

Digital Realty Trust, Inc.  
 Form 10-K  
 March 02, 2015  
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UNITED STATES  
 SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549

FORM 10-K

x Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
 For the fiscal year ended December 31, 2014  
 .. Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
 For the Transition Period From to .  
 Commission file number 001-32336 (Digital Realty Trust, Inc.)  
 000-54023 (Digital Realty Trust,  
 L.P.)

DIGITAL REALTY TRUST, INC.  
 DIGITAL REALTY TRUST, L.P.  
 (Exact name of registrant as specified in its charter)

Maryland (Digital Realty Trust, Inc.)	26-0081711
Maryland (Digital Realty Trust, L.P.)	20-2402955
(State or other jurisdiction of incorporation or organization)	(IRS employer identification number)
Four Embarcadero Center, Suite 3200	94111
San Francisco, CA	(Zip Code)
(Address of principal executive offices)	
(415) 738-6500	
(Registrant's telephone number, including area code)	

Securities registered pursuant to Section 12(b) of the Act:

	Title of each class	Name of each exchange on which registered
Digital Realty Trust, Inc.	Common stock, \$0.01 par value per share	New York Stock Exchange
	Series E cumulative redeemable preferred stock, \$0.01 par value per share	New York Stock Exchange
	Series F cumulative redeemable preferred stock, \$0.01 par value per share	New York Stock Exchange
	Series G cumulative redeemable preferred	New York Stock Exchange

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	stock, \$0.01 par value per share Series H cumulative redeemable preferred	New York Stock Exchange
Digital Realty Trust, L.P.	stock, \$0.01 par value per share None	None

Securities registered pursuant to Section 12(g) of the Act:

Digital Realty Trust, Inc.	None
Digital Realty Trust, L.P.	Common Units of Partnership Interest

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Digital Realty Trust, Inc.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Digital Realty Trust, L.P.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Digital Realty Trust, Inc.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Digital Realty Trust, L.P.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Digital Realty Trust, Inc.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Digital Realty Trust, L.P.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Digital Realty Trust, Inc.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Digital Realty Trust, L.P.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Digital Realty Trust, Inc.:		
Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer ..
Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller reporting company ..
Digital Realty Trust, L.P.:		
Large accelerated filer	<input type="checkbox"/>	Accelerated filer ..
Non-accelerated filer (Do not check if a smaller reporting company)	<input checked="" type="checkbox"/>	Smaller reporting company ..

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Digital Realty Trust, Inc.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Digital Realty Trust, L.P.	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

The aggregate market value of the common equity held by non-affiliates of Digital Realty Trust, Inc. as of June 30, 2014 totaled approximately \$7.9 billion based on the closing price for Digital Realty Trust, Inc.'s common stock on that day as reported by the New York Stock Exchange. Such value excludes common stock held by executive officers, directors and 10% or greater stockholders as of June 30, 2014. The identification of 10% or greater stockholders as of June 30, 2014 is based on Schedule 13G and amended Schedule 13G reports publicly filed before June 30, 2014. This calculation does not reflect a determination that such parties are affiliates for any other purposes.

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There is no public trading market for the common units of Digital Realty Trust, L.P. As a result, the aggregate market value of the common units held by non-affiliates of Digital Realty Trust, L.P. cannot be determined.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Digital Realty Trust, Inc.:

Class	Outstanding at February 17, 2015
Common Stock, \$.01 par value per share	135,679,901

**DOCUMENTS INCORPORATED BY REFERENCE**

Part III incorporates by reference portions of Digital Realty Trust, Inc.'s Proxy Statement for its 2015 Annual Meeting of Stockholders which the registrants anticipate will be filed no later than 120 days after the end of its fiscal year pursuant to Regulation 14A.

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EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2014 of Digital Realty Trust, Inc., a Maryland corporation, and Digital Realty Trust, L.P., a Maryland limited partnership, of which Digital Realty Trust, Inc. is the sole general partner. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “we,” “us,” “our,” “our company” or “the company” refer to Digital Realty Trust, Inc. together with its consolidated subsidiaries, including Digital Realty Trust, L.P. Unless otherwise indicated or unless the context requires otherwise, all references to “our operating partnership” or “the operating partnership” refer to Digital Realty Trust, L.P. together with its consolidated subsidiaries.

Digital Realty Trust, Inc. is a real estate investment trust, or REIT, and the sole general partner of Digital Realty Trust, L.P. As of December 31, 2014, Digital Realty Trust, Inc. owned an approximate 97.8% common general partnership interest in Digital Realty Trust, L.P. The remaining approximate 2.2% common limited partnership interests are owned by non-affiliated investors and certain directors and officers of Digital Realty Trust, Inc. As of December 31, 2014, Digital Realty Trust, Inc. owned all of the preferred limited partnership interests of Digital Realty Trust, L.P. As the sole general partner of Digital Realty Trust, L.P., Digital Realty Trust, Inc. has the full, exclusive and complete responsibility for the operating partnership’s day-to-day management and control.

We believe combining the annual reports on Form 10-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. into this single report results in the following benefits:

- enhancing investors’ understanding of our company and our operating partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
  - eliminating duplicative disclosure and providing a more streamlined and readable presentation since a substantial portion of the disclosure applies to both our company and our operating partnership; and
  - creating time and cost efficiencies through the preparation of one combined report instead of two separate reports.
- There are a few differences between our company and our operating partnership, which are reflected in the disclosure in this report. We believe it is important to understand the differences between our company and our operating partnership in the context of how we operate as an interrelated consolidated company. Digital Realty Trust, Inc. is a REIT, whose only material asset is its ownership of partnership interests of Digital Realty Trust, L.P. As a result, Digital Realty Trust, Inc. does not conduct business itself, other than acting as the sole general partner of Digital Realty Trust, L.P., issuing public equity from time to time and guaranteeing certain unsecured debt of Digital Realty Trust, L.P. and certain of its subsidiaries. Digital Realty Trust, Inc. itself does not issue any indebtedness but guarantees the unsecured debt of Digital Realty Trust, L.P. and certain of its subsidiaries, as disclosed in this report. Digital Realty Trust, L.P. holds substantially all the assets of the company and holds the ownership interests in the company’s joint ventures. Digital Realty Trust, L.P. conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from public equity issuances by Digital Realty Trust, Inc., which are generally contributed to Digital Realty Trust, L.P. in exchange for partnership units, Digital Realty Trust, L.P. generates the capital required by the company’s business through Digital Realty Trust, L.P.’s operations, by Digital Realty Trust, L.P.’s direct or indirect incurrence of indebtedness or through the issuance of partnership units.

The presentation of noncontrolling interests in operating partnership, stockholders’ equity and partners’ capital are the main areas of difference between the consolidated financial statements of Digital Realty Trust, Inc. and those of Digital Realty Trust, L.P. The common limited partnership interests held by the limited partners in Digital Realty Trust, L.P. are presented as limited partners’ capital within partners’ capital in Digital Realty Trust, L.P.’s consolidated financial statements and as noncontrolling interests in operating partnership within equity in Digital Realty Trust, Inc.’s consolidated financial statements. The common and preferred partnership interests held by Digital Realty Trust, Inc. in Digital Realty Trust, L.P. are presented as general partner’s capital within partners’ capital in Digital Realty Trust, L.P.’s consolidated financial statements and as preferred stock, common stock, additional paid-in capital and accumulated dividends in excess of earnings within stockholders’ equity in Digital Realty Trust, Inc.’s consolidated

financial statements. The differences in the presentations between stockholders' equity and partners' capital result from the differences in the equity issued at the Digital Realty Trust, Inc. and the Digital Realty Trust, L.P. levels.

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To help investors understand the significant differences between the company and the operating partnership, this report presents the following separate sections for each of the company and the operating partnership:

• consolidated financial statements;  
• the following notes to the consolidated financial statements:  
• Debt of the company and Debt of the operating partnership;  
• Income per Share and Income per Unit;  
• Equity and Accumulated Other Comprehensive Loss, Net of the company and Capital and Accumulated Other Comprehensive Income (Loss) of the operating partnership; and  
• Quarterly Financial Information;  
• Liquidity and Capital Resources in Management's Discussion and Analysis of Financial Condition and Results of Operations;  
• Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities; and  
• Selected Financial Data.

This report also includes separate Item 9A. Controls and Procedures sections and separate Exhibit 31 and 32 certifications for each of the company and the operating partnership in order to establish that the Chief Executive Officer and Chief Financial Officer of each entity has made the requisite certification and that the company and the operating partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

In order to highlight the differences between the company and the operating partnership, the separate sections in this report for the company and the operating partnership specifically refer to the company and the operating partnership. In the sections that combine disclosure of the company and the operating partnership, this report refers to actions or holdings as being actions or holdings of the company. Although the operating partnership is generally the entity that enters into contracts and joint ventures and holds assets and debt, reference to the company is appropriate because the business is one enterprise and the company operates the business through the operating partnership.

As general partner with control of the operating partnership, Digital Realty Trust, Inc. consolidates the operating partnership for financial reporting purposes, and it does not have significant assets other than its investment in the operating partnership. Therefore, the assets and liabilities of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. are the same on their respective consolidated financial statements. The separate discussions of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. in this report should be read in conjunction with each other to understand the results of the company on a consolidated basis and how management operates the company.

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PART I

ITEM 1. BUSINESS

General

We own, acquire, develop and manage technology-related real estate. We target high-quality, strategically located properties containing applications and operations critical to the day-to-day operations of technology industry tenants and corporate enterprise datacenter users, including the information technology, or IT, departments of Fortune 100 and financial services companies. Our tenant base is diversified within the technology industry and reflects a broad spectrum of regional, national and international tenants that are leaders in their respective areas. Digital Realty Trust, L.P., a Maryland limited partnership, is the entity through which Digital Realty Trust, Inc., a Maryland corporation, conducts its business and owns its assets. Digital Realty Trust, Inc. operates as a REIT for federal income tax purposes.

As of December 31, 2014, our portfolio consisted of 131 properties, including 14 properties held as investments in unconsolidated joint ventures and developable land, of which 105 are located throughout North America, 21 are located in Europe, three are located in Australia and two are located in Asia. We are diversified in major markets where corporate datacenter and technology tenants are concentrated, including the Boston, Chicago, Dallas, Los Angeles, New York Metro, Northern Virginia, Phoenix, San Francisco and Silicon Valley metropolitan areas in the United States, Amsterdam, Dublin, London and Paris markets in Europe and Singapore, Sydney, Melbourne and Hong Kong markets in the Asia Pacific region. Our properties contain a total of approximately 24.6 million rentable square feet including approximately 1.3 million square feet of space under active development, which includes current base building and data center projects in progress, and approximately 1.2 million square feet of space held for future development, which includes space held for future data center development and excludes space under active development. The 14 properties held as investments in unconsolidated joint ventures have an aggregate of approximately 1.8 million rentable square feet. The 14 parcels of developable land we own comprised approximately 178 acres. A significant component of our current and future internal growth is anticipated through the development of our existing space held for development and acquisition of new properties. As of December 31, 2014, our portfolio, including the 14 properties held as investments in unconsolidated joint ventures and excluding space under active development and space held for future development, was approximately 93.2% leased. The types of properties within our focus include:

Corporate datacenters, which provide secure, continuously available environments for the storage and processing of critical electronic information. Data centers are used for disaster recovery purposes, transaction processing and to house corporate IT operations;

Internet gateway datacenters, which serve as hubs for Internet and data communications within and between major metropolitan areas; and

Technology manufacturing properties and regional or national offices of technology companies that are located in our target markets.

Unlike traditional office and flex/research and development space, the location of and improvements to our facilities are generally essential to our tenants' businesses, which we believe results in high occupancy levels, long lease terms and low tenant turnover. In addition, many of our properties have tenant improvements that have been installed at our tenants' expense. The tenant improvements in our facilities are generally readily adaptable for use by similar tenants.

Digital Realty Trust, Inc. was incorporated in the state of Maryland on March 9, 2004. Digital Realty Trust, L.P. was organized in the state of Maryland on July 21, 2004. Our principal executive offices are located at Four Embarcadero Center, Suite 3200, San Francisco, California 94111. Our telephone number at that location is (415) 738-6500. Our website is located at [www.digitalrealty.com](http://www.digitalrealty.com). The information found on, or otherwise accessible through, our website

is not incorporated into, and does not form a part of, this annual report or any other report or document we file with or furnish to the U.S. Securities and Exchange Commission, or the SEC.

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## Recent Developments

On February 5, 2015, the operating partnership sold the 100 Quannapowitt property for approximately \$31 million. The transaction after costs resulted in net proceeds of approximately \$29 million and a net gain of approximately \$9 million. The property was identified as held for sale as of December 31, 2014. 100 Quannapowitt was not a significant component of our U.S. portfolio nor does the sale represent a significant shift in our strategy. On February 25, 2015, we declared the following dividends per share. The operating partnership will make an equivalent distribution per unit.

Share / Unit Class	Series E Preferred Stock and Unit	Series F Preferred Stock and Unit	Series G Preferred Stock and Unit	Series H Preferred Stock and Unit	Common stock and common unit
Dividend and distribution amount	\$0.437500	\$0.414063	\$0.367188	\$0.460938	\$0.850000
Dividend and distribution payable date	March 31, 2015	March 31, 2015	March 31, 2015	March 31, 2015	March 31, 2015
Dividend and distribution payable to holders of record on	March 13, 2015	March 13, 2015	March 13, 2015	March 13, 2015	March 13, 2015
Annual equivalent rate of dividend and distribution	\$1.750	\$1.656	\$1.469	\$1.844	\$3.400

## Our Competitive Strengths

We believe we distinguish ourselves from other owners, acquirors and managers of technology-related real estate through our competitive strengths, which include:

**High-Quality Portfolio that is Difficult to Replicate.** Our portfolio contains state-of-the-art data center facilities with extensive tenant improvements. Based on current market rents and the estimated replacement costs of our properties and their improvements, we believe that they could not be replicated today on a cost-competitive basis. Our portfolio of data center facilities is equipped to meet the power and cooling requirements for the most demanding corporate IT applications. Many of the properties in our portfolio are located on major aggregation points formed by the physical presence of multiple major telecommunications service providers, which reduces our tenants' costs and operational risks and increases the attractiveness of our buildings.

**Presence in Key Markets.** Our portfolio is located in 33 metropolitan areas, including the Boston, Chicago, Dallas, Los Angeles, New York Metro, Northern Virginia, Phoenix, San Francisco and Silicon Valley metropolitan areas in the United States, Amsterdam, Dublin, London and Paris markets in Europe and Singapore, Sydney, Melbourne and Hong Kong markets in the Asia Pacific region, and is diversified so that no one market represented more than approximately 11% of the aggregate annualized rent of our portfolio as of December 31, 2014. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Revenue Base."

**Proven Experience Executing New Leases.** We have considerable experience in identifying and leasing to new tenants. The combination of our specialized data center leasing team and customer referrals continues to provide a robust pipeline of new tenants. During the year ended December 31, 2014, we commenced new leases totaling approximately 1.3 million square feet, which represent approximately \$153.8 million in annualized GAAP rent. During the year ended December 31, 2014, we signed new leases totaling approximately 1.4 million square feet, which represent approximately \$158.6 million in annualized GAAP rent. These leases were comprised of Powered Base Buildings®, Turn-Key Flex® space, Custom Solutions product and space for ancillary office and other uses.

Demonstrated Acquisition Capability. As of December 31, 2014, our portfolio consisted of 131 properties, including 14 properties held as investments in unconsolidated joint ventures and developable land, for an aggregate of 24.6 million net rentable square feet, including approximately 1.3 million square feet of space under active development and approximately 1.2 million square feet of space held for future development. We have developed detailed, standardized procedures for evaluating acquisitions, including income producing assets and vacant properties and land suitable for development, to ensure that they meet our financial, technical and other criteria. These procedures and our in-depth knowledge of the technology and data center industries allow us to identify strategically located properties and evaluate investment opportunities efficiently and, as appropriate, commit and close quickly. Our broad network of contacts within a highly fragmented universe of sellers and brokers of

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technology-related real estate enables us to capitalize on acquisition opportunities. As a result, we acquired a substantial portion of our properties before they were broadly marketed by real estate brokers.

**Flexible Datacenter Solutions.** We provide flexible, customer oriented solutions designed to meet the needs of domestic and international companies across multiple industry verticals, including Turn-Key Flex<sup>®</sup>, Powered Base Building<sup>®</sup> and Custom Solutions options. Our Turn-Key Flex<sup>®</sup> data centers are move-in ready, physically secure facilities with the power and cooling capabilities to support mission-critical IT enterprise applications. We believe our Turn-Key Flex<sup>®</sup> facilities are effective solutions for tenants that lack the expertise, capital budget or desire to provide their own extensive data center infrastructure, management and security. For tenants that possess the ability to build and operate their own facility, our Powered Base Building<sup>®</sup> solution provides the physical location, required power and network access necessary to support a state-of-the-art data center. Our in-house engineering and design and construction professionals can also provide tenants with our Custom Solutions product to meet their unique specifications. Our Critical Facilities Management<sup>®</sup> services and team of technical engineers and data center operations experts provide 24/7 support for these mission-critical facilities.

**Differentiating Development Advantages.** Our extensive development activity, operating scale and process-based approach to data center design, construction and operations result in significant cost savings and added value for our tenants. We have leveraged our purchasing power by securing global purchasing agreements and developing relationships with major equipment manufacturers, reducing costs and shortening delivery timeframes on key components, including major mechanical and electrical equipment. Utilizing our innovative modular data center design referred to as POD Architecture<sup>®</sup>, we deliver what we believe to be a technically superior data center environment at significant cost savings. In addition, by utilizing our POD Architecture<sup>®</sup> to develop new Turn-Key Flex<sup>®</sup> facilities in our existing Powered Base Building<sup>®</sup> facilities, on average we are able to deliver a fully commissioned facility in just under 30 weeks. Finally, our access to capital allows us to provide data center solutions for tenants that do not want to invest their own capital.

**Diverse Tenant Base Across a Variety of Industry Sectors.** We use our in-depth knowledge of the requirements and trends for Internet and data communications and corporate data center users to market our properties to domestic and international tenants with specific technology needs. At December 31, 2014, we had over 650 tenants across a variety of industry verticals, ranging from financial services, cloud and information technology services, to manufacturing, energy, health care and consumer products. Our largest tenant, comprised of subsidiaries of CenturyLink, Inc., accounted for approximately 7.2% of the aggregate annualized rent of our portfolio as of December 31, 2014 and no other single tenant accounted for more than approximately 6.7% of the aggregate annualized rent of our portfolio.

**Experienced and Committed Management Team and Organization.** Our senior management team has many years of experience in the technology or real estate industries, including experience as investors in, advisors to and founders of technology companies. We believe that our senior management team's extensive knowledge of both the real estate and the technology industries provides us with a key competitive advantage. A significant portion of compensation for our senior management team and directors is in the form of common equity interests in our company, which aligns their interests with those of our stockholders.

**Business and Growth Strategies**

Our primary business objectives are to maximize sustainable long-term growth in earnings and funds from operations per share and unit and to maximize cash flow and returns to our stockholders and our operating partnership's unitholders, including through the payment of distributions. Our business strategies to achieve these objectives are:

- **Achieve Superior Returns on Development Inventory.** At December 31, 2014, we had approximately 1.3 million square feet of space under active development for Turn-Key Flex<sup>®</sup>, Powered Base Building<sup>®</sup> and Custom Solutions products, all of which are expected to be income producing on or after completion, in five U.S. markets, two Australian markets, one Canadian market and one European market, consisting of approximately 0.7 million square feet of base building construction and 0.6 million square feet of data center construction. We may continue to build out our development portfolio when justified by anticipated returns.

Capitalize on Acquisition Opportunities. We believe that acquisitions enable us to increase cash flow and create long-term stockholder value. Our relationships with corporate information technology groups, technology tenants and real estate brokers who are dedicated to serving these tenants provide us with ongoing access to potential acquisitions and often enable us to avoid competitive bidding. Furthermore, the specialized nature of technology-related real estate makes it more difficult for traditional real estate investors to understand, which results in reduced

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competition for acquisitions relative to other property types. We believe this dynamic creates an opportunity for us to obtain better risk-adjusted returns on our capital.

**Access and Use Capital Efficiently.** We believe we can increase stockholder returns by effectively accessing and deploying capital. Since Digital Realty Trust, Inc.'s initial public offering in 2004, our company has raised approximately \$12.6 billion of capital through common, preferred and convertible preferred equity offerings, exchangeable debt offerings, non-exchangeable bond offerings, our global revolving credit facility, our term loan facility, the Prudential shelf facility, secured mortgage financings and refinancings and sales of non-core assets. We will endeavor to maintain financial flexibility while using our liquidity and access to capital to support operations, including our acquisition, leasing and development programs, which are important sources of our growth.

**Maximize the Cash Flow of Our Properties.** We aggressively manage and lease our assets to increase their cash flow. We often acquire properties with substantial in-place cash flow and some vacancy, which enables us to create upside through lease-up. Moreover, many of our properties contain extensive in-place infrastructure or buildout that may result in higher rents when leased to tenants seeking these improvements. We control our costs by negotiating expense pass-through provisions in tenant leases for operating expenses, including power costs and certain capital expenditures. Leases covering approximately 73% of the leased net rentable square feet in our portfolio as of December 31, 2014 required tenants to pay all or a portion of increases in operating expenses, including real estate taxes, insurance, common area charges and other expenses.

**Leverage Strong Industry Relationships.** We use our strong industry relationships with national and regional corporate enterprise information technology groups and technology-intensive companies to identify and comprehensively respond to their real estate needs. Our company's leasing and sales professionals are real estate and technology industry specialists who can develop complex facility solutions for the most demanding corporate data center and other technology tenants.

**Competition**

We compete with numerous developers, owners and operators of real estate and datacenters, many of which own properties similar to ours in the same markets in which our properties are located, including DuPont Fabros Technology, Inc., CoreSite Realty Corporation, CyrusOne Inc., QTS Realty Trust, Inc. and various local developers in the U.S., as well as Global Switch Holdings Limited and various regional operators in Europe, Asia and Australia. If our competitors offer space that our tenants or potential tenants perceive to be superior to ours based on numerous factors, including available power, security considerations, location, or connectivity, or if they offer rental rates below current market rates, or below the rental rates we are offering, we may lose tenants or potential tenants or be required to incur costs to improve our properties or reduce our rental rates. In addition, recently many of our competitors have developed additional datacenter space. If the supply of datacenter space continues to increase as a result of these activities or otherwise, rental rates may be reduced or we may face delays in leasing or be unable to lease our vacant space, including space that we develop. Finally, if tenants or potential tenants desire services that we do not offer, we may not be able to lease our space to those tenants. Our financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy our debt service obligations could be materially adversely affected as a result of any or all of these factors.

**Geographic Information**

Operating revenues from properties in the United States were \$1.2 billion, \$1.1 billion and \$1.1 billion and outside the United States were \$383.0 million, \$349.1 million and \$228.9 million for the years ended December 31, 2014, 2013 and 2012, respectively. We had long-lived assets located in the United States with a net book value of \$5.4 billion, \$5.6 billion and \$5.0 billion and outside the United States of \$2.7 billion, \$2.7 billion and \$2.5 billion as of December 31, 2014, 2013 and 2012, respectively.

Operating revenues from properties located in the United Kingdom were \$215.7 million, \$197.0 million and \$117.2 million, or 13.3%, 13.3% and 9.2% of total operating revenues for the years ended December 31, 2014, 2013 and 2012, respectively. No other foreign country comprised more than 10% of total operating revenues for each of these years. We had long-lived assets located in the United Kingdom of \$1.7 billion, \$1.8 billion and \$1.7 billion, or 21.3%,

21.1% and 22.3% of total long-lived assets as of December 31, 2014, 2013 and 2012, respectively. No other foreign country comprised more than 10% of total long-lived assets as of each of December 31, 2014, 2013 and 2012. See “Risk Factors—Ownership of properties located outside of the United States subjects us to foreign currency and related risks which may adversely impact our ability to make distributions”, “—Our international activities are subject to unique risks different than those faced by us in the United States and we may not be able to effectively manage our international business” and “—We face risks with our international acquisitions associated with investing in unfamiliar markets” for risks relating to our foreign operations.



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Regulation

General

Office properties in our markets are subject to various laws, ordinances and regulations, including regulations relating to common areas. We believe that each of our properties as of December 31, 2014 has the necessary permits and approvals to operate its business.

Americans With Disabilities Act

Our properties must comply with Title III of the Americans with Disabilities Act of 1990, or the ADA, to the extent that such properties are “public accommodations” as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. We believe that our properties are in substantial compliance with the ADA and that we will not be required to make substantial capital expenditures to address the requirements of the ADA. However, noncompliance with the ADA could result in imposition of fines or an award of damages to private litigants. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations as appropriate in this respect.

Environmental Matters

Under various laws relating to the protection of the environment, a current or previous owner or operator of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances at that property, and may be required to investigate and clean up such contamination at or emanating from that property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of the contaminants, and the liability may be joint and several. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, or CERCLA, established a regulatory and remedial program intended to provide for the investigation and clean-up of facilities where, or from which, a release of any hazardous substance into the environment has occurred or is threatened. CERCLA’s primary mechanism for remedying such problems is to impose strict joint and several liability for clean-up of facilities on current owners and operators of the site, former owners and operators of the site at the time of the disposal of the hazardous substances, any person who arranges for the transportation, disposal or treatment of the hazardous substances, and the transporters who select the disposal and treatment facilities, regardless of the care exercised by such persons. CERCLA also imposes liability for the cost of evaluating and remedying any damage to natural resources. The costs of CERCLA investigation and clean-up can be very substantial. CERCLA also authorizes the imposition of a lien in favor of the United States on all real property subject to, or affected by, a remedial action for all costs for which a party is liable. Subject to certain procedural restrictions, CERCLA gives a responsible party the right to bring a contribution action against other responsible parties for their allocable shares of investigative and remedial costs. Our ability to obtain reimbursement from others for their allocable shares of such costs would be limited by our ability to find other responsible parties and prove the extent of their responsibility, their financial resources, and other procedural requirements. Various state laws also impose strict joint and several liability for investigation, clean-up and other damages associated with hazardous substance releases.

Previous owners used some of our properties for industrial and retail purposes, and those properties may contain some level of environmental contamination. Independent environmental consultants have conducted Phase I or similar environmental site assessments on all of the properties in our portfolio. Site assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed property and surrounding properties. These assessments do not generally include soil samplings, subsurface investigations or an asbestos survey and the assessments may have failed to reveal all environmental conditions, liabilities or compliance concerns. Material environmental conditions, liabilities or compliance concerns. In addition, material environmental conditions, liabilities or compliance concerns may have arisen after these reviews were completed or may arise in the future. We could be held jointly and severally liable under CERCLA and various state laws for the investigation and remediation of environmental contamination caused by previous owners or operators. Fuel storage tanks are present at most of our properties, and if releases were to occur, we may be liable for the costs of cleaning any resulting contamination. The

presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability or materially adversely affect our ability to sell, lease or develop the real estate or to borrow using the real estate as collateral.

In addition, some of our tenants, particularly those in the biotechnology and life sciences industry and those in the technology manufacturing industry, routinely handle hazardous substances and wastes as part of their operations at our properties. Environmental laws and regulations subject our tenants, and potentially us, to liability resulting from these activities or from previous industrial or retail uses of those properties. We could be held jointly and severally liable under CERCLA and various state laws for the investigation and remediation of hazardous substances releases by our tenants. Environmental liabilities could also affect a tenant's ability to make rental payments to us. We cannot assure you that costs of investigation and

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remediation of environmental matters will not affect our ability to pay dividends to Digital Realty Trust, Inc.'s stockholders and distributions to Digital Realty Trust, L.P.'s unitholders or that such costs or other remedial measures will not have a material adverse effect on our business, assets or results of operations or our competitive position.

Our properties and their uses often require permits from various government agencies, including permits related to zoning and land use, such as permits to operate data center facilities. Certain permits from state or local environmental regulatory agencies, including regulators of air quality, are usually required to install and operate diesel-powered generators, which provide emergency back-up power at most of our facilities. These permits often set emissions limits for certain air pollutants, including oxides of nitrogen. In addition, various federal, state, and local environmental, health and safety requirements, such as fire requirements and treated and storm water discharge requirements, apply to some of our properties. Changes to applicable regulations, such as air quality regulations, or the permit requirements for equipment at our facilities, could hinder or prevent our construction or operation of data center facilities.

The environmental laws and regulations to which our properties are subject may change in the future, and new laws and regulations may be created. Future laws, ordinances or regulations may impose additional material environmental liability. Such laws include those directly regulating our climate change impacts and those which regulate the climate change impacts of companies with which we do business, such as utilities providing our facilities with electricity. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Factors Which May Influence Future Results of Operations-Climate change legislation." We do not know if or how the requirements will change, but changes may require that we make significant unanticipated expenditures, and such expenditures may materially adversely impact our financial condition, cash flow, results, cash available for distributions, common stock's per share trading price, our competitive position and ability to satisfy our debt service obligations.

#### Insurance

We carry comprehensive liability, fire, extended coverage, earthquake, business interruption and rental loss insurance covering all of the properties in our portfolio under a blanket policy. We select policy specifications and insured limits which we believe to be appropriate given the relative risk of loss, the cost of the coverage and industry practice and, in the opinion of our company's management, the properties in our portfolio are currently adequately insured. We do not carry insurance for generally uninsured losses such as loss from war or nuclear reaction. In addition, we carry earthquake insurance on our properties in an amount and with deductibles which we believe are commercially reasonable. We intend to partially fund the earthquake insurance deductibles through a captive insurance company we established in May 2014. Certain of the properties in our portfolio are located in areas known to be seismically active.

See "Risk Factors-Risks Related to Our Business and Operations-Potential losses may not be covered by insurance." Employees

As of December 31, 2014, we had 860 employees. None of these employees are represented by a labor union.

#### How to Obtain Our SEC Filings

All reports we file with the SEC will be available free of charge via EDGAR through the SEC website at [www.sec.gov](http://www.sec.gov). In addition, the public may read and copy materials we file with the SEC at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. We will also provide copies of our Forms 8-K, 10-K, 10-Q, Proxy Statement, Annual Report and amendments to those documents at no charge to investors upon request and make electronic copies of such reports available through our website at [www.digitalrealty.com](http://www.digitalrealty.com) as soon as reasonably practicable after filing such material with the SEC. The information found on, or otherwise accessible through, our website is not incorporated by reference into, nor does it form a part of, this report or any other document that we file with the SEC.

#### Offices

Our headquarters are located in San Francisco. We have domestic offices in Boston, Chicago, Dallas, Los Angeles, New York, Northern Virginia and Phoenix and international offices in Dublin, London, Paris, Singapore, Sydney and

Hong Kong.

Reports to Security Holders

Digital Realty Trust, Inc. is required to send an annual report to its securityholders and to our operating partnership's unitholders.

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ITEM 1A. RISK FACTORS

For purposes of this section, the term “stockholders” means the holders of shares of Digital Realty Trust, Inc.’s common stock and preferred stock. Set forth below are the risks that we believe are material to Digital Realty Trust, Inc.’s stockholders and Digital Realty Trust, L.P.’s unitholders. You should carefully consider the following factors in evaluating our company, our properties and our business. The occurrence of any of the following risks might cause Digital Realty Trust, Inc.’s stockholders and Digital Realty Trust, L.P.’s unitholders to lose all or a part of their investment. Some statements in this report, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled “Forward-Looking Statements” starting on page 27.

Risks Related to Our Business and Operations

Global economic conditions could adversely affect our liquidity and financial condition.

In the United States and globally, over the past several years market and economic conditions have been unprecedented and challenging with tighter credit conditions and slower economic growth in many markets in which we own properties and conduct our operations. The U.S. and global economies have experienced a recession and face continued concerns about the systemic impact of adverse economic conditions, such as high energy costs, geopolitical issues, the availability and cost of credit, unstable global financial and mortgage markets, high corporate, consumer and governmental debt levels, high unemployment and declining residential and commercial real estate markets.

As a result of these conditions, general economic conditions and the cost and availability of capital have been and may again be adversely affected in some or all of the markets in which we own properties and conduct our operations.

Renewed or increased turbulence in the U.S., European and other international financial markets and economies may adversely affect our ability, and the ability of our tenants, to replace or renew maturing liabilities on a timely basis, access the capital markets to meet liquidity and capital expenditure requirements and may result in adverse effects on our, and our tenants’, businesses, financial condition and results of operations.

In addition, our access to funds under our global revolving credit facility depends on the ability of the lenders that are parties to such facilities to meet their funding commitments to us. We cannot assure you that long-term disruptions in the global economy and tighter credit conditions among, and potential failures or nationalizations of, third party financial institutions as a result of such disruptions will not have an adverse effect on our lenders. If our lenders are not able to meet their funding commitments to us, our business, results of operation, cash flows and financial condition could be adversely affected.

If we do not have sufficient cash flow to continue operating our business and are unable to borrow additional funds, access our existing lines of credit or raise equity or debt capital, we may need to find alternative ways to increase our liquidity. Such alternatives may include, without limitation, curtailing development activity, disposing of one or more of our properties possibly on disadvantageous terms or entering into or renewing leases on less favorable terms than we otherwise would.

Our properties depend upon the demand for technology-related real estate.

Our portfolio of properties consists primarily of technology-related real estate and datacenter real estate in particular. A decrease in the demand for datacenter space, Internet gateway facilities or other technology-related real estate would have a greater adverse effect on our business and financial condition than if we owned a portfolio with a more diversified tenant base or less specialized use. Our substantial development activities make us particularly susceptible to general economic slowdowns, including recessions, as well as adverse developments in the corporate datacenter, Internet and data communications and broader technology industries. Any such slowdown or adverse development could lead to reduced corporate IT spending or reduced demand for datacenter space. Reduced demand could also result from business relocations, including to markets that we do not currently serve. Changes in industry practice or in technology, such as virtualization technology, more efficient or miniaturization of computing or networking devices, or devices that require higher power densities than today’s devices, could also reduce demand for the physical

datacenter space we provide or make the tenant improvements in our facilities obsolete or in need of significant upgrades to remain viable. In addition, the development of new technologies, the adoption of new industry standards or other factors could render many of our tenants' current products and services obsolete or unmarketable and contribute to a downturn in their businesses, thereby increasing the likelihood that they default under their leases, become insolvent or file for bankruptcy.

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We may be unable to lease vacant or development space or renew leases, or re-lease space as leases expire.

At December 31, 2014, we owned approximately 1.3 million square feet of space under active development and approximately 1.2 million square feet of space held for future development. We intend to continue to add new space to our development inventory and to continue to develop additional space from this inventory. A portion of the space that we develop has been, and may continue to be, developed on a speculative basis, meaning that we do not have a signed lease for the space when we begin the development process. We also develop space specifically for tenants pursuant to leases signed prior to beginning the development process. In those cases, if we fail to meet our development obligations under those leases, these tenants may be able to terminate the leases and we would be required to find a new tenant for this space. In addition, in certain circumstances we lease data center facilities prior to their completion. If we fail to complete the facilities in a timely manner, the tenant may be entitled to terminate its lease, seek damages or penalties against us or pursue other remedies and we may be required to find a new tenant for the space. We cannot assure you that once we have developed space or land we will be able to successfully lease it at all, or at rates we consider favorable or expected at the time we commenced development. If we are not able to successfully lease the space that we develop, if development costs are higher than we currently estimate, or if lease rates are lower than expected when we began the project or are otherwise undesirable, our revenue and operating results could be adversely affected.

In addition, as of December 31, 2014, leases representing 14.7% of the square footage of the properties in our portfolio, excluding space held for development, were scheduled to expire through 2016, and an additional 7.2% of the net rentable square footage, excluding space held for development, was available to be leased. Some of this space may require substantial capital investment to meet the power and cooling requirements of today's advanced data centers, or may no longer be suitable for this use. In addition, we cannot assure you that leases will be renewed or that our properties will be re-leased at all, or at net effective rental rates equal to or above the current average net effective rental rates. If the rental rates for our properties decrease, our existing tenants do not renew their leases, we do not re-lease our available space, including newly developed space and space for which leases are scheduled to expire, or it takes longer for us to lease or re-lease this space or for rents to commence on this space, our financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy our debt service obligations could be materially adversely affected.

Additionally, leasing space in one of our data centers typically involves a significant commitment of resources and due diligence on the part of our customers regarding the adequacy of our facilities. As a result, the leasing of data center space can have a long sales cycle, and we may expend significant time and resources in pursuing a particular transaction that may not result in revenue. Our inability to adequately manage the risks associated with the sales cycle may adversely affect our business, financial condition and results of operations.

Our growth depends on external sources of capital which are outside of our control.

In order for Digital Realty Trust, Inc. to maintain its qualification as a REIT, it is required under the Internal Revenue Code of 1986, as amended, which we refer to as the Code, to annually distribute at least 90% of its net taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, Digital Realty Trust, Inc. will be subject to income tax at regular corporate rates to the extent that it distributes less than 100% of its net taxable income, including any net capital gains. Digital Realty Trust, L.P. is required to make distributions to Digital Realty Trust, Inc. that will enable the latter to satisfy this distribution requirement and avoid income and excise tax liability. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition or development financing, from operating cash flow. Consequently, we rely on third-party sources to fund our capital needs.

Our access to third-party sources of capital depends on a number of factors, including general market conditions, the market's perception of our business prospects and growth potential, our current and expected future earnings, funds from operations and growth thereof, our cash flow and cash distributions, and the market price per share of Digital Realty Trust, Inc.'s common stock. We cannot assure you that we will be able to obtain equity or debt financing at all or on terms favorable or acceptable to us. Any additional debt we incur will increase our leverage. Further, equity

markets have experienced high volatility recently and we cannot assure you that we will be able to raise capital through the sale of equity securities at all or on favorable terms. Sales of equity on unfavorable terms could result in substantial dilution to Digital Realty Trust, Inc.'s common stockholders and Digital Realty Trust, L.P.'s unitholders. In addition, we may be forced to dispose of one or more of our properties, possibly on disadvantageous terms. If we cannot obtain capital from third-party sources, we may not be able to acquire or develop properties when strategic opportunities exist, satisfy our debt service obligations, pay cash dividends to Digital Realty Trust, Inc.'s stockholders or make distributions to Digital Realty Trust, L.P.'s unitholders.



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Declining real estate valuations and impairment charges could adversely affect our earnings and financial condition. We review each of our properties for indicators that its carrying amount may not be recoverable. Examples of such indicators may include a significant decrease in the market price, a significant adverse change in the extent or manner the property is being used in its physical condition or expected to be used based on the underwriting at the time of acquisition, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development, a change in our intended holding period due to our intention to sell an asset, or a history of operating or cash flow losses. When such impairment indicators exist, we review an estimate of the future undiscounted net cash flows (excluding interest charges) expected to result from the real estate investment's use and eventual disposition and compare to the carrying value of the property. We consider factors such as future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If our future undiscounted net cash flow evaluation indicates that we are unable to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property. These losses have a direct impact on our net income because recording an impairment loss results in an immediate negative adjustment to net income. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. A worsening real estate market may cause us to reevaluate the assumptions used in our impairment analysis. Impairment charges could adversely affect our financial condition, results of operations and cash available for distribution.

We depend on significant tenants, and many of our properties are single-tenant properties or are currently occupied by single tenants.

As of December 31, 2014, the 20 largest tenants in our property portfolio represented approximately 46% of the total annualized rent generated by our properties. Our largest tenants by annualized rent are subsidiaries of CenturyLink, Inc. (Savvis/Qwest), IBM and telx Group, Inc. In 2011, CenturyLink, Inc. acquired Savvis Communications Corporation, or Savvis, and Qwest Communications International, Inc., or Qwest, which are our direct tenants. Savvis and Qwest are now wholly-owned subsidiaries of CenturyLink, Inc. CenturyLink, Inc. (Savvis/Qwest) leased approximately 2.4 million square feet of net rentable space as of December 31, 2014, representing approximately 7.2% of the total annualized rent generated by our properties. In July 2013, IBM acquired SoftLayer Technologies, Inc. Including space leased by SoftLayer, IBM leased approximately 629,000 square feet of net rentable space as of December 31, 2014, representing approximately 6.7% of the total annualized rent generated by our properties. telx Group, Inc. leased approximately 341,000 square feet of net rentable space as of December 31, 2014, representing approximately 4.2% of the total annualized rent generated by our properties. In addition, 47 of our 131 properties are occupied by single tenants, including properties occupied solely by CenturyLink, Inc. (Savvis/Qwest) and IBM. Many factors, including global economic conditions, may cause our tenants to experience a downturn in their businesses or otherwise experience a lack of liquidity, which may weaken their financial condition and result in their failure to make timely rental payments or their default under their leases. If any tenant defaults or fails to make timely rent payments, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment.

Our tenants may choose to develop new data centers or expand their own existing data centers, which could result in the loss of one or more key tenants or reduce demand for our newly developed data centers, which could have a material adverse effect on our revenues and results of operations.

Our tenants may choose to develop new data centers or expand or consolidate into data centers that we do not own in the future. In the event that any of our key tenants were to do so, it could result in a loss of business to us or put pressure on our pricing. If we lose a tenant, we cannot assure you that we would be able to replace that tenant at a competitive rate or at all, which could have a material adverse effect on our revenues and results of operations.

The bankruptcy or insolvency of a major tenant may adversely affect the income produced by our properties.

If any tenant becomes a debtor in a case under the federal Bankruptcy Code, we cannot evict the tenant solely because of the bankruptcy. In addition, the bankruptcy court might authorize the tenant to reject and terminate its lease with us.

Our claim against the tenant for unpaid, future rent would be subject to a statutory cap that might be substantially less than the remaining rent actually owed under the lease. In either case, our claim for unpaid rent would likely not be paid in full. Our revenue and cash available for distribution could be materially adversely affected if any of our significant tenants were to become bankrupt or insolvent, or suffer a downturn in its business, or fail to renew its lease or renew on terms less favorable to us than its current terms. Net Data Centers, formerly known as Net2EZ, which represented approximately \$7.8 million in annualized base rent for the year ended

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December 31, 2014, is currently in bankruptcy proceedings. As of February 27, 2015, we had no material tenants in bankruptcy.

Our portfolio of properties depends upon local economic conditions and is geographically concentrated in certain locations.

Our portfolio is located in 33 metropolitan areas. Many of these markets experienced downturns in recent years. We depend upon the local economic conditions in these markets, including local real estate conditions, and our operations, revenue and cash available for distribution could be materially adversely affected by local economic conditions in these markets. Our operations may also be affected if too many competing properties are built in any of these markets or supply otherwise increases or exceeds demand. We cannot assure you that these markets will grow or will remain favorable to technology-related real estate.

As of December 31, 2014, our portfolio, including the 14 properties held as investments in unconsolidated joint ventures, was geographically concentrated in the following metropolitan markets.

Metropolitan Market	Percentage of December 31, 2014 total annualized rent (1)	
London, United Kingdom	10.8	%
Northern Virginia	10.8	%
Dallas	10.3	%
Silicon Valley	9.3	%
New York Metro	8.7	%
Chicago	7.2	%
Phoenix	6.4	%
San Francisco	6.3	%
Boston	4.1	%
Los Angeles	3.5	%
Seattle	3.2	%
Singapore	2.9	%
Paris, France	2.1	%
Other	14.4	%
Total	100.0	%

Annualized rent is monthly contractual rent (defined as cash base rent before abatements) under existing leases as of December 31, 2014, multiplied by 12. The aggregate amount of abatements for the year ended December 31, 2014 was approximately \$31.1 million.

In addition, we are currently developing properties in certain of these markets. Any negative changes in real estate, technology or economic conditions in these markets in particular could negatively impact our performance.

Our growth depends upon the successful development of our existing space and developable land and new properties acquired for development and any delays or unexpected costs in such development may delay and harm our growth prospects, future operating results and financial condition.

At December 31, 2014, we had approximately 1.3 million square feet of space under active development and approximately 1.2 million square feet of space held for future development, including one vacant property. We have built and may continue to build out a large portion of this space on a speculative basis at significant cost. Our successful development of these projects is subject to many risks, including those associated with:

- delays in construction;
- budget overruns;



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- changes to the plans or specifications;
- construction site accidents and other casualties;
- increased prices for raw materials or building supplies;
- lack of availability and/or increased costs for specialized data center components, including long lead time items such as generators;
- financing availability, including our ability to obtain construction financing and permanent financing;
- increases in interest rates or credit spreads;
- labor availability and costs;
- labor disputes and work stoppages with contractors, subcontractors or others that are constructing the project;
- failure of contractors to perform on a timely basis or at all, or other misconduct on the part of contractors;
- timing of the commencement of rental payments;
- access to sufficient power and related costs of providing such power to our tenants;
- environmental issues;
- fire, flooding, earthquakes and other natural disasters;
- geological, construction, excavation and equipment problems; and
- delays or denials of entitlements or permits, including zoning and related permits, or other delays resulting from our dependence on the cooperation of public agencies and utility companies.

