Digital Realty Trust, Inc.
Form 10-Q
November 07, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 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 San Francisco, CA	94111
(Address of principal executive offices)	(Zip Code)

(415) 738-6500
(Registrant's telephone number, including area code)

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 x	No ¨
Digital Realty Trust, L.P.	Yes x	No ¨

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 x	No ¨
Digital Realty Trust, L.P.	Yes x	No ¨

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	x	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Digital Realty Trust, L.P.:

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

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

Digital Realty Trust, Inc.	Yes ¨ No x
Digital Realty Trust, L.P.	Yes ¨ No x

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

Digital Realty Trust, Inc.:

Class	Outstanding at November 3, 2014
Common Stock, $.01 par value per share	135,512,464

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EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended September 30, 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 September 30, 2014, Digital Realty Trust, Inc. owned an approximate 97.7% common general partnership interest in Digital Realty Trust, L.P. The remaining approximate 2.3% common limited partnership interests are owned by non-affiliated investors and certain directors and officers of Digital Realty Trust, Inc. As of September 30, 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 quarterly reports on Form 10-Q 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 condensed 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 condensed consolidated financial statements and as noncontrolling interests in operating partnership within equity in Digital Realty Trust, Inc.'s condensed 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 condensed 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 condensed 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.

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:

- Condensed consolidated financial statements;

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- the following notes to the condensed consolidated financial statements:

- Debt of the Company and Debt of the Operating Partnership;

- Income per Share and Income per Unit; and

- Equity and Accumulated Other Comprehensive Income, Net and Capital and Accumulated Other Comprehensive Income;

- Liquidity and Capital Resources in Management's Discussion and Analysis of Financial Condition and Results of Operations; and

- Unregistered Sales of Equity Securities and Use of Proceeds.

This report also includes separate Item 4. 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 Interim Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications 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 condensed 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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FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2014
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DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	September 30, 2014 (unaudited)	December 31, 2013
ASSETS		
Investments in real estate:		
Properties:		
Land	$694,237	$693,791
Acquired ground leases	14,030	14,618
Buildings and improvements	9,032,432	8,680,677
Tenant improvements	496,018	490,492
Total investments in properties	10,236,717	9,879,578
Accumulated depreciation and amortization	(1,840,379)	(1,565,996)
Net investments in properties	8,396,338	8,313,582
Investment in unconsolidated joint ventures	94,497	70,504
Net investments in real estate	8,490,835	8,384,086
Cash and cash equivalents	36,528	56,808
Accounts and other receivables, net of allowance for doubtful accounts of $7,652 and $5,576 as of September 30, 2014 and December 31, 2013, respectively	140,463	122,248
Deferred rent	442,358	393,504
Acquired above-market leases, net	42,477	52,264
Acquired in-place lease value and deferred leasing costs, net	461,243	489,456
Deferred financing costs, net	33,761	36,475
Restricted cash	13,986	40,362
Other assets	60,356	51,627
Total assets	$9,722,007	$9,626,830
LIABILITIES AND EQUITY		
Global revolving credit facility	$485,023	$724,668
Unsecured term loan	1,002,186	1,020,984
Unsecured senior notes, net of discount	2,835,478	2,364,232
Exchangeable senior debentures	—	266,400
Mortgage loans, net of premiums	417,042	585,608
Accounts payable and other accrued liabilities	648,314	662,687
Accrued dividends and distributions	—	102,509
Acquired below-market leases, net	110,708	130,269
Security deposits and prepaid rents	119,696	122,961
Total liabilities	5,618,447	5,980,318
Commitments and contingencies		
Equity:		
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 September 30, 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	176,191	176,191

issued and outstanding as of September 30, 2014 and December 31, 2013, respectively		
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 September 30, 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 September 30, 2014 and December 31, 2013, respectively	353,300	—
Common Stock: $0.01 par value, 215,000,000 shares authorized, 135,503,184 and 128,455,350 shares issued and outstanding as of September 30, 2014 and December 31, 2013, respectively	1,348	1,279
Additional paid-in capital	3,964,876	3,688,937
Accumulated dividends in excess of earnings	(931,777)	(785,222)
Accumulated other comprehensive income, net	(20,470)	10,691
Total stockholders’ equity	4,062,108	3,610,516
Noncontrolling Interests:		
Noncontrolling interests in operating partnership	34,632	29,027
Noncontrolling interests in consolidated joint ventures	6,820	6,969
Total noncontrolling interests	41,452	35,996
Total equity	4,103,560	3,646,512
Total liabilities and equity	$9,722,007	$9,626,830

See accompanying notes to the condensed consolidated financial statements.

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DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INCOME STATEMENTS
(unaudited, in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating Revenues:				
Rental	$317,064	$290,712	$936,270	$858,064
Tenant reimbursements	92,209	88,059	261,517	240,657
Fee income	2,748	671	5,397	2,205
Other	165	14	1,038	402
Total operating revenues	412,186	379,456	1,204,222	1,101,328
Operating Expenses:				
Rental property operating and maintenance	130,894	129,234	375,586	341,420
Property taxes	25,765	26,074	68,485	66,490
Insurance	2,145	2,144	6,463	6,587
Construction management	60	51	345	729
Change in fair value of contingent consideration	(1,465)	(943)	(4,102)	(13)
Depreciation and amortization	137,474	121,198	405,186	348,688
General and administrative	20,709	16,275	71,708	50,117
Transactions	144	243	980	3,497
Impairment of investments in real estate	12,500	—	12,500	—
Other	1,588	3	2,239	56
Total operating expenses	329,814	294,279	939,390	817,571
Operating income	82,372	85,177	264,832	283,757
Other Income (Expenses):				
Equity in earnings of unconsolidated joint ventures	3,455	2,174	9,513	6,839
Gain on insurance settlement	—	—	—	5,597
Gain on sale of property	—	—	15,945	—
Gain on contribution of properties to unconsolidated joint ventures	93,498	115,054	95,404	115,054
Interest and other income (expense)	378	(127)	2,022	(92)
Interest expense	(48,169)	(47,742)	(144,689)	(143,403)
Tax expense	(1,178)	(352)	(4,037)	(1,765)
Loss from early extinguishment of debt	(195)	(704)	(780)	(1,205)
Net income	130,161	153,480	238,210	264,782
Net income attributable to noncontrolling interests	(2,392)	(2,882)	(4,190)	(4,997)
Net income attributable to Digital Realty Trust, Inc.	127,769	150,598	234,020	259,785
Preferred stock dividends	(18,455)	(11,726)	(49,010)	(31,179)
Net income available to common stockholders	$109,314	$138,872	$185,010	$228,606
Net income per share available to common stockholders:				
Basic	$0.81	$1.08	$1.39	$1.79
Diluted	$0.80	$1.06	$1.39	$1.79
Weighted average common shares outstanding:				
Basic	135,492,618	128,427,444	132,635,894	127,771,419
Diluted	135,946,533	135,301,765	132,852,966	127,955,769

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income	$130,161	$153,480	$238,210	$264,782
Other comprehensive income:				
Foreign currency translation adjustments	(39,470)	56,565	(30,730)	(6,190)
Increase (decrease) in fair value of interest rate swaps	2,435	(3,324)	(3,647)	3,175
Reclassification to interest expense from interest rate swaps	867	1,508	2,567	4,949
Comprehensive income	93,993	208,229	206,400	266,716
Comprehensive income attributable to noncontrolling interests	(1,656)	(3,948)	(3,541)	(5,067)
Comprehensive income attributable to Digital Realty Trust, Inc.	$92,337	$204,281	$202,859	$261,649

See accompanying notes to the condensed consolidated financial statements.

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DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
(unaudited, 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, net	Total Stockholders' Equity	Noncontrolling Interests in Operating Partnership	Noncon Interests in Consoli Joint Venture
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
Conversion of units to common stock	—	17,941	—	229	—	—	229	(229)	—
Issuance of unvested restricted stock, net of forfeitures	—	143,847	—	—	—	—	—	—	—
Common stock offering costs	—	—	—	(221)	—	—	(221)	—	—
Exercise of stock options	—	16,134	—	237	—	—	237	—	—
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	353,300	—	—	—	—	—	353,300	—	—
Amortization of unearned compensation on share-based awards	—	—	—	19,669	—	—	19,669	—	—
Reclassification of vested share-based awards	—	—	—	(10,306)	—	—	(10,306)	10,306	—
Dividends declared on preferred stock	—	—	—	—	(49,010)	—	(49,010)	—	—
Dividends and distributions on common stock and common and incentive units	—	—	—	—	(331,565)	—	(331,565)	(7,661)	—
Distributions to noncontrolling interests in consolidated joint ventures, net of contributions	—	—	—	—	—	—	—	—	(501
Net income	—	—	—	—	234,020	—	234,020	3,838	352
	—	—	—	—	—	(30,104)	(30,104)	(626)	—

Other comprehensive income—foreign currency translation adjustments									
Other comprehensive loss—fair value of interest rate swaps	—	—	—	—	—	(3,572)	(3,572)	(75)	—
Other comprehensive income—reclassification of accumulated other comprehensive loss to interest expense	—	—	—	—	—	2,515	2,515	52	—
Balance as of September 30, 2014	$1,048,131	135,503,184	$1,348	$3,964,876	$(931,777)	$(20,470)	$4,062,108	$34,632	$6,820

See accompanying notes to the condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities:		
Net income	$238,210	$264,782
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of property	(15,945)	—
Gain on contribution of investment properties to unconsolidated joint ventures	(95,404)	(115,054)
Gain on insurance settlement	—	(5,597)
Impairment of investments in real estate	12,500	—
Equity in earnings of unconsolidated joint ventures	(9,513)	(6,839)
Change in fair value of accrued contingent consideration	(4,102)	(13)
Distributions from unconsolidated joint ventures	6,032	27,675
Write-off of net assets due to early lease terminations	2,239	56
Depreciation and amortization of buildings and improvements, tenant improvements and acquired ground leases	340,645	291,707
Amortization of share-based unearned compensation	15,489	9,344
Allowance for doubtful accounts	2,076	1,660
Amortization of deferred financing costs	6,762	7,733
Loss on early extinguishment of debt	780	1,205
Amortization of debt discount/premium	1,352	530
Amortization of acquired in-place lease value and deferred leasing costs	64,541	56,981
Amortization of acquired above-market leases and acquired below-market leases	(7,710)	(8,831)
Changes in assets and liabilities:		
Restricted cash	11,060	2,487
Accounts and other receivables	(16,377)	(11,601)
Deferred rent	(58,874)	(60,802)
Deferred leasing costs	(15,178)	(16,604)
Other assets	(12,895)	(9,355)
Accounts payable and other accrued liabilities	3,668	13,304
Security deposits and prepaid rents	3,211	11,312
Net cash provided by operating activities	472,567	454,080
Cash flows from investing activities:		
Acquisitions of real estate	(24,305)	(154,801)
Proceeds from sale of property, net	37,945	—
Proceeds from contribution of investment properties to unconsolidated joint ventures	178,933	328,569
Investment in unconsolidated joint ventures	(20,627)	(7,297)
Investment in equity securities	(2)	(17,100)
Deposits paid for acquisitions of real estate	—	(2,250)
Receipt of value added tax refund	8,457	8,326
Refundable value added tax paid	(13,882)	(11,805)
Change in restricted cash	15,237	(1,292)
Improvements to and advances for investments in real estate	(644,637)	(882,346)
Improvement advances to tenants	(15,505)	(5,108)
Collection of advances from tenants for improvements	13,500	3,978
Proceeds from insurance settlement	—	8,625

Net cash used in investing activities	(464,886)	(732,501)

See accompanying notes to the condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2014	2013
Cash flows from financing activities:		
Borrowings on revolving credit facility	$952,590	$1,292,146
Repayments on revolving credit facility	(1,182,341)	(1,497,317)
Borrowings on unsecured term loan	—	195,335
Borrowings on 4.250% unsecured senior notes due 2025	—	630,026
Borrowings on 4.750% unsecured senior notes due 2023	495,872	—
Principal payments on mortgage loans	(139,974)	(109,661)
Earnout payment related to the acquisition of the Sentrum Portfolio	(11,011)	(25,783)
Change in restricted cash	42	498
Payment of loan fees and costs	(5,209)	(17,441)
Capital (distributions paid to) contributions received from noncontrolling interests in consolidated joint ventures, net	(501)	399
Gross proceeds from the issuance of preferred stock	365,000	250,000
Common stock offering costs paid	(221)	(553)
Preferred stock offering costs paid	(11,700)	(8,489)
Proceeds from exercise of stock options	237	230
Payment of dividends to preferred stockholders	(49,010)	(31,179)
Payment of dividends to common stockholders and distributions to noncontrolling interests in operating partnership	(441,735)	(400,953)
Net cash (used in) provided by financing activities	(27,961)	277,258
Net decrease in cash and cash equivalents	(20,280)	(1,163)
Cash and cash equivalents at beginning of period	56,808	56,281
Cash and cash equivalents at end of period	$36,528	$55,118

See accompanying notes to the condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2014	2013
Supplemental disclosure of cash flow information:		
Cash paid for interest, including amounts capitalized	$165,818	$159,746
Cash paid for income taxes	3,012	1,947
Supplementary disclosure of noncash investing and financing activities:		
Change in net assets related to foreign currency translation adjustments	$(30,104)	$(6,190)
(Decrease) increase in accounts payable and other accrued liabilities related to change in fair value of interest rate swaps	(3,572)	3,175
Acquisition measurement period adjustment included in accounts payable and other accrued liabilities		
Noncontrolling interests in operating partnership redeemed for or converted to shares of common stock	229	452
Preferred stock converted to shares of common stock	—	119,348
Accrual for additions to investments in real estate and tenant improvement advances included in accounts payable and accrued expenses	199,916	224,902
Additional accrual of contingent purchase price for investments in real estate	—	6,214
Accrual for potential earnout contingency	12,816	—
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	143,033
Acquired above-market leases	—	203
Acquired below-market leases	—	(4,136)
Acquired in-place lease value and deferred leasing costs	—	15,701
Cash paid for acquisition of real estate	$24,305	$154,801

See accompanying notes to the condensed consolidated financial statements.

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

	September 30, 2014 (unaudited)	December 31, 2013
ASSETS		
Investments in real estate:		
Properties:		
Land	$694,237	$693,791
Acquired ground leases	14,030	14,618
Buildings and improvements	9,032,432	8,680,677
Tenant improvements	496,018	490,492
Total investments in properties	10,236,717	9,879,578
Accumulated depreciation and amortization	(1,840,379)	(1,565,996)
Net investments in properties	8,396,338	8,313,582
Investment in unconsolidated joint ventures	94,497	70,504
Net investments in real estate	8,490,835	8,384,086
Cash and cash equivalents	36,528	56,808
Accounts and other receivables, net of allowance for doubtful accounts of $7,652 and $5,576 as of September 30, 2014 and December 31, 2013, respectively	140,463	122,248
Deferred rent	442,358	393,504
Acquired above-market leases, net	42,477	52,264
Acquired in-place lease value and deferred leasing costs, net	461,243	489,456
Deferred financing costs, net	33,761	36,475
Restricted cash	13,986	40,362
Other assets	60,356	51,627
Total assets	$9,722,007	$9,626,830
LIABILITIES AND CAPITAL		
Global revolving credit facility	$485,023	$724,668
Unsecured term loan	1,002,186	1,020,984
Unsecured senior notes, net of discount	2,835,478	2,364,232
Exchangeable senior debentures	—	266,400
Mortgage loans, net of premiums	417,042	585,608
Accounts payable and other accrued liabilities	648,314	662,687
Accrued dividends and distributions	—	102,509
Acquired below-market leases, net	110,708	130,269
Security deposits and prepaid rents	119,696	122,961
Total liabilities	5,618,447	5,980,318
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 September 30, 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	176,191	176,191

issued and outstanding as of September 30, 2014 and December 31, 2013, respectively		
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 September 30, 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 September 30, 2014 and December 31, 2013, respectively	353,300	—
Common units:		
135,503,184 and 128,455,350 units issued and outstanding as of September 30, 2014 and December 31, 2013, respectively	3,034,447	2,904,994
Limited partners, 1,478,814 and 1,491,814 common units, 1,248,003 and 1,077,838 profits interest units and 397,369 and 397,369 class C units outstanding as of September 30, 2014 and December 31, 2013, respectively	37,515	31,261
Accumulated other comprehensive (loss) income	(23,353)	8,457
Total partners' capital	4,096,740	3,639,543
Noncontrolling interests in consolidated joint ventures	6,820	6,969
Total capital	4,103,560	3,646,512
Total liabilities and capital	$9,722,007	$9,626,830

See accompanying notes to the condensed consolidated financial statements.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED INCOME STATEMENTS
(unaudited, in thousands, except unit and per unit data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating Revenues:				
Rental	$317,064	$290,712	$936,270	$858,064
Tenant reimbursements	92,209	88,059	261,517	240,657
Fee income	2,748	671	5,397	2,205
Other	165	14	1,038	402
Total operating revenues	412,186	379,456	1,204,222	1,101,328
Operating Expenses:				
Rental property operating and maintenance	130,894	129,234	375,586	341,420
Property taxes	25,765	26,074	68,485	66,490
Insurance	2,145	2,144	6,463	6,587
Construction management	60	51	345	729
Change in fair value of contingent consideration	(1,465)	(943)	(4,102)	(13)
Depreciation and amortization	137,474	121,198	405,186	348,688
General and administrative	20,709	16,275	71,708	50,117
Transactions	144	243	980	3,497
Impairment of investments in real estate	12,500	—	12,500	—
Other	1,588	3	2,239	56
Total operating expenses	329,814	294,279	939,390	817,571
Operating income	82,372	85,177	264,832	283,757
Other Income (Expenses):				
Equity in earnings of unconsolidated joint ventures	3,455	2,174	9,513	6,839
Gain on insurance settlement	—	—	—	5,597
Gain on sale of property	—	—	15,945	—
Gain on contribution of properties to unconsolidated joint ventures	93,498	115,054	95,404	115,054
Interest and other income (expense)	378	(127)	2,022	(92)
Interest expense	(48,169)	(47,742)	(144,689)	(143,403)
Tax expense	(1,178)	(352)	(4,037)	(1,765)
Loss from early extinguishment of debt	(195)	(704)	(780)	(1,205)
Net income	130,161	153,480	238,210	264,782
Net income attributable to noncontrolling interests in consolidated joint ventures	(120)	(125)	(352)	(480)
Net income attributable to Digital Realty Trust, L.P.	130,041	153,355	237,858	264,302
Preferred units distributions	(18,455)	(11,726)	(49,010)	(31,179)
Net income available to common unitholders	$111,586	$141,629	$188,848	$233,123
Net income per unit available to common unitholders:				
Basic	$0.81	$1.08	$1.39	$1.79
Diluted	$0.80	$1.06	$1.39	$1.79
Weighted average common units outstanding:				
Basic	138,308,130	130,977,193	135,381,624	130,287,383
Diluted	138,762,045	137,851,514	135,598,696	130,471,733

