and other contracted rent to be received in future periods, rental rates on future leases, lag between signing and commencement, cap rates and yields, investment activity, the company's FFO, core FFO and net income, 2020 outlook and underlying assumptions, information related to trends, our strategy and plans, leasing expectations, weighted average lease terms, the exercise of lease extensions, lease expirations, debt maturities, annualized rent at expiration of leases, the effect new leases and increases in rental rates will have on our rental revenue, our credit ratings, construction and development activity and plans, projected construction costs, estimated yields on investment, expected occupancy, expected square footage and IT load capacity upon completion of development projects, 2020 backlog NOI, NAV components, and other forward-looking financial data. Such statements are based on management's beliefs and assumptions made based on information currently available to management. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance and may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

- reduced demand for data centers or decreases in information technology spending;
- increased competition or available supply of data center space;
- decreased rental rates, increased operating costs or increased vacancy rates;
- the suitability of our data centers and data center infrastructure, delays or disruptions in connectivity or availability of power, or failures or breaches of our physical and information security infrastructure or services;
- our dependence upon significant customers, bankruptcy or insolvency of a major customer or a significant number of smaller customers, or defaults on or non-renewal of leases by customers;
- our ability to attract and retain customers;
- breaches of our obligations or restrictions under our contracts with our customers;
- our inability to successfully develop and lease new properties and development space, and delays or unexpected costs in development of properties;
- the impact of current global and local economic, credit and market conditions;
- our inability to retain data center space that we lease or sublease from third parties;
- information security and data privacy breaches;
- difficulty managing an international business and acquiring or operating properties in foreign jurisdictions and unfamiliar metropolitan areas;
- our failure to realize the intended benefits from, or disruptions to our plans and operations or unknown or contingent liabilities related to, our recent acquisitions;
- our failure to successfully integrate and operate acquired or developed properties or businesses;
- difficulties in identifying properties to acquire and completing acquisitions;
- risks related to joint venture investments, including as a result of our lack of control of such investments;
- risks associated with using debt to fund our business activities, including re-financing and interest rate risks, our failure to repay debt when due, adverse changes in our credit ratings or our breach of covenants or other terms contained in our loan facilities and agreements;
- our failure to obtain necessary debt and equity financing, and our dependence on external sources of capital;
- financial market fluctuations and changes in foreign currency exchange rates;
- adverse economic or real estate developments in our industry or the industry sectors that we sell to, including risks relating to decreasing real estate valuations and impairment charges and goodwill and other intangible asset impairment charges;
- our inability to manage our growth effectively;
- losses in excess of our insurance coverage;
- our inability to attract and retain talent;
- impact on our operations and on the operations of our customers, suppliers and business partners during a pandemic, such as COVID-19;
- environmental liabilities, risks related to natural disasters and our inability to achieve our sustainability goals;
- our inability to comply with rules and regulations applicable to our company;
- Digital Realty Trust, Inc.'s failure to maintain its status as a REIT for federal income tax purposes;
- Digital Realty Trust, L.P.'s failure to qualify as a partnership for federal income tax purposes;
- restrictions on our ability to engage in certain business activities;
- changes in local, state, federal and international laws and regulations, including related to taxation, real estate and zoning laws, and increases in real property tax rates; and
- the impact of any financial, accounting, legal or regulatory issues or litigation that may affect us.

The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance. Several additional material risks are discussed in our annual report on Form 10-K for the year ended December 31, 2019 and other filings with the Securities and Exchange Commission. Those risks continue to be relevant to our performance and financial condition. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise. Digital Realty, Digital Realty Trust, the Digital Realty logo, Turn-Key Flex and Powered Base Building are registered trademarks and service marks of Digital Realty Trust, Inc. in the United States and/or other countries.

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