In addition, while we intend to develop data center properties primarily in markets we are familiar with, we may in the future develop properties in new geographic regions where we expect the development of property to result in favorable risk-adjusted returns on our investment. We may not possess the same level of familiarity with the development of other property types or other markets, which could adversely affect our ability to develop such properties successfully or at all or to achieve expected performance.

Development activities, regardless of whether they are ultimately successful, also typically require a substantial portion of our management's time and attention. This may distract our management from focusing on other operational activities of our business. If we are unable to complete development projects successfully, our business may be adversely affected.

We may be unable to identify and complete acquisitions on favorable terms or at all.

We continually evaluate the market of available properties and businesses and may acquire additional technology-related real estate when opportunities exist. Our ability to acquire properties or businesses on favorable terms may be exposed to the following significant risks:

- we may be unable to acquire a desired property or business because of competition from other real estate investors with significant capital, including both publicly traded REITs and institutional investment funds;
- even if we are able to acquire a desired property or business, competition from other potential acquirors may significantly increase the purchase price or result in other less favorable terms;
- even if we enter into agreements for the acquisition of technology-related real estate or businesses, these agreements are subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction; and
- we may be unable to finance acquisitions on favorable terms or at all.

Additionally, we may acquire properties or businesses subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown or contingent liabilities, such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of the properties or businesses, tax liabilities, claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties or businesses, and other liabilities whether incurred in the ordinary course of business or otherwise. The total amount of costs and expenses that we may incur with respect to liabilities associated with acquired properties or businesses may exceed our expectations, which may adversely affect our business, financial condition and results of operations.

Further, we may enter into transactions with limited representations and warranties or with representations and warranties that do not survive the closing of the transactions, in which event we would have no or limited recourse against the sellers of such properties or businesses. While we usually require the sellers to indemnify us with respect to breaches of representations and warranties that survive, such indemnification is often limited and subject to various materiality thresholds, a significant

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deductible or an aggregate cap on losses. As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. Finally, indemnification agreements between us and the sellers typically provide that the sellers will retain certain specified liabilities relating to the properties or businesses acquired by us. While the sellers are generally contractually obligated to pay all losses and other expenses relating to such retained liabilities, there can be no guarantee that such arrangements will not require us to incur losses or other expenses as well.

If we cannot complete property or business acquisitions on favorable terms or at all, our financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy our debt service obligations could be materially adversely affected.

We may be unable to successfully integrate and operate acquired properties or businesses.

Even if we are able to make acquisitions on advantageous terms, our ability to successfully operate them may be exposed to the following significant risks:

- we may spend more than budgeted amounts to make necessary improvements or renovations to acquired properties; we may be unable to integrate new acquisitions quickly and efficiently, particularly acquisitions of operating businesses or portfolios of properties, into our existing operations, and our results of operations and financial condition could be adversely affected;
- acquired properties may be subject to reassessment, which may result in higher than expected property tax payments; and
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates.

If we cannot operate acquired properties or businesses to meet our financial expectations, our financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy our debt service obligations could be materially adversely affected.

We may be unable to source off-market deal flow in the future.

A component of our growth strategy is to continue to acquire additional technology-related real estate. To date, a substantial portion of our acquisitions were acquired before they were widely marketed by real estate brokers, or “off-market.” Properties that are acquired off-market are typically more attractive to us as a purchaser because of the absence of competitive bidding, which could potentially lead to higher prices. We obtain access to off-market deal flow from numerous sources. If we cannot obtain off-market deal flow in the future, our ability to locate and acquire additional properties at attractive prices could be adversely affected.

We have substantial debt and face risks associated with the use of debt to fund our business activities, including refinancing and interest rate risks.

Our total consolidated indebtedness at December 31, 2014 was approximately \$4.7 billion, and we may incur significant additional debt to finance future acquisition and development activities. We have a \$2.0 billion global revolving credit facility, which has a borrowing limit that we may increase to up to \$2.55 billion, subject to receipt of lender commitments and other conditions precedent. At December 31, 2014, approximately \$1.4 billion was available under this facility, net of outstanding letters of credit.

Our substantial indebtedness has important consequences in that it currently requires us to dedicate a significant portion of our cash flow from operations to debt service payments, which reduces the availability of our cash flow to fund working capital, capital expenditures, expansion efforts, distributions and other general corporate purposes. Additionally, it could: make it more difficult for us to satisfy our obligations with respect to our indebtedness; limit our ability in the future to undertake refinancings of our debt or obtain financing for expenditures, acquisitions, development or other general corporate purposes on terms and conditions acceptable to us, if at all; or affect adversely our ability to compete effectively or operate successfully under adverse economic conditions.

In addition, we may violate restrictive covenants or fail to maintain financial ratios specified in our loan documents, which would entitle the lenders to accelerate our debt obligations, and our secured lenders or mortgagees may foreclose on our properties or our interests in the entities that own the properties that secure their loans and receive an

assignment of rents and leases. A foreclosure on one or more of our properties could adversely affect our access to capital, financial condition, results of

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operations, cash flow and cash available for distribution. Further, our default under any one of our loans could result in a cross default on other indebtedness. Furthermore, foreclosures could create taxable income without accompanying cash proceeds, a circumstance which could hinder Digital Realty Trust, Inc.'s ability to meet the REIT distribution requirements imposed by the Code.

Additional risks related to our indebtedness are described below.

We may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness. It is likely that we will need to refinance at least a portion of our outstanding debt as it matures. If we are unable to refinance or extend principal payments due at maturity or pay them with proceeds of other capital transactions, then our cash flow may not be sufficient in all years to repay all such maturing debt and to pay distributions. Further, if prevailing interest rates or other factors at the time of refinancing (such as the reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase.

Fluctuations in interest rates could materially affect our financial results and may increase the risk our counterparty defaults on our interest rate hedges. Because a significant portion of our debt, including debt incurred under our global revolving credit facility, bears interest at variable rates, increases in interest rates could materially increase our interest expense. If the United States Federal Reserve increases short-term interest rates, this would have a significant upward impact on shorter-term interest rates, including the interest rates that our variable rate debt is based upon. Potential future increases in interest rates and credit spreads may increase our interest expense and therefore negatively affect our financial condition and results of operations, and reduce our access to capital markets. We have entered into interest rate swap agreements for a significant portion of our floating rate debt other than the debt we incur under our global revolving credit facility. Increased interest rates may increase the risk that the counterparties to our swap agreements will default on their obligations, which could further increase our exposure to interest rate fluctuations. Conversely, if interest rates are lower than our swapped fixed rates, we will be required to pay more for our debt than we would had we not entered into the swap agreements.

Adverse changes in our company's credit ratings could negatively affect our financing activity. The credit ratings of our senior unsecured long-term debt and Digital Realty Trust, Inc.'s preferred stock are based on our company's operating performance, liquidity and leverage ratios, overall financial position and other factors employed by the credit rating agencies in their rating analyses of our company. Our company's credit ratings can affect the amount of capital we can access, as well as the terms and pricing of any debt we may incur. We cannot assure you that our company will be able to maintain our current credit ratings, and in the event our current credit ratings are downgraded, we would likely incur higher borrowing costs and may encounter difficulty in obtaining additional financing. Also, a downgrade in our company's credit ratings may trigger additional payments or other negative consequences under our current and future credit facilities and debt instruments. For example, if the credit ratings of our senior unsecured long-term debt are downgraded to below investment grade levels, we may not be able to obtain or maintain extensions on certain of our existing debt. Adverse changes in our credit ratings could negatively impact our refinancing and other capital market activities, our ability to manage our debt maturities, our future growth, our financial condition, the market price of Digital Realty Trust, Inc.'s stock, and our development and acquisition activity.

Our global revolving credit facility, term loan facility, Prudential shelf facility, 4.50% notes due 2015, 5.875% notes due 2020, 5.250% notes due 2021, 3.625% notes due 2022, 4.75% notes due 2023 and 4.250% guaranteed notes due 2025 restrict our ability to engage in some business activities. Our global revolving credit facility, term loan facility and Prudential shelf facility contain negative covenants and other financial and operating covenants that, among other things:

- restrict our ability to incur additional indebtedness;
- restrict our ability to make certain investments;
- restrict our ability to merge with another company;
- restrict our ability to create, incur or assume liens; and

- require us to maintain financial coverage ratios, including with respect to unencumbered assets.

In addition, the global revolving credit facility, the term loan facility and the Prudential shelf facility restrict Digital Realty Trust, Inc. from making distributions to its stockholders, or redeeming or otherwise repurchasing shares of its capital stock, after the occurrence and during the continuance of an event of default, except in limited circumstances including as necessary to enable Digital Realty Trust, Inc. to maintain its qualification as a REIT and to avoid the payment of income or excise tax.

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In addition, our 4.50% notes due 2015, or the 2015 notes, our 5.875% notes due 2020, or the 2020 notes, our 5.250% notes due 2021, or the 2021 notes, our 3.625% notes due 2022, or the 2022 notes, our 4.75% notes due 2023, or the 2023 notes, and our 4.250% notes due, or the 2025 notes are governed by indentures, which contain various restrictive covenants, including limitations on our ability to incur indebtedness and requirements to maintain a pool of unencumbered assets. These restrictions, and the restrictions in our global revolving credit facility, term loan facility, and Prudential shelf facility, could cause us to default on our 2015 notes, 2020 notes, 2021 notes, 2022 notes, 2023 notes, 2025 notes, global revolving credit facility, term loan facility or Prudential shelf facility, as applicable, or negatively affect our operations or our ability to pay dividends to Digital Realty Trust, Inc.'s stockholders or distributions to Digital Realty Trust, L.P.'s unitholders, which could have a material adverse effect on the market value of Digital Realty Trust, Inc.'s common stock and preferred stock.

Failure to hedge effectively against interest rate changes may adversely affect results of operations. We seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements, such as interest rate cap or swap lock agreements. These agreements involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes and that a court could rule that such an agreement is not legally enforceable. Our policy is to use derivatives only to hedge interest rate risks related to our borrowings, not for speculative or trading purposes, and to enter into contracts only with major financial institutions based on their credit ratings and other factors. However, we may choose to change this policy in the future. Approximately 80% of our total indebtedness as of December 31, 2014 was subject to fixed interest rates or variable rates subject to interest rate swaps. We do not currently hedge our global revolving credit facility and as our borrowings under our global revolving credit facility increase, so will our percentage of indebtedness not subject to fixed rates and our exposure to interest rates increase. Hedging may reduce the overall returns on our investments. Failure to hedge effectively against interest rate changes may materially adversely affect our results of operations.

Volatility in and regulation of the commercial mortgage-backed securities market has limited and may continue to impact the pricing of secured debt. As a result of the recent crisis in the residential mortgage-backed securities markets, the recent global recession, and concerns over the ability to refinance or repay existing commercial mortgage-backed securities as they come due, liquidity previously provided by the commercial mortgage-backed securities and collateralized debt obligations markets has significantly decreased. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act imposes significant new regulations related to the mortgage-backed securities industry and market participants, which has contributed to uncertainty in the market. The volatility in the commercial mortgage-backed securities market could result in the following adverse effects on our incurrence of secured debt, which could have a materially negative impact on our financial condition, results of operations, cash flow and cash available for distribution:

- higher loan spreads;
- tighter loan covenants;
- reduced loan to value ratios and resulting borrower proceeds; and
- higher amortization and reserve requirements.

We have owned certain of our properties for a limited time.

We owned 131 properties at December 31, 2014, including 14 properties held as investments in unconsolidated joint ventures and developable land. All of our properties have been under our management for less than 11 years. The properties may have characteristics or deficiencies unknown to us that could affect their valuation or revenue potential. We cannot assure you that the operating performance of the properties will not decline under our management.

We may have difficulty managing our growth.

We have significantly and rapidly expanded the size of our company. Our growth may significantly strain our management, operational and financial resources and systems. In addition, as a reporting company, we are subject to

the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. The requirements of these rules and regulations will increase our accounting, legal and financial compliance costs and may strain our management and financial, legal and operational resources and systems. An inability to manage our growth effectively or the increased strain on our management of our resources and systems could result in deficiencies in our disclosure controls and procedures or our internal control over financial reporting and could negatively impact our cash available for distribution.

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Potential losses may not be covered by insurance.

We currently carry comprehensive liability, property, business interruption, including loss of rental income, and other insurance policies to cover insurable risks to our company. We select policy specifications, insured limits and deductibles which we believe to be appropriate and adequate given the relative risk of loss, the cost of the coverage and standard industry practices. Our insurance policies contain industry standard exclusions and we do not carry insurance for generally uninsurable perils such as loss from war or nuclear reaction. Although we purchase earthquake insurance, it is subject to high deductibles and a significant portion of our properties is located in seismically active zones such as California, which represents approximately 19% of our portfolio's annualized rent as of December 31, 2014. One catastrophic event, for example, in California, could significantly impact multiple properties, the aggregate deductible amounts could be significant and the limits we purchase could prove to be insufficient, which could materially and adversely impact our business, financial condition and results of operations. Furthermore, a catastrophic regional event could also severely impact some of our insurers rendering them insolvent or unable to fully pay on claims despite their current financial strength. In addition, we may discontinue purchasing insurance against earthquake, flood or windstorm or other perils on some or all of our properties in the future if the cost of premiums for any of these policies exceeds, in our judgment, the value of the coverage relative to the risk of loss.

In addition, many of our buildings contain extensive and highly valuable technology-related improvements. Under the terms of our leases, tenants are obligated to maintain adequate insurance coverage applicable to such improvements and under most circumstances use their insurance proceeds to restore such improvements after a casualty event. In the event of a casualty or other loss involving one of our buildings with extensive installed tenant improvements, our tenants may have the right to terminate their leases if we do not rebuild the base building within prescribed times. In such cases, the proceeds from tenants' insurance will not be available to us to restore the improvements, and our insurance coverage may be insufficient to replicate the technology-related improvements made by such tenants. Furthermore, the terms of our mortgage indebtedness at certain of our properties may require us to pay insurance proceeds over to our lenders under certain circumstances, rather than use the proceeds to repair the property. If we or one or more of our tenants experiences a loss which is uninsured or which exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

We face significant competition, which may decrease or prevent increases of the occupancy and rental rates of our properties.

We compete with numerous developers, owners and operators of real estate and datacenters, many of which own properties similar to ours in the same markets in which our properties are located, including DuPont Fabros Technology, Inc., CoreSite Realty Corporation, CyrusOne Inc., QTS Realty Trust, Inc. and various local developers in the U.S., as well as Global Switch Holdings Limited and various regional operators in Europe, Asia and Australia. In addition, we may in the future face competition from new entrants into the datacenter market, including new entrants who may acquire our current competitors. Some of our competitors and potential competitors have significant advantages over us, including greater name recognition, longer operating histories, pre-existing relationships with current or potential customers, significantly greater financial, marketing and other resources and more ready access to capital which allow them to respond more quickly to new or changing opportunities. If our competitors offer space that our tenants or potential tenants perceive to be superior to ours based on numerous factors, including available power, security considerations, location, or connectivity, or if they offer rental rates below current market rates, or below the rental rates we are offering, we may lose tenants or potential tenants or be required to incur costs to improve our properties or reduce our rental rates. In addition, recently many of our competitors have developed and continue to develop additional datacenter space. If the supply of datacenter space continues to increase as a result of these activities or otherwise, rental rates may be reduced or we may face delays in leasing or be unable to lease our vacant space, including space that we develop.

Further, if tenants or potential tenants desire services that we do not offer, we may not be able to lease our space to those tenants. Our financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy our debt service obligations could be materially adversely affected as a result of any or all of these factors. Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on co-venturers' financial condition and disputes between us and our co-venturers.

We currently, and may in the future, co-invest with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. In these events, we are not in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. Investments in partnerships, joint ventures, or other entities may, under certain

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circumstances, involve risks not present when a third party is not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers may have economic, tax or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. Our joint venture partners may take actions that are not within our control, which would require us to dispose of the joint venture asset or transfer it to a taxable REIT subsidiary in order for Digital Realty Trust, Inc. to maintain its status as a REIT. Such investments may also lead to impasses, for example, as to whether to sell a property, because neither we nor the partner or co-venturer would have full control over the partnership or joint venture. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our day-to-day business. Consequently, actions by or disputes with partners or co-venturers may subject properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers. Each of these factors may result in returns on these investments being less than we expect or in losses and our financial and operating results may be adversely affected.

Our success depends on key personnel whose continued service is not guaranteed.

We depend on the efforts of key personnel of our company, particularly A. William Stein, Digital Realty Trust, Inc.'s Chief Executive Officer and Chief Financial Officer and Scott Peterson, Digital Realty Trust, Inc.'s Chief Investment Officer. They are important to our success for many reasons, including that each has a national or regional reputation in our industry and the investment community that attracts investors and business and investment opportunities and assists us in negotiations with investors, lenders, existing and potential tenants and industry personnel. If we lost their services, our business and investment opportunities and our relationships with lenders and other capital markets participants, existing and prospective tenants and industry personnel could suffer. Many of our company's other senior employees also have strong technology, finance and real estate industry reputations. As a result, we have greater access to potential acquisitions, financing, leasing and other opportunities, and are better able to negotiate with tenants. As the number of our competitors increases, it becomes more likely that a competitor would attempt to hire certain of these individuals away from our company. The loss of any of these key personnel would result in the loss of these and other benefits and could materially and adversely affect our results of operations.

Our properties may not be suitable for lease to datacenter or traditional technology office tenants without significant expenditures or renovations.

Because many of our properties contain tenant improvements installed at our tenants' expense, they may be better suited for a specific corporate enterprise datacenter user or technology industry tenant and could require significant modification in order for us to re-lease vacant space to another corporate enterprise datacenter user or technology industry tenant. The tenant improvements may also become outdated or obsolete as the result of technological change, the passage of time or other factors. In addition, our development space will generally require substantial improvement to be suitable for datacenter use. For the same reason, our properties also may not be suitable for lease to traditional office tenants without significant expenditures or renovations. As a result, we may be required to invest significant amounts or offer significant discounts to tenants in order to lease or re-lease that space, either of which could adversely affect our financial and operating results.

Our data center infrastructure may become obsolete, and we may not be able to upgrade our power and cooling systems cost-effectively, or at all.

Our data center infrastructure may become obsolete due to the development of new systems to deliver power to or eliminate heat in our facilities. Additionally, our data center infrastructure could become obsolete as a result of the development of new server technology that does not require the levels of critical load and heat removal that our facilities are designed to provide and could be run less expensively on a different platform. In addition, our power and cooling systems are difficult and expensive to upgrade. Accordingly, we may not be able to efficiently upgrade or change these systems to meet new demands without incurring significant costs that we may not be able to pass on to our customers which could adversely impact our business, financial condition and results of operations.

Ownership of properties located outside of the United States subjects us to foreign currency and related risks which may adversely impact our ability to make distributions.

We owned 28 properties located outside of the United States at December 31, 2014. In addition, we are currently considering, and will in the future consider, additional international acquisitions.

The ownership of properties located outside of the United States subjects us to risk from fluctuations in exchange rates between foreign currencies and the U.S. dollar. We expect that our principal foreign currency exposure will be to the British



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Pound and the Euro. Changes in the relation of these currencies to the U.S. dollar will affect our revenues and operating margins, may materially adversely impact our financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy our debt obligations.

We may attempt to mitigate some or all of the risk of currency fluctuation by financing our properties in the local currency denominations, although we cannot assure you that we will be able to do so or that this will be effective. We may also engage in direct hedging activities to mitigate the risks of exchange rate fluctuations in a manner consistent with our qualifications as a REIT, although we cannot assure you that we will be able to do so or that this will be effective.

Our international activities are subject to unique risks different than those faced by us in the United States and we may not be able to effectively manage our international business.

We have acquired and developed, and may continue to acquire and develop, properties outside the United States. Our foreign operations involve risks not generally associated with investments in the United States, including:

- our limited knowledge of and relationships with sellers, tenants, contractors, suppliers or other parties in these markets;
- complexity and costs associated with managing international development and operations;
- difficulty in hiring qualified management, sales and construction personnel and service providers in a timely fashion;
- differing employment practices and labor issues;
- multiple, conflicting and changing legal, regulatory, entitlement and permitting, and tax and treaty environments;
- exposure to increased taxation, confiscation or expropriation;
- currency transfer restrictions and limitations on our ability to distribute cash earned in foreign jurisdictions to the United States;
- difficulty in enforcing agreements in non-U.S. jurisdictions, including those entered into in connection with our acquisitions or in the event of a default by one or more of our tenants, suppliers or contractors;
- local business and cultural factors; and
- political and economic instability, including sovereign credit risk, in certain geographic regions.

Our inability to overcome these risks could adversely affect our foreign operations and could harm our business and results of operations.

We face risks with our international acquisitions associated with investing in unfamiliar markets.

We have acquired and may continue to acquire properties on a strategic and selective basis in international markets that are new to us. When we acquire properties located in these markets, we may face risks associated with a lack of market knowledge or understanding of the local economy and culture, forging new business relationships in the area and unfamiliarity with local government and permitting procedures. In addition, due diligence, transaction and structuring costs may be higher than those we may face in the United States. We work to mitigate such risks through extensive diligence and research and associations with experienced partners; however, we cannot assure you that all such risks will be eliminated.

Future consolidation in the technology industry could materially adversely affect our revenues by eliminating some of our potential tenants and could make us more dependent on a more limited number of tenants.

Mergers or consolidations of technology companies in the future could reduce the number of our tenants and potential tenants. If our tenants merge with or are acquired by other entities that are not our tenants, they may discontinue or reduce the use of our data centers in the future. Any of these developments could have a material adverse effect on our revenues and results of operations.

We depend on third parties to provide Internet connectivity to the tenants in our data centers and any delays or disruptions in connectivity may materially adversely affect our operating results and cash flow.

We are not a telecommunications carrier. Although our tenants generally are responsible for providing their own network connectivity, we still depend upon the presence of telecommunications carriers' fiber networks serving the locations of our data centers in order to attract and retain tenants. We believe that the availability of carrier capacity will directly affect our ability to achieve our projected results. Any carrier may elect not to offer its services within our

data centers. Any carrier that has decided to provide Internet connectivity to our data centers may not continue to do so for any period of time. Further, some carriers are

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experiencing business difficulties or have announced consolidations. As a result, some carriers may be forced to downsize or terminate connectivity within our data centers, which could have an adverse effect on the business of our tenants and, in turn, our own operating results.

Our new data centers require construction and operation of a sophisticated redundant fiber network. The construction required to connect multiple carrier facilities to our data centers is complex and involves factors outside of our control, including regulatory requirements and the availability of construction resources. We have started to obtain the right to use network resources owned by other companies, including rights to use dark fiber, in order to attract telecommunications carriers and customers to our portfolio. If the establishment of highly diverse Internet connectivity to our data centers does not occur, is materially delayed or is discontinued, or is subject to failure, our operating results and cash flow may be materially adversely affected. Additionally, any hardware or fiber failures on this network may result in significant loss of connectivity to our data centers. This could negatively affect our ability to attract new tenants or retain existing tenants, which could have an adverse effect on our business, financial condition and results of operations.

Any failure of our physical infrastructure or services could lead to significant costs and disruptions that could harm our business reputation and could adversely affect our earnings and financial condition.

Our business depends on providing customers with highly reliable service, including with respect to power supply, security and maintenance of environmental conditions. We may fail to provide such service as a result of numerous factors, including mechanical failure, power outage, human error, physical or electronic security breaches, war, terrorism and related conflicts or similar events worldwide, fire, earthquake, hurricane, flood and other natural disasters, sabotage and vandalism.

Problems at one or more of our data centers, whether or not within our control, could result in service interruptions or equipment damage. Substantially all of our customer leases include terms requiring us to meet certain service level commitments to our customers. Any failure to meet these commitments or any equipment damage in our data centers, including as a result of mechanical failure, power outage, human error or other reasons, could subject us to liability under our lease terms, including service level credits against customer rent payments, or, in certain cases of repeated failures, the right by the customer to terminate the lease. Service interruptions, equipment failures or security breaches may also expose us to additional legal liability and damage our brand and reputation, and could cause our customers to terminate or not renew their leases. In addition, we may be unable to attract new customers if we have a reputation for service disruptions, equipment failures or physical or electronic security breaches in our data centers. Any such failures could adversely affect our business, financial condition and results of operations.

We are dependent upon third-party suppliers for power and certain other services, and we are vulnerable to service failures of our third-party suppliers and to price increases by such suppliers.

We rely on third parties to provide power to our data centers, and we cannot ensure that these third parties will deliver such power in adequate quantities or on a consistent basis. If the amount of power available to us is inadequate to support our customer requirements, we may be unable to satisfy our obligations to our customers or grow our business. In addition, our data centers may be susceptible to power shortages and planned or unplanned power outages caused by these shortages. Power outages may last beyond our backup and alternative power arrangements, which would harm our customers and our business. Any loss of services or equipment damage could adversely affect both our ability to generate revenues and our operating results, and harm our reputation.

In addition, we may be subject to risks and unanticipated costs associated with obtaining power from various utility companies. Utilities that serve our data centers may be dependent on, and sensitive to price increases for, a particular type of fuel, such as coal, oil or natural gas. In addition, the price of these fuels and the electricity generated from them could increase as a result of proposed legislative measures related to climate change or efforts to regulate carbon emissions. Increases in the cost of power at any of our data centers would put those locations at a competitive disadvantage relative to data centers served by utilities that can provide less expensive power.

Even if we have additional space available for lease at any one of our data centers, our ability to lease this space to existing or new customers could be constrained by our ability to provide sufficient electrical power.

As current and future customers increase their power footprint in our facilities over time, the corresponding reduction in available power could limit our ability to increase occupancy rates or network density within our existing facilities. Furthermore, at certain of our data centers, our aggregate maximum contractual obligation to provide power and cooling to our customers may exceed the physical capacity at such data centers if customers were to quickly increase their demand for power and cooling. If we are not able to increase the available power and/or cooling or move the customer to another location within

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our data centers with sufficient power and cooling to meet such demand, we could lose the customer as well as be exposed to liability under our leases. In addition, our power and cooling systems are difficult and expensive to upgrade. Accordingly, we may not be able to efficiently upgrade or change these systems to meet new demands without incurring significant costs that we may not be able to pass on to our customers. Any such material loss of customers, liability or additional costs could adversely affect our business, financial condition and results of operations.

We may be vulnerable to breaches of our physical security, or to unauthorized access to or disruption of our customers' networks or our information technology systems, any of which could disrupt our operations and have a material adverse effect on our revenues and results of operations.

We use a variety of procedures and systems to maintain the physical security of our facilities. Any failure of these systems, whether caused by human error, third party attack, employee malfeasance, system error, utility failure or some other cause could result in, among other things, a breach of our customers' networks, a breach of our obligations under our customer leases, the misappropriation of our or our customers' or their customers' proprietary information, or interruptions or malfunctions in our or our customers' operations. We rely upon our information technology systems to manage customer relationships, maintain access lists and to maintain our financial and other business information. Unauthorized access to or disruption of these systems could result in, among other things, unauthorized access to our facilities, delays or interruptions to our ability to meet customer needs, breach of our legal or contractual obligations or inability to access or rely upon critical business records. We may be required to expend significant financial resources to protect against or to alleviate breaches of physical security, network breaches as well as unauthorized access to or disruption of our customers' networks or our information technology systems. We may not be able to implement physical or technical security measures in a timely manner or, if and when implemented, these measures could be circumvented. Any breaches that may occur could expose us to increased risk of lawsuits, loss of existing or potential customers, harm to our reputation and increases in our security costs, which could have a material adverse effect on our revenues and results of operations.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our properties and harm our financial condition.

Because real estate investments are relatively illiquid and because there may be even fewer buyers for our specialized real estate, our ability to promptly sell properties in our portfolio in response to adverse changes in their performance may be limited, which may harm our financial condition. Further, Digital Realty Trust, Inc. is subject to provisions in the Code that limit a REIT's ability to dispose of properties, which limitations are not applicable to other types of real estate companies. While Digital Realty Trust, Inc. has exclusive authority under Digital Realty Trust, L.P.'s limited partnership agreement to determine whether, when, and on what terms to sell a property, any such decision would require the approval of Digital Realty Trust, Inc.'s board of directors. See "Risks Related to Our Organizational Structure—Tax consequences upon sale or refinancing." These limitations may affect our ability to sell properties. This lack of liquidity and the Code restrictions may limit our ability to vary our portfolio promptly in response to changes in economic or other conditions and, as a result, could adversely affect our financial condition, results of operations, cash flow, cash available for distribution and ability to access capital necessary to meet our debt payments and other obligations.

We could incur significant costs related to government regulation and private litigation over environmental matters, including existing conditions at some of our properties.

Under various laws relating to the protection of the environment, a current or previous owner or operator of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances at a property, and may be required to investigate and clean up such contamination at or emanating from a property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of the contaminants, and the liability may be joint and several. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, or CERCLA, established a regulatory and remedial program

intended to provide for the investigation and clean-up of facilities where, or from which, a release of any hazardous substance into the environment has occurred or is threatened. CERCLA's primary mechanism for remedying such problems is to impose strict joint and several liability for clean-up of facilities on current owners and operators of the site, former owners and operators of the site at the time of the disposal of the hazardous substances, any person who arranges for the transportation, disposal or treatment of the hazardous substances, and the transporters who select the disposal and treatment facilities, regardless of the care exercised by such persons. CERCLA also imposes liability for the cost of evaluating and remedying any damage to natural resources. The costs of CERCLA investigation and clean-up can be very substantial. CERCLA also authorizes the imposition of a lien in favor of the United States on all real property subject to, or affected by, a remedial action for all costs for which a party is liable. Subject to certain procedural restrictions, CERCLA gives a responsible party the right to bring a contribution action against other responsible

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parties for their allocable shares of investigative and remedial costs. Our ability to obtain reimbursement from others for their allocable shares of such costs would be limited by our ability to find other responsible parties and prove the extent of their responsibility, their financial resources, and other procedural requirements. Various state laws also impose strict joint and several liability for investigation, clean-up and other damages associated with hazardous substance releases.

Previous owners used some of our properties for industrial and retail purposes, so those properties may contain some level of environmental contamination. Independent environmental consultants have conducted Phase I or similar environmental site assessments on all of the properties in our portfolio. Site assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed property and surrounding properties. These assessments do not generally include soil samplings, subsurface investigations or an asbestos survey and the assessments may fail to reveal all environmental conditions, liabilities or compliance concerns. In addition, material environmental conditions, liabilities or compliance concerns may have arisen after these reviews were completed or may arise in the future. We could be held jointly and severally liable under CERCLA and various state laws for the investigation and remediation of environmental contamination caused by previous owners or operators. Fuel storage tanks are present at most of our properties, and if releases were to occur, we may be liable for the costs of cleaning any resulting contamination. The presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability or materially adversely affect our ability to sell, lease or develop the real estate or to borrow using the real estate as collateral.

In addition, some of our tenants, particularly those in the biotechnology and life sciences industry and those in the technology manufacturing industry, routinely handle hazardous substances and wastes as part of their operations at our properties. Environmental laws and regulations subject our tenants, and potentially us, to liability resulting from these activities or from previous industrial or retail uses of those properties. We could be held jointly and severally liable under CERCLA and various state laws for the investigation and remediation of hazardous substances releases by our tenants. Environmental liabilities could also affect a tenant's ability to make rental payments to us. We cannot assure you that costs of investigation and remediation of environmental matters will not affect our ability to pay dividends to Digital Realty Trust, Inc.'s stockholders and distributions to Digital Realty Trust, L.P.'s unitholders or that such costs or other remedial measures will not have a material adverse effect on our business, assets or results of operations.

Some of the properties may contain asbestos-containing building materials. Environmental laws require that asbestos-containing building materials be properly managed and maintained, and may impose fines and penalties on building owners or operators for failure to comply with these requirements. These laws may also allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos-containing building materials.

Our properties and their uses often require permits from various government agencies, including permits related to zoning and land use, such as permits to operate data center facilities. Certain permits from state or local environmental regulatory agencies, including regulators of air quality, are usually required to install and operate diesel-powered generators, which provide emergency back-up power at most of our facilities. These permits often set emissions limits for certain air pollutants, including oxides of nitrogen. In addition, various federal, state, and local environmental, health and safety requirements, such as fire requirements and treated and storm water discharge requirements, apply to some of our properties. Changes to applicable regulations, such as air quality regulations, or the permit requirements for equipment at our facilities, could hinder or prevent our construction or operation of data center facilities.

The environmental laws and regulations to which our properties are subject may change in the future, and new laws and regulations may be created. Future laws, ordinances or regulations may impose additional material environmental liability. Such laws include those directly regulating our climate change impacts and those which regulate the climate change impacts of companies with which we do business, such as utilities providing our facilities with electricity. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Factors Which May Influence Future Results of Operations-Climate change legislation.” We do not know if or how the requirements will change, but changes may require that we make significant unanticipated expenditures, and such expenditures may materially adversely impact our financial condition, cash flow, results, cash available for distributions, common stock’s per share trading price, our competitive position and ability to satisfy our debt service obligations.

Our properties may contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs to remedy the problem.

When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and



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other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants and others if property damage or health concerns arise.

We may incur significant costs complying with the Americans with Disabilities Act and similar laws.

Under the Americans with Disabilities Act of 1990, or the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. We have not conducted an audit or investigation of all of our properties to determine our compliance with the ADA. If one or more of the properties in our portfolio does not comply with the ADA, then we would be required to incur additional costs to bring the property into compliance. Additional federal, state and local laws also may require modifications to our properties, or restrict our ability to renovate our properties. We cannot predict the ultimate cost of compliance with the ADA or other legislation. If we incur substantial costs to comply with the ADA and any other similar legislation, our financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy our debt service obligations could be materially adversely affected.

We may incur significant costs complying with other regulations.

The properties in our portfolio are subject to various federal, state and local regulations, such as state and local fire and life safety regulations. If we fail to comply with these various regulations, we may have to pay fines or private damage awards. In addition, we do not know whether existing regulations will change or whether future regulations will require us to make significant unanticipated expenditures that will materially adversely impact our financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy our debt service obligations.

The conversion rights of Digital Realty Trust, Inc.'s preferred stock may be detrimental to holders of Digital Realty Trust, Inc.'s common stock.

Digital Realty Trust, Inc. currently has 11,500,000 shares of 7.000% series E cumulative redeemable preferred stock outstanding, 7,300,000 shares of 6.625% series F cumulative redeemable preferred stock outstanding, 10,000,000 shares of 5.875% series G cumulative redeemable preferred stock outstanding and 14,600,000 shares of 7.375% series H cumulative redeemable preferred stock outstanding, which may be converted into Digital Realty Trust, Inc. common stock upon the occurrence of limited specified change in control transactions. The conversion of series E preferred stock, series F preferred stock, series G preferred stock or series H preferred stock for Digital Realty Trust, Inc. common stock would dilute stockholder ownership in Digital Realty Trust, Inc. and unitholder ownership in Digital Realty Trust, L.P., and could adversely affect the market price of Digital Realty Trust, Inc. common stock and could impair our ability to raise capital through the sale of additional equity securities.

Our Digital Design Services® business is subject to risks particular to third-party construction projects.

Our Digital Design Services® business is new and we only have limited experience in providing design and construction services to third parties. By providing these design and construction services to third parties, we become subject to a variety of risks unique to these activities. If construction costs of a project exceed original estimates, such costs may have to be absorbed by us, which would make the project less profitable than originally estimated, or possibly not profitable at all. A construction project may be delayed due to government or regulatory approvals, supply shortages, or other events and circumstances beyond our control, or the time required to complete a construction project may be greater than originally anticipated. In addition, we may be liable for any injuries or damage that arise from worksite accidents, or from the design or construction of the datacenters we build. If any such excess costs, project delays or liabilities were to be material, such events may adversely affect our financial condition, results of operations and cash available for distribution.

Our business could be adversely impacted if there are deficiencies in our disclosure controls and procedures or internal control over financial reporting.

The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While management will continue to review the effectiveness of our disclosure controls and procedures and internal control over financial reporting, there can be no guarantee that our internal control over financial reporting will be effective in accomplishing all control objectives all of the time. Furthermore, our disclosure controls and procedures and internal control over financial reporting with respect to entities that we do not control or

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manage may be substantially more limited than those we maintain with respect to the subsidiaries that we have controlled or managed over the course of time. Deficiencies, including any material weakness, in our internal control over financial reporting which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in Digital Realty Trust, Inc.'s stock price, or otherwise materially adversely affect our business, reputation, results of operations, financial condition or liquidity.

**Risks Related to Our Organizational Structure**

Digital Realty Trust, Inc.'s duty to its stockholders may conflict with the interests of Digital Realty Trust, L.P.'s unitholders.

Conflicts of interest may exist or could arise in the future as a result of the relationships between Digital Realty Trust, Inc. and its affiliates, on the one hand, and our operating partnership or any partner thereof, on the other. Digital Realty Trust, Inc.'s directors and officers have duties to Digital Realty Trust, Inc. and its stockholders under Maryland law in connection with their management of our company. At the same time, Digital Realty Trust, Inc., as general partner, has fiduciary duties under Maryland law to our operating partnership and to the limited partners in connection with the management of our operating partnership. Digital Realty Trust, Inc.'s duties as general partner to our operating partnership and its partners may come into conflict with the duties of Digital Realty Trust, Inc.'s directors and officers to Digital Realty Trust, Inc. and its stockholders. Under Maryland law, a general partner of a Maryland limited partnership owes its limited partners the duties of loyalty and care, which must be discharged consistently with the obligation of good faith and fair dealing, unless the partnership agreement provides otherwise. The partnership agreement of our operating partnership provides that for so long as Digital Realty Trust, Inc. owns a controlling interest in our operating partnership, any conflict that cannot be resolved in a manner not adverse to either Digital Realty Trust, Inc.'s stockholders or the limited partners will be resolved in favor of Digital Realty Trust, Inc.'s stockholders.

The provisions of Maryland law that allow the fiduciary duties of a general partner to be modified by a partnership agreement have not been tested in a court of law, and we have not obtained an opinion of counsel covering the provisions set forth in the partnership agreement that purport to waive or restrict Digital Realty Trust, Inc.'s fiduciary duties.

Digital Realty Trust, Inc.'s stockholders and Digital Realty Trust, L.P.'s unitholders are also subject to the following additional conflict of interest:

**Tax consequences upon sale or refinancing.** Sales of properties and repayment of certain indebtedness will affect holders of common units in our operating partnership and Digital Realty Trust, Inc.'s stockholders differently. Consequently, these holders of common units in our operating partnership may have different objectives regarding the appropriate pricing and timing of any such sale or repayment of debt. While Digital Realty Trust, Inc. has exclusive authority under the limited partnership agreement of our operating partnership to determine when to refinance or repay debt or whether, when, and on what terms to sell a property, any such decision would require the approval of Digital Realty Trust, Inc.'s board of directors. Certain of Digital Realty Trust, Inc.'s directors and executive officers could exercise their influence in a manner inconsistent with the interests of some, or a majority, of Digital Realty Trust, L.P.'s unitholders, including in a manner which could prevent completion of a sale of a property or the repayment of indebtedness.

Digital Realty Trust, Inc.'s charter, Digital Realty Trust, L.P.'s partnership agreement and Maryland law contain provisions that may delay, defer or prevent a change of control transaction.

Digital Realty Trust, Inc.'s charter and the articles supplementary with respect to the preferred stock contain 9.8% ownership limits. Digital Realty Trust, Inc.'s charter, subject to certain exceptions, authorizes the company's directors to take such actions as are necessary and desirable to preserve the company's qualification as a REIT and to limit any person to actual or constructive ownership of no more than 9.8% (by value or by number of shares, whichever is more restrictive) of the outstanding shares of the company's common stock, 9.8% (by value or by number of shares, whichever is more restrictive) of the outstanding shares of any series of preferred stock and 9.8% of the value of the

company's outstanding capital stock. Digital Realty Trust, Inc.'s board of directors, in its sole discretion, may exempt (prospectively or retroactively) a proposed transferee from the ownership limit. However, Digital Realty Trust, Inc.'s board of directors may not grant an exemption from the ownership limit to any proposed transferee whose direct or indirect ownership of more than 9.8% of the outstanding shares of the company's common stock, more than 9.8% of the outstanding shares of any series of preferred stock or more than 9.8% of the value of the company's outstanding capital stock could jeopardize the company's status as a REIT. These restrictions on transferability and ownership will not apply if Digital Realty Trust, Inc.'s board of directors determines that it is no longer in the company's best interests to attempt to qualify, or to continue to qualify, as a REIT or that compliance is no longer required for

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REIT qualification. The ownership limit may delay, defer or prevent a transaction or a change of control that might be in the best interest of Digital Realty Trust, Inc.'s stockholders and Digital Realty Trust, L.P.'s unitholders.

Digital Realty Trust, L.P.'s partnership agreement contains provisions that may delay, defer or prevent a change of control transaction. Digital Realty Trust, L.P.'s partnership agreement provides that Digital Realty Trust, Inc. may not engage in any merger, consolidation or other combination with or into another person, any sale of all or substantially all of its assets or any reclassification, recapitalization or change of its outstanding equity interests unless the transaction is approved by the holders of common units and long term incentive units representing at least 35% of the aggregate percentage interests of all holders of common units and long-term incentive units and either:

all limited partners will receive, or have the right to elect to receive, for each common unit an amount of cash, securities or other property equal to the product of the number of shares of Digital Realty Trust, Inc. common stock into which a common unit is then exchangeable and the greatest amount of cash, securities or other property paid in consideration of each share of Digital Realty Trust, Inc. common stock in connection with the transaction (provided that, if, in connection with the transaction, a purchase, tender or exchange offer is made to and accepted by the holders of more than 50% of the shares of Digital Realty Trust, Inc. common stock, each holder of common units will receive, or have the right to elect to receive, the greatest amount of cash, securities or other property which such holder would have received if it exercised its right to redemption and received shares of Digital Realty Trust, Inc. common stock in exchange for its common units immediately prior to the expiration of such purchase, tender or exchange offer and thereupon accepted such purchase, tender or exchange offer and the transaction was then consummated); or the following conditions are met:

substantially all of the assets directly or indirectly owned by the surviving entity in the transaction are held directly or indirectly by Digital Realty Trust, L.P. or another limited partnership or limited liability company which is the survivor of a merger, consolidation or combination of assets with Digital Realty Trust, L.P., or the surviving partnership;

the holders of common units and long-term incentive units own a percentage interest of the surviving partnership based on the relative fair market value of Digital Realty Trust, L.P.'s net assets and the other net assets of the surviving partnership immediately prior to the consummation of such transaction;

the rights, preferences and privileges of the holders of interests in the surviving partnership are at least as favorable as those in effect immediately prior to the consummation of such transaction and as those applicable to any other limited partners or non-managing members of the surviving partnership; and

the rights of the limited partners or non-managing members of the surviving partnership include at least one of the following: (i) the right to redeem their interests in the surviving partnership for the consideration available to such persons pursuant to Digital Realty Trust, L.P.'s partnership agreement; or (ii) the right to redeem their interests for cash on terms equivalent to those in effect with respect to their common units immediately prior to the consummation of such transaction (or, if the ultimate controlling person of the surviving partnership has publicly traded common equity securities, for such common equity securities, with an exchange ratio based on the determination of relative fair market value of such securities and the shares of Digital Realty Trust, Inc. common stock).

These provisions may discourage others from trying to acquire control of Digital Realty Trust, Inc. and may delay, defer or prevent a change of control transaction that might be beneficial to Digital Realty Trust, Inc.'s stockholders and Digital Realty Trust, L.P.'s unitholders.

The change of control conversion features of Digital Realty Trust, Inc.'s preferred stock may make it more difficult for a party to take over our company or discourage a party from taking over our company.

Upon the occurrence of specified change of control transactions, holders of our series E preferred stock, series F preferred stock, series G preferred stock and series H preferred stock will have the right (unless, prior to the change of control conversion date, we have provided or provide notice of our election to redeem such preferred stock) to convert some or all of their series E preferred stock, series F preferred stock, series G preferred stock or series H preferred stock, as applicable, into shares of our common stock (or equivalent value of alternative consideration), subject to

caps set forth in the articles supplementary governing the applicable series of preferred stock. The change of control conversion features of the series E preferred stock,

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series F preferred stock, series G preferred stock and series H preferred stock may have the effect of discouraging a third party from making an acquisition proposal for our company or of delaying, deferring or preventing certain change of control transactions of our company under circumstances that otherwise could provide the holders of our common stock, series E preferred stock, series F preferred stock, series G preferred stock and series H preferred stock with the opportunity to realize a premium over the then-current market price or that stockholders may otherwise believe is in their best interests.

Digital Realty Trust, Inc. could increase or decrease the number of authorized shares of stock and issue stock without stockholder approval.