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income	$130,161	$153,480	$238,210	$264,782
Other comprehensive income:				
Foreign currency translation adjustments	(39,470)	56,565	(30,730)	(6,190)
(Decrease) increase in fair value of interest rate swaps	2,435	(3,324)	(3,647)	3,175
Reclassification to interest expense from interest rate swaps	867	1,508	2,567	4,949
Comprehensive income	$93,993	$208,229	$206,400	$266,716

See accompanying notes to the condensed consolidated financial statements.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CAPITAL
(unaudited, in thousands, except unit data)

	General Partner Preferred Units		Common Units		Limited Partners Common Units		Accumulated Other Comprehensive Income	Noncontrolling Interests in Consolidated Joi	Total C
	Units	Amount	Units	Amount	Units	Amount		Ventures	
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,
Conversion of limited partner common units to general partner common units	—	—	17,941	229	(17,941)	(229)	—	—	—
Issuance of unvested restricted common units, net of forfeitures	—	—	143,847	—	—	—	—	—	—
Common unit offering costs	—	—	—	(221)	—	—	—	—	(221
Issuance of common units in connection with the exercise of stock options	—	—	16,134	237	—	—	—	—	237
Issuance of common units, net of forfeitures	—	—	—	—	175,106	—	—	—	—
Issuance of common units in connection with exchange for cash and debentures			6,869,912	266,400	—	—	—	—	266,40
Net proceeds from issuance of series H preferred units	14,600,000	353,300	—	—	—	—	—	—	353,30
Amortization of unearned compensation on share-based awards	—	—	—	19,669	—	—	—	—	19,669
Reclassification of vested share-based awards	—	—	—	(10,306)	—	10,306	—	—	—
Distributions	—	(49,010)	—	(331,565)	—	(7,661)	—	—	(388,23
Distributions to noncontrolling interests in consolidated joint ventures, net of contributions	—	—	—	—	—	—	—	(501)	(501
Net income	—	49,010	—	185,010	—	3,838	—	352	238,21
Other comprehensive income—foreign	—	—	—	—	—	—	(30,730)	—	(30,73

currency translation adjustments									
Other comprehensive loss—fair value of interest rate swaps	—	—	—	—	—	—	(3,647)	—	(3,647
Other comprehensive income—reclassification of accumulated other comprehensive loss to interest expense	—	—	—	—	—	—	2,567	—	2,567
Balance as of September 30, 2014	43,400,000	$1,048,131	135,503,184	$3,034,447	3,124,186	$37,515	$(23,353)	$6,820	$4,103,

See accompanying notes to the condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities:		
Net income	$238,210	$264,782
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of property	(15,945)	—
Gain on contribution of investment properties to unconsolidated joint ventures	(95,404)	(115,054)
Gain on insurance settlement	—	(5,597)
Impairment of investments in real estate	12,500	—
Equity in earnings of unconsolidated joint ventures	(9,513)	(6,839)
Change in fair value of accrued contingent consideration	(4,102)	(13)
Distributions from unconsolidated joint ventures	6,032	27,675
Write-off of net assets due to early lease terminations	2,239	56
Depreciation and amortization of buildings and improvements, tenant improvements and acquired ground leases	340,645	291,707
Amortization of share-based unearned compensation	15,489	9,344
Allowance for doubtful accounts	2,076	1,660
Amortization of deferred financing costs	6,762	7,733
Loss on early extinguishment of debt	780	1,205
Amortization of debt discount/premium	1,352	530
Amortization of acquired in-place lease value and deferred leasing costs	64,541	56,981
Amortization of acquired above-market leases and acquired below-market leases	(7,710)	(8,831)
Changes in assets and liabilities:		
Restricted cash	11,060	2,487
Accounts and other receivables	(16,377)	(11,601)
Deferred rent	(58,874)	(60,802)
Deferred leasing costs	(15,178)	(16,604)
Other assets	(12,895)	(9,355)
Accounts payable and other accrued liabilities	3,668	13,304
Security deposits and prepaid rents	3,211	11,312
Net cash provided by operating activities	472,567	454,080
Cash flows from investing activities:		
Acquisitions of real estate	(24,305)	(154,801)
Proceeds from sale of property, net	37,945	—
Proceeds from contribution of investment properties to unconsolidated joint ventures	178,933	328,569
Investment in unconsolidated joint ventures	(20,627)	(7,297)
Investment in equity securities	(2)	(17,100)
Deposits paid for acquisitions of real estate	—	(2,250)
Receipt of value added tax refund	8,457	8,326
Refundable value added tax paid	(13,882)	(11,805)
Change in restricted cash	15,237	(1,292)
Improvements to and advances for investments in real estate	(644,637)	(882,346)
Improvement advances to tenants	(15,505)	(5,108)
Collection of advances from tenants for improvements	13,500	3,978
Proceeds from insurance settlement	—	8,625

Net cash used in investing activities	(464,886)	(732,501)

See accompanying notes to the condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2014	2013
Cash flows from financing activities:		
Borrowings on revolving credit facility	$952,590	$1,292,146
Repayments on revolving credit facility	(1,182,341)	(1,497,317)
Borrowings on unsecured term loan	—	195,335
Borrowings on 4.250% unsecured senior notes due 2025	—	630,026
Borrowings on 4.750% unsecured senior notes due 2023	495,872	—
Principal payments on mortgage loans	(139,974)	(109,661)
Earnout payment related to the acquisition of the Sentrum Portfolio	(11,011)	(25,783)
Change in restricted cash	42	498
Payment of loan fees and costs	(5,209)	(17,441)
Capital (distributions paid to) contributions received from noncontrolling interests in consolidated joint ventures, net	(501)	399
General partner contributions	353,316	241,188
Payment of distributions to preferred unitholders	(49,010)	(31,179)
Payment of distributions to common unitholders	(441,735)	(400,953)
Net cash (used in) provided by financing activities	(27,961)	277,258
Net decrease in cash and cash equivalents	(20,280)	(1,163)
Cash and cash equivalents at beginning of period	56,808	56,281
Cash and cash equivalents at end of period	$36,528	$55,118

See accompanying notes to the condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2014	2013
Supplemental disclosure of cash flow information:		
Cash paid for interest, including amounts capitalized	$165,818	$159,746
Cash paid for income taxes	3,012	1,947
Supplementary disclosure of noncash investing and financing activities:		
Change in net assets related to foreign currency translation adjustments	(30,104)	(6,190)
(Decrease) increase in accounts payable and other accrued liabilities related to change in fair value of interest rate swaps	(3,572)	3,175
Acquisition measurement period adjustment included in accounts payable and other accrued liabilities	—	21,893
Preferred units converted to common units	—	119,348
Accrual for additions to investments in real estate and tenant improvement advances included in accounts payable and accrued expenses	199,916	224,902
Additional accrual of contingent purchase price for investments in real estate	—	6,214
Accrual for potential earnout contingency	12,816	—
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	143,033
Acquired above-market leases	—	203
Acquired below-market leases	—	(4,136)
Acquired in-place lease value and deferred leasing costs	—	15,701
Cash paid for acquisition of real estate	$24,305	$154,801

See accompanying notes to the condensed consolidated financial statements.

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DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2014 and 2013

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 September 30, 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 September 30, 2014, Digital Realty Trust, Inc. owns a 97.7% 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 interim condensed 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 accompanying interim condensed consolidated financial statements are unaudited, but have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and in compliance with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments necessary for a fair presentation have been included. All such adjustments are considered to be of a normal recurring nature, except as otherwise indicated. The results of operations for the interim periods are not necessarily indicative of the results to be obtained for the full fiscal year. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our annual report on Form 10-K, as amended, for the year ended December 31, 2013.

The notes to the condensed 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 a few differences between the Company and the Operating Partnership, which are reflected in these condensed 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.

The presentation of noncontrolling interests in operating partnership, stockholders' equity and partners' capital are the main areas of difference between the condensed 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 condensed consolidated financial statements and as noncontrolling interests in operating partnership within equity in Digital Realty Trust, Inc.'s condensed 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 condensed 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 condensed 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:

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

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 condensed consolidated statements of cash flows, we consider short-term investments with original maturities of 90 days or less to be cash equivalents. As of September 30, 2014, cash equivalents consist of investments in money market instruments.

(c) 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.

(d) 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 three months ended September 30, 2014 and 2013, we capitalized interest of approximately $5.4 million and $6.9 million, respectively, and $15.6 million and $18.8 million during the nine months ended September 30, 2014 and 2013, respectively. During the three months ended September 30, 2014 and 2013, we capitalized amounts relating to compensation and other overhead expense of employees direct and incremental to construction and successful leasing activities of approximately $13.3 million and $9.7 million, respectively, and $37.2 million and $29.6 million during the nine months ended September 30, 2014 and 2013, respectively. Capitalized leasing costs of $37.1 million and $36.4 million are included in improvements to and advances for investments in real estate in cash flows from investing activities in the condensed consolidated statements of cash flows for the nine months ended September 30, 2014 and 2013, respectively.

(e) 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 performance goals.

(f) 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 subsidiary is 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 September 30, 2014 and December 31, 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 condensed consolidated income statements. For the three and nine months ended September 30, 2014 and 2013, 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.

(g) 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.

(h) 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.

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.

Contractor type revenue for long-term contracts is recognized under the percentage-of-completion method of accounting. Revenues are determined by measuring the percentage of total costs incurred to date to estimated total costs for each construction management contract based on current estimates of costs to complete. Contract costs include all labor and benefits, materials, subcontracts, and an allocation of indirect costs related to contract performance. Indirect costs are allocated to projects based upon labor hours charged. Third party costs are included in construction management expense and their reimbursements are included in construction management revenue to the extent that the Company is the primary obligor for the third party costs. Otherwise, construction management revenue and expense is reflected net of third party costs. As long-term design-build projects extend over one or more years, revisions in cost and estimated earnings during the course of the work are reflected in the accounting period in which the facts which require the revision become known. At the time a loss on a design-build project becomes known, the entire amount of the estimated loss is recognized in the condensed consolidated financial statements. Change orders are recognized when they are approved by the client.

Costs and estimated earnings in excess of billings on uncompleted construction management projects are included in other assets in the condensed consolidated balance sheets. Billings in excess of costs and estimated earnings on uncompleted construction management projects are included in accounts payable and other accrued liabilities in the condensed consolidated balance sheets. Customers are billed on a monthly basis at the end of each month, which can be in advance of work performed.

(i) 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.

(j) 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.

(k) 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 condensed 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, the completeness of accrued liabilities and Digital Realty Trust, Inc.'s qualification as a REIT. 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.

(l) 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 $314.9 million and $294.1 million and outside the United States were $97.3 million and $85.4 million for the three months ended September 30, 2014 and 2013, respectively. Operating revenues from properties in the United States were $915.7 million and $845.0 million and outside the United States were $288.6 million and $256.3 million for the nine months ended September 30, 2014 and 2013, respectively. We had long-lived assets located in the United States of $5.6 billion and $5.6 billion and outside the United States of $2.7 billion and $2.7 billion as of September 30, 2014 and December 31, 2013, respectively. Operating revenues from properties located in the United Kingdom were $55.1 million and $48.0 million, or 13.4% and 12.7% of total operating revenues, for the three months ended September 30, 2014 and 2013, respectively. Operating revenues from properties located in the United Kingdom were $164.5 million and $144.0 million, or 13.7% and 13.1% of total operating revenues, for the nine months ended September 30, 2014 and 2013, respectively. No other foreign country comprised more than 10% of total operating revenues for each of these periods. We had long-lived assets located in the United Kingdom of $1.8 billion and $1.8 billion, or 21.1% and 21.1% of total long-lived assets, as of September 30, 2014 and December 31, 2013, respectively. No other foreign country comprised more than 10% of total long-lived assets as of September 30, 2014 and December 31, 2013.

(m) Reclassifications

Certain immaterial reclassifications to prior year amounts have been made to conform to the current year presentation. As of December 31, 2013, approximately $58.9 million was reclassified from security deposits and prepaid rents to accounts and other receivables. During the three and nine months ended September 30, 2013, $(0.9) million and $(13,000) were reclassified from rental property operating and maintenance expense to change in fair value of contingent consideration, respectively.

(n) 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. 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 ASU No. 2014-9, Revenue from Contracts with Customers, a comprehensive new revenue recognition standard that supersedes most all existing revenue recognition guidance. This standard's core principle is that a company will recognize revenue when it transfers goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods and services. However, leasing contracts, representing the major source of the Company's revenues, are not within the scope of the new standard and will continue to be accounted for under existing standards. This new standard is effective for the Company for annual and interim periods beginning on January 1, 2017 with early adoption prohibited. The Company has not yet determined the effects on the condensed consolidated financial statements and related notes resulting from the adoption of this new standard.

3. Investments in Real Estate

We acquired the following real estate property during the nine months ended September 30, 2014:

Location	Metropolitan Area	Date Acquired	Amount (in millions) (1)
Crawley 2 (2)	London	September 16, 2014	$23.0

(1) Purchase price in U.S. dollars and excludes 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 vacant land which is not included in our operating property count.

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.

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 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 the investment properties to ensure the carrying value is recoverable in light of a potentially shorter holding period. As a result of our evaluation, during the three months ended September 30, 2014, we recognized $12.5 million of impairment losses on two properties located in the Midwest and Northeast regions. As of September 30, 2014, these properties do not meet the criteria to be classified as held for sale.

Subsequent to September 30, 2014, the Company has taken the necessary actions to conclude that five properties to be disposed of met the criteria under authoritative accounting guidance to be classified as held for sale. As these criteria had not been met as of September 30, 2014, these properties are classified as held for use in the accompanying

condensed consolidated financial statements. As of September 30, 2014, these five properties had an aggregate carrying value of $143.8 million within total assets and $4.5 million within total liabilities.

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4. Investment in Unconsolidated Joint Ventures

As of September 30, 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 as of September 30, 2014 and December 31, 2013 and for the nine months ended September 30, 2014 and 2013 (in thousands):

	As of September 30, 2014					Nine Months Ended September 30, 2014			
2014	Net Investment in Properties	Total Assets	Debt	Total Liabilities	Equity	Revenues	Property Operating Expense	Net Operating Income	Net Income
Total Unconsolidated Joint Ventures	$845,132	$956,107	$461,919	$578,515	$377,592	$71,882	$(17,409)	$54,473	$23,350
Our investment in and share of equity in earnings of unconsolidated joint ventures					$94,497				$9,513

	As of December 31, 2013					Nine Months Ended September 30, 2013			
2013	Net Investment in Properties	Total Assets	Debt	Total Liabilities	Equity	Revenues	Property Operating Expense	Net Operating Income	Net Income
Total Unconsolidated Joint Ventures	$584,837	$676,015	$337,953	$444,062	$231,953	$33,992	$(9,305)	$24,687	$13,072
Our investment in and share of equity in earnings of unconsolidated joint ventures					$70,504				$6,839

PREI ® Joint Venture

On March 5, 2014, we contributed the 636 Pierce Street property, which we acquired in December 2013, to our unconsolidated joint venture with the PREI® fund 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.
The transaction produced a $1.9 million gain for the Company representing the difference between the $11.4 million of cash proceeds received by the Company for its 80% share of the net asset less the Company's book value.
Griffin Capital Essential Asset REIT, Inc. Joint Venture

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 agreement provides for a current annual preferred return from cash flow first to GCEAR and then to us, 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 will perform the day-to-day accounting and property management functions for the joint venture and the property and, as such, will earn management fees. Although we are the managing member of the joint venture and manage the day-to-day activities, certain major decisions, including approval of

annual budgets, require approval of the GCEAR 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.

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.

Differences between the Company's investment in the joint ventures and the amount of the underlying equity in net assets of the joint ventures are due to basis differences resulting from the Company's equity investment recorded at its historical basis versus the fair value of the Company's contributed interest in the joint ventures. Our proportionate share of the earnings or losses related to these unconsolidated joint ventures is reflected as equity in earnings of unconsolidated joint ventures on the accompanying consolidated income statements.

5. Acquired Intangible Assets and Liabilities

The following summarizes our acquired intangible assets (acquired in-place lease value and acquired above-market lease value) and intangible liabilities (acquired below-market lease value) as of September 30, 2014 and December 31, 2013.

