



EXPERTISE & STRENGTH

Digital Realty Trust: 2007 AR

DIGITAL REALTY TRUST

This annual report contains forward-looking statements which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. Such forward looking statements include statements related to the Company's expected future financial and other results, financial flexibility and access to capital, the commencement of leases and demand for space, and its position to execute its growth strategy into 2008. For a list and description of the risks and uncertainties that could cause actual outcomes and results to differ materially, see the reports and other filings by the Company with the United States Securities and Exchange Commission, including the section entitled "Risk Factors" in the Company's Form 10-K for the year ended December 31, 2007 which is a part of this annual report. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

THE FOUNDATION OF THE DIGITAL WORLD

That is how we articulate the Digital Realty Trust mission. We have built a global portfolio of corporate and Internet gateway datacenters and the infrastructure they require, from power management to climate control, from security to access to fiber networks. Our specially designed and rigorously managed properties represent our biggest asset.

However, it's what we do with that portfolio that drives our growth and sets us apart. That requires two powerful resources: our people and our financial strength. The expertise and experience of our people transform our products into solutions for customers. Our solid balance sheet and our skills at accessing additional capital give us the financial wherewithal to execute our mission.

On the following pages, we portray several members of our team of nearly 160 professionals. They explain their respective roles in our complex business – and they explain how we work together to *deliver value to our customers*.

DEAR SHAREHOLDERS:

At Digital Realty Trust, 2007 was another year of record performance. We expanded our portfolio and our market presence through a strategic combination of acquisitions and redevelopment. Our financial performance, in terms of top line growth and bottom line results, was excellent, especially in light of the challenging environment for real estate investment trusts (REITs). In fact, Digital Realty Trust was recognized by the Wall Street Journal as the top performing REIT for the three years ending December 31, 2007 based on the average shareholder return. Of course, part of the reason for our success in 2007 is that the market we serve – sophisticated real estate properties for mission-critical datacenters – continued to grow. However, the most important factor in our progress is the experience, expertise, and dedication of our team, some of whom we have highlighted in this year's annual report. Our team represents our greatest asset. They are on the ground working with customers, executing our strategy, and turning opportunities into results.

FINANCIAL & OPERATIONAL RESULTS

A solid business model coupled with growing demand and superb execution led to excellent financial performance. In 2007, Digital Realty Trust turned in record financial results by any measure. These strong results are especially significant in light of the economic environment that characterized the year:

- Net income of \$40.6 million represented a 29.3 percent increase over the \$31.4 million reported in 2006.
- Funds from operations (FFO) totaled \$145.5 million, an increase of 39.6 percent over 2006; on a diluted per share and unit basis, FFO totaled \$2.05, an increase of 25.6% over 2006.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled \$221.0 million, an increase of 36.7 percent over 2006.
- Common stock dividend increase of 8.3% in the fourth quarter to \$1.24 per share per year.

2007 was equally impressive along every dimension of Digital Realty Trust:

- **Leasing:** In 2007, we signed 127 leases totaling 998,000 square feet. At year-end, total portfolio occupancy rate was 94.7 percent, excluding space held for redevelopment. Significantly, our tenant base is extremely diverse in terms of companies and industries. No single tenant accounted for more than 11.8% of annualized rent.
- **Development & Redevelopment:** During the year, we converted over 737,000 square feet of redevelopment space to our operating portfolio.
- **Acquisitions:** We invested \$363 million in thirteen properties totaling more than 1.5 million rentable square feet in 2007. Since the Company's IPO in November 2004, the size of our portfolio has more than tripled through acquisitions and development.
- **Capital structure:** We significantly improved our financial strength and flexibility in 2007 despite deteriorating capital markets. A successful offering of convertible preferred stock generated \$169 million in new capital, and an offering of common stock added \$150 million in equity capital. We increased the size of our revolving credit facility to \$650 million and negotiated more favorable terms and pricing. Given the general climate for capital raising during the year, these were particularly noteworthy accomplishments. With the addition of a convertible preferred stock offering completed in early 2008, that generated an additional \$333.6 million in net proceeds, we currently have ample capital to fuel our anticipated growth.