Digital Realty Trust, Inc.'s charter authorizes the company's board of directors, without stockholder approval, to amend the charter from time to time to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series, to issue authorized but unissued shares of the company's common stock or preferred stock and, subject to the voting rights of holders of preferred stock, to classify or reclassify any unissued shares of the company's common stock or preferred stock into other classes of series of stock and to set the preferences, rights and other terms of such classified or reclassified shares. Although Digital Realty Trust, Inc.'s board of directors has no such intention at the present time, it could establish an additional class or series of preferred stock that could, depending on the terms of such class or series, delay, defer or prevent a transaction or a change of control that might be in the best interest of Digital Realty Trust, Inc.'s stockholders and Digital Realty Trust, L.P.'s unitholders. Certain provisions of Maryland law could inhibit changes in control. Certain provisions of the Maryland General Corporation Law, or MGCL, may have the effect of impeding a third party from making a proposal to acquire Digital Realty Trust, Inc. or of impeding a change of control under circumstances that otherwise could be in the best interests of Digital Realty Trust, Inc.'s stockholders and Digital Realty Trust, L.P.'s unitholders, including:

“business combination” provisions that, subject to limitations, prohibit certain business combinations between Digital Realty Trust, Inc. and an “interested stockholder” (defined generally as any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the company's outstanding shares of voting stock or an affiliate or associate of the company who, at any time within the two-year period prior to the date in question, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the company's then outstanding shares of stock) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes special appraisal rights and supermajority voting requirements on these combinations; and

“control share” provisions that provide that “control shares” of Digital Realty Trust, Inc. (defined as shares which, when aggregated with other shares controlled by the stockholder (except solely by virtue of a revocable proxy), entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of issued and outstanding “control shares”) have no voting rights except to the extent approved by the company's stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

Digital Realty Trust, Inc. has opted out of these provisions of the MGCL, in the case of the business combination provisions of the MGCL by resolution of its board of directors, and in the case of the control share provisions of the MGCL pursuant to a provision in its bylaws. However, Digital Realty Trust, Inc.'s board of directors may by resolution elect to opt in to the business combination provisions of the MGCL and the company may, by amendment to its bylaws, opt in to the control share provisions of the MGCL in the future.

The provisions of Digital Realty Trust, Inc.'s charter on removal of directors and the advance notice provisions of Digital Realty Trust, Inc.'s bylaws could delay, defer or prevent a transaction or a change of control of the company that might be in the best interest of Digital Realty Trust, Inc.'s stockholders and Digital Realty Trust, L.P.'s unitholders. Likewise, if Digital Realty Trust, Inc.'s board of directors were to opt in to the business combination provisions of the MGCL or the provisions of Title 3, Subtitle 8 of the MGCL not currently applicable to the company, or if the provision in the Digital Realty Trust, Inc.'s bylaws opting out of the control share acquisition provisions of the MGCL were rescinded, these provisions of the MGCL could have similar anti-takeover effects.





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Digital Realty Trust, Inc.'s board of directors may change our investment and financing policies without stockholder approval or approval of Digital Realty Trust, L.P.'s other partners and we may become more highly leveraged, which may increase our risk of default under our debt obligations.

Digital Realty Trust, Inc.'s board of directors adopted a policy limiting our indebtedness to 60% of our total enterprise value. Our total enterprise value is defined as the sum of the market value of Digital Realty Trust, Inc.'s outstanding common stock (which may decrease, thereby increasing our debt to total capitalization ratio), excluding options issued under our incentive award plan, plus the aggregate value of Digital Realty Trust, L.P. units not held by Digital Realty Trust, Inc. (with the per unit value equal to the market value of one share of Digital Realty Trust, Inc. common stock and excluding long-term incentive units and Class C units), plus the liquidation preference of Digital Realty Trust, Inc.'s outstanding preferred stock, plus the book value of our total consolidated indebtedness. However, the organizational documents of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur. Digital Realty Trust, Inc.'s board of directors may alter or eliminate our current policy on borrowing at any time without stockholder or unitholder approval. If this policy changed, we could become more highly leveraged which could result in an increase in our debt service and which could materially adversely affect our cash flow and our ability to pay dividends to Digital Realty Trust, Inc.'s stockholders or distributions to Digital Realty Trust, L.P.'s unitholders. Higher leverage also increases the risk of default on our obligations.

Digital Realty Trust, Inc.'s rights and the rights of its stockholders to take action against its directors and officers are limited.

Maryland law provides that Digital Realty Trust, Inc.'s directors have no liability in their capacities as directors if they perform their duties in good faith, in a manner they reasonably believe to be in the company's best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. As permitted by the MGCL, Digital Realty Trust, Inc.'s charter limits the liability of the company's directors and officers to the company and its stockholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- a final judgment based upon a finding of active and deliberate dishonesty by the director or officer that was material to the cause of action adjudicated.

In addition, Digital Realty Trust, Inc.'s charter authorizes the company to obligate itself, and the company's bylaws require it, to indemnify the company's directors and officers for actions taken by them in those capacities and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding to the maximum extent permitted by Maryland law and Digital Realty Trust, Inc. has entered into indemnification agreements with its officers and directors. As a result, Digital Realty Trust, Inc. and its stockholders may have more limited rights against its directors and officers than might otherwise exist under common law. Accordingly, in the event that actions taken in good faith by any of Digital Realty Trust, Inc.'s directors or officers impede the performance of the company, the company's stockholders' ability to recover damages from that director or officer will be limited.

**Risks Related to Taxes and Digital Realty Trust, Inc.'s Status as a REIT**

Failure to qualify as a REIT would have significant adverse consequences to Digital Realty Trust, Inc. and its stockholders and to Digital Realty Trust, L.P. and its unitholders.

Digital Realty Trust, Inc. has operated and intends to continue operating in a manner that it believes will allow it to qualify as a REIT for federal income tax purposes under the Code. Digital Realty Trust, Inc. has not requested and does not plan to request a ruling from the IRS that it qualifies as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The complexity of these provisions and of the applicable Treasury Regulations that have been promulgated under the Code is greater in the case of a REIT that, like Digital Realty Trust, Inc., holds its assets through a partnership. The determination of various factual matters and circumstances not entirely within Digital Realty Trust, Inc.'s control may affect its ability to qualify as a REIT. In order to qualify as a REIT, Digital

Realty Trust, Inc. must satisfy a number of requirements, including requirements regarding the ownership of its stock, requirements regarding the composition of its assets and a requirement that at least 95% of its gross income in any year must be derived from qualifying sources, such as “rents from real property.” Also, Digital Realty Trust, Inc. must make distributions to stockholders aggregating annually at least 90% of its net taxable income, excluding any net capital gains.

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If Digital Realty Trust, Inc. loses its REIT status, it will face serious tax consequences that would substantially reduce its cash available for distribution, including cash available to pay dividends to its stockholders, for each of the years involved because:

- Digital Realty Trust, Inc. would not be allowed a deduction for dividends paid to stockholders in computing its taxable income and would be subject to federal income tax at regular corporate rates;
- Digital Realty Trust, Inc. also could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and
- unless Digital Realty Trust, Inc. is entitled to relief under applicable statutory provisions, it could not elect to be taxed as a REIT for four taxable years following the year during which it was disqualified.

In addition, if Digital Realty Trust, Inc. fails to qualify as a REIT, it will not be required to make distributions to stockholders, and accordingly, distributions Digital Realty Trust, L.P. makes to its unitholders could be similarly reduced. As a result of all these factors, Digital Realty Trust, Inc.'s failure to qualify as a REIT also could impair our ability to expand our business and raise capital, and would materially adversely affect the value of Digital Realty Trust, Inc.'s stock and Digital Realty Trust, L.P.'s units.

In certain circumstances, Digital Realty Trust, Inc. may be subject to federal and state taxes as a REIT, which would reduce its cash available for distribution to its stockholders.

Even if Digital Realty Trust, Inc. qualifies as a REIT for federal income tax purposes, it may be subject to some federal, state and local taxes on its income or property and, in certain cases, a 100% penalty tax, in the event it sells property as a dealer. In addition, our domestic corporate subsidiary, Digital Services, Inc., which is a taxable REIT subsidiary of Digital Realty Trust, Inc., could be subject to federal and state taxes, and our foreign properties and companies are subject to tax in the jurisdictions in which they operate and are located. Any federal, state or other taxes Digital Realty Trust, Inc. pays will reduce its cash available for distribution to stockholders.

To maintain Digital Realty Trust, Inc.'s REIT status, we may be forced to borrow funds during unfavorable market conditions.

To qualify as a REIT, Digital Realty Trust, Inc. generally must distribute to its stockholders at least 90% of its net taxable income each year, excluding capital gains, and Digital Realty Trust, Inc. will be subject to regular corporate income taxes to the extent that it distributes less than 100% of its net taxable income each year. In addition, Digital Realty Trust, Inc. will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by Digital Realty Trust, Inc. in any calendar year are less than the sum of 85% of its ordinary income, 95% of its capital gain net income and 100% of its undistributed income from prior years. While historically Digital Realty Trust, Inc. has satisfied these distribution requirements by making cash distributions to its stockholders, a REIT is permitted to satisfy these requirements by making distributions of cash or other property. We may need to borrow funds for Digital Realty Trust, Inc. to meet the REIT distribution requirements even if the then prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes, or the effect of non-deductible capital expenditures, the creation of reserves or required debt or amortization payments.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

Income from "qualified dividends" payable to U.S. stockholders that are individuals, trusts and estates are generally subject to tax at preferential rates. Dividends payable by REITs, however, generally are not eligible for the preferential tax rates applicable to qualified dividend income. Although these rules do not adversely affect the taxation of REITs or dividends payable by REITs, to the extent that the preferential rates continue to apply to regular corporate qualified dividends, investors who are individuals, trusts and estates may perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could materially and adversely affect the value of the shares of REITs, including the per share trading price of Digital Realty Trust, Inc.'s capital stock.

The tax imposed on REITs engaging in "prohibited transactions" may limit our ability to engage in transactions which would be treated as sales for federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business, unless a sale or disposition qualifies under certain statutory safe harbors, such

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characterization is a factual determination and no guarantee can be given that the IRS would agree with our characterization of our properties or that we will always be able to make use of the available safe harbors. Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.

To qualify as a REIT for federal income tax purposes, Digital Realty Trust, Inc. must continually satisfy tests concerning, among other things, its sources of income, the nature and diversification of its assets (including its proportionate share of Digital Realty Trust, L.P.'s assets), the amounts it distributes to its stockholders and the ownership of its capital stock. If Digital Realty Trust, Inc. fails to comply with one or more of the asset tests at the end of any calendar quarter, it must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing its REIT qualification and suffering adverse tax consequences. In order to meet these tests, we may be required to forego investments we might otherwise make or to liquidate otherwise attractive investments. Thus, compliance with the REIT requirements may hinder our performance and reduce amounts available for distribution to Digital Realty Trust, Inc.'s stockholders and Digital Realty Trust, L.P.'s unitholders.

Legislative or other actions affecting REITs could have a negative effect on us.

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury. Changes to the tax laws, with or without retroactive application, could materially and adversely affect Digital Realty Trust, Inc.'s stockholders, Digital Realty Trust, L.P.'s unitholders and/or us. We cannot predict how changes in the tax laws might affect our investors and/or us. New legislation, Treasury Regulations, administrative interpretations or court decisions could significantly and negatively affect Digital Realty Trust, Inc.'s ability to qualify as a REIT or the federal income tax consequences of such qualification.

The power of Digital Realty Trust, Inc.'s board of directors to revoke Digital Realty Trust, Inc.'s REIT election without stockholder approval may cause adverse consequences to Digital Realty Trust, Inc.'s stockholders and Digital Realty Trust, L.P.'s unitholders.

Digital Realty Trust, Inc.'s charter provides that its board of directors may revoke or otherwise terminate its REIT election, without the approval of its stockholders, if it determines that it is no longer in Digital Realty Trust, Inc.'s best interests to continue to qualify as a REIT. If Digital Realty Trust, Inc. ceases to qualify as a REIT, it would become subject to U.S. federal income tax on its taxable income and it would no longer be required to distribute most of its taxable income to its stockholders and accordingly, distributions Digital Realty Trust, L.P. makes to its unitholders could be similarly reduced.

Forward-Looking Statements

We make statements in this report that are forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, portfolio performance including our ability to lease vacant space and space under development, leverage policy and acquisition and capital expenditure plans, as well as our discussion of "Factors Which May Influence Future Results of Operations," contain forward-looking statements. Likewise, all of our statements regarding anticipated market conditions, demographics and results of operations are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "pro forma," "estimates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described or that they will happen at all. The following factors, among others, could cause actual results and

future events to differ materially from those set forth or contemplated in the forward-looking statements:

• the impact of current global economic, credit and market conditions;

• current local economic conditions in our geographic markets;

• decreases in information technology spending, including as a result of economic slowdowns or recession;

• adverse economic or real estate developments in our industry or the industry sectors that we sell to (including risks relating to decreasing real estate valuations and impairment charges);

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our dependence upon significant tenants;  
bankruptcy or insolvency of a major tenant or a significant number of smaller tenants;  
defaults on or non-renewal of leases by tenants;  
our failure to obtain necessary debt and equity financing;  
risks associated with using debt to fund our business activities, including re-financing and interest rate risks, our failure to repay debt when due, adverse changes in our credit ratings or our breach of covenants or other terms contained in our loan facilities and agreements;  
financial market fluctuations;  
changes in foreign currency exchange rates;  
our inability to manage our growth effectively;  
difficulty acquiring or operating properties in foreign jurisdictions;  
our failure to successfully integrate and operate acquired or developed properties or businesses;  
risks related to joint venture investments, including as a result of our lack of control of such investments;  
delays or unexpected costs in development of properties;  
decreased rental rates, increased operating costs or increased vacancy rates;  
increased competition or available supply of data center space;  
our inability to successfully develop and lease new properties and development space;  
difficulties in identifying properties to acquire and completing acquisitions;  
our inability to acquire off-market properties;  
our inability to comply with the rules and regulations applicable to reporting companies;  
Digital Realty Trust, Inc.'s failure to maintain its status as a REIT for federal income tax purposes;  
possible adverse changes to tax laws;  
restrictions on our ability to engage in certain business activities;  
environmental uncertainties and risks related to natural disasters;  
losses in excess of our insurance coverage;  
changes in foreign laws and regulations, including those related to taxation and real estate ownership and operation;  
and  
changes in local, state and federal regulatory requirements, including changes in real estate and zoning laws and increases in real property tax rates.

The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance, including factors and risks included in other sections of this report, including under Part I, Item 1A, Risk Factors. 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 we 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. While forward-looking statements reflect our good faith beliefs, they are not guaranties of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our Portfolio

As of December 31, 2014, we owned 131 properties, including 14 properties held as investments in unconsolidated joint ventures and developable land. These properties are mainly located throughout the U.S., with 21 properties located in Europe, three properties in Australia, two properties in Asia and two properties in Canada, and contain a total of approximately 24.6 million rentable square feet, including 1.3 million square feet of space under active development and 1.2 million square feet of space held for future development. The following table presents an overview of our portfolio of properties, including the 14 properties held as investments in unconsolidated joint ventures and developable land, based on information as of December 31, 2014. All properties are held in fee simple except as otherwise indicated. Please refer to note 7 in the notes to the consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K for a description of all applicable encumbrances as of December 31, 2014.



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Property	Acquisition Date	Property Type	Net Rentable Square Feet (1)	Space Under Active Development (2)	Space Held for Development (3)	Annualized Rent (4)	Percent Occupied (5)	Annualized Rent per Occupied Square Foot (\$) (6)
North America								
Dallas								
2323 Bryan Street	Jan-02	Internet Gateway	453,539	—	23,568	\$ 16,779	76.2 %	\$ 48.57
2440 Marsh Lane	Jan-03	Data Center	135,250	—	—	14,277	96.3 %	109.61
1232 Alma Road	Sep-09	Data Center	105,726	—	—	14,042	99.5 %	133.49
2501 S. State Hwy. 121	Feb-12	Data Center	829,372	—	—	13,475	98.5 %	16.49
4849 Alpha Road	Apr-04	Data Center	125,538	—	—	11,704	100.0 %	93.23
4025 Midway Road	Jan-06	Data Center	92,386	—	8,204	10,361	98.3 %	114.09
900 Quality Way	Sep-09	Data Center	73,973	39,325	1,624	8,870	100.0 %	119.91
850 East Collins	Sep-08	Data Center	121,366	—	—	8,853	87.2 %	83.68
11830 Webb Chapel Road	Aug-04	Data Center	365,647	—	—	8,324	98.0 %	23.23
400 S. Akard	Jun-12	Internet Gateway	269,563	—	—	8,269	94.7 %	32.40
950 East Collins	Sep-09	Data Center	101,297	19,989	—	7,860	100.0 %	77.59
1215 Integrity Drive	Sep-09	Data Center	61,750	56,126	—	4,078	96.8 %	68.22
904 Quality Way	Sep-09	Data Center	46,750	—	—	979	100.0 %	20.94
17201 Waterview Parkway	Jan-13	Data Center	61,750	—	—	704	100.0 %	11.40
905 Security Row (7)	Sep-09	Data Center	—	—	—	—	—	—
1210 Integrity Drive (7)	Sep-09	Data Center	—	—	—	—	—	—
907 Security Row	Sep-09	Data Center	—	138,450	—	—	—	—
Total			2,843,907	253,890	33,396	\$ 128,575	94.1 %	\$ 48.02
Northern Virginia								
43940 Digital Loudoun Plaza (Bldg G)	Apr-11	Data Center	257,663	135,048	—	\$ 26,805	100.0 %	\$ 104.03
43881 Devin Shafron Drive (Bldg B)	Mar-07	Data Center	180,000	—	—	17,951	99.0 %	100.78
43791 Devin Shafron Drive	Mar-07	Data Center	135,000	—	—	12,435	99.8 %	92.29

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(Bldg D) 43830 Devin Shafron Drive	May-09	Data Center	101,300	—	11,950	11,865	95.6	%	122.50
(Bldg F) 44060 Digital Loudoun Plaza	Apr-11	Data Center	69,513	214,950	—	8,114	91.7	%	127.29
(Bldg K) 4050 Lafayette Center Drive	Jul-10	Data Center	42,374	—	—	7,061	99.0	%	168.27
4030 Lafayette Center Drive	Jul-10	Data Center	72,696	—	—	5,953	100.0	%	81.89
45901 & 45845 Nokes Boulevard	Dec-09	Data Center	167,160	—	—	4,893	100.0	%	29.27
44470 Chilum Place	Feb-07	Data Center	95,440	—	—	4,643	100.0	%	48.65
4040 Lafayette Center Drive	Jul-10	Data Center	30,339	—	—	3,924	100.0	%	129.34
21110 Ridgetop Circle	Jan-07	Data Center	135,513	—	—	3,095	100.0	%	22.84
21561 & 21571 Beaumeade Circle	Dec-09	Data Center	164,453	—	—	3,019	100.0	%	18.36
1506 & 44874 Moran Rd	Dec-11	Data Center	78,295	—	—	2,370	100.0	%	30.27
1807 Michael Faraday Court	Oct-06	Data Center	19,237	—	—	1,848	100.0	%	96.06
251 Exchange Place	Nov-05	Data Center	70,982	—	—	1,792	100.0	%	25.25
43831 Devin Shafron Drive (Bldg C)	Mar-07	Data Center	117,071	—	—	1,609	100.0	%	13.74
8100 Boone Boulevard (8)	Oct-06	Data Center	17,015	—	—	657	25.3	%	152.86
Total			1,754,051	349,998	11,950	\$ 118,034	98.5	%	\$ 68.28
New York 365 S Randolphville Road	Feb-08	Data Center	264,792	86,656	—	\$ 27,148	94.2	%	\$ 108.88
111 Eighth Avenue (8)	Oct-06	Internet Gateway	116,843	—	—	24,664	100.0	%	211.14

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Property	Acquisition Date	Property Type	Net Rentable Square Feet (1)	Space Under Active Development (2)	Space Held for Development (3)	Annualized Rent (4)	Percent Occupied (5)	Annualized Rent per Occupied Square Foot (\$) (6)
3 Corporate Place	Dec-05	Data Center	276,931	—	—	19,465	100.0 %	70.29
60 & 80 Merritt Boulevard	Jan-10	Data Center	210,168	—	17,598	17,745	95.4 %	88.50
300 Boulevard East	Nov-02	Data Center	346,819	—	22,962	17,255	94.0 %	52.92
410 Commerce Boulevard (8)	Aug-12	Data Center	27,943	—	—	5,217	100.0 %	186.70
701 Union Boulevard (7)	Oct-12	Data Center	—	—	—	30	—	—
650 Randolph Road	Jun-08	Data Center	—	—	127,790	—	—	—
3 Corporate Place Annex	Dec-05	Data Center	—	100,515	—	—	—	—
<b>Total</b>			<b>1,243,496</b>	<b>187,171</b>	<b>168,350</b>	<b>\$111,524</b>	<b>96.3 %</b>	<b>\$93.12</b>
Silicon Valley								
1350 Duane & 3080 Raymond	Oct-09	Data Center	185,000	—	—	\$10,890	100.0 %	\$58.86
3011 Lafayette Street	Jan-07	Data Center	90,780	—	—	10,872	100.0 %	119.76
1100 Space Park Drive	Nov-04	Internet Gateway	165,297	—	—	10,045	100.0 %	60.77
1500 Space Park Drive	Sep-07	Data Center	51,615	—	—	9,893	100.0 %	191.67
3105 and 3205 Alfred Street	May-10	Data Center	49,858	—	—	9,567	98.8 %	194.21
1525 Comstock Street	Sep-07	Data Center	42,385	—	—	9,061	100.0 %	213.78
2045 & 2055 LaFayette Street	May-04	Data Center	300,000	—	—	7,560	100.0 %	25.20
150 South First Street	Sep-04	Data Center	179,761	—	—	7,390	95.1 %	43.22
1725 Comstock Street	Apr-10	Data Center	39,643	—	—	7,088	100.0 %	178.80
2805 Lafayette Street	Aug-10	Data Center	69,843	48,137	19,440	7,071	94.6 %	106.98
1201 Comstock Street	Jun-08	Data Center	24,000	—	—	4,877	100.0 %	203.21
2334 Lundy Place	Dec-02	Data Center	130,752	—	—	4,801	100.0 %	36.72
2401 Walsh Street	Jun-05	Data Center	167,932	—	—	3,950	100.0 %	23.52

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2403 Walsh Street	Jun-05	Data Center	103,940	—	—	2,445	100.0	%	23.52	
Total			1,600,806	48,137	19,440	\$105,509	99.2	%	\$66.45	
Chicago										
350 E Cermak Road	May-05	Internet Gateway	1,133,739	—	—	\$74,154	98.9	%	\$66.12	
9333 Grand Avenue	May-12	Data Center	102,970	7,708	6,837	8,994	95.5	%	91.44	
600-780 S. Federal	Sep-05	Internet Gateway	142,283	—	19,264	7,906	89.5	%	62.07	
9355 Grand Avenue	May-12	Data Center	25,000	226,500	—	3,475	100.0	%	139.00	
9377 Grand Avenue	May-12	Data Center	—	—	166,709	—	—	—	—	
Total			1,403,992	234,208	192,810	\$94,530	97.7	%	\$68.89	
San Francisco										
200 Paul Avenue	Nov-04	Internet Gateway	481,571	—	18,522	\$29,934	91.8	%	\$67.68	
365 Main Street	Jul-10	Internet Gateway	226,981	—	—	27,974	72.6	%	169.68	
720 2nd Street	Jul-10	Data Center	121,220	—	—	16,700	91.7	%	150.30	
360 Spear Street	Dec-11	Data Center	154,950	—	—	7,821	100.0	%	50.47	
Total			984,722	—	18,522	\$82,428	88.7	%	\$94.40	
Phoenix										
2121 South Price Road	Jul-10	Data Center	508,173	—	—	48,975	75.4	%	127.83	
120 E. Van Buren	Jul-06	Internet Gateway	287,514	—	—	22,227	86.8	%	89.04	
2055 East Technology Circle (9)	Oct-06	Data Center	76,350	—	—	7,841	89.7	%	114.51	
1900 S. Price Road	Jan-13	Data Center	118,348	—	108,926	1,450	100.0	%	12.25	
Total			990,385	—	108,926	\$80,493	82.8	%	\$98.21	
Boston										
128 First Avenue	Jan-10	Data Center	274,750	—	—	\$23,754	96.9	%	\$243.93	

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Property	Acquisition Date	Property Type	Net Rentable Square Feet (1)	Space Under Active Development (2)	Space Held for Development (3)	Annualized Rent (4)	Percent Occupied (5)	Annualized Rent per Occupied Square Foot (\$)
55 Middlesex Turnpike 100 & 200	Jan-10	Data Center	101,067	—	—	12,423	96.4 %	46.65
Quannapowitt Parkway 115 Second Avenue	Jun-04	Data Center	308,703	—	78,253	9,785	91.6 %	34.59
105 Cabot Street	Jan-10	Data Center	34,726	—	71,005	3,448	66.5 %	149.20
600 Winter Street	Sep-06	Data Center	30,400	—	—	775	100.0 %	25.49
<b>Total</b>			<b>816,376</b>	<b>—</b>	<b>149,258</b>	<b>\$54,169</b>	<b>93.9 %</b>	<b>\$70.65</b>
<b>Los Angeles</b>								
600 West Seventh Street	May-04	Internet Gateway	489,722	—	—	\$24,358	97.6 %	\$50.98
2260 East El Segundo Boulevard	Jul-10	Data Center	132,240	—	—	11,108	85.9 %	97.81
200 North Nash Street	Jun-05	Data Center	113,606	—	—	2,672	100.0 %	23.52
3015 Winona Avenue	Dec-04	Data Center	82,911	—	—	1,740	100.0 %	20.99
3300 East Birch Street	Aug-03	Data Center	68,807	—	—	1,641	100.0 %	23.85
<b>Total</b>			<b>887,286</b>	<b>—</b>	<b>—</b>	<b>\$41,518</b>	<b>96.6 %</b>	<b>\$48.46</b>
<b>Houston</b>								
Digital Houston	Apr-06	Data Center	404,799	—	22,722	\$16,891	91.1 %	\$45.81
<b>Total</b>			<b>404,799</b>	<b>—</b>	<b>22,722</b>	<b>\$16,891</b>	<b>91.1 %</b>	<b>\$45.81</b>
<b>Atlanta</b>								
375 Riverside Parkway	Jun-03	Data Center	250,191	—	—	\$8,649	100.0 %	\$34.57
760 Doug Davis Drive	Dec-11	Data Center	334,306	—	—	6,549	99.9 %	19.60
101 Aquila Way	Apr-06	Data Center	313,581	—	—	1,459	100.0 %	4.65
<b>Total</b>			<b>898,078</b>	<b>—</b>	<b>—</b>	<b>\$16,657</b>	<b>100.0 %</b>	<b>\$18.55</b>
<b>Philadelphia</b>								
833 Chestnut Street	Mar-05	Data Center	642,981	—	62,080	\$14,988	94.7 %	\$24.61
<b>Total</b>			<b>642,981</b>	<b>—</b>	<b>62,080</b>	<b>\$14,988</b>	<b>94.7 %</b>	<b>\$24.61</b>
<b>St. Louis</b>								

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210 N Tucker Boulevard	Aug-07	Data Center	258,269	—	77,778	\$6,381	62.1	%	\$39.81
900 Walnut Street	Aug-07	Internet Gateway	105,776	—	6,490	4,948	96.3	%	48.58
Total			364,045	—	84,268	\$11,329	72.0	%	\$43.22
Denver									
11900 East Cornell Avenue	Sep-12	Data Center	285,840	—	—	\$6,483	94.3	%	\$24.05
8534 Concord Center Drive	Jun-05	Data Center	85,660	—	—	3,898	100.0	%	45.51
Total			371,500	—	—	\$10,381	95.6	%	\$29.22
Portland									
3825 NW Aloclek Place	Aug-11	Data Center	48,574	—	—	\$8,001	100.0	%	\$164.72
Total			48,574	—	—	\$8,001	100.0	%	\$164.72
Austin									
7500 Metro Center Drive	Dec-05	Data Center	60,345	—	25,343	\$3,834	42.2	%	\$150.51
7401 E. Ben White Blvd Building 7 - 9	May-13	Data Center	203,235	—	—	1,908	100.0	%	9.39
8025 North Interstate 35	May-12	Data Center	62,237	—	—	934	100.0	%	15.01
7620 Metro Center Drive	Dec-05	Data Center	40,836	—	—	345	63.6	%	13.28
Total			366,653	—	25,343	\$7,020	86.4	%	\$22.15

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Property	Acquisition Date	Property Type	Net Rentable Square Feet (1)	Space Under Active Development (2)	Space Held for Development (3)	Annualized Rent (4)	Percent Occupied (5)	Annualized Rent per Occupied Square Foot (\$)
Toronto, Canada								
371 Gough Road	Mar-13	Data Center	41,393	26,524	29,859	\$3,998	100.0 %	\$96.59
6800 Millcreek Drive	Apr-06	Data Center	83,758	—	—	2,135	100.0 %	25.49
Total			125,151	26,524	29,859	\$6,133	100.0 %	\$49.00
Sacramento								
11085 Sun Center Drive	Sep-11	Data Center	69,048	—	—	\$2,964	100.0 %	\$42.93
3065 Gold Camp Drive	Oct-04	Data Center	40,394	—	23,397	2,815	100.0 %	69.69
Total			109,442	—	23,397	\$5,779	100.0 %	\$52.80
Miami								
36 NE 2nd Street	Jan-02	Internet Gateway	162,140	—	—	\$4,569	85.5 %	\$32.98
2300 NW 89th Place	Sep-06	Data Center	64,174	—	—	714	100.0 %	11.13
Total			226,314	—	—	\$5,283	89.6 %	\$26.06
Minneapolis/St. Paul								
1500 Towerview Road	Mar-13	Data Center	328,765	—	—	\$4,609	100.0 %	\$14.02
1125 Energy Park Drive	Mar-05	Data Center	78,164	—	—	407	22.2 %	23.46
Total			406,929	—	—	\$5,016	85.1 %	\$14.49
Charlotte								
125 North Myers	Aug-05	Internet Gateway	25,402	—	—	\$1,442	100.0 %	\$56.77
731 East Trade Street	Aug-05	Internet Gateway	40,879	—	—	1,391	100.0 %	34.03
113 North Myers	Aug-05	Internet Gateway	29,218	—	—	986	100.0 %	33.75
Total			95,499	—	—	\$3,819	100.0 %	\$39.99
EUROPE								
London, United Kingdom								

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Unit 21									
Goldsworth Park Trading Estate (11)	Jul-12	Data Center	374,433	14,563	91,004	\$56,860	100.0	%	\$151.86
Watford (11)	Jul-12	Data Center	133,000	—	—	21,369	97.3	%	165.21
3 St. Anne's Boulevard (11)	Dec-07	Data Center	96,147	—	—	18,704	87.9	%	221.33
Croydon (11)	Jul-12	Data Center	120,000	—	—	16,269	100.0	%	135.58
Mundells Roundabout (11)	Apr-07	Data Center	113,464	—	—	8,207	100.0	%	72.33
Cressex 1 (11)	Dec-07	Data Center	50,847	—	—	7,586	100.0	%	149.19
Fountain Court (11)	Jul-11	Data Center	63,468	20,000	48,303	7,284	72.9	%	157.39
2 St. Anne's Boulevard (11)	Dec-07	Data Center	30,612	—	—	5,202	100.0	%	169.93
1 St. Anne's Boulevard (11)	Dec-07	Data Center	20,219	—	—	300	100.0	%	14.84
Principal Park, Crawley	Sep-13	Data Center	—	106,400	—	—	—	—	—
Total			1,002,190	140,963	139,307	\$141,779	96.8	%	\$146.21
Paris, France									
114 Rue Ambroise Croizat (12)	Dec-06	Internet Gateway	360,920	—	—	\$20,878	96.0	%	\$60.26
1 Rue Jean-Pierre (12)	Dec-12	Data Center	104,666	—	—	4,413	100.0	%	42.16
127 Rue de Paris (12)	Dec-12	Data Center	59,991	—	—	1,891	100.0	%	31.52
Liet-dit ie Christ de Saclay (12)	Dec-12	Data Center	21,337	—	—	630	100.0	%	29.53
Total			546,914	—	—	\$27,812	97.4	%	\$52.23



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Dublin, Ireland								
Unit 9 Blanchardstown	Dec-06	Data Center	120,000	—	—	\$9,892	94.1 %	\$87.57
Corporate Center (12) Clonshaugh Industrial Estate (Eircom) (12)	Aug-05	Data Center	124,500	—	—	8,361	100.0 %	67.16
Clonshaugh Industrial Estate IE (12)	Feb-06	Data Center	20,000	—	—	1,497	100.0 %	74.85
Profile Park	Oct-11	Data Center	19,597	—	23,678	—	—	—
Total			284,097	—	23,678	\$19,750	90.6 %	\$76.71
Amsterdam, Netherlands								
Paul van Vlissingenstraat 16 (12)	Aug-05	Data Center	112,472	—	—	\$7,212	100.0 %	\$64.12
Cateringweg 5 (12)	Jun-10	Data Center	55,972	—	—	5,227	100.0 %	93.39
Naritaweg 52 (12)	Dec-07	Data Center	63,260	—	—	2,598	100.0 %	41.07
Liverpoolweg 10 - The Netherlands (12)	Jun-13	Data Center	29,986	—	—	1,308	100.0 %	43.62
Gyroscoopweg 2E-2F (12)	Jul-06	Data Center	55,585	—	—	1,237	100.0 %	22.25
De President Business Park (12)	Jul-13	Technology Office	—	—	—	—	—	—
Total			317,275	—	—	\$17,582	100.0 %	\$55.42
Manchester, England								
Manchester Technopark (11)	Jun-08	Data Center	38,016	—	—	\$1,876	100.0 %	\$49.35
Total			38,016	—	—	\$1,876	100.0 %	\$49.35
Geneva, Switzerland								
Chemin de l'Epinglier 2 (12)	Nov-05	Data Center	59,190	—	—	\$1,703	100.0 %	\$28.77
Total			59,190	—	—	\$1,703	100.0 %	\$28.77
ASIA PACIFIC								
Singapore								
	Nov-10	Data Center	340,243	30,257	—	\$46,537	91.6 %	\$149.32

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29A International Business Park (14)									
Total			340,243	30,257	—	\$46,537	91.6	%	\$149.32
Melbourne									
98 Radnor Drive (15)	Jun-11	Data Center	52,988	—	—	\$6,538	71.6	%	\$172.45
Deer Park 2 (72 Radnor Drive) (15)	Jun-11	Data Center	43,649	12,553	37,380	4,558	71.0	%	147.13
Total			96,637	12,553	37,380	\$11,096	71.3	%	\$161.06
Sydney									
1-11 Templar Road (15)	Feb-11	Data Center	40,794	21,152	24,271	\$6,449	86.4	%	\$182.88
23 Waterloo Road (15)	Nov-12	Data Center	51,990	—	—	1,141	100.0	%	21.95
Total			92,784	21,152	24,271	\$7,590	94.0	%	\$86.99
NON-DATACENTER PROPERTIES									
34551 Ardenwood Boulevard	Jan-03	Technology Manufacturing	307,657	—	—	\$4,632	50.6	%	\$29.77

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2010 East Centennial Circle (10)	May-03	Technology Manufacturing	113,405	—	—	3,194	100.0 %	28.16
1 Savvis Parkway	Aug-07	Technology Office	156,000	—	—	3,042	100.0 %	19.50
8201 E. Riverside Drive Building 4 - 6	May-13	Technology Manufacturing	133,460	—	—	1,050	85.6 %	9.19
908 Quality Way	Sep-09	Technology Office	14,400	—	—	—	100.0 %	—
47700 Kato Road & 1055 Page Avenue	Sep-03	Technology Manufacturing	199,352	—	—	—	—	—
Total			924,274	—	—	\$11,918	59.9 %	\$21.53
Consolidated Portfolio Total/Weighted Average			20,286,606	1,304,853	1,174,957	\$1,215,720	92.7 %	\$64.62
MANAGED UNCONSOLIDATED JOINT VENTURES								
Northern Virginia								
43915 Devin Shafron Drive (Bldg A) (16)	Sep-14	Data Center	132,280	—	—	\$17,044	100.0 %	\$128.85
43790 Devin Shafron Drive (Bldg E) (16)	Sep-13	Data Center	152,138	—	—	3,325	100.0 %	21.86
21551 Beaumeade Circle (16)	Sep-13	Data Center	152,504	—	—	2,150	100.0 %	14.10
7505 Mason King Court (16)	Sep-13	Data Center	109,650	—	—	1,911	100.0 %	17.43
Total			546,572	—	—	\$24,430	100.0 %	\$44.70
Hong Kong								
33 Chun Choi Street	Mar-12	Data Center	107,321	—	—	\$13,105	75.1 %	\$162.69
Total			107,321	—	—	\$13,105	75.1 %	\$162.69
Silicon Valley								
4650 Old Ironsides Drive (16)	Sep-13	Data Center	124,383	—	—	\$4,173	100.0 %	\$33.55
2950 Zanker Road (16)	Sep-13	Data Center	69,700	—	—	3,246	100.0 %	46.57
	Sep-13	Data Center	90,139	—	—	2,120	100.0 %	23.52

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4700 Old Ironsides Drive (16)								
444 Toyama Drive (16)	Sep-13	Data Center	42,083	—	—	2,000	100.0 %	47.53
Total			326,305	—	—	\$11,539	100.0 %	\$35.36
Dallas								
14901 FAA Boulevard (16)	Sep-13	Data Center	263,700	—	—	\$5,318	100.0 %	\$20.17
900 Dorothy Drive (16)	Sep-13	Data Center	56,176	—	—	1,661	100.0 %	29.57
Total			319,876	—	—	\$6,978	100.0 %	\$21.81
New York								
636 Pierce Street (16)	Mar-14	Data Center	108,336	—	—	\$3,190	100.0 %	\$29.45
Total			108,336	—	—	\$3,190	100.0 %	\$29.45
Managed Unconsolidated Portfolio								
Total/Weighted Average			1,408,410	—	—	\$59,242	98.1 %	\$42.88

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Property	Acquisition Date	Property Type	Net Rentable Square Feet (1)	Space Under Active Development (2)	Space Held for Development (3)	Annualized Rent (4)	Percent Occupied (5)	Annualized Rent per Occupied Square Foot (\$) (6)
Managed Portfolio Total/Weighted Average			21,695,016	1,304,853	1,174,957	\$1,274,962	93.1 %	\$63.13
Digital Realty Share Total/Weighted Average (17)			20,600,484	1,304,853	1,174,957	\$1,231,500	92.8 %	\$64.43
NON-MANAGED UNCONSOLIDATED JOINT VENTURES								
Seattle								
2001 Sixth Avenue	Nov-06	Data Center	400,369	—	—	\$33,399	98.7 %	\$84.54
2020 Fifth Avenue	Sep-11	Data Center	51,000	—	—	4,813	100.0 %	94.37
Total			451,369	—	—	\$38,212	98.8 %	\$85.66
Non-Managed Portfolio Total/Weighted Average			451,369	—	—	\$38,212	98.8 %	\$85.66
Portfolio Total/Weighted Average			22,146,385	1,304,853	1,174,957	\$1,313,174	93.2 %	\$63.62

Net rentable square feet at a building represents the current square feet at that building under lease as specified in the lease agreements plus management's estimate of space available for lease. We estimate the total net rentable (1) square feet available for lease based on a number of factors in addition to contractually leased square feet, including available power, required support space and common area. Net rentable square feet includes tenants' proportional share of common areas but excludes space held for development.

(2) Space under active development includes current base building and data center projects in progress.

(3) Space held for future development includes space held for future data center development, and excludes space under active development.

(4) Annualized rent represents the monthly contractual rent (defined as cash base rent before abatements) under existing leases as of December 31, 2014 multiplied by 12.

(5) Excludes space held for future development and space under active development. We estimate the total square feet available for lease based on a number of factors in addition to contractually leased square feet, including available power, required support space and common area.

- (6) Annualized rent per square foot represents annualized rent as computed above, divided by the total square footage under lease as of the same date.
- (7) Building razed in 2013, included in land inventory.  
111 Eighth Avenue (2<sup>nd</sup> and 6<sup>th</sup> floors), 8100 Boone Boulevard, 111 Eighth Avenue (3<sup>rd</sup> and 7<sup>th</sup> floors) and 410 Commerce Boulevard are leased by us pursuant to leases that expire in June 2024, September 2017, February 2022 and December 2026, respectively. The lease at 111 Eighth Avenue (2<sup>nd</sup> and 6<sup>th</sup> floors) has an option to extend the lease until June 2034 and the lease at 111 Eighth Avenue (3<sup>rd</sup> and 7<sup>th</sup> floors) has an option to extend the lease until February 2032.
- (9) We are party to a ground sublease for this property. The term of the ground sublease expires in September 2083. All of the lease payments were prepaid by the prior owner of this property.
- (10) We are party to a ground sublease for this property. The term of the ground sublease expires in the year 2082. Rental amounts were calculated based on the exchange rate in effect on December 31, 2014 of \$1.56 to £1.00.
- (11) Manchester Technopark is subject to a ground lease, which expires in the year 2125. Rental amounts were calculated based on the exchange rate in effect on December 31, 2014 of \$1.21 to €1.00.
- (12) Paul Van Vlissingenstraat 16, Chemin de l'Epinglier 2, Clonshaugh Industrial Estate I and II and Cateringweg 5 are subject to ground leases, which expire in the years 2054, 2074, 2981 and 2059, respectively.
- (13) We are party to a ground sublease for this property. This is a perpetual ground sublease. Lease payments were prepaid by the prior owner of this property through December 2036.
- (14) Rental amounts were calculated based on the exchange rate in effect on December 31, 2014 of \$0.75 to S\$1.00. 29A International Business Park is subject to a ground lease, which expires in the year 2038.

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(15) Rental amounts were calculated based on the exchange rate in effect on December 31, 2014 of \$0.82 to A\$1.00.

These properties were contributed to unconsolidated joint ventures that were formed with an investment fund (16) managed by Prudential Real Estate Investors (PREI®) and an affiliate of Griffin Capital Essential Asset REIT, Inc. (GCEAR).

(17) Represents consolidated portfolio plus our managed portfolio of unconsolidated joint ventures based on our ownership percentage.

## Tenant Diversification

As of December 31, 2014, our portfolio was leased to approximately 650 companies, many of which are nationally recognized firms. The following table sets forth information regarding the 20 largest tenants in our portfolio based on annualized rent as of December 31, 2014 (dollar amounts in thousands).

Tenant	Number of Locations	Total Occupied Square Feet(1)(5)	Percentage of Net Rentable Square Feet(5)	Annualized Rent(2)(5)	Percentage of Annualized Rent(5)	Weighted Average Remaining Lease Term in Months
1 CenturyLink, Inc. (3)	43	2,362,936	11.5	% \$89,254	7.2	% 71
2 IBM (4)	16	628,700	3.1	% 82,846	6.7	% 83
3 TelX Group, Inc.	12	341,202	1.7	% 51,339	4.2	% 159
4 Equinix Operating Company, Inc.	11	1,007,550	4.9	% 48,605	3.9	% 153
5 Facebook, Inc.	4	182,293	0.9	% 30,445	2.5	% 49
6 AT & T	22	612,256	3.0	% 26,121	2.1	% 53
7 Morgan Stanley	5	173,061	0.8	% 25,469	2.1	% 74
8 Deutsche Bank AG	3	113,461	0.6	% 22,383	1.8	% 43
9 JPMorgan Chase & Co.	7	220,003	1.1	% 22,115	1.8	% 73
10 SunGard Availability Services LP	9	384,894	1.9	% 21,569	1.8	% 81
11 Verizon Communications, Inc.	36	320,703	1.6	% 20,336	1.7	% 69
12 NTT Communications Company	7	225,905	1.1	% 20,228	1.6	% 82
13 TATA Communications (UK)	9	166,761	0.8	% 18,342	1.5	% 85
14 LinkedIn Corporation	2	193,190	0.9	% 17,483	1.4	% 116
15 Amazon	9	301,234	1.5	% 13,648	1.1	% 60
16 Navisite Europe Limited	4	88,663	0.4	% 13,194	1.1	% 90
17 Nomura International PLC	2	63,137	0.3	% 12,702	1.0	% 61
18 Pfizer, Inc.	1	97,069	0.5	% 11,886	1.0	% 36
19 Level 3 Communications, LLC	45	311,417	1.5	% 11,591	0.9	% 83
20 Yahoo! Inc.	2	110,847	0.5	% 11,318	0.9	% 26
Total/Weighted Average		7,905,282	38.6	% \$570,874	46.2	% 85

(1)

Occupied square footage is defined as leases that commenced on or before December 31, 2014. For some of our properties, we calculate occupancy based on factors in addition to contractually leased square feet, including available power, required support space and common area.

- (2) Annualized base rent represents the monthly contractual base rent (defined as cash base rent before abatements) under existing leases as of December 31, 2014 multiplied by 12.  
Represents leases with Savvis Communications Corporation, or Savvis, and Qwest Communications International, Inc., or Qwest, (or affiliates thereof), which are our direct tenants. CenturyLink, Inc. acquired Qwest in the three months ended June 30, 2011 and Savvis in the three months ended September 30, 2011, and Qwest and Savvis are now wholly-owned subsidiaries of CenturyLink, Inc.
- (3) Represents leases with IBM and leases with Softlayer. IBM acquired Softlayer in July 2013.
- (4) Represents consolidated portfolio plus our managed portfolio of unconsolidated joint ventures based on our ownership percentage.
- (5)

#### Lease Distribution

The following table sets forth information relating to the distribution of leases in the properties in our portfolio, based on net rentable square feet (excluding approximately 1.3 million square feet of space under active development and approximately



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1.2 million square feet of space held for future development at December 31, 2014) under lease as of December 31, 2014 (dollar amounts in thousands).