(Amounts in thousands)	Balance as of September 30, 2014	December 31, 2013
Acquired in-place lease value:		
Gross amount	$709,044	$725,458
Accumulated amortization	(464,388)	(423,549)
Net	$244,656	$301,909
Acquired above-market leases:		
Gross amount	$128,747	$132,750
Accumulated amortization	(86,270)	(80,486)
Net	$42,477	$52,264
Acquired below-market leases:		
Gross amount	$285,291	$291,638
Accumulated amortization	(174,583)	(161,369)
Net	$110,708	$130,269

Amortization of acquired below-market leases, net of acquired above-market leases, resulted in an increase to rental revenues of $2.4 million and $2.7 million for the three months ended September 30, 2014 and 2013, respectively, and $7.7 million and $8.8 million for the nine months ended September 30, 2014 and 2013, respectively. The expected average remaining lives for acquired below-market leases and acquired above-market leases is 6.4 years and 4.0 years, respectively, as of September 30, 2014. Estimated annual amortization of acquired below-market leases, net of acquired above-market leases, for each of the five succeeding years and thereafter, commencing October 1, 2014 is as follows:

(Amounts in thousands)	
Remainder of 2014	$2,273
2015	9,017
2016	7,526
2017	6,055
2018	4,440
Thereafter	38,920
Total	$68,231

Amortization of acquired in-place lease value (a component of depreciation and amortization expense) was $16.5 million and $15.7 million for the three months ended September 30, 2014 and 2013, respectively, and $50.0 million and $46.0 million for the nine months ended September 30, 2014 and 2013, respectively. The expected average amortization period for acquired in-place lease value is 6.1 years as of September 30, 2014. The weighted average remaining contractual life for acquired leases excluding renewals or extensions is 4.7 years as of September 30, 2014. Estimated annual amortization of acquired in-place lease value for each of the five succeeding years and thereafter, commencing October 1, 2014 is as follows:

(Amounts in thousands)

Remainder of 2014	$12,631
2015	41,459
2016	33,051
2017	28,352
2018	25,943
Thereafter	103,220
Total	$244,656

6. Debt of the Company

In this Note 6, the “Company” refers only to Digital Realty Trust, Inc. and not to any of its subsidiaries.
The Company itself does not have any indebtedness. All debt is held directly or indirectly by the Operating Partnership.

Guarantee of Debt

The Company guarantees the Operating Partnership’s obligations with respect to its 4.500% notes due 2015 (2015 Notes), 5.875% notes due 2020 (2020 Notes), 5.250% notes due 2021 (2021 Notes), 3.625% notes due 2022 (2022 Notes) and its unsecured senior notes sold to Prudential Investment Management, Inc. and certain of its affiliates pursuant to the Amended and Restated Note Purchase and Private Shelf Agreement, as amended, which we refer to as the Prudential Shelf Facility. The Company and the Operating Partnership guarantee the obligations of Digital Stout Holding, LLC, a wholly owned subsidiary of the Operating Partnership, with respect to its 4.750% notes due 2023 (2023 Notes) and 4.250% notes due 2025 (2025 Notes). The Company is also the guarantor of the Operating Partnership’s and its subsidiary borrowers’ obligations under the global revolving credit facility and unsecured term loan.

7. Debt of the Operating Partnership

A summary of outstanding indebtedness of the Operating Partnership as of September 30, 2014 and December 31, 2013 is as follows (in thousands):

Indebtedness	Interest Rate at September 30, 2014		Maturity Date		Principal Outstanding September 30, 2014		Principal Outstanding December 31, 2013	
Global revolving credit facility	Various	(1)	Nov 3, 2017		$485,023	(2)	$724,668	(2)
Unsecured term loan	Various	(3)(8)	Apr 16, 2017		1,002,186	(4)	1,020,984	(4)
Unsecured senior notes:								
Prudential Shelf Facility:								
Series C	9.680%		Jan 6, 2016		25,000		25,000	
Series D	4.570%		Jan 20, 2015		50,000		50,000	
Series E	5.730%		Jan 20, 2017		50,000		50,000	
Series F	4.500%		Feb 3, 2015		17,000		17,000	
Total Prudential Shelf Facility					142,000		142,000	
Senior Notes:								
4.50% notes due 2015	4.500%		Jul 15, 2015		375,000		375,000	
5.875% notes due 2020	5.875%		Feb 1, 2020		500,000		500,000	
5.25% notes due 2021	5.250%		Mar 15, 2021		400,000		400,000	
3.625% notes due 2022	3.625%		Oct 1, 2022		300,000		300,000	
4.75% notes due 2023	4.750%		Oct 13, 2023		486,390	(9)	—	
4.25% notes due 2025	4.250%		Jan 17, 2025		648,520	(9)	662,280	(9)
Unamortized discounts					(16,432	)	(15,048	)
Total senior notes, net of discount					2,693,478		2,222,232	
Total unsecured senior notes, net of discount					2,835,478		2,364,232	
Exchangeable senior debentures:								
5.50% exchangeable senior debentures due 2029	5.500%		Apr 15, 2029	(5)	—		266,400	
Total exchangeable senior debentures					—		266,400	

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Indebtedness	Interest Rate at September 30, 2014	Maturity Date		Principal Outstanding September 30, 2014		Principal Outstanding December 31, 2013	
Mortgage loans:							
Secured Term Debt (6)(7)	5.65%	Nov 11, 2014		$—	(12)	$132,966	
200 Paul Avenue 1-4 (7)	5.74%	Oct 8, 2015		69,191		70,713	
2045 & 2055 Lafayette Street (7)	5.93%	Feb 6, 2017		62,836		63,623	
34551 Ardenwood Boulevard 1-4 (7)	5.95%	Nov 11, 2016		51,549		52,152	
1100 Space Park Drive (7)	5.89%	Dec 11, 2016		51,507		52,115	
600 West Seventh Street	5.80%	Mar 15, 2016		48,266		49,548	
150 South First Street (7)	6.30%	Feb 6, 2017		49,518		50,097	
2334 Lundy Place (7)	5.96%	Nov 11, 2016		37,493		37,930	
Cressex 1 (10)	5.68%	Oct 16, 2014	(13)	27,616	(9)	28,583	(9)
636 Pierce Street	5.27%	Apr 15, 2023		—	(11)	26,327	
Manchester Technopark (10)	5.68%	Oct 16, 2014	(13)	8,401	(9)	8,695	(9)
8025 North Interstate 35	4.09%	Mar 6, 2016		6,122		6,314	
731 East Trade Street	8.22%	Jul 1, 2020		3,926		4,186	
Unamortized net premiums				617		2,359	
Total mortgage loans, net of premiums				417,042		585,608	
Total indebtedness				$4,739,729		$4,961,892	

(1) The interest rate for borrowings under the global revolving credit facility equals the applicable index plus a margin of 110 basis points, which is based on the current credit ratings of our long-term debt. An annual facility fee of 20 basis points, which is based on the credit ratings of our long-term debt, is due and payable quarterly on the total commitment amount of the facility. Two six-month extensions are available, which we may exercise if certain conditions are met.

(2) Balances as of September 30, 2014 and December 31, 2013 are as follows (balances, in thousands):

Denomination of Draw	Balance as of September 30, 2014		Weighted-average interest rate		Balance as of December 31, 2013		Weighted-average interest rate	
Floating Rate Borrowing (a)								
U.S. dollar ($)	$115,000		1.25	%	$466,000		1.27	%
British pound sterling (£)	57,718	(c)	1.62	%	—		—	%
Euro (€)	60,629	(c)	1.11	%	78,335	(d)	1.33	%
Australian dollar (AUD)	75,574	(c)	3.75	%	67,212	(d)	3.70	%
Hong Kong dollar (HKD)	77,165	(c)	1.32	%	57,390	(d)	1.31	%
Japanese yen (JPY)	14,319	(c)	1.18	%	12,858	(d)	1.21	%
Canadian dollar (CAD)	61,618	(c)	2.35	%	14,873	(d)	2.32	%
Total	$462,023		1.84	%	$696,668		1.53	%
Base Rate Borrowing (b)								
U.S. dollar ($)	$23,000		3.35	%	$28,000		3.35	%
Total borrowings	$485,023		1.91	%	$724,668		1.60	%

(a) The interest rates for floating rate borrowings under the global revolving credit facility equal the applicable index plus a margin of 110 basis points, which is based on the credit ratings of our long-term debt.

(b) The interest rates for base rate borrowings under the global revolving credit facility equal the U.S. Prime Rate plus a margin of 10 basis points, which is based on the credit ratings of our long-term debt.

(c) Based on exchange rates of $1.62 to £1.00, $1.26 to €1.00, $0.87 to 1.00 AUD, $0.13 to 1.00 HKD, $0.01 to 1.00 JPY and $0.89 to 1.00 CAD, respectively, as of September 30, 2014.

(d) Based on exchange rates of $1.37 to €1.00, $0.89 to 1.00 AUD, $0.13 to 1.00 HKD, $0.01 to 1.00 JPY and $0.94 to 1.00 CAD, respectively, as of December 31, 2013.

(3) Interest rates are based on our current senior unsecured debt ratings and are 120 basis points over the applicable index for floating rate advances. Two six-month extensions are available, which we may exercise if certain conditions are met.

(4) Balances as of September 30, 2014 and December 31, 2013 are as follows (balances, in thousands):

Denomination of Draw	Balance as of September 30, 2014		Weighted-average interest rate			Balance as of December 31, 2013		Weighted-average interest rate		
U.S. dollar ($)	$410,905		1.36	%	(b)	$410,905		1.37	%	(d)
Singapore dollar (SGD)	179,103	(a)	1.42	%	(b)	180,918	(c)	1.40	%	(d)
British pound sterling (£)	196,056	(a)	1.75	%		200,216	(c)	1.72	%	
Euro (€)	125,678	(a)	1.21	%		136,743	(c)	1.43	%	
Australian dollar (AUD)	90,444	(a)	3.84	%		92,202	(c)	3.78	%	
Total	$1,002,186		1.65	%	(b)	$1,020,984		1.67	%	(d)

(a) Based on exchange rates of $0.78 to 1.00 SGD, $1.62 to £1.00, $1.26 to €1.00 and $0.87 to 1.00 AUD, respectively, as of September 30, 2014.

(b) As of September 30, 2014, the weighted-average interest rate reflecting interest rate swaps was 1.92% (U.S. dollar), 2.00% (Singapore dollar) and 1.99% (Total). See Note 14 for further discussion on interest rate swaps.

(c) Based on exchange rates of $0.79 to 1.00 SGD, $1.66 to £1.00, $1.37 to €1.00 and $0.89 to 1.00 AUD, respectively, as of December 31, 2013.

(d) As of December 31, 2013, the weighted-average interest rate reflecting interest rate swaps was 1.92% (U.S. dollar), 2.00% (Singapore dollar) and 2.00% (Total). See Note 14 for further discussion on interest rate swaps.

(5) The 2029 Debentures were redeemed in April 2014.

(6) This amount represents six mortgage loans secured by our interests in 36 NE 2nd Street, 3300 East Birch Street, 100 & 200 Quannapowitt Parkway, 300 Boulevard East, 4849 Alpha Road, and 11830 Webb Chapel Road. Each of these loans is cross-collateralized by the six properties.

(7) The respective borrower's assets and credit are not available to satisfy the debts and other obligations of affiliates or any other person.

(8) We have entered into interest rate swap agreements as a cash flow hedge for interest generated by the U.S. dollar and Singapore dollar tranches of the unsecured term loan. See note 14 for further information.

(9) Based on exchange rate of $1.62 to £1.00 as of September 30, 2014 and $1.66 to £1.00 as of December 31, 2013.

(10) These loans are also secured by a £7.8 million letter of credit. These loans are cross-collateralized by the two properties.

(11) On March 5, 2014, we contributed this property to our unconsolidated joint venture with an investment fund managed by Prudential Real Estate Investors which was formed in September 2013. Also on March 5, 2014, the joint venture assumed the debt and repaid in full the outstanding balance of $26.1 million on the mortgage loan.

(12)

These loans were repaid in full in September 2014.

(13) These loans were repaid in full in October 2014.

Global Revolving Credit Facility

On August 15, 2013, the Operating Partnership refinanced its global revolving credit facility, increasing its 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 ratings of our long-term debt, 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 September 30, 2014, interest rates are based on 1-month LIBOR, 1-month EURIBOR, 1-month BBR, 1-month HIBOR, 1-month JPY LIBOR and 1-month CDOR 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 available borrowings under the global revolving credit facility to acquire additional properties, to fund development opportunities and for general working capital and other corporate purposes, including potentially for the repurchase, redemption or retirement of outstanding debt or equity securities. As of September 30, 2014, we have capitalized approximately $18.0 million of financing costs related to the global revolving credit facility. As of September 30, 2014, approximately $485.0 million was drawn under the global revolving credit facility and $23.0 million of letters of credit were issued.

The global revolving credit facility contains various restrictive covenants, including limitations on our ability to incur additional indebtedness, make certain investments or merge with another company, and requirements to maintain financial coverage ratios, including with respect to unencumbered assets. In addition, the global revolving credit facility restricts 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 minimize the payment of income or excise tax. As of September 30, 2014, we were in compliance with all of such covenants.

Unsecured Term Loan

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 September 30, 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 this loan are consistent with our global revolving credit facility and, as of September 30, 2014, we were in compliance with all of such covenants. As of September 30, 2014, we have capitalized approximately $8.4 million of financing costs related to the unsecured term loan.

Exchangeable Senior Debentures

5.50% Exchangeable Senior Debentures due 2029

On April 20, 2009, the Operating Partnership issued $266.4 million of its 5.50% exchangeable senior debentures due April 15, 2029 (the 2029 Debentures). Costs incurred to issue the 2029 Debentures were approximately $7.8 million. These costs were amortized over a period of five years, which represented the estimated term of the 2029 Debentures, and are included in deferred financing costs, net in the condensed consolidated balance sheet. The 2029 Debentures were general unsecured senior obligations of the Operating Partnership, ranked equally in right of payment with all other senior unsecured indebtedness of the Operating Partnership and were fully and unconditionally guaranteed by Digital Realty Trust, Inc.

Interest was payable on October 15 and April 15 of each year beginning October 15, 2009 until the maturity date of April 15, 2029. The 2029 Debentures bore interest at 5.50% per annum and were exchangeable for shares of Digital

Realty Trust, Inc. common stock at an exchange rate that was initially 23.2558 shares per $1,000 principal amount of 2029 Debentures. The exchange rate on the 2029 Debentures was subject to adjustment for certain events, including, but not limited to, certain dividends on Digital Realty Trust, Inc. common stock in excess of $0.33 per share per quarter (the "reference dividend"). Effective December 11, 2013, the exchange rate had been adjusted to 25.5490 shares per $1,000 principal amount of 2029 Debentures as a result of the aggregate dividends in excess of the reference dividend that Digital Realty Trust, Inc. declared and paid on its common stock beginning with the quarter ended September 30, 2013 and through the quarter ended December 31, 2013.

On March 17, 2014, we commenced an offer to repurchase, at the option of each holder, any and all of the outstanding 2029 Debentures at a price equal to 100% of the principal amount, as required by the terms of the indenture governing the 2029 Debentures. The repurchase offer expired on April 11, 2014. No 2029 Debentures were repurchased pursuant to this offer. On

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March 17, 2014, we also distributed a Notice of Redemption to the holders of the 2029 Debentures that the Operating Partnership intended to redeem all of the outstanding 2029 Debentures, pursuant to its option under the indenture governing the 2029 Debentures, on April 18, 2014, at a price equal to 100% of the principal amount, plus accrued and unpaid interest thereon up to the redemption date. In connection with the redemption, holders of the 2029 Debentures had the right to exchange their 2029 Debentures on or prior to April 16, 2014. The 2029 Debentures not surrendered pursuant to the repurchase offer on or prior to April 11, 2014, or for exchange on or prior to April 16, 2014, were redeemed on April 18, 2014.

In connection with the redemption, at the request of the holders that exercised their exchange right pursuant to the terms of the 2029 Debentures, we issued 6,734,938 restricted shares of Digital Realty Trust, Inc. common stock in exchange for approximately $261.2 million in aggregate principal amount of the 2029 Debentures based on the then-applicable exchange rate of 25.7880 shares per $1,000 principal amount of 2029 Debentures. 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 the redemption date.

On July 11, 2014, we issued 134,974 restricted shares of Digital Realty Trust, Inc. common stock in exchange for approximately $5.2 million in aggregate principal amount of the 2029 Debentures 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 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.

Senior Notes

4.750% Notes due 2023

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 mature on October 13, 2023. The net proceeds from the offering after deducting the original issue discount of approximately $3.0 million and underwriting commissions and estimated expenses of approximately $5.0 million was approximately $490.9 million. We used the net proceeds from this offering to temporarily repay borrowings under our global revolving credit facility. The 2023 Notes have been reflected net of discount in the condensed consolidated balance sheet. The indenture governing the 2023 Notes contains certain covenants, including (1) a leverage ratio not to exceed 60%, (2) a secured debt leverage ratio not to exceed 40% and (3) an interest coverage ratio of greater than 1.50, and also requires us to maintain total unencumbered assets of not less than 150% of the aggregate principal amount of the unsecured debt. At September 30, 2014, we were in compliance with these financial covenants.

The table below summarizes our debt maturities and principal payments as of September 30, 2014 (in thousands):

	Global Revolving Credit Facility[1]	Unsecured Term Loan [1]	Prudential Shelf Facility	Senior Notes	Mortgage Loans [2]		Total Debt
Remainder of 2014	$ —	$—	$—	$—	$38,188	[3]	$38,188
2015	—	—	67,000	375,000	75,493		517,493

2016	—	—	25,000	—	191,979	216,979
2017	485,023	1,002,186	50,000	—	108,395	1,645,604
2018	—	—	—	—	593	593
Thereafter	—	—	—	2,334,910	1,777	2,336,687
Subtotal	$ 485,023	$1,002,186	$142,000	$2,709,910	$416,425	$4,755,544
Unamortized discount	—	—	—	(16,432)	—	(16,432)
Unamortized premium	—	—	—	—	617	617
Total	$ 485,023	$1,002,186	$142,000	$2,693,478	$417,042	$4,739,729

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(1) Subject to two six-month extension options exercisable by us. The bank group is obligated to grant the extension 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.

(2) Our mortgage loans are generally non-recourse to us, subject to carve-outs for specified actions by us or specified undisclosed environmental liabilities. As of September 30, 2014, we provided partial letter of credit support with respect to approximately $36.0 million of the outstanding mortgage indebtedness (based on exchange rates as of September 30, 2014).

(3) Mortgage loans in the amount of approximately $36.0 million were paid in full in October 2014.