STRONG & GROWING DEMAND

Demand for our brand of datacenter real estate solutions remained remarkably robust, a testament to the importance of information technology for today's global enterprises. Companies in every major industry rely on computing power and access to fiber connectivity; most enterprises require continuous (24/7/365) uptime for their IT assets.

Our company has emerged as the leader in this market. At the end of 2007, our portfolio included more than 70 properties comprising 12.7 million square feet of rentable space, including one property held in an unconsolidated joint venture, in 26 strategic markets throughout North America and Europe. Through a proven strategy of acquisitions and redevelopment, we believe our portfolio will continue to grow to meet the rising demand for our datacenter solutions.

SPECIALIZED SOLUTIONS

Our real estate assets are not commodities. Our properties are chosen by our customers because of their ability to handle the unique needs of high-performance IT assets: robust primary and back-up power systems, precise climate control capabilities, access to fiber networks and sophisticated security systems. Our unique product set that includes Turn-Key Datacenters™ based on our proprietary POD Architecture™, Powered Base Buildings™, and Buy/Build-to-Suit options, was developed to meet these specialized technical requirements.

LOOKING FORWARD

As we head into 2008, we are mindful of the challenges posed by the current economic environment. The effects of the subprime loan crisis on the market continue to ripple through the economy as a whole. Nonetheless, we are proud of our performance last year and are eager to capitalize on the substantial opportunities available to us. Our confidence is in large part a reflection of our talented, dedicated team; they have earned our thanks for a job well done. We look forward to reporting on our progress in 2008 and beyond.