Square Feet Under Lease	Total Net Rentable Square Feet(1)(3)	Percentage of Net Rentable Square Feet(1)	Annualized Rent(2)(3)	Percentage of Annualized Rent
Available	1,487,305	7.2	% \$—	—
2,500 or less	771,608	3.7	% 77,401	6.3
2,501 - 10,000	2,365,537	11.5	% 237,105	19.3
10,001 - 20,000	3,769,694	18.3	% 374,979	30.4
20,001 - 40,000	3,343,206	16.2	% 238,206	19.3
40,001 - 100,000	4,587,367	22.3	% 190,431	15.5
Greater than 100,000	4,275,767	20.8	% 113,379	9.2
Portfolio Total	20,600,484	100.0	% \$1,231,500	100.0

(1) For some of our properties, we calculate square footage based on factors in addition to contractually leased square feet, including available power, required support space and common area. We estimate the total net rentable square feet available for lease based on a number of factors in addition to contractually leased square feet, including available power, required support space and common area.

(2) Annualized rent represents the monthly contractual base rent (defined as cash base rent before abatements) under existing leases as of December 31, 2014 multiplied by 12.

(3) Represents consolidated portfolio plus our managed portfolio of unconsolidated joint ventures based on our ownership percentage.

## Lease Expirations

The following table sets forth a summary schedule of the lease expirations for leases in place as of December 31, 2014 plus available space for ten calendar years at the properties in our portfolio, excluding approximately 1.3 million square feet of space under active development and approximately 1.2 million square feet of space held for future development at December 31, 2014. Unless otherwise stated in the footnotes, the information set forth in the table assumes that tenants exercise no renewal options and all early termination rights (dollar amounts in thousands).

Year	Square Footage of Expiring Leases(1)(4)	Percentage of Net Rentable Square Feet(4)	Annualized Rent(2)(4)	Percentage of Annualized Rent(4)	Annualized Rent Per Occupied Square Foot(4)	Annualized Rent Per Occupied Square Foot at Expiration(4)	Annualized Rent at Expiration
Available	1,487,305	7.2	%				
Month to Month(3)	54,705	0.3	% \$4,234	0.3	% \$77	\$ 77	\$4,234
2015	1,640,953	8.0	% 93,977	7.6	% 57	58	94,841
2016	1,390,069	6.7	% 91,337	7.4	% 66	68	94,196
2017	1,565,862	7.6	% 88,385	7.2	% 56	59	92,412
2018	1,643,729	8.0	% 125,254	10.2	% 76	82	135,530
2019	2,473,987	12.0	% 193,966	15.8	% 78	89	220,030
2020	1,392,440	6.8	% 106,039	8.6	% 76	88	122,658

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2021	1,381,109	6.7	% 88,016	7.1	% 64	76	104,569
2022	1,491,708	7.2	% 73,836	6.0	% 49	59	87,988
2023	863,412	4.2	% 59,309	4.8	% 69	85	73,798
2024	1,206,190	5.9	% 96,275	7.8	% 80	100	120,328
Thereafter	4,009,016	19.5	% 210,873	17.1	% 53	75	299,438
Portfolio Total / Weighted Average	20,600,484	100.0	% \$1,231,500	100.0	% \$64	\$ 76	\$1,450,023

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- For some of our properties, we calculate square footage based on factors in addition to contractually leased square feet, including available power, required support space and common area. We estimate the total net rentable square feet available for lease based on a number of factors in addition to contractually leased square feet, including available power, required support space and common area.
- (1) Annualized rent represents the monthly contractual base rent (defined as cash base rent before abatements) under existing leases as of December 31, 2014 multiplied by 12.
  - (2) Includes leases, licenses and similar agreements that upon expiration have been automatically renewed on a month-to-month basis.
  - (3) Represents consolidated portfolio plus our managed portfolio of unconsolidated joint ventures based on our ownership percentage.

ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of our business, we may become subject to tort claims, breach of contract and other claims and administrative proceedings. As of December 31, 2014, we were not a party to any legal proceedings which we believe would have a material adverse effect on our operations or financial position.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

## Digital Realty Trust, Inc.

Digital Realty Trust, Inc.'s common stock has been listed and is traded on the NYSE under the symbol "DLR" since October 29, 2004. The following table sets forth, for the periods indicated, the high and low last sale prices in dollars on the NYSE for our common stock and the distributions we declared with respect to the periods indicated.

	High	Low	Dividends Declared
First Quarter 2013	\$72.92	\$62.75	\$0.78000
Second Quarter 2013	\$74.00	\$56.02	\$0.78000
Third Quarter 2013	\$65.43	\$50.98	\$0.78000
Fourth Quarter 2013	\$58.35	\$43.04	\$0.78000
First Quarter 2014	\$57.52	\$48.85	\$0.83000
Second Quarter 2014	\$59.50	\$51.33	\$0.83000
Third Quarter 2014	\$67.75	\$57.64	\$0.83000
Fourth Quarter 2014	\$70.92	\$62.19	\$0.83000

Digital Realty Trust, Inc. intends to continue to declare quarterly dividends on its common stock. The actual amount, form and timing of dividends, however, will be at the discretion of the board of directors and will depend upon Digital Realty Trust, Inc.'s financial condition in addition to the requirements for qualification as a REIT under the Code, and no assurance can be given as to the amounts, form or timing of future dividends. Our global revolving credit facility, our Prudential shelf facility and our term loan facility prohibit us from making distributions to our stockholders, or redeeming or otherwise repurchasing shares of our capital stock, including our common stock, after the occurrence and during the continuance of an event of default, except in limited circumstances including as necessary to enable us to maintain our qualification as a REIT and to avoid the payment of income or excise tax. Consequently, after the occurrence and during the continuance of an event of default under our global revolving credit facility, Prudential shelf facility or term loan facility, we may not be able to pay all or a portion of the dividends payable to the holders of our common stock.

Subject to the distribution requirements applicable to REITs under the Code, Digital Realty Trust, Inc. intends, to the extent practicable, to invest substantially all of the proceeds from sales and refinancings of its assets in real estate-related assets and other assets. Digital Realty Trust, Inc. may, however, under certain circumstances, make a dividend of capital or of assets. Such dividends, if any, will be made at the discretion of the board of directors.

As of February 17, 2015, there were approximately 171 holders of record of Digital Realty Trust, Inc.'s common stock. This figure does not reflect the beneficial ownership of shares held in nominee name.



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## Digital Realty Trust, L.P.

There is no established trading market for Digital Realty Trust, L.P.'s common units of limited partnership. As of February 17, 2015, there were 41 holders of record of common units, including Digital Realty Trust, L.P.'s general partner, Digital Realty Trust, Inc.

The following table sets forth, for the periods indicated, the distributions per common unit that our operating partnership declared with respect to the periods indicated.

	Distributions Declared
First Quarter 2013	\$0.78000
Second Quarter 2013	\$0.78000
Third Quarter 2013	\$0.78000
Fourth Quarter 2013	\$0.78000
First Quarter 2014	\$0.83000
Second Quarter 2014	\$0.83000
Third Quarter 2014	\$0.83000
Fourth Quarter 2014	\$0.83000

Digital Realty Trust, L.P. currently intends to continue to make regular quarterly distributions to holders of its common units. Any future distributions will be declared at the discretion of the board of directors of Digital Realty Trust, L.P.'s general partner, Digital Realty Trust, Inc., and will depend on our actual cash flow, financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Code, and such other factors as the board of directors may deem relevant.

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## STOCK PERFORMANCE GRAPH

The following graph compares the yearly change in the cumulative total stockholder return on Digital Realty Trust, Inc.'s common stock during the period from December 31, 2009 through December 31, 2014, with the cumulative total return on the MSCI US REIT Index (RMS) and the S&P 500 Market Index. The comparison assumes that \$100 was invested on December 31, 2009 in Digital Realty Trust, Inc.'s common stock and in each of these indices and assumes reinvestment of dividends, if any.

COMPARISON OF CUMULATIVE TOTAL RETURN  
AMONG DIGITAL REALTY TRUST, INC., S&P 500 INDEX AND RMS INDEX

Assumes \$100 invested on December 31, 2009

Assumes dividends reinvested

To fiscal year ending December 31, 2014

Pricing Date	DLR(\$)	S&P 500(\$)	RMS(\$)
December 31, 2009	100.0	100.0	100.0
December 31, 2010	106.1	115.1	128.5
December 31, 2011	143.7	117.5	139.6
December 31, 2012	152.4	136.3	164.5
December 31, 2013	116.6	180.4	168.5
December 31, 2014	166.3	205.1	219.7

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This graph and the accompanying text are not “soliciting material,” are not deemed filed with the SEC and are not to be incorporated by reference in any filing by us under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

•The stock price performance shown on the graph is not necessarily indicative of future price performance.

•The hypothetical investment in Digital Realty Trust, Inc.’s common stock presented in the stock performance graph above is based on the closing price of the common stock on December 31, 2009.

**SALES OF UNREGISTERED EQUITY SECURITIES**

Digital Realty Trust, Inc.

None.

Digital Realty Trust, L.P.

During the year ended December 31, 2014, our operating partnership issued partnership units in private placements in reliance on the exemption from registration provided by Section 4(2) of the Securities Act, in the amounts and for the consideration set forth below:

During the year ended December 31, 2014, Digital Realty Trust, Inc. issued an aggregate of 42,757 shares of its common stock upon the exercise of stock options. Digital Realty Trust, Inc. contributed the proceeds from the option exercises of approximately \$0.7 million to our operating partnership in exchange for an aggregate of 42,757 common units, as required by our operating partnership’s partnership agreement.

During the year ended December 31, 2014, Digital Realty Trust, Inc. issued an aggregate of 179,768 shares of its common stock in connection with restricted stock awards for no cash consideration. For each share of common stock issued by Digital Realty Trust, Inc. in connection with such an award, our operating partnership issued a restricted common unit to Digital Realty Trust, Inc. During the year ended December 31, 2014, our operating partnership issued an aggregate of 179,768 common units to Digital Realty Trust, Inc., as required by our operating partnership’s partnership agreement. During the year ended December 31, 2014, an aggregate of 55,605 shares of its common stock were forfeited to Digital Realty Trust, Inc. in connection with restricted stock awards for a net issuance of 124,163 shares of common stock.

All other issuances of unregistered equity securities of our operating partnership during the year ended December 31, 2014 have previously been disclosed in filings with the SEC. For all issuances of units to Digital Realty Trust, Inc., our operating partnership relied on Digital Realty Trust, Inc.’s status as a publicly traded NYSE-listed company with over \$9 billion in total consolidated assets and as our operating partnership’s majority owner and general partner as the basis for the exemption under Section 4(2) of the Securities Act.

**REPURCHASES OF EQUITY SECURITIES**

Digital Realty Trust, Inc.

None.

Digital Realty Trust, L.P.

None.

**ITEM 6. SELECTED FINANCIAL DATA**

**SELECTED COMPANY FINANCIAL AND OTHER DATA (Digital Realty Trust, Inc.)**

The following table sets forth selected consolidated financial and operating data on an historical basis for Digital Realty Trust, Inc.





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The following data should be read in conjunction with our financial statements and notes thereto and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included below in this Form 10-K. Certain prior year amounts have been reclassified to conform to the current year presentation.

	Year Ended December 31,				
	2014	2013	2012	2011	2010
	(Amounts in thousands, except share and per share data)				
Statement of Operations Data:					
Operating Revenues:					
Rental	\$1,256,086	\$1,155,051	\$990,715	\$820,711	\$682,026
Tenant reimbursements	350,234	323,286	272,309	211,811	178,081
Fee income	7,268	3,520	8,428	29,286	4,923
Other	2,850	402	7,615	902	371
Total operating revenues	1,616,438	1,482,259	1,279,067	1,062,710	865,401
Operating Expenses:					
Rental property operating and maintenance	503,140	456,596	381,227	307,922	250,225
Property taxes	91,538	90,321	69,475	49,946	44,432
Insurance	8,643	8,743	9,600	8,024	8,133
Construction management	378	764	1,596	22,715	1,542
Change in fair value of contingent consideration	(8,093)	(1,762)	(1,051)	—	—
Depreciation and amortization	538,513	475,464	382,553	310,425	263,903
General and administrative	93,188	65,653	57,209	53,624	47,196
Transactions	1,303	4,605	11,120	5,654	7,438
Impairment on investments in real estate	126,470	—	—	—	—
Other	2,692	63	1,260	90	226
Total operating expenses	1,357,772	1,100,447	912,989	758,400	623,095
Operating income	258,666	381,812	366,078	304,310	242,306
Other Income (Expenses):					
Equity in earnings of unconsolidated joint ventures	13,289	9,796	8,135	4,952	5,254
Gain on insurance settlement	—	5,597	—	—	—
Gain on sale of property	15,945	—	—	—	—
Gain on contribution of investment properties to unconsolidated joint venture	95,404	115,609	—	—	—
Gain on sale of equity investment	14,551	—	—	—	—
Interest and other income	2,663	139	1,892	3,260	616
Interest expense	(191,085)	(189,399)	(157,108)	(149,350)	(137,384)
Tax expense	(5,238)	(1,292)	(2,647)	42	(1,851)
Loss from early extinguishment of debt	(780)	(1,813)	(303)	(1,088)	(3,529)
Net income	203,415	320,449	216,047	162,126	105,412
Net income attributable to noncontrolling interests	(3,232)	(5,961)	(5,713)	(5,861)	(3,118)
	200,183	314,488	210,334	156,265	102,294

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Net income attributable to Digital Realty Trust, Inc.

Preferred stock dividends	(67,465	) (42,905	) (38,672	) (25,397	) (37,004	)
Costs on redemption of preferred stock	—	—	—	—	(6,951	)
Net income available to common stockholders	\$132,718	\$271,583	\$171,662	\$130,868	\$58,339	
Per Share Data:						
Basic income per share available to common stockholders	\$1.00	\$2.12	\$1.48	\$1.33	\$0.69	
Diluted income per share available to common stockholders	\$0.99	\$2.12	\$1.48	\$1.32	\$0.68	
Cash dividend per common share	\$3.32	\$3.12	\$2.92	\$2.72	\$2.02	

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outstanding:

Basic	133,369,047	127,941,134	115,717,667	98,405,375	84,275,498
Diluted	133,637,235	128,127,641	116,006,577	99,169,749	86,013,471

	December 31,				
	2014	2013	2012	2011	2010
Balance Sheet Data:					
Net investments in real estate	\$8,203,287	\$8,384,086	\$7,603,136	\$5,242,515	\$4,584,477
Total assets	9,526,784	9,626,830	8,819,214	6,098,566	5,329,483
Global revolving credit facility	525,951	724,668	723,729	275,106	333,534
Unsecured term loan	976,600	1,020,984	757,839	—	—
Unsecured senior notes, net of discount	2,791,758	2,364,232	1,738,221	1,441,072	1,066,030
Exchangeable senior debentures, net of discount	—	266,400	266,400	266,400	353,702
Mortgages and other secured loans, net of premiums	378,818	585,608	792,376	947,132	1,043,188
Total liabilities	5,612,546	5,980,318	5,320,830	3,518,155	3,274,820
Total stockholders equity	3,878,256	3,610,516	3,468,305	2,522,917	1,962,518
Noncontrolling interests in operating partnership	29,191	29,027	24,135	45,057	52,436
Noncontrolling interests in consolidated joint ventures	6,791	6,969	5,944	12,437	39,709
Total liabilities and equity	\$9,526,784	\$9,626,830	\$8,819,214	\$6,098,566	\$5,329,483

	Year ended December 31,				
	2014	2013	2012	2011	2010
Cash flows from (used in):					
Operating activities	\$655,888	\$656,390	\$542,948	\$400,956	\$359,029
Investing activities	(644,180)	(1,060,609)	(2,475,933)	(830,802)	(1,737,700)
Financing activities	(27,195)	404,746	1,948,635	458,758	1,318,070

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## SELECTED COMPANY FINANCIAL AND OTHER DATA (Digital Realty Trust, L.P.)

The following table sets forth selected consolidated financial and operating data on an historical basis for our operating partnership.

	Year Ended December 31,				
	2014	2013	2012	2011	2010
	(Amounts in thousands, except unit and per unit data)				
Statement of Operations Data:					
Operating Revenues:					
Rental	\$1,256,086	\$1,155,051	\$990,715	\$820,711	\$682,026
Tenant reimbursements	350,234	323,286	272,309	211,811	178,081
Fee income	7,268	3,520	8,428	29,286	4,923
Other	2,850	402	7,615	902	371
Total operating revenues	1,616,438	1,482,259	1,279,067	1,062,710	865,401
Operating Expenses:					
Rental property operating and maintenance	503,140	456,596	381,227	307,922	250,225
Property taxes	91,538	90,321	69,475	49,946	44,432
Insurance	8,643	8,743	9,600	8,024	8,133
Construction management	378	764	1,596	22,715	1,542
Change in fair value of contingent consideration	(8,093)	(1,762)	(1,051)	—	—
Depreciation and amortization	538,513	475,464	382,553	310,425	263,903
General and administrative	93,188	65,653	57,209	53,624	47,196
Transactions	1,303	4,605	11,120	5,654	7,438
Impairment on investments in real estate	126,470	—	—	—	—
Other	2,692	63	1,260	90	226
Total operating expenses	1,357,772	1,100,447	912,989	758,400	623,095
Operating income	258,666	381,812	366,078	304,310	242,306
Other Income (Expenses):					
Equity in earnings of unconsolidated joint ventures	13,289	9,796	8,135	4,952	5,254
Gain on insurance settlement	—	5,597	—	—	—
Gain on sale of property	15,945	—	—	—	—
Gain on contribution of investment properties to unconsolidated joint venture	95,404	115,609	—	—	—
Gain on sale of equity investment	14,551	—	—	—	—
Interest and other income	2,663	139	1,892	3,260	616
Interest expense	(191,085)	(189,399)	(157,108)	(149,350)	(137,384)
Tax expense	(5,238)	(1,292)	(2,647)	42	(1,851)
Loss from early extinguishment of debt	(780)	(1,813)	(303)	(1,088)	(3,529)
Net income	203,415	320,449	216,047	162,126	105,412
Net (income) loss attributable to noncontrolling interests in consolidated joint ventures	(465)	(595)	444	324	288

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Net income attributable to Digital Realty Trust, L.P.	202,950	319,854	216,491	162,450	105,700
Preferred units distributions	(67,465 )	(42,905 )	(38,672 )	(25,397 )	(37,004 )
Costs on redemption of preferred units	—	—	—	—	(6,951 )
Net income available to common unitholders	\$135,485	\$276,949	\$177,819	\$137,053	\$61,745

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## Per Unit Data:

Basic income per unit available to common unitholders	\$ 1.00	\$ 2.12	\$ 1.48	\$ 1.33	\$ 0.69
Diluted income per unit available to common unitholders	\$ 0.99	\$ 2.12	\$ 1.48	\$ 1.32	\$ 0.68
Cash distributions per common unit	\$ 3.32	\$ 3.12	\$ 2.92	\$ 2.72	\$ 2.02
Weighted average common units outstanding:					
Basic	136,122,661	130,462,534	119,861,380	103,053,004	89,261,172
Diluted	136,390,849	130,649,041	120,150,290	103,817,378	90,999,145

	December 31, 2014	2013	2012	2011	2010
<b>Balance Sheet Data:</b>					
Net investments in real estate	\$ 8,203,287	\$ 8,384,086	\$ 7,603,136	\$ 5,242,515	\$ 4,584,477
Total assets	9,526,784	9,626,830	8,819,214	6,098,566	5,329,483
Global revolving credit facility	525,951	724,668	723,729	275,106	333,534
Unsecured term loan	976,600	1,020,984	757,839	—	—
Unsecured senior notes, net of discount	2,791,758	2,364,232	1,738,221	1,441,072	1,066,030
Exchangeable senior debentures, net of discount	—	266,400	266,400	266,400	353,702
Mortgages and other secured loans, net of premiums	378,818	585,608	792,376	947,132	1,043,188
Total liabilities	5,612,546	5,980,318	5,320,830	3,518,155	3,274,820
General partner's capital	3,923,302	3,599,825	3,480,496	2,578,797	2,004,599
Limited partners' capital	32,578	31,261	26,854	49,244	56,215
Accumulated other comprehensive income (loss)	(48,433 )	8,457	(14,910 )	(60,067 )	(45,860 )
Noncontrolling interests in consolidated joint ventures	6,791	6,969	5,944	12,437	39,709
Total liabilities and capital	\$ 9,526,784	\$ 9,626,830	\$ 8,819,214	\$ 6,098,566	\$ 5,329,483

	Year ended December 31,				
	2014	2013	2012	2011	2010
<b>Cash flows from (used in):</b>					
Operating activities	\$ 655,888	\$ 656,390	\$ 542,948	\$ 400,956	\$ 359,029
Investing activities	(644,180 )	(1,060,609 )	(2,475,933 )	(830,802 )	(1,737,700 )
Financing activities	(27,195 )	404,746	1,948,635	458,758	1,318,070

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report. We make statements in this section that are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see the section in this report entitled "Forward-Looking Statements." Certain risk factors may cause our actual results, performance or achievements to differ materially from those expressed or implied by the following discussion. For a discussion of such risk factors, see the sections in this report entitled "Risk Factors" and "Forward-Looking Statements."

Occupancy percentages included in the following discussion, for some of our properties, are calculated based on factors in addition to contractually leased square feet, including available power, required support space and common area.

Overview

Our company, Digital Realty Trust, Inc. completed its initial public offering of common stock, or our IPO, on November 3, 2004. We believe that we have operated in a manner that has enabled us to qualify, and have elected to be treated, as a REIT under Sections 856 through 860 of the Code. Our company was formed on March 9, 2004. During the period from our formation until we commenced operations in connection with the completion of our IPO, we did not have any corporate activity other than the issuance of shares of Digital Realty Trust, Inc. common stock in connection with the initial capitalization of the company. Our operating partnership was formed on July 21, 2004. Business and strategy. Our primary business objectives are to maximize: (i) sustainable long-term growth in earnings and funds from operations per share and unit, (ii) cash flow and returns to our stockholders and our operating partnership's unitholders through the payment of distributions and (iii) return on invested capital. We expect to achieve our objectives by focusing on our core business of investing in and developing technology-related real estate. A significant component of our current and future internal growth is anticipated through the development of our existing space held for development and acquisition of new properties. We target high quality, strategically located properties containing applications and operations critical to the day-to-day operations of corporate enterprise datacenter and technology industry tenants and properties that may be developed for such use. Most of our properties contain fully redundant electrical supply systems, multiple power feeds, above-standard cooling systems, raised floor areas, extensive in-building communications cabling and high-level security systems. We focus solely on technology-related real estate because we believe that the growth in corporate datacenter adoption and the technology-related real estate industry generally will continue to be superior to that of the overall economy.

As of December 31, 2014, we owned an aggregate of 131 properties, including 14 properties held as investments in unconsolidated joint ventures, with approximately 24.6 million rentable square feet including approximately 1.3 million square feet of space under active development and approximately 1.2 million square feet of space held for future development. The 14 properties held as investments in unconsolidated joint ventures have an aggregate of approximately 1.9 million rentable square feet. The 14 parcels of developable land we own comprised approximately 178 acres. At December 31, 2014, approximately 1.3 million square feet was under construction for Turn-Key Flex®, Powered Base Building® and Custom Solutions products, all of which are expected to be income producing on or after completion, in six U.S. domestic markets, one European market, one Canadian market, one Australian market and our Singapore market, consisting of approximately 0.7 million square feet of base building construction and 0.6 million square feet of data center construction.

We have developed detailed, standardized procedures for evaluating new real estate investments to ensure that they meet our financial, technical and other criteria. We expect to continue to acquire additional assets as a part of our growth strategy. We intend to aggressively manage and lease our assets to increase their cash flow. We may continue to build out our development portfolio when justified by anticipated returns.

We may acquire properties subject to existing mortgage financing and other indebtedness or we may incur new indebtedness in connection with acquiring or refinancing these properties. Debt service on such indebtedness will



have a priority over any cash dividends with respect to Digital Realty Trust, Inc.'s common stock and preferred stock. We currently intend to limit our indebtedness to 60% of our total enterprise value and, based on the closing price of Digital Realty Trust, Inc. common stock on December 31, 2014 of \$66.30, our ratio of debt to total enterprise value was approximately 31%. Our total enterprise value is defined as the sum of the market value of Digital Realty Trust, Inc.'s outstanding common stock (which may decrease, thereby increasing our debt to total enterprise value ratio), excluding options issued under our company's incentive award plan, plus the liquidation value of Digital Realty Trust, Inc.'s preferred stock, plus the aggregate value of our operating partnership's units not held by Digital Realty Trust, Inc. (with the per unit value equal to the market value of one share of

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Digital Realty Trust, Inc. common stock and excluding long-term incentive units, Class C units and Class D units), plus the book value of our total consolidated indebtedness.

Revenue base. As of December 31, 2014, we owned 131 properties through our operating partnership, including 14 properties held as investments in unconsolidated joint ventures and developable land. These properties are mainly located throughout the U.S., with 21 properties located in Europe, three properties in Australia, two properties in Canada and two properties in Asia. We, through our predecessor, acquired our first portfolio property in January 2002 and have added properties through acquisition and development activities as follows:

Year Ended December 31:	Operating Properties Acquired (1)	Net Rentable Square Feet (2)	Square Feet of Space Under Active Development as of December 31, 2014 (3)	Square Feet of Space Held for Future Development as of December 31, 2014 (4)
2002	4	1,093,250	—	46,530
2003	6	1,074,662	—	—
2004	10	2,539,544	—	120,172
2005	20	3,465,812	—	106,687
2006	18	2,851,131	—	30,926
2007	13	(5) 1,742,398	—	84,268
2008	5	436,458	86,656	127,790
2009	8	(6)(8)(9) 1,622,180	253,890	13,574
2010	15	2,436,169	78,394	108,043
2011	10	(7) 1,283,845	403,703	133,632
2012	15	2,562,464	248,771	264,550
2013	7	1,025,273	233,439	138,785
2014	—	—	—	—
Operating properties owned as of December 31, 2014	131	22,133,186	1,304,853	1,174,957

Excludes properties sold: 6 Braham Street (April 2014), 100 Technology Center Drive (March 2007), 4055 Valley View Lane (March 2007) and 7979 East Tufts Avenue (July 2006). In addition, also excludes 701 & 717 Leonard Street, a parking garage located adjacent to our internet gateway datacenter located at 2323 Bryan Street and not considered a separate property. Also excludes a leasehold interest acquired in March 2007 related to an acquisition made in 2006. Excludes 14 developable land parcels. Includes 12 properties held in our managed portfolio of (1) unconsolidated joint ventures consisting of 4650 Old Ironsides Drive (Silicon Valley), 2950 Zanker Road (Silicon Valley), 4700 Old Ironsides Drive (Silicon Valley), 444 Toyama Drive (Silicon Valley), 43790 Devin Shafron Drive (Northern Virginia), 21551 Beaumeade Circle (Northern Virginia), 7505 Mason King Court (Northern Virginia), 14901 FAA Boulevard (Dallas), 900 Dorothy Drive (Dallas), 636 Pierce Street (New York Metro), 43915 Devin Shafron Drive (Northern Virginia) and 33 Chun Choi Street (Hong Kong); and two unconsolidated non-managed joint ventures: 2001 Sixth Avenue (Seattle) and 2020 Fifth Avenue (Seattle).

(2) Current net rentable square feet as of December 31, 2014, which represents the current square feet under lease as specified in the applicable lease agreements plus management's estimate of space available for lease based on engineering drawings. Includes tenants' proportional share of common areas but excludes space held for development.

(3) Space under active development includes current base building and data center projects in progress.

(4) Space held for future development includes space held for future data center development, and excludes space under active development as of December 31, 2014.

- Includes three developed buildings (43915 Devin Shafron Drive, 43830 Devin Shafron Drive and 43790 Devin Shafron Drive) placed into service in 2010 and 2011 that are being included with a property (Devin Shafron buildings) that was acquired in 2007.
- (6) Includes a developed building (21551 Beaumeade Circle) placed into service in 2011 that is being included with a property (Beaumeade Circle Portfolio) that was acquired in 2009.

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Includes four developed buildings (43940 Digital Loudoun Plaza in Northern Virginia, 3825 NW Aloclek Place in (7)Portland, Oregon, 98 Radnor Drive in Melbourne, Australia and 1-23 Templar Road in Sydney, Australia) placed into service in 2012 and 2013 that were acquired in 2011.

43790 Devin Shafron Drive and 21551 Beaumeade Circle, which were previously included as part of the Devin (8)Shafron buildings and Beaumeade Circle Portfolio, respectively, are now each separately included in the property count because they were separately contributed to an unconsolidated joint venture in September 2013.

43915 Devin Shafron Drive, which was previously included as part of the Devin Shafron buildings, is now (9)separately included in the property count because it was separately contributed to an unconsolidated joint venture in September 2014.

As of December 31, 2014, the properties in our portfolio, including the 14 properties held as investments in unconsolidated joint ventures, were approximately 93.2% leased excluding approximately 1.3 million square feet of space under active development and approximately 1.2 million square feet of space held for future development. Due to the capital-intensive and long-term nature of the operations being supported, our lease terms are generally longer than standard commercial leases. As of December 31, 2014, our average lease term at signing is approximately 12 years, with an average of approximately six years remaining. Our scheduled lease expirations through December 31, 2016 are 14.7% of rentable square feet excluding month-to-month leases, space under active development and space held for future development as of December 31, 2014.

On September 27, 2013, we formed a joint venture with an investment fund managed by Prudential Real Estate Investors (PREI®). We contributed nine Powered Base Building® data centers totaling 1.06 million square feet and valued at approximately \$366.4 million (excluding \$2.8 million of closing costs). The PREI®-managed fund took an 80% interest in the joint venture and we retained a 20% interest. The joint venture is structured to provide a current annual preferred return from cash flow first to the PREI®-managed interest, then to our interest, after which a portion of any excess cash flows is shared by the partners based on their respective interests and the remaining portion is paid to us as a promote interest. We perform the day-to-day accounting and property management functions for the joint venture and, as such, we earn a management fee for the services provided. Although we are the managing member of the joint venture and manage the day-to-day activities, all significant decisions, including approval of annual budgets and setting the amount of our management fees require approval of the PREI® member. Thus we concluded we do not own a controlling interest and will account for our interest in the joint venture as an equity method investment, which will result in a reduction in same-store revenues and net income from these properties on our income statement relative to historical periods.

On March 5, 2014, we contributed the 636 Pierce Street property, which we acquired in December 2013, to our unconsolidated joint venture with PREI®. The property was valued at approximately \$40.4 million and subject to \$26.1 million in debt, which the joint venture assumed. The PREI® fund contributed approximately \$11.4 million in cash for their 80% share of the net asset value of \$14.3 million. Subsequent to the closing, the joint venture refinanced its existing debt with \$23.0 million drawn from the joint venture's bank facility. Including the refinancing costs, the PREI® fund contributed \$17.5 million for the 636 Pierce Street property, bringing its contributed capital in the joint venture to \$164.8 million.

On April 7, 2014, the operating partnership sold 6 Braham Street to the tenant pursuant to a sale of the ownership interests in the operating partnership's wholly owned subsidiary that owned the building for £25.0 million (or approximately \$41.5 million based on the exchange rate as of April 7, 2014). The transaction after costs and various tenant prepayments resulted in net proceeds of approximately £22.6 million (or approximately \$37.5 million based on the exchange rate as of April 7, 2014) and a net gain of approximately \$15.9 million.

On September 9, 2014, we formed a joint venture with an affiliate of Griffin Capital Essential Asset REIT, Inc. (GCEAR). We contributed to the joint venture the property located at 43915 Devin Shafron Drive (Building A) in Ashburn, Virginia, which is a Turn-Key Flex® data center property valued at approximately \$185.5 million (excluding approximately \$2.1 million of closing costs). GCEAR contributed cash to the joint venture and will hold an 80% interest in the joint venture. We retained a 20% interest in the joint venture. The joint venture arranged a \$102.0

million five-year secured bank loan at LIBOR plus 225 basis points, representing a loan-to-value ratio of approximately 55%. The joint venture entered into an interest rate swap agreement to effectively fix the interest rate on approximately \$51.0 million of borrowings under the loan through September 2019. Two one-year extensions of the maturity date are available under the loan agreement, which the joint venture may exercise if certain conditions are met. Proceeds from this loan offset the initial cash capital contribution amount required from GCEAR and was used to provide us with a special distribution on account of a portion of the contribution value of the property. The transaction generated approximately \$167.5 million of net proceeds to us, comprised of our share of the initial draw-down on the bank loan in addition to GCEAR's equity contribution, less our share of closing costs. Accordingly we recognized a gain of approximately \$93.5 million on the sale of the 80% interest in the joint venture during the three months ended September 30, 2014.

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Factors Which May Influence Future Results of Operations

Global market and economic conditions

United States and international market and economic conditions in recent years have been unprecedented and challenging with tighter credit conditions and slower economic growth in many markets in which we own properties and conduct our operations. The U.S. and global economies have experienced a recession and face continued concerns about the systemic impact of adverse economic conditions, such as high energy costs, geopolitical issues, the availability and cost of credit, unstable global financial and mortgage markets, high corporate, consumer and governmental debt levels, ongoing sovereign debt and economic issues in European countries, and high unemployment. The European debt crisis has raised concerns regarding the debt burden of certain countries using the euro as their currency and their ability to meet future financial obligations. While recent economic trends across the eurozone have been largely positive, concerns remain regarding the creditworthiness of certain European countries which could lead to the re-introduction of individual currencies in one or more Eurozone countries. These potential developments, or market perceptions concerning these and related issues, could adversely affect our leasing and financing activities, rents we receive, potential acquisitions and development projects in Europe.

As a result of these conditions, general economic conditions and the cost and availability of capital have been and may again be adversely affected in some or all of the markets in which we own properties and conduct our operations. Renewed or increased turbulence in the U.S., European, Asia Pacific and other international financial markets and economies may adversely affect our ability, and the ability of our tenants, to replace or renew maturing liabilities on a timely basis, access the capital markets to meet liquidity and capital expenditure requirements and may result in adverse effects on our, and our tenants', financial condition and results of operations.

In addition, our access to funds under our global revolving credit facility depends on the ability of the lenders that are parties to such facilities to meet their funding commitments to us. We cannot assure you that long-term disruptions in the global economy and the return of tighter credit conditions among, and potential failures or nationalizations of, third party financial institutions as a result of such disruptions will not have an adverse effect on our lenders. If our lenders are not able to meet their funding commitments to us, our business, results of operations, cash flows and financial condition could be adversely affected.

If we do not have sufficient cash flow to continue operating our business and are unable to borrow additional funds, access our existing lines of credit or raise equity or debt capital, we may need to source alternative ways to increase our liquidity. Such alternatives may include, without limitation, curtailing development activity, disposing of one or more of our properties possibly on disadvantageous terms or entering into or renewing leases on less favorable terms than we otherwise would.

Foreign currency exchange risk. For the years ended December 31, 2014 and 2013, we had foreign operations in the United Kingdom, Ireland, France, The Netherlands, Switzerland, Canada, Singapore, Australia, Japan and Hong Kong, and, as such, are subject to risk from the effects of exchange rate movements of foreign currencies, which may affect future costs and cash flows. Our foreign operations are conducted in the British pound sterling, Euro, Swiss franc, Australian dollar, Singapore dollar, Canadian dollar, Hong Kong dollar and the Japanese yen. Our primary currency exposures are to the British pound sterling, Euro and the Singapore dollar. We attempt to mitigate a portion of the risk of currency fluctuation by financing our investments in the local currency denominations, although there can be no assurance that this will be effective. As a result, changes in the relation of any such foreign currency to U.S. dollars may affect our revenues, operating margins and distributions and may also affect the book value of our assets and the amount of stockholders' equity.

Rental income. The amount of rental income generated by the properties in our portfolio depends on several factors, including our ability to maintain or improve the occupancy rates of currently leased space and to lease currently available space and space available from lease terminations. Excluding approximately 1.3 million square feet of space under active development and approximately 1.2 million square feet of space held for future development as of December 31, 2014, the occupancy rate of the properties in our portfolio, including the 14 properties held as investments in unconsolidated joint ventures, was approximately 93.2% of our net rentable square feet.

As of December 31, 2014, we had over 650 tenants in our portfolio, including the 14 properties held in our managed portfolio of unconsolidated joint ventures. As of December 31, 2014, approximately 91% of our leases (on a rentable square footage basis) contained base rent escalations that were either fixed (generally ranging from 2% to 4%) or indexed based on a consumer price index or other similar inflation related index. We cannot assure you that these escalations will cover any increases in our costs or will otherwise keep rental rates at or above market rates.

The amount of rental income generated by us also depends on maintaining or increasing rental rates at our properties, which in turn depends on several factors, including supply and demand and market rates for data center space.

Included in our approximately 20.3 million net rentable square feet, excluding space under active development and space held for future

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development and 14 properties held as investments in unconsolidated joint ventures, at December 31, 2014 is approximately 0.6 million square feet of datacenter space with extensive installed tenant improvements available for lease. Since our IPO, we have leased approximately 4.0 million square feet of similar space, including Turn-Key Flex® space. Our Turn-Key Flex® product is an effective solution for tenants who prefer to utilize a partner with the expertise or capital budget to provide extensive datacenter infrastructure and security. Our expertise in datacenter construction and operations enables us to lease space to these tenants at a premium over other uses. In addition, as of December 31, 2014, we had approximately 1.3 million square feet of space under active development and approximately 1.2 million square feet of space held for future development, or approximately 10% of the total rentable space in our portfolio, including one vacant property comprising approximately 0.1 million square feet and the 14 properties held as investments in unconsolidated joint ventures. Our ability to grow earnings depends in part on our ability to develop space and lease development space at favorable rates, which we may not be able to obtain. Development space requires significant capital investment in order to develop datacenter facilities that are ready for use and, in addition, we may require additional time or encounter delays in securing tenants for development space. We may purchase additional vacant properties and properties with vacant development space in the future. We will require additional capital to finance our development activities, which may not be available or may not be available on terms acceptable to us, including as a result of the conditions described above under “Global market and economic conditions.”

In addition, the timing between when we sign a new lease with a tenant and when that lease commences and we begin to generate rental income may be significant and may not be easily predictable. Certain leases may provide for staggered commencement dates for additional space, the timing of which may be delayed significantly.

Economic downturns, including as a result of the conditions described above under “Global market and economic conditions,” or regional downturns affecting our markets or downturns in the technology-related real estate industry that impair our ability to lease or renew or re-lease space, or otherwise reduce returns on our investments or the ability of our tenants to fulfill their lease commitments, as in the case of tenant bankruptcies, could adversely affect our ability to maintain or increase rental rates at our properties.



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Scheduled lease expirations. Our ability to re-lease expiring space at rental rates equal to or in excess of current rental rates will impact our results of operations. In addition to approximately 1.5 million square feet of available space in our portfolio, which excludes approximately 1.3 million square feet of space under active development and approximately 1.2 million square feet of space held for future development as of December 31, 2014 and the two properties held as investments in our non-managed unconsolidated joint ventures, leases representing approximately 8.0% and 6.7% of the net rentable square footage of our portfolio are scheduled to expire during the years ending December 31, 2015 and 2016, respectively.

During the year ended December 31, 2014, we signed new leases totaling approximately 1.4 million square feet of space and renewal leases totaling approximately 1.3 million square feet of space. The following table summarizes our leasing activity in the year ended December 31, 2014:

	Number of Rentable Leases (1)	Square Feet(1)	Expiring Rates (2)	New Rates (2)	Rental Rate Changes	TI's/Lease Commissions Per Square Foot	Weighted Average Lease Terms (years)
Leasing Activity (3)(4)							
Renewals Signed							
Turn-Key Flex ®	23	300,273	\$140.02	\$148.79	6.3 %	\$ 5.87	4.8
Powered Base Building ®	21	609,487	\$42.36	\$53.57	26.5 %	\$ 5.70	8.2
Colocation	77	98,983	\$204.84	\$216.35	5.6 %	\$ 2.00	2.2
Non-technical	43	253,358	\$22.13	\$26.28	18.8 %	\$ 11.74	6.1
New Leases Signed (5)							
Turn-Key Flex ®	68	612,232	—	\$163.45	—	\$ 49.27	6.4
Powered Base Building ®	5	182,632	—	\$71.94	—	\$ 0.52	14.4
Custom Solutions	8	119,709	—	\$147.02	—	\$ 37.61	5.5
Colocation	188	94,226	—	\$209.76	—	\$ 55.73	4.2
Non-technical	50	401,869	—	\$19.94	—	\$ 29.85	9.1
Leasing Activity Summary							
Turn-Key Flex ®	91	912,505	—	\$158.62	—	—	
Powered Base Building ®	26	792,119	—	\$57.80	—	—	
Custom Solutions	8	119,709	—	\$147.02	—	—	
Colocation	265	193,209	—	\$213.14	—	—	
Non-technical	93	655,227	—	\$22.40	—	—	

(1) For some of our properties, we calculate square footage based on factors in addition to contractually leased square feet, including power, required support space and common area.

(2) Rental rates represent annual estimated cash rent per rentable square foot adjusted for straight-line rents in accordance with GAAP. GAAP rental rates are inclusive of tenant concessions, if any.

(3) Excludes short term leases.

(4) Commencement dates for the leases signed range from 2014 to 2017.

(5) Includes leases signed for new and re-leased space.

Our ability to re-lease or renew expiring space at rental rates equal to or in excess of current rental rates will impact our results of operations. We continue to see strong demand in most of our key markets for datacenter space and,

subject to the supply of available datacenter space in these markets, expect the rental rates we are likely to achieve on any new, re-leased or renewed datacenter space leases for 2015 expirations on an average aggregate basis will generally be higher than the rates currently being paid for the same space on a GAAP basis and flat on a cash basis. For the year ended December 31, 2014, rents on renewed space increased by an average of 6.3% on a GAAP basis on our Turn-Key Flex® space compared to the expiring rents and increased by an average of 26.5% on a GAAP basis on our Powered Base Building® space compared to the expiring rents. Our past performance may not be indicative of future results, and we cannot assure you that leases will be renewed or that our properties will be re-leased at all or at rental rates equal to or above the current average rental rates. Further, re-leased/

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renewed rental rates in a particular market may not be consistent with rental rates across our portfolio as a whole and may fluctuate from one period to another due to a number of factors, including local real estate conditions, local supply and demand for datacenter space, competition from other datacenter developers or operators, the condition of the property and whether the property, or space within the property, has been developed.

Market concentration. We depend on the market for technology-based real estate in specific geographic regions and significant changes in these regional markets can impact our future results. As of December 31, 2014, our portfolio, including the 14 properties held as investments in unconsolidated joint ventures, was geographically concentrated in the following metropolitan markets:

Metropolitan Market	Percentage of December 31, 2014 total annualized rent (1)	
London, United Kingdom	10.8	%
Northern Virginia	10.8	%
Dallas	10.3	%
Silicon Valley	9.3	%
New York Metro	8.7	%
Chicago	7.2	%
Phoenix	6.4	%
San Francisco	6.3	%
Boston	4.1	%
Los Angeles	3.5	%
Seattle	3.2	%
Singapore	2.9	%
Paris, France	2.1	%
Other	14.4	%
Total	100.0	%

Annualized rent is monthly contractual rent (defined as cash base rent before abatements) under existing leases as (1) of December 31, 2014 multiplied by 12. The aggregate amount of abatements for the year ended December 31, 2014 was approximately \$31.1 million.

Operating expenses. Our operating expenses generally consist of utilities, property and ad valorem taxes, property management fees, insurance and site maintenance costs, as well as rental expenses on our ground and building leases. In particular, our buildings require significant power to support the datacenter operations contained in them. Many of our leases contain provisions under which the tenants reimburse us for a portion of property operating expenses and real estate taxes incurred by us. However, we generally are not entitled to reimbursement of property operating expenses, other than utility expense, and real estate taxes under our leases for Turn-Key Flex® facilities. We also incur general and administrative expenses, including expenses relating to our asset management function, as well as significant legal, accounting and other expenses related to corporate governance, SEC reporting and compliance with the various provisions of the Sarbanes-Oxley Act. Increases or decreases in such operating expenses will impact our overall performance. We expect to incur additional operating expenses as we continue to expand.