8. Income per Share

The following is a summary of basic and diluted income per share (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income available to common stockholders--basic	$109,314	$138,872	$185,010	$228,606
Add: Interest and amortization of debt issuance costs on 2029 Debentures	—	4,050	—	—
Net income available to common stockholders--diluted	$109,314	$142,922	$185,010	$228,606
Weighted average shares outstanding—basic	135,492,618	128,427,444	132,635,894	127,771,419
Potentially dilutive common shares:				
Stock options	52,629	58,150	46,649	64,767
Unvested incentive units	129,024	132,195	61,122	119,583
2014 market performance-based awards	272,262	—	109,301	—
Effect of dilutive 2029 Debentures	—	6,683,976	—	—
Weighted average shares outstanding—diluted	135,946,533	135,301,765	132,852,966	127,955,769
Income per share:				
Basic	$0.81	$1.08	$1.39	$1.79
Diluted	$0.80	$1.06	$1.39	$1.79

We have excluded the following potentially dilutive securities in the calculations above as they would be antidilutive or not dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Weighted average of Operating Partnership common units not owned by Digital Realty Trust, Inc.	2,815,512	2,549,749	2,745,730	2,515,964
Potentially dilutive 2029 Debentures	—	—	2,617,790	6,628,489
Potentially dilutive Series D Cumulative Convertible Preferred Stock	—	—	—	629,389
Potentially dilutive Series E Cumulative Redeemable Preferred Stock	4,673,322	5,251,059	5,136,112	4,853,976
Potentially dilutive Series F Cumulative Redeemable Preferred Stock	2,963,810	3,330,210	3,257,310	3,078,381
Potentially dilutive Series G Cumulative Redeemable Preferred Stock	4,052,525	4,553,517	4,453,839	2,918,921
Potentially dilutive Series H Cumulative Redeemable Preferred Stock	5,938,553	—	4,111,306	—
	20,443,722	15,684,535	22,322,087	20,625,120

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9. Income per Unit
The following is a summary of basic and diluted income per unit (in thousands, except unit and per unit amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income available to common unitholders--basic	$111,586	$141,629	$188,848	$233,123
Add: Interest and amortization of debt issuance costs on 2029 Debentures	—	4,050	—	—
Net income available to common unitholders--diluted	$111,586	$145,679	$188,848	$233,123
Weighted average units outstanding—basic	138,308,130	130,977,193	135,381,624	130,287,383
Potentially dilutive common units:				
Stock options	52,629	58,150	46,649	64,767
Unvested incentive units	129,024	132,195	61,122	119,583
2014 market performance-based awards	272,262	—	109,301	—
Effect of dilutive 2029 Debentures	—	6,683,976	—	—
Weighted average units outstanding—diluted	138,762,045	137,851,514	135,598,696	130,471,733
Income per unit:				
Basic	$0.81	$1.08	$1.39	$1.79
Diluted	$0.80	$1.06	$1.39	$1.79

We have excluded the following potentially dilutive securities in the calculations above as they would be antidilutive or not dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Potentially dilutive 2029 Debentures	—	—	2,617,790	6,628,489
Potentially dilutive Series D Cumulative Convertible Preferred Units	—	—	—	629,389
Potentially dilutive Series E Cumulative Redeemable Preferred Units	4,673,322	5,251,059	5,136,112	4,853,976
Potentially dilutive Series F Cumulative Redeemable Preferred Units	2,963,810	3,330,210	3,257,310	3,078,381
Potentially dilutive Series G Cumulative Redeemable Preferred Units	4,052,525	4,553,517	4,453,839	2,918,921
Potentially dilutive Series H Cumulative Redeemable Preferred Units	5,938,553	—	4,111,306	—
	17,628,210	13,134,786	19,576,357	18,109,156

10. Income Taxes

Digital Realty Trust, Inc. has elected to be treated and believes that it has been organized and has operated in a manner that has enabled it to qualify as a REIT for federal income tax purposes. As a REIT, Digital Realty Trust, Inc. is generally not subject to corporate level federal income taxes on earnings distributed currently to its stockholders. Since inception, Digital Realty Trust, Inc. has distributed at least 100% of its taxable income annually and intends to do so for the tax year ending December 31, 2014. As such, no provision for federal income taxes has been included in the accompanying condensed consolidated financial statements for the three and nine months ended September 30, 2014 and 2013.

The Operating Partnership is a partnership and is not required to pay federal income tax. Instead, taxable income is allocated to its partners, who include such amounts on their federal income tax returns. As such, no provision for federal income taxes has been included in the Operating Partnership's accompanying condensed consolidated financial statements.

We have elected taxable REIT subsidiary ("TRS") status for some of our consolidated subsidiaries. In general, a TRS may provide services that would otherwise be considered impermissible for REITs to provide and may hold assets that REITs cannot hold directly. Income taxes for TRS entities were accrued, as necessary, for the three and nine months ended September 30, 2014 and 2013.

For our TRS entities and foreign subsidiaries that are subject to U.S. federal, state and foreign income taxes, deferred tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of assets and liabilities at the enacted tax rates expected to be in effect when the temporary differences reverse. A valuation allowance for deferred tax assets is provided if we believe it is more likely than not that the deferred tax asset may not be realized, based on available evidence at the time the determination is made. An increase or decrease in the valuation allowance that results from the change in circumstances that causes a change in our judgment about the realizability of the related deferred tax asset is included in the income statement. Deferred tax assets (net of valuation allowance) and liabilities for our TRS entities and foreign subsidiaries were accrued, as necessary, for the three and nine months ended September 30, 2014 and 2013. As of September 30, 2014, we had deferred tax liabilities, net of deferred tax assets, of approximately $143.3 million primarily related to our foreign properties. The majority of our net deferred tax liability relates to differences between tax basis and book basis of the assets acquired in the Sentrum Portfolio acquisition during 2012.

11. Equity and Accumulated Other Comprehensive Income, Net

(a) Equity Distribution Agreements

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 nine months ended September 30, 2014 and 2013. As of September 30, 2014, shares of common stock having an aggregate offering price of $53.8 million remained available for offer and sale under the program.

(b) Redeemable Preferred Stock

7.375% Series H Cumulative Redeemable Preferred Stock

On March 26, 2014, Digital Realty Trust, Inc. issued 12,000,000 shares of its 7.375% series H cumulative redeemable preferred stock, or the series H preferred stock, for net proceeds of approximately $289.3 million. In addition, on April 7, 2014, Digital Realty Trust, Inc. issued an additional 600,000 shares of series H preferred stock pursuant to a partial exercise of the underwriters' over-allotment option. Also, on April 7, 2014, Digital Realty Trust, Inc. re-opened and issued an additional 2,000,000 shares of series H preferred stock. Pursuant to these issuances, Digital Realty Trust, Inc. issued a total of 14,600,000 shares of its series H preferred stock, for net proceeds of approximately $353.3 million. Dividends are cumulative on the series H preferred stock from the date of original issuance in the amount of $1.84375 per share each year, which is equivalent to

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7.375% of the $25.00 liquidation preference per share. Dividends on the series H preferred stock are payable quarterly in arrears. The first dividend payable on the series H preferred stock on June 30, 2014 was a pro rata dividend from and including the original issue date to and including June 30, 2014 in the amount of $0.48655 per share. The series H preferred stock does not have a stated maturity date and is not subject to any sinking fund or mandatory redemption provisions. Upon liquidation, dissolution or winding up, the series H preferred stock will rank senior to Digital Realty Trust, Inc. common stock and rank on parity with Digital Realty Trust, Inc.'s series E cumulative redeemable preferred stock, series F cumulative redeemable preferred stock and series G cumulative redeemable preferred stock with respect to the payment of distributions and other amounts. Digital Realty Trust, Inc. is not allowed to redeem the series H preferred stock before March 26, 2019, except in limited circumstances to preserve its status as a REIT. On or after March 26, 2019, Digital Realty Trust, Inc. may, at its option, redeem the series H preferred stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus all accrued and unpaid dividends on such series H preferred stock up to but excluding the redemption date. Holders of the series H preferred stock generally have no voting rights except for limited voting rights if Digital Realty Trust, Inc. fails to pay dividends for six or more quarterly periods (whether or not consecutive) and in certain other circumstances. Upon the occurrence of specified changes of control, as a result of which neither Digital Realty Trust, Inc.'s common stock nor the common securities of the acquiring or surviving entity (or American Depositary Receipts representing such securities) is listed on the New York Stock Exchange, the NYSE MKT, LLC or the NASDAQ Stock Market or listed or quoted on a successor exchange or quotation system, each holder of series H preferred stock will have the right (unless, prior to the change of control conversion date specified in the Articles Supplementary governing the series H preferred stock, Digital Realty Trust, Inc. has provided or provides notice of its election to redeem the series H preferred stock) to convert some or all of the series H preferred stock held by it into a number of shares of Digital Realty Trust, Inc.'s common stock per share of series H preferred stock to be converted equal to the lesser of:

- the quotient obtained by dividing (i) the sum of the $25.00 liquidation preference plus the amount of any accrued and unpaid dividends to, but not including, the change of control conversion date (unless the change of control conversion date is after a record date for a series H preferred stock dividend payment and prior to the corresponding series H preferred stock dividend payment date, in which case no additional amount for such accrued and unpaid dividend will be included in this sum) by (ii) the common stock price specified in the Articles Supplementary governing the series H preferred stock; and
- 0.9632, or the share cap, subject to certain adjustments;

subject, in each case, to provisions for the receipt of alternative consideration as described in the Articles Supplementary governing the series H preferred stock. Except in connection with specified change of control transactions, the series H preferred stock is not convertible into or exchangeable for any other property or securities of Digital Realty Trust, Inc.

(c) Noncontrolling Interests in Operating Partnership

Noncontrolling interests in the Operating Partnership relate to the interests that are not owned by Digital Realty Trust, Inc. The following table shows the ownership interests in the Operating Partnership as of September 30, 2014 and December 31, 2013:

	September 30, 2014		December 31, 2013	
	Number of units	Percentage of total	Number of units	Percentage of total
Digital Realty Trust, Inc.	135,503,184	97.7 %	128,455,350	97.7 %
Noncontrolling interests consist of:				

Common units held by third parties	1,478,814	1.1		1,491,814	1.2	
Incentive units held by employees and directors (see note 13)	1,645,372	1.2		1,475,207	1.1	
	138,627,370	100.0	%	131,422,371	100.0	%

Limited partners have the right to require the Operating Partnership to redeem part or all of their common units for cash based on the fair market value of an equivalent number of shares of Digital Realty Trust, Inc. common stock at the time of redemption. Alternatively, Digital Realty Trust, Inc. 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 authoritative accounting guidance, Digital Realty Trust, Inc. evaluated whether it controls the actions or events necessary to issue the maximum number of shares

that could be required to be delivered under the share settlement of the noncontrolling Operating Partnership common and incentive units. Based on the results of this analysis, we concluded that the common and incentive Operating Partnership units met the criteria to be classified within equity.
The redemption value of the noncontrolling Operating Partnership common units and the vested incentive units was approximately $175.6 million and $124.1 million based on the closing market price of Digital Realty Trust, Inc. common stock on September 30, 2014 and December 31, 2013, respectively.
The following table shows activity for the noncontrolling interests in the Operating Partnership for the nine months ended September 30, 2014:

	Common Units	Incentive Units	Total
As of December 31, 2013	1,491,814	1,475,207	2,967,021
Redemption of common units for shares of Digital Realty Trust, Inc. common stock (1)	(13,000)	—	(13,000)
Conversion of incentive units held by employees and directors for shares of Digital Realty Trust, Inc. common stock (1)	—	(4,941)	(4,941)
Cancellation of incentive units held by employees and directors	—	(24,380)	(24,380)
Grant of incentive units to employees and directors	—	199,486	199,486
As of September 30, 2014	1,478,814	1,645,372	3,124,186

(1) This redemption was recorded as a reduction to noncontrolling interests in the Operating Partnership and an increase to common stock and additional paid in capital based on the book value per unit in the accompanying condensed consolidated balance sheet of Digital Realty Trust, Inc.

(d) Dividends
We have declared and paid the following dividends on our common and preferred stock for the nine months ended September 30, 2014 (in thousands, except per share data):

Date dividend declared	Dividend payment date	Series E Preferred Stock	Series F Preferred Stock	Series G Preferred Stock	Series H Preferred Stock	Common Stock
February 11, 2014	March 31, 2014	$5,031	$3,023	$3,672	$—	$106,743
April 29, 2014	June 30, 2014	5,031	3,023	3,672	7,104 (1)	112,357
July 21, 2014	September 30, 2014	$5,031	$3,023	$3,672	$6,730	$112,465
		$15,093	$9,069	$11,016	$13,834	$331,565
Annual rate of dividend per share		$1.750	$1.656	$1.469	$1.844	$3.320

(1) Represents a pro rata dividend from and including the original issue date (March 26, 2014) to and including June 30, 2014.

Distributions out of Digital Realty Trust, Inc.'s current or accumulated earnings and profits are generally classified as dividends whereas distributions in excess of its current and accumulated earnings and profits, to the extent of a stockholder's U.S. federal income tax basis in Digital Realty Trust, Inc.'s stock, are generally classified as a return of capital. Distributions in excess of a stockholder's U.S. federal income tax basis in Digital Realty Trust, Inc.'s stock are generally characterized as capital gain. Cash provided by operating activities has generally been sufficient to fund all distributions; however, in the future we may also need to utilize borrowings under the global revolving credit facility to fund all or a portion of distributions.

(e) Accumulated Other Comprehensive Income, Net

The accumulated balances for each item within other comprehensive income, net are as follows (in thousands):

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	Foreign currency translation adjustments	Cash flow hedge adjustments	Accumulated other comprehensive income (loss), net
Balance as of December 31, 2013	$11,745	$(1,054)	$ 10,691
Net current period change	(30,104) [1]	(3,572)	(33,676)
Reclassification to interest expense from interest rate swaps	—	2,515	2,515
Balance as of September 30, 2014	$(18,359)	$(2,111)	$ (20,470)

(1) During the first nine months of 2014, the U.S. dollar was generally stronger against the other currencies in which we transact business, primarily the Euro and British pound sterling.

12. Capital and Accumulated Other Comprehensive Income

(a) Redeemable Preferred Units

7.375% Series H Cumulative Redeemable Preferred Units

On March 26, 2014 and April 7, 2014, the Operating Partnership issued in the aggregate a total of 14,600,000 of its 7.375% series H cumulative redeemable preferred units, or series H preferred units, to Digital Realty Trust, Inc. (the General Partner) in conjunction with the General Partner's issuance of an equivalent number of shares of its 7.375% series H cumulative redeemable preferred stock, or the series H preferred stock. Distributions are cumulative on the series H preferred units from the date of original issuance in the amount of $1.84375 per unit each year, which is equivalent to 7.375% of the $25.00 liquidation preference per unit. Distributions on the series H preferred units are payable quarterly in arrears. The first distribution payable on the series H preferred units on June 30, 2014 was a pro rata distribution from and including the original issue date to and including June 30, 2014 in the amount of $0.48655 per unit. The series H preferred units do not have a stated maturity date and are not subject to any sinking fund. The Operating Partnership is required to redeem the series H preferred units in the event that the General Partner redeems the series H preferred stock. The General Partner is not allowed to redeem the series H preferred stock prior to March 26, 2019 except in limited circumstances to preserve the General Partner's status as a REIT. On or after March 26, 2019, the General Partner may, at its option, redeem the series H preferred stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus all accrued and unpaid dividends on such series H preferred stock up to but excluding the redemption date. Upon liquidation, dissolution or winding up, the series H preferred units will rank senior to the Operating Partnership's common units with respect to the payment of distributions and other amounts and rank on parity with the Operating Partnership's series E cumulative redeemable preferred units, series F cumulative redeemable preferred units and series G cumulative redeemable preferred units. Except in connection with specified change of control transactions of the General Partner, the series H preferred units are not convertible into or exchangeable for any other property or securities of the Operating Partnership.

(b) Allocations of Net Income and Net Losses to Partners

Except for special allocations to holders of profits interest units described below in note 13(a) under the heading "Incentive Plan-Long-Term Incentive Units," the Operating Partnership's net income will generally be allocated to the General Partner to the extent of the accrued preferred return on its preferred units, and then to the General Partner and the Operating Partnership's limited partners in accordance with the respective percentage interests in the common units issued by the Operating Partnership. Net loss will generally be allocated to the General Partner and the Operating Partnership's limited partners in accordance with the respective common percentage interests in the Operating Partnership until the limited partner's capital is reduced to zero and any remaining net loss would be allocated to the General Partner. However, in some cases, losses may be disproportionately allocated to partners who have guaranteed our debt. The allocations described above are subject to special allocations relating to depreciation deductions and to compliance with the provisions of Sections 704(b) and 704(c) of the Code, and the associated Treasury Regulations.

(c) Partnership Units

Limited partners have the right to require the Operating Partnership to redeem part or all of their common units for cash based on the fair market value of an equivalent number of shares of the General Partner's common stock at the time of redemption. Alternatively, the General Partner may elect to acquire those common units in exchange for shares of the General Partner's 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 authoritative accounting guidance, the Operating Partnership evaluated whether it controls the actions or events necessary to issue the maximum number of shares that could be required to be delivered under the share settlement of the limited partners' common units and the vested incentive units. Based on the results of this analysis, the Operating Partnership concluded that the common and vested incentive Operating Partnership units met the criteria to be

classified within capital.

The redemption value of the limited partners' common units and the vested incentive units was approximately $175.6 million and $124.1 million based on the closing market price of Digital Realty Trust, Inc.'s common stock on September 30, 2014 and December 31, 2013, respectively.

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(d) Distributions

All distributions on the Operating Partnership's units are at the discretion of Digital Realty Trust, Inc.'s board of directors. The Operating Partnership has declared and paid the following distributions on its common and preferred units for the nine months ended September 30, 2014 (in thousands, except for per unit data):

Date distribution declared	Distribution payment date	Series E Preferred Units	Series F Preferred Units	Series G Preferred Units	Series H Preferred Units		Common Units
February 11, 2014	March 31, 2014	$5,031	$3,023	$3,672	$—		$109,378
April 29, 2014	June 30, 2014	5,031	3,023	3,672	7,104	(1)	115,008
July 21, 2014	September 30, 2014	5,031	3,023	3,672	6,730		115,012
		$15,093	$9,069	$11,016	$13,834		$339,398
Annual rate of distribution per unit		$1.750	$1.656	$1.469	$1.844		$3.320

(1) Represents a pro rata distribution from and including the original issue date (March 26, 2014) to and including June 30, 2014.

