DIGITAL REALTY
Data Center Solutions

Digital Realty Reports Fourth Quarter And Full-Year 2014 Results

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SAN FRANCISCO, Feb. 12, 2015 /PRNewswire/ -- **Digital Realty Trust, Inc.** (NYSE: DLR), a leading global provider of data center and colocation solutions, announced today financial results for the fourth quarter and full-year 2014. All per share results are presented on a fully-diluted share and unit basis.

Highlights

- Reported FFO per share of $1.40 in 4Q14, compared to $1.26 in 4Q13. Reported FFO of $5.04 for the full year of 2014, compared to $4.74 in 2013.
- Reported core FFO per share of $1.26 in 4Q14, compared to $1.26 in 4Q13. Reported core FFO of $4.96 for the full year of 2014, compared to $4.78 in 2013;
- Signed leases during 4Q14 expected to generate $46 million in annualized GAAP rental revenue, bringing the full-year 2014 total to $159 million;
- Improved portfolio occupancy 20 basis points sequentially to 93.2% in 4Q14, compared to 93.0% in 3Q14; and
- Reiterated 2015 core FFO per share outlook of $5.00 - $5.10.

Financial Results

Revenues were $412 million for the fourth quarter of 2014, consistent with the previous quarter and an 8% increase over the same quarter last year.

Revenues were $1.6 billion for the full-year 2014, a 9% increase over 2013.

Adjusted EBITDA was $242 million for the fourth quarter of 2014, a 3% increase over the previous quarter and a 7% increase over the same quarter last year. Adjusted EBITDA was $944 million for the full-year 2014, a 7% increase over 2013.

Funds from operations ("FFO") on a diluted basis was $195 million in the fourth quarter of 2014, or $1.40 per share, compared to $1.22 per share in the third quarter of 2014 and $1.26 per share in the fourth quarter of 2013.

FFO per share for the full-year 2014 was $5.04 compared to $4.74 in 2013, a 6% increase.

Excluding certain items that do not represent core expenses or revenue streams, fourth quarter of 2014 core FFO was $1.26 per share compared to $1.22 per share in the third quarter of 2014, and $1.26 per share in the fourth quarter of 2013. Core FFO per share for the full-year 2014 was $4.96 per share compared to $4.78 per share in 2013, a 4% increase.

Net loss for the fourth quarter of 2014 was $35 million, and net loss available to common stockholders was $52 million, or $0.39 per diluted share, compared to net income available to common shareholders of $0.80 per diluted share in the third quarter of 2014 and $0.33 per diluted share in the fourth quarter of 2013. The net loss during the fourth quarter of 2014 was primarily attributable to a $114 million impairment charge, discussed in further detail under the Investment Activity section below. For the full-year 2014, net income was $203 million, and net income available to common shareholders was $133 million, or $1.00 per share, compared to $2.12 per share for 2013.

Leasing Activity

"Demand for our data center solutions remains robust, as evidenced by new lease signings of $46 million in annualized GAAP rental revenue," commented Chief Executive Officer and Chief Financial Officer Bill Stein.

"We made significant progress leasing up finished inventory during the fourth quarter, contributing to further improvement in our return on invested capital. The data center supply environment has largely rationalized, leading to a gradual recovery in landlord leasing economics."

The weighted-average lag between leases signed during the fourth quarter of 2014 and the contractual commencement date was 5.5 months.

In addition to new leases signed, Digital Realty also signed renewal leases representing $23 million of annualized GAAP rental revenue during the quarter, bringing the full-year 2014 total to $105 million of annualized GAAP rental revenue. Rental rates on renewal leases signed during the fourth quarter of 2014 increased 6% on a cash basis and 21% on a GAAP basis.