Climate change legislation. In June 2009, the U.S. House of Representatives approved comprehensive clean energy and climate change legislation intended to cut greenhouse gas, or GHG, emissions, create new clean energy jobs and enhance the energy independence of the United States, which included a cap-and-trade program for GHG emissions. The U.S. Senate did not subsequently pass similar legislation. New climate change legislation was introduced in the U.S. Senate in 2013, but significant opposition to federal climate change legislation exists. As a result, near-term action to reduce GHG emissions likely will be focused on regulatory agencies, primarily the U.S. Environmental

Protection Agency, or EPA, and state actions. The EPA has been moving aggressively to regulate GHG emissions from automobiles and large stationary sources, including electricity producers, using its own authority under the Clean Air Act. The EPA made an endangerment finding in 2009 that

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allows it to create regulations imposing emission reporting, permitting, control technology installation, and monitoring requirements applicable to certain emitters of GHGs, including facilities that provide electricity to our data centers, although the materiality of the impacts will not be known until all regulations are finalized.

The EPA has already finalized its GHG “reporting rule,” which requires that certain emitters, including electricity generators, monitor and report GHG emissions. The EPA has also finalized rules imposing permitting and control technology requirements upon certain newly-constructed or modified facilities which emit GHGs under the Clean Air Act New Source Review Prevention of Significant Deterioration, or NSR PSD, and Title V permitting programs. As a result, newly-issued NSR PSD or Title V permits for new or modified electricity generating and other facilities may need to address GHG emissions, including by requiring the installation of Best Available Control Technology. In addition, the EPA proposed in April 2012 a rule that would set a GHG emission standard applicable to new electricity generating units, and the EPA re-proposed the rule in September 2013. In June 2014, the EPA released a proposal to regulate carbon dioxide emissions from existing power plants and set mandatory CO<sub>2</sub> reduction targets for each state, an effort designed to achieve a thirty percent CO<sub>2</sub> emission reduction over 2005 levels by 2030. EPA announced in January 2015 that it plans to issue in summer 2015 final rules regulating carbon dioxide emissions from new and existing power plants. At the state level, California implemented a GHG cap-and-trade program that began imposing compliance obligations on industrial sectors, including electricity generators and importers, in January 2013. In addition, since 2005 the European Union (including the United Kingdom) has been operating under a cap-and-trade program, which directly affects the largest emitters of GHGs, including electricity producers from whom we purchase power.

The cost of electric power comprises a significant component of our operating expenses. Any additional taxation or regulation of energy use, including as a result of (i) new legislation that Congress may pass, (ii) the regulations that the EPA has proposed or finalized, (iii) regulations under legislation that states have passed or may pass, or (iv) any further reductions in the EU program could significantly increase our costs, and we may not be able to effectively pass all of these costs on to our tenants. These matters could adversely impact our business, results of operations, or financial condition.

Interest rates. As of December 31, 2014, we had approximately \$553.9 million of variable rate debt subject to interest rate swap agreements on certain tranches of our unsecured term loan, along with \$526.0 million and \$422.7 million of variable rate debt that was outstanding on the global revolving credit facility and the unswapped portion of the unsecured term loan, respectively. The availability of debt and equity capital may decrease as a result of the circumstances described above under “Global market and economic conditions.” The effects on commercial real estate mortgages, if available, include, but may not be limited to: higher loan spreads, tightened loan covenants, reduced loan to value ratios resulting in lower borrower proceeds and higher principal payments. Potential future increases in interest rates and credit spreads may increase our interest expense and fixed charges and negatively affect our financial condition and results of operations, potentially impacting our future access to the debt and equity capital markets. Increased interest rates may also increase the risk that the counterparties to our swap agreements will default on their obligations, which could further increase our interest expense. If we cannot obtain capital from third party sources, we may not be able to acquire or develop properties when strategic opportunities exist, satisfy our debt service obligations or pay the cash dividends to Digital Realty Trust, Inc.’s stockholders necessary to maintain its qualification as a REIT.

Demand for datacenter space. Our portfolio of properties consists primarily of technology-related real estate and datacenter real estate in particular. A decrease in the demand for, or increase in supply of, datacenter space, Internet gateway facilities or other technology-related real estate would have a greater adverse effect on our business and financial condition than if we owned a portfolio with a more diversified tenant base or less specialized use. We have invested in building out additional inventory primarily in what we anticipate will be our active major markets prior to having executed leases with respect to this space. We believe that demand continues to exceed supply in most markets in which we operate, particularly in Dallas, Northern Virginia and Dublin; whereas we anticipate that our Silicon Valley market may be at risk of significant over-supply. However, until this inventory is leased up, which will depend

on a number of factors, including available datacenter space in these markets, our return on invested capital is negatively impacted. Our development activities make us particularly susceptible to general economic slowdowns, including recessions and the other circumstances described above under “Global market and economic conditions,” as well as adverse developments in the corporate datacenter, Internet and data communications and broader technology industries. Any such slowdown or adverse development could lead to reduced corporate IT spending or reduced demand for datacenter space. Reduced demand could also result from business relocations, including to markets that we do not currently serve. Changes in industry practice or in technology, such as virtualization technology, more efficient computing or networking devices, or devices that require higher power densities than today’s devices, could also reduce demand for the physical datacenter space we provide or make the tenant improvements in our facilities obsolete or in need of significant upgrades to remain viable. In addition, the development of new technologies, the adoption of new industry standards or other factors could render many of our tenants’ current products and services obsolete or unmarketable and contribute to a downturn in their businesses, thereby increasing the likelihood that they default under their

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leases, become insolvent or file for bankruptcy. In addition, demand for datacenter space in our properties, or the rates at which we lease space, may be adversely impacted either across our portfolio or in specific markets as a result of an increase in the number of competitors, or the amount of space being offered in our markets and other markets by our competitors.

**Critical Accounting Policies**

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses in the reporting period. Our actual results may differ from these estimates. We have provided a summary of our significant accounting policies in note 2 to our consolidated financial statements included elsewhere in this report. We describe below those accounting policies that require material subjective or complex judgments and that have the most significant impact on our financial condition and consolidated results of operations. Our management evaluates these estimates on an ongoing basis, based upon information currently available and on various assumptions management believes are reasonable as of the date on the front cover of this report.

**Investments in Real Estate**

**Acquisition of real estate.** The price that we pay to acquire a property is impacted by many factors including the condition of the property and improvements, the occupancy of the building, the term and rate of in-place leases, the creditworthiness of the tenants, favorable or unfavorable financing, above or below-market ground leases and numerous other factors.

Accordingly, we are required to make subjective assessments to allocate the purchase price paid to acquire investments in real estate among the identifiable assets including intangibles and liabilities assumed based on our estimate of the fair value of such assets and liabilities. This includes determining the value of the property and improvements, land, ground leases, if any, and tenant improvements. Additionally, we evaluate the value of in-place leases on occupancy and market rent, the value of the tenant relationships, the value (or negative value) of above (or below) market leases, any debt or deferred taxes assumed from the seller or loans made by the seller to us and any building leases assumed from the seller. Each of these estimates requires a great deal of judgment and some of the estimates involve complex calculations. These allocation assessments have a direct impact on our results of operations. For example, if we were to allocate more value to land, there would be no depreciation with respect to such amount. If we were to allocate more value to the property as opposed to allocating to the value of in-place tenant leases, this amount would be recognized as an expense over a much longer period of time. This potential effect occurs because the amounts allocated to property are depreciated over the estimated lives of the property whereas amounts allocated to in-place tenant leases are amortized over the estimated term (including renewal and extension assumptions) of the leases. Additionally, the amortization of the value (or negative value) assigned to above (or below) market rate leases is recorded as an adjustment to rental revenue as compared to amortization of the value of in-place tenant leases and tenant relationships, which is included in depreciation and amortization in our condensed consolidated income statements.

From time to time, we will receive offers for sale of our properties, either solicited or unsolicited. For those offers that are accepted, the prospective buyer will usually require a due diligence period before consummation of the transaction. It is not unusual for matters to arise that result in the withdrawal or rejection of the offer during this process. We classify real estate as “held for sale” when all criteria under the GAAP guidance has been met.

**Capitalization of Costs.** Direct and indirect project costs that are clearly associated with the development of properties are capitalized as incurred. Project costs include all costs directly associated with the development of a property, including construction costs, interest, property taxes, insurance, legal fees and costs of personnel working on the project. Indirect costs that do not clearly relate to the projects under development are not capitalized and are charged to expense as incurred.

Capitalization of costs begins when the activities necessary to get the development project ready for its intended use begin, which include costs incurred before the beginning of construction. Capitalization of costs ceases when the development project is substantially complete and ready for its intended use. Determining when a development project commences, and when it is substantially complete and ready for its intended use involves a degree of judgment. We generally consider a development project to be substantially complete and ready for its intended use upon receipt of a certificate of occupancy. If and when development of a property is suspended pursuant to a formal change in the planned use of the property, we will evaluate whether the accumulated costs exceed the estimated value of the project and write off the amount of any such excess accumulated costs. For a development project that is suspended for reasons other than a formal change in the planned use of such property, the accumulated project costs are evaluated for impairment consistent with our impairment policies for long-lived assets. Capitalized costs are allocated to the specific components of a project that are benefited.



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Useful lives of assets. We are required to make subjective assessments as to the useful lives of our properties for purposes of determining the amount of depreciation to record on an annual basis with respect to our investments in real estate. These assessments have a direct impact on our net income because if we were to shorten the expected useful lives of our investments in real estate we would depreciate such investments over fewer years, resulting in more depreciation expense and lower net income on an annual basis.

Asset impairment evaluation. We review each of our properties for indicators that its carrying amount may not be recoverable. Examples of such indicators may include a significant decrease in the market price of the property, a change in the expected holding period for the property, a significant adverse change in the extent or manner in which the property is being used in its physical condition or expected to be used based on the underwriting at the time of acquisition, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of the property, or a history of operating or cash flow losses of the property. When such impairment indicators exist, we review an estimate of the future undiscounted net cash flows (excluding interest charges) expected to result from the real estate investment's use and eventual disposition and compare that estimate to the carrying value of the property. We consider factors such as future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If our future undiscounted net cash flow evaluation indicates that we are unable to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property. These losses have a direct impact on our net income because recording an impairment loss results in an immediate negative adjustment to net income. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. Since cash flows on properties considered to be long-lived assets to be held and used are considered on an undiscounted basis to determine whether the carrying value of a property is recoverable, our strategy of holding properties over the long-term directly decreases the likelihood of their carrying values not being recoverable and therefore requiring the recording of an impairment loss. If our strategy changes or market conditions otherwise dictate an earlier sale date, an impairment loss may be recognized and such loss could be material. If we determine that the asset fails the recoverability test, the affected assets must be reduced to their fair value.

We generally estimate the fair value of rental properties utilizing a discounted cash flow analysis that includes projections of future revenues, expenses and capital improvement costs that a market participant would use based on the highest and best use of the asset, which is similar to the income approach that is commonly utilized by appraisers. In certain cases, we may supplement this analysis by obtaining outside broker opinions of value.

Revenue Recognition

Rental revenue is recognized using the straight-line method over the terms of the tenant leases. Deferred rents included in our condensed consolidated balance sheets represent the aggregate excess of rental revenue recognized to date on a straight-line basis versus the contractual rental payments under the terms of the leases. Many of our leases contain provisions under which the tenants reimburse us for a portion of property operating expenses and real estate taxes incurred by us. However, we generally are not entitled to reimbursement of property operating expenses, other than utility expense, and real estate taxes under our leases for Turn-Key Flex® facilities. Such reimbursements are recognized in the period that the expenses are incurred. Lease termination fees are recognized over the remaining term of the lease, effective as of the date the lease modification is finalized, assuming collection is not considered doubtful. As discussed above, we recognize amortization of the value of acquired above or below-market tenant leases as a reduction of rental revenue in the case of above-market leases or an increase to rental revenue in the case of below-market leases.

We must make subjective estimates as to when our revenue is earned and the collectability of our accounts receivable related to minimum rent, deferred rent, expense reimbursements, lease termination fees and other income. We specifically analyze accounts receivable and historical bad debts, tenant concentrations, tenant creditworthiness and current economic trends when evaluating the adequacy of the allowance for bad debts. These estimates have a direct impact on our net revenue because a higher bad debt allowance would result in lower net revenue, and recognizing

rental revenue as earned in one period versus another would result in higher or lower net revenue for a particular period.

#### Share-Based Awards

We recognize compensation expense related to share-based awards. We generally amortize this compensation expense over the vesting period of the award. The calculation of the fair value of share-based awards is subjective and requires several assumptions over such items as expected stock volatility, dividend payments and future company results.

These assumptions have a direct impact on our net income because a higher share-based awards amount would result in lower net income for a particular period.

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## Results of Operations

The discussion below relates to our financial condition and results of operations for the years ended December 31, 2014, 2013 and 2012. A summary of our operating results from continuing operations for the years ended December 31, 2014, 2013 and 2012 was as follows (in thousands).

	Year Ended December 31,		
	2014	2013	2012
Income Statement Data:			
Total operating revenues	\$1,616,438	\$1,482,259	\$1,279,067
Total operating expenses	(1,357,772 )	(1,100,447 )	(912,989 )
Operating income	258,666	381,812	366,078
Other expenses, net	(55,251 )	(61,363 )	(150,031 )
Net income	\$203,415	\$320,449	\$216,047

Our property portfolio has experienced consistent and significant growth since the first property acquisition in January 2002. As a result of this growth, our period-to-period comparison of our financial performance focuses on the impact on our revenues and expenses resulting both from the property additions to our portfolio, as well as on a “same store” property basis (same store properties are properties that were owned as of December 31, 2012 and excludes 10 properties that were contributed to our joint venture with the PREI®-managed fund in September 2013 and March 2014 and one property that was contributed to our joint venture with the GCEAR affiliate in September 2014 along with any properties that have been sold) and on a stabilized portfolio basis. Our stabilized portfolio includes properties owned as of December 31, 2012 with less than 5% of total rentable square feet under development and excludes properties that were undergoing, or were expected to undergo, development activities in 2013-2014 and properties sold or contributed to joint ventures. The following table identifies each of the properties in our portfolio acquired from January 1, 2012 through December 31, 2014.

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Acquired Buildings	Acquisition Date	Space under active development as of December 31, 2014 (1)	Space held for future development as of December 31, 2014 (1)	Net rentable square feet excluding development space (2)	Square feet including development space	Occupancy rate as of December 31, 2014 (3)	
As of December 31, 2011 (109 properties)		923,158	771,622	18,545,449	20,240,229	92.4	%
Year Ended December 31, 2012							
Convergence Business Park (Dallas)	Feb-12	—	—	829,372	829,372	98.5	%
9333 Grand Avenue (Chicago)	May-12	7,708	6,837	102,970	117,515	95.5	%
9355 Grand Avenue (Chicago)	May-12	226,500	—	25,000	251,500	100.0	%
9377 Grand Avenue (Chicago)	May-12	—	166,709	—	166,709	—	%
8025 North Interstate 35 (Austin)	May-12	—	—	62,237	62,237	100.0	%
400 S. Akard Street (Dallas)	Jun-12	—	—	269,563	269,563	94.7	%
33 Chun Choi Street (Hong Kong) (4)	Jun-12	—	—	107,321	107,321	75.1	%
Croydon (London)	Jul-12	—	—	120,000	120,000	100.0	%
Watford (London)	Jul-12	—	—	133,000	133,000	97.3	%
Unit 21 Goldworth Park Trading Estate (London)	Jul-12	14,563	91,004	374,433	480,000	100.0	%
410 Commerce Boulevard (New York) (5)	Jul-12	—	—	27,943	27,943	100.0	%
11900 East Cornell Avenue (Denver)	Sep-12	—	—	285,840	285,840	94.3	%
701 Union Boulevard (New York)	Nov-12	—	—	—	—	—	%
23 Waterloo Road (Sydney)	Dec-12	—	—	51,990	51,990	100.0	%
1 Rue Jean-Pierre (Paris)	Dec-12	—	—	104,666	104,666	100.0	%
Liet-dit ie Christ de Saclay (Paris)	Dec-12	—	—	21,337	21,337	100.0	%
127 Rue de Paris (Paris)	Dec-12	—	—	59,991	59,991	100.0	%
Subtotal		248,771	264,550	2,575,663	3,088,984	97.0	%
Year Ended December 31, 2013							
17201 Waterview Parkway (Dallas)	Jan-13	—	—	61,750	61,750	100.0	%
1900 S. Price Road (Phoenix)	Jan-13	—	108,926	118,348	227,274	100.0	%
371 Gough Road (Toronto)	Mar-13	26,524	29,859	41,393	97,776	100.0	%
1500 Towerview Road (Minneapolis)	Mar-13	—	—	328,765	328,765	100.0	%
MetCenter Business Park (Austin)	May-13	—	—	336,695	336,695	94.3	%
Liverpoolweg 10 (Amsterdam)	Jun-13	—	—	29,986	29,986	100.0	%
Principal Park (London)	Sep-13	106,400	—	—	106,400	—	%
636 Pierce Street (New York)	Dec-13	—	—	108,336	108,336	100.0	%

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Subtotal	132,924	138,785	1,025,273	1,296,982	98.1	%
Total	1,304,853	1,174,957	22,146,385	24,626,195	93.2	%

Space under active development includes current base building and data center projects in progress. Space held for (1) future development includes space held for future data center development, and excludes space under active development.

Net rentable square feet at a building represents the current square feet at that building under lease as specified in (2) the lease agreements plus management's estimate of space available for lease based on engineering drawings. Net rentable square feet includes tenants' proportional share of common areas but excludes development space.

(3) Occupancy rates exclude development space. For some of our properties, we calculate occupancy based on factors in addition to contractually leased square feet, including available power, required support space and common area.

(4) Represents a property held in an unconsolidated joint venture.

(5) Represents a land parcel, which previously was reported as having 271,000 square feet of space held for future development. The building was razed pursuant to our business plan. Included as a property in our operating property count.

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Comparison of the Year Ended December 31, 2014 to the Year Ended December 31, 2013 and Comparison of the Year Ended December 31, 2013 to the Year Ended December 31, 2012

## Portfolio

As of December 31, 2014, our portfolio consisted of 131 properties, including 14 properties held as investments in unconsolidated joint ventures and developable land, with an aggregate of 24.6 million rentable square feet including 1.3 million square feet of space under active development and 1.2 million square feet of space held for future development compared to a portfolio consisting of 132 properties, including 12 properties held as investments in unconsolidated joint ventures and developable land, with an aggregate of 24.5 million rentable square feet including 1.8 million square feet of space under active development and 1.3 million square feet of space held for future development as of December 31, 2013 and a portfolio consisting of 109 properties, including three properties held as investments in unconsolidated joint ventures and developable land, with an aggregate of 23.3 million rentable square feet including 1.4 million square feet of space under active development and 2.0 million square feet of space held for future development as of December 31, 2012. The change in the number of properties in our portfolio reflects the acquisition of 15 properties in 2012 (in addition, three properties were placed into service in 2012 in which the land parcel was acquired prior to January 1, 2012), 7 properties in 2013 (in addition, one property was placed into service in 2013 in which the land parcel was acquired prior to January 1, 2013) and the sale of one property in 2014.

## Revenues

Total operating revenues for the years ended December 31, 2014, 2013 and 2012 were as follows (in thousands):

	Year Ended December 31,			Change		Percentage Change		
	2014	2013	2012	2014 vs 2013	2013 vs 2012	2014 vs 2013	2013 vs 2012	
Rental	\$1,256,086	\$1,155,051	\$990,715	\$101,035	\$164,336	8.7	% 16.6	%
Tenant reimbursements	350,234	323,286	272,309	26,948	50,977	8.3	% 18.7	%
Fee income	7,268	3,520	8,428	3,748	(4,908)	106.5	% (58.2)	)%
Other	2,850	402	7,615	2,448	(7,213)	609.0	% (94.7)	)%
Total operating revenues	\$1,616,438	\$1,482,259	\$1,279,067	\$134,179	\$203,192	9.1	% 15.9	%

As shown by the same store and non-same store table below, the increases in rental revenues and tenant reimbursement revenues in the year ended December 31, 2014 compared to 2013 were due to new leasing at our same store properties, including completed and leased development space, and acquisitions of properties. The increase in fee income in the non-same store pool was mainly due to fees earned from the joint ventures with the PREI®-managed fund and GCEAR. Other revenues changes in the periods presented were primarily due to tenant termination revenues. We acquired 0, 7 and 15 properties during the years ended December 31, 2014, 2013 and 2012, respectively. The following table shows revenues for non-same store (properties that were acquired after December 31, 2012 along with properties contributed to joint ventures and properties sold) and same store properties (all other properties) (in thousands).

	Same Store			Non-Same Store		
	Year Ended December 31,			Year Ended December 31,		
	2014	2013	Change	2014	2013	Change
Rental	\$1,225,530	\$1,104,085	\$121,445	\$30,556	\$50,966	\$(20,410)
Tenant reimbursements	345,131	313,829	31,302	5,103	9,457	(4,354)
Fee income	—	—	—	7,268	3,520	3,748
Other	2,850	402	2,448	—	—	—
Total operating revenues	\$1,573,511	\$1,418,316	\$155,195	\$42,927	\$63,943	\$(21,016)

Same store rental revenues increased for the year ended December 31, 2014 compared to the same period in 2013 primarily as a result of new leases at our properties during 2014, including leases of completed development space, the largest of which were for space in the Sentrum Portfolio, 43940 Digital Loudoun Plaza, 350 East Cermak Road and 2121 South Price Road. Same store growth was driven by the delivery of approximately 443,000 square feet of

leased data center space from within our same store development platform during the last 12 months. In our same store portfolio, we calculate the change in rental rates on renewals signed during the quarter as compared to the previous rent on that same space. During the twelve months ended December 31, 2014, the percentage increase was 12.4% on a GAAP basis. Same store rental revenues increased for the year ended December 31, 2014 as compared to the same period in 2013 as a result of the increase in rentable square feet of leased data center space. During the twelve months ended December 31, 2014, we also delivered approximately 195,000

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square feet of un-leased data center space which was one of the drivers impacting occupancy which increased slightly to 93.2% as of December 31, 2014 from 92.6% as of December 31, 2013. Same store tenant reimbursement revenues increased for the year ended December 31, 2014 as compared to the same period in 2013 primarily as a result of new leasing and higher utility and operating expenses being billed to our tenants, the largest occurrences of which were at the Sentrum Portfolio, 365 South Randolphville Road, 43940 Digital Loudoun Plaza and 350 East Cermak Road. Excluding the effect of 11 properties contributed to our unconsolidated joint ventures and 6 Braham Street (sold in April 2014), non-same store properties revenues increased approximately \$11.7 million for the year ended December 31, 2014 compared to the same period in 2013. For the year ended December 31, 2014, 1500 Towerview Road, 7401 E. Ben White Boulevard and 371 Gough Road contributed \$6.3 million, or 79%, respectively, of the non-same store increase in rental revenues and tenant reimbursements compared to the same period in 2013.

	Same Store			Non-Same Store		
	Year Ended December 31,			Year Ended December 31,		
	2013	2012	Change	2013	2012	Change
Rental	\$979,531	\$895,981	\$83,550	\$175,520	\$94,734	\$80,786
Tenant reimbursements	262,222	239,943	22,279	61,064	32,366	28,698
Fee income	—	—	—	3,520	8,428	(4,908)
Other	262	7,615	(7,353)	140	—	140
Total operating revenues	\$1,242,015	\$1,143,539	\$98,476	\$240,244	\$135,528	\$104,716

Same store rental revenues increased for the year ended December 31, 2013 compared to the same period in 2012 primarily as a result of new leases at our properties during 2013, including leases of completed development space, the largest of which were for space in 29A International Business Park, 43940 Digital Loudoun Plaza, 98 Radnor Drive and 3825 NW Aloclek Place. Same store growth was driven by the delivery of approximately 585,000 square feet of leased data center space from within our same store development platform during the last 12 months. In our same store portfolio, we calculate the change in rental rates on renewals signed during the quarter as compared to the previous rent on that same space. During the twelve months ended December 31, 2013, the percentage increase was 17.6% on a GAAP basis. Same store rental revenues increased for the year ended December 31, 2013 as compared to the same period in 2012 as a result of the increase in rentable square feet of leased data center space. During the twelve months ended December 31, 2013, we also delivered approximately 119,000 square feet of un-leased data center space which was one of the drivers impacting occupancy which decreased slightly to 91.2% as of December 31, 2013 from 93.3% as of December 31, 2012 along with certain leases expiring at one of our non-technical properties during 2013. Rental revenue included amounts earned from leases with The tel(x) Group, Inc., or tel(x), which was sold to an unrelated third party in 2011, of approximately \$48.6 million and \$45.7 million for the year ended December 31, 2013 and 2012, respectively. Same store tenant reimbursement revenues increased for the year ended December 31, 2013 as compared to the same period in 2012 primarily as a result of new leasing and higher utility and operating expenses being billed to our tenants, the largest occurrences of which were at 29A International Business Park, 365 South Randolphville Road and 350 East Cermak Road.

Non-same store properties increases were caused by properties acquired during the period from January 1, 2012 to December 31, 2013. For the year ended December 31, 2013, the Sentrum Portfolio, 9333, 9355, 9377 Grand Avenue and 400 S. Akard contributed \$56.3 million, or approximately 84%, of the total non-same store increase in total operating expenses (excluding construction management) compared to the same period in 2012.

The following table shows revenues for the years ended December 31, 2014 and 2013 for stabilized properties and pre-stabilized properties (all other properties) (in thousands).

	Stabilized			Pre-Stabilized		
	Year Ended December 31,			Year Ended December 31,		
	2014	2013	Change	2014	2013	Change
Rental	\$775,852	\$759,592	\$16,260	\$480,234	\$395,459	\$84,775
Tenant reimbursements	225,089	224,183	906	125,145	99,103	26,042



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Fee income	—	—	—	7,268	3,520	3,748
Other	1,871	402	1,469	979	—	979
Total operating revenues	\$1,002,812	\$984,177	\$18,635	\$613,626	\$498,082	\$115,544

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Stabilized rental revenues increased for the year ended December 31, 2014 compared to the same period in 2013 primarily as a result of new or renewed leases at our properties during the year ended December 31, 2014, the largest of which were for space at 350 East Cermak Road, 43715 Devin Shafron Drive and The Chess Building (a property within the Sentrum Portfolio). Stabilized tenant reimbursement revenues increased for the year ended December 31, 2014 as compared to the same period in 2013 primarily as a result of new leasing and higher utility expenses being billed to our tenants, the largest occurrences of which were at 111 8th Avenue (2nd and 6th Floors), The Chess Building and 600 West Seventh Avenue.

Pre-stabilized revenue increases were a result of new leases at our properties during the year ended December 31, 2014, primarily leases of completed development space, the largest of which were for space at Unit 21 Goldsworth Park (a property within the Sentrum Portfolio), 43940 Digital Loudoun Plaza, 2121 South Price Road, Digital Houston, 365 South Randolphville Road and 9333, 9355, 9377 Grand Avenue.

	Stabilized			Pre-Stabilized		
	Year Ended December 31,			Year Ended December 31,		
	2013	2012	Change	2013	2012	Change
Rental	\$673,437	\$669,130	\$4,307	\$481,614	\$321,585	\$160,029
Tenant reimbursements	191,706	185,124	6,582	131,580	87,185	44,395
Fee income	—	—	—	3,520	8,428	(4,908 )
Other	248	7,130	(6,882 )	154	485	(331 )
Total operating revenues	\$865,391	\$861,384	\$4,007	\$616,868	\$417,683	\$199,185

Stabilized rental revenues increased for the year ended December 31, 2013 compared to the same period in 2012 primarily as a result of new or renewed leases at our properties during the year ended December 31, 2013, the largest of which were for space at 350 East Cermak Road, 43715 Devin Shafron Drive and The Chess Building (a property within the Sentrum Portfolio). Stabilized tenant reimbursement revenues increased for the year ended December 31, 2013 as compared to the same period in 2012 primarily as a result of new leasing and higher utility expenses being billed to our tenants, the largest occurrences of which were at 111 8th Avenue (2nd and 6th Floors), The Chess Building and 600 West Seventh Avenue.

Pre-stabilized revenue increases were a result of new leases at our properties during the year ended December 31, 2013, primarily leases of completed development space, the largest of which were for space at Unit 21 Goldsworth Park (a property within the Sentrum Portfolio), 43940 Digital Loudoun Plaza, 2121 South Price Road, Digital Houston, 365 South Randolphville Road and 9333, 9355, 9377 Grand Avenue.

## Operating Expenses and Interest Expense

Operating expenses and interest expense during the years ended December 31, 2014, 2013 and 2012 were as follows (in thousands):

	Year Ended December 31,			Change 2014 vs 2013	2013 vs 2012	Percentage Change			
	2014	2013	2012			2014 vs 2013	2013 vs 2012	2014 vs 2013	2013 vs 2012
Rental property operating and maintenance	\$503,140	\$456,596	\$381,227	\$46,544	\$75,369	10.2	%	19.8	%
Property taxes	91,538	90,321	69,475	1,217	20,846	1.3	%	30.0	%
Insurance	8,643	8,743	9,600	(100 )	(857 )	(1.1)	%	(8.9)	%
Construction management	378	764	1,596	(386 )	(832 )	(50.5)	%	(52.1)	%
Change in fair value of contingent consideration	(8,093 )	(1,762 )	(1,051 )	(6,331 )	(711 )	359.3	%	67.6	%
Depreciation and amortization	538,513	475,464	382,553	63,049	92,911	13.3	%	24.3	%
	93,188	65,653	57,209	27,535	8,444	41.9	%	14.8	%

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General and administrative Transactions	1,303	4,605	11,120	(3,302 )	(6,515 )	(71.7 )%	(58.6 )%
Impairment of investments in real estate	126,470	—	—	126,470	—	%	— %
Other	2,692	63	1,260	2,629	(1,197 )	4,173.0 %	(95.0 )%
Total operating expenses	\$1,357,772	\$1,100,447	\$912,989	\$257,325	\$ 187,458	23.4 %	20.5 %
Interest expense	\$191,085	\$189,399	\$157,108	\$1,686	\$ 32,291	0.9 %	20.6 %

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As shown in the same store and non-same store table below, total expenses for the year ended December 31, 2014 increased compared to the same period in 2013 primarily as a result of higher utility rates in several of our properties along with development projects being placed into service leading to higher utility expense (included in rental property operating and maintenance) in 2014. The following table shows expenses for non-same store (properties that were acquired after December 31, 2012 along with properties contributed to joint ventures and properties sold) and same store properties (all other properties) (in thousands).

	Same Store			Non-Same Store		
	Year Ended December 31,			Year Ended December 31,		
	2014	2013	Change	2014	2013	Change
Rental property operating and maintenance	\$496,804	\$447,974	\$48,830	\$6,336	\$8,622	\$(2,286)
Property taxes	89,583	85,902	3,681	1,955	4,419	(2,464)
Insurance	8,551	8,161	390	92	582	(490)
Construction management <sup>(1)</sup>	—	—	—	378	764	(386)
Change in fair value of contingent consideration	(8,093)	(1,762)	(6,331)	—	—	—
Depreciation and amortization	525,780	456,114	69,666	12,733	19,350	(6,617)
General and administrative <sup>(2)</sup>	93,188	65,653	27,535	—	—	—
Transactions <sup>(3)</sup>	—	—	—	1,303	4,605	(3,302)
Impairment of investments in real estate	126,470	—	126,470	—	—	—
Other	2,692	63	2,629	—	—	—
Total operating expenses	\$1,334,975	\$1,062,105	\$272,870	\$22,797	\$38,342	\$(15,545)
Interest expense <sup>(4)</sup>	\$188,302	\$188,327	\$(25)	\$2,783	\$1,072	\$1,711

(1) Construction management expenses are included entirely in the non-same store pool as they are not allocable to specific properties.

(2) General and administrative expenses are included entirely in same store as they are not allocable to specific properties.

(3) Transactions expenses are included entirely in the non-same store pool as they are not allocable to specific properties.

(4) Interest expense on our global revolving credit facility and unsecured term loan is allocated on a specific property basis.

Same store rental property operating and maintenance expenses increased in the year ended December 31, 2014 compared to the same period in 2013 primarily as a result of higher consumption and utility rates in several of our properties along with development projects being placed into service leading to higher utility expense in 2014. In 2013, a non-cash \$10.0 million straight-line rent expense adjustment was recorded in rental property operating and maintenance expenses related to a lease amendment executed in September 2010, \$7.5 million of this amount related to prior years. This adjustment was deemed to be immaterial to both the current year and prior year financial statements taken as a whole.

Same store property taxes increased by approximately \$3.7 million in the year ended December 31, 2014 compared to the same period in 2013, primarily as a result of higher supplemental property tax assessments at three of our properties in 2014.

Same store depreciation and amortization expense increased by approximately \$69.7 million in the year ended December 31, 2014 compared to the same period in 2013, principally because of depreciation of development projects that were placed into service in late 2013 and during 2014.

General and administrative expenses increased by approximately \$27.5 million in the year ended December 31, 2014 compared to the same period in 2013 primarily due to the growth of our company, with an increase in headcount from 784 in 2013 to 860 in 2014, resulting in additional compensation, along with higher professional fees, marketing expenses and \$12.7 million severance related to the departure of our former Chief Executive Officer, Michael Foust recorded in the year ended December 31, 2014. The severance was determined in accordance with the non-cause termination provisions of Mr. Foust's existing employment agreement and applicable equity award agreements with the company.

Same store interest expense decreased by approximately \$25,000 for the year ended December 31, 2014 as compared to the same period in 2013 primarily as a result of interest on our 2023 Notes that were issued in April 2014 partially offset by

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lower average outstanding mortgage loan balances during 2014 compared to 2013 primarily due to the repayment of the following mortgage loans: Clonshaugh Industrial Estate II (June 2013), 1500 Space Park Drive (July 2013), Paul van Vlissingenstraat 16 (July 2013), Chemin de l'Épinglier 2 (July 2013), Mundells Roundabout (October 2013), Gyrocoopweg 2E-2F (October 2013) and 360 Spear Street (November 2013) along with the redemption of the 2029 Debentures in April 2014. During the years ended December 31, 2014 and 2013, we capitalized interest of approximately \$20.4 million and \$26.3 million, respectively.

Excluding the effect of 11 properties contributed to our unconsolidated joint ventures (in 2013 and 2014) and 6 Braham Street (sold in April 2014), non-same store expenses (excluding construction management and transactions expenses) increased approximately \$5.4 million for the year ended December 31, 2014, respectively, compared to the same period in 2013. For the year ended December 31, 2014, 371 Gough Road, 7401 E. Ben White Boulevard, 1500 Towerview Road and 8201 E. Riverside Drive contributed \$4.1 million, or 76% of the total non-same store increase in total operating expenses (excluding construction management and transactions expenses) compared to the same period in 2013.

Transactions expense decreased by approximately \$3.3 million in the year ended December 31, 2014 compared to the same period in 2013, principally because there have been no significant acquisitions in 2014 compared to the acquisition of seven properties in the year ended December 31, 2013.

	Same Store			Non-Same Store		
	Year Ended December 31,			Year Ended December 31,		
	2013	2012	Change	2013	2012	Change
Rental property operating and maintenance	\$396,908	\$352,077	\$44,831	\$59,688	\$29,150	\$30,538
Property taxes	76,996	62,089	14,907	13,325	7,386	5,939
Insurance	7,535	8,235	(700)	1,208	1,365	(157)
Construction management <sup>(1)</sup>	—	—	—	764	1,596	(832)
Change in fair value of contingent consideration	—	—	—	(1,762)	(1,051)	(711)
Depreciation and amortization	397,917	343,154	54,763	77,547	39,399	38,148
General and administrative <sup>(2)</sup>	65,653	57,209	8,444	—	—	—
Transactions <sup>(3)</sup>	—	—	—	4,605	11,120	(6,515)
Other	63	1,260	(1,197)	—	—	—
Total operating expenses	\$945,072	\$824,024	\$121,048	\$155,375	\$88,965	\$66,410
Interest expense <sup>(4)</sup>	\$160,982	\$153,264	\$7,718	\$28,417	\$3,844	\$24,573

(1) Construction management expenses are included entirely in the non-same store pool as they are not allocable to specific properties.

(2) General and administrative expenses are included entirely in same store as they are not allocable to specific properties.

(3) Transactions expenses are included entirely in the non-same store pool as they are not allocable to specific properties.

(4) Interest expense on our global revolving credit facility and unsecured term loan is allocated on a specific property basis.

Same store rental property operating and maintenance expenses increased in the year ended December 31, 2013 compared to the same period in 2012 primarily as a result of higher consumption and utility rates in several of our properties along with development projects being placed into service leading to higher utility expense in 2013. In 2013, a non-cash \$10.0 million straight-line rent expense adjustment was recorded in rental property operating and maintenance expenses related to a lease amendment executed in September 2010, \$7.5 million of this amount related

to prior years. This adjustment was deemed to be immaterial to both the current year and prior year financial statements taken as a whole.

Same store property taxes increased by approximately \$14.9 million in the year ended December 31, 2013 compared to the same period in 2012, primarily as a result of additional property tax assessments in our Santa Clara, California and Texas properties.

Same store depreciation and amortization expense increased in the year ended December 31, 2013 compared to the same period in 2012, principally because of depreciation of development projects that were placed into service in late 2012 and during 2013.

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General and administrative expenses for the year ended December 31, 2013 increased compared to the same period in 2013 primarily due to the growth of our company, which resulted in more employees, additional incentive compensation, and higher professional fees and marketing expenses.

Same store interest expense increased for the year ended December 31, 2013 as compared to the same period in 2012 primarily as a result of higher average balances on our unsecured term loan (originally closed in April 2012), offset by lower average outstanding mortgage debt balances during 2013 compared to 2012 primarily due to the paydown of the following loans: 114 Rue Ambroise Croizat (January 2012), Unit 9, Blanchardstown Corporate Park (January 2012), 1201 Comstock Street (April 2012), 2805 Lafayette Street (May 2012), 2805 Lafayette Street Mezzanine (May 2012), 1350 Duane Avenue/3080 Raymond Street (September 2012), Clonshaugh Industrial Estate II (June 2013), 1500 Space Park Drive (July 2013), Paul van Vlissingenstraat 16 (July 2013), Chemin de l'Épinglier 2 (July 2013), Mundells Roundabout (October 2013), Gyroscopweg 2E-2F (October 2013) and 360 Spear Street (November 2013). During the years ended December 31, 2013 and 2012, we capitalized interest of approximately \$26.3 million and \$21.5 million, respectively.

Non-same store increases were caused by properties acquired during the period from January 1, 2012 to December 31, 2013. For the year ended December 31, 2013, the Sentrum Portfolio, 9333, 9355, 9377 Grand Avenue and 400 S. Akard contributed \$56.3 million, or approximately 84%, of the total non-same store increase in total operating expenses (excluding construction management) compared to the same period in 2012.

Transactions expense decreased in the year ended December 31, 2013 compared to the same period in 2012, principally because of expenses related to the acquisitions of the Sentrum Portfolio and Paris Portfolio in 2012.

The following table shows expenses for the years ended December 31, 2014 and 2013 for stabilized properties and pre-stabilized properties (all other properties) (in thousands).

	Stabilized			Pre-Stabilized		
	Year Ended December 31, 2014	2013	Change	Year Ended December 31, 2014	2013	Change
Rental property operating and maintenance	\$303,596	\$304,521	\$(925)	\$199,544	\$152,075	\$47,469
Property taxes	56,481	60,409	(3,928)	35,057	29,912	5,145
Insurance	6,240	6,264	(24)	2,403	2,479	(76)
Construction management <sup>(1)</sup>	—	—	—	378	764	(386)
Change in fair value of contingent consideration	—	—	—	(8,093)	(1,762)	(6,331)
Depreciation and amortization	308,556	295,781	12,775	229,957	179,683	50,274
General and administrative <sup>(2)</sup>	93,188	65,653	27,535	—	—	—
Transactions <sup>(3)</sup>	—	—	—	1,303	4,605	(3,302)
Impairment of investments in real estate	126,470	—	126,470	—	—	—
Other	243	56	187	2,449	7	2,442
Total operating expenses	\$894,774	\$732,684	\$162,090	\$462,998	\$367,763	\$95,235
Interest expense <sup>(4)</sup>	\$121,581	\$143,004	\$(21,423)	\$69,504	\$46,395	\$23,109

(1) Construction management expenses are included entirely in pre-stabilized properties as they are not allocable to stabilized properties.

(2) General and administrative expenses are included in stabilized properties as they are not allocable to specific properties.

(3) Transaction expenses are included entirely in pre-stabilized properties as they are not allocable to stabilized properties.

(4) Interest expense on our global revolving credit facility and unsecured term loan is allocated on a specific property basis.



Stabilized rental property operating and maintenance expenses decreased approximately \$0.9 million in the year ended December 31, 2014, compared to the same period in 2013 primarily as a result of higher consumption and utility rates in several of our properties more than offset by a \$10.0 million non-cash straight-line rent expense adjustment related to our leasehold interest at 111 8th Avenue in New York recorded during the three months ended September 30, 2013.

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Stabilized property taxes decreased by approximately \$3.9 million in the year ended December 31, 2014, compared to the same period in 2013, primarily as a result of supplemental property taxes from prior tax years for certain properties in the stabilized portfolio recorded in 2013.

Stabilized depreciation and amortization expense increased approximately \$12.8 million in the year ended December 31, 2014, compared to the same period in 2013, principally because of depreciation of a development project that was placed into service during 2013.

General and administrative expenses increased by approximately \$27.5 million in the year ended December 31, 2014 compared to the same period in 2013 primarily due to the \$12.7 million severance related to the departure of our former Chief Executive Officer, Michael Foust recorded in 2014. The severance was determined in accordance with the non-cause termination provisions of Mr. Foust's existing employment agreement and applicable equity award agreements with the company.

Stabilized interest expense decreased approximately \$21.4 million for the year ended December 31, 2014, as compared to the same period in 2013 primarily as a result of lower average outstanding mortgage loan balances during 2014 compared to 2013 primarily due to the repayment of the following mortgage loans: Clonshaugh Industrial Estate II (June 2013), 1500 Space Park Drive (July 2013), Paul van Vlissingenstraat 16 (July 2013), Chemin de l'Épinglier 2 (July 2013), Mundells Roundabout (October 2013), Gyroscopweg 2E-2F (October 2013) and 360 Spear Street (November 2013) along with the redemption of the 2029 Debentures in April 2014.

Pre-stabilized rental property operating and maintenance expenses increased by approximately \$47.5 million in the year ended December 31, 2014, compared to the same period in 2013 primarily as a result of development projects being placed into service leading to higher utility expense in 2014.

Pre-stabilized property tax expense increased approximately \$5.1 million in the year ended December 31, 2014, compared to the same period in 2013, principally because of re-assessments on certain properties in 2014.

Pre-stabilized depreciation and amortization expense increased approximately \$50.3 million in the year ended December 31, 2014, compared to the same period in 2013, principally because of depreciation of development projects that were placed into service in late 2013 and during 2014.

Pre-stabilized interest expense increased approximately \$23.1 million for the year ended December 31, 2014, as compared to the same period in 2013 primarily as a result of interest expense on our 2023 Notes, which were issued in April 2014.

Transactions expense decreased by approximately \$3.3 million in the year ended December 31, 2014, compared to the same period in 2013, principally because there have been no significant acquisitions in 2014 compared to the acquisition of seven properties in the year ended December 31, 2013.

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	Stabilized			Pre-Stabilized		
	Year Ended December 31,			Year Ended December 31,		
	2013	2012	Change	2013	2012	Change
Rental property operating and maintenance	\$266,643	\$251,234	\$15,409	\$189,953	\$129,993	\$59,960
Property taxes	55,221	45,728	9,493	35,100	23,747	11,353
Insurance	6,310	7,155	(845)	2,433	2,445	(12)
Construction management <sup>(1)</sup>	—	—	—	764	1,596	(832)
Change in fair value of contingent consideration	—	—	—	(1,762)	(1,051)	(711)
Depreciation and amortization	267,290	252,625	14,665	213,771	129,928	83,843
General and administrative <sup>(2)</sup>	65,653	57,209	8,444	—	—	—
Transactions <sup>(3)</sup>	—	—	—	4,605	11,120	(6,515)
Other	53	1,115	(1,062)	10	145	(135)
Total operating expenses	\$661,170	\$615,066	\$46,104	\$444,874	\$297,923	\$146,951
Interest expense <sup>(4)</sup>	\$141,147	\$137,483	\$3,664	\$48,252	\$10,601	\$37,651

(1) Construction management expenses are included entirely in pre-stabilized properties as they are not allocable to stabilized properties.

(2) General and administrative expenses are included in stabilized properties as they are not allocable to specific properties.

(3) Transaction expenses are included entirely in pre-stabilized properties as they are not allocable to stabilized properties.

(4) Interest expense on our global revolving credit facility and unsecured term loan is allocated on a specific property basis.

Stabilized rental property operating and maintenance expenses increased approximately \$15.4 million in year ended December 31, 2013, compared to the same period in 2012 primarily as a result of a \$10.0 million non-cash straight-line rent expense adjustment related to our leasehold interest at 111 8th Avenue in New York recorded during the three months ended September 30, 2013.