Michael Foust
Chief Executive Officer

Richard Magnuson
Chairman

JOE
GOLDSMITH
&
ADIL
ATTLASSY



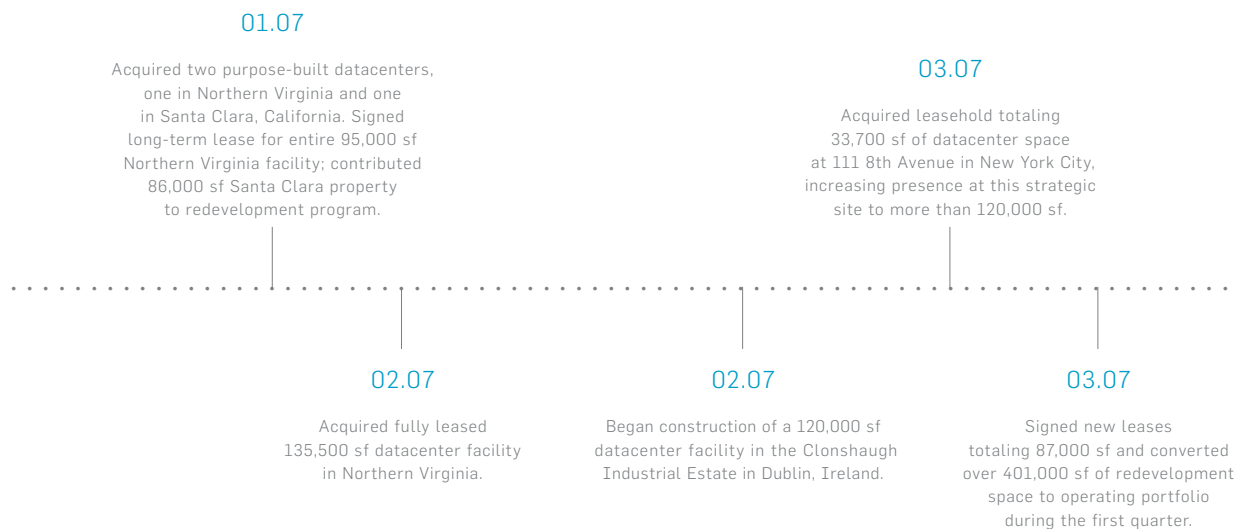
SALES & SALES
ENGINEERING

JOE GOLDSMITH, Vice President, Channel Partner Sales

“At Digital Realty Trust we sell datacenter solutions in two ways: through our Enterprise Sales team that works directly with end-users; and through the Channel Partner Sales team that I manage, which targets leading systems integrators, telecommunications carriers and IT consulting firms. The relationships we’ve forged with these channel partners, who are crafting complete IT solutions for customers, extend our reach into the marketplace. Digital Realty Trust delivers the ‘foundation’ of the applications stack: the infrastructure that houses hardware and software assets. What’s more, our global inventory ensures scalability for for our customers’ future growth.”

ADIL ATTLASSY, Director of Sales Engineering

“The Sales Engineering team is responsible for translating our product offerings into solutions that fit our customers’ technical requirements. We promote Digital Realty Trust’s competitive attributes with an emphasis on three powerful concepts: Design Value Engineering, Critical Facility Management™ and optimum space and power utilization. The role of the Sales Engineering team is to interface with virtually every discipline within Digital Realty Trust to create the right customer solution: Acquisitions, Asset Management, Design and Construction, Sales and Customer Service. We are engineers first, real estate professionals second.”



SQUARE D CON

THE GREEN GRID

In 2007, Digital Realty Trust joined The Green Grid, a global consortium dedicated to advancing energy efficient datacenters and computing ecosystems, as a Contributing Member.

The greening of
DIGITAL REALTY TRUST



GREEN BUILDINGS

“Green buildings” are environmentally friendly in every dimension: energy efficiency, water efficiency, locally-sourced materials, recycling programs, air quality management, and their impact on the neighborhood. They are also more efficient to operate, making “going green” a classic “win-win”: less environmental impact and improved bottom-line performance.