New leases signed during the fourth quarter of 2014 by region and product type are summarized as follows:

North America	**($ in thousands) Annualized GAAP Rent**	**Square Feet**	**GAAP Rent per Square Foot**	**Megawatts**	**GAAP Rent per Kilowatt**
Turn-Key Flex	$10,395	80,361	$129	6	$150
Powered Base Building	95	—	—	—	—
Custom Solutions	13,977	104,514	134	8	155
Colocation	3,249	13,261	245	1	224
Non-Technical	4,736	274,895	17	—	—
Total	**$32,452**	**473,031**	**$69**	**15**	**$159**
Europe (1)					
Turn-Key Flex	$2,196	15,771	$139	1	$155
Colocation	596	3,357	177	—	143
Non-Technical	—	—	—	—	—
Total	**$2,792**	**19,128**	**$146**	**2**	**$152**
Asia Pacific (1)					
Turn-Key Flex	$9,555	36,729	$260	3	$233
Colocation	1,036	4,710	220	—	266
Non-Technical	55	851	64	—	—
Total	**$10,647**	**42,290**	**$252**	**4**	**$236**
Grand Total	**$45,891**	**534,449**	**$86**	**20**	**$173**

Note: Totals may not foot due to rounding differences.

(1) Based on quarterly average exchange rates during the three months ended December 31, 2014.

Investment Activity

Digital Realty closed on the sale of its $17 million investment in a developer of data centers in the Southwestern U.S. and Mexico in October of 2014, generating net proceeds of approximately $32 million. Digital Realty recognized a gain on this sale of approximately $15 million in the fourth quarter of 2014.

Subsequent to year-end, the company completed the sale of 100 Quannapowitt Parkway, a 169,000 square foot office building in suburban Boston, for $31 million, or $184 per square foot. The property was expected to generate cash net operating income of approximately $1.6 million in 2015, representing a cap rate of 5.0%. The sale generated net proceeds of $29 million, and Digital Realty expects to recognize a gain on the sale of approximately $9 million in the first quarter of 2015.

During the fourth quarter of 2014, the company recognized an impairment loss of approximately $114 million to reduce carrying value of three properties to their estimated fair market value at December 31, 2014, as shown in the table below.

		($ in thousands)		
Property	**Market**	**Net Book Value (pre-impairment)**	**Impairment**	**Net Book Value (post-impairment)**
210 Tucker	St. Louis	$104,008	$64,040	$39,968
200 Quannapowitt Pkwy	Boston	68,487	40,070	28,417
3065 Gold Camp Drive	Sacramento	21,861	9,860	12,001
Total		**$194,356**	**$113,970**	**$80,386**

Balance Sheet

Digital Realty had approximately $4.7 billion of total debt outstanding as of December 31, 2014, comprised of $4.3 billion of unsecured debt and approximately $0.4 billion of secured debt. At the end of the fourth quarter of 2014, net debt-to-adjusted EBITDA was 4.8x, debt-plus-preferred-to-total-enterprise-value was 38.5% and fixed charge coverage was 3.4x.

2015 Outlook

Digital Realty reiterated its 2015 core FFO per share outlook of $5.00 - $5.10. The assumptions underlying this guidance are summarized in the following table.

	As of Jan. 5, 2015	As of Feb. 12, 2015
Internal Growth		
Rental rates on renewal leases		
Cash basis	Slightly positive	Slightly positive
GAAP basis	Up double digits	Up double digits
Year-end portfolio occupancy	93.0% - 94.0%	93.0% - 94.0%
"Same-capital" cash NOI growth (1)	2.0% - 4.0%	2.0% - 4.0%
Operating margin	72.5% - 73.5%	72.5% - 73.5%
Incremental revenue from speculative leasing (2)	$25 - $30 million	$20 - $25 million
Overhead load (3)	80 - 90 bps on total assets	80 - 90 bps on total assets
External Growth		
Acquisitions		
Dollar volume	$0 - $200 million	$0 - $200 million
Cap rate	7.5% - 8.5%	7.5% - 8.5%
Dispositions		
Dollar volume	$175 - $400 million	$175 - $400 million
Cap rate	0.0% - 10.0%	0.0% - 10.0%
Joint ventures		
Dollar volume	$0 - $150 million	$0 - $150 million
Cap rate	6.75% - 7.25%	6.75% - 7.25%
Development		
Capex	$750 - $850 million	$750 - $850 million
Average stabilized yields	10.0% - 12.0%	10.0% - 12.0%
Enhancements and other non-recurring capex (4)	$20 - $25 million	$20 - $25 million
Recurring capex + capitalized leasing costs (5)	$100 - $110 million	$100 - $110 million
Balance Sheet		
Long-term debt issuance		
Dollar amount size	$300 - $700 million	$300 - $700 million
Pricing	4.50% - 5.50%	4.50% - 5.50%
Timing	Early-to-mid 2015	Early-to-mid 2015
Funds From Operations / share (NAREIT-Defined)	**$4.95 - $5.05**	**$4.95 - $5.05**
Adjustments for non-core expenses and revenue streams (6)	$0.05	$0.05
Core Funds From Operations / Share	**$5.00 - $5.10**	**$5.00 - $5.10**