Stabilized property taxes increased by approximately \$9.5 million in the year ended December 31, 2013, compared to the same period in 2012, primarily as a result of supplemental property taxes from prior tax years for certain properties in the stabilized portfolio recorded in 2013.

Stabilized depreciation and amortization expense increased approximately \$14.7 million in the year ended December 31, 2013, compared to the same period in 2012, principally because of depreciation of a development project that was placed into service during 2012.

General and administrative expenses increased by approximately \$8.4 million in the year ended December 31, 2013 compared to the same period in 2012 primarily due to the growth of our company, which resulted in more employees, additional incentive compensation, and higher professional fees and marketing expenses.

Stabilized interest expense increased approximately \$3.7 million for the year ended December 31, 2013, as compared to the same period in 2012 primarily as a result of the issuance of our 2022 Notes (September 2012) and the closing on our unsecured term loan (August 2012) offset by lower mortgage loan interest due to lower average outstanding mortgage loan balances during 2013 compared to 2012 primarily due to the repayment of the following mortgage loans: Clonshaugh Industrial Estate II (June 2013), 1500 Space Park Drive (July 2013), Paul van Vlissingenstraat 16 (July 2013), Chemin de l'Épinglier 2 (July 2013), Mundells Roundabout (October 2013), Gyrocoopweg 2E-2F (October 2013) and 360 Spear Street (November 2013).

Pre-stabilized rental property operating and maintenance expenses increased by approximately \$60.0 million in the year ended December 31, 2013, compared to the same period in 2012 primarily as a result of development projects

being placed into service leading to higher utility expense in 2013.

Pre-stabilized property tax expense increased approximately \$11.4 million in the year ended December 31, 2013, compared to the same period in 2012, principally because of re-assessments on certain properties in 2013.

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Pre-stabilized depreciation and amortization expense increased approximately \$83.8 million in the year ended December 31, 2013, compared to the same period in 2012, principally because of depreciation of development projects that were placed into service in late 2012 and during 2013.

Pre-stabilized interest expense increased approximately \$37.7 million for the year ended December 31, 2013, as compared to the same period in 2012 primarily as a result of interest expense on our 2025 Notes, which were issued in January 2013.

Transactions expense decreased by approximately \$6.5 million in the year ended December 31, 2013 compared to the same period in 2012, principally because of expenses related to the acquisitions of the Sentrum Portfolio and Paris Portfolio in 2012.

**Impairment of Investments in Real Estate**

We are currently in the process of identifying certain non-core investment properties we intend to sell as part of our capital recycling strategy. Our capital recycling program is designed to identify non-strategic and underperforming assets that can be sold to generate proceeds that will support the funding of our core investment activity. We expect our capital recycling initiative will likewise have a meaningfully positive impact on overall return on invested capital. During this process, we are evaluating the carrying value of certain investment properties identified for potential sale to ensure the carrying value is recoverable in light of a potentially shorter holding period. As a result of our evaluation, during the year ended December 31, 2014, we recognized \$126.5 million of impairment losses on five properties located in the Midwest, Northeast and West regions. As of December 31, 2014, these properties do not meet the criteria to be classified as held for sale.

**Gain on Sale of Property**

During the year ended December 31, 2014, we recognized a gain on sale of property of \$15.9 million, related to the disposition of 6 Braham Street, which sold for £25.0 million (or approximately \$41.5 million based on the exchange rate as of April 7, 2014, the date of sale).

**Gain on Contribution of Properties to Unconsolidated Joint Ventures**

During the year ended December 31, 2014, we recognized gains of \$95.4 million, respectively, related to the contribution of two properties to two unconsolidated joint ventures. We received net proceeds of approximately \$178.9 million in connection with these two transactions and retained a 20% interest in each of the joint ventures. During the year ended December 31, 2013, we recognized a gain of \$115.6 million related to the contribution of nine properties to an unconsolidated joint venture. We received net proceeds of approximately \$328.6 million in connection with this transaction and retained a 20% interest in the joint venture.

**Liquidity and Capital Resources of the Parent Company**

In this “Liquidity and Capital Resources of the Parent Company” section and in the “Liquidity and Capital Resources of the Operating Partnership” section below, the term, our “parent company”, refers to Digital Realty Trust, Inc. on an unconsolidated basis, excluding our operating partnership.

**Analysis of Liquidity and Capital Resources**

Our parent company’s business is operated primarily through our operating partnership of which our parent company is the sole general partner and which it consolidates for financial reporting purposes. Because our parent company operates on a consolidated basis with our operating partnership, the section entitled “Liquidity and Capital Resources of the Operating Partnership” should be read in conjunction with this section to understand the liquidity and capital resources of our parent company on a consolidated basis and how our company is operated as a whole.

Our parent company issues public equity from time to time, but does not otherwise generate any capital itself or conduct any business itself, other than incurring certain expenses in operating as a public company which are fully reimbursed by the operating partnership. Our parent company itself does not hold any indebtedness other than

guarantees of the indebtedness of

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our operating partnership and certain of its subsidiaries, and its only material asset is its ownership of partnership interests of our operating partnership. Therefore, the consolidated assets and liabilities and the consolidated revenues and expenses of our parent company and our operating partnership are the same on their respective financial statements, except for immaterial differences related to cash, other assets and accrued liabilities that arise from public company expenses paid by our parent company. However, all debt is held directly or indirectly at the operating partnership level. Our parent company's principal funding requirement is the payment of dividends on its common and preferred shares. Our parent company's principal source of funding for its dividend payments is distributions it receives from our operating partnership.

As the sole general partner of our operating partnership, our parent company has the full, exclusive and complete responsibility for our operating partnership's day-to-day management and control. Our parent company causes our operating partnership to distribute such portion of its available cash as our parent company may in its discretion determine, in the manner provided in our operating partnership's partnership agreement. Our parent company receives proceeds from its equity issuances from time to time, but is generally required by our operating partnership's partnership agreement to contribute the proceeds from its equity issuances to our operating partnership in exchange for partnership units of our operating partnership.

Our parent company is a well-known seasoned issuer with an effective shelf registration statement filed on April 23, 2012 that allows our parent company to register an unspecified amount of various classes of equity securities. As circumstances warrant, our parent company may issue equity from time to time on an opportunistic basis, dependent upon market conditions and available pricing. Any proceeds from such equity issuances would be generally contributed to our operating partnership in exchange for additional equity interests in our operating partnership. Our operating partnership may use the proceeds to acquire additional properties, to fund development opportunities and for general working capital purposes, including potentially for the repurchase, redemption or retirement of outstanding debt or equity securities.

The liquidity of our parent company is dependent on our operating partnership's ability to make sufficient distributions to our parent company. The primary cash requirement of our parent company is its payment of dividends to its stockholders. Our parent company also guarantees our operating partnership's, as well as certain of its subsidiaries', unsecured debt. If our operating partnership or such subsidiaries fail to fulfill their debt requirements, which trigger parent company guarantee obligations, then our parent company will be required to fulfill its cash payment commitments under such guarantees. However, our parent company's only asset is its investment in our operating partnership.

We believe our operating partnership's sources of working capital, specifically its cash flow from operations, and funds available under its global revolving credit facility are adequate for it to make its distribution payments to our parent company and, in turn, for our parent company to make its dividend payments to its stockholders. However, we cannot assure you that our operating partnership's sources of capital will continue to be available at all or in amounts sufficient to meet its needs, including making distribution payments to our parent company. The lack of availability of capital could adversely affect our operating partnership's ability to pay its distributions to our parent company, which would in turn, adversely affect our parent company's ability to pay cash dividends to its stockholders.

Digital Realty Trust, Inc. entered into equity distribution agreements in June 2011, which we refer to as the 2011 Equity Distribution Agreements, with each of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc. and Morgan Stanley & Co. LLC, or the Agents, under which it can issue and sell shares of its common stock having an aggregate offering price of up to \$400.0 million from time to time through, at its discretion, any of the Agents as its sales agents. The sales of common stock made under the 2011 Equity Distribution Agreements will be made in "at the market" offerings as defined in Rule 415 of the Securities Act. To date, Digital Realty Trust, Inc. has generated net proceeds of approximately \$342.7 million from the issuance of approximately 5.7 million common shares under the 2011 Equity Distribution Agreements at an average price of \$60.35 per share after payment of approximately \$3.5 million of commissions to the sales agents and before offering expenses. No sales were made under the program during the years ended

December 31, 2014 and 2013. As of December 31, 2014, shares of common stock having an aggregate offering price of \$53.8 million remained available for offer and sale under the program.

On March 26, 2014 and April 7, 2014, our parent company issued an aggregate of 14.6 million shares of its 7.375% Series H Cumulative Redeemable Preferred Stock for total net proceeds, after underwriting discounts and estimated offering expenses, of \$353.3 million, including the proceeds from the partial exercise of the underwriters' over-allotment option. We used the net proceeds from the offerings to temporarily repay borrowings under our global revolving credit facility.

On April 1, 2014, Digital Stout Holding, LLC, a wholly owned subsidiary of Digital Realty Trust, L.P, issued £300.0 million (or approximately \$498.9 million based on the April 1, 2014 exchange rate of £1.00 to \$1.66) aggregate principal amount of its 4.750% Guaranteed Notes due 2023, or the 2023 notes. The 2023 notes are senior unsecured obligations of Digital Stout Holding, LLC and are fully and unconditionally guaranteed by Digital Realty Trust, Inc. and Digital Realty Trust, L.P. Interest on the 2023 notes is payable semiannually in arrears at a rate of 4.750% per annum. The 2023 notes will mature on



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October 13, 2023. We used the net proceeds from the offering of the 2023 notes to temporarily repay borrowings under our global revolving credit facility.

On April 18, 2014, the Operating Partnership redeemed for cash approximately \$5.2 million in aggregate principal amount of the 2029 Debentures pursuant to its option under the indenture governing the 2029 Debentures at a price equal to 100% of the principal amount plus accrued and unpaid interest thereon up to April 18, 2014. In connection with the redemption, the holders of approximately \$261.2 million in aggregate principal amount of the 2029 Debentures exchanged such 2029 Debentures for an aggregate of 6,734,938 restricted shares of Digital Realty Trust, Inc. common stock pursuant to the terms of the indenture governing the 2029 Debentures.

On July 11, 2014, we issued an aggregate of 134,974 restricted shares of common stock of Digital Realty Trust, Inc. in exchange for approximately \$5.2 million in cash to certain previous holders of the 2029 Debentures. The holders had the right to exchange the 2029 Debentures for shares of Digital Realty Trust, Inc. common stock, but inadvertently failed to exercise such rights. As a result, the 2029 Debentures were redeemed by the operating partnership for cash. We agreed to issue the restricted shares of the common stock to the holders in exchange for the redemption payment that they received in the original redemption, effectively putting such holders in the same place as if they had originally exercised their rights to exchange their 2029 Debentures for the shares of Digital Realty Trust, Inc. common stock.

Future Uses of Cash

Our parent company may from time to time seek to retire, redeem or repurchase its equity or the debt securities of our operating partnership through cash purchases and/or exchanges for equity securities in open market purchases, privately negotiated transactions or otherwise. Such repurchases, redemptions or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions or other factors. The amounts involved may be material.

We are also subject to the commitments discussed below under “Dividends and Distributions.”

Dividends and Distributions

Our parent company is required to distribute 90% of its taxable income (excluding capital gains) on an annual basis in order for it to continue to qualify as a REIT for federal income tax purposes. Accordingly, our parent company intends to make, but is not contractually bound to make, regular quarterly distributions to its common stockholders from cash flow from our operating partnership’s operating activities. While historically our parent company has satisfied this distribution requirement by making cash distributions to its stockholders, it may choose to satisfy this requirement by making distributions of cash or other property. All such distributions are at the discretion of our parent company’s board of directors. Our parent company considers market factors and our operating partnership’s performance in addition to REIT requirements in determining distribution levels. Our parent company has distributed at least 100% of its taxable income annually since inception to minimize corporate level federal income taxes. Amounts accumulated for distribution to stockholders are invested primarily in interest-bearing accounts and short-term interest-bearing securities, which are consistent with our intention to maintain our parent company’s status as a REIT.

As a result of this distribution requirement, our operating partnership cannot rely on retained earnings to fund its on-going operations to the same extent that other companies whose parent companies are not REITs can. Our parent company may need to continue to raise capital in the debt and equity markets to fund our operating partnership’s working capital needs, as well as potential developments at new or existing properties, acquisitions or investments in existing or newly created joint ventures. In addition, our parent company may be required to use borrowings under our operating partnership’s global revolving credit facility, if necessary, to meet REIT distribution requirements and maintain our parent company’s REIT status.

Our parent company has declared the following dividends on its common and preferred stock for the years ended December 31, 2014, 2013 and 2012 (in thousands):



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Date dividend declared	Dividend payable date	Series C Preferred Stock	Series D Preferred Stock	Series E Preferred Stock	Series F Preferred Stock	Series G Preferred Stock	Series H Preferred Stock	Common Stock
February 14, 2012	March 30, 2012	\$1,402	\$2,398	\$5,031	\$—	\$—	\$—	\$78,335 <sup>(1)</sup>
April 23, 2012	June 29, 2012	—	(2)2,394	5,031	2,888	(3)—	—	80,478 <sup>(1)</sup>
July 19, 2012	September 28, 2012	—	1,723	5,031	3,023	—	—	89,679 <sup>(1)</sup>
October 30, 2012	December 31, 2012 for Series D, E and F Preferred Stock; January 15, 2013 for Common Stock	—	1,697	5,031	3,023	—	—	90,582 <sup>(1)</sup>
February 12, 2013	March 29, 2013	\$1,402	\$8,212	\$20,124	\$8,934	\$—	\$—	\$339,074
May 1, 2013	June 28, 2013	\$—	\$—	(4)\$5,031	\$3,023	\$—	\$—	\$100,165 <sup>(5)</sup>
July 23, 2013	September 30, 2013	—	—	5,031	3,023	3,345	(6)—	100,169 <sup>(5)</sup>
October 23, 2013	December 31, 2013 for Series E, F and G Preferred Stock; January 15, 2014 for Common Stock	—	—	5,031	3,023	3,672	—	100,180 <sup>(5)</sup>
February 11, 2014	March 31, 2014	\$—	\$—	\$20,124	\$12,092	\$10,689	\$—	\$400,701
April 29, 2014	June 30, 2014	\$—	\$—	\$5,031	\$3,023	\$3,672	\$—	\$106,743 <sup>(7)</sup>
July 21, 2014	September 30, 2014	—	—	5,031	3,023	3,672	7,104	(8)112,357 <sup>(7)</sup>
November 4, 2014	December 31, 2014 for Series E, F, G and H Preferred Stock; January 15,	—	—	5,031	3,023	3,672	6,730	112,465 <sup>(7)</sup>
							6,730	112,538 <sup>(7)</sup>

2015 for Common Stock	\$—	\$—	\$20,124	\$12,092	\$14,688	\$20,564	\$444,103
Annual rate of dividend per share	\$1.09400	\$1.37500	\$1.75000	\$1.65625	\$1.46875	\$1.84375	

(1) \$2.920 annual rate of dividend per share.

Effective April 17, 2012, our parent company converted all outstanding shares of its series C preferred stock into (2) shares of its common stock in accordance with the terms of the series C preferred stock. Each share of series C preferred stock was converted into 0.5480 share of our parent company's common stock.

(3) Represents a pro rata dividend from and including the original issue date to and including June 30, 2012.

Effective February 26, 2013, our parent company converted all outstanding shares of its series D preferred stock (4) into shares of its of common stock in accordance with the terms of the series D preferred stock. Each share of series D preferred stock was converted into 0.6360 share of our parent company's common stock.

(5) \$3.120 annual rate of dividend per share.

(6) Represents a pro rata dividend from and including the original issue date to and including June 30, 2013.

(7) \$3.320 annual rate of dividend per share.

(8) Represents a pro rata dividend from and including the original issue date to and including June 30, 2014.

Distributions out of our parent company's current or accumulated earnings and profits are generally classified as ordinary income whereas distributions in excess of our company's current and accumulated earnings and profits, to the extent of a stockholder's U.S. federal income tax basis in our parent company's stock, are generally classified as a return of capital. Distributions in excess of a stockholder's U.S. federal income tax basis in our parent company's stock are generally characterized as capital gain. Cash provided by operating activities has been generally sufficient to fund distributions on an annual basis, however, we may also need to utilize borrowings under the global revolving credit facility to fund distributions.

The expected tax treatment of distributions paid on our parent company's common and preferred stock paid in 2014 is as follows: approximately 82% ordinary income and 18% capital gain distribution. The tax treatment of distributions paid on our parent company's common and preferred stock paid in 2013 was as follows: approximately 75% ordinary income and 25% capital gain distribution. The tax treatment of distributions paid on our parent company's common stock paid in 2012 was as follows: approximately 91% ordinary income, 8% return of capital and 1% capital gain distribution. The tax treatment of distributions paid on our parent company's preferred stock paid in 2012 was as follows: approximately 99% ordinary income and 1% capital gain distribution.

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Liquidity and Capital Resources of the Operating Partnership

In this “Liquidity and Capital Resources of the Operating Partnership” section, the terms “we”, “our” and “us” refer to our operating partnership together with its consolidated subsidiaries or our operating partnership and our parent company together with their consolidated subsidiaries, as the context requires.

Analysis of Liquidity and Capital Resources

Our parent company is our sole general partner and consolidates our results of operations for financial reporting purposes. Because we operate on a consolidated basis with our parent company, the section entitled “Liquidity and Capital Resources of the Parent Company” should be read in conjunction with this section to understand our liquidity and capital resources on a consolidated basis.

As of December 31, 2014, we had \$41.3 million of cash and cash equivalents, excluding \$11.6 million of restricted cash. Restricted cash primarily consists of interest-bearing cash deposits required by the terms of several of our mortgage loans for a variety of purposes, including real estate taxes, insurance, anticipated or contractually obligated tenant improvements, as well as capital expenditures.

Our short-term liquidity requirements primarily consist of operating expenses, development costs and other expenditures associated with our properties, distributions to our parent company in order for it to make dividend payments on its preferred stock, distributions to our parent company in order for it to make dividend payments to its stockholders required to maintain its REIT status, distributions to the unitholders in our operating partnership, capital expenditures, debt service on our loans and, potentially, acquisitions. We expect to meet our short-term liquidity requirements through net cash provided by operations, restricted cash accounts established for certain future payments and by drawing upon our global revolving credit facility.

On August 15, 2013, we refinanced our global revolving credit facility, increasing the total borrowing capacity to \$2.0 billion from \$1.8 billion. The global revolving credit facility has an accordion feature that would enable us to increase the borrowing capacity of the credit facility to \$2.55 billion, subject to the receipt of lender commitments and other conditions precedent. The refinanced facility matures on November 3, 2017, with two six-month extension options available. The interest rate for borrowings under the expanded facility equals the applicable index plus a margin which is based on the credit ratings of our long-term debt and is currently 110 basis points. An annual facility fee on the total commitment amount of the facility, based on the credit rating of our long-term debt and currently 20 basis points, is payable quarterly. Funds may be drawn in U.S., Canadian, Singapore, Australian and Hong Kong dollars, as well as Euro, British pound sterling, Swiss franc, Japanese yen and Mexican peso denominations. As of December 31, 2014, borrowings under the global revolving credit facility bore interest at an overall blended rate of 1.84% comprised of 1.27% (U.S. dollars), 1.61% (British pound sterling), 1.13% (Euros), 3.74% (Australian dollars), 1.34% (Hong Kong dollars), 1.17% (Japanese yen), 1.64% (Singapore dollars) and 2.39% (Canadian dollars). The interest rates are based on 1-month LIBOR, 1-month EURIBOR, 1-month BBR, 1-month HIBOR, 1-month JPY LIBOR, 1-month SIDOR and 1-month CDOR, respectively, plus a margin of 1.10%. The facility also bore a base borrowing rate of 3.35% (USD) which is based on U.S. Prime Rate plus a margin of 0.10%. We have used and intend to use borrowings under the global revolving credit facility to acquire additional properties, fund development opportunities and to provide for working capital and other corporate purposes, including potentially for the repurchase, redemption or retirement of outstanding debt or equity securities. As of December 31, 2014, we have capitalized approximately \$18.0 million of financing costs related to the global revolving credit facility. As of December 31, 2014, approximately \$526.0 million was drawn under this facility and \$9.3 million of letters of credit were issued, leaving approximately \$1.4 billion available for use.

On August 15, 2013, we refinanced the senior unsecured multi-currency term loan facility, increasing its total borrowing capacity to \$1.0 billion from \$750.0 million. Pursuant to the accordion feature, total commitments can be increased to \$1.1 billion, subject to the receipt of lender commitments and other conditions precedent. The facility matures on April 16, 2017, with two six-month extension options available. Interest rates are based on our senior unsecured debt ratings and are currently 120 basis points over the applicable index for floating rate advances. Funds may be drawn in U.S, Singapore and Australian dollars, as well as Euro and British pound sterling denominations with

the option to add Hong Kong dollars and Japanese yen upon an accordion exercise. Based on exchange rates in effect at December 31, 2014, the balance outstanding is approximately \$1.0 billion. We have used borrowings under the term loan for acquisitions, repayment of indebtedness, development, working capital and general corporate purposes. The covenants under the term loan facility are consistent with our global revolving credit facility and, as of December 31, 2014, we were in compliance with all of such covenants. As of December 31, 2014, we have capitalized approximately \$8.4 million of financing costs related to the unsecured term loan.

For a discussion of the potential impact of current global economic and market conditions on our liquidity and capital resources, see “—Factors Which May Influence Future Results of Operations—Global market and economic conditions” above.

Our parent company entered into equity distribution agreements in June 2011, which is discussed under “Liquidity and Capital Resources of the Parent Company” above. To date, our parent company has generated net proceeds of approximately \$342.7

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million from the issuance of approximately 5.7 million shares of common stock under the 2011 Equity Distribution Agreements at an average price of \$60.35 per share after payment of approximately \$3.5 million of commissions to the sales agents before offering expenses. The proceeds from the issuances were contributed to us in exchange for the issuance of approximately 5.7 million common units to our parent company. No sales were made under the program during the years ended December 31, 2014 and 2013. As of December 31, 2014, shares of common stock having an aggregate offering price of \$53.8 million remained available for offer and sale under the program.

On March 5, 2014, we contributed the 636 Pierce Street property, which we acquired in December 2013, to our unconsolidated joint venture with a fund managed by Prudential Real Estate Investors (PREI®) that was formed in September 2013. The property was valued at approximately \$40.4 million and subject to \$26.1 million in debt, which the joint venture assumed. The PREI® fund contributed approximately \$11.4 million in cash for their 80% share of the net asset value of \$14.3 million. Subsequent to the closing, the joint venture refinanced the existing debt with \$23.0 million drawn from the joint venture's bank facility. Including the refinance costs, the PREI® fund contributed \$17.5 million for the 636 Pierce Street property, bringing their contributed capital in the joint venture to \$164.8 million. We recognized a gain of approximately \$1.9 million on the sale of the 80% interest during the three months ended March 31, 2014.

On April 7, 2014, the Operating Partnership sold 6 Braham Street to the tenant pursuant to a sale of the ownership interests in the Operating Partnership's wholly owned subsidiary that owned the building for £25.0 million (or approximately \$41.5 million based on the exchange rate as of April 7, 2014). The transaction after costs and various tenant prepayments resulted in net proceeds of approximately £22.6 million (or approximately \$37.5 million based on the exchange rate as of April 7, 2014) and a net gain of approximately \$15.9 million.

On September 9, 2014, we formed a joint venture with an affiliate of Griffin Capital Essential Asset REIT, Inc. (GCEAR). We contributed to the joint venture the property located at 43915 Devin Shafron Drive (Building A) in Ashburn, Virginia, which is a Turn-Key Flex® data center property valued at approximately \$185.5 million (excluding approximately \$2.1 million of closing costs). GCEAR contributed cash to the joint venture and will hold an 80% interest in the joint venture. We retained a 20% interest in the joint venture. The joint venture arranged a \$102.0 million five-year secured bank loan at LIBOR plus 225 basis points, representing a loan-to-value ratio of approximately 55%. The joint venture entered into an interest rate swap agreement to effectively fix the interest rate on approximately \$51.0 million of borrowings under the loan through September 2019. Two one-year extensions of the maturity date are available under the loan agreement, which the joint venture may exercise if certain conditions are met. Proceeds from this loan offset the initial cash capital contribution amount required from GCEAR and was used to provide us with a special distribution on account of a portion of the contribution value of the property. The transaction generated approximately \$167.5 million of net proceeds to us, comprised of our share of the initial draw-down on the bank loan in addition to GCEAR's equity contribution, less our share of closing costs. Accordingly we recognized a gain of approximately \$93.5 million on the sale of the 80% interest in the joint venture during the year ended December 31, 2014.

On October 17, 2014, we closed on the sale of our \$17.1 million investment in a developer of data centers in the Southwestern U.S. and Mexico, generating net proceeds of approximately \$31.7 million. We recognized a gain on sale of approximately \$14.6 million.

The growing acceptance by private institutional investors of the data center asset class has generally pushed capitalization rates lower; as such private investors typically have lower return expectations than we do. As a result, we anticipate that near-term acquisitions activity will comprise a smaller percentage of our growth until seller price expectations realign with our return requirements.

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## Construction (\$ in thousands)

	As of December 31, 2014				As of December 31, 2013			
	Net Rentable Square Feet	Current Investment (2)	Future Investment (3)	Total Investment	Net Rentable Square Feet	Current Investment (2)	Future Investment (3)	Total Investment
Development Lifecycle								
Land Inventory (1)		\$ 145,607	\$—	\$ 145,607		\$ 106,327	\$—	\$ 106,327
Development CIP								
Space Held for Development	1,174,957	\$ 245,985	\$—	\$ 245,985	1,331,685	\$ 340,076	\$—	\$ 340,076
Base Building Construction	688,517	147,126	69,438	216,564	1,062,647	207,568	120,808	328,376
Datacenter Construction	616,336	365,837	348,997	714,834	697,034	269,669	373,560	643,229
Equipment Pool & Other Inventory		21,623	—	21,623		26,361	—	26,361
Campus, Tenant Improvements & Other		28,835	7,998	36,833		33,129	10,719	43,848
Total Development CIP	2,479,810	\$ 809,406	\$ 426,433	\$ 1,235,839	3,091,366	\$ 876,803	\$ 505,087	\$ 1,381,890
Enhancement & Other		\$ 50,305	\$ 42,180	\$ 92,485		\$ 60,619	\$ 37,594	\$ 98,213
Non-recurring								
Recurring		9,844	27,147	36,991		9,482	7,036	16,518
Total Construction in Progress		\$ 1,015,162	\$ 495,760	\$ 1,510,922		\$ 1,053,231	\$ 549,717	\$ 1,602,948

(1) Represents approximately 178 acres as of December 31, 2014 and approximately 154 acres as of December 31, 2013.

(2) Represents balances incurred through December 31, 2014.

(3) Represents estimated cost to complete specific scope of work pursuant to contract, budget or approved capital plan.

(4) Represents balances incurred through December 31, 2013.

Land inventory and space held for development reflect cumulative cost spent pending future development. Base building construction consists of ongoing improvements to building infrastructure in preparation for future datacenter fit-out. Datacenter construction includes 0.6 million square feet of Turn Key Flex®, Powered Base Building®, and Custom Solutions product with a cost to date of approximately \$370.0 million. Generally, we expect to deliver the space within 12 months; however, lease commencement dates may significantly impact final delivery schedules. Equipment pool and other inventory represent the value of long-lead equipment and materials required for timely deployment and delivery of datacenter construction fit-out. Campus, tenant improvements and other costs include the value of development work which benefits space recently converted to our operating portfolio and is composed primarily of shared infrastructure projects and first generation tenant improvements.



In May 2013, we received insurance settlement proceeds of approximately \$8.6 million related to disputed construction costs, a portion of which has been recorded as a gain on settlement in our consolidated income statement included elsewhere in this report.

#### Future Uses of Cash

Our properties require periodic investments of capital for tenant-related capital expenditures and for general capital improvements. As of December 31, 2014, we had approximately 1.3 million square feet of space under active development and approximately 1.2 million square feet of space held for future development and we also owned approximately 0.6 million net rentable square feet of datacenter space with extensive installed tenant improvements. Turn-Key Flex® space is move-in-ready space for the placement of computer and network equipment required to provide a datacenter environment. Depending on demand for additional Turn-Key Flex® space, we expect to incur significant tenant improvement costs to build out and develop these types of spaces. At December 31, 2014, the approximate 1.3 million square feet of space under active development was under construction for Turn-Key Flex®, Powered Base Building® and Custom Solutions (formerly referred to as Build-to-Suit) products, all of which are expected to be income producing on or after completion, in five U.S. domestic markets, one European market, one Canadian market, two Australian markets and our Singapore market, consisting of approximately 0.7 million square feet of base building construction and 0.6 million square feet of data center construction. At December 31, 2014, we had commitments under construction contracts for approximately \$156.5 million. We currently expect to incur approximately \$750.0 million to \$850.0 million of capital expenditures for our development programs during the year ending December 31,

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2015, although this amount may increase or decrease, potentially materially, based on numerous factors, including changes in demand, leasing results and availability of debt or equity capital.

## Historical Capital Expenditures

	Year Ended December 31,	
	2014	2013
Development projects	\$687,203	\$926,515
Enhancement and other non-recurring capital expenditures	65,043	111,502
Recurring capital expenditures	52,561	53,209
Total capital expenditures (excluding indirect)	\$804,807	\$1,091,226

For the year ended December 31, 2014, total capital expenditures decreased \$286.4 million to approximately \$804.8 million from \$1,091.2 million for the same period in 2013. Capital expenditures on our development projects plus our enhancement and improvements projects for the year ended December 31, 2014 were approximately \$752.2 million, which reflects a decrease of approximately 28% from the same period in 2013. This decrease was primarily due to completion of and decreased spending for ground-up Custom Solutions projects, Turn-Key Flex and base building improvements. Our development capital expenditures are generally funded by our available cash and equity and debt capital.

Indirect costs, including capitalized interest, capitalized in the years ended December 31, 2014 and 2013 were \$70.5 million and \$64.7 million, respectively. Capitalized interest comprised approximately \$20.4 million and \$26.3 million, respectively, of the total indirect costs capitalized for the years ended December 31, 2014 and 2013. Capitalized interest in the year ended December 31, 2014 decreased compared to the same period in 2013 due to a reduction in qualifying activities. Excluding capitalized interest, the increase in indirect costs in the year ended December 31, 2014 compared to the same period in 2013 was primarily due to capitalized amounts relating to compensation expense of employees directly engaged in construction and leasing activities. See “—Future Uses of Cash” above for a discussion of the amount of capital expenditures we expect to incur during the year ending December 31, 2015.

The environmental cleanup work required at the 47700 Kato Road and 1055 Page Avenue property resulting from a prior tenant’s activities has been completed. The prior tenant of these buildings completed most of the remaining required environmental cleanup work. We intend to seek recovery of past costs incurred for previous environmental cleanup work, as well as other damages. We cannot at this time estimate the likelihood of recovery or the impact on our financial condition and results of operations, however, the amounts are not expected to be material.

We are also subject to the commitments discussed below under “Commitments and Contingencies,” “Off-Balance Sheet Arrangements” and “Distributions.”

We actively pursue opportunities for potential acquisitions, with due diligence and negotiations often at different stages at different times. The dollar value of acquisitions for the year ending December 31, 2015 will be based on numerous factors, including tenant demand, leasing results, availability of debt or equity capital and acquisition opportunities.

We may from time to time seek to retire or repurchase our outstanding debt or the equity of our parent company through cash purchases and/or exchanges for equity securities of our parent company in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions or other factors. The amounts involved may be material.

We expect to meet our short- and long-term liquidity requirements, including to pay for scheduled debt maturities and to fund property acquisitions and non-recurring capital improvements, with net cash from operations, future long-term secured and unsecured indebtedness and the issuance of equity and debt securities and the proceeds of equity issuances by our parent company. We also may fund future short- and long-term liquidity requirements, including property acquisitions and non-recurring capital improvements using our global revolving credit facility pending

permanent financing. If we are not able to obtain additional financing on terms attractive to us, or at all, including as a result of the circumstances described above under “Factors Which May Influence Future Results of Operations—Global market and economic conditions”, we may be required to reduce our acquisition or capital expenditure plans, which could have a material adverse effect upon our business and results of operations.

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## Properties Acquired During 2014

On September 16, 2014, we completed the acquisition of an approximate 13 acre vacant land parcel in the London metropolitan area for a purchase price of approximately of £14.1 million (equivalent to approximately \$23.0 million based on the September 16, 2014 exchange rate of £1.00 to \$1.63). The acquisition was financed with borrowings under our global revolving credit facility.

## Distributions

All distributions on our units are at the discretion of our parent company's board of directors. In 2014, 2013 and 2012, our operating partnership declared the following distributions (in thousands):

Date distribution declared	Distribution payable date	Series C Preferred Units	Series D Preferred Units	Series E Preferred Units	Series F Preferred Units	Series G Preferred Units	Series H Preferred Units	Common Units
February 14, 2012	March 30, 2012	\$1,402	\$2,398	\$5,031	\$—	\$—	\$—	\$81,917 <sup>(1)</sup>
April 23, 2012	June 29, 2012	—	<sup>(2)</sup> 2,394	5,031	2,888	<sup>(3)</sup> —	—	83,982 <sup>(1)</sup>
July 19, 2012	September 28, 2012	—	1,723	5,031	3,023	—	—	93,076 <sup>(1)</sup>
October 30, 2012	December 31, 2012 for Series D, E and F Preferred Units; January 15, 2013 for Common Units	—	1,697	5,031	3,023	—	—	93,434 <sup>(1)</sup>
February 12, 2013	March 29, 2013	\$1,402	\$8,212	\$20,124	\$8,934	\$—	\$—	\$352,409
May 1, 2013	June 28, 2013	\$—	\$—	<sup>(4)</sup> 5,031	\$3,023	\$—	\$—	\$102,506 <sup>(5)</sup>
July 23, 2013	September 30, 2013	—	—	5,031	3,023	3,345	<sup>(6)</sup> —	102,507 <sup>(5)</sup>
October 23, 2013	December 31, 2013 for Series E, F and G Preferred Units; January 15, 2014 for Common Units	—	—	5,031	3,023	3,672	—	102,509 <sup>(5)</sup>
February 11, 2014	March 31, 2014	\$—	\$—	\$20,124	\$12,092	\$10,689	\$—	\$410,028
April 29, 2014	June 30, 2014	\$—	\$—	\$5,031	\$3,023	\$3,672	\$—	\$109,378 <sup>(7)</sup>
		—	—	5,031	3,023	3,672	7,104	<sup>(8)</sup> 115,008 <sup>(7)</sup>

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July 21, 2014	September 30, 2014	—	—	5,031	3,023	3,672	6,730	115,012 <sup>(7)</sup>
	December 31, 2014 for Series E, F, G and H Preferred Units;							
November 4, 2014	January 15, 2015 for Common Units	—	—	5,031	3,023	3,672	6,730	115,016 <sup>(7)</sup>
		\$—	\$—	\$20,124	\$12,092	\$14,688	\$20,564	\$454,414

(1) \$2.920 annual rate of distribution per unit.

Effective April 17, 2012, in connection with the conversion of the series C preferred stock by Digital Realty Trust, Inc., all of the outstanding series C preferred units were converted into common units in accordance with the terms

(2) of the series C preferred units. Each series C preferred unit was converted into 0.5480 common unit of our operating partnership.

(3) Represents a pro rata distribution from and including the original issue date to and including June 30, 2012.

Effective February 26, 2013, in connection with the conversion of the series D preferred stock by Digital Realty

(4) Trust, Inc., all of the outstanding series D preferred units were converted into common units in accordance with the terms of the series D preferred units. Each series D preferred unit was converted into 0.6360 common unit of our operating partnership.

(5) \$3.120 annual rate of distribution per unit.

(6) Represents a pro rata distribution from and including the original issue date to and including June 30, 2013.

(7) \$3.320 annual rate of distribution per unit.

(8) Represents a pro rata distribution from and including the original issue date to and including June 30, 2014.

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Commitments and Contingencies

As part of the 29A International Business Park asset acquisition in 2010, the seller could earn additional consideration based on future net operating income growth in excess of certain performance targets, as defined in the agreements for the acquisition. As of December 31, 2014, certain leases executed subsequent to purchase have caused an amount to become probable of payment and therefore approximately \$12.6 million has been accrued in accounts payable and accrued liabilities and capitalized to buildings and improvements in the consolidated balance sheet as of December 31, 2014. The maximum amount that could be earned by the seller is \$50.0 million SGD (or approximately \$37.7 million based on the exchange rate as of December 31, 2014). The earnout contingency expires in November 2020.

One of the tenants at our Convergence Business Park property has an option to expand as part of their lease agreement, which expires in April 2017. As part of this option, development activities were not permitted on specifically identified expansion space within the property until April 2014. From April 2014 through April 2017, the tenant has the right of first refusal on any third party's bona fide offer to buy the adjacent land. If the tenant exercises their option, we may either construct and lease to the tenant an additional shell building on the expansion space at a stipulated rate of return on cost or sell the existing building and the expansion space to the tenant for a price of approximately \$24.0 million and \$225,000 per square acre, respectively, plus additional adjustments as provided in the lease.

As part of the acquisition of the Sentrum Portfolio, the seller could earn additional consideration based on future net returns on vacant space to be developed, but not currently leased, as defined in the purchase agreement for the acquisition. The initial estimate of fair value of the contingent consideration liability was approximately £56.5 million (or approximately \$87.6 million based on the exchange rate as of July 11, 2012, the acquisition date). We have adjusted the contingent consideration to fair value at each reporting date with changes in fair value recognized in operating income. At December 31, 2014, the fair value of the contingent consideration for Sentrum was £30.3 million (or approximately \$47.2 million based on the exchange rate as of December 31, 2014) and is currently accrued in accounts payable and other accrued expenses in the consolidated balance sheet. We made earnout payments of approximately £6.2 million (or approximately \$10.3 million based on the exchange rates as of the date of each payment) during the year ended December 31, 2014. During the year ended December 31, 2013, we made earnout payments of approximately £16.9 million (or approximately \$25.8 million based on the exchange rates as of the date of each payment). From the acquisition date through December 31, 2014, we have made earnout payments of approximately £23.1 million (or approximately \$36.1 million based on the exchange rates as of the date of each payment). The change in fair value of contingent consideration for Sentrum was recorded as a reduction to operating expense of approximately \$8.4 million, \$1.8 million and \$1.1 million for the years ended December 31, 2014, 2013 and 2012, respectively. The fair value of this liability will be reassessed on a quarterly basis, with any changes being recognized in earnings. Increases or decreases in the fair value of the liability can result from changes in discount periods, discount rates and probabilities that contingencies will be met. The earn-out contingency expires in July 2015.

During the year ended December 31, 2014, we rescinded the terms of a separation arrangement entered into with a former executive asserting that he has breached certain of his obligations and is no longer entitled to payment of previously accrued severance benefits, including cash payments and the vesting of certain equity awards. The former executive disputes our right to withhold his severance benefits and contends that he has not breached his obligations. In the latter portion of 2014, the former executive filed a demand for arbitration, which we challenged. We subsequently filed a complaint against the former executive for breach of contract and other claims. The former executive has asserted counterclaims against us for breach of contract and other claims. We cannot assure you of the outcome of this litigation. Should we prevail, however, some or all of the previously accrued severance cost may be reversed. We cannot estimate the potential expense recovery, if any, at this time.

As of December 31, 2014, we were a party to interest rate swap agreements which hedge variability in cash flows related the U.S. LIBOR and SGD-SOR based tranches of the unsecured term loan. Under these swaps, we pay variable-rate amounts in exchange for fixed-rate payments over the life of the agreements without exchange of the

underlying principal amounts. See Item 7A “Quantitative and Qualitative Disclosures about Market Risk.”

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The following table summarizes our debt, interest, lease and construction contract payments due by period as of December 31, 2014 (dollars in thousands):

Obligation	Total	2015	2016-2017	2018-2019	Thereafter
Long-term debt principal payments(1)	\$4,688,177	\$517,493	\$1,877,925	\$1,236	\$2,291,523
Interest payable(2)	954,061	175,649	282,765	220,151	275,496
Ground leases(3)	45,805	1,210	2,631	2,640	39,324
Operating leases	130,621	14,137	27,392	26,452	62,640
Construction contracts(4)	156,469	156,469	—	—	—
	\$5,975,133	\$864,958	\$2,190,713	\$250,479	\$2,668,983

(1) Includes \$526.0 million of borrowings under our global revolving credit facility and \$976.6 million of borrowings under our unsecured term loan, which are due to mature in November 2017 and April 2017, respectively, and excludes \$0.6 million of net loan premiums related to assumed mortgage loans, \$5.0 million discount on the 2020 Notes, \$0.1 million discount on the 2015 Notes, \$0.6 million discount on the 2021 Notes, \$3.2 million discount on the 2022 Notes, \$2.7 million on the 2023 Notes and \$4.1 million on the 2025 Notes.

(2) Interest payable is based on the interest rate in effect on December 31, 2014, including the effect of interest rate swaps. Interest payable excluding the effect of interest rate swaps is as follows (in thousands):

2015	\$172,389
2016-2017	278,552
2017-2018	220,151
Thereafter	275,496
	\$946,588

(3) This is comprised of ground lease payments on 2010 East Centennial Circle, Chemin de l'Épinglier 2, Clonshaugh Industrial Estate I and II, Paul van Vlissingenstraat 16, Gyrocoopweg 2E-2F, Manchester Technopark and 29A International Business Park. After February 2036, rent for the remaining term of the 2010 East Centennial Circle ground lease will be determined based on a fair market value appraisal of the asset and, as a result, is excluded from the above information. After December 2036, rent for the remaining term of the Naritaweg 52 ground lease will be determined based on a fair market value appraisal of the asset and, as a result, is excluded from the above information. The Chemin de l'Épinglier 2 ground lease which expires in July 2074 contains potential inflation increases which are not reflected in the table above. The Paul van Vlissingenstraat 16, Chemin de l'Épinglier 2, Gyrocoopweg 2E-2F and Clonshaugh Industrial Estate I and II amounts are translated at the December 31, 2014 exchange rate of \$1.21 to €1.00. The Manchester Technopark is translated at the December 31, 2014 exchange rate of \$1.56 to £1.00. The 29A International Business Park is translated at the December 31, 2014 exchange rate of \$0.75 to S\$1.00.

(4) From time to time in the normal course of our business, we enter into various construction contracts with third parties that may obligate us to make payments. At December 31, 2014, we had open commitments related to construction contracts of \$156.5 million.



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## Outstanding Consolidated Indebtedness

The table below summarizes our debt maturities and principal payments as of December 31, 2014 (in thousands):

	Global Revolving Credit Facility (1)	Unsecured Term Loan (1)	Prudential Shelf Facility (2)	Senior Notes	Mortgage Loans	Total Debt
2015	\$—	\$—	\$67,000	\$375,000	\$75,493	\$517,493
2016	—	—	25,000	—	191,979	216,979
2017	525,951	976,600	50,000	—	108,395	1,660,946
2018	—	—	—	—	593	593
2019	—	—	—	—	643	643
Thereafter	—	—	—	2,290,390	1,133	2,291,523
Subtotal	\$525,951	\$976,600	\$142,000	\$2,665,390	\$378,236	\$4,688,177
Unamortized discount	—	—	—	(15,632)	—	(15,632)
Unamortized premium	—	—	—	—	582	582
Total	\$525,951	\$976,600	\$142,000	\$2,649,758	\$378,818	\$4,673,127

Subject to two six-month extension options exercisable by us. The bank group is obligated to grant the extension (1) options provided we give proper notice, we make certain representations and warranties and no default exists under the global revolving credit facility and the unsecured term loan, as applicable.

On January 20, 2015, we repaid the \$50.0 million of 4.57% Series D unsecured notes under the Prudential shelf (2) facility at maturity. On February 3, 2015, we repaid the \$17.0 million of 4.50% Series F unsecured notes under the Prudential shelf facility at maturity.

The table below summarizes our debt, as of December 31, 2014 (in millions):

## Debt Summary:

Fixed rate	\$3,170.5	
Variable rate debt subject to interest rate swaps	553.9	
Total fixed rate debt (including interest rate swaps)	3,724.4	
Variable rate—unhedged	948.7	
Total	\$4,673.1	
Percent of Total Debt:		
Fixed rate (including swapped debt)	79.7	%
Variable rate	20.3	%
Total	100.0	%

## Total Interest Rate as of December 31, 2014 (1):

Fixed rate (including hedged variable rate debt)	4.51	%
Variable rate	1.93	%
Total interest rate	3.99	%

(1) Excludes impact of deferred financing cost amortization.