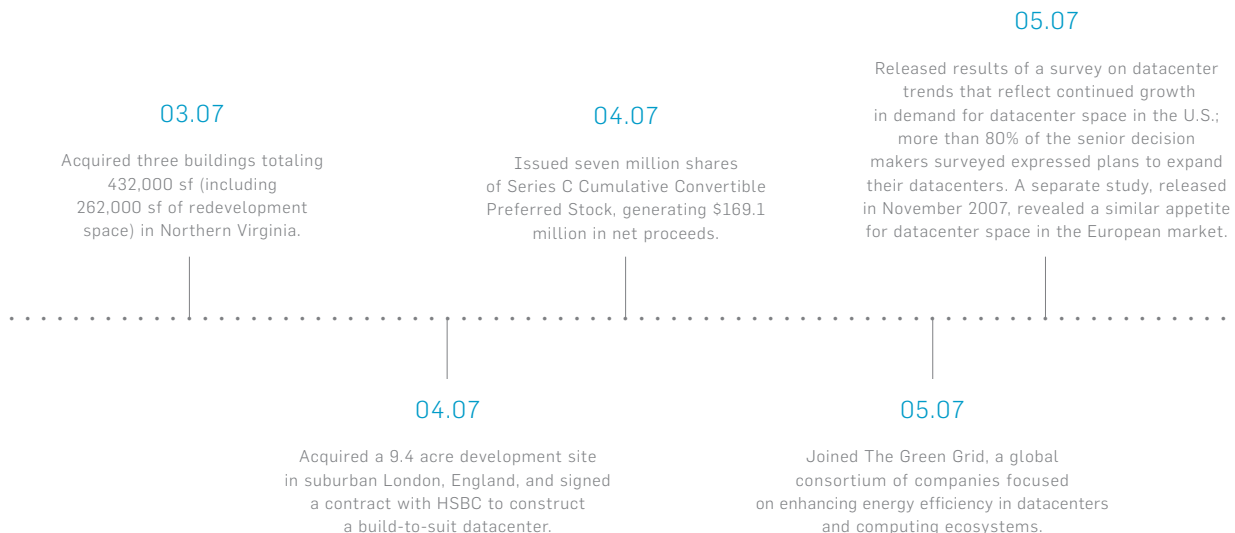
LEED CERTIFICATION

Digital Realty Trust is also a member of the U.S. Green Building Council, and is seeking LEED – Leadership in Energy and Environmental Design – certification for virtually every property to make them more sustainable and aligned with our clients’ corporate initiatives. In 2007, one of our Chicago properties was awarded the first LEED Gold certification; in the United Kingdom, we broke ground on a site that is registered with BREEAM, the world’s most widely used environmental assessment method for buildings; and in 2008 we will celebrate the opening of the first purpose-built LEED certified datacenter in Santa Clara, California.

STEVE KUNDICH, Vice President, Design & Construction

“The Acquisitions team, of course, identifies great locations for Digital Realty Trust: properties in markets with strong customer demand that have access to fiber connectivity and sufficient power capacity. That’s just the starting point for turning a property into a solution for a customer. Our job, in Design & Construction, involves all the steps to transform a property into a reliable datacenter: installing sophisticated climate control technology, robust primary and backup power supply, and an advanced security system.

“We can do all that – as we have, many times. But now we’re focusing on standardizing the processes required to turn a property into a solution. Essentially, we’re creating industrial processes to build efficient datacenters in order to reduce costs and speed time to market. In practice, that means designing best practices for project management and delivery and building partnerships with key vendors. This is what success requires; this is what enables us to get customers in the door quickly and efficiently.”





STEVE
KUNDICH

DESIGN &
CONSTRUCTION



DATACENTER DEMAND

Demand for corporate datacenters is accelerating throughout Europe and Digital Realty Trust now has a significant presence - 12 properties in five markets and professionals in London, Dublin and Paris.

INTERNATIONAL ACQUISITIONS

In 2007, we acquired four major sites, including two redevelopment projects and one development site in London, and an income producing datacenter facility in Amsterdam. We also completed the first phase of development on a 125,000 sf project in Dublin, Ireland, which has been leased to eircom.

Expanding in Europe

DIGITAL REALTY TRUST

DLR IN LONDON

In January 2008, we broke ground on a major 120,000 sf build-to-suit facility on a development site in suburban London for HSBC, and construction is already underway on the two other London redevelopment projects. We are also redeveloping a 200,000 sf property in Paris, which will ultimately bring both our Turn-Key Datacenter™ and Powered Base Building™ products to this important global market.