(e) Accumulated Other Comprehensive Income

The accumulated balances for each item within other comprehensive income are as follows (in thousands):

	Foreign currency translation adjustments	Cash flow hedge adjustments	Accumulated other comprehensive income (loss)
Balance as of December 31, 2013	$10,235	$(1,778)	$ 8,457
Net current period change	(30,730) [1]	(3,647)	(34,377)
Reclassification to interest expense from interest rate swaps	—	2,567	2,567
Balance as of September 30, 2014	$(20,495)	$(2,858)	$ (23,353)

(1) During the first nine months of 2014, the U.S. dollar was generally stronger against the other currencies in which we transact business, primarily the Euro and British pound sterling.

13. Incentive Plan

Our Amended and Restated 2004 Incentive Award Plan (as defined below) previously provided for the grant of incentive awards to employees, directors and consultants. Awards issuable under the Amended and Restated 2004 Incentive Award Plan included stock options, restricted stock, dividend equivalents, stock appreciation rights, long-term incentive units, cash performance bonuses and other incentive awards. Only employees were eligible to receive incentive stock options under the Amended and Restated 2004 Incentive Award Plan. Initially, we had reserved a total of 4,474,102 shares of common stock for issuance pursuant to the Digital Realty Trust, Inc., Digital Services, Inc. and Digital Realty Trust, L.P. 2004 Incentive Award Plan (the 2004 Incentive Award Plan), subject to certain adjustments set forth in the 2004 Incentive Award Plan. On May 2, 2007, Digital Realty Trust, Inc.'s stockholders approved the First Amended and Restated Digital Realty Trust, Inc., Digital Services, Inc. and Digital Realty Trust, L.P. 2004 Incentive Award Plan (as amended, the Amended and Restated 2004 Incentive Award Plan). The Amended and Restated 2004 Incentive Award Plan increased the aggregate number of shares of stock which could have been issued or transferred under the plan by 5,000,000 shares to a total of 9,474,102 shares, and provided

that the maximum number of shares of stock with respect to awards granted to any one participant during a calendar year was 1,500,000 shares and the maximum amount that could have been paid in cash during any calendar year with respect to any performance-based award not denominated in stock or otherwise for which the foregoing limitation would not be an effective limitation for purposes of Section 162(m) of the Code was $10.0 million.

On April 28, 2014, Digital Realty Trust, Inc. held its 2014 Annual Meeting of Stockholders, or the 2014 Annual Meeting, at which the Company's stockholders approved the Digital Realty Trust, Inc., Digital Services, Inc., and Digital Realty Trust, L.P.

2014 Incentive Award Plan (as amended, the 2014 Incentive Award Plan), which had been previously adopted by the Board of Directors and recommended to the stockholders for approval by the Company's Board of Directors. The 2014 Incentive Award Plan became effective and replaced the Amended and Restated 2004 Incentive Award Plan as of the date of such stockholder approval. The material features of the 2014 Incentive Award Plan are described in our definitive Proxy Statement filed on March 19, 2014 in connection with the 2014 Annual Meeting, which description is incorporated herein by reference.

As of September 30, 2014, 5,343,334 shares of common stock or awards convertible into or exchangeable for common stock remained available for future issuance under the 2014 Incentive Award Plan. Each long-term incentive unit and Class D Unit issued under the 2014 Incentive Award Plan counts as one share of common stock for purposes of calculating the limit on shares that may be issued under the 2014 Incentive Award Plan and the individual award limits set forth therein.

(a) Long-Term Incentive Units

Long-term incentive units, which are also referred to as profits interest units, may be issued to eligible participants for the performance of services to or for the benefit of the Operating Partnership. Long-term incentive units (other than Class D Units), whether vested or not, will receive the same quarterly per unit distributions as Operating Partnership common units, which equal per share distributions on Digital Realty Trust, Inc. common stock. Initially, long-term incentive units do not have full parity with common units with respect to liquidating distributions. If such parity is reached, vested long-term incentive units may be converted into an equal number of common units of the Operating Partnership at any time, and thereafter enjoy all the rights of common units of the Operating Partnership, including redemption rights. For a discussion of how long-term incentive units reach parity with common units, see note 13(a) to our consolidated financial statements for the fiscal year ended December 31, 2013, included in our Annual Report on 10-K, as amended, for the year ended December 31, 2013.

Below is a summary of our long-term incentive unit activity for the nine months ended September 30, 2014.

Unvested Long-term Incentive Units	Units	Weighted-Average Grant Date Fair Value
Unvested, beginning of period	440,951	$ 62.42
Granted	199,486	52.42
Vested	(307,249)	58.90
Cancelled or expired	(24,380)	64.13
Unvested, end of period	308,808	59.32

During the nine months ended September 30, 2013, certain employees were granted an aggregate of 95,316 long-term incentive units, which, in addition to a service condition, were subject to a performance condition that impacted the number of units which ultimately vested. The performance condition was based upon our achievement of the 2013 Core Funds From Operations, or CFFO, per share targets. Based on our 2013 CFFO per diluted share and unit, 75,105 of the 2013 long-term incentive units, net of forfeitures, satisfied the performance condition. The grant date fair values, which equal the market price of Digital Realty Trust, Inc. common stock on the grant date, are being expensed on a straight-line basis for service awards over four years, the current vesting period of the long-term incentive units. We expense the fair value of awards that contain a performance condition using an accelerated method with each vesting tranche valued as a separate award.

The expense recorded for the three months ended September 30, 2014 and 2013 related to long-term incentive units was approximately $1.5 million and $2.1 million, respectively, and approximately $11.3 million and $7.2 million for the nine months ended September 30, 2014 and 2013, respectively. We capitalized amounts relating to compensation

expense of employees direct and incremental to construction and successful leasing activities of approximately $0.3 million and $0.4 million for the three months ended September 30, 2014 and 2013, respectively, and approximately $1.1 million and $1.3 million for the nine months ended September 30, 2014 and 2013, respectively. Unearned compensation representing the unvested portion of the long-term incentive units totaled $10.8 million and $12.9 million as of September 30, 2014 and December 31, 2013, respectively. We expect to recognize this unearned compensation over the next 2.2 years on a weighted-average basis.

(b) 2014 Market Performance-Based Awards
On February 11, 2014, the Compensation Committee of the Board of Directors of the Company approved the grant of market performance-based Class D Units of the Operating Partnership and market performance-based restricted stock units, or RSUs,

covering shares of the Company's common stock (collectively, the "awards"), under the Amended and Restated 2004 Incentive Award Plan to officers and employees of the Company. In March 2014 and April 2014, the Compensation Committee of the Board of Directors of the Company approved the grant of additional market performance-based Class D Units of the Operating Partnership to certain officers of the Company, under the Amended and Restated 2004 Incentive Award Plan and 2014 Incentive Plan, respectively.

The awards, which were determined to contain a market condition, utilize total shareholder return, or TSR, over a three-year measurement period as the market performance metric. Awards will vest based on the Company's TSR relative to the MSCI US REIT Index, or RMS, over a three-year market performance period, or the Market Performance Period, commencing in January 2014 (or, if earlier, ending on the date on which a change in control of the Company occurs), subject to continued services. Vesting with respect to the market condition is measured based on the difference between the Company's TSR percentage and the TSR percentage of the RMS, or the RMS Relative Market Performance. In the event that the RMS Relative Market Performance during the Market Performance Period is achieved at the "threshold," "target" or "high" level as set forth below, the awards will become vested as to the market condition with respect to the percentage of Class D units or RSUs, as applicable, set forth below:

Level	RMS Relative Market Performance	Market Performance Vesting Percentage	
	< 0 basis points	0	%
Threshold Level	0 points	25	%
Target Level	325 basis points	50	%
High Level	> 650 basis points	100	%

If the RMS Relative Market Performance falls between the levels specified above, the percentage of the award that will vest with respect to the market condition will be determined using straight-line linear interpolation between such levels.

Following the completion of the Market Performance Period, awards that have satisfied the market condition, if any, will vest 50% on February 27, 2017 and 50% on February 27, 2018, subject to continued employment through each applicable vesting date.

Vesting will be accelerated, in full or on a pro rata basis, in the event of a change in control, termination of employment by the Company without cause, or termination of employment by the award recipient for good reason, death, disability or retirement. Although a change in control will truncate the performance period, RMS Relative Market Performance will still depend on actual performance.

The fair value of the 2014 grant of awards was measured using a Monte Carlo simulation to estimate the probability of the market vesting condition being satisfied. The Company's achievement of the market vesting condition is contingent on its TSR over a three-year market performance period, relative to the total shareholder return of the RMS. The Monte Carlo simulation is a probabilistic technique based on the underlying theory of the Black-Scholes formula, which was run for 100,000 trials to determine the fair value of the awards. For each trial, the payoff to an award is calculated at the settlement date and is then discounted to the grant date at a risk-free interest rate. The total expected value of the awards on the grant date was determined by multiplying the average value per award over all trials by the number of awards granted. Assumptions used in the valuation include expected stock price volatility of 33 percent and a risk-free interest rate of 0.67 percent. The valuation was performed in a risk-neutral framework, so no assumption was made with respect to an equity risk premium.

As of September 30, 2014, 664,316 Class D Units and 248,026 market performance-based RSUs had been awarded to our executive officers and other employees. The number of units granted reflects the maximum number of Class D units or market performance-based RSUs, as applicable, which will become vested assuming the achievement of the highest level of RMS Relative Market Performance under the awards and, in the case of the Class D units, also includes dividend equivalent units. The fair value of these awards of approximately $17.4 million will be recognized as compensation expense on a straight-line basis over the expected service period of approximately four years. The unearned compensation as of September 30, 2014 was $11.1 million, net of cancellations. As of September 30, 2014, none of the above awards had vested. We recognized compensation expense related to these awards of approximately $0.8 million and $2.2 million in the three and nine months

ended September 30, 2014, respectively. We capitalized amounts relating to compensation expense of employees directly engaged in construction and leasing activities of approximately $0.4 million and $1.0 million for the three and nine months ended September 30, 2014, respectively. If, at the end of the three-year performance period, the market condition is not met, at the end of the performance period, the unamortized amount will be recognized as an expense at that time.

(c) Stock Options

The following table summarizes the Amended and Restated 2004 Incentive Award Plan's stock option activity for the period ended September 30, 2014:

	Period Ended September 30, 2014	
	Shares	Weighted average exercise price
Options outstanding, beginning of period	123,690	$ 30.13
Exercised	(16,134)	14.71
Cancelled / Forfeited	—	—
Options outstanding, end of period	107,556	$ 32.44
Exercisable, end of period	107,556	$ 32.44

The following table summarizes information about stock options outstanding and exercisable as of September 30, 2014:

Options outstanding and exercisable

Exercise price	Number outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price	Aggregate intrinsic value
$12.00-13.02	20,204	0.08	$ 12.00	$ 1,017,878
$20.37-28.09	17,000	1.14	21.28	698,730
$33.18-41.73	70,352	2.55	41.01	1,503,436
Total / Weighted-average	107,556	1.86	$ 32.44	$ 3,220,044

(d) Restricted Stock

Below is a summary of our restricted stock activity for the nine months ended September 30, 2014.

Unvested Restricted Stock	Shares	Weighted-Average Grant Date Fair Value
Unvested, beginning of period	255,081	$ 63.35
Granted	174,523	52.51
Vested	(73,980)	60.78
Cancelled or expired	(30,676)	61.52
Unvested, end of period	324,948	58.29

The grant date fair values, which equal the market price of Digital Realty Trust, Inc. common stock on the grant date, are being expensed on a straight-line basis for service awards over the vesting period of the restricted stock, which ranges from three to four years. We expense the fair value of awards that contain a performance condition using an

accelerated method with each vesting tranche valued as a separate award.

During the nine months ended September 30, 2013, certain employees were granted an aggregate of 69,995 shares of restricted stock, which, in addition to a service condition, were subject to a performance condition that impacted the number of shares which ultimately vested. The performance condition was based upon our achievement of the 2013 CFFO per share targets. Upon evaluating the results of the performance condition, the final number of shares was determined and such shares vest based

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on satisfaction of the service conditions. Based on our 2013 CFFO per diluted share and unit, 50,805 shares of the 2013 restricted stock awards (net of forfeitures) satisfied the performance condition.
The expense recorded for the three months ended September 30, 2014 and 2013 related to grants of restricted stock was approximately $0.4 million and $0.8 million, respectively, and approximately $1.9 million and $2.2 million for the nine months ended September 30, 2014 and 2013, respectively. We capitalized amounts relating to compensation expense of employees direct and incremental to construction and successful leasing activities of approximately $0.4 million and $0.7 million for the three months ended September 30, 2014 and 2013, respectively, and approximately $2.0 million and $1.9 million for the nine months ended September 30, 2014 and 2013, respectively. Unearned compensation representing the unvested portion of the restricted stock totaled $11.7 million and $8.7 million as of September 30, 2014 and December 31, 2013, respectively. We expect to recognize this unearned compensation over the next 2.5 years on a weighted-average basis.

14. Derivative Instruments
As of September 30, 2014 and December 31, 2013, we had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk (in thousands):

Notional Amount									Fair Value at Significant Other Observable Inputs (Level 2)			
As of September 30, 2014		As of December 31, 2013		Type of Derivative	Strike Rate	Effective Date	Expiration Date	As of September 30, 2014		As of December 31, 2013	
Currently-paying contracts											
$410,905	(1)	$410,905	(1)	Swap	0.717	Various	Various	$223		$(76	)
148,534	(2)	150,040	(2)	Swap	0.925	July 17, 2012	April 18, 2017	268		131	
559,439		560,945						491		55	
Forward-starting contracts											
150,000	(3)	—		Forward-starting Swap	2.091	July 15, 2014	July 15, 2019	(1,516	)	—	
Total											
$709,439		$560,945						$(1,025	)	$55	

(1) Represents the U.S. dollar tranche of the unsecured term loan.
(2) Represents a portion of the Singapore dollar tranche of the unsecured term loan. Translation to U.S. dollars is based on exchange rate of $0.78 to 1.00 SGD as of September 30, 2014 and $0.79 to 1.00 SGD as of December 31, 2013.
(3) In January 2014, we entered into a forward-starting swap agreement with a notional amount of USD $150.0 million for a future debt issuance with a tenor of five years or greater. The forward-starting swap has a mandatory early termination date of January 15, 2015 to cash settle the swap.

As of September 30, 2014, we estimate that an additional $5.3 million will be reclassified as an increase to interest expense during the twelve months ended September 30, 2015, when the hedged forecasted transactions impact earnings.

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15. Fair Value of Instruments

We disclose fair value information about all financial instruments, whether or not recognized in the condensed consolidated balance sheets, for which it is practicable to estimate fair value. Current accounting guidance requires the Company to disclose fair value information about all financial instruments, whether or not recognized in the balance sheets, for which it is practicable to estimate fair value.

The Company's disclosures of estimated fair value of financial instruments at September 30, 2014 and December 31, 2013 were determined using available market information and appropriate valuation methods. Considerable judgment is necessary to interpret market data and develop estimated fair value. The use of different market assumptions or estimation methods may have a material effect on the estimated fair value amounts.

The carrying amounts for cash and cash equivalents, restricted cash, accounts and other receivables, accounts payable and other accrued liabilities, accrued dividends and distributions, security deposits and prepaid rents approximate fair value because of the short-term nature of these instruments. As described in note 14, the interest rate swaps are recorded at fair value.

We calculate the fair value of our mortgage loans, unsecured term loan, unsecured senior notes and exchangeable senior debentures based on currently available market rates assuming the loans are outstanding through maturity and considering the collateral and other loan terms. In determining the current market rate for fixed rate debt, a market spread is added to the quoted yields on federal government treasury securities with similar maturity dates to our debt. The carrying value of our global revolving credit facility approximates fair value, due to the variability of interest rates.

As of September 30, 2014 and December 31, 2013, the aggregate estimated fair value and carrying value of our global revolving credit facility, unsecured term loan, unsecured senior notes, exchangeable senior debentures and mortgage loans were as follows (in thousands):

	Categorization under the fair value hierarchy	As of September 30, 2014		As of December 31, 2013	
		Estimated Fair Value	Carrying Value	Estimated Fair Value	Carrying Value
Global revolving credit facility [1]	Level 2	$485,023	$485,023	$724,668	$ 724,668
Unsecured term loan [2]	Level 2	1,002,186	1,002,186	1,020,984	1,020,984
Unsecured senior notes [3][4]	Level 2	2,964,962	2,835,478	2,379,999	2,364,232
Exchangeable senior debentures [3]	Level 2	—	—	336,847	266,400
Mortgage loans [3]	Level 2	441,149	417,042	622,580	585,608
		$4,893,320	$4,739,729	$5,085,078	$ 4,961,892

(1) The carrying value of our global revolving credit facility approximates estimated fair value, due to the variability of interest rates and the stability of our credit ratings.

(2) The carrying value of our unsecured term loan approximates estimated fair value, due to the variability of interest rates and the stability of our credit ratings.

(3) Valuations for our unsecured senior notes and mortgage loans are determined based on the expected future payments discounted at risk-adjusted rates. The 2015 Notes, 2020 Notes, 2021 Notes, 2022 Notes, 2023 Notes and 2025 Notes and 2029 Debentures are valued based on quoted market prices.

(4) The carrying value of the 2015 Notes, 2020 Notes, 2021 Notes, 2022 Notes, 2023 Notes and 2025 Notes are net of discount of $16,432 and $15,048 in the aggregate as of September 30, 2014 and December 31, 2013, respectively.