As of December 31, 2014, we had approximately \$4.7 billion of outstanding consolidated long-term debt as set forth in the table above. Our ratio of debt to total enterprise value was approximately 31% (based on the closing price of Digital Realty Trust, Inc.'s common stock on December 31, 2014 of \$66.30). For this purpose, our total enterprise value is defined as the sum of the market value of Digital Realty Trust, Inc.'s outstanding common stock (which may decrease, thereby increasing our debt to total enterprise value ratio), excluding options issued under our incentive

award plan, plus the liquidation value of Digital Realty Trust, Inc.'s preferred stock, plus the aggregate value of our operating partnership's units not held by Digital Realty Trust, Inc. (with the per unit value equal to the market value of one share of Digital Realty Trust, Inc.'s common stock and

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excluding long-term incentive units, Class C Units and Class D Units), plus the book value of our total consolidated indebtedness.

The variable rate debt shown above bears interest at interest rates based on various one-month LIBOR, EURIBOR, GBP LIBOR, SIBOR, BBR, HIBOR, JPY LIBOR, CDOR and U.S. Prime rates, depending on the respective agreement governing the debt, including our global revolving credit facility and unsecured term loan. As of December 31, 2014, our debt had a weighted average term to initial maturity of approximately 4.8 years (or approximately 5.1 years assuming exercise of extension options).

Off-Balance Sheet Arrangements

As of December 31, 2014, we were party to interest rate swap agreements related to \$553.9 million of outstanding principal on our variable rate debt. See Item 7A “Quantitative and Qualitative Disclosures about Market Risk.”

As of December 31, 2014, our pro-rata share of mortgage debt of unconsolidated joint ventures was approximately \$137.8 million, of which \$54.5 million is subject to interest rate swap agreements.

Cash Flows

The following summary discussion of our cash flows is based on the consolidated statements of cash flows and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below.

Comparison of Year Ended December 31, 2014 to Year Ended December 31, 2013 and Comparison of Year Ended December 31, 2013 to Year Ended December 31, 2012

The following table shows cash flows and ending cash and cash equivalent balances for the years ended December 31, 2014, 2013 and 2012 (in thousands).

	Year Ended December 31,		
	2014	2013	2012
Net cash provided by operating activities	\$655,888	\$656,390	\$542,948
Net cash used in investing activities	(644,180 )	(1,060,609 )	(2,475,933 )
Net cash (used in) provided by financing activities	(27,195 )	404,746	1,948,635
Net (decrease) increase in cash and cash equivalents	\$(15,487 )	\$527	\$15,650

Cash provided by operating activities were consistent from 2014 to 2013 and increased in 2013 from 2012. The 2013 increase was due to increased revenues from new leasing at our same store properties, completed and leased development space and our acquisition of new operating properties which was partially offset by increased operating and interest expenses. We acquired 0, 7 and 15 properties during the years ended December 31, 2014, 2013 and 2012, respectively.

Net cash used in investing activities decreased for 2014, as we had a decrease in cash paid for capital expenditures for the year ended December 31, 2014 (\$852.4 million) as compared to the same period in 2013 (\$1,189.5 million), along with a decrease in cash paid for acquisitions for the year ended December 31, 2014 (\$24.3 million) as compared to in the same period in 2013 (\$170.3 million).

Net cash used in investing activities decreased in 2013 as compared to 2012, as we had a decrease in cash paid for acquisitions for the year ended December 31, 2013 (\$170.3 million) as compared to the same period in 2012 (\$1.6 billion) offset by an increase in cash paid for capital expenditures for the year ended December 31, 2013 (\$1.2 billion) as compared to the same period in 2012 (\$845.8 million). In addition, cash used in investing activities was lower in 2013 due to the contribution of properties to the joint venture with Prudential in September 2013 (\$328.6 million).



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Net cash flows (used in) provided by financing activities for the company consisted of the following amounts (in thousands).

	Year Ended December 31,		
	2014	2013	2012
Net (repayments) proceeds from borrowings	\$(355,919 )	\$2,097	\$991,841
Net proceeds from issuance of common and preferred stock, including exercise of stock options	353,376	241,194	1,039,993
Net proceeds from 2025 Notes	—	630,026	—
Net proceeds from 2022 Notes	—	—	296,052
Net proceeds from 2023 Notes	495,872	—	—
Purchase of noncontrolling interests in consolidated joint ventures	—	—	(12,384 )
Dividend and distribution payments	(509,159 )	(443,858 )	(373,101 )
Other	(11,365 )	(24,713 )	6,234
Net cash (used in) provided by financing activities	\$(27,195 )	\$404,746	\$1,948,635

The decrease in net cash (used in) provided by financing activities was primarily due to the issuance of our 2025 Notes (net proceeds of \$630.0 million) in January 2013 along with lower net repayments during the year ended December 31, 2013 (net proceeds of \$2.1 million) as compared to the year ended December 31, 2014 (net repayments of \$355.9 million) partially offset by the issuance of our 2023 Notes (net proceeds of \$495.9 million) in April 2014. The increase in dividend and distribution payments for the year ended December 31, 2014 as compared to the same period in 2013 was due to an increase in the number of shares outstanding and dividend amount per share of common stock in 2014 as compared to 2013 and the payment of dividends on series G preferred stock and series H preferred stock during the year ended December 31, 2014, whereas these series of preferred stock were not outstanding for the entire—or, in the case of the Series H preferred stock, any portion of—the year ended December 31, 2013.

The decrease in net cash provided by financing activities was primarily due to higher net borrowings during the year ended December 31, 2012 (net proceeds of \$991.8 million) as compared to the year ended December 31, 2013 (net proceeds of \$2.1 million), the issuance of Digital Realty Trust, Inc.'s series F preferred stock in April 2012 (net proceeds of \$176.2 million) and common stock in its underwritten public offering in July 2012 (net proceeds of \$797.2 million) along with the issuance of our 2022 Notes (net proceeds of \$296.1 million) in September 2012 offset by the issuance of our 2025 Notes (net proceeds of \$630.0 million) in January 2013 and Series G preferred stock (net proceeds of \$241.5 million) in April 2013. The increase in dividend and distribution payments for the year ended December 31, 2013 as compared to the same period in 2012 was due to an increase in the number of shares outstanding and dividend amount per share of common stock in 2013 as compared to 2012 and the payment of dividends on our series F and series G preferred stock during the year ended December 31, 2013, which series of preferred stock were not outstanding for the entire—or, in the case of the Series G preferred stock, any portion of the—year ended December 31, 2012.

Net cash flows (used in) provided by financing activities for the operating partnership consisted of the following amounts (in thousands).

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	Year Ended December 31,		
	2014	2013	2012
Net (repayments) proceeds from borrowings	\$(355,919 )	\$2,097	\$991,841
General partner contributions, net	353,376	241,194	1,039,993
Net proceeds from 2025 Notes	—	630,026	—
Net proceeds from 2022 Notes	—	—	296,052
Net proceeds from 2023 Notes	495,872	—	—
Purchase of noncontrolling interests in consolidated joint ventures	—	—	(12,384 )
Distribution payments	(509,159 )	(443,858 )	(373,101 )
Other	(11,365 )	(24,713 )	6,234
Net cash (used in) provided by financing activities	\$(27,195 )	\$404,746	\$1,948,635

The decrease in net cash (used in) provided by financing activities was primarily due to the issuance of our 2025 Notes (net proceeds of \$630.0 million) in January 2013, along with lower net repayments during the year ended December 31, 2013 (net proceeds of \$2.1 million) as compared to the year ended December 31, 2013 (net repayments of \$355.9 million) partially offset by the issuance of our 2023 Notes (net proceeds of \$495.9 million) in April 2014. The increase in distribution payments for the year ended December 31, 2014 as compared to the same period in 2013 was due to an increase in the number of units outstanding and distribution amount per common unit in 2014 as compared to 2013 and the payment of distributions on our series G preferred units and series H preferred units during the year ended December 31, 2014, whereas these series of preferred units were not outstanding for the entire—or, in the case of the Series H preferred units, any portion of—the year ended December 31, 2013.

The decrease in net cash (used in) provided by financing activities was primarily due to higher net borrowings during the year ended December 31, 2012 (net proceeds of \$991.8 million) as compared to the year ended December 31, 2013 (net proceeds of \$2.1 million), general partner contributions in connection with Digital Realty Trust, Inc.'s series F preferred stock offering in April 2012 (net proceeds of \$176.2 million) and common stock offering in July 2012 (net contributions of \$797.2 million) and the issuance of our operating partnership's 2022 Notes (net proceeds of \$296.1 million) in September 2012 offset by the issuance of the 2025 Notes (net proceeds of \$630.0 million) in January 2013 and general partner contributions in connection with Digital Realty Trust, Inc.'s series G preferred stock offering in April 2013 (net proceeds of \$241.5 million). The increase in distribution payments for the year ended December 31, 2013 as compared to the same period in 2012 was due to an increase in the number of units outstanding and distribution amount per common unit in 2013 as compared to 2012 and the payment of distributions on our series F and series G preferred units during the year ended December 31, 2013, which series of preferred units were not outstanding for the entire—or, in the case of the Series G preferred units, any portion of the—year ended December 31, 2012.

Noncontrolling Interests in Operating Partnership

Noncontrolling interests relate to the common units in our operating partnership that are not owned by Digital Realty Trust, Inc., which, as of December 31, 2014, amounted to 2.2% of our operating partnership common units. In conjunction with our formation, our operating partnership issued common units to third party sellers in connection with our acquisition of real estate interests from such third parties.

Limited partners who acquired common units in connection with our formation have the right to require our operating partnership to redeem part or all of their common units for cash based upon the fair market value of an equivalent number of shares of Digital Realty Trust, Inc. common stock at the time of the redemption. Alternatively, we may elect to acquire those common units in exchange for shares of Digital Realty Trust, Inc. common stock on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, issuance of stock rights, specified extraordinary distributions and similar events. Pursuant to registration rights agreements we entered into with third party contributors, we filed a shelf registration statement covering the issuance of the shares of our common stock issuable upon redemption of the common units, and the resale of those shares of common stock by the holders.

Inflation

Many of our leases provide for separate real estate tax and operating expense escalations. In addition, many of the leases provide for fixed base rent increases. We believe that inflationary increases may be at least partially offset by the contractual rent increases and expense escalations described above.

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Funds from Operations

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) available to common stockholders (computed in accordance with U.S. 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, 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 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 as a measure of our performance.



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Reconciliation of Net Income Available to Common Stockholders to Funds From Operations (FFO)  
(in thousands, except per share and unit data)  
(unaudited)

	Year Ended December 31,		
	2014	2013	2012
Net income available to common stockholders	\$132,718	\$271,583	\$171,662
Adjustments:			
Noncontrolling interests in operating partnership	2,767	5,366	6,157
Real estate related depreciation and amortization(1)	533,823	471,281	378,970
Real estate related depreciation and amortization related to investment in unconsolidated joint ventures	7,537	3,805	3,208
Impairment of investments in real estate	126,470	—	—
Gain on sale of property	(15,945)	) —	—
Gain on contribution of properties to unconsolidated joint ventures	(95,404)	) (115,609	) —
Gain on sale of assets held in unconsolidated joint venture	—	—	(2,325)
FFO available to common stockholders and unitholders(2)	\$691,966	\$636,426	\$557,672
Basic FFO per share and unit	\$5.08	\$4.88	\$4.65
Diluted FFO per share and unit(2)	\$5.04	\$4.74	\$4.44
Weighted average common stock and units outstanding			
Basic	136,123	130,463	119,861
Diluted(2)	138,368	137,771	131,467
(1) Real estate related depreciation and amortization was computed as follows:			
Depreciation and amortization per income statement	538,513	475,464	382,553
Non-real estate depreciation	(4,690)	) (4,183	) (3,583)
Real estate related depreciation and amortization	\$533,823	\$471,281	\$378,970

At December 31, 2013, we had no series D convertible preferred shares outstanding. At December 31, 2012, we had 0 and 4,937 series C and series D convertible preferred shares outstanding, respectively, that were convertible into 814 and 4,017 common shares on a weighted average basis, respectively, for the year ended December 31, (2)2012. In addition, we had a balance of \$0, \$266,400 and \$266,400 of 5.50% exchangeable senior debentures due 2029 that were exchangeable for 1,958, 6,650 and 6,486 common shares on a weighted average basis for the years ended December 31, 2014, 2013 and 2012, respectively. See below for calculations of diluted FFO available to common stockholders and unitholders and weighted average common stock and units outstanding.

	Year Ended December 31,		
	2014	2013	2012
FFO available to common stockholders and unitholders	\$691,966	\$636,426	\$557,672
Add: Series C convertible preferred dividends	—	—	1,402
Add: Series D convertible preferred dividends	—	—	8,212
Add: 5.50% exchangeable senior debentures interest expense	4,725	16,200	16,200
FFO available to common stockholders and unitholders—diluted	\$696,691	\$652,626	\$583,486
Weighted average common stock and units outstanding	136,123	130,463	119,861
Add: Effect of dilutive securities (excluding series C and D convertible preferred stock and 5.50% exchangeable senior debentures)	287	187	289
Add: Effect of dilutive series C convertible preferred stock	—	—	814
Add: Effect of dilutive series D convertible preferred stock	—	471	4,017

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Add: Effect of dilutive 5.50% exchangeable senior debentures	1,958	6,650	6,486
Weighted average common stock and units outstanding—diluted	138,368	137,771	131,467

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New Accounting Pronouncements Issued But Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued an update (ASU 2014-09) establishing ASC Topic 606, Revenue from Contracts with Customers. ASU 2014-09 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. ASU 2014-09 requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and also requires certain additional disclosures. ASU 2014-09 is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2016. We are currently evaluating the impact of the adoption of ASU 2014-09 on our consolidated financial statements.

In June 2014, the FASB issued an update (ASU 2014-12) to ASC Topic 718, Compensation - Stock Compensation. ASU 2014-12 requires an entity to treat performance targets that can be met after the requisite service period of a share based award has ended, as a performance condition that affects vesting. ASU 2014-12 is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2015. We are currently evaluating the impact of the adoption of ASU 2014-12 on our consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, which provides guidance on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. In accordance with the guidance, all legal entities are subject to reevaluation under the revised consolidation model. The guidance is effective in the first quarter of 2016, and early adoption is permitted. We are currently evaluating the potential impact of the adoption of ASU 2015-02 on our consolidated financial statements.

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## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our future income, cash flows and fair values relevant to financial instruments depend upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. We do not use derivatives for trading or speculative purposes and only enter into contracts with major financial institutions based on their credit rating and other factors.

## Analysis of Debt between Fixed and Variable Rate

We use interest rate swap agreements and fixed rate debt to reduce our exposure to interest rate movements. As of December 31, 2014, our consolidated debt was as follows (in millions):

	Carrying Value	Estimated Fair Value
Fixed rate debt	\$3,170.5	\$3,367.6
Variable rate debt subject to interest rate swaps	553.9	553.9
Total fixed rate debt (including interest rate swaps)	3,724.4	3,921.5
Variable rate debt	948.7	948.7
Total outstanding debt	\$4,673.1	\$4,870.2

Interest rate derivatives included in this table and their fair values as of December 31, 2014 and December 31, 2013 were as follows (in thousands):

Notional Amount						Fair Value at Significant Other Observable Inputs (Level 2)	
As of December 31, 2014	As of December 31, 2013	Type of Derivative	Strike Rate	Effective Date	Expiration Date	As of December 31, 2014	As of December 31, 2013
Currently-paying contracts							
\$410,905	(1) \$410,905	(1) Swap	0.717	Various	Various	\$ (241 )	\$ (76 )
142,965	(2) 150,040	(2) Swap	0.925	July 17, 2012	April 18, 2017	669	131
553,870	560,945					428	55
Forward-starting contracts							
150,000	(3) —	Forward-starting Swap	2.091	July 15, 2014	July 15, 2019	(2,837 )	—
Total							
\$703,870	\$560,945					\$ (2,409 )	\$ 55

(1) Represents the U.S. dollar tranche of the unsecured term loan.

Represents a portion of the Singapore dollar tranche of the unsecured term loan. Translation to U.S. dollars is

(2) based on exchange rate of \$0.75 to 1.00 SGD as of December 31, 2014 and \$0.79 to 1.00 SGD as of December 31, 2013.

(3) In January 2014, we entered into a forward-starting five-year swap contract to protect against adverse fluctuations in interest rates by reducing our exposure to variability in cash flows relating to interest payments on a forecasted issuance of debt. The accrual period of the swap contract was designed to match the tenor of the planned debt issuance. In the fourth quarter of 2014, changes in the forecasted transaction resulted in the discontinuation of cash flow hedge accounting. As such, changes in the fair value of the forward starting swap were recognized in earnings, within the other income (expense) line item. During 2014 the total net gain recognized on the forward starting swap was approximately \$0.8 million, and on January 13, 2015, we cash settled the forward starting swap

for approximately \$5.7 million, including accrued interest.

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## Sensitivity to Changes in Interest Rates

The following table shows the effect if assumed changes in interest rates occurred, based on fair values and interest expense as of December 31, 2014:

Assumed event	Interest rate change (basis points)	Change (\$ millions)
Increase in fair value of interest rate swaps following an assumed 10% increase in interest rates	10	\$1.7
Decrease in fair value of interest rate swaps following an assumed 10% decrease in interest rates	(10)	(1.7)
Increase in annual interest expense on our debt that is variable rate and not subject to swapped interest following a 10% increase in interest rates	10	0.9
Decrease in annual interest expense on our debt that is variable rate and not subject to swapped interest following a 10% decrease in interest rates	(10)	(0.9)
Increase in fair value of fixed rate debt following a 10% decrease in interest rates	(10)	17.0
Decrease in fair value of fixed rate debt following a 10% increase in interest rates	10	(16.0)

Interest risk amounts were determined by considering the impact of hypothetical interest rates on our financial instruments. These analyses do not consider the effect of any change in overall economic activity that could occur in that environment. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

## Foreign Currency Exchange Risk

For the years ended December 31, 2014 and 2013, we had foreign operations in the United Kingdom, Ireland, France, The Netherlands, Switzerland, Canada, Singapore, Australia, Japan and Hong Kong, and, as such, are subject to risk from the effects of exchange rate movements of foreign currencies, which may affect future costs and cash flows. Our foreign operations are conducted in the British pound sterling, Euro, Swiss franc, Australian dollar, Singapore dollar, Canadian dollar, Hong Kong dollar and the Japanese yen. Our primary currency exposures are to the British pound sterling, Euro and the Singapore dollar. We attempt to mitigate a portion of the risk of currency fluctuation by financing our investments in the local currency denominations, although there can be no assurance that this will be effective. As a result, changes in the relation of any such foreign currency to U.S. dollars may affect our revenues, operating margins and distributions and may also affect the book value of our assets and the amount of stockholders' equity. For the years ended December 31, 2014, 2013 and 2012, operating revenues from properties outside the United States contributed \$383.0 million, \$349.1 million and \$228.9 million, respectively, which represented 23.7%, 23.6% and 17.9% of our operating revenues, respectively. Net investment in properties outside the United States was \$2.7 billion and \$2.7 billion as of December 31, 2014 and December 31, 2013, respectively. Net assets in foreign operations were approximately \$0.7 billion and \$1.2 billion as of December 31, 2014 and December 31, 2013, respectively. The decrease was a result of the issuance of the 2023 Notes in April 2014, the proceeds of which were used to pay down British pound sterling and U.S. dollar borrowings on the global revolving credit facility.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Management's Report on Internal Control over Financial Reporting

The management of Digital Realty Trust, Inc. (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f). Our internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (1992). Based on our assessment, management concluded that as of December 31, 2014, the Company's internal control over financial reporting was effective based on those criteria.

Our independent registered public accounting firm has issued an audit report on the Company's internal control over financial reporting. This report appears on page 92.

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Management's Report on Internal Control over Financial Reporting

The management of Digital Realty Trust, L.P. (the Operating Partnership) is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f). Our internal control system was designed to provide reasonable assurance to the Operating Partnership's management regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer of our general partner, we assessed the effectiveness of the Operating Partnership's internal control over financial reporting as of December 31, 2014. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (1992). Based on our assessment, management concluded that as of December 31, 2014, the Operating Partnership's internal control over financial reporting was effective based on those criteria.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Digital Realty Trust, Inc.:

We have audited the accompanying consolidated balance sheets of Digital Realty Trust, Inc. (the Company) and subsidiaries as of December 31, 2014 and 2013, and the related consolidated income statements, statements of comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2014. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule III, properties and accumulated depreciation. These consolidated financial statements and financial statement schedule III are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule III based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Digital Realty Trust, Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule III, properties and accumulated depreciation, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Digital Realty Trust, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 2, 2015 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

San Francisco, California

March 2, 2015

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Digital Realty Trust, Inc.:

We have audited Digital Realty Trust, Inc.'s (the Company) internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Digital Realty Trust, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control – Integrated Framework (1992) issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Digital Realty Trust, Inc. and subsidiaries as of December 31, 2014 and 2013, and the related consolidated income statements, statements of comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2014, and the financial statement schedule III, properties and accumulated depreciation, and our report dated March 2, 2015 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule III.

/s/ KPMG LLP

San Francisco, California

March 2, 2015

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Report of Independent Registered Public Accounting Firm  
The Board of Directors of the General Partner and Partners  
Digital Realty Trust, L.P.:

We have audited the accompanying consolidated balance sheets of Digital Realty Trust, L.P. (the Operating Partnership) and subsidiaries as of December 31, 2014 and 2013, and the related consolidated income statements, statements of comprehensive income, capital, and cash flows for each of the years in the three-year period ended December 31, 2014. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule III, properties and accumulated depreciation. These consolidated financial statements and financial statement schedule III are the responsibility of the Operating Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule III based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Digital Realty Trust, L.P. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule III, properties and accumulated depreciation, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

/s/ KPMG LLP

San Francisco, California  
March 2, 2015

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CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	December 31, 2014	December 31, 2013
<b>ASSETS</b>		
Investments in real estate:		
Properties:		
Land	\$671,602	\$693,791
Acquired ground leases	12,196	14,618
Buildings and improvements	8,823,814	8,680,677
Tenant improvements	475,000	490,492
Total investments in properties	9,982,612	9,879,578
Accumulated depreciation and amortization	(1,874,054)	(1,565,996)
Net investments in properties	8,108,558	8,313,582
Investment in unconsolidated joint ventures	94,729	70,504
Net investments in real estate	8,203,287	8,384,086
Cash and cash equivalents	41,321	56,808
Accounts and other receivables, net of allowance for doubtful accounts of \$6,302 and \$5,576 as of December 31, 2014 and December 31, 2013, respectively	135,931	122,248
Deferred rent	447,643	393,504
Acquired above market leases, net of accumulated amortization of \$88,072 and \$80,486 as of December 31, 2014 and December 31, 2013, respectively	38,605	52,264
Acquired in-place lease value and deferred leasing costs, net of accumulated amortization of \$579,637 and \$501,033 as of December 31, 2014 and December 31, 2013, respectively	456,962	489,456
Deferred financing costs, net of accumulated amortization of \$61,634 and \$53,939 as of December 31, 2014 and December 31, 2013, respectively	30,821	36,475
Restricted cash	11,555	40,362
Assets held for sale	120,471	—
Other assets	40,188	51,627
Total assets	\$9,526,784	\$9,626,830
<b>LIABILITIES AND EQUITY</b>		
Global revolving credit facility	\$525,951	\$724,668
Unsecured term loan	976,600	1,020,984
Unsecured senior notes, net of discount	2,791,758	2,364,232
Exchangeable senior debentures	—	266,400
Mortgage loans, net of premiums	378,818	585,608
Accounts payable and other accrued liabilities	605,923	662,687
Accrued dividends and distributions	115,019	102,509
Acquired below-market leases, net of accumulated amortization of \$178,435 and \$161,369 as of December 31, 2014 and December 31, 2013, respectively	104,235	130,269
Security deposits and prepaid rents	108,478	122,961

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Obligations associated with assets held for sale	5,764	—
Total liabilities	5,612,546	5,980,318

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## DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (continued)

(in thousands, except share and per share data)

	December 31, 2014	December 31, 2013
Commitments and contingencies		
Stockholders' Equity:		
Preferred Stock: \$0.01 par value per share, 70,000,000 shares authorized:		
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	277,172	277,172
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	176,191	176,191
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	241,468	241,468
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	353,290	—
Common Stock: \$0.01 par value, 215,000,000 shares authorized, 135,626,255 and 128,455,350 shares issued and outstanding as of December 31, 2014 and December 31, 2013, respectively	1,349	1,279
Additional paid-in capital	3,970,439	3,688,937
Accumulated dividends in excess of earnings	(1,096,607 )	(785,222 )
Accumulated other comprehensive (loss) income, net	(45,046 )	10,691
Total stockholders' equity	3,878,256	3,610,516
Noncontrolling Interests:		
Noncontrolling interests in operating partnership	29,191	29,027
Noncontrolling interests in consolidated joint ventures	6,791	6,969
Total noncontrolling interests	35,982	35,996
Total equity	3,914,238	3,646,512
Total liabilities and equity	\$ 9,526,784	\$ 9,626,830

See accompanying notes to the consolidated financial statements.



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CONSOLIDATED INCOME STATEMENTS  
(in thousands, except share and per share data)

	Year Ended December 31,		
	2014	2013	2012
Operating Revenues:			
Rental	\$1,256,086	\$1,155,051	\$990,715
Tenant reimbursements	350,234	323,286	272,309
Fee income	7,268	3,520	8,428
Other	2,850	402	7,615
Total operating revenues	1,616,438	1,482,259	1,279,067
Operating Expenses:			
Rental property operating and maintenance	503,140	456,596	381,227
Property taxes	91,538	90,321	69,475
Insurance	8,643	8,743	9,600
Construction management	378	764	1,596
Change in fair value of contingent consideration	(8,093)	(1,762)	(1,051)
Depreciation and amortization	538,513	475,464	382,553
General and administrative	93,188	65,653	57,209
Transactions	1,303	4,605	11,120
Impairment of investments in real estate	126,470	—	—
Other	2,692	63	1,260
Total operating expenses	1,357,772	1,100,447	912,989
Operating income	258,666	381,812	366,078
Other Income (Expenses):			
Equity in earnings of unconsolidated joint ventures	13,289	9,796	8,135
Gain on insurance settlement	—	5,597	—
Gain on sale of property	15,945	—	—
Gain on contribution of properties to unconsolidated joint ventures	95,404	115,609	—
Gain on sale of investment	14,551	—	—
Interest and other income	2,663	139	1,892
Interest expense	(191,085)	(189,399)	(157,108)
Tax expense	(5,238)	(1,292)	(2,647)
Loss from early extinguishment of debt	(780)	(1,813)	(303)
Net income	203,415	320,449	216,047
Net income attributable to noncontrolling interests	(3,232)	(5,961)	(5,713)
Net income attributable to Digital Realty Trust, Inc.	200,183	314,488	210,334
Preferred stock dividends	(67,465)	(42,905)	(38,672)
Net income available to common stockholders	\$132,718	\$271,583	\$171,662
Net income per share available to common stockholders:			
Basic	\$1.00	\$2.12	\$1.48
Diluted	\$0.99	\$2.12	\$1.48
Weighted average common shares outstanding:			
Basic	133,369,047	127,941,134	115,717,667
Diluted	133,637,235	128,127,641	116,006,577

See accompanying notes to the consolidated financial statements.



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DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (in thousands)

	Year Ended December 31,		
	2014	2013	2012
Net income	\$203,415	\$320,449	\$216,047
Other comprehensive income (loss):			
Foreign currency translation adjustments	(52,373	) 14,636	48,303
Increase (decrease) in fair value of interest rate swaps	(7,936	) 2,473	(7,693
Reclassification to interest expense from interest rate swaps	3,419	6,258	4,547
Comprehensive income	146,525	343,816	261,204
Comprehensive income attributable to noncontrolling interests	(2,079	) (6,446	) (7,181
Comprehensive income attributable to Digital Realty Trust, Inc.	\$144,446	\$337,370	\$254,023

See accompanying notes to the consolidated financial statements.

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CONSOLIDATED STATEMENTS OF EQUITY  
(in thousands, except share data)

	Preferred Stock	Number of Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Dividends in Excess of Earnings	Accumulated Other Comprehensive Income (Loss), net	Total Stockholders' Equity	Noncontrolling Interests in Operating Partnership	Noncontrolling Interests in Consolidated Joint Ventures
Balance as of December 31, 2011	\$569,781	106,039,279	\$1,057	\$2,496,651	\$(488,692)	\$(55,880)	\$2,522,917	\$45,057	\$12,437
Conversion of units to common stock	—	2,234,860	22	23,735	—	—	23,757	(23,757)	—
Issuance of restricted stock, net of forfeitures	—	94,709	—	—	—	—	—	—	—
Net proceeds from sale of common stock	—	12,456,818	125	859,602	—	—	859,727	—	—
Exercise of stock options	—	208,200	2	4,193	—	—	4,195	—	—
Issuance of series F preferred stock, net of offering costs	176,071	—	—	—	—	—	176,071	—	—
Conversion of preferred stock	(173,141)	4,106,917	41	173,100	—	—	—	—	—
Amortization of unearned compensation on share-based awards	—	—	—	15,938	—	—	15,938	—	—
Reclassification of vested share based awards	—	—	—	(8,544)	—	—	(8,544)	8,544	—
Dividends declared on preferred stock	—	—	—	—	(38,672)	—	(38,672)	—	—
Dividends and distributions on common stock and common and incentive units	—	—	—	—	(339,074)	—	(339,074)	(13,334)	—
Contributions from noncontrolling interests in consolidated joint ventures	—	—	—	—	—	—	—	—	4,302
Purchase of noncontrolling interests of a	—	—	—	(2,033)	—	—	(2,033)	—	(10,351)

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consolidated joint venture									
Net income	—	—	—	—	210,334	—	210,334	6,157	(444)
Other comprehensive income—foreign currency translation adjustments	—	—	—	—	—	46,722	46,722	1,581	—
Other comprehensive income—fair value of interest rate swaps	—	—	—	—	—	(7,426)	(7,426)	(267)	—
Other comprehensive income—reclassification of accumulated other comprehensive loss to interest expense	—	—	—	—	—	4,393	4,393	154	—
Balance as of December 31, 2012	\$572,711	125,140,783	\$1,247	\$3,562,642	\$(656,104)	\$(12,191)	\$3,468,305	\$24,135	\$5,944

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CONSOLIDATED STATEMENTS OF EQUITY (continued)  
(in thousands, except share data)

	Preferred Stock	Number of Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Dividends in Excess of Earnings	Accumulated Other Comprehensive Income (Loss), net	Total Stockholders' Equity	Noncontrolling Interests in Operating Partnership	Noncontrolling Interests in Consolidated Joint Ventures	Total Noncontrolling Interests
Conversion of units to common stock	—	57,138	1	630	—	—	631	(631 )	—	(631 )
Issuance of restricted stock, net of forfeitures	—	112,245	—	—	—	—	—	—	—	—
Common stock offering costs	—	—	—	(504 )	—	—	(504 )	—	—	—
Exercise of stock options	—	5,569	—	230	—	—	230	—	—	—
Issuance of series G preferred stock, net of offering costs	241,468	—	—	—	—	—	241,468	—	—	—
Conversion of series D preferred stock	(119,348 )	3,139,615	31	119,317	—	—	—	—	—	—
Amortization of unearned compensation on share-based awards	—	—	—	15,621	—	—	15,621	—	—	—
Reclassification of vested share based awards	—	—	—	(8,999 )	—	—	(8,999 )	8,999	—	8,999
Dividends declared on preferred stock	—	—	—	—	(42,905 )	—	(42,905 )	—	—	—
Dividends and distributions on common stock and common and incentive units	—	—	—	—	(400,701 )	—	(400,701 )	(9,327 )	—	(9,327 )
Contributions from noncontrolling interests in consolidated joint ventures	—	—	—	—	—	—	—	—	430	430
Net income	—	—	—	—	314,488	—	314,488	5,366	595	5,963
Other comprehensive income—foreign currency translation adjustments	—	—	—	—	—	14,321	14,321	315	—	14,636
	—	—	—	—	—	2,423	2,423	50	—	2,473

Other comprehensive income—fair value of interest rate swaps										
Other comprehensive income—reclassification of accumulated other comprehensive loss to interest expense	—	—	—	—	—	6,138	6,138	120	—	12
Balance as of December 31, 2013	\$694,831	128,455,350	\$1,279	\$3,688,937	\$(785,222)	\$10,691	\$3,610,516	\$29,027	\$6,969	\$3

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CONSOLIDATED STATEMENTS OF EQUITY (continued)  
(in thousands, except share data)

	Preferred Stock	Number of Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Dividends in Excess of Earnings	Accumulated Other Comprehensive Income (Loss), net	Total Stockholders' Equity	Noncontrolling Interests in Operating Partnership	Noncontrolling Interests in Consolidated Joint Ventures	Total Non- Controlled Interests
Conversion of units to common stock	—	134,073	1	1,654	—	—	1,655	(1,655 )	—	(1,655 )
Issuance of unvested restricted stock, net of forfeitures	—	124,163	—	—	—	—	—	—	—	—
Common stock offering costs	—	—	—	(625 )	—	—	(625 )	—	—	—
Exercise of stock options	—	42,757	—	711	—	—	711	—	—	—
Issuance of common stock in exchange for cash and debentures	—	6,869,912	69	266,331	—	—	266,400	—	—	—
Issuance of series H preferred stock, net of offering costs	353,290	—	—	—	—	—	353,290	—	—	—
Amortization of unearned compensation on share-based awards	—	—	—	23,737	—	—	23,737	—	—	—
Reclassification of vested share-based awards	—	—	—	(10,306 )	—	—	(10,306 )	10,306	—	10,306
Dividends declared on preferred stock	—	—	—	—	(67,465 )	—	(67,465 )	—	—	—
Dividends and distributions on common stock and common	—	—	—	—	(444,103 )	—	(444,103 )	(10,101 )	—	(10,101 )



and incentive units											
Distributions to noncontrolling interests in consolidated joint ventures, net of contributions	—	—	—	—	—	—	—	—	(643)	(643)	
Net income	—	—	—	—	200,183	—	200,183	2,767	465	3,230	
Other comprehensive income - foreign currency translation adjustments	—	—	—	—	—	(51,312)	(51,312)	(1,061)	—	(1,061)	
Other comprehensive income - fair value of interest rate swaps	—	—	—	—	—	(7,775)	(7,775)	(161)	—	(161)	
Other comprehensive income - reclassification of accumulated other comprehensive loss to interest expense	—	—	—	—	—	3,350	3,350	69	—	69	
Balance as of December 31, 2014	\$1,048,121	135,626,255	\$1,349	\$3,970,439	\$(1,096,607)	\$(45,046)	\$3,878,256	\$29,191	\$6,791	\$35,000	

See accompanying notes to the consolidated financial statements.

Table of ContentsIndex to Financial StatementsDIGITAL REALTY TRUST, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)

	Year Ended December 31,		
	2014	2013	2012
Cash flows from operating activities:			
Net income	\$203,415	\$320,449	\$216,047
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of property	(15,945	) —	
Gain on insurance settlement	—	(5,597	) —
Gain on contribution of investment properties to unconsolidated joint venture	(95,404	) (115,609	) —
Gain on sale of investment	(14,551	) —	—
Impairment of investments in real estate	126,470	—	—
Equity in earnings of unconsolidated joint ventures	(13,289	) (9,796	) (8,135
Change in fair value of accrued contingent consideration	(8,093	) (1,762	) (1,051
Distributions from unconsolidated joint ventures	9,684	30,358	20,323
Write-off of net assets due to early lease terminations	2,692	60	1,260
Depreciation and amortization of buildings and improvements, tenant improvements and acquired ground leases	456,204	397,592	316,064
Amortization of share-based unearned compensation	18,019	11,527	12,631
Allowance for doubtful accounts	726	1,967	1,173
Amortization of deferred financing costs	8,969	10,658	8,701
Write-off of deferred financing costs, included in loss on early extinguishment of debt	780	1,813	254
Amortization of debt discount/premium	1,837	875	372
Amortization of acquired in place lease value and deferred leasing costs	82,310	77,872	66,489
Amortization of acquired above market leases and acquired below market leases	(9,983	) (11,719	) (10,262
Changes in assets and liabilities:			
Restricted cash	13,523	4,850	7,576
Accounts and other receivables	(11,426	) (527	) (60,115
Deferred rent	(77,483	) (83,541	) (77,059
Deferred leasing costs	(32,068	) (16,409	) (15,148
Other assets	(11,675	) (3,530	) (9,496
Accounts payable and other accrued liabilities	24,775	34,127	22,142
Security deposits and prepaid rents	(3,599	) 12,732	51,182
Net cash provided by operating activities	655,888	656,390	542,948
Cash flows from investing activities:			
Acquisitions of real estate	(24,305	) (170,322	) (1,560,130
Proceeds from sale of assets, net of sales costs	37,945	11,015	—
Proceeds from contribution of investment properties to unconsolidated joint venture	178,933	328,569	—
Proceeds from sale of investment	31,635	—	—

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Investment in unconsolidated joint ventures	(20,627	) (24,452	) (54,827	)
Investment in equity securities	—	(17,100	) —	)
Deposits paid for acquisitions of real estate	—	—	(1,053	)
Receipt of value added tax refund	18,992	11,277	19,800	)
Refundable value added tax paid	(29,585	) (15,785	) (34,448	)
Change in restricted cash	14,899	(1,507	) 2,168	)

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DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)  
 (in thousands)

	Year Ended December 31,		
	2014	2013	2012
Improvements to and advances for investments in real estate	(852,386	) (1,189,510	) (845,761
Improvement advances to tenants	(20,059	) (7,270	) (5,523
Collection of advances from tenants for improvements	20,378	5,851	3,841
Proceeds from insurance settlement	—	8,625	—
Net cash used in investing activities	(644,180	) (1,060,609	) (2,475,933
Cash flows from financing activities:			
Borrowings on revolving credit facility	\$1,124,608	\$1,806,832	\$1,743,777
Repayments on revolving credit facility	(1,297,785	) (1,781,435	) (1,317,466
Borrowings on unsecured term loan	—	264,690	751,985
Principal payments on unsecured notes	—	(33,000	) —
Borrowings on 3.625% unsecured senior notes due 2022	—	—	296,052
Borrowings on 4.250% unsecured senior notes due 2025	—	630,026	—
Borrowings on 4.750% unsecured senior notes due 2023	495,872	—	—
Repayments on other secured loans	—	—	(10,500
Principal payments on mortgage loans	(177,882	) (236,619	) (166,317
Earnout payment related to the acquisition of the Sentrum Portfolio	(11,011	) (25,783	) —
Change in restricted cash	289	640	1,932
Payment of loan fees and costs	(4,860	) (18,371	) (9,638
Capital (distributions to) contributions received from noncontrolling interests in consolidated joint ventures	(643	) 430	4,302
Gross proceeds from the issuance of common stock	—	—	894,221
Gross proceeds from the issuance of preferred stock	365,000	250,000	182,500
Common stock offering costs paid	(625	) (504	) (34,494
Preferred stock offering costs paid	(11,710	) (8,532	) (6,429
Proceeds from exercise of stock options	711	230	4,195
Payment of dividends to preferred stockholders	(67,465	) (42,905	) (38,672
Payment of dividends to common stockholders and distributions to noncontrolling interests in operating partnership	(441,694	) (400,953	) (334,429
Purchase of noncontrolling interests in consolidated joint ventures	—	—	(12,384
Net cash (used in) provided by financing activities	(27,195	) 404,746	1,948,635
Net (decrease) increase in cash and cash equivalents	(15,487	) 527	15,650
Cash and cash equivalents at beginning of period	56,808	56,281	40,631
Cash and cash equivalents at end of period	\$41,321	\$56,808	\$56,281

Table of ContentsIndex to Financial StatementsDIGITAL REALTY TRUST, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)  
(in thousands)

	Year Ended December 31,		
	2014	2013	2012
Supplemental disclosure of cash flow information:			
Cash paid for interest, including amounts capitalized	\$200,829	\$192,754	\$166,151
Cash paid for income taxes	3,099	2,461	2,084
Supplementary disclosure of noncash investing and financing activities:			
Change in net assets related to foreign currency translation adjustments	\$(52,373)	) \$14,636	\$48,303
Accrual of dividends and distributions	115,019	102,509	93,434
(Decrease) increase in accounts payable and other accrued liabilities related to change in fair value of interest rate swaps	(7,936)	) 2,473	(7,693)
Acquisition measurement period adjustment included in accounts payable and other accrued liabilities	—	22,393	—
Noncontrolling interests in operating partnership redeemed for or converted to shares of common stock	1,655	631	23,757
Preferred stock converted to shares of common stock	—	119,348	173,141
Accrual for additions to investments in real estate and tenant improvement advances included in accounts payable and accrued expenses	153,080	216,520	229,743
Additional accrual of contingent purchase price for investments in real estate	—	6,356	90,739
Accrual for potential earnout contingency	12,338	—	—
Issuance of common units associated with exchange of exchangeable senior debentures	261,166	—	—
Allocation of purchase price of real estate/investment in partnership to:			
Investments in real estate	\$24,305	\$183,119	\$1,435,645
Acquired above market leases	—	203	44,402
Acquired below market leases	—	(5,781)	) (81,791)
Acquired in place lease value and deferred leasing costs	—	20,811	168,764
Mortgage loan assumed, net of premium	—	(28,030)	) (6,890)
Cash paid for acquisition of real estate	\$24,305	\$170,322	\$1,560,130

See accompanying notes to the consolidated financial statements.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES  
 CONSOLIDATED BALANCE SHEETS  
 (in thousands, except unit and per unit data)

	December 31, 2014	December 31, 2013
<b>ASSETS</b>		
Investments in real estate:		
Properties:		
Land	\$671,602	\$693,791
Acquired ground leases	12,196	14,618
Buildings and improvements	8,823,814	8,680,677
Tenant improvements	475,000	490,492
Total investments in properties	9,982,612	9,879,578
Accumulated depreciation and amortization	(1,874,054)	(1,565,996)
Net investments in properties	8,108,558	8,313,582
Investment in unconsolidated joint ventures	94,729	70,504
Net investments in real estate	8,203,287	8,384,086
Cash and cash equivalents	41,321	56,808
Accounts and other receivables, net of allowance for doubtful accounts of \$6,302 and \$5,576 as of December 31, 2014 and December 31, 2013, respectively	135,931	122,248
Deferred rent	447,643	393,504
Acquired above market leases, net of accumulated amortization of \$88,072 and \$80,486 as of December 31, 2014 and December 31, 2013, respectively	38,605	52,264
Acquired in-place lease value and deferred leasing costs, net of accumulated amortization of \$579,637 and \$501,033 as of December 31, 2014 and December 31, 2013, respectively	456,962	489,456
Deferred financing costs, net of accumulated amortization of \$61,634 and \$53,939 as of December 31, 2014 and December 31, 2013, respectively	30,821	36,475
Restricted cash	11,555	40,362
Assets held for sale	120,471	—
Other assets	40,188	51,627
Total assets	\$9,526,784	\$9,626,830
<b>LIABILITIES AND CAPITAL</b>		
Global revolving credit facility	\$525,951	\$724,668
Unsecured term loan	976,600	1,020,984
Unsecured senior notes, net of discount	2,791,758	2,364,232
Exchangeable senior debentures	—	266,400
Mortgage loans, net of premiums	378,818	585,608
Accounts payable and other accrued liabilities	605,923	662,687
Accrued dividends and distributions	115,019	102,509
Acquired below-market leases, net of accumulated amortization of \$178,435 and \$161,369 as of December 31, 2014 and December 31, 2013, respectively	104,235	130,269

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Security deposits and prepaid rents	108,478	122,961
Obligations associated with assets held for sale	5,764	—
Total liabilities	5,612,546	5,980,318

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## DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (continued)

(in thousands, except unit and per unit data)

	December 31, 2014	December 31, 2013
Commitments and contingencies		
Capital:		
Partners' capital:		
General Partner:		
Series E Cumulative Redeemable Preferred Units, 7.000%, \$287,500 and \$287,500 liquidation preference, respectively (\$25.00 per unit), 11,500,000 and 11,500,000 units issued and outstanding as of December 31, 2014 and December 31, 2013, respectively	277,172	277,172
Series F Cumulative Redeemable Preferred Units, 6.625%, \$182,500 and \$182,500 liquidation preference, respectively (\$25.00 per unit), 7,300,000 and 7,300,000 units issued and outstanding as of December 31, 2014 and December 31, 2013, respectively	176,191	176,191
Series G Cumulative Redeemable Preferred Units, 5.875%, \$250,000 and \$250,000 liquidation preference, respectively (\$25.00 per unit), 10,000,000 and 10,000,000 units issued and outstanding as of December 31, 2014 and December 31, 2013, respectively	241,468	241,468
Series H Cumulative Redeemable Preferred Units, 7.375%, \$365,000 and \$0 liquidation preference, respectively (\$25.00 per unit), 14,600,000 and 0 units issued and outstanding as of December 31, 2014 and December 31, 2013, respectively	353,290	—
Common units:		
135,626,255 and 128,455,350 units issued and outstanding as of December 31, 2014 and December 31, 2013, respectively	2,875,181	2,904,994
Limited partners, 1,463,814 and 1,491,814 common units, 1,170,610 and 1,077,838 profits interest units and 397,237 and 397,369 class C units outstanding as of December 31, 2014 and December 31, 2013, respectively	32,578	31,261
Accumulated other comprehensive (loss) income	(48,433	) 8,457
Total partners' capital	3,907,447	3,639,543
Noncontrolling interests in consolidated joint ventures	6,791	6,969
Total capital	3,914,238	3,646,512
Total liabilities and capital	\$9,526,784	\$9,626,830

See accompanying notes to the consolidated financial statements.