(1) The "same-capital" pool includes properties owned as of December 31, 2013 with less than 5% of total rentable square feet under

development. It also excludes properties that were undergoing, or were expected to undergo, development activities in 2014-2015. NOI represents rental revenue and tenant reimbursement revenue less rental property operating and maintenance expenses, property taxes and insurance expenses (as reflected in the statement of operations), and cash NOI is NOI less straight-line rents and above and below market rent amortization.

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

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

(4) Other non-recurring capex represents costs incurred to enhance the capacity or marketability of operating properties, such as network fiber initiatives and software development costs.

(5) Recurring capex represents non-incremental improvements required to maintain current revenues, including second-generation tenant improvements and leasing commissions. Capitalized leasing costs include capitalized leasing compensation as well as capitalized internal leasing commissions.

(6) See "Funds From Operations and Core Funds From Operations" table below for historical reconciliations of Funds From Operations (NAREIT-Defined) to Core Funds From Operations.

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

Investor Conference Call

Prior to Digital Realty's conference call today at 5:30 p.m. EST / 2:30 p.m. PST, Digital Realty will post a presentation to the Investors section of the company's website at http://investor.digitalrealty.com. The presentation is designed to accompany the discussion of the company's fourth quarter and full-year 2014 financial results and operating performance. The conference call will feature: Chief Executive Officer and Chief Financial Officer A. William Stein; Chief Investment Officer Scott Peterson; Senior Vice President of Sales & Marketing Matt Miszewski; and Vice President of Finance Matt Mercier.

To participate in the live call, investors are invited to dial +1 (866) 737-5498 (for domestic callers) or +1 (412) 902-6526 (for international callers) at least five minutes prior to start time. A live webcast of the call will be available via the Investors section of Digital Realty's website at http://investor.digitalrealty.com.

Telephone and webcast replays will be available one hour after the call until March 12, 2015. The telephone replay can be accessed by dialing +1 (877) 344-7529 (for domestic callers) or +1 (412) 317-0088 (for international callers) and providing the conference ID# 10057687. The webcast replay can be accessed on Digital Realty's website.

About Digital Realty

Digital Realty Trust, Inc. supports the data center and colocation strategies of more than 600 firms across its secure, network-rich portfolio of data centers located throughout North America, Europe, Asia and Australia. Digital Realty's clients include domestic and international companies of all sizes, ranging from financial services, cloud and information technology services, to manufacturing, energy, gaming, life sciences and consumer products.

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

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Safe Harbor Statement

This press release contains forward-looking statements which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual results to differ materially, including statements related to supply and demand for data center and colocation space; pricing and net effective leasing economics; market dynamics and data center fundamentals; our strategic priorities, including improving ROIC and our disposition program; rent from leases that have been signed but have not yet commenced and other contracted rent to be received in future periods; rental rates on future leases; lag between signing and commencement; our joint venture with the GCEAR fund, our expected fees and proceeds from the joint venture, future cash NOI and remaining lease terms related to the joint venture property; cap rates and yields; and the company's FFO, core FFO and net income outlook and underlying assumptions. These risks and uncertainties include, among others, the impact of current global economic, credit and market conditions; decreases in information technology spending; adverse economic or real estate developments in our industry or the industry sectors that we sell to; risks related to our tenants; our failure to obtain necessary debt and equity financing; risks associated with using debt to fund our business activities; financial market fluctuations; 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; the suitability of our properties and data center infrastructure, delays or disruptions in connectivity, failure of our physical infrastructure or services or availability of power; risks related to joint venture investments; 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 comply with the rules and regulations applicable to reporting companies; our failure to maintain our status as a REIT; 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; and changes in laws and regulations, including those related to taxation and real estate ownership and operation. For a further list and description of such risks and uncertainties, see the reports and other filings by the company with the U.S. Securities and Exchange Commission, including the company's Annual Report on Form 10-K, as amended, for the year ended December 31, 2013 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014. The company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