TED
MARTIN

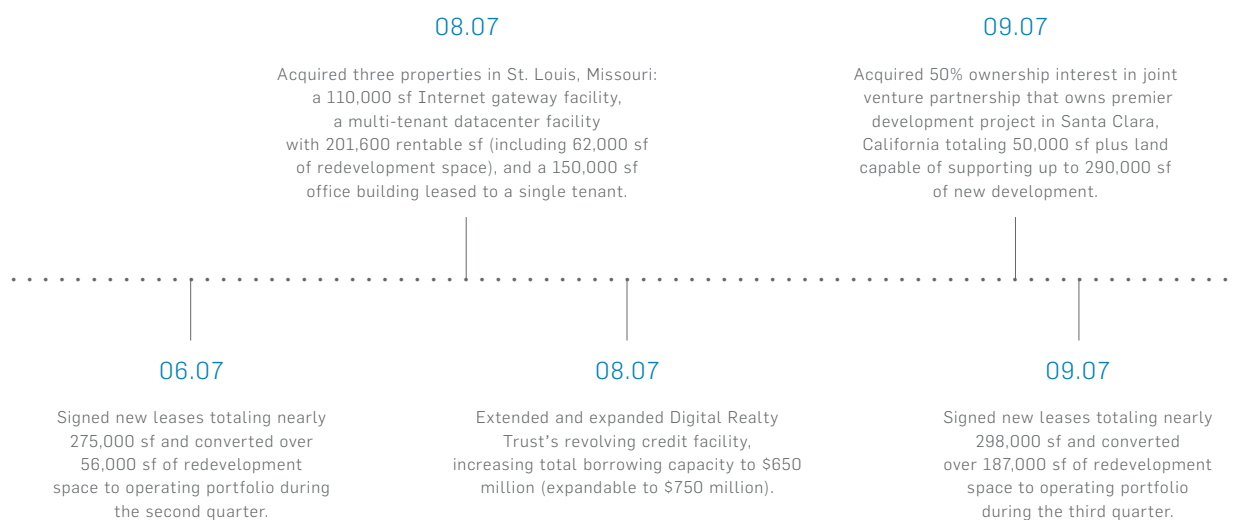


TECHNICAL OPERATIONS

TED MARTIN, Vice President, Technical Operations

“Technical Operations is responsible for operating the critical infrastructures of our properties, and our approach to this piece of our value proposition sets us apart. Once construction is complete, we perform a Level Five commissioning, based on an industry standard, which rigorously tests every component of a datacenter, from the UPS power and back-up generators to the cooling systems for environment control. Our focus is on quality and reliability. We test each element separately and then together as a unit to simulate failure. Once the components have passed these tests, then we know the datacenter is ready for use.

“At Digital Realty Trust, we understand that technical operations is our lifeblood, and we’re willing to make the investment in time, money, personnel, and equipment to create optimal solutions over the long-term for our customers.”



OUR CUSTOMER BASE

We serve a broad base of Fortune 1000 companies, including financial services, as well as corporate and IT enterprises, both as direct customers and through IT services and other channel partners. Our customer base also includes global network services providers, technology firms, telecommunications companies and Internet services providers.

TECHNOLOGY DEPENDENCY = DLR

While it's true that Digital Realty Trust is a technology-centric real estate company, our customer base is diverse, covering virtually every business sector. In today's world, nearly every company is technology dependent and relies on datacenters for continuous operations.



A Diverse Set of Customers

DIGITAL REALTY TRUST

A STABLE SOURCE OF GROWTH

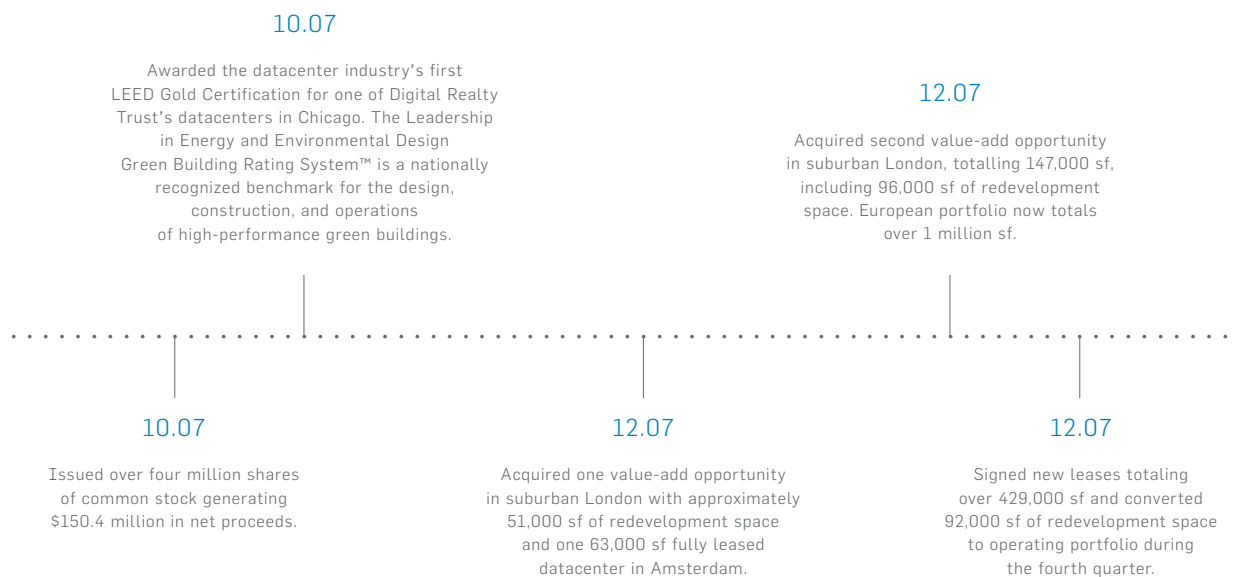
The corporate datacenter business continues to grow at an accelerated pace, and our facilities are readily adaptable across industries.