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16. Commitments and Contingencies
(a) Contingent liabilities
As part of the acquisition of 29A International Business Park, an 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 September 30, 2014, certain leases executed subsequent to purchase have caused an amount to become probable of payment and therefore approximately $12.8 million has been accrued in accounts payable and accrued liabilities and capitalized to buildings and improvements in the condensed consolidated balance sheet as of September 30, 2014. The maximum amount that could be earned by the seller is $50.0 million SGD (or approximately $39.2 million based on the exchange rate as of September 30, 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 in July 2012, 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 contingent consideration 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 September 30, 2014, the fair value of the contingent consideration for the Sentrum Portfolio was £33.0 million (or approximately $53.5 million based on the exchange rate as of September 30, 2014) and is currently accrued in accounts payable and other accrued expenses in the condensed 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 nine months ended September 30, 2014. During the nine months ended September 30, 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 September 30, 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 impact of the change in fair value of contingent consideration for the Sentrum Portfolio on operating income was an increase of approximately $1.5 million and $0.9 million for the three months ended September 30, 2014 and 2013, respectively, and an increase of approximately $4.1 million and $13,000 for the nine months ended September 30, 2014 and 2013, respectively. The earn-out contingency expires in July 2015. This amount will be reassessed on a quarterly basis, with any changes being recognized in earnings. Increases or decreases in the fair value of the contingent consideration can result from changes in discount periods, discount rates and probabilities that contingencies will be met.
(b) Construction Commitments
Our properties require periodic investments of capital for tenant-related capital expenditures and for general capital improvements. 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 September 30, 2014, we had open commitments related to construction contracts of approximately $182.6 million.
(c) Legal Proceedings

Although the Company is involved in legal proceedings arising in the ordinary course of business, as of September 30, 2014, the Company is not currently a party to any legal proceedings nor, to its knowledge, is any legal proceeding threatened against it that it believes would have a material adverse effect on its financial position, results of operations or liquidity.

17. Subsequent Events

On October 17, 2014, we completed the sale of our $17.1 million investment in a developer of data centers in the Southwestern U.S. and Mexico. The sale generated net proceeds of approximately $31.6 million, and we will recognize a gain on the sale of our investment of approximately $14.5 million in the fourth quarter of 2014.
On November 4, 2014, we declared the following dividends per share and the Operating Partnership declared 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	$ 0.830000
Dividend and distribution payable date	December 31, 2014	December 31, 2014	December 31, 2014	December 31, 2014	January 15, 2015
Dividend and distribution payable to holders of record on	December 15, 2014	December 15, 2014	December 15, 2014	December 15, 2014	December 15, 2014
Annual equivalent rate of dividend and distribution	$1.750	$1.656	$1.469	$1.844	$ 3.320

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto appearing elsewhere in this report. This report contains forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, expected use of proceeds from our equity distribution program and other securities offerings, expected use of borrowings under our credit facility, portfolio performance, leverage policy, acquisition and capital expenditure plans, capital recycling program, returns on invested capital, supply and demand for data center space, capitalization rates, rents to be received in future periods and expected rental rates on new or renewed data center space, 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 "anticipates" or the negative of thes and phrases or similar words or phrases which are predictions of or indicate future events or trends and discussions which do not relate solely to historical matters. 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 that may be incorrect or imprecise and that we may not be able to realize. 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); 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; the suitability of our properties and data center infrastructure, delays or disruptions in connectivity, failure of our physical infrastructure or services or availability of power; 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.

While forward-looking statements reflect our good faith beliefs, they are not guarantees 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.

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 II, 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. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results. 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.

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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 precision 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 September 30, 2014, we owned an aggregate of 131 properties, including 14 properties held as investments in unconsolidated joint ventures, with approximately 24.5 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 1.8 million rentable square feet. The 14 parcels of developable land we own comprised approximately 178 acres. At September 30, 2014, approximately 1.3 million square feet 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 six U.S. domestic markets, one European market, one Canadian market, one Australian market and our Singapore market, consisting of approximately 0.6 million square feet of base building construction and 0.7 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 September 30, 2014 of $62.38, our ratio of debt to total enterprise value was approximately 33%. 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 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 September 30, 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 September 30, 2014 (3)	Square Feet of Space Held for Future Development as of September 30, 2014 (4)
2002	4		1,093,250	—	46,530
2003	6		1,074,662	—	—
2004	10		2,524,885	14,659	120,172
2005	20		3,465,812	—	106,687
2006	18		2,851,131	—	30,926
2007	13	(5)(8)	1,742,398	—	84,268
2008	5		436,458	86,656	127,790
2009	7	(6)(8)	1,571,101	152,379	27,714
2010	16	(9)	2,393,898	98,562	130,146
2011	10	(7)	1,231,172	435,289	158,536
2012	15		2,554,287	232,708	276,132
2013	7		1,025,273	233,439	138,785
2014	—		—	—	—
Operating properties owned as of September 30, 2014	131		21,964,327	1,253,692	1,247,686

(1) 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 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 September 30, 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.

(5) 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.

(7) Includes four developed buildings (43940 Digital Loudoun Plaza in Northern Virginia, 3825 NW Aloclek Place in 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.

(8) 43790 Devin Shafron Drive and 21551 Beaumeade Circle, which were previously included as part of the Devin 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.

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

As of September 30, 2014, the properties in our portfolio, including the 14 properties held as investments in unconsolidated joint ventures, were approximately 93.0% 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

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long-term nature of the operations being supported, our lease terms are generally longer than standard commercial leases. As of September 30, 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, 2015 are 9.3% of rentable square feet excluding month-to-month leases, space under active development and space held for future development as of September 30, 2014.

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, and there can be no assurance that these improvements will be sustainable.

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.

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 September 30, 2014, the occupancy rate of the properties in our portfolio, including the 14 properties held as investments in unconsolidated joint ventures, was approximately 93.0% of our net rentable square feet.

As of September 30, 2014, we had over 650 tenants in our portfolio, including the 12 properties held in our managed portfolio of unconsolidated joint ventures. As of September 30, 2014, approximately 90% 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 20.1 million net rentable square feet, excluding space under active development and space held for future development and 14 properties held as investments in unconsolidated joint ventures, at September 30, 2014 is approximately 0.7 million square feet of datacenter space with extensive installed tenant

improvements available for lease. Since our IPO, we have leased approximately 5.0 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 September 30, 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 11% 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.

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 September 30, 2014 and the two properties held as investments in our non-managed unconsolidated joint ventures, leases representing approximately 1.4% and 7.9% of the net rentable square footage of our portfolio are scheduled to expire during the three months ending December 31, 2014 and the year ending December 31, 2015, respectively.

During the nine months ended September 30, 2014, we signed new leases totaling approximately 0.9 million square feet of space and renewal leases totaling approximately 0.9 million square feet of space. The following table summarizes our leasing activity in the nine months ended September 30, 2014:

	Rentable 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 ®	263,038	$144.97	$153.10	5.6 %	$5.20	5.0
Powered Base Building ®	410,513	$39.33	$49.76	26.5 %	$5.14	8.6
Colocation	84,994	$207.06	$214.04	3.4 %	$1.78	2.2
Non-technical	92,850	$26.94	$33.12	22.9 %	$5.70	5.5
New Leases Signed [5]						
Turn-Key Flex ®	479,371	—	$162.55	—	$48.21	6.0
Powered Base Building ®	182,632	—	$71.42	—	$0.52	14.4
Custom Solutions	15,195	—	$238.41	—	$39.43	5.5
Colocation	72,717	—	$204.68	—	$53.10	4.3
Non-technical	126,123	—	$25.56	—	$22.43	7.7
Leasing Activity Summary						
Turn-Key Flex ®	742,409	—	$159.20	—	—	
Powered Base Building ®	593,145	—	$56.43	—	—	
Custom Solutions	15,195	—	$238.41	—		
Colocation	157,711	—	$209.72	—	—	
Non-technical	218,973	—	$28.77	—	—	

(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 2014 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 nine months ended September 30, 2014, rents on renewed space increased by an average of 5.6% 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/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 September 30, 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 September 30, 2014 total annualized rent (1)	
London, United Kingdom	11.3	%
Northern Virginia	10.7	%
Dallas	10.2	%
Silicon Valley	9.4	%
New York Metro	9.0	%
Chicago	7.0	%
Phoenix	6.4	%
San Francisco	6.3	%
Boston	4.1	%
Los Angeles	3.2	%
Seattle	2.9	%
Singapore	2.6	%
Paris, France	2.2	%
Other	14.7	%
Total	100.0	%

(1) Annualized rent is monthly contractual rent (defined as cash base rent before abatements) under existing leases as of September 30, 2014 multiplied by 12. The aggregate amount of abatements for the nine months ended September 30, 2014 was approximately $22.1 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

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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 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 CO2 reduction targets for each state, an effort designed to achieve a thirty percent CO2 emission reduction over 2005 levels by 2030. 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 September 30, 2014, we had approximately $559.4 million of variable rate debt subject to interest rate swap agreements on certain tranches of our unsecured term loan, along with $485.0 million and $442.7 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. Over the past two years, we have made a significant investment 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 and London; whereas we anticipate that our Northern Virginia and Silicon Valley markets 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 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 condensed 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 condensed 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.

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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.

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.

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 income because a

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higher bad debt allowance would result in lower net income, and recognizing rental revenue as earned in one period versus another would result in higher or lower net income 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.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, a comprehensive new revenue recognition standard that supersedes most all existing revenue recognition guidance. This standard's core principle is that a company will recognize revenue when it transfers goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods and services. However, leasing contracts, representing the major source of our revenues, are not within the scope of the new standard and will continue to be accounted for under existing standards. This new standard is effective for annual and interim periods beginning on January 1, 2017 with early adoption prohibited. We have not yet determined the effects on our condensed consolidated financial statements and related notes resulting from the adoption of this new standard.

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Results of Operations

The discussion below relates to our financial condition and results of operations for the three and nine months ended September 30, 2014 and 2013. A summary of our operating results for the three and nine months ended September 30, 2014 and 2013 is as follows (in thousands).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Income Statement Data:				
Total operating revenues	$412,186	$379,456	$1,204,222	$1,101,328
Total operating expenses	(329,814)	(294,279)	(939,390)	(817,571)
Operating income	82,372	85,177	264,832	283,757
Other income (expenses), net	47,789	68,303	(26,622)	(18,975)
Net income	$130,161	$153,480	$238,210	$264,782

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 new 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, 2013 through September 30, 2014.

Acquired Buildings (Metropolitan Area)	Acquisition Date	Space under active development as of September 30, 2014 (1)	Space held for future development as of September 30, 2014 (1)	Net rentable square feet excluding space held for development (2)	Square feet including development space	Occupancy rate as of September 30, 2014 (3)
As of December 31, 2012 (123 properties)		1,120,768	1,108,901	20,939,054	23,168,723	92.8 %
January 1, 2013 through September 30, 2014						
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 (4) (New York Metro)	Dec-13	—	—	108,336	108,336	100.0
Subtotal		132,924	138,785	1,025,273	1,296,982	98.1 %

Total	1,253,692	1,247,686	21,964,327	24,465,705	93.0	%

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

(2) 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 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.

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(4) On March 5, 2014, we contributed the 636 Pierce Street property to our unconsolidated joint venture with the PREI®-managed fund that was formed in September 2013. We maintain a 20% interest in the joint venture.

Comparison of the Three Months Ended September 30, 2014 to the Three Months Ended September 30, 2013 and the Nine Months Ended September 30, 2014 to the Nine Months Ended September 30, 2013

Portfolio

As of September 30, 2014, our portfolio consisted of 131 properties, including 14 properties held as investments in unconsolidated joint ventures and developable land, with an aggregate of 24.5 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 131 properties, including 12 properties held as investments in unconsolidated joint ventures and developable land, with an aggregate of 24.7 million rentable square feet including 1.5 million square feet of space under active development and 2.1 million square feet of space held for future development as of September 30, 2013. The changes in our portfolio reflect the acquisition of one property during the twelve months ended September 30, 2014, which was contributed to one of our unconsolidated joint ventures, the contribution of a property to another of our unconsolidated joint ventures, and one property sold in April 2014.

Revenues

Total operating revenues for the three and nine months ended September 30, 2014 and 2013 were as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Rental	$317,064	$290,712	$26,352	$936,270	$858,064	$78,206
Tenant reimbursements	92,209	88,059	4,150	261,517	240,657	20,860
Fee income	2,748	671	2,077	5,397	2,205	3,192
Other	165	14	151	1,038	402	636
Total operating revenues	$412,186	$379,456	$32,730	$1,204,222	$1,101,328	$102,894

As shown by the same store and new properties table below, the increases in same store rental revenues and tenant reimbursement revenues in the three and nine months ended September 30, 2014 compared to the same periods in 2013 were due primarily to new leasing at our same store properties, including completed and leased development space. The decrease in new property rental revenues and tenant reimbursements was primarily a result from properties contributed to our joint venture with the PREI®-managed fund along with the sale of 6 Braham Street. The increase in fee income in new properties was mainly due to fees earned from the joint venture with the PREI®-managed fund. Other revenues changes in the periods presented were primarily due to tenant termination revenues.

	Same Store			New Properties		
	Three Months Ended September 30,			Three Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Rental	$308,924	$275,782	$33,142	$8,140	$14,930	$(6,790)
Tenant reimbursements	91,056	85,171	5,885	1,153	2,888	(1,735)
Fee income (1)	—	—	—	2,748	671	2,077
Other	165	14	151	—	—	—
Total operating revenues	$400,145	$360,967	$39,178	$12,041	$18,489	$(6,448)

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	Same Store			New Properties		
	Nine Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Rental	$910,355	$815,876	$94,479	$25,915	$42,188	$(16,273)
Tenant reimbursements	257,731	232,673	25,058	3,786	7,984	(4,198)
Fee income (1)	—	—	—	5,397	2,205	3,192
Other	1,038	402	636	—	—	—
Total operating revenues	$1,169,124	$1,048,951	$120,173	$35,098	$52,377	$(17,279)

(1) Fee income is included entirely in new properties as it is not allocable to specific properties.

Same store rental revenues increased for the three and nine months ended September 30, 2014 compared to the same periods in 2013 primarily as a result of new leases at our properties during the twelve months ended September 30, 2014, including leases of completed development space, the largest of which were for space in the Sentrum Portfolio, 43940 Digital Loudoun Plaza and 2121 South Price Road. Same store growth was driven by the delivery of approximately 630,000 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 September 30, 2014, the percentage increase was 11.6% on a GAAP basis. During the twelve months ended September 30, 2014, we also delivered approximately 77,000 square feet of un-leased data center space which was one of the drivers impacting same store occupancy which decreased slightly to 92.2% as of September 30, 2014 from 92.3% as of September 30, 2013. Same store tenant reimbursement revenues increased for the three and nine months ended September 30, 2014 as compared to the same periods 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, Digital Houston, 365 South Randolphville Road and 111 8th Avenue (2nd and 6th Floors).

Excluding the effect of 11 properties contributed to our unconsolidated joint ventures and 6 Braham Street (sold in April 2014), new properties revenues increased approximately $1.6 million and $6.7 million for the three and nine months ended September 30, 2014 compared to the same periods in 2013. For the three and nine months ended September 30, 2014, 1500 Towerview Road, 7401 E. Ben White Boulevard and 371 Gough Road contributed $1.2 million, or approximately 78%, and $4.7 million, or 69%, respectively, of the new properties increase in rental revenues and tenant reimbursements compared to the same periods in 2013.

The following table shows revenues for the three and nine months ended September 30, 2014 and 2013 for stabilized properties and pre-stabilized properties (all other properties) (in thousands).

	Stabilized			Pre-Stabilized		
	Three Months Ended September 30,			Three Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Rental	$194,329	$188,435	$5,894	$122,735	$102,277	$20,458
Tenant reimbursements	57,612	62,177	(4,565)	34,597	25,882	8,715
Fee income (1)	—	—	—	2,748	671	2,077
Other	65	14	51	100	—	100
Total operating revenues	$252,006	$250,626	$1,380	$160,180	$128,830	$31,350

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	Stabilized			Pre-stabilized		
	Nine Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Rental	$581,448	$565,757	$15,691	$354,822	$292,307	$62,515
Tenant reimbursements	169,429	168,665	764	92,088	71,992	20,096
Fee income (1)	—	—	—	5,397	2,205	3,192
Other	65	402	(337)	973	—	973
Total operating revenues	$750,942	$734,824	$16,118	$453,280	$366,504	$86,776

(1) Fee income is included entirely in pre-stabilized as it is not allocable to specific properties.

Stabilized rental revenues increased for the three and nine months ended September 30, 2014 compared to the same periods in 2013 primarily as a result of new or renewed leases at our properties during the twelve months ended September 30, 2014, the largest of which were for space at 350 East Cermak Road, 43794 Devin Shafron Drive and The Chess Building (a property within the Sentrum Portfolio). Stabilized tenant reimbursement revenues increased for the three and nine months ended September 30, 2014 as compared to the same periods 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 twelve months ended September 30, 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.

Operating Expenses and Interest Expense

Operating expenses and interest expense during the three and nine months ended September 30, 2014 and 2013 were as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Rental property operating and maintenance	$130,894	$129,234	$1,660	$375,586	$341,420	$34,166
Property taxes	25,765	26,074	(309)	68,485	66,490	1,995
Insurance	2,145	2,144	1	6,463	6,587	(124)
Construction management	60	51	9	345	729	(384)
Change in fair value of contingent consideration	(1,465)	(943)	(522)	(4,102)	(13)	(4,089)
Depreciation and amortization	137,474	121,198	16,276	405,186	348,688	56,498
General and administrative	20,709	16,275	4,434	71,708	50,117	21,591
Transactions	144	243	(99)	980	3,497	(2,517)
Impairment of investments in real estate	12,500	—	12,500	12,500	—	12,500
Other	1,588	3	1,585	2,239	56	2,183
Total operating expenses	$329,814	$294,279	$35,535	$939,390	$817,571	$121,819
Interest expense	$48,169	$47,742	$427	$144,689	$143,403	$1,286

As shown in the same store and new properties table below, total same store expenses for the three and nine months ended September 30, 2014 increased compared to the same periods 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 and other operating costs (included in rental property operating and maintenance) in 2014.