	Three Months Ended					Twelve Months Ended	
	31-Dec-14	**30-Sep-14**	**30-Jun-14**	**31-Mar-14**	**31-Dec-13**	**31-Dec-14**	**31-Dec-13**
Rental revenues	$319,816	$317,064	$313,420	$305,786	$296,987	$1,256,086	$1,155,052
Tenant reimbursements - Utilities	59,830	65,604	62,063	59,177	55,319	246,675	220,963
Tenant reimbursements - Other	28,887	26,605	23,625	24,444	27,310	103,559	102,322
Fee income	1,871	2,748	1,466	1,183	1,315	7,268	3,520
Other	1,812	165	873	—	—	2,850	399
Total Operating Revenues	**$412,216**	**$412,186**	**$401,447**	**$390,590**	**$380,931**	**$1,616,438**	**$1,482,256**
Utilities	$62,560	$69,388	$65,432	$62,087	$58,773	$259,466	$234,941
Rental property operating	33,211	32,017	33,314	30,659	29,294	129,200	113,859
Repairs & maintenance	31,783	29,489	28,052	25,151	27,109	114,474	97,809
Non-cash straight-line rent expense adjustment	—	—	—	—	—	—	9,988
Property taxes	23,053	25,765	20,595	22,125	23,831	91,538	90,321
Insurance	2,180	2,145	1,896	2,422	2,156	8,643	8,743
Construction management	33	60	121	164	35	378	764
Change in fair value of contingent consideration	(3,991)	(1,465)	766	(3,403)	(1,749)	(8,093)	(1,762)
Depreciation & amortization	133,327	137,474	137,092	130,620	126,776	538,513	475,464

General & administrative	21,480	20,709	20,061	18,248	15,536	80,498	65,653
Severance accrual and equity acceleration	—	—	260	12,430	—	12,690	—
Transactions	323	144	755	81	1,108	1,303	4,605
Impairment of investments in real estate	113,970	12,500	—	—	—	126,470	—
Other	453	1,588	651	—	7	2,692	60
Total Operating Expenses	**$418,382**	**$329,814**	**$308,995**	**$300,584**	**$282,876**	**$1,357,772**	**$1,100,445**
Operating Income (Loss)	**($6,166)**	**$82,372**	**$92,452**	**$90,006**	**$98,055**	**$258,666**	**$381,811**
Equity in earnings of unconsolidated joint venture	$3,776	$3,455	$3,477	$2,581	$2,957	$13,289	$9,795
Gain on insurance settlement	—	—	—	—	—	—	5,597
Gain on sale of property	—	—	15,945	—	—	15,945	—
Gain on contribution of properties to unconsolidated JV	—	93,498	—	1,906	555	95,404	115,609
Gain on sale of investment	14,551	—	—	—	—	14,551	—
Interest and other income	641	378	(83)	1,727	231	2,663	139
Interest expense	(46,396)	(48,169)	(49,146)	(47,374)	(45,996)	(191,085)	(189,399)
Tax (expense) benefit	(1,201)	(1,178)	(1,021)	(1,838)	473	(5,238)	(1,293)
Loss from early extinguishment of debt	—	(195)	(293)	(292)	(608)	(780)	(1,812)
Net Income (Loss)	**($34,795)**	**$130,161**	**$61,331**	**$46,716**	**$55,667**	**$203,415**	**$320,447**
Net income attributable to noncontrolling interests	961	(2,392)	(993)	(805)	(964)	(3,229)	(5,961)
Net Income (Loss) Attributable to Digital Realty Trust, Inc.	**($33,834)**	**$127,769**	**$60,338**	**$45,911**	**$54,703**	**$200,186**	**$314,486**
Preferred stock dividends	(18,455)	(18,455)	(18,829)	(11,726)	(11,726)	(67,465)	(42,905)
Net Income (Loss) Available to Common							