The diversity of our client base is a source of strength and growth for Digital Realty Trust.

BILL STEIN, Chief Financial Officer & Chief Investment Officer

“Digital Realty Trust is a capital intensive business, and access to capital is critical to our ability to grow through acquisitions and redevelopment. In the second half of 2007, the capital raising environment for real estate companies became more challenging. However, we were not only able to maintain our strong balance sheet, but to improve upon it. In April, we raised \$169 million in convertible preferred stock. In the third quarter – in anticipation of the liquidity challenges that affected the capital markets later in the year – we increased the size of our credit facility to \$650 million, extended the maturity by two years, and obtained lower pricing and more favorable terms. Finally, in October, we completed an offering of common stock, adding more than \$150 million in equity capital.

“We believe that our track record of accessing well-priced debt and equity capital from different sources, particularly in difficult markets, represents a powerful competitive advantage for DLR. The strength of our balance sheet provides us with the financial flexibility to pursue our growth strategy.”

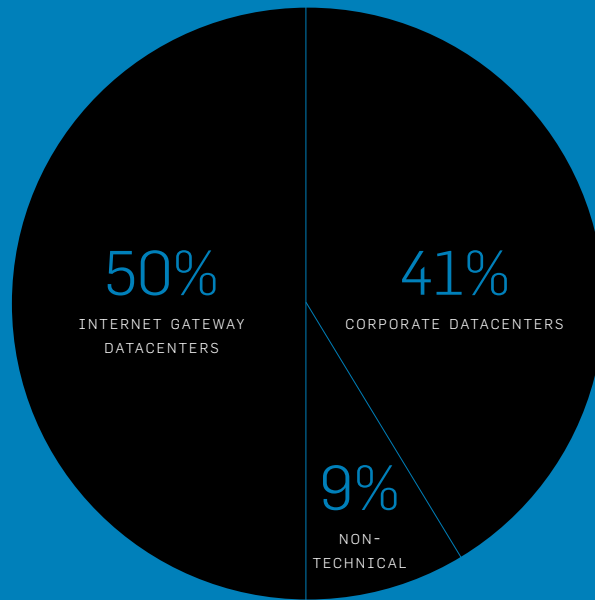




BILL
STEIN

FINANCE

DATACENTER PROPERTY DISTRIBUTION



INTERNET GATEWAY DATACENTERS (50%) ¹
<ul style="list-style-type: none"> Highly strategic assets that are extremely difficult to replicate due to their existing IP network infrastructure
<ul style="list-style-type: none"> Serve as the hub for Internet and data communications within and between major metropolitan areas
<ul style="list-style-type: none"> Frequently serve as a super-regional connection point with multiple anchor tenants

CORPORATE DATACENTERS (41%) ¹
<ul style="list-style-type: none"> Storage/server-intensive buildings
<ul style="list-style-type: none"> Provide a secure 24 x 7 environment for the storage and processing of mission-critical electronic information
<ul style="list-style-type: none"> Used to house primary IT operations: transaction processing, data storage, disaster recovery, CRM and email

DLR has approximately 8.1 million sf of improved datacenter space²

¹ Calculation based on average annualized rents using in-place leases as of December 31, 2007.