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	Same Store			New Properties		
	Three Months Ended September 30,			Three Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Rental property operating and maintenance	$128,834	$126,893	$1,941	$2,060	$2,341	$(281)
Property taxes	25,410	24,450	960	355	1,624	(1,269)
Insurance	2,128	1,960	168	17	184	(167)
Construction management (1)	—	—	—	60	51	9
Change in fair value of contingent consideration	(1,465)	(943)	(522)	—	—	—
Depreciation and amortization	134,618	115,579	19,039	2,856	5,619	(2,763)
General and administrative (2)	20,709	16,275	4,434	—	—	—
Transactions (3)	—	—	—	144	243	(99)
Impairment of investments in real estate	12,500	—	12,500	—	—	—
Other	1,588	3	1,585	—	—	—
Total operating expenses	$324,322	$284,217	$40,105	$5,492	$10,062	$(4,570)
Interest expense (4)	$47,421	$47,463	$(42)	$748	$279	$469

	Same Store			New Properties		
	Nine Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Rental property operating and maintenance	$370,076	$334,417	$35,659	$5,510	$7,003	$(1,493)
Property taxes	66,884	62,571	4,313	1,601	3,919	(2,318)
Insurance	6,391	6,045	346	72	542	(470)
Construction management (1)	—	—	—	345	729	(384)
Change in fair value of contingent consideration	(4,102)	(13)	(4,089)	—	—	—
Depreciation and amortization	395,334	333,000	62,334	9,852	15,688	(5,836)
General and administrative (2)	71,708	50,117	21,591	—	—	—
Transactions (3)	—	—	—	980	3,497	(2,517)
Impairment of investments in real estate	12,500	—	12,500	—	—	—
Other	2,239	56	2,183	—	—	—
Total operating expenses	$921,030	$786,193	$134,837	$18,360	$31,378	$(13,018)
Interest expense (4)	$142,661	$142,777	$(116)	$2,028	$626	$1,402

(1) Construction management expenses are included entirely in new properties as they are not allocable to same store properties.
(2) General and administrative expenses are included in same store as they are not allocable to specific properties.
(3) Transaction expenses are included entirely in new properties as they are not allocable to same store 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 three and nine months ended September 30, 2014 compared to the same periods 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 and operating expenses in 2014. There was an offset in 2013 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. The adjustment represented a catch-up of the non-cash straight-line rent expense that should have been recorded from the fourth quarter of 2010 through the third quarter of 2013 at a run-rate of approximately $830,000 per quarter.

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During the three months ended September 30, 2014 and 2013, we capitalized amounts relating to compensation and other overhead expenses of employees direct and incremental to construction and successful leasing activities of approximately $13.3 million and $9.7 million, respectively, and $37.2 million and $29.6 million during the nine months ended September 30, 2014 and 2013, respectively.
Same store property taxes increased by approximately $1.0 million and $4.3 million in the three and nine months ended September 30, 2014 compared to the same periods 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 $19.0 million and $62.3 million in the three and nine months ended September 30, 2014 compared to the same periods 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 $4.4 million in the three months ended September 30, 2014 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. General and administrative expenses increased by approximately $21.6 million in the nine months ended September 30, 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 the nine months ended September 30, 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 $42,000 for the three months ended September 30, 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 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'Epinglier 2 (July 2013), Mundells Roundabout (October 2013), Gyroscoopweg 2E-2F (October 2013) and 360 Spear Street (November 2013) along with the redemption of the 2029 Debentures in April 2014. For the nine months ended September 30, 2014, same store interest expense decreased approximately $116,000 as compared to the same period in 2013 primarily as a result of lower average outstanding mortgage loan and Prudential Shelf Facility balances during 2014 as compared to 2013 along with the redemption of the 2029 Debentures in April 2014, offset by the issuance of our 2025 Notes (January 2013) and 2023 Notes (April 2014). We capitalized interest of approximately $5.4 million and $6.9 million during the three months ended September 30, 2014 and 2013, respectively, and $15.6 million and $18.8 million during the nine months ended September 30, 2014 and 2013, 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), new properties expenses (excluding construction management and transactions expenses) increased approximately $0.4 million and $2.8 million for the three and nine months ended September 30, 2014, respectively, compared to the same periods in 2013. For the three and nine months ended September 30, 2014, 7401 E. Ben White Boulevard, 1500 Towerview Road and 8201 E. Riverside Drive contributed $0.4 million, or 84%, and $1.8 million, or 64%, respectively, of the total new properties increase in total operating expenses (excluding construction management and transactions expenses) compared to the same periods in 2013.
Transactions expense decreased by approximately $0.1 million and $2.5 million in the three and nine months ended September 30, 2014, respectively, compared to the same periods in 2013, principally because there have been no acquisitions in 2014 compared to the acquisition of six properties in the nine months ended September 30, 2013.

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The following table shows expenses for the three and nine months ended September 30, 2014 and 2013 for stabilized properties and pre-stabilized properties (all other properties) (in thousands).

	Stabilized			Pre-stabilized		
	Three Months Ended September 30,			Three Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Rental property operating and maintenance	$76,422	$87,773	$(11,351)	$54,472	$41,461	$13,011
Property taxes	15,544	17,589	(2,045)	10,221	8,485	1,736
Insurance	1,557	1,501	56	588	643	(55)
Construction management (1)	—	—	—	60	51	9
Change in fair value of contingent consideration	—	—	—	(1,465)	(943)	(522)
Depreciation and amortization	78,821	73,440	5,381	58,653	47,758	10,895
General and administrative (2)	20,709	16,275	4,434	—	—	—
Transactions (3)	—	—	—	144	243	(99)
Impairment of investments in real estate	5,900	—	5,900	6,600	—	6,600
Other	(15)	—	(15)	1,603	3	1,600
Total operating expenses	$198,938	$196,578	$2,360	$130,876	$97,701	$33,175
Interest expense (4)	$28,541	$40,801	$(12,260)	$19,628	$6,941	$12,687

	Stabilized			Pre-stabilized		
	Nine Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Rental property operating and maintenance	$227,530	$229,886	$(2,356)	$148,056	$111,534	$36,522
Property taxes	43,113	44,897	(1,784)	25,372	21,593	3,779
Insurance	4,678	4,648	30	1,785	1,939	(154)
Construction management (1)	—	—	—	345	729	(384)
Change in fair value of contingent consideration	—	—	—	(4,102)	(13)	(4,089)
Depreciation and amortization	234,249	218,936	15,313	170,937	129,752	41,185
General and administrative (2)	71,708	50,117	21,591	—	—	—
Transactions (3)	—	—	—	980	3,497	(2,517)
Impairment of investments in real estate	5,900	—	5,900	6,600	—	6,600
Other	13	53	(40)	2,226	3	2,223
Total operating expenses	$587,191	$548,537	$38,654	$352,199	$269,034	$83,165
Interest expense (4)	$93,582	$114,264	$(20,682)	$51,107	$29,139	$21,968

(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 $11.4 million and $2.4 million in the three and nine months ended September 30, 2014, respectively, compared to the same periods in 2013 primarily as a result of a

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$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 decreased by approximately $2.0 million and $1.8 million in the three and nine months ended September 30, 2014, respectively, compared to the same periods 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 $5.4 million and $15.3 million in the three and nine months ended September 30, 2014, respectively, compared to the same periods in 2013, principally because of depreciation of a development project that was placed into service during 2013.

General and administrative expenses increased by approximately $4.4 million in the three months ended September 30, 2014 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. General and administrative expenses increased by approximately $21.6 million in the nine months ended September 30, 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 the nine months ended September 30, 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 $12.3 million and $20.7 million for the three and nine months ended September 30, 2014, respectively, as compared to the same periods 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'Epinglier 2 (July 2013), Mundells Roundabout (October 2013), Gyroscoopweg 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 $13.0 million and $36.5 million in the three and nine months ended September 30, 2014, respectively, compared to the same periods 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.
Pre-stabilized property tax expense increased approximately $1.7 million and $3.8 million in the three and nine months ended September 30, 2014, respectively, compared to the same periods in 2013, principally because of re-assessments on certain properties in 2014.
Pre-stabilized depreciation and amortization expense increased approximately $10.9 million and $41.2 million in the three and nine months ended September 30, 2014, respectively, compared to the same periods 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 $12.7 million and $22.0 million for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in 2013 primarily as a result of interest expense on our 2023 Notes, which were issued in April 2014.
Transactions expense decreased by approximately $0.1 million and $2.5 million in the three and nine months ended September 30, 2014, respectively, compared to the same periods in 2013, principally because there have been no acquisitions in 2014 compared to the acquisition of six properties in the nine months ended September 30, 2013.
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 the investment properties to ensure the carrying value is recoverable in light of a potentially shorter holding period. As a result of our evaluation, during the three months ended September 30, 2014, we recognized $12.5 million of impairment losses on two properties located in the

Midwest and Northeast regions. As of September 30, 2014, these properties do not meet the criteria to be classified as held for sale.

Gain on Sale of Property
During the three and nine months ended September 30, 2014, we recognized a gain on sale of property of $0 and $15.9 million, respectively, 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 three and nine months ended September 30, 2014, we recognized gains of $93.5 million and $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 three and nine months ended September 30, 2013, we recognized a gain of $115.1 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 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 nine months ended September 30, 2014 and 2013. As of September 30, 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 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 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 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.”

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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 and paid the following dividends on its common and preferred stock for the nine months ended September 30, 2014 (in thousands, except per share amounts):

Date dividend declared	Dividend payment date	Series E Preferred Stock	Series F Preferred Stock	Series G Preferred Stock	Series H Preferred Stock		Common Stock
February 11, 2014	March 31, 2014	$5,031	$3,023	$3,672	$—		$106,743
April 29, 2014	June 30, 2014	5,031	3,023	3,672	7,104	(1)	112,357
July 21, 2014	September 30, 2014	5,031	3,023	3,672	6,730		112,465
		$15,093	$9,069	$11,016	$13,834		$331,565
Annual rate of dividend per share		$1.750	$1.656	$1.469	$1.844		$3.320

(1) Represents a pro rata dividend from and including the original issue date (March 26, 2014) 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.

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 September 30, 2014, we had $36.5 million of cash and cash equivalents, excluding $14.0 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 September 30, 2014, borrowings under the global revolving credit facility bore interest at an overall blended rate of 1.91% comprised of 1.25% (U.S. dollars), 1.62% (British pound sterling), 1.11% (Euros), 3.75% (Australian dollars), 1.32% (Hong Kong dollars), 1.18% (Japanese yen) and 2.35% (Canadian dollars). The interest rates are based on 1-month LIBOR, 1-month EURIBOR, 1-month BBR, 1-month HIBOR, 1-month JPY LIBOR 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 September 30, 2014, we have capitalized approximately $18.0 million of financing costs related to the global revolving credit facility. As of September 30, 2014, approximately $485.0 million was drawn under this facility and $23.0 million of letters of credit were issued, leaving approximately $1.5 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 September 30, 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 this loan are consistent with our global revolving credit facility and, as of September 30, 2014, we were in compliance with all of such covenants. As of September 30, 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 commenced its At-the-Market equity distribution program 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 million from the issuance of approximately 5.7 million shares of common stock under the program 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 nine months ended September 30, 2014 and 2013. As of September 30, 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

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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.
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.
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 us. 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.

Construction
The table below summarizes our construction in progress as of September 30, 2014 and December 31, 2013:

(dollars in thousands)	As of September 30, 2014				As of December 31, 2013			
	Net Rentable Square Feet(2)	Current Investment	Future Investment (3)	Total Cost	Net Rentable Square Feet(4)	Current Investment	Future Investment (3)	Total Cost
Development Lifecycle								
Development Construction in Progress								
Space Held for Development	1,247,686	318,795	—	318,795	1,331,685	340,076	—	340,076
Base Building Construction	596,767	146,454	6,986	153,440	1,062,647	207,568	120,808	328,376
Datacenter Construction	656,925	372,888	396,045	768,933	697,034	269,669	373,560	643,229
Equipment Pool & Other Inventory		20,937	—	20,937		26,361	—	26,361
		17,419	4,860	22,279		33,129	10,719	43,848

Campus, Tenant Improvements & Other								
Total Development Construction in Progress	2,501,378	876,493	407,891	1,284,384	3,091,366	876,803	505,087	1,381,890
Land Inventory	(1)	146,390	—	146,390	(1)	106,327	—	106,327
Enhancement & Other		44,892	48,182	93,074		60,619	37,594	98,213
Recurring		13,392	18,455	31,847		9,482	7,036	16,518
Total Construction in Progress		$1,081,167	$474,528	$1,555,695		$1,053,231	$549,717	$1,602,948

(1) Represents approximately 178 acres as of September 30, 2014 and approximately 154 acres as of December 31, 2013.
(2) Represents balances incurred through September 30, 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.

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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 0.7 million square feet of Turn Key Flex®, Powered Base Building®, and Custom Solutions product with a cost to date of approximately $372.9 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.

Future Uses of Cash

Our properties require periodic investments of capital for tenant-related capital expenditures and for general capital improvements. As of September 30, 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 0.7 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 September 30, 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 six U.S. domestic markets, one European market, one Canadian market, one Australian market and our Singapore market, consisting of approximately 0.6 million square feet of base building construction and 0.7 million square feet of data center construction. At September 30, 2014, we had commitments under construction contracts for approximately $182.6 million. We currently expect to incur approximately $225.0 million to $275.0 million of capital expenditures for our development programs during the three months ending December 31, 2014, 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 (Cash Basis)

The table below summarizes our capital expenditure activity for the nine months September 30, 2014 and 2013 (in thousands):

	Nine Months Ended September 30,	
	2014	2013
Development projects	$517,368	$721,719
Enhancement and improvements	48,144	78,729
Recurring capital expenditures	31,521	36,184
Total capital expenditures (excluding indirect costs)	$597,033	$836,632

For the nine months ended September 30, 2014, total capital expenditures decreased $239.6 million to approximately $597.0 million from $836.6 million for the same period in 2013. Capital expenditures on our development projects plus our enhancement and improvements projects for the nine months ended September 30, 2014 were approximately $565.5 million, which reflects a decrease of approximately 29% 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 nine months ended September 30, 2014 and 2013 were $52.8 million and $48.4 million, respectively. Capitalized interest comprised approximately $15.6 million and $18.8 million, respectively, of the total indirect costs capitalized for the nine months ended September 30, 2014 and 2013. Capitalized interest in the nine months ended September 30, 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 nine months

ended September 30, 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" for a discussion of the amount of capital expenditures we expect to incur during the year ending December 31, 2014.

We are in the process of completing the environmental cleanup work required at the 47700 Kato Road and 1055 Page Avenue property. The prior tenant of these buildings has 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

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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."

Consistent with our growth strategy, 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, 2014 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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Distributions

All distributions on our units are at the discretion of our parent company's board of directors. During the nine months ended September 30, 2014, our operating partnership declared and paid the following distributions (in thousands, except per unit amounts):

Date distribution declared	Distribution payment date	Series E Preferred Units	Series F Preferred Units	Series G Preferred Units	Series H Preferred Units		Common Units
February 11, 2014	March 31, 2014	$5,031	$3,023	$3,672	$—		$109,378
April 29, 2014	June 30, 2014	$5,031	$3,023	$3,672	$7,104	(1)	$115,008
July 21, 2014	September 30, 2014	$5,031	$3,023	$3,672	$6,730		$115,012
		$15,093	$9,069	$11,016	$13,834		$339,398
Annual rate of distribution per unit		$1.750	$1.656	$1.469	$1.844		$3.320

(1) Represents a pro rata distribution from and including the original issue date (March 26, 2014) to and including June 30, 2014.

Commitments and Contingencies

As part of the acquisition of 29A International Business Park, an 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 September 30, 2014, certain leases executed subsequent to purchase have caused an amount to become probable of payment and therefore approximately $12.8 million has been accrued in accounts payable and accrued liabilities and capitalized to buildings and improvements in the condensed consolidated balance sheet as of September 30, 2014. The maximum amount that could be earned by the seller is $50.0 million SGD (or approximately $39.2 million based on the exchange rate as of September 30, 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 in July 2012, 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 contingent consideration 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 September 30, 2014, the fair value of the contingent consideration for the Sentrum Portfolio was £33.0 million (or approximately $53.5 million based on the exchange rate as of September 30, 2014) and is currently accrued in accounts payable and other accrued expenses in the condensed 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 nine months ended September 30, 2014. During the nine months ended September 30, 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 September 30, 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 impact of the change in fair value of contingent consideration for the Sentrum Portfolio on operating income was an increase of approximately $1.5 million and $0.9 million for the

three months ended September 30, 2014 and 2013, respectively, and an increase of approximately $4.1 million and $13,000 for the nine months ended September 30, 2014 and 2013, respectively. The earn-out contingency expires in July 2015. This amount will be reassessed on a quarterly basis, with any changes being recognized in earnings. Increases or decreases in the fair value of the contingent consideration can result from changes in discount periods, discount rates and probabilities that contingencies will be met.

During the quarter ended September 30, 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

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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. Subsequent to the quarter end, 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. 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 at this time.

As of September 30, 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 3 “Quantitative and Qualitative Disclosures about Market Risk.”

Outstanding Consolidated Indebtedness

The table below summarizes our debt, as of September 30, 2014 (in millions):

Debt Summary:		
Fixed rate	$3,252.5	
Variable rate debt subject to interest rate swaps	559.4	
Total fixed rate debt (including interest rate swaps)	3,811.9	
Variable rate—unhedged	927.8	
Total	$4,739.7	
Percent of Total Debt:		
Fixed rate (including swapped debt)	80.4	%
Variable rate	19.6	%
Total	100.0	%
Effective Interest Rate as of September 30, 2014(1):		
Fixed rate (including hedged variable rate debt)	4.51	%
Variable rate	1.95	%
Effective interest rate	4.01	%

(1) Excludes impact of deferred financing cost amortization.