Stockholders	**($52,289)**	**$109,314**	**$41,509**	**$34,185**	**$42,977**	**$132,721**	**$271,581**
Weighted-average shares outstanding - basic	135,544,597	135,492,618	133,802,622	128,535,995	128,444,744	132,635,894	127,941,134
Weighted-average shares outstanding - diluted	135,544,597	135,946,533	133,977,885	129,136,961	128,641,470	132,852,966	128,127,641
Weighted-average fully diluted shares and units	138,757,650	138,762,045	137,912,511	138,161,544	137,890,892	138,216,486	137,769,299
Net income per share - basic	($0.39)	$0.81	$0.31	$0.27	$0.33	$1.00	$2.12
Net income per share - diluted	($0.39)	$0.80	$0.31	$0.26	$0.33	$1.00	$2.12

Consolidated Balance Sheets

Unaudited and in thousands, except share and per share data

	31-Dec-14	30-Sep-14	30-Jun-14	31-Mar-14	31-Dec-13
Assets					
Investments in real estate:					
Real estate	$9,027,599	$9,213,833	$9,246,540	$9,085,558	$8,896,448
Construction in progress	809,406	876,494	895,811	826,609	876,803
Land held for future development	145,607	146,390	117,878	113,543	106,327
Investments in Real Estate	**$9,982,612**	**$10,236,717**	**$10,260,229**	**$10,025,710**	**$9,879,578**
Accumulated depreciation & amortization	(1,874,054)	(1,840,379)	(1,778,768)	(1,665,421)	(1,565,996)
Net Investments in Properties	**$8,108,558**	**$8,396,338**	**$8,481,461**	**$8,360,289**	**$8,313,582**
Investment in unconsolidated joint ventures	94,729	94,497	92,619	81,411	70,504
Net Investments in Real Estate	**$8,203,287**	**$8,490,835**	**$8,574,080**	**$8,441,700**	**$8,384,086**
Cash and cash equivalents	41,321	36,528	80,926	70,242	56,808
Accounts and other receivables (1)	135,931	140,463	115,888	117,492	122,248
Deferred rent	447,643	442,358	436,443	415,515	393,504
Acquired above-market leases, net	38,605	42,477	47,181	49,521	52,264
Acquired in-place lease value and deferred leasing costs, net	456,962	461,243	470,620	479,940	489,456
Deferred financing costs, net	30,821	33,761	36,914	34,295	36,475
Restricted cash	11,555	13,986	39,778	42,842	40,362
Assets associated with real estate held for sale	120,471	—	—	25,070	—
Other assets	40,188	60,356	62,794	64,836	51,627
Total Assets	**$9,526,784**	**$9,722,007**	**$9,864,624**	**$9,741,453**	**$9,626,830**
Liabilities and Equity					
Global revolving credit facility	$525,951	$485,023	$374,641	$790,500	$724,668
Unsecured term loan	976,600	1,002,186	1,034,830	1,026,891	1,020,984

Unsecured senior notes, net of discount	2,791,758	2,835,478	2,897,068	2,368,848	2,364,232
Exchangeable senior debentures	—	—	—	266,400	266,400
Mortgage loans, net of premiums	378,818	417,042	552,696	554,742	585,608
Accounts payable and other accrued liabilities	605,923	648,314	636,783	614,645	662,687
Accrued dividends and distributions	115,019	—	—	—	102,509
Acquired below-market leases	104,235	110,708	118,432	123,152	130,269
Security deposits and prepaid rent	108,478	119,696	115,893	116,945	122,961
Liabilities associated with assets held for sale	5,764	—	—	3,610	—
Total Liabilities	**$5,612,546**	**$5,618,447**	**$5,730,343**	**$5,865,733**	**$5,980,318**
Equity					
Preferred Stock: $0.01 par value per share, 70,000,000 shares authorized:					
Series E Cumulative Redeemable Preferred Stock (2)	$277,172	$277,172	$277,172	$277,172	$277,172
Series F Cumulative Redeemable Preferred Stock (3)	176,191	176,191	176,191	176,191	176,191
Series G Cumulative Redeemable Preferred Stock (4)	241,468	241,468	241,468	241,468	241,468
Series H Cumulative Redeemable Preferred Stock (5)	353,290	353,300	353,378	289,857	—
Common Stock: $0.01 par value per share, 215,000,000 shares authorized (6)	1,349	1,348	1,347	1,279	1,279
Additional paid-in capital	3,970,438	3,964,876	3,955,830	3,689,098	3,688,937
Dividends in excess of earnings	(1,096,603)	(931,777)	(928,626)	(857,779)	(785,222)
Accumulated other comprehensive (loss) income, net	(45,046)	(20,470)	14,962	13,947	10,691
Total Stockholders' Equity	**$3,878,259**	**$4,062,108**	**$4,091,722**	**$3,831,233**	**$3,610,516**
Noncontrolling Interests					
Noncontrolling interest in operating partnership	$29,188	$34,632	$35,632	$37,406	$29,027
Noncontrolling interest in consolidated joint ventures	6,791	6,820	6,927	7,081	6,969
Total Noncontrolling Interests	**$35,979**	**$41,452**	**$42,559**	**$44,487**	**$35,996**
Total Equity	**$3,914,238**	**$4,103,560**	**$4,134,281**	**$3,875,720**	**$3,646,512**
Total Liabilities and Equity	**$9,526,784**	**$9,722,007**	**$9,864,624**	**$9,741,453**	**$9,626,830**