² As of February 26, 2008, includes occupied and vacant square feet. In most cases DLR either owns the improvements or has the option to require the tenant to restore the space to its original shell condition at the end of the lease term.

DIGITAL REALTY TRUST PORTFOLIO¹

DOMESTIC PROPERTIES	# OF PROPERTIES	# OF BUILDINGS	TOTAL RENTABLE SF ²
Atlanta	2	2	563,772
Austin	2	2	119,962
Boston	3	4	484,086
Charlotte	3	3	95,499
Chicago	2	2	1,295,286
Dallas	6	8	1,467,832
Denver	1	1	85,660
Houston	1	6	300,705
Los Angeles	4	4	755,046
Miami	2	3	226,314
Minneapolis/St. Paul	1	1	112,827
New York	4	4	975,514
Northern Virginia	6	9	770,258
Philadelphia	1	1	654,758
Phoenix	3	3	477,269
Sacramento	1	1	62,957
San Francisco	1	4	527,680
Seattle	1	1	400,369
Silicon Valley	12	17	1,853,543
St. Louis	3	3	469,854
INTERNATIONAL PROPERTIES	# OF PROPERTIES	# OF BUILDINGS	TOTAL RENTABLE SF ²
Amsterdam, Netherlands	3	4	231,317
Dublin, Ireland	3	3	264,500
Geneva, Switzerland	1	1	59,190
London, England	4	5	261,296
Paris, France	1	2	352,146
Toronto, Canada	1	1	83,758
TOTAL	72	95	12,951,398

¹ Includes properties owned and one property held as an investment in an unconsolidated joint venture as of 2/26/08.

² Includes redevelopment square footage.

CORPORATE AND SHAREHOLDER INFORMATION

Senior Management

Richard A. Magnuson
Chairman of the Board

Michael F. Foust
Chief Executive Officer

A. William Stein
Chief Financial Officer and Chief Investment Officer

Scott E. Peterson
Senior Vice President, Acquisitions

Christopher J. Crosby
Senior Vice President, Sales and Technical Services

James R. Trout
Senior Vice President, Portfolio and Technical Operations

Board of Directors

Laurence A. Chapman ⁽¹⁾ ⁽³⁾
Audit Committee Chairman

Kathleen Earley ⁽²⁾ ⁽³⁾
Nominating & Corporate Governance Committee Chairman

Ruann F. Ernst ⁽¹⁾ ⁽²⁾ ⁽³⁾

Dennis E. Singleton ⁽¹⁾ ⁽²⁾
Compensation Committee Chairman

Richard A. Magnuson
Chairman of the Board

Michael F. Foust

⁽¹⁾ Audit Committee Member

⁽²⁾ Compensation Committee Member

⁽³⁾ Nominating & Corporate Governance Committee Member

Corporate Information

CORPORATE OFFICE

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TICKER SYMBOLS

NYSE: Common Stock: DLR
Preferred Stock Series A: DLR-PA
Preferred Stock Series B: DLR-PB

STOCK TRANSFER AGENT

American Stock Transfer & Trust Company
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Plaza Level
New York, NY 10038
Toll Free T. 800.937.5449
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INVESTOR RELATIONS

Investors seeking additional information about Digital Realty Trust can visit the Company's website at www.digitalrealtytrust.com (click on "Investor Relations") or contact us at:

Investor Relations
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ANNUAL MEETING

The Company's annual meeting will be held at 10AM Pacific time on Monday, May 5, 2008 at:

560 Mission Street
Conference Center, 20th Floor
San Francisco, CA 94105

DIGITAL REALTY TRUST LOCATIONS - WORLDWIDE

Corporate Headquarters

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