As of September 30, 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 33% (based on the closing price of Digital Realty Trust, Inc.’s common stock on September 30, 2014 of $62.38). 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 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 September 30, 2014, our debt had a weighted average term to initial maturity of approximately 5.0 years (or approximately 5.4 years assuming exercise of extension options).

Off-Balance Sheet Arrangements

As of September 30, 2014, we were party to interest rate swap agreements related to $559.4 million of outstanding principal on our variable rate debt. See Item 3 “Quantitative and Qualitative Disclosures about Market Risk.”

As of September 30, 2014, our pro-rata share of debt of unconsolidated joint ventures was approximately $138.0 million, of which $54.5 million is subject to interest rate swap agreements.

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Cash Flows

The following summary discussion of our cash flows is based on the condensed 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 Nine Months Ended September 30, 2014 to Nine Months Ended September 30, 2013

The following table shows cash flows and ending cash and cash equivalent balances for the nine months ended September 30, 2014 and 2013 (in thousands).

	Nine Months Ended September 30,		
	2014	2013	Change
Net cash provided by operating activities	$472,567	$454,080	$18,487
Net cash used in investing activities	(464,886)	(732,501)	267,615
Net cash (used in) provided by financing activities	(27,961)	277,258	(305,219)
Net decrease in cash and cash equivalents	$(20,280)	$(1,163)	$(19,117)

The increase in net cash provided by operating activities was due to increased cash flows from new leasing at our same store properties, completed and leased development space and our acquisition of new operating properties in the twelve months ended September 30, 2014, which was partially offset by increased operating expenses.

Net cash used in investing activities decreased for the nine months ended September 30, 2014, as we had a decrease in cash paid for capital expenditures for the nine months ended September 30, 2014 ($644.6 million) as compared to the same period in 2013 ($882.3 million), along with a decrease in cash paid for acquisitions for the nine months ended September 30, 2014 ($24.3 million) as compared to in the same period in 2013 ($154.8 million).

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

	Nine Months Ended September 30,		
	2014	2013	Change
Proceeds from borrowings, net of repayments	$(374,934)	$(136,938)	$(237,996)
Net proceeds from issuance of common and preferred stock, including exercise of stock options	353,316	241,188	112,128
Net proceeds from 2023 Notes	495,872	—	495,872
Net proceeds from 2025 Notes	—	630,026	(630,026)
Dividend and distribution payments	(490,745)	(432,132)	(58,613)
Other	(11,470)	(24,886)	13,416
Net cash (used in) provided by financing activities	$(27,961)	$277,258	$(305,219)

The decrease in net cash 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 nine months ended September 30, 2013 (net repayments of $136.9 million) as compared to the nine months ended September 30, 2014 (net repayments of $374.9 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 nine months ended September 30, 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 our series G preferred stock and series H preferred stock during the nine months ended September 30, 2014, whereas these series of preferred stock were not outstanding for the entire portion of the nine months ended September 30, 2013.

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

	Nine Months Ended September 30,		
	2014	2013	Change
Proceeds from borrowings, net of repayments	$(374,934)	$(136,938)	$(237,996)
General partner contributions, net	353,316	241,188	112,128
Net proceeds from 2023 Notes	495,872	—	495,872
Net proceeds from 2025 Notes	—	630,026	(630,026)
Distribution payments	(490,745)	(432,132)	(58,613)
Other	(11,470)	(24,886)	13,416
Net cash (used in) provided by financing activities	$(27,961)	$277,258	$(305,219)

The decrease in net cash 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 nine months ended September 30, 2013 (net repayments of $136.9 million) as compared to the nine months ended September 30, 2014 (net repayments of $374.9 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 nine months ended September 30, 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 nine months ended September 30, 2014, whereas these series of preferred units were not outstanding for the entire portion of the nine months ended September 30, 2013.

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 September 30, 2014, amounted to 2.3% 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.

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

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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 computed in accordance with GAAP as a measure of our performance.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income available to common stockholders	$109,314	$138,872	$185,010	$228,606
Adjustments:				
Noncontrolling interests in operating partnership	2,272	2,757	3,838	4,517
Real estate related depreciation and amortization (1)	136,289	120,006	401,723	345,609
Real estate related depreciation and amortization related to investment in unconsolidated joint ventures	1,934	788	5,364	2,418
Impairment of investments in real estate	12,500	—	12,500	—
Gain on sale of property	—	—	(15,945)	—
Gain on contribution of properties to unconsolidated joint ventures	(93,498)	(115,054)	(95,404)	(115,054)
FFO available to common stockholders and unitholders (2)	$168,811	$147,369	$497,086	$466,096
Basic FFO per share and unit	$1.22	$1.13	$3.67	$3.58
Diluted FFO per share and unit (2)	$1.22	$1.10	$3.63	$3.47
Weighted average common stock and units outstanding				
Basic	138,308	130,977	135,382	130,287
Diluted (2)	138,762	137,851	138,217	137,728

(1) Real estate related depreciation and amortization was computed as follows:

Depreciation and amortization per income statement	137,474	121,198	405,186	348,688
Non-real estate depreciation	(1,185)	(1,192)	(3,463)	(3,079)
	$136,289	$120,006	$401,723	$345,609

(2) At September 30, 2013, we had no series D convertible preferred shares outstanding, as a result of the conversion of all remaining shares on February 26, 2013, which calculates into 629 common shares on a weighted average basis for the nine months ended September 30, 2013. For all periods presented, we have excluded the effect of dilutive series E, series F, series G and series H preferred stock, as applicable, that may be converted upon the occurrence of specified change in control transactions as described in the articles supplementary governing the series E, series F, series G and series H preferred stock, as applicable, which we consider highly improbable. In addition, we had a balance of $0 and $266,400 of 5.50% exchangeable senior debentures due 2029 that were exchangeable for 0 and 6,684 common shares on a weighted average basis for the three months ended September 30, 2014 and September 30, 2013, respectively, and were exchangeable for 2,618 and 6,628 common shares on a weighted average basis for

the nine months ended September 30, 2014 and September 30, 2013, respectively. See below for calculations of diluted FFO available to common stockholders and unitholders and weighted average common stock and units outstanding.

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
FFO available to common stockholders and unitholders	$168,811	$147,369	$497,086	$466,096
Add: 5.50% exchangeable senior debentures interest expense	—	4,050	4,725	12,150
FFO available to common stockholders and unitholders—diluted	$168,811	$151,419	$501,811	$478,246
Weighted average common stock and units outstanding	138,308	130,977	135,382	130,287
Add: Effect of dilutive securities (excluding series D convertible preferred stock and 5.50% exchangeable senior debentures)	454	190	217	184
Add: Effect of dilutive series D convertible preferred stock	—	—	—	629
Add: Effect of dilutive 5.50% exchangeable senior debentures	—	6,684	2,618	6,628
Weighted average common stock and units outstanding—diluted	138,762	137,851	138,217	137,728

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ITEM 3. 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 September 30, 2014, our consolidated debt was as follows (in millions):

	Carrying Value	Estimated Fair Value
Fixed rate debt	$3,252.5	$3,406.1
Variable rate debt subject to interest rate swaps	559.4	559.4
Total fixed rate debt (including interest rate swaps)	3,811.9	3,965.5
Variable rate debt	927.8	927.8
Total outstanding debt	$4,739.7	$4,893.3

Interest rate derivatives included in this table and their fair values as of September 30, 2014 and December 31, 2013 were as follows (in thousands):

Notional Amount						Fair Value at Significant Other Observable Inputs (Level 2)	
As of September 30, 2014	As of December 31, 2013	Type of Derivative	Strike Rate	Effective Date	Expiration Date	As of September 30, 2014	As of December 31, 2013
Currently-paying contracts							
$410,905 (1)	$410,905 (1)	Swap	0.717	Various	Various	$223	$(76)
148,534 (2)	150,040 (2)	Swap	0.925	July 17, 2012	April 18, 2017	268	131
559,439	560,945					491	55
Forward-starting contracts							
150,000 (3)	—	Forward-starting Swap	2.091	July 15, 2014	July 15, 2019	(1,516)	—
Total							
$709,439	$560,945					$(1,025)	$55

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

(2) Represents a portion of the Singapore dollar tranche of the unsecured term loan. Translation to U.S. dollars is based on exchange rate of $0.78 to 1.00 SGD as of September 30, 2014 and $0.79 to 1.00 SGD as of December 31, 2013.

(3) In January 2014, we entered into a forward-starting swap agreement with a notional amount of USD $150.0 million for a future debt issuance with a tenor of five years or greater. The forward-starting swap has a mandatory early termination date of January 15, 2015 to cash settle the swap.

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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 September 30, 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	11	$ 2.0
Decrease in fair value of interest rate swaps following an assumed 10% decrease in interest rates	(11)	(2.0)
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	11	1.0
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	(11)	(1.0)
Increase in fair value of fixed rate debt following a 10% decrease in interest rates	(11)	19.8
Decrease in fair value of fixed rate debt following a 10% increase in interest rates	11	(17.7)

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 three and nine months ended September 30, 2014 and 2013, we had foreign operations in the United Kingdom, Ireland, France, The Netherlands, Switzerland, Canada, Singapore, Australia and Hong Kong as well as Japan in the three and nine months ended September 30, 2014, 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, 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 three months ended September 30, 2014 and 2013, operating revenues from properties outside the United States contributed $97.3 million and $85.4 million, respectively, which represented 23.6% and 22.5% of our total operating revenues, respectively. For the nine months ended September 30, 2014 and 2013, operating revenues from properties outside the United States contributed $288.6 million and $256.3 million, respectively, which represented 24.0% and 23.3% of our total operating revenues, respectively. Net investment in properties outside the United States was $2.7 billion and $2.7 billion as of September 30, 2014 and December 31, 2013, respectively. Net assets in foreign operations were approximately $0.7 billion and $1.2 billion as of September 30, 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.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures (Digital Realty Trust, Inc.)

The company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules

and forms, and that such information is accumulated and communicated to its management, including its interim chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, the company's management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and its management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, the company has investments in certain unconsolidated entities, which are accounted for using the equity method of accounting. As the company

does not control or manage these entities, its disclosure controls and procedures with respect to such entities may be substantially more limited than those it maintains with respect to its consolidated subsidiaries.

As required by Rule 13a-15(b) or Rule 15d-15(b) of the Securities Exchange Act of 1934, as amended, management of the company carried out an evaluation, under the supervision and with participation of its interim chief executive officer and chief financial officer, of the effectiveness of the design and operation of its disclosure controls and procedures that were in effect as of the end of the quarter covered by this report. Based on the foregoing, the company's interim chief executive officer and chief financial officer concluded that its disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes in the company's internal control over financial reporting during its most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

On May 14, 2013, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) issued an updated version of its Internal Control — Integrated Framework (2013 Framework). Originally issued in 1992 (1992 Framework), the framework helps organizations design, implement and evaluate the effectiveness of internal control concepts and simplify their use and application. The 1992 Framework remains available during the transition period, which extends to December 15, 2014, after which time COSO will consider it as superseded by the 2013 Framework. As of September 30, 2014, the company continues to utilize the 1992 Framework during the transition to the 2013 Framework by the end of 2014. We expect that management's assessment of the overall effectiveness of our internal controls over financial reporting for the year ending December 31, 2014 will be based on the 2013 Framework and that the change will not be significant to our overall control structure over financial reporting.

Evaluation of Disclosure Controls and Procedures (Digital Realty Trust, L.P.)

The operating partnership maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to its management, including the interim chief executive officer and chief financial officer of its general partner, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, the operating partnership's management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and its management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, the operating partnership has investments in certain unconsolidated entities, which are accounted for using the equity method of accounting. As the operating partnership does not control or manage these entities, its disclosure controls and procedures with respect to such entities may be substantially more limited than those it maintains with respect to its consolidated subsidiaries.

As required by Rule 13a-15(b) or Rule 15d-15(b) of the Securities Exchange Act of 1934, as amended, management of the operating partnership carried out an evaluation, under the supervision and with participation of the interim chief executive officer and chief financial officer of its general partner, of the effectiveness of the design and operation of its disclosure controls and procedures that were in effect as of the end of the quarter covered by this report. Based on the foregoing, the interim chief executive officer and chief financial officer of the operating partnership's general partner concluded that its disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes in the operating partnership's internal control over financial reporting during its most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

On May 14, 2013, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) issued an updated version of its Internal Control — Integrated Framework (2013 Framework). Originally issued in 1992 (1992 Framework), the framework helps organizations design, implement and evaluate the effectiveness of internal control concepts and simplify their use and application. The 1992 Framework remains available during the transition period, which extends to December 15, 2014, after which time COSO will consider it as superseded by the 2013 Framework. As of September 30, 2014, the operating partnership continues to utilize the 1992 Framework during the transition to

the 2013 Framework by the end of 2014. We expect that management's assessment of the overall effectiveness of our internal controls over financial reporting for the year ending December 31, 2014 will be based on the 2013 Framework and that the change will not be significant to our overall control structure over financial reporting.

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PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.
None.
ITEM 1A. RISK FACTORS.
The risk factors discussed under the heading “Risk Factors” and elsewhere in the company’s and the operating partnership’s Annual Report on Form 10-K, as amended, for the year ended December 31, 2013 continue to apply to our business.
ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.
Digital Realty Trust, Inc.
None.
Digital Realty Trust, L.P.
During the three months ended September 30, 2014, Digital Realty Trust, Inc. issued an aggregate of 6,263 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 three months ended September 30, 2014, our operating partnership issued an aggregate of 6,263 common units to Digital Realty Trust, Inc., as required by our operating partnership’s partnership agreement. During the three months ended September 30, 2014, an aggregate of 11,069 shares of its common were forfeited to Digital Realty Trust, Inc. stock in connection with restricted stock awards for a net forfeiture of 4,806 shares of common stock.
For these issuances of common 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 approximately $9.7 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.
ITEM 3. DEFAULTS UPON SENIOR SECURITIES.
None.
ITEM 4. MINE SAFETY DISCLOSURES.
Not applicable.
ITEM 5. OTHER INFORMATION.
None.

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ITEM 6. EXHIBITS.

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Digital Realty Trust, Inc., as amended (incorporated by reference to Exhibit 4.1 to Digital Realty Trust, Inc.'s Registration Statement on Form S-8 filed on April 28, 2014).
3.2	Fifth Amended and Restated Bylaws of Digital Realty Trust, Inc. (incorporated by reference to Exhibit 3.1 to Digital Realty Trust, Inc.'s Current Report on Form 8-K filed on May 2, 2014).
3.3	Certificate of Limited Partnership of Digital Realty Trust, L.P. (incorporated by reference to Exhibit 3.1 to Digital Realty Trust, L.P.'s General Form for Registration of Securities on Form 10 filed on June 25, 2010 (File No. 000-54023)).
3.4	Thirteenth Amended and Restated Agreement of Limited Partnership of Digital Realty Trust, L.P., as amended (incorporated by reference to Exhibit 3.4 to the Combined Quarterly Report on Form 10-Q of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on May 12, 2014).
4.1	Share Purchase Agreement, dated July 11, 2014, by and among Digital Realty Trust, L.P., Digital Realty Trust, Inc. and Davis Real Estate Fund (incorporated by reference to Exhibit 4.1 to the Combined Current Report on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on July 11, 2014).
4.2	Share Purchase Agreement, dated July 11, 2014, by and among Digital Realty Trust, L.P., Digital Realty Trust, Inc. and Davis Real Estate Portfolio (incorporated by reference to Exhibit 4.2 to the Combined Current Report on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on July 11, 2014).
4.3	Share Purchase Agreement, dated July 11, 2014, by and among Digital Realty Trust, L.P., Digital Realty Trust, Inc. and Shelby Cullom Davis Charitable Fund, Inc. (incorporated by reference to Exhibit 4.3 to the Combined Current Report on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed on July 11, 2014).
10.1†	First Amendment to Digital Realty Trust, Inc., Digital Services, Inc. and Digital Realty Trust, L.P. 2014 Incentive Award Plan.
10.2†	Director Compensation Program.
10.3	Amendment No. 2 to the Global Senior Credit Agreement, dated as of September 16, 2014, among Digital Realty Trust, L.P. and the other initial borrowers named therein and additional borrowers party thereto, as borrowers, Digital Realty Trust, Inc., as parent guarantor, and Citibank, N.A., as administrative agent for the lenders.
12.1	Statement of Computation of Ratios.
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer and Chief Financial Officer for Digital Realty Trust, Inc.

31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer and Chief Financial Officer for Digital Realty Trust, L.P.
32.1	18 U.S.C. § 1350 Certification of Chief Executive Officer and Chief Financial Officer for Digital Realty Trust, Inc.
32.2	18 U.S.C. § 1350 Certification of Chief Executive Officer and Chief Financial Officer for Digital Realty Trust, L.P.
101	The following financial statements from Digital Realty Trust, Inc.'s and Digital Realty Trust, L.P.'s Form 10-Q for the quarter ended September 30, 2014, formatted in XBRL interactive data files: (i) Condensed Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013; (ii) Condensed Consolidated Income Statements for the three and nine months ended September 30, 2014 and 2013; (iii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2014 and 2013; (iv) Condensed Consolidated Statements of Equity/Capital for the nine months ended September 30, 2014; (v) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2014 and 2013; and (vi) Notes to Condensed Consolidated Financial Statements.

† Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DIGITAL REALTY TRUST, INC.

November 7, 2014	/S/ A. WILLIAM STEIN A. William Stein Interim Chief Executive Officer and Chief Financial Officer (principal executive officer and principal financial officer)
November 7, 2014	/S/ EDWARD F. SHAM Edward F. Sham Sr. Vice President and Controller (principal accounting officer)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DIGITAL REALTY TRUST, L.P.

By: Digital Realty Trust, Inc.
Its general partner

By:

November 7, 2014	/s/ A. WILLIAM STEIN A. William Stein Interim Chief Executive Officer and Chief Financial Officer (principal executive officer and principal financial officer)
November 7, 2014	/s/ EDWARD F. SHAM Edward F. Sham Sr. Vice President and Controller (principal accounting officer)

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