(1) Net of allowance for doubtful accounts of $6,302 and $5,576 as of December 31, 2014 and December 31, 2013, respectively.

(2) Series E Cumulative Redeemable Preferred Stock, 7.000%, $287,500 and $287,500 liquidation preference, respectively ($25.00 per share), 11,500,000 and 11,500,000 shares issued and outstanding as of December 31, 2014 and December 31, 2013, respectively.

(3) Series F Cumulative Redeemable Preferred Stock, 6.625%, $182,500 and $182,500 liquidation preference, respectively ($25.00 per share), 7,300,000 and 7,300,000 shares issued and outstanding as of December 31, 2014 and December 31, 2013, 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 December 31, 2014 and December 31, 2013, respectively.

(5) Series H Cumulative Redeemable Preferred Stock, 7.375%, $365,000 and $0 liquidation preference, respectively ($25.00 per share), 14,600,000 and 0 shares issued and outstanding as of December 31, 2014 and December 31, 2013, respectively.

(6) Common Stock: 135,626,255 and 128,455,350 shares issued and outstanding as of December 31, 2014 and December 31, 2013, respectively.

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

	Three Months Ended					Twelve Months Ended	
Reconciliation of Net Income to Funds From Operations (FFO)	**31-Dec-14**	**30-Sep-14**	**30-Jun-14**	**31-Mar-14**	**31-Dec-13**	**31-Dec-14**	**31-Dec-13**
Net Income (Loss) Available to Common Stockholders	**($52,289)**	**$109,314**	**$41,510**	**$34,186**	**$42,977**	**$132,721**	**$271,583**
Adjustments:							
Noncontrolling interests in operating partnership	(1,074)	2,272	873	693	849	2,764	5,366
Real estate related depreciation & amortization (1)	132,100	136,289	135,938	129,496	125,671	533,823	471,281
Unconsolidated JV real estate related depreciation & amortization	2,173	1,934	1,802	1,628	1,387	7,537	3,805
Gain on sale of property	—	—	(15,945)	—	—	(15,945)	—
Gain on contribution of properties to unconsolidated joint venture	—	(93,498)	—	(1,906)	(555)	(95,404)	(115,609)
Impairment of investments in real estate	113,970	12,500	—	—	—	126,470	—
Funds From Operations	**$194,880**	**$168,811**	**$164,178**	**$164,097**	**$170,329**	**$691,966**	**$636,426**
Add: Interest and amortization of debt issuance costs on 2029 Debentures	—	—	675	4,050	4,050	4,725	16,200
Funds From Operations - diluted	**$194,880**	**$168,811**	**$164,853**	**$168,147**	**$174,379**	**$696,691**	**$652,626**
Weighted-average shares and units outstanding - basic	138,327	138,308	136,615	131,143	130,982	136,124	130,463
Weighted-average shares and units outstanding - diluted (2)	138,757	138,762	137,912	138,162	137,891	138,364	137,771
Funds From Operations per share - basic	**$1.41**	**$1.22**	**$1.20**	**$1.25**	**$1.30**	**$5.08**	**$4.88**
Funds From Operations per share - diluted (2)	**$1.40**	**$1.22**	**$1.20**	**$1.22**	**$1.26**	**$5.04**	**$4.74**