Table of ContentsIndex to Financial StatementsDIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES  
CONSOLIDATED INCOME STATEMENTS

(in thousands, except unit and per unit data)

	Year Ended December 31,		
	2014	2013	2012
Operating Revenues:			
Rental	\$1,256,086	\$1,155,051	\$990,715
Tenant reimbursements	350,234	323,286	272,309
Fee income	7,268	3,520	8,428
Other	2,850	402	7,615
Total operating revenues	1,616,438	1,482,259	1,279,067
Operating Expenses:			
Rental property operating and maintenance	503,140	456,596	381,227
Property taxes	91,538	90,321	69,475
Insurance	8,643	8,743	9,600
Construction management	378	764	1,596
Change in fair value of contingent consideration	(8,093	) (1,762	) (1,051
Depreciation and amortization	538,513	475,464	382,553
General and administrative	93,188	65,653	57,209
Transactions	1,303	4,605	11,120
Impairment of investments in real estate	126,470	—	—
Other	2,692	63	1,260
Total operating expenses	1,357,772	1,100,447	912,989
Operating income	258,666	381,812	366,078
Other Income (Expenses):			
Equity in earnings of unconsolidated joint ventures	13,289	9,796	8,135
Gain on insurance settlement	—	5,597	—
Gain on sale of property	15,945	—	—
Gain on contribution of properties to unconsolidated joint ventures	95,404	115,609	—
Gain on sale of investment	14,551	—	—
Interest and other income	2,663	139	1,892
Interest expense	(191,085	) (189,399	) (157,108
Tax expense	(5,238	) (1,292	) (2,647
Loss from early extinguishment of debt	(780	) (1,813	) (303
Net income	203,415	320,449	216,047
Net loss attributable to noncontrolling interests in consolidated joint ventures	(465	) (595	) 444
Net income attributable to Digital Realty Trust, L.P.	202,950	319,854	216,491
Preferred units distributions	(67,465	) (42,905	) (38,672
Net income available to common unitholders	\$135,485	\$276,949	\$177,819
Net income per unit available to common unitholders:			
Basic	\$1.00	\$2.12	\$1.48
Diluted	\$0.99	\$2.12	\$1.48
Weighted average common units outstanding:			
Basic	136,122,661	130,462,534	119,861,380
Diluted	136,390,849	130,649,041	120,150,290

See accompanying notes to the consolidated financial statements.



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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (in thousands)

	Year Ended December 31,		
	2014	2013	2012
Net income	\$203,415	\$320,449	\$216,047
Other comprehensive income (loss):			
Foreign currency translation adjustments	(52,373	) 14,636	48,303
Increase (decrease) in fair value of interest rate swaps	(7,936	) 2,473	(7,693
Reclassification to interest expense from interest rate swaps	3,419	6,258	4,547
Comprehensive income	\$146,525	\$343,816	\$261,204

See accompanying notes to the consolidated financial statements.

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## DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CAPITAL

(in thousands, except unit data)

	General Partner Preferred Units		Common Units		Limited Partners Common Units		Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests Consolidated Joint Ventures	Total Joint Ventures
	Units	Amount	Units	Amount	Units	Amount			
Balance as of December 31, 2011	23,603,419	\$569,781	106,039,279	\$2,009,016	4,936,130	\$49,244	\$(60,067)	\$12,437	\$2,580,000
Conversion of limited partner common units to general partner common units	—	—	2,234,860	23,757	(2,234,860)	(23,757)	—	—	—
Issuance of restricted common units, net of forfeitures	—	—	94,709	—	—	—	—	—	—
Net proceeds from issuance of common units	—	—	12,456,818	859,727	—	—	—	—	859,727
Issuance of common units in connection with the exercise of stock options	—	—	208,200	4,195	—	—	—	—	4,195
Issuance of common units, net of forfeitures	—	—	—	—	150,130	—	—	—	—
Net proceeds from issuance of series F preferred units	7,300,000	176,071	—	—	—	—	—	—	176,071
Conversion of preferred units	(7,166,914)	(173,141)	4,106,917	173,141	—	—	—	—	—
Amortization of unearned compensation on share based awards	—	—	—	15,938	—	—	—	—	15,938
Reclassification of vested share based awards	—	—	—	(8,544)	—	8,544	—	—	—
Distributions	—	(38,672)	—	(339,074)	—	(13,334)	—	—	(391,076)
Purchase of noncontrolling interests of a consolidated joint venture	—	—	—	(2,033)	—	—	—	(10,351)	(12,384)
Contributions from noncontrolling interests in	—	—	—	—	—	—	—	4,302	4,302

consolidated joint ventures									
Net income	—	38,672	—	171,662	—	6,157	—	(444)	216,047
Other comprehensive loss—foreign currency translation adjustments	—	—	—	—	—	—	48,303	—	48,303
Other comprehensive loss—fair value of interest rate swaps	—	—	—	—	—	—	(7,693)	—	(7,693)
Other comprehensive income—reclassification of accumulated other comprehensive loss to interest expense	—	—	—	—	—	—	4,547	—	4,547
Balance as of December 31, 2012	23,736,505	\$572,711	125,140,783	\$2,907,785	2,851,400	\$26,854	\$(14,910)	\$5,944	\$3,497,112



Other comprehensive loss—fair value of interest rate swaps										
Other comprehensive income—reclassification of accumulated other comprehensive loss to interest expense	—	—	—	—	—	—	6,258	—	6,258	
Balance as of December 31, 2013	28,800,000	\$694,831	128,455,350	\$2,904,994	2,967,021	\$31,261	\$8,457	\$6,969	\$3,646,512	

Table of ContentsIndex to Financial StatementsDIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CAPITAL (continued)  
(in thousands, except unit data)

	General Partner Preferred Units		Common Units		Limited Partners Common Units		Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests Consolidated Joint Ventures	Total Capital
	Units	Amount	Units	Amount	Units	Amount			
Conversion of limited partner common units to general partner common units	—	—	134,073	1,655	(134,073 )	(1,655 )	—	—	—
Issuance of unvested restricted common units, net of forfeitures	—	—	124,163	—	—	—	—	—	—
Common unit offering costs	—	—	—	(625 )	—	—	—	—	(625 )
Issuance of common units in connection with the exercise of stock options	—	—	42,757	711	—	—	—	—	711
Issuance of common units, net of forfeitures	—	—	—	—	180,713	—	—	—	—
Issuance of common stock in exchange for cash and debentures	—	—	6,869,912	266,400	—	—	—	—	266,400
Net proceeds from issuance of series H preferred units	14,600,000	353,290	—	—	—	—	—	—	353,290
Amortization of unearned compensation on share-based awards	—	—	—	23,737	—	—	—	—	23,737



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Reclassification of vested share-based awards	—	—	—	(10,306 )	—	10,306	—	—	—
Distributions	—	(67,465 )	—	(444,103 )	—	(10,101 )	—	—	(521,669 )
Distributions to noncontrolling interests in consolidated joint ventures, net of contributions	—	—	—	—	—	—	—	(643 )	(643 )
Net income	—	67,465	—	132,718	—	2,767	—	465	203,415
Other comprehensive loss - foreign currency translation adjustments	—	—	—	—	—	—	(52,373 )	—	(52,373 )
Other comprehensive loss - fair value of interest rate swaps	—	—	—	—	—	—	(7,936 )	—	(7,936 )
Other comprehensive income - reclassification of accumulated other comprehensive loss to interest expense	—	—	—	—	—	—	3,419	—	3,419
Balance as of December 31, 2014	43,400,000	\$1,048,121	135,626,255	\$2,875,181	3,013,661	\$32,578	\$(48,433)	\$6,791	\$3,914,238

See accompanying notes to the consolidated financial statements.

Table of ContentsIndex to Financial StatementsDIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)

	Year Ended December 31,			
	2014	2013	2012	
Cash flows from operating activities:				
Net income	\$203,415	\$320,449	\$216,047	
Adjustments to reconcile net income to net cash provided by operating activities:				
Gain on sale of property	(15,945	)		
Gain on insurance settlement	—	(5,597	) —	
Gain on contribution of investment properties to unconsolidated joint venture	(95,404	) (115,609	) —	
Gain on sale of investment	(14,551	) —	—	
Impairment of investments in real estate	126,470	—	—	
Equity in earnings of unconsolidated joint ventures	(13,289	) (9,796	) (8,135	)
Change in fair value of accrued contingent consideration	(8,093	) (1,762	) (1,051	)
Distributions from unconsolidated joint ventures	9,684	30,358	20,323	
Write-off of net assets due to early lease terminations	2,692	60	1,260	
Depreciation and amortization of buildings and improvements, tenant improvements and acquired ground leases	456,204	397,592	316,064	
Amortization of share-based unearned compensation	18,019	11,527	12,631	
Allowance for doubtful accounts	726	1,967	1,173	
Amortization of deferred financing costs	8,969	10,658	8,701	
Write-off of deferred financing costs, included in loss on early extinguishment of debt	780	1,813	254	
Amortization of debt discount/premium	1,837	875	372	
Amortization of acquired in place lease value and deferred leasing costs	82,310	77,872	66,489	
Amortization of acquired above market leases and acquired below market leases	(9,983	) (11,719	) (10,262	)
Changes in assets and liabilities:				
Restricted cash	13,523	4,850	7,576	
Accounts and other receivables	(11,426	) (527	) (60,115	)
Deferred rent	(77,483	) (83,541	) (77,059	)
Deferred leasing costs	(32,068	) (16,409	) (15,148	)
Other assets	(11,675	) (3,530	) (9,496	)
Accounts payable and other accrued liabilities	24,775	34,127	22,142	
Security deposits and prepaid rents	(3,599	) 12,732	51,182	
Net cash provided by operating activities	655,888	656,390	542,948	
Cash flows from investing activities:				
Acquisitions of real estate	(24,305	) (170,322	) (1,560,130	)
Proceeds from sale of assets, net of sales costs	37,945	11,015	—	
Proceeds from contribution of investment properties to unconsolidated joint venture	178,933	328,569	—	
Proceeds from sale of investment	31,635	—	—	
Investment in unconsolidated joint ventures	(20,627	) (24,452	) (54,827	)
Investment in equity securities	—	(17,100	) —	

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Deposits paid for acquisitions of real estate	—	—	(1,053	)
Receipt of value added tax refund	18,992	11,277	19,800	
Refundable value added tax paid	(29,585	) (15,785	) (34,448	)
Change in restricted cash	14,899	(1,507	) 2,168	
Improvements to and advances for investments in real estate	(852,386	) (1,189,510	) (845,761	)
Improvement advances to tenants	(20,059	) (7,270	) (5,523	)
Collection of advances from tenants for improvements	20,378	5,851	3,841	
Proceeds from insurance settlement	—	8,625	—	
Net cash used in investing activities	(644,180	) (1,060,609	) (2,475,933	)

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)  
(in thousands)

	Year Ended December 31,		
	2014	2013	2012
Cash flows from financing activities:			
Borrowings on revolving credit facility	\$1,124,608	\$1,806,832	\$1,743,777
Repayments on revolving credit facility	(1,297,785 )	(1,781,435 )	(1,317,466 )
Borrowings on unsecured term loan	—	264,690	751,985
Principal payments on unsecured notes	—	(33,000 )	—
Borrowings on 3.625% unsecured senior notes due 2022	—	—	296,052
Borrowings on 4.250% unsecured senior notes due 2025	—	630,026	—
Borrowings on 4.750% unsecured senior notes due 2023	495,872	—	—
Repayments on other secured loans	—	—	(10,500 )
Principal payments on mortgage loans	(177,882 )	(236,619 )	(166,317 )
Earnout payment related to the acquisition of the Sentrum Portfolio	(11,011 )	(25,783 )	—
Change in restricted cash	289	640	1,932
Payment of loan fees and costs	(4,860 )	(18,371 )	(9,638 )
Capital contributions received from noncontrolling interests in consolidated joint ventures	(643 )	430	4,302
General partner contributions	353,376	241,194	1,039,993
Redemption of preferred stock	—	—	—
Payment of distributions to preferred unitholders	(67,465 )	(42,905 )	(38,672 )
Payment of distributions to common unitholders	(441,694 )	(400,953 )	(334,429 )
Purchase of noncontrolling interests in consolidated joint ventures	—	—	(12,384 )
Net cash (used in) provided by financing activities	(27,195 )	404,746	1,948,635
Net (decrease) increase in cash and cash equivalents	(15,487 )	527	15,650
Cash and cash equivalents at beginning of period	56,808	56,281	40,631
Cash and cash equivalents at end of period	\$41,321	\$56,808	\$56,281

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CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)  
(in thousands)

	Year Ended December 31,			
	2014	2013	2012	
Supplemental disclosure of cash flow information:				
Cash paid for interest, including amounts capitalized	\$200,829	\$192,754	\$166,151	
Cash paid for income taxes	3,099	2,461	2,084	
Supplementary disclosure of noncash investing and financing activities:				
Change in net assets related to foreign currency translation adjustments	(52,373	) 14,636	48,303	
Accrual of distributions	115,019	102,509	93,434	
(Decrease) increase in accounts payable and other accrued liabilities related to change in fair value of interest rate swaps	(7,936	) 2,473	(7,693	)
Acquisition measurement period adjustment included in accounts payable and other accrued liabilities	—	22,393	—	
Preferred units converted to common units	—	119,348	173,141	
Accrual for additions to investments in real estate and tenant improvement advances included in accounts payable and accrued expenses	153,080	216,520	229,743	
Additional accrual of contingent purchase price for investments in real estate	—	6,356	90,739	
Accrual for potential earnout contingency	12,338	—	—	
Issuance of common units associated with exchange of exchangeable senior debentures	261,166	—	—	
Allocation of purchase price of real estate/investment in partnership to:				
Investments in real estate	\$24,305	\$183,119	\$1,435,645	
Acquired above market leases	—	203	44,402	
Acquired below market leases	—	(5,781	) (81,791	)
Acquired in place lease value and deferred leasing costs	—	20,811	168,764	
Mortgage loan assumed, net of premium	—	(28,030	) (6,890	)
Cash paid for acquisition of real estate	\$24,305	\$170,322	\$1,560,130	

See accompanying notes to the consolidated financial statements.

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1. Organization and Description of Business

Digital Realty Trust, Inc. through its controlling interest in Digital Realty Trust, L.P. (the Operating Partnership) and the subsidiaries of the Operating Partnership (collectively, we, our, us or the Company) is engaged in the business of owning, acquiring, developing and managing technology-related real estate. The Company is focused on providing customer driven datacenter solutions for domestic and international tenants across a variety of industry verticals ranging from financial services, cloud and information technology services, to manufacturing, energy, health care and consumer products. As of December 31, 2014, our portfolio consisted of 131 properties, including 14 properties held as investments in unconsolidated joint ventures and developable land, of which 105 are located throughout North America, 21 are located in Europe, three are located in Australia and two are located in Asia. We are diversified in major markets where corporate datacenter and technology tenants are concentrated, including the Boston, Chicago, Dallas, Los Angeles, New York Metro, Northern Virginia, Phoenix, San Francisco and Silicon Valley metropolitan areas in the United States, Amsterdam, Dublin, London and Paris markets in Europe and Singapore, Sydney, Melbourne, Hong Kong and Osaka markets in the Asia Pacific region. The portfolio consists of Internet gateway and corporate datacenter properties, technology manufacturing properties and regional or national offices of technology companies.

The Operating Partnership was formed on July 21, 2004 in anticipation of Digital Realty Trust, Inc.'s initial public offering (IPO) on November 3, 2004 and commenced operations on that date. As of December 31, 2014, Digital Realty Trust, Inc. owns a 97.8% common interest and a 100.0% preferred interest in the Operating Partnership. As sole general partner of the Operating Partnership, Digital Realty Trust, Inc. has the full, exclusive and complete responsibility for the Operating Partnership's day-to-day management and control. The limited partners of the Operating Partnership do not have rights to replace Digital Realty Trust, Inc. as the general partner nor do they have participating rights, although they do have certain protective rights.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include all of the accounts of Digital Realty Trust, Inc., the Operating Partnership and the subsidiaries of the Operating Partnership. Intercompany balances and transactions have been eliminated.

The notes to the consolidated financial statements of Digital Realty Trust, Inc. and the Operating Partnership have been combined to provide the following benefits:

- enhancing investors' understanding of the Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminating duplicative disclosure and providing a more streamlined and readable presentation since a substantial portion of the disclosure applies to both the Company and the Operating Partnership; and
- creating time and cost efficiencies through the preparation of one set of notes instead of two separate sets of notes.

There are few differences between the Company and the Operating Partnership, which are reflected in these consolidated financial statements. We believe it is important to understand the differences between the Company and the Operating Partnership in the context of how we operate as an interrelated consolidated company. Digital Realty Trust, Inc.'s only material asset is its ownership of partnership interests of the Operating Partnership. As a result, Digital Realty Trust, Inc. does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time to time and guaranteeing certain unsecured debt of the Operating Partnership and certain of its subsidiaries. Digital Realty Trust, Inc. itself does not hold any indebtedness but guarantees the unsecured debt of the Operating Partnership and certain of its subsidiaries, as disclosed in these

notes. The Operating Partnership holds substantially all the assets of the Company and holds the ownership interests in the Company's joint ventures. The Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from public equity issuances by Digital Realty Trust, Inc., which are generally contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates the capital required by the Company's business through the Operating Partnership's operations, by the Operating Partnership's direct or indirect incurrence of indebtedness or through the issuance of partnership units.

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The presentation of noncontrolling interests in operating partnership, stockholders' equity and partners' capital are the main areas of difference between the consolidated financial statements of Digital Realty Trust, Inc. and those of the Operating Partnership. The common limited partnership interests held by the limited partners in the Operating Partnership are presented as limited partners' capital within partners' capital in the Operating Partnership's consolidated financial statements and as noncontrolling interests in operating partnership within equity in Digital Realty Trust, Inc.'s consolidated financial statements. The common and preferred partnership interests held by Digital Realty Trust, Inc. in the Operating Partnership are presented as general partner's capital within partners' capital in the Operating Partnership's consolidated financial statements and as preferred stock, common stock, additional paid-in capital and accumulated dividends in excess of earnings within stockholders' equity in Digital Realty Trust, Inc.'s consolidated financial statements. The differences in the presentations between stockholders' equity and partners' capital result from the differences in the equity issued at the Digital Realty Trust, Inc. and the Operating Partnership levels.

To help investors understand the significant differences between the Company and the Operating Partnership, these consolidated financial statements present the following separate sections for each of the Company and the Operating Partnership:

- consolidated face financial statements; and
- the following notes to the consolidated financial statements:
  - Debt of the Company and Debt of the Operating Partnership;
  - Income per Share and Income per Unit;
  - Equity and Accumulated Other Comprehensive Loss, Net of the Company and Capital and Accumulated Other Comprehensive Income (Loss) of the Operating Partnership; and
  - Quarterly Financial Information.

In the sections that combine disclosure of Digital Realty Trust, Inc. and the Operating Partnership, these notes refer to actions or holdings as being actions or holdings of the Company. Although the Operating Partnership is generally the entity that enters into contracts and joint ventures and holds assets and debt, reference to the Company is appropriate because the business is one enterprise and the Company operates the business through the Operating Partnership.

(b) Cash Equivalents

For the purpose of the consolidated statements of cash flows, we consider short-term investments with original maturities of 90 days or less to be cash equivalents. As of December 31, 2014 and 2013, cash equivalents consist of investments in money market instruments.

(c) Investments in Real Estate

Investments in real estate are stated at cost, less accumulated depreciation and amortization. Land is not depreciated. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives as follows:

Acquired ground leases	Terms of the related lease
Buildings and improvements	5-39 years
Tenant improvements	Shorter of the estimated useful lives or the terms of the related leases

Improvements and replacements are capitalized when they extend the useful life, increase capacity, or improve the efficiency of the asset. Repairs and maintenance are charged to expense as incurred.

Assets that are classified as held for sale are recorded at the lower of their carrying value or fair value less costs to dispose. We classify assets as held for sale once management has the authority to approve and commits to a plan to



sell, the assets are available for immediate sale, an active program to locate a buyer has commenced and the sale of the assets are probable and transfer of the assets are expected to occur within one year. Upon the classification of assets as held for sale or sold, the depreciation and amortization of the assets will cease.

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(d) Investment in Unconsolidated Joint Ventures

The Company's investment in unconsolidated joint ventures is accounted for using the equity method, whereby the investment is increased for capital contributed and our share of the joint ventures' net income and decreased by distributions we receive and our share of any losses of the joint ventures.

We amortize the difference between the cost of our investments in unconsolidated joint ventures and the book value of the underlying equity into equity in earnings from unconsolidated affiliates on a straight-line basis consistent with the lives of the underlying assets.

(e) Impairment of Long-Lived Assets

We review each of our properties for indicators that its carrying amount may not be recoverable. Examples of such indicators may include a significant decrease in the market price of the property, a significant adverse change in the extent or manner in which the property is being used in its physical condition or expected to be used based on the underwriting at the time of acquisition, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of the property, or a history of operating or cash flow losses of the property. When such impairment indicators exist, we review an estimate of the future probability weighted undiscounted net cash flows (excluding interest charges) expected to result from the real estate investment's use and eventual disposition and compare that estimate to the carrying value of the property. We consider factors such as future operating income, trends and prospects, as well as the effects of leasing demand, competition, potential sales proceeds and other factors. If our undiscounted net cash flow evaluation indicates that we are unable to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property.

In the third and fourth quarters of 2014, we identified certain properties in our portfolio that fall outside of our targeted investment strategy, which are candidates for near-term disposition. We have implemented a marketing strategy for those properties identified as held for sale as of December 31, 2014. We are in the process of developing our marketing strategy for those assets that did not meet the held for sale criteria as of December 31, 2014. We plan to carefully evaluate the disposition options revealed through our marketing efforts, and to pursue those which provide the best opportunity to optimize shareholder value. In connection with initiating this process, we evaluated the recoverability of the carrying values of each of these properties and determined that the carrying values of five properties was no longer recoverable due to reducing their expected holding period. As a result, for the year ended December 31, 2014, we reduced the carrying values of the properties to their estimated fair value by recording an impairment loss of approximately \$126.5 million. Estimated fair value was determined using the guidance in ASC 820, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There were no impairment losses for the years ended December 31, 2013 and 2012.

(f) Purchase Accounting for Acquisition of Investments in Real Estate

Purchase accounting is applied to the assets and liabilities related to all real estate investments acquired from third parties. In accordance with current accounting guidance, the fair value of the real estate acquired is allocated to the acquired tangible assets, consisting primarily of land, building and tenant improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases, value of tenant relationships and acquired ground leases, based in each case on their fair values. Loan premiums, in the case of above market rate loans, or loan discounts, in the case of below market loans, are recorded based on the fair value of any loans assumed in connection with acquiring the real estate.

The fair values of the tangible assets of an acquired property are determined based on comparable land sales for land and replacement costs adjusted for physical and market obsolescence for the improvements. The fair values of the tangible assets of an acquired property are also determined by valuing the property as if it were vacant, and the “as-if-vacant” value is then allocated to land, building and tenant improvements based on management’s determination of the relative fair values of these assets. Management determines the as-if-vacant fair value of a property based on assumptions that a market participant would use, which is similar to methods used by independent appraisers. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other

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operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand. Management also estimates costs to execute similar leases including leasing commissions, tenant improvements, legal and other related costs.

In allocating the fair value of the identified intangible assets and liabilities of an acquired property, above-market and below-market in-place lease values are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) estimated fair market lease rates from the perspective of a market participant for the corresponding in-place leases, measured, for above-market leases, over a period equal to the remaining non-cancelable term of the lease and, for below-market leases, over a period equal to the initial term plus any below market fixed rate renewal periods. The leases we have acquired do not currently include any below market fixed rate renewal periods. The capitalized above-market lease values are amortized as a reduction of rental income over the remaining non-cancelable terms of the respective leases. The capitalized below-market lease values, also referred to as acquired lease obligations, are amortized as an increase to rental income over the initial terms of the respective leases and any below market fixed rate renewal periods.

In addition to the intangible value for above market leases and the intangible negative value for below market leases, there is intangible value related to having tenants leasing space in the purchased property, which is referred to as in-place lease value and tenant relationship value. Such value results primarily from the buyer of a leased property avoiding the costs associated with leasing the property and also avoiding rent losses and unreimbursed operating expenses during the lease up period. The estimated avoided costs and avoided revenue losses are calculated and this aggregate value is allocated between in-place lease value and tenant relationships based on management's evaluation of the specific characteristics of each tenant's lease; however, the value of tenant relationships has not been separated from in-place lease value for our real estate because such value and its consequence to amortization expense is immaterial for these particular acquisitions. The value of in-place leases exclusive of the value of above-market in-place leases is amortized to expense over the estimated term (including renewal and extension assumptions) of the respective leases. If a lease were to be terminated prior to its estimated term, all unamortized amounts relating to that lease would be written off.

(g) Capitalization of Costs

Direct and indirect project costs that are clearly associated with the development of properties are capitalized as incurred. Project costs include all costs directly associated with the development of a property, including construction costs, interest, property taxes, insurance, legal fees and costs of personnel working on the project. Indirect costs that do not clearly relate to the projects under development are not capitalized and are charged to expense as incurred. Capitalization of costs begins when the activities necessary to get the development project ready for its intended use begins, which include costs incurred before the beginning of construction. Capitalization of costs ceases when the development project is substantially complete and ready for its intended use. Determining when a development project commences, and when it is substantially complete and ready for its intended use involves a degree of judgment. We generally consider a development project to be substantially complete and ready for its intended use upon receipt of a certificate of occupancy. If and when development of a property is suspended pursuant to a formal change in the planned use of the property, we will evaluate whether the accumulated costs exceed the estimated value of the project and write off the amount of any such excess accumulated costs. For a development project that is suspended for reasons other than a formal change in the planned use of such property, the accumulated project costs are evaluated for impairment consistent with our impairment policies for long-lived assets. Capitalized costs are allocated to the specific components of a project that are benefited.

During the years ended December 31, 2014, 2013 and 2012, we capitalized interest of approximately \$20.4 million, \$26.3 million and \$21.5 million, respectively. During the years ended December 31, 2014, 2013 and 2012, we capitalized amounts relating to compensation expense of employees direct and incremental to construction and successful leasing activities of approximately \$50.1 million, \$38.4 million and \$31.6 million, respectively. Cash flows used for capitalized leasing costs of \$49.0 million, \$57.5 million and \$40.1 million are included in improvements to and advances for investments in real estate in cash flows from investing activities in the consolidated statements of cash flows for the years ended December 31, 2014, 2013 and 2012, respectively.

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(h) Deferred Leasing Costs

Leasing commissions and other direct and indirect costs associated with the acquisition of tenants are capitalized and amortized on a straight line basis over the terms of the related leases.

(i) Foreign Currency Translation

Assets and liabilities of our subsidiaries outside the United States with non-U.S. dollar functional currencies are translated into U.S. dollars using exchange rates as of the balance sheet dates. Income and expenses are translated using the average exchange rates for the reporting period. Foreign currency translation adjustments are recorded as a component of other comprehensive income.

(j) Deferred Financing Costs

Loan fees and costs are capitalized and amortized over the life of the related loans on a straight-line basis, which approximates the effective interest method. Such amortization is included as a component of interest expense.

(k) Restricted Cash

Restricted cash consists of deposits for real estate taxes and insurance and other amounts as required by our loan agreements including funds for leasing costs and improvements related to unoccupied space.

(l) Offering Costs

Underwriting commissions and other offering costs are reflected as a reduction in additional paid-in capital, or in the case of preferred stock, as a reduction of the carrying value of preferred stock.

(m) Share Based Compensation

The Company measures all share-based compensation awards at fair value on the date they are granted to employees and directors, and recognizes compensation cost, net of forfeitures, over the requisite service period for awards with only a service condition. The estimated fair value of the long-term incentive units and Class D Units (discussed in note 13) granted by us is being amortized on a straight-line basis over the expected service period.

The fair value of share-based compensation awards that contain a market condition is measured using a Monte Carlo simulation method and not adjusted based on actual achievement of the market condition.

(n) Accounting for Derivative Instruments and Hedging Activities

We account for our derivative instruments and hedging activities in accordance with the accounting standard for derivative and hedging activities. The accounting standard requires us to measure every derivative instrument (including certain derivative instruments embedded in other contracts) at fair value and record them in the balance sheet as either an asset or liability.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income (loss) and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. The amount of gain recognized in income related to the ineffective portion of the hedging relationships for the year ended December 31, 2014 was approximately \$0.8 million. During the years ended December 31, 2013 and 2012, respectively, there were no ineffective portions to our interest rate swaps.

We actively manage our ratio of fixed-to-floating rate debt. To manage our fixed and floating rate debt in a cost-effective manner, we, from time to time, enter into interest rate swap agreements as cash flow hedges, under which we agree to exchange various combinations of fixed and/or variable interest rates based on agreed upon notional amounts. We do not enter into derivative instruments for trading purposes.



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(o) Income Taxes

Digital Realty Trust, Inc. has elected to be treated as a real estate investment trust (a “REIT”) for federal income tax purposes. As a REIT, Digital Realty Trust, Inc. generally is not required to pay federal corporate income tax to the extent taxable income is currently distributed to its stockholders. If Digital Realty Trust, Inc. fails to qualify as a REIT in any taxable year, it will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates.

The Company is subject to foreign, state and local income taxes in the jurisdictions in which it conducts business. The Company’s U.S. consolidated taxable REIT subsidiaries are subject to both federal and state income taxes to the extent there is taxable income. Accordingly, the Company recognizes current and deferred income taxes for its taxable REIT subsidiaries, certain states and non-U.S. jurisdictions, as appropriate.

We assess our significant tax positions in accordance with U.S. GAAP for all open tax years and determine whether we have any material unrecognized liabilities from uncertain tax benefits. If a tax position is not considered “more-likely-than-not” to be sustained solely on its technical merits, no benefits of the tax position are to be recognized (for financial statement purposes). As of December 31, 2014 and 2013, we have no assets or liabilities for uncertain tax positions. We classify interest and penalties from significant uncertain tax positions as interest expense and operating expense, respectively, in our consolidated income statements. For the years ended December 31, 2014, 2013 and 2012, we had no such interest or penalties. The tax year 2011 and thereafter remain open to examination by the major taxing jurisdictions with which the Company files tax returns.

See Note 10 for further discussion on income taxes.

(p) Presentation of Transactional-based Taxes

We account for transactional-based taxes, such as value added tax, or VAT, for our international properties on a net basis.

(q) Revenue Recognition

All leases are classified as operating leases and minimum rents are recognized on a straight-line basis over the terms of the leases. The excess of rents recognized over amounts contractually due pursuant to the underlying leases is included in deferred rent in the accompanying consolidated balance sheets and contractually due but unpaid rents are included in accounts and other receivables.

Tenant reimbursements for real estate taxes, common area maintenance, and other recoverable costs are recognized in the period that the expenses are incurred. Lease termination fees, which are included in other revenue in the accompanying consolidated income statements, are recognized over the new remaining term of the lease, effective as of the date the lease modification is finalized, and assuming collection is probable.

A provision for loss is made if the collection of the receivable balances related to contractual rent, rent recorded on a straight-line basis, tenant reimbursements and lease termination fees are considered to be doubtful.

(r) Asset Retirement Obligations

We record accruals for estimated retirement obligations as required by current accounting guidance. The amount of asset retirement obligations relates primarily to estimated asbestos removal costs at the end of the economic life of properties that were built before 1984. As of December 31, 2014 and 2013, the amount included in accounts payable and other accrued liabilities on our consolidated balance sheets was approximately \$1.7 million and \$1.7 million, respectively.

(s) Fee Income



Occasionally, customers engage the company for certain services. The nature of these services historically involves property management, construction management, and assistance with financing. The proper revenue recognition of these services can be different, depending on whether the arrangements are service revenue or contractor type revenue. Service revenues are typically recognized on an equal monthly basis based on the minimum fee to be earned. The monthly amounts could be adjusted depending on if certain performance milestones are met.

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Fee income also includes management fees. These fees arise from contractual agreements with entities in which we have a noncontrolling interest. The management fees are recognized as earned under the respective agreements. Management and other fee income related to partially owned entities are recognized to the extent attributable to the unaffiliated interest.

(t) Assets and Liabilities Measured at Fair Value

Fair value under U.S. GAAP is a market-based measurement, not an entity-specific measurement. Therefore, our fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair-value measurements, we use a fair-value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair-value measurement is based on inputs from different levels of the fair-value hierarchy, the lowest level input that is significant would be used to determine the fair-value measurement in its entirety. Our assessment of the significance of a particular input to the fair-value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

(u) Transactions Expense

Transactions expense includes acquisition-related expenses and other business development expenses, which are expensed as incurred. Acquisition-related expenses include closing costs, broker commissions and other professional fees, including legal and accounting fees related to acquisitions and significant transactions.

(v) Management's Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates made. On an on-going basis, we evaluate our estimates, including those related to the valuation of our real estate properties, contingent consideration, accounts receivable and deferred rent receivable, performance-based equity compensation plans and the completeness of accrued liabilities. We base our estimates on historical experience, current market conditions, and various other assumptions that are believed to be reasonable under the circumstances. Actual results may vary from those estimates and those estimates could vary under different assumptions or conditions.

(w) Segment and Geographic Information

All of our properties generate similar revenues and expenses related to tenant rent and reimbursements and operating expenses. The delivery of our products is consistent across all properties and although services are provided to a wide range of customers, the types of real estate services provided to them are standardized throughout the portfolio. As such, the properties in our portfolio have similar economic characteristics and the nature of the products and services

provided to our customers and the method to distribute such services are consistent throughout the portfolio. Consequently, our properties qualify for aggregation into one reporting segment.

Operating revenues from properties in the United States were \$1.2 billion, \$1.1 billion and \$1.1 billion and outside the United States were \$383.0 million, \$349.1 million and \$228.9 million for the years ended December 31, 2014, 2013 and 2012, respectively. We had long-lived assets located in the United States of \$5.4 billion, \$5.6 billion and \$5.0 billion and outside the United States of \$2.7 billion, \$2.7 billion and \$2.5 billion as of December 31, 2014, 2013 and 2012, respectively.

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Operating revenues from properties located in the United Kingdom were \$215.7 million, \$197.0 million and \$117.2 million, or 13.3%, 13.3% and 9.2% of total operating revenues for the years ended December 31, 2014, 2013 and 2012, respectively. No other foreign country comprised more than 10% of total operating revenues for each of these years. We had long-lived assets located in the United Kingdom of \$1.7 billion, \$1.8 billion and \$1.7 billion, or 21.3%, 21.1% and 22.3% of total long-lived assets as of December 31, 2014, 2013 and 2012, respectively. No other foreign country comprised more than 10% of total long-lived assets as of each of December 31, 2014, 2013 and 2012.

(x) Reclassifications

Certain immaterial reclassifications to prior year amounts have been made to conform to the current year presentation. The Company has revised the presentation in its 2013 consolidated balance sheet to properly reflect the impact of certain cash received prior to year-end as a reduction to accounts receivable, rather than as prepaid rent. The impact of this revision decreased the amounts previously reported in the 2013 balance sheet for accounts and other receivables and security deposits and prepaid rents by \$58.9 million. In addition, during the years ended December 31, 2013 and 2012, \$(1.8) million and \$(1.1) million were reclassified from rental property operating and maintenance expense to change in fair value of contingent consideration, respectively.

(y) Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-8, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360), Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, which amends the requirements for reporting discontinued operations. Under ASU 2014-8, a disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the component or group of components meets the criteria to be classified as held for sale or when the component or group of components is disposed of by sale or other than by sale. Under the previous guidance, the Company's current year disposals and assets classified as held for sale would have qualified for discontinued operations presentation. However, under the new guidance, the actual and planned disposals do not represent a strategic shift that will have a major effect on operations and financial results. As a result, discontinued operations presentation is not provided for these actual and planned disposals. In addition, this ASU requires additional disclosures about both discontinued operations and the disposal of an individually significant component of an entity that does not qualify for discontinued operations presentation in the financial statements. As permitted by the standard, the Company has elected to early adopt the provisions of ASU 2014-8 as of January 1, 2014 and is applying the provisions prospectively.

In May 2014, the FASB issued an update (ASU 2014-09) establishing ASC Topic 606, Revenue from Contracts with Customers. ASU 2014-09 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. ASU 2014-09 requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and also requires certain additional disclosures. ASU 2014-09 is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2016. We are currently evaluating the impact of the adoption of ASU 2014-09 on our consolidated financial statements.

In June 2014, the FASB issued an update (ASU 2014-12) to ASC Topic 718, Compensation - Stock Compensation. ASU 2014-12 requires an entity to treat performance targets that can be met after the requisite service period of a share based award has ended, as a performance condition that affects vesting. ASU 2014-12 is effective for interim

and annual reporting periods in fiscal years that begin after December 15, 2015. We are currently evaluating the impact of the adoption of ASU 2014-12 on our consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, which provides guidance on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. In accordance with the guidance, all legal entities are subject to reevaluation under the revised consolidation model. The guidance is effective in the first quarter of 2016, and early adoption is permitted. We are currently evaluating the potential impact of the adoption of ASU 2015-02 on our consolidated financial statements.

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December 31, 2014 and 2013

## 3. Investments in Real Estate

A summary of our investments in properties as of December 31, 2014 and 2013 is as follows:

As of December 31, 2014

(in thousands)

Property Type	Land	Acquired Ground Lease	Building and Improvements (1)	Tenant Improvements	Accumulated Depreciation and Amortization	Net Investment in Properties
Internet Gateway Datacenters	\$112,265	\$—	\$1,459,952	\$99,842	\$(541,023)	\$1,131,036
Corporate Datacenters	525,191	12,196	7,117,767	368,859	(1,286,024)	6,737,989
Technology Manufacturing	25,471	—	67,238	4,764	(20,506)	76,967
Technology Office	5,368	—	42,356	1,459	(14,759)	34,424
Other	3,307	—	136,501	76	(11,742)	128,142
	\$671,602	\$12,196	\$8,823,814	\$475,000	\$(1,874,054)	\$8,108,558

As of December 31, 2013

(in thousands)

Property Type	Land	Acquired Ground Lease	Building and Improvements(1)	Tenant Improvements	Accumulated Depreciation and Amortization	Net Investment in Properties
Internet Gateway Datacenters	\$117,863	\$—	\$1,466,489	\$100,481	\$(474,867)	\$1,209,966
Corporate Datacenters	542,108	13,296	6,963,052	382,219	(1,048,229)	6,852,446
Technology Manufacturing	25,471	1,322	73,807	6,333	(24,177)	82,756
Technology Office	4,971	—	48,143	1,459	(10,725)	43,848
Other	3,378	—	129,186	—	(7,998)	124,566
	\$693,791	\$14,618	\$8,680,677	\$490,492	\$(1,565,996)	\$8,313,582

(1) Balance includes, as of December 31, 2014 and 2013, \$1.0 billion and \$1.1 billion of direct and accrued costs associated with development in progress, respectively.

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## Acquisitions

We acquired the following real estate properties during the years ended December 31, 2014 and 2013:

Location	Metropolitan Area	Date Acquired	Amount (in millions) <sup>(1)</sup>
Crawley 2 <sup>(2)</sup>	London	September 16, 2014	\$23.0
Total Acquisitions—Year Ended December 31, 2014			\$23.0

Location	Metropolitan Area	Date Acquired	Amount (in millions) <sup>(1)</sup>
17201 Waterview Parkway	Dallas, Texas	January 31, 2013	\$8.5
1900 S. Price Road	Phoenix, Arizona	January 31, 2013	24.0
371 Gough Road	Toronto, Canada	March 12, 2013	8.4
1500 Towerview Road	Minneapolis, Minnesota	March 27, 2013	37.0
CarTech <sup>(2)</sup>	London, England	April 2, 2013	3.6
MetCenter Business Park <sup>(3)</sup>	Austin, Texas	May 20, 2013	31.9
Liverpoolweg 10 <sup>(4)</sup>	Amsterdam, Netherlands	June 27, 2013	3.9
Saito Industrial Park <sup>(2)</sup>	Osaka, Japan	August 9, 2013	9.6
Principal Park <sup>(2)</sup>	London, England	September 23, 2013	19.3
De President, Hoofddorp <sup>(2)</sup>	Amsterdam, Netherlands	September 24, 2013	6.7
636 Pierce Street <sup>(5)</sup>	New York Metro	December 19, 2013	35.3
Total Acquisitions—Year Ended December 31, 2013			\$188.2

(1) Purchase prices are all in U.S. dollars and exclude capitalized closing costs on land acquisitions. Purchase prices for acquisitions outside the United States are based on the exchange rate at the date of acquisition.

(2) Represents currently vacant land which is not included in our operating property count.

MetCenter Business Park consists of three buildings at 8201 E. Riverside Drive and three buildings at 7401 E. Ben

(3) White Boulevard in the Austin metropolitan area. MetCenter Business Park is considered one property for our property count.

Acquisition of a partially-built data center in Groningen, Netherlands for a purchase price of \$3.9 million. We paid (4) an additional \$2.6 million in October 2013 upon completion of construction by the tenant, with the final payment of \$1.4 million made in December 2013.

(5) In connection with the acquisition, we assumed a \$26.4 million secured mortgage loan.

## Dispositions

On April 7, 2014, the Operating Partnership sold 6 Braham Street to the tenant pursuant to a sale of the ownership interests in the Operating Partnership's wholly owned subsidiary that owned the building for £25.0 million (or approximately \$41.5 million based on the exchange rate as of April 7, 2014). The transaction after costs and various tenant prepayments resulted in net proceeds of approximately £22.6 million (or approximately \$37.5 million based on

the exchange rate as of April 7, 2014) and a net gain of approximately \$15.9 million. The transaction includes substantially all of the assets of 6 Braham Street and we expect no further cash flows following the sale date.



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The property was identified as held for sale in March 2014. 6 Braham Street was not a significant component of our United Kingdom portfolio nor does the sale of 6 Braham represent a significant shift in our strategy. We have identified certain non-core investment properties we intend to sell as part of our capital recycling strategy. Our capital recycling program is designed to identify non-strategic and underperforming assets that can be sold to generate proceeds that will support the funding of our core investment activity. We expect our capital recycling initiative will likewise have a meaningfully positive impact on overall return on invested capital. In addition, our capital recycling program does not represent a strategic shift, as we are not entirely exiting regions or property types. During this process, we are evaluating the carrying value of certain investment properties identified for potential sale to ensure the carrying value is recoverable in light of a potentially shorter holding period. As a result of our evaluation, during the year ended December 31, 2014, we recognized \$126.5 million of impairment losses on five properties located in the Midwest, Northeast and West regions. The fair value of the five properties were primarily based on discounted cash flow analysis, and in certain cases, we supplemented the analysis by obtaining broker opinions of value. As of December 31, 2014, these properties do not meet the criteria to be classified as held for sale. As of December 31, 2014, the Company has taken the necessary actions to conclude that five properties to be disposed of as part of our capital recycling strategy met the criteria to be classified as held for sale. As of December 31, 2014, these five properties had an aggregate carrying value of \$120.5 million within total assets and \$5.8 million within total liabilities and are shown as assets held for sale and obligations associated with assets held for sale on the consolidated balance sheet. The five properties are not representative of a significant component of our portfolio, nor does the potential sales represent a significant shift in our strategy.

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## 4. Investment in Unconsolidated Joint Ventures

As of December 31, 2014, our investment in unconsolidated joint ventures consists of effective 50% interests in three joint ventures that own data center properties at 2001 Sixth Avenue in Seattle, Washington, 2020 Fifth Avenue in Seattle, Washington and 33 Chun Choi Street in Hong Kong, and 20% interests in two joint ventures, one of which owns 10 data center properties with an investment fund managed by Prudential Real Estate Investors (PREI®) and the other which owns one data center property with an affiliate of Griffin Capital Essential Asset REIT, Inc. (GCEAR). The following tables present summarized financial information for the joint ventures for the years ended December 31, 2014, 2013, and 2012 (in thousands):

2014	% Ownership	Net Investment in Properties	Total Assets	Mortgage Loans	Total Liabilities	Equity / (Deficit)	Revenues	Property Operating Expense	Net Operating Income	Net Income (Loss)
Unconsolidated Joint Ventures										
2001 Sixth Avenue	50.00 %	\$ 37,620	\$42,537	\$104,523	\$110,749	\$(68,212)	\$39,807	\$(14,707)	\$25,100	\$11,982
2020 Fifth Avenue	50.00 %	47,239	55,123	47,000	47,795	7,328	8,308	(1,086 )	7,222	4,844
33 Chun Choi Street (Hong Kong)	50.00 %	143,014	165,912	—	10,210	155,702	8,671	(2,625 )	6,046	2,976
PREI®	20.00 %	429,358	492,494	208,000						