	Three Months Ended					Twelve Months Ended	
Reconciliation of FFO to Core FFO	**31-Dec-14**	**30-Sep-14**	**30-Jun-14**	**31-Mar-14**	**31-Dec-13**	**31-Dec-14**	**31-Dec-13**
Funds From Operations - diluted	**$194,880**	**$168,811**	**$164,853**	**$168,147**	**$174,379**	**$696,691**	**$652,626**
Termination fees and other non-core revenues (3)	(2,584)	(165)	(873)	(2,047)	—	(5,668)	(402)
Gain on insurance settlement	—	—	—	—	—	—	(5,597)
Gain on sale of investment	(14,551)	—	—	—	—	(14,551)	—

Significant transaction expenses	323	144	755	81	1,108	1,303	4,605
Loss from early extinguishment of debt	—	195	293	292	608	780	1,813
Straight-line rent expense adjustment attributable to prior periods	—	—	—	—	—	—	7,489
Change in fair value of contingent consideration (4)	(3,991)	(1,465)	766	(3,403)	(1,749)	(8,093)	(1,762)
Equity in earnings adjustment for non-core items	—	—	—	843	—	843	—
Severance accrual and equity acceleration (5)	—	—	260	12,430	—	12,690	—
Other non-core expense adjustments (6)	453	1,588	651	—	7	2,692	63
Core Funds From Operations - diluted	**$174,530**	**$169,108**	**$166,705**	**$176,343**	**$174,353**	**$686,687**	**$658,835**
Weighted-average shares and units outstanding - diluted (2)	138,757	138,762	137,912	138,162	137,891	138,364	137,771
Core Funds From Operations per share - diluted (2)	**$1.26**	**$1.22**	**$1.21**	**$1.28**	**$1.26**	**$4.96**	**$4.78**

(1) Real Estate Related Depreciation & Amortization

	Three Months Ended					Twelve Months Ended	
	31-Dec-14	**30-Sep-14**	**30-Jun-14**	**31-Mar-14**	**31-Dec-13**	**31-Dec-14**	**31-Dec-13**
Depreciation & amortization per income statement	$133,327	$137,474	$137,092	$130,620	$126,776	$538,513	$475,464
Non-real estate depreciation	(1,227)	(1,185)	(1,154)	(1,124)	(1,105)	(4,690)	(4,183)
Real Estate Related Depreciation & Amortization	**$132,100**	**$136,289**	**$135,938**	**$129,496**	**$125,671**	**$533,823**	**$471,281**

(2) At December 31, 2013, we had no series D convertible preferred shares outstanding, as a result of the conversion of all remaining shares on February 26, 2013, which calculates into 471 common shares on a weighted average basis for the year ended December 31, 2013. For all periods presented, we have excluded the effect of dilutive series E, series F, series G and series H preferred stock, as applicable, that may be converted upon the occurrence of specified change in control transactions as described in the articles supplementary governing the series E, series F, series G and series H preferred stock, as applicable, which we consider highly improbable. In addition, we had a balance of $0, $0 and $266,400 of 5.50% exchangeable senior debentures due 2029 that were exchangeable for 0, 0 and 6,712 common shares on a weighted average basis for the three months ended December 31, 2014, September 30, 2014 and December 31, 2013, respectively, and were exchangeable for 1,958 and 6,650 common shares on a weighted average basis for the years ended December 31, 2014 and 2013, respectively. See below for calculations of diluted FFO available to common stockholders and unitholders and weighted average common stock and units outstanding.

(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 the Sentrum and Singapore acquisitions. The earn-out contingency expires in July 2015 and November 2020, respectively, and are reassessed on a quarterly basis.

(5) Relates to severance charge of approximately $12,700, or $0.09 per share and unit, related to the departure of the company's former Chief Executive Officer.

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

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

Unaudited and in thousands

	Three Months Ended
Reconciliation of Earnings Before Interest, Taxes, Depreciation	

& Amortization (EBITDA) [1]	31-Dec-14	30-Sep-14	30-Jun-14	31-Mar-14	31-Dec-13
Net Income (Loss) Available to Common Stockholders	**($52,289)**	**$109,314**	**$41,509**	**$34,185**	**$42,977**
Interest	46,396	48,169	49,146	47,374	45,996
Loss from early extinguishment of debt	—	195	293	292	608
Tax expense (benefit)	1,201	1,178	1,021	1,838	(473)
Depreciation & amortization	133,327	137,474	137,092	130,620	126,776
Impairment of investments in real estate	113,970	12,500	—	—	—
EBITDA	**$242,605**	**$308,830**	**$229,061**	**$214,309**	**$215,884**
Change in fair value of contingent consideration	(3,991)	(1,465)	766	(3,403)	(1,749)
Severance accrual and equity acceleration	—	—	260	12,430	—
Gain on sale of property	—	—	(15,945)	—	—
Gain on contribution of properties to unconsolidated joint venture	—	(93,498)	—	(1,906)	(555)
Gain on sale of investment	(14,551)	—	—	—	—
Noncontrolling interests	(961)	2,392	993	805	964
Preferred stock dividends	18,455	18,455	18,829	11,726	11,726
Adjusted EBITDA	**$241,557**	**$234,714**	**$233,964**	**$233,961**	**$226,270**

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

Definitions

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

Core Funds from Operations:
We present core funds from operations, or core FFO, as a supplemental operating measure because, in excluding certain items that do not reflect core revenue or expense streams, it provides a performance measure that, when compared year over year, captures trends in our core business operating performance. We calculate core FFO by adding to or subtracting from FFO (i) termination fees and other non-core revenues, (ii) gain on insurance settlement, (iii) gain on sale of investment, (iv) significant transaction expenses, (v) loss from early extinguishment of debt, (vi) straight-line rent expense adjustment attributable to prior periods, (vii) change in fair value of contingent consideration, (viii) equity in earnings adjustment for non-core items, (ix) severance accrual and equity acceleration and (x) 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.

EBITDA and Adjusted EBITDA:
We believe that earnings before interest expense, income taxes, depreciation and amortization, and impairment of investments in real estate, or EBITDA, and Adjusted EBITDA (as defined below), are useful supplemental performance measures because they allow investors to view our performance without the impact of non-cash depreciation and amortization or the cost of debt and, with respect to Adjusted EBITDA, change in fair value of contingent consideration, severance accrual and equity acceleration, gain on sale of property, gain on contribution of properties to unconsolidated joint venture, gain on sale of equity investment, noncontrolling interests, and preferred stock dividends. Adjusted EBITDA is EBITDA excluding change in fair value of contingent consideration,

severance accrual and equity acceleration, impairment of investments in real estate, gain on sale of property, gain on contribution of properties to unconsolidated joint venture, gain on sale of equity investment, noncontrolling interests, and preferred stock dividends. In addition, we believe EBITDA and Adjusted EBITDA are frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. Because EBITDA and Adjusted EBITDA are calculated before recurring cash charges including interest expense and income taxes, exclude capitalized costs, such as leasing commissions, and are not adjusted for capital expenditures or other recurring cash requirements of our business, their utility as a measure of our performance is limited. Other REITs may calculate EBITDA and Adjusted EBITDA differently than we do; accordingly, our EBITDA and Adjusted EBITDA may not be comparable to such other REITs' EBITDA and Adjusted EBITDA. Accordingly, EBITDA and Adjusted EBITDA should be considered only as supplements to net income computed in accordance with GAAP as a measure of our financial performance.

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

Additional Definitions
Net debt-to-Adjusted EBITDA ratio is calculated using total debt at balance sheet carrying value less unrestricted cash and cash equivalents divided by the product of Adjusted EBITDA multiplied by four.

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

Fixed charge coverage ratio is Adjusted EBITDA divided by the sum of GAAP interest expense, capitalized interest, scheduled debt principal payments and preferred dividends. For the quarter ended December 31, 2014, GAAP interest expense was $46 million, capitalized interest was $5 million and scheduled debt principal payments and preferred dividends was $21 million.

Reconciliation of Range of 2015 Projected Net Income to Projected FFO and Core FFO

	Low	High
Net income available to common stockholders per diluted share	$0.90	$1.00
Add:		
Real estate depreciation and amortization	$4.05	$4.05
Projected FFO per diluted share	$4.95	$5.05
Adjustments for items that do not represent core expenses and revenue streams	$0.05	$0.05
Projected core FFO per diluted share	$5.00	$5.10

To view the original version on PR Newswire, visit:http://www.prnewswire.com/news-releases/digital-realty-reports-fourth-quarter-and-full-year-2014-results-300035537.html

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